shop! **Enhancing Retail**
Environments & Experiences

Retail Roadmap for 2021 and Beyond
Navigating the Transition to a New Reality

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Introduction

TAKE YOUR TRUSTY BRICK-AND-MORTAR RETAIL PLAYBOOK AND THROW IT AWAY. Or at least lock it in a museum. Because 2020 will forever be a watershed moment in our industry, when everything changed. Some of this change was inevitable. However, some changes were completely unanticipated, as COVID-19 exploded as the largest US health crisis in a century. The retail industry is experiencing challenges never before known or imagined.

In response, the retail landscape has transitioned forever. To survive, retailers must recalibrate, accounting for six general pillars of change: Convenience, Infrastructure, Cleanliness, Visual/Graphical Communication, Technology Integration, and Operational Flow.

CONVENIENCE

Potentially the most enduring transition that retail is seeing throughout the struggle with this pandemic is the universal acceleration of Buy-Online, Pickup-In-Store (BOPIS) capabilities. While some retailers have been offering BOPIS for some time, it was generally limited to corporate retailers who catered to the convenience demands of customers who did not need to shop through a large department store to pick up a few items. Instead, they would place their order via the retailer's website,

BOPIS Industry USE Snapshot

70% US Shoppers IN 2019[1]

Digital Commerce 360: Nearly 70% of US shoppers have used BOPIS more than once, according to Business Insider Intelligence. Half say they've made purchases online based on whether BOPIS was available.[2]

[1]Digital Commerce
[2]Business Insider Intelligence

travel to the store, and simply go to the accessible customer service areas where their purchases would be waiting for them, ready-for-pickup in as soon as an hour.

"If predicting how COVID-19 will spread is hard, then anticipating the best retail response might be even harder,"
— Taylor Schreiner, Director at Adobe Digital Insights

To accommodate the growing BOPIS consumer group, retailers need to rethink product positioning within the store. According to Taylor Schreiner, Director at Adobe Digital Insights, online retailers should consider increasing stocks of consumables andmoving them closer to delivery or quick pick-up areas. Whether people are working from home, needing to be at home with children, or social distancing, they will require household goods that can be quickly delivered or that are easily accessible nearby with a minimum of human interaction.

COVID-19 has made this process a virtually essential service that retailers must offer now, as many in-store shopping experiences have been shut down or severely curtailed. At the same time, new shopper restraints offer an invaluable opportunity to retailers who had never tested the waters of e-commerce or BOPIS before. By developing their own e-commerce platform on their website or leveraging a third-party platform or marketplace from which to sell their wares, a wide array of retailers now have access to previously untapped audiences. For example, recent research suggests that 53% of the retiring "baby boomer" generation are more likely to use BOPIS services. (Retail Dive)

Indeed, BOPIS allows for that perfect "middle ground" for both retailers and buyers. Retailers, with simple fixture additions and reconfigurations at the front of their store, in their foyer, or even outside their doors, gain access to a new essential, efficient revenue stream, while still allowing

FIVE BOPIS RETAIL BENEFITS

EXTRA PURCHASES FROM CUSTOMERS

In many cases, customers may be apt to purchase additional items once they arrive at the store for pickup, especially if they forgot something.

LOWER SHIPPING COSTS

Most stores offer the option of free delivery when you buy online and pick up in store (if it needs to be shipped from another store or warehouse). Also, 48% of surveyed shoppers use BOPIS to counter shipping fees and 65% of customers say they look up the free-shipping thresholds before adding items to their carts.

PROVIDE CONSUMERS WITH A WIDER SELECTION

Customers who order online may visit the store and find additional items they wish to purchase, because sometimes retailers have inventory that is only available in-store.

LEVERAGING DATA

BOPIS allows businesses to see trends and which products are popular during which time frames — in other words, another way for retailers to generate customer purchase history data.

