

RETAIL

Tech may encourage buying, but physical retail reinforces brand ethos

November 14, 2017



The RealReal recently opened a permanent storefront after a pop-up was popular. Image credit: The RealReal

By JEN KING

BRUSSELS For bricks-and-mortar retail to rebound, luxury brands must leverage digital and experiential touchpoints within the in-store environment.

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During the Nov. 13 "From the Flagship to the Ghost Ship" panel at The New York Times' International Luxury Conference two retail "unicorns" discussed how they have embraced online selling. Despite this embrace, both speakers agreed that bricks-and-mortar still has a place in luxury because a physical boutique is a reinforcement of a brand's values, which can sometimes be difficult to translate online.

"If you just objectively walked into a store, and if you had a video from the 90s, [retail stores] haven't really changed much, but the consumers have changed quite a bit," said Julie Wainright, founder and CEO of [The RealReal](#).

"A [retail] experience, reinforces what a brand stands for," she said.

A happy marriage

Moderated by Hanya Yanagihara, editor in chief of The New York Times' T Magazine, the From the Flagship to the Ghost Ship debate set out to answer what the physical store means in 2017 and how it has changed.

The RealReal, a luxury consignment marketplace, for example, got its start exclusively online before hosting a temporary storefront in New York's SoHo ([see story](#)).

On Nov. 9, The RealReal, due to the success of its pop-up, opened a permanent bricks-and-mortar location in the same New York neighborhood ([see story](#)).

The RealReal has seen immense success online, but its authentication process to resell luxury goods had been hard to explain digitally to consumers. The consignor realized that in-person demonstrations are more effective.



The RealReal's New York store is located at 80 Wooster Street. Image credit: The RealReal

To reinforce its brand, The RealReal's in-store experience includes product displays and educational elements all in a comfortable environment. Instead of an average sales associate, The RealReal has placed its authenticators, such as gemologists and horologists, in the store to discuss and educate consumers on particular pieces.

The RealReal also hosts classes for consumers to learn more about authenticating a Birkin bag or which type of jeweler retains the highest value over time.

This combined strategy illuminates The RealReal brand for consumers in real time, allowing the consignor to demonstrate its standards, knowledge and quality of the goods it sells in person.

Connecting what is sold in-stores with ecommerce is essential for today's retailers. At The RealReal, all products displayed at its New York store are available online to ensure that there are no artificial boundaries.

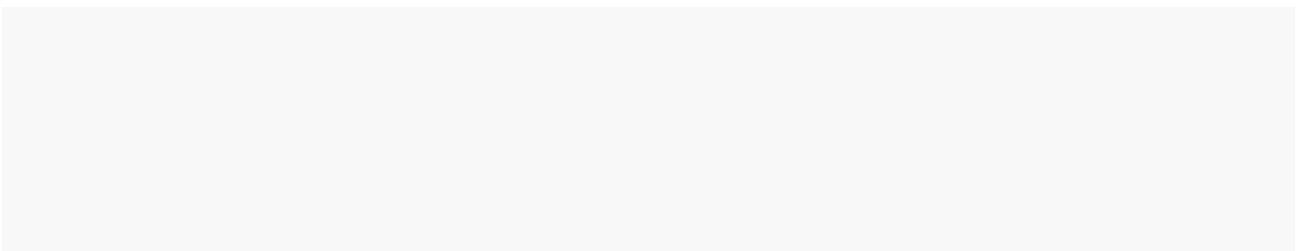
Fashion brand Thom Browne also maintains a tight relationship between its physical and digital flagships, feeling that ecommerce is now one with bricks-and-mortar. In total, Thom Browne operates 28 stores, 15 of which opened in the last 18 months, as well as its ecommerce site.

