

global retail cx agency *uxus presents*

**TRANSFORMING
EMOTION INTO
*EXPERIENCE***

REDEFINING '*IMPACT*' IN THE POST-COVID RETAIL ENVIRONMENT

INTRODUCTION
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THERE HAS BEEN **A QUESTION MARK** OVER THE ROLE AND VALUE OF BRICK-AND-MORTAR STORES SINCE THE VERY INCEPTION OF ONLINE SHOPPING.

For consumers, the question is what can a store offer that competes with the convenience of shopping at home or on-the-go? For brands, why invest money, resources and people in physical retail when consumption is increasingly moving online?

The pandemic has accelerated this conversation exponentially. Following the global closure of stores, online shopping rose from 14.1% of retail sales in 2019 to 17% in 2020, with many brands permanently shutting their physical retail spaces . The focus has shifted towards consumer engagement in the digital realm, a trend that is here to stay as e-commerce is predicted to soar to 25% of sales by 2024 . The '*death*' of brick-and-mortar has never been a hotter topic of conversation.

YET PROFITABILITY IS NOT THE ONLY TRANSACTION IN THE RETAIL ENVIRONMENT.

Too many brands today still measure the impact of retail spaces primarily on sales and footfall alone. *Physical stores deliver emotional experiences that are fundamental in establishing consumer loyalty* and brand reputation. As humans that are driven by physical and psychological desires, consumers will always want face-to-face connections with their brands that can never be replicated solely in the digital sphere.

AS A NEW MODEL OF CONSUMER ENGAGEMENT EMERGES IN THE POST-PANDEMIC ARENA, *IT'S TIME TO REDEFINE HOW WE MEASURE 'IMPACT' IN RETAIL SPACES.*

To help drive a shift in this measurement and enable brands to clearly see how they could redefine 'impact' in the future, we've created a proprietary prioritisation matrix. Our matrix scores retail experience and touchpoints against key areas of impact, positioning customer, brand and business impacts as equal and intertwined metrics for success in the future retail landscape.

MARKET TO DATE
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MARKET TO DATE



TRADITIONALLY, THE IMPACT OF RETAIL SPACES HAS BEEN MEASURED BY TRANSACTIONAL SALES, PROFIT AND FOOTFALL. MANY BRANDS CONTINUE TO EMBRACE THE INDUSTRIAL-AGE METRICS OF COMPARABLE GROWTH BY STORE, GROSS MARGIN RETURN ON INVESTMENT AND SALES PER SQUARE FOOT.

Retail spaces are therefore defined by hard, quantitative data, ignoring the more intangible - yet important - qualities such as emotional engagement and brand experience.

Even before being super-charged by the pandemic, e-commerce's growth has been both consistent and rapid over the last decade. According to a 2018 euromonitor report , luxury goods sales were growing nearly three-times faster online than in physical retail. For brands such as macy's, the growth of online consumption put physical retail under more pressure than ever to prove its value, triggering an annual closing of its 'underperforming' stores.

Yet if brands continue to hold retail environments to the same standards as ten years ago, ignoring the shifting retail landscape we are currently experiencing, their physical presence will eventually cease to exist entirely.

THIS IGNORES THE REALITY THAT THE DIGITISATION OF COMMERCE IS TRANSFORMING - RATHER THAN ECLIPSING - THE ROLE OF THE STORE.

The pandemic has of course accelerated the boom of e-commerce exponentially, contributing to an ever-shorter innovation timeline. Amazon posted its biggest profit ever in the summer of 2020, while walmart's online sales leapt by 97% in the same time period . Brands worldwide have therefore shifted their efforts towards capturing consumer engagement in the digital world, as some retail environments saw earnings drop by as much as 256% in the second quarter of 2020 .

