SHOPPING STYLES IN THE (R)TECH AGE:
Serving the (R)Tech Shopper

(R) TECH
center for innovation

RILA
RETAIL INDUSTRY LEADERS ASSOCIATION
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(R)Tech is a new term that describes the confluence of retail and technology.

An (R)Tech company embodies the strongest values of both industries — global and local, nimble and entrepreneurial — to delight profoundly empowered consumers. The term is meant to accelerate retail innovation and to invigorate retail’s reputation with innovators, the next generation of retail talent, policy-makers and the public.

Visit [www.RTech.org](http://www.RTech.org) to learn more about the (R)Tech Center for Innovation’s activities and to engage in the conversation.
INTRODUCTION

RILA’s (R)Tech Center for Innovation has been on a journey for the last couple years. When the (R)Tech Center launched in early 2017, it released “The Emergence of (R)Tech” to describe the seeds of a deep transformation to a new age of retailing: the (R)Tech Age. The focus at that time was on the factors triggering retail’s disruption, the trends continuing to accelerate change and the innovation and technology programs that retailers were developing to respond.

Over time, we learned about retailers’ challenges that inhibit the growth and success of innovation programs — prioritizing, funding, talent and culture — through “Organizing for (R)Tech,” and then we dove deep into building a culture of innovation through “Building an (R)Tech Culture.”

But while technologies have driven much industry change, it’s the customer that really matters.

So beginning in 2018, we turned our focus to the customer. In the newly released “Delivering for the New Consumer: The Move to Ubiquitous & Ultra-Personal Shopping,” we learned that shopping in the (R)Tech Age is characterized by a drive toward pervasive and highly personalized shopping. Consumers want to shop anytime, anywhere, in any way, and retailers must respond. That study, based on the views of nearly 3,000 consumers as well as about 100 retail industry executive decision-makers, identifies the trends driving consumers’ fast-evolving needs and expectations — and the most compelling retail innovations and technologies that can meet them.

Now, in this report, RILA’s (R)Tech Center partnered with the International Council of Shopping Centers (ICSC) to explore two more topics:

1. We define 10 Shopping Styles that reflect shoppers’ needs in the (R)Tech Age.
2. We examine how stores and retail properties are responding to these emerging styles and needs.

The goal of this report is to deliver thought-provoking insights into these 10 Shopping Styles to encourage effective customer experiences.
Morgan, our (R)Tech Shopper, will help guide you through each of the 10 Shopping Styles by describing when and how she uses them.

But first, what's an (R)Tech Shopper?

An *(R)*Tech Shopper is a member of the Millennial generation (born between 1981 and 1996) or of Generation Z (born between 1997 and 2016). Morgan represents these two generations, whose prominence is steadily growing and who are ushering in a new wave of shopping habits.
To begin with, Millennials and Generation Z (Gen Z) members are currently the two largest generational segments in the United States. The U.S. Census Bureau estimates that there are currently about 156 million Millennials and Gen Zers, which amounts to approximately half of the total population. However, the last of the Millennials are just entering the workforce, and the vast majority of Gen Z members don’t have any source of personal income yet.

On top of that, Morgan’s prominence as a consumer is growing since the (R)Tech Shopper will become the predominant consumer in the next 10–20 years. By 2038, the youngest Gen Zers will be 22 years old and just entering the workforce. The oldest Millennials will be nearing the end of their careers, and the youngest will compose most of the working population.

Morgan’s unique shopping habits and behaviors set her apart from previous generations especially because of her overwhelming gravitation toward four shopping needs: **convenience, value, experience** and **conscious consumption**.
Value

Morgan also wants to be well-informed, get deals and customize purchases.

According to an ICSC survey, 84 percent of Millennials are likely to research a product online before going to a store, and 87 percent of Millennials are likely to use a mobile device in-store. Two of the top three reasons for using a mobile device in-store are (1) to compare prices and (2) to get digital discounts or coupons.

Morgan is also looking for products and services tailored to her. A report by Segment stated that 45 percent of surveyed consumers are likely to repeat a “personalized shopping experience,” like receiving a special discount offer based on their purchase. And an Internet Retailer survey revealed that 73 percent of respondents opt to buy online but pick up in-store “to avoid shipping fees.”
Experience
Morgan wants to socialize and engage in a seamless, personal experience across all channels.

Younger consumers are increasingly seeking experience over products
(% of total discretionary expenditure excluding cars)

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Sources: Bureau of Economic Analysis; A.T. Kearney analysis

Among younger shoppers, there is a growing trend of choosing experiences — like restaurants, escape rooms, gaming, concerts and other special events — over products. A.T. Kearney estimates that $2.2 trillion will be spent by young consumers on experiential activities in 2030, making up roughly one-third of their total discretionary expenditures.

The increasing role of social media fuels this trend. On average, people spend approximately two hours a day browsing social media, according to Social Media Today. Likes and comments drive Morgan to share her activities with friends.

Conscious Consumption
Morgan knows her shopping decisions impact the world around her, and she wants those decisions to support her values.

