

# MARCH OF THE MERCHANTISER

STORY BY **NATALIE APOSTOLOU**

In the heat of the inner city Sydney summer this year a curious installation appeared in a vacant Kings Cross store. On first glance, it could have been an art gallery or perhaps storage space for a bicycle fetishist. On closer inspection the cardboard boxes were actually a makeshift counter, the bikes perched artfully on boxes were all for sale, as was the minimalist spread of riding accessories. To add to the mystery, the only signage was an old school screen projection of the words 'Tokyo Bike'.

The site was a 'pop-up store', a concept that has become a hot new trend in retail merchandising. Pop-up stores have been springing up as the new merchandising playthings for both emerging retailers and established brands. For the new kids on the retail block, it gives a start-up retailer, perhaps one that only sells online or at markets, the chance to try out bricks and mortar in a particular area without committing to onerous leasing arrangements and costly fit-outs.

For established brands, pop-ups offer a chance to do something funky with their merchandising and attract customer attention in an inventive way.

"To survive and prosper in a digital world, physical retail must deliver an 'X' Factor – an experience factor – something special that sets a store apart and captures a customer's imagination," says Jon Bird head of retail marketing agency IdeaWorks.

In Tokyo Bike's case, the company already had a fixed retail abode in Surry Hills. The pop-up store was a way to create viral buzz and extend the brand and the urban cycling concept to an area which they knew had a strong potential customer base.

It worked. The minimalist approach grabbed the community's eye and soon social

networks were spreading news of the store, stepping in where Tokyo Bike's limited marketing budget fell short.

Merchandising-wise, it was a perfect fit. The global Tokyo Bike branding is all about minimalism and its merchandising aesthetic is about creating a retail space that resembles an urban art gallery. The pop-up stint in Kings Cross lasted for six weeks and now Tokyo Bike has been making appearances at pop-up stores in Paddington sharing space with other retail operatives. The company has since opened pop-ups in Berlin and London.

The company has even drawn from the look and feel of the pop-ups and made it part of its overall merchandising look, which is now so distinctive that any window display, shared installation, pop-up or permanent store is recognizably Tokyo Bike.

The pop-up concept has been far more pervasive in the US, where established brands like Target and Urban Outfitters use them to freshen up their image or penetrate a younger demographic.

Also in the US, where the retail economy has yet to rebound, over 12% of retail real estate remains vacant. Retail property owners have therefore warmed to the idea of short term tenants. For smaller retailers the opportunity to nest in a temporary vacant space, allows them to concentrate on the visual merchandising identity of their brand, one that will remain with the customer long after the physical shop has gone.

### Concept shopping

The daddy of pop-up stores is the concept store, which thanks to multi-channel retailing is making a comeback.

"Customers will be moving across channels in the next five years, switching to where their needs are met," forecasts Deloitte's Consumer

Business national leader Andrew Griffith. The rise of more sophisticated online and mobile applications will also drive customers to be more alert to specials happening within stores and visually the retail environment needs to pace with the change.

Griffiths predicts the future of retail will be shaped by technology and as such there will also be a rise in integrated and digital concept stores. He points to the concept store launched earlier this year by Adidas and Intel as a sign of things for the future.

The concept store, spotlighted at CEBRE in Germany and retail merchandising concept store, features a video wall that incorporates augmented reality gaming technology to showcase Adidas' new shoe range.

The adiVerse virtual footwear wall is made up of multiple LCD touch screens, uses facial recognition to detect the customer's gender and approach and customizes the display. It allows them to browse the entire range of products rendered in real-time 3D so shoppers can zoom in and zoom-in on the shoes and get specific details on a touch-screen display.

Griffiths says this is just the start of a new era of merchandising concepts based on gamification and augmented reality technologies that will allow shoppers to interact with the retail environment in new ways.

This includes customers getting scanned, trying on and seeing themselves in a 3D display, and being able to see different outfits, with stock that may not be on the shop floor.

The bonus behind concepts like the concept store wall is that retailers can operate minimally, reducing housing stock in a centralized location and focusing on visual merchandising as their primary tool to engage customers. "It produces savings in logistics and real estate costs," Griffiths

## Making the retail experience compelling is winning customers back from cut-price online competitors



### Turning buying into an event

Bricks and mortar retailers are already struggling with ways to compete with the online shopping experience. Simplicity, discounts, stress-free comparison shopping and goods delivered to you are taking Australian shoppers online en masse. Creative merchandising however, is the lynchpin in keeping shoppers engaged offline as well as online.

Retail in the digital age is all about building an engaging experience for the customer.

"It is no longer enough to rely purely on the sense of sight. Promoting an environment that invigorates all five senses and creates an experience that will create an ongoing relationship between your customers and your brand," says Brian Walker, Managing Director of the Retail Doctor Group.

Bird adds that merchandising that works depends on just how good you are at creating desire. He cites Apple as the poster child for the 'want' generation. Not only in the way that

Apple stage manage product releases and control supply of new gadgetry but also in the shopping experience itself – consumers want to hang out in the Apple store environment. An Apple addict genuinely loves the simplicity of the product's design, packaging and store fit-out – all consistent wherever they are in the world.

