

The Retail Store of the Future:

Enhancing the

Customer Experience

As technology continues to rapidly evolve along with customers' expectations, the brick-and-mortar store is quickly becoming outdated. A forward-thinking approach to designing and renovating stores to meet both current needs and needs for the next 5-10 years is required for individuals driving the brick-and-mortar store experience.

The future of physical retail demands more digitalized, omnichannel, and customer-focused experiences. Whether this is accomplished through innovative store layouts or new retail technology, shoppers are expecting enhanced ways to shop.

THE RETAIL STORE OF THE FUTURE

Recently, retailers have been exploring the idea of the “Store of the Future.” This idea reimagines store layouts and experiences to create more engaging interactions for in-person shoppers. For some retailers, this translates to radically changing the store layout. For others, it may include introducing digital elements into the store or changing the goals of the store to build community through [real-life experiences](#). In-store experiences are essential to brand identity, driving both loyalty and conversion rates. When the customer [experience is enhanced](#), the outcome is reflected in the bottom line.

For retailers seeking fresh ideas to elevate the in-store experience, here are some key considerations and examples that illustrate the retail “Store of the Future.”

Adjusting the Store Format

The store layout has a tremendous impact on the customer and, while not as innovative as other considerations, addressing the layout of the store is a foundational place to start. Effective layouts prioritize the customer journey, ensuring a smooth flow and easy access to products.

For example, in 2023, The Container Store, with over 100 locations, adopted a smaller layout format. The new 15,000-square-foot store layout was created to showcase their custom spaces, organizational solutions, and in-home design services. The layout also fits into more urban settings, allowing The Container Store to expand into geographies they previously could not. One new small-format store in New Hampshire reported 70% of the customers [walking into the store in the first week were first-time customers](#). The small-format layout is



generating new customers as well as improving operating margins when compared to the traditional, more expensive, large-store format.

No-tech to High-tech

Low-tech areas within the retail shopping experience are prime for [technology innovation](#). Consider the recent evolution of the humble shopping cart. [Smart carts](#) streamline the customer journey, provide valuable data to retailers, and prevent shopping cart losses. By leveraging technology, smart carts enable stores to better connect with customers, resulting in improved brand loyalty and increased sales.

One recent example of a successful technology cart deployment is at Schnucks. In the last year, Schnucks [introduced Caper Carts](#) by Instacart. The cart automatically detects items being placed in the cart, helps customers find items in the store, and can be connected to a customer's Schnucks Rewards account. This technology advancement allows Schnucks to provide more personalized experiences for its customers and connects their customers in-store and [eCommerce experiences](#).

Shelving is another low-tech area within the store that is ripe for innovation. Retailers invest a great amount of thought, energy, and money into shelf location and placement, but as they think about the "Store of the Future," they also need to focus on making shelves smarter. While the adoption rate of Smart Shelves is slower than that of Smart Carts, the industry has seen growth as retailers [increasingly adopt advanced technologies](#). For example, retailers are recognizing that inventory management is streamlined when using cameras and scales to monitor products on the shelf. This improved inventory management drives superior customer experiences and has the potential to lower labor costs.

Smart Shelves also simplify [pricing and promotion](#) adjustments. With built-in digital displays, adjustments can be made multiple times a day with no incremental labor cost. Kroger, as an example, introduced a [smart shelf solution](#) that communicates nutritional information, promotions, and real-time pricing.

Another low-tech area that is growing and driving customer interaction and analytics is [heat mapping](#), where a series of cameras are used throughout a store to track where people walk, what products they pick up, and what they place back on the shelf vs. purchase. This tracked data is then used to create a visual heat map to help retailers understand what's driving customers to buy or not buy and how they can adjust their product assortment or placement accordingly.



More with Curbside

During the pandemic, retailers responded to customers' needs with curbside pick-up, an omnichannel fulfillment strategy in which shoppers could place an order online and then drive to a physical store to pick it up. Many retailers coupled this offering with a designated drive-up. Once the customer arrives at the store, they check in at a designated parking spot where they can collect their items from a store associate who brings them directly to the car.

Curbside pickup offers a convenient and completely contactless experience to the customer and has the benefit of bringing the customer to the store versus delivery. It also provides the opportunity for the customer to enter the store if they had forgotten something on their order. Curbside pickup is a cheaper alternative to delivery as it allows retailers to save on shipping fees and packaging costs. This innovative solution during the pandemic continues to expand post-pandemic as retailers answer customers' needs for speed and convenience.

To further improve the customer experience, retailers are expanding technology to deepen their digital relationships with their customers. For example, Walmart introduced new [geo-fencing](#) technology, which allows retailers to detect when customers arrive at the parking lot for a curbside order to reduce wait time and improve customer satisfaction. And, Sam's Clubs have doubled the available curbside pickup parking areas and introduced [omni-fulfillment](#) carousels to store items being prepared for pick-up.

In-store pickup is another approach to bringing the customer to the store. In this model, the customer buys online and then picks up in store. Offering store pickup for online orders gives local customers a convenient alternative to shopping but also allows them to enter the store to collect their order and browse for additional items when they pick up their online purchase. It's slightly more time-consuming for the customer, but it does allow for more personalized customer interaction with store personnel.

These strategies extend to [retail returns](#), too. Target has evolved their curbside customer experience by offering returns with "[Drive Up](#)," a free return service at all stores, nationwide, to build on their convenient return policy and enhance their guests' shopping experience. Curbside returns allow retailers to save on return shipping expenses and improve the customer experience by meeting them where they are.