Access to information about products and their social and environmental impacts is now readily available, and Morgan feels comfortable communicating her opinions on brands through social media. Numerous surveys, like those conducted by Cone Communications, report that 85 percent of Millennials are likely to seek out responsible products and 88 percent of Millennials hold brands accountable for producing and communicating results of corporate social responsibility (CSR) efforts. Across customer segments, 90 percent of consumers want companies to do more than make a profit, with 87 percent saying they would purchase a product based on values and 76 percent willing to boycott a brand if it supported an issue contrary to their beliefs.

These four shopping needs — convenience, value, experience and conscious consumption — define Morgan's Shopping Styles.
The (R)Tech Center’s research found 10 primary styles that represent the different ways that Morgan shops. All of these trends — grouped into four categories and presented below — are indicative of Morgan’s preferences and define an unprecedented diversity of shopping needs:

### The Basics

1. **Necessities** - I know what I need and am either loyal to a brand or go with whichever is most convenient.
2. **Grab & Go** - I want it now.

### Research & Consult

3. **Compare & Consult** - I sort of know what I need, but I want more information before I buy
4. **Fix It** - I want a specific service to improve myself or something I already own
5. **Deeper Meaning** - I want to support a cause and feel good about myself

### Experiential

6. **Learn & Do** - I want to have fun and leave with something—a skill or an item I made
7. **Socialize** - I want to be with people; the point is having an experience together.
8. **‘Gram Worthy** - I want novelty and social media bragging rights—it’s worth posting on Instagram.

### Swap & Simplify

9. **Recycle & Upgrade** - I want a new one, but my old one is worth something.
10. **Rent** - I want to use it or try it out without being responsible for it.

These Shopping Styles are designed to highlight Millennial and Gen Z shoppers’ needs. All customers, (R)Tech Shoppers or not, engage in combinations of these 10 styles at different times to satisfy different needs.

The following sections break down each Shopping Style and how they relate to both retail and real estate initiatives.
THE BASIC SHOPPING STYLES

Necessities
For essential, often-recurring needs.

Grab & Go
For quick and easy purchases.
NECESSITIES

When I’m Necessities shopping, I already know what items I want. I either stick with my go-to brands, or I get whatever is cheapest or most convenient.

For essential, often-recurring needs. Customers purchasing these products are price-sensitive and may be willing to switch brands with special offers, or they are loyal to their favorite brand and are not interested in other options.

Must Haves

Online Experience.
More and more, customers are shifting their weekly shopping from in-store to online in an effort to save time in their busy workweek. Providing a simple, easy-to-navigate online platform on which to shop helps limit confusion and frustration.

Consistency.
Providing a positive experience may initially draw in customers, but consistently delivering positive experiences will develop brand loyalty.

Customization Options.
Customers should be able to elaborate on their needs in a way that mirrors their own decision-making process.

Convenient Fulfillment.
It is important to have easy delivery and/or pickup and subscription options. Significant shipping costs or cumbersome tracking can be a burden on shoppers.

Industry Leaders

With Peapod, an online grocery delivery service owned by Ahold Delhaize, customers can begin their online shopping by virtual aisle, specials, etc. The shopper has the option of turning on the “Order Genius,” which can recommend products or anticipate future shopping needs.

Trader Joe’s has successfully been able to penetrate the millennial grocery market by building a brand synonymous with healthy and fresh food. For people who otherwise view store-branded products as cheaper but lower-quality, Trader Joe’s products are perceived more like those of a specialty brand.

IKEA acquired TaskRabbit, allowing customers to easily connect with a handyperson to assemble their purchased furniture. Through TaskRabbit’s hybrid template/open-response form, customers can provide detailed instructions on when, where and how they want their IKEA products assembled.

Dick’s Sporting Goods makes in-store pickups even easier with self-service stations. Customers can scan the bar code at the top of their “ready to pick up” email or type in their name on the interactive touchpad screen and an associate will bring over the purchase.

Key Considerations

How does your online experience help guide shoppers through needs that could be drastically different from person to person?

Will customers look elsewhere if they have one bad experience?

Are your products and shopping experiences constantly meeting customer expectations? If not, what is the cause of customer concerns?

Does your platform account for the various customizations consumers may request to get the exact product or service they’re looking for?

If you can’t fulfill a customer’s exact request, what happens?

Should you develop your own rapid-fulfillment digital shopping platform or partner with an established one?

Are your delivery estimate options accurate, and how do you notify the customer if things change?
When I’m Grab & Go shopping, I know what I need and don’t want to spend time searching for it. I am open to new brands and products as long as choosing them doesn’t slow me down.

For quick and easy purchases. Often used when shoppers are time-constrained and a product need arises unexpectedly. For this style, shoppers prefer minimal steps, allowing them to allocate their time elsewhere.

**Must Haves**

**Easy Access.**
Products must be easy to find and identify. Customers may not have the time or patience to search aisles, so items associated with quick shopping trips should be strategically placed and readily accessible.

**Rapid Purchase.**
Little to no wait time at the point of purchase is vital. Options that eliminate the register wait (virtual or physical) resonate with this shopper.

