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# The Sixth Sense is the Retail Experience

Exploring the five senses of consumer shopping with the added sixth sense of experience in the physical retail environment.





## Contents

- Introduction
- The Store Environment
- How to Fix the Not-so-Perfect
- Retailer Case Studies
- Conclusion



# Introduction

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The physical retail environment plays a critical role in how consumers behave — retailers who pay close attention to what influences their space will have a greater chance at increasing profitability. While some may argue that online shopping will contribute to this growth because of the strides in winning consumer attention and satisfying consumers' demand for convenience, it falls short in creating a memorable, compelling shopping experience.

In a [survey conducted by Raydiant](#), nearly half of consumers shared a preference for shopping in-person at a physical store when given a choice, with three-quarters suggesting that [a positive in-store experience](#) will make them more likely to return. Furthermore, integrating elements that appeal to the five senses—touch, hearing, sight, taste and smell ultimately creates the sixth sense of experience, which is virtually impossible for online shopping to provide.

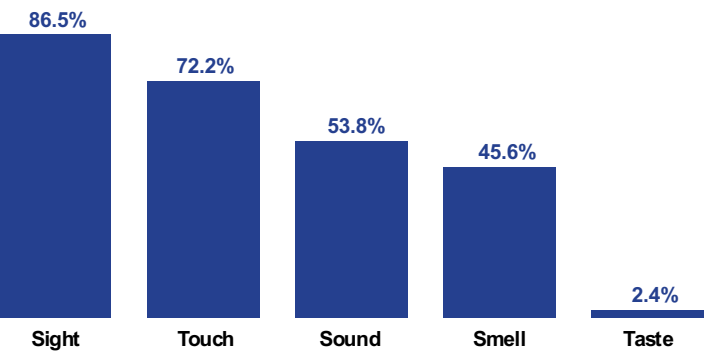
Remember, store openings are outpacing store closures.

# The Store Environment

## Defining the multisensory experience

Consumers are more likely to dwell in multisensory retail environments that speak to all of their senses, dimensionalizing the shopping experience. Sight ranks highest across every generational cohort, followed by touch and sound. Sight and touch are the most obvious as they offer consumers tangible engagement with product offerings. Smell is slightly lower in consideration, although it most likely has a much higher subliminal impact, for good or bad. Aside from its relative importance in creating connections for food-related stores like Costco and Williams-Sonoma, taste isn't widely considered an influential benchmark. However, there is one exception, retailers who implement scent marketing — partnering smell with taste to create a memorable customer experience. The most successful example: the sweet aroma of IKEA's cinnamon rolls wafting through store aisles to create a timeless sense of place for its consumers.

What customers consider creates ambience in stores  
Covers non-food stores only, USA only (%)



What customers consider creates ambience in stores, by cohort  
Covers non-food stores only, USA only  
(% of each cohort)

Attribute	Gen Z	Millennial	Gen X	Baby Boomer	Silent
Sight	91.2	89.6	86.4	82.8	81.3
Touch	74.8	73.3	70.3	72.8	68.8
Sound	57.1	55.0	53.8	50.4	56.3
Smell	50.0	47.3	46.2	42.5	41.3
Taste	2.5	2.7	2.1	1.7	4.4

Taste is physical taste rather than preference taste



Store ambiance comprises many factors, including a store’s design, physical layout and visual elements that create a dominant sensory effect on consumer shopping habits.

