What Retail's Renaissance Means for Executive Leaders

Online and mobile technologies have fundamentally reshaped human behaviors, desires and preferences.   It can be observed in our most primal activities (developing relationships and creating community) to our most mundane (daily commuting). Just a few years ago, none of us orchestrated transportation for a night out by making a few keystrokes on our mobile devices. Today, two ride-sharing applications collectively provide over 6.5 million rides a day to people across the globe. The advent and adoption of ride-sharing applications is illustrative of the speed and magnitude at which traditional industry sectors are being reinvented through the interplay of innovations that increasingly empower and center the consumer.

This phenomenon is no more evident than in the retail sector, where the ability to creatively leverage digital technologies and the physical store to create a seamless and elevated customer experience has become paramount. Contrary to the

apocalyptic characterizations of the current state of the retail sector that are routinely published, savvy retailers are in the midst of a renaissance. In partnership with customers and potential customers, agile and creative retailers are recreating the shopping experience and transforming it into something greater than simply the exchange of money for goods and services.

The multiplicity of shopping channels that are now available to every consumer has created a highly customer-centric shopping experience. Whether or not a retailer can successfully create an experience that its customer values and promotes is the crux upon which success and failure resides. Though online and mobile shopping possess a number of benefits that brick-and-mortar stores cannot duplicate, customers' desire and demand for human interaction and engagement will ensure that the physical store is not made obsolete. Retailers that are able to pull from the digital and physical realm to create rich and unique customer experiences will continue to thrive.

It will be the executive talent of each retailer that will determine whether it has the agility, vision and insight to successfully create such experiences.

Exploring the Current State of the Retail Market

It has been a decade since the U.S. experienced its Great Recession, and consumer confidence in the market has bounced back spectacularly. Retail spending, a significant indicator of that confidence, is robust and growing, with substantial 2017 gains in both online and in-store sectors. The year's holiday season also exceeded forecasts. Furthermore, mobile spending is particularly strong, having grown from 2% to 20% since 2010. This growth in spending generally mirrors steady GDP growth, low gas prices, and low unemployment, which have all been positive in the last several years since the recession.

Of course, there's no denying that online and mobile spending have taken on an increasingly dominant position in retail spending in recent years. These channels offer the convenience of shopping anywhere, anytime, free from the traditional constraints of time and place. When these conveniences are coupled with speed of delivery (often free), highly competitive pricing, easier product comparison and unlimited aisle options, its attraction to customers is evident.

Beyond the trends of retail spending and online shopping is the huge shift towards the value of consumer reviews. This comes at the heels of a huge cultural shift, where an increasing number of customers are relying on crowd-sourced reviews from other customers. Whether from Yelp, Facebook, Google, or Amazon, the quality and quantity of reviews

significantly impact a consumer's confidence in a product or service. Furthermore, a recent survey shows that for local businesses, as many as 97% of customers read online reviews, while 85% of them trust those reviews as much as a friend's recommendation.

Retailers must be cognizant of these trends in the market if they hope to remain competitive and ahead of the curve.

Leveraging Brick & Mortar Through Unique Differentiators

As has been made clear, the state of the retail market has shifted from a transactional relationship with consumers to a deep focus on customer experience. Although online retailers can address that experience in unique ways, it is really retailers who also possess a physical presence that have a distinct advantage.

The strength of human interaction in the customer's shopping journey cannot be overemphasized. A recent study from Google found that many people still want to talk to a live person when making a significant purchase, especially when they're buying via mobile. That human connection is often the key to converting a prospect into a customer, more than any other marketing or advertising strategy a retailer may employ. Furthermore, PwC research shows that even though online shopping channels – particularly via tablet and mobile device – are continuing to gain strength in the market, the preference for in-store shopping still ranks number one. In fact, 41% of global customers still shop in-store at least once per week.

Understanding what a customer wants out of their experience is essential to differentiation in the retail industry. Studies further reveal that 78% of consumers want sales associates who have a deep knowledge of the product they're interested in. Ease of product comparison – something that's easily facilitated online – is also of importance to in-store experiences, with 68% of shoppers wanting an ability to check another store or online stock quickly. Retailers can deliver on these shopper wants by hiring skilled retail associates who know the store's products, tools, and systems intimately. Outside of these two specific factors, in-store talent is instrumental in building valuable customer relationships. While retailers should be using big data analytics on their customers to their advantage, it takes a human to personally advise and interact with those customers based on the insights gleaned from that data.