**Convenient Usage.**
These shoppers want products that are easy to use in addition to easy to buy. Streamlined packaging and clear instructions are important.

**Strategic Locations.**
These shoppers are best served when stores are in places that align with their daily routes so they can pop in on a whim, particularly in urban areas.

**Industry Leaders**

- **Lowe’s** has been developing a mobile app called **Lowe’s Vision**, which utilizes augmented reality to improve the customer’s shopping experience. This app guides customers through aisles to their desired products. Products and their prices are shown on the phone when within the camera range, providing easy comparisons.

- **Walmart** among other retailers, has focused on implementing and improving in-store pickups, whereby customers can forgo register lines by paying for their item online. **Amazon** has pushed even further by opening its completely register-free store, **Amazon Go**.

- **Kroger** recently acquired **Home Chef**, a Chicago-based meal kit company, to improve its prepared meals and meal kits operation. These types of meals allow for easy consumption and cleanup.

- **Flexetail** offers mobile selling space for retailers of all sizes. Its trailers are solar-powered and have Wi-Fi built in, providing a premier mobile retail experience that meets customers where they are, like out of the office on lunch break or in unique locations like concert venues.

**Key Considerations**

- How long does it take for customers to locate the item they are looking for?
- How long does it take for customers to get through the purchasing stage once they have gotten their product?
- How do consumers interact with your product after purchase?
- Are there any time-consuming steps required by the shopper to experience the benefit of the product?
- Do customers have to deviate from their daily routine to get to your stores?
- How do your stores align with the main traffic patterns (foot and vehicle) in the area?
Compare & Consult
For shoppers who want to be thorough and take time to ensure they get the best product at the best value.

Fix It
For shoppers seeking a remedy or improvement.

Deeper Meaning
For shoppers who want to support a good cause with their purchase and may even know the cause they want to support before they know the item they want to buy.
For shoppers who want to be thorough and take time to ensure they get the best product at the best value. This style is most often used for purchasing higher-priced, infrequently bought items such as appliances, electronics and luxury goods; but with the growing interest in health and well-being in today’s marketplace, it’s also becoming common for food, health care and cleaning supplies.

**Must Haves**

**Try Before They Buy.**
Allowing potential customers a chance to experience the product before purchase gives them more confidence in deciding.

**Easy Comparisons.**
Make it easy to compare similar products by the features most likely to influence customer decisions. SKU-level metadata and key term tracking are useful ways to gather information on what customers value.

**Options.**
Having several brands and models in the store allows individuals to compare characteristics such as price, style, function, quality, aesthetic, etc.

**Customer & Expert Insights.**
Buyer reviews help shoppers learn from others’ experiences. Many retailers even provide in-house experts to help customers make purchases.

**Industry Leaders**

- **Golf Galaxy,** a subsidiary of Dick’s Sporting Goods, offers golf simulations for customers to try golf clubs in stores to see if they’re a good fit.

- **Google Express** provides retailers an online platform to sell their products. It also provides shoppers an easy way to browse and compare retailers’ e-commerce offerings.

- **Coca-Cola** and PepsiCo are known for their wide variety of snacks and beverages. They have continued to diversify their product lines to include healthier options in an effort to maximize their market share. These companies purchase a lot of shelf space across the grocery industry so that the customer can choose from one of their many brands.

- **Nordstrom Local** emphasizes interaction with a stylist, helping customers develop the perfect personalized wardrobe they can then order online or pick up from a traditional Nordstrom. This keeps the store itself small and efficient and limits the risk of overwhelming the customer.

**Key Considerations**

- What product categories do customers most value trying before buying?

- Is it easy for customers to compare their options based on the product features that matter most to them?

- How can you help customers think about key features they may not have considered?

- What is the most efficient number of brands you should stock based on the floor plan of your store(s)?

- How can you ensure that your options are guiding customers to make the best decision versus overwhelming them into decision paralysis?

- Is there a way to bring customer reviews into your stores?

- How can employee training authentically drive sales without coming across as “salesy”?
For shoppers seeking a remedy or improvement. Fix It customers are unable to solve their need on their own, often because of inexperience or lack of resources. They want peace of mind that their need will be met in a timely and professional manner.

Must Haves
Fixers and Teachers.
Experts should not only fix a problem, they should also be able to convey to the customer what they are doing wrong and teach preventative measures to avoid repeat incidents. There should be a high level of trust, developed through strong communication, assuring customers that they are in good hands.

Friendly and helpful staff.
Accessible employees encourage customers to ask questions and engage in the problem-solving process. This creates an open environment for customers to share without fear of judgment.

Satisfaction Guaranteed.
Once the Fix It shopper’s problem is solved, it is important that the item or service remain satisfactory for the foreseeable future. Satisfaction guarantees and clear terms of service will make your offerings feel less risky than purchasing from other retailers who might take advantage of lack of expertise.

On Demand.
This kind of shopping can be time-sensitive. Good work done quickly is important to this shopper.

