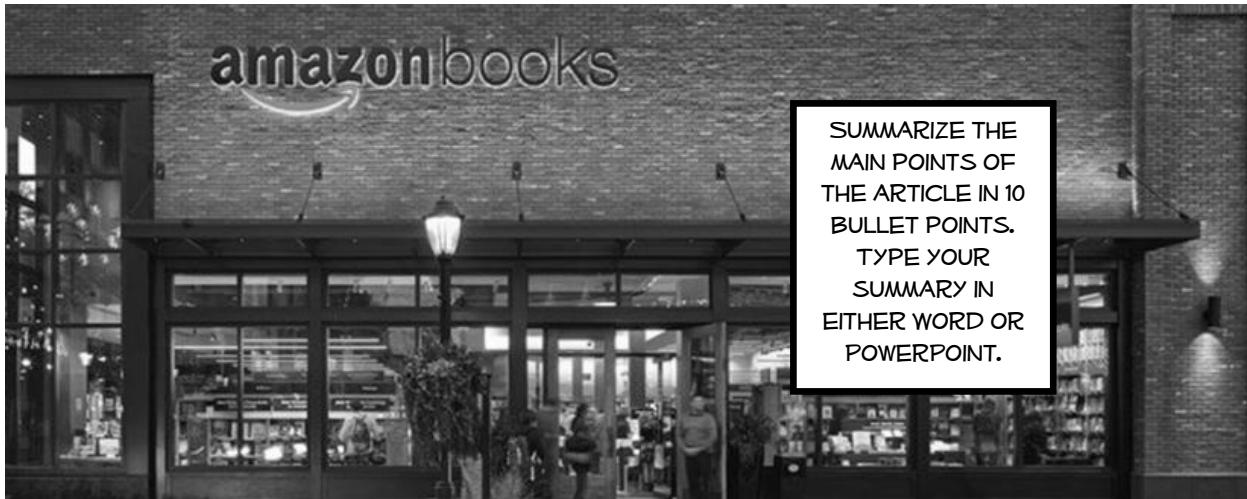


# Is Amazon's First Brick-and-Mortar Bookstore the Future of Retail?



SUMMARIZE THE  
MAIN POINTS OF  
THE ARTICLE IN 10  
BULLET POINTS.  
TYPE YOUR  
SUMMARY IN  
EITHER WORD OR  
POWERPOINT.

Amazon Books is now open for business in Seattle. The floor is hardwood and the shelves and displays are weighed down by beautiful, physical books. It looks and smells like any ordinary bookstore.

But make no mistake. It's anything but. Amazon's new store is the digital economy's coming full circle -- flipping the model to tie together online and offline in a whole new way. It's establishing land-based business on ecommerce prowess, and modeling the methodology of the next generation of retail.

## THE RISE OF AN ONLINE SUPERSTORE

Amazon is an operation born and raised online. It speaks fluent "onlinese," and in fact has written large chunks of the dictionary. It is the biggest, fastest and most innovative force shaping the way the world has been conducting commerce in the past 20 years, and it's seared into the collective mind as the main deliverer of ecommerce Gospel. Now a mature 20-year-old juggernaut, the Seattle store is Amazon's first brick-and-mortar consumer presence.

From the get-go, the ecommerce giant never had the privilege of meeting clients on the sales floor, watching firsthand the effect of sales and promotions, rearranging displays according to changing tastes. But it had something so much better -- it had data. Big data. Ridiculous amounts of data.

And by turning this data into smart, emotionally intelligent data, Amazon managed to give its customers so much added value that it changed forever the face of global commerce. Because Amazon did what every online business must do: It used customer data to really get to know its customers.

Today, Amazon is effectively the world's largest ecommerce search engine and the starting point for more consumer searches than Google. Every Amazon operation is geared at making the customer feel that the store is his alley in the quest to find the most suitable product, price and delivery method.

Amazon is able to achieve this exceptional feat by leveraging data to really understand the wants, needs and hesitations of individual shoppers. It also harnesses the collective consciousness through personal recommendations, cross recommendations and inter-personal references. The overall shopping experience is informative, personal and empowering.

Bypassing the land-based phase has also enabled Amazon to offer competitive pricing. Without the expanses of store based operations -- rising mall rents, distribution costs and personnel salaries -- prices of books (and later on of other products too) were cut dramatically. During the past decade, online competition and the rise of ebooks were a major force behind the collapse of some of the world's

largest bookstore chains, including global player Borders and Angus & Robertson, previously Australia's largest book retailer.

### **LEVERAGING ONLINE DATA FOR OFFLINE SALES**

In Amazon's case, data and innovation have outdone the traditional benefits of the physical world: immediacy, personal connection and physical contact. But Amazon knows that people still yearn for the shopping experience, the book right now, the bookseller's recommendations, the thinking process that occurs in a book store -- even more than they yearn for endless variety or for shopping in bed. Perhaps it's also no coincidence that this is the first year since the onslaught of digital readers that ebook sales fell dramatically in favor of physical books. A plot twist indeed.

The new Seattle outlet leans on Amazon's big data algorithms and customer-centric ideology to display to consumers just what they're looking for in the format they've learned to know and love. In Amazon's case, this means giving very broad context to books by curating them according to both editorial and popular parameters. It also means that Amazon knows how its customers think. They know that in their browsing habits they need structure and information, as well as inspiration and some serendipity.

The store showcases books with an online rating of at least four stars, tailored to its Seattle audience according to their documented Amazon reading data. Intersecting the regular genre displays are these Amazon.com classics: "Most wished for books on Amazon.com," "Most popular books released this week: top pre-orders fromAmazon.com," "Highly rated -- 4.8 stars and above," "Gifts for the gamers," and "Our picks from Amazon's 100 books to read in a lifetime."

Every spotlighted book comes with a quote from online readers' reviews, a review count and a star rating. And prices are guaranteed to coincide with Amazon.com, giving customers the peace of mind to browse the books instead of comparing prices on their phones. Readers no longer have to choose between the physical buying experience and the online price.

### **A PROMO FOR THE FUTURE OF RETAIL**

Amazon has come a very long way from its days as an online bookseller. Books now account for a tiny fraction of its overall sales, and the Seattle store is but a tiny fraction of that. But Amazon is signaling that the counterbalance between online and offline retail is changing in deeper and more meaningful ways than Black Friday deals -- and all retailers should be paying attention.

Data-driven, digital businesses that are taking on the shape of the real thing, bringing with them a wealth of knowledge about their specific customers and taking the guesswork out of selling may just be the inevitable direction of retail.