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EXPLORING THE BENEFITS OF DIGITAL-NATIVE E-TAILERS EXPANDING THEIR PRESENCE OFFLINE

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Abstract

Digital-native brands are currently expanding offline to brick-and-mortar. The purpose of the Work Project is to explore how the expansion from online to offline is managed, understanding the business strategies under this trajectory and the benefits that come with it.

Thus, the present report provides a multi-case analysis of three brands – each one representing a key business model adopted by the digital-first brands, namely *Direct-to-Consumer, E-commerce Platforms*, and *Collaborative Consumption Platforms*.

The main research insights are presented in two segments: firstly, the benefits of expanding offline according to each business model; and, secondly, general benefits covering the three models.

Keywords: Digital-Native; E-tailers; Fashion; Direct-to-Consumer; E-commerce; Collaborative Consumption; Everlane; Moda Operandi; Vestiaire Collective

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1. INTRODUCTION

Over the past decades, the fashion industry, which is defined as "the global market for apparel, accessories and luxury goods" (Easey 2009), has become one of the most important sectors worldwide. The industry has evolved mainly due to the developments in technology, which have made fashion more accessible for both consumers and new industry players, yet more challenging to traditional players that have not kept up with the technological evolution resulting in a greater competitive environment for them.

From the technological evolution, new brands have emerged, namely the digital-natives. These brands were born online, have grown their communities mainly through social media, and in just a few years, have succeeded in establishing themselves in the market, through their distinctive characteristics. Some of those brands are currently expanding offline, to brick-and-mortar, and the present Work Project is focused on this trajectory from online to offline.

The present dissertation reunites 38 digital-native brands that have been developing offline. More specifically, we provided a multi-case analysis of three brands - each one representing a key business model adopted by the digital-first brands, namely *Direct-to-Consumer, E-commerce Platforms*, and *Collaborative Consumption Platforms*. Several sources of information are used, including 23 qualitative interviews to consumers and 4 interviews to experts - two industry experts and two representatives from the brands under analysis.

The overall purpose of the Work Project is to explore how the expansion from online to offline is managed, understanding the business strategies under this trajectory and the benefits that come with it.

2. CONTEXTUAL BACKGROUND

2.1 The Fashion Industry

The McKinsey Global Fashion Index divides the fashion industry "based on a price index across a wide basket of goods and geographies." (McKinsey and BOF 2018). A more detailed approach (Da Silveira 2020) not only based on price, but also on how clothes are manufactured, organizes the fashion industry into three main segments: Luxury, Middle Market, and Mass Market. The segments comprise from lowest to highest: Value & Discount, Mass Fashion (Mass Market); Sportswear, Premium Industrial (Middle Market); Diffusion Collections, Designer Collections, Demi Couture and Haute Couture (Luxury).

According to The State of Fashion 2020, in 2019 the industry had a 4% growth, however due to Covid-19 the economic profit of the industry is estimated to be down 93% year-on-year.

2.2 The Rise of E-commerce in Fashion

When e-commerce first appeared, many traditional retailers were unenthusiastic about the idea, or allocated few resources into selling online. The luxury fashion sector, for example, has largely resisted embracing e-commerce due to the fear that online retailing would dilute the brands' image and reduce its sense of exclusivity. Moreover, the perceived lack of control from the brands, due to the way sales are conducted and priced on e-retailer platforms, also discouraged luxury brands to engage in e-commerce through e-retailers. Additionally, it also took time for brands to decide which type of e-commerce platform was best suited to their business: approaching a direct-to-consumer strategy and create own e-commerce website; follow the same strategy however deciding to outsource an e-commerce private-label solution (which means that brands can buy the IT infrastructure as for example Farfetch offers in its "Platform solutions" service); or joining a multi-brand e-retailer platform (for e.g. Farfetch, Mytheresa, YOOX, Moda Operandi, Zalando, etc.).

While some brands took their time to study its e-commerce options, others more agile as Neiman Marcus – an American chain of luxury department stores – "(…) grew their online sales to more than 30 percent of their total business" (Dennis 2020).

Furthermore, according to Statista (2020), as of 2018, clothing is the most popular online shopping category worldwide, and 57% of global e-commerce purchasers have acquired a fashion related item online. Moreover, approximately 80% of luxury sales are digitally influenced (Mckinsey 2018).

Although digital disruption is profoundly transforming most sectors of retail, in 2019, e-retail only represented 14% of total retail sales worldwide (Statista B 2020). In 2020 it increased to more than 30% (eMarketer 2020) in the developed countries, mostly explained by the Covid-19 pandemic and its consequences.

2.2.1 Digital-native E- tailers

E-tailers are retailers that conduct their business on the internet, via electronic transactions. Digital-native e-tailers are web-born brands, meaning that they were born online with the intention to remain an online. However, nowadays we are starting to witness an expansion of the digital-native e-tailers to offline. A well-known example is the fashion brand Everlane whose CEO stated several times *"We are going to shut the company down before we go to physical retail"* and today the brand has 7 physical stores.

This might be explained by the digital-natives' growth. According to Signifyd (2019), digital-native e-tailers were growing nearly three times faster than the broader US e-commerce market in 2017. These disruptive e-tailers are "characterised by rapid growth, social media fluency and e-commerce focused distribution." (McKinsey and BOF 2018). Categories where these brands have found more success are apparel, beauty, and homeware (Lipsman 2019).

2.2.2.1 How do they work?

Vogue (2018) released a list of the top 50 digital-native brands in 2019 (Appendix 1). Observing this list, it is possible to infer that 59.2% belong to the apparel sector, 16.3% to beauty and 4.1%

to homeware. When considering Vogue's list, it is most useful to focus on the type of business model used by each brand. In fact, three different business models arise from the list: *Direct-to-Consumer; E-commerce platforms*; and *Collaborative Consumption platforms*.

In order to better understand the diversity of business models adopted by the digital-native brands, we built in Table 1, as reorganization of Vogue's list by business model.

Table 1: Vogue's Top 50 Digital-Native Brands of 2019 classified by business model

DIRECT-TO-CONSUMER BUSINESS MODEL				
Allbirds	American Giant	Away	Bombas	Brooklinen
Zenni Optical	Chubbies	Cotopaxi	Curology	Draper James
Drunk Elephant	Eloquii	Everlane	Frank and Oak	Function of Beauty
Glossier	Greats	Harry's	Knot Standard	Kopari Beauty
Kuiu	M.Gemi	Madison Reed	Milk Makeup	Ministry of Supply
Naadam	Outdoor Voices	Parachute Home	Primary	Qalo
Stance	ThirdLove	True Botanicals	Untuckit	WarbyParker
E-COMMERCE PLATFORMS				
BaubleBar	Dia&Co	Fashion Nova	Memebox Corporation	Moda Operandi
Stadium Goods	Carbon38			
COLLABORATIVE CONSUMPTION PLATFORMS				
GOAT	Rebag	Rockets of Awesome	The RealReal	The Black Tux
TechStyle				

Source: Work Project's author

The majority of these brands adopt the **Direct-to-Consumer** (D2C) business model. Instead of selling their products through wholesale partners or third-party retailers, D2C brands sell directly to customers. The D2C model allows brands to have an end-to-end control, by breaking with the traditional supply chain, cutting the intermediate layers, and selling directly to the consumers. The two drivers that made this possible are the progress in both, digital technology and social media, and the younger consumer's preference for novelty (Risques 2020).

