

CLICKS TO BRICKS



THE CEO'S GUIDE TO LAUNCHING *Physical Retail* FROM DTC ROOTS

Insights
by:



ASG



CHARM.IO

From Clicks to Bricks

Why the Smartest DTC Brands are Putting Down Roots

**And How To Do It Without Losing Your Edge*

So, you've nailed your online game—but now what?

The smartest DTC brands aren't just chasing clicks anymore. They're putting down roots. As customer acquisition costs rise and online-only growth plateaus, physical retail is becoming the next strategic move, not a fallback, but a force multiplier. Welcome to the clicks-to-bricks era.

This guide is built for founders, operators, and finance leaders looking to expand offline without blowing their model apart. It's not a sales pitch. It's a field manual. Inside, you'll find proven frameworks, real-world benchmarks, and the playbook we've used to help DTC brands turn first stores into scalable programs.

At ASG, we've helped brands design, negotiate, and build thousands of stores. We manage the full retail lifecycle, from location strategy to lease structuring, design to construction—so you can scale smarter and avoid rookie mistakes that cost time and margin.

Whether you're launching store #1 or scaling to 100, we hope this guide helps you move forward with more confidence and fewer surprises. **Let's get into it.**



WHY WE MADE THIS:

More DTC brands are going physical—and for good reason.

In 2024, over 83% of U.S. retail sales still happen in-store, and even Gen Z—despite being digital natives—spends nearly 80% of their retail dollars in physical locations. By 2028, brick-and-mortar will still account for 72% of total sales, according to Forrester.

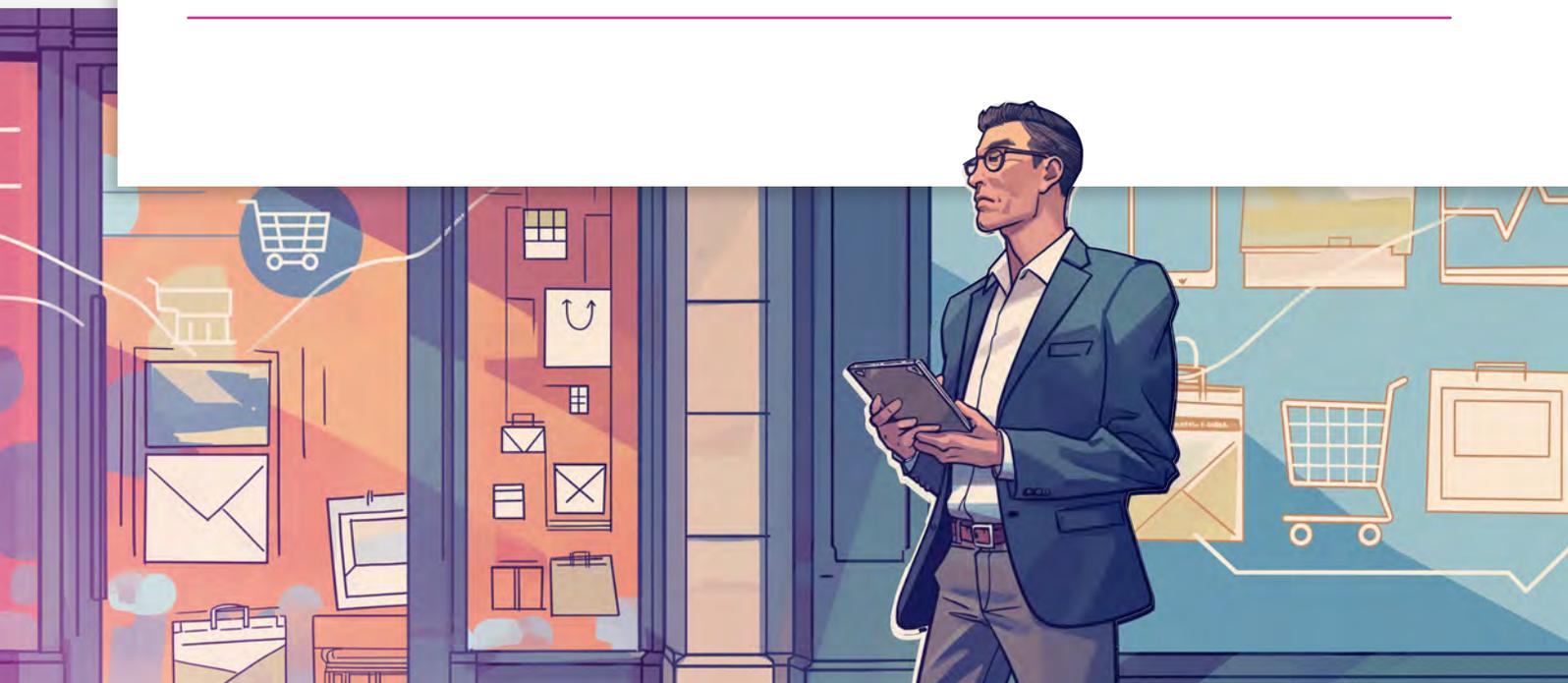
Nearly half of small to mid-sized DTC brands already have a physical footprint, and one in three plan to launch pop-ups or permanent stores in the next year. The clicks-to-bricks shift isn't coming—it's here.