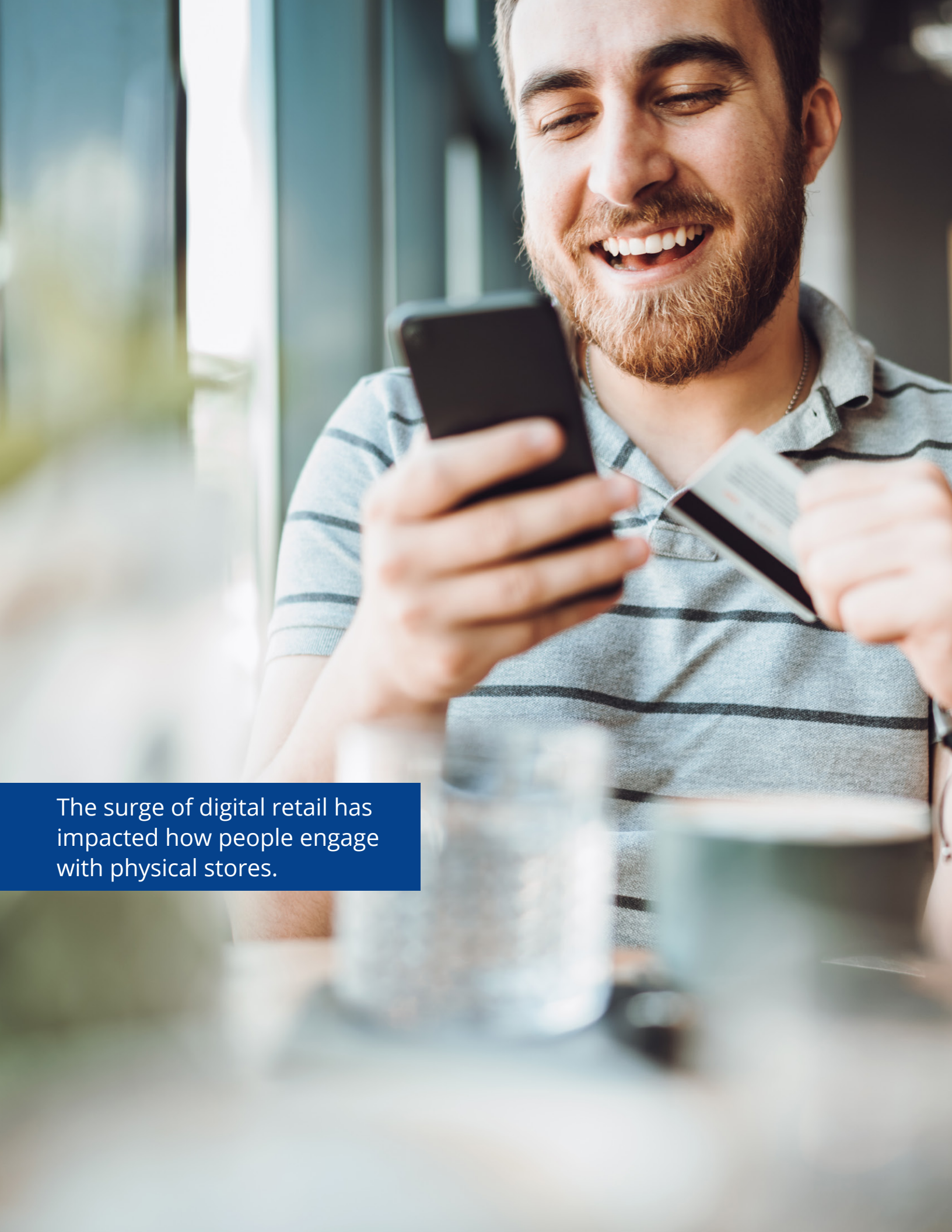
Visual factors play a crucial role in stores that have a good ambiance

Consumers expect the physical retail environment to inspire their shopping journey. The majority of shoppers surveyed prioritize the blueprint/ layout of a store, its merchandising displays, mood lighting and the overall wayfinding flow as most important. And from a sensory perspective, the ability to touch and feel products also garner high marks. Consumers also mentioned that they are more likely to linger in stores that offer a welcoming soundtrack to their in-store experience, with manageable noise levels. The use of fragrance in stores was also a consideration but somewhat less critical to 25% of consumers surveyed.

What creates a good ambiance in store  
2021, covers non-food stores only, USA only (%)

Factor	% mentioning
Visual inspiration	80.1
Neat merchandising / layout	60.1
Good lighting	50.9
Interesting layout	47.6
Can interact with products	47.1
Good noise level	39.9
Good music	27.5
Smells pleasant	24.4
Nice background noise	10.3





The surge of digital retail has impacted how people engage with physical stores.

## Ambiance impacts performance

The 20 apparel retailers with the highest satisfaction ratings for in-store ambiance experienced revenue growth by an average of 32% over four years. These retailers also opened more than 1,300 new stores and averaged a 13% increase in revenue per store.

In contrast, the 20 apparel retailers with the lowest satisfaction ratings for in-store ambiance experienced a 12% decline, and they closed more than 1,200 stores over the four years.