E-commerce, social media and the new consumers are the factors that allowed the dissemination of the direct-to-consumer model.

There are numerous brands following the D2C model in different categories. For example, Everlane and Outdoor Voices are integrated in the Fashion industry; Glossier and Drunk Elephant in Beauty; and Brooklinen as well as Parachute Home in homeware category.

Other business model frequently utilized by the digital-natives are **E-commerce Platforms.** E-commerce websites can be a single brand online store or a multi-brand online store. Inventory is usually owned by the platform in the case of single brands, however the contrary is not always verified – for example the luxury fashion brands YOOX and Farfetch do not own the inventory. The E-commerce website dictates the prices, how products are sold and communicates directly with costumers.

 A main differentiation factor that these platforms provide to its customers, is what McKinsey and BOF (2018) call the *endless aisle*. Nowadays, it is possible to find thousands of brands in a single platform - for example Farfetch proposes more than 3.000 designers (Farfetch 2020). Artificial intelligence and big data allow overwhelming platforms, like Alibaba or Amazon, a highly personal environment feeling, delivered through tailored products and personalized recommendations.

Moreover, due to the fast pace of the fashion industry in general and the intensifying competition between platforms, e-commerce players have no other alternative than constantly innovating. These players are engaged in continually diversifying their ecosystem by adding profitable value-added services, while focusing on new technologies. For example, the fashion online players Zalando and Farfetch, have expanded their services through their e-commerce private-label solutions for fashion brands. Alibaba did the same when opted to launch XPressBees (a logistics company).

The third main business model utilized by digital-natives is **Collaborative Consumption Platforms** (CC), emerging from the sharing economy. The CC business model is the "reinvention of traditional market behaviors - renting, lending, swapping, sharing, bartering,

gifting - through technology, taking place in ways and on a scale not possible before the Internet" (Botsman 2015).

Concerning fashion, according to McKinsey and BoF (2018), consumers are increasingly choosing to rent rather than own goods, and this is the reason why Collaborative Consumption Platforms appear as a promising business model. The two main sub models of Collaborative Consumption in the fashion industry are the fashion rental model, adopted by Rent the Runway and The Black Tux, for example, and the second-hand retailing model adopted by brands such as The Real Real and Vestiaire Collective.

Depending on the type of approach developed by the digital-native brand, the consumers can engage with these brands through CC in different forms: as a user, by purchasing/consuming the products and services available; as a provider, by selling or borrowing products; or as both user and provider.

Each one of these three business models has its own advantages, and some are common between them. In order to better understand the diversity of advantages per business model, we built in Table 2. Moreover, to better understand the specificities of these strengths, we built in Table 3 as an explanation for each one of the strengths.

Table 2: Advantages per Business Model

	Direct-to-Consumer	E-commerce Platforms	Collaborative Consumption Platforms
Cutting the midlemen	X		
"Owning" the entire relationship	X		
Customer service control	X	X	
Exclusive ownership of data	X	X	
Create Shared Value		X	
Appropriate business decisions		X	
Increase margins by providing other services		X	
Personalization		X	X
Conversion with younger generations			X
Sustainability			X
Affordability			X

Source: Work Project's author

Table 3: Explanation of the advantages of each business model

Cutting the midlemen	Enables brands to provide a very high-quality product at a more reasonable price. According to Inês Risques (2020), this occurs because D2C brands skip the sales agent (which charges around 15%); do not have to give a 3 times markup (average markup) to the retailer; and because they avoid the retailer's profit in their pricing. By cutting the middlemen, digital-native brands can provide a better quality-price ratio (Risques 2020). For example, the digital-natives Everlane (Apparel) and Away (Luggage) present in their websites a detailed explanation of how their D2C model allows them to provide better prices by cutting the middlemen in (Appendix 2).
"Owning" the entire relationship	By reaching the consumers directly and controlling the marketing message, D2C brands are able to provide consumers a better experience (Risques 2020). Consumers know the brand, what is behind it and for what the brand stands for. Thus, when consumers purchase the product, they feel that they are having a much better experience. For example, Warby Parker (Eyewear) allows its customers to try at home, for free, five different eyeglasses to choose which fits better.
Customer service control	The D2C brand has full control of customer service from how products are sold and displayed to how the brand story is told (Risques 2020). If these brands would sell the products in a department store/e-commerce platform along with many other brands, the massage and purpose of the brand might be diluted. Moreover, this permits brands to establish deeper connections with customers, who can truly involve in the brand, building a brand community. E-commerce platforms also detain the full customer service control by coordinating the entire process from photographing the products; to shipping from own warehouses; and high-qualified CRM teams in-house. Examples of platforms doing this is Farfetch; Moda Operandi; Zalando; etc.
Exclusive ownership of data	The majority of D2C brands operates its own site, meaning that they own the entire customers' data. This allows them to understand which products work and do not work; who returns items; what makes customers stop buying online etc. (Risques 2020). By owning the online and offline real time feedback, D2C brands can better predict demand and use data to improve the customer experience. The same occurs for E-commerce platforms since these control (part or the entire) online ecosystem of brands (shipment, customer relationship, customer online behavior, etc.). Data per se and its analysis is one of the biggest advantages for E-commerce platforms, and they use it to attract more brands to the platforms. Moreover, this amount of data concedes platforms to predict customers' future wants and needs (Sangeet Choudary in The State of Fashion 2018).
Create Shared Value	Through the collaboration that E-commerce platforms establish with brands, they create value by sharing consumer insights and permitting a degree of personalization that a brand could not achieve by itself.
Appropriate business decisions	Online platforms have currently very advanced AI. Platforms are using AI technologies to make appropriate business decisions and improve the supply chain. Moreover, according to McKinsey and BoF (2017), an AI-based approach can reduce forecasting errors by up to 50%.
Increase margins by providing other services	E-commerce platforms are diversifying its ecosystem by providing different services. For example, Zalando's non-core services as digital experience; assortment; demand generation; and convenience, are expected to contribute around 10% of total profits in five years (McKinsey and BoF 2018). Other example is Farfetch Black&White service which is an e-commerce private-label solution for luxury brands – a client of this service is the British department store Harrods (Farfetch 2019).
Personalization	According to The State of Fashion 2018, the key to personalization is improved recommendations and E-commerce platforms are experts on this department, as well as many Collaborative Consumption platforms. Improved recommendations can be targeted communications;

	recommendations of complementary products; smart search engines that draw attention to products that consumers might have missed, etc.
	For example, Alibaba (E-commerce) through the recommendation of complementary products in 2017 sold a record of $25.3 billions worth of goods in their "Singles' Day" event (McKinsey and BoF 2017).
	Moreover, the Collaborative Consumption platform Stitch Fix (a subscription clothing service, that delivers personalized packages of pre-assorted clothing to consumers monthly) in 2016 estimated revenues were $730 million (McKinsey and BoF 2017).
Conversion with younger generations	Consumer behavior is changing, and younger generations are embracing the resale market, so much so, that research by McKinsey and BoF (2018) reveals that in ten years this market can be bigger than fast fashion.
Sustainability	Collaborative Consumption brands are very well positioned in the battle of sustainability that brands face nowadays. This system has significant environmental advantages, namely: increasing the use efficiency of a product and consequently encouraging the creation of better products; reducing waste; slowing down mass production, etc., and brands embraced this.
	For example, Vestiaire Collective (fashion luxury collaborative consumption platform), has its current entire marketing strategy around sustainability. The brand often suggests recommendations to consumers for how to wash clothes in an eco-friendly way; how to protect clothes by type of fabric; why consumers should use second-hand denim, and every day there is a new topic in their social media pages.
Affordability	Either the consumer is buying or renting clothes, within this system they are cheaper, because the items are either pre-used or within a subscription model (which means that the customer returns the piece). This is a very important factor, because by making fashion accessible, these brands are making themselves available to a much wider range of consumers.

