

Make Customers Want to Buy Offline

BY SOHRAB VOSSOUGH | June 23, 2014

Showrooming, once a worry primarily for consumer electronics retailers, is expanding into markets we might have thought exempt. Today we can investigate everything from cars to books to groceries in person and then proceed to order them online, often with greater ease and significant savings.

Chalk this up to the efficiency of digital retailers, who've systematically dismantled every obstacle to online shopping. Shipping is fast and cheap, returns are a snap, and customer service is often better than what you find in a store. Price competition these days is a guaranteed losing strategy, especially with Amazon, whose long cash floats and high inventory turnover allow them to stay profitable even with no margin. Stores like Best Buy and Walmart once seemed unstoppable as they displaced independent retailers; now the Goliath has become David.

Yet for each Radio Shack and Barnes and Noble fighting for its life, there are still those beloved corner stores and discount chains that manage to thrive. Many keep a close eye on the prices being charged by their digital competitors, and work to keep theirs from straying too much higher. Most learn to emphasize their advantage in immediacy. More than anything, these successful brick-and-mortar stores know to compete on experience.

A satisfying real-life retail experience is something Amazon can never duplicate – but the trick is translating that satisfaction into dollars spent on-site. We should see this as an experience design problem. A look at retailers who succeed despite showrooming reveals three design imperatives.

Design for empathic expertise. When a shopper uses a phys-

ical retail setting as a showroom, what are they looking for? A better look at the merchandise, and the benefits of touch and feel – but even more, for expertise that could guide their choice. You probably have a business you patronize for exactly this reason, whether it's the boutique that knows what's on trend, or the specialty grocer who can advise on preparation of a dish, or the wine seller who can recommend the right bottle to go with that meal. Backcountry.com and Zappos, for example, are excellent online retailers, but they haven't displaced REI or the local shoe store, because people value that hands-on expertise. Especially when the purchase is something we really care about, we're willing to pay extra for a trusted advisor helping us make the right choice.

How could the shopping experience be designed to emphasize your expertise – and get it paid for? The challenge begins with improving staff hiring and training. Good people also need good information. If you can create a data system to give employees quick access to information about products and customers, you can equip them to advise as experts. Conversely, if shoppers perceive that the kid behind the counter knows little more than they do – or worse, has an incentive other than the consumer's interests to steer them toward certain choices – they will have no qualms about leaving the store and buying online. Design your retail setting to be a showroom for your empathic experts even more than for the products you sell.

Design for whole solution provision. When you buy a new computer, you may also need new peripherals and software to accomplish what you're hoping to do with it. A new bike often means a new helmet, lock, and lights. A new coat calls for a matching scarf and gloves. Especially in the consumer

electronics category, where technologies shift with blinding speed, customers are often happy to take care of these purchases all at once, in person, even if it means spending a few dollars more. Concerns about compatibility are certainly part of it (how do you choose wisely if you can't tell USB from HDMI, or a Schrader valve from a Presta?), but so are perceptions of price. Spending an extra five or ten dollars seems reasonable when investing in a solution that costs hundreds or thousands. The desire to assemble a combination that works, right away, can derail an obsession with paying the lowest price.

For retailers, this has implications not just for the expertise you need in problem solving, but also for the products you stock and how they are displayed. The extras here are very different from the impulse buys we make while waiting in the supermarket checkout line. They're considered purchases that weigh current and future needs against budget, and must respect the requirements of the central product they work with. They can also add up to hundreds of dollars.

This means designing your store to serve as a source for solutions, both now and in the future. Again, heightening your staff's expertise helps immensely. So does offering customers a complete ecosystem of secondary products, rather than simply hanging some earbuds and cases within easy reach. Design with an eye to the outcome the customer is seeking, whether that's more reliable transportation, more exciting entertainment, or higher productivity. Deliver a system of products and services that works with their primary purchase to provide those outcomes, and they'll reward you for it, rather than try to reconstruct it all for themselves online.

Design for community. Portland, Oregon, where Ziba has its headquarters, is so saturated with bike-oriented businesses that when a newcomer, Velo Cult, announced in 2012 it was moving its bicycle repair shop here from San Diego, observers wondered loudly whether it had any chance of success. It didn't help that even the local mainstays were being challenged by online competitors discounting the products they sold at retail.

Rather than compete on price or selection, though, Velo Cult works "to be equal parts bike shop, venue, and bar" – in other words, a community. The large space they occupy is open plan, with long tables and benches, repair stations along one side, and a beer and coffee bar along the other. They offer the space up to local organizations for seminars, meetings, and parties, whether bike-related or not. Within months, Velo Cult became a de facto community center for many of the city's two-wheeled enthusiasts. It also became a profitable business.

It's an unusual model, but a great design solution in a saturated market. Any shop can sell you a rack or floor pump, or tune up your road bike; for consumers, the decision of where to shop (online or off) comes down to convenience and trust.

By establishing itself as a community hub, Velo Cult showed thousands of potential customers that it was easy to get to, pleasant to visit, and aligned with their own values. If you visit a store three times to attend an event or grab a drink, your fourth visit could be to buy a new pair of tires...even if you could've ordered them from Amazon for a few dollars less. Not every retail environment can be a community center, of course, but the demand for such spaces is huge and unmet, and there are endless ways to build community – even in surprising environments, like financial institutions. Since its

“Slow Banking” redesign in 2003, Oregon-based Umpqua Bank has provided ample seating, free coffee, and wifi to its customers, and offered up its branches for meetings, workshops, and concerts. In that time, it’s grown from less than 70 branches to nearly 400, becoming the largest regional bank in the Western US.

Both Umpqua and Velo Cult succeeded by orienting their spaces around community first, and sales second. Companies looking to emulate their success should realize that the visual differences are relatively small, but policy shifts can be fundamental, from encouraging events that generate little or no revenue, to changing the way employees are incentivized and trained.

One fundamental point deserves to be underscored, because it informs all three of these design imperatives: shopping is emotional. The internet offers many functional advantages: selection is endless and endlessly searchable, prices are excellent, and there’s none of the hassle of going to the store. Most purchases, though, aren’t purely functional, and a well-designed shopping experience works with that by heightening the positive emotions and countering the negative ones.

More than just satisfying emotional needs, shopping is part of how we form identity. The decisions we make about how we will spend our money are part of how we present ourselves to the world. Offer customers an experience that deepens their sense of identity and reflects positively on it, and you’ll earn the higher margin you’re asking them to pay.