

## Bylined Article

# Physical Retail Leaves Intensive Care – Gets a New Lease on Life

Richard Clarke, Head of Global Sales Consumer Industries, Fujitsu

**After some tough years where physical retail faced its share of existential challenges, it is now emerging stronger, with retailers redefining the very purpose of the store. While e-commerce took center stage during the pandemic, physical stores have since re-emerged as integral hubs for customer engagement, brand experience – and even logistics.**

Far from becoming obsolete, forward-thinking retailers are now revitalizing the modern store as an asset in a digital-first world, proving the power of a balanced blend of physical and online presence.

One key driver for this resurgence is the growing emphasis on experiential retail. Where physical stores once served primarily as points of purchase, they are now evolving into destinations prioritizing experiences over transactions. Take Gymshark, for example, which has transformed some locations into hybrid retail and fitness spaces with features like workout zones and mini basketball courts. This strategy taps into customers' desire for connection, giving them a reason to visit the store and engage with the brand beyond just buying products.

Such immersive experiences particularly appeal to younger generations. Gen Z consumers value authenticity and want brands to reflect their own ideals, and physical stores offer brands an ideal platform to create rich, memorable experiences that differentiate in a highly competitive market.

### **The Role of Physical Stores in Omnichannel and Fulfillment**

Physical stores enhance customer experience and play a strategic role in fulfillment and logistics. Many retailers have adopted the model of using stores as fulfillment centers, using physical locations for click-and-collect, same-day pickup and returns for online purchases. This approach reduces delivery times and costs while giving customers a convenient way to handle returns, an area where the number of returns is higher than average in e-commerce.

Stores like Marks & Spencer and Lidl have invested heavily in omnichannel capabilities, enabling customers to enjoy a consistent experience across online and offline touchpoints. For stores that also function as distribution hubs, customers gain the added convenience of picking up items from locations close to home, with the ability to easily exchange or return items on the spot. By streamlining fulfillment, retailers make their physical spaces more versatile and drive traffic back into stores.

For some shoppers, stores also fill an important social function. Many older customers, for instance, enjoy shopping in-store because they gain a sense of social engagement. Manned checkouts and opportunities for casual conversations with staff add a personal touch that digital channels just can't replicate. Physical stores become community hubs, offering a human connection and a level of personalized service that is often lacking in online interactions.

This shift has encouraged savvy retailers to rethink store layouts, staffing and services to reflect the changing needs of their communities. Physical spaces are being reconfigured to accommodate experiences like live events, workshops and personalized consultations. These transform the store into a multifaceted space that fosters deeper customer relationships.

### Physical Retail Stories Provide Financial and Operational Stability

Another factor contributing to the recovery of physical retail is financial stability. Discounters like Lidl have found their niche and demonstrated the profitability of in-store purchases. While e-commerce typically incurs higher return rates and logistics costs, physical stores provide stable, lower-cost transaction channels.

Additionally, the pandemic prompted retailers to re-evaluate their store networks, leading many to close unprofitable locations and focus on those driving the most value. This consolidation has allowed retailers to reinvest in their most profitable stores, creating streamlined, strategically placed networks.

The future of retail will depend on how well brands can integrate physical and digital channels to deliver seamless customer experiences. Physical stores aren't disappearing; they're becoming smarter, more versatile and more focused on customer engagement. Retailers recognize that a strong in-store presence can enhance the digital experience, offering customers flexibility in how they interact with a brand.

Ultimately, physical stores have left "intensive care" not because we're simply back to normal but because they've evolved to meet today's retail demands. This renewed focus on experience, community and operational efficiency is allowing physical retail to remain a vital and thriving part of the industry, proving that brick-and-mortar stores are here to stay, stronger and more resilient than ever.

**Richard Clarke**  
**Head of Global Sales, Consumer Industries at Fujitsu**

Richard is responsible for bringing the best of Fujitsu's industry vision, consulting capabilities and solutions and services to its customers in the consumer industries across the world.

Reporting into Fujitsu's global leadership in Japan, Richard and his team develop and execute compelling and relevant strategies to expand key markets and define differentiated propositions to meet the needs of existing and new customers.