Industry Leaders
PetCoach, a newly launched store by Petco, offers complete care for pet owners — grooming, training and veterinary services — all in one location. Professionals are readily available to provide customers with expert service and advice for any pet care need.

Best Buy, along with other retailers, employs greeters to welcome customers at the front of the stores. With a friendly guide to help them, customers don’t feel overwhelmed navigating such a large space. Best Buy also offers great tech support in the form of its Geek Squad — another way to keep customers satisfied.

The Worn Wear program by Patagonia offers customers helpful guides for product care and for quick repairs. The program also offers free repairs to individuals who send in their damaged Patagonia items, assuring that their products are always up to the highest standards.

CVS Minute Clinic, which takes walk-in visits, provides individuals an alternative to regular doctor’s offices that require patients to make prior appointments.

Key Considerations
How integral are communication skills to your employee training?

If you were a customer in your own store, would you be comfortable asking questions and revealing challenges to your employees?

How do your policies allow you to respond to dissatisfied customers without being taken advantage of?

Are your employees more incentivized to do good work or fast work?

Do your business hours serve people with busy schedules or those who have an urgent need?

How can you leverage technology to help all customers feel they are being prioritized?
For shoppers who want to support a good cause with their purchase and may even know the cause they want to support before they know the item they want to buy. Some shoppers may regularly seek out Deeper Meaning programs when making many of their purchases, often researching companies’ CSR actions. Other shoppers may be inspired by meaningful occasions like Mother’s Day to shop for products with a positive impact.

Must Haves

**Portion of Proceeds Donated.**
Donating a portion of the revenue generated from a transaction to charities is a simple and interactive way to lend visibility to a company’s positive impact.

**Aligned Cause.**
Having a purpose-driven mission ingrained into the company’s identity automatically encourages these shoppers to be brand ambassadors. In product categories with many comparable choices, one that supports a good cause helps the shopper feel virtuous about the purchase.

**Eco-Friendly.**
Being able to recycle and reuse materials and having an environmentally friendly manufacturing process are often important considerations for shoppers concerned about the environmental impacts of the products they buy.

**Product Quality.**
Supporting a cause is important to these shoppers; however, they are still purchasing a product. If they find the product doesn’t meet their expectations, they are likely to shop elsewhere.

Industry Leaders

- Brands from Apple to Vespa have become (RED)® partners to produce special-edition products to help those affected by HIV/AIDS in sub-Saharan Africa. As stated on the (RED) website, “You could buy a product. Or you could buy a product that fights AIDS.”

- Warby Parker, an eyeglasses retailer, hosts a Buy a Pair, Give a Pair® program that distributes a pair of glasses to someone in need whenever a client purchases one.

- Adidas worked with the nonprofit Parley for the Oceans® to raise awareness of the plastic crisis. Adidas designed a line of shoes made partially with upcycled beach waste to bring attention to the issue.

- Timberland® offers durable, eco-friendly boots and shoes that are both high-quality and trendy. Many of its products carry both nutrition labels and product icons to show their climate impact, chemical use and resource consumption.

Key Considerations

- Does the cause you’re supporting authentically align with your brand identity. Is the donation amount appropriate to feel impactful?

- How reputable and well-known is the organization with which you’re partnering?

- How can your company align what it stands for with a cause, in addition to seasonal or rotational campaigns?

- How is your company researching and addressing its most significant areas of environmental impact?

- Does your product’s performance overcome any customer worries that cause-linked purchases or environmentally friendly products might mean lower quality?
EXPERIENTIAL SHOPPING STYLES

Learn & Do
For expertise or novelty skill-building activities.

Socialize
For shoppers who enjoy meeting others and going out with friends.

‘Gram Worthy
For shoppers who are active on social media, where pictures or videos are the preferred medium for connecting with followers and peers.
When I'm Learn & Do shopping, I want to have fun and leave with a new skill or something I made.

For expertise or novelty skill-building activities. This style appeals to shoppers who want to participate in social experiences. It also attracts those who wish to start exploring or refining a passion with a ready-made activity to complete within a scheduled time slot.

**Must Haves**

**Turnkey Experience.**
Stress-free learning experiences for beginners and big groups require that expectations have been accurately set and that all necessary materials are provided or available for purchase on the spot.

**Amazing Instructors.**
Instructor-customer interactions are a unique opportunity to make a positive, personal connection that will forever color a customer's impression of the brand.

**101 and Beyond.**
To maximize a customer's lifetime value, it is important to provide accessible introductions for newbies, craft-honing workshops for enthusiasts and a path forward for everyone in between.

**On Demand.**
Supplementary blog posts that complement a course, online how-to videos (with augmented reality or virtual reality potential) and ask-an-expert type opportunities are all effective ways to help turn curiosity into passion.

**Industry Leaders**

**Michaels** class descriptions include class type (adult or kid-friendly), skill level, instructor name, recommended age range, and information on supplies needed.

**The Home Depot** offers many Do-It-Yourself courses each month, all led by an expert store associate who teaches proper technique and safety precautions for projects that need to be done correctly.

