

# The Changing At-Purchase Landscape

Avoiding disruption by ensuring relevance



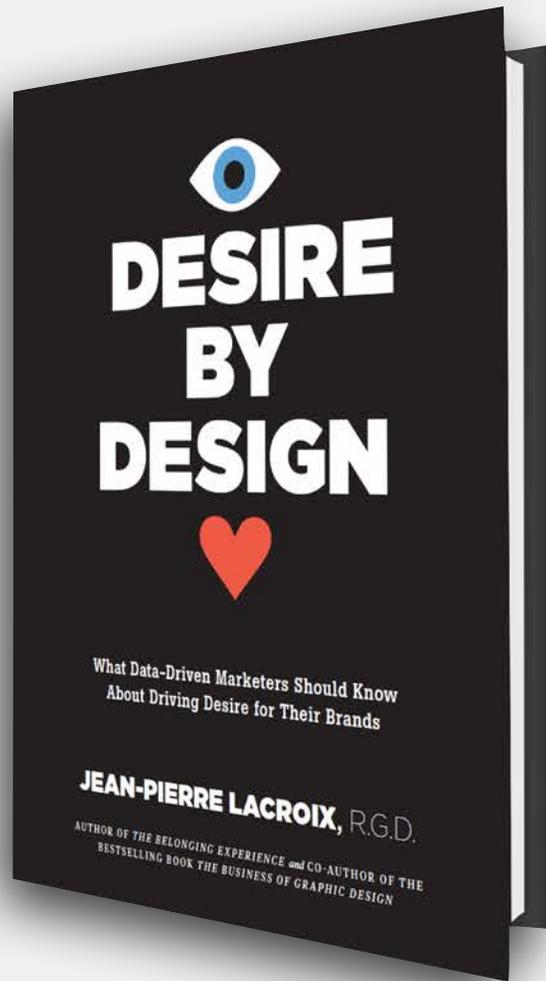
# ABOUT

We believe screens have the power to revolutionize how the world does business. When used to their full potential, they can completely **transform the way people shop, share, pay and play**

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**CINEPLEX**  
DIGITAL MEDIA





# DESIRE: the ultimate definition of brand loyalty

Book release in June 2018



**Disruption = Frictionless World**

# Disruption = Parting of the experience

**LOW VALUE**  
Automated transactions



**HIGH VALUE**  
Immersive experiences

# Key retail experience friction points

- Complexity of choice
- Lack of personalization
- Void of emotional experiences
- Disconnect between digital and physical

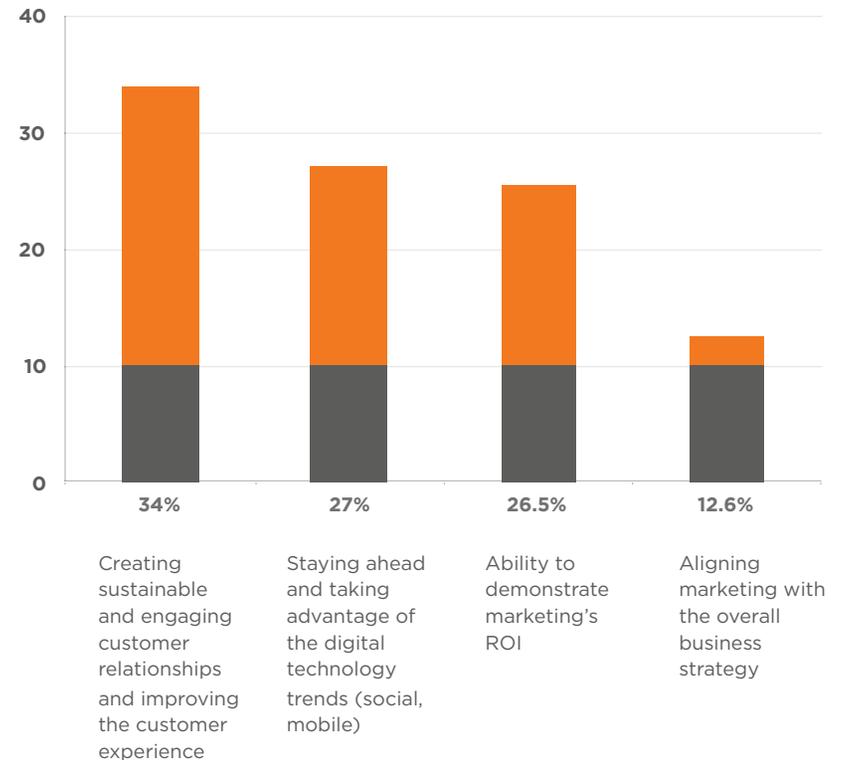


# Avoiding disruption

## “What keeps you up at night?”

- Fragmented marketplace and inefficiency of marketing investments
- Diversity of customers
- Emerging Gen X and Gen Y and even Gen Z with significantly different attitudes
- Growth of new channels, digital and social media
- The entry of new disruptive competitors
- Risk of lack of relevancy of established brands
- Speed of marketplace change
- Leveraging innovation without risk

