

A photograph of a person's hands using a laptop and a credit card at a desk. The person is wearing a yellow sweater. A grey mug is on the desk next to the laptop. The background is blurred, showing a window with bokeh lights.

The New Face of Retail

Using technology to reach different demographics

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Shifting demographics continue to reshape many industries as companies work to appeal to the largest number of ever-more-segmented consumers. This is especially true in retail, where tastes and consumption patterns are evolving at an ever-faster rate, meaning those in the industry need to keep their finger on the pulse of trends in order to compete.

Many property owners and retailers are working to harness the power of technology and data-driven insights in order to meet changing consumer demands. Companies must use the information and trends they uncover to innovate and reach their targets' varying tastes and needs.

SHIFTING DEMOGRAPHICS

Gone are the days of simply appealing to one type of shopper. The two largest groups of shoppers, millennials and baby boomers, are reshaping the way retailers need to think about demographics. Millennials are expected to number 73 million by 2019, passing the 72 million baby boomers to become the largest consumer group.¹ Meeting the different demands of both groups may seem daunting, but with the right data analysis and smart technological innovations, it is possible.

With many large department stores closing, property owners seeking new anchor tenants need to revamp and attract retailers that will pull customers into their locations. The right mix of shopping, dining and entertainment is crucial in order to be profitable and compete with other shopping alternatives, particularly online retailers.

Millennials value the social aspect of shopping, with 49% saying this is important to them compared with only 32% of baby

boomers.² That means retail spaces that encourage window shopping, offer lounge areas and promote other opportunities for in-person interaction stand to gain customers.

Retailers also need to reach millennials where they spend time, which is often online or with mobile devices. It is no secret this group is the most connected, with 40% using online reviews to influence their purchasing decisions.³ Some retailers are investing heavily in apps, but that can be tricky because only 16% to 21% of millennials will use retailers' apps.⁴ Engagement with retailers' apps is also low among older shoppers as well. Baby boomers tend to treat apps as a way to facilitate traditional shopping behavior face-to-face.⁵ They may use them for coupons or other discount offers, yet they value human interaction over millennials.

Companies that understand these insights and how consumers want to use technology can engage shoppers by creating personalized experiences in spaces that emphasize entertainment and social interaction.

HOW RETAILERS ARE USING TECHNOLOGY

Here is a look at some of the ways retailers are using technology to better manage their properties, attract the right mix of stores and personalize the shopping experience for customers.

² <https://www.gobankingrates.com/saving-money/savings-advice/millennials-spending-habits-retailers/#11>

³ <https://www.lexingtonlaw.com/blog/credit-cards/millennial-spending-habits.html>

⁴ <https://nrf.com/who-we-are/retail-communities/small-business/demographic-spotlight/demographic-spotlight-millennials>

⁵ <https://www.smallbizdaily.com/2018-mobility-retail-survey/>

¹ <http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/>

The view from above

Technology isn't just reshaping the shopping experience. Property and storeowners can now use sophisticated data like foot-traffic patterns, surrounding demographic information and advanced imagery to make smarter choices when it comes to site selection and merchandise mix.

Drones, aerial images, and satellite photos are changing the way many property owners select and manage their sites. For example, investors looking for sites for a new mall can review potential locations across the country using aerial imagery or drone footage and pull detailed data about the surrounding demographics during the exploratory process. This helps save time and money, and makes sure the building and store mix meets the needs of nearby shoppers.

Site managers can also use these images to find and make building repairs before they become problematic, saving money and improving services for tenants and shoppers. As the community's needs change, managers can add apartments, stores and other amenities targeted to a particular demographic.

Using data to better manage retail space

Data solutions are also changing the way property owners manage retail spaces. Investing in traffic counters and data analytics solutions can help optimize store and entertainment mixes and improve lease agreements. Store upgrades, extensions and reconfigurations can be enhanced with data, especially insights based on foot traffic.⁶

⁶ <https://www.shoppertrak.com/ebooks/mall-traffic-trends-drive-profitability/>

Floor sensors can show if customers hesitate when they enter a store, which displays capture their attention, the time of day when foot traffic is highest and even if customers are able to move through the location seamlessly. Using this aggregate data can optimize layouts for all types of customers.⁷ Understanding how people move through and use these spaces helps property owners streamline the shopping experience.