PERSONALIZATION

The retailer can "suggest" other items a person may be interested in purchasing based on the contents of a customer's cart. For example, if the customer is purchasing coffee, they may also be interested in creamer or filters. The retailer can also send alerts and notifications via email or text, indicating when the order is ready.

SOURCE: HITACHI SOLUTIONS

SOURCE: OPTO INTERNATIONAL, INC

"If retailers offered a good pick-up experience, the pandemic could act as a catalyst for older consumers to convert to digital shopping methods, leading to omnichannel growth."

– Imogen Wethered, CEO & Co Founder, Qudini

face-to-face interaction. Faceless shoppers on their website become recognizable people when they pickup their goods safely and securely.

Meanwhile, shoppers draw the benefit of efficient online shopping utilizing familiar devices, while also being able to see and touch their purchased product before making the final decision to walk away with it. This is a luxury not afforded to them with traditional online shopping, which in most cases has involved shipping from the retailer to the consumer. The consumer places orders for shipped products on faith that they will be happy with the product without being able to experience or interact with the product beforehand. They might also experience prolonged shipping times and high shipping costs before receiving the product. This can negatively affect consumers' attitudes and willingness to purchase from them in the future.

There is an environmental impact to the advent of mass adoption of BOPIS as well. Because consumers have been receiving products sight-unseen via online shopping and direct shipping, there is a far greater

"90% of online shoppers surveyed stated high shipping fees and home delivery that takes longer than two days will likely prevent them from completing a purchase online. Thanks to the likes of Amazon, today's consumers are accustomed to receiving their products at a much faster rate, demanding more options that fill the void between online, offline, and everything in between"

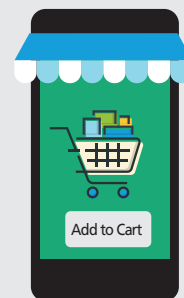– Casey Gannon, Tech Marketer, Big Commerce

Why Consumers Choose BOPIS[1]

64% Avoid shipping costs

37% Get their good faster

36% Access promotional offers/discounts

[1]Retail Dive

chance that they may not be happy with their purchase, and will ultimately return the product. According to The Current's Laura Lynch, consumers have a habit of overbuying when purchasing online because they cannot experience the product firsthand.

"We're buying more of our products online, but it's actually hard because you don't really know exactly the sizing," Lynch said. "So what many of us are doing is called bracketing. We will buy a medium, small and large or, you know, and 8, 10 and 12, and try them all on and then return the two that don't fit. Problem is, the two that we return are actually, in many cases, being landfilled. And the brands do not want to deal with those returns. So they'd rather just dump them."

Indeed, retailers who deem it time-prohibitive to examine the returned product to ensure maintained quality and then re-stock it, will choose to simply discard the returned product rather than either place it back into inventory or recycle it. This practice contributes heavily to landfills and non-biodegradable waste areas.

With BOPIS, however, both retailers and consumers win. Consumers can decide on-site on their products if they choose not to complete the purchase, retailers can accept them back immediately, and can help improve their sustainability footprint.

INFRASTRUCTURE

Going forward, the traditional four walls and long-term lease will be a higher measure of risk for retailers than in the past. Brick-and-mortar retail will require a nimbleness and adaptability that really had not been necessary or fashionable until now. Retailers can remain flexible and avoid locking into a long commitment by approaching their retail spaces in new ways-namely, pursuing mall storefronts with short-term leases with built-in modular fixturing, or building their own modular pop-up structures.

Malls and shopping centers are exploring a new strategy of leasing some of their properties in relatively small time increments with pre-installed modular merchandising systems. This new strategy is designed to entice brands and retailers to rotate in and out of these spaces with minimal logistical complication and overhead. This might be precisely the sort of comfort and security these brands need in a "post-COVID" world as they navigate new and different marketplace demand for their products.

