

Financo Panel Touts the Store

BY DAVID MOIN AND VICKI M. YOUNG

NEW YORK — Online sales are booming and dominating the retail dialogue. But even as social networking, smartphones and mobile marketing build momentum, some executives believe brick and mortar will always be king.

And what better place to stick up for the old format than the annual Financo Forum, which, on Monday night, drew a balance of veteran retailers, Web geeks, social networkers and executives from private equity, real estate, headhunting and fashion firms.

“Even if we do triple the business online in the next five years, 59th Street will still be a bigger business,” said Bloomingdale’s chairman and chief executive officer Michael Gould, in a reference to Bloomingdale’s Manhattan flagship.

Gould, speaking from the audience during the Q&A round of the Financo panel, suggested there’s no tug-of-war between online operations and four-wall stores. “It’s not one or the other. It’s about the experience. The unexpected. You need to have excitement in the store and leverage that online,” he said, but added, “There is so much power in the store. The store is the brand.”

Stephen I. Sadove, chairman and ceo of Saks Inc., echoed the sentiment. “What we do in New York [at the Fifth Avenue flagship] is every bit or more important than what we do on the Web.” Consumers, he added, “want what they want when they want it, wherever they want it. We have to be channel-agnostic. We have to offer the consumer a way to shop playing in every format. Eighty-five to 90 percent of our business is in the stores. Even if it triples, stores will still be the critical part of our business.”

Philippe Houze, the chairman of Galeries Lafayette, laid it on thick with brick and mortar. “The store is a brand,” he said. “The department store is still alive. People want that ‘wow’ effect when they come to the store. It is a special experience.”



Clockwise from top: Daniel Schock and Chip Wilson; Nicole Lapin and Gilbert Harrison; Ben Fischman; Stephen Zangre.

The Financo panel, however, was stacked with professionals from the online channel discussing how the Internet has changed consumers and retailing.

“It’s empowered consumers to be smarter than ever before they purchase,” said Daniel Schock, retail industry director for Google Inc. “People are shopping a lot earlier online. Around the end of August-early September, people were looking for Black Friday deals,” not necessarily purchasing but downloading coupons and finding out about free shipping. “It’s still all about deals,” he said. Schock noted that 52 percent of consumers with a smartphone use it in stores to compare prices, and suggested co-op advertising, important in traditional media, has been “slow to transfer” online.

“It’s flattened the retail world — created a commodity world,” said Lululemon Athletica Inc. founder, chairman and chief innovation officer Chip Wilson. It’s enabling consumers to find the best prices and therefore compelling retailers online to compete on that level. On conventional marketing, like advertising and billboards, he suggested social media is making it less relevant.

“Consumers are finding out what they want to buy by listening to their friends,” added Stephen Zangre, Facebook Inc.’s director of media sales, New York. “Brands are reorganizing around people building experiences around people.”

The Internet has “created a brand new theater,” said Ben Fischman, ceo of Rue La La. But he cautioned about overcommunicating with consumers and advised “discipline.” Fischman emphasized that selling online is about creating “urgency and emotion and excitement” every day, that apps are “defining what we’re doing” with mobile, and that the fastest-growing segment of his business is women ages 25 to 45.

Nicole Lapin, CNBC anchor for “Worldwide Exchange” who moderated the panel, questioned if Cyber Monday, occurring right after Black Friday, was too contrived. It was invented by NRF’s Shop.org to spur online shopping. But Fischman countered, “It’s a kickoff for us. Momentum is everything.”