

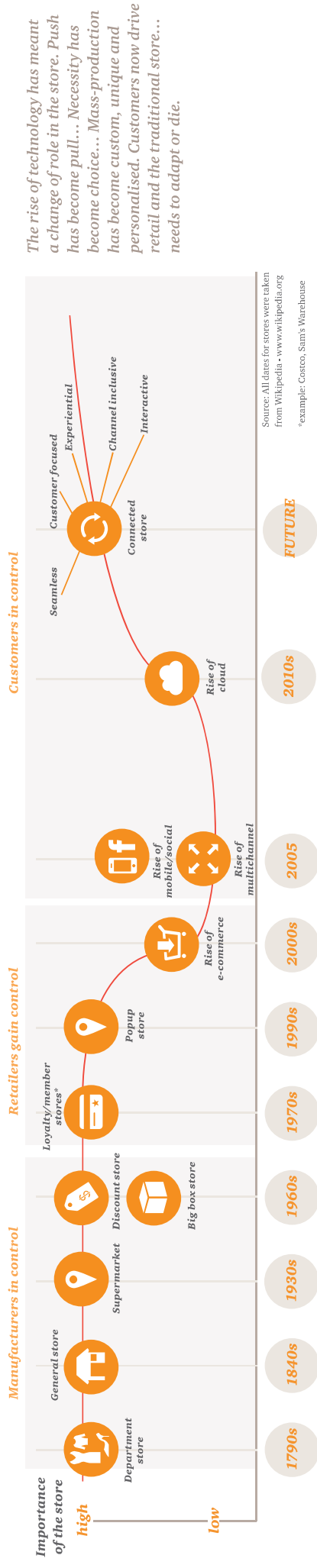
November 2014

The 'always on' customer will drive a return to the store where they will demand a connected and curated experience.

Connected and curated — Long live the store!



At the beginning of retail, there was a store...



The rise of technology has meant a change of role in the store. Push has become pull... Necessity has become choice... Mass-production has become custom, unique and personalised. Customers now drive retail and the traditional store... needs to adapt or die.

... and it's not yet dead

With media headlines trumpeting the demise of traditional or offline retail in favour of online channels - you could be forgiven for thinking that the traditional concept of a store is dead...

As one of the most successful and customer-focused pure play retailers, Amazon, plans its expansion offline... this perhaps heralds that a shift in retail is occurring... and it's swinging back to the store!

According to our recent research, 68 percent of Australian consumers are still primarily using physical stores as an integral part of the shopping process! In fact, the research revealed that for 37 percent of Australian consumers the main issue with online shopping was the 'inability to touch and feel a product'. It seems that the traditional notion of physical retailing is... not so dead after all.

What is clear from the research, is that the retail experience both off and online needs to evolve for various reasons.

The retail industry has certainly born the brunt of the rapidly changing digital ecosystem, which has predominantly been driven by consumers. However there is a change afoot with businesses, retail or otherwise, being able to 'connect' the dots through technology and their own existing systems to offer a far superior experience - anticipating and surpassing customer needs.

However, this change does not come lightly and requires businesses to critically review their internal operations, processes, culture and metrics in order to achieve this.

Table 1. Top five reasons for shopping in-store and online

	Online	In-store
1. Price	54%	43%
2. Ease and speed in ordering	12%	15%
3. Product range	11%	12%
4. Product descriptions	7%	11%
5. Delivery options	6%	8%
		Customer service

As indicated in Table 1, price still reigns as the top driver for shopping. However there are lessons to be gleaned from these preferences that retailers can take from online to offline (o2o) and vice versa, to create a seamless integration between these worlds.

Source: Frost and Sullivan research was commissioned by PwC and based on interviews with 1000 Australian consumers between the ages of 15 and 65 in July 2014

Getting in 'store' for a serious facelift...

In order to adapt to changing customer and competitor pressures, to say the 'traditional' notion of the store is in need of a facelift would be an understatement.... From offering a truly connected experience for customers to enjoying seamless o2o experience, to making the physical space more interactive, experiential and engaging through technology... to using data to offer a personalised, relevant service.... the corner store from yesteryear is well and truly in need of a serious facelift.

1.

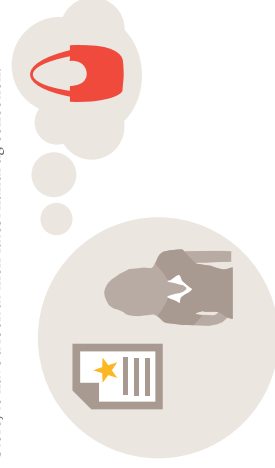
Tess is out and about on a Saturday morning – she's just finished up at her gym session and is ordering her **coffee to grab** on her way to the shops...