***BUT THIS DIGITAL LANDSCAPE QUICKLY
BECAME AN OVER-CROWDED SPACE, WITH
CONSUMERS NAVIGATING A NEVER-ENDING
CYCLE OF ONLINE CONTENT. ENGAGEMENT IN
THIS OVERSATURATED ENVIRONMENT IS
FLEETING, COMPARED TO A STORE WHICH
VALIDATES A CONSUMER'S PARTICIPATION IN
THE BRAND'S EXPERIENCE.***

As consumers can hypothetically purchase everything they want at the Click of a button, the role of physical stores is to achieve a different goal:

TO DELIVER OUTSTANDING AND MEMORABLE BRAND EXPERIENCES, CREATE MOMENTS THAT ALLOW THE CONSUMER TO INTERNALISE A BRAND'S STORY, AND INCLUDE THEM IN A BRAND'S COMMUNITY. THE IMPACT OF THE RETAIL ENVIRONMENT IS THEREFORE NOT SOLELY TIED TO FINANCIAL PROFIT. CONTINUING TO MEASURE STORES BY TRADITIONAL METRICS IGNORES THE VALUABLE EMOTIONAL ENGAGEMENT THAT PHYSICAL RETAIL OFFERS.



TRANSACTION BEYOND SALES
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After months of isolation, consumers are searching for more human interactions with their brands more than ever, meaning we are at a critical juncture in reconsidering the impact of the physical store. As digital natives at the forefront of the oversaturated online world, gen y and z in particular are craving physical retail experiences that are more than just transactional.

transaction beyond sales

THE STORE THEREFORE HAS A
RENEWED VALUE IN *SECURING
BRAND DIFFERENTIATION,
CONSUMER LOYALTY AND
CREATING LASTING EXPERIENCES,*
ALL OF WHICH BOTH DIRECTLY AND
INDIRECTLY TRANSLATE TO SALES
AND PROFITABILITY.

As the pandemic has shifted the way we consume for the long-term, it's time for brands to move beyond determining the success of physical retail on profit alone, and consider the "softer", but crucial, forms of impact the built environment has on brand longevity.

AS A GLOBAL RETAIL CX AGENCY, UXUS WORKS WITH THE WORLD'S LEADING BRANDS TO TRANSFORM EMOTION INTO ENHANCED COMMERCIAL OUTCOMES THROUGH PHYSICAL RETAIL AND HOSPITALITY DESIGN.

In response to clients' increasing search for results in the retail realm beyond sales, we developed a prioritization matrix which scores retail experience and touchpoints against *key areas of impact: customer, brand and business*. By considering these three equal and intersecting versions of impact in tandem, brands can ensure that their stores achieve success across all key parameters of a great customer experience - beyond sales alone.

TOUCHPOINT EXPLORATION

● entertainment & discovery
 ● special occasion
 ● replenishment

<i>journey phase</i>	<i>touchpoints</i>	<i>mission</i>	<i>touchpoint description</i>	<i>commercial impact</i>	<i>customer impact</i>	<i>brand impact</i>	<i>operational feasibility</i>	TOTAL
AWARENESS	instagram story	●	customer is intrigued by a dynamic illustration with a quiz	3	2	2	1	8
	personal email	●	customer is excited to discover a limited-edition deal	1	3	3	2	9
	street pop-up activation	●	an unexpected installation in the up-and-coming neighborhood draws attention	1	1	1	3	6
ARRIVAL	interactive window	●	a responsive window experience invites customers to discover the latest seasonal story	4	3	3	3	13
	navigation totem	●	all key services and instore events are easy to explore at the totem	2	2	4	1	10
	welcome ritual	●	the instore specialist greets each customer with a signature beverage	1	1	1	2	6
DISCOVERY & BROWSING	new launches stage	●	a dynamic cross-merchandised showcase highlights the latest seasonal story	1	1	1	2	5
	discovery table	●	seasonal curations and recommendations are highlighted on the central table	1	1	1	3	6
	personalisation wall	●	interactive wall enables customers to customise the products	3	4	4	4	15
	immersive trial lab	●	multi-sensorial trial experience tailored to customer preferences	2	1	1	4	8
	ar storytelling	●	integrated playful AR experiences unlock new stories	4	4	2	4	14
CHECKOUT	service hub	●	dedicated all-in-one hub for all services	1	1	1	5	8
	seamless checkout	●	contactless and mobile payment at customers' fingertips	2	1	1	5	9
	smart sampling	●	personalised samples based on size of purpose and loyalty	1	1	1	5	8
RETENTION	membership club	●	an invitation to an exclusive club with limited-edition deals and events	1	1	3	5	10
	signature farewell	●	unique goodbye ritual with a personal gift	3	1	1	5	10
	rewards	●	customised rewards tailored to shopping behavior	1	1	3	4	9

SCORING GUIDE

REMEMBER, LOW NUMBERS ARE ALWAYS GOOD!

