



## Selling Like Amazon... ...in Bricks & Mortar Stores!

October 25, 2013

Herb Sorensen, PhD, Shopper Scientist LLC

[2013 Charles Coolidge Parlin Award](#) | [American Marketing Association](#)

[2007 EXPLOR Award; with Wharton group](#) | [American Marketing Association](#)

[2004 Top 50 Innovators](#) | [Fast Company Magazine](#)

Adjunct Senior Research Fellow | [Ehrenberg-Bass Institute for Marketing Science, University of South Australia](#)

Scientific Advisor | [TNS Global Retail and Shopper Practice](#)

BrainTrust Member | [RetailWire](#)

E-Mail: [herb.sorensen@shopperscientist.com](mailto:herb.sorensen@shopperscientist.com)

### EXECUTIVE SUMMARY

The length and importance of this *Views* justifies a brief summary, so we begin with those summary points for those who won't have time for the full issue.

Selling, logistics and payment are the three principal functions of retailing. In *self*-service retailing, the mental *selling* function is largely left up to the shoppers themselves.

The mental process shoppers use in serving themselves, whether online or offline ("bricks",) is amazingly similar — and inefficient.

Amazon has learned how to efficiently *sell* to shoppers in much the same way as personal salesmen of old assisted shoppers in acquiring merchandise, albeit now done algorithmically.

The super-efficient Amazonian selling process can be broken into *five* steps of moving the mind of the shopper from interest to the close of the sale.

Those same five steps can be implemented in *bricks* stores, with phenomenal success, as has been demonstrated by one global retailer and smaller regional operators.

The advent of smart phone shopping apps (personal sales assistance,) will likely accelerate sales, but not without fixing fundamental flaws that currently impede sales in bricks stores.

The driving force of efficiency begun by A&P in the first half of the 20th century, with the baton passed to Walmart in the latter half, is now with Amazon in the first half of the 21st century.

However, it is the Amazonian sales principles that will identify the winner(s) of the current struggle for retail dominance.

---

### BACKGROUND

This issue of the *Views* is an update and expansion of an earlier issue titled "[The Amazonian Ghost](#)," and is prompted by a recent *Fast Company* article titled "[AmazonFresh Is Jeff Bezos' Last Mile Quest For Total Retail Domination](#)." There is a new book about Jeff Bezos and Amazon: "The Secrets of Bezos: How Amazon Became the Everything Store," by Brad

Stone. You can read a summary of that book, [here](#), and also an interesting [New York Times](#) report on the Amazon/Walmart nexus.

Is "total retail domination" something even to think about when discussing Amazon at this point? This would mean that in thirty years, Amazon would have the kind of relation to the global retail world that Walmart does today, similar to what the [The Great A&P](#), the world's first billion dollar retailer did, 70 years ago. Just as groceries played a key role in the "last mile" for Walmart, perhaps fresh groceries are the beginning of that mile for Amazon. (Groceries are the ultimate driver of shopper traffic. See: [Elemental Retailing](#).) One thing for sure, the "last mile" cited by *Fast Company*, could be a long and difficult slog. Before we finish this *Views*, you should be in a better position to form an opinion as to who is likely to be the winner of this horse race. ;-)

---

Parentetical note to readers: This issue of the *Views* began at least six years ago when I first wrote and presented on "*The Amazonification of Walmart*." It has taken the better part of two months at this time, and has gone through several nearly complete rewrites as my thinking evolved. And that process is far from complete, but I think the broad outlines are well enough established and validated to justify releasing this in its present form.

Basically, the first section *focusing* on Amazon, is pretty deductive, and hammering the Amazon experience into memes of retail function, personal selling and *focus* is satisfying and worthwhile. Overlaying that outline onto the bricks store — essentially making the parallel between online and offline retail is more problematic. However, THAT is the essence of my thesis. I am personally persuaded, but will understand your skepticism. However, I am convinced the future will confirm the accuracy of the concepts. It's exciting that we can share this journey of discovery!

---

In order to properly think about the continuing struggle for dominance at retail, it is helpful to break retailing in its component parts. From this we can judge strengths and weaknesses for all candidates, based on each component. At the least, this will identify some possibly surprising strengths and weaknesses, and put us in a better position to take odds on the future.

All retailers must fulfill three basic functions, whether they are online, or offline — bricks & mortar (more simply, "bricks.") The importance of the delivery of the goods and payment of the money should be obvious. However, the essential element of the meeting of the minds is not so obvious. It's a legal concept that when a seller and buyer *agree* on the specifics of a transaction, their minds have met and a legally valid transaction can occur. For our



purposes here we can make a distinction between two kinds of "mind meeting," *mediated* sales and *unmediated* sales. The mediated variety involves a clerk or salesman personally assisting the shopper/buyer. It is the salesman's job to guide the mind, the thinking of the customer to the point where the customer says, "YES, to the dress!" One hundred years ago, retailing began to move massively to the *unmediated* variety of sales, to *self-service*, where the shopper serves themselves, and thinks their own thoughts in making purchases, unguided by a salesperson.

Amazon's true advantage at retail is that they get to *mediate* the sale, like salesmen of long ago, by guiding the shopper's thought process, step by step — click by click. Admittedly they do this through a computer algorithm, but it is nonetheless interactive with the online shopper in the way real salesmen are in the bricks world. Thus, Amazon does a great job of *mediating* self-service sales, with their "ghostly" computer algorithms.

The focus of this *Views* is not only on how Amazon has nearly surreptitiously slipped mediation back into self-service retailing, online.

But also to show how the Amazonian principles used in mediation online, can be adapted to self-service bricks stores of a wide variety, without the benefit of Amazonian technology. The good news is that the *selling* advantage Amazon has is *NOT* inherent to online retailing. Instead it derives from the particular *mental* process that Amazon guides in actively *selling* to shoppers, not just passively merchandising and relying on the shoppers to sell themselves — *self-service*. *The mental process*

of making a purchase is remarkably similar in online and offline sales! This similarity was noted by Professor Peter Fader of Wharton:

*"I figured the process of someone standing at a shelf and deciding what juice to buy is going to be very different than someone sitting at the computer clicking through a bunch of different books or CDs—until I actually looked at the data, and it turned out that the patterns were remarkably similar." —Peter Fader, in "Integrating Online and Offline Retailing," chapter 7 of ["Inside the Mind of the Shopper"](#)*

So we will first identify *five* specific points of focus Amazon uses, and then see how these same five points can accelerate sales in bricks stores — some are already doing it!

## **Amazon Selling Online**

There are two basic issues in *selling* — the complete mental process. First: getting the customer and the merchandise *together*, either by moving the customer or by moving the merchandise (1-navigation.) This is "making the offer." Then, second, to close the sale requires getting the shopper to pick an option and accept the offer (2-selection or choice.)

In the self-service bricks store, the retailer expects the shopper to move themselves to the merchandise, while online, conceptually, the retailer brings the merchandise *to the shopper*, in response to the shopper's click-click-click navigation. Online, it is adequate to bring only a photo of the product, with supporting information, actual delivery occurring *after* consummation of the sale — the close. "The close" is shorthand for that moment when the mind is made up, and into the cart or basket the merchandise goes, the "YES" moment!

Obviously, Amazon has an advantage in managing the shoppers' navigation, because they can deliver *any* offer to any shopper in a matter of a few key strokes; in a few seconds. However, bricks retailers themselves have a potential large advantage, with the massively larger "screen" of the store, contrasted with even the largest computer monitors. In stores, whether bricks or online, selling is a process where vision is the major connector between the shopper's mind and the merchant's mind.

