



## A cautionary tale

In-depth with... Parik Chopra



Parik Chopra, Business Segment Leader in Retail and Hospitality at Philips Lighting, discusses avoiding common pitfalls, how retail is a force for positive change and why businesses need to be visionaries to keep shoppers entertained and engaged.

What happens when a retailer fails to evolve and innovate in this fast paced digital age? Just ask department store chain V&D, UK retailer BHS or even Blockbuster. They will tell you what a challenging world retail can be. All extreme casualties of recent years, they were unable to adapt as the world changed around them. Traditional bricks and mortar experiences are evolving, with agile retailers earning a place in consumers' hearts.

With retail sales across the globe projected to reach around \$27 trillion in 2017, according to Statista, the world of retail is big business. To survive and thrive, the heavyweights of the industry know they have no choice but to deploy everything in their arsenal, taking care of their customers at each stage of their journey.

### Changing face

The rapid pace of retail and its ever changing landscape is something market leader Philips Lighting has been paying close attention to. Thanks to the introduction of smartphones, artificial intelligence, robotics, the Internet of

Things and the power of social media, the industry has changed beyond recognition in the last 10 years.

“Consumer expectations have been fueled by disruptive innovators such as Amazon. Home deliveries now have a two-hour guarantee, you can order a product by just talking to ‘Alexa’ or pushing the ‘Dash’ button, paying for a service seamlessly with a single touch, tap or click,” says Parik.

“In fashion a great example is Zara. Their ability to spot the latest trends on the streets of Paris or New York and translate them into affordable designs made available in 4,000 stores worldwide in a few weeks is groundbreaking. These highly innovative companies have raised the bar very high and empowered consumers to demand better products and services from retailers.”



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**Zara:**  
**Three ingredients of success**

How the Spanish owned retailer has become one of the biggest high street brands in the world.



**Consumer insights**

Zara pays attention to the latest trends in different cities across the world, frequently collecting consumer behavior feedback from stores to anticipate significant changes and meet new demands.



**Agility in everything**

Complementing deep consumer insights and driving demand, Zara has a flexible sourcing model to keep its supply chain light on stock and heavy on data. If the taste of consumers change during the year it can quickly respond to these changing needs without piling on huge inventories or risking stock shortages.



**Omnichannel presence**

Having a consistent brand image across 4,000 stores is real forte of the Inditex group. In the last few years Zara has worked hard to implement technologies to drive a consistent and seamless experience across channels by implementing state of the art mobile commerce, RFID tagging and backend integration.



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**The store: our third home**

There is no doubt, the pressure is on. In the age of smart retail, the physical shop is dead, right? Say this to Parik and he chuckles.

“It is very much alive and will continue to be, however the traditional value proposition of a bricks and mortar store is transitioning from a transaction point to our third home. A place to meet your friends, try out new recipes or spot trends. Essentially, retail has a huge potential to glue society together, educate us, and disconnect from day-to-day stress or the monotony of life at work or home.”

With this much importance placed on retailers it's little wonder people expect more than just an algorithm in the service they buy.

**Tapping into emotions**

This emotional aspect can be clearly seen in the food industry and in how involved consumers now want to be in what they buy and eat, but also how aware retailers are of where they source their produce. Parik explains the farm to fork movement in particular

has become a hot topic for this reason, amongst others.

“There is a certain charm in growing your own food or having it supplied from a local farm. This is now possible with concepts like urban gardening, so you delight yourself with home grown herbs minus the hassles of the past,” Parik says.

He also points to the explosion of the internet and prevalence of the subject in the media for farm to fork being at the front of people's minds, as well as for practical reasons, such as the need to stem the wastage that happens during the supply chain of this activity.



## Looking into the future

With people becoming more knowledgeable on areas such as this, retailers are becoming smarter too. Using lighting to establish atmosphere, data to customize shoppers' experiences and technology, such as indoor positioning to help people locate goods while tracking their progress through stores to optimise displays, are just some of the tactics being used. So, where is it all heading?

Businesses need to be visionaries. Parik explains that a number of retailers are trying new concepts such as wine and beer events and gamification to engage consumers.

"Retailers need to work out how they can bring a fusion of experiences into a static environment," says Parik. "During their customer journey, a person might have a whole range of different needs over a period of two hours – not just buying clothes or vegetables."

He adds: "That's where retailers need to focus, catering for all of those different experiences. But there will be many retailers that will go out of business, there is no doubt about it, as they will not be able to transform because of the costs associated with this." Just ask V&D, BHS or Blockbuster, they will tell you.



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## Quick fire questions with Parik

**In three words, what do consumers want as part of their shopping experience in this new digital era?**

Customization, convenience, and care.

**One of the coolest innovations you've seen a company do in retail?**

John Lewis' sofa studio in their department stores, a simple idea using 3D printed miniature couches with embedded RFID tags that consumers can place on a smart table and add swatches of fabrics they like. The table projects your virtual couch onto a screen, where you further contextualize your couch with pictures of your living room. Super simple, but effective.

**Favorite retail experiences?**

Hugo Boss and Albert Heijn.

Hugo Boss works perfectly for me as they match my style and the service is impeccable. I like Albert Heijn because it has everything I need and I know exactly what I am getting each time I go.