

Pool & Spa Retail 3.0 Blueprint

7 Steps to Survive and Thrive in the
New Retail 3.0 Ecosystem



Copyright 2020 Sutro Connect

Retail trends are being transformed by a customer-focused mixture of online, on-demand, and on-premise purchases that many traditional retailers have yet to embrace and the pool and spa business is no different. The only way to survive, and indeed thrive in the new world of [Retail 3.0](#) is to embrace the store as a destination, a fulfillment center, a source of data, and a catered neighborhood experience.

To seamlessly, painlessly, and losslessly achieve this, we have developed a Pool & Spa Retail 3.0 Blueprint. It will give you the tips, tools, and techniques to start addressing this movement no matter if you are a local pool & spa store, a regional chain, a pool and spa service professional, or even a builder.

Retail 3.0 Trends

Retail 3.0 is driven by several trends that *CB Insights* categorized in their research brief [Reimagining the Physical Store](#) and *Seeking Alpha's* post on [We are in the Retail 3.0 Era](#). Although the trends presented are put in the context of big box retail, such as Walmart, Home Depot, and Target, the trends equally apply to the pool and spa industry. These trends are detailed below as well as in our blueprint for how Sutro and its' partners will build a pool and spa Retail 3.0 ecosystem.

As we discussed in our blog post, [How Retail 3.0 will Transform the Pool & Spa Business](#), we agree with both *CB Insights* and *Seeking Alpha* that the following trends are happening and need to be embraced. The full post is also in the appendix:

- **Trend #1 -- The Store as A Destination:** Pools and spas are natural community builders and it follows that the pool store should be, too.
- **Trend #2 -- Store As Fulfillment Centers:** Pool and spa chemicals are bulky and dangerous. Being able to deliver or ship directly to customers from your store adds value to a busy customer.
- **Trend #3 -- Data Collection:** Pool and spa business owners need to understand the importance of data collection and ensure that they have as much data on their customers as possible.
- **Trend #4 -- Localization:** Pool and spa business owners should use their local knowledge to “super service” their customers by providing products and services that keep customers coming back for more.
- **Trend #5 -- Be Useful by Skating to the Puck:** Start the move to Retail 3.0 even if you can’t get all the way there. There is still time.

That last trend is something that we’re going to cover in the blueprint along with some additional details on the other four trends. The nice thing about the Pool & Spa Retail 3.0 Blueprint is that you don’t have to do everything all at once. We purpose built the Blueprint to allow you to experiment and do things incrementally. We also provide plenty of real-life examples of what we’re talking about and additional resources to take a look at.

We’re confident that everything we talk about in the Blueprint will work for every business. Our goal is to give you the concepts, tools, and actions to see what works for you. Let’s get started.

A 7 Step Blueprint to be Retail 3.0 Ready

Step 1: Determine Your “80/20 Rule” For Products + Services

The Pareto principle was discovered by an Italian economist named Vilfredo Pareto back in 1896. It states that, for many events, roughly 80% of the effects come from 20% of the causes. Many natural [phenomena](#) have been shown to follow this rule. It's important to understand this principle because we want to focus on the 20% of your business that's giving you 80% of the returns. I'm sure, intuitively, you know what this might be but it's important to spell it out exactly so we can properly analyze it.

For some large scale businesses, this principle also applies in that 80% of the revenue will come from roughly 20% of the customers. For a pool and spa retail or services business, this is probably not the case but if you have multiple services and products, the chances are that you'll find this relationship. If you don't find it for specific products or services, then look at the categories of products and services (e.g. chemicals, cleaning schedule, etc.).

If you have a computerized accounting system, running a simple sales report should yield a list of what makes you money.

Step 2: Analyze Your Offerings

The most innovative Retail 3.0 companies are the Direct 2 Consumer (D2C) types that cut out the middleman and pass the savings on to the customers. We can learn a lot from their strategies to fine tune what will be the best strategy for your business. Some examples from this CBIInsights [report](#) are listed below.

- Casper – How to sell \$100M of mattresses by limiting choice
- Harry's – How rolling back the razor got Harry's a million customers in 2 years
- Allbirds – How limiting sneaker feature creep let Allbirds 4x its first year sales projections
- Bonobos – The \$310M brand launched by a single pair of good pants
- BarkBox – The box that launched a \$150M a year company
- Chubbies – The shorts that have driven this \$40M/year company's growth

If you look at the report (which we recommend you do), you'll find that these high growth companies simplified the customer experience so that [decision fatigue](#) did not overwhelm their customers. When there were lots of choices, these companies made making a decision easier by giving customers pre-selected or curated items that made the experience enjoyable.

