

RETAIL

It is time for the retail industry to challenge the tech titans

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Four technology companies Apple, Amazon, Alphabet (Google) and Facebook have a collective market capitalization of more than \$3 trillion. That is 15 percent of U.S. GDP.

For years, retailers have been told that they must engage with the titans, as that is where consumers are spending more time.

Consumers, however, actually engage less with ads on those platforms than even traditional offline media.

For example, 40 percent of consumers say they tune into outdoor ads, but only 25 percent say they tune into ads on social networks.

Combine that with the fact that so many retailers have not been saved by their digital ad expenditures or other digital investments on these platforms, and it begs the question: Has retail been following the wrong playbook?

I would argue, yes.

I laid out the case for big changes to the retail industry in [a speech at the National Retail Federation's Big Show](#) a few weeks ago and in a report, "[Commerce Companies: Stop Living At The Mercy Of The Tech Titans](#)," as well.

Retailers need to do three things right now:

Support e-control efforts. [E-control is governance around brand distribution to limit who sells what products and where.](#)

Product distribution has been wanton and undisciplined for too long, and retailers need to take pages from companies such as Marriott, which provides best-price guarantees on its owned properties, and Disney, which pulled all its digital content from other streaming platforms in favor of Disney+ to limit what is available and at what price.

E-control also establishes legal repercussions for violators who sell things that should not be sold.

Take a seat at the law-making table. So much of what has happened to retailers has, unbeknownst to retailers, been a result of bad laws (Section 230), no laws (marketplaces have no seller restrictions at this time), or unenforced laws (the Federal Trade Commission's Prompt Delivery Rules).

The large titans spend money lobbying for laws in their favor.

Retailers need to stop ignoring critical conversations that they must have with lawmakers, which are essential to their businesses.

Ignore hype. Retailers have eagerly embraced any new product the titans have tried to sell them, naively thinking that they were being invited to the prom by the hottest date in school.

In fact, they were letting a Trojan horse into their master data files, eagerly giving up their own customer information in exchange for being a "first mover" compliments of Instagram, Google, et cetera.

It is time for retailers to push back on these efforts that do little to help them.

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