In the US, **Starbucks** is set to introduce Mobile Order and Pay in stores across the US in 2015, enabling customers to place their coffee orders in advance of their visit and pick them up at their selected Starbucks location. This evolution in the purchasing process for Starbucks will deliver convenience, frequency and speed of service and over time, become the fastest and easiest way for customers to order, pay and pick up their purchases.²

2.

Tess recently got a promotion at work and is looking to celebrate with the purchase of a new handbag. She's been doing her research online, but wants to have a look in person because **the experience isn't quite the same**. She ventures into her favourite shop, The Department Store, to have a look at their latest handbag collection.



3.

As Tess walks towards the shop, she notices a crowd gathered around the shop windows – where the mannequins in the store appear to be imitating the movement of a couple of the crowd members... Amused she continues into The Department Store.



4.

As Tess walks into the store, **a notification pops up on her mobile phone**: "Hi Tess, today we're offering all of our customers 10% off storewide!" and she's automatically logged into The Department Store's personal shopping app.



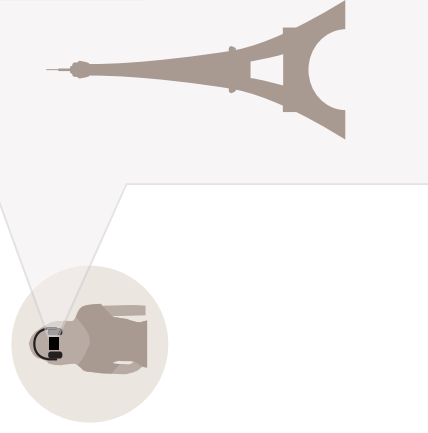
Enticing and inviting customers in store, Japanese apparel retailer **United Arrow** created an interactive 'ManiquetteBot' window display which uses Microsoft's Kinect technology to mimic the movements of window shoppers, attracting not only customers, but media attention.⁴

Along these lines, +RehabStudio has prototyped an interactive digital display that identifies shoppers using Bluetooth low energy (BLE) and reacts to a set of personal data stored on their mobile device, such as shopping habits and preferences to customise a display to them. Shoppers can swipe through personalised content, place items in a virtual shopping cart, and purchase straight from the display.⁵

Mobile app **Shopkick** which utilises geo-location technology (similar to iBeacons) recently released a report stating that since its launch in 2010, it has driven more than one billion dollars in revenue for its partner retailers (including the likes of Macy's, Best Buy, Sony and Unilever) with more than half of that figure occurring in the past 12 months.⁶

With Tim Cook confirming that the Apple Watch will be enabled for iBeacon technology⁷... combined with the increased popularity of wearable devices... it seems the sky is the limit for retailers who want to target customers with this technology!

When walking through womens' fashion, Tess's attention is drawn to a display featuring a pair of **Oculus Rift** headsets, which allow her to implant herself (virtually) right in the front row of the runway of The Department Store's most recent collection launch in Paris.

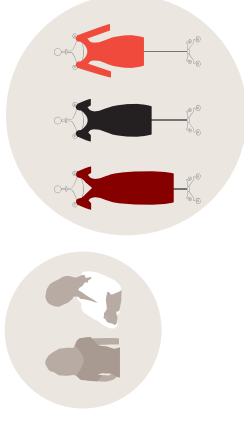


This virtual reality headset originally designed for gaming, has already been used by the likes of **TopShop** which used this technology combined with live streamed HD footage, 360-degree photography, tweets and animation to enable customers to experience what it's like to be on the front row of the show.⁸

