

RETAIL

Small-format stores may enhance omnichannel experiences

December 17, 2021



Bloomingdale's launched its small-format store, Bloomie's in summer 2021. Image credit: Bloomingdale's

By SARAH RAMIREZ

While the COVID-19 pandemic and prolonged lockdowns have proved challenging for many retailers, it may have served as a catalyst for both brands and shoppers to rethink the in-store experience.

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According to the [2022 retail trends forecast](#) from analytics platform Placer.ai, consumers have steadily returned to brick-and-mortar stores because of their unique value propositions. The retailers most likely to find success are those with a unified approach to online and offline channels, leading to a better customer experience.

"Luxury retailers have been among the strongest performers in the sector because of a strong alignment with key retail trends," said Ethan Chernofsky, vice president of marketing at [Placer.ai](#), Los Altos, CA.

"Government stimulus, limitations on international travel and the ability of more affluent shoppers to save have driven luxury-oriented shoppers to the store," he said. "Because of the price tag, the experience in the store becomes all the more important, and the reopening has given an added boost to this specific segment."

Small packages

Both online and offline channels have individual strengths that retailers should leverage to create cohesive, omnichannel experiences.

For instance, stores still have an advantage at enabling product discovery as shoppers can feel and try products in person. Even if the sale ultimately happens online, the shopping journey was enhanced by the in-store experience.

Bricks-and-mortar locations can also complement ecommerce channels, offering shoppers access to click-and-collect services and faster and cheaper returns. More brands are likely to emphasize these cross-channel experiences in 2022.



The Returns Dropbox and buy online for in-store or curbside pickup are centralized at The Front Desk at Bloomie's. Image courtesy of Bloomingdale's

From mass market brands and department stores to digitally native brands, many businesses are rethinking their physical retail strategies to reinvigorate bricks-and-mortar.

Both U.S. department store chain Bloomingdale's and LVMH-owned beauty retailer Sephora have begun experimenting with small-format stores, although each has taken a different approach.

In August, LVMH-owned beauty retailer Sephora began opening its store-within-a-store at Kohl's locations across the U.S. This has already proven beneficial for both retailers, gifting Kohl's access to leading prestige brands and assisting Sephora in expanding its footprint outside of malls ([see story](#)).

Bloomingdale's introduced its product offerings and services to a smaller, highly-curated store concept.

Located in the Mosaic District shopping center in Fairfax, Virginia, the 22,000 square-foot Bloomie's store is 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](#)).

The retailer had previously established a presence in affluent northern Virginia, with a Bloomingdale's location at Tysons Corner Center.

Although the stores are about a 15-minute drive apart, each retail format saw differences in foot traffic trends over the course of three months.

Nearly 70 percent of Bloomie's shoppers visited from a 10-mile radius, compared to about four in 10 shoppers at Bloomingdale's traveling that distance.

Bloomie's foot traffic was also staggered throughout the day, while two-thirds of visits to Bloomingdale's took place before 4 p.m. Shoppers spent a median time of 44 minutes at Bloomie's compared to a median visit of 31 minutes at Bloomingdale's.

This illustrates how the different formats benefit the retailer in unique ways the full-size department store makes gains from the appeal of the shopping mall, while the small-format store can be adapted for various environments.



Sephora took its store-in-a-store concept to Kohl's. Image credit: Sephora

More brands are likely to experiment with new concepts in 2022 as they search for better ways to reach shoppers.

"Selling products through a department store or any other channel can provide significant value, but it cannot come at the expense of investing in an owned brand experience," Mr. Chernofsky said. "How can audiences engage and develop a relationship?"

"Whether it be online, offline or through any other channel, creating the space for those direct interactions is critical."

DTC lessons

Digitally native, direct-to-consumer brands are also pivoting to physical locations, further showing the importance of in-store experiences in driving growth and building brand awareness.

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.

According to Placer.ai data, visits to Nordstrom stores during 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 ([see story](#)).

"DTC brands are known for their ability and willingness to analyze the marketing impact of a store, the value it brings to returns and deliveries and even the capacity to build lasting relationships with key audiences because of the in-store experience," said Placer.ai's Mr. Chernofsky.

"Adopting this type of approach will empower luxury brands to better understand the value of their omnichannel offering and maximize all of their assets to provide the ideal customer experience."