

## Social Art as an In-Store Experience

This case study examines fashion brands that incorporate unique experiences into their brick and mortar stores, and summarizes the benefit that a social-art, and organization initiative, can benefit the lifestyle brand Urban Outfitters.

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In November of 2015, luxury handbag designer Rebecca Minkoff revealed a new flagship store in N.Y.C that debuted a high-tech shopping experience. In her store, customers are welcome to shop on and offline by integrating technology into the customers browsing experience. Through a partnership with Ebay, the Rebecca Minkoff brand developed an interactive “Magic Mirror”. This mirror can be used to request concierge service, see what is new in the store, or view a filming of her fashion shows (Dishman, 2015). To best understand what exactly her customer wants, and how she can offer it to them, Minkoff has also joined in partnership with CLAIRE. Co-founded by Misha Laskin and Marta Jamrozik, CLAIRE is a “fashion-tech” start-up that will provide Minkoff with expertly researched information about what items her consumers want, and at what price they are most willing to purchase it (Young, 2016).

Japanese “Lifewear” company “Uniqlo” opened a store in the Marais District of France. The store was constructed by Japanese interior design firm “Wonderwall” and was intended to be, according to Yuki Katsua, Uniqlo’s head of research and design, “completely different to any other store”. Elements of the building’s history (a 115-foot chimney for example), were combined with modern technologies such as LED screens to give it a contemporary and preserved feeling. Wonderwall’s intention was to make customers feel like they were in a museum (Diderich and Szmydke, 2014). More recently, Uniqlo aimed to reinvent fast retailing by designing vending machines that offer their iconic, “Lifewear” shirts and jackets to customers on the go. Uniqlo aims to offer these machines in high-traffic areas that do not allow for your traditional retail-shopping experience. Locations they have in mind are train stations, amusement parks and airports (Edelson, 2017). These vending machines will be making their way into

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American markets over the next two months (Mintel, 2017). In 2015, Uniqlo also brought technology into their Australian stores to give their customers a more personalized shopping experience. Using mood-testing technology, customers could be evaluated for what t-shirt would best fit how they were feeling inside the store (Mintel, 2015).

In Nordstrom department stores, technology is developing a stronger presence using “mobile kiosks and tablets” that allows for faster check out (Mintel, 2016). In addition to their use of technology in store, Nordstrom has recently announced they are launching “Nordstrom Local”. Instead of stocking clothes at Nordstrom Local, they will be offering a more intimate consultation experience. Here, customers can engage with personal stylists that will bring unique merchandise options into their store for each individual customer. In addition to fashion advice and clothing suggestions, customers can also choose to enjoy a beverage or a manicure; Nordstrom Local even offers curbside assistance (Kennedy, 2017).

All three of the retailers in the above research have in some way implemented technology into the retail experience. With online shopping growing in popularity, it would only seem right to bring technology back into stores to balance the gap between e-commerce and brick-and-mortar. For customers that like shopping online for speed and efficiency, the same desires for convenience can be met through the technology offered in-store by Uniqlo and Rebecca Minkoff. Another pattern to observe is that both Minkoff and Nordstrom Local directly cater to the customer by offering drinks, styling services, and handpicked clothing selections. There is a true emphasis on a luxury experience that cannot be achieved through online shopping, while also catering to activities that their customers like to do outside of shopping.

Urban Outfitters, the lifestyle brand for eclectic youth, released data that showed poor Q2 performance in 2017. According to Richard Hayne, founder and CEO of URBN, the drop in

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sales (about 2%) was due to “Sluggish foot traffic in North America”. Like plenty of competing stores, Urban Outfitters is suffering from a decrease in product sales out of their brick and mortar locations (Hayes, 2017). Instead of focusing on how to make up for the loss in online sales, one might consider how the company could instead, benefit from incorporating an in-store shopping experience like the ones described in the above research. Rather than fight against technology that is taking people away from physical stores, Urban Outfitters should consider embracing this natural direction that shopping is moving in, and find a way to integrate it into the brick and mortar experience.

Urban Outfitters describes their target consumer as a “creative, college-age” individual (2017). The “college-age” individual most accurately refers to today’s “Millennial”, or anyone born roughly between 1982 and 2001 (Waidauer, 2012). Currently, Millennials are the most social-media savvy demographic. According to research conducted by representatives of Mintel, millennials are, “more likely than the average to engage with brands on social media”. Over a quarter of those survey participants, (approximately 27%), expressed that social media was an ideal place for brands to connect with them. The same research also shows that 34% of those surveyed agreed that social media exposes them to people, information and ideas [they] otherwise would not know of (Mintel, 2017). With this in mind, Urban Outfitters should consider the proposal to develop an in-store experience that is not only invested in technology, but would also make in-store shopping social, and informative.

