

What you don't know about
your shoppers could hurt you.

Retail's *Details*

What makes a great retail experience?

Frances Allen: A great retail experience is the ease with which you can navigate around the store. It's that feeling when you go into a store that you just never know what kind of treasures you're going to find.

Costco is a wonderful example of that. You never know what's going to be the big offer from Costco. It could be a TV that you've been looking at for ages for a ridiculously cheap price. Or it could be a pair of socks.

At Dunkin' Donuts, we're consistently bringing out different tastes. Right now we've got a Milky Way hot chocolate that we combine with a triple chocolate muffin and an M&M donut. It will be different next month and the month after that, so we're constantly keeping it fresh.

James Damian: The experience is the thing that's delivered after you've investigated who is it that you're trying to serve. So, it always starts with the audience and knowing the audience, the brand promise and customer insights from the brand promise based on the criteria set for designing a great retail experience.

The experience could be different from store to store, but there are certain universal things that will be consistent. That's where the brand promise work really comes in, in terms of, who you are and what you stand for as a company. Those things need to be transported consistently no matter where you are on the globe.

Paula Beadle: A great retail experience always consists of speaking to someone who is responsive and knowledgeable about the products and services.

Michael Copeland: At the retail store level, the emotional part of the Cabela's experience occurs when a customer first steps in through the front doors. Typically, they're greeted by a two-story mountain rising up the center of the retail floor, covered with animals from all over North America, waterfalls, and ponds filled with live fish.

The store walls are lined with amazing trophies from all over the world as well as educational maps and classic outdoor memorabilia.

When customers can see, smell, feel, hear and taste the brand, it's a homerun.

PAULA BEADLE

My favorite retail experiences are as much about how I feel as how I'm treated. I'm a visual person, so the environment has a huge impact on my propensity to spend money.

Whenever a retailer can provide an experience to customers that represent the brand through all the senses, I believe you form a stronger relationship. When customers can see, smell, feel, hear and taste the brand, it's a homerun.

Cabela's is really like a museum as well as a retail store. It's not uncommon to see people come into our stores with cameras — not coming to shop, but coming to visit.

In addition, Cabela's product selection and pricing ensure that our customers are able to find the exact product they are looking for at the best price. Most importantly, our associates are probably the most critical part of our customer's Cabela's experience. There is a

A ROUNDTABLE FEATURING

Frances Allen
Dunkin' Donuts

James Damian
Best Buy

Paula Beadle
WaMu

Michael Copeland
Cabela's

David Sommer
GroupM Retail

level of service that has existed ever since Dick Cabela started the company at his kitchen table back in 1961.

David Sommer: This will sound simple, but a great retail experience is about paying attention to the shopper, first and foremost. There is now a dizzying array of new in-store vehicles — whether it's digital screens or projection media or interactive kiosks.

But the key thing about the retail experience is thinking about shoppers and their mission, making it convenient for the shopper, and thinking about whether they're open to exciting, new things in the product categories they're shopping. A great retail experience is about putting the shopper front and center.

How critical is customer segmentation to retail success?

Allen: It's knowing who you are that is number one. So, we understand completely who Dunkin' Donuts is and who finds Dunkin' Donuts appealing. You've got to understand the products they want, that fit in with their needs, the service that's appropriate for them and a value equation that they can feel good about.

It's certainly not about demographics in our case. When you go to a Dunkin', you see a construction worker standing behind a nurse standing behind a woman in a power suit. Dunkin' Donuts has a unique appeal to people who have busy lives. They are working people with places to go.

What Dunkin' customers want is quick quality. They want to come in and know what they're going to get. They are not looking to sit around on sofas and chat and have meetings. They have worked a hard day's wage and want a real down-to-earth quality product at a fair price. That crosses all demographics.

Damian: It's always critical to understand who is on your customer platform and the first step would be segmentation. The next step would be how these segments relate to one another. So, demographics and psychographics have to be in play, but you also need to understand the differences between the audiences you're trying to serve.

Our job at Best Buy is completely about getting to know those audiences. It's about starting to develop relationships with them so that it's not just a sales relationship, but also about serving their unmet needs. That's what customer-centric behavior is really all about.

Beadle: Customer segmentation is absolutely critical to the marketing

Understanding your customer is critical to delivering the right products, services and relevant messages. Customer segmentation helps to understand and view customers as like-minded communities rather than trying to appeal to the masses.

Copeland: Customer segmentation has allowed Cabela's to refine our product offering within our retail stores as we have in our catalog business. We started out with only a handful of catalogs annually, but we now send out smaller specialty catalogs, each tailored to specific segments of the outdoor marketing seasons.

