

Publication: CNA Online

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Headline: Commentary: Retail isn't dead – look at snaking queues outside Apple stores

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People queue up to enter a new Apple flagship store that opened in Beijing in July. (Photo: AFP/WANG Zhao)

In the last year, the retail sector has seen significant upheaval.

Several well-known brands such as JCPenney, Neiman Marcus, J Crew, and more recently Robinson's Singapore are shutting down.

Indeed, "retail apocalypse" has become somewhat of a catchphrase in the popular press.

Yet, during these challenging times, a number of retailers aren't just surviving, but thriving.

Before the Apple store on Orchard Road opened for the first time after the "circuit breaker" on Jun 24, a crowd had already formed outside its doors. Some were concerned about the lack of safe distancing between customers.

Likewise, the Sep 10 opening of Apple's Marina Bay Sands outlet was highly anticipated, so much so that visits were appointment-only.

Retailers such as Decathlon and IUIGA are expanding and opening new stores. Elsewhere in the world, Target, a US multi-product retailer, saw store sales grow by 24.3 per cent, and digital sales, 195 per cent from April to June.

Luxury brands along Orchard Road are seeing the return of queues on weekends despite the lack of tourist traffic in Singapore.

What are these retailers doing right that others aren't?

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UNIQUE, AFFORDABLE PRODUCTS

Successful retailers in the COVID-19 era have their basics right in offering unique products at good prices. Whereas this is an obvious point, it gets lost in this current climate.

While Apple does not offer budget phones, the quality of its products is seldom in doubt.



Similarly, LVMH and Tiffany & Co, with their new ranges of bags and jewellery designed to be appealing to the young, show how they continue to be relevant to consumers – as seen in their sharp rebound in sales in China.

Beyond luxury, retailers such as Target, IKEA, and Decathlon continue to flourish by providing customers with very competitively priced product choices.

Clearly, from a customer perspective, the basics of shopping have remained the same despite the pandemic. So what has changed?

In simple terms, thriving retailers see beyond technology and focus on translating technology into meaningful benefits for their customers in five critical ways.

SEAMLESS ONLINE ORDERING AND PICK-UP

First, successful retailers offer their customers a meaningful omni-channel experience.

Truly omni-channel retailers offer their customers a seamless experience across the physical and digital world. Being omni-channel is not just about having a website to sell merchandise.

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For example, Target offers its customers options for ordering online and picking-up in the parking lot. Similarly, Decathlon offers online ordering and in-store pick-ups.

In an era where many customers are concerned about their health and want to limit time spent in physical outlets, this ability to order online, avoid queues and pick up quickly at a store matters.

Considering the performance of these retailers, having multiple options for fulfilment is clearly something that consumers prefer.



People maintaining their distance as they line up to visit a sports store at Holland Village on Apr 4, 2020. (Photo: Marcus Mark Ramos)

Even before COVID-19, a number of retailers such as Crate and Barrel were starting to look at their physical outlets less as stores with individual profits and losses, and more as avenues for faster delivery for online orders or places to facilitate online pick-ups.

American start-ups Warby Parker and Bonobos successfully positioned their physical stores as showrooms where customers can try out eye glasses and clothes and place orders for delivery or return products.

Indeed, both Warby Parker and Crate & Barrel realised adding a physical store in a location helped increase their online sales in that location and lowered product returns, a key expense for online-only retailers.

Research by the Retail Centre of Excellence at Singapore Management University with local retailer IUIGA also documents the benefits of this approach. IUIGA saw its sales increase after opening its pop-up outlet at the SingPost centre in May 2018.

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In fact, learning from their experience, IUIGA fully embraced this omni-channel approach and now has 12 physical retail outlets in Singapore alone with plans to expand to Indonesia.

SPEEDY FULFILMENT

Second, speed of fulfilment matters. Surveys have shown retail consumers prefer faster delivery when ordering online.