The idea would be to focus on incorporating the personalities and lifestyles of their eccentric consumer into the store. In select Urban Outfitters’ customers would have access to the “Urban Studio” a small, ever-changing space inside the store dedicated to photography and videography. The studio design would change every six months like an interim museum / gallery

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installation, and could coincide with seasonal collections, or reflect an independent inspiration. Examples of potential studio design inspiration include a backdrop that promotes the fall/winter collection, a scheme that supplements Urban Outfitter's attempt to fundraise for victims of hurricane disaster, or a set designed by a graffiti artist that URBN is in partnership with. These set designs should be dynamic, and interactive to make the customer feel like they are visiting a popup gallery. Post studio session, customers will have access to their photographs through an exchange of email with the store. Employees will encourage customers to post their photos on social media to promote the studio, and encourage others to come make use of it as well.

In addition to "Urban Studio", all stores would feature multi-purpose, interactive, touchscreen displays that are designed to look like mobile devices. While the screens are asleep (not in use), they will feature photos that are archived from customer sessions in the "Urban Studio". The interactive screens will also display the most current company sponsored look-books and fashion campaigns. This gives customers another opportunity to get creative styling options, and to browse items that the company might be attempting to spotlight. If while browsing the look-book the customers discover an item they like, they can then tap it on the screen to see if the item is stocked at the store in their preferred color and size. In a survey conducted through primary research, 100 participants were asked to respond to the question, "In your own words, what do you like least about shopping in-store?". 95 participants responded, and of those responses, 31% answered that their inability to find products they want due to poor organization, was their least favorite thing about shopping in-store (See Appendix A & B). To directly appeal to customers who might feel this way while shopping at Urban Outfitters locations, the interactive screens will feature an option to request assistance finding specific garments. This would be the "Location" initiative.

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The “Location” initiative extends beyond just in-store concierge service through the integration of the preexisting Urban Outfitters App. With adjustments to the app’s interface, Urban Outfitters would use omni-channel retailing to offer seamless integration of online and in-store shopping. This would be done by adding a “locate” feature to shoppers’ “wish lists”. By allowing the app access to the user device’s location service, and by enabling push notifications while inside the store, the customer will receive pop-up notifications when they are within less than 5 feet of an item they saved in their wish list. This service would be made available to all Urban Outfitters stores across the world.

These combined initiatives serve to entice the customer to return to the store by incorporating their interests in the arts and creative platforms into the construction of the store. These initiatives also serve to accommodate several types of shoppers by targeting a common problem, and giving them different ways to satisfy it. These initiatives would not require a change to product assortment, and would instead supplement the inventory the company typically maintains. The biggest advancement that the company would have to make is the company’s digital channel. The location initiative would require that all product style codes be made available to the customers via a QR code that can be scanned by their devices on the interactive screens. This would directly connect consumers to knowledge of what is available in the store, and where they could find it without the assistance of a sales associate. “Currently people in the 18-to-34 age group are more familiar with QR and tend to use it more.” (Cotton Incorporated, 2013).

First and foremost, to launch this experience Urban Outfitters should begin with research, and decision making about what smart technology company will design the interactive screens for the store. After those logistics are sorted, the focus should migrate to brainstorming, then

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deciding a theme for the premiere “Urban Studio”. This is to assess what efforts would be required by the team assembling it. Purchasing this equipment would be the next step in the culmination process. Meanwhile Urban Outfitter’s should be tasking their technology team with adjusting the app interface, and developing a QR code that contains information about the location of products in the store. After the coding is complete, Urban outfitters should plan at least one month for beta testing, troubleshooting any issues with the technology. The experience would launch in August, when back to school shopping begins.

The customer that these in-store installations are intended to attract are an extension of the customer demographic that URBN already aims to reach. In addition to being eclectic and “college-aged”, the goal for this entertainment concept would be to attract individuals with social media savvy, who love to create unique lifestyle content, and who seek to expand their network. Ideally, this concept would peak an interest that incites a desire to engage in the concept, thus, making the Urban Outfitters Store more inviting by giving them a place to do that.

The addition of these store features will lead up to a store reveal event. The marketing campaign will first target the platform that Urban Outfitter’s already has by posting the campaign on the company’s Twitter, Facebook, and Instagram accounts with the biggest focus on Instagram. As of September 2017, 800 million people are at least monthly users of Instagram (Etherington, 2017). 7.4 million of those users follow the Urban Outfitters account.

