

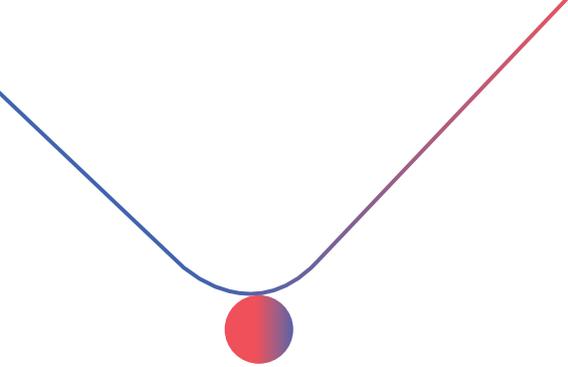
EBOOK

# Experiential Retail **A Post Pandemic Guide**

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# Introduction

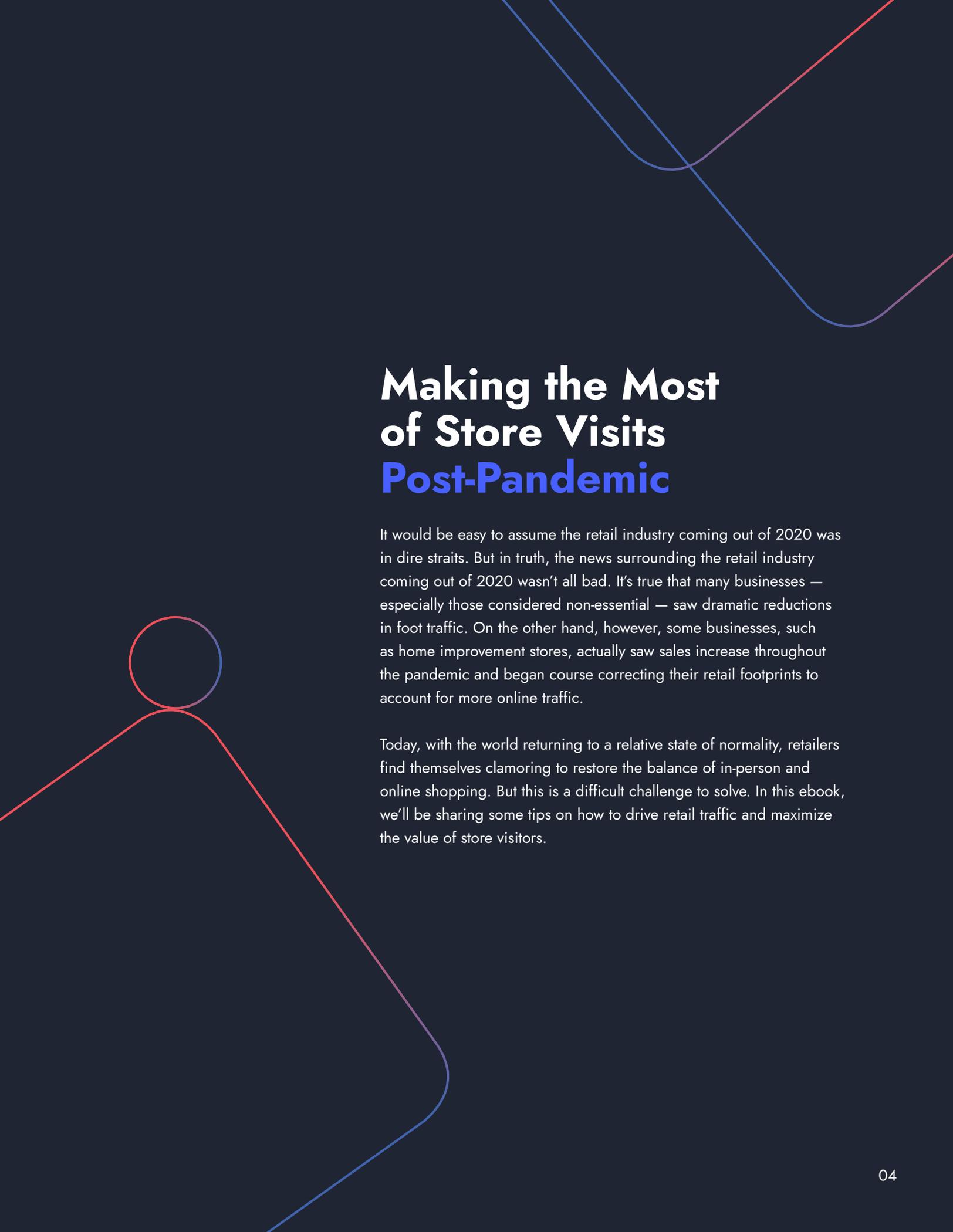
Brick-and-mortar retailers saw significant reductions in foot traffic last year while e-commerce sales peaked in Q4 2020, but a natural balance is slowly returning as the pandemic subsides and competition among retailers is tougher than ever. As things open up, some brands (such as The Home Depot, Williams Sonoma, etc.) that did well during COVID will be looking to maintain their sales volumes - while others that took hits will want to capitalize on reopening as a way to generate more sales.

