

[ Background Music ]

>> From shops that fizzle to shops that sizzle, new strategies to spark customer loyalty and send sales through the roof. Attention players, the retail game is changing quickly and the playing field crowded with more competition than ever. Industry sales last year surged above the 3 trillion-dollar mark, a boom for the economy, but a challenge for main street retailers now fighting to compete for the mega stores and countless retail portals on the web. With so many shopping alternatives and so many more to come, how does a small to midsize retailer get consumers to take notice? Today we're talking about creating the ultimate customer experience. Authoring retail consumer expert, Pam Danziger reveals the secret strategies behind fox that pop, branding by design your stall layout says a lot about new business, but is it sending the right message? Principles of the award winning Gensler Design Firm give us their top ticks for building around your brand.

>> Hi my name is Matt, what can I do for you?

>> In the battle to boost business and build brand loyalty, Big-Box Giant Circuit City with high-tech tools to work. From keeping tabs on your costumers to keeping track of your supply chain, can the right technology add stock to your bottom line? Nationally renowned retail IT expert, Brian Kilcourse, talks tech and profits. Bizwise TV for retail starts right now.

>> Hello, I'm Valerie St. John and welcome to Bizwise TV for retail. The retail pie is getting larger only not as fast as the number of retailers hoping to take a bite. According to census figures, retail is the nation's second largest industry supporting enough establishments to provide more than 15 million jobs. It's a buyers market and the consumer is now demanding more than just an acceptable selection of merchandise at a reasonable price. So what motivates shoppers? What draws them to one store over another? What compels them to make a purchase they don't need and never even knew they wanted before spotting it on a store show? Our first guest has conducted extensive research on consumer behavior in the retail environment and stresses that there is a science to success. Author of "Shopping: Why We Love It and How Retailers Can Create the Ultimate Customer Experience" and advocate of what she calls Shops that Pop, Pamela Danziger. Pamela welcome!

>> It's nice to be with you today.

>> So let's get started. What generally compels a consumer to make a purchase?

>> Well that is the endless question that we all have to understand and I developed and discovered a theory that I call the Quantum Theory of Shopping which explains people's propensity to buy as the sum of need plus product features plus affordability and the sum of that is multiplied by a emotion squared. And for those who know math, know that the emotion squared is the dominant factor in the equation. People don't buy things necessarily because of product features. They don't buy things necessarily because it's cheap. They often will shop because of need but that isn't the real motivation because when we shop we want that emotional thrill and that's what we get when we shop for fun is the emotion.

>> So is that what causes us to make the kinds of bias we don't actually need and didn't even know we want it before we got to the store?

>> Well absolutely. I mean it is all about the emotion and that retailers can manipulate that emotional factor in terms of the way that they organize a shopping experience. So

that's kind of the key -- that's all about playing to consumers' emotion. It's a people to people business and you're selling to the people and to their emotion. And so it's all about organizing the shopping experience for that special emotional gratification that people are seeking when they go out and shop.

>> You talk about Shops that Pop. I just love saying that. What do you mean by that?

>> Shops that Pop offers high levels of customer involvement and interaction and that often is surrounded by a community. It evokes shopper' curiosity. It has a contagious electric quality that comes from within not something that you pump in like through music and moody lighting. It has a convergence between atmosphere, store design, and merchandise. It has a values driven concept and that's what transforms an ordinary store that sells fashion, for example, into a store that helps the customer discover their inner diva. It offers a price value model that favors the shopper. The emphasis there is on that in more value, not necessarily making a cheaper or discounting. And it's accessible non-exclusive and free from pretensions which is one reason why you won't find a lot of luxury retailers in my book because so many of them get caught up with being exclusive and pretentious.

>> How important, Pamela, are the salespeople in this equation?

>> Oh! They're essential because since retailing is a people business that people that you have working in your store are essential to relating and having that people interaction in the store. So what you want to do is to provide your retail sales people who are so important to that interaction with the workable wage and reward them for the things that are important which is really how they handle and how they interact and how they relate to the customer.

>> You talk about the importance of developing an authentic concept with long-lasting value. What are some of the most important things to keep in mind when we're creating such shops?