Table of Contents

We know you're busy. That's why this playbook is designed to be both practical and skimmable. Whether you're still weighing the leap into physical retail or already managing a growing store fleet, each section tackles a key phase of the journey—no filler, just the insights that matter. Feel free to read it straight through or jump to the sections that align with where you are now: Because in retail, timing is everything—and so is getting to the point.

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ONE

If You Only Read One Part The 5 Non-Negotiables for DTC Brands Entering Physical Retail

The brands that win in physical retail don't just build beautiful stores—they build disciplined, scalable models. These five principles are the hard-earned lessons we've seen separate brands that scale from those that stall.

If you remember nothing else from this guide, remember these:



13.9%
SALES LIFT

Opening a store tends to increase online sales in that market by 13.9% on average, and for emerging DTC brands

1. *The Flagship Trap*

Your first location can't be a trophy store, don't fall into the flagship trap. Your first store isn't just about branding. It sets the cost, timeline, and operational expectations for every store that follows.

Do this instead: Build a location model that balances brand impact with operational repeatability.

2. *Test & Measure*

Not every store has to be 2,500 square feet with 20 SKUs per wall. Start with formats that can flex—like pop-ups, shop-in-shops, or micro-retail footprints

Real estate is a test-and-learn function. Treat it like one.

3. *Define Success*

Before your real estate team commits, define the KPIs that matter: conversion rate, sales per square foot, CAC lift, and brand halo.

If your store is losing money but boosting LTV or digital conversion, is it working? You should know that going in.

4. *The Launch Team*

Retail success lives between departments: real estate, brand, ops, finance, CX. If they're not aligned, you're flying blind.

Appoint a cross-functional team or partner with an outsourced expert with clear accountability before lease #1.

5. *Build a Model*

Every design, lease term, and fixture should scale. If it only works in New York, it doesn't work.

Your first store should inform your fifth, not complicate it.



TWO

Executive Level Insights & Retail Trends

The Big Picture

Let's face it—scaling online isn't what it used to be. The economics of digital-only growth have shifted, and physical retail is no longer a risky experiment. For many brands, it's a smarter way forward. Here's why:

1. Digital Ads Are Getting Pricey—& Physical Retail Is the New CAC

Ad costs on platforms like Meta and Google have skyrocketed. In fact, 66% of DTC brands say rising CAC is their biggest growth challenge. For some, rent is now comparable to digital spend—and a good store delivers more than impressions. Think of it this way: a well-placed store creates organic traffic, builds awareness, and lowers CAC in the surrounding region. Instead of paying to interrupt someone's scroll, you're letting them walk right in.

2. Stores Make Online Sales Better Too (Hello, Halo Effect)

Opening a store doesn't just drive in-person sales—it boosts local online orders too. Brands see a 6.9% average e-commerce lift in markets where they open stores, and for newer DTC players, it's closer to 13.9%. Close a store? You could see a local online drop of over 11%. Why? Because shoppers aren't thinking in channels—they just want flexibility. The data backs it up: omnichannel customers have 30% higher lifetime value than single-channel ones.

30%
LIFETIME VALUE

Omnichannel customers have 30% higher lifetime value than single-channel shoppers.



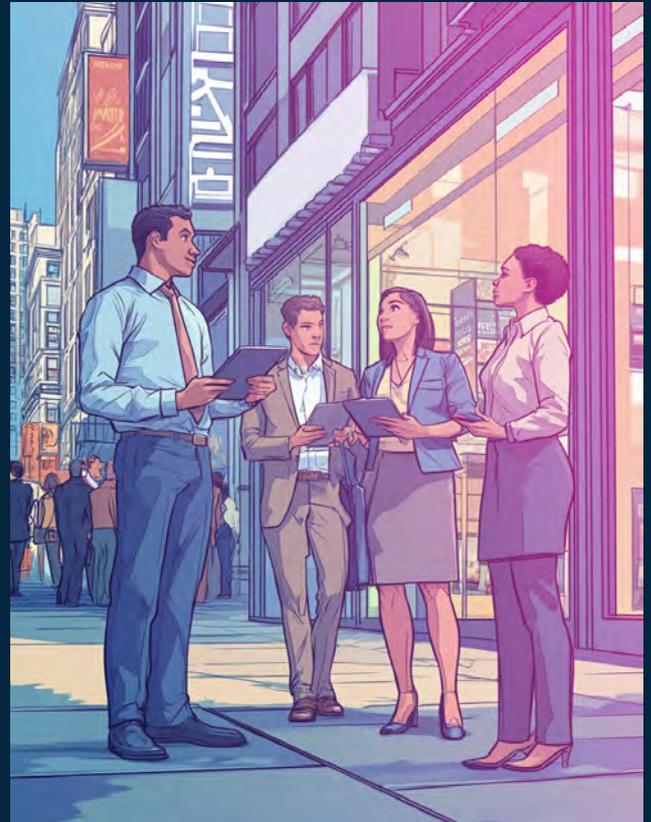
3. *IRL Matters*

Physical stores offer what screens can't: touch, try-on, talk-to-a-human experiences. For products like apparel or beauty, this isn't just nice—it's essential.

