

shop! retail environments

SHOPASSOCIATION.ORG | MAY/JUNE 2018



SLEEPER SEGMENT

mattress category's rise to prominence

POP producers expand services

Redefining VM with high tech

5 trends in Japanese retail

Focus: in-store tech



EDUCATE EMPOWER ENGAGE

The **Shop! Women's League** is a community whose members come together to develop their careers and pursue growth opportunities while being supported and mentored by experienced professionals.

Join the Conversation...

Meet businesswomen from all aspects of the in-store merchandising and retail environments industry.

Join the conversation at one of our live events or join the Women's League Forum on Member Connect.

<http://bit.ly/2sgmVgz>

Annual Events & Education

GlobalShop
West Coast POP Show in San Francisco
Shop!X Annual Meeting
Women of Distinction Awards
Webinars

Visit the website for upcoming events:
shopassociation.org/womens-league/

Thanks to our Sponsors:



shop! retail environments

insights.retailenvironments.org

The official publication of Shop!, a trade association focused on enhancing retail environments and experiences

4651 Sheridan St., Suite 470, Hollywood, FL 33021

tel: 954-893-7300 fax: 954-893-7500

shopassociation.org

Submit news news@shopassociation.org

Inquire about advertising sales@shopassociation.org

Subscribe bit.ly/subscribeRE

Manage your subscription bit.ly/RenewRE

Request copies bit.ly/REcopies

Join Shop! bit.ly/joinShop

Editorial

Publisher/Editor Jo Rossman, LEED AP ID+C

Associate Editor Jackie Kalis

Staff Writer Beth Feinstein-Bartl

Education Editor Melissa Campbell

Research Editor Madeline Baumgartner, MaRC

Contributing Writers David Anzia, Kelsey Chessey, Beth Mattson-Teig, Joseph Nemias, and Justin Patton

Design and Production

Art Director Kat Anderson

Production Manager Fran Sisson

Circulation Manager Leslie Melvin

Advertising, Member Marketing & Partnerships

Director Susan Kimelman (954-241-4812)

Manager Julie Barnett (954-241-4835)

Sales Consultant Roni Lloyd (954-241-4832)

Cover Photo ©iStock.com/mtlapcevic

New Subscriptions

Retail Environments

P.O. Box 1018, Skokie, IL 60076

bit.ly/subscribeRE

Changes and Renewals

bit.ly/RenewRE

Or Fax Changes to 954-893-7500



Association Officers

Chairman Richard Nathan, RTC

Vice Chairman Joel Katterhagen, B+N Industries

Treasurer Jerrold Fox, Bish Creative Display

Immediate Past Chairman Bob Rosean, TJ Hale Co.

Board Members

Bruce Barteldt Little

Chris Bull, MaRC Spectas (a division of SMP Industries)

Francisco De Jesús Universal Display

Dan Evans Goldsmith

Denis Gibney Frito-Lay

Mike Haddon American Installation Companies

Cindi Kato CallisonRTKL

Teri Mascotti, CPM Stylmark

David Mueller EMI Industries

David Plante Target Stores Inc.

Mike Schliesmann Great Northern Instore

Ed Tchai Tchai International

Association Management

Team directory shopassociation.org/about-shop

CEO Steven Weiss, CAE

COO Todd Dittman

VP of Finance Leslie Melvin

Education & Research Madeline Baumgartner, MaRC

Communications Karen Benning

Membership Yajayra Wojtas

PAVE Dash Nagel

Marketing Karin Pryor

Global Development Leo van de Polder, MaRC

A photograph of a bed with white linens and pillows, viewed from above. The bed is neatly made with two pillows at the head and a duvet cover pulled up to the chest. The background is a plain, light color.

Sleeper

segment

By Beth Feinstein-Bartl

The mattress category has risen to prominence as consumers prioritize health and brands create engaging in-store experiences.

Photo: iStock/mtlapcevic

The mattress category is piling up sales as consumers have awakened to the importance of getting their beauty rest. With sleep a top health concern worldwide, beds are being perceived as a worthwhile investment. And while new market entrants and product innovations have changed the nature of bed buying, stores are still crucial to most purchasing decisions.

Preference for stores

Despite direct-to-consumer online mattress companies springing up seemingly overnight, specialty sleep retailers are the top distribution channel for beds, capturing 47% of worldwide sales in 2016, according to market research firm Technavio. That's not chump change; the firm found that the industry accounted for \$26.31 billion.