>> Well in essence, the fundamental essence of a concept of Shops that Pop is that they put the customer first and it's not about how we organize the store to help service our part of the business. It's really about putting that customer first.

>> You also talked about making the store electric and contagious. Can you talk a little bit more about that?

>> The best example I know of to show an electric quality store is the Apple store. You have the customers checking their e-mails, on one side you have the genius bar in the background. There is a lot of interaction and people talking and arguing different points of view that's it's just a tremendous popping environment and it's not because it's pumped in. It's because it's growing organically through the interaction of the customers in the especially unique environment and involving those people in the Apple experience.

>> Pamela, talk for us a little bit about the price value model which favors shoppers how does it work?

>> Affordability, the key factor in the quantum equation is that we can stretch our budgets but we won't pay a penny more than what we perceived the value of the item is worth.

>> Pamela you talked about something called place principles in your book. What are they and how can retailers apply them?

>> When we talk about place where your store is located. One thing I think that happens to small specialty retailers is you stay too long in one place. So what I recommend to

shops, to retailers to measure the effectiveness is once a month do a head count, the number of people that walk by your store, maybe a Saturday morning from 10 to 11, just how many people go by your store. And that can very quickly in 6 months can tell you whether the patterns of shopping are changing in your community and you wanna respond to it.

>> So what would you suggest small and medium-sized retailers do to compete more effectively in today's market place?

>> If you're gonna be carrying the same product as other people in your local community, is you can merchandise it differently. You can display it differently. You can highlight it differently so that your merchandise is unique even if you're just carrying the exact same brands that other people are carrying. The second thing is that they think I can compete on price and that again is a huge fallacy. You wanna make sure that the products that are in your store have an inherent value that aligns with what the costumers want and you deliver that value to them at a reasonable price.

>> Terrific insight. Pamela Danziger, thanks for joining us.

>> Thank you.

[ Music ]

>> Your first real point of contact with the customers like the salesperson who says hello it's your retail space, the look and feel of your store and signage send out signals before the customer even reaches your door step. So what signals are your costumers receiving and what steps can you take to transform their shopping experience? Here to tell us what kinds of designs attract retail costumers are principles of the prestigious Gensler Design Firm, Charlie Cridler and Diane Devaughn [phonetic]. Welcome to Bizwise guys, thanks for joining us.

>> Thank you.

>> So Diane we'll begin with you. You do something when you first start that relationship with a new client called visioning. What is this visioning process and how do you do it?

>> Visioning is our term for kicking off a project. It's really for us to gain the foundation and all the background information so we can start the design process. The vision session can take maybe 2 hours if it's a pretty straightforward project or it can take as much as 3 or 4 days. We like to meet with the key stakeholders. It's really important to go as far up the chain as possible. CEO, CMO, COO, certainly the director of merchandising and director of real estate. We will get all the information that we need in order to start the design process.

>> If a small to medium size retailer is listening to this right now and maybe can't afford to pay someone to help them through that process, how is it that they can then apply visioning on a smaller scale for themselves?

>> Well, you know, retailers, small retailers, any retailer can do a lot of this themselves. I mean it's really a matter of sitting down and asking yourself specific questions and developing a vision for your store but it can be done, retailer can do it by themselves although it's much better if we help.

>> Gensler has been very nice, thank you.

[ Laughter ]

>> No plug there.

[ Laughter ]

>> Gensler spent doing this for about what 40 years, is that right?

>> Something like that.

>> So you built up a reservoir of experience not to mention a lot of tips you can offer to those who are listening today. And one of the things you recommend is keep it fresh.

What do you mean by that?

>> Well, you know, retail in many ways is about the latest thing, the newest thing.

>> Right.

>> So to the extent you can create that idea in the store that things are new, things are fresh, this is a new idea. You know, you do it by changing colors. You do it by moving product around. You do it by giving the store a fresh look. That's very important. A lot of retailers concentrate on that. Being obsessed with the store is one of the things that I think is a hallmark of great retailers. They are constantly tinkering what the store, moving things around, changing product mix, changing where things go. It's just -- it's something that all really good retailers should do.

>> Next Diane you talk about creating that emotional connection between the store and the consumer. How is this accomplished?

>> It's about creating an experience that is memorable for a customer.

>> Right.