CLEANLINESS

COVID-19 has exposed the invisible, unsanitary side of public places and how people are constantly at the mercy of easily transmittable microbes with potential health dangers. This collective revelation has changed customer perception, and retailers must adapt to cater to these new consumer considerations, not just for this year but for the long haul.

Environment and product cleanliness are now top customer expectations. Sanitation stations are simple ways to do this, with contactless hand sanitizer dispensers, prepackaged single masks, disinfecting wipes, and wastebaskets all present. Sanitation stations can be strategically placed around the space, especially near the entrances and exits. High-powered, high-efficiency air filters and exchangers will also help continuously recycle the air of indoor retail spaces, eliminate stagnant air, and minimize the presence of lingering airborne virus droplets. Hospital grade air filter technology recently began converging with commercial and residential construction worlds, and COVID-19 has only accelerated this.

Clear acrylic guards separating store associates from shoppers at POS stations have already become ubiquitous in most retail segments, but given the threat that COVID-19 represents now and in the future, these useful shields will become "non-negotiables" in all retail settings to maximize the prevention of airborne virus spread.

Retail Roadmap for 2021 and Beyond
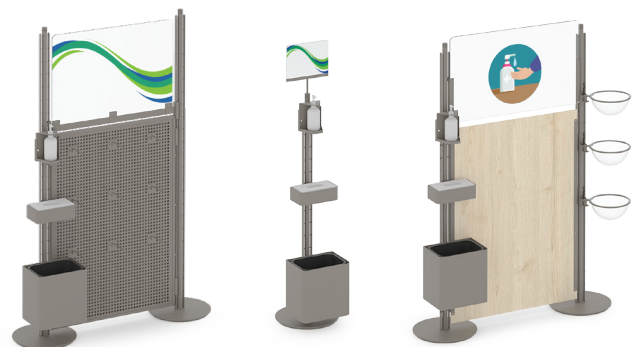
> *"I don't think we move away from creating in-store experiences that promote interactivity, but I do think we have to add a new layer of perceived safety to the story that we are telling. (It) communicates that the retailer cares about its customers and its employees alike."*
>
> – Brian Weltman, founder, CEO & Creative Director of RHDC Studio

Finally, employees should set the example for overt cleanliness. They should be wearing masks always, sanitizing their hands frequently and wiping down frequently used surfaces within the the store often.

Efforts of achieving maximum possible cleanliness should not only be thorough, they should be amplified to ensure tentative customers are not deterred from engaging with you.

VISUAL COMMUNICATION

Potential customers will inevitably become more selective as to which retail spaces to enter. Many decisions, at least at a subconscious level, will involve some risk/benefit analysis. "Is the store worth my time and potential health in order to acquire something I need or want?" This is precisely why window displays are more important than ever. There is a need to encapsulate a store's strengths and intrigue as effectively as possible in the areas visible to walking traffic.

Retailers need to be as overt and transparent as possible in their messaging regarding health safety within their store, including employee behavior and graphical communication.

Prominently identify departments to eliminate the guesswork on product location. Customers now will sacrifice browsing time in favor of efficiency.

OPERATIONAL FLOW

Providing customers with the manual tools to keep them safe while in your retail space is one major factor. Reconfiguring operational flow with tactical measures such as queuing lines and mobile counter areas is another factor.

Set up queuing lines near POS areas with protective shields between them. The queuing structures can also include shelving and other accessories so customers can continue to interact with your merchandise while waiting in line.

