

The Philips logo is displayed in a white rounded rectangle with a teal bottom section. The word "PHILIPS" is in blue, bold, sans-serif capital letters.The text "Smart Retail" is written in white, sans-serif font on a teal background.The title "A taste of tomorrow" is centered over a futuristic retail scene. The scene features a large, white, angular sculpture, a person in a white lab coat looking at a tablet, and a large window showing a city street at night. The text "A taste of" is in a light, thin font, and "tomorrow" is in a large, bold, white font.

Jo Tulej is one person who can genuinely claim to be years ahead of her contemporaries.

The art director and researcher works for The Future Laboratory, a world-leader in inspiring and future-proofing organizations through a unique blend of trend forecasting, consumer insight, brand strategy and innovation.

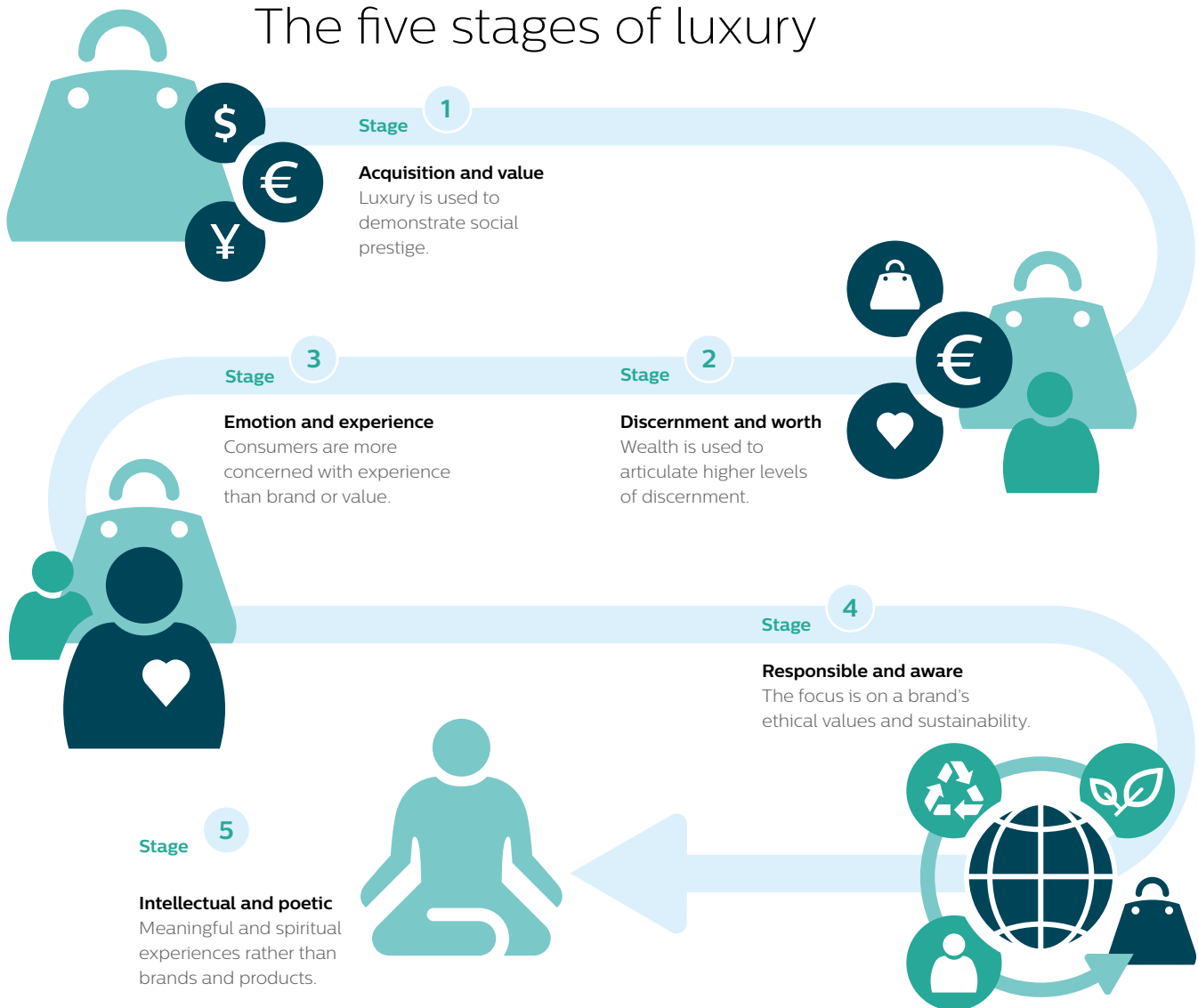
Every aspect of retail comes under the scrutiny of The Future Laboratory, with the team working across a whole range of different sectors, including food, drink, beauty, packaging and digital. The research is both qualitative and quantitative, helping to give a truly rounded picture.

“We look at what’s happening in all these sectors,” reveals Tulej, “to see how they are influencing each other and what knowledge they can share. We’re also focused on macro trends, cultural shifts and consumer insights.” It’s this kind of joined-up thinking – facts and statistics, combined with visual interpretation – that make The Future Laboratory the first port of call for many leading brands. RetailScene asked Tulej to give our readers a snapshot of the latest thinking on a number of key themes.

How is the retail market today in your opinion?

“There are signs of improvement in retail. We’re in ‘recovery mode’. The environment in Western Europe is one of cautious optimism and retail volume growth. Things are positive and steady.”