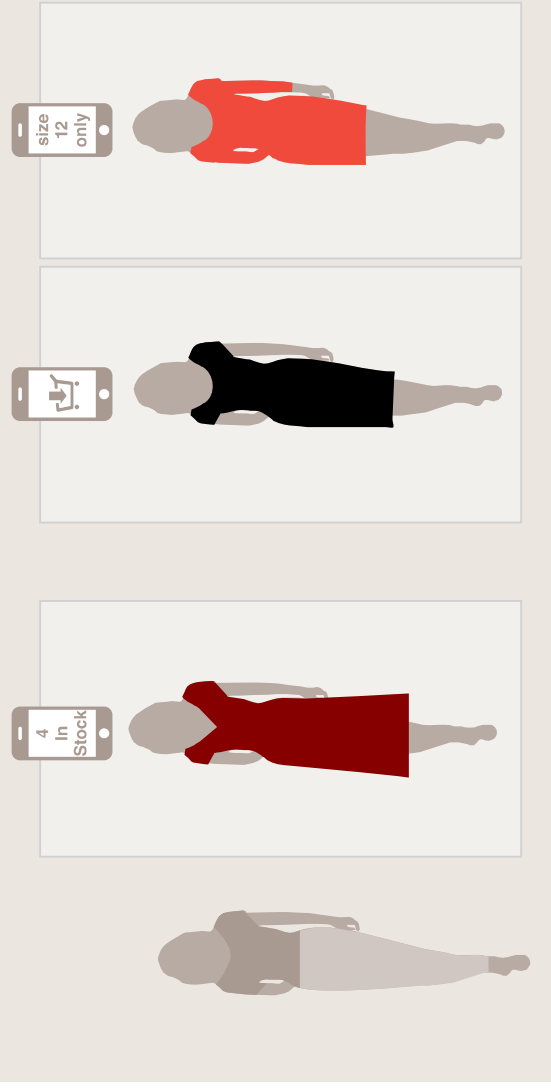
Virtual and augmented reality technology and displays can be used to engage with customers and generate excitement around the in-store experience. By offering content that brings to life items in an interactive way, is likely to result in customers spending more time in-store and make them feel inspired to make a purchase.

Inspired by the runway show, in particular by A Fashion Designer, she heads over to check out a little black dress that caught her eye. Her regular stylist Angela who's been notified that Tess is in store via the app greets her.

Angela chats with Tess about the range and shows her a couple of other pieces that suit her (based on her **existing profile**).



While going through the selection with Angela, all of the information that she needs to purchase the items ... such as the best size and colour (based on her previous information), matches with other purchases she bought, stock availability and price is all displayed via the app. Although the app gives her the information, she's still keen to try on... and while she's there she can **virtually try** a couple of the other items. The dress is perfect... **why did she doubt her profile?** One click and it's added to her **mobile cart**... now to find the perfect handbag to match!



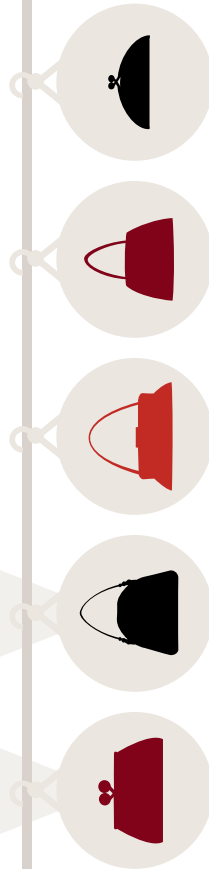
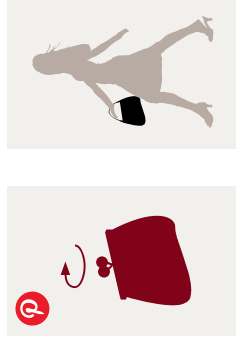
Linking a customers' personal profile to their shopping experience is an incredibly powerful tool – enabling retailers to customise offers, understand motivations and provide a more fulfilling experience. For retailers able to collect, analyse and make sense of data collected through their own loyalty systems, coupled with other structured (e.g. from geo-locational apps such as Shopkick) and unstructured data (e.g. social media profiles) creates a rich picture of a customer – ideal for driving personalised customer service interactions.

This is something that US retailer Nieman Marcus was doing in 2012 through its NM app, which allowed customers to send messages to sales associates, arrange for products to be placed in dressing rooms before they arrived and view what associates were on the floor. At the same time, sales associates could view customers' purchase history, were notified when a preferred customer entered the store and accessed customers' Facebook photos to help them identify shoppers.⁹

Taking the doubt out of digital, **Acustom Apparel** overcomes the trust issues of trying before you buy with its digital measuring technologies, that gathers 200,000 data points to create a customer's 3D body model. The retailer then uses these measurements in its proprietary Digital Bespoke algorithms to create custom clothing... that is guaranteed to fit.

8.

Heading over to the accessories section, Tess is browsing through a couple of bags that are displayed as being the most popular on Pinterest. She notices that as she picks each one up, a **video display comes to life for each item**, displaying the item from all angles and showing her a selection of pictorial reviews from social media.