Take a look at your offerings and see if you're making it easier or harder for a customer to make a decision. Some questions to answer include:

- Do I carry too many products?
- Have I curated a bundle that's easy for customers to buy?
- Is it hard to get around in my retail space?
- Do customers want to be in my retail space?
- Is my retail space cluttered with products or are there old products laying around?

Once you know the answers to these questions, take a look at your 80/20 analysis and see how you can make it even easier to purchase those fast moving products or services. The focus should be on reducing the friction your customers feel when doing business with you. That's the power of a Retail 3.0 strategy -- its main purpose is to reduce the buying friction between your business and the customer.

Step 3: Brainstorm Uniqueness About Your Business

Uniqueness is what people remember. It allows you to get past all the noise in the world and get the attention of new customers and keep the attention of existing customers. The trick with uniqueness is to pick a set of things that make you unique. Avoid, if possible, price since that can be easily manipulated by big box competitors.

Instead, consider some of the unique aspects of the pool and spa industry that might apply to your business:

- Water Sample Drop Off
- Kids Play Area
- Convenient Parking
- Call ahead orders for pickup
- 24/7 service
- Delivery Service
- Certified repair center
- Online service status

Of course, this is not an exhaustive list and I'm sure you'll have come up with lots of others. These unique characteristics are what we'll use to see how valuable customers think they are and how they correlate with Step 1 and 2 above.

Ideally, your uniqueness list and step 1 and 2 list will overlap. This is what you want because this means that your main selling products or services are unique to you. As we said before, uniqueness is a great selling point and are also good candidates to expand and promote with a Retail 3.0 strategy. See the appendix for some more experiments as well.

Step 4: Create 3-4 Customer Success Stories

A [customer success story](#) is meant to better understand the success of your ideal customer. I'm sure at a gut level, you know 3 or even more types of customers that your business interacts with and the success you give them. These are akin to reviews, only longer and positivity directed towards your business. What we mean by success is a happy customer that comes back again and again.

The process of creating these customer success stories gives you valuable insights into what repeat customers like about your business. This is the first part of what we'll do more of in Step 6: Know Your Customers.

We'll start with only a few customers because you're in the data gathering stage and frankly, you might not know what to ask them. That's why it's important to find some of your most loyal customers and ask them. For some great examples, checkout [Salesforce](#). We also have a template of some questions that will help you create these stories in the appendix.

Step 5: Evaluate Your Digital Assets

A big part of Retail 3.0 is the integration of brick and mortar with the convenience of digital or online assets. The best example of this, as of this writing, is Target.

Target has an extensive digital presence as well as brick and mortar stores. For customers, it's easy to browse online, order items, and either pick them up or have them delivered. Of course, Target has spent countless tens or even hundreds of millions of dollars on building up this capacity. For most pool professionals, this is clearly overkill but we can learn from what Target, Wal-Mart, Whole Foods, Amazon, and Warbly Parker does to make being a customer a convenient and enjoyable experience.

Basic Digital Assets

In this day and age, it's essential to have some basic digital assets so that customers can not only find you but also see signs of life. These basic digital assets don't have to be complicated or costly but they do have to provide a clear, concise, and compelling case for doing business with you. These basic assets include:

- Logo
- Website: The components of which include (at a minimum):
 - Products or Services Provided
 - Information About Products or Services
 - Contact Form
 - [Google Business Listing](#)
 - [Yelp Listening](#)
 - [Better Business Bureau Listing](#)
 - Regional Business Listing
 - Trade Association Listing

The reason these are the basics is because what we want is when someone searches for your business online, say via Google or Bing, a current listing comes up. This listing has to look professional and be easy for people to contact you.

We consider these the minimum digital assets to start with in order to start building your Retail 3.0 business process.

