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Retail tales: The e-commerce, brick and mortar connection

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These days we are inundated with information on new technology on how to shop better, cheaper, and faster. Shoppers can be amused, entertained, and informed, bidding interactively at auctions for goods or services, buying coupons for future purchases on tablets, computers, smart phones, and other devices nonstop. We continue to ask: what does this mean for brick and mortar?

From the trenches we have decided not to worry about the health of physical stores and here is why.

There is a growing connection between brick and mortar stores and online shopping which has actually been stimulated by e-commerce and technology.

Many brick and mortar retailers have added on line sites, which has driven them to take control of their own deliveries for quicker service. Customers of these stores now make their returns to the actual store rather than shipping goods back to a warehouse. Once in the store and exposed to the shopping environment, they make selective purchases, most of which are not returned, adding to the profitability of the physical store.

Conversely, online retailers open physical stores. Warby-Parker, the eye glass company, has opened physical stores to meet the demands of their on-line business. Online customers requested a place to try on glasses. The company responded first with hosting customers in the owner's apartment, then to pop-up stores and now to an expanding chain of stores with industry standard leases.

Even Amazon is creeping closer to brick and mortar with their offering to work with and compensate independent booksellers. While this may or may not come to pass and or it may end up as a take over, the idea that the super force of Amazon, the company which is trying to sell everything from wines to fashion with "one click easy pay," sees a book consumer worth pursuing at the brick and mortar level. Even though Amazon is always inventing some new strategy to control the retail universe, their actions serve to stimulate brick and mortar creative juices.

The facts are that consumers are still buying more at physical stores than online, and they are spending more money in stores than when on line. A recent study in the October Chain Store Age reported that 61% purchased goods in stores, followed by 31% online, with the remaining 8% divided between catalogues and mobile devices.

Another positive report came from the October issue of Shopping Center Business where the annual retail roundtable participants declared that retailers of all categories and sizes were actively looking to expand in urban, suburban, middle and even small markets. This, despite the still questionable economy.

For certain, the brick and mortar retailers who are succeeding have figured out that the Internet has made "experts" of the consumer, who can easily research any item, its detailed product information, pricing, et al; that the Internet makes every effort to make shopping value-oriented, push button

easy, with swift delivery and almost instantly gratifying.

Successful retailers are competing by bringing an even better experience for the consumer. They are providing pleasant and educated sales help, such as in Home Depot, or a relaxing and culturally rich environment, such as Nordstroms with comfortable couches, live music, and art; or an intellectually stimulating experience produced by independent book stores who have added caf s, poetry readings, and other community events.

When consumers can touch and feel, try on, or taste, with thoughtfully selected market-appropriate goods in a feel-good setting and can mingle, being assisted by trained sales help, they come and they buy.

How does this effect retail development? Now more than ever, there is constant change in retailing, both online and in physical stores. Consumers will use their computer to find the product, but also the best shopping experience. As it has since stores replaced open markets, supermarkets challenged corner groceries, and big-box attacked shopping centers, competition for the consumer will continue and produce the best result, but it will always be temporary.

This change in the marketplace stimulates new ways of serving and attracting the consumer, so stores are adapting by changing their design and concept. Some will be larger, but most will be smaller. The change at the store level has and will impact the shape and structure of retail centers. We are seeing this clearly in the decline a enclosed shopping centers and rise of open centers.

The same is happening in a less obvious fashion to downtowns and neighborhood shopping areas. How we evaluate the strength of these areas must be rethought. The number of square feet of retail might not be the best indicator of retail area strength as it was when most retail and neighborhood centers were developed in the past. Today and tomorrow it seems the keys are retail quality, product and service diversity and overall accessibility.

The best strategy for older downtowns and many older shopping centers may be in condensing retail so that it reflects current trends and market needs and in replacing unneeded retail space with new uses that fit our current, Internet-based life styles.

This may require some rebuilding, rezoning, and reconfiguring of parking spaces, but the results will strengthen the community as well as the tax base.

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