And the numbers are growing. In the U.S., mattress sales are projected to rise 5.5% to exceed historically high 2005 levels, according to the International Sleep Products Association. Globally, Technavio forecasts the mattress market to reach \$36.8 billion by 2021.

Research shows an overwhelming demand for bed shopping inside brick and mortar, with 85% of consumers wanting to buy their mattresses at a retail store, according to the Better Sleep Council (BSC), the consumer-education arm of International Sleep Products Association.

Finding similarly high preferences for brick and mortar among 1,000 Americans surveyed, research firm ARG notes that, even with assurances of online return guarantees, 73% say they must lie on the bed before buying. More than half of those polled had purchased their beds without doing any prior research, heading straight to a mattress store based on good prior experiences.

The BSC study had found half of consumers spend between three days and two weeks gathering

information, with 57% going to stores and looking around and 41% using internet searches.

But no matter how much research they do beforehand, 87% of consumers view the retail environment, including cleanliness, as a top purchase driver, according to BSC.



Essential connections

Since the majority of buying decisions take place in physical spaces, connecting with consumers in those stores is important, says Ken Nisch, chairman of retail design firm JGA.

"People don't buy this product very often," he explains. "These are more showrooms than stores. The main role is to be brand ambassadors."

Specialty sleep stores have lower on-site inventory needs than many types of retail, so floor space can be dedicated to education and engagement.

"[The in-store experience] must be compelling enough to make consumers get off their computers and drive to the store," says Kathy Thornton-Bias, president and COO of Verlo, a mattress manufac-



Sleep Number emphasizes personalization. These JGA-designed stores highlight technology and customization.

turer with 37 stores. “This is a major purchase decision. We don’t want people to zoom in and out.”

Consumers are busy and hesitant. Their expectations are changing, and the value equation becomes more than a conversation on price, says Angela Gearhart, VP of brand experience at Sleep Number, a manufacturer with over 550 stores.

“The days of one-size-fits-all anything are long gone,” she says. “Consumers are looking for real benefits in the product and a value-added retail experience that is memorable and meaningful. The nature of the product is something you want to experience. A mattress is a purchase that you may have in your life for a long time.”

But not as long as it once would have been. Fortunately for retailers and consumer product manufacturers, the replacement cycle is compressing. The BSC study shows it moving from 10.3 years in 2007 to 8.9 years in 2016. And 2016 data by the Statistic Brain Research Institute put the length of time the average person keeps a mattress even shorter at seven years.

More than a sea of mattresses

Mattresses aren’t the whole bedtime story. These specialty stores also include items purchased more frequently, and some retailers are finding ways to engage customers with those.

The pillow bar at the JGA-designed Verlo store in Wauwatosa, Wis., U.S., spotlights the selection of over 80 pillow types in a feature billed as “the world’s largest pillow wall.” Verlo reports that by focusing on this frequent-purchase item, the store beat its first-year sales and traffic projections within nine months.

As brands and retailers reach out to entice and educate, store features are anything but snooze-worthy. Factors in creating a calm, relaxing environment include a hospital-ity area for coffee or tea and in-store expertise, adds Verlo’s Thornton-Bias.

Finishes and materials play into the sleep store psychology as well. A softer color palette, for example, soothes the consumer and makes them feel at home, says Jamie Poulos, design director at fixture company OPTO International.



