

COLUMNS

## 3 tips for the right online/offline balance in retail stores

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*Luke Grana is founder/CEO of GRANA*

By [Luke Grana](#)

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As the line between online and offline shopping blurs, retailers have to design experiences that preserve the best of both worlds.

The real-life shopping experience has unique pleasures, from being able to feel the texture of clothes before you buy to being able to ask an actual human sales rep for advice on fit.

The wired-in, online aspects of the shopping experience must be unobtrusive enough not to interfere with these charms while still easy enough to use to improve convenience. It is a difficult balance to strike, and has led to many missteps.

For instance, retail smartphone applications that serve up spammy and stalker-ish push notifications to shoppers in-store. But a few bumps along the road should not encourage retailers to log off entirely.

Here are three tips for striking the right online/offline balance in stores.

### 1. Be crafty, not creepy

We have all been there before: you shop for one pair of sneakers, and suddenly you are bombarded with sneaker ads on every site you visit.

Thanks to these creepy online retargeted ads, digital marketing's use of consumer information has gotten a bad rap. But, today, retailers are learning to use personal data in more creative ways that attract rather than annoy consumers.

Some of them have to do with the product itself.

For example, there is the Data\_Dress, a collaboration between H&M and Google that strives to create garments tailored to suit a user's distinct lifestyle.

Using Google's Snapshot API, the Data\_Dress Android app passively monitors a user's daily activities, noting which restaurants they eat at and whether they take a daily run. It also considers factors such as the weather in the location where the user lives.

WHERE THE USER LIVES.

The app then takes this rich data and uses it to design a custom dress whose materials, silhouette and embroidery details are chosen specifically for that user.

Shoppers today are hungry for authenticity, which means they respond well to such thoughtful, 1:1 personalization, which enhances the shopping experience instead of interrupting it.

This approach should inform brands' digital marketing tactics as well.

Artificial intelligence makes it easy to create extremely relevant advertising for increasingly specific customer segments.

Let us say the customer's journey includes the purchase of a shirt and skirt, whether online or in-store. The next digital ad that she sees could showcase shoes, jewelry or other accessories picked specifically to match the outfit she just bought.

The usefulness of such recommendations lowers their "creepy factor," making them seem less like output from a robot, and more like feedback from a thoughtful friend.

In addition, technology such as RFID tags give retailers visibility into where their inventory is in the store and why, without tracking consumers themselves.

Sixty-two percent of consumers do not want companies to be able to locate where they are while they browse.

Is a certain low-selling shirt often being brought to the dressing rooms, but then left there instead of being purchased? It could be a problem with fit, not pattern or color.

These sorts of solutions make use of personal data of a sort, but keep its actual collection behind the scenes.

## 2. Give customers cues for when to use tech

As the overnight success of Pokemon Go goes to show, augmented reality (AR) can be quite addictive.

By layering something virtual such as a cartoon Squirtle over the boring old reality seen through the camera of your smartphone, AR blends offline and online more seamlessly than almost any technology out there today.

Brands including IKEA, Ray Ban, and CoverGirl have all rolled out AR apps that allow consumers to superimpose their products into real-life spaces a kind of virtual test-drive before they buy.

But as mentioned above, it is all about moderation.

Consumers do not want to spend their entire shopping experience staring down at their phones.

In a recent Harvard Business Review article, AR expert Ana Javornik said that Google Glass failed exactly because people do not want to be immersed in AR all the time. Perhaps they also want to avoid an ad-choked experience.

In her research, Ms. Javornik found that AR was most effective when it was integrated as a step in the shopping process, rather than being presented as a novel standalone activity.

Retailers can take lessons for other tech away from this as well: it is not just about giving customers technology to use. It is about giving them cues for when to apply it.

Human sales clerks can be a great help here. Despite rumors that shoppers today prefer browsing their phones to interacting with clerks, many of them actually report frustration when they cannot find an actual human to help them deal with an issue.

For instance, if a makeup color is out of stock, a clerk could suggest trying it on via an AR app on a tablet in-store, and then making an online order for the product via that very same tablet.

## 3. Do not be afraid to think outside the box

Too often, attempts to rethink retail for the digital age stop at marketing but there are many other aspects of the shopping experience to transform.

Take the actual purchase process, for example.

Most shopping trips today end in the same place they did 50 years ago: at the checkout counter, where a human clerk rings up the customer's purchases and packs them up in bags to be taken home.

Retailers need to rethink this outdated process. Those who do have already found improvements in customer

satisfaction.

Amazon has made some strides with its automated Amazon Go supermarket, a small trial version of which is already up and running in Seattle.

Instead of standing in line to check out, customers simply grab their desired items and go. Sensor-based technology identifies what they have taken with them, and charges the cost to their Amazon account automatically.

But this reevaluation of purchasing could go further.

For example, at GRANA's Hong Kong flagship showroom, we have redesigned the shopping experience around trying offline and buying online.

We stock minimal inventory only enough for customers to try on items, not take them home. When they want to make a purchase, customers head to one of the kiosks around the store, and order their desired item via our ecommerce site.

Customers get the experience of shopping IRL without the inconvenience of lugging bags around. We get the marketing and sales advantage of in-person interactions with customers without having to maintain an extensive inventory in-store.

THIS PARTICULAR blend of online and offline shopping experiences might not work for every retailer, especially if they have a large existing bricks-and-mortar footprint. But it is a good example of what sort of innovations come about when you think outside the box.

In the next five to 10 years, how many other aspects of retail are going to be transformed completely by technology? We cannot wait to find out.

With contribution from the Hippo Thinks research network.

*Luke Grana is founder/CEO of **GRANA**, a Hong Kong-based direct-to-consumer ecommerce brand designing affordable luxury apparel. Reach him at [luke.grana@grana.com](mailto:luke.grana@grana.com).*

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