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Think Tank: The New Differentiator for Retailers

Vic Bageria, chief executive and chief visionary officer of Xpandretail powered by Sávant Data System LLC, discusses.

By Vic Bageria on July 12, 2018

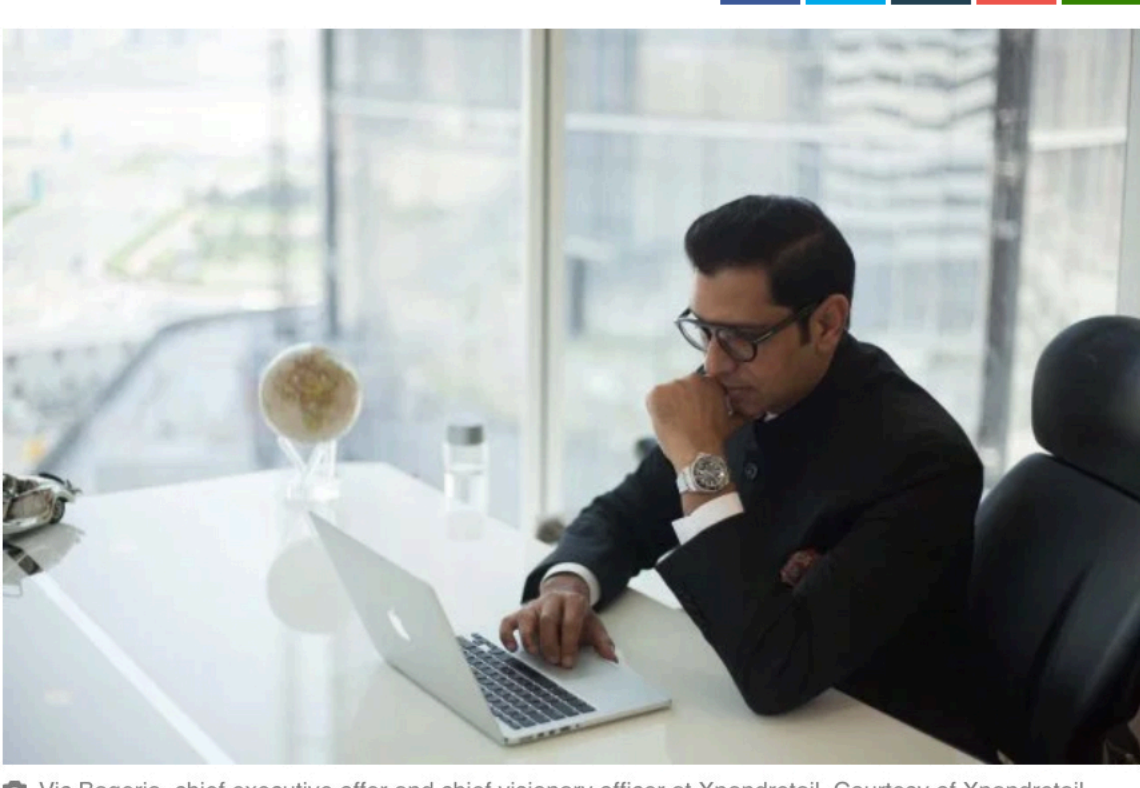
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Vic Bageria, chief executive offer and chief visionary officer at Xpandretail. Courtesy of Xpandretail.

As the **retail** landscape continues its ever-evolving state of flux, we are witnessing brick-and-mortar **merchants** growing e-commerce capabilities and online-only players learning how to get physical. Toss in the advancements of augmented reality, AI, and social media marketing — the picture gets even more complex.

On a global scale, year-to-date 2018, we are seeing a volume of U.S. **store** closure announcements for 4,095, as per market reports. Claire's, in addition to the 92 closures announced in March — declaring bankruptcy due to the **retail**-challenging environment and threat from e-commerce — plans to close another 40 stores. Not far behind is Sears Holdings announcing an addition of 63 store closures — 48 Sears stores and 15 Kmart stores by early September.