1

2

3

4

5

commercial impact

how important is this touchpoint in pushing the business objectives and commercial targets forward? will this touchpoint yield a desired commercial return and contribute to our growth targets?

CRITICAL TO BUSINESS OBJECTIVES AND CAN YIELD SIGNIFICANT COMMERCIAL RETURN

VERY IMPORTANT TO BUSINESS OBJECTIVES AND CAN YIELD GOOD COMMERCIAL RETURN

SOME RELEVANCE TO BUSINESS OBJECTIVES AND CAN YIELD AVERAGE COMMERCIAL RETURN

NEUTRAL TO BUSINESS OBJECTIVES AND WON'T YIELD A COMMERCIAL RETURN

NOT RELEVANT TO BUSINESS OBJECTIVES AND MAY NEGATIVELY IMPACT COMMERCIAL RETURNS

customer impact

how aligned is this touchpoint to the goals and motivations of our customers across all target segments?

CRITICAL TO CUSTOMER NEEDS

HIGH IMPACT ON CUSTOMER NEEDS

SOME CUSTOMER BENEFIT

LITTLE CUSTOMER BENEFIT

NO CUSTOMER BENEFIT

brand impact

how aligned is this touchpoint to the brand purpose and strategy?

DELIVERS THE HIGHEST ESSENCE OF BRAND VALUES

SIGNIFICANT DELIVERY OF BRAND VALUES

SOME DELIVERY OF BRAND VALUES

NEUTRAL EFFECT ON BRAND VALUES

NO/NEGATIVE EFFECT ON BRAND VALUES

operational feasibility

how much effort is it for the business to make this happen in terms of operational complexity, capabilities and resources required, internal readiness, as well as potential costs and lead times?

NO OPERATIONAL EFFORT

MINOR OPERATIONAL EFFORT

MEDIUM AMOUNT OF OPERATIONAL EFFORT

HIGH OPERATIONAL EFFORT

VERY HIGH OPERATIONAL EFFORT

CUSTOMER IMPACT
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BESIDES BEING CONSUMPTIVE SPACES,
RETAIL ENVIRONMENTS SERVE AS THE
PHYSICAL MEETING POINT BETWEEN
CUSTOMER AND BRAND. *THEY ARE
BRAND PLAYGROUNDS WHICH CREATE
MEMORABLE AND DIFFERENTIATED
EXPERIENCES, DELIVERING THAT
MAGICAL HUMAN MOMENT THAT THE
DIGITAL REALM CANNOT REPLICATE,*
WHICH IS ESSENTIAL TO CUSTOMER
SATISFACTION AND ENGAGEMENT.

customer impact



WE ARE ENTERING A NEW ERA OF RETAIL BRIEFS WHERE CX, BRAND AND COMMERCIAL METRICS COLLIDE. UXUS WORKED CLOSELY WITH A WORLD-RENOWNED SKINCARE BRAND TO CREATE A RETAIL EXPERIENCE THAT REFRESHES AND REINFORCES THE BRAND'S DERMATOLOGICAL EXPERTISE FOR THE NEXT GENERATION.

The brief considered creating unique and shareable experiences for gen z consumers as equal to enhancing brand perception, market differentiation and driving footfall, demonstrating how stores today have to work much harder than they used to. With an overall objective of focusing on client experience to increase brand awareness and ultimately drive product sales, the customer impact was front and center of their brand goals.

OUR APPROACH WAS TO DESIGN A PILOT STORE THAT WOULD PRIORITISE CONSUMER SATISFACTION. THROUGH INSTALLATIONS THAT WELCOME FREE-PLAY THROUGHOUT THE SPACE, WE CREATED NEW INTERACTION MOMENTS THAT PROVIDE INTIMATE AND PERSONALISED AREAS, MAKING EACH CUSTOMER FEEL UNIQUE AND ATTENDED TO BY THE BRAND. WITH A SPACIOUS LAYOUT AND CLEAR 'PERMISSION' MOMENTS THAT ENCOURAGE CONSUMER ENGAGEMENT, THE DESIGN ENHANCED BRAND APPROACHABILITY BY CENTRALISING CONSUMER COMFORT.

