HMKM eye

Issue 1

INSIDE

Avoiding cookie cutter syndrome

HMKM eye

Welcome

Welcome to the first issue of HMKM eye – a stimulating mix of views addressing the growing movement towards customer centricity to deliver more bespoke retail environments.

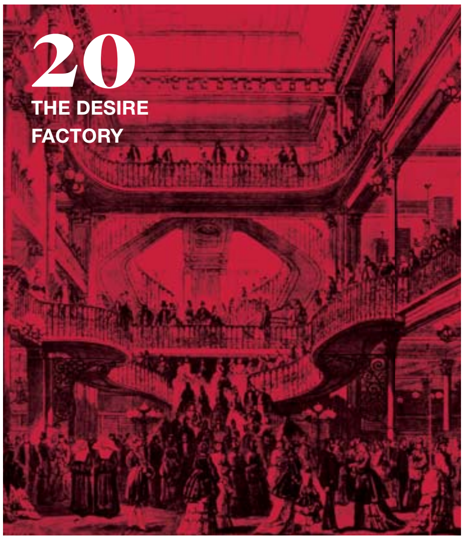
Given the sheer quantity of data we can plunder, there has never been a better time for retailers to interact directly with their customers. Yet equally, that volume of data can feel overwhelming. If we filter through the noise, we begin to see one common thread: the strongest brands have successfully articulated the art of personalization. From Aesop's differentiated stores (pg.10), to Nike's digital sneaker treasure hunt (pg. 30), to Everlane's model of radical transparency (pg. 20). To avoid being extinct, they all stay distinct.

In the following pages, we have sought thought leadership from our clients, renowned industry journalists, customer psychologists and business strategists. Enjoy the varying points of view and feel free to discuss any aspect with us.

Alison Cardy & Christian Papa
HMKM

**alison.cardy
@hmkm.com**

**christian.papa
@hmkm.com**

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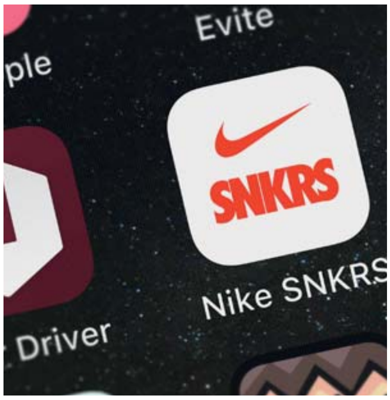
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The Passion Store

BY ALISON CARDY

“The Department store is dead!”

was the somewhat controversial opening salvo as one founder of HMKM, Peter Kent, addressed a department store event in Paris at the turn of the century. The next slide, however, led with the brilliantly prescient statement:

“Long live the passion store.”

About the author

Alison's career began with Next PLC in Leicester under the exciting leadership of George Davies. From there, she left to join David Davies Associates, responsible for much of the retail design revolution of the 80's and 90's where she met all the current directors of HMKM.

In 1999 Alison joined HMKM, a leading multi-disciplinary retail design consultancy, and over the past 20 years has managed their growth to become an internationally renowned and award-winning business. In 2014, HMKM became part of the Interbrand Group – uniting retail experience design with creative and strategic brand thinking.

Working with all current and prospective clients, Alison fronts the HMKM business, ensuring consistency of design and the highest quality of delivery in all aspects of their service.

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Email Alison: alison.cardy@hmkm.com

“I would say the name of the game is all about creating spaces that build relationships.”

His point was as relevant then as it is today – lead from the heart, lead with emotion, curate with conviction and your customer will come.

At the start of the millennium (some) retailers lauded the major undertaking at Debenhams as they created a universal fixture and furniture system for their products across all departments, praising the cost savings, the ease of moving product and expanding and contracting departments. But my, how homogenous that store looked, how undistinguishable each department was, and how grey.

Where were the desires of the customer in that clever “fixture review” program?

Roll on 19 years and no doubt retail is tough. With customers able to buy online, through social media and in-store, the role and purpose of the store is completely challenged. Customers can get anything, anytime, anywhere, and the whole dynamic of shopping has changed (even down to how we pay). Store estates are under review, closures manifold and the thorny challenge of investment in the main fleet, as opposed to the flagship, hasn't gone away.

And yet that challenge becomes one of the most exciting opportunities. What's unique about the in-store experience is that people want individual, emotionally rewarding experiences. We still love going shopping: the pure thrill of feeling and seeing a new collection, of “talking shop” with a real, breathing advocate of that product, of the purchase wrapped, bagged and bowed. That hasn't changed. Indeed one could argue that the desire for old-fashioned physical connection is returning with true vigor.

So, let's seize this chance to re-define the purpose of the store. To attract that customer you may have thought had gone cold or was out of your league. To create intrigue and desire. Suddenly that goose bump moment of "what if?" starts to percolate with an expectant energy.

I would say the name of the game is all about creating spaces that build relationships.

What relationship – in this store – could I have with my customer? Is it the same one across all stores? The same as online? The same through social media? Can it exist outside of the traditional store?

Like any relationship, there is a difference between falling, and staying, in love. Therefore, what can I do differently to pique their interest? How can I demonstrate my commitment? What will be fun? How do I keep it fresh? How do I ensure it endures?

Renowned psychotherapist, Esther Perel, argues that in long-term relationships, "we expect our beloved to be both best friend and erotic partner. However this draws on two conflicting needs: our need for security and our need for surprise. So, how do you sustain desire?"...

Relationships and retail

How can retailers sustain the desire of their customers? Developing Esther Perel's reflection, it should be through eloquence, wit, passion and a strong moral code:

Eloquence

Of products, ranges, collections, collaborations, sponsorship programs or fledgling-designer support, newness, pop-ups, art, music, events and drama.

Wit

The sheer joy and fun of sharing the product you have sourced with your customer, telling stories and making them part of the story.

Passion

An unshakeable, enduring desire; enthusiasm bordering on obsession, fire and love; hunger and happiness.

A strong moral code

Knowing that trust is the foundation of the relationship. The absolute need to build trust in the quality, the provenance. That the "big things" matter. That you're not going away.

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What can be done to make this statement a reality?

BY JOHN RYAN

Fewer and better stores. That, or something like it, seems to be the current mantra when it comes to describing what is happening or is likely to happen in retail. And there's not much wrong with the sentiment, it's the execution that is the problem. Many retailers have spent years ensuring that if the name above the door were removed, shoppers would still know where they were, it's a matter of 'consistency'.

The manner in which this has been affected is to make everything the same in all places, irrespective of local variation, whatever the age or socio-economic makeup of a location. This, of course, was fine when people were not as mobile as they tend to be today, but for the modern

Aesop's hallmark brown vessels

> **The issue then is how to make this a reality if you operate, say, a chain where a modular approach has been adopted.**

➪ shopper seeing identical stores wherever they go is a recipe for boredom and, ultimately, the rejection of what is on offer.

But what can be done? One answer is to make every store different and few are better at this than Aesop. The Aussie skincare retailer is known for the fact that no two branches are the same and, in most instances, a different architect/designer has been used for each store. That said, for those aware of the brand it would be almost impossible not to work out where they were if beamed down into one of the stores, thanks to two features: product packaging and a large mid-shop basin. The latter is a feature of every store and is rarely actually used, but it defines the brand's interiors (and has been extensively copied), while the packaging is just about using the same dark brown bottle, in a range of sizes, for every product.

That's it and it works. It also points to how effective sticking to your guns can be once the consumer is aware of what you're about. Whether you're a small retailer with just a few stores or a cross-border chain with fingers in many pies, being recognized is not a matter of all the same in all places, but there has to be a design tone of voice as well as a few signature elements that can be picked out by the shopper.

The issue then is how to make this a reality if you operate, say, a chain where a modular approach has been adopted. Working on a somewhat larger scale than Aesop, it's worth considering Anthropologie, the upper mid-market women's fashion outfit that has its own distinct handwriting but where account is taken of local variation. The deal with this one is simple. Edicts are sent from the corporate headquarters detailing the in-store display elements that should be included across the 200-store strong chain with branches in the US, Canada, the UK and Germany. All good, but this kind of thing tends to lead to cloned stores. The difference for Anthropologie is that a lot of latitude is given to the local VM team to turn stores into semi one-offs.

This is a good and simple way in which to avoid cookie cutter syndrome, even if you are the proud operator of an enterprise with more stores than you might care to count. The truth is that being different while retaining your core product values and some of the features that mark you out from the herd is probably the most effective way of ensuring that you are not dismissed by the ranks of the bored and disaffected. Easier said than done perhaps, but it is something that every retailer should be endeavoring to achieve in the current climate.