Advanced Digital Assets

Once the basics are done, there are a lot of other digital assets that can be built. Not all of these assets are for every business but if you're looking to take advantage of the Retail 3.0 environment, you might want to consider adding these in too. These assets include (in order of importance):

- Email List Service (like MailChimp or Constant Contact)
- Social Media
 - Facebook
 - Twitter
 - Instagram
 - YouTube

- Blog: Helpful tips that your customers need to know.
- Guest Posting
- Help Desk
- Podcasting
- Scheduling and Calendaring Tool
- Online Shopping Cart (including payment processor setup)
- [Google Ad Words](#)/ [Facebook Ads](#)

These advanced digital assets will help your business engage with more customers and allow you to garner some key insights into their behaviors. Of course, some of these assets will be more applicable to the type of business you have but all are important to know about and understand. Let's look at them in more detail below:

Email List Service (like MailChimp or Constant Contact)

Email is one of the most effective ways to communicate with customers. The only better way is probably the phone but who really uses their phone to make calls anymore. We jest but it's true that email can be a powerful tool for customer engagement even with a small list.

The trick with email and frankly all customer communications, is that it must provide value to the customer in some way. That could be a tip or a tool or a deal. The best emails are entertaining and helpful as well as telling a compelling story.

There are several email services to choose from and most can be learned easily enough. We always recommend starting with a free one (like MailChimp) to get started.

Social Media

There are a lot of options for social media nowadays. The major ones include Facebook, Twitter, and Instagram. The good news is that you don't need to have a presence on all of them. It's best to pick the one(s) where your customers tend to hangout. If you don't know, then it's best to ask.

The one trend that seems to be happening now related to Facebook is the idea of groups. It turns out that a user's feed (at least at this writing) will be dominated by their membership into groups. So if you have something valuable to contribute to them, groups might be your best bet. That's what we did with our Sutro Cabana Club, which is for users of our Smart Monitor.

YouTube can also be a good way to show and teach customers skills. YouTube search and discovery is completely different from Google (even though Google owns them). This means that you'll have to spend more time writing a description and adding in keywords since video search has not yet been perfected.

Blog

Blogs are a great way to write useful content that customers and search engines will like. A blogging strategy is an effective way to rank higher for Search Engines Optimization (SEO). An SEO strategy takes time (6-12 months) to bear fruit but it's a wise one if you have something unique and novel to say or you have some valuable information to share. For a regional business, blogs are a good way to show that you know a lot about the local area and what will impact a customer's experience.

Fair warning on blogs. You'll have to keep them current and add content on a regular basis but they also have a long useful life. There are some blog posts we wrote 3 years ago that still get good organic search traffic.

Guest Posting

Building up your reputation as an expert is an important online technique that is accomplished by contributing to sites that have authority. These sites could be industry news sites, like Aqua or blogs like Swim University. Like blogging or SEO, this strategy takes time but can be helpful to get potential customers to your business.

Help Desk with FAQ

An online help desk with a Frequently Asked Questions (FAQ) section allows customers to get answers fast. Some online help desks are staffed by real customer support people and some are Artificial Intelligence (AI) bots that look at the incoming text and figure out a customer's questions.

A help desk is a big commitment since the best ones have an actual person on the other end ready to type back an answer or talk with someone on the phone. While they can be expensive, they are powerful tools for customer engagement as well as showing customers how much you care about their success.

Scheduling and Calendaring Tool

The easier you make it for customers to schedule time with you the better. Online tools for scheduling have come a long way and are useful for all sorts of things. Most good scheduling tools will also have a way to embed the functionality on your website. A great examples is <https://calendly.com/>

Podcasting

Similar to guest posting, podcasting is a new and emerging medium that is like what talk radio was 30 years ago. People are consuming more and more audio content and getting on as a guest or starting your own is a good way to engage. Like anything, it takes commitment and some resources to pull off. We suggest being a guest on a podcast before you start your own.

Online Shipping Cart

A big part of Retail 3.0 is the ability for you to make money while you sleep. What this means is that customers can order products and services from you via your website. The way that's accomplished is through an online shopping cart like WooCommerce or Shopify.

Step one of this Blueprint will give you a good idea as to what can be put in an online store. You'll also want to consider products or services that are simple to buy online or customers are used to buying online.

Online shopping carts can also integrate with email tools so that you can directly correlate emails to sales. That's an important connection to make since figuring out what works can be a bit tricky.

Google Ad Words/Facebook Ads

We put paid online ads last because it's the hardest to figure out what really works and can be expensive. It's also important that the other advanced assets be in place to fully take advantage of any type of ads.