## **Amazon Focus #1: "Navigation" - Simple and Fast**

Greg Linden, former Amazon programmer commented, "We used to joke that the ideal Amazon site would *not* show a search box, navigation links, or lists of things you could buy. Instead, it would *just display a giant picture of one book, the next book you want to buy.*" [From Brandt, Richard L. (2011-10-27). [One Click: Jeff Bezos and the Rise of Amazon.com](#) (p. 67). Penguin Group. Kindle Edition.]

### ***The Billion Dollar Tip***

Just keep in mind that Amazon's "mind" is not on what they want to sell to the shopper. They make it easy for themselves by figuring out what is on the shopper's mind, and selling THAT to them. (This is a billion dollar tip for retailers. ;-) The goal is to sell as fast as possible, because the faster you sell, the more you will sell, whether online or offline.

Think about the the navigation part of Amazon's sales program with a customer who is interested in a book on "shopping science." From a conceptual point of view, selling books is not that different from selling "shoes and ships and sealing wax." So let's see how Amazon *begins* with rapid navigation to the shopper's probable purchase of a "shopping science" book:

The screenshot shows the Amazon.com search results for "shopping science". The search bar at the top contains the text "shopping science" with a green arrow pointing to it. A large green text overlay reads "SEARCH: beginning of navigation". The search results are displayed in a list format, showing the top four books. The first book is "Why We Buy: The Science of Shopping--Updated and Revised for the Internet, the Global Consumer, and Beyond" by Paco Underhill, published in 2008. The second book is "Why We Buy: The Science Of Shopping" by Paco Underhill, published in 2000. The third book is "What Women Want: The Science of Female Shopping" by Paco Underhill, published in 2011. The fourth book is "Inside the Mind of the Shopper: The Science of Retailing" by Herb Sorensen, published in 2009. The page also features a left sidebar with navigation options like "Departments", "Amazon Prime", "New Releases", "Author", "Book Language", and "Book Format".

Without knowing all the details of Amazon's search algorithm, you can see that in about 2 seconds Amazon delivered a list of 1,772 books. This is typical Amazon: with a "long tail" of millions of books, Amazon wants to get you to what YOU want, *just as quickly as possible*. Probably there is consideration of your own personal history, but, really, *ranking the selection from #1 on down is the crucial strategy*, because the best seller has the highest probability of being the *next* one of this selection of books to be sold!

In fact, whatever you want to buy, Amazon will always take whatever clues they have and deliver you a *ranked* list, a prominent step in getting you to the *ONE* you want to buy, getting to the sale *as quickly as possible*. The ONE for you may not be #1 in sales for the crowd, but the closer it is to that on Amazon's custom list for YOU, the more successful the algorithm.

Before we move on from the "navigation" aspect of Amazon, it is worth noting that with the growth of Amazon Marketplace, and the participation of third-party retailers/suppliers on Amazon's site, a new kind of search/navigation has been introduced. To understand this "new" Amazon search, it is important to recognize that the traditional Amazon search is strictly unidirectional. That is, the dominant search is by shoppers for merchandise that meets their interests. Amazon doesn't have to search for these shoppers, because they have already arrived on Amazon, and this is where the close of the sale will occur, *unless* Amazon refers the shopper directly to a third party site.

But when third party retailers get involved, they are searching for shoppers also, just as shoppers are searching for them. This bidirectional search is discussed further in "*Googling*" the Store. But here we are only considering Amazonian selling, so from navigation/search, we move on to selection/choice.

## Amazon Foci #2-5: "Selection"

We can illustrate the selection part of Amazon's sales program with a customer who has arrived at a single page representing a single book, which the customer *may* want to purchase. Here is an example: supposing the shopper is not familiar with "shopping science" books, *per se*, and notices that though "*Inside the Mind of the Shopper*," #4, is not the top seller of the top books, it is the *most highly rated* of those top few. So the customer curiously clicks on it, bringing up the top of this page:

The screenshot shows the Amazon product page for the book "Inside the Mind of the Shopper: The Science of Retailing" by Herb Sorensen. The page is framed with a pink border. At the top, the Amazon logo and navigation links are visible. The main content area features the book's cover, a "LOOK INSIDE" banner, and a price table. The price table shows the Amazon Price at \$15.39 for the Kindle edition and \$22.48 for the Hardcover edition (with Prime). The Hardcover edition is highlighted in orange. To the right of the price table, there is a "Buy New" section with a "Buy now with 1-Click®" button. Below the price table, there is a description of the book and a "Read more" link. The "Frequently Bought Together" section shows three books: "Inside the Mind of the Shopper" (\$22.48), "Why We Buy" (\$12.09), and "The New Rules of Retail" (\$17.55). The "Customers Who Bought This Item Also Bought" section displays six related books. The "Editorial Reviews" section includes a review from Publishers Weekly. A "Trade in your item" section is also visible on the right side of the page.

**amazon** Prime  
Herb's Amazon.com Today's Deals Gift Cards Sell Help

Shop by Department Search Books Go Hello, Herb Your Account Your Prime Cart Wish List

Books Advanced Search New Releases Best Sellers The New York Times® Best Sellers Children's Books Textbooks Sell Your Books Best Books of the Month

Inside the Mind of the Shopper: The Science of Retailing and over one million other books are available for Amazon Kindle. Learn more

**Inside the Mind of the Shopper: The Science of Retailing**  
Hardcover  
by Herb Sorensen (Author)  
★★★★★ 19 customer reviews

	Amazon Price	New from	Used from	Collectible from
Kindle	\$15.39	---	---	---
Hardcover	\$22.48 Prime	\$20.04	\$20.50	---

What do you really do when you shop? The answers are fascinating and, for retailers, they're cash in the bank. In *Inside the Mind of the Shopper: The Science of Retailing*, world-renowned retail consultant Dr. Herb Sorensen, Ph.D. uncovers the truth about the retail shopper and rips away the myths and mistakes that lead retailers to miss their greatest opportunities. Every year, says Sorensen, shoppers will spend a quadrillion seconds in supermarkets and they'll waste 80% of that time. Sorensen analyzes consumer behavior—how shoppers make buying decisions as they move through supermarkets and other retail stores—and presents powerful...

Read more

Share

Buy New Qty: 1  Prime \$22.48 List Price: \$36.00 Save: \$14.51 (39%)

In Stock. Ships from and sold by Amazon.com. Gift-wrap available.

Add to Cart

Buy now with 1-Click®

Order within 5hr 2min to get it:

Tue	Wed
+3.09	Free

Ship to: Herb Sorensen

This will be a gift

Add to Wish List

Trade in your item Get a \$2.00 Gift Card.  Learn More

Have one to sell?

