

13.9: Pros and Cons of an Online Store

Learning Objectives

- Examine the advantages and disadvantages of running an online store

Online, brick-and-mortar, or both? There are advantages and disadvantages to both:

Brick-and-mortar only

The advantages of a brick-and-mortar store are pretty clear. The shopper can have an entirely immersive shopping experience, where you control everything from the product he sees to the music he hears while he views it. The visual display opportunities only end with your imagination, and add on sales are easy while you have a captive audience.

The disadvantages of brick-and-mortar only are also pretty clear. Shoppers are short on time and stingy about where they spend it. If 51% of all shopping is done online, your brick-and-mortar store is capturing its tiny piece of the other 49%. Online shopping has grown every year. That means that brick-and-mortar's piece could get smaller every year, until it evens out somewhere in our future.

Online only

The advantages of having an online store only start with capturing that 51% of all shopping. Trends favor ecommerce right now and that's not likely to change anytime soon. Have a site that's easy to find, easy to use, and you have conversions.

You also don't need a large sales staff to run an online site. There are no "store hours" requiring two or three employees. And there's no need for a building, carpeting, lighting, fixtures . . . overhead costs are pretty low, which means your profit is bigger and your start-up costs are lower.

The disadvantage of online shopping is attention span. Your shopper has little or none, unfortunately. While a customer can linger in a brick-and-mortar store for hours, allowing a retailer to leverage visual display to increase conversion, an online shopper can be on your site for a minute or less. That's not much time to increase the ticket.

If you offer perks like free shipping, which online shoppers now look for and expect, you can also damage your margin. Large products, like bags of dog food or furniture, can be expensive to ship and if you're assuming that cost, you're losing money. It's because of this that, in many areas of retail, online customers are just not as profitable as brick-and-mortar customers.

Online and brick-and-mortar together

The advantage of having both a brick-and-mortar retail location and an online store is the ability to appeal to your customer through both channels. As was mentioned earlier, shoppers are increasingly engaged in omnichannel options. They may shop online or in the store, and the more seamless you can make the shopper's experience as they bounce between the channels, the more successful your retail business will be.

Operating online and in brick-and-mortar also allow you to appeal to a larger variety of shoppers by offering them different ways to shop your merchandise. Some customers will resist purchasing items online, preferring a personal experience. Other customers will avoid brick-and-mortar and defer online most of the time. You can capture both these audiences with both offerings.

Your website can also act as your window display. If your window display attracts customers into your store from outside on the street, your website can attract shoppers into your store while they're sitting on their couches at home.

The disadvantage of both is that brick-and-mortar is an area of retail that's adjusting to online trends, and retailers are finding themselves in a position where they have to shrink their store footprint to continue to be profitable. Online allows you to grab some of that business that's being sucked out of your brick-and-mortar location, but at the same time it can be distracting. Also, your online business may attract loyal brick-and-mortar customers away, converting profitable shoppers into less profitable shoppers.

Practice Questions

<https://assessments.lumenlearning.co...sessments/9299>

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