For example, we work diligently to provide products, clothing and footwear that are cut and sized to fit the female form. As more and more women take up outdoor pursuits, we're committed to providing them with the products they need to enjoy the outdoors.

Sommer: There is a ton of buzz right now around customer segmentation and how CPG brands have to align with key retailer

Cabela's is really like a museum as well as a retail store.

MICHAEL COPELAND

success of any industry today. The days of speaking to everyone isn't an effective, efficient way of marketing any longer. You have to understand who your customer is, what's important to them, and then deliver your message in a meaningful way.

segmentations. I do think it's a very rich area for collaborative marketing between suppliers and retailers, but there's a limiting factor in there, as well.

The limitation is that there are only a limited number of ways that

most retailers can connect with targeted shopper segments. So, I would say customer segmentation is very important, but only to the extent there are channels available to communicate to those segments.

What is your view of retail as media?

Allen: We can put as much TV advertising on the air as we like, but the impression that you get as you go into a store or past the store—that's our brand. So, we've really got to focus on making sure that our stores stay up-to-date, that they're clean and that they are well looked after, because that's where the consumer interacts with our brand on a daily basis.

Our heavy consumers are interacting with our brand three or four times a week. We want to tell them about all the great new products that we have and we want to make sure we keep reinforcing the emotional connection between our values and their values. Our stores are living billboards for our brand and we work hard to make sure that they are a good reflection of our brand.

Damian: We have an expression inside Best Buy where we don't think of ourselves as a consumer electronics company; we think of ourselves as a communications company because the things that we sell foster communications of all sorts.

We deliver experiences that enable people to connect with one another. We enable people to escape at the end of a long day or a long week through a great home-theater system or Mp3 player. So,

that idea of content being available no matter where I am and Best Buy as the facilitator to enable these different experiences—that is our purpose.

Beadle: I've seen a lot of proposals for advertising and promotion opportunities within retail locations. Marketers need to consider carefully how this impacts the customer experience. I'd like to see more data behind the effectiveness of retail marketing.

Using your retail location to market the products within the

us another link to our customers.

Sommer: Retail as media has to add value for the shopper. I sit at the largest media buying company in the world—Group M—which buys one-third of the world's ads, or around \$54 billion in ads annually. The question I have when in-store media companies come to see me is, why would a shopper pay attention to it?

So, to the extent that targeted offers are served up to shoppers, and add value to the shopping experience, in-store media is

Our stores are living billboards and we work hard to make sure that they are a good reflection of our brand.

FRANCES ALLEN

environment—that's more obvious. But advertising bank products within a grocery store doesn't have a natural connection for me, although I recognize that the customer may be the same.

Copeland: To be successful, retailers need to do more than just sell products. Our stores and our website are places not only to purchase outdoor products and apparel, but also to learn about the outdoors and connect with others who share your outdoor passions.

Our website has outdoor agencies for all 50 states as well as product reviews, recipes, buyer's guides, comparison charts, Cabela's travel and chat rooms. We produce and distribute Cabela's *Outfitter Journal* magazine and we have our own television show, which gives

wonderful. I do think it's still a little bit of the Wild West out there, but it's going to be a very exciting and high-growth area for the future.

How do you see retail formats changing over the next five years?

Allen: Dunkin' Donuts has a great new floor design that meets the needs of our consumers today. Our new design is very reminiscent of our heritage, which dates back more than 57 years, but is coupled with contemporary features that give Dunkin' Donuts a new, more modernized appearance.

It's a really wonderful look that captures everything that the modern consumer is looking for

in a retail environment. But, also it captures that unique Dunkin' Donuts personality. So, it's still pink and orange. We love our pink and orange! It's one of the things that make us so unique and different and it's part of our heritage.

Damian: Retail *is* change. If retail formats don't continue to change, those retailers will get stale because people get bored very quickly and we're always looking for what's next, what's new. There are going to be some things that are familiar and comfortable but retail is always about the art of surprise as well.

Best Buy is designing stores now with female customers in mind. We've already got two stores on the market, called Studio D, that are designed with the female in mind (*see page 16*). We have built a very loyal following with men of all ages; they love us. But, we've also found out over the last few years that the unmet need of the female is far greater than that of the male because she is head of household in many cases.

There are going to be some things that are familiar and comfortable but retail is always about the art of surprise as well.

JAMES DAMIAN

Beadle: Retail formats will become more interactive. The expectations of customer service and what companies will deliver will step up a level. It's going to evolve to where customers can be more a part of the process.

For example, if there are messages that someone is communicating within the store, the customer should be able to determine what those messages are and what they want to see.

Consumers will have more power and more input into how they are being communicated to. It will be more specific to individual consumers, more personal and more conversational.

