

### **Customer Experience Retailing – Let sales be a secondary cause**

It is predicted that very soon Apple may touch USD 1 tn valuation- a first in the history of mankind. Now it is almost clichéd to say that Apple is known for innovative products and gadgets that dazzle human desires. What is little talked about though is the fact that Apple is a very successful retailer. Its 300+ owned stores worldwide (India has none) deliver a consumer experience that lets consumers live the Apple brand.

It is this idea of delivering consumer experience at Point of Sale that will define the next retail evolution and create a compelling differentiation in the market place. This idea is more compelling in the context of India because of the presence of multi-channel distribution network that sits between the consumer and the brand. This distribution network is not only among the most complex systems but also very costly. Talk to any consumer product company and one will get nomenclatures viz. super distributors, wholesalers, franchisees, dealers, sub-dealers, limited retailers etc. that are responsible to deliver the product to the final consumer.

Inarguably this complex distribution system has a lot of advantages. For one, this network cannot be ignored for the unparalleled reach. However, it poses challenge for great brands to deliver to their consumers an experience that they deserve. There are two reasons for this limitation. First is the opaqueness that comes in with the introduction of every layer of distribution. By the time the brand reaches the end consumer a lot is left to the imagination of the retailer and to the interpretation of the consumer. Even if the distribution layers are limited, another reason is the limited control; organizations have on the shopping environment and on customer experience at the point of sale.

This factor may not impact much to product categories such as groceries or home care products, but it may erode a lot of value for aspirational categories such as consumer electronics, sportswear, branded apparel, kitchenware, home improvement, wines and spirits etc. Imagine a brand of shirts that is stitched using special material and has anti-dust collars. The brand is priced at 3 x premium compared to regular branded shirts. The shirt gets displayed among the melee of all shirt brands at a multi-brand outlet in front of a potential consumer. Eight out of ten times the retailer will not convey this story if the consumer reasons shirt's premium price.

A similar story plays out in many industrial products (often referred to as B2B products) as well. These products are sold not to consumers but to other business entities. Many a times sales people of companies struggle to communicate product attributes, user experience and price / value connect. In fact, the situation gets more complicated because users of such products often rely on "expert" intermediaries. Building materials, structural steel, electrical, adhesives etc. are excessively dependent on intermediaries for business.

Multi-channel distribution network in India is a necessity that cannot be ignored. However, brands need to develop complementary approaches to ensure direct consumers connect. It is in this context "Customer Experience Retailing" provides an opportunity for consumers to experience the brand in its entirety. Coming back to the example of Apple, its 300+ retail stores contribute only 15% of total Apple's sales but these stores ensure that the experience of the brand is intact and leakage proof. These stores go a long way in creating a sustainable pull. Metrics for these stores is not the magnitude of sales but the number of consumers who have experienced the brand. Some Indian brands have also taken such a route. Asian Paints through its interactive paints buying installations has successfully managed to create an impact in a category which otherwise carries a notion of industrial feel. Raymond's through its made to order stores provides consumers, an experience to create shirts from scratch. The consumer can not only pick and choose the fabric but also pick the design of collars or cuffs he prefers.

It is equally important to highlight the importance of the complimentary nature of this approach. Customer experience retailing can only compliment a great product. It cannot be a substitute. Brands like Apple, Asian Paints and Raymonds have earned the right to travel this path. However, such an approach can also be a great starting to restore a brand that is trying to regain its lost glory.

Authored By:

Ankur Bisen - Associate Vice President, Retail & Consumer Products