The consumer electronics market: Physical stores in an online world

Problem statement

When adapting to a new, highly unpredictable, e-commerce influenced retail environment, while owning large quantities of real estate, retailers in the consumer electronics branch face a future in which the role of their real estate is uncertain.

Main research question

What type of real estate strategy can large scale consumer electronics retailers deploy in a market where physical stores are due to the influence of e-commerce no longer the only channel of sales, consumer contact and information?

Goal

The goal of this research is to gain insight into the role of real estate in the consumer electronics branch and the role of e-commerce in changing retail strategies and its implications for retailers’ real estate positions. The results will be composed by the several steps which are undertaken to answer the main research question and will include the following:

- Typology of current consumer electronics stores
- Influence of e-commerce on future store strategy
- Influence of real estate on the retail strategy of consumer electronics retailers and vice versa

The final goal is to have a clearer understanding of the relationship between e-commerce and physical retailing and its influence on retail real estate.

Results

The proposed real estate strategies included online strategies which fit the real estate position of these strategies, based on store- numbers and size, national presence and warehouse structure. These characteristics directly influence retailers’ online strategy choices. Stores can therefore be judged, besides on their physical merit, on their potential to complement an online strategy. This potential can be defined as the ‘e-commercial value’ of real estate. When judging real estate positions of current retailers, their e-commercial value can therefore be used to evaluate their real estate position not only on their stores’ physical characteristics compared to the proposed future store types, but also on the their ability to facilitate an online strategy compared to their current online activities.