>> And often times what we do is we could look at the 5 senses and try to connect with as many of those senses as possible. Certainly, sight is important and texture is really important for touch, interacting with product is important. What's the music? What is the lighting like? How does it feel the warmth on your skin? Well, it's just a very important way to connect on as many senses as possible.

>> Diane you talked about never underestimating the value of great lighting in the dressing room.

>> Right.

>> How do I know if have great lighting in the dressing room? Why is it important?

>> Well I think we've all been in a dressing room and I'll speak for women. When we'd walk in and we think that it looks great.

>> Right.

>> The outfit looks great. It's flattering. It's like candlelight. We feel very, very comfortable. We've also been in dressing rooms where it's not flattering whether it's harsh down lighting, the wrong temperature of light and it's really critical. So many decisions are made in the dressing room.

>> And while you put dressing rooms in the store, it can be important that it can vary. You have a number of options for locations. You also have the issue of controlling their sense which is certainly something that needs to be considered.

>> Right.

>> Security.

>> I understand. You talk also about this idea of interactivity and how important that is Charlie and you advice some of your clients that if you're selling a product that's interactive, make sure you set up a scenario whereby consumers can interact with the product.

>> Sure.

>> Sounds simple, how do you do this and why should we?

>> Well, anytime you can get a customer to interact with the product, their store -- the store experience is much better and they're much more likely to buy the product. I mean people don't like to buy products if they can interact with them, if they're not allowed to interact with them. The Apple store is a good example of interactivity with the product, you know, the past [inaudible] is based on that whole idea of interacting with product. And it activates the store, makes the customer experience better, and allows people to make a judgment about a product.

>> Diane you're nodding.

[ Laughter ]

>> Yeah I think one thing that would happen is because there's so much online shopping now that when you get a consumer into the retail environment, let them interact with the product --

>> That's important, of course.

>> And really take it off the virtual and make it real.

>> Right.

>> You also talked Diane about building a prototype. Before you really get started on a big layout of the design project make sure you tested it first.

>> Right.

>> How do you do this and why should we?

>> There is a number of different ways you can build a prototype. You can build a small scale model so you can see what the environment looks like and you kind of trace your way through the model or you can do a full-scale model. A full-scale model can be made out of phone core [phonetic] very simple so you can understand how it would pass through the store.

>> You can also prototype pieces of a store.

>> Yeah.

>> You can prototype a fixture. You can prototype a cash wrap. You can prototype a store front.

>> All with an eye of mimicking the customer experience beforehand.

>> Absolutely.

>> Which brings us to something that you like to talk about Diane, the importance of being the customer.

>> Right, right. We find it's really critical to really understand the store and if that means flipping burgers in McDonalds that means selling shoes in a shoe store.

>> Which you've done, by the way.

>> I've done that, yes.

[ Laughter ]

>> Did you wear the little uniform and the whole -- with the hat.

>> Oh yeah, the hat and everything. I forgot that I've beaten the burgers, that was really bad.

[ Laughter ]

>> But it's very, very important to get it from the employee perspective and then it's very important to shop the store from the customer perspective so you understand, you can anticipate what's working well in the store and then you can identify what the opportunities are as well.

>> You're talking always to your clients about how important it is to remember that it's not just about the store. It's about the people who work there.

>> Absolutely. The employees and the way they're trained and the way they understand the product and the way they present the product is essential. And good retailers spend a lot of time on this, I mean --

>> Yeah.

>> You know everybody talks about how great North Streams is in terms of service and it is, and, you know, those kinds of things are very, very important

>> Because of the best store in the world that you design. If you don't have people that understand the store and understand what the product is, the store can go flat. Often times we find that we spend time educating the people that work within the store the design concept, the why behind the store so they can understand how to best utilize the store. And so there is a very much of an education aspect there that's important for the employees.

>> You talk about the importance of offering more value than the customer expects.

>> Sure. Exceeding a customer's expectations whether in terms of value or whether in terms of the store experience is extremely important. Everybody likes to be surprised at the idea of getting more than they expected.

>> Right. There's a magical moment there.

>> There is

>> When we realize.

>> Absolutely.

>> Yeah.

