making weconomy

COLLABORATIVE ENTERPRISE MAGAZINE

powered by **Logotel**

03

EMPOWERMENT, FEEDBACK, GAMIFICATION: ONCE UPON A TIME IN RETAIL

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Beta
Collective
Magazine

making weconomy

COLLABORATIVE ENTERPRISE MAGAZINE

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03

EMPOWERMENT, FEEDBACK, GAMIFICATION: ONCE UPON A TIME IN RETAIL

Once upon a time, was there retail? Or - also through key-words like Empowerment, Feedback, and Gamification - is retail still with us, and will it be in the future? Logotel presents this Magazine on the occasion of the event "ReSeT - Retail Service Transformation": an opportunity to reflect on the meaning of the new collaborative experiences that the retail world of the future can build for and with its customers.

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making together.

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Logotel is the service design company that shapes and drives business innovation in a collaborative way.
The company's team is made up of more than 120 people. It is located in Milan in 2,000 m2 of spaces in the former Faema factory plant.
The company is currently working with 50 clients, developing more than 70 different projects.
In 2011 Logotel trained more than 5,000 people; it also designed and managed 22 business communities that daily connect and deliver services and contents to more than 40,000 people.

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WHY

RETAIL, WATCHWORD: TRANSFORMATION
(RE)DESIGNING OUR SALES AND SERVICE MODEL

Physical and digital shelves filled with products; countless models of cars; an unlimited television offer; and, on the internet, music, games, shoes, and videos; all kinds of services round the clock. The Customer turns not only the "what to buy", but also the "how and where" into a project; a project to manage on one hand the loss of wealth and on the other, the excessive choice, to manage their time, to manage the regret of making a wrong choice and to find the lowest price. Customers are starting to go outside their comfort zones, and are becoming stronger as a result (EMPO-WERMENT), as they re-calibrate their lifestyle model; they creatively change their point of view, the intensity, frequency and mode of purchase/access (at the Point of Sale, from their cell phone, in a social network etc.), they became a producer, distributor, and even competitor… They are changing, in short, their habits: those that make us change our own position. We have never needed so urgently to ask ourselves: why and how will the customer buy tomorrow and carry on buying from us? What will we exchange with him? How will we collaborate?

Designing Retail therefore becomes a requirement. And when I say designing, I mean changing tools; for example, it is time to stop considering exclusively the target market. If we are to examine the customer experience, which is much more multidimensional than so many studies and market research studies make out, we need to forge new alliances. We need to plan the motivation that involves the Customer (GAMIFICA-TION), to develop real conversations with him and his community, establishing a circular relationship (FEEDBACK) that could help us understand whether and how we will gradually manage to design new

sectors of business. To do this, we need products that are more and more of a "service" nature, that can help us preserve the relationship, measure and re-calibrate our sales system. Designing Retail means finding a strong, recognizable, unique promise of service, that the customer can find at all the touch points in their increasingly extensive and integrated (physical/digital) experience.

These are just some of the concepts that we are dealing with in this Magazine; let's be clear, the distribution game is a tough one, and we are all aware of this. Retail and industry find themselves having to cope with the transformation of their business models and, I would stress, also of Customer service. All this takes place at speed and with structures weighed down by "(often) inadequate offer and sales systems", with organizations still based on an old management mould and an internal culture that seldom facilitates - but actually hinders - change, with a focus on the next day's sales. There are fewer companies that will start out tomorrow with a blank sheet (start-up); there are many more that will inherit the lack of vision of the past and every day have to deal with Points of Sale, employees, and accounts that don't balance ("grow-up").

The question to be asked is: how can we reconcile an imminent transformation for a retailer, a manufacturer or anyone else who finds himself having to sell (or exchange) something on the market, with a need for day-by-day economic sustainability? We know that innovation costs money and energy. The way to reconcile transformation is thus in the design culture and measurable prototyping. I am talking about TRANSFOR-MATION, and not evolution, because there will be many challenges for Retail in the next few years, and

Cristina Favini
Strategist &
Manager of Design Logotel

they will bring radical changes. I am talking about design, and re-examining some of the themes treated in recent Magazines: going back to producing value and thus sense for the Customer/user and the market/ society, creating clear frameworks for action, bringing various corporate spirits together with outside partners and establishing a scale of priorities. In order to manage transformation we must understand the "design approach" (where we start and where we want to end up) and map out a path that is bound to change along the way (remember the B of BETA?):

• Designing transformation in the relationship with the Customer by creating an alliance with him, to redefining Contents, Channels and Contacts;

• Designing the transformation of one's way of producing, of creating "value" and of recovering "value";

• Designing one's role (identity) in the market and, I would say, in today's society and that of the future, in order to govern one's own transformation outside but especially within the organization. Why will a Customer choose us? Why will they buy from us?

• Designing the transformation of one's own organization in order to make it more agile, responsive, open, in order to capitalize on all the intelligence distributed over the territory, since the "peripheries" (sales assistants) are often actually "centres". I am thinking of the 22 Social, System and Business Communities that Logotel manages on a daily basis: impressive results but also a great deal of potential still to be explored! Or of those retailers that will introduce products-with-service that require a more transversal organization, and fewer silos.

• Planning one's own balance with inclusive solutions, or stopping seeing things in terms of polarity: the physical and the digital are not alternatives, but complementary channels (Iceberg model). You can standardize in order to free up energies and resources, to develop unique, quality products and services created ad hoc, you can promote the local on global platforms. You can. Period.

• Designing your own sales ecosystem, because in order to cope with new Contents, Channels and Contact methods you will need to integrate with other partners.

When you deal with a new reality you have to use a more scientific approach, that – take note! – will not protect you from failures (necessary if you are to find the right path) but can teach you to adjust the route along the way. It's important to manage the balance between having a wider vision (the role that you want to see in the future for your customer and for the company, to direct change day-by-day) and the progressive testing of measurable and scalable prototypes that allow you to assess and gradually change your sales and service model. Introducing a start-up culture inside companies, to quote the mantra of one of our Clients: "think big, start small, scale fast". Enough excuses: it's time to act. This radical transformation, that will increasingly affect organizations and their boundaries, will lead us to investigate in the next issue another transformation: that of roles, whose profiles are often the first obstacle to change. This is a challenge that staff, managers in the first place, will have to know how to rise to. In the meantime, enjoy reading this and enjoy your work.

RETAIL FAQs
IMAGINARY DIALOGUE
ON THE LANDSCAPE OF SALES

D.   **R.**

Retail: let's
start with the
etymology, OK?

As always: the word "retail", although used in Italy as an English import, has French origins. The word "tailer" in the 15th century meant "to cut", "divide", in particular with reference to fabrics and clothes, and was thus used for the sale of textile products in small quantities. This is the origin of the concept of "retail sale" to the public (what today is called "B2C"), to distinguish it from the sale in large quantities, "wholesale", to other companies ("B2B").

D.   **R.**

In other words,
we are talking
about stores?

Yes, as well. In particular, the growing importance of the large retail chains has meant that the idea of retail has come to coincide with that of "Large-scale distribution": either Organized, in the case of a generalist offer - supermarkets, for example - or Specialized, when the products and services on sale are related to a specific sector - such as Ikea's furniture, Best Buy's electronics etc. But retail was and remains a sales activity regardless of the size, whether we are talking about Walmart (the largest retailer in the world, with almost half a billion dollars in turnover and 2 million employees), or the corner shop.

D.   **R.**

Then we are
talking only
about stores?

No: the store is just one of the possible channels of sale, the simplest and most traditional of the contact points between retailer and Customer, the physical place where the latter can see with their own eyes and touch the desired product, then buy it. But, just as in the past there were channels such as door-to-door or sale by correspondence, the Web has introduced a further, crucial channel: the digital channel of e-commerce, or "etail".

D. **R.**

E-commerce or etail?

Speaking of "etail" perhaps more clearly gives the idea that selling through the digital channel is not a merely technical matter, but rather, an important cultural shift. The "survivors" of the explosion of the first dot-com bubble (eBay and Amazon above all) prove this: it's not so much a matter of updating new technologies, but of redesigning in "beta" mode (see Magazine 1) the business model, to create a inclusive platform for Customers and partners. Not to mention the fact that the current sales landscape is being further transformed with the explosion of m-commerce via mobile phones. Not only "electronic transactions" then; but an entirely different experience.

