

Mind

The

Gap

A Retail Sector Research Report Providing Insight into Customer Behaviour and the Perceived Gaps in Experience and Atmosphere Post Lockdown, with a Blueprint for Resurgence as We Move Forward.

Playlist Contents

CH-CH-CH-CH-CHANGES. TURN AND FACE THE STRANGE

3

NEW RULES - AN INTRO TO RETAIL ATMOSPHERICS

4

MIND THE GAP; RETAIL-READY RESEARCH WHICH RESONATES

5

THE MAGIC NUMBERS. WHAT CAN YOU TAKE FROM THIS RESEARCH?

6

THE LOGICAL SONG; MUSIC MEETS SCIENCE

7

COME ON FEEL THE NOISE; THE IMPORTANCE OF THE RIGHT PLAYLIST

8

RELIGHT THE FIRE: FUNCTION, FUN AND FLEXIBILITY IN RETAIL

10

THIS IS OUR FIGHT SONG; MUSIC PROFILING

12

OK COMPUTER, WHATCHA GONNA DO FOR ME? INTEGRATED TECH TOUCH-POINTS

13

BRING IT ALL BACK TO YOU - WHERE CAN MUSIC HELP YOU TOP THE POST-LOCKDOWN CHARTS?

14

THANK U... NEXT! REFLECTION ON 2020 FROM MELANIE, HEAD OF GROWTH AT STARTLE

16

Ch-ch-ch- ch-changes, Turn and face the strange.

A Google search for 'The future of retail' will return over 8.5 million results in a few milliseconds. Scores of reports have explored what customers will expect from the shopping experience in the 2020's - from greater personalisation to the promises of Virtual and Augmented Reality.

All this goes to show that in the last five years it's become startlingly clear that **customers expect retail spaces to be so much more than places to buy 'stuff'**. Stores are places that deliver experiences with personal meaning and emotional resonance.

While pre-pandemic trends remain highly relevant, we also know that even the most innovative retailers are having to swiftly revolutionise in the virus' wake. With our research¹ suggesting that over 60% of shoppers intend to shop in stores less frequently post-lockdown, retailers need to do all they can to attract people back.

Creating an engaging retail atmosphere in a time of social distancing is a challenge. However, **retailers who want to weather this storm must orchestrate experiences that shoppers want to return to** for reasons beyond product (and despite the practical restrictions).

Coronavirus hasn't only demanded that outlets be safe for visitors, but has heightened the need for meaningful retail experiences. **We now live in the experience economy** - and that's only been made more clear during the pandemic.

With this in mind, we've been keeping tabs on what you as retailers need to know to respond

to the demands of now. Through this paper, we will provide you with the **insight you need to keep hitting the high notes of customer experience** using simple, actionable tactics.

We draw on our own learnings and independent research alongside insight from a **brilliant ensemble of partners and experts** to show that it is still possible to create great retail experiences even in a time of enormous challenge.

Let's get it started.



Adam Castleton – CEO at Startle

¹<https://www.startlemusic.com/blog/mind-the-gap-consumer-research-across-retail-hospitality-post-lockdown>

New Rules - an intro to retail atmospherics.

'Retail atmospherics' might not be one of the buzzwords of our 'new normal', but the term (coined way back in 1973) is perhaps now more relevant than ever.

Father figure of atmospherics, Kotler, described it as the multidimensional retail experience; appealing to our five senses "to design buying environments to produce specific emotional effects in the buyer that enhance purchase probability".

Countless studies have investigated the effects of everything to the placement, hue and power of lighting, to subtle shifts in shades of colour, the use of fragrance and of course, the effect of music and atmospheric sound on consumer behaviour.

As Hefer and Nell say in their 2015 study, "More than ever, consumers respond to more than just the physical product

when making a decision to purchase a product. One of the most noteworthy features of a product is the atmosphere

"...ONE OF THE MOST NOTEWORTHY FEATURES OF A PRODUCT IS THE ATMOSPHERE OF THE PLACE IN WHICH THE PRODUCT IS BOUGHT."

of the place in which the product is bought. From time to time, the store atmosphere is more powerful than the product itself."

