



THINK RETAIL

Innovation in retail and
print's role in the retail
market of today

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Canon



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Introduction



The global retail market is set to exceed \$23.9 trillion¹ in 2015, up 6.4% from 2014¹



93.3% of sales will be through brick-and-mortar stores in 2015, compared to 6.7% through ecommerce²

Retail is no longer about stores stocking shelves and waiting for shoppers to walk through the door. The retail market is saturated and, as a result, is highly competitive. There has been a surge in innovation to simplify and make the shopping experience richer and more convenient for consumers, while at the same time providing greater opportunities for brands and retailers.

Think Retail will look at the current retail landscape and how it is undergoing a period of rapid change – from the way that retailers are rethinking the customer journey to the way consumers are shopping. It will look at the innovations that are set to change the way we purchase, what role the print world has and how print service providers (PSPs) can tap into today's dynamic, fast moving and lucrative retail market.

The evolution of retail

On 11th August 1994, the traditional retail industry was blown wide open when the first secure purchase was made online. What was purchased? A copy of Sting's *Ten Summoner's Tales* album. In the two decades since, while the principle of retail has remained the same, the number of ways in which we can make a purchase has multiplied.

Our shopping channels today include:



Traditional shops and departments



Mail order catalogues



Telephone



PC and laptop computers



Mobiles



Tablets



What's coming next?

Despite the choices ending in the same result, there is still great debate around where retailers should focus their budgets and activities, in particular, if it should be in brick-and-mortar retail or ecommerce.

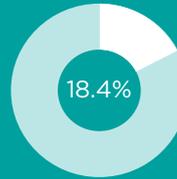


In 2014, total ecommerce via mobiles in Europe was €23.77bn which is expected to grow by 88.7% to €44.87bn in 2015⁴

Online retailers in 2015 are expanding 14.2 times faster than conventional outlets⁶



In 2013, 94% of retail sales were conducted in brick-and-mortar stores³



In 2015, overall online sales in Europe are expected to grow by 18.4% to €185.39bn⁵

However, while ecommerce is growing, physical stores are continuing to bring in the majority of sales with a global 2015 forecast of \$22.3tn (93.3%) compared to \$1.6tn (6.7%) ecommerce sales.⁷

People still go to stores because they want to see, touch and feel products before they purchase them and for many, shopping remains an exciting experience.

As such, physical shops are looking at new ways to be innovative and interactive as they constantly need to update their environment to keep consumers' attention and custom. This need to re-think the strategy of the traditional store experience has opened up large opportunities for print within retail. High quality, high value printed interior decoration has become an easy way to refresh and create a new look and experience for a customer visiting a store. Similarly, more companies are using pop-up shops as a successful way to generate interest and eventually sales. These temporary shops are able to implement on-trend and exciting printed designs and interiors that aren't always a possibility within retail stores.

In many cases, the store design has become the foundation to the customer experience and the abundance of materials available to printers and the print applications that can be generated within retail interior décor are limited only by imagination.

Despite this being the digital age, what retailers are slowly realising is that it's not about online or offline, but about being everywhere that customers are, a concept known as *omnichannel* or *multichannel*. Perhaps this is why online stores are recognising the need to open physical stores to accommodate a consumer base that is used to traditional shopping experiences.

3. E-Commerce Is Not Eating Retail, Harvard Business Review, 2014
4. Online Retailing: Britain, Europe, US and Canada 2015, Centre for Retail Research, 2015
5. Online Retailing: Britain, Europe, US and Canada 2015, Centre for Retail Research, 2015
6. Online Retailing: Britain, Europe, US and Canada 2015, Centre for Retail Research, 2015
7. Global Retail and E-Commerce Sales Forecast, 2013-2018, MarketingCharts.com, 2015

Consumers want a
seamless shopping
experience across
channels





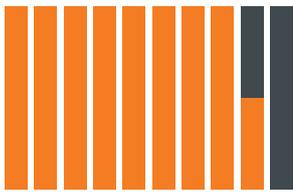
This year, Amazon launched its first physical store in the US on the campus of Purdue in Indiana University as part of its bid to make things more convenient for shoppers. The “store” enables students to pick up orders and make returns, something that is otherwise only handled by postal and courier services.

