HOW TO THRIVE IN THE DIGITAL AGE OF RETAIL
Heart is what drives us and determines our fate.
That is what I need for my characters in my books: a passionate heart.
I need mavericks, dissidents, adventurers, outsiders and rebels, who ask questions, bend the rules and take risks.

Isabel Allende
HOW TO THRIVE IN DIGITAL AGE OF RETAIL

The world of retail is in a serious crisis. In Soho, New York, I recently counted 37 empty storefronts in an area of just a few blocks. Mid-America is in an even more dire situation since the advent of mega chains like Sears, Macy’s and Kmart closing entire malls; turning buildings into ghosts of the past and taking with them increasingly large handfuls of small boutiques, independent coffee shops, and family-run businesses.

The US has always had a much larger number of stores per capita than any other industrialized country. We have twice as many as Australia and almost 5 times the amount of the UK (as per a 2015 PwC data survey). A decline was expected to happen but the specific geography of the US cannot be compared to other countries and the real reasons lie elsewhere.

Though there are many, to find one overarching explanation for this shift, we can
“A store is no longer just a place where you sell a product”
just look towards the device in our hands. In other words - the internet.

Amazon is set to reach 50% of the entire online market by 2020, followed distantly by eBay and Apple at a mere 6.6% and 3.9% respectively. In 2018, the e-commerce penetration in the US rose to 14.3% as opposed to its initial 5% in 2007. It is set to increase by at the same rate, if not more, in the years to come. (This percentage seems low but in the total retail sales are categories that will unlikely go online: items such as vehicle gasoline, motor vehicle replacement parts, food, restaurants, bars etc.)

Though it may not seem like it, the reality is much more complex than the public simply no longer shopping in stores anymore. In this guide, we will not only deep-dive into this seismic retail shift, we will also suggest ways through which you can adapt to the change, and eventually, take advantage of it.

Up until just a few years ago, every client we met was complaining about the internet stealing their market. A common sentiment went along the lines of: “people don’t buy here anymore because they find the same product
online at a cheaper price.” This was especially an issue for big brands.

Best Buys, for example, often had customers coming in-store to browse and inspect products, but then leaving and ordering them online via Amazon or Walmart. The CEO endeavoured to combat it by launching a price-match guarantee, as well as strengthening customer relations. They did this by expanding their ‘Geek Squad’ program which helps customers with tech problems, and developing their ‘In-Home Advisor’
program that gives 1.5hr free advice for customers on any electronic product, without any pressure to purchase. By ensuring that customers are treated like individuals and not just numbers in a database, Best Buys have been successfully growing.

Competing with an online business if you are a physical store is an uphill battle. Unlike your store, a website doesn’t have to pay for high rent, cleaning, security, utilities; let alone prime locations. But if you stop viewing the two channels as two totally separate entities, you then realize that there is much more that you can offer and this is why there are many retailers that were previously only online are now opening stores or showrooms (to name a few; Warby Parker, James Allen, Harry’s, and Amazon).

As businesses like this experiment with opening physical stores in various cities, they find that their online business is larger than in the cities that do not have a physical store.

It makes sense – you might have brilliant and innovative ways for customers to try or preview products digitally via photos or virtual reality effects, but it will never be the same as feeling, touching and trying on items.
in a physical space. And it will never be the same as interacting with an IRL human (i.e. retail assistant) smiling, taking your coat, and suggesting jeans of a perfect fit just for you.

A store is no longer a place where you sell a product, it is a ‘brand activation’ point. Sales may happen online but the customer’s interaction with the brand needs to happen on a physical level if we want to convey real emotions. It is the irreplaceable physicality of experience, as well as the convenience of the digital world, that will allow the next generation of retailers to thrive.

Keep reading, and we’ll guide you through how to achieve just that.

1 CURATE YOUR PRODUCT, FIND YOUR NICHE

Andy Warhol once said that “You can be watching TV and see Coca-Cola, and you know that the President drinks Coke, Liz Taylor drinks Coke, and just think, you can drink Coke, too. A Coke is a Coke and no amount of money can get you a better
"WE CAN CREATE PRODUCTS FOR A VERY SPECIFIC NICHE OF THE POPULATION AND STILL BE SUCCESSFUL"
Coke than the one the bum on the corner is drinking.”

In other words, a Coke is the same regardless of when, where and by whom it is consumed. At the time Warhol said that, the world was a place where every product needed to be suited to a large portion of the population - if not all. We could have almost said that everyone likes Coke and that’s what made it what it is today.