Even more telling, 34% of U.S. shoppers say they don't trust online-only brands, while 73% trust brands that have a physical presence. A store isn't just a sales channel—it's a signal of credibility and permanence.

And yes, it also makes returns easier. And yes, that matters too.

70%
of DTC brands cite
profitability as a top
priority over growth



4. *Showing Profitability*

The VC-fueled “growth at all costs” era is over. Investors, boards, and operators are focused on unit economics, cash flow, and profitability—not just top-line growth. Physical retail, when done right, provides predictable contribution margin, repeatable CAC efficiency, and fixed-cost leverage that digital channels alone can't replicate.

Opening a store shifts a brand from variable to controllable costs.

It also turns CAC into an asset—one with resale value and long-term return potential.



THREE

Strategic Market Entry & Site Selection

Theory is great. But data-backed stories are better.

In this section, we break down how real brands have made the jump from clicks to bricks—what decisions moved the needle, what missteps cost them, and how physical retail actually showed up on the P&L. These aren't just narratives. They're case studies, backed by real metrics, public financials, mobility data, and location intelligence from platforms like ASGedge and Charm.io.

Where the Data Comes From (And Why It Matters)

To make this playbook as actionable as possible, we didn't just rely on intuition or anecdote. We used data from Charm.io, one of the most robust tools in the market for tracking and benchmarking e-commerce brands.

Charm uses a mix of machine learning, computer vision, and pattern recognition to monitor performance signals from thousands of DTC brands and TikTok Shop sellers—globally and in real time.



In the case studies ahead, we'll reference Charm data to show how brand momentum in digital channels translates (or doesn't) into physical retail performance.

The Metrics We're Watching:

- Charm Growth Score™**
 How fast a brand is growing vs. others in its category, factoring in digital traffic, advertising, and social velocity.
- Charm Success Score™**
 How successful a brand is relative to peers, factoring in scale, engagement, and influence.
- Website Traffic Growth Percentile**
 Growth in web traffic relative to other brands in the same category.
- Advertising Growth Percentile**
 Growth in digital ad output and reach compared to category peers.
- Online Reseller Growth Percentile**
 Momentum across third-party marketplaces.
- TikTok, Instagram & Facebook Growth Percentiles**
 Channel-specific traction and follower momentum, benchmarked by vertical.

Interested in a deeper dive into the Charm.io Methodology? Check it out here!



Download

WARBY PARKER

From Online-Only to Retail Powerhouse

Launched online in 2010, Warby Parker opened stores to complement its digital business and now operates 223 stores (as of April 2024) across the U.S. The move has paid off in unit economics. Warby's stores rank among the top in retail productivity, averaging \$2,900 sales per square foot with ~35% four-wall EBITDA margins. New stores reach profitability quickly – Warby Parker recoups its invested capital in under 20 months on average. Crucially, retail expansion did not erode online sales; when Warby opens a store in a new market, total sales (store + e-commerce) in that area jump 250% in the first. Warby Parker's omnichannel model helped drive 13% YoY revenue growth in 2023 to \$670M, moving the company toward profitability. The brand now plans hundreds more stores long-term, underscoring confidence in brick-and-mortar as a growth engine.

79.8
Charm Growth
Score™

86.4
Charm Success
Score™

100%
Website Traffic
Growth Percentile

2%
Online Resellers
Growth Percentile

98%
Advertising
Growth Percentile

32%
TikTok Growth
Percentile

99%
Instagram Growth
Percentile





Proof That Not Every Store Is a Win

Launched online in 2016, Allbirds expanded into physical retail to complement its digital presence and reached 59 stores globally by 2023. Early stores helped boost brand awareness and customer engagement, offering a tactile way to experience Allbirds' sustainability story.

But rapid expansion came with consequences. In 2023, Allbirds reported a 15% sales decline and announced plans to close 10–15 underperforming stores. Many of the newer locations were larger-format and carried expanded product assortments that diluted the brand's core focus and negatively impacted store productivity.

The setback underscores a key truth: physical retail only works when it's right-sized, tightly merchandised, and backed by strong unit economics. Despite the pullback, Allbirds remains committed to physical retail as part of its omnichannel model and is now focused on optimizing its footprint and format.

79.1
Charm Growth
Score™

82.4
Charm Success
Score™

98%
Website Traffic
Growth Percentile

100%
Online Resellers
Growth Percentile

99%
Advertising
Growth Percentile

77%
TikTok Growth
Percentile

100%
Instagram Growth
Percentile



Glossier.

Using Retail to Turn Brand Love Into Business Growth

Glossier built its brand online and through pop-ups before committing to physical stores. Its flagship locations in NYC and LA quickly became retail landmarks, delivering \$2,000+ sales per square foot and drawing long lines for immersive, Instagrammable experiences.

After a pandemic pause, Glossier raised \$80M in 2022 to reignite its retail strategy. The brand has since opened 12 stores, including in London, with physical retail now accounting for ~15% of total revenue, up from just 6% a year earlier.