This ability to fulfil online orders quickly is becoming a key differentiator. Fast-growing Chinese supermarket chain Hema offers a 30-minute delivery window to its customers living within a 3km radius.

In the US, Amazon and Walmart have also upped the ante by providing their customers same day delivery options.

More recently, 7-Eleven recently rolled out an app called 7Now in the US that offers a 30 minute delivery option with a flat fee structure.



File photo of a 7-Eleven store in Singapore. (Photo: Wikicommons / Calvin Teo)

With an average rating of 4.5 on Google Play from more than 22,000 reviews, and a 4.6 rating on Apple App Store with more than 76,000 reviews, 7Now has become a growing revenue stream for the company.

SOCIAL MEDIA FOR CUSTOMER ENGAGEMENT

Third, retailers are expanding their use of social media beyond advertising, leveraging it as a customer engagement channel.

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The use cases vary from Facebook messenger applications on websites of Decathlon to the use of WhatsApp-enabled white glove service by the Shoppers Stop chain of department stores in India.

With WhatsApp, Shoppers Stop customers can schedule online appointments with personal shoppers to view merchandise and place orders. In addition, customer can schedule an in-store appointment in dedicated rooms.

This digitally enabled channel now accounts for almost 15 per cent of their revenue.

Recognising the growing potential of social commerce especially for SME retailers, and taking a leaf from WeChat, Facebook is now offering retailers options to sell directly from their three channels, including in-app shopping directly in WhatsApp.

LIVE STREAMING TO DRIVE SALES

Fourth, winning retailers have embraced live streaming to sell their products. Think of it as the Home Shopping Network in the 1980s on digital steroids.

But where that used to apply to household items and cheaper products, even luxury retailers have enthusiastically embraced live streaming by engaging social influencers and celebrities, and identifying and training their in-store staff to become key opinion leaders.

They know they need to find new ways for people to experience the product online, as e-commerce becomes the new normal, and see the payoffs these reap.



FILE PHOTO: The exterior of a Burberry store is seen in central London, Britain, November 3, 2017. Picture taken November 3, 2017. REUTERS/Toby Melville/File Photo

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Earlier this year, Burberry engaged Chinese influencer Yvonne Ching for a livestreaming event with 1.4 million viewers. The displayed merchandise sold out in less than an hour.

LVMH organised a “re-see” event that replayed a fashion show of their new collection on WeChat with live curation by Chinese celebrities Liu Haoran and Dilireba.

Away from the influencers and celebrities, Alibaba-owned department store Intime offered 200 live streaming events featuring 5,000 of its employees during the COVID-19 lockdown.

A key feature of these events is how customers can easily click and purchase merchandise being showcased.

Importantly, this approach allowed the company to recover sales lost during lockdown and attract a new segment of younger customers.

AWE-INSPIRING FLAGSHIP STORES

Fifth, retailers are rethinking the role of physical stores. Global brands such as Apple and luxury retailers are embracing the concept of flagship stores that provide awe-inspiring sensory experience for their customers.

Starbucks, with massive outlets in Shanghai and Tokyo, is taking a leaf from this book.

They designed these stores, like the one in a fascinating 100-year townhouse in Kyoto, to be less about driving sales but showcase the brand in new light and serve as a conversation point for customers.

In fact, if you have ever travelled to the Kyoto store, you would immediately grasp how commercially less efficient it is, being able to seat only a small number of people.



Apple Marina Bay Sands. (File photo: Jeremy Long)

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But these stores serve the purpose of keeping the brand a part of the consumer conversation, meaning they are in effect advertising vehicles. Indeed, a common fallacy is that advertising can only be done through advertisements.

Amid the pandemic, retailers across the globe are experimenting and identifying opportunities to re-think the role of physical stores.

They are leveraging technology to reach an equilibrium where they provide customers with fresh experiences and also make profits.

The rest who are not might want to review if they should too.

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