## CMOs' biggest concerns

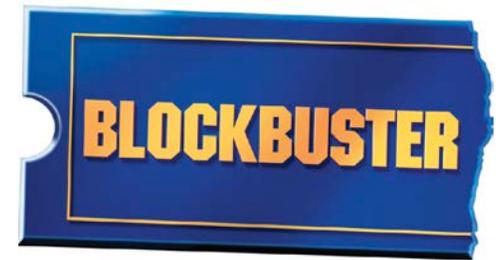


[MarketingCharts.com](https://www.marketingcharts.com) | Data Source: Korn Ferry

# Those that don't transform will vanish



RadioShack®



BORDERS®

LINENS-N-THINGS<sup>®</sup>

American Apparel



#1 Friction Point:  
**Complexity of  
choice**

**80 products**

**3500 ads a day**

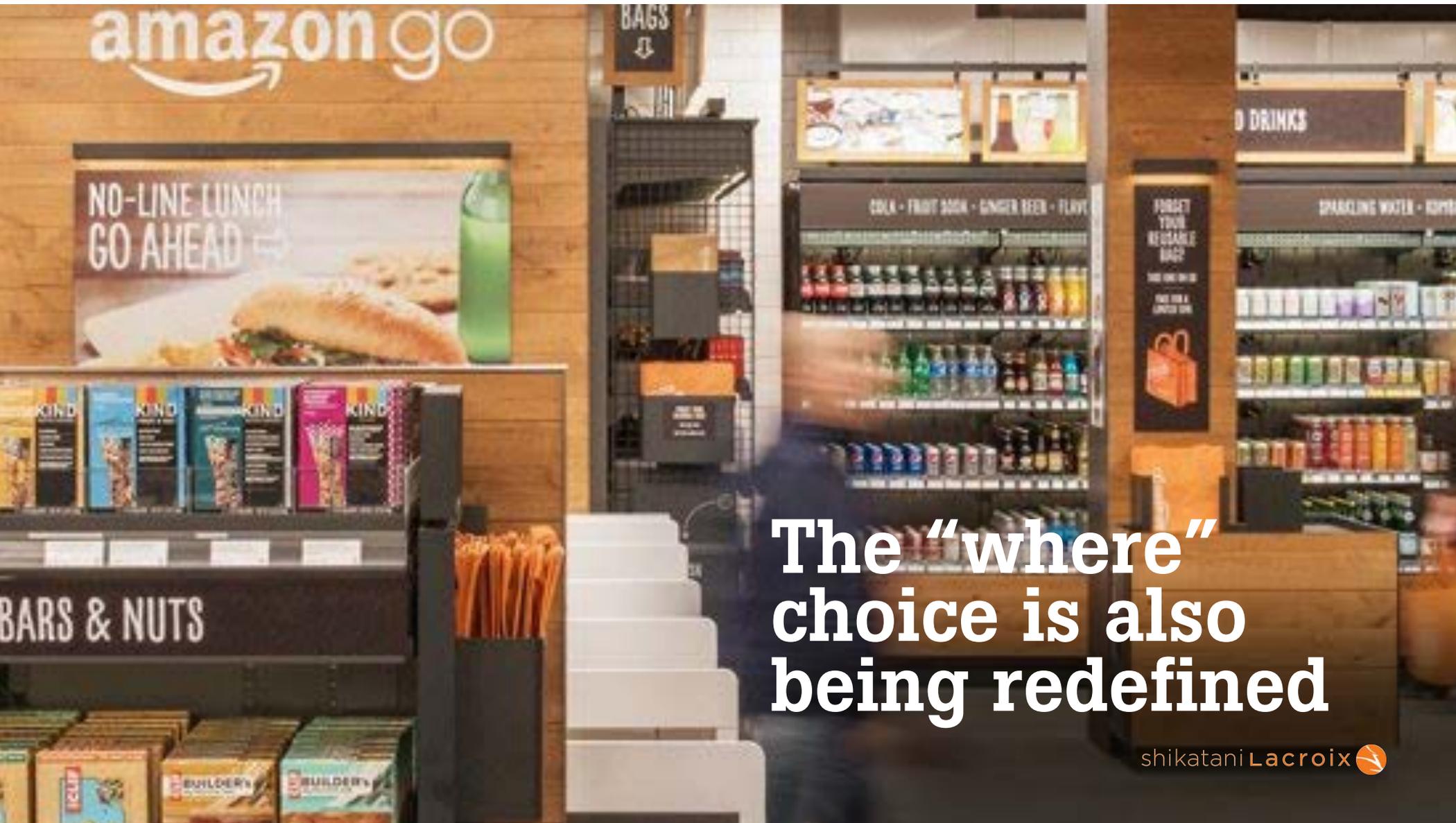
**10,000 decisions a day**

**3,793,621 stores**



# Choices beyond products to where and how to buy





**The “where”  
choice is also  
being redefined**

**Why: shopping is a repetitive chore,  
with 85% of our cart made up of the  
same products every time we shop**

We need to transform this pattern of  
purchase for stores to remain  
relevant.

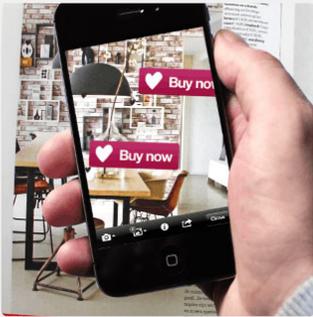
**Disruptive forces are reshaping ownership of these repetitive purchase patterns...**



# Subscription based economy on the rise



# Digital disruptive forces eliminating friction in retail



## Mobile Engaged

### Promotional signing and payment

Leverage mobile built-in AR platforms to leverage shopper price comparison behaviours for promotional offers and product information in addition to payment.



## Digital Signing

### Product information

Provide stronger product messaging such as place of origin, nutritional facts or cooking ideas tailored to the individual customer.



## Interactive Technology

### Ordering convenience

Interactive dispensing technology for complex categories to remove the confusion and anxiety.



## VR On-Line Shopping

### Virtual store home delivery

Bring a whole new level of shopping online by leveraging natural shopper behaviours and frame of references.

Introducing Amazon Go and the world's most advanced shopping technology



## Frictionless shopping experience

shikataniLacroix 



**TAKELEAP**

Virtual Reality Retail Experience

## New forms of virtual assistance

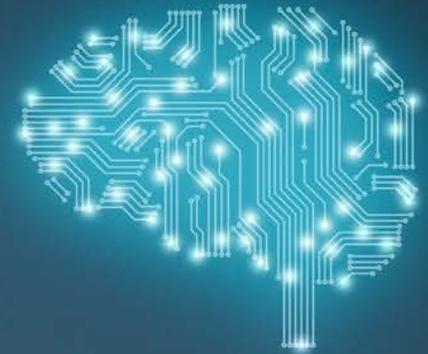


#2 Friction Point:  
**Lack of  
personalization**

**More data created in the past  
two years than in the entire  
previous history...**

**...And more data coming  
with 50 billion smart  
connected devices**

**70% of enterprises  
expect to implement  
AI over the next 12  
months**



**Big-Data = Big Money**  
**\$118 billion in 2018**



# Big-Data/AI Big Promise:

- Chatbots
- Virtual assistants
- Curated and predictive

# New retail interactions:

- people-to-people
- people-to-digital assistants
- people-to-bots
- digital assistants-to-bots
- people to robots

# Ultimate promise:

- 85% interactions handled without human intervention
- 28%\* of consumers see value in robots to improve service