**Frequently Bought Together**  
Price for all three: \$52.12  
Add all three to Cart Add all three to Wish List  
Show availability and shipping details

- This item: *Inside the Mind of the Shopper: The Science of Retailing* by Herb Sorensen Hardcover \$22.48
- Why We Buy: The Science of Shopping—Updated and Revised for the Internet, the Global Consumer, and ...* by Paco Underhill Paperback \$12.09
- The New Rules of Retail: Competing in the World's Toughest Marketplace* by Robin Lewis Hardcover \$17.55

**Customers Who Bought This Item Also Bought** Page 1 of 17

- The New Rules of Retail: Competing in the ...* by Robin Lewis Hardcover \$17.55
- Why We Buy: The Science of Shopping—Updated ...* by Paco Underhill Paperback \$12.09
- The New Science of Retailing: How ...* by Marshall Fisher Hardcover \$21.69
- Shopper Marketing: How to Increase Purchase ...* by Markus Stahlberg Hardcover \$26.46
- Guerrilla Retailing: Unconventional Ways ...* by Jay Conrad Levinson Paperback \$21.64
- Retail Analytics: The Secret Weapon (Wiley ...* by Emmet Cox Hardcover \$28.12

**Editorial Reviews**  
From Publishers Weekly

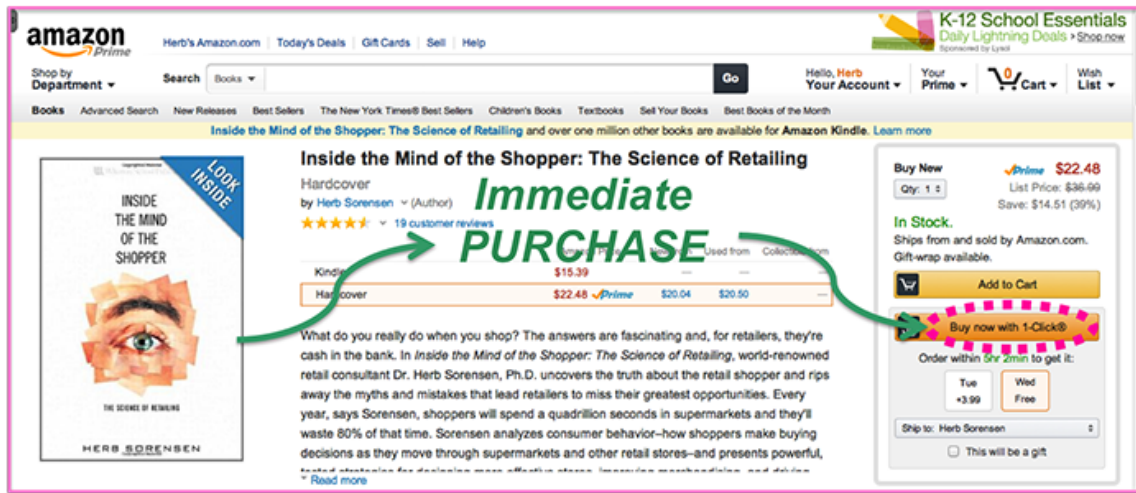
Sorensen has made a career out of studying the way consumers behave in supermarkets. His research into their behavioral patterns includes inventing PathTracker, a system that tracks the motions of shopping carts and fitting test shoppers with specially designed glasses that record their field of vision every 3/25ths of a second, telling him exactly what they are looking at and for how long. It turns out there are three different groups of shopping excursions—

Start reading *Inside the Mind of the Shopper: The Science of Retailing* on your Kindle in under a minute.

Don't have a Kindle? Get your Kindle here, or download a FREE Kindle Reading App.

## Amazon Focus #2: "Selection" - Immediate Close

There are a few specific features of this portion of this page, that teach us how Amazon handles this customer. First, there is the offer of an *immediate* close of the sale, with subsequent delivery of the physical merchandise. Notice that the *instant* there is a meeting of the minds (Amazon agrees to sell; shopper agrees to buy,) Amazon wants to *consummate the sale*, conventionally by *immediate* payment, "1-Click®," with subsequent delivery. This follows the *supreme dictum* of personal selling — "*Close early and close often.*"



Notice the *urgency* of Amazon in securing the sale. This kind of urgency goes back to the Greg Linden quote, above - just ONE book. This issue is of such importance to Amazon that they patented their "1-Click®" purchase method. Amazon encourages the shopper to buy immediately, as an alternative to just putting it in the cart. Lots of sales are lost online through the abandoned shopping cart. In the bricks store it is more likely just abandoned consideration and moving on - failure to make the *buy* decision.

### Amazon Focus #3: "Selection" - Affinity Sales and Social Marketing

Summarizing to this point, the shopper entered a search (1st click,) clicked on the likely desired book (2nd click,) and with another click (3rd click,) the deal is DONE, 1 - 2 - 3! But business may not be over, and Amazon will, subsequent to the close, or if the shopper didn't purchase, look into the possibility of making *another* sale, immediately on the heels of the first, or as an alternate to the first "offer." NEVER STOP SELLING!

So... "Maybe we can sell them something else, or in addition to . . ."



Here we see, moving down the page, on the left, as the eye naturally moves, the Amazon shopper is introduced to closely related books, that might be purchased along with "Inside the mind..." The book is frequently bought *with* Paco Underhill's

"[Why We Buy](#)" and also Lewis & Dart's "[The New Rules of Retail](#)." With this effort, Amazon is still trying to sell "[Inside..](#)," (encourage selection,) because best evidence is, that the shopper continues to have an interest in the book they initially clicked on from the search, navigation. They just haven't been "sold" yet.

So Amazon moves to *affinity* and *social marketing*, leveraging *two* powerful selling strategies: what goes well *with* this (affinity;) *and* what alternatives do *other shoppers* pursue at this point? (social marketing.)

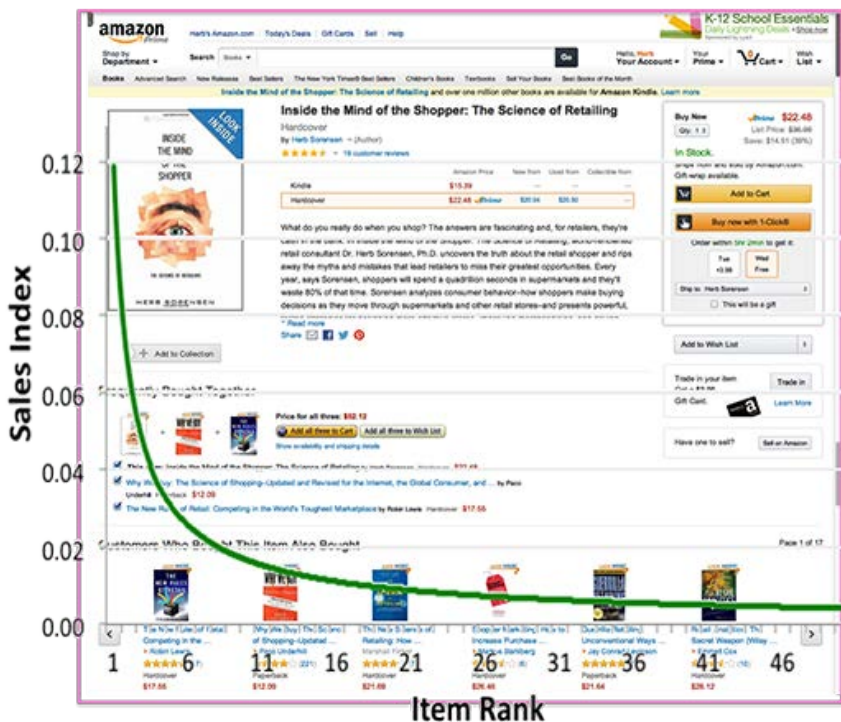
These two techniques are closely related, but with alternate motivations. One might not think of purchasing ham *and* eggs, together, as driven by anything but their inherent properties. But the reality is that the inherent properties also drive large numbers of people to buy them together. So, a salesman might make the point that you should buy them together based on either their inherent, complementary properties (affinity,) *or* solely on the basis of the validating judgment of the crowd — lot's of people buy them together (social marketing.)