In the digital age this is no longer true. We can create products for a very specific niche of the population and still be successful. In fact - we need to create products for a very specific niche. This is because, unlike at the time of Warhol, we can now find and target that niche with extreme precision.

Think of hair products, for example: we all have a different hair type as a result of our genes and today we can find a product that works specifically for us. Regardless of whether you have curly hair, thin hair, thick hair, coiled hair - you will find something, because there is something made for every single niche.

In the food industry we can find a specific type of potato chips that are the exact right
“HAVING A MORE CURATED STORE WITH FEWER PRODUCTS MAKES IT EASIER FOR SALESPeOPLE TO BE KNOWLEDGEABLE ABOUT WHAT THEY’RE SELLING”
flavour that we’re looking for; chips which have the right amount of salt, the right amount of crispiness, the right shape - just for us. Thousands of products are now designed for a small category of people, not designed to serve every person in the country.

This is great news for retailers! It means that you can now find your exact customers and design your products specifically for them.

The same thinking is valid if you have a store, but are not necessarily designing and producing your products. You can find a niche and sell only to that niche - but you need to become the best at it. You could be selling rock and roll leather jackets, astronomy or astrophotography books, video games or role-playing toys.

Regardless of what you’re selling, you need to become extremely knowledgeable in that category and sell only that; so that when people come to your store or website, you know exactly what to tell the customer. You’ve curated the selection, and have a knowledge of the product that can’t be found easily online. You’ve found your niche. A customer comes in to see what you have on display, and will want to talk to you, because you are the
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one who knows the field, through and through.

Good retail destinations (and websites) are becoming more like museums, where going to a store is an educational and engaging experience. The salesperson should be extremely knowledgeable.

The salesperson or shop assistant should also have excellent curatorial skills. One of the first things Steve Jobs did upon his return to Apple in 1997 was to remove most of their products. He left just three or four; one entry-level computer, one desktop, one phone and one iPod. Being so heavily curated, this groundbreaking approach meant that Apple employees could be incredibly knowledgeable about their products and spend more time perfecting them.

Additionally, having a more curated store with fewer products makes it not only easier for salespeople to be knowledgeable about what they’re selling, but also easier for customers to select something because they are not overwhelmed by choice. Research a category of product on Amazon and see how many results you get - it’s nearly always too much to choose from. The paradox of choice means that it is harder to decide purely
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because there are too many choices.

So take a page from Apple’s book and curate, cut down and learn everything there is to learn about your products.

2 DEVELOPING YOUR BRAND

The next step is to make sure your brand assets are well developed - or, if this is a new brand - then this is the time to make the extra steps in creating them.

Often, when I ask clients if their brand is developed, they tell me they already have a logo. A brand - however - is not a logo. A logo is just an expression of a brand, a way to represent a company and its values with a specific sign. A brand is about products, values, missions, the story behind it, and much more. The logo just sums it up.

To spark some ideas when developing clients’ brands, we ask them a few questions:

a) How would you describe your business in a short sentence or two?
b) What is your company mission?
c) What is your customer niche? (e.g., 80s
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video games collectors, Brides-to-be, new Dads...?)

d) What makes your company and your product unique?

e) Is there a story behind your company?

f) Can you describe your company in just a few words?

g) Who are your biggest competitors? What are they doing right and what are they doing wrong? Can you tap into an undiscovered niche that will place you ahead of them?

h) Who is your ideal customer, or the ones you would like to attract? Can you describe them in a sentence?

i) Who are your loyal customers? What do they care about? A company is made by the owners’ hard work, but it reaches a larger scale because of a loyal group of customers that not only benefit from the brand, but also promote it. This is no hard task when the values of the company are easy to identify with, understand, and share. This loyal group of people ideally includes the employees as well.

l) Do you have a tagline? A short sentence that defines everything we said before?
“THE STORE ALSO NEEDS TO COMPETE WITH MILLIONS OF OUTSTANDING INTERIORS THAT YOUR CUSTOMERS SCROLL DAILY ON INSTAGRAM”
Answering all these questions may not be easy but it is key in the development of your brand and for the right positioning of your digital and physical retail business.

If your brand assets are already developed, it is important to ask yourself how the company is perceived from the outside. A brand is not what you say it is, it’s what they say it is, meaning that you might have a precise idea of what your company is and stands for but if your customers don’t understand it, the message won’t get through to them.

