



FITCH

The Arçelik Experience Centre For Publication

Arçelik

**DBA Design Effectiveness Award Entry –
October 2019**



EXECUTIVE SUMMARY: Arçelik is Turkey's leading brand of home appliances and technologies. After being voted Turkey's favourite brand nine years in a row¹, the brand was intent on evolving its customer experience and future-proofing its stores.

Following a previously successful retail design partnership, FITCH was selected to design the İstinye Park flagship store and elevate it from product retailing into an 'Experience Centre'. The brand wanted to be the first Turkish retailer to create a category-disrupting, omnichannel store design; revolving around digital hero retail attractions such as VR gaming experiences and interactive touchpoints.

FITCH's design of The Arçelik Experience Centre balances the best of traditional Turkish hospitality while showcasing the world of opportunities, products and services that Arçelik can provide customers with.

The launch broke records in the brand's retail history; a 390% increase in monthly footfall, 157% increase in sales compared with the rest of Arçelik's store estate, waves of positive customer feedback, a dramatic increase in customer data collection, and winner of various international 'Best Store Design' titles from the World Retail Awards, Red Dot Design Awards, and the Retail Design Institute².

Since then, the store design format has been rolled out into 400 locations, and three flagships. Brand perception has improved, locals benefit from the educational store features, the brand has enjoyed overall revenue growth y-o-y, digital engagement is at an all-time high, and new revenue streams have been developed with some of the world's biggest brands.

The brand continues to innovate its retail offering even further based on the success of FITCH's design, is on track to achieve its omnichannel market share target and is confirmed to roll out the design across a further 800 locations.



¹ "Marketing Turkey" Research

² Data shared by Arçelik HQ

CONTEXT AND OVERVIEW: Founded in 1955, Arçelik is a household name in Turkey and loved by all generations. Thanks to its strong trade network of about 2,750 shops and brands, Arçelik claimed 42.8% of the market in 2015 alongside key competitors Bosch, Vestel and Profilo. Traditional retail customers who searched and bought offline were the main customer segment, recording a Net Promoter Score (NPS) of 60%.

However, the onset of the global digital economy directly affected traditional retail performance and role, and without a set digital retail strategy Arçelik's NPS in the omnichannel customer segment was 17%. Consistent with the low NPS score, its market share with omnichannel customers was lagging at 37%.

