



# DIGITAL MYTH BUSTING

Digital transformation in retail requires a content-based strategy, customer-centric execution and measurable goals

“DIGITAL TRANSFORMATION” is a hot topic in retail. To some, the notion seems daunting or unclear, not to mention worrisome in terms of ROI. But at some level, most retailers recognize the need to become more tech savvy and digitally inclined.

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**As digital continues to permeate the consumer landscape,** some retailers get swept up in the urge to “join the movement” but they may not necessarily know how to proceed. For every flagship that boasts a leading-edge digital feature, there is a mid-level retailer figuring out how to get started with adoption. This disconnect between the desire to embrace digital and how to deploy it effectively can lead to decision making that is based more on trending inspirations than on informed insights.

This scenario allows digital “myths” to manifest and mislead retailers about what it takes to succeed with digital transformation. Miller Zell has developed a keen sense to detect these very myths disguised as solutions and we want to bust them open for you.



# MYTH: WE HAVE A DIGITAL STRATEGY

**Many retail leaders do two things** when talking about technology: First, they fret that they are behind their competitors when it comes to digital adoption. Second, they claim they want to lead.

As a result, many retailers jump into the technological pool without checking for water. For example, [according to a survey](#) by Gartner, 46 percent of retail executives said they plan to deploy either Augmented Reality or Virtual Reality solutions to improve their customer experience by 2020. Meanwhile, on the customer end of things, 60 percent of shoppers don't recall encountering either VR or AR in a store, according to a [report from Periscope by McKinsey](#).

In other words, retailers view their digital strategy as adopting the latest, most hyped digital screens, AI, AR, in-store drones,

virtual aisles, chat bots and IoT technologies because it feels bold and aggressive. In some cases, these “solutions” are forced into the retail space and immediately disregarded by the employees meant to support, use or be assisted by them. Retailers often don't truly understand what it takes to build a long-term solution. Or understand their customers, for that matter.

They lack a concrete, articulated strategy.

Before you start, there are a lot of questions to answer. Why are you making this move and what do you expect to gain? What part of your store environment are you comfortable sending into retirement? What tech do you want to implement? Which metrics will you track and how are you going to measure and interpret that data?

**MYTH:**  
**DIGITAL  
SHOULD  
FOCUS ON  
THE “STORE  
OF THE  
FUTURE”**

**A popular trend in retail**

design journals these days is the celebration of fancy, high-tech stores of the future that perhaps go on to win design awards.

Yet those stores often struggle to expand out of the flagship because the designs and advanced tech were not scalable. More often than not, the significant investments in screens or interactivity sit and collect dust or are replaced by basic video content loops.

Retailers too often misjudge the value of starting strategically small and precise, with an eye

to measuring results. Those that do, however, collect data and then advance with a clear plan, one that pays off when the digital solutions are intended for thousands of stores instead of a single prototype.

The need for value engineering never goes away, even with high tech solutions. Successful companies have a strategy to review what is impactful in flagship or store of the future locations and then quickly follow with a scalable version of those solutions that fit all locations.



# MYTH: DIGITAL CAN EASILY SWAP WITH TRADITIONAL SIGNAGE

**Consider a retailer who created** a cool interactive holographic display that read a bar code from a toy package that then triggered a short 3D production. It was great... when it was raining or at night. On sunny days, the holographic performance was barely visible. Considering the display was built into an ornate wall, relocation was not going to be simple.

Digital is more than “non-static content.”

Digital displays are their own sorts of beasts. Placement, operability and intent will determine if they improve a customer experience or create an unwelcome distraction. Something as basic as poor Wi-Fi can damage customers' perception of your brand.

Bottom line: digital cannot be an afterthought. It must be a fully integrated part of the environmental design phase of each space in which it is conceived.

Digital is more than  
**“NON-STATIC  
CONTENT”**

# MYTH: DIGITAL IS ONLY CUSTOMER- FACING

## An embrace of technology

that enhances the customer experience requires not only new thinking; it requires a cultural shift inside the corporate office as well as the store.

Moreover, this shift isn't always directly focused on the customer experience. It's also about improving the experience and performance of your store associates who must understand and embrace changes and be eager to guide customers toward

digital solutions, in-store or online.

In fact, many of your best digital ideas won't be customer-facing. They will be solutions that reduce associate pain points and thereby circle back toward improving the customer experience.

Great digital is about removing friction from the customer (and associate) journey and storytelling along the path to purchase. An evolving and holistic strategy must be constructed around that fact.



# MYTH: BIGGER IS BETTER!



**While large-scale displays can impress,** everything must be purposeful and factored into the overall customer experience. You need to know the “why” behind each display.

If a wall of 12 screens combines to show one message why not just use one screen of the same size? Try to consider all applications for that video wall before you make the purchase decision. When it comes to

a kiosk, bigger might not be better for your customers. Even when ordering at a fast food restaurant, some folks want a degree of privacy. That desire for confidentiality can increase when your customer is considering certain clothing purchases, entering in personal information for an order or taking out a jumbo loan at a bank branch.