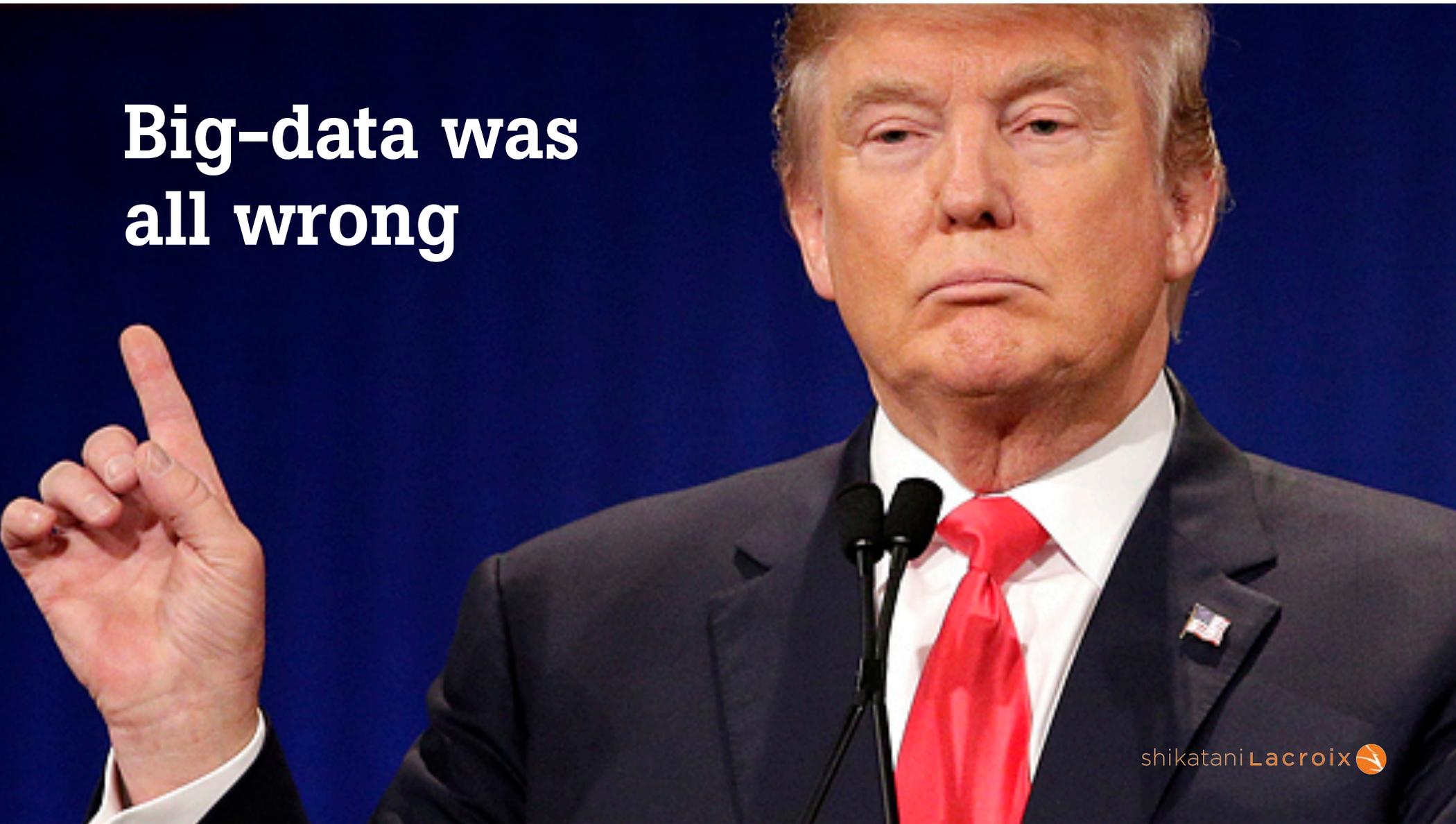


## Robots solving repetitive staffing problems

Big-Data/AI serving up wants but not desires:

**Consumers  
are irrational**

**Big-data was  
all wrong**



**Why?**

**90% of decisions are  
made subconsciously**



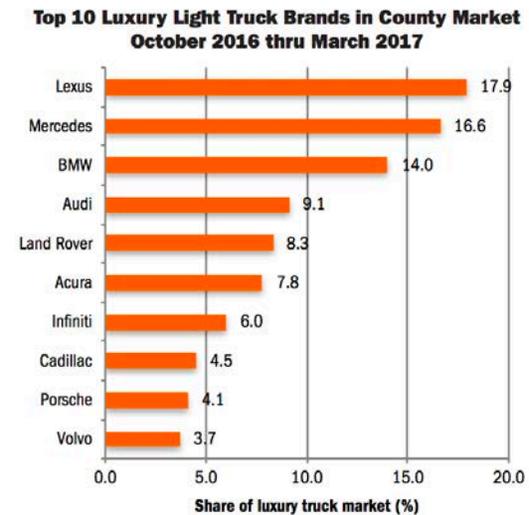
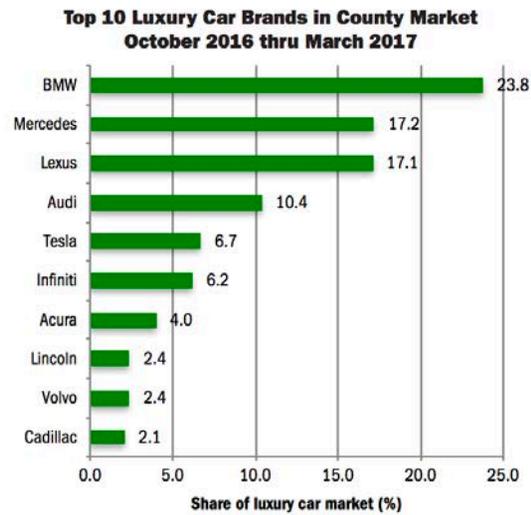
**65% of decisions  
are made  
emotionally**







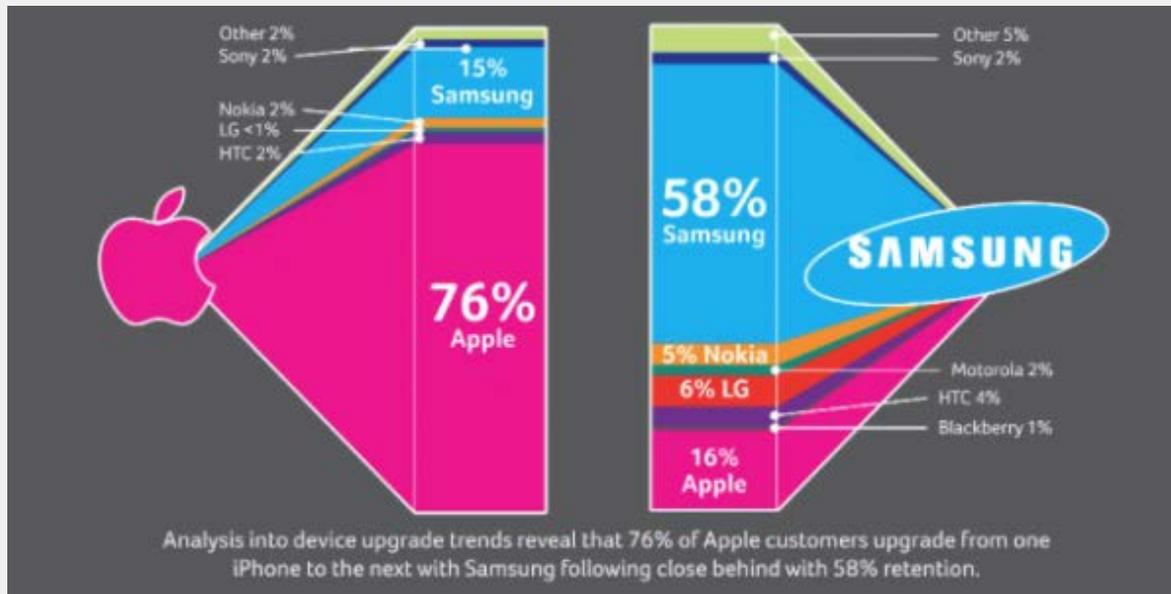
# BMW has 20% more U.S. marketshare than Cadillac