## Ambiance matters more now than in the past

E-commerce gained momentum during the pandemic, but brick-and-mortar retail remains a consumer cornerstone. The surge of digital retail has impacted how people engage with physical stores, something we've witnessed over the past five years as consumers use the convenience of online for more functional shopping activities.

Stores continue to provide a concrete destination for shoppers to enjoy and appreciate the merchandise offered by its retailers. However, today's consumers use these retail spaces as test centers to ideate, stimulate their senses and make informed purchasing decisions. This shift in behavior has cleared a path for retail stores to expand their services intuitively.

### Comparative metrics for Apparel stores only, USA only



#### Apparel retailers with high store satisfaction

Twenty apparel retailers attaining the highest scores for satisfaction with in-store experience

Total apparel revenue growth (2014-2019)
<b>+32.1%</b>
Total number of stores opened (2014-2019)
<b>1,342</b>
Average revenue per store growth (2014-2019)
<b>+12.5%</b>







#### Apparel retailers with low store satisfaction

Twenty apparel retailers attaining the lowest scores for consumer with in-store experience

Total apparel revenue growth (2014-2019)
<b>-12.1%</b>
Total number of stores closed (2014-2019)
<b>1,222</b>
Average revenue per store growth (2014-2019)
<b>-1.5%</b>

### Main reasons why consumers visit physical stores

Percentage point change in people mentioning from 2015-2020

	Replenishment/basic purchases	To get ideas and inspiration	To seek advice or get service
 United States	<b>-6.4</b>	<b>+7.2</b>	<b>+4.9</b>
 United Kingdom	<b>-7.1</b>	<b>+8.3</b>	<b>+6.5</b>
 Germany	<b>-3.5</b>	<b>+3.4</b>	<b>+4.1</b>
 Australia	<b>-4.7</b>	<b>+5.3</b>	<b>+4.5</b>

# How to Fix the Not-so-Perfect

## Store layouts must exceed consumer expectations

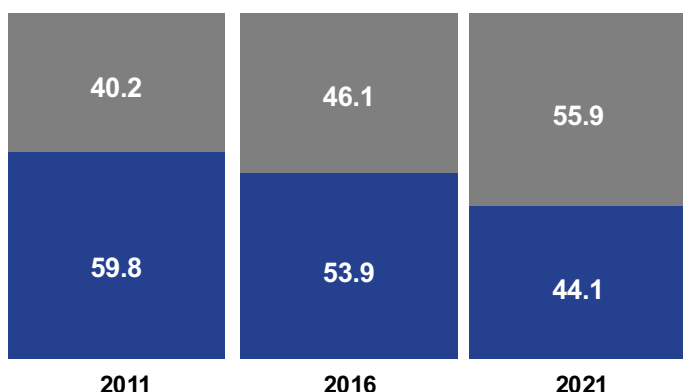
Consumer interest in-store ambiance has decreased dramatically over the last decade. In 2011, nearly 60% of consumers ranked ambiance favorably. Ten years later, that percentage has flipped, with only 44% of consumers ranking store ambiance as such.

Consumers surmised that the lack of investment by bigger national brands in refurbishing and updating stores has contributed to the falling rates. Others cited clutter and mess as a deterrent to shopping in-store. And in recent years, the impact of the pandemic on inventory levels and staffing shortages has only further contributed to the lackluster store operations.

Retailers' blind spot is not taking a holistic approach when launching new store locations. Instead, most are laser-focused on their visual elements rather than integrating multisensory engagements that prompt an emotional response. Yet, it is by far the most direct path toward creating strong brand recognition that leads consumers to shop in-store.

### How do you rate the overall ambience of the stores you use?

Covers non-food stores only, USA only (%)



## Cluttered merchandising areas are the top cause of customer dissatisfaction

Most consumers identified disorganized merchandising areas and chaotic layouts as the main factors contributing to negative perceptions around in-store ambiance. It should be an easy fix, but current labor shortages may be impacting more than we know.