Glossier's stores function as high-impact showrooms—blending try-before-you-buy beauty retail with digital storytelling. The format has proven effective at driving online sales regionally and reactivating lapsed customers, underscoring how retail can deepen engagement and extend lifetime value.

91.8
Charm Growth
Score™

90.5
Charm Success
Score™

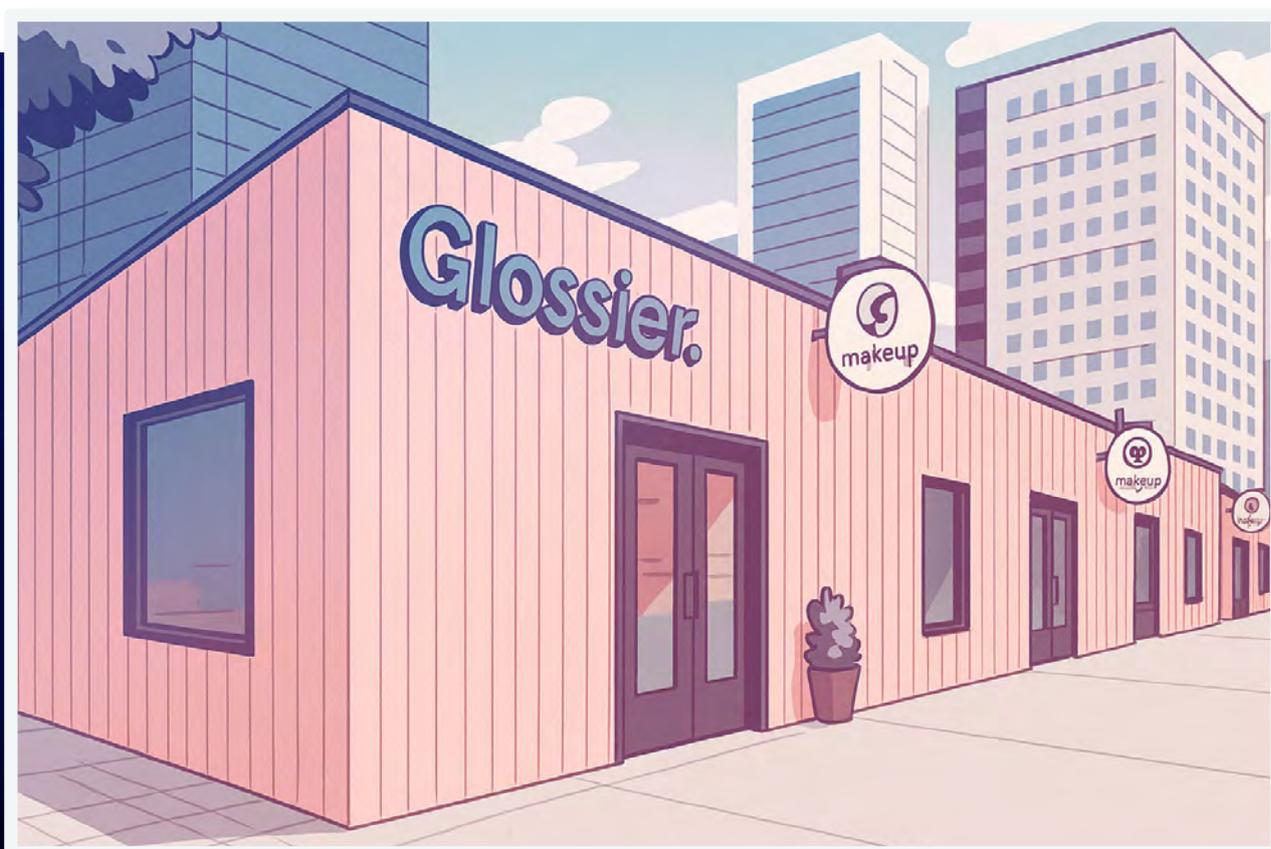
100%
Website Traffic
Growth Percentile

97%
Online Resellers
Growth Percentile

99%
Advertising
Growth Percentile

95%
TikTok Growth
Percentile

100%
Instagram Growth
Percentile



BYLT[®]

Proving That Even Mid-Stage DTC Brands Can Scale with Stores

BYLT Basics launched as a digitally native apparel brand focused on premium essentials and has since expanded into physical retail, opening its first stores in Southern California and quickly growing into multiple U.S. markets.

The brand's retail strategy emphasizes small-format showrooms that reflect its clean, modern e-commerce aesthetic. While financial performance remains private, BYLT reports that in-store engagement has provided valuable customer feedback that informs product development and merchandising.

The rapid shift from online-only to a national store footprint signals that brick-and-mortar isn't just for billion-dollar DTCs. For brands like BYLT, physical retail is a way to build awareness, deepen brand connection, and expand customer reach—market by market.

