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Retailers Need to Focus on Experience To Gain Market Share: HRC

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Retailers that failed to capture market share in competition against Amazon.com Inc. need to "create experiences that are compelling" in order to regain lost ground, according to a report by retail advisory firm HRC Retail Advisory.

* Recent bankruptcies and store closures among retailers created newly-available significant market share that should have driven sales, "but sadly this hasn't occurred," Antony Karabus, chief executive officer at HRC, in the report

* Instead, Amazon, the experience economy, discounters, off-price apparel retailers and value chains are taking share, said Karabus

* E-commerce sales from traditional retailers are hardly incremental and more than 95% have cannibalized store sales

* Retailers need to build "a new operating economic profit and loss and working capital model," said Karabus. Incremental changes will not achieve the goal to regain market share, at a time when the rate of disruption is escalating, he said

* U.S. retail merchandise sales, excluding grocery, motor vehicle and auto parts as well as consumer electronics and building material sales, have grown at a compound rate of 2.9 percent since 2011, according to the report

* Top-line sales have also decelerated. Despite e-commerce being the primary growth engine for traditional retailers, it is rapidly maturing

* E-commerce sales at department stores dropped to about 12% in 2016 from about 39% in 2011. For specialty stores, that rate fell to 11.2% last year from about 17.5% percent in 2011

* Notable retailers that failed in recent years: The Limited Wet Seal LLC Dots Body Central Corp. Deb Shops Inc. Sports Authority Inc. Sport Chalet Inc. Borders Group Inc. Circuit City Stores Inc. Bombay Co. Inc. Vanity Shoppers Coldwater Creek Inc.

* Retailers that have closed/are closing stores: Sears Holdings Corp. Macy's Inc. JC Penney Co. Inc. Payless Inc. Rue21 Inc. A&F Aeropostale Inc. PacSun LLC Eddie Bauer LLC Gander Mountain Co. Ascena Retail Group Inc. Gymboree Corp. Guess? Inc. Gap Inc. BCBG Max Azria Group Inc.