But the rules have changed.

Bearing in mind that retailers and researchers have spent over fifty years honing the art of the atmospheric based on our full five senses, what happens when some of those (touch, smell and taste) are curtailed?

With facemasks de rigeur, touching no-go and taste reserved for the dinner table, the simple answer is that you, the retailers, have to make more of what you've got and listen carefully to what your customers really, really want.

Mind the Gap; retail-ready research which resonates.

What is it that you need to know as retailers facing your most challenging time? It's not what's going to happen in 2025 - it's what you can do right now to promote and protect your retail spaces as not only safe, but welcoming, relaxing, fun and engaging.

Like you, we were keeping a close eye on things as businesses reopened from lockdown 1.0, and as the early research seemed to indicate some challenging trends and consumer behaviour (footfall and sales down by 50% from pre-lockdown 1.0 levels and reopening).

So, in July 2020 we launched our Mind The Gap research and discovery hub to help you navigate customer experience gaps (old and new) and help you through this uncharted territory.

Throughout the post-lockdown period we surveyed a nationally representative sample of the UK to give us a robust view of post-lockdown attitudes, with a 95% confidence level and a margin of error of +/- 5%.

Our research focussed on the consumer's perception of the atmosphere and experience, giving you insight into the hearts and minds of people, aiding your strategies and activations to drive more people back through your door.

*...IN JULY 2020
WE LAUNCHED
OUR MIND
THE GAP
RESEARCH AND
DISCOVERY
HUB*

The Magic Numbers.

What can you take from this research?

Here are some of the key takeaways you need to know about consumer attitudes following their return to retail after lockdown 1.0.



THERE'S OPPORTUNITY TO DO THINGS EVEN BETTER THAN BEFORE

The **majority** of shoppers think that the retail experience is less relaxing now than pre-pandemic times; women in particular find the post-coronavirus shopping experience more stressful.

Furthermore, a significant majority of **three quarters of those** who think it is less relaxing now intend to shop less frequently than pre-lockdown.

Over 60% say shopping is less fun post-lockdown than pre.

Interestingly, of those who think shopping is actually a more relaxing experience now post-lockdown, **over half are aged in the 18-34 bracket.**



CROWDS ARE OUT

Nearly **two thirds** of shoppers say shopping is less sociable than before, but it is not the buzz and sound of the crowd they are missing, as **only one fifth** of them believe the atmosphere would be better with the sound of people.

In fact, the **majority of shoppers** appreciate a more 'people free' atmosphere.

Nearly **three quarters** of people who think shopping is less sociable than pre-lockdown do not agree that the buzz of the crowd would improve it.

The Logical Song; music meets science.

“Music is the most powerful form of sound we know that affects our emotional state” – Julian Treasure

The Scientist has spoken; studies show us that music is extremely powerful in influencing people’s behaviour and emotions.

Music alone can lead to impulse buyers to buy more², and tweaks to tempo and mode can increase sales³. Quite simply, shoppers like to move to the music. In the US, over 80% of shoppers⁴ say that music makes the shopping experience more enjoyable.

Music plays with our emotions. It gives us natural highs, causing the pleasure hormone dopamine to surge and spurs us to action; leading us to move at the pace of the music. We literally ‘feel’ the emotion of the song playing. The power this has in a retail store is significant - and has a huge impact on your customer, when used well.

***IN A TIME OF CORONAVIRUS,
GOOD VIBRATIONS COME FROM
THE RIGHT SOUNDTRACK, AND
THE RIGHT DELIVERY OF THE
MUSIC. SAFETY IS EVERYONE’S
PRIORITY BUT THAT DOESN’T
MEAN THAT RETAIL NEEDS TO
BE DEVOID OF PERSONALITY.***

² <https://www.apa.org/monitor/nov05/music.aspx>

³ https://www.researchgate.net/publication/227451750_It_is_all_in_the_mix_The_interactive_effect_of_music_tempo_and_mode_on_in-store_sales

⁴ <https://smallbiztrends.com/2017/09/effects-of-music-on-shoppers.html>

Come on feel the noise.