Giving new meaning to visual merchandising in fashion and apparel, teamLabHanger is a whole of store system triggered by sensors installed in hangers that clothing is hung on. When a customer picks up the hanger coordinated images and videos, or item information is displayed via screens that sit behind the display. According to the 'teamLab website, the theory behind the device is that 'when you take something into your hand, the subconscious movement is the result of an action of wanting to know more about the item' and the hanger acts as this conduit.¹⁰

9.

She finds a design she likes but it isn't quite the fire engine red she was hoping for. Luckily this is a feature of The Department Store that she loves – being able to **customise products** to her exact style and even **3D-print** it. She pops the order into her mobile cart and also adds in an order for a pair of heels in the same colour... after-all what's a bag without shoes?!



Mass customisation and the increasing sophistication with which it is executed will become the norm – as customers expect seamless and concierge type experiences, the ability to have products that are unique and customised to their exact specifications is becoming a clear differentiator. Technologies such as 3D-printing will only facilitate the growth of these markets. When these technologies become mainstream and manufacturing gets put in the hands of the customer... it will be the blueprints that will be key to commercial success in retail.

10.

Noticing the time, Tess panics because she's running late for her hair appointment... so she quickly pays for her purchases through her **biometric ID**, scanning her fingerprint and then entering her pin.

“Our belief is that we should be able to identify ourselves without having to use passwords or PIN numbers. Biometric authentication can help us achieve this. However, our challenge is to ensure the technology offers robust security, simplicity of use and convenience for the customer,”

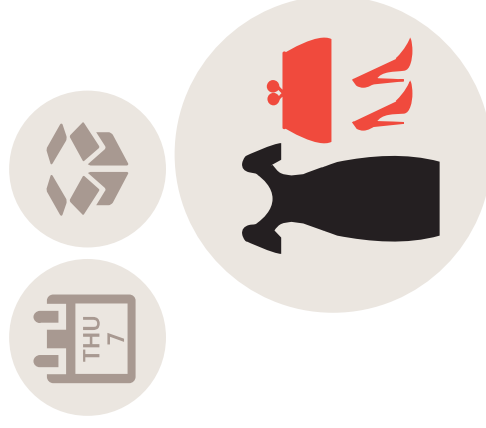
Ajay Bhalla
President of Enterprise Security Solutions at MasterCard (speaking to Essential Retail)



As the world of payments quickly advances beyond the humble signature or PIN... A partnership between **MasterCard** and Norwegian technology company **Zwiipe**, perhaps signals the beginning of the next evolution of contactless biometric payments.

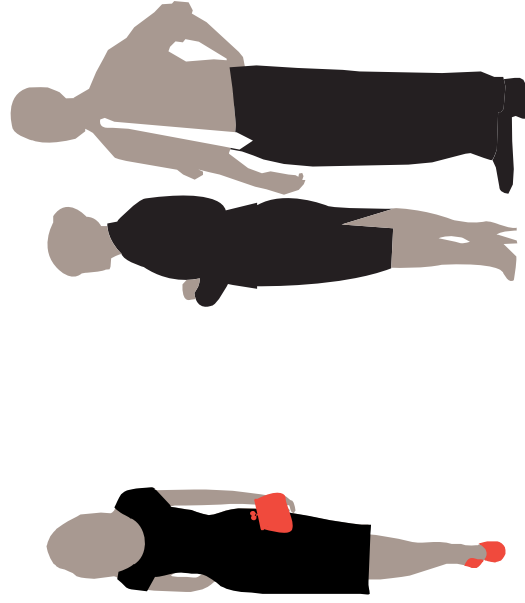
Consumers can activate the card via a fingerprint scan, and they would then use the new payment method – to purchase goods of no restricted value – by placing their fingerprint on the chip when they place their card over a contactless terminal.¹¹

Not wanting to ruin her dress, she chooses to have it delivered together with her shoes and handbag for the following Thursday night... just in time for her big meeting on Friday!



With discussion of drones (Amazon) and driverless car deliveries (potentially Google) it's clear that in the supply chain stakes things are hotting up. Patience is no longer a virtue when it comes to waiting for purchases – with customer increasingly demanding not only speedy, but convenient delivery.

An interesting twist on this is Volvo's new digital keys technology, which enables car owners to choose their car as a delivery option when ordering goods online. Via a smartphone or a tablet, the owner will be informed when a delivery company wants to drop off or pick up something from the car. The car owner is able to give the delivery person a 'digital key' to access the car and the owner can track when the car is opened and then locked again. Once the pick-up or drop-off is completed, the digital key ceases to exist. The pilot programme has also revealed 92% of people found it more convenient to receive deliveries to their car than at home.¹²



Telstra - Bringing 'connected' to life

Proving that retail has really come full circle, Telstra recently launched a new flagship store in Sydney. Investing \$112 million into the refurbishment which CEO David Thodey said is "... designed around our customers so they can have highly personalised experiences..."¹³ – the store aims to bridge the o2o gap and provide a seamless journey for Telstra customers.