Other consumer-facing technology can provide insights and help retailers personalize the shopping experience. Geofencing using beacon technology allows stores to push notifications of sales and other discounts. Customers get personalized offers across channels as they approach a store and while they're actually inside, making them more likely to engage with stores.

Beyond the buying experience

Because many millennials want to mix experiences with purchasing, retailers are appealing to these consumers using virtual reality and other on-site experiences. For example, customers can virtually try on clothes or place furniture and home accessories in their rooms before heading to the store to purchase.⁸

North Face used virtual reality to let customers experience Yosemite National Park in its stores,⁹ while Topshop created the experience of a waterslide through the city in the London flagship store – using a real slide and VR technology.¹⁰

⁷ <https://www.scanalyticsinc.com/press/technology-to-analyze-foot-traffic-in-retail-stores-was-featured-on-news-watch-television>

⁸ <https://www.zdnet.com/article/the-future-of-retail-2018-and-beyond/>

⁹ <https://digiday.com/marketing/north-face-brings-virtual-reality-retail/>

¹⁰ <https://thecurrentdaily.com/2017/05/25/topshop-vr-water-slide/>

But baby boomers are also beginning to seek out personalized and convenient in-store experiences. For example, convenient could mean putting all the necessary ingredients for a meal in one easy-to-find location, or associates offering personalized coupons or product recommendations that are pushed via loyalty apps.^{11,12}

While technology can help, merging that with a retail presence is essential for many brands. Studies have shown that for those less than 10 years old, having a physical location can boost online traffic by an average of 45% and by an average of 36% for older brands.¹³

Some retailers are having success bringing the online shopping experience to retail locations. For example, companies such as Wal-Mart, Old Navy and Target, allow online purchases to be picked up in-store, often the same day. Nearly 60% of customers who make these types of purchases buy other items when they go to the store, according to Colliers International.¹⁴ Having retail locations boosts web traffic and can drive more people to shop in-stores, increasing sales and enhancing the brand.

Integrating technology helps set brands apart from the competition. Executives will need to determine which technology offers the best insights into customers and how they use the space in order to maximize return on investment.

11 <https://medium.com/@curbcrowser/baby-boomers-vs-millennials-do-they-shop-as-differently-as-we-think-ae-3394c8f14d>

12 <https://migretail.com/understanding-baby-boomers-shopping-habits/>

13 <https://www.icsc.org/news-and-views/icsc-exchange/physical-stores-key-to-retail-success-study-finds>

14 <https://www.icsc.org/news-and-views/icsc-exchange/whats-driving-the-click-and-collect-movement>

THE BOARD AND EXECUTIVE IMPLICATIONS

One way companies can win is to have the right executive team in place to navigate the new retail landscape. For retailers, property owners, and others in the industry, it's critical that the Board and executive ranks understand how technology can be used to meet the shifting needs of different demographics. One way to diversify perspectives is to source talent from other industries, with a keen focus on individuals with deep technology backgrounds.

In August, Nordstrom named Edmond Mesrobian chief technology officer, tasked with remaking the digital and customer engagement strategies. He previously worked with Expedia, grocer Tesco and online media company RealNetworks.¹⁵

Walmart hired American Express executive Janey Whiteside for a newly created role as chief customer officer in July. Whiteside, who oversaw benefits and customer engagement for AmEx, will focus on the customer buying experience and resolving issues.¹⁶

Not only will these hires bring knowledge of technology that may not have reached the retail space, they can also offer best practices. Hiring those with technology, data science and analysis, and operations experience from other industries can help retail property owners sort through and implement solutions that best fit their customers. And as tastes shift with demographics, they can use the insights to better align themselves with the communities they serve.

15 <https://www.geekwire.com/2018/looking-reboot-digital-efforts-nordstrom-taps-new-cto/>

16 <https://www.forbes.com/sites/barbarathau/2018/07/31/like-walmarts-chief-customer-officer-from-amex-retailers-tap-outsiders-to-remake-the-c-suite/#6b4abb559281>

CONCLUSION

Despite the varying demands of different consumer groups, they all look for brands to personalize the shopping experience and integrate technology that improves the process. From consumer-facing to back-end technology, property owners have many options available to appeal to all kinds of demographics. Having the right team in place to deploy technology and analyze data to best meet customers' needs is critical to stay ahead of the competition.

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