The goal of any ad is to convert to a sale. The more direct the click to sales path, the easier it will be to justify your ad spend. It's rare that a general awareness advertising campaign will result in sales for regional pool and spa businesses. What's best for that is good online SEO and having local listings in trusted organizations. Even Yelp is a better alternative than a general Facebook or Google Ads campaign. If you'd like to explore local ads, then this [article](#) is a good starting point. We'll also have some ideas in the experiments section to understand and be effective at making successful ads.

Overwhelmed? Don't worry, we can help

If you're feeling overwhelmed about all this, don't worry. We can help you figure out what's best for you when you're ready. We have access to countless resources and consultants that know pool and spa marketing. We provide help to our Sutro Partners and we also get discounts on services once you're ready to implement.

Step 6: Know Your Customers

Knowing who your customers are is vital to long term success and what parts of Retail 3.0 will work for them. The easy customers to know are the ones that walk into your store (if you have one) or the customers you see regularly or the ones you developed a customer success story about above. Some of these customers will be super fans of your business while others might come out of convenience or price or something else.

You'll want to focus on the customers that would be **greatly disappointed if your business went out of business**. These folks are your super fans and they hold the key to why they keep coming back to your business. So, how do you figure that out?

One of the best ways is to ask. If you have their email address, then you can send them a survey or you can have a printed survey at your store. We'll have some sample survey questions as well as some free resources in the appendix for you to use.

Once you understand your super fans, you can then start to cater to their other needs. This might take more time and money so we don't recommend doing this right away. We have some experiments in the appendix that you can try out once you're ready.

The initial customer success stories (step 4) will not only give you some good quotes for your website but will also allow you to confirm what those customer stories revealed. For example, if your customer success stories reveal that being able to drop off a water sample is the reason they come back again and again, you can add that question to your survey. Better still, you can tell other customers that you offer the service as an experiment and see if business increases.

Step 7: Run Experiments Based on What You Found

Experiments are a great way to figure out if something will work for your business or not. If properly done, a well designed and executed experiment will give you valuable insights into what you should focus on.

Experiment Design

Before you try something or spend a lot of money, it's important that you come up with a hypothesis that you can test. A hypothesis is the question wishes an answer too. As an example, we'll take a question that our founder, Ravi, posed to his dad when they were running a retail store:

Hypothesis: Will customers spend more money if we keep the store cooler?

This might seem like an obvious answer to some of you but it's a good hypothesis to test because it's 1) easy to implement and 2) sales are easily measurable. Of course, there could be lots of confounding factors like time of year, sales, outside air temperature, etc. When you're designing your experiment, it's best to pick one variable to change so that you can compare it to your status quo or baseline conditions.

In this case, our one variable is store temperature, which we're going to change and we're going to keep everything else constant.

The experiment should also be done for a length of time to see a change. For retail or a service business, this will depend a lot on the change. If it's a new service, then the duration might be months. If it's changing the temperature of your store, it might be a week or two.

Data Collection

All experiments need to have a baseline to compare to that keeps as many variables constant as you can before you change your conditions. In Ravi's case, they had the baseline of store temperature and sales for many weeks prior so it will be easy to compare to.

You then run the experiment for the duration to see what might happen. It's important to run the experiment for the agreed upon duration and not to change any other variables to the best of your ability. Changes in other variables might confound (confuse) the results. This is probably the hardest challenge in experiments since controlling the experimental environment takes time and effort.

In Ravi's case, they ran the experiment for 2 weeks.

Results Analysis

Once you have run the experiment and collected the data, it's now time to look at the results. It's important to do this step because you'll want to have a quantitative number so that there are no debates as to what the effect of the experiment was.

Simply compile the data and compare it to the control or baseline to see what happens. The other thing to keep in mind is the cost to do the experiment or the cost to implement the change. For example, if you increase revenue 5% but it costs you 10% to do it, that's a negative 5% return. Clearly, you don't want to do that.

In the case of Ravi's pool store experiment, revenue went up 15% when they made the store cooler. When they looked at the cost to decrease the temperature, it was about 2% of revenue. So the net was a 13% increase in revenue by decreasing the temperature in the store.

Of course, you probably had a gut feeling that that would be the case but it's best practice to always have the hard numbers to reference and what a change would cost to implement.

Start Small and Expand

Ravi's simple store temperature experiment was a good one to try because the variables were clear (sales vs temperature) and the cost was low to try it out. Once you get comfortable experimenting, you can try more complex experiments. The methods and steps are exactly the same for simple or complex experiments.

