

Food Forum: A Digital Dilemma

Retailers need an online presence, but it may be costing them sales.

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The race is on. If you are wondering where to, you should head over to the intersection of E-commerce Avenue and Brick-and-Mortar Road. Retail giant Walmart acquired [Jet.com](#) earlier this year in order to accelerate its digital capabilities. Meanwhile, e-commerce elites like Amazon have crossed over to the other side, laying bricks down to build physical stores.

It seems like the rush to capture the omni-channel consumer is turning the market inside out—and that may be a good thing. As per usual, when it comes to expansion, the consumer always wins. As a customer, if you regularly shopped at Walmart but hated the traffic and crowds, you can now log on to Walmart.com—and with the inclusion of Jet.com, your online experience can only get better.

It is obvious how the consumer benefits from these initiatives, but what do retailers stand to gain as they enter this new territory? Are the benefits as obvious and simple as “more sales?” Could there be pitfalls to this kind of expansion?

The evolution of e-commerce to brick-and-mortar is fairly straightforward in this respect. The physical presence of a store helps an e-commerce site feel more “real,” drawing in customers through experiences they can feel and touch rather than just see.

The same cannot be said for bricks and mortar retailers heading to the e-commerce side of things. Sure, any retailer can sell products, but good retailers are great at making sure shoppers spend a lot more money when in-store. The average shopper spends about \$55 per trip when they enter a Walmart store. At Target, they spend \$62, and at Costco, that number jumps to \$136.

So why does a shopper who enters the store to buy milk and diapers end up with a total purchase of \$55? Simply put, Walmart—and its competitors—is good at getting shoppers to buy more than planned by leveraging how they place their products. It is no coincidence that when a shopper goes to buy diapers, they have to walk past formula, bottles, bibs, wipes and all manner of creams first. It is an easy yet effective reminder that while they are in store, they should pick up everything else they might need—and a couple of things they do not. As a retailer, you are happy when you are able to increase your shopping basket. A larger basket means a consumer is buying more things per trip, which increases revenue, volume, and the movement of products in and out of your store.

As brick-and-mortar retailers hurtle toward digital competitiveness, they are only just beginning to figure certain things out. For instance, while they are giving the consumer an overall greater experience by offering online shopping, they are actually

putting themselves at a bit of a disadvantage. Research shows that the average online shopper buys only half of what they would in-store. After speaking to several families that tried buying online rather than heading to the store, their experiences mirrored this research. “Great shopping experience online, and I saved a ton of money because I only bought what I needed,” was a very common response.

After digging a little deeper, we also found that they were not heading to the store more often to offset their online shopping either. The digital shopping experience was far less distracting, resulting in very little unnecessary purchases, which meant less time spent online, and less money spent overall.

While these are not definitive results, they are troubling nonetheless. As brick-and-mortar retailers continue to test the e-commerce waters, they will have to figure out the best way to merchandise online, making their digital shop a place where the consumer will purchase more than just the basics. If they do not, they are going to have to watch as their shopping basket shrinks to disappointing levels.

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