Robert Cialdini, "[Influence: Science and Practice](#)," refers to this as The Principle of Social Proof: "We determine what is correct by finding out what other people think is correct." In this case, the people who buy [Paco Underhill's](#) book and [Robin Lewis'](#) book, also buy Sorensen's book. So... the correct thing for the shopper to do is to buy Sorensen's book! As a matter of fact, this very clever use of "social" marketing is also actually nudging sales of Paco's and Robin's books, too, if the shopper hasn't already bought them. (This is in itself an extremely valuable technique, and is responsible for some share of the "halo effect" seen when these techniques are deployed in the bricks store. *Affinity* and *social marketing* are the principles here.)

### Amazon Focus #4: "Selection" - Reaching into the "Long Tail"

Just because the close might not have occurred *yet*, is no reason to give up on the sale. We are leading the shopper's mind into deeper and deeper consideration of the offer. Of course Amazon would have liked to close the sale immediately, but we may be dealing with an optimizer. Barry Schwartz, "[The Paradox of Choice](#)," points out that people tend to fall into one of two camps: the optimizer is always concerned that there may be a *better* choice, and is willing to spend considerable effort in optimizing their selection. The satisficer, on the other hand, operates with some, possibly subconscious, measure of suitability, and when that is achieved, is happy to buy without second thoughts about whether there might have been some better alternate choice.

Ideally, the shopper would have "closed" with the first 1-2-3 offer, but we can afford to be patient — especially since this is Amazon, and "we" are really an algorithm, mediating the sale to the shopper. We can afford to be patient, matching the shopper's every time expenditure, with additional appropriate "selling." In this case, it is a multiplication of choices - a reaching into the long tail.



The purpose of overlaying a Big Head/Long Tail chart on this Amazon web page is to show you that after the steps enumerated so far: search, immediate offer, social offer, that the next step is very logically dipping a bit further into the Long Tail, as illustrated by a sliding scale of about 100 books, eight at a time, that "Customers Who Bought This Item Also Bought." This is again putting the book that the shopper still has on their screen (top left corner,) in the expanded *affinity and social context* of other items that logically they might be interested in.

## **Amazon Focus #5: "Selection" - Info, Info, Info**

From this point on down the Amazon page the dominant theme is reviews, further rankings, biographical information and links to other material that may be useful to the shopper. In fact, Amazon is one encyclopedic source of curated information about published knowledge, insight and opinion that can be scanned at high or low levels to assess what leaders in any field are thinking about, and how other readers react to that thinking. People actually use bricks stores in this same way, to a limited extent.

The five selection foci listed above have direct counterparts, though perhaps not as obvious, in the bricks stores. But these five points (the exact number or organization is not written in stone,) virtually define the Amazonian retail close. Combine with Amazonian delivery (logistics) and payment (money) and you have the winning global retailer in bricks stores a decade or two hence. But recognizing the store as a communal pantry (bookshelf, closet, etc.,) the winning global retailer WILL be a bricks retailer — possibly an Amazonian hybrid in the van?

## **Amazonian Selling in Bricks Stores**

There are a couple of concepts that are essential in applying Amazonian techniques to bricks selling. The first of these concepts is that there is a LOT less diversity in the shopping crowd than is on exhibit in the offers of 99+% of self-service retail stores. A simple illustration is the 40,000 SKUs in the typical supermarket, when most families buy only 150-200 different SKUs on a regular basis, in an entire year; and a like number of other items, occasionally. We might then call the first principle, "*The focus of the individual.*"

The second principle is that, whatever any randomly selected crowd of 10,000 people buy, will have an *amazing* similarity to what any other 10,000 people buy. We might call this second principle, "*The constancy of the crowd.*" (This is what makes it possible for a store with 2,000 SKUs to achieve \$100 million, in annual sales.) Facilely relating individual behavior to the crowd, and, alternatively, the crowds behavior to the individual, is THE key principle that allows intelligent relation of Amazonian selling (individual knowledge,) to bricks-and-mortar selling (crowd knowledge - without smart phones.)

But notice how Amazon's 50 million books *attract* shoppers who want to buy only one, in the same way the 40,000 SKUs in a supermarket *attract* shoppers who are most likely wanting to buy *five*. (Half buy more; half buy less.) This *attractive* property is why any store with 40,000 SKUs *should* sell at least as much as the store with 2,000 SKUs. Amazon would use that extra 38,000 SKUs to attract more shoppers. But, in fact, the vast majority of stores have the advantage of that attractiveness, and then unwittingly squander it by *impeding the shopping inside their stores*. Burying what the shopper wants in an indiscriminate sea of attractiveness is a great sales suppressing device that developed naturally as a consequence of self-service, 100 years ago.

So let's see how "Amazon" might manage the two major functions of the bricks store. First: by getting the customer and the merchandise *together*, either by moving the customer or by moving the merchandise (1-navigation.) Then, secondly, to close the sale by getting the shopper to accept the offer (2-selection.)

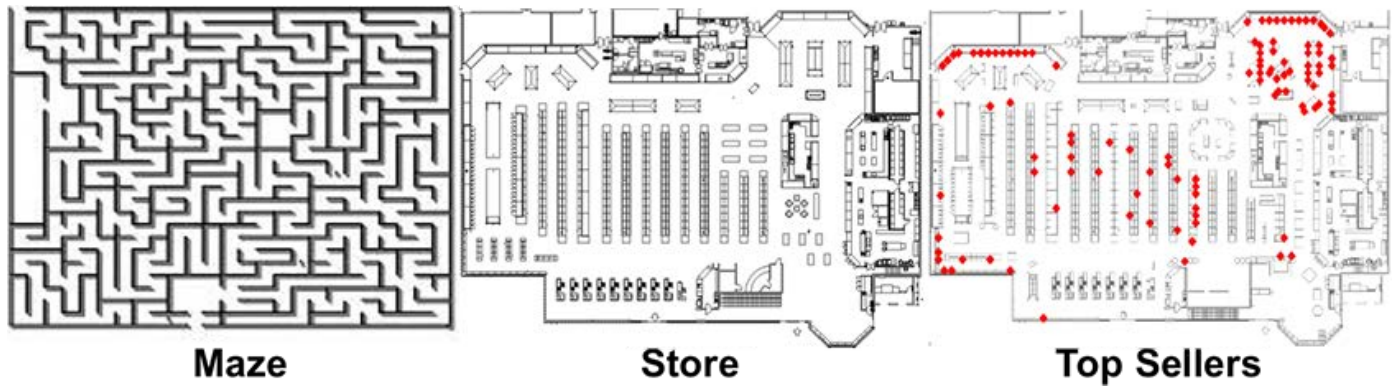
## **Amazonian Bricks Focus #1: "Navigation"- Simple and Fast**

Instead of talking about how to assist shoppers to quickly arrive at their desired selection of merchandise, let's first talk about how to best *impede* them in that task. This will help us to understand how "sales suppression" is actually working in the aisles of the stores. Knowing this will make more obvious what we need to do to remove the impediment.

