

Few retailers debate the need to innovate, mostly because the ones that wavered are out of business or close to it. The need for innovation is now a recognized and constant demand.

The critical question then is how do you innovate thoughtfully and not overcompensate. Yes, there's an overflow of enticing technology out there, but smart, purposeful retail innovation is just like any other business practice. It must be anchored in customer experience improvement and revenue generation.

Responsible, cost-effective retail innovation involves thorough planning that anticipates execution at scale, whether that's 100 or 5,000 stores.

What you don't want is to go overboard with concept stores that look like something out of a science fiction movie. Sure, one-off stores of the future can garner press and perhaps earn design awards. But what comes next when those spaceage concepts prove impossible to scale?

So let's regroup. What should innovation look like for your stores? We all know that the role of the store has changed. It used to be a purely transactional place, designed around making the sale. But more and more, customers no longer need to seek out brick-and-mortar stores for acquisitions, and the shopping experience rules. Retailers must curate customer experiences, connect with customers, pull the right value levers

and build brand affection.

At the same time, innovation shouldn't cross over into untenable design, meaning design that can't be defended as measurably purposeful. Too often retailers unveil designs not grounded in true business objectives or based on forward-looking growth strategies.

For example, consider a pop-up that is not only cashier-less but also unmanned. A place where shoppers must purchase through the retailer's app and obtain price, inventory and product information through RFID tags and magnetic chips. Are your shoppers ready for this type of radical innovation? Will it deliver the store traffic and sales that would justify a large-scale rollout? Does it elevate your brand and connect with customers?

When trying to differentiate between bleeding edge technology and innovative secret weapons, consider two words: could vs. should. We all agree that "failing forward" helps us learn about what works and what doesn't and provides concrete lessons for future choices. But failing is simply failing if the effort was not thoughtfully conceived. Wishful thinking untethered to reality is pointless, and in business it can be expensive.

RETAILWISE

Which brings up our idea of being "RetailWise." You won't find RetailWise in the dictionary, but its meaning is pretty clear. "Retail" is the sale of goods in quantities for consumption rather than resale. And "wise" means showing experience, judgment and knowledge. When combined, these terms embody the critical nature of innovating at scale.

So how do you act RetailWise when innovating your stores? It starts with the five "Rs," or Miller Zell's essential components of roll-out-ready innovation.



THE FIVE Rs

RESEARCH

Have you identified your challenges or is this innovation based on theory alone?

RESPONSIBLE

Is this innovation a financially sound investment?

REPEATABLE

Can this innovation be scaled across your entire enterprise?

RIGOROUS

Did you take the time to explore and pressure-test your innovation?

REALISTIC

Can this innovation be completed within your specific business constraints?

RESEARCH

Our founder, Sandy Miller, sometimes challenged so-called big ideas with an amused skepticism, asking, "Is it a cure for a real disease?" It was funny but it also was meaningful and rooted in a developing trend in retail.

Days of spit-balling strategies with beautiful imagery, eloquent overviews and grand visions are gone. Instead, it's about investigating customers and understanding them. Retailers should no longer consider what they want to do first. Shoppers have taken the lead, and retail innovation must be rooted in carefully researched insights into what shoppers truly want. Even if they don't realize what they want or can't clearly articulate it.

Only painstaking, well-executed research will set you on the right course for a successful rollout across your enterprise.

Research takes many forms. It starts with a deep knowledge of the category and extends into the retailer's shopper demographics. Proprietary research through focus groups, surveys and interviews identifies specific likes or

dislikes and uncovers opportunities to deepen a relationship with your brand. But it doesn't end there. Store walks, secret shoppers and observational studies reveal small but critical details and oftentimes unconscious behaviors.

And if you really want to dive in, experience your brand as your customer does. For instance, Miller Zell once joined a weight loss group to obtain firsthand knowledge of its locations' customer experience. This inside view led directly to several innovations to improve shopper comfort, extend the brand into the retail locations and strengthen brand trust.

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RESPONSIBLE

"Responsible" may sound like a bit of a buzzkill. But responsibility is the best friend of innovation because it. makes innovation successful. Responsible innovation is accountable and fiscally sound. It delivers its intent. on time and at cost. Cool ideas might generate a momentary blast of PR. But cool ideas need a responsible audit to deliver sound business results.