Having evolved from a traditional business model, Telstra has embraced a customer-centric approach right across its business. According to Thodey the store has been driven through understanding of customer needs for 'personalised approach to service, touch and experience in-store, choice, speed and convenience through digital channels'.¹⁴

"This store delivers all of that, in an environment where the physical and digital worlds come together and customers can move seamlessly between them. It's a great way to discover the 'connected life' our innovative technology and services can provide," he said in a statement.

A couple of the notable experiences offered through the store include:

- The 'Tap and Take' card which enables customers to touch on any product or experience while in store, their preferences are saved and this is used to build a customised webpage of their product selections which they can later review at home.
- A 'Sandbox' where customers can compare handsets by placing them on a digital display to access information including price, camera, battery, speed and reviews.
- Engaging all senses, the Telco has developed a custom scent, Energy, which it defused throughout the store to add to its ambience.

Speaking at our recent R&C Digital Innovation breakfast, Andrew Coull, Executive Director for Telstra Countrywide mentioned that empowering the Telstra team to meet the needs of customers through technology and training was also a key part of the store launch strategy.

Image source: <http://www.itnews.com.au/>



Connecting the store to meet the changing customer expectations

While the concept of the physical and digital store is evolving and melding to meet the needs of the 'always on' customer... the key functions supporting the store 'behind the scenes' need to change at pace.

In our paper, *'The future of retail: Consumer adaptive retailing'* we outlined the Consumer Adaptive Retailing model which centres on businesses leveraging existing service based offerings and systems in consideration with the ever-evolving customer expectations, to deliver a service that is intuitive and responsive.

The notion of Connected Retail takes this one step further. It purports that businesses' need to have a unified brand story across all channels that promises a consistently superior customer experience and an integrated back-office operating model with agile and innovative technology. Connected Retail focuses on the transformation of the business to be customer centric and for this to be applied across all business functions.

Meeting eight key customer expectations

In 2014 PwC surveyed over 15,000 consumers across the world and found eight core consumer expectations of today's retailers:

1. A compelling brand story that promises a distinctive experience
2. Customised offers based on totally protected, personal preferences and information
3. Transparency, real time, into a retailer's inventory
4. An enhanced and consistent experience across all devices
5. Favorite retailers are everywhere
6. To maximise the value of mobile shopping, both store apps and mobile sites must improve
7. Two-way social media engagement
8. 'Brands' act like retailers, and we'll treat them that way

Connected retail is driven by the 'always on' customer

Functions to support Connected Retail

The Store
Redefining and resetting the store is critical

Optimised analytics
Making use of customer's full 'dataprint' to predict their latent and actual needs



The always on customer is driving retail

Adaptive marketing
A move from mass-messaging to interpreting intent to present contextually relevant offers and be responsive through a range of channels

Networked supply chain
Moving from on-hand to on-demand merchandising, production and distribution to be agile and responsive to changing needs.

Empowered employees
Transformation of customer service by offering tools and information to empower employees, make them brand advocates and deliver an experience in line with customer expectations.

Connected Retail in practice



Optimised analytics

Carphone Warehouse – Data-driven insights for mapping the customer journey

Empowering its employees and using insights to better track and understand the customer journey, The Carphone Warehouse in the UK rolled out an enterprise mobility solution to all of its sales reps.

Among being able to monitor their own performance through a variety of dashboards, the tool also has a sales journey function – which gives the retailer an interactive and digital way to interact with customers, while enabling them to aggregate data on the holistic customer journey.

This data is valuable in helping with customer retention, identifying drop out points and making data-driven pricing decisions.¹⁵



Capturing a customer's full 'dataprint' through loyalty programs, in-store tracking, interactions, etc.



Intelligence to be pre-emptive, using structured and unstructured data



Analytics should drive every part of the retail operating model from front of house and behind the scenes



Networked supply chain

Macy's - Using RFID for transparent stock inventory

In order to get control of its inventory and enhance its customer service through reduced out of stocks, Macy's has been a longterm user of RFID tags in its Bloomingdales store in Soho. Using the data from this trial the retailer identified that RFID could be used to quickly and efficiently count stock at an item level maintaining an inventory accuracy of at least 97 percent.¹⁶

An additional benefit for Macy's enabled by this technology is that more frequent counts of stock result assist to drive correct placement of items in the right range of sizes, colors and styles on the selling floor – leading to better sales for RFID tagged items.