Source: Work Project's author

3. ADDRESSING THE WORK PROJECT TOPIC

In order to address the topic *"Exploring the benefits of Digital-Native E-tailers expanding their presence offline",* we combined several methods: 1) A deep analysis of digital-native e-tailers that have expanded their businesses to offline based on secondary data, and 2) A multi-case study research on three digital-native fashion e-tailers, each of them operating with a different business model (*Direct-to-Consumer; E-commerce Platform; Collaborative Consumption Platform*) based on 23 qualitative interviews with consumers, 4 expert interviews, and secondary data.

3.1 In-Depth Analysis of Digital-Native E-tailers expanding Offline

On the following table 4 we present a detailed analysis of 38 of the most well-known digital-native e-tailers that felt the need to expand offline. The digital-native brands expanded their business to offline in various forms, as it is possible to observe in table 4. The table is organized

under six main sectors: 1) Brand; 2) How did the brand expanded offline – own store/showroom/pop-up/drop-off point; 3) Where is the brand present offline – organized by continent and state/country (we provide in appendix 3 the distribution per city as well); 4) How many physical stores the brand owns (we provide in appendix 3 the number of stores per city); 5) In which retail category(ies) these brands operate and, 6) Market Positioning.

Table 4: Digital-Native brands' presence offline (2020)

DIRECT-TO-CONSUMER					
Who	*How*	*Where**	*How many*	*Category*	*Market Positioning*
Allbirds	Own stores	NA (CA, NY, IL, TX, WA, MA, DC, PA) EU (UK, NL, DE) AS (CH, JA) OC (NZ)	22	Footwear	High-end
American Giant	Own stores	NA (CA, NY)	3	Apparel	High-end
Away	Own stores	NA (TX, MA, IL, CA, NY, CANADA) EU (UK)	12	Luggage	High-end
Brooklinen	Own store	NA (NY)	1	Homeware	High-end
Burrow	Showroom	NA (NY)	1	Homeware	High-end
Casper	Showrooms	NA (NY, NJ, CT, PA, MA, CANADA)	22	Homeware	High-end
Chubbies	Own stores	NA (TX, FL, GA, SC)	5	Swimwear & Lifestyle	High-end
Cotopaxi	Own stores	NA (UT, WA, CO)	5	Apparel	High-end
Dirty Lemon	Own store	NA (NY)	1	Beverages	Middle-market
Draper James	Own stores	NA (GA, KY, TX, TN)	4	Apparel	High-end
Everlane	Own stores	NA (MA, NY, TX, CA)	7	Apparel	High-end
Fabletics	Own stores	NA (AZ, CA, CO, CT, DE, FL, GA, HI, IL, IN, KY, MD, NV, NJ, NY, NC, OH, PA, TN, TX, UT, WA)	50	Activewear	High-end
Frank and Oak	Own stores	NA (CANADA)	9	Apparel	High-end
Glossier	Own stores	NA (NY, CA) EU (UK)	3	Beauty	High-end
Gymshark	Pop-ups	NA (CA, NY, CANADA) EU (UK, FR, IRL OC (AUS)	7	Activewear	High-end
Jessica McCormack	Showroom	EU (UK)	1	Jewelry	High-end
Knot Standard	Showrooms	NA (NY, DC, IL, GA, TX, CA)	10	Apparel	High-end
Kuiu	Own store	NA (CA)	1	Apparel	High-end
M.Gemi	Own store	NA (NY)	1	Footwear	High-end

Madison Reed	Own stores	NA (CA, CO, CT, FL, GA, IL, MA, MD, NY, PA, TX, VA)	30	Beauty	High-end
Ministry of Supply	Own stores	NA (MA, IL, CA, NY, DC)	6	Apparel	High-end
Naadam	Pop-up & Own store	NA (NY, IL)	3	Apparel	High-end
Outdoor Voices	Own stores	NA (TN, TX, IL, NY, CA, MA, DC)	12	Activewear & Lifestyle	High-end
Parachute Home	Own stores	NA (TX, CA, OR, DC, NY, IL)	10	Homeware	High-end
Reformation	Own stores	NA (CA, NY, TX, DC, FL, IL, MA, CANADA) EU (UK)	20	Apparel	High-end
Untuckit	Own stores	NA EU	85	Apparel	High-end
Warby Parker	Own stores	NA	126	Eyewear	High-end

E-COMMERCE					
Who	*How*	*Where**	*How many*	*Category*	*Market Positioning*
Amazon	Own stores	NA (WA, IL, CA, NY)	27	Convenience stores	Multi-market
Carbon38	Own stores	NA (NY, CA)	2	Apparel	High-end
Farfetch (Browns)	Own stores (M&A)	EU (UK)	2	Luxury retailer	High-end
Fashion Nova	Own stores	NA (CA)	5	Apparel	Middle-market
Moda Operandi	Private showrooms	NA (NY) EU (UK) AS (CH)	3	Luxury retailer	High-end
Stadium Goods	Own stores	NA (IL, NY)	4	Footwear	High-end

COLLABORATIVE CONSUMPTION					
Who	*How*	*Where**	*How many*	*Category*	*Market Positioning*
Rebag	Own stores	NA (CA, FL, NY)	6	Accessories Resale	High-end
Rent the Runway	Drop-off points	NA (NY, CA, IL, DC, MA, TX, OR, WA, CO, TN, MN, AZ)	43	Apparel Renting	High-end
The Black Tux	Own stores	NA (CA, CO, FL, GA, IL MD, MA, MI, MN, NJ, NY, NC, OH, PA, TX, UT, VA, WA, OR)	29	Apparel Renting	High-end
The RealReal	Own stores	NA (IL, CA, NY)	5	Apparel Resale	High-end
Vestiaire Collective	Own store	EU (UK)	1	Apparel Resale	High-end

Source: Work Project's Author, based on secondary data.

Notes*: NA refers to North America, EU refers to Europe, and AS refers to Asia.