Brick-and-mortar stores are evolving because the convenience and competitiveness of online shopping, alone, cannot address the fact that most people still enjoy the physical environment of a store where they can see and touch tangible products. 59% of people surveyed desire an "inviting ambience" that they simply can't get from online shopping.

However, with more than two-thirds of shoppers also wanting to check another store or online stock quickly, it's clear that the traditional store doesn't have the same function for consumers as it once did. The physical store is a great place for the initial investigation of a product, but it isn't necessarily where the acquisition of that product has to take place. Consequently, for stores to be successful they must become a "showroom," offering a unique, personalized experience (especially an experience that can be shared via social media), with skilled store associates who can provide insight, advice, and diversified purchase options.

For instance, the Apple Store has employed this showroom concept for several years. With a minimalist floor plan, the store's focus is on facilitating an experience between customers, sales associates and products. The Genius Bar (or the newly fashioned "Genius Grove") and new "Today at Apple" educational programs go an extra step in creating an engaging, informative experience that customers will rarely find with other consumer electronics retailers. The goal is to create a community in which customers purchase products.

The showroom concept naturally ties in with the reality of the omnichannel shopping experience. The physical store is just one element of the entire customer journey and must be complemented by user-friendly websites, mobile apps, social media accounts, and review sites. The experience must be seamless, with customer data remaining intact and consistent throughout each channel to avoid redundancy and repetitiveness. Look to men's clothing retailer Bonobos, for example. The company, now owned by Walmart, began as an online-only retailer. Over the last several years Bonobos adopted a "showroom" concept as part of its omnichannel approach. Customers participate in a unique shopping experience by interacting with insightful salespeople while enjoying their favorite beverages and viewing different apparel. Products are ordered in the store, shipped to a customer's home in just 2-3 days, and future orders can be made online thanks to a robust database of customer details.

Successful retailers are breaking down the walls that separate the digital and physical realms to create a customer experience that is rich, seamless and greater than the sum of its parts. It is the creativity and vision of retailers' executive leadership and executional capabilities of their organization talent that are driving this success.

Hiring Retail Executives Who Can Pioneer Change

With the state of the retail industry so clearly in flux, a talent acquisition strategy that is anchored to the traditional retail executive profile will be insufficient to reach new levels of success (and, perhaps, survive). The sector is driven by consumer expectations in combination with innovation and evolving technology. Leaders who are not forward thinking,

strategically innovative and agile will be unable to chart a successful course.

When recruiting for new executive leaders, retailers and their boards must remain aware of the need to continually evolve and adjust, hiring for skill sets and experiences that will help achieve these objectives. A visionary business leader in the retail sector must be agile; someone who is focused on deep market research that can help inform their technology and marketing initiatives while uncovering opportunities for new or evolved business models. Their previous experience won't necessarily be in retail, but they will have a strong suit of soft skills to help overcome major barriers in reaching success. Furthermore, it's likely they have cross-functional leadership experience that will provide valuable insight for retailers.

As we've established, the customer experience is one of the strongest drivers of retail success in the current market. Studies reveal that the biggest challenges in achieving a better customer experience include budget constraints, legacy systems and integration, priorities of the leadership team, a lack of expertise, and a lack of internal resources. An executive retail leader who recognizes when and where these challenges exist in their organization is one who can help pioneer change.

Recruiting this caliber of executive can prove difficult within an environment in which so many retailers are struggling. Demand is competitive, and companies must be able to differentiate themselves as an employer. A retailer that wishes to recruit the talent needed to drive success must be and brand itself as a company willing to build a culture of innovation, one that isn't afraid to experiment with new ideas or business models. While there will always be factors that limit the talent pool, partnering with a retained executive search firm that possesses deep industry understanding and organizational knowledge will enable retailers to secure the talent needed to thrive and succeed.

How is your organization approaching the retail renaissance?

About the Author

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