D. **R.**

What, exactly, does this new experience consist of?

The model designed by Logotel to represent it uses a very simple metaphor: the Retail Iceberg. Just as an iceberg has a part that emerges above the surface, visible, and a part that is submerged, invisible, every retail company - whether they know it or not, enjoys not only a physical presence, visible on the actual territory (its more or less extensive network of outlets), but also a more or less supervised digital identity. The hybridisation between offline and online, in short, is a fact; the real opportunity for the retailer is, if anything, to plan with care their balance, or establish at what height to place their "waterline" and, therefore, how to make the two parts of this single, integrated strategy interact with each other using service design tools.

D. **R.**

And how does the Retail Iceberg fit in the broader landscape of the Weconomy?

Simple: the Weconomy is liquid, and the Iceberg floats. Jokes apart, it is precisely by virtue of the fluid economic scenario of the Weconomy - a scenario based on the continuous combinations and recombinations of relations between all the players in the ecosystem (companies, their employees, their Customers etc.) - that a retail model such as that of the "iceberg", articulated in the 3 dimensions of contents, contexts and contacts, can find new alliances and a new "sense" to deal with the crisis of traditional sales rules.

D.

Thanks. One last question: how can we manage this process of transformation in the retail industry?

R.

The answer is on the next page.

RE.SE.T. RETAIL SERVICE TRANSFORMATION

The value of Retail

The ingredients of the basic retail equation today have been joined by a variable: the digital, that helps us to increase the visibility and attractiveness of the offer inside and outside the point of sale, to trace and profile customers, to deliver new services and added value.

Hyper-competition and hyper-relation

We are moving from a competitive market to a hyper-competitive market: retailers' competitors are multiplying - not only direct ones, but "new" indirect competitors from other sectors, the digital channel (etail) and, last but not least, the Customer, who is developing personal and shareable forms of retail.
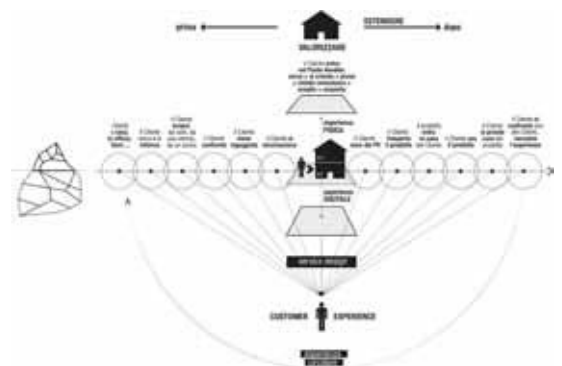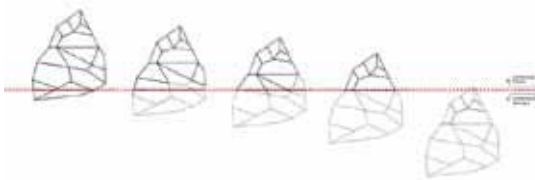
Retail Iceberg

Integration between physical and digital channel: from sales channels to the integration of channels. We must plan the balance between the channels and produce a story to tell the Customers, to create value in every moment of contact, be it physical or digital.

Customer experience

It is vital to plan all the points of contact that I as a retailer have with my Customer, to intercept him and engage him without waiting for him to "come to me"; the real difference is not only what the Customer buys, but how he does it.

A BRIEF OVERVIEW OF THE CONTENTS OF THE FIRST EDITION OF LOGOTEL'S EVENT "RESET - RETAIL SERVICE TRANSFORMATION" (21st NOVEMBER 2012).


Retail Service Ring

From the physical layout to integrated touch points, from the traditional offer to the product-service mix, from communication to engagement: the retail levers will be transformed, and with them, also the company's operating model, in terms of business model, value chain, organization, and people.
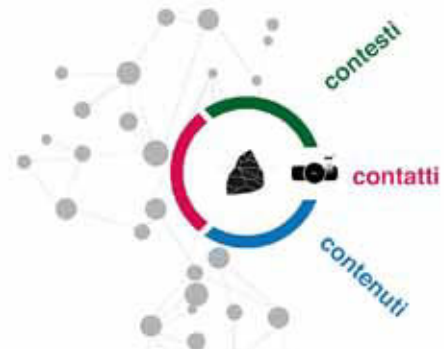
C: contacts, contents, contexts.

We must work in a circular way on Contacts (that I manage to establish with my Customers), Contents (giving quality to the Contents that I want to offer my Customer) and Contexts (identifying the contexts in which to propose the Customer experience).
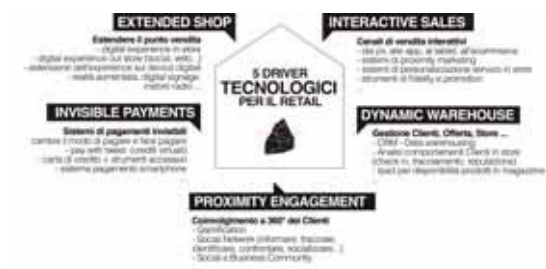
Retail Technologies

Extension of the point of sale, interactive sales channels, customer management, management of the offer and of the store, all-round involvement of the Customers, invisible payment systems: technology can be of service to the retail trade, provided that it is always a means, not an end.
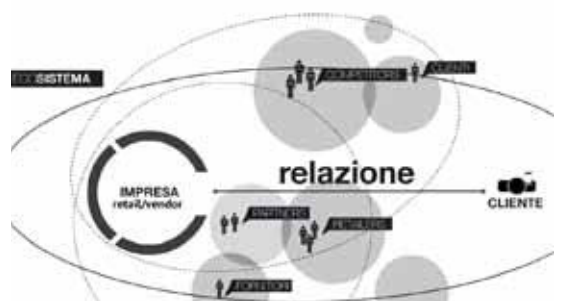
Ecosystem: the role of the company/brand

In order to deal with the transformation of sales models, we also need to initiate the internal transformation of the company and work on the circularity of the overall experience between the various players in the ecosystem.

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EMPOWERMENT

FEEDBACK

AUTO

DESIGN

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GAM

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C

V

B

BETA

EMPOWERMENT

Collaborative retail is an open system based on the control of purchasing times and methods by the Customer.