Fortunately, there are solutions available that assess in-store analytics to enhance store operations effectively. [Retail tech investment hit a record \\$31.5 billion in the second quarter of 2021](#). Some retailers are beginning to use aggregated data to

### What creates a bad ambience in store 2021, USA only (% mentioning each factor)

Factor	% mentioning
Messy merchandising / layout	76.5
Poor lighting	59.9
Lacks visual inspiration	54.7
Boring layout	50.2
General noise levels	44.6
Annoying music	32.6
Inability to touch products	19.9
Silence	16.8
Bad smell	15.9
Strange smell	10.3



redesign store footprints through artificial intuition strategically. Artificial intuition employs brand data to assimilate consumers' gut feeling in-store while making purchase decisions. Implementing these added layers of tech in-store aims to replicate the data measurement and analysis of the online experience.

### Returns to your senses

Possibly the most palpable influence of the senses, particularly sight, touch, and smell, is in the number of product returns – mostly from online purchases. Consumers cite unmet product expectations as one of the main reasons for initiating returns. For example, nearly 13 million items were returned in 2020 because consumers felt that the products did not look, feel, or smell right.

#### Overall number of items returns related to senses

Actual number of items ordered online that are returned USA, 2020 numbers

**76,287,149** | number of products returned in 2020

**5,678,053**

Returns because product looks different to that shown online

**2,941,632**

returns because color different to that shown online

**3,899,799**

Returns because dislike feel of material/product

**189,955**

Returns because dislike the smell of the product

### Heightened senses in the metaverse

Retailers are also gearing up to magnify the sensory experience virtually through interactive metaverse opportunities. Brands like Warner Bros., Hyundai and Gucci have built their virtual worlds. Coca-Cola,

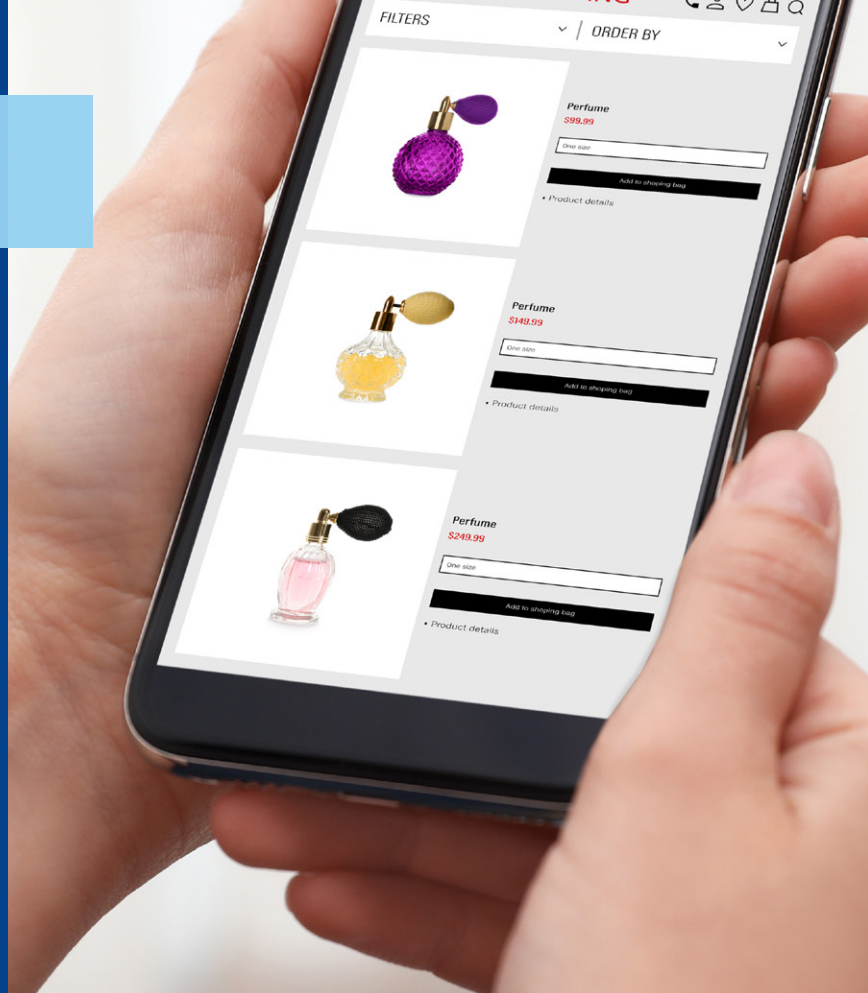
Anheuser-Busch and Crockpot are tiptoeing into the space by selling NFTs — non-fungible tokens bought and sold on blockchain technology that allow people to own digital items. At the same time, others like Sephora, Nike and HBO lean into AR and VR experiences. Even as these brands prepare for the future, consumers are still cautiously hesitant. According to a [Forrester survey](#), most consumers responded that they still don't understand what the metaverse is or indicated that they have no need for it in their lives.