But no matter how brands fared during COVID, one thing is now certain: retailers can no longer rely on opening new locations as a way to drive store traffic and sales. The pandemic challenged any retailer that “over-expanded” their physical footprint in previous years to right the ship and ensure their remaining stores were properly tailored to their target market.

Shrinking their footprints created opportunities to re-evaluate strategies around product mix, experiences, etc. - so now, post-pandemic, what is the value of a store visit?

In this ebook, Ryan Whitney, Chief Sales Officer @ AnyRoad, explores how retailers can still exploit their brick-and-mortar advantage (albeit in a more efficient manner) with strategies such as experiential retail concepts (i.e. DICKS House of Sport) and premium services (i.e. virtual style consultations in advance of a store visit or personalized in-store appointments). He will stress the importance of being able to measure the impact of these initiatives and put a value on in-store traffic, and he will offer best practices for doing so.

Another challenging year for retail with foot traffic down dramatically for most. But, some brands benefited from increased demand and began rightsizing their footprint. Now, retailers are clamoring to get people back in stores and restore a sustainable balance with ecommerce. We'll offer some practical tips on how to drive traffic and measure its value.



# Making the Most of Store Visits Post-Pandemic

It would be easy to assume the retail industry coming out of 2020 was in dire straits. But in truth, the news surrounding the retail industry coming out of 2020 wasn't all bad. It's true that many businesses — especially those considered non-essential — saw dramatic reductions in foot traffic. On the other hand, however, some businesses, such as home improvement stores, actually saw sales increase throughout the pandemic and began course correcting their retail footprints to account for more online traffic.

Today, with the world returning to a relative state of normality, retailers find themselves clamoring to restore the balance of in-person and online shopping. But this is a difficult challenge to solve. In this ebook, we'll be sharing some tips on how to drive retail traffic and maximize the value of store visitors.

# 01

Let's jump in

## 2020 and The Road Ahead

Despite the doom-and-gloom scenarios many might have expected from the retail industry's 2020 year in review, the reality was actually more of a mixed bag. While brick and mortar stores did struggle for obvious reasons, some retailers were able to rapidly pivot or accelerate digital strategies to drive double-digit business growth. Most notably, true omnichannel strategies such as those deployed by Kroger, Williams-Sonoma, The Home Depot, and Michaels stores, enabled brands to engage consumers in their homes and encourage more sales.

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The Home Depot and other home improvement retailers **saw revenue spike during the pandemic.**

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And the proof is in the numbers. These brands were actually able to benefit from COVID, as odd a phrase as that may seem. Home improvement stores such as Lowe's and The Home Depot saw staggering sales growth, both online and in-store, including foot traffic growth of over 16% in Q4 2020. However, as Robert Frost put it, "nothing gold can stay," and these retailers are facing a new reality as dollars shift to other categories. To mitigate this change we're seeing retailers like Best Buy explore new product categories to offset potential revenue dips and maintain sales growth post-COVID.

On the flip side, businesses that struggled in 2020 are no doubt clamoring at the opportunity to fill new stores with bodies as frequently and in as many locations as possible. But opening new store locations may not be financially feasible or, perhaps even more telling, effective.

The COVID-19 pandemic challenged retailers that “over-expanded” their physical footprints in previous years to right the ship and align remaining stores directly to their target markets. Contrary to years past when strategies pushed “do more with more” thinking, post-Covid strategies encourage doing more with less — re-evaluating strategies around product mix, experiences, and more as physical footprints remain stagnant or shrink. The retailers that get this strategy right are seeing enormous upside and are able to expand. A great example of this is Dick’s Sporting Goods expanding its footprint by taking over closed Sears locations.