85.9
Charm Growth
Score™

75.2
Charm Success
Score™

100%
Website Traffic
Growth Percentile

n/a
Online Resellers
Growth Percentile

99%
Advertising
Growth Percentile

94%
TikTok Growth
Percentile

100%
Instagram Growth
Percentile



BONOBOS

The Original Playbook for Inventory-Light Retail

Bonobos pioneered the Guideshop model—small, appointment-based showrooms where customers try on products with a stylist, then have items shipped to their home. With stores averaging 1,000–1,500 sq. ft. and no need to carry take-home inventory, the format was efficient, scalable, and service-driven.

The strategy worked. Bonobos scaled to 60+ Guideshops and grew blended online-offline revenue to over \$150M by 2017, culminating in a \$310M acquisition by Walmart. In 2023, the brand was acquired again by Express and WHP Global, signaling continued belief in the model's value.

Bonobos proved that physical retail can improve customer satisfaction, reduce return rates, and boost profitability—especially when experience and efficiency are prioritized over traditional square footage.

73.1
Charm Growth
Score™

77.6
Charm Success
Score™

100%
Website Traffic
Growth Percentile

n/a
Online Resellers
Growth Percentile

96%
Advertising
Growth Percentile

n/a
TikTok Growth
Percentile

96%
Instagram Growth
Percentile



What the Case Studies Tell Us

Across the board, high-performing DTC brands aren't just opening stores—they're treating them like performance assets.

Here's what the data and case studies make clear:

- Physical retail is a multiplier—not just for store sales, but for digital growth. Brands like Warby Parker and Vuori saw total market revenue spike after store openings, not shift from online to offline.
- Speed to payback matters. The best operators hit profitability quickly (Warby: under 20 months), with strong EBITDA margins and high sales per square foot.
- Format discipline is key. Brands that scale successfully use right-sized footprints and consistent build specs to avoid bloated prototypes and runaway CapEx.
- Omnichannel customers are the real prize. Physical stores drive cross-channel engagement, higher LTV, and brand trust. This isn't about replacing DTC—it's about strengthening it.
- Real estate is now a growth function. Done right, it's not a cost center. It's a CAC control lever, a brand amplifier, and a revenue engine.



FOUR

CFO's Financial Decision Framework

Opening a store isn't just a brand move—it's a capital decision.

Before anyone signs a lease or commits to a build-out, your CFO will want one thing: a model that pencils. That means knowing the breakeven point, understanding what rent the store can support, and being confident that the store isn't just going to look good—it's going to work.

This section lays out the financial lens CFOs apply to physical retail: how they model risk, stress test assumptions, and decide if a store is worth the investment. If you're trying to make the business case for store expansion, this is the framework that earns the greenlight.



Up-Front Financial Modeling

Before any lease gets signed, finance wants the math to work. That means building a detailed pro forma that models projected sales, operating costs, and capital expenditures—all to estimate breakeven timing and return on investment.

A common benchmark: 18 to 24 months to payback. For context, Warby Parker targets sub-20-month payback on new stores. Some high-performing brands hit breakeven in under a year. On the other hand, anything past 3 years often raises red flags—unless the store serves a major strategic or brand-building role.

At this stage, it's less about aesthetics and more about financial discipline. **A good-looking store still has to be a good business.**

Breakeven Analysis

This is where the math starts. CFOs want to know how much the store needs to sell to cover its fixed costs—rent, payroll, utilities, etc.—and how fast it can get there.

Example: If a store's fixed costs are \$500K/year and gross margin is 50%, it needs \$1M in sales to break even.

Healthy plans assume breakeven within the first 12–24 months. Anything longer gets stress-tested with scenario models. If a store only hits 80% of projected sales, when does it break even—and is that still acceptable?

Cost of Occupancy (COO%)

Also called the occupancy ratio, this measures rent and facility costs as a percentage of store sales. It's a key signal of long-term viability.

A common target for specialty retail is 10–15% of sales. Above 20%? That's usually a no.

CFOs will often back into what sales volume is required to keep rent in the safe zone—or set hard rules like “we don't pay more than \$X/sq.ft. unless projected SPSF is above \$Y.”

Sales per Square Foot (SPSF)

SPSF is the go-to metric for store productivity. It tells you whether the sales density justifies the rent.

- Warby Parker: ~\$2,900/sq.ft.
- Foot Locker: ~\$510
- Victoria's Secret: ~\$588
- Many mall-based brands: ~\$300–\$600

Format matters: pop-ups and boutiques typically outperform on SPSF. Flagships with lounges or events might generate less but serve broader brand goals.

Gross Margin & GMROI

Top-line sales don't matter if margins don't hold. CFOs want to see gross margin projections and how efficiently inventory turns into profit.

GMROI = Gross Margin ÷ Avg. Inventory Investment

A GMROI above 1.0 means you're selling goods for more than they cost. A GMROI of 3.0+ is strong.

Example: \$200K in average inventory generating \$600K in gross margin = GMROI of 3.0.

Poor GMROI? That signals bloated inventory, weak pricing, or poor sell-through—all red flags when scaling.

Operating Expenses (OpEx) & Labor

Every store has a cost beyond rent—payroll, insurance, supplies, utilities, local marketing.

