



**Balancing Technology and Human
Interaction for the Future of Retail**

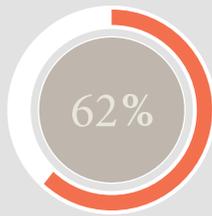


Like every other aspect of life in the 21st Century, technology has changed the shopping experience in a significant way. With the proliferation of Internet access, consumers rushed to their computer screens to research and compare product features, read customer reviews, and hunt for the lowest price. They then punched in their credit card numbers and anxiously waited for their purchases to arrive. Cyber-retailers responded by building robust web sites and logistics processes to support the demand and fuel consumer appetite.

Brick and mortar retailers, initially paralyzed by loss of marketshare, have learned how to fight fire with fire. By blending the digital experience with the intuitive perspective from customers, they began employing technology in new ways in order to enhance the traditional shopping experience. And consumers, recognizing the grass is not always greener in cyberspace, are coming back to the stores with different expectations and renewed loyalties. Online shopping revenue is expected to rise 62% by 2016,¹ and stores will be challenged to make buying local beat the virtual world.

The challenge facing retailers now is balancing technology with human interaction to recognize the benefits of both online and physical expenditures.

Three major areas where the balance of technology and human interaction contribute to success of the built environment in retail include rapid roll out plans, building brand loyalty, and solutions for sustainability.



Online shopping revenue is expected to rise 62% by 2016

Rapid Roll Out

The phrase “time is money” is more than a trite quote to retailers. Time is often a retailer’s biggest concern when it comes to capital expenditures. The quicker the doors open, the sooner the investment starts returning. On the other hand, when a project is delayed, it postpones more than just the initial ROI. Pushing back a grand opening by just days can cost the retailer a substantial amount in lost revenue. In order for stores to open on or ahead of schedule, potential obstacles need to be identified early in the process and proactive execution strategies need to be in place.

The technology and human interaction balance for rapid roll out is using an experienced team of architects and engineers who are equipped with the right technology to work effectively with different regulatory bodies throughout the country. Of course, no one person can know all codes throughout each different municipality, but when technology is used effectively, experienced professionals can use their knowledge to seek out intricacies in code books, and firms who are invested in national work have a comprehensive database for reference. For example, the Progressive AE Team, a 50-year-old full-service architecture, engineering, and construction company, has rolled out 200,000-square-foot supercenters as well as 2,000-square-foot loan center tenant fit outs in each of the 48 contiguous United States. The firm has a dedicated team of professionals whose job it is to turn over projects to retailers on time and on budget – every time. This experience and the technology investments the firm has made toward the process allows people to identify obstacles in the beginning of a project, like long lead-time equipment,



BABIES R' US

WELCOME
P.C. TAX

Grand Opening Celebration
Friday - Sunday
October 28 - 30



individual code requirements, and other areas that add time to projects so they can be proactive in keeping projects on schedule. The team has a proven track record of using technology, from team online portals to web meeting technology to Building Information Technology (BIM), which has enabled them to successfully open 10,000 stores for more than 30 different brands through its history.

Experienced professionals also understand the particular obstacles certain retailers face and can assist in devising strategies for efficient roll out. Automotive retailers and big box stores, for example, often face challenges that other businesses avoid, as smaller business take up much less land and market share. Name brand auto dealers must be careful in some states when it comes to their proximity to other dealerships. Many retailers also have very distinct branding or sustainability standards that need to be applied to comply within the specific municipality and environment.

One specific instance in which Progressive AE's invested team proved advantageous was during a store renovation for Vanity, a woman's clothing retailer. The store's team originally requested only architectural and electrical work. Throughout planning, though, the retailer decided to maximize their construction investment by adding elements that would refresh the brand. One aspect was to add more glass to the storefront in order to entice shoppers. This change had structural implications, though, and required professional structural engineering expertise. Since Progressive AE is a full-service team, they were able to easily consult with an in-house structural engineer for the solution. It was this level of responsiveness that allowed the Progressive AE team to launch 21 new Vanity stores in malls across the nation in less than one year.

Building Brand Loyalty

A brand is much more than a logo or series of colors. A brand, according to Seth Godin, author of 17 books and inductee into the Direct Marketing Hall of Fame, is, "the set of expectations, memories, stories and relationships that, taken together, account for a consumer's decision to choose one product or service over another."² A brand is imperative to a retailer's success, and is another example of the importance of balancing technology and human interaction.

