

COLUMNS

Everything the Internet did to media will happen to retail

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History does not repeat itself but it often rhymes, Mark Twain famously said. There is a rhyme between physical retailers and newspapers. Both have a fixed-cost base with decreasing revenues. Both industries are going through a near-disappearance of physical distribution advantages.

There is also unbundling and disaggregation among both of them. Retail and print newspaper audiences migrate from old bundles and aggregators, such as department stores, to networks and new aggregators including Farfetch, Amazon and Alibaba.

New shopping networks and aggregators do not only mean more ways to buy something. They also mean buying different things. When we change how things get bought, we change what gets bought, as Benedict Evans [noted](#).

Dress down

Imagine a person buying a Balenciaga dress in her local Barneys on Atlantic Avenue in Brooklyn. The dress may have had caught her eye because it was on a mannequin or because a sales assistant complimented it.

Now imagine that same person going on [barneys.com](#) and being influenced by the editorial curation or a piece of content. She may end up buying a completely different brand, or a completely different product.

If this person, at some point in the near future, turned to Alexa to buy a dress, she may also have told her "I want a dress that Pernille Teisbaek wore on her Instagram post from Monday, June 19."

New purchasing journeys mean new kinds of shopping decisions.

In this complex decision-making landscape, where a voice interface is a touch point equal to the physical store, figuring out how to build a relationship with consumers is more important than ever.

Fast-growing retail upstarts are our canary in the coal mine when it comes to attracting and retaining their audience. What they lack in scale, this next generation of retailers compensate in their proximity to their customers.

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we don't want big numbers. we want engaged, quality readers, listeners, viewers, notes tyler dine, founder of Monocle magazine.

This engagement is created through passionate communities of loyal fans and high-quality lifestyle content, such as Goop or Glossier did. It can also be created through data used to curate products, as Farfetch or Reformation do, or through the iterative and test-and-learn process championed by Lululemon, Ministry of Supply or Nike.

Cleansing experience

Customer engagement can be achieved through superior VIP and delivery service, such as that of Net-A-Porter and MatchesFashion.

Customer proximity is not only a successful and sustainable business model. It is also a critical differentiator for newcomers compared to legacy retailers.

Legacy retailers define their strategy in competitive terms. Retail upstarts define it in terms of their customer. Or, as Jeff Bezos put it, "When [CEOs] are in the shower in the morning, they're thinking about how they are going to get ahead of one of their top competitors. Here in the shower, we are thinking about how we are going to invent something on behalf of a customer."

To successfully compete in this customer-first context, retailers have to start thinking beyond incremental innovation.

TO TRULY TRANSFORM their physical retail disadvantage, they have to become comfortable with new business models and technologies that cannibalize their business as it is right now.

Print newspapers failed to do it.

From 2000 to 2015, print newspaper advertising revenue fell from about \$60 billion to about \$20 billion.

There have been nine retail bankruptcies in the first six months of 2017, and the same number in 2016. Those retailers who have not gone bankrupt have closed as many as hundred of their stores.

If retailers do not kill retail, someone else will.

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