>> I think often times even though retail stores are selling product, it is very much of a service industry. Service is so important and so it is something that is -- and by the service is an opportunity to exceed expectations.

>> You talk Diane about making sure that your message, not just -- that you don't just look at the store from a visual perspective but that you look at it from what you call a verbal perspective, what do you mean by that?

>> That's true. When we design stores we look at it from both the visual and from a verbal perspective because people take cues in different ways. I think a great example is when we design the North Face store in Chicago. It was the first time we had to translated this catalog into a retail environment and we realized that people of most store where headline readers and there's people that are paragraph readers.

>> And we created stories about that equipment, you know, which really gave the -- gave the product or the equipment a much more meaningful.

>> Right.

>> Existence.

>> You like to talk about the trends that we see on the horizon in retail.

>> Sure, yeah.

>> One of them being sustainability, Green stores.

>> Right.

>> Tell us about that.

>> Well Green store are stores that recognize the importance of using proper sustainable materials and also reducing mining oilage and that kind of thing of reducing their energy

dependence. I think it interprets well -- in the case of reducing energy, it goes directly to the bottom line because you have a lower electricity bill.

>> Another trendy talk about and that is the one of weaving technology into the store, visual technology. For example, kiosks, we can see in stores, why is this important?

>> Well we have an example of the store that we've done, a brand new store called Now [phonetic], that is using kiosk to sell product. In other words, you can see the product in the store, but if you go to the kiosk, you can perhaps see more products or you can see all of the sizes and you can order the product from the kiosk that goes from the warehouse, in that case, directly to your home which is a big savings, not only in the storage in the store but it increases the ability for the store to have a greater selection. And it also reduces the cause of delivery.

>> Very good insight, Charlie Cridler. Thank you for joining us.

>> Thank you.

>> Diane Devaughn, pleasure to have both of you.

>> Thank you.

>> Okay.

>> Imagine your customer needs installation help and instead of tying up one of your sales reps you turn to an in-store video conference in kiosk where live specialists can help. Imagine using a tablet PC to create an instant visual mockup of your customer's living room, showing how one of your products might improve that space. This is exactly how Circuit City differentiates itself, by using technology to redefine the retailer's relationship with its customers.

>> Since you're not sure whether you want to wall mount your new flat panel TV or place it on a stand, let's consult one of our Firedog Home Theater experts to let you know exactly what to think about when considering wall types surfaces or any other room conditions.

>> So is he here?

>> He's here. He's just a button away.

>> Hi! My name Matt, what can I do for you?

>> Hi Matt. This is Mr. Johnson. He's trying to decide whether he wants to wall mount his new TV or place it on a stand. He's concern that there maybe some electrical work involved if he wants to wall mount it.

>> Yeah, my wife would refer that we mount on the wall so that the family can all sit around and watch together but I'm concerned about having tables running everywhere.

>> Okay, well let me just pull up some of the information stored in your digital locker.

>> All of the information that I have regarding your home installation. All of the products that you're interested in, I've upload it to Matt so that you he can help us through the rest of the order.

>> So based on your digital locker, it looks likes the room that you wanna install the TV and has both dry wall and wood studs in places, is that correct?

>> That's correct.

>> Is cable placement important for you?

>> Oh it is. I want the TV to look good no matter where it goes.

>> Oh based on your room layout I recommend wall mounting your new TV. Then when you're ready we can even put in a wall surround sound system and you'll have a complete family home theater that looks and sounds great. I can recommend a professional

Firedog Installer to mount the TV for you. Hook up any cables and satellite boxes you may have and walk you through using all of it. I'm also recommending a few accessories. I'll just add this to your digital locker and that mean I can show you them when they're in the store.

>> Thanks.

>> Let's schedule a time for your installation. How soon were you thinking about getting this done?

>> I like it get done this weekend so I can watch the game on Sunday.

>> Okay, let me just check the calendar. How about 2 p.m. on Saturday?

>> That's perfect. Do I need to do anything?

>> Nope. You just need to have somebody at home to let in our Firedog technician.

>> Also, you'll get an e-mail and a text message 24 hours before your home installation and then again 30 minutes prior to your technician's arrival.

>> Okay.

>> Now I've uploaded all of your services and product information to Jimena's [phonetic] tablet PC so that she can print out everything for you. Is there anything else I can help you with today?