This research is crucial when curating the design of your retail store, your pop-up space, or even your office. Customers today enter a store or an office wanting to immerse themselves in the brand with all their senses. For an example, just look towards the Google offices or a Prada store.

Long gone are the days when all you needed was a series of shelves and a very good product. Customers today have infinite choices and your store needs to compete in an overcrowded environment of beautiful spaces. The store also needs to compete with
“ANYTHING SHORT OF THAT QUALITY WILL MAKE YOU LOOK OUTDATED”
millions of outstanding interiors that your customers scroll daily on Instagram.

By making whoever interacts with your brand feel great, you’ll be winning in the fight against obsolescence.

3 THE EVERY-CHANNEL APPROACH

Up until a couple of years ago, people perceived two separate channels through which they could purchase products or services from companies. It was either online or in a physical location; and the online business was always competing with the physical location. This doesn’t exist anymore, because we now have several channels that work together to make a sale.

Retail requires an every-channel strategy. There’s the online channels (through websites, social media, ads and email newsletters), and there’s also the physical (word of mouth, and a showroom or a store).

If a salesperson is selling an item, they’re no longer selling it in competition with the internet. The customer can find out about a brand’s products on Instagram, and then
“A store is a reflection of your brand”
they might go to the store to buy it. Or - maybe they go home after seeing the physical product, visit the website and then decide to purchase. Or perhaps they talk to friends online or in person beforehand? It’s no longer a fixed process; in-store purchases are no longer a certainty, and the customer has a choice.

This begs the question: which channel is the one who pushed the sale? The answer: all of them.

4 YOUR STORE: BEAUTY IS THE KEY

A store is a reflection of your brand; it is your business card and the physical connection between your customers and who you are.

Our society has been exposed to the functionalist doctrine for more than a hundred years. Beauty has been treated like an unnecessary addition that just makes things more expensive without adding anything to the way people use an object or inhabit space. By this philosophy, a plastic cup is the same - or better - than refined
porcelain china. The truth is that beauty is a function too and we need it more than ever to make our lives better. Beauty connects the living environment with our soul.

You need to make sure your space is spectacularly beautiful, because this is how you touch people deeply. You need to provoke people’s emotions, make them smile, and make them feel special the moment they walk in.

5 BE UNIQUE

Your brand is special and so are you. Don’t replicate other people’s approach unless you can make it a lot better. Try to be yourself. Your space represents your brand with its own values and aesthetic. Many retailers tend to design spaces that look like their competitors’ instead of finding their own specific look.

A few years ago, the majority of my clients wanted me to incorporate a specific glass chandelier in their stores. Today they are asking me for the flower wall to take selfies. I am sure that tomorrow they will ask for something else they believe is cool and trendy.
“DON’T BE A FOLLOWER, BE A LEADER”
Don’t fall for this when you plan your space, you need to find elements that nobody has because your brand is special and people will remember it for that.

You have already developed a unique brand and found your niche. Now you need to do the same with your space. Don’t be a follower, be a leader.

EXPERIENCES ARE THE NEW LUXURY

Your website is there for convenience, your store for experience.

Owning a Chanel bag, for example, used to be a way of telling others that you were able to afford something expensive and that you belonged to a specific ‘tribe’. Today, experiences are the new luxury because they are scarce, unique, and they can be shared and celebrated on social media.

The younger generation - save a few avid sneaker collectors - are less interested in buying products as a status symbol - they are more interested in experiences and the sharing of them.

As a result of this, you have to turn your
"YOUR WEBSITE IS THERE FOR CONVENIENCE, YOUR STORE FOR EXPERIENCE!"
store into a kind of Coachella. The space needs to be stimulating on all senses. It needs to be designed as a flexible place where you can host a myriad of events, VIP nights, classes and more. These experiences should be your most powerful tool through which you can showcase your the magic of your products and your brand, overall.

7

CUSTOMER VALUES

Being generally less concerned with physical possessions and status symbols, the younger generation prefer to identify themselves as individuals with possessions - or experiences - that match their individual values. They identify with brands that recognize the same values and they are proud to buy them, share them, and thus, inadvertently promote them in their circle of friends and followers.

You might be familiar with Nike’s 2018 campaign created with former San Francisco 49ers quarterback and political activist Colin Kaepernick.
In 2016 Kaepernick began sitting down, and eventually kneeling, during the playing of the national anthem in the football matches as a protest against police brutality and racial injustice in the country.