Technology, specifically the Internet, has allowed consumers more access to more products than ever before. Previously bound to the geography of where they lived or catalogs they delivered specifically to potential buyers, retailers now had the opportunity to reach and be reached much more easily through the World Wide Web. This also created an opportunity for resellers who could survive only in a digital world. Technology also provided the business case for investments of online retailers with web sites and logistics processes necessary in a global marketplace.



What retailers have recognized now, though, is the inseparable connection between online and physical stores. Much like what happened in the manufacturing industry after learning the downside of off-shoring operations, consumers have realized they are missing the act of shopping and buying. This is where retailers with a physical presence can and are capitalizing. By balancing technology and human interaction, retailers can have an active online and physical presence, both of which build on their brand recognition and loyalty. By using the robust web sites and logistics processes retailers have built, they can improve the physical shopping experience, reduce unnecessary stock, and be better able to respond to the ever-present impermanency of retail.

Retail stores are also using technology in new ways to incorporate online convenience within the shopping experience in the “real world.” They can supplement their stock rooms and increase sales with access to online tools on the sales floor. If a certain product is not available in any particular store, employees can place orders from their mobile tablets and have products delivered directly to consumers’ doors. Employees can also use these same mobile devices to quickly cash out products to expedite and simplify the shopping experience, removing some of the more unattractive aspects like standing in line. This approach also removes the need for large or multiple wrap desks within the store footprint, offering more floor space for product.

Technology also enhances consumer loyalty. Now, retailers can easily access buying trends and shopping behaviors by group and by individual. Offering tailored discounts and promotions to interested audiences can yield increased sales and can keep buying power within the brand.

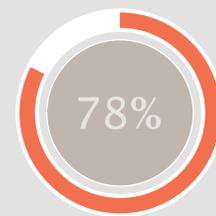
Sustainability Solutions

Sustainability continues to be an important element in the retail industry, with 78.3% of all retail chains reporting the use of environmentally friendly material.³ Efforts are continuously being made for retailers to “think green” when

it comes to their stores. The U.S. Green Business Council’s LEED (Leadership in Energy and Environmental Design) for Retail program is designed to do just that. Whether a store is part of a large multi-tenant retail complex

or is housed on individually owned property, taking advantage of energy-efficient lights, HVAC systems and appliances can save costs while creating a more sustainable environment.

78.3% of all retail chains reported using environmentally friendly material



Technology plays a key role in sustainability, but only when coupled with experienced professionals. For example, energy modeling is a way to forecast energy use based on a series of data. Using sophisticated software, owners can get data about systems, including a specified timeframe for return on investment, life cycle costs, or reduction of use from previously used equipment. It is only through working with engineers, though, that the kind of intricate decisions can be made and then customized as a solution to meet their objectives, both short-term and long-term.

A unique example of using technology for sustainability is a mobile application designed by an architecture and engineering firm, Progressive AE. Having been leaders in the U.S. Green Building Council’s LEED program, Progressive AE has designed buildings at each level of the LEED program – Certified, Silver, Gold and Platinum – and led a client to be the first to achieve 100 LEED-certified projects using the LEED Volume Build pilot program. From this experience, professionals noted a need for streamlined documentation. Using in-house resources, the firm developed the LEED PAL (Photo Album Log) app that serves as a communication tool between construction field personnel and the LEED administrator to describe and capture photographic documentation required for review by the GBCI (Green Building Certification Institute) prior to certification. This kind of innovation is only available when technology is put to use.

Implementation

Whether you're adding new locations or renovating your existing space for a new marketing campaign, the right design team coupled with the right technology can save a great deal of time and money. In fact, investing just 3% more in total project costs can result in 10% savings through design simplification and reduced change orders.⁴ With experienced architects, engineers, designers and energy consultants, and a proven series of technology tools, Progressive AE has the experience and resources necessary for a faster, leaner, greener process, from planning through construction. Contact Progressive AE today to get started on your next project.

Sources

- ¹ <http://www.internetretailer.com/2012/02/27/e-retail-spending-increase-45-2016>
- ² http://sethgodin.typepad.com/seths_blog/2009/12/define-brand.html
- ³ <http://newmarketadvisors.com/assets/Uploads/ConstructionSurveyCSA2012.pdf>
- ⁴ <http://www.usgbc.org/Docs/Archive/General/Docs5049.pdf>