



Clicks to bricks – The new retail is a multi-channel and omni-channel experience - by Kenne Shepherd

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Disruption is the word of the day as consumers have abandoned traditional brick and mortar stores for the ease and convenience of shopping online. Many of our favorite retailers, ones that we grew up with—large and small, national and local—have closed over the last few years including long time favorites such as Borders and Sports Authority. Others such as Macy's, Sears, and JC Penney are downsizing.

While this trend will continue, we have seen the beginning of a countervailing trend with the emergence of “clicks to bricks” retail. For those of us involved in creating brick and mortar stores, this may be indeed good news as online retailers step out of their virtual platforms to build new stores in cities and neighborhoods across the U.S. At the forefront of this movement are successful online retailers such as Athleta, Warby Parker, and Bonobos who have capitalized on their online presence to create profitable and popular stores as a pathway to greater customer engagement and growth. And of course, there is the online behemoth Amazon who, with 12 bookstores either built or underway and other retail projects planned, is really in a class by itself.

What is happening? Why after the imminent death and demise of brick and mortar stores at the hands of online retailers are we seeing new retail brands starting to build stores? One reason is that these online retailers know that for all of the convenience of online shopping, a majority of consumers still prefer the in-store shopping experience. They want to see the merchandise, touch it, try it on and that can only be done in a brick and mortar store. They also know that customers like the convenience of shopping online and picking up their merchandise the same day at a nearby location or, when the purchase does not work out, returning the merchandise to a nearby store. And once the customer is in the store, there is always the opportunity of making another sale.

Another consideration is that online retailers, especially Amazon, have benefited from having local retailers effectively be their showroom so there was little need for them to build stores. How many times have you gone into a local store to check out the merchandise only to make the final purchase online in the convenience of your own home? However, as more stores close their doors, there are fewer “showrooms” available. With Borders closed and Barnes and Nobles downsizing, Amazon built their first brick and mortar bookstore in 2015 in Seattle in to meet shoppers' need for a place to see, touch and experience the merchandise in person and to sell Amazon's growing product line.

Online retailers have several advantages in opening new stores. They are established brands who already have a national presence with effective advertising campaigns. And they have a purchasing,

warehousing and delivery infrastructure in place which can readily be expanded to support the growth of a brick and mortar retail expansion. Owing to their online success, online retailers also possess a tremendous amount of real data on their customers which allows them to be far more targeted in selecting retail locations that best serve their existing customers. They know their shopping patterns, their likes and dislikes, and can parlay this information into well considered merchandising decisions and store locations. And once opened, physical stores attract new customers who will then shop with them online. It is a win-win.

It is interesting to note that many of the online retailers opening stores are niche players with a strong online presence. In addition to Athleta, Warby Parker, and Bonobos are Birchbox, Blue Nile, Rent the Runway, Trunk Club and others who have ventured from pure online retail to building stores in multiple locations. They have capitalized on their strong online following by establishing successful stores close to their customer base that provide a more personalized service to their customers. Used as marketing vehicles, their new stores also create greater brand awareness and offer new opportunities to expand and grow their business.

What is becoming apparent is that retail has increasingly become a multi-channel and omni-channel experience. Existing brick-and-mortar retailers have sought to compete with online retailers by expanding their online presence. Now we are seeing the opposite trend with online retailers expanding into brick and mortar locations. Given the success of Warby Parker and others, expect to see more online retailers looking for retail locations in a neighborhood near you.

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