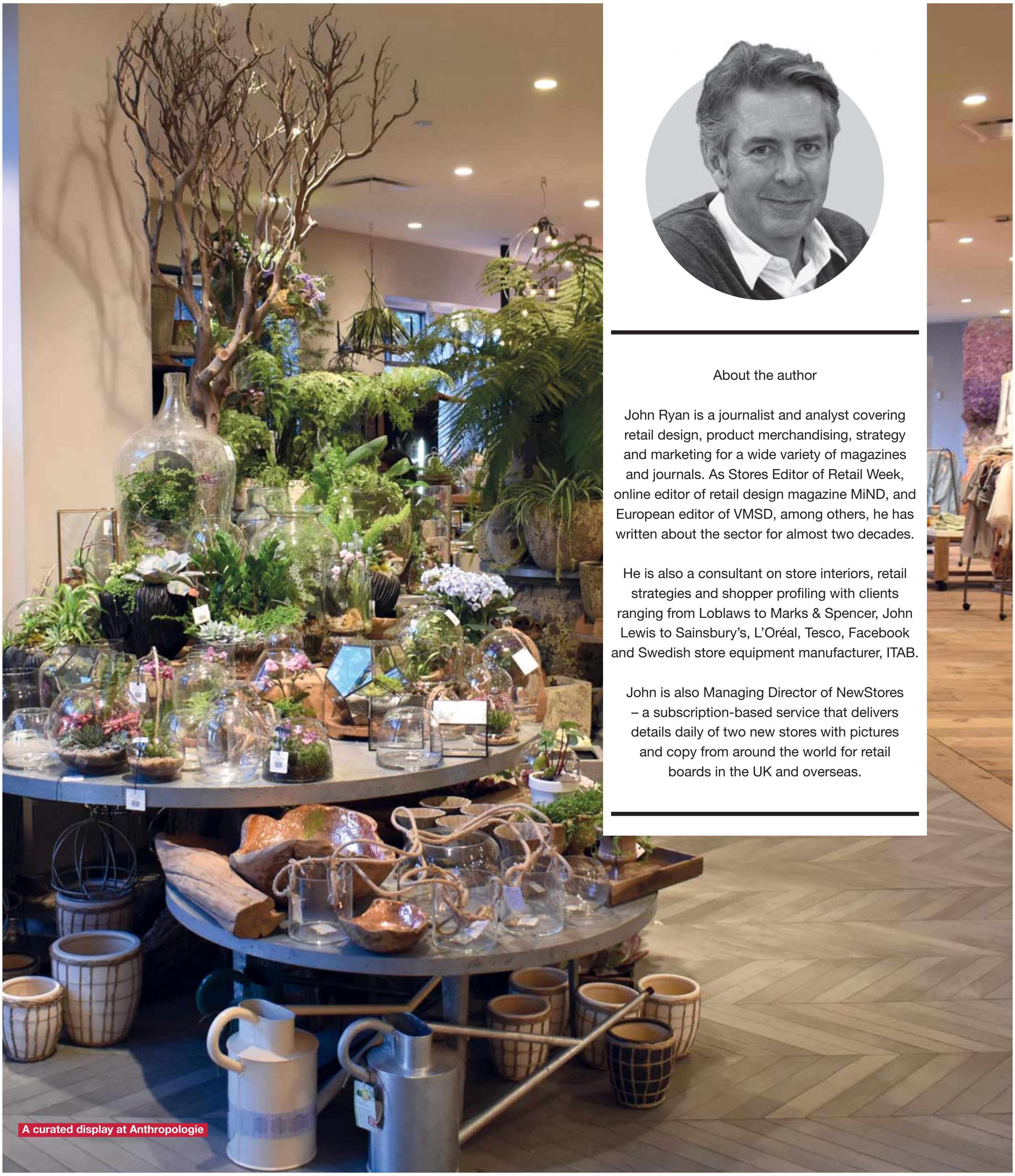
Fail to do this and the road to the offices of the receiver could prove uncomfortably short and direct. ☐

About the author

John Ryan is a journalist and analyst covering retail design, product merchandising, strategy and marketing for a wide variety of magazines and journals. As Stores Editor of Retail Week, online editor of retail design magazine MiND, and European editor of VMSD, among others, he has written about the sector for almost two decades.

He is also a consultant on store interiors, retail strategies and shopper profiling with clients ranging from Loblaws to Marks & Spencer, John Lewis to Sainsbury's, L'Oréal, Tesco, Facebook and Swedish store equipment manufacturer, ITAB.

John is also Managing Director of NewStores – a subscription-based service that delivers details daily of two new stores with pictures and copy from around the world for retail boards in the UK and overseas.



A curated display at Anthropologie

Q&A

PURPOSE FINDS A WAY

Matthew Alland
Chief Experience Officer,
Olivela

OLIVELA

Q Let's talk about this "cookie cutter" approach to retailing. It seems like brands can no longer create a one-size-fits-all retail experience for their customers. What do you think is leading to its end?

I think it's a combination of two factors: consumers have more choice than ever, and they know what they want. These factors have contributed to a much savvier and more knowledgeable consumer that the cookie cutter approach simply doesn't appeal to any more. Consumers have a plethora of options via a seemingly infinite number of channels – constantly informed and influenced by brands, social media, friends, celebrities and even total strangers. We didn't have this before. So they know what they want, but in a much grander way.

One other macro trend we're witnessing is that millennials are prioritizing experiences over products. We know that, from numerous studies, millennials say that "doing good" matters to them. When making a purchase, consumers are more sophisticated and consider what is important to them when making a buying decision; from environmental impact, ethical treatment of animals, healthy and safe working conditions and giving back. The more retailers can authentically tap into these decision-making factors, the more they will connect with the modern consumer. Operating with the cookie cutter model can make this challenging.

Q And do brands believe that the demise of the cookie cutter is a good thing?

I believe so. It's forcing us as brands and retailers to think more about the customer's needs. It used to be that companies would design what they thought customers wanted, but now we have to learn and understand what customers want and bring it to them. We have seen examples of retailers who originally achieved success by doing everything that they thought the consumer needed, but inevitably declined because they couldn't – or wouldn't – adapt alongside the changing needs of the consumer.

Interestingly, in almost every consumer research survey, the top 3 brands showcase a dedication to truly understanding what their customer wants. And crucially, these top 3 brands must also be authentic, and must truly believe in giving back. Olivela is at the forefront of this. We proactively understand what is important to our customer and deliver on that promise in a unique and authentic way. It's actually embedded in our business model; we're constantly speaking to customers and we learn so much from interacting with them. When we opened up our first store last year, the senior team were all there. The CEO, the Chief Merchant and other senior leaders spent two months on-and-off there, interacting with customers in the store itself. We invested so much of our time into it because we needed ➪

This interview has been lightly edited and condensed for clarity.

Olivela works on the premise that, for every purchase you make, 20% of the proceeds go directly to one of their partner children's charities

HMKM for Olivela

Olivela summer pop-up boutique, Nantucket. Opened 2018

> **“Consumers are changing, and their desires are changing at an unprecedented rate, so companies must evolve too.”**

to understand what was going to work for our customers. And I think that was part of the reason behind its success. Because we broke away from the cookie cutter model. Obviously, this isn’t possible with every store opening, but it’s proven to be invaluable in understanding our customers’ desires.

Q What are the challenges, and what are the rewards to doing this?

It’s a bit of a design and innovation challenge – how do we meet the needs and desires of our customers (when all have different needs, changing at warp-speed) and how do we do it in a scalable way? It comes down to the right mix of flexible design, customer understanding, personalization, customization, technology and curation of product. Another challenge is being truly authentic. At the very heart of Olivela is our belief in giving back. It’s not a once-a-year campaign; it’s in our DNA and core to our business model. Customers know when you’re being authentic, and they tend to stay more loyal to your brand. Our brand is seen as authentic, and we organically acquire the most amazing brand ambassadors and champions.

Q Can you think of any brands in this space that are doing well, or not so well?

A few – specifically in the direct-to-consumer space. Warby Parker, Everlane, Casper and Allbirds are killing it. They’re connected to their customers – identifying the unmet needs of the modern consumer. Glossier is also amazing; they’re smart, brave and authentic. Macy’s recently bought the Story brand and already rolled out discovery-led concept shops in 36 stores. I love it; so fresh, creative and fun. They change themes every few months, curating a completely new, narrative-driven edit of the most unique items from around the world – encouraging discovery and delight. All of this gives the customer an unparalleled experience, and most importantly, a reason to go back again and again throughout the year to discover something new they didn’t even know they needed.