How should you be responsible when rolling out innovation? At Miller Zell, it means identifying potential pitfalls before you begin. That requires deep knowledge of production and installation as well as skilled value engineers. Quite often we've flagged design elements that couldn't be installed within the existing store infrastructure. Then, without losing the design integrity, we reworked the specifications that could have endangered the project and delivered it across hundreds of locations and multiple store layouts.

REPEATABLE

Repeatable is a pretty straightforward concept: Can an idea, design or technology be replicated from Miami to Portland to Boston to Phoenix, as well as for a standalone store in a large mall? The idea is often simple but the complexity lies in the execution.

Trending designs are wonderful, but they are only rewarding when they are also scalable. Staying on budget and operationally feasible is a complex challenge, whether you are talking about store design, fixtures, installation, products or systems. This is why one-off tests are important but not the endgame. They set the stage but more often than not, uncover at least a few elements that will need further refinement.

This happens most often when concepting a flagship store. Find a knowledgeable partner who transforms striking pictures into precisely engineered fixtures and displays and then installs them. Value engineer the design and provide options to cut costs and improve production and installation timelines. So instead of merely executing a one-off, create the path to scalability.

RIGOROUS

By definition innovation isn't a final destination but

rather the introduction of something new. It's research, strategy, design, implementation and measurement in a continual loop. It requires prototypes, testing, optimization and socialization. The retailers who excel at innovation understand that it requires rigorous supervision and measurement every step of the way.

Consider the rigor necessary when an iconic brand asked Miller Zell to evolve its look with a design that needed to be both familiar and modern. There was one imperative: maintain an authentic connection to the company's well-known and beloved founder.

Miller Zell's rigorous process began with store tours, brand immersion and research. The goal? Blend family and brand lore with modern tech and decor. The resulting interior featured multidimensional finishes and design components that have meaning to the family and brand. Interactive elements that engage through light, sound and

play while encouraging user-generated content provides a contemporary shopper experience rooted in tradition.

None of this emerged from mere whims, though the space itself offers plenty of whimsical charm. It was well-researched storytelling strategically focused on connecting brand and customer.

After designing, manufacturing and installing these new elements, our team continues to work with the retailer to evaluate and measure the redesign's impact while expanding the concept to multiple locations.

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REALISTIC

Some think that reality takes all of the fun out of innovation. But flip your thinking. Reality is tangible results. It's about taking action and measuring the reaction, with facts instead of speculation.

The bedrock of realistic is time to market, when all the moving parts need to be in sync and optimized. And guess what? In today's retail world, we're talking about an accelerated process when there's not a lot of time. The finish line keeps moving, which should be an indication to you that—again, realistically—there is no finish line.

After purposeful preparation, a rollout needs to move quickly and nimbly across a diverse array of store footprints. Or you're not doing it right.

One of the world's largest retailers looked to Miller Zell for a complete department overhaul for 4,000 stores in nine months.

A realistic approach—one that entailed planning and collaboration among our project managers, graphics center associates, material manufacturers and fulfillment and installation teams—allowed us to print, ship and install across all locations. This fast-moving and high-profile project was only possible because the retailer and Miller Zell fully understood the expectations, identified challenges and areas of concern and worked through the execution with open and systematic communication.

Two questions set you up for being realistic in retail:

- 1. Are you meeting your shoppers based on today's expectations?
- 2. Are you doing so within the constraints of your business ecosystem—the people, the infrastructure and the operations?

MILLER ZELL Believes Passionately in Innovation

Since 1964 we've partnered with some of the most iconic and progressive brands out there. Along the way, we've learned a few things, including that innovation only has valuable impact when it's efficiently rolled out across your footprint. Retailers know that innovation is necessary to compete in today's marketplace. Innovating at scale is equally important to long-term success and it will involve many moving parts, from conceptual designs to logistics. It can be intimidating. Work with partners who understand these complex projects and can guide you

ABOUT MILLER ZELL

Miller Zell is a retail experience solutions company. It partners with retailers to create the ideal customer experience in their stores, offering design, implementation, strategy and support that fosters sales growth amid a complex and changing marketplace. It deploys these solutions at scale, thereby minimizing client risk, cost and operational complexity.

MILLER ZELL

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