FEEDBACK

Collaborative retail is a "beta" platform based on the measurement and continuous exchange of content and value with Customers.
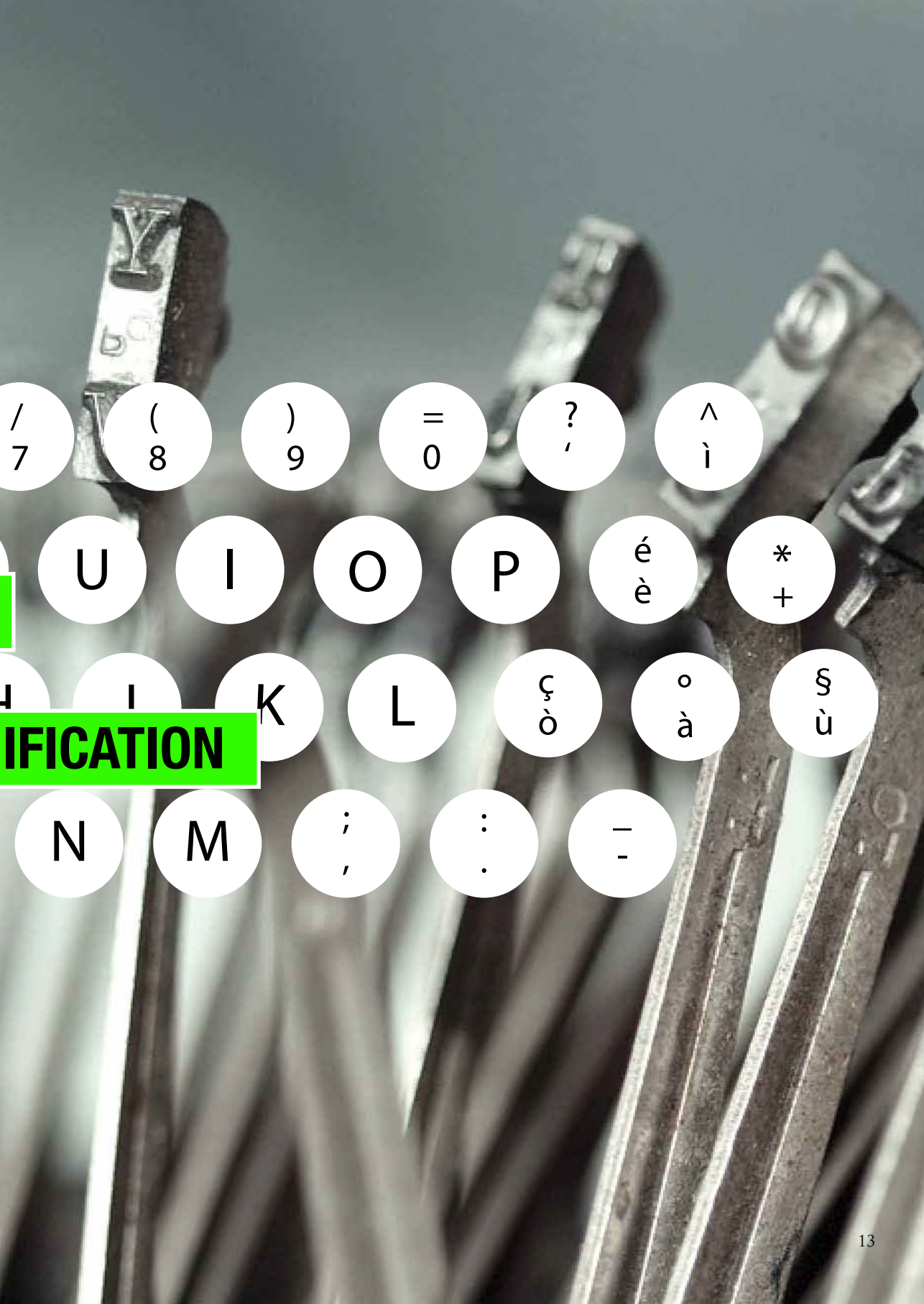
GAMIFICATION

Collaborative retail is a gaming experience based on co-opetition and on the motivational engagement of the Customers.

PARADIGM SHIFT

DON'T BE AFRAID!

TECHNOLOGY

SPONSORS ON THE BOARD

CHANGE AGENTS

RESOURCES ORGANISATION

INHERENT IN EVERYTHING WE DO

WHEREVER PEOPLE CONNECT WITH EACH OTHER

CONTEXT OF USE

HI-SPEED WIRELESS PIPES

INFINITE STORAGE

RESPOND TO CIRCUMSTANCE

ACTIVATION

THINK IT IT CAN HAPPEN

EDGE

WEIGHT/AFFINITY RANK

RELEVANCE

LOCATION

SERVICE ORIENTATED ARCHITECTURE

FACEBOOK

COMMUN BUILDIN

EVERYTHING CONNECTED

PLATFORMS AND WALLED GARDENS

COLLABORATION

ADVERTISING

CULTURALLY AND EMOTIONALLY RELEVANT

$

COMMERCE

SPONTANEOUS PURCHASES

PRODUCTS

FRICTIONLESS INSTANT/EASY TRANSACTIONS ALWAYS ON SCALABLE

CUSTOMERS

TWITTER

QUALITIES / CHARACTERISTICS STORY IN THE PRODUCT

FEEDING THE R&D PIPE

SOCIALIZING OF PURCHASED PRODUCTS

HOLISTIC & INTEGRATED

REPUTATION = BRAND STRENGTH

A WHOLE ECOSYSTEM

PARTICIPATION + CHANGE

WITH MEANINGF INTERACT

RETAIL LINKOGRAPHY

Trend Briefings by trendwatching.com:
Friends, Fans, Followers (and Feedback): The F-Factor
http://www.trendwatching.com/trends/ffactor

Retail loses its "R": (R)etail (R)evolution
http://www.trendwatching.com/trends/etailevolution

Customer is your (next) competitor: Recommerce
http://www.trendwatching.com/trends/recommerce

Is Retail dead? Long live Retail: Retail Renaissance
http://www.trendwatching.com/trends/retailrenaissance

2020 Retail in Coca-Cola's vision:
http://www.youtube.com/watch?v=ewyTGmAIGgo

2012 edition of PSFK "The Future of Retail" report:
http://www.psfk.com/publishing/future-of-retail-3

All brands featured in "Best Retail Brands 2012" report by Interbrand:
http://www.interbrand.com/en/BestRetailBrands/2012-Best-Retail-Brands.aspx

ZMOT, the decision-making digital model made in Google:
http://www.zeromomentoftruth.com

6 Retail trends here to stay according to the Copenhagen Institute:
http://www.scenariomagazine.com/6-trends-that-will-change-retailing-forever

Inspirational board of little big in-store innovations:
http://pinterest.com/FixturesCloseUp

EMPOWERMENT
wiki

According to the free encyclopedia Wikipedia, Empowerment is the "growth in spiritual, political, social or economic strength of an individual or a community". The entry continues by stating that "in the context of managing a services company, the term empowerment refers to all those activities that are intended to invest the front office with the authority, skills and tools to better serve the Customer". In the context of contemporary retail (and thanks in particular to the new empowering technologies) this share of "growth in power" is in reality increasingly devolving from the front office to the end Customer in the first person, so much so that we could define the Customer Experience in the era of the Weconomy precisely in terms of "Customer Empowerment". Not only is there more choice and more information available on what to buy, but also full control over how /where/when to do so: has the Era of Access theorized at beginning of the millennium by Jeremy Rifkin now become a concrete reality?
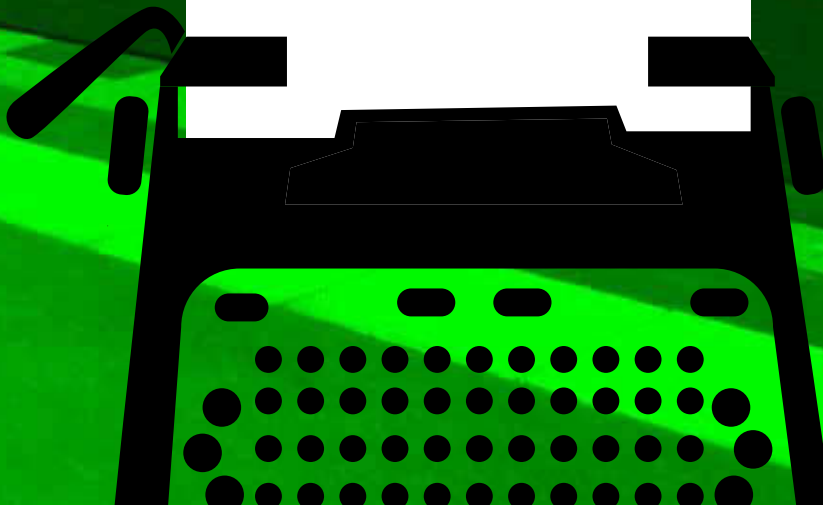
Want to know more?
Listen to this song
John Lennon - Power to the People
http://goo.gl/5wSYw

BELIEVE IT

THAT'S THE DIGITAL ECONOMY, BABY!
THE EVOLUTION OF THE POINT OF SALE

Giuliano Noci
Full Professor of Marketing
Politecnico di Milano

We once had the traditional point of sale. Never as in the past two decades have we in fact seen such an important evolution of the point of contact where the commercial transaction has always taken place. Digital technologies have played a key role in this.

In this context, there is born an integrated area of interaction between the individual and the brand / product, in which the traditional role and connotations of the point of sale change, sometimes significantly. In some cases, it represents the moment of physical contact between the individual and the product: research by the Multichannel Observatory (www.multicanalita.it) shows, in particular, that in 5 years the number of Italian consumers who say that they have gone to the point of sale for information and then bought online has almost doubled. In others, it maintains its role as the place where the transaction physically takes place, albeit according to very different conditions: people enter the point of sale with much more information, and are able - thanks to tablets and smartphones - to obtain more in-depth information and make comparisons in real time. In other words, at the point of sale we witness a very different scene of interaction from in the past: digital technologies are the computer mouse at the disposal of the individual, who can jump and connect between the real world (shop) and the virtual environment.