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# What Retailers Do

Due to the rapid spread of the COVID-19 pandemic, consumers remain cautious about touching products in-store. As a result, retailers across categories have had to pivot and adapt their businesses to regain customer confidence. The following retailers have been experimenting with new technology to curate an enhanced consumer experience that creates a sense of wonder and delight. These initiatives are more vital than ever to attract shoppers back to brick-and-mortar stores.



## Smell: Perfume Preview

Puig, a fashion and fragrance brand, introduced a new technology, “AI.LICE,” which allows shoppers to preview the aroma of perfumes without any physical testers, developed in collaboration with Penhaligon, a British perfume house.

Shoppers use smartphone tech to scan a QR code on fragrance packaging. AI.LICE extracts the relevant information from its perfume database, including ingredients, olfactory notes, along similar product recommendations displayed for the user.

The contactless technology eases the friction between shoppers and testing products in-store, restoring consumer confidence while creating a safe and hygienic environment for customers and retail staff.

## Sound: Shopping by voice in-store

The U.S.-based telecommunication retailer Verizon launched a voice-activated digital experience for its brand-specific 5G products. This experience is powered by smart sign technology developed in partnership with Reflect Systems, a digital signage platform and BrightSign, a leader in signage media players.

Customers call out, “Hey Verizon” to initiate an in-store activation that displays Verizon’s 5G entertainment and home categories and products. Further voice commands provide comparison options similar to the online shopping experience, seamlessly blending the two in the physical environment.

### Sight: Walmart's AR for kids

Walmart introduced a new augmented reality shopping experience to engage families and young shoppers to explore its grocery aisles. The AR gamification experience invited consumers to seek out characters from Netflix's Waffles + Mochi children's show. Smartphone QR technology revealed The Hidden World of Waffles + Mochi through image-recognition technology hiding in the stores' grocery aisles, users earning badges along the way.

### Touch: Montblanc's touch and feel ASMR experience

Montblanc opened a new 4,425-square-foot flagship boutique in New York City earlier this year. The store features its classic Montblanc pens with rare, limited edition writing instruments showcased at the Collector's Corner. The Snowcap Ink Table and Ink Bar are the first of their kind, where handwriting enthusiasts may choose a favorite color of ink to test different nibs on paper. In addition, the curated experience includes an interactive Tech Wall that invites guests to discover Montblanc's technology innovations, including Augmented Paper and its smart headphones, enjoyed from the comfort of an adjacent sound chair.





Experience: Hear from retail visual merchandising expert, **Tami Brooks**

People often don't fully understand how visual elements work. It starts with a logo, but that isn't the whole story. Beyond the font and colors, the texture and tone of your visual voice help animate how your brand comes to life for consumers. A clear vision of who you are as a brand, what it stands for, and what you want people to feel when they see the name allows customers to feel the brand experience as soon as they walk into a store.

Say you sell French perfume, upon entering the store you smell something beautiful. You hear gorgeous Parisian music in the background. Every piece transports the consumer on a journey as they move through your retail space. ABC Carpet & Home in New York City does this very well with little vignettes that invite the consumer. There could be six different scenes, but each has a version of a rug or lamp that allows the consumer to immerse themselves in a particular moment, journeying from one experience to the next.

Wayfinding is also extremely valuable to many stores and can contribute to the exploration of space. For example, IKEA's showroom does this well, as consumers meander their way through each room until they find their way to the marketplace.



## Conclusion

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As the industry continues its journey back to normalcy, consumers long for the same.

[According to Chain Store](#)

[Age](#), 78% of U.S. consumers

would shop more in-store

than before, and 42% said

they miss being able to touch

and feel products. Providing quality in-store experiences helps customers justify spending their hard-earned money, resulting in a positive compounding effect for the retailer's other sales channels.

Despite the ever-changing trends within the retail industry, consumers will always crave a tangible, multisensory experience when shopping. This physical engagement will often translate into future loyalty fueled by customers' positive perception of the in-store experience, if done right.

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