# 02

## The Retailer Response

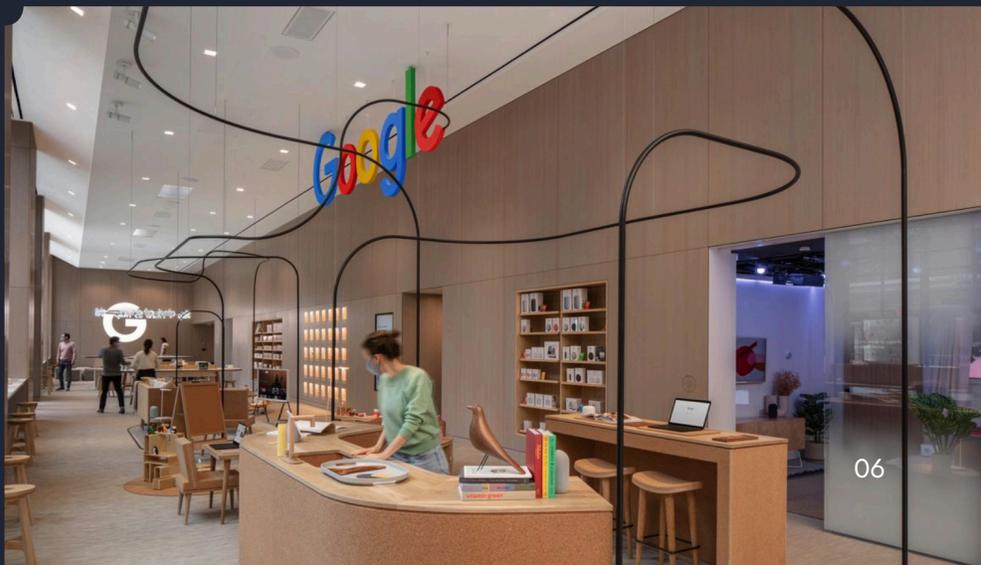
### How are retailers supposed to respond?

As one might expect, there’s no set formula for retail businesses looking for continued success or a brand revitalization post-COVID. However, there are some telling statistics and areas of opportunity — especially around consumer behavior — businesses can take advantage of to re-establish balance in in-person and online sales.

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Google investing in  
**new retail locations.**

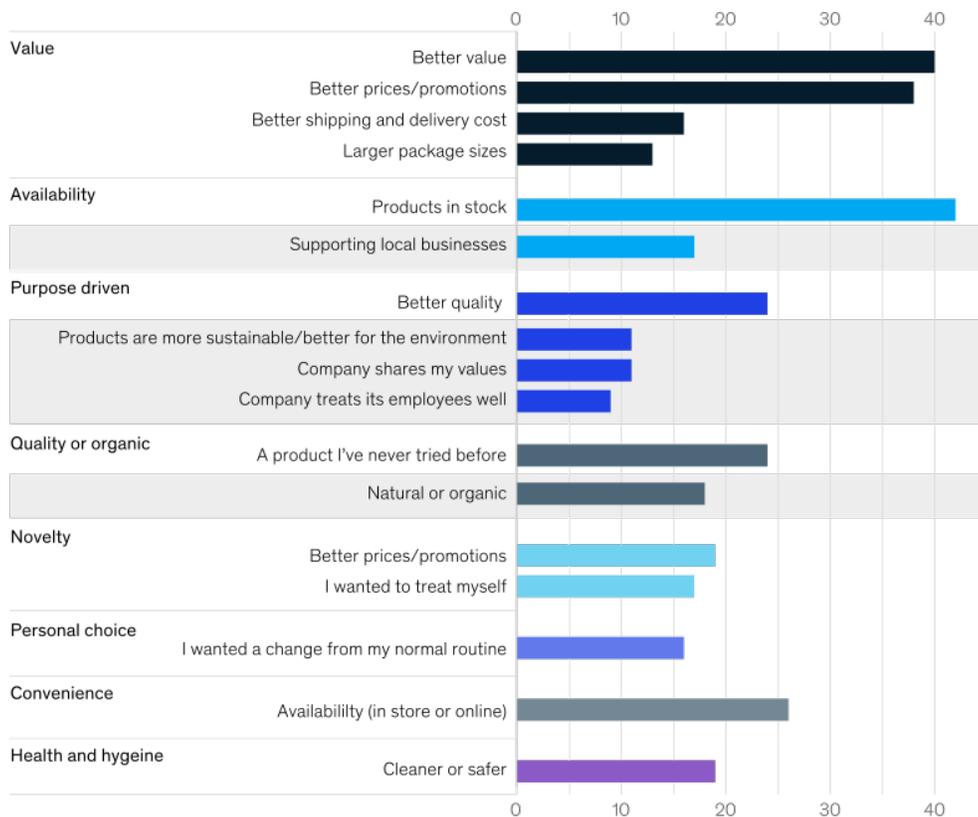
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For example, in a recent report, McKinsey found that 73% of U.S. consumers have changed stores, brands, or the way they shop. Reversing or mitigating the impact of these changes may prove difficult, but with eCommerce fatigue setting in, retailers have a window of opportunity to invest in programs that rekindle connections with consumers and drive loyalty. Despite all the change of the past 14 months, brick-and-mortar retail presents unique competitive advantages for those that deploy it well. Just look at the 'digital first' brands such as Alibaba, Amazon, Apple, and Google who are investing more in physical retail.