**Sephora's Beauty Classes** cover a wide range from topics for every potential customer, from teen makeup to creating a smoky eye to age-defying skincare.

**Lululemon** has created a YouTube channel that targets its core customer with guided meditations and yoga-gear how-tos. But it also stretches to reach new audiences with content as specific as “how to tape your hockey stick like a pro.”

**Key Considerations**

**Can your shoppers simply show up to your learning experience?**

What happens if they are not prepared as instructed (e.g., not wearing activity-appropriate attire)?

**Do you have teachers sufficiently skilled to meet the needs of both beginners and enthusiasts?**

Can shoppers of all skill levels find something new to learn?

**How can your instructional material engage customers and showcase your organization’s expertise even when your potential and existing clients are not in-store?**
When I'm Socialize shopping, I want to get out of the house, be around friends and meet new people while having a novel experience.

For shoppers who enjoy meeting others and going out with friends. Socialize shoppers want to discover new places, have new experiences and make new connections.

### Must Haves

**Good Atmosphere.**

Having a storefront that appeals to the customer's senses, especially visually, is important to attract these shoppers. Everything from lighting and music to the style of furniture contributes to creating atmosphere. The more aligned the atmosphere is with the desired client base, the longer they will likely stay.

**Positive Habits.**

Promoting shared activities and accountability to adopt healthy habits makes personal interactions as much a driver of loyalty as the experience itself.

**On-Brand Vibes.**

Social activities should complement the way people use the company's products or the way they make people feel.

**Changing Calendar.**

Social interactions can work in a positive feedback loop. Great experiences help people bond and often lead to building relationships. When a company consistently provides new and exciting activities, customer curiosity will never peak, and they will continue to come back to see or try new offerings.

### Industry Leaders

**Starbucks** is known not just for its coffee, but for the social spaces its stores create. The company describes a Starbucks coffeehouse as “a welcoming, inviting and familiar place for people to connect,” and the stores are designed “to reflect the unique character of the neighborhoods they serve.”

**Orangetheory Fitness** and **SoulCycle** are continuing to gain popularity, as they have shifted exercising from a solo activity to a more interactive, supportive experience.

**The Nike+ Run Club** app developed by Nike makes a sometimes-daunting activity a little easier by creating a sense of community. Runners can share personal bests and goals they hope to achieve with friends and fellow runners. They also can share playlists and messages to help motivate one another to reach their goals.

**Story** recently acquired by Macy’s, is a “concept shop” in Manhattan that completely reinvents itself every four to eight weeks, including design of the space and rotating merchandise. As a result of this frequent change, Story is able to keep customers coming back every month or two to have new experiences and try new products.

### Key Considerations

- **Is your décor and store space inviting to your target customer?**
  - Can your store space accommodate an authentic and natural socializing experience, or does it make sense to look at other venues in the same shopping center or surrounding neighborhood?
  - Can your social offerings support a positive practice for which customers want to be held accountable for keeping it up?
  - What emotions does your store evoke, and what activities go with that state of mind?
  - Does your store experience keep people coming back, or do you plan only one-time special events?
‘GRAM WORTHY

For shoppers who are active on social media, where pictures or videos are the preferred medium for connecting with followers and peers. Unique and attention-grabbing experiences are often sought to showcase exciting lifestyles and visually stimulating products.

Must Haves

Unique Experience.
Offering something unique for a limited time is a great way to keep experiences new and exciting.

Photogenic Qualities.
It's not just about the product and experience, it's about offering something visually appealing that can be viewed and enjoyed by the masses virtually.

Social Media Buzz.
In today’s advertising world, creating a campaign that people can interact with on social media lets ads take on a life of their own.

Customization.
A great experience is key for sharing on social media but less so if everyone’s experience is the same.

Industry Leaders

Photo Pop Philly\(^\text{3}\) is an interactive pop-up exhibit in Philadelphia that allows customers to take pictures with artwork from local artists. They can experience the art and share pictures they take across social media platforms.

Black Tap\(^\text{4}\), a burgers and beer pub that has become known for its over-the-top milkshakes, took social media by storm. By offering shakes topped with whole pieces of cake and surrounded by cotton candy, the chain has turned dessert into a photogenic novelty.

Vans launched an “Off the Wall”\(^\text{41}\) slogan that grew into a YouTube video series and now represents a larger movement for individualism. The Vans community shares their unique personal styles and interests across social media channels with millions of followers.

Adidas’s miAdidas\(^\text{42}\) and Nike’s NIKEiD\(^\text{43}\) make even online shopping an Instagram-worthy experience by providing a multitude of shoe and sneaker design options to create a custom product.

Key Considerations

Can your stores easily transform into interactive event spaces?

Is your store/product visually stimulating, and how well does it photograph?

What metrics are you tracking to observe interactions and buzz about your brand?

How can every consumer have a customized experience?
SWAP & SIMPLIFY

Recycling & Upgrade
For shoppers who seek to stay up-to-date with the latest trends.

Rent
For individuals who want to receive the benefits of using a product but do not want to commit to ownership.
When I’m Recycle & Upgrade shopping, a newer model of a product I own came out and I want to sell or swap my current model before buying the new one.