Video: <https://www.youtube.com/watch?v=jd-M8hoNrhk>

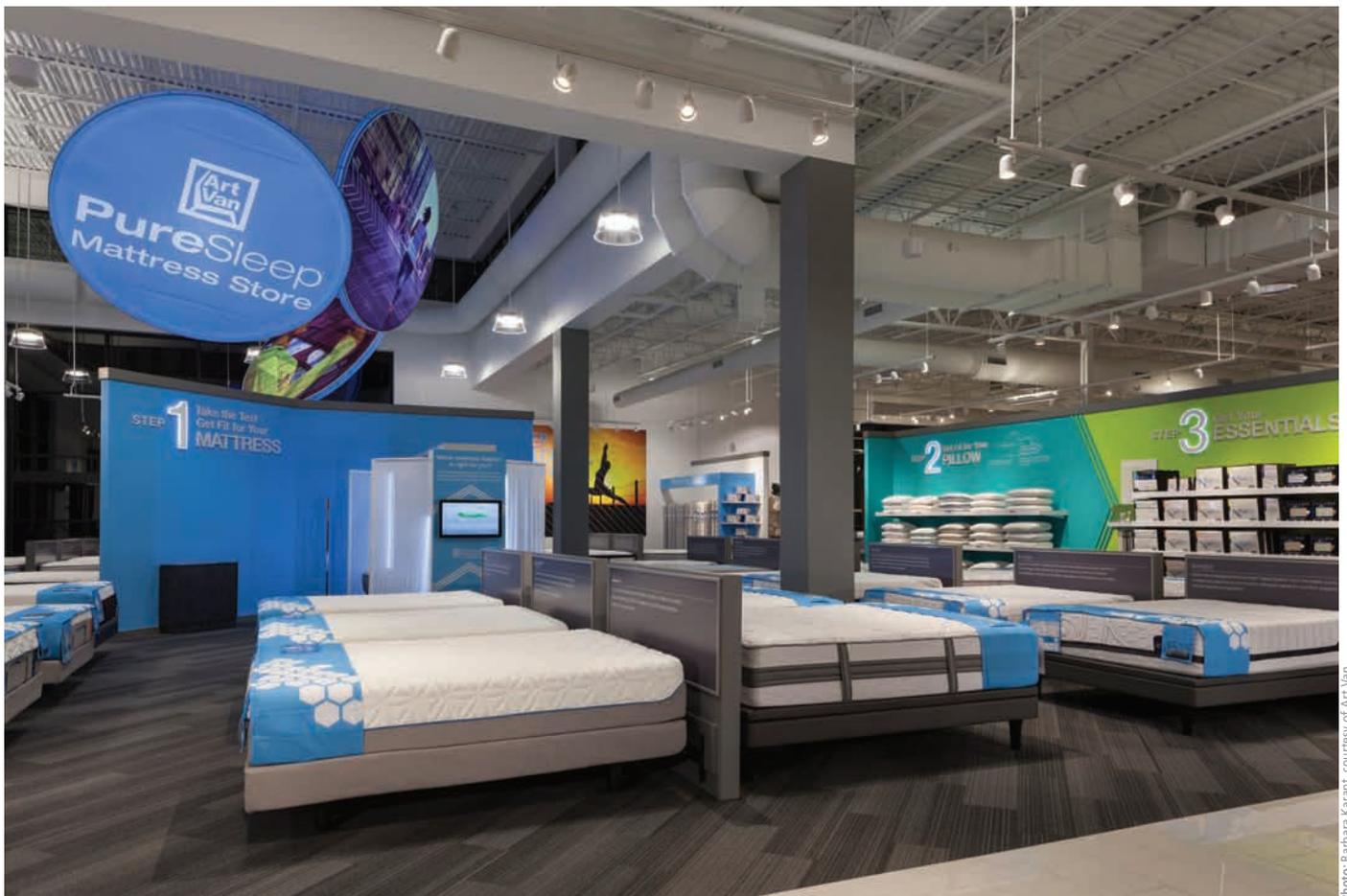


Photo: Barbara Karant, courtesy of Art Van

Top: With half of consumers performing prepurchase bed research, Amerisleep invites web surfers into its brick-and-mortar store via YouTube. But like its in-store experience, the video experience is interactive—users can view any angle of the store by clicking within the video as it plays.

Bottom: Some consumer product manufacturers are partnering with retailers. Sleep diagnostic screening at this Pure Sleep shop-in-shop in an Art Van furniture store in Schaumburg, Ill., U.S., helps shoppers select mattresses best suited for their needs.



Photo: Sleep Number



Photos: Mark A. Steele Photography

Outside of the store, brands are reaching out to consumers via local events and popups. IKEA staged a bed and breakfast popup in London in 2015; people were able to book beds for naps and breakfast. The following year saw a JGA-designed Sleep Number popup at the Super Bowl Live festival in Minneapolis (shown at top), while Leesa took to the road in a trailer resembling a cottage on wheels (shown above).

**These stores’
main role is to be
brand ambassadors**

“It’s not just a sea of mattresses,” explains Robin Brower, SVP of business development at OPTO. “Brands are telling their stories in a much more visually exciting, engaging way.”