Walker notes that the recent invasion of global retailers with a high aesthetic and understanding of the power of visual merchandising means that Australians need to lift their game. "Zara, Gap and Uniqlo have all entered our shores this year and thanks to the theatricality of new Westfield developments hold the consumer's fascination with their distinctive window displays."

"Retailers who understand the power of visual merchandising and build consistently powerful windows enjoy the most success as they use their windows to invite, entertain, promote their message and 'silently sell' their product," he says.

Research from the Retail Doctor suggests that store design and product layout can make a difference of plus or minus 40% to a retail business. "Investing in a strong merchandising and design strategy is essential to lifting sales and profits," Walker adds.

The US retail giant Urban Outfitters, which has yet to approach our shores, takes experiential shopping seriously. The group has several retail brands, including Urban Outfitters, Anthropologie and Free People which are individually represented by their merchandising that it is hard to believe they are born from the same core.

Urban Outfitters CEO Glen T. Senk boasts that the 'sensorial experience' of shopping at their stores and in terms of experiential merchandising he keeps raising the bar. "One of our core philosophies is that we spend the money that other companies spend on marketing to create a store experience that exceeds people's expectations. We don't spend money on messages – we invest in execution."

## MERCHANDISING

Bird recently discovered an execution of this at a 'pick and mix' lolly shop, called Happy Pills.

The concept morphs the lolly shop into a pharmacy, pushing sugar as therapy for a litany of ills. The fit-out is white and clinical with a pink cross as part of the logo – this is matched in all their stark white packaging and merchandising. Selected sweets are put in a pill bottle and a wide range of labels can be put on the bottle such as 'for a bad hair day' or a 'universal remedy for everything'. Instructions on the back include the dosage advice: 'Consume Cheerfully'.

"It's a great example of how to turn jaded consumers into salivating customers. Sweet shops have been around since God was a boy. But it's the way a basic concept has been taken and re-packaged and re-merchandised for the smart set today that makes it noteworthy," he says.

The bold merchandising concept also translates well online and Happy Pills has a thriving online store that carries through their unique concept.

"There is room for both e-tailing and bricks

**"We spend the money that other companies spend on marketing to create a store experience that exceeds people's expectations."**

and mortar. The retail businesses that have multi-presence are the ones that v... says Walker.

He adds that the modern merchandi... challenge extends to all consumer touch... "It's not just about the retail store needi... some value to the customer's overall pu... it is not only about mastering online, it i... about understanding social media and c... channels to the consumer fresh."

The co-op concept, like the pop-up... also proves that retailers don't necessa... to heavily invest in conceptual designe... technology to turn their stores into a de... Offering food, art installations, live musi... ambience can turn the habitual nature o... shopping expedition into a social exper

"So long as companies like Urban... invest in retail experiences such as th... the physical store is far from dead. On... stores can compete transactionally, b... experientially. On sight, sound, smell... real retail environments win hands do... Bird says. ■

## Pixel Shopping

*The average consumer has three seconds to be impressed by a window display. In the online shopping world, three seconds can be the difference between a sale and a click to another site.*

*In e-tail, engagement is everything.*

*Co-founder and marketing manager for online travel accessories site Ciao Bella Travel and retail-only group buying site Cherry Pick Me, Kirsty Keane, says that visual merchandising in the online world is just as, if not more important than back in the mall.*

*Keane and partner Sarah Tate developed both sites in response to a perceived consumer need.*

*Ever been too frantic to buy new luggage or an international adapter the day before a trip? Ciao Bella Travel can deliver to your door in 24 hours. Love group buying, but hate being bombarded by clutter? Cherry Pick Me is tailored to women and allows them to select the deals they want to be informed of from online stores.*

*For both these ventures, visuals are everything. Keane says that the big first lesson in online merchandising is that high-res, beautiful images*

*sell."It's not so much the biggest discounts but the deals with the really great images that work," she notes.*

*Keane says that e-tailers need to remember the aspirational nature of shopping does not stop when you are online. "The way a product's being presented is just as crucial online as in a boutique. Consumers want to relate to what the product or online store represents, so it needs to be visually appealing."*

*She adds that the quality of the site, which is reflected in imagery and site design just like physical merchandising, can be the difference between creating a loyal customer and losing*



*one. "If the website design is not good start questioning the quality of the site behind it."*

*Keane adds that working hard on ge... copy on the site right is also essential. '... text like member reviews also adds to t... credibility of the site and its products,'"*

*Use Google analytics to find out where you are losing clients in the sale... or where there is a bottleneck, and adj... accordingly. "We found that we were lo... people at the check-out because we we... too many questions, so we simplified it."*

*Intuitive and easy navigation is also... sure consumers can navigate to key ca... about the product on one page rather t... to go back to the home page to look... for information.*

*"I am an impulse buyer, so if I see it like it visually, I'm halfway there, but oth... detail oriented so we compartmentalise... information in the right place. You don't... users to work for the info," Keane tips.*