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# Apple owns brand loyalty



# #3 Friction Point: Poor emotive experiences



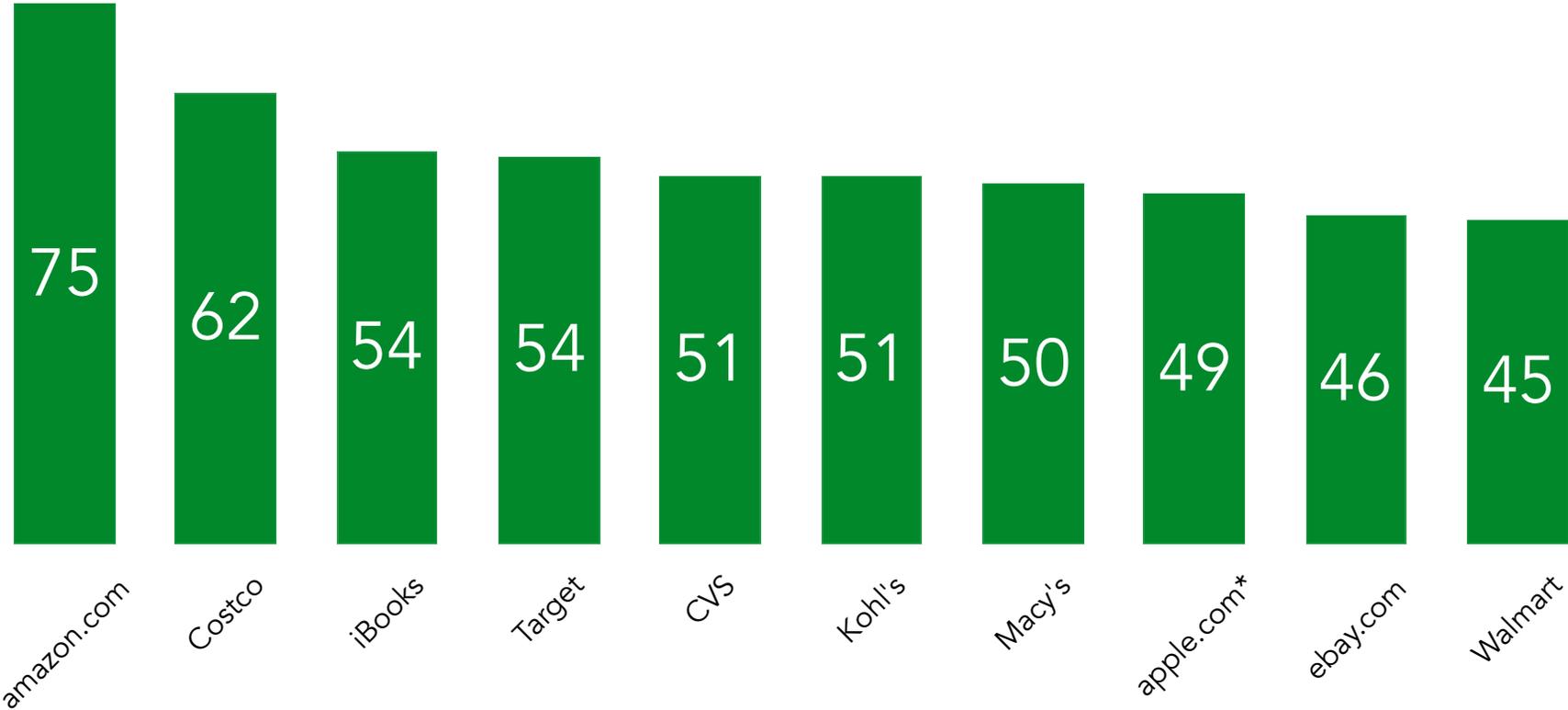
# Why: retail is losing its emotional connection



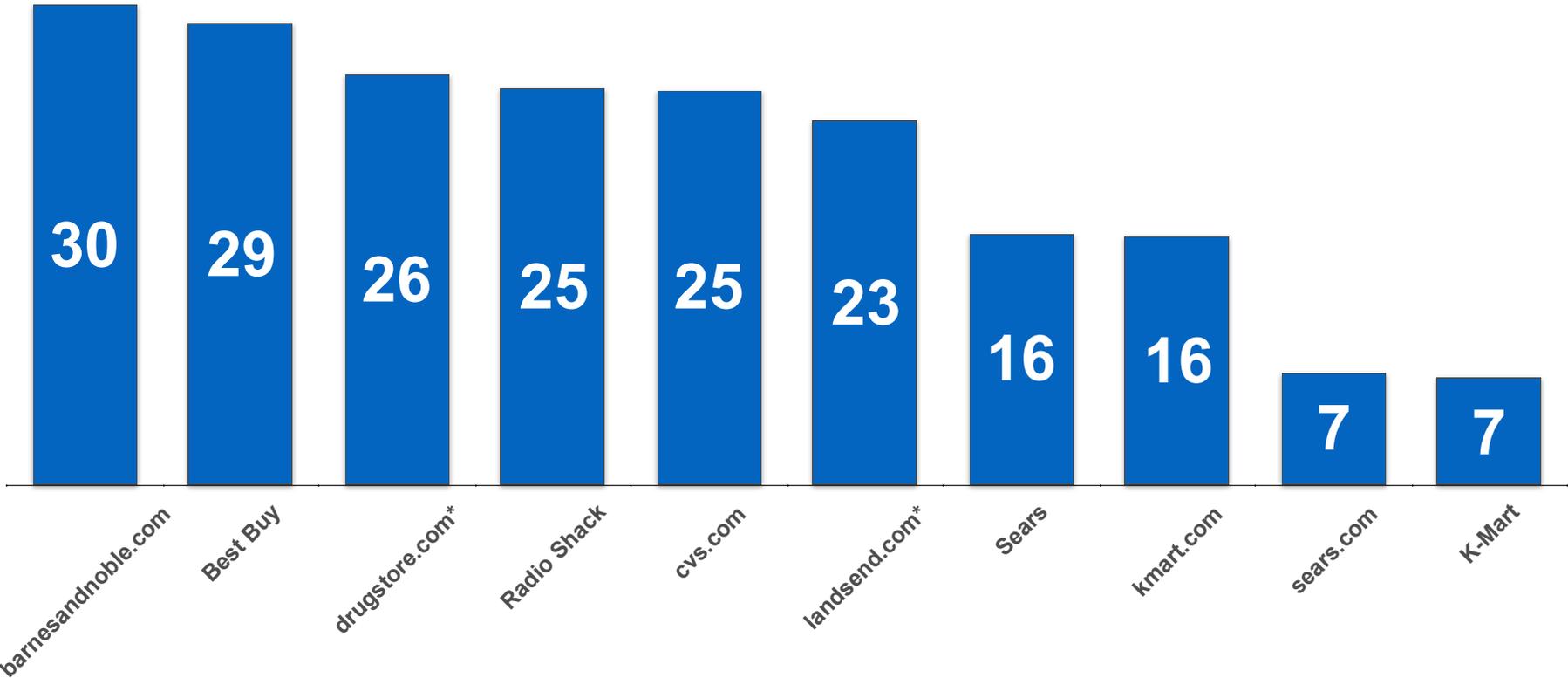
A study by Shikatani Lacroix / Hotsplex on the emotional equities of online and offline brands, 2013