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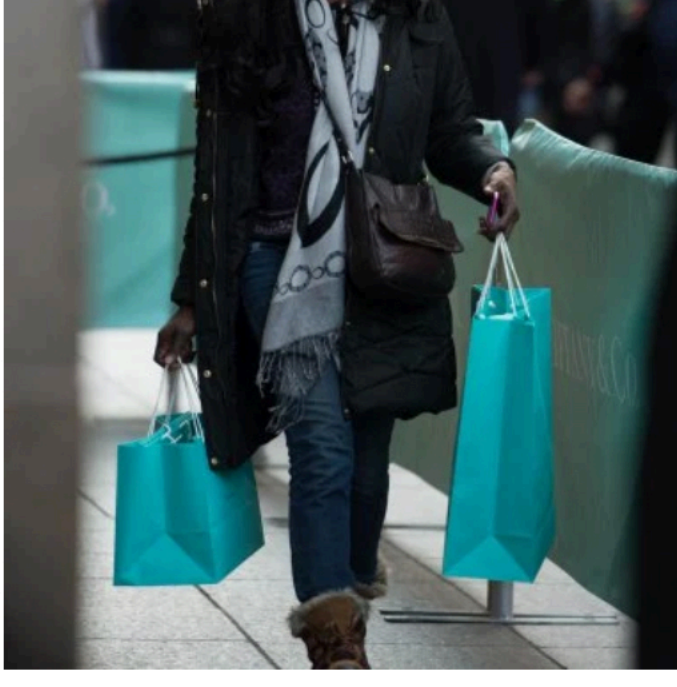
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Although market analysts are blaming e-commerce for the decline of the mall, it is also safe to say department stores have played their part in contributing to the dilemma in unexpected ways. Today anchor stores have become really nothing more than fancy establishments within the mall. The new shopping journey has become more surgical in nature compared to the past through means of analytics. Retailers are facing a challenge as we speak —with all the pre-shopping done online, the number of visits to the stores in the mall are declining gradually.

In the MENA region, we are witnessing retailers learning from their global counterparts to have the reverse effect on their establishments. Brick-and-mortar's recent innovation that is enabling this reverse effect is focusing on their workforce, where you can find an element that cannot be compared while shopping online — associates who are passionate about the product or service, who have used the product or service the store has to offer and tell you exactly what you need for your next holiday or trip and exactly how to use it.

We are witnessing employers cashing in on field trips and supplemental training, treating associates with respect, a wage that signals management's high regard for its workers and what they have to offer. Rather than devoting all their time and resources to creating their online capabilities and squeezing out costs, retailers are redirecting their focus to improving the physical retail experience for their customers and associates.



Shopper in New York. Andrew Morales/WWD

As the evolution of consumer experiences continues, so does the long-established rules of retail. For instance, retailers till this day continue to maintain an estimated 80 percent of the items consumers purchase on a consistent basis. The remaining 20 percent are unique or limited products — things that bring about the element of surprise and delight in a consumer. But today, the 80/20 rule looks much different.

With **technology** advancing and consumer behaviors evolving, expect 80 percent of goods to be acquired autonomously. Consumers are beginning to embrace the outsourcing of many retail experiences to analytics and smart devices — handing over the automation of hunting, negotiating, purchasing and delivering goods. Hitting 80 percent in the near future is not much of a stretch.

Now, the 20 percent is where you will find the consumers who expect to have fun with their shopping experiences and purchases. The fresh approach of the store to enable these experiences can be made by passionate and knowledgeable associates through high-touch human interactions.

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Today, in the physical and virtual world, product fulfillment is becoming the domain of AI, analytics, robotics and other technologies. We are witnessing retailers and e-commerce racing to develop the best platform to anticipate consumer needs and deliver products to meet their needs. In this environment, physical stores are getting lost and offering little in the way of competitive advantage beyond the pickup point.

Keep in mind, what **technology** is unable to fulfill (meaning the human needs that remain unmet today) will evolve and become the consumers' demand in the future — yet again tipping the retail landscape in another direction. A key element I have learned in my line of work through analytics is that, as technological connections grow, so does the need for meaningful connections. Soon, we will see this need driving the experience economy.

Vic Bageria is Xpandretail's chief executive officer and chief visionary officer. Bageria is an active member of the Entrepreneur's Organization UAE Chapter (EO-UAE) Board, Chairing Learning and Membership. He is a graduate of the University of New Hampshire and Extension School, Harvard University.

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