Copeland: Successful retailers will need to continue to maximize their efficiencies both in brick-and-mortar channels as well as the direct businesses. Obviously, technology is going to play a huge part in allowing retailers to better analyze the volume of data related to every aspect of the business and react accordingly.

We'll see a greater demand for the experience. Retail has been a hallmark of Cabela's, and going forward just the experience in one of these brick-and-mortar stores is very advantageous to us as a company. It certainly makes for lifelong customers once people visit our stores.

Sommer: It's a fiercely competitive market out there—so, we use this term, “the battle for trips.” You're going to see that battle across classes of trade, across formats, with retailers fighting for shoppers whether it's the “paper towel” trip

or the “consumer electronics” trip or the “grocery stock-up” trip.

In general, you're also going to see formats get better at integrating “bricks and clicks,” as they say. So, with both their physical stores and their online stores, you're going to see better targeting of offers, and better use of customer segmentation. You're also going to see retailers come up with not just merchandising, but also innovative experiences.

Which retailers do you enjoy visiting the most?

Allen: Crate & Barrel is one of my favorite retailers because you never know what kind of incredible space-saving, time-saving gadgets those clever people are going to come up with next. I love surprises when I shop.

I also love to read, so Barnes & Noble and the quality experience there is something I really enjoy. And I love Dunkin' Donuts! I love coffee. I love muffins. I love donuts. So, that's just a pleasure every time.

Damian: I love retail and I love to shop. I love Neiman Marcus. I love the way in which they know me. I also love Tiffany and Company for the same reason. They service me for everything that I've ever purchased from them throughout my entire life. And they take care of me—they'll take care of my watch if it needs cleaning, or change my battery for me. They are there for me.

William Sonoma is another great retailer. They care about presenta-

tion. They care about servicing people and greeting them. They are great shopkeepers. They are great merchants and they are trying to deliver a great experience that consistently brings you back, like the Four Seasons Hotel. I love them. The service is incredible. The environments are incredible.

Byerly's is an incredible, service-oriented grocery store that

Copeland: I'm a little bit biased. I worked for Lowes for 15 years, but as a customer I love spending time in their stores. I'm a big do-it-yourself person. I do a lot of my own work around my house. I love their locations.

I'm a huge fan of Best Buy. They are kind of like Cabela's is for a lot of other customers. I could spend hours at Best Buy looking at all the

A great retail experience is about putting the shopper front and center.

DAVID SOMMER

delivers on their people, their environment, their operational model and their food, with all the quality and the service that goes with it. It's all of those things, no matter what sector of retail you're in. Bang & Olufsen. Love 'em!

Beadle: Nordstrom's. Part of what I enjoy so much about Nordstrom's is that when I walk in, I hear the piano playing, the lights are dimmed, it smells fabulous and people are sampling different things. There's lots of interaction and I like that. They have done a great job of understanding who their customer is and the experience they want to have.

I also like Home Depot. During my home renovation, I spent a lot of weekends at Home Depot. Most importantly, I could always get help. But the emotional connection happened on Saturdays, when my daughter would get an apron and tools to make a project. That was absolutely brilliant.

new technology. They have some of the best service and service standards—not only in their industry but also in retail.

Sommer: Locally, I like Zachys, a wine retailer in Westchester, New York. It's just a very personalized experience, and one that's not pretentious. They make you feel comfortable asking questions about wines even though they stock incredibly expensive bottles. I think there's a nice, disarming quality about that.

I also like Stew Leonard's. I love shopping there with my son, who likes pushing the Chiquita Banana button and watching the animatronic characters dance. But beyond the folksy brand, there's actually a lot of merchandising science behind the way he leads you down the path.

Stew Leonard's has just the right assortment—you're not staring at thousands of SKUs, just the right SKUs for a family. He has quality



FRANCES ALLEN, as brand marketing officer of **Dunkin' Donuts**, develops and executes marketing strategies and initiatives, advertising campaigns and new product launches worldwide.



JAMES DAMIAN is senior vice president, experience development group, at **Best Buy**. He is, in his own words, "a right-brain ambassador for the value of design within the left-brain world of consumer electronics."



PAULA BEADLE is vice president of national promotions and partnerships for **Washington Mutual**. Previously she was with Clear Channel Communications and the Minnesota Vikings.



MICHAEL COPELAND is vice president of retail operations for **Cabela's**, a retailer of hunting, fishing, camping and related outdoor merchandise. Previously, Michael was with Lowe Home Improvement.



DAVID SOMMER is managing partner and director of **GroupM Retail**, part of WPP's media investment management company, GroupM, which is dedicated to in-store and other retail communications channels.

produce, dairy, bakery, fish and meat departments. It's the kind of thing where you enjoy yourself and get high quality food, too. And the price points are sharp, which is something we all care about these days. ■