From the analysis of Table 4, it is possible to infer four main general patterns common to every

digital-native brand: 1) own stores are the brand's preference; 2) location matters – the brands

demonstrate a pattern of states/countries and cities where open the stores first (e.g. New York City) ; 3) the quantity of stores is similar within the business model – there are outliers, however, these are explained when analyzing the brands' age; the form of the physical space (since it is easier to open a pop-up than a permanent store); the type of business, etc. – For example, D2C Warby Parker has numerous physical stores, however, the brand is considered one of the pioneers of the expansion of digital-native e-tailers, meaning that it was one of the first brands opening a store, being much more developed than others. Moreover, if we analyze an e-commerce digital-native, the majority are luxury brands, so it is expected a reduced number of stores. Nevertheless, Amazon, which is in the same business model (E-commerce), has 27 stores which suits its type of business; 4) by analyzing all the digital-first brands present in the three business models, it is possible to confirm that apparel is expanding offline faster.

3.2 Multi-case Analysis

In order to conduct a thorough investigation on the digital-first's offline expansion, three brands were chosen to be analyzed in more detail. The criteria taken into consideration was that the brands would have to represent the three main business models used by digital-native brands, and a diversification was sought in the physical spaces form:

Table 5: Brands analyzed in-depth

Brand	Business Model	Physical Presence
Everlane	Direct-to-Consumer	7 Standard Retail Stores
Moda Operandi	E-commerce	3 Private Showrooms
Vestiaire Collective	Collaborative Consumption	1 Store in a Department Store

Source: Work Project's Author

Everlane is a direct-to-consumer apparel brand, committed to "radical transparency", focused on high-quality products at an approachable price point. Founded in 2010, by Michael Preysman (CEO) and Jesse Farmer, the San Francisco based brand, embraces an ethical approach into both its value chain and company culture. In 2017 the brand launched its first

brick-and-mortar space in New York and today counts with six more, spread over USA. According to BoF (2020), "the company is reportedly valued north of \$250 million".

Moda Operandi is a luxury fashion multi-brand e-commerce platform, founded by Lauren S. Domingo (CBO) and Aslaug Magnusdottir in 2010, that "has raised nearly \$300 million in funding from top-tier investors" (Moda Operandi's LinkedIn 2020). The platform's differentiation point is the frame of pre-orders accomplished through virtual trunk shows. Currently, the brand offers dedicated personal shopping services in New York, London, and Hong Kong (Appendix 4).

Finally, **Vestiaire Collective** is a luxury collaborative consumption platform, where it is possible to buy, sell, and share pre-owned fashion. Launched in Paris in 2009 by six co-founders, the company's mission is dedicated to transforming the fashion industry by promoting the circular fashion movement and has created a Fashion Activist community, counting with more than eight million members, spread by 48 countries, according to Fashionista (2019). In 2019, the company inaugurated its first and only, offline space in Selfridges, in London.

For the present research we applied a combination of three different methods: 23 consumer interviews, 4 expert interviews, and secondary data analysis.

Table 6: Methodology - Sample

Consumer Interviews			
Brand	**Nº of Interviews**	**Visited a store/ showroom**	**Did not visit any the store/ showroom**
Everlane	9	5	4
Moda Operandi	5	0	5
Vestiaire Collective	9	1	8

Source: Work Project's Author

It is important to remember that in the entire USA there are only 7 Everlane stores, and in the entire Europe there is only 1 Vestiaire Collective physical space. This means that the majority of these brands' consumers, have never visited the stores for obvious reasons, being the most common living very far or in a different country. Thus, since it had been already extremely

difficult to discover and contact customers, in order to develop a more robust analysis we opted to interview visitors and non-visitors of these physical spaces.

A pre-recruiting questionnaire (Appendix 5) and an interview guide (Appendix 6) were developed for Everlane and Vestiaire Collective (VC) customers. The objective was to understand the consumer's opinions regarding their overall omnichannel experience, as well as their relationship with the brands, and a focus on in-store experience (if visited the space).

Concerning Moda Operandi (MO) customers, we used a slightly different pre-recruiting questionnaire (Appendix 5) and interview guide (Appendix 7), because it was impossible to interview customers who have visited their showrooms, since the showrooms are utilized for very special clients that spend a certain amount of money or, rarely, influencers can also be invited to attend special events. Research on Moda Operandi's was therefore focused on the customers' awareness and perception of these spaces.

Regarding the expert interviews we opted for open conversation, disclosing the topic of the research at the beginning.

Table 7: Experts Descriptions

Expert	Description
Everlane	Social Media Lead
Vestiaire Collective	Former Global PR / Current Customer Operations at Away
Isabella Cura	Growth Marketing Analyst at Brooklinen
Erin Mullaney	20+ years of experience in Luxury Retail, Brand & Product Development, and E-commerce

Source: Work Project's Author

Finally, the secondary data analysis is a structured analysis of insights composed by key reports on the three brands.

3.3.1 Criteria Utilized for the Analysis

Two different groups of criteria were selected to analyze the trajectory of the three brands to offline. These criteria were inferred from the Literature Review as well as from the insights gained from the analysis developed concerning the 38 brands presented on Table 2. The first group is composed by the criteria that aim to analyze which factors in these physical spaces are

enhancing the business. The second group's criteria concern customer experience and intends to better understand how physical presence is supporting the overall consumer experience with the brands.

The criteria considered for how the offline presence **enhances the business** are focused on four points [Section 2.2.2.1 of the Contextual Background]: **a)** The physical space as a place to interact with the consumers; **b)** The physical space as a showroom; **c)** The physical space as a place to generate digital content; and **d)** The physical space as a source of real-time data.

The criteria for **customer experience** are assessed in four main ways: **a)** Assess which form the physical contact takes [Section 2.2.2.1 of the Contextual Background and Table 2, column "How"]; **b)** Measure how the physical brand presence makes the consumer experience with the brand (online and offline) better and enhances the desire for the brand (BoF and McKinsey & Company 2020); **c)** Measure in which way these physical presences provide an easier consumer experience with the brand (online and offline) (BoF and McKinsey & Company 2020); and **d)** Assess the shift in consumer engagement - if the consumer perceives the brand as a friend, co-creator, wants to be involved and be part of the brand purpose [Section 2.2.2.1 of the Contextual Background].

3.3 Main Research Insights

Business Enhancement

The main insights gathered for this section were retrieved from the four expert interviews and secondary data.

   a) **The physical space as a place to <u>interact</u> with the consumers**

The main highlight that all four experts have mentioned was the customer experience that brick-and-mortar spaces provide to the clients. Everlane Social Media Lead mentioned that *"brands with a sterile image as Everlane can feel very distant (...) stores make the brand more human, and the consumer can associate faces to the brand"*. By providing a different experience to the customer, a brand can benefit from a wide range of insights because, according to Vestiaire Collective former Global

PR, *"a conversation online will never be as engaging, as having that conversation offline"*. Moreover, the expert adds that a very important objective from the space at Selfridges, is to let customers know that Vestiaire Collective is a circular fashion brand and that the customers can also sell their products via app or through a VIP service. As having a good selection of products is the fundamental part of VC business model, the store collaborators are prepared to have this conversation with clients without them asking for it.