Brand and Customer Engagement

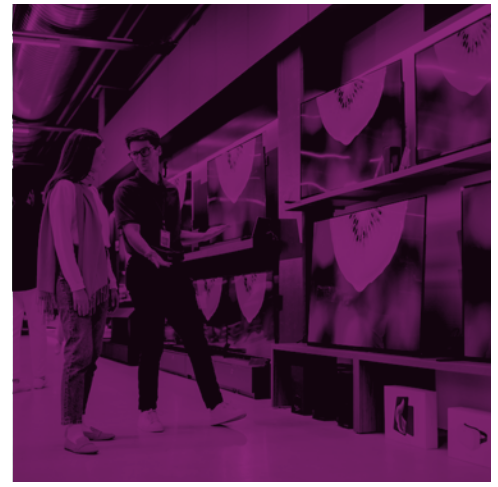
With ever-expanding digital experiences and customer expectations, it's important to engage with customers in a unique way when they visit a physical store. Some key considerations are personalized experiences such as the integration of digital identity recognition and customer profiles to deliver tailored recommendations and experiences as soon as customers enter. [Kroger](#) uses identity recognition technology in combination with its smart shelves to allow for dynamic price adjustments and digital displays to personalize advertisements shown on shelves. Retailers should also utilize data analytics to understand individual shopping patterns and preferences to create meaningful interactions.

While much of today's focus is on digital interactions, there's also [value "in real life" or "IRL,"](#) and brands focusing more on these experiences are feeding into customer demand for authenticity and community. [Glossier](#) is a prime example of a brand that thrives in both [digital and physical](#) spaces as a community-based brand that actually listens to its customers. The brand celebrates beauty IRL, with pop up events in major cities like New York City and community channels on platforms like Slack and Reddit. The brand also understands that its value will be in its ability to create community, which is a strategy that will continue to pay off in the long run.

While incorporating digital elements to create a unified experience is important, community building and product-forward design are additional key considerations for retailers developing their "Store of the Future" strategy. Designing spaces that facilitate interaction and community gathering, incorporating spaces for events, workshops, and educational programming, and creating experiential zones where customer can learn, interact, and connect with the brand's values is an innovative way to achieve community building.

Incorporating interactive product discovery through smart mirrors and [virtual try-on technologies](#), flexible merchandising such as digital displays and modular store layouts, sensory engagement with thoughtful lighting design or immersive product demonstrations, and sustainable design integration attracts customers to the store. These product-forward design strategies guide customer to relevant products, showcase extended product ranges without requiring physical inventory, and engage multiple senses of the customer, enhancing their experience.

An example of community building and product-forward design is [Foot Locker's Sneaker Hub](#), which creates an immersive “sneaker culture” destination that goes beyond traditional retail. The concept emphasizes community building by creating spaces for people who love sneakers to gather, interact, and engage each other and the brand. The Hub incorporates elements of personalization through digital interfaces and expert staff (“Sneaker Mavens”) who provide customized recommendations. The Sneaker Hub also excels at creating a cultural destination that strengthens brand authority in the sneaker space and blending digital capabilities with high-touch personal service to reinforce its brand identity and build loyalty among its most dedicated customers.



Another example of community engagement is H-E-B extending their [wellness programs](#) (grocery store clinics) to shoppers. These clinics offer benefits such as primary care, nutritionists, and pharmacy with the intent to provide an immersive health and wellness experience. H-E-B is also seeing a positive impact on store visits.

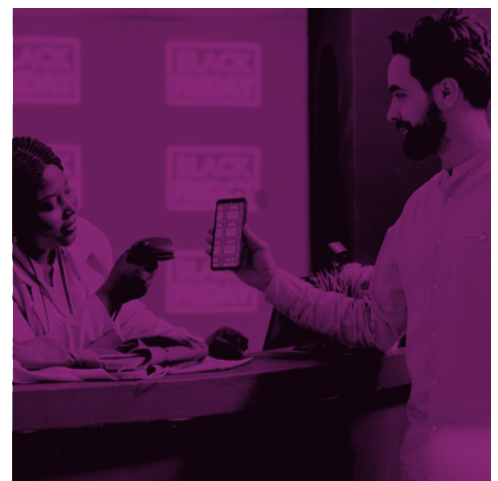


Capping off the Design

The introduction of new layouts, experiences, and technology is aimed at delighting customers – the outcome of which is an expected increase in brand loyalty, cart size, and conversion rates. While “Store of the Future” concepts will be designed with a high focus on user experience, [store employee development](#) must occur in parallel. Development for on-floor employees must move past standard sales training of checking out customers and answering questions. Rather, these employees must serve as brand ambassadors. They must be customer service-focused and experts in the layout of and products in the store.



Highly motivated, personable, and informed employees will have both the desire and ability to be a part of the customer experience, sometimes shepherding customers through it, resulting in increased sales. Retailers like Walmart, [an early adopter of VR training](#), understand the importance of a knowledgeable and motivated on-floor team, and they shouldn't overlook the technological advancements in training to enhance the customer experience in the “Store of the Future.”



LOOKING AHEAD

Implementing a forward-looking retail strategy is no small feat, with potential challenges in technology integration, layout redesign, and employee development. However, the rewards are significant. Today's diverse customer base values convenience and personalized service, and these preferences will only continue to expand. As you reimagine your store's layout and technology, consider partnering with our [retail team](#) for guidance on creating a lasting and impactful "Store of the Future."

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