

Retailers must leverage online and offline tactics to succeed

By [Michael Zahariev](#)

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In the USA, bricks-and-mortar retailers had a bad 2018. Now that we're in the ninth year of what's dramatically been dubbed '[the retail apocalypse](#)', local retailers have felt the same pinch. In order to survive, businesses can no longer follow a purely traditional retail model and will have to seek the perfect online-offline fit for their market.



Image credit: Luxity

With Luxity, we started our journey as a purely online offering to cut down on the overhead expenses. But eventually, it became apparent that there was value in leveraging the benefits of a brick-and-mortar store to enhance the online experience.

Although our move into retail may seem more traditional, our execution has been more modern in its approach. We see our retail expansion as purely a marketing expenditure, each store being carefully selected and positioned in shopping centres to get the most exposure for our brand, and primarily, draw in new customers. Once a customer is acquired, our goal would be to encourage repeat sales through online as far as possible.



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30 Oct 2018



Establishing trust

Our core belief is that brick-and-mortar is required to establish trust at a scalable level, especially in a market such as South Africa. Once you have established this trust well enough, customers become happier to shop via the online store, which in turn has the benefit that it scales much better cost-wise (e.g. customers have access to more stock).



In the US, we've seen [Amazon close all 87](#) of their pop-up stores in favour of niche, experiential retail experiences, like the cashierless convenience stores. These experiences allow Amazon to engage traditional customers who may be wary of moving online, while at the same time experimenting with new cutting-edge technologies. Because these stores are fewer and act more as a marketing vessel, they very rarely need to justify their revenue as their benefits are experienced elsewhere.



Image credit: Luxity

Using this online-offline model has been a huge success. According to key findings in the World Wide Worx study '[Online Retail in South Africa 2019](#)', online retail sales make up only 1.4% of total sales in the sector.

With our model, we generate over 60% of our sales online with the remainder coming through walk-ins into our brick-and-mortar stores. This statistic is especially telling when you consider that our average customer is over the age of 35 and our average sale value is over R10,000.

By keeping our overheads low and our margins high we can invest in creating an experience both online and offline that establishes trust in the online model as well as the second-hand luxury industry. By focusing on building this relationship, we have been able to become a dominant player in an industry that is just starting to take-off in South Africa; an industry estimated to be worth \$25 billion internationally according to [Reuters](#).



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With a weak retail climate and more prime retail space becoming available at lower costs, we believe there will be an resurgence of the larger online players experimenting in brick-and-mortar. The key, however, is to ensure you are converting your sales in-store to online ones - not the other way around. A balance that often is easier said than done.

In the end, only those retailers who have a true online-first strategy and understand the modern-day climate will survive.

ABOUT THE AUTHOR

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