Furthermore, for the industry expert Erin Mullaney, relationship, is the greatest benefit that digital-native brands are gaining from the expansion to offline. The expert mentions that the main point is the experience and the relationship building *"(...) the big benefit really is building the relationship, enable the customer to feel the materials and have a face, a highly trained customer service to talk to (…) you can't get the personal relationship that we have with customers at Browns, for example, without that person-to-person connection, and that customer service."*

In addition, VC former Global PR declares that the main objective of opening a physical space at Selfridges was a strategic action to reach clients that VC could not reach online and segments that were not addressed before – a point that was also mentioned by Everlane as a reason for developing offline. Mainly, according to the expert, VC was able to reach new customers as Arabs, Japanese and Chinese clients, *"Not only this is a very relevant type of customer (...) as it is an international customer which was exactly the point."* The expert also adds that the internet-born Away where she currently works, was also going to open a space in a department store in London (pre-Covid) which she believes proves VC's successful offline concept.

b) The physical space as a <u>showroom</u>

The expert Erin Mullaney mentions that retail stores have become showrooms and that the main point is not that the client leaves the space with a shopping bag, *"the customer comes in has a look in some pieces, feels the pieces, has a small conversation with a collaborator (...) but the transaction is not being done in the store anymore".* Furthermore, according to Kate McCollough it is about *"(...) taking the customer on more of a journey instead of just looking at something pretty."* (Fernandez 2017). The spaces

operating as a showroom allow brands to have a low in-house inventory and do the dispatches from their warehouses, which eliminates inventory management problems.

For this omni-channel customer experience to fully work, half of the experts highlight the importance of the physical spaces feeling as an extension of their online. Everlane Social Media Lead mentions that permanent spaces help creating a more cohesive experience and that "*physical stores are where our Instagram comes to live (…) the stores are the physical manifestation of our online channels.*" For this reason, the expert adds that all Everlane spaces have a *"very unique vibe, but also things that bridge them together."*

Moreover, according to an interview of the Moda Operandi's co-founder to The New York Times (2016), Lauren S. D. said that the brand is not seeking foot-traffic but "*to bring the online experience into the real world, in the softest-landing, most kid-glove way possible*". Additionally, the co-founder explains to BoF that the pieces exposed in the showroom during the appointments are all selected based on browsing behavior and personal data *"[Moda Operandi] can deliver surprise and delight that feels so organic, but it's actually powered by data"* (Fernandez 2017).

c) The physical space as a place to **generate digital content**

Moda Operandi's showrooms, both London and NYC locations, receive big influencers to attend events, mainly the preview trunk shows. The invited influencers post pictures in social media, not only of the clothes, but of the decoration of the space and characteristic elements of the showroom. For example, a famous decor element of the London showroom, is two real size cheetahs (Appendix 8). Erin Mullaney says that "*People don't want to shop just clothes they want to shop a lifestyle.*" Kate McCollough, interior designer confirms this statement *"It's really about generating an emotional response from the customer, and then also prompting them to take photos. That's the big one."* (Fernandez 2017).

Furthermore, Everlane's representative adds that the physical spaces really boost the marketing and social media side "*People go to the store and take pictures on the mirrors (…) you are a walking ad for the brand, but it feels fun*".

Finally, Retail Prophet founder Doug Stephens said that *"Stores are the most powerful, measurable, manageable form of media that a brand has at [its] disposal"* (Fernandez 2017).

d) **The physical space as a <u>source of real-time data</u>**

The majority of experts highlight the importance of the physical space as a source of data. By interacting with customers at physical spaces, brands can acquire information that through online would be impossible, like the client's opinion about products and the reason why they choose product A instead of B. The VC representative shares regarding Away (the digital-native where she currently works) *"(...) [retail stores] it's one of the channels that we can get more customer data from"*.

Moreover, Isabella Cura adds that these interactions allied with credit card information it is one of the most important tools for the growth marketing team of a digital-native brand. When crossed, these insights, enable various teams across the organizations to provide a more accurate service to their customers. For example, this information can be shared with the interior designers' team, so that they can transform parts of the store to appeal to certain segments.

Customer Experience Criteria Assessment

The main insights gathered for this section were retrieved from the twenty-three consumer interviews and secondary data.

a) **Assess which <u>form</u> the physical contact takes**

The three brands have chosen three different types of offline expansion.

Everlane has opted for the traditional retail concept and located the seven shops where there is a high foot-traffic. The strategy of the direct-to-consumer brand seems to make sense for its customers, since the majority has mentioned that enjoy the experience of going to the stores *"I was always pleased with my time in stores."* (Everlane 4).

The most frequent compliments from customers were related with the cleanliness of the space, the dressing rooms, the openness, lighting, décor, and its minimalistic feel in general. Vestiaire Collective physical strategy is being present in a famous Department Store in London.

As mentioned by their Global PR, this strategy is aimed at a very particular type of international customers, so most interviewees did not visit the space - only 1 out of 9. However, the willingness to visit the space is dominant within international interviewees - *"I have never been to Vestiaire in London, but I would love to see it!"* (VC 7) - which converges with the brand objective (it is considered international if it is not British).

Finally, the luxury e-commerce Moda Operandi has decided on a physical space that suits its best clients, a by-appointment private showroom. The idea is that the showroom is not available to all customers. According to an interview given to The New York Times, the former CEO of MO told that no more than 300 customers per year are invited to shop at the showrooms. None of the 5 interviewees was ever in the brand's showroom, however all customers were aware of its existence and three declared *"I would love to go"* (MO 1, 2, 4), which proves that the luxury distance strategy of MO is encouraging the customers' desire. One customer imagines the place to be "*colorful and bright and encompass the energy of the international designers it carries*" (MO 4).

b) Measure how the physical brand presence makes the consumer experience with the brand (online and offline) <u>better</u> and enhances the <u>desire</u> for the brand

When diving on whether Everlane customers have a better experience when buying in the brand's brick-and-mortar space, from the ones who visited the spaces, it is dominant the preference to shop physically and only one client stated it was better online. The reasons presented by the customers regarding why is Everlane providing a better experience offline were related to: **a)** fittings - ability to try the clothes (Everlane 1, 2 and 4); **b)** being able to feel the clothes (Everlane 3 and 4); and **c)** having a multi-sensorial experience "*was more of an experience than just browsing online*" (Everlane 2). In general, the customers enjoy visiting Everlane for the experience that the store provides that is impossible to have online.

On the other hand, because VC space is a showroom in a department store, it is not about having a better experience but about enhancing the desire and curiosity for the brand "*I wanted to see what*

they had chosen as part of the curation and how they displayed it" (VC 1 visited the space). Another customer adds that would like to visit the showroom because "*(...) if I am looking to spend on a luxury item for example, I'd like more time to test out or see it in person*" (VC 9). However, VC customers are very used to shop online and enjoy the process, "*I've never been to their store, but I am pretty comfortable buying online*" (VC 5).

Moda Operandi showrooms provide a determined status to the customers who visit the space since it is for VIP customers only and enhances the desire of clients to be VIP in order to visit the space. However, in terms of consumer experience, the customers are already satisfied with the service they currently have. Thus, this aspect is not as strong as the status and the desire enhancement. The reason why better consumer experience at the showroom is not as strong with these customers is because they are digital-savvy consumers which are already used to shopping online and enjoy it, "*I have no doubts that the experience is wonderful in the showrooms, but I can conduct my shopping efficiently online*" (MO 3). Nevertheless, although customers highlight the high-quality of Moda Operandi's online services, the majority demonstrated their desire of visiting the showroom - "*I would love to go*" (MO 1, 2, 4).