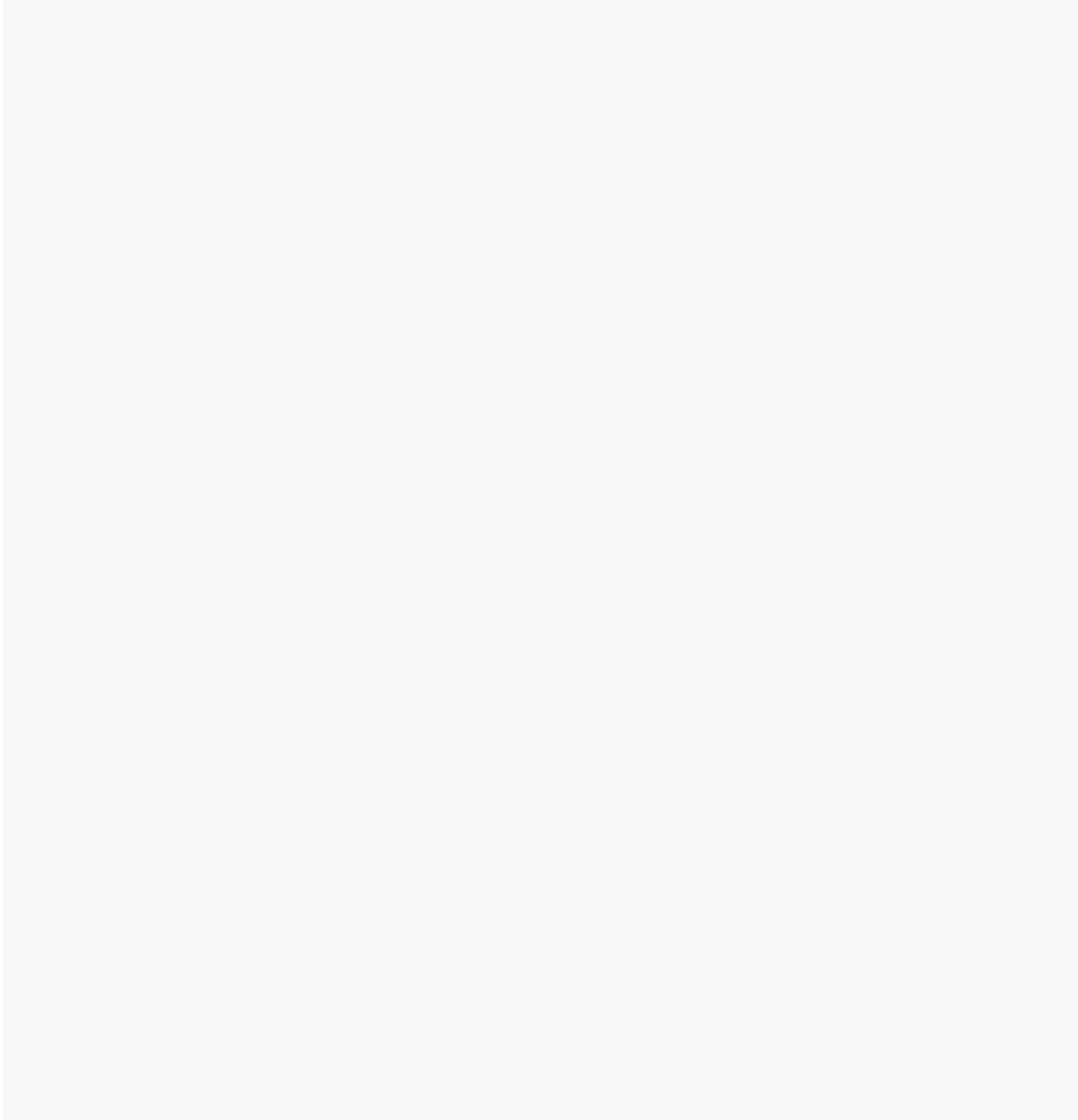
Thom Browne intentionally keeps its physical stores' floor plan smaller than most of its peers'. Taking a showrooming approach, Thom Browne stores keep a focus on design, are decorated with vintage furniture and have a highly curated inventory, displaying only unique must-haves, rather than its full inventory of best-selling classics.

Rodrigo Bazan, CEO of **Thom Browne**, explained during the session that there are three key elements to creating a successful luxury flagship experience.

These key elements include creating a environment that speaks to the brand's ethos, a well-trained and educated staff of sales associates and high-level service.

In February, Thom Browne will complete its experiential retailing model through the launch of a mobile shopping application. The Thom Browne app will connect consumers and show available inventory.





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A post shared by Thom Browne (@thombrowney) on Oct 17, 2017 at 10:16am PDT

Mr. Bazan is of the belief that technology opens up buying and that digital helps a brand to gain awareness.

Thom Browne's partnership with Farfetch has also helped the brand fulfill its retail goals, as the United Kingdom-based online retailer is better suited to deal with the logistics of shipping to 180 countries and develop a Web site through its backend Black & White platform.

Disconnected

Though the practice of marrying in-store with ecommerce experiences is quite common, there remain shortcomings.

The RealReal's Ms. Wainwright shared that she feels that the main pitfall of omnichannel retailing, as it is today, is that occasionally the logistics of online-meets-physical retail do not line up properly.

In her example, Ms. Wainwright described a situation where she plans to run errands and opts for a click-and-collect purchase, with pick-up for while she is out.

In theory, this should be a seamless transaction, but Ms. Wainwright said that even with click-and-collect, the confirmation email still states the order will be processed and ready for in-store pick-up in a few days.

This disconnect thus makes the transaction, puts a wrench in the consumer's plans and may discourage the future use of click-and-collect. In this situation, it may have been easier to just use standard ecommerce to make the purchase.

For the holidays, department store chain Nordstrom plans to remedy this situation during the stress of the holidays by offering 24-hour curbside pickup for the week leading up to Christmas Eve.

Between Dec. 16-24, select Nordstrom locations will offer 24/7 curbside pickup to help consumers through the often hectic gifting buying season. Nordstrom's introduction of 24/7 curbside pickup is part of the retailer's greater effort to improve its shopping experience during a time when consumers ought to be with friends and family, not stressed, rushing store to store ([see story](#)).

While fulfillment struggles are not an issue exclusive to luxury, high-end brands and retailers in the category have been slow to adopt better methods.

Most notably, the slowness to adapt has impacted traditional department stores the hardest due to declining sales and the in-store environment being in need of updates.

"I don't think they have it yet," said The RealReal's Ms. Wainwright. "At the end of the day, to run from boutique to boutique to boutique, that is not quite the way either.

"A lot of [retailers] have overbuilt, the [stores] are too big, the selection isn't online and offline," she said. "The stores still look like they did a long time ago. The problem is, every single [retailer], has different financial challenges, but the truth is, there is room for department stores, and certainly room for quality services that serve multiple luxury brands.

"[Department stores] are really going to have to reinvent themselves, which is hard to do under financial constraints."