DHL – Outsourcing distribution to the crowd

DHL is harnessing the power of the 'crowd' to create a more agile delivery network through its 'MyWays' app.

Trialed in Stockholm, the app enables citizens to pick up parcels from a DHL service point and deliver the goods at the specified time and place to the original purchaser – their payment being the fee negotiated with the transport company.

"Many people felt that the concept was exciting and the fact that packages are delivered by private individuals along their daily routes is also beneficial to the environment," said Klas Berggren, Partner and Founder of Adnatura (a MyWays trial partner).¹⁷

Consistency in customer experience will be critical to the success of this concept.



Agile and integrated technology

Forgot your wallet... don't have your phone... all you need when you're at Disney World is a magic band! This all in one wearable device is the key to unlocking the magic kingdom, allowing guests to access their rooms, pay for anything and everything within the theme park and hold all of the relevant ticketing information. Visitors are able to pre-book and plan trips, fast-tracking access to rides and features. For Disney World not only has this enabled the theme park to undoubtedly make its processes more efficient, the data collected throughout the stay would help with forecasting, budgeting, people movement, but most of all creating a magic experience (for example greeting a guest by their first name).¹⁸



Implementing robust, agile CRMs that is compatible with business tools



'Intelligent' systems that iteratively learn from customer behaviour and enable automated response to improve efficiency



Technology will be fundamental to enabling Connected Retail



Empowered employees

Nordstrom – Driving customer service from the bottom-up

In order to achieve its number one goal of improving customer service, US-based department store, Nordstrom 'leaves it to the people closest to the customers' to make decisions about customer service.

"By not having a lot of rules, you empower associates to innovate and come up with solutions for customers." Jamie Nordstrom, President of Stores, Nordstrom.¹⁹

Understanding the changing nature of customer needs, Nordstrom also dramatically increased its number of personal stylists and invested in in-store technology.



Customer service becomes synonymous with brand experience and a function that goes hand in hand with adaptive marketing



Reward and recognition programs for customer service personnel need to be adapted to the role



Depending on the retailer, increasingly specialised and skilled recruitment may be required



Adaptive marketing

Amazon – Agile adaption through algorithm

A pioneer of adaptive marketing, Amazon is renowned for its use of agile data analysis and algorithms that provide its customers with an incredibly targeted and contextually relevant experience – optimising the opportunity for sales.

Where most businesses rely on instinct, history and broad market trends, Amazon leaves nothing to chance, basing its marketing efforts firmly on insights yielded from the data and analytics of its online platform.

With rumours rife that Amazon is set to open a number of pop-up stores across the US in major city locations – it will be interesting to see how the retailer translates it's online experience offline and uses it's approach to adaptive marketing to enhance this channel.



Will require a fundamental move from mass-marketing to micro-segmentation



Single view of the customer to deliver an optimised experience that maximises all opportunities for sales/retention



Clear view on which 'moments of truth' will drive differentiation and sales/retention

What is the scope of change required?

It's clear a change is required across the traditional retail business model – some changes will garner efficiency, some will mean technology change and others will simply be... an evolution

Driven by the evolution of technology and an increasingly disjointed competitor landscape, retailers are currently or will be experiencing a major shift across their entire business model.

Our analysis of the traditional retail processes (illustrated in Table 2.) indicates where the most significant changes will need occur within the traditional retail business model.



Marketing

Where push has become pull, traditional marketing functions can be significantly improved to support both service and customer experience. Driven through data – marketing will be increasingly targeted and personalised.



Merchandising

While some merchandising processes will remain untouched, the more administrative tasks enabled through agile and integrated technology will either become self-service or automated – offering retailers greater benefits in terms of flexibility, efficiency and speed to market.



Stores

Through the evolution of other support functions (e.g. marketing, supply chain, etc.) store processes and systems will likely become increasingly streamlined.

Store staff will need skill, will and tools to behave and be empowered as if it were their own retail business and do the right thing for the customer.



Supply Chain

Next to marketing, supply chain will undergo the largest process evolution - also enabled by agile and integrated technologies, many of the processes will be automated in line with being able to meet 'anywhere, anytime, anything' customer demand.



Corporate Functions

While the back office functions more legislative and financial in nature appear to be relatively untouched compared to other parts of the business – there is likely to be a convergence and consolidation when other more customer impactful processes are addressed.