COVID19 RETAIL CHECKLIST

✓ CONVENIENCE	✓ FLEXIBLE INFRASTRUCTURE	✓ CLEANLINESS
Take advantage of the rapid emergence of BOPIS (Buy Online Pickup in Store)	Rent a short-term space for your store in a mall, or build your own pop-up structure	Keep your space sanitary and your employees safe, and do so overtly
✓ VISUAL COMMUNICATION	✓ TECHNOLOGY	✓ OPERATIONAL FLOW
Amplify your department labels and window messaging	Connect your physical space to the digital world (wayfinding, on-the fly-moblie purchasing)	Reconfigure your store format to maximize social distancing with queuing lines and satellite mobile counters

Depending on the size of the space, multiple transactional counters located in different areas of the store will help disperse large clusters of people who are waiting to check out. Mobile or pedestal counters, complete with POS equipment, can be transported at a moment's notice to wherever they need to be. This will minimize waiting times and close contact among customers, while maximizing profit.
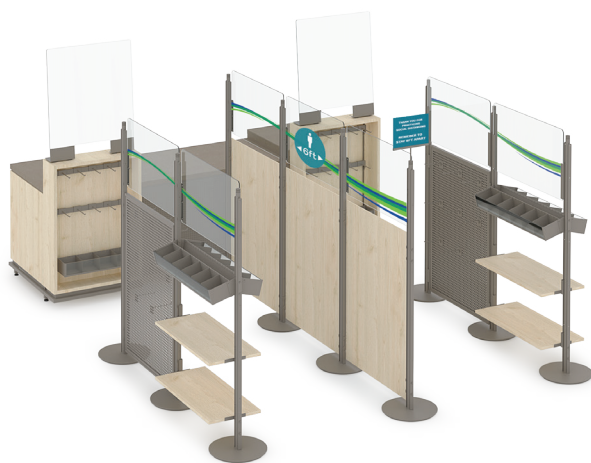
Another tactical operational strategy that can be used to promote employee and customer health and safety, is to reverse the store. Place all product inventory in the back storage areas of the store, rather than the front. Focus instead on floor models that can be continuously sanitized in the open space to encourage interaction (making sure to clean the surfaces after each customer). This also provides an opportunity to give the retail space a more efficient look and experiential function.
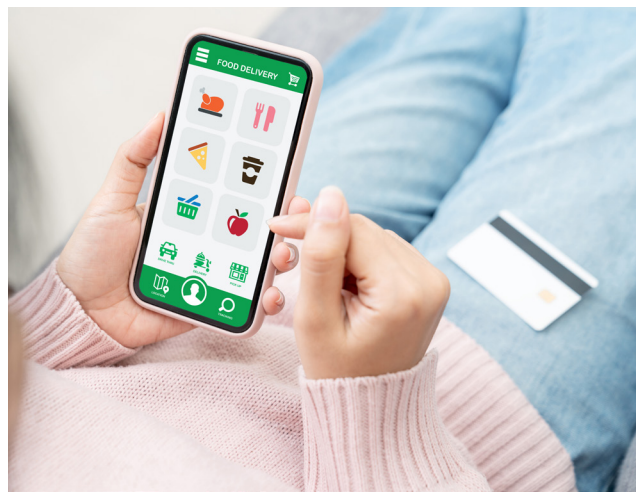
TECHNOLOGY

Even before the retail industry was turned on its head by the COVID-19 pandemic, an emerging trend among virtually all retail was the advent of integrated technology into the browsing and buying process.

As discussed before, a strategy to transform operational flow within retail spaces is to reverse the store, and only keep continuously sanitized floor models in the open space of the store, while all stock is kept in the back. To help enhance this re-orientation strategy and make it successful,

retailers employ in-store touchscreen kiosks to enable real-time product search and options selection, complete with detailed imagery so that between the specimens on the floor and their choices shown on screen, the buyer will get a very clear idea on the product, even if they are not necessarily holiding it in their hand during purchase.

In the interest of those looking to make shopping experiences more expedient and efficient due to health reasons, consumers would find a use for in-store apps, which can assist customers with wayfinding (as opposed to flagging down an associate). Additionally, in-store apps can "on-the-fly" provide search features and product filters to assist the shopper in referencing what is in stock. The app could also be used to alert sales associates if persona face-to-face help is needed somewhere on their sales floor.