# The Emotional Winners



# The Emotional Losers



**51%**

**of Millennials  
would prefer to  
spend money on  
an experience  
than a material  
item**





## Millennials put great value on experiences

**46%**

Enjoy experiences that let me feel part of the story

**47%**

I feel more loyal to a brand that provides interesting experiences

**44%**

I like an experience that can be shared with friends

# 26%

of consumers  
define an  
immersive  
experience as  
receiving better  
service

SLD Immersive Online Study 2018







# Mercedes me, Beijing

30,000 sq.ft. Mercedes experience features include the me Café; a Southeast Asian café; a juice bar by me Café; cocktail bar and lounge the Lighthouse; Sifang Sanchuan, a modern Chinese restaurant; a gallery space and retail component.

The exterior features a theater-sized screen and speakers broadcasting auto-race clips to passers-by within a sizable radius, while a monumental logo casts its rainbow lights on one of the capital's busiest intersections. Mercedes me Beijing is Daimler's largest location in the world, and comes with the hope that mainland Chinese consumers want much more than to simply buy a new luxury car off a showroom floor.



## Mercedes me, Beijing

This is Mercedes-Benz's first Mercedes me location on the mainland and sixth in the world, with others in Tokyo and Hong Kong, as well as Hamburg, Milan, and Munich. The stores are an offline manifestation of online services offered by Mercedes me, which includes connecting the car owner's smartphone to their vehicle and maintenance and repair assistance.



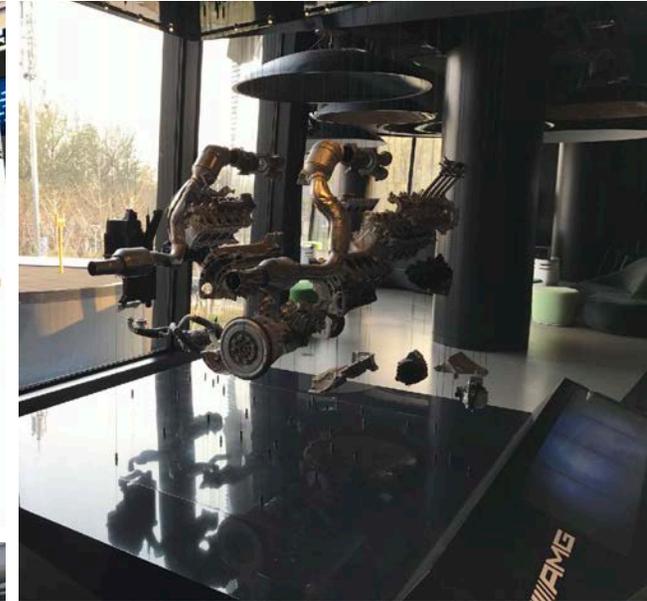


## Mercedes me, Beijing

The store aims to offer guests an online and offline brand experience that includes not only the auto models but also a Mercedes lifestyle. It includes a café, a bar and a restaurant, and can accommodate up to 800 guests for special events like a wedding reception. The store is staffed with Mercedes product experts who also act as concierges. And it has a WeChat presence: “MercedesMeStore.”

# Mercedes me, Beijing

In a press release announcing its “Me” concept, Mercedes [said](#) it aims to help consumers “immerse themselves in the individual world of Mercedes me and discover just how Mercedes-Benz combines the requirements of modern mobility with digital life—from connected vehicles with digital lifestyle offerings, to the intelligent car of the future.” With smartphone app-style integrations, Mercedes recognizes that the next generation sees their devices as extensions of themselves and is posturing to include its cars as part of that personal identification.



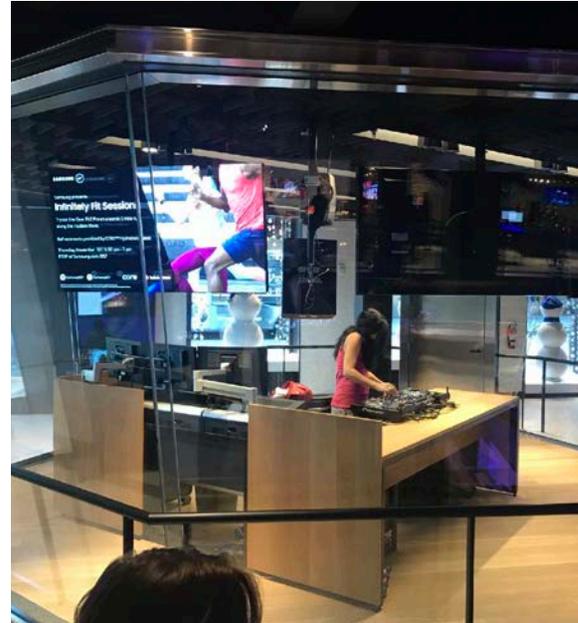
**SAMSUNG**

# Samsung 837 NYC

The 3 story 55,000-foot space is a "physical manifestation" of the company's brand. A massive theater screen combines 96 55-inch displays for events like live streams of product announcements and a viewing party for the Oscars. When the company is putting on events elsewhere (i.e. SXSW), 837 will be wired into all that's going on with Samsung. 75 people can be seated in the theater, and there's a "selfie station" where visitors can have their face beamed onto the 3 story screen.

As a hub for fashion, food and art, Samsung 837 hosts unforgettable concerts, screenings, immersive tech experiences and so much more. If it's groundbreaking, if it's one step ahead of cutting-edge, if it's going to make a difference in the lives of many, it's at Samsung 837.





## Samsung 837 NYC

Moving on, you come to the VR Tunnel, which is designed as an engrossing demonstration of everything Samsung's Gear VR headset can do. There are even "4D" chairs that move around depending on what you're seeing in virtual reality — such as roller coasters and virtual journeys.

