

FTI Consulting: Retailers Need to Evolve

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According to FTI Consulting in the future the retail industry will be stuck in "The New Mediocre", a period where one must take action if brick-and-mortar outlets want to remain relevant in an increasingly online world.



The analyst says a number of factors have led to the declines the industry current faces-- an oversupply of stores, maturation (and lack of differentiation) in many stores and brands, a lack of "hot ticket" items, changing demographics, uneven economic recovery, customers wanting to spend money on services and experiences and, ultimately, online retail sales causing a destabilising effect on store economics.

"Retailers today are facing a magnitude of issues and challenges in a landscape where the only constant is the accelerating pace of change," FTI adds. "Retailers have reached a crossroads, with many of them merely hanging on, it is clear to us that there needs to be an evolution in their business approach to stay afloat."

But what do retailers need to do in order to survive? FTI suggests the adoption of a "Customer First" approach-- customer insights need to be at the centre of the business, governing product development, merchandising, marketing and physical/digital stores. The approach allows retailers to tap into new product categories, extend goods into services, identify new means of serving customers and develop updated business models.

Thus stores need to be organised around customer needs, with structure, layout and location designed to better engage customers and the community while remaining efficient. Marketing should also be aligned with the stages of the customer's life cycle with the brand through regular and ad hoc feedback and insights.

To do so, one should evolve their means of collecting, managing and communicating customer data in order to better capture attitudinal, social and transactional information, as well as move beyond traditional transaction metrics to customer relationship management.

“While there is no single solution that will work for every retailer, we do believe companies can consider a "Customer First" philosophy, which can be applied to all aspects of their business,” FTI concludes. “The accessibility of customers gives the retail industry a competitive advantage and we see this concept as largely uncharted ground for the sector.”

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