The posts would be made leading up to the grand revealing of the Urban Outfitter’s additions. All the posts would vary between pictures about the reveal date, and short Instagram and made by Urban Outfitter’s employees about the progress of the new store features without revealing what exactly they are. Urban Outfitters would also summon the familiar face of upcoming musician Khalid for the marketing campaign. Khalid is best known for his hit single “Location”,

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and is no stranger to teamwork with Urban Outfitters. Just over half a year ago Khalid was interviewed on the Urban Outfitters blog, and his merchandise is still sold online and in stores. Approximately one week before the grand revealing, Khalid would be asked to join the array of Instagram live stories that promote the surprise additions. His speaking roll would be to instruct the viewers to listen out for “...the time and place to come through”; quoting the lyrics from his hit single “Location” while it quietly plays in the background. On the day before the actual reveal Khalid will return to the Instagram story to drop time and location information to the viewers. This will be the time of the reveal, and the location of the store. Khalid would be there for the reveal event. The final marketing campaign would be the addition of vinyl art designed to look like footprints that will begin at 33rd street station, and lead to the Herald Square Store that the event will be held at.

Last year, Urban Outfitters Inc. totaled \$224 million in sales for the August through January season. The season total for the company’s beginning of month stock was \$128.7 million for 2016. Markdowns for the same season that year were a total of \$89.6 million dollars, and the company’s season total for purchases was \$311.8 million. After the implementation of the planned instore experience, Urban Outfitters Inc. should expect to see an overall increase in the areas explained above. The projected total for BOM stock following the experience is \$131.5 million dollars, and the Markdowns are expected to reach \$99.9 million. Overall the company sales have total projection of \$237.6 million – a \$13.6 million increase after experience initiatives are set in place. (URBN Investor, 2016) A chart detailing the 6-month plan can be found in Appendix B.

If the concept is successful, plans to upscale would include incorporating Urban Studio in more domestic and international stores. Choosing stores that have the infrastructure to support



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physical change would be a challenge when attempting to scale up. The other challenge would be finding appropriate time to renovate without closing the store so that the company does not lose money. To overcome these obstacles, Urban Outfitters would have to choose free standing stores to build the Urban Studio in. Urban Studio would have to have a design concept that can be assembled during closing hours, so that no time is lost from customer shopping. Locations to consider would be Austin Texas, Los Angeles California, Copenhagen Denmark, and Exeter London. Interactive Screens, and QR Directory Codes for the “Location” initiative would be implemented into every Urban Outfitters store worldwide. This expansion would be the quickest because technology is easy to install. Expansion of the Urban Studio would rely heavily on the complexity of the Studio’s theme because other factors such as photography and lighting equipment are readily available and designed with easy set up.

The Urban Studio set-up will change every six months as an incentive for customers to return to the store. In the primary research that was referenced earlier, participants were asked to select activities from the list that they enjoyed. They were also encouraged to respond with activities they liked that were not listed. Out of the 16 options that participants had to choose from (including the option to write in a response), the, “Photography” and, “Art appreciation (Galleries, Pop-ups, Museums)” options collected the most responses; both received a response from 42.27% of individuals (See Appendix A & B). Offering the “Urban Studio” to customers and changing the set design every six months combines the qualities of both photography and art exhibits. The freshness of a new scene to visit every half a year, that is interactive, and shareable across media platforms is something that this market is likely to be invested in.

The app and interactive screens would also be updated to maintain customer interest. After an update, customers will have the option to embed or link their Instagram accounts to the

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Urban Outfitters App. With the new update, the screens would now display the Instagram handles of shoppers who use the mobile app to “check-in”, as well as photos from their Instagram that are hash-tagged with Urban Outfitters key terms. Check in can be done by scanning the same QR code that customers use for the “Location” initiative. All this would require is an adjustment to the app and QR coding. This would compensate for stores that do not have “Urban Studio”, so that their customers can still experience what it’s like to have their creative styling content on display in the store, while also giving customers a space to connect with one another. It would be as if Urban Outfitters decided to use their everyday customers as models in their advertising campaign.