As far as the ones that aren’t doing so well, I’d say they are trying to adapt to the needs of the new, modern consumer and hopefully will evolve and not be left behind.

Q What would happen if retail organizations don’t change? Or if the industry doesn’t change?

Consumers will continue to have more options and refine their desires, leading them to choose those brands that meet and exceed their expectations. Brands that don’t understand and deliver on their customers’ needs will be challenged. Consumers are changing, and their desires are changing at an unprecedented rate, so companies must evolve too.. ☐

5 Tren

FROM THE MILAN FURNITUR

In April of this year, the world's design pack flocked to Milan for another week of interiors, Instagram and aperitivo. HMKM spent 3 days immersing ourselves in all things design to identify the key trends that will inspire our projects for 2019:

1. The Human Touch

Craftmanship and the creative process took center stage throughout many of Milan's exhibitions; Loewe, Hermès and Nendo to name but a few. Beautifully handcrafted, raw pieces were showcased amongst sleek, polished furniture emphasizing the contrast between machine and human processes. Loewe invited some of the artisans into their store to demonstrate how they created the woven leather objets d'art on display.

Loewe Baskets, Hermes La Poleta

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E FAIR

3. Sustainable Design

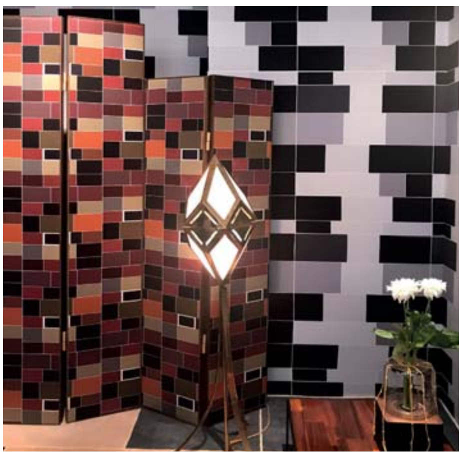
It should come as no surprise that the phrases “sustainable” and “circular design” were on everyone’s lips at Salone this year. Spearheading the conversation were the likes of COS and Note Design Studio that both featured heavily on design-savvy Instagram feeds for most of the week. COS X Mamou-Mani revolutionized 3D printing with 700 truncated “biobricks” that formed a pavilion-like structure from renewable polymers and pulp from Douglas fir trees. The result was a sustainable waterproof material that can be extruded like a plastic and made from fully compostable materials.

COS X Mamou-Mani, Note X Tarkett

2. Layering

“More is more” seemed to be the motto for this year’s designers as maximalism took center stage with materials, color, screens and lighting all in abundance. Nilufar Gallery showcased room dividers in striking colors that contrasted their equally striking monotone wallpaper. Lambert & Fils layered their Sainte pendants – both in presentation and in materiality – with their colored glass slabs suspended by thick black straps at Café Populaire.

Lambert & Fils at Alcova Sassetti, Nilufar



5 Trends

4. Organic Forms

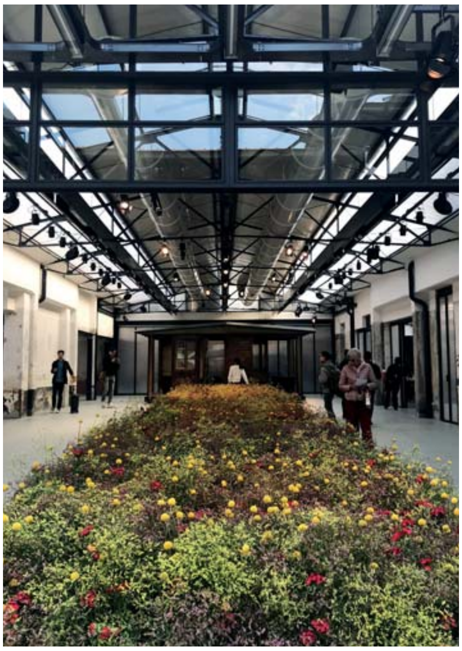
Fervent experiments in sustainable materials and processes now seem to be informing design, as organic shapes featured in many installations. In Tom Dixon's new restaurant, The Manzoni, the molten-glass-looking Melt pendants are suspended above the counter, and Moroso's soft curves and ellipsoid side-tables complemented the subtle palette of blush and rust tones.

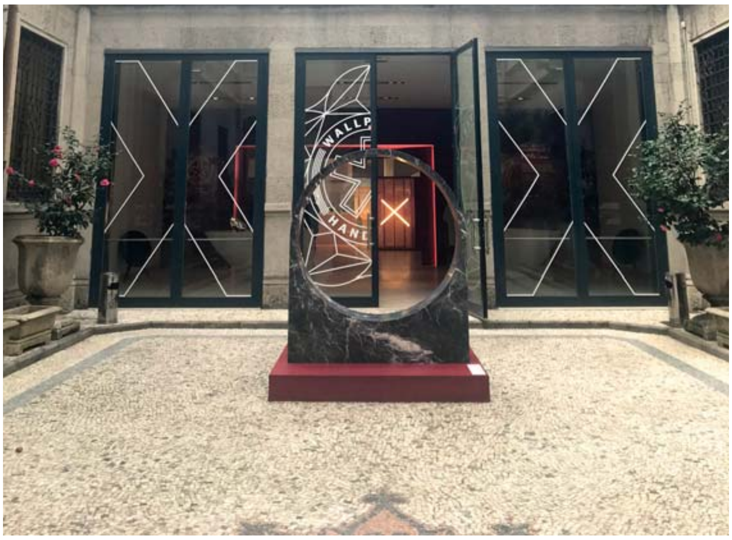
Alcova, Tom Dixon – The Manzoni, Moroso

5. Social Impact

Wallpaper* Handmade marked their tenth year by talking all-things love. They paired artists, architects and designers to co-create "heart-swelling tools, tokens and totems of affection." Elmgreen & Dragset and Georg Jensen explored how a couple's evening routine has been affected by the advent of tech with their "cellphone slumber pod." Raf Simons' dystopian suburbia titled "No Man's Land" used meadow florals installed by Mark Colle and Jean Prouvé's prefab cabins to dissect and examine their textile design process.

*No Man's Land, Wallpaper**





About the authors

Megan Gibson
Middleweight Interior Designer, HMKM

After completing her studies at De Montfort University, Leicester, Megan moved to London to pursue a career specializing in retail environments, eventually working at various London agencies for clients around the world, including Selfridges, Galeries Lafayette, Harvey Nichols and KL SOGO. A lover of all-things design, you can often find her documenting her latest travels from behind a camera lens, or nose deep in a good Penguin classic.

Ozlem Duztepe
Senior Interior Designer, HMKM

Ozlem has worked across retail, and workspace interiors, specializing mainly in boutique and fashion department stores for over 11 years. She has worked within the UK and internationally on projects such as, Robinsons Dubai, Galeries Lafayette Shanghai and Country Road in Australia. Outside of work, Ozlem is an avid explorer with a passion for yoga.

Sam Whitear
Senior Interior Designer, HMKM

Originally a trained carpenter, Sam has worked across visual merchandising, luxury hospitality and retail design, with a diverse portfolio and knowledge working with brands around the world, including Boyner Group, Selfridges, Fabergé & Moss Bros. Sam's passion for detail and all things design stems from his love of history and architecture.

Le Bon Marché, Paris. Lithograph
by Charles Fichot, 1872

About the author

John-Michael O'Sullivan is an architect and journalist. He has created retail concepts for clients including Brown Thomas, Mercedes Benz and Fortnum & Mason. He also consults on brand identity for a range of heritage & contemporary fashion labels. He is a regular contributor to Esquire and The Observer, writing on design, photography & fashion; edits the menswear biannual Article, and is working on a book on modelling in Fifties New York.

john-michael.osullivan@hmkm.com

The Desire Factory

Pleasure and provocation, seduction and surprise; ever since the dawn of the modern department store, their design has been built on the notion of stimulating customer desire.

BY JOHN-MICHAEL O'SULLIVAN

Sex and the City, Season 6, Episode 5. It's the episode where Miranda has a cupcake meltdown, Samantha kick-starts Smith's acting career, and Charlotte tries dating synagogue-style. It starts, though, with Carrie and new boyfriend, Berger, going on their first shopping trip together. It was a sequence I'd seen before, many times over – but I'd never before noticed where they were.