These include birdhouse-shaped nap pods at the first brick-and-mortar store for online startup Casper in New York City. Rotating installations inside the tiny domiciles feature sound effects and glow-in-the-dark wallpaper with games like counting sheep.

At the Leesa Dream Gallery, also in New York, a good sleep combines with a good cause. The store doubles as an art gallery. Consumers can test mattresses while viewing works by homeless, formerly homeless, and disabled artists. Proceeds of all art sales are shared with the artists.

Product brands are also partnering with retailers for special placement. Leesa mattresses are now in more than 80 West Elm locations. At Target, end-caps showcase sheets and pillows from Casper, with signage directing shoppers to the brand’s e-commerce page within Target.com.

Done right, in-store displays and other elements help build connections and brand loyalty in a way that online experiences can’t. “It’s seeing the hand-crafted details on the pillows and feeling the texture of the fabric in your fingers,” Brower says.



Opened in February, the Casper Sleep Shop invites shoppers to test products in six miniature homes, each featuring dreamy installations that rotate throughout the year.

The science and the art

Science and technology have become an essential part of the discovery process. In-store experiences incorporate everything from sleep quizzes on tablets to displays of the latest sleep-related gadgets. “Within science, there is also art. And with retailing, there is a combination of both,” says Thornton-Bias.

Brower adds that as the products become more sophisticated, so do the displays. “We are integrating more technology like motion detection for audio, visual, and lighting enhancements,” she says.

Capitalizing on this trend, Amerisleep, originally an online brand, went high tech in its flagship store in Gilbert, Ariz., U.S. Opened in June 2017, the store seeks to give customers an Apple-store-like experience. Showcasing only five mattress models, the physical spaces feature nap rooms, interactive displays, and huge TV screens.

Much of the in-store technology that helps sell sleep-related products pertains to health issues as sleep has risen to become a top health concern. Increasingly, consumers are recognizing sleep as crucial to rejuvenating their body and mind, says Sleep Number’s Gearhart. She believes consumers are ready for individualized sleep experiences that help them live healthier lives.

At Sleep Number, SleepIQ technology measures a customer’s biometrics, adjusts automatically, and provides personalized insights. By generating over 4 billion biometric data points and measuring hundreds of thousands of sleep sessions every night, SleepIQ provides insights to better understand the impact of sleep on overall health, Gearhart says.

“There’s the mattress business and then you have everything around the sleep system,” Nisch says. “It’s changed everyone’s thinking.”



Photo: courtesy of Hologenix



Photo: Moss Photography



Though it has since closed, this Somnia store in Lone Tree, Colo., U.S., exemplified the tie-in between sleep products and health. The business concept paired mattress retailing with healthcare services. Targeting issues such as sleep apnea and snoring, the store offered assessments by medical professionals and sold CPAP and noise control devices alongside mattresses and linens. Top Right: As health becomes instrumental in marketing, brands seek validation of product benefits. These sheets using Celliant technology have been officially designated medical devices in many countries.

Sleep Number envisions a future where SleepIQ technology may potentially be able to detect health conditions like sleep apnea, a heart attack, the flu, and more, she says.

Mattresses aren't the only sleep-related items whose health benefits are being marketed. Adjustable bed bases, sheets, and pillows are also being touted as solutions to conditions ranging from night sweats to back pain. Hologenix went so far as to get its Celliant textile technology designated a medical device in the United States, Canada, Europe, Australia, and New Zealand. The technology is used in PureCare's Lumen Premium Celliant Sheet Set to increase blood flow, promoting better sleep.

Continuous innovation

Technology isn't confined to the store floor. Omnichannel retailing is essential, notes Thornton-Bias. "Brands and businesses must realize today that they always have to be on and responsive," she explains. "Wherever the customer wants to meet you as a business, you have to be there, whether it's in a store, on social media, or on your website. There must be a multi-layered strategy to give customers a message that matters." The innovation never stops, Gearhart adds: "New market entrants keep us sharp, making sure that we continue to innovate to differentiate the experience from any other online or brick-and-mortar retailer."

Beth Feinstein-Bartil is staff writer for Shop!.



Much of the in-store technology that helps sell sleep-related products pertains to health issues.



Left: With pillows purchased more frequently than mattresses, this focal wall boosted sales in the JGA-designed store far beyond first-year projections. Right: A place to sit with coffee or tea while chatting about needs or reviewing product information helps shoppers relax at Verlo.