A major capability that technology integration provides now, and will be particularly beneficial going forward, is touchless interaction. Technology continues to evolve and provide new ways to streamline the transaction process, giving customers more options on how they want or prefer to shop. In store, this move towards more self-service or mobile transaction also will impact the sales associate's checkout process and production of print receipts Print receipts are not recyclable and unneeded receipts will ultimately end up in a landfill. Instead, the information can be easily received and stored digitally by the consumer and relevant shopper data collected by the retailer, a practice that large numbers of retailers already follow this practice.

"New pay systems offer greater flexibility for our customers to receive their information digitally on multiple devices without the need to print. One less employee/customer touch interaction to support a safe phased reopen."
– Alan Walker – Vice President Store Design, SKECHERS USA, Inc

Retailers must also find ways to compensate for sudden disruption of long-relied upon supply chains. One primary way is to source more locally from capable, qualified vendors. Technology is a logical means to this end, but In this new era of retail, it is incumbent upon vendors to optimize their digital presence and make themselves "searchable" or noticeable for retailers who may need what they offer, but would otherwise fall under the radar. Retailers taking the opportunity to source locally, and thus potentially reduce their carbon footprint, can have an environmental impact as well.

Key Takeaways

THE COVID-19 PANDEMIC has dramatically changed shopper behavior and expectations. As a result, retail requirements have changed to accommodate these needs in order to create an environment where customers and employees feel safe.

Retail must recalibrate the following areas to succeed:

- **Convenience**–This value has been very important to consumers prior to COVID-19, but now more than ever. BOPIS is a service that was introduced several years back to help facilitate quick in and out service. The impact of COVID has accelerated the acceptance to BOPIS to all generations, particularly baby boomers. Data shows BOPIS will benefit both consumers and retailers. Consumers can access promotional offers and discounts easier, get their goods faster, and avoid shipping costs. Retailers enjoy increased impulse purchasing by consumers, lower shipping costs and better inventory management when BOPIS is used. 37% more BOPIS orders were placed in 2019 than the previous year ,and data suggests that number will increase further in the coming years.

- **Infrastructure**–Traditional long-term leases are no longer workable. Short-term leases and pop-up opportunities are increasing. Retailers must be nimble with where and how they present themselves. Modularity in merchandising design and operations is key.

- **Cleanliness**–Means safety for the foreseeable future. Products, practices and merchandise display must cater first and foremost to this need to ensure the safety and comfort level of consumers and employees.

- **Visual Communication**–Increased visual communication is necessary as it helps consumers navigate these new and changing rules. It also can create some additional sales and marketing opportunities, such as maximizing window displays.

- **Operational Flow**–Dictated traffic patterns help optimize social distancing throughout the retail environment. Queuing systems provide direction and protection. Increased implementation of self-service and mobile checkout limit contact and provide customer convenience.

- **Technology**–Retailers with a robust omni-channel approach are seeing more success. Greater adoption of integrated technology within the physical retail environment helps reduce unnecessary touchpoints and provides tools for added shopping convenience.

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Brian Weltman- CEO & Creative Director of RHDC Studio. Personal Interview. Interviewed 8/11/2020

About OPTO International, Inc.

For the past 40 years OPTO has manufactured retail display systems and designed exceptional spaces to adapt to trends and look to the future of retail. Regardless of function, style, color, client, or merchandise type, one thing remains constant: authentic fixture designs manufactured with the consistent principles of quality, durability, flexibility, innovation, all with industry leading speed, execution, and experience.

About Shop!

Shop! *(www.shopassociation.org)* is the global trade association dedicated to enhancing retail environments and experiences. Shop! represents more than 1,400-member companies worldwide from 23 countries. The association brings value to the global retail marketplace through our industry leadership, research programs, industry certification, education and networking events. Shop! produces the award-winning magazine, *Retail Environments*, offering business-focused content to retailers, brands, designers and suppliers throughout the industry.

For additional questions about the information contained in this white paper, please contact us at: mbaumgartner@shopassociation.org or call us at 312-863-2917.

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