Google also recently opened its first ever branded shop called ‘The Google Shop’ in London. The store atmosphere was meant to mimic the un-cluttered look and feel of the search engine’s site and, as a result, designers and visual merchandisers created an open space for consumers to play, experiment, learn and, ultimately, buy the company’s range of Android phones, tablets, Chromebook laptops and Chromecast TV services.

With the advent of digital, retail has evolved and customer experience remains key. A combination of digital and print can be the most effective way to create a multichannel approach by bridging the gap between online and offline whilst maintaining a high value, permanent feel with the benefit of flexibility.

Consumer psychologies

At the heart of the evolving retail landscape is consumer psychology and behaviour. The way consumers select, access and evaluate items is different, especially across age groups and from gender to gender.



85% of shoppers place colour as a primary reason for why they buy a particular product⁸



More women (20.3%) are influenced by social media in making purchasing decisions compared to men (10.5%)⁹



Men are less likely (50.5%) to care about being able to return online purchases in-store compared to women (66.7%)¹⁰



Men are less likely to see offers¹¹

Retailers are constantly tapping into the psyche of the consumer to encourage them on the path to purchase. Whether it is enticing a consumer into a shop with the smell of freshly baked bread or ensuring that they are using the correct colour in store displays, shops employ countless methods to encourage a consumer to buy:



Colour: Research has found that females are more cautious when they see red sale signs as they assume that it's a trick, or is encouraging them to buy something they don't want. Men, however, are more trusting and view the signage as a helpful addition to the store, pointing out exactly where an offer is. It's one of the primary reasons as to why most women's high street fashion outlets don't use red in their displays and men's shops do



Price: Consumers are also always looking for a bargain. Retailers know that they don't want to pay more than they have to and, as a result, the trick of prices ending in .99 took off. However, while shoppers rely largely on instinct to navigate the competitive market, shopping is equally a learned skill, so as consumers have caught on to the .99 trick, retailers are now successfully selling more by ending prices in .97



Impulse to buy: When consumers browse through aisles, they forget about what's actually needed and will act more on the urge to buy something. In fact, 62% of purchases are unplanned¹²



Something for nothing: There is no denying that consumers love to get things for free, even when it isn't something they have been looking for or had any intention of buying. Cosmetic companies have capitalised on this with free miniature samples, while taste testing stations are now common sights in supermarkets. Similarly, printed store vouchers that offer consumers a free sample or a discount appeal to this sense of getting something for nothing



Location, location, location: In online retail, it's no accident that the 'buy now' button is in the top right hand corner and the search bar is in the top middle of the web page. In the western world, where we read from left to right, our brains see the left-hand side as the past and the right-hand side as the future. Likewise, when you walk into a supermarket, consumers are greeted by fruits and vegetables first because they capture the shopper's eye and the combination of fresh scents and natural imagery inspires a cheerful mood, encouraging them to buy more



Joy of opening something new: The concept of "unboxing" or the experience a customer has while opening or unwrapping a product is, in some circumstances, as exciting as the product itself. Apple is a long-standing example of delivering a great experience that welcomes the purchaser to the product



Peer pressure: One area that all retailers agree on is that consumers are hugely susceptible to the opinion of peers, even if they've never met them. Research found that 86% of US customers believe ratings/reviews are essential to the shopping experience¹³



Just for me: Retailers and brands are responding to customers wanting products or services that are just for them by giving them the opportunity to buy products that are specifically tailored to their tastes

8. Color psychology of consumer decision making, LinkedIn.com, 2014
9. Do Men and Women Really Shop Differently?, Small Business Trends, 2015
10. Do Men and Women Really Shop Differently?, Small Business Trends, 2015
11. Nine facts marketers should know about the psychology of shoppers, Marketing Magazine, 2014
12. Mass merchant shopper engagement study, POPAI, 2014
13. 86% Of Consumers Believe Ratings/Reviews Are Essential To The Shopping Experience, Retail Touch Points, 2015



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Print on demand is a popular proposition that we expect to see grow further. Our new store concept for Target in Frankston, Melbourne features custom T-shirt printing – shoppers can bring in their chosen image on a USB stick or smartphone and have it reproduced on a Target Essentials T-shirt. Topshop are doing something similar in-store. Print has a huge part to play in the overall zeitgeist for customisation and ownership, appealing to a new generation of ‘consumer creators’.

