



MILLER ZELL

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FIVE PRIORITIES TO MAXIMIZE ROI DURING A STORE REFRESH

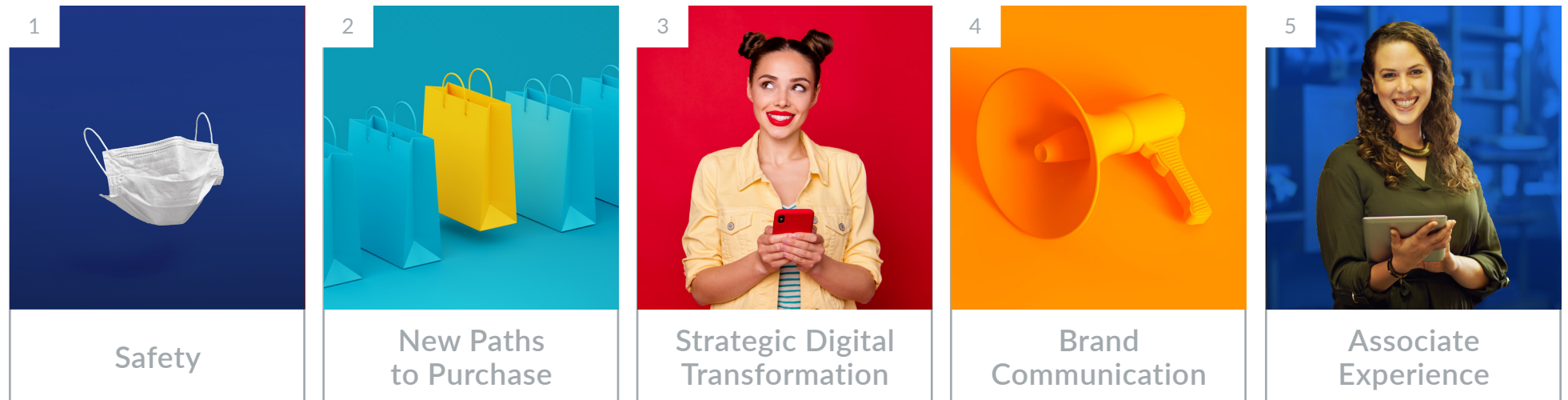
Solutions That Boost Sales and Build Customer Loyalty

Measuring ROI after a store refresh has long been an essential but inexact science, as it's about more than an immediate sales boost. The present and likely long-term complexity of refreshing public spaces during and after the COVID-19 pandemic adds another weighty variable.

Consumers are different than in early 2020, in some ways dramatically so. Understanding how those tangible differences will evolve and must be met will be the secret sauce going forward.

With that in mind, there are specific areas where retailers, banks, quick-serve-restaurants and other public environments should focus their attention in order to ensure a best possible customer experience and therefore a best possible ROI on refresh initiatives. Most of these areas have changed since the pandemic began, but they existed before and will endure well into the post-pandemic future.

The five priorities for maximizing ROI during a refresh are:



These priorities will guide your refresh toward fulfilling multiple goals that improve ROI. They will foster better leverage in your stores to increase sales across all customer points of contact and also will create a stronger brand connection, trust and, thereby, loyalty.

Safety

It's now a strategic advantage

Maximum effort to ensure

customer and associate safety in your space started as an ethical and civic imperative. In terms of the bottom line, if your stores made customers feel unsafe or uncomfortable, they'd no longer come back.

This is no longer a temporary alert or a simple courtesy. It's a selling point that provides your brand strategic benefits when you outshine your competition. Notably, Ipsos, the global research firm, announced that it has launched a second wave of its "Consumer Health & Safety

Index," employing mystery shoppers to determine "which brands have implemented adequate health and safety measures." A good score would offer good PR on social media and elsewhere, whereas a poor one could do long-term damage.

This starts with basics, such as incorporating hygiene, sanitation, cleaning schedules and contactless options into your overall plans to ensure effectiveness and efficiency, as well as communicating your efforts and procedures to customers and associates.

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New signage and wayfinding should support social distancing and use outdoor spaces more effectively. Checkout, queue control and a prevention of crowding are long-standing challenges now demanding more effective solutions.

There also are innovative options worth exploring, such as adopting UV lighting as a disinfectant, smart robot cleaners and implementing touchscreens with antibacterial shields.

The potential ROI here includes basics like increased foot traffic and brand loyalty, but it also extends into critical but difficult-to-measure areas, such as positive online reviews and social media praise.



New Paths to Purchase

The new normal

According to McKinsey, 73 percent of U.S. consumers have experimented with a different shopping behavior during the pandemic.

Much of that emerged from seeking to minimize contact due to safety concerns. But the offshoot is consumers accelerated their adoption of convenience-first shopping initiatives, whether that's ordering/delivery via apps or BOPIS or contactless checkout.

These behaviors won't change, and any store refresh efforts need to optimize these paths to purchase, whether a customer starts online or with the app or in-store. BOPIS, in particular, needs to be leveraged with particular attention paid to customer experience and potential to increase basket load.

Pickup areas need to be clearly identified with instructions for efficient traffic flow, and there is no reason they can't be aesthetically pleasing after a refresh. The integration of new technology also means that associates will take on new duties and types of customer interactions.