In the winter of 2001, Prada opened their first Epicenter, a block-long

> **The purchase of products is the anchor that gives these places their purpose, not the thing that defines what we want from the experience.**

➪ 23,000 sq. ft. superstore in the heart of Soho. It was, at the time, a retail space unlike anything else. “Forget the shoes,” the New York Times declared, “Prada’s new store stocks ideas.” Amongst those innovative ideas were browsing rails with screens that provided the customer with each product’s options and availability, fitting rooms that switched from clear to opaque at the touch of a button, and time-lapse 360-degree projections instead of mirrors. And the entire ground level was given over to a giant wave of timber that doubled as a space for performance, assembly and interaction – with the product itself displaced to a supporting role.

It was a singular, revolutionary statement, from a time when retail design was at its most unashamedly radical. A few years before, Harper’s Bazaar had announced the start of the “Store Wars” – an era that saw the birth of agenda-setting concept spaces like Helmut Lang, Oki-ni and 10 Corso Como, of re-invented power brands like Gucci and Calvin Klein, and one-of-a-kind experiments like Vexed Generation and The Pineal Eye. But at heart, the Epicenter was about the same thing retail spaces have always been about, going right back to the mid-19th-century; spaces to encourage pleasure, excitement and desire.

Look at Le Bon Marché, where most histories of modern retail begin; the Parisian department store whose transformation (at the hands of Aristide Boucicaut and Gustave Eiffel, the Miuccia Prada and Rem Koolhaas of their day) made it one of the most spectacular spaces the world had ever seen. Its soaring, glass-roofed atrium, swirling staircases and opulent displays were an instant sensation, offering an utterly new kind of experience. Democratic and accessible, yet opulent and exotic, its customers were thrilled at every turn, with magnificent displays, witty installations and imaginative experiences.

In the decades that followed, the Bon Marché’s retail model proliferated around the world, infiltrating every aspect of popular culture. Newspapers and magazines breathlessly reported on new innovations and ideas, as department stores vied with each other to deliver the ultimate experience – art galleries and playgrounds, tearooms and cocktail bars, beauty salons, celebrity appearances and Santa Claus grottos. Depression-era movies like The Shop Around The Corner and Employees’ Entrance enraptured audiences with retail-set fairy tales of glamour, romance and escape. ‘Wouldn’t it be marvelous to start absolutely fresh?” a frustrated shopper muses in Dodie Smith’s hit 1935 play, Call It a Day. “Heavenly,” her friend replies. “I should like to be naked with a checkbook.”

That sense of possibility and excitement has endured across the decades. Just think about Todd Haynes’ Carol, and the thrill of the moment when Cate Blanchett and Rooney Mara’s affair sparks up across a toy department counter. Or Pretty Woman – a romcom whose final destination may well be about marrying a billionaire, but where its most memorable sequence leads from a no-expense-spared

HMKM for Tryano

The Shoe Gardens, Tryano, Abu Dhabi. Opened 2017.

makeover to the ultimate retail putdown: “You work on commission, right? Big mistake. Big. HUGE.”

Today, of course, Julia Roberts needn’t worry about facing off with shop staff. Provided she has Wi-Fi access, she can shop anywhere, anytime. (Just as she lives an era of hassle-free returns, and gets reminded of her browsing history every time she opens her email or Facebook page.) But for both retailers and designers, it can often feel as though the factual aspects of shopping – commitment, conversion, transaction – have come to dominate the conversation, especially now that e-commerce’s promises of speed, choice and no-limits convenience have set such a dominant benchmark.

But here’s the thing. Shops are only about shopping insofar as hotels are about sleeping, or airports about travel, or cinemas about screening movies. The purchase of products is the anchor that gives these places their purpose, not the thing that defines what we want from the experience. For proof, look at the way new concepts continue to make waves, and establish new stars in spite of the near-daily headlines we read about the coming apocalypse. Gentle Monster’s chaotic surrealism, Everlane’s radical transparency and Story’s endless transformations have become instant sensations – just as Louis Vuitton’s re-invention under Virgil Abloh, and Bjarke Ingels’ boldly conceptual scheme for Galeries Lafayette Champs-Élysées, have propelled some of retail’s most established names back into the vanguard.

But back to Carrie and Berger. Five minutes in, he’s high on champagne and dazzled by the Epicenter’s topsy-turvy approach. “You know. On my planet,” he says, “the clothes stores have clothes.” But the reality is that product is just the starting point. And it’s everything else – the magic, the drama, the surprise – that makes the physical retail experience so utterly unique. ☐

Scaling local

PRIMARK®

5 Questions with Sanjay Dhiman, Director of Store Design, Primark

1

What is leading to the end of the "cookie cutter" approach to retailing? And do you believe that its demise is a good thing?

Today, consumers are more demanding and brands are striving to be more local in their execution. We hear the phrase "experiential retail" all the time, and there are certain brands that deliver this exceptionally well. Those stores become brand statements and destinations that their loyal consumer base continuously visit, and that also become known to people who are new to the brand. They too want to experience and understand what the hype is all about. It's certainly a good thing as it encourages diversity in approach and we get to witness some interesting and unique retail experiences.

2

How and why is this helping retailers build more meaningful relationships with their consumers?

It's not just for external consumers, but what I would consider to be our "internal" consumers – our colleagues. But if we're talking exclusively about external consumers, this local execution point becomes really interesting. Stores that are local resonate with our consumers because they are at one with their environment. Consumers feel like the space truly belongs to their city, like it's a part of it.

3

What are the challenges and rewards to the cookie cutter approach?

It can be very cost-effective. However, you don't necessarily need to increase capital spend by a large amount, but you need to be smart in identifying those consumer touch points that matter and invest in those areas. If you do this right, you'll see closer connections and stronger engagement with both external and internal consumers. A better engagement also fuels richer social media activity – which is especially important for Primark – a brand that doesn't have a transactional website. It's like word-of-mouth for the digital age.

4

Can you think of any brands in this space that are doing well?

Nike and Adidas. They both lean well on their diverse product offerings and offer tailored store design concepts. Whether that be Nike's House of Innovation in NYC, which is a huge brand statement, or a subtler Nike Hoop Soul 533 in Seoul, they're nailing localization. Adidas too, localize their Originals stores, by creating local maps with the trefoil logo or using homegrown artists to add local culture to their Wicker Park store in Chicago.

HMKM for Primark Amsterdam

5

What would happen if retail organizations don't change? Or if the industry doesn't change?

We've seen plenty of retailers in recent times struggling and eventually going out of business. Retail needs to innovate and change as consumers' needs change. Whether that be through new services, technologies and payment systems, or even simply evolving store design. There are plenty of examples of those who have struggled to adapt, but I'm remaining optimistic, because there are some brilliant retailers out there that are continuing to inspire and shift the industry to where it should be. ☐

About the author

Sanjay Dhiman is Director of Store Design at Primark. Having worked for nearly 14 years in its Store Development department, Sanjay began his Primark career in the UK, and has since led them into new markets – most recently in France, Italy, the US and Slovenia. He has worked on many of Primark's flagship and award-winning stores, including Primark Birmingham, a 160,000+ sq. ft. space replete with a salon, a Disney café, a full beauty studio and a personalization station.

Land of
the Risin
Store

BY MASAHITO NAMIKI

Amongst the retail circles of Japan, the hot topic of discussion is customer experience. The good news is that Japanese companies have finally started to embrace something new that isn't an extension of the past. So now, we're witnessing real variety, experimentation and some experiences that have turned out to be outstanding (such as Tokyo's Ginza Six). But the bad news? Many experiences are concept-based, not brand-based.

There are a lot of retailers that really focus on what they consider to be a "good" experience. Beautiful, stress-free, comfortable, eye-catching and maybe even unconventional. Although these are must-haves, my observation is that customer experience is being defined in a very narrow sense – the term "experience" tends to focus predominantly on efficiency. I suspect this comes from a long-lasting corporate endeavor to always improve productivity. So we tend to focus on things like "stress-free" experiences. Great for the customer, right? Not necessarily, and not in the long run. Too much weight attached to it, and all experiences will converge into something similar. And then we will find ourselves stuck in a shallow pool of orthodoxy.

Another negative consequence of over-indexing on "efficiency-focused" customer experience leads Japanese companies to rush into this concept because they feel it can make a difference. However, the issue is that, more often than not, it appears to be a one-off unique concept, rather than a strategically thought out one that will amplify what the brand can and will promise.

Sound familiar? This is exactly what has happened and is still happening in communications. Attract the attention and then move on. Brand perception can only be built by fostering positive emotion. A combination of an "efficiency-focused" customer experience and a one-off concept-driven customer experience will not help because it isn't a right extension of what the customer should experience (and feel) when interacting with a brand.

