

- **Retailers** with traditional business models are struggling to keep up with e-commerce players
- **Effective** store design can have tangible and far-reaching impact on brands and businesses



by Pamy Wong and Timothy Liew

Shopping as we know it today revolves around two options – going online or visiting a physical store. Based on a recent study conducted by Deloitte in the UK, e-commerce accounts for about 20% of all retail sales as of 2018. Although a whopping 80% of all retail sales still take place in stores, the bulk of the growth within the retail sector is powered by online commerce.

Coupled with the shift in demographics today where younger shoppers are comfortable with shopping online and customers prefer a fast and personalised shopping experience, retailers with traditional business models are struggling to keep up.

With the ever-increasing labour costs and rents within the real estate space, retailers must look beyond the traditional retail model in order to survive.

While this may all seem a little tough, there are retailers today who are very much aware of these changes and are rising to meet the challenges within the retail industry. We share three of their stories here.

Alibaba's Hema Supermarket - China

Hema Supermarket by Alibaba Group Holding Ltd has taken a significantly different approach to grocery shopping by blurring the lines between online and offline shopping, making your mobile phone a necessity when shopping in their stores.

Shoppers can get information about each product they are going to buy such as its origin, when it was delivered to the store and even recipes on how to cook it, all from their phones.

Customers are also required to pay for their purchases via their phones, through an app called Ali Pay, also created by Alibaba.

Hema collects all the data from its customers' purchases and shopping history and then crunches this data to curate a better and more personalised shopping experience for each of its users the next time they visit the store again.

Not only is technology playing an important role in Hema, the supermarket also understands that shoppers come to their stores for an experience. Hence, they created a restaurant section

Beyond retail store design



Bonobos' customers can try on the clothing at the store, order it and have it shipped to their homes

within the stores, where shoppers can pick live and fresh seafood and have them prepared in-store for their enjoyment.

Each Hema store also doubles up as a distribution point to deliver customers' online grocery orders. Every online order received is picked up by an in-store associate, packed and delivered to the customers as quickly as within 30 minutes. Hema's efforts to erase the lines between online and offline have brought a new convenience and experience to grocery shopping.

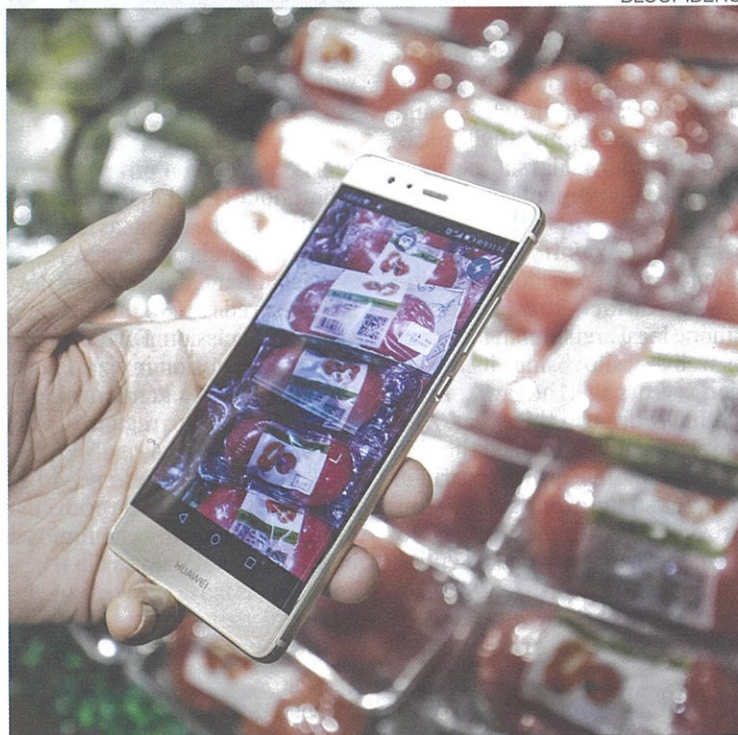
Bonobos

This is a brand that is also shaking up the retail scene by distorting the lines between offline and online. Bonobos started as an online-only store selling pants to men. However, many of its customers were requesting if there was any way they could try the pants first to see if they fit.

Being an online-only store, Bonobos quickly pivoted by asking its customers who wanted to try its clothes to come over to their offices where they had created a makeshift store front. This proved to be a hit – before long, Bonobos quickly set up their first retail store.

However, they chose to do it differently. Instead of setting up just an average store front, Bonobos calls its stores "Guide Shops" where customers are encouraged to book a 30- or 60-minute appointment where each customer is paired with an in-store guide who will find them the style and size that would fit them.

What is unique about the shop is that it is a physical repre-



Shoppers at Hema stores can pay with their mobile app and get recommendations by scanning product bar codes

sentation of the Bonobos website, where it carries one item of everything that is on the website. So once the customers have done their fittings and chosen what they want to buy, they place an order online while still in the store and walk out hands-free. Their purchases will be delivered to their homes – there was no need for them to carry any shopping bags out of the store.

Gucci

As younger shoppers (Gen Z and millennials) exercise more of their purchasing prowess, many luxury brands have struggled to

connect to these young shoppers. Millennials and Gen Z do not seem to identify with existing luxury brands, but one brand seems to be bucking that trend.

Based on 2018 earnings figures, millennials (age 35 and below) made up the majority (62%) of Gucci's sales, making Gucci one of the hottest fashion luxury brands in the market for millennials and Gen Z. So what have they done to differentiate themselves in this space?

In their recent store in Wooster Street, New York, Gucci decided to take a different approach to their store design by

giving millennial shoppers a 70's and 80's SoHo (small office/home office) atmosphere which centred around a free-wheeling attitude towards music, film, fashion and art.

The store was also packed with experiential elements such as a screening room where custom-made Gucci headphones and armchairs were used to showcase films and documentaries while also featuring Gucci's latest collections.

By encouraging customers to spend more time in-store, Gucci is transforming their store into a space for experiences. To top it off, Gucci is also utilising technologies such as augmented reality to allow shoppers to customise their very own totes and sneakers.

Gucci's transformation of their store from a place of commerce to a place of experience has not only revitalised the brand but has also energised their bottom line.

The changes made by these three brands remind us that effective design can have tangible and far-reaching impact on brands and businesses. It is our role as retail designers to help narrate the brand's story through spaces that are more stimulating by combining design, technology, knowledge and service to create retail brands that are both captivating to shoppers and profitable for brand owners. **FocusM**

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