

How Is The Art Of Selling In Real-World Retail....

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adapting to the changing consumption landscape?

With the financial crisis, information technology, environmental awareness and social atomisation all reshaping consumer tastes, retailers are responding with a variety of new strategies, ranging from building communities to creating pop-up shops.

Key trends

- * Liberty bucks the fast fashion trend;
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- * Building a community around a retail concept;
- * Restaurateur instructs its staff in the art of conversation;
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- * Resurrecting the lost art of "making a sale";
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- * Pop-up shops lend vivacity to high-end brands.

Commercial opportunities

- * Deepening brand loyalty;
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- * Making bricks-and-mortar stores more attractive vis-à-vis online retailers;
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- * Increasing the conversion rate from footfall to sales;
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- * Sustainable products, particularly in fashion and footwear.

Background

Three trends have had a profound impact on consumer behaviour during recent years: The financial crisis, growing environmental awareness and the digital revolution. With the threat of unemployment rising in many economies, consumer confidence has buckled and many consumers are now less willing to take on debt to finance consumption and are more cautious in their spending.

Meanwhile, global warming, carbon footprints and energy conservation are now the stuff of everyday conversation. On top of this, thanks to the proliferation of high-speed fixed and wireless broadband internet access, it is now easier than ever for consumers to buy online.

Possession of a broadband internet enabled computer in China, Italy, Japan, Netherlands and Turkey: 2005 and 2010

Underlying all this is a growing, if somewhat diffuse, sense of atomisation, as many consumers feel an increasing sense of separateness from each other, in societies that are increasingly urbanised and stratified. Although a long-term trend, particularly in Western societies, it has been accelerated by recent controversies over bonus payments in the financial services sector and co-called "fat cat" salaries and pensions earned by senior managers.

These trends are, in turn, having a knock-on effect on customer service, as savvy retailers have realised that they can build significant brand equity by catering to the desires and preferences that these trends are helping to create. Just as importantly, they are undermining some established retail strategies that have, until recently, proven extremely successful.

According to Mary Portas, creative director of UK-based communications agency Yellowdoor, "Even though we are living in an increasingly atomised age, we crave proper shops and human interaction more than ever. Shopping, after all, is still the nation's favourite pastime." She adds "We're over the greed and the gain. We're over the gloss, the glamour and the hype. Now we want generosity and giving; a return to tradition, service and knowledge, but with a thoroughly modern kick."

Liberty bucks the fast fashion trend

Fast fashion has been one of the signature trends in clothing over recent years, with the likes of H&M, Mango and Topshop building global brands on the back of it.

However, growing levels of environmental and ethical awareness among consumers, together with rapid wage inflation in key supply centres like China, are now threatening its ascendance.

UK-based Clothing retailer Liberty has been organising knitting groups at its flagship London store every Saturday, and they have proven so popular that they are booked up months in advance. It also runs a variety of craft, knitting and sewing workshops.

Rather than following the fast fashion herd, Liberty is capitalising on the fact that what people love about the brand is its Arts & Crafts heritage.

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According to one blogger, "when we want to make something truly special and beautiful, we often turn to Liberty."

Building a community around a retail concept

Sports clothing and footwear brand Nike has adopted a similar strategy. In addition to having expert staff on hand to help with gait analysis and the like, its running shops also host weekly running clubs, allowing runners to meet up, run, and chat over a glucose drink afterwards.

In this manner, it is making shopping what it once was - a social experience, rather than the accelerated, homogenised and arguably, increasingly unpleasant, process it has become over recent decades. Like Liberty, it is attempting to incorporate community values into the retail experience to build a relationship with consumers that will ultimately translate into heightened brand loyalty.

Restaurateur instructs staff in the art of conversation

In the UK, restaurant chain Pizza Express has gone so far as to hire actor Karl James to teach its staff how to better interact with diners.

According to an anonymous company source,

"With social media and texting reducing our face-to-face interaction, Pizza Express has enlisted the help of a conversational expert who is incorporating flirting and unique conversation techniques into its new staff training scheme to help completely redefine the restaurant experience."

James, who runs The Dialogue Project, which aims to help people master the art of conversation, says that the hectic pace of modern life often prevented people from having proper conversations but that it was a "teachable skill" that helps staff to "get the most from every interaction."

According to Angela Baron, an engagement adviser at the Chartered Institute of Personnel and Development, such techniques are becoming more popular in service-led businesses.

Resurrecting the lost art of "making a sale"

New technology, extensive retailer websites, mobile-shopping tools, and in-store internet kiosks have all helped to reduce the role of salespeople in retailing. Content to allow consumers to research products independently, many retailers have reduced in-store sales staff and eliminated commissions.

While this approach has certainly reduced costs, it may represent something of a Pyrrhic victory, due to the sales that may have been lost in the process: According to research conducted by the consultancy McKinsey, up to 40% of shoppers remain open to persuasion after entering a store.

According to McKinsey principal Josh Leibowitz,

"We're not suggesting a return to an old-fashioned, expensive, labour-intensive sales system. But there's a powerful and straightforward business case for investing in frontline sales staff: when done correctly, adding salespeople offers one of the more attractive payback opportunities in retail."

Apple Stores are particularly adept in this regard: According to Mary Portas, "Apple has created stores that are basically playground experiences for adults. You go in and see all these 35-year-olds with babies on their knees while playing with the gadgets, or hanging round the Genius Bar, where staff answer technical questions and teach you for free."

This is ironic, as the homogeneity of the company's products makes them particularly suitable for online purchasing. However, Apple's brand equity is almost unique. For some retail brands, such as music retailer HMV and bookseller Barnes and Noble, it may already be too late to go down this road, as consumers have become accustomed to buying music and books online from the likes of Apple's iTunes Store and Amazon.com.

Pop-up shops lend vivacity to high-end brands

Elsewhere, pop-ups, temporary shops often in unusual spaces, whose lifespan can range from just a couple of hours to a

few weeks, are helping to bring some spontaneity and excitement to retailing.

Aiming for an edgy, guerilla-like feel that owes something to street theatre and art, they are positioned as the antithesis of the uniform high street or shopping mall, what have been dubbed "clone towns" in the UK. These stores also eschew the customised interiors that are normally part of the branding process.

During November 2010, luxury accessories brand Hermès opens a series of pop up stores in East and West London to show and sell its scarf collection, J'aime Mon Carre (I love my Scarf). These events were tied in with a fanzine created by photographer Matt Irwin, who took pictures of customers wearing their Hermès scarves.

It has adopted a similar strategy in other markets, such as New York. This trend has been greatly facilitated by recession, which has lead many hard-pressed commercial landlords to agree to the kind of short-term leases they would have disdained during the boom years.

Outlook

With most developed economies still only experiencing the most tentative of recoveries, environmental disasters like the Queensland floods in Australia regularly featuring on the TV news and both urbanisation and the penetration of high-speed internet access gathering pace worldwide, recent changes in consumer behaviour are likely to be long lasting.

Retailers must adapt to this "new normal" if they are to avoid having their market share eroded by online rivals and even their more nimble offline counterparts.

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