To avoid being sucked into this trend in Japan, we must avoid becoming obsessed with this notion of being "stress-free" because sometimes a little amount of stress can be necessary to the experience. For example, Isetan in Japan are unlikely to introduce a self-checkout system, which is ostensibly what we believe to be a "stress-free" customer experience. It may increase the efficiency of purchase, but it undermines the brand because the interaction between the customer and store staff is an essential part of the experience.

Creating a functionally perfect product didn't work out for Sony, along with many other Japanese companies. In today's world, it's almost common knowledge that a perfect product needs to have functional utility and create some sort of emotional impact on the customer. So why do we obsess over creating functionally flawless, yet emotionally empty experiences? Just because experiences happen in moments doesn't mean they can't be repeated. Build function and emotion into your brand experiences, then you won't have to worry about being different. Because you already will be. □

About the author

As Chief Executive Officer of Interbrand Japan, Masahito Namiki pairs his unique strategic insights and experience working with global brands to help client partners compete effectively in a fast-changing world.

From brand, strategy, marketing, organizations, operations and M&A to technology and innovation – Namiki's expertise is broad and comprehensive. He has worked in a range of sectors, including automotive, retail, service, luxury, healthcare, technology, financial services, consumer goods, F&B, transportation, industrial, infrastructure and more.

In retail, he led a major strategic undertaking to bring omnichannel to life for a major Japanese department store. He is also experienced with MD strategy, turnaround, service experience design and related areas.

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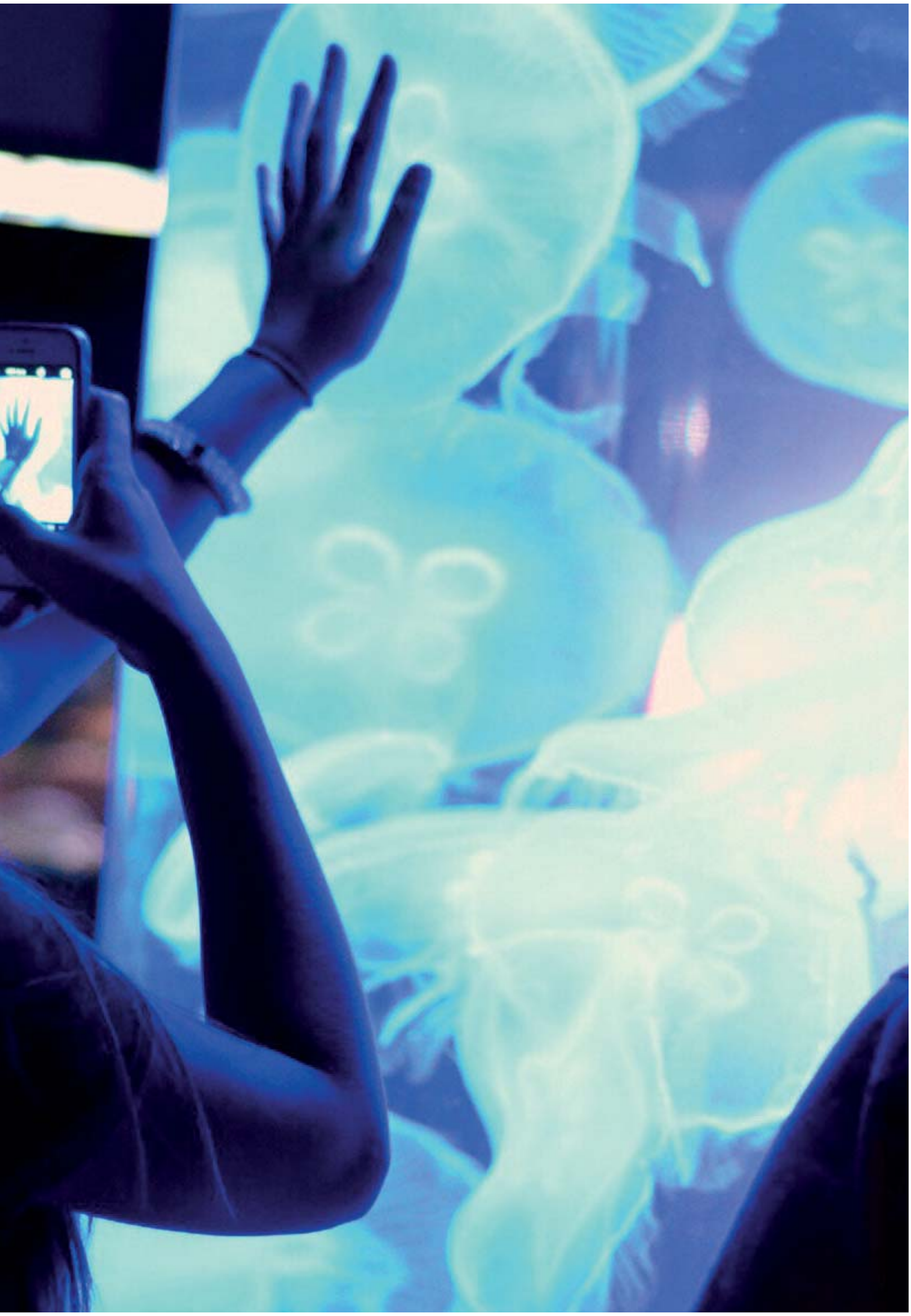
Email Mashahito:
mashahito.namiki@interbrand.com

Out of site, Still on mind



BY CATE TROTTER

The store, as we know it, is on its way out. This is not our way of pointing out the rise in ecommerce and mcommerce and any other commerces. This is still about retail in the real world, selling in physical places but not through your standard store. While the traditional idea of the store may be struggling, physical retail is alive and well, and full of possibility.

If you stop for a moment, you'll realize why this is such an amazing thing, revolutionary even. Because the world, the whole real world, is made up of physical spaces. Homes, offices, shops, hotels, music venues, sports stadiums – all the buildings – but also parks, car parks, gardens, streets, gas stations… The world is a physical thing. Obvious right?

So if you take retail out of the store, but keep it in a physical environment, then (in theory) you can literally put it anywhere. If that hasn't blown your mind already, here's a handful of brands and ideas that have taken retail out into the world:

Tommyland

Let's start with the big guns. Tommyland takes Tommy Hilfiger's brand out of the store and slap-bang into the real world via a Coachella-style extravaganza. This is shopping at a music festival, funfair and fashion show. It's about stepping into a brand's world, walking around, feeling it, soaking it in and being able to buy outfits you love from your phone. Built around the 'see now, buy now' concept, during the runway show, customers were able to use the specially-developed 3D image recognition app to purchase their favorite looks.

There were also merch booths on the ground for people to buy the good old-fashioned way. Tommyland even offered a shoppable livestream of the show for those who weren't at the event. Obviously, it's an expensive set-up, but it marries experience and

While the traditional idea of the store may be struggling, physical retail is alive and well.

retail in a compelling way. It's these types of experiences that customers don't easily forget.

Shoppable apartments

A shoppable apartment is a showroom space which is designed to mimic a real life apartment. Customers can walk through the rooms, sit on the sofa, have a drink and imagine themselves living there. They can then order any of the products they've seen to make that vision a reality in their own home.

The proliferation of the trend means that some shoppable apartments are now little more than stores that look like apartments on the inside. But the best spaces like the super cool Bless Berlin and chic Apartment by the Line are actual apartments turned over to retail. Some like Bless are even coy about their location – making customers work to visit. Customers aren't being sold a product but a lifestyle. They get a taste of a world that they'd like to achieve for themselves. It's more natural than walking around a store. It's also the starting point for a lot of this thinking around how you can do retail in physical spaces outside the store. The shoppable apartment has given rise to the shoppable hotel room, where brands either operate their own hotel space or kit out another company's rooms. What's next?

