



## 'Death of Pureplay' Report Reveals Online-Only Retail Strategy Challenging and Ultimately Unsustainable

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**L2 report sponsored by Simon Property Group links retailers' success to omnichannel approach**

NEW YORK, Jan. 12, 2016 /PRNewswire/ -- An L2 report released today titled "Death of Pureplay Retail" finds that online-only retailers – referred to as 'pureplay retailers' – are disadvantaged by the high cost of marketing and shipping, making their business model challenging and ultimately unsustainable in the long-term.



By contrast, the report finds that online retailers leveraging physical store locations - called 'evolved retailers'- drive higher organic site traffic and lower customer acquisition costs while elevating brand awareness across multiple channels.

"If you want to increase the traffic to your website, open stores," said Scott Galloway, Founder of L2 and Professor of Marketing at NYU Stern. "High-end malls continue to experience growth in sales per square foot, making them an attractive option for evolved retailers looking for brick-and-mortar spaces."

"The L2 report highlights the inherent limitations of an online-only channel strategy and the synergistic benefits of omnichannel retailing," said Mikael Thygesen, Chief Marketing Officer at Simon. "Online retailers are increasingly recognizing the advantage of opening stores in improving the underlying economics of their business and accelerating their growth, and we're seeing this trend reflected in our leasing activity."

The report includes these additional findings:

- While pureplay retailers struggle in an ever expensive game of trying to drive awareness, evolved retailers that have opened brick-and-mortar stores are reaping the dual benefits of both profitable new points of distribution as well as increased consumer awareness and online site traffic.
- Evolved retailers offering in-store pickup and returns have a competitive advantage. While pureplay e-tailer orders typically net 77 cents on the dollar (due to costly returns that average 23 percent of order value), retailers that offer both in-store pick-up and returns enjoy an accretive effect – whereby shoppers walk out of the store with 107 percent of their original basket size after exchanging merchandise and making incremental purchases.
- Digital shoppers report that traditional in-store experiences are the most important touch point for purchase consideration, according to the report. Nearly two-thirds of digital consumers cite the ability to see, touch, and try merchandise as a main factor for preferring in-store purchases, while over half appreciate the ability to get products immediately, and one-third turn to stores to be certain about the fit and suitability of items as well as in-person advice on fit and style.

[Download the research here.](#)

### **L2 INTELLIGENCE REPORT: THE DEATH OF PUREPLAY**

This report analyzes disruptive retail models that have emerged over the past decade, in an attempt to identify winning business strategies, and the underlying consumer behaviors that have enabled them. By contrasting digital and retail KPIs for pureplay, evolved pureplay and omnichannel retailers, L2 attempts to illustrate how organizations can benefit by operating across multiple channels.

#### **About Simon**

Simon is a global leader in retail real estate ownership, management and development and a S&P100 company (Simon Property Group, NYSE:SPG). Our industry-leading retail properties and investments across North America, Europe and Asia provide shopping experiences for millions of consumers every day and generate billions in annual retail sales. For more information, visit [simon.com](http://simon.com).

#### **About L2 Inc.**

L2 is a subscription-based intelligence firm that benchmarks the digital competence of brands. L2 provides members with actionable, data-driven insights regarding digital performance at a fraction of the cost of traditional consulting. L2's flagship product, the Digital IQ Index®, measures consumer brands on more than 850 data points across four dimensions: Site & E-Commerce, Digital Marketing, Social Media and Mobile in 15

industry verticals and 10 regions. L2 hosts 5,500 executives at 50+ executive education events, and produces 70+ research reports and a suite of dynamic tools and data resources to support ongoing digital innovation.

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