Sleep Number: How Circular Commerce Brings Success Full Circle

By Kenneth Nisch, Chairman, JGA

Today retailers need a clear-cut focus to become consumer-centric. According to Andrea Weiss, founder of the O Alliance, "To achieve true customer centricity, retailers must connect a shopper's activities online, in-store, on social media, and via mobile apps to create a universal customer profile," a concept she characterizes as "Circular Commerce." The Circular Commerce model is increasingly being accepted as the way forward with traditionally focused brick-and-mortar retailers with high store count and a current reliance on their "four walls" for profitability.

Likewise, Circular Commerce is the current model for what would be considered as the "Next Generation" of emerging brick-and-mortar retailers. These include a diverse group of brands (e.g., Tesla), catalog or online retailers (e.g., Sundance and Soft Surroundings), the "disruptors," which are online companies with a "Webroom" concept (e.g., Blue Nile), and other retailers that, while they have strong online presence, are challenged to integrate that strength into inline capabilities. Other groups with a brick-and-mortar business model, such as off-price, have also found it challenging to create effective digital models for fear of eroding their already challenged traditional retail business. These off-price stores include the traditional retailers that we all know, but increasingly "branded" off-priced stores such as those being offered by Nordstrom, Macy's, and more.

'Upsmarting' for Savvy Consumers

Digital becomes critical when it becomes the platform or bridge that can sustain and drive the economic incentive for brick-and-mortar retailers in reducing their store count and associated expenses. Or it can provide the emerging brick-and-mortar retailer a platform to provide the full breadth and assortment that the customer has grown accustomed to through their "endless shelf" digital retail model.

As customers become insatiable information and peer review "junkies," the approach to connecting and reinforcing their digital lifestyle has opened the door for more interface and interaction. This may be in terms of attracting, engaging, or interacting with customers accustomed to being in the "driver seat" versus feeling they are at the mercy of the traditional retail associate.

The intelligence of product – borrowing from the term upcycling, I would call "upsmarting" – is taking even the most mundane products in our life, such as the mattress we sleep on, and turning them into veritable "space shuttles" that only can be fully demonstrated and explained through strong digital messaging, powerfully complementing the traditional associate, cast member, or ambassador (e.g., salesperson) who exists in retail today.

Launching 'It'

A great example of a company that is on the vanguard of connecting these facets is Sleep Number. Already one of the most highly productive retail environments within American retail, their use of platforms such as the annual Consumer Electronics Show to stretch and explore new thinking and new ways to connect with customers both intellectually and emotionally, always places them at the forefront.

Scanning is used to gather biometric data. (Photo credit: Angela Gearhart).

Their approach to the proverbial high touch/high tech has most recently led to a very interesting Consumer Electronics Show hosted experience. The exhibit was singularly focused on launching the new "it" bed by Sleep Number.

Targeting the more than 170,000 attendees at the 2016 CES, along with mass influencers (including national media), their goal was to engage and attract the target Millennial customer. Working with The Science Project and JGA to bring the concept to life, the exhibit digitally communicated product benefits though a unique 15-foot-tall curved HD projection screen, impacted by biometric data with a radar-based sensor developed to sense motion and breath. The data was then translated by a customer application from the sensor into an immersive audio and light show – creating a unique bio-signature for each attendee.

A biometric-activated light show was featured in the Sleep Number exhibit at CES. (Photo credit: Angela Gearhart)

This bio-signature then drove an individualized light and audio show through the surfaces of the booth. This use of light, sound, imagery, and of course, the human experience, to amplify the consumer's emotions, allowed Sleep Number to share and engage the curiosity of the surrounding visitors resulting in being named among the Top Five "Best of CES" by the leading exhibit magazine.

Bringing Digital In-Store

In the case of Sleep Number, a connected product, or one that brings together well-being, relationship enhancement (such as using technology to save a "snoring-challenged" marriage), and a customized sleep solution at face value would seem easy to communicate. However, much of the "magic" of the product lives in the abstract. For example, its intuitive ability to sense, accumulate, and analyze information derived from its user's lifestyle presented big challenges in communicating. By focusing on the transformational character of the environment through literal digital expression using screens, interactive monitors, and the more visceral (i.e., color change, sound, lighting intensity) a win-win was created for the brand. Add the implicit versus the explicit and it delivers an outcome that was both "foreground and background" from a sensory perspective.

An LED light chandelier was installed to attract passers-by. (Photo credit: Mark Steele)

The new prototype store for Sleep Number at Easton Gateway Center in Columbus, OH, advances the company's position as sleep leader with a digitally integrated store experience designed to attract, engage, and educate the customer. Breakthrough innovation and technology integration elevate the brand experience to provide a warm, approachable, simple, and intuitive environment through bene-

The new Easton Gateway Center prototype store features a digitally integrated customer experience. (Photo credit: Mark Steele)

fit-driven interactives.

The journey begins with the exclusive Individual-Fit™ 3-D imaging technology. This interactive experience allows customers to see and feel the bed adjusting to their perfect level of comfort in real time. Individualfit™ visually demonstrates how a customer's pressure points melt away as they find their perfect Sleep Number setting.

Through custom mapping software and projection screen technology, the digital interactive creates a unique experience building credibility and confidence in the purchase. "The innovative digital experience – including elevated aesthetics through materials, textures and signature patterns, as well as simplified messaging that showcases the newest breakthrough technologies – provides a feel more like a modern bedroom in a residential setting. Even though it is more technology-driven, it puts you 'right at home,'" said Angela Gearhart, Sr. Director, In-Store Experience.
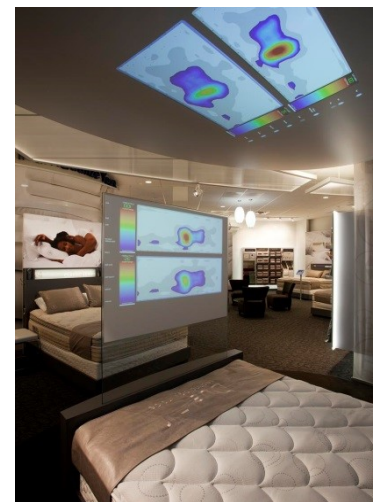
IndividualFit™ imaging technology demonstrates where the customer's pressure points are on the mattress. (Photo credit: Laszlo Regos)

Best in Class

Gearhart said, "Sleep Number has transformed our retail portfolio over the past five years resulting in an 80 percent comp improvement, and contributed to delivering record sales of $2.4 million per comp store for the trailing 12 months." She added, "Sleep Number's productivity ranks among the top 10 retailers in the U.S and consistently delivers on ROIC (Return on Invested Capital) expectations."

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