We bear in mind of course that Amazon has some advantage in that a targeted search online can lead to the desired "location" (where the likely merchandise is) in a click or two. But this isn't a one-way advantage: The Amazon shopper can flee their store in a click or two, also, so it isn't all "advantage Amazon." In fact, the bricks store has visual advantages with the eye, taking in the store's visual offering, in 1,000+ distinct points of focus over a mammoth screen, 25% of the whole store in a 10 minute shopping trip. Ten minutes online represent a comparable number of points of focus, with a far narrower, more focused, field of vision. The bricks store has a MUCH "longer tail" of visual experience, while the online store has a longer tail of merchandise. But therein lies the rub: that rich visual experience in the bricks store tempts lack of *focus*, that is far more easily managed on a computer screen. Think focus, FOCUS, **FOCUS!!!** It is possible for the bricks store to have a far richer, more varied field of vision, and still retain essential focus and targeting.



So..., *How to impede shopper navigation?* Let's begin with perhaps the worst possible navigational system:



On the left you have the extreme design of the maze - the worst possible navigation system. This is not an absurd approximation of an actual bricks store (center.) Then, on the right, you see the actual locations of what shoppers

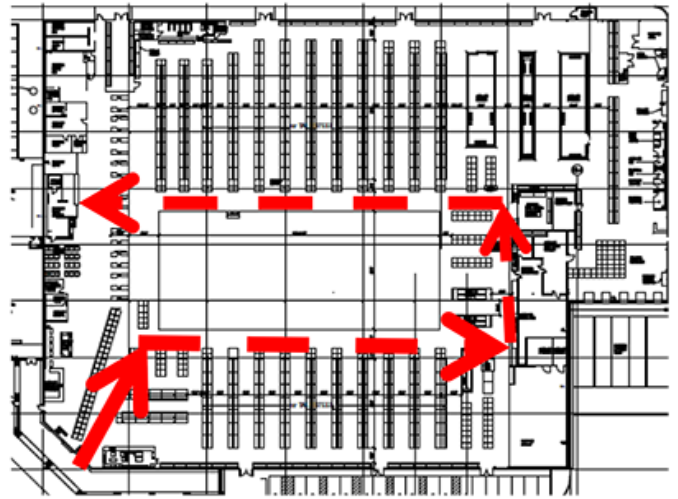
want most out of those tens of thousands of items on the store's shelves — the top 80 in this case. These 80 are the tip of the **BIG HEAD**, so called because it generates **BIG** sales and profits. On the other hand, half of those tens of thousands of items, 20,000, constitute about 5% of the store's sales. These 20,000 are the tailing end of the **LONG** tail, so called because it is a **VERY** long tail, indeed. In fact, typically, *large numbers of these items don't sell a single copy in a month*, and quite a few, not in an entire year. The top 300 constitute about 25% of total store sales! It is very important to understand that there is a whole lot of **NOT** selling going on in the store! To really *sell* a lot, you need to understand the factors that *drive NOT SELLING* a lot! This making clear of what **NOT** to do, is very helpful in understanding what **TO** do.



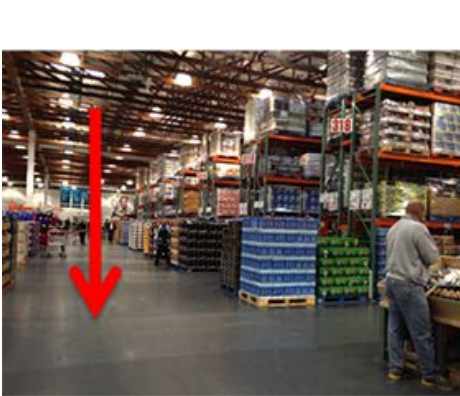
Don't be surprised by this. Large numbers of those items, like Amazon's 50 million books, (and a whole lot more,) do a great job of attracting shoppers to the store. But those items present a challenge to both navigation and selection. For *navigation*, the large selection virtually requires that a substantial amount of the store be devoted to a quasi-warehouse structure, rather maze-like, where shoppers serve themselves as stock-pickers.

Amazonian navigation in the bricks stores **MUST** involve *the retailer making lots of choices for the shopper*, beginning with where they go in the store. The requirements for focus demand that there be only **ONE** path. It may be possible for the retailer to create two or three "intuitive, instinctive, distinctive" paths. [See: "[Inside...](#)" page 40.] But designing the store with a single, dominant path, which the vast majority of shoppers in the store use, is the retailer's way of guiding the shoppers on an efficient path.

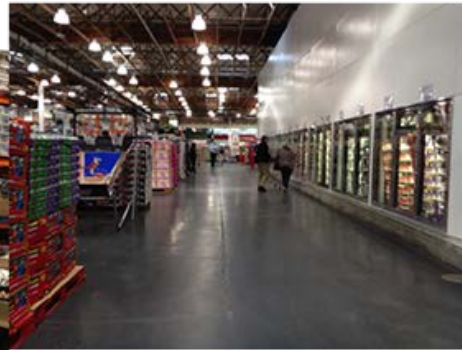
For an example of the single path, check the dominant U-turn in Costco stores, see "[The Super Performers.](#)"



The Costco path really is intuitive, instinctive and distinctive. (I didn't notice it myself until I actually measured shoppers' experiences in the store.) Costco also has a substantial long tail, which is visible to shoppers on either "warehouse" shelves on the outer perimeter of the store, or low table displays across the interior of the U-turn. Both are readily visible from the single dominant U-turn path, with plenty of opportunities for the shopper to listen to the siren call of the long tail. That is, any shopper, at any time, may turn aside to sate their interest in long tail merchandise, *off the dominant path*.



3. Back to Front



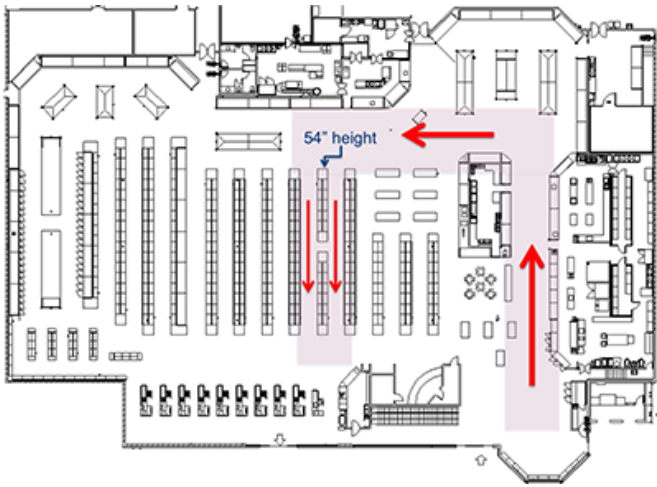
2. Across Back



1. Front to Back  
(entry on right)

An important consequence of the single dominant path is that it allows Costco to deal with the shopping trip as a *process*, an orderly series of offers and acceptances, just *as if* they were personal salesmen, selling to these shoppers, not just as a merchant warehouseman, *hoping* the shopper can find what they want and need. This will play a role in the Amazonian selection assistance, too. Simple in-store navigation is part of the reason Costco is a growing international player, now [number 3 globally](#) - right behind Walmart (#1) and Carrefour (#2.)