Next Step: Rinse and Repeat

Okay, so technically this is step 8 but we kept it separate because you might not go through all the steps above for each experiment. As an example, you may not do more customer stories since you found that those are good enough. The goal of this type of process is to do small things at first to see what affects your bottom line. Then, you can move on to bigger projects when you know that it will have a higher probability of success.

As you start to implement some of the Retail 3.0 techniques we mentioned, you'll figure out what works for you. This is an important process to undertake because not all things work for all businesses.

Want to Learn More?

At Sutro, we're committed to building the technology, products, and services to make Retail 3.0 for the Pool and Spa industry a reality. We're always looking for like-minded pool and spa professionals to join us as a partner. If you're someone who likes being at the cutting edge of technology, business, and social trends, then send an email to partners@mysutro.com or sign-up on our partners page and we'll talk more.

Appendix 1 – Customer Success Story Process

The most effective review, testimonials or success story has a compelling narrative that potential customers can skim. The questions and process below have been adapted and expanded from this excellent article by [ThriveHive](#).

Step 1: Develop a set of Specific Questions

General questions can sometimes confuse a respondent. That's why specific questions are a good way to get them to think about your business. Some of the best questions to start with are numbers since they are easy. As an example, a question like: On a scale of 1 to 10, with 10 being the best, how would you rate our customer service.

Step 2: Ask for Numbers, if Possible

Like we mentioned above, numbers are a good, quantitative way to compare to other respondents as well as a way to benchmark to other companies in your industry. One of the best numbers to use is the [Net Promoter Score](#) or NPS.

NPS is an industry standard way to gage how likely a customer will promote you to their friends and family. It's a good level set question since if the NPS is low, the responses to follow might not be the best to use for a customer success sort.

Step 3: Tell Stories

Everyone loves a good story. We have been telling stories around the campfire for as long as we could make fire -- probably even longer. A good story will captivate an audience and be memorable.

Stories also have structure and since humans love nothing more than patterns, it's good to know the structure, which is below (courtesy of [Story Grid](#)):

- **Beginning Hook:** Stories are about change and the bigger the change, the more we want to read.
- **Middle Build:** This is the struggle to deal with the change that happened in the hook. It's how our hero is battling the dragon.
- **Ending Payoff:** How does the story end? Does the hero slay the dragon? We hope so and for a customer, it's that they love your product or service.

To get good stories out of your customers, you have to be curious to the point of fault. What I mean by that is you always have to ask the question behind the question or how I like to put it, “be dumbo Colombo” after the detective Colombo who always got the straight story since he always asked “one more question.”

The ultimate goal of a customer success story is for your super fans to tell all their friends.

Step 4: Focus on the Outcomes or Problems Solved

The ultimate payoff for your story is that you solved a problem for your customers. You helped them slay the dragon and solve a problem. It's best if the problem is quantifiable (like we saved 50% off our material cost) but it's not required.

There are lots of customer success stories that have nothing to do with outcomes but everything to do with how the product or service makes your customer feel (like every time I put on my Foxx river socks, I feel awesome). The trifecta would be if you get both, and a witty quote.

Step 5: Make Your Story Skimmable

Skimmable stories are ones that use a liberal amount of white space as well as headings, lists, and callouts. A long success story is made more impactful if it has easy entry points for customers to read. This is why callouts, quotes, graphics, headers, and bold type should be used.

Of course, your brands style guide will also need to be used as a guide but it's generally a good idea to not go more than 100 words without a break. As an example, this is eighty-eight words.

Step 6: Allow The Customer to Review Before Publishing

Once your customer success story is compiled and formatted, send it to the customer for final review. I know, it seems obvious, but you'd be surprised (and shocked) how many companies don't do this. Usually, it's because they want to rush it out to hit a goal or deadline. While goals and deadlines are important, it's much more important to make sure your happy customer stays happy.