Karen Dalziel, Group Graphics Director,
Dalziel and Pow

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Retailers have adapted marketing techniques to target all of our senses: smell, taste, touch, sound and, most prominently, sight. As a result, there is an integral role for visual content like printed interior decoration to create a positive experience and feeling for customers and Point of Sale (POS) which adds to the positioning and promotion to support a successful customer journey.



“

There is a great trend for more crafted, homespun or heritage aesthetic in retail that creates an opportunity to emphasise the tactility and material quality available in print today.

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Karen Dalziel, Group Graphics Director,
Dalziel and Pow

Questions to ask your business:

1

How can we help retailers, their marketers and designers bring something new, creative and on trend to POS and promotion using the latest printing technologies, applications and techniques?

2

How can we show our customers the print possibilities that will satisfy these psychologies?

3

What new materials, printing styles and concepts can we show businesses that would help inspire the improvement of merchandising to overcome these challenges?

4

For example, what opportunities are there to help clients with customised packaging printing solutions as they look into the “unboxing” trend as part of their quest for brand loyalty?





94%

of global internet connected consumers go online to research a potential purchase, regardless of whether they purchase online or in-store¹⁴

● Connected consumers

The proliferation of PCs, laptops, mobiles and tablets has given rise to the connected consumer and a shift in buying behaviour. Every online interaction, whether it's shopping apps, social media or online browsing, has created a goldmine of consumer data.



It's not all about
data, interaction
with in-store displays
is equally important



But gathering consumer data isn't limited to online tracking. The way in which consumers interact with in-store displays has become so vital to retailers that many of them are adopting eye-tracking to identify any changes in consumer behaviour and sales figures. Using eye-tracking, retailers are able to objectively measure how consumers respond to POS material and collect behavioural data that would not have been possible to verbalise.

A study conducted in retail stores in the US and Argentina¹⁵ by a leading retail solutions provider, found that every single person

looked upwards to engage with overhead promotional signage. In a separate study conducted by the same organisation, the findings indicated 85% of shoppers engaged with product displays and fact tags, but consistently ignored other materials.

While the value of Big Data and its potential impact on the bottom line is increasingly understood, omnichannel retail remains the biggest trend as consumers today want a seamless shopping experience across websites, mobile apps and brick-and-mortar shops.



This desire for a seamless customer journey has led to the following phenomena:

Webrooming:

The practice of consumers researching a product online before going to the store to buy the item

Showrooming:

The practice of shoppers visiting a store to look at and test a product but then purchasing the product online

Innovation

Today, there is an array of technologies available that help retailers bridge the gap between online/mobile and offline shopping, including Click & Collect and online appointment booking systems. At the same time, there are several solutions that enable traditional offline retail to integrate with digital, thus creating an opportunity for print service providers to get involved. A few examples of these include:



Beacons - A low-cost piece of hardware – small enough to incorporate into a wall, POS display, poster or countertop, that uses low-energy Bluetooth® connections to transmit messages and prompts directly to a smartphone or tablet



QR codes - A machine-readable code consisting of an array of black and white squares, typically printed on displays, products tags or packaging. It is used for storing URLs or other information for reading by the camera on a smartphone



Radio Frequency Identification (RFID) - The use of radio waves to read and capture information that is stored in a tag attached to an item

International department store, John Lewis, is an excellent example of a brand that looks to innovation to help bridge the gap between online and offline shopping with its Any Shape, Any Fabric sofa service. When it was initially launched, customers could choose a card with a printed image of the sofa style and a fabric sample and when both were positioned near a screen, an image of what the sofa would look like was presented.

Many of these innovations benefit from being incorporated into printed materials including tags, displays, decorations and posters. But to encourage shoppers to come close enough to engage with these technologies, it is important that the printed displays and signage are both creative and attention-grabbing.

A hand holding a silver pen over a tablet displaying a website, with a blurred background of a store interior. The scene is lit with warm, bokeh-style lights, suggesting an indoor retail environment. The pen is held in a way that suggests it is about to be used to interact with the tablet screen.

Print and innovation
together bridge the
gap between online
and offline shopping

Where's the opportunity for print?

(traditional shops, print, advertising)

Despite this being the age of digital, the majority of retail revenue still comes from traditional shopping, providing a huge opportunity for print in an omnichannel world.