For shoppers who seek to stay up-to-date with the latest trends. These shoppers want to trade in their current model for a discount or cash in order to subsidize the cost of purchasing the newest product/model.

### Must Haves

**New Features.**
To prompt shoppers to recycle and upgrade at all, there should be incentive to change. Newer features or an improved look encourage an upgrade.

**Loyalty Rewards.**
To attract customers to bring back old products to be recycled, many companies offer creative rewards, such as free items or discounts.

**Incentive to Shop.**
Companies often see a customer’s visit to return a product as another touch point to reach that customer and generate sales. By offering discounts on new items and exposing customers to in-store displays, retailers can convert a trip to recycle a product into a sales opportunity.

**Easy Experience.**
Pricing the buy-back value of an item requires considering its age, condition and potential resale or scrap value. Finding a way for customers to quickly and easily provide this information is important.

### Industry Leaders

**Apple** has built its brand on frequent, high-profile releases of new phones and products. The company launched its **Apple GiveBack** program to “turn the device you have into the one you want” by offering customers the opportunity to trade in their old models for gift cards and credit to purchase the newest models. A step-by-step, interactive online guide helps customers determine the worth of their older model.

**Lush** customers can bring five Lush plastic face mask pots back to a store for a free face mask, a strategy that simultaneously showcases the company’s environmental commitments.

Recognizing that car seats expire every six years and must be replaced if damaged, **Target** offers a car seat trade-in event for a few weeks each year. Participants are given a coupon off a new car seat, booster seat, car seat base, travel system or stroller.

**ecoATM** has developed a smart kiosk that can evaluate buy-back factors using questions and technology. As a result, these kiosks are able to conveniently turn old technology into cash.

### Key Considerations

**What is different or being improved in your new model compared to the older one?**

**What are cost-neutral ways bring-back programs can drive loyalty?**

**Is it possible to predict when customers are most likely to upgrade?**

If coordinating recycling is possible but tricky, can takeback be a limited time offer?

**Is your buy back process transparent if based on resale value?**
When I'm Rent shopping, I want to use or try a product without fully committing to it.

For individuals who want to receive the benefits of using a product but do not want to commit to ownership. They may need an item for only a certain period, be unable to store it permanently or simply don't want to commit to the wrong item.

**Must Haves**

**Customer Service:**
Having the ability to register concerns or connect with a representative is important to the customer if a problem arises. Access to a help desk or a customer support number that will help solve the problem can provide a sense of security for shoppers.

**Money Saver.**
Renting rates need to be competitive against total cost of ownership. Associates should have extensive knowledge of both rental and purchase options to help the customer make an informed decision.

**Increased Freedom.**
Rental options help break down barriers that prevent them from experiencing an activity or product. Some barriers might include lack of storage spaces or funds – or fear of commitment.

**Buy Option.**
Having a rent-to-buy option creates the opportunity to convert renting customers into purchasers. This allows customers a way to keep a product they have been enjoying.

**Industry Leaders**

- **Zipcar** users can catalogue any damage to their rental car in their app, as well as unlock the car and call a service representative with remote access to the car’s security systems. These features are key for a business model that leverages the sharing economy.

- **The Home Depot** educates customers on the value of renting by highlighting advantages of not having to store or maintain infrequently used tools. This provides the customer more insight to use in the decision-making process.

- **REI** gear rentals help urbanites in small dwellings or traveling outdoor enthusiasts overcome the challenges of storing or shipping bulky gear, which opens up new adventures.

- **Twice a year, Rent the Runway** allows shoppers to purchase select designer items that have been retired from rental rotation at up to 75% off.

**Key Considerations**

- What options and services are available for customers who have problems with the rental?

- Is there enough of a price difference between renting and buying?

- Will you need to educate customers who aren't used to having a rental option about this new alternative?

- What happens if customers decide they want to buy after renting or leasing a product as a trial?
SHOPPING STYLES: A STORE PERSPECTIVE

Different styles need different physical spaces. Grab & Go shoppers may prefer many small, convenient stores, while Socialize shoppers want a space large enough to meet, stay and enjoy. Necessities shoppers may be able to order most of what they need online, whereas 'Gram Worthy shoppers are sent to an experiential destination. As a result, retailers are assessing which mix of Shopping Styles applies to their brand and adapting their physical spaces accordingly.

Beyond the direct shopping experience, stores also now serve new purposes. They increase brand awareness in their neighborhood, act as a marketing channel in an otherwise saturated marketing environment and facilitate online order fulfillment.

Shopping Styles: A Retail Real Estate Perspective

Just as stores are changing, so too is retail real estate. Given that retail real estate can either enable or disable retailers’ abilities to deliver on the 10 Shopping Styles, shopping centers are being refashioned into open-air, multipurpose spaces that serve as cornerstones of communities.