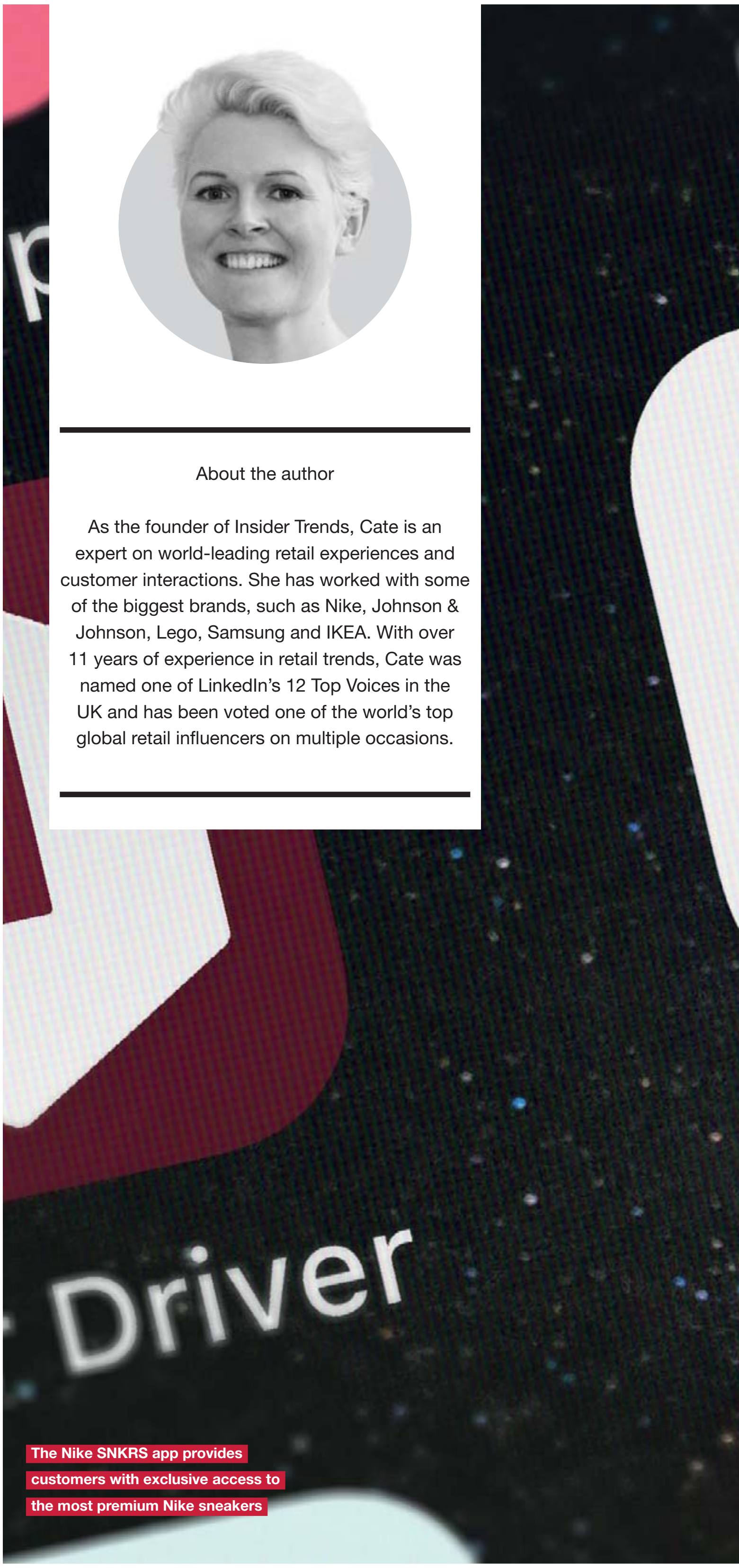
Nike SNKRS

Technically you could say that the SNKRS idea is mcommerce because it relies on a smartphone. But it also relies on specific triggers which can be locations or physical objects. SNKRS is an app which gives customers a way to buy exclusive product launches. Over the years, Nike has built in a gamification approach that requires fans to do something in order to unlock the chance to buy their products. This includes going to a specific location within a certain timeframe or using AR tech on a physical object – such as a poster or a menu. It works a lot like a city-wide scavenger hunt with fans hunting down where they need to be.

It's also fun. This is important because it's one thing that physical retail can do well. Interaction, engagement, using people's senses and emotions – it's a lot harder, impossible even, for ecommerce to offer the same thing. The SNKRS idea lets us reimagine any object, location or place of local interest as a point of sale. Mind blowing.

Driverless grocery stores

This idea is the store as not a store. These are small grocery stores on wheels which drive around and let customers shop wherever they are. Currently being beta tested in China, Moby Mart is the best-known example. It has an app which customers use to enter the store and scan the barcodes of what they want to buy. There are no staff in the space, but the Mart is currently driven by people. The aim is that it will be self-driving in the future,



The Nike SNKRS app provides customers with exclusive access to the most premium Nike sneakers

About the author

As the founder of Insider Trends, Cate is an expert on world-leading retail experiences and customer interactions. She has worked with some of the biggest brands, such as Nike, Johnson & Johnson, Lego, Samsung and IKEA. With over 11 years of experience in retail trends, Cate was named one of LinkedIn's 12 Top Voices in the UK and has been voted one of the world's top global retail influencers on multiple occasions.

allowing customers to summon it when they want to buy something.
In the US, Robomart is about to start testing its autonomous grocery store in California. Unlike Moby Mart, customers don't physically enter Robomart. Instead, the doors slide open to reveal shelves that customers can grab goods off. A customer must use an accompanying app to request a Robomart and then RFID and computer vision tech tracks what they pick up, charging them accordingly.
Retail that can turn up, sell, then pack up and move on is a great way of combating challenges of location, rent, staffing and more. The ability for customers to get the vehicles to come to them in the long-term may also see more people buying spur-of-the-moment items from physical spaces rather than online.
And let's not forget that Moby Mart can act as a collection point for other items which has the potential to be game-changing. Forget your Amazon locker, the store can just drive your online delivery to you.

Grab&Go
Now this is a cool idea. We're all familiar with (and probably semi-regular users of) car-based transport that isn't our own – taxis, ride-sharing cars, minicabs etc. What Grab&Go do is stick a mini convenience store into those vehicles.
Created by Singapore-based transport company Grab, the idea is currently restricted to its vehicles, but we see no reason why it couldn't become the norm. If customers want to buy something from the box of goodies, they whip out their smartphone, go to the website, type in the box's number and select their items. The interesting thing is that rather than taking payment from their card, the cost of the items is added to the fare and charged at the end. It also means that currently the idea works on the basis that the driver gives you your goods at the end of the ride. Not so good for in-ride snacking, but there's potential. A model like Stockwell's pantry boxes that uses a combination of app and camera tech could do it. We'll have to see how this plays out and whether the idea gets much traction with customers.
What it does show is how physical retail opportunities can be integrated everywhere, even in transit.

What's next?
These examples are just the tip of the iceberg. They show the many creative ways brands interpret the idea of physical retailing outside of the store environment.
Physical retail has some clear advantages over other types of selling – ranging from immediacy to experience to engagement. People like to have some physical involvement in the things that they buy. It's why, for a lot of people, they'd rather go to a supermarket and pick their own food than buy online and have it delivered. And physically engaging with a product and a brand increases our connection with it.
Physical retail is here to stay. It just might be leaving the store to do so. ☐

Q&A

CURATING A CITY OF THE FUTURE

Jeff Blau
CEO,
Related Companies
(Owner of Hudson Yards and Equinox)

BY DANIEL SILLS

Walk the High Line far enough north from the Meatpacking District and you'll end up in New York City's newest neighborhood: Hudson Yards.

This 28-acre, $25 billion "city within a city," built atop a storage yard for Long Island Rail Road trains, has been 11 years in the making. At its heart sits Vessel – an Instagrammable, copper colored, beehive-looking, experiential art piece designed by Thomas Heatherwick that would fit right into a Ridley Scott film. Surrounding Vessel is an urban playground of mixed-use milieu: two residential buildings, four office buildings, the first-ever Equinox Fitness branded hotel, public art, greenery, restaurants, one million square feet of retail, and a huge arts and culture center (complete with a moveable, telescoping roof) called The Shed. And that's only phase one. The second half of Hudson Yards is scheduled to be completed in the next several years.

Building all this real estate simultaneously, while selling a vision for a neighborhood to potential tenants, is ambitious. The key was to create critical mass, according to Jeff Blau, CEO of the Related Companies, the company behind Hudson Yards. "The only way to do that is to build many different types of real estate at the same time. They're not competitive with each other, so we could build them all at once, as opposed to if we had designed 12 office buildings, which you couldn't possibly lease or attract people to come here without all the things that make it interesting, like the retail and restaurants."

And it was through that process that Blau says they had to, in effect, "curate the city of the future." He spoke with Interbrand Global CEO Charles Trevail on the *Outside In* podcast to talk about what went into the planning and designing of Hudson Yards and why brick and mortar retail is very much alive ... and evolving.

Q To what degree did you listen to consumers at any point in this process of planning and designing Hudson Yards?
We tried to talk to as many people as possible: experts, consultants, architects, designers. We asked people on the street, "How would you like to live your life?" I think it's important to listen to all types of

This interview has been lightly edited and condensed for clarity.

About the author

Daniel is the producer of *Outside In*, a podcast that explores how consumers and the world are changing, and what it means for businesses. Daniel regularly consults with executives, professors, and entrepreneurs about how to create branded podcasts. He's also an associate director of marketing at C Space, Interbrand, and HMKM. A talented writer and storyteller, Daniel has performed on stage in several story slams and was a GrandSLAM finalist for The Moth.

