

# THE WALL STREET JOURNAL

## Shoppers Who Blend Store, Catalog, Web Spend More

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Emojoy Williams likes to check out clothing at her favorite retailers before setting foot in a store. Going online first, she often selects what she wants before heading to the retailer, though she usually indulges in a few additional items when she actually shops.

"Sometimes I just want to know what's in the store before I go," says the Tucker, Ga., actuary, who looks for dresses and bathing suits on the Web sites of her favorite retailers, Charming Shoppes Inc.'s Lane Bryant and the Gap and Old Navy chains of Gap Inc. "Sometimes there is a broader selection or more sizes online than in the stores."

After initial worries that the Internet would steal sales from stores, retailers now are realizing that just the opposite is happening. Customers who "window shop" online are far more likely to spend more overall than those who just go to the store. A study by Forrester Research recently found that customers who shop three different ways -- in stores, on Web sites and with catalogs -- spend about four times more than customers who shop only through one of those channels. Similarly, customers who shop two different ways spend two to three times more than the single-channel consumer.

To take advantage of this behavior, major retailers are looking for new ways to steer shoppers from one channel to another. J.C. Penney Co., for instance, says it posts weekly circulars online for customers to use in the store. It also offers a broader selection of certain items, like small appliances, in catalogs to encourage people to shop multiple ways. Penney says the number of customers using all three shopping mediums grew 30% last year, while the number using at least two jumped 46%.

A recent study by consulting firm J.C. Williams Group showed that J.C. Penney customers who shop just one way spend, on average, \$150 a year on its Internet site, \$195 in its stores and \$201 with the catalog. But Penney customers who shop all three ways spent \$887 a year. "Any time a customer comes into the store because of the catalog or Internet, there is a high incidence of that customer buying something in the store," says John Irvin, a Penney executive vice president. "This is the fastest growing change in customer behavior."

Retailing experts say the trend gives stores more opportunities to build sales by tying the different channels together, such as allowing online shoppers to pick up or return online purchases at a store.

Still, experts say, retailers need to pay more attention to the trend. In a survey by consulting firm Retail Forward, 22% of Internet shoppers said they will visit a retailer's Web site if a product isn't available at the bricks-and-mortar location. But few stores offer telephones or Web kiosks so that customers can order the product online or by phone right away, before they get home and change their minds or forget.

While 54% of Stores magazine's Top 100 retailers allow customers who buy products online to return them

in stores, only 13% offer in-store pickup of online purchases. And about 40% don't have systems in place to find out how many of their customers shop at their Web sites, catalogs and stores.

Additionally, customers who order online but request an in-store pickup at some major retailers still have to pay by credit card rather than having the option of paying by cash or checks when they pick up the item. "Consumers are dramatically changing the way they shop," says Jim Crawford, a Retail Forward spokesman, but retailers are just beginning "to tailor their strategies to satisfy the new breed of shopper."

This new shopper is typically more affluent. "In general, those who shop multichannels tend to spend more and be more engaged with the brands, because they have more discretionary income," says Kate Delhagen, consumer-markets research director at Forrester Research. "Some retailers are saying 'If our loyal customers like the store that much, how much more money would they spend if we can reach them X many more times?'"

Consumer-electronics retailers Circuit City Stores Inc. and Best Buy Co. both aim to encourage customers to shop more than one way, in part because those buyers tend to study up on electronics products before hitting the store. That means they won't need to ask as many questions of store staff and may be more ready to purchase. Best Buy lets customers check for product rebates online and preorder new items for in-store pickup before they're available in the stores. John Thompson, a Best Buy spokesman, says a customer who shops multiple ways is "more loyal, spends significantly more and comes back more often than the single-channel customer."

At Fred Meyer Jewelers, the nation's fourth-largest jewelry retailer, online customers get coupons good for in-store use only when they buy rings, earrings and other items on the company's Web site. "Two years ago, online sales were a threat to the stores," says Mark Funasaki, Fred Meyer's vice president of strategic planning and business development. "Now, we're seeing people come in with printouts from the Web site of items they want to buy. We get quite a few sales online, but the Web site also drives store sales."

To reach these multichannel shoppers, Search Roebuck & Co. puts tags on camcorders and other electronics in its stores to remind customers to visit its Web site. It also allows customers to order items online and pick them up at the stores.

The big retailer says 20% of in-store purchases of appliances, such as washing machines and refrigerators, are by customers who looked online first. Shoppers also tend to look online first for lawn and garden equipment, sporting goods and home-gym systems before they go to a store.

"If you want to be customer-centric, you have to be where the customers go," says Chris Shimojima, vice president of merchandising and marketing for Sears's direct-business unit, which includes Internet and catalog operations.