**Value is the main reason consumers have switched brands since the start of the COVID-19 pandemic—other reasons include purpose, quality, and novelty.**

Reason for trying new brand since COVID-19 began,<sup>1</sup> % of respondents selecting reason in top 3



<sup>1</sup>Question: You mentioned you tried a new/different brand from what you normally buy. What were the main reasons that drove this decision? Select all that apply. \*Brand\* includes different brand, new private label/store brand.

<sup>2</sup>Members of Gen Z were born between 1997 and 2012; millennials, between 1981 and 1996.

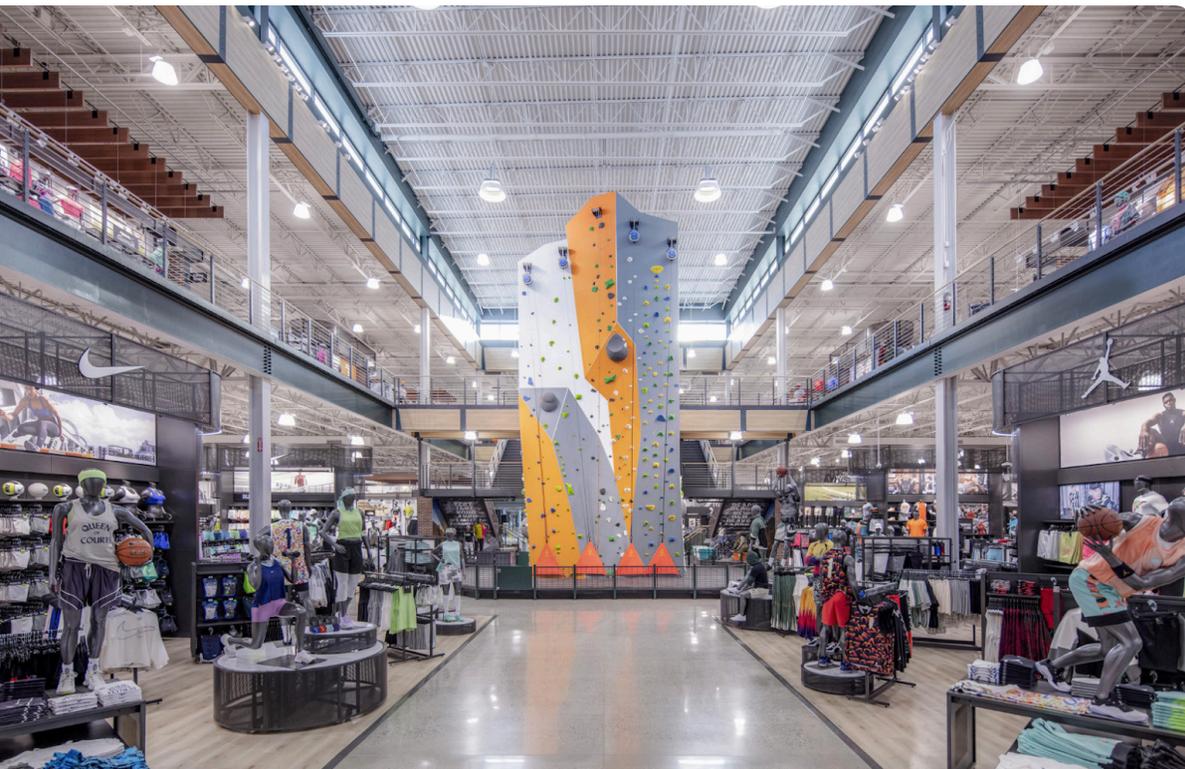
Source: McKinsey COVID-19 US Consumer Pulse Survey, Feb 18–22, 2021, n = 2,076, sampled and weighted to match the US general population aged 18+ years

