Small Changes That Can Yield Big Retail Sales Increases

Adjusting the in-store experience can drive consumers to spend more time and money with you.

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It’s that magical time of year, the back-to-school season when retailers fall all over each other to give you the biggest, best sales and deepest discounts on No. 2 pencils, reams of paper, and anything else that can be loosely linked to school.

It’s a fight worth fighting — consumers are expected to spend more than $80 billion on back-to-school and back-to-college shopping this year and it’s also the unofficial kick-off to the most critical shopping period for retailers.

From now through to the end of the calendar year it’s a race to capture all the money pouring out of shoppers’ wallets. Back-to-school, Black Friday, Cyber Monday, the holidays, combine to represent a significant portion of a retailer’s overall year. These are shopping events that will separate the winners from the losers, those who earn an A+ or an F.

Yet, in the age of Amazon and Uber, retailers are using the same old tired strategies to lure you in: the concentrated sale with big red signs promising bigger discounts than the other guy, ratcheting each other into greater and greater margin erosion.

But what if I told you that you could actually make more money by doing away with these public giveaways in favor

of addressing remaining customer pain points? We surveyed consumers to pinpoint where their retail experiences weren't meeting their expectations, given the importance of each moment in the retail ribbon. What we found is a virtual treasure trove of opportunity.

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Keep refining the customer journey

First, kudos to retailers on what they've done so far: customers are very happy with important moments like finding the store closest to them, checking stock and prices and finding sales. The problem is you've ignored everything else after that.

Consumers' are super frustrated trying to find parking, entering the store and returning items. These are moments they identified as important, the kinds of experiences that would keep them coming back. Across the board, retailers are whiffing.

And every time you end up with road rage because you can't find parking, ordering something from the couch that will be delivered in a day or less to your doorstep sounds more and more appealing.

Having an actual store helps

What if you took some of the money that was going to something you've figured out already, like tinkering with your website – at most, a whopping 20% of most retailers' businesses – and instead put it to improving a customer's experience when walking into the store? Or when making returns? You know, fixing something for the other 80% of customers.

I'm in New York City where I can spend $20 to get an item from the Nordstrom's men's store delivered to me in 4 hours or

less, 24 hours a day, 7 days a week.

That beats Amazon, and I'm willing to spend some extra money on that experience because I need that item now. But it's only possible *because* there's a brick-and-mortar store, not in spite of it.

Or take Nike, where they have a program for NikePlus members to book one-on-one appointments with experts either in-store or ahead of time on an app. Members then receive personalized recommendations and advice in their pocket. They can curbside, mobile pick up from a locker, or grab-n-go in seconds – not minutes.

Those are the moments that will actually win customers and make them loyal. It is far better than slashing another fraction of a percent for a sale that is already eating into your margins. Those models will only yield one kind of answer – deeper discount equals more traffic – and that's a tired fiction.

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The fundamentals are already there

What if a mall could deliver any single item inside its walls to your door within an hour? And what if I told you everything you need to make it happen is already out there?

Take the kids who are working at the mall valet for the summer. At least one or two of them spends most of their time waiting at a kiosk.

When an order comes in, they could run the opposite way, into the store to retrieve the items, and back out to the curb to deliver to a waiting Uber or Lyft driver who then delivers it into the customer's hands. In one fell swoop, you could solve the consumer pain points of parking *and* entering the store,

not to mention create an unparalleled delivery service in the process.

Retail doesn’t have to invent anything – a computer-science major could figure out the backend needed to make all the feeds work together for something like this. It just requires taking the bold step of investing further downstream in the customer’s journey.

An opening for entrepreneurs

There is a brief window for retailers to close the gap in customer expectations. If they don’t learn these lessons, startups and new disruptors will.

Take Happy Returns, the company is installing self-return kiosks in places like Nordstrom Rack. Retailers have still not brought the experience of returning an item into the modern age, leaving the door open for services like this.

That’s money that you could be making. If you were the first brick-and-mortal retailer to figure out a return system that people said was easy and painless, do you think they’d keep going to your competitors or come back to spend their money with you?

If you figure out how to improve these moments, you’ll win customers throughout the most critical events of the year, as well as begin to break out the dependence on sales and discounting and develop a long-term relationship with your customers.

At a time when things like the online shopping experience have reached parity with brick-and-mortar stores, the only way to stand out is with improved experiences. Our research found that paying attention to just a few key ribbon moments that add ease, convenience, and grace along the customer journey could drive consumers to shift $97+ of their spend.

That’s over $200 billion of additional credit card spend up for grabs for retail brands that get it right. And if the retailers don’t figure out how to do it, someone else will. It’s time for retailers to head back to school – those willing to learn won’t just get passing grades, they’ll set themselves up for long-term success while reducing reliance on red-banner sales.

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