

Interview with **Giancarlo Nicosanti Monterastelli**
by **Luca Figini**

The Role of Stores in the Multi-Channel Era

Unieuro creates synergies between online and offline business



2017 was a year of great changes for Unieuro: the public offering, the expansion of the sales network with the opening of new stores, the increased brand awareness and high-value projects, not just promotions. The Italian chain of consumer electronics is the focus of a great change, which goes under the name of digital transformation and is part of a wider strategy to adopt a multi-channel approach by creating unprecedented synergies between online business and physical stores. We talked to Giancarlo Nicosanti Monterastelli, Chief Executive Officer of Unieuro S.p.A., about these and other subjects.

What role will the physical store have in the near future? What kind of services will be just the prerogative of store surfaces?

If we look at a mature market like the American one, it is not only clear that the physical store is not going to disappear, but will be transforming into the new core of the consumers' omni-channel shopping experience. Customers will continue to walk into a store to test the product and rely on the advice of sales staff, but will then decide freely whether to pick up and pay for the product on the spot or proceed with the online purchase. This is why we strongly believe in the omni-channel strategy: to guarantee consumers the maximum integration of touch points and the best shopping experience possible. Let me immediately clarify a central aspect: physical stores will undergo a profound transformation, starting from surface areas, which will be reduced compared to those we are accustomed to. At Unieuro, in one year, we went from an average surface area of 1,600 m² to the current 1,500 m² and the process is destined to continue. Market presence will instead continue to be a fundamental asset for the physical network, as well as the value of proximity to customers. Stores will be integrated with websites and apps and will represent their physical extension, but will at the same time offer more and more multimedia content. In this digitisation process of the physical store, I still think that no delivery drones or virtual assistants will be able to replace the empathy and warmth of human contact. Customer assistance will remain a prerogative of the physical store. From a customer service standpoint, I also have to consider the importance that new distribution formats linked to specific needs are taking on, such as travel retail. People are travelling a lot more and during their journeys they often devote time to making purchases, whether to optimise time, or

because they need to. At our stores located within airports or railway stations, they will only find the products they need when such need arises. That is service, isn't it?

How can service be improved on a continuous basis?

It is imperative to focus on the skills of the sales force and its ability to meet the consumers' true needs, in particular those that escape the algorithms of Web sites. Only by guaranteeing service quality, understood as advice and assistance during and after the sale, will the channel continue to make any sense, including in the scenario of great transformation in which we are operating. Pure players, on the other hand, are extremely competitive from a commercial standpoint, but are lacking in terms of service, especially when it comes to products that need installation and maintenance, like household appliances. And physical stores can fill this gap to a great extent.

How can the value of a retail company brand be built so as to invite purchases?

The value of a retail company brand is the result of how relevant you are to customers today and tomorrow. Relevance is built with several ingredients: conventional parameters such as price, proximity and reliability have been forcefully combined with issues related to the world of services, whether pre- or post-sale. Today, the challenge we face is to give varied and personalised responses: a retail company's brand has to engage with a customer who is often already knowledgeable, and ready to go the extra mile with anyone who will reassure him and/or advise him better, with a coherent and consistent experience at any touch point, be it physical or digital. Reliability breeds confidence, which generates propensity to purchase and loyalty along a virtuous circle that rewards the best and, in the end, excludes those who can't keep pace.

Which levers should be used to manage any consumer dissatisfaction and revive the relationship with the end customers?

Customers today are increasingly demanding and knowledgeable. They demand the largest possible assortment in combination with high service standards: the best pre- and post-sales assistance, reliability in delivery times, customisation of deliveries, secure payments and streamlined returns procedures. Satisfied customers will come back to make purchases from us. Dissatisfied customers, on the other hand, will find unlimited means to express their discontent: consider social networks for example, or comparison sites where customers happily give their feedback. To avoid that the bad mood generated by any service disruption takes root and undermines the reputation of a retail company's brand, there is only one secret: engage with the customer. At Unieuro, we made it a priority, and since last February we have been measuring the Net Promoter Score (NPS) at each touch point. It is a very sensitive instrument, therefore effective: if something does not work in the relationship

with consumers, a drop in NPS will show it immediately, allowing us to react promptly and solve the problem.

What added value can the process of expanding the product selection within the stores bring by involving sectors adjacent to consumer electronics?

In the transformation phase that physical stores are experiencing, expanding the product supply allows a retail company to saturate space and increase walkability. Segments that apparently are not strictly linked to consumer electronics, such as that of coffee capsules or toys, are actually profitable in terms of margins and may provide synergies with the traditional assortment. This is, for example, the case of household products, which share purchase times, ways and choices with small and major household appliances.

What is the impact of digital transformation on retailing? Why can't this development be put off any longer?

It has a great impact: it is an accelerating process, now unstoppable, which has completely changed the consumers' purchasing behaviour and consequently the distribution approach. Consumers today are aware of their centrality. The digital revolution has set consumers free from loyalty to the closest store to home and emancipated them from the situation of information inferiority they were in a few years ago. They are now the ones that impose the rules during the purchasing process, and are free to switch between in-store and online browsing, looking for the best product at the best price, thanks to the unlimited opportunities given by e-commerce. Unsurprisingly, e-commerce is growing strongly and has reached 12% of the Italian market, although it is still far from the levels recorded in other Western countries. The traditional retailer is therefore forced to evolve in order to survive and the omni-channel approach is an indispensable solution: we must be wherever the customer want us to be, ensuring a complete integration of touch points and the best shopping experience possible. The price to pay is very high: you will lose your customer for the benefit of pure players. On the other hand, digitisation also impacts the way of doing business. Working with evolved customers having diverse purchasing behaviours requires a great effort in data collection, processing and analysis. Investments in technology are increasingly significant, as well as the cost of highly-qualified human resources to make them profitable. Move it or lose it, if you are lacking in vision or resources.

In 2018, how important will it be to enhance all touch points with consumers by creating a truly consistent shopping experience that conforms to business strategies?

It will continue to be a key factor. For Unieuro, offline and online channels are a part of a single integrated and synergistic infrastructure in the centre of which stands the customer. If the customers' behaviour become increasingly digital, we will accommodate them in such

respect. If on the contrary they have a preference for a physical store, we will still know how to satisfy their needs. This is why, by also being present at all touch points, choosing one or the other will be indifferent to us. The objective is to always satisfy the customers' needs, providing them with the best products and adequate assistance.

What are the policies that you are going to adopt to create a multi-channel approach based on the synergy between online business and physical stores avoiding cannibalisation?

As far as we are concerned, there is no such thing as the so-called cannibalisation between channels. Consumers hold increasingly fluid behaviour and can freely decide whether to buy their products online or pick them up at the store, or also evaluate products at the store and buy them on the web, and then get the product delivered directly to their home. The bywords are therefore integration and overcoming of the distinction between channels, being present in all of them to give consumers a total freedom of choice. The cornerstone of this strategic approach is the store in its modern pick-up point version, which sees the loyal customers – those who own a loyalty card, and are therefore recognisable and traceable – as the ideal recipients of a new world of tailored products and services.

Revenues by channel



Retail: 72.4%	1,202.5 €m
Wholesale: 13.7%	227.9 €m
Online: 6.7%	111.3 €m
B2B: 6.2%	102.7 €m
Travel: 1.0%	16.2 €m

Revenues by category



Grey: 48.1%	798.8 €m
White: 25.4%	421.9 €m
Brown: 18.1%	301.4 €m
Services: 3.5%	58.6 €m
Other products: 4.8%	79.9 €m