



Retailing's Next Frontier

"The Efficient Consumer"

For years retailers have focused on improving productivity. Whether finding ways to increase inventory turns, reduce labor hours or improve sales per square foot, most retailers have worked hard at becoming more efficient. The primary focus has been on improving retailer productivity, with little thought given to the impact on the consumer and his or her need for a more efficient shopping experience. Some of this effort has benefited customers: just-in-time logistics and faster Point-of-sale systems improve retailer performance and usually make customer shopping more productive as well. However, customer needs have normally not been considered part of the efficiency equation. Salespeople with less training, longer check-out waits and more out-of-stocks are clear examples.

Consumers, pressured by lack of time, will change this focus. According to a recent study, 64% of consumers say they will leave a store if they think the checkout will take too long, and 70% say they will not shop at retailers who waste their time. After having the right product for their target audience, not wasting customers' time is competing head-to-head with lowest price as a key driver shaping where consumers shop.

Many factors contribute to the productivity of the consumer's shopping experience. We have identified five and we call them the Five C's of consumer efficiency:

- **Clarity.** *Maintaining a clear focus on what you offer and stand for, and communicating that day-in and day-out through consistent execution, helps consumers decide where to shop and makes it easier for them to find what they need. If a retailer's positioning is not clearly defined and communicated, the store will likely be confusing to consumers. Great examples of clarity of focus are Gap's multiple formats and The Container Store.*
- **Choice.** *Stores are getting bigger but not necessarily more productive for customers. The old belief that retailers are buying agents for their customers holds true in the customer efficiency frontier. Both too much choice and too little choice waste customers' time. Choice edited to be just right for the target audience wins big. Kohl's is a great example of a retailer with an assortment tailored efficiently for its target audience.*
- **Control.** *Customers want to be in control of their shopping experience. They are comfortable with gathering information and shopping on their own. They do not like pushy salespeople, processes that are not flexible enough to handle different shopping situations and store layouts that waste their time. Most retailers do not have a clue how to approach this key element in the customer efficiency equation.*
- **Communications.** *Deciding what information to provide customers, as well as where, when and how to provide it are critically important to improving customer efficiency. Sometimes salespeople need to provide the information. At other times, different methods of communication (e.g. signage, POS brochures, phones and [increasingly] the Internet) work best. Saturn and Target are role models in effective customer communication.*
- **Check out.** *Nothing wastes customers' perceived (or real) time more than inefficient handling at the check out. Whatever the problem is — poorly managed checkout lanes, inoperative equipment or failure to take exceptions off-line — most retailers don't pay nearly enough attention to this last "moment of truth" with customers.*

Addressing these areas will require a shift in emphasis for most retailers, as many of the workable solutions conflict with initiatives on improving retailer efficiency.

As we approach the next millennium, retailers will face a new challenge and a new measure of success: **customer productivity**. Those who recognize and address this challenge will continue to win. Those who don't risk ending up in retailing's "Black Hole."



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