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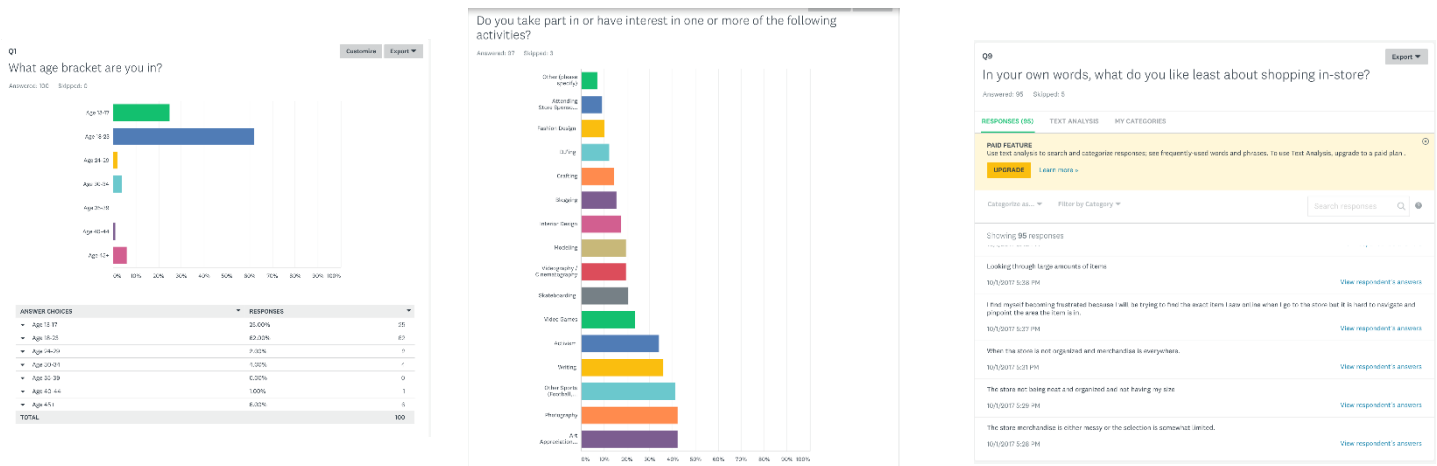
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## Appendix A

## I. Survey Questions:

1. What age bracket are you in?
2. Do you shop at any of the following stores?
3. Do you prefer to shop more online or in stores?
4. Do you browse clothing and accessories that are available online before visiting in store?
5. Do you browse "Look Books" (a collection of images that feature garments and accessories from fashion collections) provided by a store, fashion company, or brand influencer (ex: a blogger)?
6. Do you take part in or have interest in one or more of the following activities?
7. How many people do you prefer to do your in-store shopping with?
8. How important is the use of technology, in the bettering of your in-store shopping experience?
9. In your own words, what do you like least about shopping in-store?
10. In your own words, name your favorite place to shop in-store, and describe why.

## II. Examples of Survey Survey Results



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## Appendix B

## I. Six Month Plan

Six Month Dollar Plan									
Store:	Urban Outfitters								
		August	September	October	November	December	January	February	Season Total
SALES (\$ in mil)	Last Year	\$ 31.4	\$ 35.8	\$ 33.6	\$ 44.8	\$ 60.5	\$ 17.9		\$ 224.0
	Plan	\$ 32.1	\$ 38.0	\$ 33.3	\$ 49.9	\$ 66.5	\$ 17.8		\$ 237.6
	% Inc/Dec	6.0%	6.0%	-0.9%	11.4%	10.0%	-0.7%		6.1%
STOCK/SALES RATIO	Last Year	3.5	3.1	4.0	3.6	2.7	6.3		
	Plan	3.4	3.1	3.9	3.6	2.6	6.1		
BOM STOCK (\$ in mil)	Last Year	\$ 109.8	\$ 111.1	\$ 134.4	\$ 161.3	\$ 163.3	\$ 112.9	\$ 108.0	AV STOCK \$ 128.7
	Plan	\$ 109.1	\$ 117.8	\$ 129.9	\$ 179.6	\$ 172.9	\$ 108.6	\$ 102.7	\$ 131.5
MARKDOWNS (\$ in mil)	Last Year	\$ 13.4	\$ 10.8	\$ 10.8	\$ 15.2	\$ 26.9	\$ 12.5		\$ 89.6
	Plan	\$ 15.0	\$ 12.0	\$ 12.0	\$ 17.0	\$ 29.9	\$ 14.0		\$ 99.9
	% to Sales	46.7%	31.6%	36.0%	34.1%	45.0%	78.7%		42.0%
	% by Month	15.0%	12.0%	12.0%	17.0%	30.0%	14.0%		100.0%
PURCHASES (\$ in mil)	Last Year	\$ 46.1	\$ 69.9	\$ 71.2	\$ 62.0	\$ 37.0	\$ 25.6		\$ 311.8
	Plan	\$ 52.6	\$ 65.5	\$ 91.8	\$ 60.2	\$ 32.2	\$ 25.8		\$ 328.1
SEASON TOTAL	Last Year			Plan					
Sales (\$ in mil)		\$ 224.0			\$ 237.6				
Markup %		60.0%			\$ 56.00				
Markdown %		40.0%			42%				
Gross Margin %		44.0%			46.0%				
Average Stock		\$ 128.7			\$ 131.5				
Turnover		1.74			1.81				