95% of retailers use posters for in-store communication¹⁶



Posters are changed every 4.5 weeks on average¹⁷



Home & Garden retailers rely most heavily on print with an average of 7.3 posters on display¹⁸



52% of consumers are more likely to enter a store if there is a sale sign in the window¹⁹

As part of the quest for a truly seamless customer journey, retailers need to provide customers with the same experience online and in their physical stores. Correct design and printed interior decoration can not only help a retailer achieve this, but it can sway whether the shopper puts an extra item in the basket by creating a welcoming and exciting atmosphere. Product packaging, in-store signage, POS displays and on shelf promotions are more than just a pretty display shelf and the correctly placed product.

Retailers are also leveraging print technology to generate sales outside of the retail environment through advertising and publishing including catalogues, flyers and promotions and then linking them to digital and social channels by encouraging sharing and cross media participation.

16. Opportunity for Large format printers (UK), Euromonitor International, 2014
17. Opportunity for Large format printers (UK), Euromonitor International, 2014
18. Opportunity for Large format printers (UK), Euromonitor International, 2014
19. 5 Tips For More Effective In-Store Marketing, Retail Minded, 2014

sale sale



French womenswear brand Comptoir des Cotonniers unveiled a mobile shopping concept enabling customers to instantly purchase items from around 10,000 locations across France. Printed displays were posted on bus shelters, café tables, magazines and even Uber cars were printed with images of the brand's products. It allowed shoppers to scan codes in order to buy the items displayed.

In some cases, retailers have been able to successfully fuse digital with print by using consumer generated content (CCG) in their marketing campaigns. European supermarket chain Lidl did so with #LidlSurprises with in-store displays featuring social content from consumer tweets.

Similarly, UK online supermarket Ocado has integrated social into its promotional activities by printing customer tweets on to its delivery vans.





• Conclusion

Consumers are now, more than ever, given huge amounts of choice and that makes decision making increasingly difficult. With more websites than ever devoted to ecommerce, shoppers are now familiar with using different platforms for their purchases. A customer can shop online, via mobile, in-store or even a combination of the three with Click & Collect. The choices are growing and this is bringing more attention to retailers becoming fully multichannel to manage the growing demand for convenience for customers.

However, it is important to remember that in this digital age, print plays an important role in today's evolving and profitable retail market where the majority of sales still occur as the result of some creative marketing and the overall experience of shopping in-store. It is this experience that is delivered through traditional POS, the interior decoration and even from the linking of print to advanced in-store technologies.



How can PSPs get started?

1

Do your own research – the beauty of retail is that it is completely open!

- Go out and see what the retailers in your territory are doing
- How are they decorating stores?
- What concepts and materials are being used, what is printed?
- How is POS being used and how is it used to influence customer behaviour?
- There are many retail and retail design exhibitions across Europe. They are an excellent showcase of the opportunities for interior decoration, merchandising, point of sale and for print

2

Look at your current capabilities

- Which of your current services could be utilised in the retail sector?
- What new areas or concepts are you able to deliver with the current capabilities of your business?
- Can you take advantage of key trends such as pop-up shops or “un-boxing”
- Which of your customers is already in this sector, or has links that you can leverage?
- With your new knowledge and Canon’s support, how can you show them new possibilities?

3

What short term changes could you implement that would help you start to look at these opportunities

- How can your skills and skills you can acquire, service the retail supply chains, design agencies and marketing service providers? Consider how you might partner with local design businesses, architects and packaging providers who could give you access to retail opportunities. Or maybe other technology providers?
- Do you have in-house design and pre-press skills that align with the opportunities – or how could these be repurposed to deliver value for retail?
- Are there new applications that you would like to offer?

4

Getting started

- **Knowledge is key** – if you recognise areas where additional expertise would be useful, an investment in training or applications development, however modest, could pay large dividends
- **Test the water** – Start small and see what offers you could make locally to support retailers engaging with their customers. The learning experience could be key to developing further in these markets
- **Take the proactive approach** – What showcase materials or samples do you need in your portfolio to highlight what you can do for retail?
- **Get creative** – Can you find an innovative niche that sits perfectly within your businesses capabilities and services the needs of your customers?
- **Talk to Canon** – Our product specialists, application experts and account managers are here to help. They represent one of the largest wide format portfolios in the industry, from UV flatbed printers and flatbed cutting systems to water based inkjet and unique CrystalPoint and single-pass technology systems. We can help you learn the skills to push the boundaries of print and materials to create an outstanding offering for your existing or potential retail customers.

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