

Barnes & Noble Should Rally Around, Not Retreat From, Retail Stores

Liberty Media LMCA +0.92%'s sell-off of its stake in Barnes & Noble NE -0.07% last month might have seemed like one more nail in the bookseller's coffin. The company has been struggling for years and most recently reporting a year-over-year revenue decrease of 10% in Q3 of 2013. B&N's Nook division had been considered its one bright spot and led to Liberty's interest in the company in the first place. But when competing with Amazon proved to be too difficult, Liberty bailed and the news of its divestiture sent B&N's share price down by 10%.

Instead of sealing the company's fate, though, the sale by Liberty might have produced a silver lining. Attention is now back on B&N's retail operations and the brand's stores may indeed be its saving grace.



Barnes & Noble at The Shops at Tanforan mall in San Bruno, California. (Photo credit: Wikipedia)

Despite the pressures on retail stores from showrooming and increasing labor costs, brick-and-mortar remains the engine of our economy. Online purchases have soared to 18% of retail sales and continue to grow, but there's still a lot of money in the remaining 82%. And in the book category specifically, e-retailers account for less than half (44%) of book purchases. Plus pure e-commerce brands like [Warby Parker](#) and [Bonobos](#) have been opening retail stores, suggesting that stores still contribute unique value to brands and continue to play an important role in the purchase process.

Instead of retreating from stores, Barnes & Noble – and other struggling retailers like it, including [Staples SPLS +1.71%](#), Radio Shack, and [Gap GPS +4.13%](#) – should rally around them. And they should look to the recent innovations and counterintuitive strategies that are making headlines for other retailers.

[Restoration Hardware](#) is repositioning its stores as **destinations**. The chain is opening new locations in high profile real estate, such as the huge neoclassical building on Bolyston Street in Boston which used to house the Museum of Natural History. These new stores are “Design Galleries” which present the company's home furnishings as objets d'art for customers to curate and customize with the help of RH staffers. By using the structure and design of the store as a draw beyond the product, RH has made its stores iconic and the shopping experience in them irreplaceable.

On the other end of the socioeconomic spectrum is [Walmart](#), which is experimenting with **different formats** for different neighborhoods and target customers. There are now gas station/convenience Walmarts, grocery store-like neighborhood markets, supercenters, and the brand's original big box stores. The company is using these different formats to expand the brand's footprint, pick up sales it might have lost to competitors running smaller stores, and gain entry to markets which it had previously been shut out of. This approach increases complexity, but a similarly open-minded, flexible approach might just be the key to retail success.

[Apple's Genius Bar](#) proves the widespread demand – and consumer willingness to pay — for **expert help** in retail. Access to personal service from experts is part of what makes Apple stores so popular and profitable. Not only does the Genius Bar help Apple live out its user-friendly brand identity, but also reports show that one out of ten customers purchase a device after receiving help from the Genius Bar. Of course, people need more help with electronic gadgets than with books or other basic products, but with content and choice overload posing such a prevalent problem these days, it seems a curator or docent of sorts could be of greatly valued in many retail settings.

A **local focus** is what has propelled [Whole Foods Market's](#) growth in recent years. The company says it aims to source 20% of its products locally across the chain and it works with local suppliers in practically every category it sells. There's local produce, local meat, local craft beers... Its efforts in local extend to its community engagement and marketing strategy. Each store hires local marketing staff who communicate with customers through social media, engage local influencers, and host community events at the stores. This makes the brand feel like more personal and a part of the community, which appeals to the sensibilities of consumers today.

[Target](#) stores feature Apple **shop-within-a-shops** and [JC Penney](#) hosts Sephora in a similar fashion. These high-profile brands draw people into these retailers and enhance the esteem of their brands. It's a classic strategy of borrowing equity from other brands and it's stood the test of time because it works. Imagine the appeal of a Disney shop-within-a-shop, or a WIRED one, in a Barnes & Noble.

Some of these approaches will work; some won't. The point is to think differently about retail store experience. The prevailing thought might be to streamline stores and re-conceive of them as online fulfillment centers. But as demonstrated by the pioneering retailers described above and others like them, the opportunity is to invest in retail and build stores up as bastions of the brand.