Selling smarter

Bricks and mortar retail appeared to be in terminal decline, the victim of e-commerce convenience and Covid lockdowns.
But forward-thinking brands are fighting back by embracing digitalisation and curating experiences.

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Gymshark started as an online only retailer, based out of a garage in Birmingham, UK in 2012. A decade or so later, the activewear brand boasts physical retail locations in London, Manchester and New York, with more openings planned. It still makes most of its sales online, but Gymshark now sees competitive advantage in opening bricks and mortar spaces as immersive marketing assets and places to try and buy.

The 'clicks-to-bricks' trend has gained momentum in recent years. Retailers that reduced their physical footprint in the wake of the pandemic are opening stores again in select locations. Brands that started life online are using physical shops to drive loyalty and cement their appeal.

Even online retail giant Amazon now operates a number of physical grocery chains and stores. Alibaba, China's dominant e-commerce platform, has expanded into hundreds of physical retail outlets in its home country. As online markets become saturated, physical retail is getting a much-needed boost – but only in some markets and some locations. Global high streets are still littered with shuttered stores that no longer attract enough footfall to keep cash registers ringing. In the rest of this article, we will explore the new age of bricks and mortar retail and explain why it is not simply a return to the way things were.

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Reimagining the mall

Funan in Singapore is a bustling mixed-use development of offices, residential apartments, hospitality franchises and a retail mall. It wasn't always like that. The Funan development stands on the site of the Funan DigitalLife Mall, a technology-focused shopping centre that opened in the 1980s and closed in 2016 as footfall dropped and tenants left.

Funan DigitalLife Mall could not withstand the onslaught of online shopping. But its replacement is buzzing with life, thanks to a multi-faceted offer that draws consumers in and tempts them to linger, and an on-site audience of office workers and apartment dwellers.

This reimagining of the shopping mall is happening around the world. Some centres are moving away from retail entirely, but most continue to include a significant retail element. "We're starting to see malls in some areas become more mixed-use," says Cory McNeley, managing director at US-based UHY Consulting and leader of the firm's Technology Innovation service line.

"When you start seeing that kind of setup, it naturally drives more foot traffic. As these formats become more condensed and integrated, it allows people to shop, dine, and find entertainment all in one place, often right next to where they live. That's a very different model than the

traditional mall, and it's one of the ways these centres are trying to stay relevant."

Physical retail fights back

In the US, shopping centre vacancy rates in 2024 were the lowest in 20 years. Encouragingly, mall patronage was highest among Gen Z shoppers aged 18-24, suggesting the mixed-use approach is working[1]. Around the world, figures suggest that the rise of e-commerce – once considered unstoppable – has slowed to snailpace.

But it's not just about mixed-use malls. For years, the narrative around retail was one of physical stores disappearing as their agile online equivalents forged ahead. Now a new story is being written. Recent research from UK-based Retail Economics found that around half of online sales involve a physical touchpoint[2]. In other words, online purchases are being driven by consumers who first experience an item in store.

The reverse is also true. Consumers browse products online, but then make a purchase in store, after seeing the item in real life, trying it out, or on. The new retail reality, at least in part, is of complementary multichannel offers working together.

Amy Bian, International Affairs officer for UHY Tokyo & Co, UHY's member firm in Japan, says the fusion of physical and digital retail is progressing at pace. "Retailers are bridging the gap between physical stores and online shopping in a number of ways," she says. "They are providing a consistent


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customer experience across both physical and online platforms to unify consumer purchasing journeys. They are effectively coordinating both online and offline channels to deliver a seamless customer experience."

Curating experience

The combination of physical and digital retail is changing the traditional purpose of bricks and mortar stores. Consumers still go to shops to buy things. But they also go to be inspired and enjoy experiences that encourage brand loyalty and drive future purchases, offline or on. The most successful stores are increasingly experiential, offering much more than racks of goods and a cash register.

"Retailers are really pushing the instore experience," says Cory. "They're investing in better store design and the kinds of hospitality touches that may have been missing in the past. In some areas, especially luxury, there's also a much stronger focus on personalisation.