In short, a completely new, interactive experience (individual-brand-merchant) has been born and is gaining in strength. This experience is much less pre-ordained than in the past, and the purchasing process is increasingly the prerogative of the individual, who determines with greater autonomy the path from gathering information to purchase. In this journey, the point of sale may represent an important junction, although is not necessarily involved in the commercial transaction as such. There are two practical implications of this; the experience offered at the (traditional) point of sale must:

1. be conceived as increasingly integrated with the tools available in the digital world (web site, social network, etc.) and must take into account the flexibility of role, which the individual now assigns to each point of contact. In other words, we need to consider what used to be the point of sale as a point of information and/or sale, and place this in the context of the new multi-channel space for the interaction between supply and demand; a space in which the consumer decides on his journey towards purchase, moving between one contact point and another according to the expediency of the moment and the digital technologies available;

2. enhance the distinctive and unique characteristics of personal interaction. In particular, the design of a real sensory experience of learning appears as timely as ever; thanks also to technological tools, which are now able to act effectively on sight, hearing and smell, generating a unique individual-product-brand interaction which cannot be reproduced in the other contexts typical of the online environment. This approach is useful for everyone, but perhaps even more significantly, for the major brands, in which the physical nature of the point of sale can contribute to the exclusivity of the encounter with the product and its environment (think of fashion) and induce an elitist/exclusive attitude, whereby "I go there specially".

Some may feel like saying: wasn't commerce nicer in the past, when everything was clearer and decided a priori. But what can I say? That's the digital economy, baby! Take it or leave it...

MAKE IT

TESCO

There is a well-known retail case that, because of its simplicity, exemplifies the best recipe for "customer empowerment". Take an apparently "dead" tile in the experiential mosaic of your potential customer such as, for example, the time spent waiting for public transport between home and the office. Add a touch of value by printing on your classic billboards a series of QR codes (yes, the ones we usually see on the pages of the Weconomy) that allow your Customers to buy your products simply by taking a photo with their smartphones, to then receive them at home. That's all it takes: your "store" is now everywhere. This is what Tesco did in Korea back in 2011, opening the way both for numerous clones of these ubiquitous "virtual supermarkets", and for further innovations improving on this concept, such as the corner stands installed at Gatwick airport that replace posters with interactive touch screens.

IKEA

If there is a brand commonly cited as a model (after Apple, of course) associated with the word "experience", this brand is Ikea. Ikea has basically reshaped the field in its own image and likeness, and has done so by continuing to focus on the "job-to-be-done" of millions of Customers around the world: furnishing homes as well as possible (in terms of times, ways, and costs). It is also in the context of the integration and extension of this precise focus that we can explain more or less recent "empowering" innovations, such as the "shoppable" images on its blogs (ThingLink), campaigns straddling communication and service such as the one launched in Canada using free packaging cartons to facilitate removals, the BringBee service of collaborative home delivery tested in Switzerland, or hybrid products such as the Uppleva unit with its own TV, with which the Swedish furniture retailer has put a foot in the door of a sector (electronics) not its own.

KINDLE DIRECT PUBLISHING

As a result of the "digital revolution" that we have been witnessing in recent years, few sectors have been thrown in turmoil as much as that of books. For a long time now, every day we have seen some expert officially proclaim the death of the printed word; and announcements such as that made by the historic Newsweek magazine that, for its 80th birthday, in 2013 it will move to a digital-only format seem to confirm this. But looking at things from the right perspective (i.e., that of the Customer), there are perhaps more opportunities than threats. Take for example Kindle Direct Publishing, the self-publication platform of Amazon's Kindle system. Constant data from two seasons confirm that a fifth of bestsellers on ebooks originate precisely from the practice of self-publishing. The huge barrier to accessing printed publication has now been demolished. And the merit is (also) the vision of a player like Amazon that before everyone else understood one of the golden rules of the Weconomy: the "empowered" Customer is your (next) competitor.

All of Tesco innovation videos
http://goo.gl/sXXBv

Ikea innovations Top 50 gallery
http://goo.gl/Pi0hU

A NY Times thought about Amazon and retail
http://goo.gl/bRYRc

WECONOMY INSIGHT

THE TWO FACES OF EMPOWERMENT

HOW DO WE EVOLVE FROM RETAIL TO SERVICE RETAIL?

Alice Manzoni
Service Designer
Logotel

Service design represents a concrete opportunity for retailers of the future to develop new recipes for uniqueness and to compete in an increasingly complex and unpredictable market.

Will the store of the future be a physical concept store with access to an online shop? Will I be able to purchase a product, for example a car, that will become a service for someone else? Will I be able to transform the purchase of products into packages of experience? The future of sales is precisely that of deploying this kind of differential thanks to services. And here by service we mean a strategic ingredient, an integral part of our business model that deeply transforms the role of retail but even before that, the role of the Customer himself, that today, faced with a hyper-choice of offers, purchasing channels, and opportunities, is becoming increasingly frustrated. In a moment of crisis, such as we are experiencing today, Customers feel the need to become an "entrepreneur" of their own lifestyle: they identify themselves in those brands that provide an opportunity to feel free to choose, to understand benefits, to interpret their needs and to have access to a "durable" experience.

This is a radical change not only in terms of what we offer in our shops but also in terms of "how" we can do it. This means, in short, redefining the meaning of a new customer experience, increasingly devoted to Customer empowerment. Designing a service retail model thus means proposing new hybrid models of sales, creating content and the continuous exchange of value with one's Customers, influencing people's habits and behaviour (beyond those related to consumption) through the offer, and innovating wide-ranging supply chain processes. How can we evolve from retail to service retail? There are two main ingredients. For the design, we need to start with our Customer. For its realisation, we need to start with our company.

Then, if we want, empowerment is a fundamental concept both internally and externally towards achieving a plan for service design. The design starts with our Customer. In order to develop sustainable models with a design-oriented approach, the biggest challenge is to develop a design sensitivity based on people, living behaviour and current needs, but also on unexpressed opportunities, in order to establish a new model of buying, using, and caring.

Activating service design projects (for the retail industry, but not only) means, on the company side, implementing extremely transversal experimentation, and creating new and fertile contexts that can trigger off collective innovation.

Experimenting with service design in the company contributes to helping the corporate culture evolve towards a new project and collaboration sensitivity. It contributes to the development of a kind of innovation endogenous to the company, which leads to the creation of "made in" projects, which can thus be placed on the market more quickly. So these are the two faces of retail empowerment: a strengthening not only of the Customer's ability to break the usual space-time purchasing constraints (so that every space and every moment becomes, thanks to digital tools, a possible touchpoint), but also of the skills of people inside the firm, from top management to the sales network.

WECONOMY
SERVICE DESIGN **TOOLS**

PERSONAS
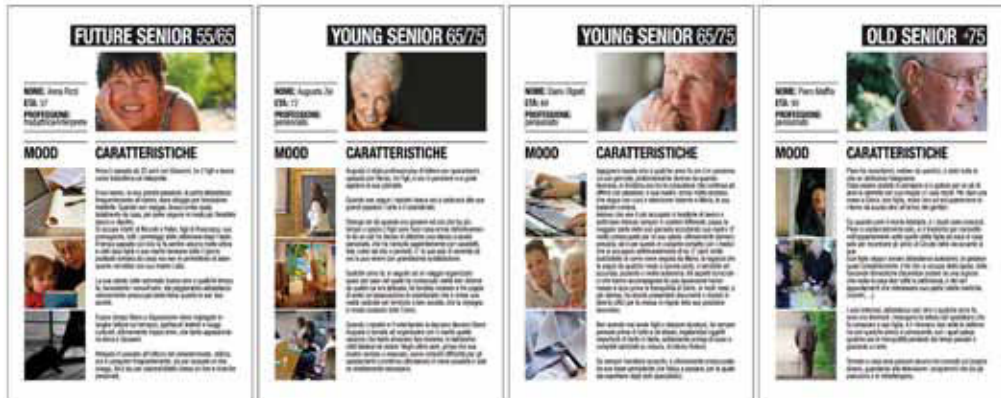
WHAT

Personas are the archetypal Customers/Users and, therefore, summarise and represent the needs of large groups of Customers, of Customer sets, in terms of personal objectives and characteristics. Personas are intended to identify the motivations of Customers, the expectations and goals that guide behaviour by displaying the sensitive areas of the customer experience. Moreover, they bring together choices of consumption with those of purchase, no longer treated in Retail as separate phases.