But re-establishing a physical footprint doesn't alone ensure success. Instead, it's the combination of physical location and consumer experience that establishes strong brand loyalty. In fact, customers of AnyRoad, have seen an average of 20% lift in store traffic after launching experience programs in addition to significant improvements in brand loyalty and NPS. Additionally, experience programs cause customers to linger up to 15% longer in store and ultimately spend more per visit.

## Let's take a closer look at the types of experiences that are driving sales.

### EXPERIENTIAL RETAIL

One of the most successful strategies for increasing in-store retail traffic is developing in-store specific, hands-on experiences. A great example is Dick's Sporting Goods and their House of Sport concept. From a 17,000-square-foot turf field to 32-foot-tall rock climbing walls, batting cages, and more, DICKS House of Sport is designed to give consumers firsthand experiences with products they are interested in purchasing. With the added bonus of in-person insights and advice from certified professionals and trainers, shoppers can give gear a try and find the perfect cleats, clubs, and other gear for their game of choice.



Perhaps the best example comes from the Mall of America. Like many malls, Mall of America felt the impacts of COVID in major ways and needed makeup for losses of in-person shoppers. To accomplish this, leadership unveiled a colorful new M&M's store, opened a go kart track, and have committed to provide engaging experiences that are tangential to shopping.



## CLASSES AND COMMUNITY

Another strategy proving significant dividends for retailers is classes and educational content. In the midst of the pandemic, Michaels stores rapidly pivoted their in-store classes to online-specific programming. The results were astounding, as the brand strengthened loyalty with existing customers and expanded their reach to new audiences. Now, as shoppers are returning to in-store classes, brands like Michaels that invested in digital experiences are uniquely positioned to drive more foot traffic at brick-and-mortar locations.

