

The Future of Retail II Consumer to Retailer Action



International
Downtown
Association

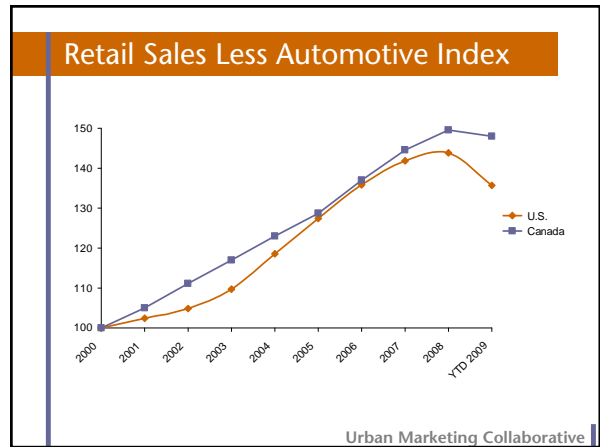
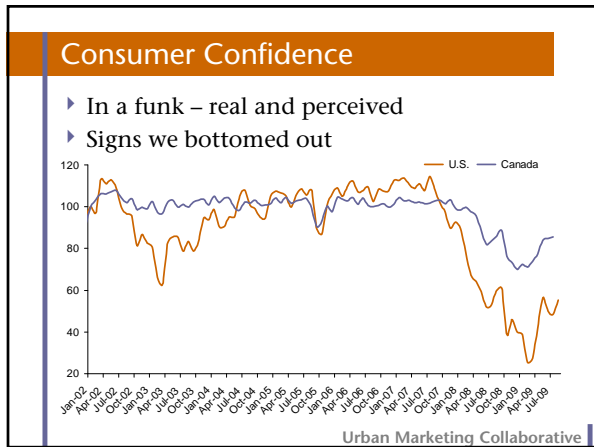
**Urban Marketing
Collaborative**

September 2009

Everything is Different but Still the Same

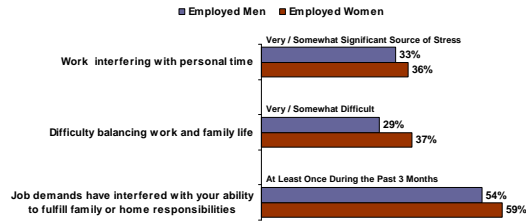
- ▶ Everything is different – downturn is accelerating a shift to value and potentially affecting consumer behavior
- ▶ Everything is the same – nothing has changed in the fundamentals – winning retail will still focus on consumers

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Consumer Trends

Too Much Work, Too Little Time, Too Many Responsibilities



Source: American Psychological Association, "Stress In America," October 2008

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Shifting Priorities – Consumer Behavior

Item → Solution

Consumers can research and find products easily enough. The retailer that provides solutions differentiates itself in the customers' eyes



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Helpful Shopping Guidance and Customer Decision Making Tools

LANDS' END

Store Locator | Gift Cards | Shipping Req
800.953.4818 | Customer Service | My Account | Sign Up for E-mail | Sign In

Search | Women | Men | Girls | Boys | Shoes | Home & Travel | Overstocks

Suitable Solutions for every anxiety zone

Shop by anxiety zone to find the suits that fit and flatter you best.

- ★ **Waste a universally flattering suit?**
SHOP these suits
- ▼ **Shoulders & Bust**
Want to minimize your shoulders and bust area — or need a little extra support? SHOP these suits.
- **Waist & Tummy**
Want to create a smoother or more curvy waist? SHOP these suits.
- ▲ **Hips & Thighs**
Want to maximize your hips or minimize your coverage? SHOP these suits.

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Shifting Priorities – Consumer Behaviors

Consumers are adding more criteria to their shopping requirements beyond the selection of a product or service

Products → Experiences

Consumption has evolved from focusing on the pure thrill of being able to acquire so much—from DVDs to SUVs—to focusing on creating and accumulating experiences—from eating sushi to bungee jumping

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From Goods to Services

Source: 2008 Trendwatching.com Trend Report

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Shifting Priorities – Consumer Behavior

Consumers are adding more criteria to their shopping requirements beyond the initial selection of a product or service

Goods → Services

Over eight in 10 women prefer to “do something for themselves” rather than “buy something for themselves;” it is no surprise that luxury services are often in strong demand and that, according to American Demographics, 72% of women said that their last luxury purchase was because they wanted to “treat themselves to something special”



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Societal Change: Customer in Control

Personal Authenticity and Self-invention	2002	2006
Agree more with following your own instincts instead of experts	61%	76%
Important that others see you as someone who can see through exaggeration and hype	38%	58%
Important that others see you as someone passionate about the things you care about	61%	76%
Likely to look for fulfillment over the next 10 years by "educating yourself on something that is important to you"	N/A	46%
I always know how to get the information I need to make decisions	61%	74%