**Labor usually lands around 15–20% of sales.
Smart teams use store staff for omnichannel functions (e.g., events, local fulfillment) to boost efficiency.**

Ultimately, CFOs are modeling four-wall EBITDA margin. Strong stores hit 15–20%+. Best-in-class concepts (like Warby Parker) can hit 35%.

How CFOs Think About CapEx, Risk, and ROI

Opening a store is more than a real estate decision—it's a capital investment. And your CFO will want confidence that the spend is justified, the risks are modeled, and the returns are real. Here's how they think through it:

Buildout Costs by Format

Store buildouts vary wildly based on location, size, and experience level. A 2,000 sq. ft. boutique with clean finishes might run \$100–\$150/sq.ft., while a 5,000 sq. ft. flagship in a high-rent district could blow past \$1M+, especially with custom fixtures, digital displays, and event space.

CFOs model total CapEx—including construction, IT, fixtures, and opening inventory—then amortize that cost over the lease term. They'll also aggressively pursue tenant improvement (TI) allowances to offset the upfront outlay.

Tip: Many finance teams model multiple buildout scenarios (e.g. pop-up at \$50K vs. full build at \$300K) to weigh return and risk.

Lease Structure & Risk Sharing

How the lease is structured impacts both risk and upside:

Fixed Rent provides predictability but creates downside if sales underperform.

Percentage Rent aligns rent with performance, which CFOs prefer in new or unproven markets.

Example: A store with 7% percentage rent on sales above \$800K might pay more if the store overdelivers—but that's better than getting stuck with \$10K/month fixed rent if it doesn't.

CFOs often run side-by-side models for both lease types and negotiate reasonable breakpoints to protect margins.

Incremental Sales vs. Cannibalization

Not all store revenue is created equal. CFOs want to know how much of a store's revenue will be truly incremental—not just pulled from online.

If 25% of sales would've happened online anyway, that's factored into the model. But if the store grows the total pie (like Warby Parker's reported 250% market lift), that's a win.

They'll also factor in reduced CAC, halo effects on e-comm, and local brand lift, especially in newer markets.

E-commerce Synergies

Physical stores don't just drive store sales—they can improve e-commerce margins too.

- Returns handled in store = lower return logistics cost
- BOPIS and ship-from-store = reduced last-mile costs
- Brand presence = more organic traffic and lower CAC

CFOs may assign credit for these operational benefits in their model, especially if they improve regional margin contribution.

Modeling the Investment: A Simplified Example

Let's break it down for a 1,500 sq. ft. store with \$500–\$800 sales/sq.ft. expectations.

Metric	Value
Target Year 1 Sales	\$750,000
Rent + CAM	\$90,000 (12% of sales)
Gross Margin	60% (\$450,000)
Store OpEx (excl. rent)	\$170,000
Store EBITDA	\$190,000 (~25% margin)
CapEx (build + inventory)	\$200,000
Payback Period	~1 year

CFOs also test the downside: What happens at 80% of plan? 50%? Does it still pencil out?

Bottom Line

CFOs sign off only when the financials hold up across a range of scenarios—not just best case. That means modeling sales, margins, and costs conservatively, negotiating strong lease terms, and understanding how a store fits into the bigger picture—both offline and online.

If a store can pay back in under two years and improve overall brand economics, it's worth serious consideration. If not, they'll want a very strong strategic reason to proceed.



WHY THIS SECTION MATTERS:

We get it—financial modeling isn't the flashiest part of store expansion and this is very high level. But this is where real momentum starts.

CFOs hold the keys to capital, and without a clear case for return, even the best retail ideas stall out.

This section gives you the tools to speak their language, stress-test your assumptions, generally make them happy, and build the coalition you'll need to turn a store concept into an approved investment. If you are interested in a data driven **deep** dive into the financial modeling, download it here:



Financial Modeling White Paper



FIVE

Strategic Market Entry & Site Selection

Where you open matters just as much as how you open.

Choosing the right market, site, and format isn't guesswork—it's a critical growth decision that impacts brand perception, sales, and operating efficiency. The smartest DTC brands approach physical retail the same way they approach digital: data first, gut second, and always with a testable hypothesis.

Let's break down the market and site selection frameworks that leading brands use to launch physical locations with confidence.

Market Selection: Where to Open First

Most brands start with their own e-commerce heat map—looking at where orders are already coming from. If New York, LA, and Dallas are leading online, those cities probably end up at the top of the store launch list. **But raw demand isn't enough.** You have to ask: Can this market actually support a store—and can we win there?