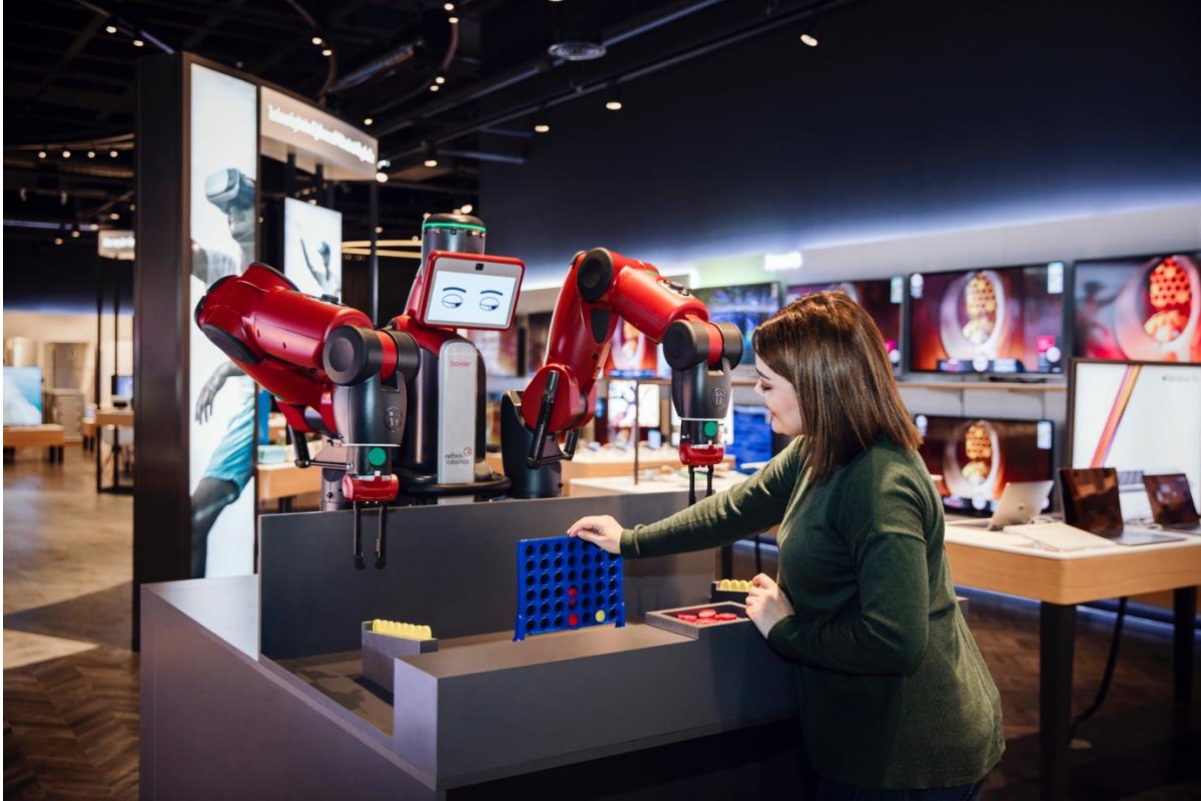
The Arçelik leadership team assessed there was a risk of market share decrease of 4% by 2022 if no corrective action was taken. With the right design partner and strategy to acquire omnichannel customers, they determined a potential to grow Arçelik's total market share to approx. 53% by 2022.

With online platforms and social channels being embraced by consumers, there needed to be better reasons to visit and return. It was a business priority for Arçelik to employ digital and retain its market-leading reputation.

The design of The Arçelik Experience Centre had to meet the following business objectives:

- Introduce new in-store customer experience technologies that would build on its market leading position
- Establish an omnichannel-focused retail strategy that would increase footfall in store
- Future-proof the brand's retail experience and directly increase sales
- Gain recognition as the lead innovator and technological expert in the market

FITCH's store design shifted the retail format from transaction to destination; a place for inspiration, play and discovery. Tech-focused features and services were upgraded and integrated to provide a seamless omnichannel experience for customers to interact with the brand before, during and long after their visit.



The scope of work was a new store concept design which included both flagship and standard stores, preparation of project strategy, omnichannel mapping, 2D and 3D design, prototyping, as well as retail toolkit and guidelines.

Stage 1 of the design process was dedicated to extensive insights, customer behaviour and strategy development; gathering data across audits, interviews, local and global trends, and defining different shopper missions and journeys to develop a unique Arçelik retail experience strategy. FITCH specifically identified and mapped key touchpoints for Arçelik's physical stores as well as online channels, in order to outline the best omnichannel approach.

FITCH created a design concept; 'The Intelligent Home' – a tribute to Arçelik's brand roots as leader of home technologies, and a concept which would best host an exciting and aspirational destination to discover and learn.

Store features were designed to delight the customer, and therefore naturally increase time spent in stores, visit frequency, conversion rates and basket sizes. Updated retail features include RFID, iBeacon technology, touch screens and video walls, all of which can display different content to a specific campaign or season. Attraction-focused features include VR gaming experiences and AI-led interactions such as the 'Connect 4 Robot Challenge'.

'The Hangout' in the centre of the store is designed around an 'On the Go' concept; the space showcases only the latest and most exciting products and is anchored by an active coffee and conversation bar for social interaction and chatting with Arçelik gurus. Behind it lies the amphitheatre, which hosts local speakers and talks for the local community to enjoy.