It features a live DJ booth and various passive and active VR and AR demos that show the connectivity, lifestyle and power of Samsung products.

## Samsung 837 NYC

The VR Tunnel and other areas of 837, like the Living Room and Kitchen, really drive home that Samsung's fancy new space is as much about marketing as it is culture — probably more so. The crazy refrigerator we saw at CES is here, as are Samsung's latest SUHD TVs and various SmartThings IoT demos. And yes, you can also play with both the Galaxy S7 and S7 Edge before they're released. Speaking of which, some of the live events will be open exclusively to Galaxy owners; your phone is your ticket in.



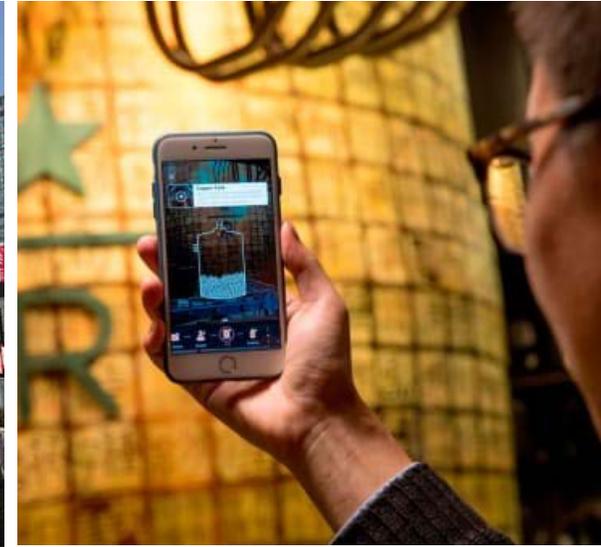


# Starbucks Roastery Shanghai

December 2017, Shanghai Starbucks Reserve Roastery marked the coffee companies first venture overseas. It is a giant step, bringing the Starbucks Reserve experience to an enthusiastic new audience in one of the world's most dynamic and inviting cities.

The design for the new Roastery was inspired by coffee and created exclusively for Starbucks' Chinese customers and will not be repeated in other locations. One of the key designs is the ceiling, which is comprised of 10,000 handmade wooden hexagon-shaped tiles. Starbucks said that the shape was inspired by an espresso machine.

The location boasts 3 coffee experience bars, one of which is a whopping 88 feet long, the longest Starbucks coffee bar in the world.





## Starbucks Roastery Shanghai

The company has even enlisted the help of e-commerce giant Alibaba to create an augmented reality experience within the Roastery.

The company's flagship Reserve Roastery and Tasting Room opened in its home market of Seattle in 2014. Starbucks has said it could open as many as 20 to 30 Roastery stores around the world.

The Shanghai location is just one of five Roasteries expected to open before 2020. Roasteries are currently slated to open in Milan and New York in 2018 and in Tokyo and Chicago in 2019.

-30,000 sq.ft.

-has more than 100 beverages available for purchase, including Teavana tea infused with nitrogen and a new steam tea brewing technique.

# Starbucks Roastery Shanghai

Shanghai Starbucks Reserve Roastery marked was the first venture overseas bringing the Starbucks Reserve experience to an enthusiastic new audience in one of the world's most dynamic and inviting cities.

Pipes carry raw beans to roasters, then to a two-story-tall bronze vessel decorated with hundreds of traditional Chinese seals and patterns. From there, the beans were piped to a crew of dozens of baristas. Some hand-brewed the coffee using vacuum coffee makers. Like other locations in China, the cafe also sells tea and food.



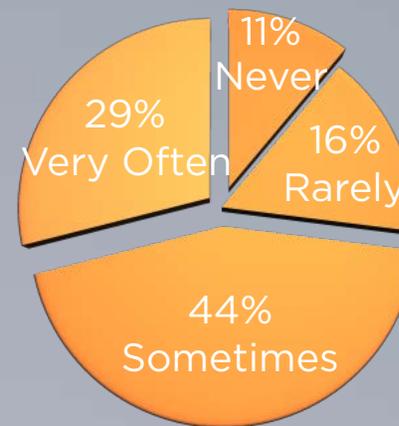


#4 Friction Point:  
**Disconnect  
between  
digital and  
physical**

# 50% to 70% browse in the store and then buy online



Shoppers consider themselves very knowledgeable and comfortable with crossover shopping

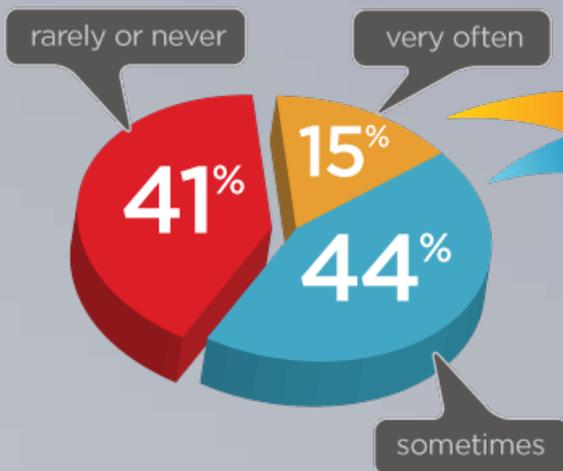


Buying from a traditional retailer website (%)

Buying from a traditional retailer's website appears to be quite important, particularly to those purchasing electronics/appliances

# 45% of retail sales going to online retailers

% of people who browse the store but then buy online



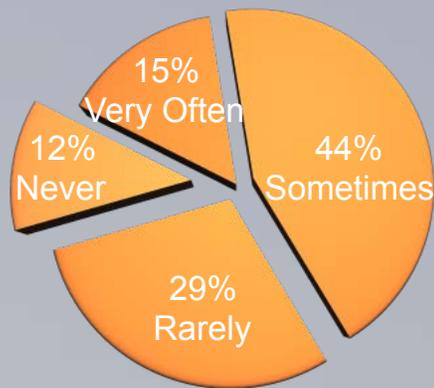
% who shop retailer vs. non-retailer online



% who shop at non-retailer website Amazon.com

amazon.com  
**45%**

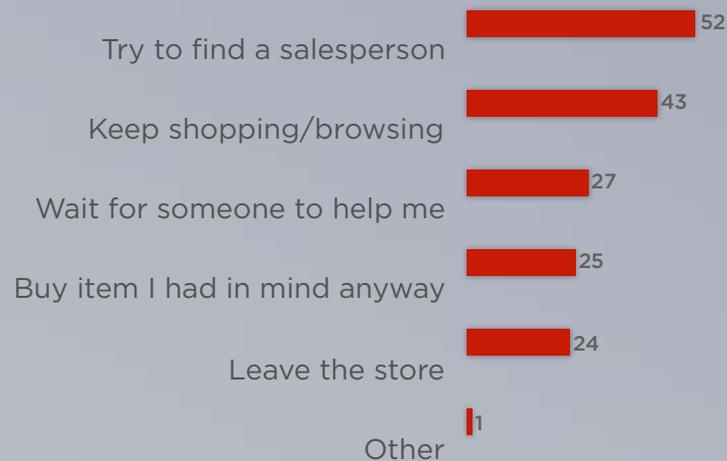
# Would buy at store with price guarantee, available selection and ability to price compare