You don't have to rebuild the store in order to provide a dominant single path. Nearly any maze-like store can have a dominant path introduced with minimal fixture alteration. Most already have a wide aisle to the back, and a wide aisle across the back. Lower one gondola, from the back to the front of the store (4-5 feet high,) and put one or two cut-throughs in it. This is close enough to a *single wide aisle*, about 20ft wide, given usual aisle and gondola widths. It has the advantage of adding 2 or more end caps, and a large increase of visual exposure to all the merchandise displayed in what is effectively



a *compound* aisle. More cut-throughs, more end caps, an important tool for focus. In the example here, the store already had a wide aisle past floral and through the bakery and deli departments, leading to produce and then the fresh meat/poultry/seafood across from fine wines. This gets us to the return to the front, usually at the first checkouts to be seen from the back to the front, on the shopper's left. This is how you get Amazonian navigation into the supermarket — or any other store.

Summarizing the Amazonian navigation principles in bricks stores:

1. Provide a single dominant path to, and past, the merchandise most desired by the shoppers - the big head.
2. While maintaining visual openness to the rest of the store, and specifically to the large array of merchandise that is attracting shoppers to the store, even if sales of those long tail items is more limited.

Admittedly, Amazonian navigation seems a bit more complex in a bricks store, than the bits and bytes of online navigation. But the principle is the same in both: get the shopper *to* the merchandise they are most likely to buy quickly and expeditiously. Emphasis on the "most likely to buy." All the while providing ready access to the "long tail," without letting it muddy their efficient choices from the "big head."

### **Amazonian Bricks Foci #2-5: "Selection"**

In the navigation section we addressed the issue of getting the shoppers *to* the merchandise they want and here we will address how the Amazonian personal salesman assists the shopper to select just the option they want, focusing on small numbers of options, mostly from the big head.

The proper strategy is to use *crowd* statistics to relate to every shopper in the store, *individually*. At each point on the trip, ask, what will the crowd want, and answer that by reference to the transaction logs for the store.

### **Amazonian Bricks Focus #2: "Selection" - Immediate Close**

So we turn our attention first to the single dominant path, where MOST of the sales will occur. Begin with a guiding principle set forth by Joe Girard, the world's *greatest* salesman, according to the "*Guinness Book of World Records*." In his own words:

*"Over the years, I have discovered that the more choices presented to prospects [shoppers,] the more difficult it becomes for them to make up their minds. While I don't have concrete evidence backed by formal research, I have observed that when people have to choose from more than three choices, they have a hard time determining which to pick... I recommend offering a maximum of three."* [See: "Choices of Three" in "[How to Close Every Sale](#)" ([Commentary on Joe Girard's book](#)).]

Remember how Amazon begins, for the category you have selected, by showing you a ranked list of everything in that category, beginning with the top dozen or so? And expects that you will select some one thing from that list of greatest interest to you, as the very first step in navigation? And moving from navigation to selection, if you don't immediately buy what you clicked on (selected,) they offer you *two* or three options? In the aisle of the bricks store, the Amazonian salesman

will offer the single item you most likely want to buy, *in the immediate area wherever you happen to be*. For the vast majority of purchases, that should be on the dominant single aisle. Now, where in the supermarket do you expect to find "choices of three?" The *only* places to consistently offer only a few items for choice are the end-cap displays. And what does Costco have lining the right side of that single dominant aisle? Of course, it is a series of 37 end-caps, most with one, two or maybe a few items.

The "top seller" always has to be put into context of what is being sold. Amazon has "top sellers" in thousands of categories, but always is touting **ONLY** the ones in the category where the shopper is *right now*, as indicated by their click stream leading up to the current screen. In the bricks store this means that wherever the shopper is in the store, some type of distinctive "top seller" tag is probably appropriate. To avoid the challenge of too many identical tags in the store, I suggest (but have NOT tested,) a distinctive tag design for each department, with maybe 1, 2, and 3 baby food tags, very distinct from 1, 2, and 3 breakfast cereal tags in those aisles. I'm well aware of the risk of multiplying this approach, leading to an attenuation of its value. And hence would recommend tests in only a few departments, like produce and dairy.

This brings us back to the "[billion dollar tip](#)" on Amazonian sales. Amazon is NOT trying to sell the shopper what Amazon has in stock, they are trying to sell the shopper what the shopper wants! We repeat this distinction because it is so crucial. If you miss it, back up and meditate. ;- ) Amazon does not care what you buy, they will sell you anything they have that *you want*. This is true customer centricity.

To get the right focus here, for the supermarket, think about the 300 items that will constitute 25% of store sales. It is a LOT easier to figure out how to sell 300 items to the shopper, than the 40,000 in the store. (In fact, half the store's sales will come from something like 1500 items.) So, let's begin by putting the 300 items on the dominant single path, instead of willy nilly scattered around the store, many buried in the 40,000. Remember the illustration of the top 80 superimposed on the floor plan on the right above, in the maze illustration? So we begin with focus by assuring that the entire list of 300 dominates the single, wide navigation aisle.

### Two Closing Techniques

So the *immediate close* in the supermarket is heavily focused on two techniques, *the first of which is end caps*. That is because end caps often only have *three* items on them, automatically creating Joe Girard's offering of three. Here are examples of top category performers on end caps:

Category	Total Purchases (count)	End Cap Displays (share of category)	End Cap Purchases (share of category)
Carbonated Beverages	20%	47%	70%
Salty Snacks	15%	59%	73%
Crackers	11%	56%	66%
Breakfast Cereal	10%	23%	34%
Paper Products	10%	26%	43%
Bottled Water	8%	63%	85%
Cookies	7%	50%	70%

The first "Total Purchases" column is based, not on dollars, but on the number of purchase events in the category - essentially distinct items purchased, by count, not dollar. The second column shows the share of promotional displays for that category, typically end caps, but also freestanding aisle displays and others, across 13 stores for over a million shoppers. The end cap purchases column shows the share of category purchases, by count, *on the end caps*. Across these significant end cap performers, the average sales *per display* is 1.4 times the average purchases, 40% more than from main aisle displays — counting each 4ft aisle section as one display.

This average 40% lift is NOT due to price discounting. Glenn Terbeek, "[Agentry Agenda](#)," showed that only 25% of shoppers from a price discounted end cap were influenced by the price. The point is that end caps are an excellent sales tool, even without the limited effect (on sales) of lowered prices. Their *selling* is primarily due to their *focus* on a limited selection. See also, "[Mind Your Pricing Cues](#)," and "**No, the Customer is NOT Always Right!**" Note that some top tier global retailers are regularly using promotional end caps *without* any reduction in price. This does NOT mean that a low price image is not of any value. But the efficiency gains from Every Day Low Prices (EDLP), can be passed on to shoppers for genuine savings.

In the U-turn aisle illustrated, all 300 big head items should probably be represented. This does NOT mean that entire categories need to be moved here. For example, it is highly effective to use one of the refrigerated cases on this path to display a small selection of the best quality, highest margin, dairy items. DO NOT lower the prices! The "promotion" is the location, not the price, and shoppers will gladly give you the extra margin for meeting *their* needs more efficiently. (There is still a full dairy department elsewhere in the store to meet *long tail* needs.

The *second technique* involves not just making it convenient to reach the top seller items, but *calling out* the single highest top seller, to focus the most attention on that specific one. This is NOT a matter of selling that designation to the highest bidder amongst the brand suppliers. There are PLENTY of well justified opportunities for that, but not mixed and confounded with the shoppers' own choices. In essence, top seller is a type of "social marketing," in the sense that you are calling attention to what most of the crowd buys, from the options on display. Note that Amazon's online selling strategy would crumble if they allowed suppliers to *buy* the top ranking. They might make some short term profit gains, but if consistently practiced, they would erode a huge advantage they have against bricks retailers: customers have come to trust Amazon's rankings!