WHY

- they facilitate the understanding of the characteristics and needs of groups of Customers
- they communicate in a rapid and immediately understandable manner the potential suggestions and ideas for the project
- they are useful tools for the project in terms of selecting who to contact (who is the Customer that we want to serve best) for the design of a service/product

WHEN

- we need to work on a project that has an impact on the end Customer experience
- designing Personas can be very useful when you want to better understand who your Customers are and find potential customer sets to target

HOW

- the design phases involve the team first of all making an all-round assessment of the Customers' needs and necessities and subsequently applying in the context of the project the results of this analysis and, in an empirical planning mode, building specific customer sets that give rise to Personas
- like most tools, the Personas are a beta tool, which can be implemented and changed over time. There will thus be a sequence of subsequent ad hoc releases for each project and/or sector

FEEDBACK
wiki

According to the free encyclopedia Wikipedia, Feedback is "the capacity of a dynamic system to take into account the results of the system to change the characteristics of the system itself". This idea has gradually spread from scientific fields such as acoustics and meteorology to now indicate a simple "return of information to the source" (e.g.: provide "feedback" on something); but this extended meaning could perhaps risk trivializing a word that - we should stress - indicates the organic property of a system to change in function of data received. If applied to retail, then, the concept of feedback does not consist only in the "Pavlovian" reporting of customer responses (good old "Customer satisfaction") but rather in the retailer's ability to systematically integrate these responses and turn them into a distinctive and structural element of his offer of products/services. In other words, giving them value. F for Feedback: has the "F-Factor" of the net culture (Fans, Friends, Followers) an extra dimension?
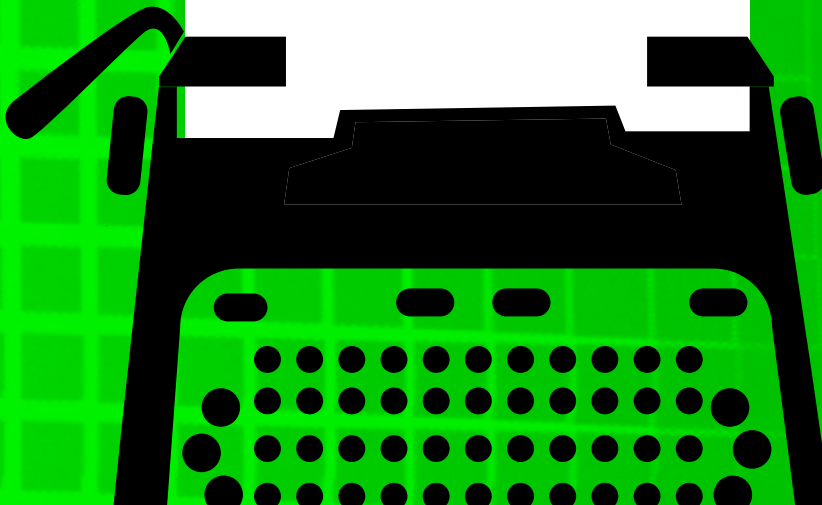
Want to know more?
Try this tool
LiquidFeedback, the open source
decision-making software
http://liquidfeedback.org/

BELIEVE IT

F FOR FEEDBACK
DIGITAL (RE)DESIGNING OF
THE SHOPPING EXPERIENCE

Leandro Agro
Interaction Designer
& Manager

In the beginning a user may have called his wife, who at the time was in a different store. Then we saw the comparison of prices in-store with those online. This was followed by reading ratings or looking for a friend's comment on an item of clothing just photographed and posted on Facebook. For a certain period, this intense dialogue between physically present and remote customers involved the space and the brand of the store, WITHOUT the latter playing an active part in the process. Today we know that markets are conversations, and we know how to assess just how much this self-exclusion from this dialogue may have highly tangible consequences for business. Aware of the opportunity, some traditional retailers have opened up to digital, trying to find the most appropriate key for providing continuous feedback to customers, throughout their "journey" towards the purchase of an item. In most cases, the store should not adopt a "proprietary" technological approach but try to focus on deeper basic principles which that - at least in part - are its own: welcome, changes in behaviour, customer support for the new meaning of purchasing.

The point, today, is that we do not have the right to disconnect a person from their network of relations or from the knowledge that they have posted on the net, simply because they have entered our physical territory. Being "welcoming" thus means being able to take into account and possibly exploit the entire digital sphere that is an extension of each single customer that enters the store. We can imagine a whole range of scenarios: a customer who posts a like for a physical object, or who may know how many of their friends on Facebook have that product on their wishlist.

We can have shelves which communicate their special offers specifically to you, since you have already purchased that product, or because you would like to give it a try… A physical store that has developed digital behaviour thus changes not its interface but its essence: and can be anywhere. It can be in our house, on the sofa or in an iPad. But this is not only the technological consequence of an e-commerce site optimized for tablets; this is a new design of the entire purchasing experience. A rethinking of the customer's purchasing process and the touchpoints involved. Supporting the customer with regard to the new sense of purchase means in fact accompanying them along the entire route: from finding out about or discovering a potentially interesting product or service, followed by comparison, seduction, and convincing them to buy it. And even after the transaction, with the money received on one side and the item on the other, we are fully aware that the process is anything but finished. Support for the use of the good or service, management of customer satisfaction and the latter's sharing of their ideas, repurchase or purchase of related goods, support for the management of the product's end of life: these are all activities that would be economically unsustainable in-store, but that through digital self-service dealt with by the customer may encourage the emergence of new significant business niches. Through digital change, physical stores will be able to extend their feedback to places and methods unimaginable until a few years ago, entering not only in their customers' pockets or homes, but above all having the opportunity to actively participate in the conversations that the latter are already engaging in.

MAKE IT

ASDA

The British supermarket chain Asda, a subsidiary of the giant Walmart and second in the United Kingdom only to Tesco, has a payoff that it would be almost euphemistic to call "basic": "Saving you money every day". Wham, straight to the point. If this is the main lever, we might think we were definitely outside the radar of so-called "collaborative innovation". Nothing could be more wrong. Since 2010 Asda has in fact involved their clients in such an ambitious operation that they have turned it into a real brand for their private label: "Chosen By You", a selection of products chosen by people (40,000 participants!) after a blind testing process lasting 9 months. The project led to the re-design of over 1500 references to 3500 offers; a striking case of "customer feedback", if not in terms of quality (how much is real substance and how much is marketing?) at least, without a doubt, in terms of the imposing scale on which it was conducted.

Chosen By You official page
http://goo.gl/Nm3tb

DOMINO'S PIZZA

It was 2009 when Domino's, the second largest pizza delivery chain in the US, found out to its cost the ruthless side of the Net: after two of its employees posted a video on YouTube, immediately a great hit, that showed the atrocities to which the products in the kitchen were subjected, their reputation on the social network seemed done for. Thanks to a timely and laborious operation of "media crisis management", Domino's absorbed the blow and made this shortcoming the linchpin of many of its later projects, all based on transparency. From streaming in real time on maxi screens in Times Square of customer feedback on the pizzas delivered, to the "social pizza" customizable via Facebook, launched in Australia, and the recent partnership with one of America's most disruptive start-ups, Local Motors (see Dossier # 2), to co-design the new environmentally friendly vehicles for the delivery staff, Domino's is proving that sharing pays. How Much? +233% on the Stock Exchange.

