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## Ecommerce versus bricks-and-mortar: Which wins the holiday season?

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*Chinese consumers research or shop products online just to buy them or pick them up in physical stores. Image credit: Balenciaga. Illustration: Haitong Zheng/Jing Daily*

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Before the holiday season, marketers develop a strategy that will boost engagement and increase sales, revenues and profits. But some marketing professionals still use a "one-size fits all" strategy a trend that is outmoded in the digital age.

Given that businesses need to focus on both **online and offline** sales these days, it has become increasingly difficult to identify which area is more competitive.

On and off

In recent years, retail analysts promoted an Armageddon scenario which saw ecommerce completely eradicating physical retail, and the smashing success of ecommerce platforms during shopping festivals such as Cyber Monday and **Alibaba's 11.11** makes this concept feasible.

According to **Fast Company**, technology is changing the face of retail. But until recently, the luxury world was slow at implementing technological innovation.

China has been the exception, thanks to its "**new retail**" model that is "powered by the use of analytics, new supply chain strategies and technological innovation," per the magazine.

In China, smart retailers facilitate a seamless shopping experience in which both digital and offline touch points are perfectly integrated. Groundbreaking ecommerce platforms such as **Moda Operandi** use pop-up retail, trunk shows and bricks-and-mortar stores as showrooms.

"Bricks-and-mortar is still the preferred channel for today's luxury consumer, with just under 94 percent of all global luxury sales still taking place in-store," says **Fflur Roberts**, head of global luxury goods research at **Euromonitor**.

Nevertheless, Ms. Roberts highlights that "the Internet has been transformative, not only in the way luxury consumers interact but also in the way the industry operates."

At the same time, nothing can stop the growth of online sales.

While in the United States "e-commerce represented 14.3 percent of total retail sales in 2018," in China, online retail sales "grew nearly 24 percent in 2018," amounting to roughly \$1.33 trillion, or 18.4 percent of all retail sales of physical consumer goods.

Ecommerce might have momentum, but that does not mean that physical retail is dead, and retailers might want to revisit certain aspects of it in their strategy if they want to win over customers.

Now let us analyze the retail trends shaping holiday shopping in China, so that brands can overcome turbulence and draw customers to their stores:

### 1. Digital rules supreme

According to **Rocket Space**, "China is setting the pace for retail digitalization."

From "integral mobile apps" such as Weixin, to innovative technological applications including augmented reality (AR), artificial intelligence (AI) or **facial recognition technology**, China is leading the way in new retail tech.

China's new offline models even help boost online sales via store prototypes that are convenient yet original, engaging and interactive.

International brands that take full advantage of China's online marketplace and leverage the power of Chinese platforms will find success during the holiday season.

According to Rocket Space, "**Burberry** had fans' hearts racing with its 24-hour flash sale on **WeChat**." It is worth mentioning that in less than 24 hours, Burberry sold nearly half of the products.

### 2. The rise of the physical store model 2.0

According to **Daxue Consulting**, "despite the ecommerce boom and the vast proliferation of online shopping, store-based retail still dominates the luxury goods market in China."

Indeed, disruptive digital platforms continue to grow but there's no end in sight for physical retail. Smart retailers are even reinventing the boring old mall.

"Retail-tainment" is bringing experiential marketing to the forefront, and some innovative luxury brands have followed in Alibaba's footsteps by promoting technologies that enhance sensory experiences.

Physical retailers who continue to pursue innovative solutions such as these should expect a strong holiday season.

### 3. Focus on the omnichannel consumer

Chinese consumers research or buy products online just to buy them or pick them up in physical stores.

In other words, brands need to let consumers know that they are "**in control of their experience**," no matter where it takes place. This means that retailers need to endorse the customer's journey by understanding their preferences, shopping behavior and experiences across all channels.

All in all, merchants should invest in strategies that enhance instant services (same-day delivery, self-checkout kiosks), click-and-collect shopping and VR/AR technologies.

**Sephora's "connected stores"**, which boast in-store tablets and selfie mirrors, is the perfect example of this direction.

### 4. Learn to expect the unexpected

Regardless of the benefits of customer behavior data and content analytics, it is still not possible to fully assess all consumer behavior.

Since each buyer has his or her own experiences, requirements and expectations, retailers should not solely rely on data when analyzing future trends. The most successful retailers learn to expect the unexpected.

For instance, data can show a clear sales pattern to a company, but if severe weather hits, retail sales could crash unexpectedly.

"Bad winter weather is hardly a good thing for retail, in general," said Brad Tuttle from *Money*.

In a 2015 interview with the *Boston Herald*, Jon Hurst, president of the Retailers Association of Massachusetts, said that retailers in Massachusetts lost around \$10 million each day they had to close for bad weather, or they had almost

no business activity even if they managed to open.

Yet online sales see a boost during periods of severe weather.

In fact, a study by [Rakuten](#) that focused on the French cities of Paris, Lyon and Marseille showed impressive sales and revenue growth during rainy days.

According to Rakuten and WeatherAds, the "data illustrates that online traffic and conversions increase during periods of inclement weather but that the extent by which they do so is dependent on location."

In other words, bricks-and-mortar stores should expect slower sales as consumers hide from the tempestuous weather, which is why it is unsurprising that neither Cyber Monday nor Alibaba's 11.11 take place during the summer months. And when temperatures drop, both in the U.S. and China, online spending hits new records.

In the U.S. during Black Friday, "[online spending hit a record of \\$5.4 billion, up 22.3 percent from a year ago,](#)" while 2019's 11.11 broke all records for Alibaba, scoring \$38 billion in earnings.

IN THE END, neither online nor offline marketing can be recognized as a clear winner during the holiday season, but retailers who invest in ecommerce enhancements and promote a prototype similar to Jack Ma's "new retail" model will reap rewards.

In other words, success stories are recorded both online and offline, but innovation remains the ultimate requirement.

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