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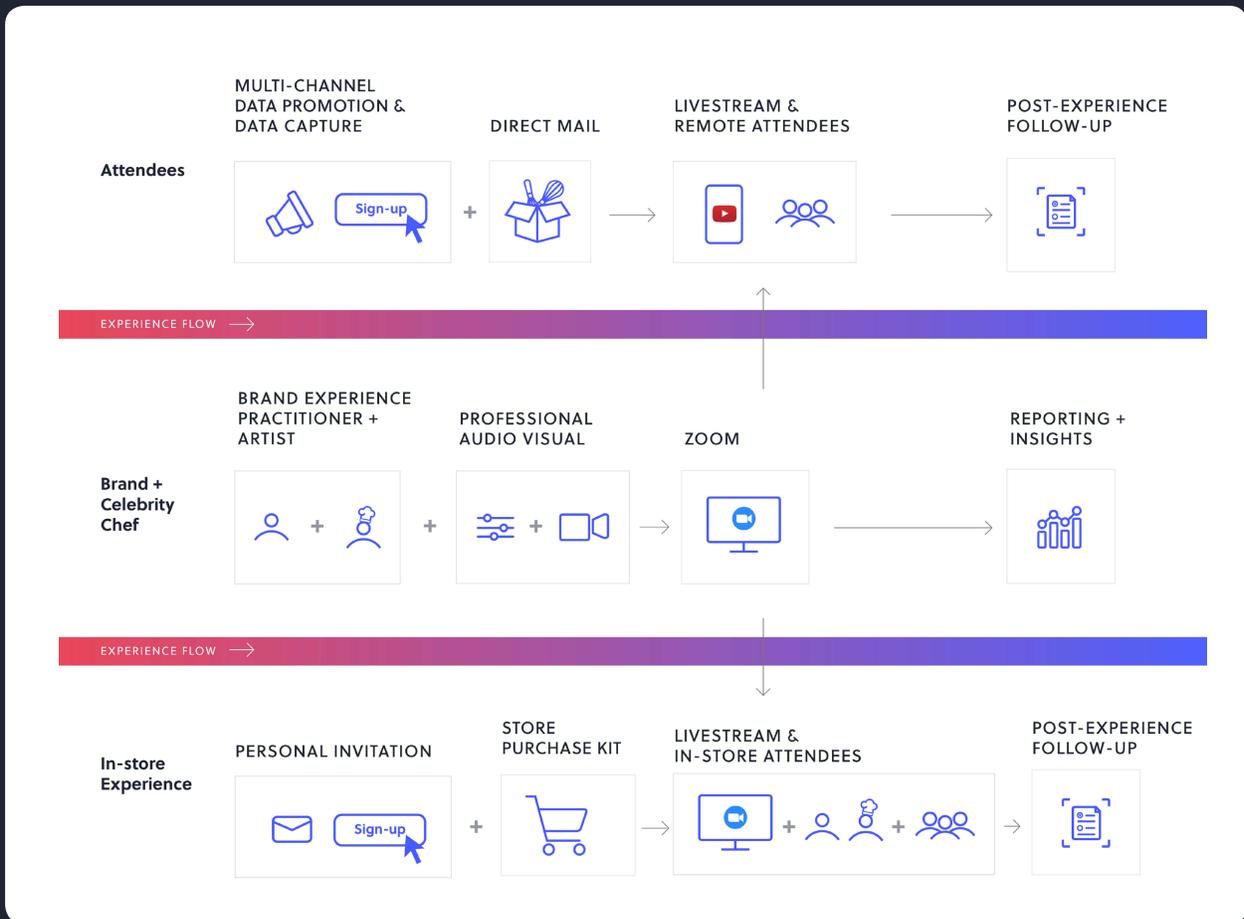
**Maker Spaces** like the one in the right are used by **Michaels stores** to host classes across their network of **1,200+ stores**.

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## OMNICHANNEL SHOPTERTAINMENT EXPERIENCES

It's often said that 'Digital is the door to the store' and this becomes all the more true post-COVID. One of the continual challenges facing retailers is enticing customers who are comfortable returning to stores to pay a visit while accounting for shoppers who may not yet be ready to shop in person. To account for both ends of the spectrum, some retailers have shifted to a hybrid model of live streamed in-store events. Take for example Petco's livestream fashion show — a shoppable, social media-driven experience that allows consumers to view, share, and shop all in the middle of a pet runway fashion show. The show offered shoppers the chance to buy and instantly share their favorite products in an interactive, cross-channel event.



**Experience flow** for a hybrid virtual + in-store experience.

## IN-STORE SERVICES AND APPOINTMENT SHOPPING

The final technique for driving in-store shopping post COVID is actually a new spin on a tried and true strategy. Offering free and paid services in-store has been touted within retail for years. However, these appointment-based services are seeing a resurgence in interest. Whether it's the Apple Genius Bar, Best Buy Geek Squad, Golf Galaxy golf club fitting or the Benefit Brow bar, expert services act like a magnet to attract consumers to physical retail. The premium touches offered in store only give shoppers an added incentive to visit. In addition to direct revenue, these appointments create valuable data and insights that can be used to increase the average spend per visit and ultimately the lifetime value of shoppers.

With this broad range of options, the fact remains that there is no formula for success. However, businesses can employ any and all of these tactics to great success. The challenge then becomes illustrating the impacts these programs have on bottom-line revenue and store performance.

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**Apple's Genius Bar**  
continued throughout the  
pandemic.

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# 03

## Understanding the Metrics

All of these programs sound impressive but how might retailers understand the impact of this traffic? While there are a plethora of metrics available to retailers to understand store traffic. I'd like to focus on the three I find most useful:

### DIRECT REVENUE

A great benefit of most experiential retail initiatives and services programs is that they provide store visitors with identifying characteristics. By connecting booking systems to POS, CRM, and Loyalty data, it's possible to close the loop on these programs to understand the direct revenue impact and impact on consumer lifetime value. Put simply, you can make a clear link to the ROI and impact of your experiences.

