



Robert Thorpe, MEDFA Presentation – 360° Communication.

Good afternoon ladies & gentleman

Slide 1

My name is Robert Thorpe and I'm the Managing Director of dc-activ.

Slide 2

Today I'm going to focus on how technology can improve shopper penetration, conversion and spend in travel retail. Interestingly both Paul (Griffiths) and Erik (Van Der Veen) have touched on some of these points earlier.

Slide 3

Before I kick off, let me tell you very briefly about DCActiv. We're a shopper activation agency and we work on projects across the globe, in both domestic and travel retail.

We work with some of the world's most innovative brand owners, the likes of Nestlé, Diageo, Imperial Tobacco, Estée Lauder, Samsung and Coca Cola. We also work directly with retailers like Tesco and Marks & Spencer and indirectly with dozens of others.

Our business is essentially retail thought leadership.

Slide 4

We design stores and store layouts (here you see a new Baltozona store in Poland, part of the Flemingo Group)

Slide 5

Brand fixtures and displays

Slide 6

Category & shopper activations

Slide 7

Retail theatre (coming soon, the world's biggest Trunki)

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And perhaps most interestingly, stores of the future.

Slide 9

For Nestlé ITR we've worked very closely with Alan Brennan and the team over the last 3 years to develop the Perfect Store concept, which I'm sure some of you are familiar with.

Slide: 10

When I started my preparation for this session, my first instinct was to trawl through our library of examples and case studies and show you some the most exciting and innovative retail technology that's currently in the market place.

Slide 11

There's some amazing stuff out there, augmented reality, holograms,

Slide 12

Interactive 3d displays. But is it relevant, is it scalable, is it cost effective. Will it generate a return on investment, and can it be implemented quickly and easily?

Slide 13

For sure, In 10 year's time retailers and brands will be masters of technology and data – but in the meantime, how do we make sense of it all?

Well before I drill down into specific examples, let's take a quick look at the big picture, so we can put it into some context.

Slide 14

I'm constantly reading doom laden headlines - 'how can retailers win the war over e-tailers?' 'Rest in Peace bricks & mortar retail'. Cash is history. The 'high-street is dead'...

For sure we are experiencing a paradigm shift in retail. It's a revolution, a transformation. And it's all being driven by technology.

But I put to you today it's not a battle, or a death – but a great opportunity for travel retail. We **can't** fight change – we need to understand it, we need to embrace it and we need to refine the way we do business.

Slide 15

Many of you will be familiar with the phrase 'omni-channel retailing'. In simple terms it means connected customers can purchase the same items across many different channels. In-store, at home or on the move.

'Everything will be for sale everywhere thanks to technology.' People will be able to purchase, regardless of time and place - to a point where the shop, shopping and the shopper merge into one.

In domestic markets we're already seeing the most innovative retailers adapting their business models in this direction.

Slide 16

Today's shopper is rapidly realizing that retail will revolve around them. And their data is as valuable as their money. Personal data will drive the future shopping experience. And shoppers are very aware of who they share that data with, and what they want in return.

In this 'me-tail' world, brands and retailers will need to offer an increasingly personalised service driven by shopper's **exact** preferences and behaviours.

Slide 17

A huge concern for retailers is what we call show-rooming where mobile shoppers can instantly compare availability and price across different retailers. 1 in 5 consumers currently do it and this number is set to rise to 96% of Smart Phone users in the future.

But assuming your products are available, and are competitively priced, the focus needs to be on the physical shopping experience as this will become **ever** more important. Retail needs to be re-defined so it's much more exciting and engaging on a sensory level.

Slide 18

Over time, as routine and habitual shopping is taken care of online, our domestic high streets will transform themselves into 'try-streets'. Ever changing experiential retail where sampling, testing and trial will blend seamlessly with education, entertainment and information.

Slide 19

And what will happen is Retailers will become brands

Slide 20

and brands will become retailers.

But here in travel retail we have a huge advantage over traditional retail. We have a captive audience with the time to shop.