To answer that, brands layer in several factors:

1. Trade Area Demographics

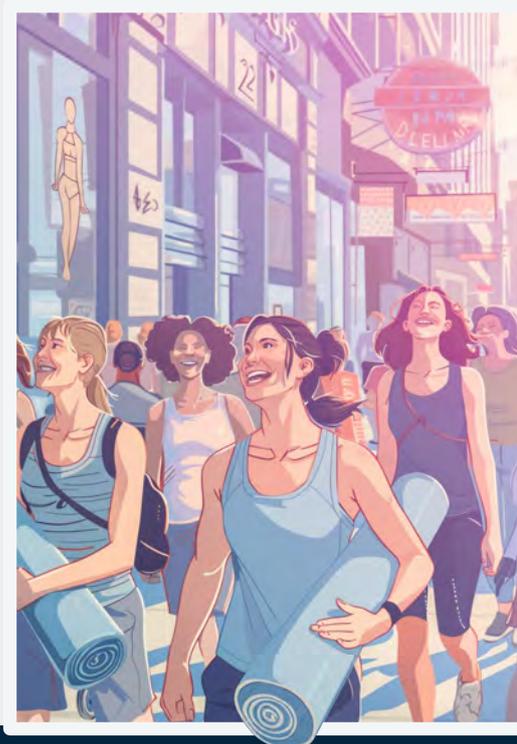
It starts with your core customer. Who are they—and where do they live, work, and shop?

A typical DTC brand selling premium fashion or home goods might target dense urban trade areas with high concentrations of 25–45 year-olds and above-average disposable income.

Foot traffic volume and quality matter too. A neighborhood with steady sidewalk traffic or a mall pulling millions of visits per year gives you built-in opportunity—especially if that traffic aligns with your target demo.

In some cases, brands go deeper, mapping niche behavioral audiences.

Example: “There are 50,000 yoga enthusiasts within five miles of this site—that's our demo.”



2. Geographic Shifts in Customer Behavior

Post-pandemic migration patterns changed the DTC playbook. Many brands are shifting attention away from major coastal hubs toward Sunbelt cities and high-growth secondary markets.

If your e-comm data shows customers moving from San Francisco to Austin or Nashville, follow the momentum.

This isn't just about density—it's about trust and credibility. According to Morning Consult, shoppers are more likely to buy from a brand with a physical footprint in their region.

3. Competitive & Complementary Retailers

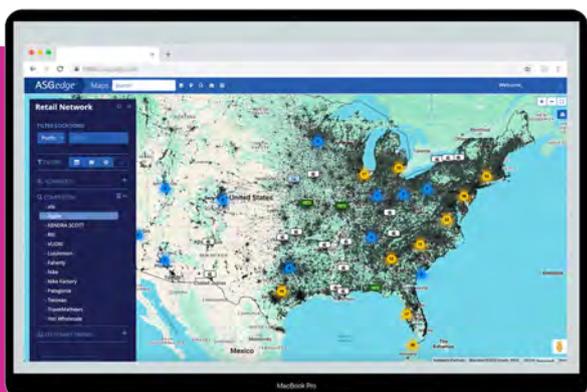
If your category peers are already in the market, that's not a red flag—it's a signal that the customer is already being trained to shop your category offline.

Many DTC brands cluster together in high-growth corridors (e.g., Allbirds, Warby, and Vuori on the same block). It validates the area as a destination.

Also look for complementary adjacencies.

Example: A DTC skincare brand might benefit from being near a boutique fitness studio or a premium coffee shop that pulls in their target customer.

CFOs will ask: Is this market saturated? Or is there wallet share left to capture?



ASGedge

DTC brands trust ASGedge to track every store decision, guide smarter growth, and turn strategy into *action*.



4. Retail Sales and Mall Traffic Data

If you're looking at mall or shopping center sites, historical and projected foot traffic matters—but so does the performance of the center as a whole.

High-performing centers might deliver \$1,000+ in average tenant sales per square foot, but also come with higher rents. Some brands choose emerging lifestyle centers that offer lower rents and a more curated environment.

Use tools like ASGedge to estimate traffic volume, dwell time, and trip frequency. This helps convert projected visits into potential sales using your expected in-store conversion rate.

This section lays the groundwork for everything that follows. Get the market wrong, and even a great store can underperform. But get it right—and you set the stage for fast payback, halo impact, and repeatable growth.

Site Selection Criteria: Location

Once a market is chosen (say, Chicago), the real estate team and CFO narrow down specific sites. Key criteria include:

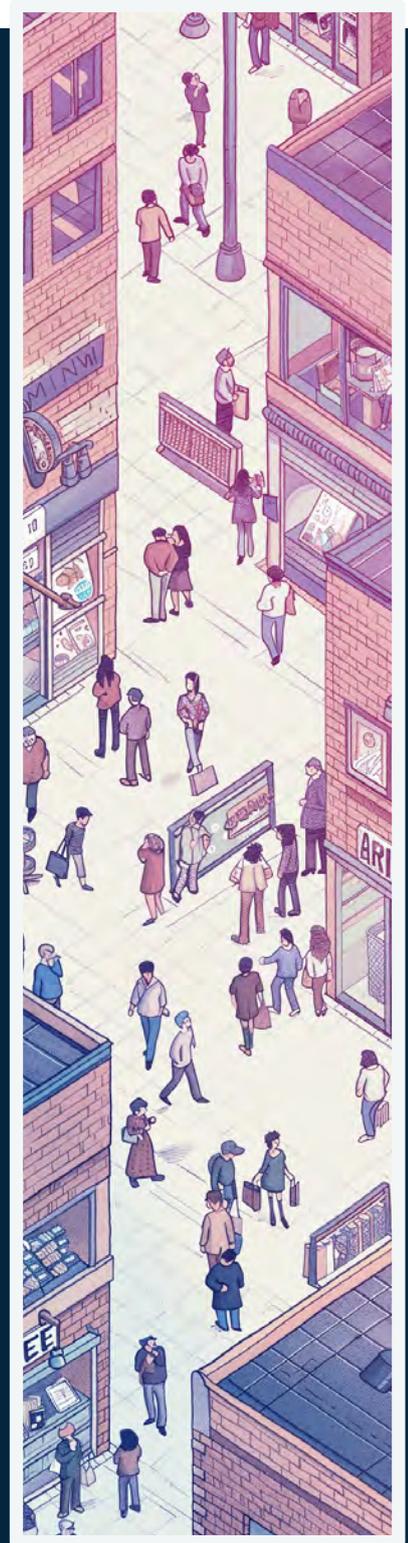
High-Street Flagship: Big Visibility, Bigger Commitments