***EVALUATION OF THE NEW
RETAIL CONCEPT, DETERMINED
BY BOTH QUALITATIVE AND
QUANTITATIVE CONSUMER
RESEARCH, DEMONSTRATED***

THAT OVERALL SATISFACTION HAD RISEN BY 46% COMPARED TO THE EXISTING STORE. 85% FELT THAT THE NEW ENVIRONMENT OFFERED A UNIQUE EXPERIENCE, WHILE 88% LEFT FEELING OPTIMISTIC. THIS HAD RISEN FROM 47% AND 73% IN THE PREVIOUS STORE, RESPECTIVELY.

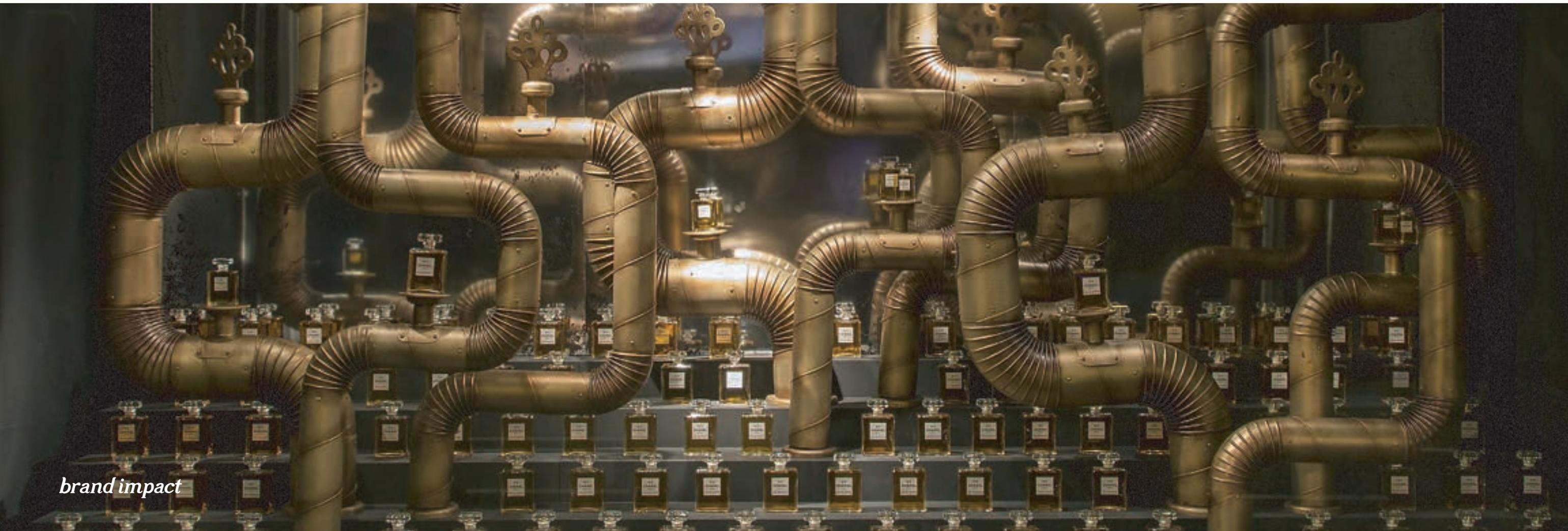
By prioritising the experience of the consumer in the design phase, there was a rapid improvement in the brand's core equity perceptions, *revealing how far unique retail experiences can add value to the brand above profitability*. A pwc report revealed that customers of brands leading in ux have seven times higher purchase intent than those of other companies . Likewise, the mckinsey value of design report found that **EVERY DOLLAR SPENT ON CUSTOMER-CENTRIC DESIGN WAS NEARLY DOUBLED IN THE TOTAL RETURNS TO SHAREHOLDERS.**

Ultimately, by investing in the impact on the customer from the outset, brands can have an exceptionally profitable business impact by result, meaning that experiential impact deserves its own value aside from sales.

BRAND IMPACT
BRAND IMPACT
BRAND IMPACT

JUST AS NEGATIVE RETAIL EXPERIENCES CAN TAKE AWAY FROM A BRAND'S REPUTATION, **POSITIVE EXPERIENCES** CAN EQUALLY GENERATE BUZZ AROUND A STORE, ATTRACT NEW CUSTOMERS AND DRIVE FOOTFALL.