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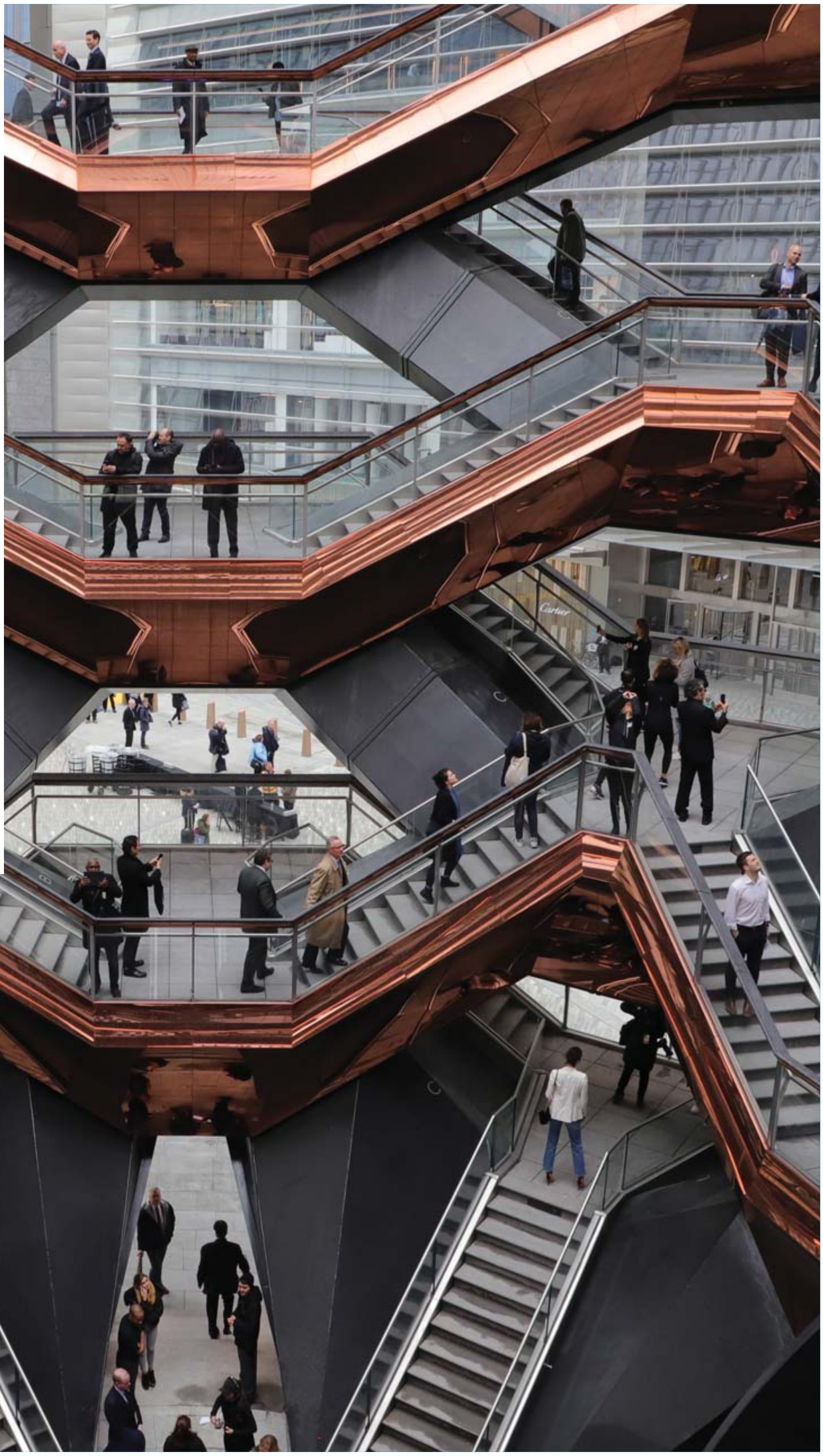
Email Daniel:
dsills@cspace.com



March 15, 2019: Celebrities and politicians gathered to celebrate the grand opening of Manhattan's newest neighborhood, Hudson Yards, and its centrepiece, Vessel

> **Early on, we thought that this could be to New York like the Eiffel Tower is to Paris.**

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➪ people so you're not getting one standard input. You really have to think through who your customer is, who your customer will be in five to seven years' time, and what they will want.

Q What are you most proud of? Is there anything that you look at and go, "Wow, that turned out even better than I ever thought it would."
I believe we've built the best real estate team in the business. By far I'm most proud of that team. But what was I most happily surprised by? I would say Vessel. We went around the world and talked to great designers and architects and ultimately found Thomas Heatherwick. What was so amazing about Thomas' vision is that not only is Vessel a great piece of art, but it's also participatory. We thought if you had just a piece of art, at some point people would get bored. But with Vessel, you're not getting bored because people are climbing it and walking it. We said that this would become the most Instagrammable moment in all of New York City. Early on, we thought that this could be to New York like the Eiffel Tower is to Paris. People thought that was a crazy statement, but it's happening, and people are travelling to New York just to see it

Q You started 11 years ago and opened in March of this year. In real estate development, there's a danger that when you complete a project and move on to the next, the one that you previously did goes backwards. How do you keep what you've built fresh?
The retail is really where the public intersects with Hudson Yards, along with the plaza and Vessel. Retail has gone through a tremendous change in the five-plus years since we've been under construction. We had to think hard about what the future of retail is. People have talked about the "death of brick and mortar retail" for several years, and I don't think that's true. I think brick and mortar retail has evolved. People don't need to go to a retail center or a mall to buy a shirt. You can buy one online in 30 seconds. But people still love experiences. People still love going out and having an event, so we tried very hard to have enough experiences as part of the retail. The idea is that you don't come out here to buy a shirt; you come here to spend a Saturday having lunch, climbing Vessel, listening to the music that's playing and checking out the art. All this programming of experiences can never stop. It needs to continue forever. That's what's going to bring people here.

Q In the same vein of being experiential, you're about to launch the first-ever Equinox hotel. How did that idea come about?
Related owns Equinox, and we've been integrating the Equinox concepts into our buildings for over a decade now. Equinox has grown during the past 10 years with us and has become an incredible success in its own right as a fitness club and as a lifestyle center.

We talk to our members all the time and found that they were making their hotel-stay decisions in cities based on proximity to an Equinox because people like to work out when they travel. When we built a Mandarin Hotel at the Time Warner Center, there was a spectacular fitness club in the hotel. In that same building, we had an Equinox in the basement. There was no relationship between Equinox and Mandarin. The people at Mandarin quickly found out that the guests at their hotel didn't want to work out in the super fancy fitness club. They wanted to go to Equinox because that's where the buzz, excitement and fun was.

We thought if we brought these two concepts together – the hotel and fitness club – that would be a game-changer for the hotel industry because no one would be able to copy it. We're going to roll this out throughout the United States and then the world. We've got 10 of them underway right now, with the first one opening at Hudson Yards.

Q What's next for Related Companies?
We believe that the single building developments have become much more competitive. We need to do things that are either bigger, more complex and more difficult to execute so that we can differentiate ourselves and create excess returns that we always strive for. So, the focus for us has always been on these large-scale, mixed-use developments. Remember, real estate is still a local business. You don't try to create what we did here and bring it to any other city. But you try to export your best practices to wherever you're doing business but keep it local. We're developing Chicago's version of a large-scale, mixed-use community. Same with California. Boston just tied up a great site in the Seaport District, and we have another one in London. We think the next step is about putting great people in the right locations and then following up on unique opportunities. ☐

Why is di
so import

iscovery tant?

BY RICHIE JONES

When we speak to customers about shopping, certain themes crop up again and again. In the age of online shopping, what are brick-and-mortar stores for? Are they there to show you what they have on sale in the most no-nonsense way possible, or do they exist to help you discover products, and help you understand the brand?

As with all the best questions, the answer to what a retail space is for is a mix of the physical, practical, philosophical and emotional. Retail spaces, especially supermarkets, are often architecturally rigid. Most are planned as you would plan a town or a city; therefore, most stick to a city grid system, where shelving on aisles mirrors city blocks. Let's take the most famous example of a city grid system, New York City. Any tourist can tell you that places are easier to find in NYC than in London, which has no system at all and has grown organically over centuries. There are dozens of advantages to a grid in terms of flow, efficiency and city management, hence its attractiveness to retailers.

As a Londoner, I would suggest that the more organic approach has its benefits too. Yes, it's confusing, inefficient, harder to manage. It also provides surprise, encourages roaming, engenders a sense of discovery.