Table 2. Assessment of traditional retail business model processess

What processes will be automated, become self-service or significantly changed				
Marketing	Merchandise	Stores	Supply Chain	Corporate Functions
Customer Segmentation	Merchandising strategy	Multichannel strategy	Distribution, warehouse & supply chain strategy	Corporate strategy
Customer relationship strategy	Merchandising planning	Store & channel strategy	Transportation planning	Financial management & planning
Market strategy & planning	Assortment planning	Store design & layout	Supplier relationship planning	Business unit planning
Customer behaviour modelling	Product development	Channel design & layout	Supplier performance management	Location strategy
Market & competitor research	Brand management	Store & channel profitability	In-bound logistics	Alliance management
Customer satisfaction measurement & management	Pricing strategy	Store operations management	Intra-company & outbound logistics	Business performance reporting
Call centre	Sourcing planning	Transaction management	Transportation / fleet management	Legal & regulatory compliance
Loyalty	Price / promotions management	Planogram	Warehouse management	Real estate management
Customer communications	Inventory management	Replenishment	Distribution centre operations	Risk management
Mass marketing & advertising	Supply terms administration & pricing	Services delivery	Yard management	Stock ledger
Target marketing	Product lifecycle management	Price changing	Returns & reclamation	HR
After sales service	Allocations	Time & attendance	Product track & trace	HR administration & payroll
Customer analytics	PO & trade funds management	Stock management	Transportation / fleet operations	Corporate audit
	Purchasing & sourcing	Shrinkage	Customer interaction at point of delivery	Corporate accounting
	Demand forecasting	Workforce management		Sales audit
	Master data management	Sales & cash management		Indirect procurement
		Multichannel call centre		Credit operations
				PR & investor relations
				IT systems & operations

Where should my focus be?

We are still at the beginning of the journey to transform the Retail business model to truly deliver the Connected Retail experience. We are seeing retailers, manufacturers and pure plays address aspects of the challenges and meet some of the expectations but there are very few that have holistically embraced and moved to the new model. The connected store will be nerve centre of the overall experience and as we start to use data to drive insight and predict what the customer wants based on geographic areas the concept of the 'local personalised store' will become yet another expectation of the 'always on' customer. The store is where the experience most comes to life and employees that behave as advocates will drive the differentiation necessary. In the future local stores will have the connected and curated offer based on predicative and cognitive insights of the customer so when they research online it will be available for immediate pick up. We will now explore three areas of change that should have an immediate focus.

1. Efficient purchasing and sourcing

While internationalisation has heralded broader shopping options and experience for customers it has also meant a diversification in purchasing and sourcing for retailers.

Traditionally hindered by our geographic position - aided through improvement in technology and transport - Australian retailers now have easier access to international suppliers, enabling them productivity benefits, along with bottom-line savings and the ability to be more competitive in the global retail industry.

Kmart Australia is one retailer that has benefitted from changing its approach to sourcing merchandise and supply chain. By essentially 'eliminating the middle man' and sourcing

directly from international manufacturers, Kmart has been able to regain its market share with an incredible turnaround story.

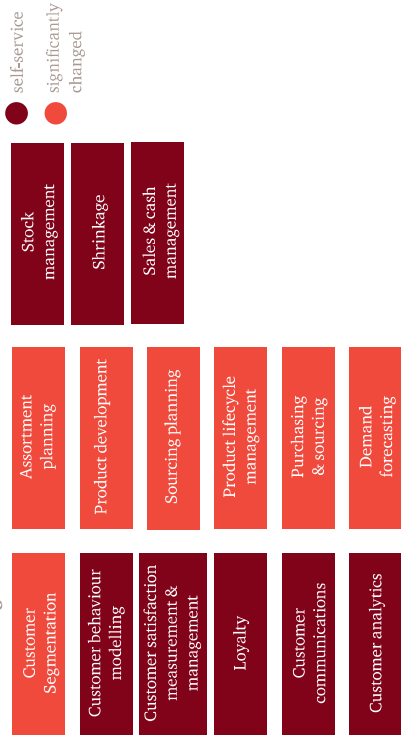
One of the key changes behind Kmart Australia's transformation was in re-hauling its supply chain IT infrastructure, which 'lacked the visibility, clarity and efficiency needed to ramp up direct buying from its base of more than 1,000 suppliers.'

In order to achieve transparency across it's suppliers, merchandising and supply chain processes, the retailer implemented a cloud-based SAAS ERP solution, CBX. The unified system enabled Kmart Australia control over its supplier selection, price quotation, quality and ethical behavior checks, product allocation, export licensing and shipment tracking.

