

Why the New Crop of E-commerce Brands Should Really Scare Traditional Retailers

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Data and social media are changing the game

Even as pundits swear that [bricks-and-mortar shopping isn't dead](#), anyone who works at a traditional retailer may have been sweating a little while listening to a South by Southwest Interactive panel about the future of retail.

On Saturday, speakers from MIT's Center of **Digital** Business, Clique Media Group and The Bailey Group talked about how upstart **brands** like **Casper**, **Dollar Shave Club**, **Bonobos** and **Warby Parker** are shaking up traditional merchants that are notoriously slow to embrace technology. For legacy names like Macy's and Sears, the e-commerce boon has required pouring major resources into building slick websites and mobile sites. E-Commerce companies, on the other hand, are building **digital-first brands** from scratch using data, **social** media and web tools.

"It sucks to be an incumbent if you're in retail," said **Michael Schrage**, research fellow for the MIT Center of **Digital** Business. "If you use phrases like e-commerce consistently, it's a sign that someone should short your stock. Retail is being transformed into shopping, and how people want to shop is completely and utterly out of your control."

One of the major reasons upstart **brands** have been successful is because they come at the industry with a unique perspective, said **Katherine Power**, Clique Media Group's **CEO** and cofounder.

"A lot of these direct-to-consumer retail **brands** are not well-known names, but they come in with a very distinct look, feel, voice, tone," she explained. "Consumers really react to that. It's possible for big, giant retailers to do that as well, but I think that's something that's often overlooked."

Power said that differentiating a **brand** relies on crunching data to figure out what people look at and buy online. For example, Clique Media Group (CMG) recently [partnered with Target](#) to create a clothing-and-accessory line based on stats from **social** media and the Web.

"We refer sales to hundreds of retailers, so we're looking at what sells at what point in the year, what materials, what silhouettes, we're looking at search queries," said **Power**, whose company entails in-house retail **brands** like Who What Wear, MyDomaine, Byrdie and Obsessee.

Even a simple **social** post can give marketers insight into their shoppers.

"I'll go on **Instagram** and create a video and say [to fans,] 'What are you missing in your closet? What do you need?' I take that data, as well as everything else we get from the actual transactions that we watch, and we use that to put products into the collection," Power said.

Other **digital brands** are building bricks-and-mortar stores that are **designed** with unusually specific details, said **Christopher Tate**, **CEO** of The Bailey Group, who is soon opening the first store for e-commerce **brand** Bailey 44.

"We partnered up with a local florist who is going to have a new flower shop in the space, we have local food curators inside—we want to create an experience for that **brand** that can't really be replicated online," **Tate** said.

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