

The Future of Brick-and-Mortar Apparel Retail — Only the Strong Will Survive

By Dennis R. Klein, Nussbaum Yates Berg Klein & Wolpow LLP

Writing in *Apparel* magazine, Partner Dennis R. Klein says the future of brick-and-mortar apparel retail is not extinction. Some chains will still be here tomorrow because the future of retail shopping will not be solely online.



Dennis R. Klein

Only the strong will survive! An old adage that still applies when it comes to which brick-and-mortar apparel retail chains will still be here tomorrow. Because the future of retail shopping will not be solely online.

How does this work?

Nobody really believes that shopping malls and downtown retail strips will turn into ghost towns, home only to places to eat, health care facilities, or other service providers filling the store fronts. Rather than assume everyone now shops only online, retailers, manufacturers, and industry analysts would do well to ask themselves, “If brick-and-mortar retail is dead, why are e-commerce giants like Amazon and Warby Parker opening physical stores, and in the case of Amazon, acquiring the brick-and-mortar supermarket chain Whole Foods?” They are moving into the “physical” retail plane because when they look at the retail landscape, they see that a business cannot survive on clicks alone but must have a presence with bricks.

Traditional retail chains must follow this same philosophy in reverse. They must build on the physical experience that has engaged their customers in the past with a new online experience that complements and enhances their brand.

Retail as entertainment

When we say only the strong will survive, what does strong mean? That the future of retail in general and apparel retail specifically will belong to those who understand that the retail experience must be fresh and new almost every time a customer gives you an opportunity to entertain them and show why you have the merchandise they are looking for or think they are looking for.

Statistics have shown that conversion rates for making a sale in a physical space are much higher than for online. Build on that and get that message out to your salespeople! The retail space must be inviting and tell a story that the consumer can’t always find online. Understand that most of your shoppers will frequent your store multiple times. They will want to see something new each time. Don’t let them know your stock better than you. Create a feeling of purchase urgency, so they feel if they don’t buy that blouse today, it might be gone tomorrow and they won’t be able to find it easily online.

Retail powered by people

Finding good salespeople has been an ongoing burden for retailers. Those who have been successful in recruiting and retaining staff treat their associates as professionals and give them the tools to succeed like product knowledge, interpersonal skill training, and most of all, paying above minimum wage!

You get what you pay for and if you want to get the most from your employees, you have to pay them, including offering some type of incentive for meeting specified goals. As the minimum wage increases, sales associates need to be paid more. At the same time, retailers have to find more ways to improve their gross margins, such as with private labeling and searching out more unique products that are not footballed around the Internet.

People matter. Robots greeting customers might make for good commercials but most likely will not be the answer for most retailers. Technology must be a part of the shopping experience whether in displays, ease of checkout, or for checking product availability, but most certainly as part of the online experience.

As shoppers become more comfortable online, they want more and more information, engagement, and speed. This should be parallel to their in-store experience. When it comes to buying fashion merchandise — women's wear or men's wear — consumers want to know what pieces go together to assemble an outfit and they want to know "how do I look in it?"

In-store retail can answer those questions so much better than a smartphone or computer. So, retailers must build on this consumer desire and be honest with their customers — even online. Strong and honest is the best one-two punch a retailer can offer.

Be creative

If you do what everyone else is doing, how can you compete? Conventional brick-and-mortar retailers must find a way to distinguish themselves from their competition — both physical and virtual — with their offerings. As I advise my retail clients, the easy part is selling the product, the hard part is buying the right product.

Those retailers offering the same, commoditized merchandise easily available through online vendors, are going to have a problem even if they host their own online presence. The key to success is to "stock" items

that are unique to them that have limited availability online or elsewhere in the neighborhood online presence. The key to success is to "stock" items that are unique to them that have limited availability online or elsewhere in the neighborhood.

Controlling costs

Beyond the hard costs of rent and utilities, many brick-and-mortar retailers now worry about controlling their merchandise costs in light of the new tariffs. Look elsewhere. There are plenty of other countries not targeted for tariffs. Find them! Successful retailers — on the ground and online — must scour the marketplace for product and price points like never before.

Mistakes will be made. Not every item you stock will be a home run, but a lot of success can be achieved with singles and doubles. honest is the best one-two punch a retailer can offer.

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Stock smart

Most people who shop online expect convenience and quick delivery. Brick-and-mortar stores must meet or exceed that expectation. Maintain stock levels in the store to fill customer buys. Or, if an item is unavailable in one outlet, be able to deliver the goods from a distribution center in no more than two days. Think Amazon Prime!

Be known

Strength in retail, particularly in brick-and-mortar retail, is your brand. Retail chains must continue to invest in building their brands, being known for their goods and services, and being top of mind when a consumer is shopping.

Make sure to be among the leaders in your category. Historically — even in the days before e-commerce, survival rates for the middle-of-the-pack and bottom-of-the-barrel retailers are low, regardless of whether they have an online presence or not. A mediocre retailer who adds a mediocre website is a “dead store walking.”

The evolution of the consumer shopping experience is nothing new. Shopping has evolved from traveling peddlers coming to town by boat or wagon, to town centers as a gathering place for farmers to come to stock up, to malls peppering the landscape as the population thanks to the automobile, and now to e-commerce.

Apparel retailers that survive are the ones that make sure their business evolves with the times. There have always been smart, innovative retailers in every generation. Those who complacently rested on their laurels and failed to change with the times are now just names on a long list of boarded up retailers. Those who embrace change and listen to their customers, yes, listen to their customers, will be the ones to survive and thrive. They will be the strong ones!

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