Big might be better, but customer-centric is always best.



# MYTH: OUR INTERNAL TECHNOLOGY TEAM CAN MANAGE IT ALONE

**There are a lot of great digital ideas** out there, and it is tempting to task an internal IT team to implement them.

Careful. Your IT department might be fantastic at maintaining in-house systems, but do they know your customers' wants and needs? You can internally discuss your insight-driven digital strategy, but the leaders of your digital transformation also need the knowledge and skills to deliver that strategy and execute the installation and company-wide adoption.

Internal teams have competing priorities and are measured against distinct objectives. Oftentimes, they are pressured to select the cheapest option instead of the best solution. There is a big gap between idea and execution, and most missteps occur with the latter.



**MYTH:**  
**DIGITAL  
CONTENT  
SHOULD  
EXCLUSIVELY  
FOCUS ON  
SELLING**



**Your store is there to sell your products,** but the customer journey is more complicated now. If your digital displays create a positive experience for shoppers—entertaining, informing or just distracting them during wait time—then they enhance your customer experience.

Today's successful digital applications are experiences that

build affinity with your customers, thereby increasing the likelihood for an additional purchase.

Movie, concert or television previews. Celebrity trivia. Local news and information. Irreverent original content. When blended with targeted brand messaging, customers should be compelled to look up from their own phones and engage with your larger, in-store screens.

# MYTH: CUSTOMERS WON'T ADOPT DIGITAL IN MY STORES

**Change is rarely easy.** When a grocery store moves its bananas 10 feet forward into a new display case, someone will grouse about it. That's what human beings do.

If you update your store with digital technology, you will have a crew of grumps who don't like it, and often they will be vocal. Each complaint should be taken seriously and evaluated because social media can quickly amplify even a minor and rare shortcoming. But don't overreact to the "squeaky" wheel.

Here's a story for inspiration: A retailer updated its app and a certifiably loyal customer complained over social media that it no longer would work on his phone. The retailer investigated and learned that the customer was using an older model mobile phone. Instead of ignoring the complaint, or spending tens of thousands of dollars to make the app functional for an outdated phone, the retailer... bought the customer a new phone.



**MYTH:**

**DIGITAL  
MUST CREATE  
TANGIBLE  
RETURN ON  
INVESTMENT**

**Every retail solution should aim for return on investment,**

but measurement isn't always a one-to-one ratio. Some might make the case that ROI intersects with ROO and ROE — “Return On Objectives” and “Return On Experiences.”

That's why retailers need an upfront strategy that identifies evolving measurements of success. The connection to conversion rate might be indirect or even circuitous.

Increasing customer browse time, reducing friction or creating moments of surprise, delight and engagement also represent notable ROI.

You might counter, “That's all well and good, but what if customers won't adopt digital in my stores?”

No doubt some customers remain old school when

shopping and will have concerns about privacy, hygiene or simply will be wary of the intent of your digital initiatives.

But fundamental to your digital strategy is attracting, serving and then retaining customers with your technology. So first you must audit your customer journey from what it is today. And then you re-audit once digital is in play.

Store associates must be included in the process. They must be motivated to guide customers to digital displays and then be prepared to assist them as questions arise. Further, they must frequently check on digital displays to make sure they are fully functioning and clean.

Competence, attractiveness and demonstrable functionality overcomes many customers' tech fears.

# MYTH:

## INVESTMENT IN DIGITAL ENDS ONCE THE HARDWARE IS INSTALLED

**Of course, the initial strategy, product choices and installation are important,** but there must be a plan for digital content management after installation.

Imagine watching the same TV show over and over again. Then imagine your loyal customers frowning at redundant brand messaging. Too many retailers don't refresh their content on a regular basis, which also means that there will be a hole in their budget when they recognize the need.

Digital content isn't a one-off cost. In fact, it should be

a recurring and evolving cost because at the end of the day content is king.

Therefore, a critical part of your strategy is budgeting for and establishing a process for providing updated content. Updating content is one of many costs of ownership and shopper experience when it comes to digital technology. Content needs to be managed, maintained and refreshed. Yes, this is a big investment. Just remember that digital content is about serving the customers who will consume it, so this is an investment in them."



# FINAL THOUGHTS



**Here's the deal:** retail innovation never stops. There is no finish line of “Our stores are now perfect... forever.”

So a digital transformation is not something a retailer can avoid. Nor is it a one-and-done update. Or even an update that will remain static for several years.

How often do you update your signage and decor?

Annually? By season?

Digital is the new reality and it will follow similar refresh and execution models. That's why the savviest retailers need to view it strategically and dynamically, knowing that the digital convergence with brick-and-mortar stores is always about keeping up with the customers' wants and needs.



## Believes Passionately in Innovation

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.

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