The five stages of luxury



How can high-street stores compete with online retailers?

"70% of people walk into stores and leave without making a purchase, so it's always been a tricky environment. The challenge today is to keep consumers in-store and engage with them emotionally. Digital retailers can completely redesign their space very quickly and without constraints. It's much more difficult for stores."

"In the future, the more successful stores will touch all your senses and offer experiences. Not just light and sound, but also activities to immerse consumers in the lifestyle aspect of the brand and broaden their minds. Nike training hubs, for instance, actually do exercise classes in store. It's about being savvy and experimental."

"Surprisingly though, millennials are still doing 81%* of their retail spending in stores. There's instant gratification from inspecting a product and checking its quality."

Some online retailers are experimenting with bricks-and-mortar now. Why do you think this is?

"Replicating a physical environment online can extend the customer experience. You can see online retailers using virtual reality to give people the experience of walking through the shop. There's endless scope with digital design."

"We use the term Phy-gital to describe the merging of the physical and digital. This blurring of the lines is one of the most important trends of recent years and is not going to go away. Physical space gives a test bed for new tech and apps. What's more, brands are able to monitor behavior."

Tell us about your 'luxury matrix' concept...

"The luxury matrix is all about understanding consumer motivations and how they are spending their money. It describes what we call the five stages of luxury."

"Stage one on the graph is related to acquisition and wealth – consumers showing off a brand that people will recognize. You could say that this is where the money is. A few years ago, we might have said that stage one reflected the tastes of the emerging middle classes in the so-called BRIC countries of Brazil, Russia, India and China, although this is something that has started to evolve fast. People are demonstrating the traits we see in other stages of the matrix, looking for home-grown brands and preferring to spend on experiences over products."

"After stage one, we observe a number of additional stages: discernment and worth; emotion and experience; responsibility and awareness; and finally, intellectual, poetic and perhaps even spiritual experiences. This is the idea that there could be more value in an experience, than in buying 20 luxury handbags. The Selfridges 'No Noise' campaign was a good example of this, as it stripped away unnecessary information and gave people a moment to pause."

What are the trends in multi-sensory experiences?

"Retail has been making use of scents for many years. Think of how we've baked bread in store to demonstrate its freshness, for instance. But everything is increasingly getting more sophisticated. Alcohol brands are using scent to take people on an immersive journey through different rooms, for instance. Retailers are trying to touch our senses in different ways."

We worked with Selfridges and Givaudin to research how you can distill a sense of character through fragrance. Imagine a pop-up in a huge, iconic department store. Visitors entered a kind of Willy Wonkaesque laboratory with amazing lights and glass walls.”

“When a customer entered the space, they were asked to fill in a highly visual questionnaire on iPads. They then put on a head set and were led through a series of immersive installations – opening drawers and picking up objects and so on. An actor wearing a lab coat then asked them questions about their experience and explained the fragrance that had been selected for them, based on a generated code.”



We're guessing that investment in technology is essential?

“Yes, it's important to experiment and test. But brands should focus on what they're trying to achieve first. Tech can be wonderful, but it can also get in the way of experiences. The best user experiences improve people's lives and solve problems efficiently.”

“When brands invest in infrastructure to offer great services, we call it 'whole-chain thinking'. A good example is Shoes of Prey's collaboration with Nordstrom. Customers design their shoes in store – the style, color, material etc – and they are delivered within two weeks because the Shoes of Prey own its own factories in China. This is called vertical integration.”

You've also talked about 'Faction Marketing'. What exactly does this mean?

“Faction marketing is a blending of fact and fiction. Brands can create an instant heritage, for instance, by creating playful back stories. Of course, consumers are perceptive, are looking for authenticity and can spot a bogus story, but they don't mind if it's steeped in truth or authentic in some way.”

Is food going back to being more authentic, then?

“Both food and fashion are stripping away the stuff that's unnecessary. We all feel guilty about packaging and 2 for 1 deals and worry about what we're doing to the environment.”

“In fast fashion, all our senses are bombarded with multi-sensory design, but there's actually no need to over-stimulate people. Germina food store in Mexico City, for example, has stripped away any unnecessary design and kept a market feel. It has minimal, warm colors and provides a very human experience. The Australian business Aesop changes the character of its shops to reflect where it's located.”

What role does lighting play in the new world of retail?

“The Diesel store in Rome embraced digital projections involving moving abstract shapes that could be influenced by tweeting, for its POSTroma project. It was conceptual and shows the possibility presented by flexible spaces.”

“Light and visuals can change people's state of mind and open them up to new ideas and emotions. At the Meditation Nightclub pop-up in Las Vegas, visitors wore an EEG headset to monitor their brainwaves, which were translated into projections on the wall. Other brands are experimenting with this idea of 'hacking' into people's consciousness.”

And what else do you predict for the future?

“Brands will be content curators and have a voice across different channels, even if they just have a bricks-and-mortar store. They will hold conversations on Instagram and Facebook and Pinterest to drive traffic and sales. They will challenge people's thinking and establish themselves as thought leaders. And then there's the environmental challenge. Exciting brands like Zadie only sell products that can be traced from beginning to end, so consumers can find out about the provenance of a product and how ethical a brand is. Luxury group Kering is investing in research in to fibre-recycling technology.”



The Fragrance Lab by The Future Laboratory, Campaign and Givaudan for Selfridges, London

“The challenge today is to keep consumers in-store and **engage with them emotionally.**”

