

This Holiday Season Reveals Big Changes in Retail

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A lot about holiday shopping has changed. Black Friday now starts on Thursday. Phones are now wallets. And free shipping is now a cost of entry.

These changes only scratch the surface of the new [retail](#) reality this holiday season. Substantive developments are fundamentally changing the very nature of retail.

For one, the scope of retail has broadened beyond shopping to marketing and brand-building. Stores no longer exist primarily to convert customers from interest to purchase; they now are being used to acquire customers. In fact companies seem to be using their stores as elaborate and expensive ads. Commenting on the news of Amazon opening a brick and mortar store, a [Wells Fargo WFC -0.07%](#) analyst's [observed](#), "It's about marketing the Amazon brand." The value of an Amazon store will extend beyond the increased immediacy of fulfillment and the in-person product experiences it provides. It will also make the brand seem more human and personal. The increase in flagship store openings provides further evidence of retail's expanding scope. A Credit Suisse analyst [explained](#) that "affirming brand stakeholders" is one of the reasons why we're seeing "a revival of the idea of the big flagship downtown store." And when U.S. Patent and Trademark Office granted [Apple AAPL +1.23%](#) a trademark for the 'distinctive design and layout' of its stores it signaled that brand value – in addition to transactional value — can be created in the shopping experience.





DC USA, Target, Black Friday (Photo credit: Wikipedia)

The shopping process has also shifted fundamentally. Shoppers have become sales associates. [According to Integer Group](#), family, friends, and online reviewers are rated as trustworthy at twice the rate of sales associates. Digital devices also fulfill the sales function now. Nearly 50% of consumers believe their personal mobile devices are more efficient than store associates in helping them make buying decisions, according to [research from Motorola](#). To exploit these new opportunities, companies are using different means and timing to educate and inspire consumers, relying more on brand ambassadors and distributed content than on sales associates to influence purchase decision-making. Salespeople do remain important in some categories and for some consumers, but their role has evolved from selling to helping navigate and to validating. Companies that understand this new dynamic are training their sales associates differently and equipping them with digital devices networked into product and inventory databases.

Marketing is now customer service. Thanks to social media, “Customer service has become a spectator sport,” digital marketing guru Jay Baer [explains](#). Consumers are forming brand preferences and making purchase decisions based on how they see companies handling customer problems and requests on social networks. What’s more, people seem to appreciate marketing that is useful more than marketing that is creative, and they actually seek out marketing that informs whereas they ignore marketing that promotes. As such, Baer says, “The divide between customer service and marketing [has] evaporated.” Feel good holiday ads are on the out while product demos and customer conversations garner more marketing attention.

This holiday season, shoppers may be trying to get their hands on the iPad Air 2, Razor Crazy Car, and Frozen-everything. But retailers will be trying to get their heads around these big changes.

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