Nonretail uses — like entertainment, personal services, food and beverage, health and wellness, cultural and educational, and residential — are increasingly common at shopping centers. According to CoStar data, over the last five years, the share of floor space occupied by nonretail, nonrestaurant tenants in U.S. shopping centers has grown by almost 4 percent and now stands at over 22 percent. Residential apartments are being built alongside shopping sites; restaurants are replacing foods courts; and open-air venues for concerts and festivals are being incorporated into the design. These changes are effectively intended to cater to the (R)Tech Shopper.
Industry expert ICSC offers these examples of how property developers are adapting, which ones are embracing these changes and what they consider in the process:

<table>
<thead>
<tr>
<th>Must Haves</th>
<th>Industry Leaders</th>
<th>Key Considerations</th>
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</thead>
<tbody>
<tr>
<td>Omnichannel Partnerships.</td>
<td>GGP, Macerich, PREIT, Simon Property Group and Westfield</td>
<td>Do partnerships with retailers and third-party logistics providers that facilitate</td>
</tr>
<tr>
<td>Center owners compete with the</td>
<td>have all partnered with Deliv Inc.</td>
<td>omnichannel transactions help drive foot traffic or spending at your property?</td>
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<td>internet to attract these shoppers.</td>
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<td>Forging alliances that give consumers</td>
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<td>a reason to visit the property can be</td>
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<tr>
<td>beneficial for both the retailer and</td>
<td></td>
<td></td>
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<tr>
<td>the landlord.</td>
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<tr>
<td>Updated Infrastructure:</td>
<td>Westfield has an an app that helps shoppers find their way around its centers,</td>
<td>Are there any barriers to accessing your property that can be mitigated through</td>
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<tr>
<td>Easy ingress and egress are keys</td>
<td>offering turn-by-turn navigation. At centers with paid parking, the app enables</td>
<td>investments in redesign, redevelopment or technology?</td>
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<tr>
<td>to these shoppers. Properties and</td>
<td>convenient ticketless and cashless self-parking via license plate recognition.</td>
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<td>technologies should be developed</td>
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<td>with the aim of minimizing the</td>
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<td>friction that comes with visiting</td>
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<td>centers.</td>
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<tr>
<td>Virtual Connectivity:</td>
<td>North American Properties and PGIM created a program at Avalon, a mixed-use center</td>
<td>Does your center enable and encourage connections to social media and value-added</td>
</tr>
<tr>
<td>When customers are on-site, fast and</td>
<td>in Georgia, in which nine hand-picked influencers took to social media and promoted</td>
<td>recommendations and reviews?</td>
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<tr>
<td>free Wi-Fi is vital to connecting</td>
<td>products and events. Follows of the center’s Instagram account increased by 274%.</td>
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<td>them to their preferred social</td>
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<td>networks. Landlords should consider</td>
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<td>developing programs that offer unique,</td>
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<td>center-specific peer reviews and</td>
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<td>recommendations.</td>
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<tr>
<td>Customer Assistance:</td>
<td>Simon Property Group worked with Snaps to develop chatbots on Facebook Messenger.</td>
<td>Does your property provide physical or virtual spaces that address the potential</td>
</tr>
<tr>
<td>Amenities including concierge services</td>
<td>This “digital concierge” can answer questions about stores, events and promotions,</td>
<td>issues that visitors may encounter?</td>
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<tr>
<td>are no longer optional. These</td>
<td>as well as provide personalized recommendations and access to lifestyle content</td>
<td>Do those interactions surprise and delight the visitor?</td>
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<td>shoppers expect that if they have an</td>
<td>tailored to the user.</td>
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<td>issue, there will be a program or</td>
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<td>service there to assist them</td>
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<tr>
<td>Community Involvement:</td>
<td>EDENS worked with Gallaudet University, a school for the deaf, when developing its</td>
<td>Does your corporate culture support community engagement?</td>
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<tr>
<td>As retail properties evolve from</td>
<td>Union Market project in Washington, D.C. The market implements architectural</td>
<td>Does your property management staff feel empowered to act as a leader in their</td>
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<tr>
<td>simply shopping destinations to</td>
<td>concepts that emphasize the use of light and open space to facilitate visual</td>
<td>community?</td>
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<tr>
<td>consumer engagement spaces, it is</td>
<td>communication. Vendors are also provided with tools and education that enable ASL</td>
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<td>essential that they ingratiate</td>
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<td>themselves with the local</td>
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<td>community.</td>
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## Must Haves

### Intriguing Events:
Offering interesting nonshopping activities is important for enhancing center vibrancy and leads to higher foot traffic and longer dwell times, which can boost sales.

### Beyond Retail:
In order to attract a wider array of potential consumers, centers must incorporate alternative tenants into their projects. This includes services like restaurants, fitness and entertainment options as well as nonretail uses like offices, apartments and hotels.

### Exclusive & Fleeting:
These shoppers like to be in-the-know, and they have a deep-seated fear of missing out. Offering one-of-a-kind experiences for a limited time is a winning strategy to drive foot traffic and, ultimately, sales.

### Community Stewardship:
Part of being a good corporate citizen is a commitment to leaving your environment better than you found it. These consumers are passionate about that belief and will vote with their dollars. Efforts to minimize a center’s ecological footprint can engender goodwill in the community.