Slide 21

They're not waiting for a bus, or in a competitors store with their Smart Phones or on the sofa with their tablets. No - they're in your airport.

Slide 22

So how can we use technology to get more shoppers into the stores, and spend more money?

When Michael Barratt asked me to talk about 360° Communication, the first question I asked myself, was what does that really mean?

Slide 23

Well I like to think of it as a "Symphony of different activities all coming together perfectly to deliver the ultimate shopping experience"

Whilst technology will undoubtedly play an important role in this experience, it's just one of the instruments. But before we deploy any technology we need to understand our customers' needs.

Slide 24

As we've just heard from Peter (Mohn) and Cyrille (Fabre) over the last few years we've seen a big move in the industry around researching and analyzing the shopper.

As a result we now have a great deal of insight across different channels, different categories and different nationalities and these insight are helping us to design and implement shopper activations that really do increase penetration, increase spend and improve customer satisfaction.

Slide 25

To deliver this Symphony we need to ensure the airport, the retailer and the brands are all working together. The Trinity.

You as retailers know your shoppers, and you have the data to understand how they are behaving in-store.

Slide 26

The brands see travel retail as the perfect venue to showcase their products. Relatively small in terms of global sales, but huge in terms of prestige. These brands have unrivalled knowledge of their category and their consumers.

And the best brands absolutely understand the need to offer both brand AND category solutions.

Slide 27

And as an airport (or airline) operator, if the retail offering is so much better, then without doubt, it will play a significant role in determining which airline the passenger chooses to fly with.

Slide 28

I've included this slide to demonstrate how I think we can begin to break this down. To keep it simple, I've used the good, better, best analogy. It's the only slide I'm going to ask you to read - and this is how we start to build The Perfect Store.

Slide 29

Good retail is all about doing the basics brilliantly.

Slide 30

First and foremost, I think high-speed Wi-Fi should be made available everywhere, free of charge. People are so used to having Wi-Fi on demand, for it not to be available when they need it is hugely frustrating.

The Smart Phone is becoming life's remote control, and it will become increasingly important on every level, not least to deliver personalised, time-sensitive and location-based shopping discounts.

Slide 31

No doubt you're familiar with the phrase barriers to purchase. But what exactly do we mean by this? We'll it's the shopper who normally buys a pack of 20 cigarettes for 8 Euros, but is now looking at an outer of 200 cigarettes for 300 Dirham, and he can't work out the conversion rate or the price per pack. It's the traveller who doesn't know the difference between duty free and duty paid, or the implications of LAGs. It's the family that doesn't understand their allowances.

These are real barriers that affect millions of shoppers everyday, that can be solved quickly and easily with the use of technology.

Slide 32

Digital price tickets that show the price per pack in your selected currency.

Slide 33

A multi-lingual touch screen allowance guide. Select your destination and the number of passengers in your group – and see your allowances.

Slide 34

Simple printed shelf barkers with QR (quick read) codes. Just scan and retrieve additional information again in your chosen language.

There are endless applications that can overcome these barriers.

Slide 35

Once we've addressed the basics, we can move to the next level.

We know shop staff spend a disproportionate amount of time helping customers find products. We also know there are large numbers of shoppers who won't or can't ask for help.

Slide 36

A touch screen store guide that allows you to quickly find your category and brand is the ideal solution.

Slide 37

At the Westfield Shopping Center at the Olympic village in London, they have a wonderful system that's proving to be hugely popular with

visitors.

Slide 38

Now if your floor staff are spending less time helping shoppers find products, they'll have more time to spend educating shoppers about the features and benefits of those products. Apple call theirs Specialists, and they have 1 for every 5 customers and I believe this is a huge factor in their phenomenal success. Why not turn your staff into Concierges – and provide them with mini-tablets loaded with useful information.

Slide 39

The new wave of tablets are the perfect technology to support simple in-store displays, and provide multi lingual infotainment. Either at shelf or integrated into specific displays, these work very well.