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Mass to Customization



Source: 2008 Trendwatching.com Trend Report

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New Way of Doing Business



Price Competitive; Superior Experience

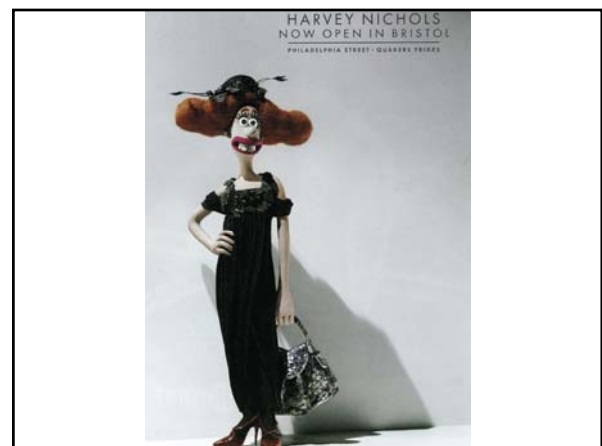
- ▶ Price is just the beginning; superior total shopping/buying/end use experience is the key
- ▶ Combination of rational benefits of price, quality, and convenience; and the emotional driver of badge value
- ▶ Logic and magic: keys to success in a down economy
- ▶ Target: "expect more, pay less," cheap chic the driver
- ▶ Delight the customer—whatever the product

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Focus on Value

- ▶ What the customer gets for what they give:
 - MORE: quality, service, trust, convenience
 - LESS: risk, hassle, confusion, uncertainty

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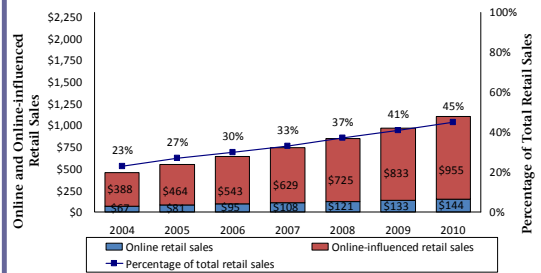


Broaden Perspective of Multi-channel

- ▶ Include new ways to engage customers: social networks, text messaging, blogs, widgets, mobile marketing, customer reviews, digital downloads, rich videos
- ▶ Online is still the fastest-growing retail channel. E-commerce retail sales compound annual growth will be 15% in North America over the period 2008–2013. Over \$281-billion business by year 2013
- ▶ Forrester Research predicts that by 2012/2013 nearly one-half of the USA and Western Europe retail sales will be transacted online or influenced by the web

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Internet to Influence Nearly One-half of Total U.S. Retail Sales in 2010

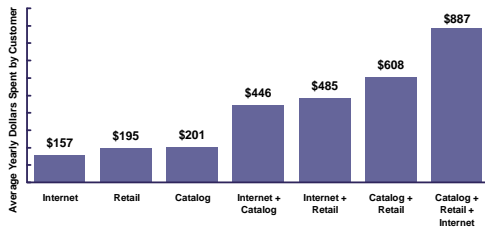


Source: Jupiter Research

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JCPenney.com Multi-channel Synergy

Total spending increases as customers shop multiple channels



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Support The Brand – Customer Service

Zappos Sites: Zappos.com Culture RideShoe Running Outdoor Bags Shopping Cart | My Account | My Favorites | Help

Free Shipping & Free 365 Day Returns 24/7 Customer Service 1-800-927-7671 (Español 1-888-927-4154)

Search: shoes, ugg, nike shoes, women shoes, ugg boots, ugg wide shoes, heels, sandals, men shoes, crocs, clarks shoes, mtb shoes, frye boots, snow boots, cowboy boots, new balance, born shoes, stuart weitzman, danako shoes, boots, donald pliner, donald pliner shoes, sandals, clothing, women boots, leather shoes, men's shoes

FREE SHIPPING BOTH WAYS

WE ARE A SERVICE COMPANY THAT HAPPENS TO SELL

FREE SHIPMENT RETURNS

365-DAY RETURN POLICY

1-800-927-7671

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Speed – Self Service

Return to Best Buy

SEEK OUT PARTNER

COMPUTER Recommendation Center

FIND THE PERFECT PC

Here's a quick, easy way to find the computer and PC components that are right for you. Based on your input, we'll recommend the features and products that best fit your needs. Then you can get our recommendations and bring them into the store to talk with one of our associates — or shop online or by phone.

GET STARTED

Returning Customers: To view your saved information, enter your selection code

Selection Code: Submit

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Connect with Net Generation

- ▶ They will help redefine future economy
- ▶ It's not just what they earn and spend, its their influence on the marketplace
- ▶ Direct/indirect purchases \$2-trillion in North America
- ▶ Key Drivers: lots of choice, customize, scrutinize, openness; fun, newest, fast

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Green Buildings Outperform

Attributes	
Health and well being of occupants	89%
Building value	79%
Worker productivity	76%
Return on investment	63%
Asking rents	62%

LEED Mathiesen and Morris Costing Green

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Retailer Response to Green

- ▶ Survey of 108 retailers – day lit stores had higher sales: approximately 5%
- ▶ Other attributes:
 - Lowered overhead costs
 - Improved productivity
 - Attracted customers
 - Increased sales

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Tactics for Success for Retailers

Increase traffic of store's trade area
 X
 Improve hit rate; conversion from traffic to sales
 X
 Increase average transaction;
 total shopping basket
 =
**Exponential
 growth in sales and profits**

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Thank you and keep in touch.

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