### SHOPPER YIELD

While it's possible to estimate direct impact during the planning phase of a new retail initiative, a simpler method is to forecast lifts in foot traffic and assign a value to each incremental store visitor. To do this, retailers could adopt the shopper yield metric conceived by RetailNext.

**Shopper Yield** is a useful metric that allows retailers to benchmark stores against one another to identify opportunities and challenges based on a simple formula:

$$\text{SHOPPER YIELD} = \text{CONVERSION} \times \text{AVERAGE TRANSACTION VALUE (ATV)}$$

If you can reliably increase store traffic via experiences, you can use shopper yield to make optimizations and increase profitability. The team at RetailNext have some sample math on their blog which is worth a visit.

## NET PROMOTER SCORE (NPS)

While revenue and yield are the best indicators of the value of a store visit. Many retailers look to find other 'leading indicators' to measure the ROI of their physical footprint.

[Speaking with eMarketer](#) in June 2021, Joe Kudla, CEO of activewear brand Vuori, commented on the value of NPS, saying:

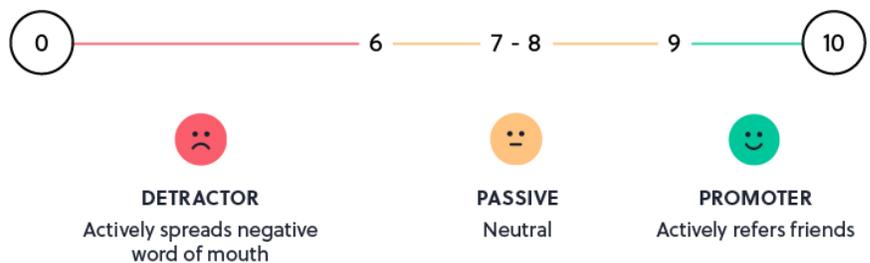


**What we find is that customers who originate in our stores tend to have a really high NPS [net promoter score]. They buy more, so their average order value is higher and they have a higher lifetime value.**

Given the ongoing popularity of pop-up stores and the complexity of modern omni-channel retailers, we share the point of view that NPS is an important metric to understand the value of physical stores.

## What is Net Promoter Score (NPS)?

The Net Promoter Score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used for gauging the consumers overall satisfaction with a company's product or service and their loyalty to the brand.



# 04

## Pointing to a **Bright Future**

As the retail industry strives to regain its natural balance of eCommerce and in-person shopping, we will likely uncover many more telling insights. For now, however, the great news is there is no shortage of ways to marry the connection of in-store shopping with the new reality of online purchasing. By leveraging one — or all — of the strategies outlined in this ebook, along with the tactics for measuring their effectiveness, businesses can experiment, find the perfect fit, and understand the metrics to support these endeavors.

Regardless of the strategic approach your business may take, the signs are pointing to a strong resurgence of retail. Shoppers are already returning to stores, and we're optimistic that this trend will continue throughout the rest of the year and into 2022. Now is the time to invest in the tools and technologies that can help ensure your success in the new normal.

# 05

## What are **business leaders** saying?



**The Future of Sephora is Appointments and Services.**

JEAN-ANDRE ROUGEOT

- CEO, Sephora

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**Lululemon is not an apparel company anymore - we're an experience company.**

CALVIN MCDONALD

- CEO, Lululemon

## ABOUT ANYROAD

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AnyRoad is the leading Experience Relationship Management (ERM) platform enabling global brands to properly measure, scale, and implement their offline and online experiential marketing campaigns. AnyRoad empowers companies to create brand loyalty, change consumer behavior, and better understand their brand associations by providing them with data intelligence sourced from experience-based marketing.

Companies like Budweiser, Honda, Michaels, and Tabasco all count on AnyRoad to measure the impact of their experiential marketing. AnyRoad's software integrates into CRM, loyalty, ERP, and POS systems to complete the loop, building the model of exactly how these experiences build loyalty, increase brand perception, and increase revenue.

## ABOUT THE AUTHOR

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**Ryan Whitney** brings more than 20 years of experience building and leading global sales teams and developing successful go-to-market strategies for both private and public companies. As Chief Sales Officer, Ryan is responsible for AnyRoad's global sales and partner alliance strategy. Prior to AnyRoad, Ryan helped scale Gainsight to a \$1B valuation as SVP Americas along with being an early sales leader at ServiceSource which IPO'd in 2011 (both category creators).



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