Appendix 2 – Customer Survey Resources

Surveys are a great way to get feedback from customers and figure out the best way to serve them better. There are a lot of different types of survey questions and services to use. We recommend [Survey Monkey](#) since it's free and easy to use. They have several canned surveys that you can use straight away. If you'd like to do your own, then consider the questions below as some ideas for your own survey:

- How would you improve our product/service?
- If you could change one thing about our product/service, what would it be and why?
- What is your favorite aspect of our product/service? Why?
- Why did you choose our product/service rather than a competitor's?
- What are a few words you would use to describe our product/service?
- Would you recommend us to a friend?
- In-store customer service experience
- Ease of the online purchasing process
- Level of satisfaction with online customer support
- Learn how your customers are using your product
- Discover what additional features, products, services, or events your customers would like.
- Feedback after attending a new or updated product, service, or hosted event

One concept that most companies use to see how well they are doing is [Net Promoter Score](#) or NPS as we talked about above. We won't go into too much detail about it here since the link does a great job of explaining it. What we will say about it is that since a lot of companies use it, there is lots and lots of baseline data to compare to. It's always a good idea to use questions or methods that can be benchmarked against your competition to see how well you stack up.

Appendix 3 – Experiment Ideas

If you're like us, engineers, scientists, and recovering engineers, you can get in the weeds on experiments, variables, automation, and the latest shiny object. If you're not like us (e.g. normal folk), then here are a few experiment ideas to try.

We wanted to give you ideas that were easy and affordable to run. The more advanced stuff can be done once you're comfortable with the process and the tools.

The Basics of Experimental Design

We touched on this in Step 7 above but wanted to give a recap ahead of introducing the template in Appendix 4.

All good experiments have control conditions and variables to change -- preferably one at a time. This is done to reduce what's called confounding or the interaction between two changing variables. Think of this as having to ask the question "Which variable actually made the change?" For large complex experiments, there is a whole field of statistics that handles that. We won't go into that but wanted to reiterate that it's important to change only one variable at a time. The experiments below (mostly) do that:

- Store Temperature
- Kids Area
- Waiting room TV's
- Water Sample Drop Offs
- Chemical Delivery
- New Customer Discounts
- Online ordering
- Email or Text Reminders
- Email Newsletter
- Loyalty points system

I'm sure you also have some ideas as you take a look at your business and how to make it better. The one thing to think about is how on-demand, on-premise, and online will influence your customers buying behaviour.

Appendix 4 — Experiment Template

Experiment Name

Hypothesis

Variables

Baseline or Control Case

Duration

Costs

Results

Conclusions

Additional Experiments

Appendix 5 – How Retail 3.0 will Transform the Pool & Spa Business

This was originally published on our blog [here](#)