>> No, no. That's it.

>> Okay, well I appreciate the opportunity to help you and I know you'll enjoy your new TV. Have a good day, Mr. Johnson.

>> Thanks.

>> Well now that you've chosen your new HDTV and we've figured out a Firedog installation play and I can go ahead and bring you up right here and then we can grab your seat and head up to the front of the store where we can load everything into your car.

>> It's one of the most powerful resources at your fingertips. It can help you with streamline operations, track merchandise, evaluate purchase histories, and ultimately the delight your customers. We're talking about technology where we'll look at the latest applications in retail. We're joined by one of the top retail technology executives in the country. President and CEO of the Retail Systems Alert Group and former CIO of Long's Drugs, Brian Kilcourse, Brian welcome.

>> Nice to be here. Thank you for having me.

>> Good to see you. So how can technology be use in retail to create the ultimate customer experience?

>> Well technology's job is to deliver actionable information into the hands of decision makers and in today's world, of course, it's actually always been true but particularly today, the decision maker is the consumer. So it's the objective of every retail to get the actionable information as close to that consumer as they possibly can and that means in the store, in the home, and ultimately right directly into the hands of the consumer.

>> In the brick of modern environments, much of the selling still gets down to connecting with the customer from salesperson to customer. How can technology be used to enhance that experience?

>> Well that's a good question. First, retailers need to do the basics, right. Too much of time has been spent dealing with those non-selling functions like stocking, like fixing the next order, like getting ready for the truck all of those things. The retailers have to do just to get the merchandise to the sales for. Retailers can use technology to really

streamline those processes so they can then spend more of their labor dollars on the selling functions.

>> Let's talk a little bit about technology as a market driver. What are some of the market drivers that small and medium-sized retailers are facing today?

>> Where the small and medium businesses can excel is on the service side.

>> Okay.

>> Where they basically take price out of the equation. There is a certain expectation of a price that these large retailers have established. But if you can get passed that and they have a reasonable price for a reasonable product, you can now wrap that up in services and you can really surprise the customer and win their loyalty.

>> Given that, what are some of the technology trends then that small and medium-sized retailers should consider in trying to emphasize the sell-side?

>> One of the trends in software is service where retailers instead of having to buy a large capital asset, millions of dollars in implementation cost can now establish a pay-as-you-go strategy where they issue a transaction to a service provider, get the answer they need and then move on.

>> Let's talk a little bit now about compliance. Are small and medium-sized retailers -- are they exempt from some of the mandates like PCI and should they be as concerned as the big guys?

>> They should absolutely be concerned. They can now tell a lot about what the customer tends to buy. For example, you might fit into a certain type of a cycle graphic where if you're buying product A there is a statistical propensity that you'll buy product C or product D.

>> Sure.

>> They do that by storing information about you as a consumer. Now this is a huge concern for our privacy advocates as you might imagine.

>> Sure.

>> And there had been some really, really notable breaches where inappropriate use of customer information has been brought to light.

>> Yeah.

>> So PCI is one of those commercial standards that is being implemented across the industry and if you don't comply, it's very expensive for you. The problem is that it doesn't seem long before the government will intervene. Because it's such a huge concern for everybody involved.

>> Technology if it's employed properly can be a wonderful boost for retailer but if it isn't it can be a tremendous waste of time and of resources. What must a retailer consider before rolling it out effectively?

>> Way a great question. This is a really good question. If you have technology, you may not be strategically advantage. It's not really the technology itself, it's what you do with it.

>> Right.

>> Now you might be strategically disadvantage if you don't have baseline technologies, if you don't have good ways to buy, good ways to get merchandise into your store, good ways to manage your labor. Those are the basics of retail. But it really gets down to getting that actionable information into the hands of decision makers. They really gets down to how are you going to do what you do better than anybody else. How are you

gonna delight the customer, solve their lifestyle problems, use the information you have about them to delight them, and to get them come back to your store.

>> How would you say technology is going to be implemented in such a way that it makes the retail landscape more competitive? What can we expect to see?

>> The next step is mobility. Do you pick with a cell phone? We all have them.

>> Sure.

>> And I probably have one in my pocket right now.