"Stores are giving people a reason to leave home, whether that's fitness, beauty, food or entertainment. When stores diversify what they offer, it becomes more of a destination instead of just a basic shopping trip."

> The key is the leveraging of AI, Internet of Things (IoT) and big data to unify data from physical stores and e-commerce sites, enabling a deeper understanding of customer behaviour.

In Japan, too, experiences that go beyond shopping are highly prized, particularly by younger and better-off consumers. "There is certainly a rising demand for individualised, personalised and bespoke experiences among younger generations, particularly Millennials and Gen Z," says Amy. "Market growth is driven by a consumption trend that prioritises memorable experiences."

Having experienced the convenience of online-only shopping during the pandemic, consumers now place equal value on in-person browsing and face-to-face interactions. In effect, they want the best of both worlds: the convenience of e-commerce and the experiential quality of a well-designed in-person shopping experience.

"The key to getting that right is the leveraging of AI, Internet of Things (IoT) and big data to unify data from physical stores and e-commerce sites, enabling a deeper understanding of customer behaviour," says Amy.

An uneven picture

All of this is encouraging, but it is not the complete picture. The resurgence of physical retail is real, but the trend is far more pronounced in major cities and on prestigious high streets than secondary locations. Mixed-use developments in city centres may be gaining ground, but many out-of-town malls continue to struggle.

In response, stores are increasingly moving into novel locations as they chase high-spending consumers. These include tourist hotels and resorts, cruise ships, spas and other places where experiences and retail opportunities exist in symbiotic harmony.

And for now at least, the most experiential stores tend to be selling luxury. Jewellery, watches, wellbeing items and high-end cosmetics, accessories, fragrances and fashion are well-suited to the new world of omnichannel, experience-led retail. Other sectors are not finding it so easy.

"Physical retail stores are rebounding, but it's selective rather than a universal rebound," says Cory. "What we're really seeing is a firmer footprint in the right markets and the right formats. The practical takeaway is that the rebound is real, but it's not happening evenly. The stronger formats are doing well, while weaker chains and outdated formats are still under pressure and continuing to shrink."

In Japan, Amy says there are concerns about the widening gap between brands and the risks associated with a heavy dependency on tourist demand, which can lead to market instability.

Overcoming headwinds

Can the bricks and mortar resurgence continue, and how far can it go? For non-luxury brands, omnichannel is key. 'Showrooming', and providing an ultraefficient e-commerce platform linked to well-designed physical stores, is becoming the retail sweet spot. Sophisticated data analytics helps the two operate seamlessly together.

> Retailers are becoming more selective with site strategy, using smaller and smarter formats, focusing on better trade areas, and tailoring assortment more carefully instead of relying on undifferentiated fleets.

"Stores are being treated more like assets for fulfilment, whether that's buy online, pick up in store, kerbside pickup, ordering in store and having it shipped to your house, or ship-from-store," says Cory. "A lot of that started accelerating during Covid, but it's clearly become part of the ongoing model because it helps retailers compete with online marketplaces and gives consumers more flexibility."

Site selection and store format are also crucial, and that is as true for discount grocery chains as high-end wellbeing retailers. There has been a trend toward smaller but smarter bricks and mortar stores, where physical and digital elements intersect. A footprint made up of large city centre supermarkets or department stores is no longer a reliable route to profit.

"Retailers are becoming more selective with site strategy, using smaller and smarter formats, focusing on better trade areas, and tailoring assortment more carefully instead of relying on undifferentiated fleets," Cory adds.

Best of both worlds

Nevertheless, and despite headwinds, the death of the bricks and mortar store appears to have been greatly exaggerated. Consumers appreciate the convenience of online shopping, particularly for trivial purchases. But they also value an in-person experience, especially if a day out combines shopping, entertainment and hospitality in a chic destination neighbourhood.

In 2026, smart retailers are combining physical and digital elements in prime locations. For stores, the halcyon days of the pre-digital age may be gone forever, but the in-person shopping experience remains central to a multi-faceted retail strategy.

Sources:

[1] Harvard Business Review, The Comeback of the Physical Store – and What It Means for Your Business, pub. Apr 2026.
[2] JLL real estate management, Is ecommerce now net-positive for physical retail?, pub. March 2025

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