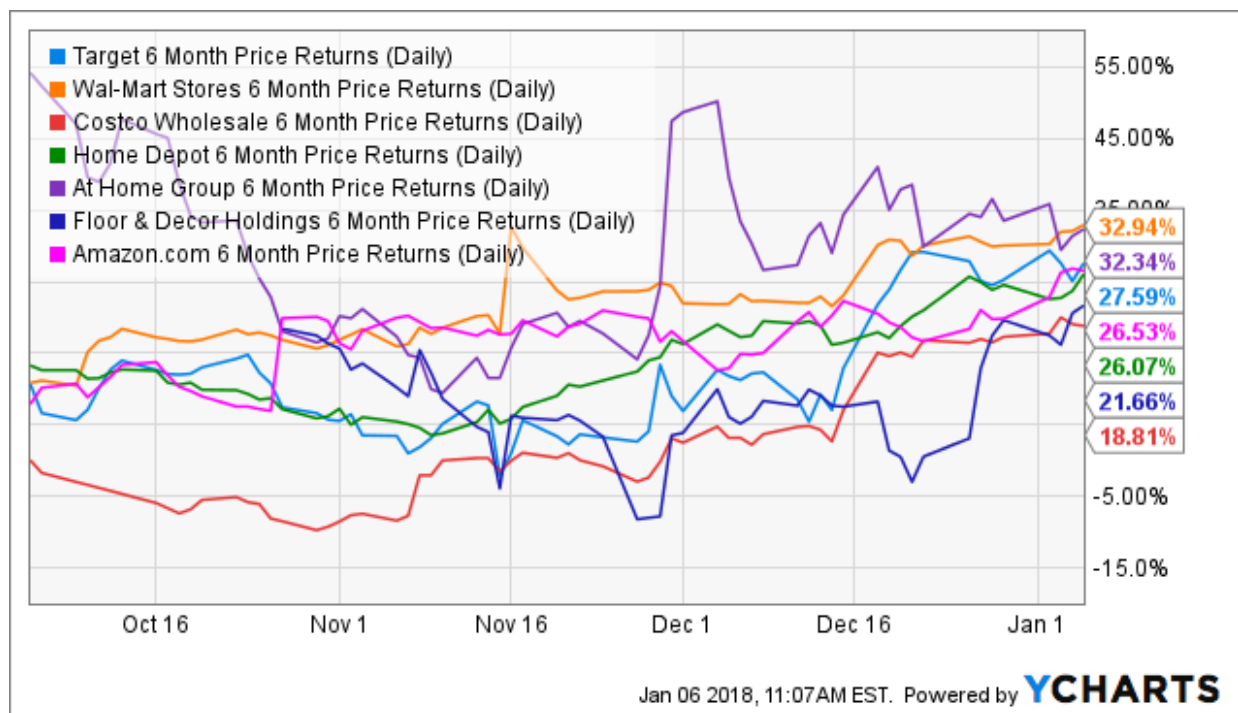


Retail trends are being transformed by a customer-focused mixture of online, on-demand, and on-premise that many traditional retailers have yet to embrace and the pool and spa business is no different. The only way to survive, and indeed thrive in the new world of Retail 3.0 is to embrace the store as a destination, a fulfillment center, a source of data, and catered neighborhood experience. Central to the Retail 3.0 strategy is a consistent and data-rich connection to the customer as well as having a “premium” experience with the store. And this is exactly what [Sutro](#) intends to do. In our development pipeline is technology, best practices, and an ecosystem to enable pool and spa businesses to thrive in this new Retail 3.0 environment.

Pool & Spa Retail 3.0 Blueprint

Retail 3.0 is driven by several trends that *CB Insights* categorized in their research brief [Reimagining the Physical Store](#) and *Seeking Alpha's* post on [We are in the Retail 3.0 Era](#). Although the trends presented are put in the context of big box retail, such as Walmart, Home Depot, and Target, the trends equally apply to the pool and spa industry. These trends are detailed below as well as what Sutro is doing to build a Retail 3.0 ecosystem that allows pool and spa businesses (retail, distribution, and services) to participate in this new retail environment.

Before we get into that, let's address the 800-pound Gorilla in the room -- Amazon. There is a lot of talk about how retail is dying and how Amazon is going to own the world. In some sense, Amazon is clearly a leader in Retail 2.0 (online) but also look at their expansion into brick and mortar -- clearly brick and mortar retail done properly is a viable and profitable venture. This is perfectly explained by the chart below (taken from [We are in the Retail 3.0 Era](#)).



Notice that while Amazon is growing, so are Target, Walmart, Costco, and Home Depot. What all of those companies have in common is the Retail 3.0 mindset, which is a customer-focused mixture of online, on-demand, and on-premise.

This is not a new thing. [Sears and Robuck](#) (now bankrupt) was the Amazon of its day. They started out as a catalog company and then moved to brick and mortar. The downfall of Sears was that they did not fully embrace the online, on-demand, and on-premise balance. Instead, they doubled down on the old retail model with big stores packed with lots of stuff, which is an abysmal experience. -- just like K-Mart and Toys "R" Us did. No wonder all three went bankrupt.

Next, we'll go through the five trends on how Sutro will build Retail 3.0 for the pool and spa industry.

Trend #1: The Store as A Destination

People have limited time and are easily distracted. When we want to go out, we want the experience to be as meaningful and exciting as possible -- it's what we see on social media all day.

Brands like Apple, Build-A-Bear, Warby Parker, and Athleta all offer more than just products at their physical locations. This creates a sense of community and value that goes beyond just buying their products. It's this community of like-minded people that form the base of "super fans" of a brand. The more "super fans", the better.

Take-a-way: Pools and spas are natural community builders and so should the pool store.

Trend #2: Store As Fulfillment Centers

Our limited time makes most people too busy to waste time. That's why services like InstaCart, DoorDash, and Caviar have gained in popularity. It's also a reality that people will shop around online for the best price and the most convenient place to purchase. Of course, price and convenience are a continuum and when you need something now, you really need something now.

That's why brands like Target, Best Buy, and Walmart provide the convenience of shopping online and picking up on-premise. For a busy person, this beats waiting in line to check out in a 10 deep self-service queue that never works right. It also solves the [“last mile” problem](#) that so many brands struggle to get right -- although Doordash and Caviar are working on that for food.

This also has the benefit of being able to control and even reduce inventory at some stores -- especially small ones where real estate is at a premium. Some brands, like Costco, even deliver out of their retail stores. This provides an additional level of convenience that builds brand loyalty.