Everything from tempo, volume and genre of music played in a business impacts customers, from dwell-time, spend, and enjoyment of their visits. It's clear that customers enjoy their shopping with a well-profiled soundtrack, but does the right playlist make business sense?

Customers have enjoyed a less crowded shopping experience post-lockdown⁵, and while we all hope that shoppers safely return to stores in greater numbers you should keep this preference in mind.

2012 research from retail-sound expert Knöferle suggests that **in-store crowding can lower customers' spending**, but that this negative "effect can be mitigated by adjusting store ambiance, specifically by using certain types of in-store music".

In crowded stores, shoppers often **buy more when accompanied by fast music** and in Knöferle's words, the right beats "alleviated negative effects of social density".

OTHER KEY FINDINGS SHOW:

Playing fast music encourages customers to move and act quickly - worth bearing in mind for when you want a faster flow of customers.

Slow music encourages people to take their time - a useful tactic for when you want to increase dwell-time and spend.

Turning to slower tempo tunes can also result in **higher daily profits** as consumers spend more time browsing.

Choose beats that match your brand and pocket a **9.1% uplift in sales** compared to relying on shuffle mode.

Quit bad queues. Customers say **queuing is less frustrating⁶ when accompanied by music**; with the likelihood of longer lines during social distancing, music is a simple way to deliver a more satisfying experience.

⁵<https://www.startlemusic.com/blog/nearly-two-thirds-of-shoppers-think-the-experience-is-less-sociable-than-before>

⁶<https://smallbiztrends.com/2017/09/effects-of-music-on-shoppers.html>

WHAT DOES THIS BOIL DOWN TO?

THE MUSIC YOU CHOOSE TO PLAY IN-STORE - THE HARMONICITY, RHYTHMICITY AND TURBULENCE – CAN DIRECTLY INFLUENCE YOUR CUSTOMERS SENSORY PERCEPTION AND BUYING BEHAVIOUR. IN POST-CORONAVIRUS RETAIL, THE RIGHT MUSIC CAN BE THE SUPERPOWER THAT CREATES ATMOSPHERE IN INCREASINGLY 'STERILE' ENVIRONMENTS.