Slide 40

You could also install some simple freestanding units, that allows the shopper to scan a product and again select their language. It will provide product information, customer reviews, associated products, offers and discounts – in fact everything you'd find online and more.

Slide 41

We know shoppers are far more likely to purchase a product if they've engaged with it. There's some nice easy to use high impact technology where you simply lift the product off the display and it triggers a short animation or video clip. It's ideal if you have a new product, or a special edition that you want to highlight.

Slide 42

Using a type of Augmented Reality called Blippar – you can Blip as many products as you like in-store, which then allows shoppers to scan the product with their Smart phone and see useful information

Slide 43

Augmented reality is a very interesting technology, and has many applications. Here you can see how digital real time information can be viewed on your Smart Phone, and soon on Google glasses. You can imagine the applications for this in an airport are endless.

Slide 44

I could go on and on, but let's take a quick look now at some even more inspired technology.

The best stores will have the most engaging displays, the best in-store navigation, the most knowledgeable staff and what we like to call irresistible category and brand activations. Events and installations so fantastic, it's almost impossible to walk past without stopping.

Slide 45

A big challenge for all travel retailers is driving more foot fall into the stores. Well the store front is the perfect place to site some technology with a real wow factor.

Motion sensitive displays are guaranteed to get people engaged like never before.

Slide 46

We can even let customers try product..

Slide 47

and buy product without even entering the store.

Slide 48

Now this is an interesting one – it's a nice clean but relatively simple installation, but it's got facial recognition technology built into it – so it can track and monitor who is looking at the cars and then transmit tailored communication via digital posters.

Slide 49

Once the shoppers are in the store, these Microsoft multi-touch point displays that can be flat or wall mounted will provide the most amazing interactive experience.

Slide 50

Or how about some 3d digital posters that don't require glasses? Imagine these used to support seasonal displays. No fuss, no delivery of graphics, no fitting. This allows the brands to provide stores with promotional support in an instant. Think about how many different opportunities we could capture and it could be almost real time, so offers can be changed daily, or even hourly.

Slide 51

And maybe some of your shoppers don't want to carry their purchases

on the flight – they can simply scan the product with their Smart Phone, pay and have it delivered to their home.

Here is a Tesco installation in a subway in Korea. A bit far fetched perhaps? Well Tesco's managers turned the country's cell phone penetration rate of 110 % – in other words: 50 million people in the country have almost 54 million cell phone contracts – into a booming success story. The smartphone app became the country's leading shopping app, downloaded over 900,000 times. Each week it achieves revenue of around USD 27 million; each customer spends an average of 41 dollars a week. On top of this, 10,000 new customers came to the real stores.

Slide 52

So you can see why they're testing it at Gatwick Airport now.

Finally..

Slide 53

Will cash be history? Well the billions of people who don't bank, and don't have Smart Phones will keep cash and retail alive, but in airports we won't be seeing too many of those, so inevitably cashless payment systems need to be developed and deployed.

Many big players are investing (Google Wallet, PayPal etc) but the system I like the most is Apple's EasyPay –it takes any credit or debit card and emails your receipt (so you need to give up your email address) I appreciate that we're always looking to encourage our shoppers to shop more categories, increase basket spend and grab some impulse products at the till points – but there will always be a good number of shoppers (particularly business and first class) who want to get in and out as quickly as possible. They'll appreciate a fast and efficient cashless payment system.

Slide 54

Now I'm sure many of you will be thinking, I've seen that before or I've seen something similar, but I've never yet been to a store anywhere in the world (domestic or travel) that's activated even a fraction of the elements I've presented today in a considered and structured way.

So you really are in a great position to show the world what the future of retail will look like.

As you'll appreciate I have to be sensitive in this environment about discussing figures, but I can tell you from the projects we've been involved with, the shopper reaction and feedback has been incredible, both in terms of penetration, sales uplift and advocacy.

Slide 55

Thank you very much for your time today.