All of which contribute to increased sales. We must therefore account for this attributable return of value in order to draw a fair picture of the impact of the physical retail environment.



We saw this in action when working with a world-leading energy and fuel provider, who had challenged us to reinvent its retail experience based on evolving customer needs and its mission beyond fuel. Aware of consumers' new expectation for on-demand services, low emission energy solutions, and seamless digital experiences, the brand sought to shift brand perception through intelligent spatial design.

Taking a customer-centric approach, our design treated every customer like a guest, creating personalised magic moments throughout the retail spaces, from car care to refueling services. The new retail environment positioned hydrogen and ev charges in prominent positions to reassure young, conscious consumers of the brand's leadership in future fuel, reflecting their sustainable values in the space. We also crafted an integrated digital experience to enable customers to interact with the brand through their channel of choice - both on and off-site - to improve relatability for digital natives. This helped reposition the brand from just another fuel provider to an attractive, carbon-conscious destination choice for the new demographic of vehicle drivers.

OVERALL SATISFACTION WITH THE COMPANY (OSAT) RESULTS TAKEN FROM CUSTOMERS AT THE NEW RETAIL ENVIRONMENT REVEALED THAT 58% WERE LIKELY TO RETURN, A 19% INCREASE FROM THE EXISTING DESIGN. LIKEWISE, THOSE LIKELY TO RECOMMEND THE STORE JUMPED TO 87% (AN INCREASE OF 26%).

EVIDENTLY, BY PROVIDING A DIFFERENTIATED EXPERIENCE, THE BRAND WAS ABLE TO CEMENT TOP-OF-MIND CONSIDERATION FOR EXISTING CUSTOMERS, WHILE SIMULTANEOUSLY ATTRACTING NEW DEMOGRAPHICS. THE PHYSICAL RETAIL ENVIRONMENT IS THEREFORE ESSENTIAL IN DRIVING LONG-TERM DEVELOPMENT IN BRAND LOYALTY AND GROWTH IN BRAND AWARENESS, THE IMPACT OF WHICH CANNOT BE UNDERESTIMATED.

WHILE STORES IN THE PAST USED TO BE MERELY DISTRIBUTION CHANNELS, THE PANDEMIC HAS EVOLVED THE ROLE OF THE PHYSICAL RETAIL ENVIRONMENT TO THE POINT WHERE *THEY HAVE BECOME MEDIA CHANNELS IN THEMSELVES.*

We typically think of media channels as print, out-of-home, television or radio advertisements, or more recently social media platforms. But as e-commerce escalates, consumers can now directly purchase products from these media platforms. As a result, the distribution channel - the physical store - is now playing an increasing role in selling the idea, essence and values of the brand, all of which we traditionally associated with the role of the media.

BUSINESS IMPACT
BUSINESS IMPACT
BUSINESS IMPACT



EXPERIENCE UNQUESTIONABLY TRANSLATES TO SALES

A first insight report found that 71% of shoppers surveyed spent \$50 or more when shopping in-store, compared to only 54% of respondents who spent the same amount when shopping online. The physical retail environment provides a tangible connection between consumer and brand. As humans, we ultimately buy more into warm, personal connections that can't be replicated in the comparatively cold digital environment.

SALES, PROFITABILITY AND GROWTH OBJECTIVES ARE, UNDOUBTEDLY, IMPORTANT. BUT THE BUSINESS IMPACT OF THE STORE DOES NOT WORK IN ISOLATION; IT IS MORE EFFECTIVE WHEN CONSIDERED IN TANDEM WITH CUSTOMER AND BRAND IMPACT, BOTH OF WHICH CONTRIBUTE SIGNIFICANTLY TO PUSHING A BRAND'S BUSINESS OBJECTIVES FORWARD.

A leading food giant challenged uxus to create a new retail brand that would capture the gen z consumer, while reinventing the outdated pudding category they are renowned for. Above any sales objectives, the brief prioritised increasing brand awareness through hype and enhanced brand equity in the us market. By creating an immersive and disruptive hospitality experience, one that offered shareable and emotive adventures at every touchpoint, the brand sought to strengthen brand perception on a global scale.