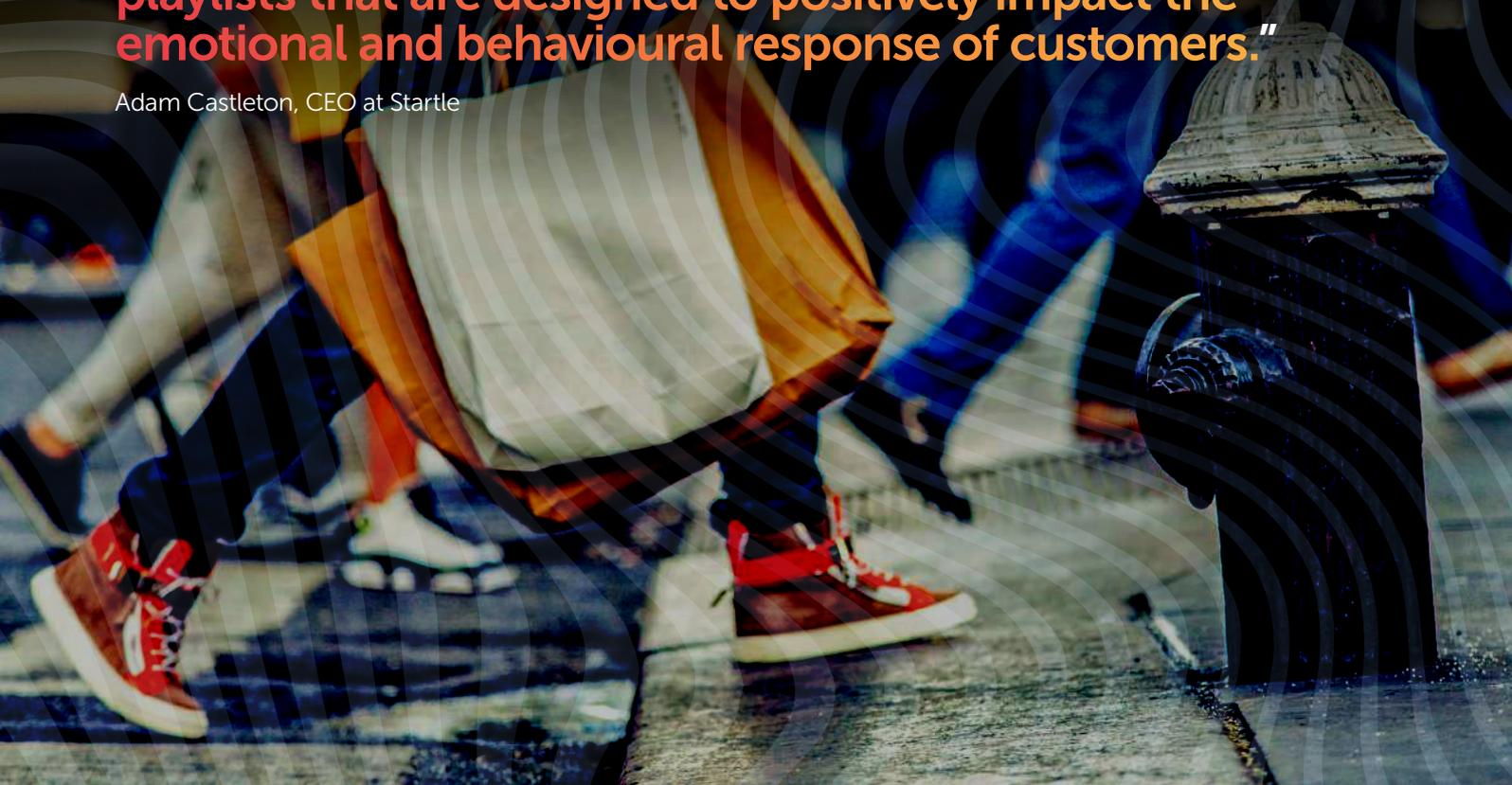
At Startle, we use a scientific model for our customers' music curation that categorises songs by their physical effect on the autonomic nervous system. The effects can be simplified as autonomic arousal

(how activated or deactivated the user is by the music) and valence (the positive or negative feelings provoked). With a proven 95% accuracy, this enables us to confidently curate playlists that will

encourage consumers to feel a certain type of emotion, equipping businesses with more power over their atmosphere that will help them curate their desired environment for consumers.

"Music is a great way to influence human behaviour. Our research shows that getting the music right creates a positive impact on the overall experience. This is positively reflected across all age groups, but more significantly recognised in younger customer demographics. Astute retailers can tap into neurophysiological research and play specially curated playlists that are designed to positively impact the emotional and behavioural response of customers."

Adam Castleton, CEO at Startle



Relight the fire.

While we would love to say that it is purely music that can make all the difference, we're no Mr Vain. As research shows, the right soundtrack is vital to retail atmospherics, but you can't ignore the other senses that make up a memorable retail experience. As retailers, you can still create engaging sensory experiences.

As Insider Trend writes, Covid-ready retail must incorporate the three F's - function, fun and flexibility. There is still room for creative, atmospheric retail that answers the needs of now - simple touches that can make the difference.

COLOUR IS A POWERFUL TOOL TO ENTICE CONSUMERS INTO A STORE⁷. REDS ENCOURAGE IMPULSE PURCHASING WHILE ORANGES INVOKE HAPPINESS. BLUE TURNS ON OUR TRUST WHILE BLACK SIGNALS AUTHORITY. THE SAME EFFECTS CAN BE ACHIEVED WITH CLEVER LIGHTING.

But can we think **BIGGER?**

Consider queuing (a fact of life as we maintain social distancing) and perhaps **take inspiration from Disneyworld's playbook, where the waiting line becomes part of the experience.** Retailers might not be able to serve up immersive queue experiences on Walt's scale, but from music to creative lighting and even AR games there are ways to make queuing a pleasant few moments, not a trial of patience.