"The Ultimate Delivery Vehicle Project"
http://goo.gl/BldZs

STARBUCKS

In the hours leading up to the recent hurricane Sandy, many New Yorkers admitted that they realized the situation was serious due to a simple empirical fact: Starbucks, "the third place" between home and office, closed its points of sale. Such is the penetration in the United States (almost anthropological, rather than market-based) of the coffee bar chain from Seattle. And yet, in spite of (or thanks to?) its impressive 200,000 employees, Starbucks is universally known for a continuous flow of disruptive (and risky) innovations over the years. The most recent, in the last few days, is the signing of a partnership with the Square Wallet payment system via smartphone, which promises to release Customers from the essential step of stopping at the checkout. Will coffee be the "Trojan horse" for the mass adoption of this system? Perhaps; what is certain is that, for the Customer, it further confirms the fact that retail is less and less a "transaction" and increasingly an "experience".

The new Starbucks Square Wallet experience http://goo.gl/9hZV0

WECONOMY INSIGHT

FEEDBACK IS THE (NEW) CONTENT
TO BE RECORDED, INTERPRETED,
MEASURED, IMPLEMENTED

Francesca Monti
Senior Manager | Community
Logotel

The "dynamic system" which the Wikipedia entry on Feedback refers to, in which feedback lives and that feedback fuels, may be a country's population, the world economy, or a corporate body; it may be a shop, or a business community. Let's suppose it is a shop, frequented by retailers, sales assistants, brand ambassadors: all people who are every day in contact with the end Customer, observe their behaviour, preferences, and listen to their questions. These are all people who can collect and return feedback to the parent company and together with the latter can design responses and changes and may help translate them into action, the next day in the shop.

Or let's imagine it's a business community, which is also frequented by retailers, sales assistants, and brand ambassadors, and also frequented by the parent company. Marketing, sales, communication and training staff have a direct channel for listening and observation: it is as if every day they were in the shop, in every shop, gathering feedback. It is here, in the business community, that the feedback is collected, recorded, interpreted, valued, and transformed into action, often for change, that through the business community is returned and communicated. Guiding this process there is editorial staff or at least a community manager whose task is to ensure that every day the people in the shop are motivated to give feedback. As is the case on the social networks open to the end-Customers, empowerment and gamification are levers that we can also use in business communities, since feedback of value comes from the peripheries of the retail system: I'll give you the role of "bridge-head", I'll give you a score, I'll unlock a series of badges, I'll give you compliments when you are top of the league, I'll say that you were the first, I'll put your name in the "book of feedback" that I'll hand over to the parent company. But first of all feedback needs to be planned. What do we want to record? And why? And how can I concretely use this feedback afterwards? I must declare at the outset if I want to involve the customer - this is permission marketing. Am I interested more in quantity or quality? Do I want to gather little from many or a lot from a few? May this also depend on what I can afford to do: is it enough to absorb a wave, or must I necessarily manoeuvre a dam? Do I need a "one shot" feedback or do I need to measure a phenomenon with continuity over time? Then I will choose the most suitable instrument, from a survey to a one-to-one telephone interview. Do I only want to record the present or do I also want to imagine the future? Then I will choose whether to provide tools and sources of inspiration to put everyone in a position to answer simply and usefully and to perform their task. And if the feedback doesn't arrive, how can I go and get it? But then are we sure it isn't arriving - might it not just be that it is hidden and so I have to go and find it, digging in search of my golden nugget? And if the feedback is really unpleasant, how can I requalify it, and should I? And what about when feedback is not required but arrives spontaneously, what should I do with it?

These are all questions, crossroads, issues that the community manager has to deal with every day, because feedback from the front line (and through it, from the Customers) is one of the main reasons why a parent company today decides to avail itself of a business community. But feedback is also the strongest ally of the community manager and parent company: because tomorrow's content is often already today's.

WECONOMY
SERVICE DESIGN **TOOLS**

STORYBOARD

WHAT

Imagine a Customer that chooses a product in a point of sale and uses their telephone to pay. Imagine a customer who pre-orders while on the train and then goes to pick up their shopping at nine in the evening when they arrive at the destination station. Everything must work and be simple for the customer. But behind this simplicity there is complexity. Designing the customer experience means tracking and managing the customer experience from the physical to digital by identifying all the touch points and writing the story of the moments of contact. The storyboard is a tool that maps and displays the customer experience by identifying the key relational moments. Services should be deployed at every moment of contact. The user/Customer experience is a flow of sequences of service.

WHY

- mapping the changes in the Customer in the purchasing experience serves to improve the service processes and establish where we want to be unique
- it allows you to understand real needs and propose experiential content for the potential Customer
- it identifies the touch points (physical/digital), the value flow and the critical issues perceived by the customer, to be present at key relational moments

WHEN

- we want to design and increase the moments of contact/communication/service with the Customer, thus developing his experience
- we want to design the relationship with the customer by integrating the physical and digital channels
- we want to engage our Customers before, during and after the purchasing experience by offering them a "story" that starts long before purchase and also continues afterwards

HOW

- the art direction of the customer experience using the storyboard is indispensable for guiding the process
- the storyboard can be used as a "beta" tool in team meetings, to encourage collaboration and help suggest alternative paths and stories

GAMIFICATION
wiki

According to the free encyclopedia Wikipedia, Gamification is "the use of the mechanisms and dynamics of games - such as levels, points or rewards - in non-gaming contexts to create more interest or solve problems". The neologism is now about a decade old, but only entered everyday usage a couple of years ago. It has now become one of the most widely discussed socio-economic macrotrends, almost on a par with the notorious triad "SoLoMo" (Social, Local, Mobile). The idea of applying game design thinking to other areas can obviously also be applied to the retail sector, in which some consolidated engagement and loyalty tools (such as loyalty programmes based on points) naturally lend themselves to being integrated with even more clearly gaming (or video-gaming) mechanisms, from "progress bars" and leaderboards to avatars and "badges" (as with foursquare). Buy playing, play buying: is participatory gamification, as Al Gore has defined it, "the new normal" also in retail?

Want to know more?
Play this videogame
Cart Life, "a retail simulation for Windows"
http://www.richardhofmeier.com/cartlife/

BELIEVE IT

**SUPER-EMPOWERED
HOPEFUL INDIVIDUALS**
WHO ARE YOUR CUSTOMERS IN
THE ERA OF GAMIFICATION

Jane Mcgonigal
Alternate Reality Games Designer
& *Futurist*

3 billion hours every week: that's the amount of time we spend playing online games. I want to put that number in perspective: a research by Clay Shirky – the author of "Here Comes Everybody" – states that the number of hours spent for creating the entire Wikipedia (every article, every language) has been 100 million hours. So 3 billion hours is quite a lot of useful energy: think about the economic value that we could unlock, think about the creative capital that we could resource. It's also important because young people today are growing up with "gamer brains": the average young person in a Western country with a strong gamer culture will have played videogames for 10,000 hours by the time he reaches the age of 21. And for most children this is equivalent to the same number of hours they spend in a classroom between the ages of 9 and 18; it's really a kind of "second education" where they're learning new ways to solve problems, to overcome obstacles and to put creativity to use.

We like to say at the Institute For The Future that in order to see the future you have to look back at least twice as far as you want to look forward, because even though many things change (technology changes, politics change, even the climate changes) some human needs remain the same: our desire to take care of our families, to form communities and to live meaningful lives, and it seems like games have been an important part in this for thousands of years. So this is not some crazy new trend: this is part of who we are as human beings. The idea is that "games are unnecessary obstacles that we volunteer to tackle". Think about golf, for example: in real life, if your goal was to get a little ball in a little hole, how would you try to achieve your goal? You would pick up the ball, walk over to the hole and put the ball in the hole. But instead, because this is a game that you're playing, you agree for some reason to stand very far away from the hole and to use a stick to hit the ball. Why?! Because having these unnecessary obstacles in the way of our goal unleashes our creativity and provokes our curiosity: am I capable of doing this? How would I do that? What's the best possible way that this could be done? And this make us master new knowledge or new skills, fulfilling our core human instinct of getting good at something.

So playing games is not about "easy fun", rather it's kind of "hard work". Gamers want to do something that feels challenging and productive and feel really good about how they spent their time. In fact gamers, according to scientific research, are spending 80% of their time failing inside games: not finishing a level, not achieving the mission, not getting the power up… 80%: it's really an extraordinary resilience. That's what we call "eustress", or positive stress: that state of excitement, motivation and intense focus that can make us perform much better.