This may sound like a nightmare for a retail space from a practical perspective, but it's interesting that so many retail stores adhere so closely to the bland predictability of the grid system. What are retailers missing out on, from a customer-experience

About the author

Richie Jones is C Space's Director of Customer as a Service and retail expert. With 15 years' experience in insight and customer-centricity under his belt, his work with Nissan, Tesco and Vodafone led to major changes in how his clients engage their customers, drive strategy, and engage their employees. Richie is also a frequent writer and commentator on the retail sector, having been featured in The Grocer, Campaign and CityAM.

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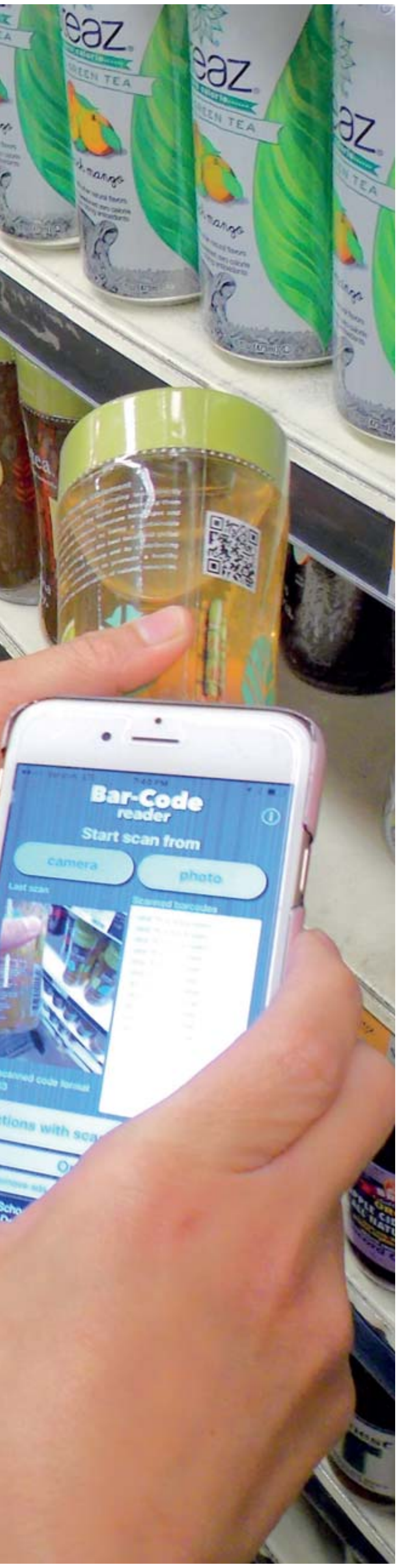
Email Richie: rjones@cspace.com

A customer scanning the bar code of a product in their local grocery store



> **What are retailers missing out on, from a customer-experience perspective, that a "little more London" could provide?**

perspective, that a "little more London" could provide?

The fact is, for many consumers, and many retailers, purchasing online is most straightforward, hassle-free and speedy. So, brick-and-mortar needs to be about more than just trying to be easy and hassle-free.

The ubiquity of online shopping creates an opportunity for retailers to rethink what their physical stores are actually for – if online is New York (consistently structured, has everything, never sleeps), can your store be London (filled with character, alive, unexpected)?

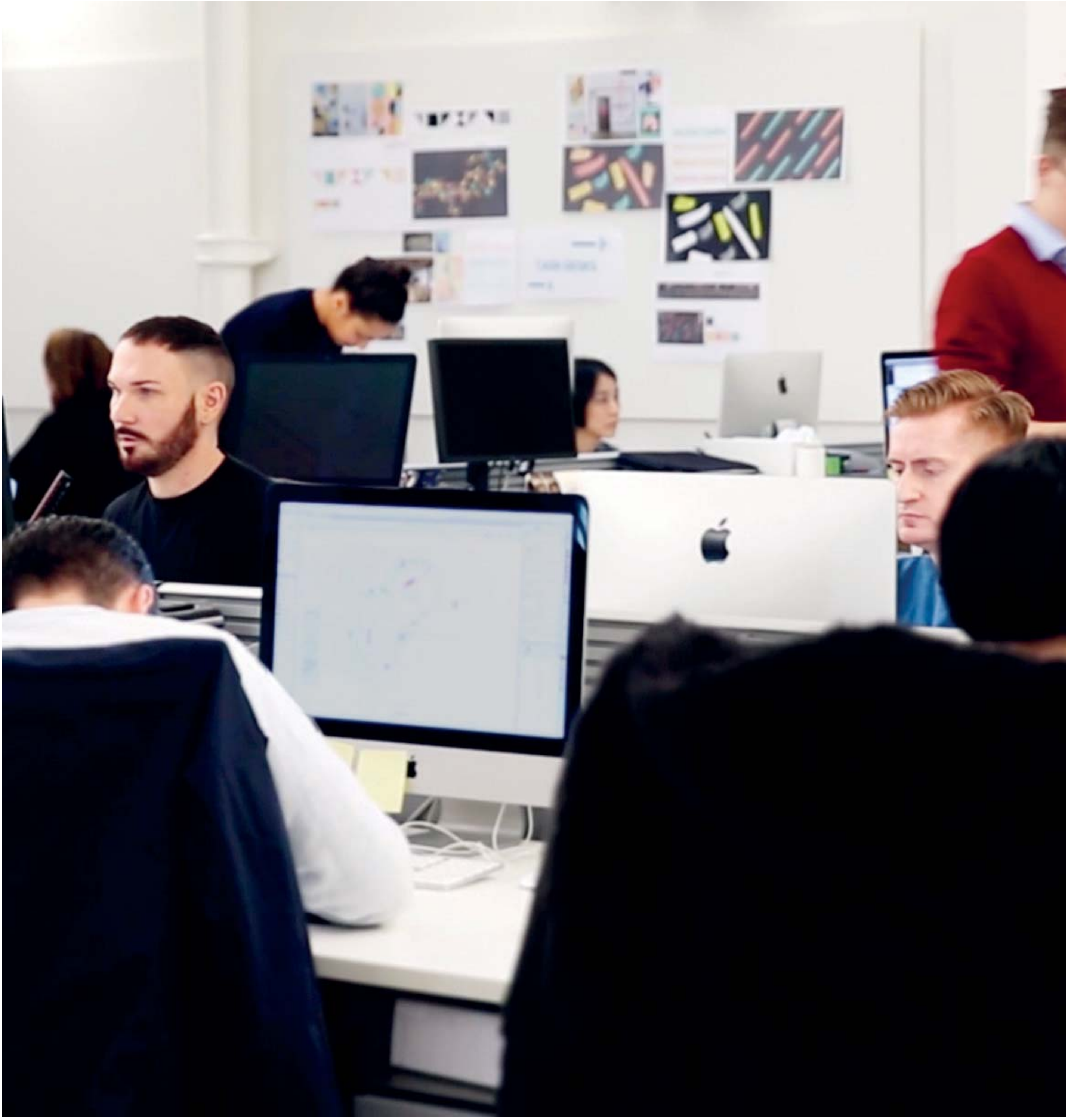
Our clients talk a lot about "surprise and delight" as an aim for the customer experience. It is extremely difficult to deliver this in a predictable, rigid retail experience. One way to surprise and delight is through the experience of discovery – the process by which a customer navigates the store in an intuitive way rather than a predictable one, and through this navigation discovers products, brands and experiences that connect on more than just a functional level.

Why is discovery so important? It is a way to create moments of positivity. It engenders strong memories that tie to brand and last much longer than a routine, expected purchase. Discovery is also interactive, non-passive. The customer feels like they've truly uncovered something, rather than having a product foisted upon them. It encourages them to come back.

Funnily enough, the act of discovery is an obsession for online retailers because it's really hard to do in an online space where most customers use the search bar. It is, if harnessed, the one true advantage of the brick-and-mortar retail space. But it needs to be tailored to the environment, the customer demographic and the brand for it to work; there is no one-size-fits all in the world of surprise and delight.

The future of the retail experience probably isn't purely in the physical space, or the digital one, but in the elegant, seamless and customer-centric interplay of the two. Technology is already having an enormous impact in what is possible in the physical retail space – decluttering the visual environment through connecting to customers' phones, bringing in ways to guide and streamline the physical shopping experience by pushing certain purchases online automatically.

The barrier we see most often is that the online and brick-and-mortar teams are just that – two separate teams. Greater collaboration means that online can be amazing at ease and speed, and brick-and-mortar can focus on discovery, delight and creating amazing experiences – be more London. ☐



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