



Personalized experience is at the heart of the new retail.

# Taking customer experience to the next level

As retailers leverage ever more market intelligence, brands compete by providing a better buying experience

**R**etail on a global scale is in the midst of a transformation, as a new emphasis on experiential marketing and omnichannel selling is revolutionizing stores, both online and bricks-and-mortar. Sophisticated brands that anticipate rapidly emerging trends and execute well are thriving in this new landscape.

Marketing professor Rob Kozinets, who developed the unique Global Retail Management MBA specialization at Schulich School of Business, is on the vanguard of research into how customer experience drives retail. He has investigated experiential brands that range from Wal-Mart and Target to ESPN Zone and Disney.

A number of brands are differentiating themselves by offering themed retail spaces, he says, citing the way McDonalds' McCafé redesign has aimed to provide an Italian coffee house feel through its use of colour schemes and other physical details such as seating. Apple and Tesla stores have altered the way that people buy electronics and automobiles and have changed the way all kinds of retailers approach their customers, from restaurants to banks. Customers often perceive theming as adding value to what is essentially the purchase of a commodity, says Prof. Kozinets.

Experiential marketing, according to Schulich assistant marketing professor Alan Middleton, is all about identifying the optimal kind of experience the consumer wants. He cites research that says if customers can spend an extra 20 minutes in a bookstore, they will double their intended purchase. At other times, however, such as on a grocery run, shoppers want to get in and out efficiently.

"The base benefit of products is growing more and more similar because of technology, so the experience you can offer people grows more and more important," says Prof. Middleton, who is also executive director of the Schulich Executive Education Centre and an inductee in the Canadian Marketing Hall of Legends. "Underlying this is another important trend: personalization. This is where

analytics is so critical. The more I can understand about the desire of the customer, the more I'm able to meet that need."

Associate professor David Johnston, who teaches operations management for Schulich's Global Retail Specialization, researches the way brands are harnessing big data, or business analytics, to identify sales patterns to help them decide what to stock in a warehouse. "If you're Canadian Tire, how many lawnmowers versus litres of motor oil do you order to fully stock the shelves of your 400-plus stores across the country?" he says. Analytics is providing retailers with the real-time logistics answers they need, while feeding them insights into the hearts and minds of consumers.

Companies are also increasingly embracing omnichannel retailing – a buzzword for the utilization of multiple channels beyond bricks-and-mortar stores to online stores and mobile app stores, all offering the same retail shopping look and feel.

Retail has been transforming itself since the days when open bazaars evolved into shopping malls and big-box stores, says Alex Arifuzzaman of InterStratics Consultants. But today, more than ever, merchants must stay on top of trends. "Even if demand for a retail category goes down, say 10 per cent, that doesn't mean all retailers will be impacted evenly," he says. "The strong retailers who successfully react to these changes will continue to thrive. Others could fall by the wayside."

One of newest and fastest-growing frontiers in the evolution of retail, says Prof. Kozinets, is branding that crosses over into the realm of entertainment – what has been dubbed "retailtainment." One retailer that does this well is the U.S. chain American Girl Place, which has turned selling dolls into a \$620-million empire by offering families a unique store experience featuring detailed, museum-like displays of dolls and themed dining.

"Parts of the stores are like a museum, and parts are like a theatre where customers act out American history," says Prof. Kozinets. "The chain had sociologists and historians write background stories for these dolls in different phases of American history. The consumer goes there to shop like at any store, but also gains an emotionally-charged brand experience."

Prof. Kozinets refers to these as "brand spaces" – stores that sell brands as entertainment. Ultimately, he says, this retail segment is growing because it is delivering a level of customer experience that is at once immersive and entertaining.

"The cutting edge in retail is not one of quicker supply chains, better data analysis, improved pricing and selection, or even a better and more visionary customer experience," says Prof. Kozinets. "It's one that demands all of them, all together, all the time."

## DEVELOPING GLOBAL EXPERTISE IN

### Experiential Retail

- Schulich launched Canada's first MBA specialization in Global Retail Management in 2014.
- Schulich has developed a number of cutting-edge courses such as Retail Analytics, Professional Selling, and Customer Experience Design.
- Retail is one of the top 5 industries that Schulich MBA graduates work in, according to the School's Career Development Centre.

*This content was produced by The Globe and Mail's advertising department. The Globe's editorial department was not involved in its creation.*