The protest generated a wide reaction on both sides of the argument, even involving Trump that asked for his firing from the NFL. A year later Kaepernick lost his contract and stopped playing football.

Nike’s tagline for the ads was: “Believe in something. Even if it means sacrificing everything.”

In just a few weeks, Nike’s sales jumped and their stock soared by 5% (increasing the value of the brand by about $6 billion). How did this happen?

Because Nike’s customers also share Nike’s values - as demonstrated by the campaign and its immense success.

The values of this generation often centre, more than ever, around social and political justice. As the ice caps melt around us, these values inevitably include climate justice. Millennials are increasingly conscious of environmental fragility when choosing what to buy - and having grown up with access
to information via the internet 24/7, this generation is also more aware than ever of where what they consume comes from.

8

A STORE IS A BRAND ACTIVATION POINT

Retail has - up until now - meant lining the store walls with everything you sell. Stores are called ‘stores’ because they were literally places where goods were stored for sale. Your store was created and centered around your products. You paid rent for access to a popular location.

Today, we are looking at some major changes to what it means to own a store. A store today is an activation point for your company, because it is the physical point of contact between the customer and the brand; sometimes the only one, and always, the most important one. It is a place where you can not only showcase your curated products, but also explain what your brand is, what your values are, and who stands for it.

A store has enormous potential outside
“THE OLD MODEL OF REWARDING EMPLOYEES BASED ON MERCHANDISE SOLD IS NOW OBSOLETE”
of simply selling items, however. It can be used to host events, concerts, exhibitions, talks, launches - and almost anything else that comes to mind. It is a place where you can connect your brand directly with your customers.

We’re at the forefront of a retail revolution here, and it means some serious innovation. The change comes down to this: stores are no longer, by definition, merely spaces that hold and offer items for sale.

THE PEOPLE BEHIND THE BRAND

This brings me to my last point. The store is more or less the only place where your customers can meet the people working for and representing the brand - face to face. And with the generational value of experience, the millennial market really value “IRL” (in real life) social interaction.

Through providing experiences for your customers, you’re designing the story you’d like them to share about your brand; not a
place where you must sell a certain number of items every day to meet your quota. It requires trust and generosity, the essence of great customer service - going out of the way for your customers and developing genuine relationships without thinking about the payout.

Even the old model of rewarding employees based on merchandise sold is now obsolete because your customers don’t like to be pushed anymore; they prefer browsing, exploring, discovering. They will buy when it’s the right time, in whatever way is most convenient for them.

Additionally, if the company’s message can be communicated well through its employees with friendly, efficient customer service, then the values can flow down to the customer’s own experience. A store is the perfect place for all of this to happen.

The goal is to craft an experience of your brand that your customers enjoy to such an extent that they spread the word (or the image) to their friends, family and followers – and then come back again, and again.
CALL TO ACTION

Is all of this overwhelming? We understand there is a lot to digest.

Give us a call, we will be happy to chat and create something amazing together.
“Sergio Mannino Studio’s roots in Italian design culture shines through in its projects. The firm uses a bold palette to create distinctive environments that channel the Memphis Group—and other influences unafraid of a little color—with an aesthetic that is uniquely its own”

Surface Magazine
MISSION:
Sergio Mannino Studio is a creative agency helping innovative brands to succeed through Design in a fast-changing world.

WHAT WE DO:
We can advise you on how to launch a relevant consumer brand from scratch, or help you grow into your pop-up, second, twentieth or hundredth retail location. We believe that every brand needs a holistic approach in order to succeed. Every channel needs to work together in order to communicate the brand values: website, physical spaces, social media, events etc. Our agency will help you navigate through them seamlessly.
At the Studio we work on brand’s specific projects and we also experiment with Design developing limited edition and one of kind furniture that are purely driven by our desire to explore.
WHO WE ARE:
We are a team of architects, product and graphic designers, branding strategists, writers, and dreamers. We are creative and pragmatic. We look into the present to imagine a better future.

WHO ARE OUR CLIENTS:
Our clients are not afraid to experiment because they understand that the world is changing at a very fast pace. They know that if they don’t evolve, their brand might not succeed or even exist tomorrow. Sometimes this can be overwhelming, but don’t worry, we are here to help.

OUR EXPERTISE:
For clients who are seeking assistance with implementing the changes necessary to thrive today, our firm offers a range of services including brand development, online presence and SEO, architectural design and in-person events.