Four wider experience hubs champion different product categories, and host workshops for learning everything from cooking with guest chefs, to dedicated photography and digital art classes. The design of an in-store app means shoppers are greeted and alerted to personalised deals and events starting within the next hour.



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The customer experience journey is monitored through a real-time dashboard, quantifying our experience design into meaningful numbers. Metrics range from revenue to NPS score, data enrichment targets of newly integrated ERP tool to the fulfillment of expert appointments in store. Data collection on this scale allows the brand to personalise in-store, fit into consumers' wider lifestyles, stay agile to changes in consumer behavior, and ultimately thrive in the future.

The Arçelik Experience Centre in İstinye Park launched in October 2017.





RESULTS: The Arçelik Experience Centre design is performing above the original business objectives set in the design brief – from launch to present day.

Following the launch, footfall was recorded at 4.3 times that of any other Arçelik store, and product sales at 3.7 times over the average in other stores. Customer feedback captures included the following quotes³:

- *"It's a beautiful store. Very innovative."*
- *"Last time I was here I got to try a smoothie from Arçelik's blender. It was extraordinary because there is no other technology store in Turkey that does that."*
- *"We saw the store while walking around the mall. It is a very elegant store. In fact, the window display led us in."*
- *"This store is beyond other Arçelik stores."*
- *"Arçelik stepped into a new age [with this store]. We bought a vacuum cleaner and we got to try it first."*
- *"I can feel that experience is the focus point in this store."*
- *"This store mostly looks like a technology center for youngsters."*
- *"A store that can be world's [best] concept. I'm proud of Arçelik....it really is a beautiful store, there is none like it around the world."*



As of 2018, further results data has been captured to demonstrate the positive cause and effect, scale and power of the new design.

The newly designed omnichannel stores generated a 22% increase in revenue on top of average growth⁴. This powerful figure highlights the brand's omnichannel store design has not only encouraged increased spend in-store, but also indicates spend is coming from other channel touchpoints now accessible to customers. Digital engagement is at an all-time high – website traffic was recorded at 15m clicks per year in 2017, and in 2018 the figure was nearly doubled to approximately 28m clicks⁵.

FITCH's store design has led to a boost in trade profile, and consequentially has developed new revenue streams and partnerships; Arçelik has reported that since launch, it has accommodated new third-party business with some of the world's biggest and most innovative brands, including Dyson, Apple and Bose⁶.

The Arçelik Flagship Store at İstinye Park received the 'Best Store Design' award at the World Retail Awards, as well as 'Best Store Design Award' in the category of 'D. Hard-Line Speciality Stores' by the Retail Design Institute.

⁴ Data shared by Arçelik HQ

⁵ Data shared by Arçelik HQ

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The new store design has contributed to a remarkable leap in brand perception, with a positive perception rate of 57%, against the 33% benchmark⁷. Other highlights include:

- 54% of visitors perceiving the brand as innovative, compared to 35% previously
- 59% of visitors perceiving the brand as a brand who cares for customers, compared to 42% previously
- 48% of visitors perceiving the brand as technological, compared to 37% previously
- 74% overall satisfaction from the store experience, compared to 47% previously
- 61% chance of referral / recommendation of store visit, compared to 37% previously

This data proves that the new design has elevated Arçelik's brand reputation into one which is technological and innovative – keeping it relevant and market leading. It also confirms that the new retail experience is one which is satisfying; the focus on and investment into inspiring customers has successfully evolved its reputation as a brand which now helps people achieve.

Internally, stakeholder behavior has undergone a major positive shift – any initial skepticism around design factors, such as reduced SKUs and dark palettes for the floor and ceiling, have been retracted and now praised in line with the ongoing positive business results reporting.

Looking to the future, Arçelik is on track to achieve its total omnichannel market share to approx. 53% by 2022. Plans are in place to roll out the design across a further 800 locations, as well as further innovate from the design by optimising and monetising the digital touchscreens so customers can buy products regardless of in-store stock levels.



⁷ Data shared by Arçelik HQ, via Envirosell Research Agency





