

Retail: Online Stores

ONLINE RETAIL STORES continue to increase in number and popularity among consumers. The apparel and accessories category of retail was over \$100 billion in revenue in 2018 with projections to be at least \$145 billion by 2023. Customers are demanding excellent customer service and online retailers are responding by redefining how a customer can shop with Omnichannel opportunities. The online retail trends will continue to change and to be successful retailers will need to as well.



Objective:



Summarize online retail stores, and identify online retail store trends.

Key Terms:



accessory
apparel
brick and mortar store
consumer
department store

direct-to-consumer
business
e-commerce
etailer
omnichannel
online retail store

private brand
retail business
revenue
social media
user-generated content
(UGC)

Online Retail Stores

SUMMARIZE ONLINE RETAIL STORES

There is significant growth in online retail stores. A **retail business** is a company that sells products directly to consumers. A **consumer** is a person who makes purchases.

An **online retail store** is a company that sells products through the internet. Today there are over a million online retail stores in the United States and 5.6 million in the world. There is even a new term to describe these types of stores; etailer.

An **etailer** is an e-commerce retailer. **E-commerce** is business that is done on the internet. E-commerce retail revenue is projected to be more than 700 billion dollars by 2022; that is an increase of more than \$200 billion since 2018. **Revenue** is the income of a business. Amazon is by far the most prominent online retailer with 54.5 billion dollars in sales in 2017 in the United States. The apparel and accessories category of retail was over \$100 billion in 2018 with projections to be at least \$145 billion by 2023. **Apparel** is clothing. An **accessory** is an item added to another item to increase appeal or worth. Examples of accessories are scarves, belts and handbags.

Why is there such a big increase of online stores and the revenue created from online sales? It is in part due to increased access, and ease of use, of the internet. According to Pew Research Center, 96% of people in the United States have a cell phone which is a 61% increase since 2011. That means that almost everyone in the U.S. has access to online shopping at their fingertips. And with so many online stores to choose from, to stay competitive, retailers need to meet customer's needs. Consumers expect an effortless, personalized shopping experience. Which means to be successful, stores must ensure their Omnichannel experience is exceptional.

Omnichannel is the integration of all online and offline purchasing experiences. In the Shopify article, Omni-Channel Retailing: What Is Omni-Channel Commerce, it is stated that 72% of customers use multiple channels to purchase products.



FIGURE 1. Consumers expect an effortless, personalized shopping experience. Which means to be successful, stores must ensure their Omnichannel experience is exceptional.



FURTHER EXPLORATION...

ONLINE CONNECTION: Retailers Need Both Online and Physical Presence to Survive: Former Macy's CEO

According to the former CEO of Macy's one of the largest department store, business must have both brick and mortar and online stores to be success. The video is from 2018. Do you think the facts are different in 2020? To learn more, access the video at <https://www.cnbc.com/2018/04/19/retailers-need-online-and-physical-presence-to-survive-former-macys-ceo.html>

This means that companies must ensure that no matter where a customer shops, they can navigate easily to another avenue. It also means that companies need to have a thriving online store in order to capture customer's attention and dollars.

ONLINE RETAIL STORE TRENDS

Online stores cannot become stagnant if they want to remain successful. With the boom in online retail stores, brick and mortar stores have worked to stay competitive. A **brick and mortar store** is a business housed in a building rather than online. All online retailers need to be aware of a type of online retail store; direct-to-consumer.

Direct-to-Consumer

A **direct-to-consumer business** is a retail company that sells directly to customers. Direct-to-consumer is often referred to as DTC or D2C. These types of online stores bypass a third-party retailer eliminating costs, having full control over their brand, and being able to track their own data.



FIGURE 2. With the boom in online retail stores, brick and mortar stores have worked to stay competitive.

Private Brands

Private brands are another trend. A **private brand** is a product that is produced for a specific retail store. Although this is not a new concept, it is a prominent trend that has changed over time. Stores such as Target have sold their own products as off-brand for years, but are now labeling them with their own brand name. Cat & Jack is just one example. The children's wear line had more than \$2 billion in sales in the first year alone.

User Generated Content

A continuing, and growing trend, is user generated content influencing consumers and must be thoughtfully addressed by online retailers. **User-generated content (UGC)** is any content created and shared by a consumer. One method an online retailer can use to interact with UGC is social media such as *Instagram*. **Social media** are online communities used to share information, opinions, experiences, and other content as well as for networking. A company can use UGC on *Instagram* by liking and sharing the posts of customers who post about their products. They should also respond to any UGC that is posted on the company's social media sites. By addressing UGC online retailers will make the connection clear between their products and the consumer.

Customer Service

Even with new trends, providing outstanding customer service still remains the top trend in online retail stores. Customers have become less loyal as more options of products, stores and ways to shop, have become available. Online retailers have recognized that customer service is the foundation of a successful business. Long gone are the days that customers in small towns had to shop at the one department store in town. A **department store** is a business in a large brick and mortar building which sells many different products. Customers have demanded, and online stores have responded, to reduce or eliminate customers paying for shipping and returns making online shopping even more enticing. It should be noted however, that even though there are trends for meeting online customer needs, with so many different types of online retailers and consumers, best practice for determining customer needs and expectations is to ask them directly. Not only will the consumer feel valued, the information will be up-to-date and relevant.

Summary:



From this E-unit you have learned about online retail stores and the trends happening in the online retail world. You know that online retail stores will continue to grow in both number and popularity among consumers. With an ever increasing sales and revenue, online stores will continue to capture more of the retail market. By providing customers with excellent customer service online stores are able to meet their consumer's needs. You also now know that to stay competitive online retailers need to continue to change with the times.

Checking Your Knowledge:



1. What are online retail stores?
2. What is an e-tailer?
3. How much revenue is the accessories category of retail estimated to have by 2023?
4. What does the term Omnichannel mean?
5. What are the trends in online retail?

Expanding Your Knowledge:



Visit your favorite online retail store's websites. Think about why these are your favorite stores. Is the website visually appealing? Do you like the products? Do they offer great customer service? Think about online stores that you don't visit. What is the reason you don't like shopping on their websites?

Web Links:



Fashion of the Future: What Retail Customer Experience Will Look Like In 5 Years

<https://www.forbes.com/sites/blakemorgan/2019/05/10/fashion-of-the-future-what-retail-customer-experience-will-look-like-in-5-years/#6596faaa569e>

The 76 best online clothing stores in the US

<https://www.independent.co.uk/extras/indybest/us/best-online-clothes-shops-women-fashion-asos-workout-designer-a8705896.html>

The State of the Ecommerce Fashion Industry: Statistics, Trends & Strategy

<https://www.shopify.com/enterprise/ecommerce-fashion-industry>