>> You have?

>> And imagine a retailer being able to deliver just enough information and just enough business intelligence to the cellphone so that I can start transacting as I'm on my way to the store or I'm in the office and I know I'm gonna pick up something at the end of the day.

>> Right.

>> Those things are happening all around the world, all around us.

>> I just -- maybe about 45 minutes ago ordered books through my cellphone. Is that gonna become expected of retailers that they make their product accessible in a mobile sense?

>> Well look at kids. I've got two grownup daughters now but they take these things as expectations, to us it's still exciting.

>> Sure.

>> We look at it and we say, "Gee isn't that wonderful?" They expect that that kind of functionality and if you look beyond them to their children 5-year old kids who get into the computer and I don't think can they know that. So the answer to that is yes. If you don't believe me in my age group just look at our kids because they expect these things.

>> Very good Brian Kilcourse. Thanks for joining us.

>> Nice to talk to you.

>> Perfect.

>> Thank you.

>> In the food distribution business, the company that makes placing an order easiest wins the customer. And for JJ Food Service Limited in the UK, the call center is not just driving sales, it's driving growth. Every hour means a quarter of a million dollars in sales. So speed and reliability mean everything. By using CISCO IP software, JJ Foods has found a recipe for success.

[ Music ]

>> JJ Food Service delivers to restaurants, conference centers, hotels' events over the United Kingdom, food products, food-related products, anything from hamburgers and french fries to bleach and detergents to the chef hats to molten material for the food industry.

[ Music ]

>> So until that we do about 2 and a 1/2 thousand orders everyday all over the UK and on our peak hour we can take up to 200,000 dollars using our C-RAM system which holds all the data about our customer. We use it to make decisions. So with the project that we implemented in that context then we think of cost savings of 9.2 million dollars on food that automatic recognition of customers and mounting them to the correct people first time every time through the automatic for popular customers details to the agent.

[ Music ]

>> Within our call centers there are 83 telesales agents. And officially, there are three languages spoken but really we do accommodate much, much more. And there's such a diverse mixture of people within our telesales. And they're constantly talking in their mother tongue to our customers. So it's quite a multi-structural environment and it does accommodate to the needs of many customers out there. So now with the whole process of being able to be transferred directly to where they wanna just go, they are so much more happier and so much more willing to spend time on a friend to sit there and listen to what we're trying to promote on new products and speaking to them. In this way we can build a relationship with the customer and we find then that also with the routine where they spend with the same agent again and again and again. They're getting to know that customer and to know exactly what to offer that customer, what makes the customer take. And all of our telesales agents have customer service skills, very good customer service skills and if anything -- if there is a complaint that needs to be taken further, it's hardly anytime that we'll getting it for its customer services now.

>> In the old days it was e-mail. It was overflowed of e-mail. You know, agents e-mailing other agents. These course passed and back. That course passed and back. I mean when you're managing 20,000 customers it's easy to make mistakes. We always use a [inaudible] to drive our business, we realizes there's anyway so that we can increase our bottom line and we're selling 70,000 products everyday through our warehouse and every penny, every cent we can cut down on every single mode of transactions as this will make us more comfortable.

>> The best thing about here is when you are coping your call center model or different model you really technically don't have to do much. It's all there, it's centralized, it's sitting one place. All you have to do buy some computers and telephones and plug them in and no other configurations is required because it's already been done once and that's the beauty of it that lot of IT headache [phonetic] is actually gone. So every time we open a day for a part from building the warehouse from the technical point of view, you don't have to do much. So then it's done once. And customer service is the most important component of our business because we are operating in a highly competitive market and what happens if customer, they have got a lot of choices. I think the level of service which makes us actually a brand in the market because the products we sell, a lot of other people sell the same product. So one biggest advantage today is we run our business from a call center and that call center is so efficient that in his own right has become a brand and I think is pretty unique in UK.

>> Thanks to all of our guests for sharing their insight and experience. Today we've heard what motivate shoppers to buy. We've learned how to create Shops that Pop. We've talked about creating a store layout around your brand and we've seen how companies are using technology to compete more effectively and delight their customers. I'm Valerie St. John. Thanks for watching. See you next time on Bizwise TV for Retail.