### Sharing Economy:
As consumers continue to shift spending from things to experiences, the impulse to simply rent what they need when they need it will grow. Designing centers and parking areas/structures that can be adapted to respond to these cultural shifts is critical to the long-term success of the asset.

## Industry Leaders

### Starwood Retail Partners
has instituted **Live 360**\(^\text{57}\) an interactive program of classes, demonstrations, workshops and more at The Mall at Wellington Green in Florida. The activities, curated by and for the community, include farmers markets, cooking classes, yoga and dance classes, book clubs and science fairs.

### Federal Realty Investment Trust
has developed **Santana Row**\(^\text{58}\) in San Jose, a 42-acre urban mixed-use project featuring 615 luxury rental homes, 219 privately owned condos, 376,000+ square feet of Class A office space, 50 shops, 30 restaurants, 10 spas and salons, a boutique hotel and a movie theater.

### Oxford Properties
has launched an in-mall, multivendor, rotating, temporary retailer initiative called **CONCEPT**\(^\text{59}\) at Yorkdale Shopping Centre in Toronto. Retailers in the space will change at regular intervals, creating a reason for shoppers to return more frequently to see what is new.

### Eskilstuna Energy & Environment
developed the Swedish **ReTuna Recycling Galleria**, the world’s first shopping mall selling exclusively reclaimed, recycled and upcycled products. There’s an on-site donation center where the staff sorts and distributes items to be refurnished and sold by retailers.

### Westfield
has formed a national partnership with **Uber** that will include designated drop-off and pickup stations at 33 malls across the United States. The initiative will also create ultramodern, amenity-rich lounges where customers can wait for their ride to arrive.

## Key Considerations

- Does the program or event resonate with the community?
- Are there cross-promotional opportunities that exist to entice event participants to become shoppers?
- Would your center benefit from the activity generated by nonretail uses?
- What are the challenges and opportunities that come with owning and managing nonretail properties?
- Is your space flexible enough to allow for rapid transitions between tenants?
- Does your management team have the skills needed to select local tenants that will resonate with your consumers?
- Are there ways in which your center can reduce its use of resources while maintaining or lowering costs?
- Does your tenant mix reflect a conscious choice to select operators who adhere to environmentally responsible practices?
- What infrastructure do you have now that may not be relevant to future consumers?
- What alternative uses would best complement the retailers and services at the property?
Beyond reconfiguring the uses of their real estate, property owners are investing in redeveloping their spaces to address these 10 Shopping Styles. As a result, the value of construction put in place has been growing consistently since the last recession, but the amount of square footage has not.

Construction Spending Growth

This means that the money being invested in retail real estate is going toward renovations to modernize and update the amenities to address the styles of the (R)Tech Shopper.
CONCLUSION

With the freedom to buy anytime, from anywhere, in any way, consumers expect more from their brands than the simple purchase of a product — the 10 Shopping Styles presented in this report now lie at the heart of the shopping journey. Retailers and retail real estate must respond with offerings to address those styles to serve both new customer experiences and retail operations.

Retailers should ask themselves:
• Who are our customers, and what emerging expectations do they have?
• What processes and systems do we need to keep a constant finger on the pulse of our customers’ expectations and developing trends?
• Do we offer a seamless experience that addresses our shoppers’ expectations now and into the future?
• How can we widen the breadth of our services to offer more than just the sale of products?
• Are we structured to rapidly implement new shopper needs that emerge?
• Are our stores and other infrastructure (e.g. technology) flexible, nimble and integrated?

Retail real estate developers should ask themselves:
• What are the primary Shopping Styles of the customers who visit our centers? What are their emerging expectations?
• What do our retail tenants need in order to fulfill their own strategies?
• What processes and systems do we need to keep a constant finger on the pulse of our shopping center customers’ expectations and developing trends, along with the retail tenants’ needs?
• How can we widen the breadth of the experiences offered at our shopping centers?
• How can we create flexible and nimble infrastructure — both physical and digital — that integrates with the retailers’ own systems?

With strategies to address these questions, both retailers and retail property developers will remain successful far into the (R)Tech Age.
Retail is a powerful and dynamic industry in which the best innovators are welcome.

Over the next several years, the (R)Tech Center for Innovation will partner with universities to engage students brimming with the latest ideas and with incubators and accelerators to boost entrepreneurs’ time to market. RILA and the (R)Tech Center will work with policy-makers, in D.C. and in statehouses across the country, to pave the way for retail’s new path driving the 21st-century economy.

With the launch of the (R)Tech Center for Innovation in early 2017, we embarked on an exciting journey to fundamentally change the retail industry. We hope you will join us as we enter the (R)Tech Age.

Learn more at www.RTech.org.
Leading Companies In Each Retail Vertical

RILA is the trade association of the world’s largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than $1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad.

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ICSC serves the global retail real estate industry. We provide our 70,000+ member network in over 100 countries with invaluable resources, connections and industry insights, and actively work together to shape public policy. For more information about ICSC visit www.icsc.org.
 SOURCES