Gamers have four skills they can bring to this challenge: a sense of "urgent optimism" that makes them desire to do "something important"; the ability of weaving "social fabrics", very tight networks where we understand what motivates everyone and what their unique skills and abilities are; "blissful productivity", the ability to stay engaged with very long-term problems even in the face of continued failure, because of positive feedback; and a sense of "epic meaning", that desire to grasp onto a story about some heroic purpose and collective adventure. So these four skills can turn you into what we call "super-empowered hopeful individuals": people who feel like they personally have some ability to change the world for the better.

MAKE IT

SHOPKICK

To simplify, Shopkick is an app that rewards those who enter a given store with a "kick" (a discount, a gift, or a "bonus" of some type). This is a win-win idea: for the Customer on the one hand, and for the retailer on the constant search for visitors, on the other. Released a little over 2 years ago, in the United States it soon became a standard of retail gamification, as we can clearly see if we look briefly at the list of partners that have gradually climbed on board: chains such as Target and Macy's, brands such as P&G and Unilever, as well as Visa and Mastercard. A system based on inclusivity and the exchange of value for all players. Not only; a recent "Pinterest" restyling of the application has enhanced the leverage of the contents, strongly focusing on the "lookbook" function whereby people can explore and "save" desired products before the in-store experience.

NIKE

It may be that its core business already has to do with games by nature, but for Nike "gamification" has never been an empty buzzword, but rather a feature of its business model. Apart from its advertising campaigns that often use real minigames online (such as the "seasonal" Winter's Angry), the game "virus" has climbed so far up the Nike value chain that it has become a distinctive element of the products themselves, in particular of the Nike+ line. The company with the Swoosh has gamified an entire sports activity, running, by selling its customers a new concept of the experience itself, made up of individual or co-opetitive challenges (the brilliant Men vs Women challenge of 2009) and venturing to the frontiers of the so-called "Internet of Things" with the recent launch of the FuelBand wrist device. Where each movement "counts", and the whole of the physical world becomes (also) a large digital playing field.

4FOOD

Also labelled as "fast food for geeks", 4food is a little big case of retail gamification (and quintessential Weconomy) that since 2010 has been working in the heart of New York on its declared mission to "dejunk fast food". Its offer of rolls is entirely based on fresh, local ingredients but with an extra differential: Customers can completely customize their burgers (or salads, or omelettes etc.), just as if they were personalizing a character in a role-playing game. The comparison continues to hold true if we consider the fact that these "customized rolls" are given a name and a position in the standings (or buildboard) according to their popularity with other customers, with the creator rewarded not only in terms of "social" visibility, but through a system of accumulable discounts, almost amounting to profit sharing. Hybrid, collaborative and gamified food retail all in one.

Forbes interview with Shopkick's co-founder http://goo.gl/wdDfV

A Day with Nike+ FuelBand http://goo.gl/kpTS8

4food's cartoon history http://goo.gl/S7wl2

WECONOMY INSIGHT

GAME (NOT) OVER
3 THINGS THAT THE RETAIL SECTOR CAN LEARN FROM VIDEO GAMES

Matteo Pozzi
Writer
Logotel

I was born in 1980 and, like all the Generation Y, I have no memory of a world without videogames. From the by now archaeological gaming arcades up to Kinect, I experienced first-hand the transformations of this extraordinary entertainment industry that - in Italy alone - has a turnover of something like a billion euros per year. This is an industry that over recent months has been experiencing its umpteenth revolution, with the oligopoly of the giants Sony-Microsoft-Nintendo, stable until yesterday, that today is cracking under the pressure of "casual games" for mobile phones. Phenomena such as Angry Birds are only the mainstream tip of an enormous iceberg of thousands of niches, including the more disruptive and directly competitive ones such as the open source console OUYA ($ 8.5m crowdfunded on Kickstarter) or the start-up platform Brass Monkey, that can potentially transform any smartphone-computer couple into a Wii-style gaming system. Games are everywhere - they are the air we breathe, the inevitable mindset of those who grew up on bread and joysticks and are naturally accustomed to interpreting reality (purchasing experiences included) in terms of levels, high scores and power-ups. As moreover also takes place on a daily basis within communities (personal, social or business). For this reason, before being a marketing trend, "gamification" is above all a word to express what millions of people (starting with ALL those under 35) already have within them: an innate attitude for gaming as a highly imaginative, co-opetitive, and rewarding experience. An imaginative experience: whatever the game, playing means interpreting a character, entering a parallel reality, immersing yourself in another world. But how many retailers today can boast that they offer their customers an imaginary world which is as engaging, inspirational and consistent as - to cite an obvious case which is now 25 years old - the one created by Nintendo with the Super Mario universe? Very few; but the future may perhaps be that frontier, already tested by brands such as Audi and Reebok, of ARGs (Alternate Reality Games), in which the plane of reality and the plane of the game, the physical and digital person and protagonist, overlap in a unique, coherent storytelling process. Co-opetitive experience: "gamification" translates into "competition" between users/Customers. And, in fact, the storm of Foursquare "ousting" messages (when a user overtakes another as a location leader) seems to substantiate this argument. In reality, so-called MMORPGs (Massively Multiplayer Online Role Playing Games) teach how important it is to introduce social-cooperative dynamics into gaming experiences that aim to be widely appealing and long lasting. We like to socialise, to "cooperate to compete", albeit (very simply) in the Red, Yellow and Blue teams of the gamified retail experiment of the Canadian fashion brand ALDO or in the district "crews" of the new Converse Pro Streets campaign. A rewarding experience: and here is the real "end-of-level boss" of retail. During a recent shadowing session with managers in the retail sector, I was struck by the impression that one of them had, who said that the people walking along a central shopping street in Milan seemed to be "bored to death". Have we perhaps lost our ability to have fun? Or, more likely, do we feel taken for a ride by an idea of consumption as a totally unsustainable end in and of itself? Coca-Cola has understood this, and in Singapore has installed vending machines that dispense cans for hugs instead of coins. For the Customer, the infamous "exchange of value" is not (any longer) in the can; but in the hug. Or in the experience: playful, surprising, "rewarding" in a more complete sense. The sense that 30-odd years of video games have accustomed us to. Fun. And finally, there is another thing I've learned from video games. You never have just one life. You have (at least) three. Is retail dead? Long Live retail.

WECONOMY
SERVICE DESIGN **TOOLS**

GAMIFICATION LOOP

WHAT

We used to have fidelity cards with their accompanying points. We can add more refined gamification mechanisms to these basic tools of customer loyalty. We have seen with regard to Social Design (Making Weconomy 02) how and why it is possible to plan the engagement and motivation of a group of people, for example a retailer's Customers, using appropriate service design tools. The circular Engagement & Motivation Map presented in the last Dossier in fact includes among its 5 operating mechanisms a Gamification lever, which is linked to the 4 stages of pollination, first use, repeated use and return of value.

WHY

- gamification is a lever that works on a very simple and straightforward level of motivation, in which each cause corresponds to an effect immediately recognizable by the customer/user, and measurable by the system/retailer (mutual benefit)
- each "micro-task" assigned and completed (like a "mission" in a videogame) in fact brings the Customer/user a proportionate "reward"

WHEN

- gamifying a sale/purchase experience is only possible after you have designed a priori the value system (the "value exchange balance") to share with your Customer; in other words, a "foursquare" badge without
- specifically - anything in exchange is an action without any planning direction
- the "spiral" mechanism of gamification is a potential fast, low-impact cycle that can act progressively from the micro to the macro level

HOW

- implementing a system for managing Customer data in order to identify what really interests the Customers (what "has a value") is crucial
- once this is done, it is possible to build together with the "player" a wider-ranging path of sense and value exchange that gradually widens in ever wider concentric spirals, building with him a solid relationship, at the limits of a (healthy) habit

PRESENT STORIES

TERRITORY, TRUST AND INTEGRATION
PHENOMENA AND (COUNTER)TRENDS
IN RETAIL

Nicola Lanzetta
Senior Vice President
Enel

What are the most urgent challenges that retail is facing today? How will this consequently change the way companies operate in this scenario? And how can we manage the changes that are taking place? We asked Nicola Lanzetta, Senior Vice President of Enel:

The first phenomenon that comes to mind is without a doubt the extreme speed with which today's market "learns and adapts". New products, new services, and new emerging channels are being launched continuously, and what is surprising is above all the speed with which the market becomes aware of them and assesses how well they work. It is obvious to everyone that the distance between the customer and company has been reduced thanks to the infinite possibilities of contact that new technologies offer. Less obvious, in a world in which Tokyo or New York seem to be around the corner, is assessing methods of customer contact and behaviour that may seem to be "counter-trends": after years in which one chose a product "live" and then perhaps went to buy it on the net, I think I can say that the reverse mechanism is now coming back in fashion. We are witnessing a second life of the physical store: the customer chooses and keeps up to date on the net but then buys (also) locally. The practical effect of this new "mood" is, for example, banks that until yesterday operated exclusively on the web opening branches. Or my own company, Enel, that is once more developing territorial points of contact after having reduced them for a certain period.

