

Why 90 percent of sales still happen in brick and mortar stores

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Listen closely – those gasps you hear coming from the retail industry are not the end. They're the sound of pure delight streaming from brick-and-mortar stores. Why? Despite widespread media coverage declaring brick-and-mortar stores as dying, the latest research shows the opposite is true.

First, despite the meteoric rise in online shopping, the majority of retail purchases made in America still happen in brick-and-mortar stores. According to the latest U.S. Census data released in August 2017, 90 percent of all retail purchases in America were made in brick-and-mortar locations during the last quarter.

Secondly, despite the headlines on store closings, U.S. retailers are actually opening more new stores in 2017 than they are closing, with more on the way in 2017, according to IHL Group.



What shoppers are saying now is evident

The in-store experience offers a level of personal service that simply can't be matched by the web, and this in-store experience is driving shoppers to stores. If you think that in-store shopping only appeals to middle agers and the elderly, think again. Today's in-store shoppers include 98 percent of Gen Z, young digital citizens born after 1994, according to research conducted by the National Retail Federation and IBM.

Even traditional online-only retailers, such as Warby Parker, Blue Nile and Amazon, are embracing the brick-and-mortar approach. Each of these leading online-only retailers has announced the opening of physical locations to meet their customers' demands for in-store shopping.

Despite the dominance of the in-store channel, however, retailers of all sizes recognize the need to reinvent the in-store experience to drive customer loyalty and market share. Optimizing their store portfolios, leveraging customer data to improve planning and introducing personalized services to engage customers are all part of the next-generation experience – and retailers are turning to mobile technology to power these business-critical initiatives.

Mobile technology is critical for brick-and-mortar success

Before they visit a retail store, many shoppers review trends and pricing online with their mobile devices, which continue to be shoppers' "go-to" source for product information. In fact, 90 percent of in-store shoppers use their mobile devices to search for coupons and check product descriptions and specifications, reviews and pricing.

With so much pre-purchase research now taking place online, shoppers often arrive at brick-and-mortar stores ready to buy. However, being ready to buy is not a "one-size-fits-all" experience. Savvy retail associates, formerly functioning as order takers, now carefully guide customers along their individualized paths to purchase. According to Grant Thornton, the way consumers shop and the options they choose on that journey create 800 different paths to purchase. By leveraging mobile capabilities in their own brick-and-mortar locations, leading retailers are taking back some control of the path to purchase by creating highly personalized in-store experiences led by store associates.

Consider these seven ways retail associates' use of mobile can positively influence shoppers' buying decisions:

- Personalizing the shopping experience by greeting customers as they enter the store and starting a conversation about potential new sales
- Guiding shoppers to products available in-store and online via an "endless aisle"
- Sending relevant push notifications to shoppers' mobile devices while they are in-store, which will encourage 57 percent of them to shop in the sender's stores, according to Retail Touchpoints
- Recommending products based on items the customer has already purchased
- Completing transactions on the retail floor, without requiring the customer to wait in a traditional check-out line
- Directing shoppers to relevant in-store special events

- Meeting customers with a return at the store's entrance to expedite the return and leave more time for shopping

In addition, mobile-based beacon technology can alert retail associates to specific individuals who are currently in-store, giving associates an opportunity to deliver highly personalized shopping experiences.

Pausing for re-invention: Investment in retail and mobile to drive sales

Even store closings can be a good thing for savvy retailers. With a chance to reset the bar on the in-store experience, retailers now have time to rethink how stores operate and why brick-and-mortar environments matter alongside online experiences. Current trends among retailers include moving toward smaller footprint spaces, focusing on unique customer experiences and optimizing inventory management and distribution to deliver products in an "omnichannel" model to meet customers' "whenever and wherever" demands.

IT is having a major impact on retail sales growth. According to research from IHL Group and NCR, leaders across all retail segments have spent 69 percent more as a percentage of revenue on IT than laggards in the retail segment so far in 2017. Looking to 2018, winners across all retail segments are increasing their IT spend at a rate 87 percent faster than laggards, with in-store IT spend increasing at 133 percent, according to a NCR/IHL Unified Commerce Study.^[1]

Investment in mobile is a key part of this IT spend to ensure that retail associates have the mobile devices, applications and services required to deliver a unique experience with shoppers in stores. This same study found that retailers investing in mobile for associates' use are seeing an average 77 percent higher increase in sales than retailers who are not.

And retailers who successfully have associates use mobile point of sale (POS) with inventory lookup and sales assist for shoppers are seeing a 92 percent higher sales growth rate than their non-mobile POS competitors.

Rethinking the future of retail

Brick-and-mortar retail is far from dead. Online shopping isn't killing traditional retail, but it is causing retailers to abandon the 'one size fits all' thinking of the past and rethink the in-store experience. Mobile continues to be shoppers' platform of choice for sorting out their purchase options and retail's technology of choice for crafting a personalized in-store experience for each shopper led by retail associates. Smaller stores with curated products capable of generating a higher profit per square foot, ongoing events that consistently change the shopping experience and highly personalized services are making in-store shopping more dynamic. All of these changes are designed to change location-based shopping into an adventure so desirable, customers can't get enough.

^[1] NCR / IHL Unified Commerce Study