Even before the pandemic, retailers were experimenting with hybrid stores as showrooms and distribution centers, attempting to seamlessly merge all potential purchasing channels. Savvy retailers were surely taking copious notes as unexpected circumstances produced customers eager for widespread adoption of these previously experimental initiatives.

New shopping attitudes won't revert to pre-pandemic behaviors and a store refresh will optimize new paths to purchase.

Strategic Digital Transformation

Customers are ready

It should come as no surprise that much of the discussion for a strategic refresh circles back to technology, whether that's about health and safety or convenience or customer experience.

Before the pandemic, the challenge was developing a path to strategic adoption that provided ROI. And guess what? During and after COVID-19, the challenge is... developing a path to strategic adoption that provides ROI.

QSRs, banks, retailers, universities and others who devoted significant resources toward app development in

recent years almost certainly are reaping rewards that will continue to pay off post-pandemic. Strategically incorporating mobile use into an environmental refresh is critical, as it reduces friction between shopper touch-points, giving your customers more control as they move between a digital and in-store journey.

Other technology — such as VR/AR, smart robots and voice tech, which customers previously seemed ambivalent about — is now better positioned for present experimentation and future acceptance as routine,



particularly when it offers a high-quality but contactless interaction. For example, a recent survey from Adobe noted that 86 percent of respondents said, “voice technology could make visiting businesses or attending events more sanitary” while 89 percent said it was “easy to use.”

Automated checkout also is on the horizon for many retailers. According to the Capgemini Research Institute, 66 percent of consumers believe it could “solve challenges such as long checkout lines.”

Often digital initiatives involve savvy solution-seeking. For example, Walmart developed a way for kids to preview and play with toys this holiday season without mixing with crowds in-store. Its “Wonder Lab” website lets kids play virtually with toys in surprisingly engaging ways.

Meanwhile, all of these new digital interfaces provide numerous opportunities to collect customer data



and insights, which are more critical than ever because of myriad behavior changes during the pandemic that figure to endure at least in some form.

This data then can help you break down evolving customer segments and differentiate your value proposition compared to your competition.

Brand Communication

Telling customers who you are

The oft-used quote, “They may forget what you said, but they will never forget how you made them feel,” has proven truer than ever during the pandemic.

Clearly communicating about your safety procedures for customers and associates is essential, and not just as a practical matter. Enumerating the steps you implement to take care of people matters with refresh ROI. It builds connection. And loyalty.

A holistic communication strategy, however, is more than posting safety procedures, store signage and wayfaring. It’s also about publicly defining your brand values.

Showing you authentically care about your local community matters. For example, Texas grocer

H-E-B helped out local restaurants that were struggling during the pandemic by selling their meals inside its stores. Supporting local businesses is a reward in itself, but here’s a guess that this initiative will end up boosting the bottom line in the future because gratitude often translates to loyalty and increased spending.

Further, corporate social responsibility is more than a buzzword. Beyond measuring it by civic or ethical means, it’s a way to attract customers, particularly younger ones. This was a notable trend before the pandemic and it’s sure to endure and likely grow. According to a recent Harris Poll, 77 percent of Gen Z and Millennials said they are more likely to buy/

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use a product if the company takes a position on social justice that is similar to how they feel.

This includes sustainability, which should be a significant factor in refresh efforts. A 2017 study by Cone Communications “found that 87 percent of Americans would purchase products from businesses who advocate for social and environmental responsibility. Even more significant, 76 percent would boycott businesses who behave in ways contrary to this.”

Brands should pursue ethical and environmentally friendly practices because they are the right thing to do. When they are incorporated into refresh plans, such efforts also provide an opportunity to communicate to customers who care how much you value doing the right thing in addition to profits. Doing this in an authentic way engenders a better brand perception and stronger connection with customers.



Associate Experience

Contagious sentiments

The pandemic and accelerated digital adoptions changed the customer experience, but they also altered the associate experience nearly as much. Any store refresh needs to incorporate specific elements that address this, making associates more efficient, empowered and confident in their work environment.

Consider an associate accustomed to stocking shelves, taking orders, directing customers to the right aisle or running the cash register at checkout who is now staffing BOPIS structures, handling orders delivered by disembodied customers via an app, using tablets and kiosks to guide customers and trying to master new AR/VR and voice-activated customer interfaces.

That's a different and rapidly evolving experience. And it's no different up the managerial chain of command.

If a refresh doesn't include associate training that inspires confidence, it will fail because your customers will quickly pick up on the frustration and lack of expertise. Imagine if one of two competing retailers frequented by the same customers suddenly finds its associates confused and unhappy with recent digital adoptions. Do you think customers witnessing the divergent sentiments might start being more loyal to a store experience that's less grumpy?

A great associate experience creates ROI, period.

Your refresh must help your associates adjust to and guide new customer experiences.



Retailers want a store refresh to improve overall sales and boost store traffic. They also want to improve brand perception and customer engagement, thereby inspiring loyalty. It doesn't hurt, of course, to generate some positive buzz, via the media, online reviews or social media.

ROI is measured by both tangible and intangible improvements. And the process for planning and executing a refresh is rapidly evolving, as are consumer tastes.

Before the pandemic, a survey by the Shop! Association found that “90 percent of retailers did not expect a store redesign to last more than six years before an update would be required.”

That percentage is likely even higher now, and that time frame even more demanding.

Incorporating these five priorities into your planning, process, execution and follow-up will provide both peace of mind and the ROI results you want from your store refresh.



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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