From this analysis, we infer that digital-savvy consumers come along with digital-native brands. The majority of these more technological consumers recognize that physical experience has benefits however, a common argument against utilized was the possibility of finding more options online and cross-shopping.

c) **Measure in which way these physical presences provide an <u>easier</u> consumer experience with the brand (online and offline)**

Everlane's customers are very balanced since half stated being easier to shop online, and the other half offline. The interviewees who prefer the experience in-store support their argument through three main factors: **a)** fittings - ability to try the product (Everlane 2, 3, 4, 6) "*[At Everlane's store] I enjoyed being able to try things on. The sizing is often difficult for me online (...)*" (Everlane

4)*; b)* ability to feel the clothes/be sure about the material's quality (Everlane 3, 4) *"It is difficult for me tell the material type online"* (Everlane 4); and c) possibility to talk with store collaborators (Everlane 2, 3) *"It is nice to be able to speak with staff"* (Everlane 3).

Everlane's clients who prefer buying online, have mentioned that they already know their size thus, do not have the necessity to go to the stores. Additionality the same customers mentioned their satisfaction regarding the online offer when compared with the offer in store *"I used to justify my going to physical stores as "I am going there because I am getting the product now". But nowadays this is not true, you have everything online and just a few things exposed on store (...)"* (Everlane 5).

On the other hand, both Vestiaire Collective and Moda Operandi's customers do not agree that it is easier to shop on a physical store. Both brands operate with showrooms and these have specific purposes: attracting international customers (VC) and provide a personalized kid-glove experience (MO). In this way, it is not necessarily easier for the majority of clients to visit the physical spaces because: **1)** the access to showrooms is conditioned – for VC there is only 1 showroom in the world which makes it difficult to visit, and for MO clients the most of them can't access the space because only VIP clients are invited to the space; and **2)** because these customers already find online shopping easy by itself, since they are digital-savvy consumers.

For VC clients the benefits of online include doing the fittings at home (VC 1, 8, 9) *"I can immediately try the product on at home"* (VC 8). Moda Operandi's clients present different justifications: **a)** returns are easier (MO 1, 5); **b)** no time constraints (MO 1, 3) *"I can debate for a couple of days with my bags full"* (MO 1); **c)** sorting items based on interests (MO 3) *"In a physical store, this often means going through many racks (...)"*.

From this criterion it is possible to understand that consumers are divided between what is the easier experience. We infer a dominant opinion of seeing benefits in both shopping experiences.

   d) **Accounts for the <u>shift</u> in consumer engagement - if the consumer perceives the brand as a friend, co-creator, wants to be involved and be part of the brand purpose**

Everlane and Vestiaire Collective addressed the consumer shift engagement mainly through their sustainable missions. All the 18 clients interviewed from the two brands have highlighted the brands' sustainable missions as a reason for being a customer. *"I started buying them because they have a sustainable mission statement and seem pretty transparent with where things are made, labor costs, and sustainability"* (Everlane 7); *"[Reasons to be a client] Their sustainability mission is fantastic."* (VC 1). Moreover, customers from the three brands have expressed their trust in the brands, also as a motive for being a client. Everlane customers highlighted the trust on the products' quality *"I rely on the quality of Everlane."* (Everlane 3); Vestiaire Collective clients the confidence on the brand's authenticity verification process *"I feel confidence in VC, the products are verified (...)"* (VC 4); and Moda Operandi's interviewees, the trust on the brand's curation *"I like the curation. I think they have a unique point of view and the assortment is different than other luxury retailers."* (MO 3).

Additionally, from the interviews, it was possible to retrieve more specific insights concerning the relationship that the clients have with each brand. These mainly emphasize the customers' loyalty and engagement with the brands.

Everlane's interviewees have demonstrated their loyalty to the brand, when several shared episodes on why they have gone to the stores, for example: *"[Lives in Texas] I went to NYC and literally planned to go to Everlane because I love their style so much [giggles]"* (Everlane 1); *"I moved to NYC and wanted to check out their physical store."* (Everlane 2). Moreover, Moda Operandi's clients also demonstrate this characteristic when referring to the brand's owner Lauren S. D. *"I love the products they provide and along with the owner Lauren – I don't know her personally, but I think she is the epitome of modern elegance. (...) I relate to her style and like the products curated by her."* (MO 2).

Furthermore, some customers from Vestiaire Collective show their level of engagement with sentences such as *"I try to buy less but better."* (VC 4), the sentence used by this customer is retrieved from Vestiaire Collective's slogan - *"Buy less, buy better"*. As well as a client talking about Moda Operandi's customer service associate *"(...) I work with a girl, Megan, and she is incredibly helpful with special orders or returns."* (MO 1), from here it is possible to understand that this

interviewee not only treats the associate by her name, demonstrating proximity, but also perceives their relationship as more than a normal client-supplier relationship as she mentions *"I work with (...)"*, feels like a collaboration.

From this analysis we infer that the brands are addressing the consumer shift, however, it is not the store by itself that is doing it. The consumers who visit the stores are already engaged with the brand and the store enhances the engagement/relationship.

4. DISCUSSION AND IMPLICATIONS

We infer from the Work Project that the expansion of digital-natives to offline can be extremely useful for the following reasons:

Table 8: Benefits of the expansion offline by business model

Direct-to-Consumer (Everlane)	Customer experience is better for the clients who visit the spaces
E-commerce Platforms (MO)	Enhancing the desirability for the brand due to limited access
Collaborative Consumption (VC)	Attracting new segments of consumers (e.g. international clients)

Source: Work Project's author

Moreover, there are two principal benefits of expanding offline common to every business model: **1)** building a closer **relationship** with its customers, specifically with the more engaged ones – we infer that physical stores do not increase penetration, but increase the engagement of people who are already engaged; **2)** enhancing the **desirability** for the brand – although it is stronger in the case of Moda Operandi due to the showroom rules, all brands are managing the physical spaces in a way that enhance customers' general desirability through the way customers are treated; the architecture of spaces; the utilization of spaces for creation of digital content. Integrated in the desirability we infer two sub-benefits: **2.1)** the spaces functioning as living advertorials, and **2.2)** utilizing the spaces for showcasing the products which enables customers to experience the product live. However, for this expansion to be successful, our research demonstrates that there are critical points on how the expansion should be materialized. In order to brands achieving deeper relationships with their consumers and getting to know them better, highly trained store collaborators are fundamental. The scripts of the sales

associates must be prepared in detail. Furthermore, the brick-and-mortar spaces of digital-natives such as Everlane, Moda Operandi and Vestiaire Collective are truly physical extensions of their online spaces, thus, it is important to create a cohesive atmosphere between online and offline and in an interesting way for consumers. Interesting for the consumers (and consequently for the brands) might be anything that has the potential to generate online content, usually achieved through décor.

Finally, there is not only one right formula for expanding offline. The three different forms of offline presence of the brands (standard retail store, private showroom and store in a department store) are all benefiting brands. It is a matter of finding the physical form that best fits the brand.

5. WORK PROJECT LIMITATIONS

Throughout the development of this Work Project, research limitations were encountered.