Who else thinks hastily erected hand sanitising stations need to be shown the door? London's Design Museum has **reinvented the hand cleaning experience with its 'Fountain of Hygiene' competition** inspiring sanitising bubble machines, sustainable seaweed capsules and colour-changing gels. Creative solutions that bring back a sense of fun and atmosphere are all around us, from the simplicity of the right sounds to the wonderfully inventive.

"RETAIL CERTAINLY HAS DIFFERENT CHALLENGES – QUEUING SAPS THE FUN OUT OF ANYONE, AND COVID-SECURE GUIDELINES BROADENS THE CONVENIENCE GAP BETWEEN "BRICKS AND CLICKS". FUNDAMENTALLY THE CHALLENGE IS THE SAME THOUGH; GIVING CUSTOMERS A GREAT EXPERIENCE THAT CANNOT BE REPLICATED ONLINE, TO COMPEL THEM TO COME INTO STORE. THIS CAN ABSOLUTELY BE ACHIEVED WITH FOCUS IN THE RIGHT AREAS." – ADAM CASTLETON, STARTLE CEO

"...WE CAN CURATE MORE APPROPRIATE PLAYLISTS AND HAVE GREATER CONTROL OVER THE BEHAVIOURAL AND EMOTIONAL RESPONSES CUSTOMERS HAVE TO THE MUSIC THAT'S PLAYED."

This is our fight song.

With consumers visiting non-essential retail stores less frequently, there is still opportunity for you to make the most of these visits, create memorable customer experiences and build brand affinity.

Startle's fight song in the current crisis is our belief in the power of music to shape human emotions and behaviour, enabling you to tap into the power of music and strike a chord with your customers - no matter the mood of the nation.

Our music profiling experts are equipped with tools to make them superhuman. Our

library of songs is analysed with advanced algorithms: AI (Artificial Intelligence) and ML (Machine Learning), giving us the ability to understand neural responses to particular tracks and the sentiment of lyrics.

The result is that we can curate more appropriate playlists and have greater control over the behavioural and emotional

responses customers have to the music that's played.

When it comes to setting just the right mood music, we've got your back.

For multisite retailers, we use a symphony of machine-learning, AI and a multi-million track library to create bespoke and responsive soundtracks that drive better business.



OK computer, whatcha gonna do for me?

While music is **one of the most powerful ways** to build an atmosphere and evoke emotion, integrating it with other technology touchpoints can raise the roof on the in-store customer experience.

At Startle, this might look like **digital signage that synchronises with audio** to create the perfect balance of communication or maximise product adverts. Or, an integration with lighting, where both **music and lighting change and flow in sync** to create an experience that can subtly - or dramatically, if desired - heighten customer senses.

In other examples we've seen, to limit customers picking up

products, some innovative retailers are turning to **interactive mirrors** that let customers order another size or colour without leaving their fitting room. Take a leaf from Lego's book - with their in-store digital box, visitors can scan almost any boxed LEGO set and see the model come to life in 3D!

Going one step further, we've also seen digital screens that integrate with mobile

technology to showcase the products a customer has been browsing online when they walk past.

If these ideas seem a little too ambitious for right now, think about how you can use your in-store signage to better effect. Tear up those quickly printed 'one-way' signs and instead, **sync screens with bespoke audio** with the most relevant and eye-catching content.

Bring it all back to you.

Trend-hunters couldn't have foreseen a global pandemic that's shut the doors of millions of stores across the world. But, that's what happened, forcing a complete remix of retail spaces.

As we've touched on, prior to the outbreak of coronavirus experiential retail was steadily climbing the charts. Both high-street stalwarts and innovative disruptors were dialling up the volume of emotional brand engagement in stores, over and above retail locations as pure sales vehicles.

As Trend-Hunter's respected 'Megatrends' tracker signals, "in a world abundant with 'stuff,' experience becomes a more important currency and life priority."

Pre-lockdown, consumers' desire for personal, meaningful and memorable retail experiences

was clear. This has only been strengthened by lockdown and the subsequent shift in consumer attitudes.