Browse in store but buy online (%)

Would Have Bought at Store If ...	(%)
A guarantee that prices shown will match online retailers	45
Offer a selection not available online	37
Ability to quickly price compare with online prices	31
Reward points/store loyalty program	27
Free shipping and installation	23
Ability to shop online at the retailer's site while in the store	19
An in-store guarantee/extended warranty offered by retailer	15
A retailer app that allows me to scan and price compare all competitor prices	13
Better financing on big-ticket items	8
Concierge service	5
Seminars on how to best use the product	5
Other	11

# One in four will leave a store if they cannot find a salesperson



If often/sometimes rely on salesperson (89%) ...  
If cannot find a salesperson (%)

	Mass Merchandise	Drugstore	Books/ Magazines/ Media	Clothing/ Fashion	Electronics/ Appliances
	A <i>n</i> =56	B <i>n</i> =53	C <i>n</i> =48*	D <i>n</i> =59	E <i>n</i> =73
Try to find a salesperson	52	47	48	47	60
Keep shopping/browsing	39	45	50E	53E	32
Wait for someone to help me	27	30	23	25	30
Buy item I had in mind anyway	21	26	27	34E	16
Leave the store	29	23	17	24	25
Other	-	-	-	5	1

# Online still has many friction points to resolve

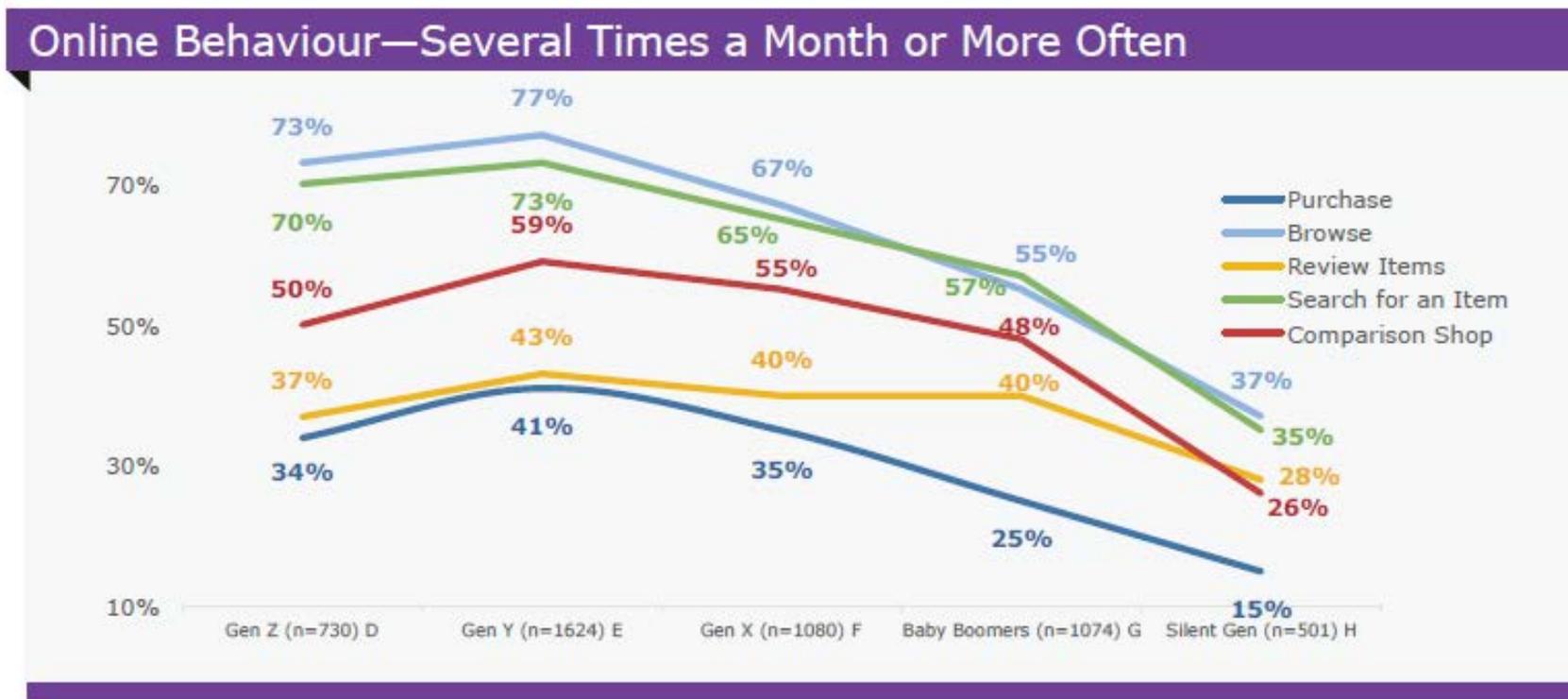
Problems Experienced—Before Purchase			
Top Problems	Mass Merchandiser (n=337) C	Department Store (n=69) F	Specialty Store (n=568) H
The item/s that you were looking for were out of stock	12%	23% <sup>CEH</sup>	11% <sup>G</sup>
There were no stores close to you	22% <sup>B</sup>	24% <sup>E</sup>	23% <sup>G</sup>
The price online was different from the price in the store	24% <sup>H</sup>	20%	15%
The product you wanted was not available online	11% <sup>H</sup>	20% <sup>H</sup>	6%
You could not order an item online and have it delivered to a local store	17%	15%	11%

Shading highlights top mention for Retailer

Superscript A, B, C, etc. indicates a statistically higher percentage than the denoted group at the 95% confidence level

Base: Total, Q90: Thinking again of your most recent purchase experience did you encounter any of the following problems when getting ready to purchase this item/these items?