### **Amazonian Bricks Focus #3: "Selection" - Affinity Sales/Social Marketing**

There is nothing wrong with having a second or third option beside the Top Seller. There are several types of products that you can use to *encourage purchase of the top seller*. The first of these is affinity sales. In this case, what goes well *with* this item? The answer to that question requires no special culinary insight or marketing genius: When shoppers buy this specific item, what other items do they buy, that are expressly associated with this item? Like ham and eggs, wine and cheese, etc., etc. The answer to this question requires a careful statistical analysis of the transaction log to verify that *if* shoppers buy item A, they are *most likely* to also buy item N. Often the reason for the affinity is obvious — probably why "can openers" are often sold in canned pet food aisles. But we have to be realistic about the ability of bricks retailers to move *items* around, which is not virtually effortless as it is in Amazon's case. This means that affinities are more appropriately dealt with as *adjacencies* in bricks stores, and are better handled by categories, than by individual items.

However, there is one affinity strategy that may be especially appropriate for store brand products. For example, consider this pie crust example:

Notice that the store brand, "Shoppers' Savings \$," is priced 40% less (\$2.49 vs. \$4.19,) than the Shoppers' Choice, #1. In this case, we are calling the shopper's attention to the fact that there is a way to save "significant" money here. There is no reason to expect to divert shoppers from the *proven* #1 choice. The purpose is to tell the shopper, "Hey, if you are squeezing every penny - look no further, it is right here." The strategy is NOT to sell the alternate, but to represent that *this* store has got your back, if you really need to save money. But it's not that amazing that people will spend the extra \$1.70 for the Pillsbury product. (And Amazon has this same strategy at a much lower level, by giving you the opportunity to rank a selection of products by *price*, rather than by the rank order of their purchasing by Amazon customers.)



Remember, the price tells you *two* things: how much you will have to pay for this item, but also, how much this item is worth. That may seem like a tricky thing, but lots of studies have shown that shoppers will buy more of *the exact same item*, if you raise the price. I know that seems counter-intuitive to many people, but it's because your intuition does not match the facts of shopper behavior. The *shopper's* intuition is that the reason for the low price just may be because it isn't as good. The image of price fairness is more important than the price. And maybe a pie that you are going to bake yourself is *worth* the extra \$1.70.

"*Top Seller*" is only one, and the best of the Amazonian techniques for closing sales for shoppers. "*Social Marketing*" is another - other people who bought or looked at this, bought or looked at that, too. (Top seller IS a social marketing technique, because it features what "the crowd" — social — most purchased.) Caution: Many of these true selling techniques are weakened by the merchant warehouseman retailer, because if any technique is identified as working, then they may use it so profusely as to destroy any possible effect from its distinctiveness. Putting Joe Girard's thinking into their actions results in the grotesque distortion, "Well if one, two or three delivers a lot of sales, let's offer at least a dozen, and better, 100! This point alone suggests the typical dearth of sales competence in our merchant "warehousemen."

Summarizing the driving force behind Amazonian sales selection assistance, "*Top Seller*" when used selectively around the store, and ONLY!!! for true top sellers is THE proven technique, both for Amazon online, and also for bricks-and-mortar

stores. With a store with 40,000 SKUs, calling out 50-100 TRUE top sellers - selected from the top few hundred SKUs, is virtually guaranteed to generate significant lift *for the entire store*. Backing this up with *affinity* sales, carefully considered category adjacencies, provides a one-two punch for the most productive part of the store, the dominant single aisle.

#### **Amazonian Bricks Focus #4: "Selection" - Reaching into the "Long Tail"**

As attractive as the long tail is, it should be "seen, and not heard." This goes to the earlier observations about the long tail being used to "bury" the big head, with a large sales suppressive effect. So the challenge is to maintain the attraction of the long tail, its "pull," without dampening the "push" the big head naturally wants to exert. Remember, the big head is *mostly* what the shoppers want to buy — stop getting the long tail in the way.

Conceptually, we can solve this problem by maintaining the big head in a *selling space*, with the long tail in a warehouse space. In a sense, most retailers already have approximated these two spaces by having a wide, open, perimeter surrounding a narrow-aisled center-of-store warehouse. Unfortunately, many big head items are buried in that center-of-store warehouse and there are plenty of long tail items on display around the perimeter selling area. The bigger problem of the two is burying ANY big head items, anywhere.

The key then is making the warehouse space visually present in a maximum way. You can see how Costco has done this by leaving a very large warehouse space, rising to the ceiling, all around the outer wall of the building, and knocking the center-of-store space, also a lot of long tail area, down to under 4 feet in height, giving great visual access even to the far wall of perimeter merchandise, with visual openness, comparable to the top selling produce areas in typical supermarkets. Costco maintains an "off the path" large bazaar-like produce area in a far corner of the store, but maintains the openness through a very large percentage of the store. This combines two attractive properties for maximum use: the long tail attracts, somewhat indiscriminately; open space attracts, again somewhat indiscriminately.

#### **Amazonian Bricks Focus #5: "Selection" - Info, Info, Info**

Notice where Amazon puts the great bulk of their *info, info, info*: at the bottom of the page, out of sight and out of mind, unless you scroll down to see it. You can think of info as being in the category of long tail, to be seen, but not heard, unless you need it. The vast majority of information available to shoppers in the stores is already *on the package*. Providing info kiosks, brochures, short video clips, etc., can all be considered as info, info, info. This can be helpful *if* it doesn't get in the way of big head sales. Nothing should *distract* the shopper from the convenience and efficiency of speedy selection from the big head, *limited* product selection.

#### **Remembering the Future**

In his classic book, "[The Living Company](#)," Arie DeGeus describes the important technique of *remembering the future*. Recognizing that predicting the future is a fraught endeavor, DeGeus favored working out multiple plausible scenarios, and identifying logical courses to take, in the event that that scenario comes to pass. The thinking through of those potential future courses, well in advance, allows one to act expeditiously, if and when that scenario later materializes. As events unfold, one "remembers" this future from scenario planning and is better prepared to respond expeditiously - having long ago thought through as "what ifs," events evocative of those thoughts — remembering the future.

It is in that spirit that I outline here a scenario that is presently unfolding, but will extend considerably into the future, with attendant uncertainty. But what I describe here is speculation based on a solid foundation of observation and measurement (facts) in the present. Let's begin by reviewing the three essential elements of retailing:

1. Selling, that is, germinating the idea of purchase in the mind of the shopper, and carrying it all the way to culmination of the sale, the CLOSE.
2. Logistics, that is, getting the purchased merchandise to the buyers from the producers. This is not to ignore the value of getting it into the shopper's orbit, as a component of selling.
3. Payment, the movement of money from the customer to the retailer or their agent.