DRAWING ON THE BRAND'S ORGANIC INGREDIENTS AND SUPERFOOD OFFERING, UXUS CRAFTED A NEW DESSERT EXPERIENCE THAT TOOK CONSUMERS ON A FLAVOUR ADVENTURE TO TRANSFORM PUDDING INTO EDIBLE ART.



Launching in buzzworthy pilot locations to generate maximum hype, the fun and playful hospitality space helped entice young consumers and engage them in a new brand community. The result was a pudding brand for the next generation, and a local hub of memorable and inclusive experiences.

WHILE DRIVING PROFITS WAS NOT CENTRAL TO THE ORIGINAL BRIEF, THE BRAND NONETHELESS SAW AN OVERALL SALES INCREASE OF 42% IN THE FIRST SEVEN WEEKS. *BY DESIGNING AN ENGAGING RETAIL ENVIRONMENT SPECIFICALLY FOR GEN-Z, THE BRAND IS FUTURE-PROOFED BY CAPTURING THE NEW GENERATION OF CONSUMERS AND CREATING A DIFFERENTIATED BRAND EXPERIENCE LIKE NO OTHER. THE IMPACT ON THE CUSTOMER EXPERIENCE AND BRAND PERCEPTION THEREFORE DIRECTLY CORRELATE TO ACCELERATING A BRAND'S BUSINESS GROWTH.*



Finally, the perceived notion that e-commerce is more cost effective than physical stores is debatable. The rising costs of digital marketing and over-saturation of dtc often negate gains made by saving on the overheads of a physical space. Celebrated dtc brands casper, allbirds and wayfair reportedly spent 32%, 25% and 10% respectively of their revenue on marketing in 2020, all of which was significantly higher than the previous year . Meanwhile, at least 30% of all products ordered online are returned, compared to 8.89% in brick-and-mortar stores . The supposed savings that dtc brands make is therefore questionable, meaning that

***BRANDS SHOULD CONSIDER PHYSICAL STORES AN INVESTMENT IN
ACHIEVING HIGH-IMPACT ENGAGEMENT WITH WIDER AUDIENCES.***

THE ROAD AHEAD
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BRICK-AND-MORTAR IS FAR FROM A THING OF THE PAST. WHILE THE SPEED AND CONVENIENCE OF E-COMMERCE MAY DRIVE PROFIT, PHYSICAL RETAIL ENVIRONMENTS OFFER THE HUMAN CONNECTIONS THAT MAKE A BRAND MORE THAN JUST A DISTRIBUTION CHANNEL.

Brands need to evolve the traditional role of the store in the post-coronavirus consumer landscape. As we all emerge from lockdowns and isolation, the physical element of a brand has never been so meaningful. More emphasis must be placed on using stores to deliver unique and memorable experiences to reforge that personal connection, and create lasting impressions that make consumers feel part of a brand's community.

BRANDS MUST ALSO HARNESS THE POWER OF STORES AS MEDIA. COMPARED TO THE OVERSATURATED DIGITAL REALM, PHYSICAL STORES OFFER DIFFERENTIATED EXPERIENCES WHICH CAN SET THEM ASIDE FROM THE MAINSTREAM. BUT IT IS NOT ABOUT PHYSICAL VS. DIGITAL. *THE ON AND OFFLINE WORLDS MUST WORK IN HARMONY TO DELIVER A TRULY SUCCESSFUL BRAND EXPERIENCE.*

IF BRANDS CONTINUE TO MEASURE THE IMPACT OF STORES BY PROFITS ALONE, PHYSICAL RETAIL WILL DISAPPEAR ALTOGETHER. BUT HUMANS WILL ALWAYS BUY INTO OTHER HUMANS. THAT WILL NEVER CHANGE. BRANDS MUST MOVE BEYOND DEFINING THE IMPACT OF RETAIL SPACES BY SALES, AND GIVE FAIR RECOGNITION TO THE VALUE OF CONSUMER LOYALTY AND BRAND PERCEPTION.

THE PANDEMIC HAS NOT CONFIRMED THE DEATH OF BRICK-AND-MORTAR. IT HAS GIVEN IT A MORE COMPLEX - AND VALUABLE - ROLE THAN EVER.

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