We pay attention to the territory as a competitive element that makes the difference: the success of the new digital channels may not do without the effective use of traditional channels and the dialogue between these two types of channels. In this complex context, to return to the present and also the value of the relationship between customer and brand: in certain purchases, what is decisive is faith in the company, more than the product in and of itself. The example comes from the success in the world the of large-scale distribution of private labels and it is, in fact, interesting to note how many companies are expanding their product range compared to what was traditionally available. Working outside usual contexts, in short, is a winning strategy, because the customer is willing to pay for services for which they recognize the added value of the Company that promotes them.

A further phenomenon in progress is that of the integration between the different phases of the customer's experience with the company, which no longer follows the rigid sequential process it used to. If the purchase of a product/service and its use/management were previously clearly differentiated, now the sales opportunities have multiplied and extended to other stages, even those following the traditionally conceived moments of contact. What I'm trying to say, for example, is that even a request for assistance may be turned into a sales opportunity. And what better channel in this case than the phone? This essential contact tool, sometimes abused or relegated to a secondary role, is in reality highly strategic, and decisive in the customer's overall assessment of how the business works in terms of professionalism, speed, courtesy etc. New awareness, then: first of all the awareness that today, potentially, "you are always buying", and that any occasion in which the customer comes into contact with the retailer is a golden opportunity to do business together.

FUTURE STORIES

ESCAPE FROM RETAIL
ARE YOU RUNNING AWAY TO THE
RIGHT PLACE?

Thomas Bialas
Futurist

Angela Merkel says it will take 5 years to recover from the crisis. I disagree. It's not a question of getting out of the crisis, but of entering even deeper into it and then separating. When a marriage is irretrievably in crisis, rather than dragging it out, people separate and start all over again (with a new life). Put in simple terms: a certain civilization of consumption has come to the end of its life. So let's free ourselves from it. In the era of discontinuity (if you like, the digital civilization) people no longer lose their jobs (only) because they are not good enough, but also because the job itself no longer exists (see newspapers and journalists). The same goes for retail. In the era of discontinuity (if you like, digital civilization) people no longer close stores (only) because the store is not up to standard, but also because there is no longer a need for that type of store (and here the list is extremely long). Digitalization, disintermediation, dematerialization. In other words: my physical store disappears or is used for something else. New shopping experience: my daughter (14 years old) tried on a pair of All Star (cost 65 euros) in a shop close to home, and then ordered them from Amazon (cost 37 euros). I forgot: while she was still in the shop, using her tablet. Will everyone act like this? Seven years ago I wrote that news-stands, bookstores, DVD rental shops, record shops and much more would have disappeared from the commercial landscape. I know: announcing doomsday scenarios is relatively easy and hits home, but I was convinced (and today, the facts support this) that digitization would create no shortage of problems for a slumbering retail trade. And retail now has to either hurry to make amends, or just hurry off, as far away as possible, abandoning old obsolete formats. You can try focusing on changing fashions through the various trendwatching.com sites, and new retail trends abound. You can try focusing on fabbing shops, i.e. shops designed as digital tailors where tailor-made products are designed in real time by the customers themselves (in Belgium, in Brussels, the first point of sale that only sells products obtained with rapid prototyping has opened. See www.mgxbymaterialise. com). You can try focusing on the social, on aggregation, on feedback, on service design and whatever comes to mind. You can try everything, but this is not the point. The point is that at least 30% of the retail in circulation must disappear because it is no longer needed. At the various franchise trade shows, a good third of the proposals are embarrassingly insubstantial. And it's not a question of whether there is a crisis or not. When we have more money again, we won't go back to doing more shopping. We'll do something different, because the old shopping experience has gone. Together with possession and ownership (we now prefer access and use). Digital freedom (also) means freedom from physical things. The anthropological shift taking place is not clear to many. And in the meantime, it seems that the only thing to do is sell at a loss. Cut prices if you can (Ikea included)! To conclude: where can we run to, where can we hide and how can we start afresh? I feel I can give a small piece of advice to many retailers. Forget budgets, quarterly earnings, the short term and many business practices that are now out of place (and obsolete). Take some time (in some cases leaving behind ideas that are now dead on their feet), find a thinking place, and design a new retail approach. Because the paradox is that we are faced with an excess of opportunities. The anthropological shift taking place is producing a new (human) species that calls for new, completely different offers. Before us there open up immense prairies practically uninhabited by the retail species. The problem is that too many people have their sights set on crowded spaces. So look elsewhere, and occupy new spaces. In the meantime, while you meditate on what to do (and how to re-invent) you can stall by using the exit strategy diet that I described way back in 2005 in my special "Retail survival trends".

Continues on Weconomy Blog   *http://goo.gl/yDNS9*

FINAL LAP

DIGITAL HAS BECOME A PAIN!
AND RETAIL MUST START
AFRESH FROM ITSELF

Nicola Favini
DG & Manager
of Communities
Logotel

We are at the end of 2012. We lived through 2011 imagining and forecasting digital innovation projects for our businesses. Euphoric and hopeful about the impact that the digital transformation could have on our business! More "liquid", "smarter", more "hybrid"… This was the dream to engage Customers outside the shops and bring them "to us". To apply the philosopher's stone of micro marketing and social marketing - "zero-cost contacts with high returns". The months have passed and now we realize that they have been months of breathlessness, chasing difficult-to-achieve results, trying to interpret events and often discovering that typical cause-and-effect relationships no longer give the results they used to. "My Customers are inflexible" is what we have often heard. The crisis absorbs us so much so that it drains resources (time and attention above all) that we should use to focus on how to transform, to build new tools and processes with which we can build new results for the future. But are we sure that the digital transformation (a must) and the economic crisis (a new environment in which to live) is not diverting us from the following reflection that the Retail trade must take on board? (take note, by Retail we mean "anyone who is selling products and services") Retail must start afresh from itself. Sale and purchase are 2 points of view of the same process! In the middle there is a Customer. A Customer chooses because someone knows how to speak to them, in terms of their context and need, so that they receive a service that wraps up the product and makes it unique. But also, quite simply, they buy because someone has managed to get their attention before anyone else and has got them to spend there, that day, that hour, for that need. This is called Customer Experience, CX. The sale is a process and not an event. Is that clear? The Customer exists before, outside and after the point of sale. The customer experience, which of course, moves between physical and digital, is the set of all those moments in which the Customer touches, sees, reads, listens to, and uses us. Those who deal with distribution must hybridize and transform themselves into producers. Producers of customer experience. This means producing content, enveloping customers with processes of contact that seek and attract them, but that they find useful and convenient. Sales increasingly means planning and experimentation. More than a digital fact, it is a physical fact. If we are not clear about our ability to produce a unique CX which is robust and consistent, how can we venture forth into the world of digitalization? In 2013 we will have to do more with less but at the same time, to develop a coherent and courageous vision of our future as retailers. This means taking decisions, choosing sides, displaying a design identity that then becomes a style and trademark to distinguish us in the eyes of the Customer and harmonizes choices in terms of services, multichannel approaches, and stories. Only after this "reflection" will we be able to invest in tablets, social networks, CRM, digital signage etc.: expenditure that if it is not part of a Service Design process will never give the results hoped for. Yes: the Digital world is a pain, but we are talking about growing pains, that show it's time to re-invent ourselves. It's as simple as that.

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