Take-a-way: Pool and spa chemicals are bulky and dangerous. Being able to deliver or ship direct to customers, from your store, adds value to a busy customer.

Trend #3: Data Collection

Most believe that [data is the new oil](#) since data is what is driving the biggest advances in Artificial Intelligence (AI), Social Media, and Advertising. The best example of this is Amazon and their new Amazon Go stores.

Amazon Go stores are cashier-less since data and sensors figure out what you picked up and what you have bought. This makes it an environment where Amazon can track purchase intent as well as real-life abandoned carts.

Other sources of data are not as complex as Amazon Go. For example, collecting a customer's email address, phone number, or address, while established, are still not routinely done. Combining this with purchase history and/or sensor data (like a Smart Pool Monitor) and you can start to get a sense of trends to help both the customer and the business.

Take-a-way: Pool and spa business owners need to embrace the reality of data collection and ensure that they have as much data on their customers as they can get.

Trend #4: Localization

By far the most exciting trend that pool and spa businesses can leverage is the idea of localization. By localization, we mean the unique and special conditions within a local area (town, city or region).

Pools and spa use and style are highly regionally dependent. Even the water to fill them varies by town, city, and sometimes even a block. This local knowledge coupled with the unique knowledge that pool and spa businesses have, makes catering to the local community a big win. Brands like Nike, Amazon, and Kohl's are using localization to better serve local customers to keep them engaged and buying more.

Take-a-way: Pool and spa business owners should use their local knowledge to “super service” their customers by providing products and services that keep customers coming back for more.

Trend #5: Be Useful by Skating to the Puck

The last four trends are an entirely new paradigm in retailing and frankly, for most retailers, a little scary -- especially small to medium businesses who don't have the technical chops or budgets to compete.

Thankfully, the pool and spa business has some time to adapt to this new reality. Pool and spa supplies, especially chemicals, are hard to handle and require expertise to deploy. Although there are online retailers that will ship you chemicals, it's usually not the most convenient option simply because it's complicated to measure and monitor your pool or spa.

The complexity of pool and spa measurement and monitoring will get easier over time. We at Sutro are working on that with our Smart Monitor but just because something is easier to measure and monitor, it does not mean local expertise is not required.

In fact, the benefit of a pool and spa professional to an owner becomes more valuable in a Retail 3.0 environment because even with automation and piles of data, pool and spa owners will still want the comfort and peace of mind that they are keeping their pool or spa safe. The pool and spa business that can provide a simple, safe, and seamless experience to their customers will be the one that will win -- even if they can't get there all at once.

Take-a-way: Start the move to Retail 3.0 even if you can't get all the way there. There is still time.

Our Pool and Spa Retail 3.0 Ecosystem Vision

We have been thinking a lot about how all these Retail 3.0 trends and our technology fits into the pool and spa business ecosystem. It's clear that we can't stop the Retail 3.0 train but we can build the kind of ecosystem that benefits everyone in the pool and spa industry. That might seem like a lofty goal, too idealistic, or maybe even naive (we have been called worse) but we feel that it's the only way to go and here is why.

Owning a pool or a spa is a lifestyle that requires more commitment and time than buying an iPhone, a Nest, or a Tesla. It takes work to keep your pool or spa safe for your friends and family. It's actually a major source of hassle and pain that if you get wrong, people could get sick.

That's why our vision of a pool and spa retail 3.0 ecosystem centers around the ultimate source of truth and comfort for a pool or spa owner -- their local pool and spa professional. We don't see a world where local, knowledgeable, and useful pool and spa professionals go away. In fact, we see an industry that will grow and thrive under this new Retail 3.0 trend because pool and spa owners want to connect with brands that will make them love their pool again. It's as simple as that.

At Sutro, we plan on building products and services that make the transition to Retail 3.0 seamless, painless, and lossless. This starts with our first product, the Smart Monitor.

Pool & Spa Retail 3.0 Blueprint

To achieve this, we want to connect with pool and spa professionals all over the world to craft technology and services that cater to their local environment. We believe that the whole industry can win and win big in this new Retail 3.0 environment.

Take-a-way: *Join us in the Retail 3.0 movement. Email us at partners@mysutro.com to get started.*

Pool And Spa Retail 3.0 Blueprint



Copyright 2020 Sutro Connect