I have noted for years that Amazon is the premier "selling" retailer, and hope this dissertation at least stimulates your thinking, even if it doesn't convince you. However, my sometimes weak persuasive skills have no bearing on the fact I am stating here: If retailing only involved point 1, Amazon would already dominate the world of retailing. At the same time, Walmart is clearly the premier *logistics* organization in the world. Note this comment in [The Wall Street Journal](#), in a

discussion of Walmart relative to Amazon:

*"Wal-Mart's online sales aren't growing faster in part due to difficulties in figuring out how to efficiently and economically deliver products into the hands of online shoppers. It is an unfamiliar position for a company that muscled its way to retail dominance by creating an unrivaled logistics and distribution system that helped it relentlessly push down costs."*

So the premier logistics company is slow to move that capability and expertise to service online sales, all the while the premier selling company, Amazon, has aggressively pursued logistics, acquiring automated warehousing and experimenting with partnering with bricks-and-mortar retailers to provide neighborhood lockers in C-stores, and elsewhere, for the delivery of orders.

Meanwhile, Costco, who is not premier at either selling or logistics, is competently marrying those two skills to deliver outsize sales and profits. Notice that Costco is the ONLY major global bricks retailer to actually "sell like Amazon" in the bricks space - with others, like the regionals, HEB Central Market and Stew Leonards, doing credible jobs of leveraging the dominant single path, [originally patented in 1917!](#)

I believe that Amazon, Walmart and Costco are the three retailers to watch moving forward, and I expect all three to thrive. However, I haven't commented on their *payments* progress yet, the third component of retail. In order to be realistic in discussing payments, it is essential to recognize the coming *dominance* of the mobile wallet, which is dependent on smart phone technology. Last year I prognosticated for the [Wharton Future of Advertising 2020](#), this note on the mobile wallet:

*"It seems certain that the mobile wallet aka smart phone will drive widespread use of the smartphone for continuous use during the shopping process. This will be motivated by the elimination of checkout before exit, as checkout will be a continuous process as the shopper selects items, rendering exit checkout unnecessary and ultimately obsolete."*

*As a logical part of the smart phone becoming essentially the shopper's alter ego (containing a detailed personal transcript,) smart phones will have hardware/software recognition features that will make a smart phone, separate from its owner, non-functional. Psychologically, it may make most sense for the personal transcript to reside on the smart phone physically 'attached' to the person. But technically it may be preferable for the personal transcript to reside in the cloud, with accessibility tied to the person."*

I commented on this capability later by saying that my smart phone should recognize me at least as well as my dog Penny does. It is then with some gratification that I note that [Apple's latest release of the iPhone 5s](#) includes fingerprint recognition — the essential link that may give us the trust of vital financial access to a device, that could become mislaid, lost or stolen — our virtual selves! And of course this must have been in the works well before my articulation:

*"The very first iPhone introduced the world to the idea of touch as the most natural way to interact with a smartphone. Touch to hear a song. Touch to browse the web. Touch to take a picture. All of it began with something perfectly simple: your finger. And now we've taken touch to the next logical place with Touch ID, the fingerprint identity sensor. Your fingerprint is the perfect password. You always have it with you. And no one can ever guess what it is. But beyond that, it just made sense to us that your phone should recognize you. It should learn you. Not require you to memorize and enter passwords in order to use it. We also knew the right place to locate the sensor was where you naturally touch your iPhone - on the Home button."*

This doesn't mean that Apple and [Google](#) will be the only players in the smart phone wallet world. I take very seriously Walmart's technology lab, as well as their partnership with American Express to provide a high image card for the masses. Of course, Costco has long had an American Express partnership and custom card program. All of this leaves me looking for Amazon to introduce a "wallet card" function into the Kindle. For that matter, a [Kindle phone](#) can't be far off!

I have included Apple and Google as players in retail, Apple as the premier user technology company, and Google as the premier information player. Both companies have extensive tentacles into the retail space, either directly or through partners. And the sworn enmity between the two is reminiscent of the decades ago Apple/Microsoft contretemps. The difference being that both players today are large enough to force survival questions largely off the table. Now it is Apple's relatively closed garden approach to a magnificently conceived and executed tidy garden — centered around "locked" personal technology, to Google's far more expansive information technology, relatively open a la Microsoft, but with Google being THE player with

organizing and managing a breathtaking conception of global information.

These two distinct approaches have to be overlaid on the three major players I have identified as preeminent in their approaches: Amazon in selling, Walmart in logistics and Costco in merging the two. No one has, in my opinion, competently merged selling and logistics optimally, which will necessarily require a compelling smart device, compelling in the sense that the advantages of having it are overwhelming enough that more than half the shoppers insist on using it. Until that device appears, the game is afoot, but far from won by *any* party.

Now there is one more major factor that is transforming bricks retailing, but is likely to shatter much of the comfort of those retailers. As long as bricks & mortar retailing has existed, the bricks and mortar walls demarcated proprietary space for each retailer. That space, being open to the public, has long been fought over, by a public that sometimes wanted to use the space for purposes not approved by the retailer. This proprietary control included nearly an absolute proscription on any photography on the premises, not pre-authorized by the retailer. *That proscription has been effectively eviscerated by the millions of shoppers walking around stores with their camera smart phones*, not that a retailer might never ask a shopper to NOT take pictures.

The point is that the camera produces images which the shopper/camera person can remove from the store and use for whatever purpose they choose. And if it is OK to take an image of one display or package, why not all displays and packages?

I use this example of the camera, because the reality is that it is not simply light waves bouncing around the store, but all manner of electromagnetic waves, communication, that reach from outside the store to inside the store — and the reverse — that is abolishing the proprietary barrier of the four walls. Hence, a shopper looking at an item for sale in the store can glance at their phone and see the cost and availability of that exact item at any other store — or online. That ability presently is imperfect in convenience and scope of data represented, and inadequate to drive large scale use by shoppers. But the principle proves that a large measure of the proprietary nature of stores has been eroded. Retailers WILL lose further control of the shoppers in their own stores. And how and when this happens will have a MAJOR impact on the Apple/Google competition. Possibly both will win, but winning is very dependent on moving the principles of Amazonian selling further into the bricks space, and almost certainly through "wearable" technology, likely including the smart phone (communication to the cloud is essential,) which will probably be a "wearable" device by the time this all plays out.

My goal here is not to predict how this will play out, but to simply point out the existing factors which are likely to drive the outcome. I wish well for all players, and everyone who serves the shoppers WELL, will win!

The [Apple approach](#) to thinking about the shopper clearly transcends everyone else's efforts, even if they are not a player like Amazon, in retail. I like to think that if they took seriously the guidance on selling like Amazon, they would create a true personal shopping assistant, rather than relying on an army of app developers, none of whom have demonstrated particularly perceptive sales abilities.

Google, on the other hand, is more likely to develop a global perspective on selling to really transcend the online-mobile-bricks spectrum. Think about *selling* being a mental process. Selling requires stimulating the customer, and that process is essentially an information process, information taken to include not just cognition but emotion as well. This puts Google, as the premier information company in the pole position.

I'm not really trying to predict the future here, but simply to call attention to *current developments* that are likely to have major impacts on the retail world going forward. Personally, an intelligent shopping assistant, a la Amazon, I have not seen yet. But I have faith that it will happen. Ultimately, all three of the prime requirements of retail will become optimized — but there will NOT be one optimum. The weakest element of the whole system relates to shopper inefficiency, NOT retailer or supplier efficiency. This issue of the *Views* is intended to encourage more Amazonian selling within the bricks & mortar world. There are reasons that world is NEVER going away for retailing, also the reason that Amazon is moving more aggressively towards becoming a bricks & mortar retailer, than Walmart has moved to become an online force. However, NEVER discount mind presence in the global retail world — Walmart has it!

Here's to **GREAT "Shopping" for YOU!!!**  
Your friend, Herb Sorensen