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3 Retail Giants Focusing on Virtual Shopping to Stay Ahead

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With iFever spreading over the globe and technology becoming a way of life, it is apparent that there must be a strategy shift for businesses in order to survive, let alone compete. The world of retail in particular faces several key challenges with a consumer base that is becoming more and more virtual in their shopping experience.

When one considers the companies that have been the foundation of America, those that have been the quiet powerhouses striving to provide great products at competitive prices the common denominator facing them all is the unrelenting push to have more of a web presence for the online consumer.

Where it Began

It was a young Sam Walton and his 'Five and Dime' store that evolved into the household name of Wal-Mart. The first Sears store opened back in 1925 in the small town of Evansville, Indiana. Both **Sears** and **Wal-Mart** built their empire utilizing a time-honored business strategy: Focus. For some retailers, this means focus on a single product - apparel, electronics, etc. For these two, it meant focus on a different kind of product – convenience.

It is true that Wal-Mart and **Target** live up to their names of 'convenience stores'. Their claim to fame is the 'one-stop shop', or everything under one roof. While pricing is competitive, consumers have always been more prone to spend a little more if it means saving a trip somewhere else. This is the true secret behind Target's recent grocery push. It's concern was not losing sales because Wal-Mart has better products or prices, but because Wal-Mart offers more convenience.

Convenience has now taken a technological turn, namely, these retailers must find a way to encourage shoppers who don't even enter their stores. The era of online shopping started back in the mid 90's with the expansion of companies such as **Amazon** , and **eBay .** Consumers began realizing they could get the goods they wanted without a negative shopping experience.

Where it is Now

With the growing dominance of these online retailers the dynamics of the retail industry have changed. One estimate by research firm 'Forrester' states that U.S. online sales are expected to reach approximately $279 billion by 2015, which is up from about $152 billion in 2008.

While Wal-Mart is roughly 10 times Amazon's size in overall sales, to date, it has only about a tenth as much in online sales. It is trying to use its 3,800 stores and 150 distribution centers as a logistical and marketing advantage over Amazon, however, as with several other retailers, it is finding the competition extremely fierce.

And it isn't just the online sellers of products. Some companies have found a viable way to compete with these titans through the online sale of services or parts.

Take, for example, RepairClinic.com. This company, started in 1999, began with a vision of providing clear, easy-to-understand resources to help people repair and care for appliances on their own. RepairClinic.com specializes in selling parts for major home appliances and outdoor power equipment. With a focus toward an online presence that was both convenient and saved people money, it saw explosive growth. Today, with an active YouTube channel and a customer base of over 2,000,000, it can easily provide more personalized service than other big-name providers.

The brick-and-mortar retailers are following suit, and using different strategies to stay competitive. According to Bloomberg, in the last year, Wal-Mart spent over $300 million in buying up web-related companies in order to catch up with Amazon and eBay. Target has increased its online inventory by 400% to have a wider assortment of products online.

Notably, both Sears and Wal-Mart have stepped up their online game. In the past year, to appeal to its core consumers both stores have added back thousands of items and millions of square feet of display space to make stores more visually appealing to upscale ("higher-spending") shoppers.

In addition, both have opted to increase lines of top-selling gadgets, such as **Apple's (AAPL)** iPad. Wal-Mart has even added a new iPad app, a marketing gimmick aimed largely at more upscale urban shoppers to draw them back into the stores.

Sears is also encouraging the growth of its community on the web. Last month, it celebrated its one millionth MySears community member. It also has more than 1.5 million 'likes' on its main Facebook Page and 22,000 followers on its main Twitter page. By expanding its reach onto far-reaching social networking platforms, Sears can benefit by drawing consumers to its online store as well.

Where it's Going

Companies that the typical American household has come to rely upon have become great because of a simple powerful strategy. Their business decisions are researched, planned, and intentional. In other words, they pick the battles they know they can win. Sometimes winning is the annihilation of an opponent – other times it's just a gradual chipping away at another's market share.

While it is doubtful the market will ever completely move away from physical stores, it is indeed shifting in terms of entertainment. One can instantly purchase any song from online stores, and just about every movie company is moving away from discs and toward streaming. Last year, e-books and music downloads not only surpasses CD sales, but also broke into the 'billion-dollar business' club. It makes owning a DVD or CD more expensive and discourages trips to the 'store'.

Summary

Simplicity is king when it comes to a powerful business approach. Doing too many things is so often met with failure that one wonders why companies are still bamboozled by the promise of more money by doing more things. It is the clear-minded steady handed approach of doing one or few things well that makes for a solid company. Companies such as Wal-Mart and Sears can still prosper in this tech age by following the age-old wisdom, "Same message, different method." Investors should keep a close eye on brick and mortar retail giants like Wal-Mart, Target and Sears to make sure they are keeping stride with online retailers.

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