The first was the fact the physical footprint of the three brands is very small (in total only 11 stores), thus, it is very difficult to find respondents that have visited the store.

The case of Moda Operandi is specifically challenging since it is a by-appointment only showroom which invites no more than 300 clients per year. Furthermore, as the Work Project was written in Portugal, the access to consumers was very difficult since the majority is based in the United States. Hence, the low number of 23 consumer interviews.

Secondly, the limited communication with the brands, and no communication with Moda Operandi, hindered the attainment of details concerning the brand's business models and growth strategies. This might have resulted in a more specific analysis about the strategies and benefits of digital-native brands for expanding to offline.

Thirdly, this research has to be seen as an exploratory research. However, it would have been impossible doing it in other way considering the extreme difficulty on finding customers that visit these stores.

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APPENDIX

Appendix 1: **Vogue Top-50 Digital-Native Brands**

Source: Vogue Website

Allbirds	American Giant	Away	BaubleBar	Bombas
Bombfell	Brooklinen	Carbon38	Chubbies	Cotopaxi
Curology	Dia&Co	Draper James	Drunk Elephant	Eloquii
Everlane	Fashion Nova	Frank and Oak	Function of Beauty	Glossier
GOAT	Greats	Harry's	Knot Standard	Kopari Beauty
Kuiu	M.Gemi	Madison Reed	Memebox Corporation	Milk Makeup
Ministry of Supply	Moda Operandi	Naadam	Outdoor Voices	Parachute Home
Primary	Qalo	Rebag	Rockets of Awesome	Stadium Goods
Stance	TechStyle	The Black Tux	The RealReal	ThirdLove
True Botanicals	Untuckit	WarbyParker	Zenni Optical	

Appendix 2: **Price Explanation of Away and Everlane through the usage of a Direct-to-Consumer business model**
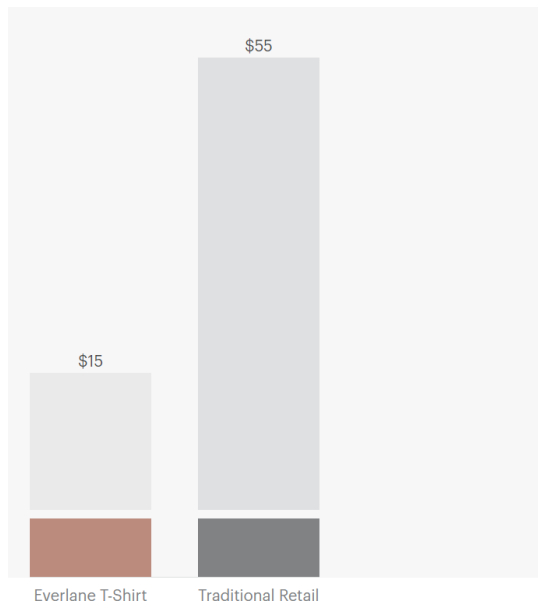
Source: Away Website
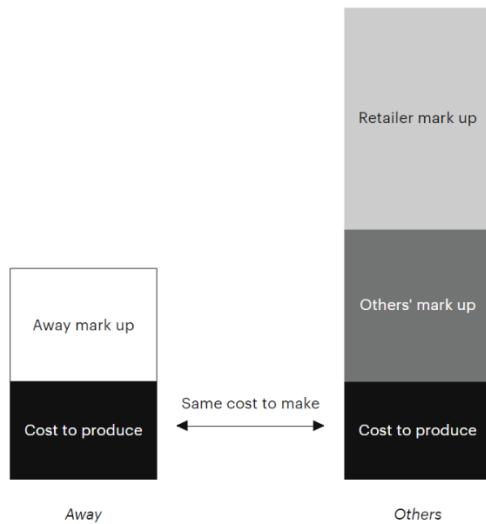
How we do it

To give the whole world access to better travel standards, we took the direct-to-consumer approach. Our pieces are made with the same top-quality materials as other premium luggage brands'. But our overhead is much lower and our quality is guaranteed—your Away suitcase will be with you for life.

Source: Everlane Website

OUR PRICES

Radically transparent.

We believe our customers have a right to know how much their clothes cost to make. We reveal the true costs behind all of our products—from materials to labor to transportation—then offer them to you, minus the traditional retail markup.

Appendix 3: **Stores locations – Cities**

Source: Student's Research

Allbirds

NA: CA - San Francisco (3); Los Angeles (1); San Diego (1); NY – New York City (1); IL – Chicago (1); TX – Austin (1); WA – Seattle (1); MA – Boston (1); DC – Washington (1); PA – Philadelphia (1);

EU: UK – London (2); NL – Amsterdam (1); DE – Berlin (1)

AS: CH – Shanghai (1); Beijing (1); Guangzhou (1); Chengdu (1); JA – Tokyo (1)

OC: NZ – Auckland (1)

Amazon Go

NA: WA – Seattle (7); IL – Chicago (7); CA – San Francisco (5); NY – New York City (8)

American Giant

NA: CA - San Francisco (2); NY – New York City (1)

Away

NA: TX – Austin (1); Dallas (1); Houston (1); MA – Boston (1); IL – Chicago (1); CA – Los Angeles (2); San Francisco (1); NY – New York City (2); Canada – Toronto (1)

EU: UK – London (1)

Brooklinen

NA: NY - New York City (1)

Burrow

NA: NY – New York City (1)

Carbon38

NA: NY – Bridgehampton (1); CA - Pacific Palisades (1)

Casper

NA: NY – New York City (5); NJ – Short Hills (1); Edison (1); Bridgewater (1); CT – South Norwalk (1); West Hartford (1); PA – King of Prussia (1); DE – Newark (1); MA – Natick (1); Dedham (1); Chestnut Hill (1); Lynnfield (1)

      Canada: ON – Toronto (1); North York (1); Etobicoke (1); Halton Hills (1); Newmarket (1); AB – Calgary (1);

Chubbies

NA: TX – Houston (1); FL - Miami (1); Tampa (1); GA – Atlanta (1); SC – Charleston (1)

Cotopaxi

NA: UT – Salt Lake City (1); Murray (1); Orem (1); WA – Seattle (1); CO – Denver (1)

Dirty Lemon

NA: NY – New York City (1)

Draper James

NA: TN – Nashville (1); TX – Southlake (1); KY – Lexington (1); GA – Atlanta (1)

Everlane

NA: MA – Boston (1); NY – New York City (2), TX – Austin (1); CA – San Francisco (1); Palo Alto (1); Los Angeles (1)

Fabletics

NA: AZ – Scottsdale (1); CA – Brea (1); Irvine (1); Mission Viejo (1); Pleasanton (1); San Diego (1); Santa Clara (1); Torrance (1); Woodland Hills (1); CO - Denver (1); CT - West Hartford (1); DE – Newark (1); FL – Aventura (1); Boca Raton (1); Jacksonville (1); Miami (1); Orlando (1); Sarasota (1); Tampa (1); GA – Atlanta (1); HI – Honolulu (1); IL - Oak Brook (1); Schaumburg (1); Skokie (1); IN – Indianapolis (1); KY – Lexington (1); MD – Columbia (1); MA – Natick (1); MI – Novi (1); MN – Bloomington (1); MO - St. Louis (1); NV - Las Vegas (1); NJ – Bridgewater (1); East Rutherford (1); Paramus (1); NY - Garden City (1); NC – Charlotte (1); OH – Columbus (1); Cincinnati (1); Orange Village (1); PA – Pittsburgh (1); King of Prussia (1); Bethel Park (1); TN – Nashville (1) TX – Austin (1); Houston (1); Plano (1); Southlake (1); UT - Salt Lake City (1); WA – Bellevue (1)

