

DUAL EXPERIENCES AND CUSTOMISATION

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Our biggest retail conversations for 2016 straddled truly 'smart' omni-era brand design, the experiential economy, championing exploration for lives lived in 'beta', brands as 'enablers' and the value of getting more intimate, inclusive and locally relevant. We even reviewed how to use the most uncomfortable aspects of change - namely an irreversible culture of consumer disloyalty and a resistance to traditional brand formulas - to elicit exciting new opportunities.

2017 will see a continuance of all those themes but for store design in particular I predict the following: a split between fast and slow, dual experiences sitting side by side that cater to the emerging split between 'let me explore' and 'get it for me'; service stores/retail clinics - environments reimagined as a service-led spaces catering to spin-off brand skills, advisory services, educational initiatives and even outsourcing programmes; lab stores - incubation-based HQ/consumer-facing R&D mergers that acknowledge the increasingly blurred line between aspiring amateurs and career professionals; deep customisation where the power of play becomes a prevailing methodology and therefore sits at the front of centre of store design; and the store as a media hub - aligning with the way in which retailers are swiftly transitioning into editorialised entities and brands are turn broadcaster. In this space tech-assisted store concepts will both fuel and display brands' media activity.

MULTI-LAYERED EXPERIENCES AND EVENTS

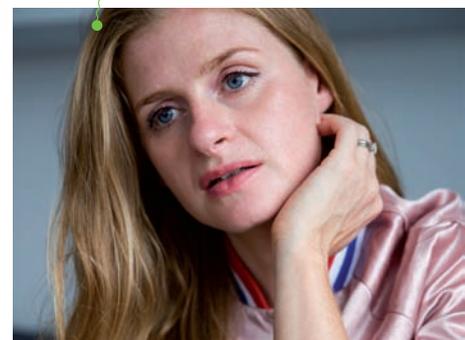
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With the deepening symbiosis of consumers to smart phones and the immediacy of m-commerce, the in-store experience provides a much needed counterpoint for us as human beings! Consumers need the physical resonances of a space and the level of interaction it offers. And with the allure of technologies like virtual reality, we can get nearer to the brand or product but as consumers we still need the absorption of a physical space and to try before we buy. 2017 will not be the death knell for bricks and mortar retail, but with people spending increasingly less time in shops, brands need to delve even deeper in to understanding the psychology of the buying process. We will witness more flagship showcases where brands are curating multi-layered experiences and events to drive footfall, deepen their connection with the brand and enhance engagement.

From an aesthetics stance of these spaces, we will see an increased focus on intelligent and sustainable approaches to store architecture and design. This is, and will be, demonstrated through respect to culture and customs by making use of locally sourced materials or culturally relevant artistic references and communicating to shoppers on a more discerning and thoughtful level.

Pop-ups will remain a key strategy for brands wanting to trial new markets or locations or use a platform for a new launch event and crucially as a driver for social media. Lastly, we will see more pure play e-tailers invest in bricks and mortar spaces, be it showrooms, pop-ups or permanent spaces.



DIGITAL AND REAL WORLD INTERACTION

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2016 will be remembered as the year virtual reality and augmented reality went mainstream. Don't believe it? Just look at the Pokémon phenomenon. What's been noteworthy, from a retail perspective, is the success virtual reality has had in a sector that's often been wary of new technology.

When Harvey Nichols relaunched its London flagship's menswear floors last spring, it simultaneously unveiled an e-tail environment that let customers 'walk' through the new spaces online, browsing and buying clickable product along the way. On the other side of the world, Australian retailer Myer partnered with eBay to create the world's 'first virtual department store' - a concept that offers all the convenience of online shopping (fast browsing, easy selection, seamless checkout) within a virtual store space, which customers can 'visit' without leaving the comfort of home. These examples show how retailers are radically rethinking the customer journey, leveraging digital innovation to create holistic, wholly immersive shopping experiences.

But what's clear, as we look to 2017, is that technology is simply the tool. Our craving for real-world interaction - with products, peers and physical places - is stronger than ever. For proof, look no further than the latest generation of high-impact retail destinations. In New York, Samsung's spectacular digital playground immerses the customer in a dynamic, personalised universe; in Los Angeles and New York, audio specialist Sonos is replacing old-school retail formats with studio-style listening showrooms; and in Detroit and Toronto, Shinola is redefining lifestyle retail with a powerful narrative that's conveyed seamlessly across both digital channels and physical spaces. The success, each time, stems from the fact that each environment has been designed with the customer positioned at the heart of the retail experience.

In the future, that seamless dialogue between customer, product and brand will become increasingly critical. As bricks and mortar collide, the retailers that will thrive are the ones who challenge us to create unforgettable, individual, remarkable customer experiences, spanning both the physical and digital realms.



DIGITAL INNOVATION AND CREATING PREMIUM EXPERIENCES

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Obtaining success in 2017 comes down to brands creating valuable experiences for their customer based. The ever-changing digital world continues to take over, and the gap between mass market and upmarket brands is closing. The next year will require brands to focus on two things: experimenting with new digital trends to create differentiating experience while staying true to their identity, and determining how to create premium experiences in order to even remain in a consumers' consideration set.

Take the food and beverage sector for example. There are brands like Starbucks which recognised that it delivers more than a \$4 cup of coffee - their chic café interiors and high-end cafes are important to the customer experience. In an effort to continually meet and exceed the expectations of loyal customers, while generating new patrons, Starbucks stays abreast with the daily trends inspiring people all over the globe. While maintaining interior chicness, the coffee house has also rolled out digital tools and apps to make it easy for customers to be rewarded with each purchase. In short, just as Starbucks has created more premium cafes everywhere, the entire fast casual market has hitched up as well, giving customers high quality experiences and high quality meals.

The food and beverage sector has completely out-paced everyone in terms of growth, and the corresponding level of design and premiumness is no coincidence. When you look at other brands within this sector, such as the McDonalds and Taco Bells of the world - the true value players - you can see how every brand needs to follow suit or run the risk of becoming irrelevant. These industry trends are happening across all markets: fashion, specialty, grocery and beyond. The middle is changing, it is being forced to value experience and design in order to maintain relevance.

LIGHTING AS AN EFFECTIVE BRANDING TOOL

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In 2017 we will witness far more 'brand experience' and the use of light and design to create an emotional connection between customer and product. Today's customers don't want a functional space that impassively displays merchandise, they want to feel connected with the purchases they make from the brands they love: the result is lighting will strengthen its role as an effective branding tool.

The collaboration between light and technology has also become prevalent. LED is now being used as an advanced marketing and sales tool and combined with smartphones is radically changing the way consumers browse and purchase. Two thirds of consumers shop with smartphones and today's state-of-the-art luminaires can communicate via them, tracking consumer movements and subtly increasing light levels to focus on particular products and offers. Light's power is that it is functional and aesthetic: it enables people to act and also feel. Get the combination right and this can positively encourage people to visit shops and buy.

2017 is also likely to see a year of converging technology. This blurring of e-tail and retail will not only enable smartphones to gather and retain information on a shopper's previous purchases and alert them with reminders as they walk past specific stores, but automatically adjust light to match ambience depending on what a customer is buying. This will be particularly beneficial to the cosmetics industry as it marks the start of a new era when in-store lighting can finally match, enhance and offer a truer representation of skin tone for customers as they try and buy their cosmetics.