These learnings can be used to help retailers that are yet again moving out of lockdown secure their place on the high street.

*THESE LEARNINGS CAN BE
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THAT ARE YET AGAIN
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Where can music help you top the post-lockdown charts?

COUNTER STRESSFUL SHOPPING EXPERIENCES WITH RELAXING RHYTHMS

Use tempo to slow down the shopping experience or alleviate queue-frustration.

Create bespoke radio with content that responds to your customers' needs in real-time, adjusting volume in line with lighting and other ambient factors.

INTRODUCE FUN WITH FUNCTION

Music releases dopamine - often referred to as the pleasure hormone. At a time when shopping has been stripped of its sense of fun, music with a positive vibe can put a smile back on shopper's faces without compromising safety.

Amplify your audio announcements by making sure they are in sync with the environment as part of a balanced and dynamic experience.

Create your own entertaining brand radio station, increase customer engagement, and keep your messaging front of mind.

SAY 'YES' TO THE POWER OF PERSONALISED PLAYLISTS

Explore how technology can help you **create bespoke playlists for your target consumers**, and how adaptive technologies can help you respond to their needs.

By encouraging interaction with your brand's music through **app integrations or take-home playlists**, you can leave a lasting impression and embed positive associations in the **hearts and minds of your customers**.

Thank u... next!

2020 was a year many will be happy to see the back of. 2021 is a chance to reset but will still be fraught with challenges. With what we learned last year, the only certain thing is a high level of uncertainty. While PwC anticipates that most sectors, including retail, will return to growth in 2021 it will require a finely tuned and sophisticated balance of online and offline investment from retailers. Everything will fall on a seamless, engaging and flawless customer experience.

REFLECTING ON 2020, MELANIE FULKER - HEAD OF GROWTH AT STARTLE SHARES FINAL THOUGHTS ON HOW YOU CAN CRACK GREAT CUSTOMER EXPERIENCE IN THE UNCERTAIN YEAR AHEAD:

...Retail has been one of the hardest hit industries this past year, but the industry should be proud of the strategic conviction it has shown. Retailers have adapted swiftly and smartly during an unimaginably strange time to keep their businesses ticking along and customer needs met.

It would be wonderful to say that, with the recent announcements of several highly effective vaccines, retail in 2021 will be smooth sailing. But the reality is that we're most certainly not out of the woods. The prospect of continued further restrictions is fairly inevitable, so it'll be equally important for retailers to continue shaping their strategies to sustain growth and achieve success in new ways.

Some of the retail trends we saw in 2020 will continue, such as offline retailers establishing e-commerce divisions to compete online, and online retailers making their operations more

sophisticated to gain an edge. There will also be the retailers that stick to their expansion plans and open new physical locations. Like Greggs, who rolled out its click-and-collect and home-delivery propositions at impressive speed, and IKEA, who opened 26 new stores worldwide in 2020 and are planning for a further 50.

BACKED BY EVER HIGH CONSUMER DEMAND, AND A LEVEL OF INDUSTRY COLLABORATION AND SUPPORT MORE POWERFUL THAN EVER, I BELIEVE THERE IS MOST CERTAINLY LIGHT AT THE END OF THE TUNNEL

This level of adaptation and innovation will be crucial to sustain in 2021 to not only ensure retailers can carry on operating in the coming months, but establish a lasting relevance to consumers that sets them up for the years ahead.

Both online and offline retail clearly still have their roles, with physical retail offering a sense of community and enjoyment for many. And it's here where huge opportunities lie to create

that welcoming for consumers, delivering an atmosphere that immerses them in your stores, enables them to form more of a connection to your brand, and encourages them to return for more.

For each retailer, this experience will look different, but the ones who rest on their laurels and become complacent with the restrictions the 'new normal' brings will be the ones that suffer

most. Investment into tools and technology that really add value to the customer experience, whether through operational improvements or by making solid improvements to the overall environment and atmosphere, is a smart move.

It's been an unbelievably tough ride for retailers. But backed by ever high consumer demand, and a level of industry collaboration and support more powerful than ever, I believe there is most certainly light at the end of the tunnel.