# A growing sense of urgency in fixing online experience



# Technologies that drive immersive experiences

Please indicate the type of retail store these technologies would provide the best fit and greatest benefits

	Big Box Retailer	Specialty Store	Supermarket	Drugstore	Bank	Telco
Mobile Phone	23.91%	23.86%	22.22%	12.97%	13.60%	3.44%
Augmented reality	23.59%	34.77%	19.41%	9.90%	8.80%	3.53%
Digital in-store signs	22.88%	24.38%	24.28%	15.33%	9.09%	4.05%
Digital mirrors to visualize the final solution	25.16%	34.92%	15.72%	11.28%	8.37%	4.56%
In-store robots (Home Depot concierge)	28.41%	26.26%	19.07%	10.64%	10.46%	5.17%
Virtual reality room	26.86%	35.88%	14.71%	9.15%	7.65%	5.75%
Gesture controlled digital wall	24.62%	28.34%	16.94%	13.28%	10.80%	6.02%
Geo-located offers (beacon)	24.38%	24.76%	21.71%	13.33%	9.00%	6.83%
Tablets	24.16%	25.54%	19.70%	12.57%	12.28%	5.74%
Multi-touch interactive digital sign	24.17%	25.83%	20.69%	12.84%	11.03%	5.44%

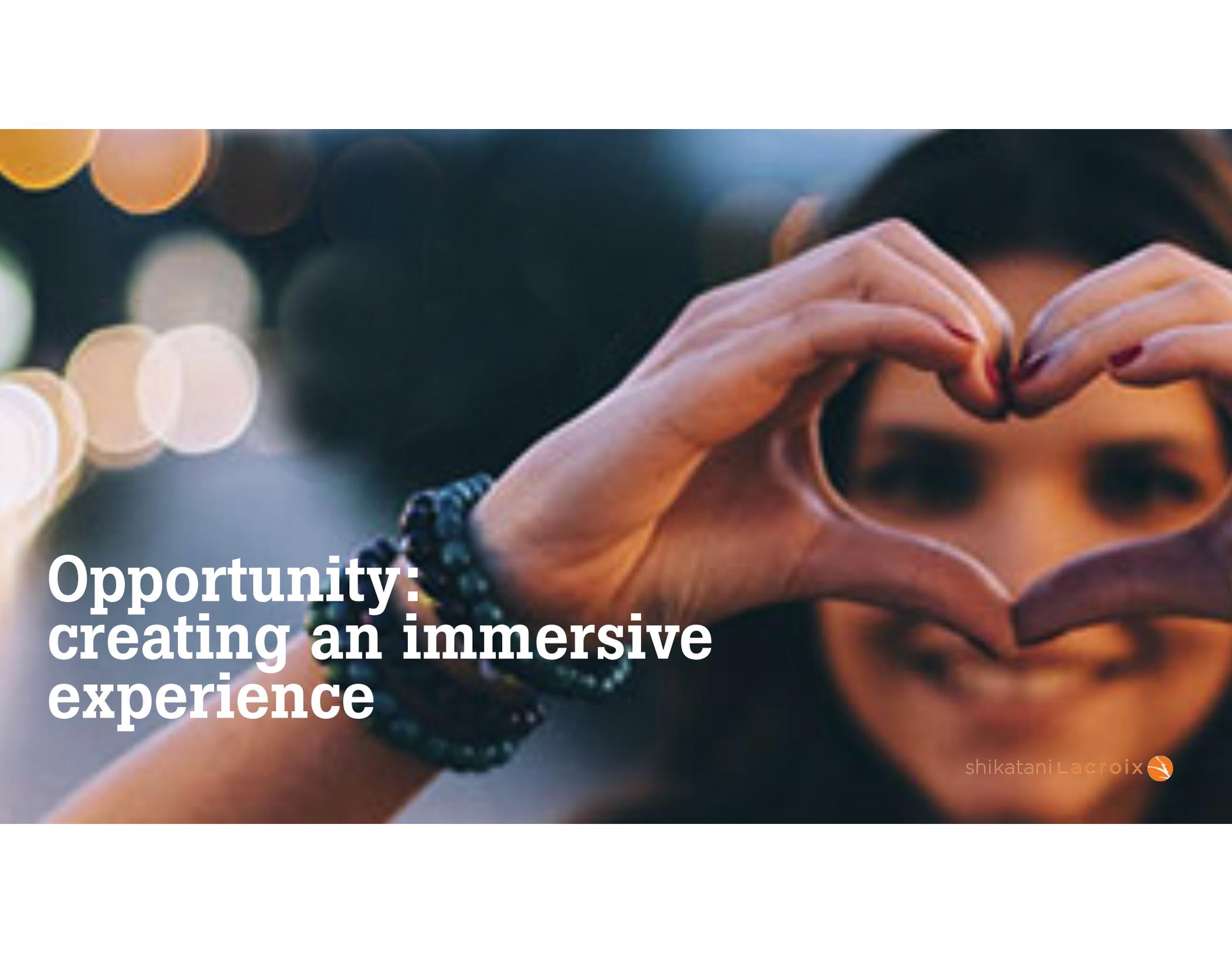
The supermarket in virtual reality

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## **Virtual reality online shopping experience**

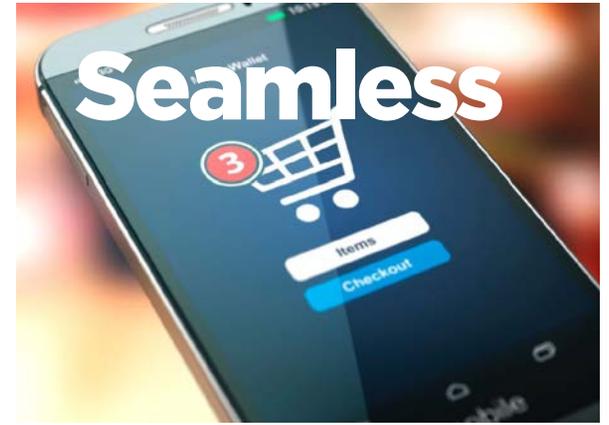
The ultimate shopping experience...

**An immersive story-telling store**

A close-up photograph of a woman's hands forming a heart shape. She is wearing a dark beaded bracelet on her left wrist. The background is dark with warm, out-of-focus bokeh lights in shades of orange and yellow. The woman's face is partially visible in the background, looking towards the camera with a slight smile.

**Opportunity:  
creating an immersive  
experience**

# Opportunity: Immersive Emotional Experiences





# Key strategic challenges

- How to best present ones brand online? (e.g. scale, sensory evaluation, lack of packaging)
- How to package your product in a virtual world? ( Emphasis on in-home vs. in-store, environmental, cost reductions)
- How to evolve and extend where your brand lives in the customer's mind and lifestyle? (From in-home to in-car, From grocery store to sports store, From Bowl to Plate, From Fork to Cup etc. This may be an opportunity)

# Key strategic opportunities

- **Create deeper emotional seamless experiences**
  - User experience reinvention
  - Better communicate the value story
  - Better use of digital to engage customers at retail
  - Automate low value transactions and invest in higher value emotional experiences
  - Rethink your channel strategy (store size, location and formats)

# Key strategic opportunities

- Agile Marketing
- Have a disruption strategy
- Defining the emotional connection
- Ethnography research to find friction points

**Thank You**

shikatani **Lacroix**