Table 3. Assessment of model processes and focuses

1. Marketing	2. Merchandise	3. Stores
Customer Segmentation	Assortment planning	Stock management
Customer behaviour modelling	Product development	Shrinkage
Customer satisfaction measurement & management	Sourcing planning	Sales & cash management
Loyalty	Product lifecycle management	
Customer communications	Purchasing & sourcing	
Customer analytics	Demand forecasting	

Table 3 refers to information in Table 2 and numbers each category based on its area of change and immediate focus.



2. The future of POS

Going beyond simply 'the sale', POS systems are poised to play a central role in the Connected Retail environment. Again driven through the proliferation of technology (particularly mobile, cloud, bio-metrics, etc.) as well as integration with overarching business tools, POS systems present an enormous opportunity for retailers to understand their customers' 'dataprint' and engage them throughout the store journey.

For various reasons, self-service POS systems are becoming increasingly popular:

- Enables customer service people to engage in a quality one-to-one interaction, rather than be transactional
- Improves efficiency and productivity where ever the store front may be.
- Aggregation of quality 'dataprints' when tied in with other in-store technologies, such as iBeacons and sensors

Emerging innovations such as Square, Apple Pay and RFID near-field communication are driving the evolution of POS to be more accessible to a wider range of retailers – anywhere and anytime.

3. Customer-focused marketing

Experiencing quite possibly the biggest changes within a retail organisation, marketing in its historical sense has been turned on its head. Where once, above the line campaigns took pride of priority in the marketing mix... it is now below the line activities that offer the most connectivity directly to customers, result in tangible outcomes and enable the ability to be contextually relevant in a timely manner.

Where brands that postured and boasted the biggest spends gained airtime and attention - in the internationalised digital retail world – its those that gain the most digital word of mouth marketing that reign supreme. More than that though – it's the experience, the emotion and engagement that cinches the deal.

Enter... fast fashion retailer Zara, well known for its lack of investment in marketing. The question is how does a retailer - whose founder once called advertising a "pointless distraction" – manage to sell 80 percent of its stock within the first three minutes of opening its Sydney store?²³ Zara's marketing strategy, revolves around a couple of key factors... its stores and customers.

The fashion retailer has managed to corner the market in terms of not only being able to meet, but anticipate global trends and deliver them in a timely way. As mentioned in the Connected Retail model, empowering employees and adaptive

While other forms of payment, driven by the emergence of businesses like Shopkick (rewards for loyalty and promotion) and digital currencies – offer a new spin to the traditional expectations of POS systems.

Direct-to-consumer manufacturer, **Nespresso** is embracing the evolution of POS in order to offer its Club Members the most innovative, convenient and 'best-in-class service'.

By using RFID technology, Nespresso has introduced self-service check outs throughout its store network – freeing up it customer service staff to "better showcase the brand to customers and engage them in the Nespresso lifestyle," according to Nespresso Oceania General Manager, Renaud Tinel (speaking to *Appliance Retailer*).²⁴

The technology has also enabled the retailer to set up self-service 'Nespresso Cubes' which are devoid of any customer service agents completely. These 'automated boutiques' hold up to 25,000 capsules and are outfitted with state-of-the-art robotic technology that can pick an order of 10 different capsule sleeves in just 20 seconds.²²

marketing will work hand-in-hand and this is evidenced through Zara. Along with POS data, the retailer relies on its store team to work with its designers to understand the trends and demand in order to supply demand. This symbiotic relationship is a key to the retailer's success - essentially turning its store people into brand advocates and giving them the opportunity to engage rather than just sell.

The other place where Zara puts in a lot of its effort is in its physical store. It chooses locations that are geographically advantageous in being within close proximity of other high-fashion brands (creating a perception of being 'cool by association') and/or buildings that have some historic significance. The retailer may spend some marketing cash on 'announcing' its arrival – but if nothing more than that... an announcement.

In a world where celebrity sells, Zara has also enjoyed the organic PR driven by high-profile customers, such as the Duchess of Cambridge (Kate Middleton) and Kate Moss.

You could describe Zara as being almost humble – it doesn't shout at its customers, it doesn't blow its own horn, it makes no false promise... it takes the time to get to know its customer and clearly it's this approach, coupled with the fast fashion that has shoppers the world over coming back to Zara time and again.

Contact details



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Endnotes

1. Frost and Sullivan research was commissioned by PwC and based on interviews with 1000 Australian consumers between the ages of 15 and 65 in July 2014
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