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RETAIL

DTC brands playing pivotal role in bricks-and-mortar revival

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Nordstrom is hoping a partnership with Asos will boost store traffic. Image credit: Nordstrom

By SARAH RAMIREZ

Digitally native, direct-to-consumer brands are helping revitalize in-store shopping as traditional retailers regain their footing amid the COVID-19 pandemic.

Eyewear brand Warby Parker has seen store visits grow significantly from 2019's pre-pandemic levels, while U.S. department store chain Nordstrom is hopeful that its exclusive offerings of Asos-owned fashion labels will draw in more shoppers. Meanwhile, U.S. retailer Bloomingdale's is experimenting with smaller outposts offering more curated experiences.

"There is clearly a wider retail recovery underway, but the surges in traffic are still being driven by the brands themselves," said Ethan Chernofsky, vice president of marketing at analytics platform Placer.ai, Los Altos, CA.

"Seeing a digital-native brand embrace the world of offline, and a hallmark of offline retail embrace new concepts, is a true sign of how retail is moving towards an exciting new future," he said.

DTC collaborations

In the aftermath of the COVID-19 pandemic, Nordstrom is embracing ecommerce and digitalization to gain more consumer insights and acquire new shoppers (see story).

The retailer, which saw its 2020 holiday sales fall by 22 percent, is still focusing on improving and elevating its in-store experience, particularly through brand partnerships.

"The best retail partners tend to come to the best retail brands," Mr. Chernofsky said. "For digital-native leaders to find and retain those partners, they need to be constantly investing in their in-store experience to ensure that the brick-and-mortar interaction is exciting, and that it adds value for the customer.

"If they succeed in delivering that type of experience, the partners will come," he said.

The Tonal activation at Nordstrom. Image credit: Nordstrom

One such collaboration launched this spring between Nordstrom and smart home gym Tonal, bringing the strength training system to 40 Nordstrom locations across 20 U.S. states. Tonal will have a 50 square foot concept, located in the women's active department, where shoppers can experience a full smart gym demo and try a workout firsthand (see story).

Nordstrom also recently hosted a pop-up partnership with sustainable retailer Package Free, which has a limited physical footprint (see story).

This week, Nordstrom also announced it is acquiring a minority interest in four Asos brands, including Topshop and Miss Selfridge.

Through the partnership, Nordstrom will also hold exclusive retail rights for Topshop and Topman across North America. Shoppers will also be able to pick up Asos.com orders at Nordstrom and Nordstrom Rack stores starting this fall (see story).

"Nordstrom, a brand many have questioned in recent years, is showing the power of its flagship department model, while also demonstrating the willingness to test and evolve," Mr. Chernofsky said.

There are early indications these moves are paying off for the retailer.

According to Placer.ai data, visits to Nordstrom stores the weeks of June 14, 21 and 28 were down 0.5 percent, 1.8 percent and 2.2 percent, respectively, from the equivalent weeks in 2019. Visits to its off-price brand, Nordstrom Rack, were down between 4.2 percent and 11.6 percent during the same time period.

By contrast, visits to Warby Parker locations in May and June 2021 were up 75.6 percent and 48.1 percent, respectively, from May and June 2019.

Warby Parker's SoHo flagship. Image credit: Warby Parker

The eyewear brand debuted online in 2010. with the mission to make stylish eyeglasses more accessible. Warby Parker opened its first store in 2013 and has embraced a retail strategy focusing on services such as eye exams and glasses fittings in colorful and airy storefronts.

"Warby Parker is among the best examples of the power of offline retail to create the necessary foundation for

massive retail growth," Mr. Chernofsky said.

New retail

Outside of partnerships with DTC and digital brands, retailers are also leaning into more immersive experiences for a competitive advantage in the bricks-and-mortar space.

This includes Cond Nast-owned beauty publication *Allure*, which is offering a 360-degree shopping experience with a new store in New York.

Located on Lafayette Street in the city's SoHo neighborhood, the Allure Store sells an editorial-led selection of beauty products integrating the publication's positioning as a beauty authority. The curated offerings include more than 280 makeup, haircare and skincare items from than 150 brands, including some DTC labels (see story).

Bloomingdale's is set to bring its product offerings and services to a smaller, highly-curated store concept, as luxury retailers experiment with their physical footprints in a post-pandemic era.

Located in the Mosaic District shopping center in Fairfax, Virginia, the 22,000 square-foot Bloomie's store will be a style and service destination featuring new experience and design concepts and a unique assortment of contemporary and luxury brands across women's and men's fashion and beauty. It also features a tech-enabled stylist service model and a restaurant experience (see story).

"Legacy retailers bring a huge asset to the mix with their reach and brand awareness," Placer.ai's Mr. Chernofsky said. "The question comes down to whether they can evolve those brands forward to better adapt to a changing retail environment.

"Embracing an authentic omnichannel approach whether it be an emphasis on personal shopping, or a more seamless offline to online experience can help unlock these opportunities," he said.

"Critically, the best way forward will center around leveraging new technologies to reinforce the same brand values that brought these companies to such prominence to begin with."