Farfetch (Browns)

EU: UK – London (2)

Fashion Nova

NA: CA – Los Angelos (2); Montebello (1); Panorama City (1); Northridge (1)

Frank And Oak

NA: CANADA – Montereal (4); Toronto (1); Québec (1); Ottawa (1); Vancouver (1); Brossard (1)

Glossier

NA: NY – New York City (1); CA - Los Angeles (1)

EU: UK – London (1)

Jessica McCormack

EU: UK – London (1)

Knot Standard

NA: NY – New York City (2); DC – Washington (1); IL – Chicago (1); GA – Atlanta (1); TX – Dllas (1); Houston (1); Austin (1); CA – San Francisco (1); Los Angeles (1)

Kuiu

NA: CA – Dixon (1)

M.Gemi

NA: NY – New York City (1)

Madison Reed

NA: CA - San Francisco (2); Corte Madera (1); Walnut Creek (1); San Ramon (1); CO – Boulder (1); Denver (1); CT – Westport (1); FL - Boca Raton (1); Pembroke Pines (1); GA – Norcross (1); Marietta (1); Cumming (1); IL - Oak Brook (1); MA – Boston (1); MD – Bethesda (1); Rockville (1); NY - New York City (2); PA - King of Prussia (1); Ardmore (1); TX – Plano (1); Fort Worth (1); Southlake (1); Cinco Ranch (1); The Woodlands (1); Houston (1); Village Green (1); VA – Fairfax (1); Reston (1)

Ministry of Supply

NA: MA – Boston (1); IL – Chicago (1); CA – Santa Monica (1); San Francisco (1); NY – New York City (1); DC – Georgetown (1)

Moda Operandi

NA: NY – New York City (1)

EU: UK – London (1)

AS: CH – Hong Kong (1)

Naadam

NA: NY – New York City (2); IL – Chicago (1)

Outdoor Voices

NA: TN – Nashville (1); TX – Dallas (1); Houston (1); Austin (2); IL – Chicago (1); NY – New York City (2); CA – Los Angeles (1); San Francisco (1); MA – Boston (1); DC – Washington (1)

Parachute Home

NA: TX – Dallas (1) Austin (1); CA – Los Angeles (2); San Francisco (1); OR – Portland (1); DC – Washington (1); NY – New York City (2) IL – Chicago (1)

Reformation

NA:CA - Culver City (1); Los Angeles (2); Pacific Palisades (1); San Francisco (2); Santa Monica (1); NY – New York City (4); East Hampton (1); TX - Austin (1); Dallas (1); DC – Georgetown (1); Canada: ON – Toronto (1); FL – Miami (1); IL – Chicago (1); MA – Boston (1)

EU: UK – London (1)

Rebag

NA: CA – Los Angeles (1); FL – Miami (2); NY – New York City (3)

Rent The Runway (Currently open Dec. 2020)

NA: NY - New York City (1); CA - San Francisco (4); Los Angeles (2); IL - Chicago (1); DC - Washington (5); MA – Boston (1); TX - Austin (2); Houston (1)

Nordstrom Locations: CA (12); TX (5); IL (2); OR (1); WA (1); NV (1); CO (1); TN (1); MN (1); AZ (1)

The Black Tux

CA – Santa Monica (1); IL – Chicago (1); NY – New York City (1); OR – Portland (1); TX – Dallas (1);

Nordstrom Locations: CA (5); CO (1); FL (1); GA (1); IL (1); MD (2); MA (1); MI (1); MN (1); NJ (1); NY (1); NC (1); OH (1); PA (1); TX (2); UT (1); VA (1); WA (1)

The RealReal

NA: IL – Chicago (1); CA – Los Angeles (1); San Francisco (1); NY – New York City (2)

Vestiaire Collective

EU: UK – London (1)

Warby Parker

NA: AL (1); AZ (2); CA (19); CO (3); CT (2); DC (3); FL (10); GA (2); IL (7); IN (1); KY (2); LA (1); MD (2); MA (5); MI (3); MN (2); MO (3); NV (1); NJ (4); NY (11); NC (3); OH (5); OK (2); OR (1); PA (4); RI (1); SC (1); TN (2); TX (12); UT (1); VA (3); WA (2); WI (2); Canada: BC (1); ON (2)

Untuckit

NA: (83) IL; NE; FL; CA; NY; MA; AB; SC; CO; MO; OH; VA; UT; NV; AZ; NJ; TX; WI; FI; IN; PA; GA; MN; NH; MD; LA; KY; OK; ON; MI; NC; WA; TN; CT; AL; OR; HT

EU: UK – London (2)

Appendix 4: **Moda Operandi's townhouses**

New York – *Source: Fashionista.com (2017); The Business of Fashion (2017)*

London – *Source: Moda Operandi's Website (2020)*

Hong Kong - *Source: Buro. 2020; K11 Musea Facebook (2019)*

Appendix 5: **Prerequisite for consumers**

Source: Work Project's author

- ➢ Has purchased at least one product from the brand (in case of Everlane and Vestiaire Collective) or has shopped in the platform at least once (in case of Moda Operandi)

- ➢ Has visited the brand's physical space for Everlane and Vestiaire collective

- ➢ For Moda Operandi, Consumers aware of the physical space existence, but did not managed to go there yet.

Appendix 6: **Interview Guide for Consumers Everlane and Vestiaire Collective**

Source: Work Project's author

Warm-up

For this research, we are using a particular technique: the non-directive method; it means that I will not ask you specific questions about the subject, as in a standard questionnaire. After the first question that I will introduce now, you will be free to tell me whatever comes to your mind on the subject.

"Can you please tell me about your experience at (Everlane /Vestiaire Collective) physical retail space. What made you go there? Please describe your experience."

Topics to cover

- Reason to go to the physical space

- What is the consumer experience when in the physical space? (Highlights mentioned by the consumer)

- What the consumer says it likes the most about the space?

- Does the physical space make the consumer experience better?

Appendix 7: **Interview Guide for Consumers Everlane and Vestiaire Collective**

Source: Work Project's author

Warm-up

For this research, we are using a particular technique: the non-directive method; it means that I will not ask you specific questions about the subject, as in a standard questionnaire. After the first question that I will introduce now, you will be free to tell me whatever comes to your mind on the subject.

"Can you please tell me how do you imagine Moda Operandi's showroom to be like? Would you like to go there? Why? Please describe."

Topics to cover

- Desire to go to physical space

- How the consumer imagines the space

- How the consumer imagines the experience when in the physical space

- Do they express the possibility of having a better experience in the physical space?

Appendix 8: **Pictures of Moda Operandi's customers on Instagram**

Source: Public pictures on Instagram