

LET'S TAKE THIS OFFLINE

While the so-called retail apocalypse continues to make headlines, reality is more complicated than some doom-and-gloom observers would allow. Yes, legacy chain brands are closing storefronts and losing ground to new digital-native retailers. But at the same time, e-commerce retailers like Warby Parker (eyeglasses), Casper (mattresses) and Allbirds (shoes) are ramping up their investments in brick-and-mortar stores. Warby Parker, for example, now has more than 100 U.S. stores, including new locations opened in

Minnesota, New Jersey, North Carolina and Tennessee in the second half of 2019.

This is not about novelty value; it is part of a multipronged strategy. As online competition and ad rates heat up—making it more challenging and more expensive to get in front of prospective online buyers—executives at young direct-to-consumer retailers see growing opportunities to raise brand awareness, deepen connections to existing customers and boost sales via a physical presence. In real life, retail is not disappearing anytime soon.



SHRINKING CHAINS

Older retailers such as Pier 1 Imports, Sears and Forever 21 are on the downswing.

9,300

Number of U.S. retail store closings in 2019—the highest ever

12,000

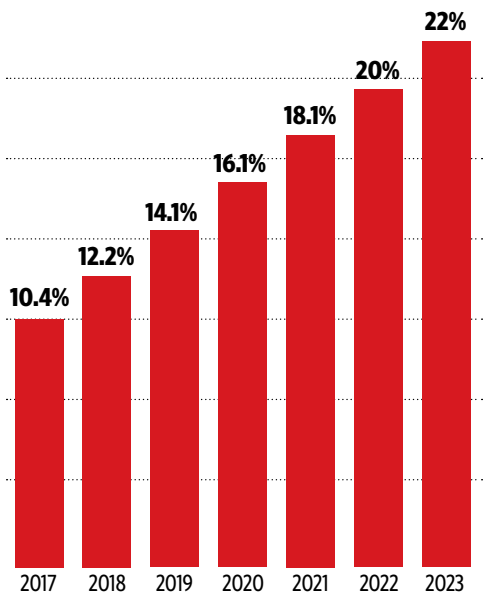
Estimated number of U.S. chain store locations that will close in 2020, according to real estate firm Cushman & Wakefield

75,000

Number of U.S. retail stores that UBS predicts will close by 2026—roughly 7% of all retail establishments open in the U.S. in 2019

E-COMMERCE RISING

The percentage of global retail sales occurring online is expected to continue its steady rise.



GETTY IMAGES

Yet about **90%** of all retail sales in the U.S. still occur in physical stores.



SmileDirectClub, which launched online in 2014, now has physical stores in 45 states.

DIG DEEPER

To understand the seismic changes rolling through the retail sector, check out the following:

LISTEN



“Can the Supercharged Consumer Save Retail?” This episode of the *Knowledge@Wharton* podcast, produced by the University of Pennsylvania’s The Wharton School, digs into the benefits online retailers reap by opening physical stores.



The National Retail Federation’s weekly *Retail Gets Real* podcast, featuring retail executives, entrepreneurs and industry experts.



READ

Retail Therapy: Why the Retail Industry is Broken—and What Can Be Done to Fix It, by Mark Pilkington (2019, Bloomsbury Business).

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FROM CLICKS TO BRICKS

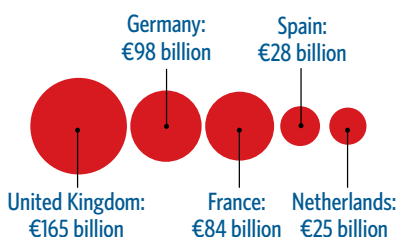
1,700 Approximate number of physical stores operated by digitally native retailers

850 Number of stores digitally native brands plan to open in the U.S. by 2023

200 Physical stores that mattress-seller Casper plans to open in North America

CROSS-BORDER COMMERCE

The top five European countries for e-commerce sales in 2018:



EXECUTIVE MINDSETS

“We learned that, in some markets, having that physical presence is a statement saying, ‘Hey, we’re here,’ in a much more significant way than just opening an e-commerce platform.”

—Allbirds co-founder **Joey Zwilling**, to *Footwear News*

“We don’t think retail’s dead. We think mediocre retail is dead. And we’re finding a really powerful response from customers any time we open stores.”

—Warby Parker co-founder **Dave Gilboa**, to *PBS*

Sources: Business Insider; Cushman & Wakefield; *Global Ecommerce 2019*, eMarketer; “E-commerce retailers plan 850 physical stores in the next 5 years,” JLL; Thinknum Alternative Data/Fifth Wall; UBS; *Quarterly Retail E-Commerce Sales: 3rd Quarter 2019*, U.S. Department of Commerce