Opening on a marquee retail street—like Soho in NYC or Melrose in LA—can deliver major brand visibility and buzz. These are the kinds of locations that attract tourists, influencers, and foot traffic from high-intent shoppers. They're great for planting a brand flag.

But they also come with long leases, high rents, and slower payback periods. CFOs tend to view high-street stores as marketing investments more than profit centers. They may not meet short-term EBITDA targets, but the halo effect, press value, and perceived brand legitimacy can make them worth it—especially for brands seeking national awareness or entering prestige-tier markets.

Example: Glossier's flagship in NYC attracted tens of thousands of visitors and became a brand landmark—but it likely came with a steep lease and long ROI window.

The key is knowing when a flagship makes sense—and avoiding what we called the “**flagship trap**”: building your first store as a statement instead of a scalable model. Start with something repeatable. Graduate to a flagship when your economics—and your audience—can support it.



Shopping Malls & Lifestyle Centers: Built-In Foot Traffic and a Ready-Made Audience

For a first store, many DTC brands partner with top-tier malls or open-air lifestyle centers—think Easton Town Center or The Domain in Austin. These locations come with a few key advantages: guaranteed foot traffic, a curated brand mix, and shoppers who are there to buy, not browse.

Anchoring next to other premium or DTC-friendly brands (like Bonobos, Lululemon, or Warby Parker) can create a strong cross-shopping ecosystem, where discovery flows from one brand to the next. This clustering effect helps build trust with new customers and increases the odds of high-conversion traffic.

CFOs will examine the structure of the lease—many malls offer percentage rent models, where rent flexes with sales. They'll also benchmark the performance of similar brands in the center to validate assumptions around productivity and margin impact.

Done right, a lifestyle center or mall store can balance brand lift, steady traffic, and financial discipline, making it a compelling first step into physical retail.

Neighborhood Storefronts: Opt for street-level shops in neighborhoods where your target customer lives and works

Street-level storefronts in residential or mixed-use neighborhoods—like Williamsburg in Brooklyn or Silver Lake in LA—can offer a more community-focused alternative to flagships or malls. These stores often come with lower rent, less foot traffic, and more intimacy.

They're great for building brand loyalty at the local level, hosting events, and tapping into a customer base that already knows the brand from online.

The trade-off? Less exposure, fewer tourists, and slower ramp-up. CFOs will weigh whether the customer density and local vibe support the brand—and whether the economics work at smaller scale.

Neighborhood storefronts are often a smart choice for second or third locations, especially after anchoring a metro area with a flagship or mall presence.

Think of them as hubs, not billboards. Less splashy, more connected. And often more efficient.



Site Selection Criteria: Size & Layout

Right-Sized for Experience and Efficiency

Most scaling DTC brands don't need massive footprints. The sweet spot tends to fall between 1,000 and 2,000 sq. ft.—just enough to showcase the full product line, deliver a strong brand experience, and keep overhead in check.

Example: Allbirds typically operates around 1,300 sq. ft.; Warby Parker averages ~1,500 sq. ft.

That covers space for merchandising, a few service touchpoints (like an optician desk or fitting room), and a small back-of-house for stock.

Flagships may push to 3,000–5,000 sq. ft. when they include lounges, events, or experiential elements—but those formats only make sense once the model is proven and margins can support them.

From the CFO's perspective, size has to match sales. If you're projecting \$1M in annual revenue, a 1,500 sq. ft. store pencils out at \$667 per sq. ft.—a solid benchmark. But that same sales target in a 5,000 sq. ft. space drops to \$200 per sq. ft.—a potential red flag on productivity.

That's why most brands start with smaller, testable formats. Prove it, then scale it.



ASG Helps:

ASG's tenant representation team goes beyond broker lists and real estate availability.

We use real customer data, mobility patterns, and co-tenancy strategy to help DTC brands find the right site in the right trade area—with the economics to match.

Our approach combines data science with real-world retail insight, ensuring you don't just secure a space—you secure a store that works.

Site Selection Criteria: Trade Area & Access

Who You're Really Reaching

Choosing a great site isn't just about what's nearby—it's about who the store can realistically serve. That's where trade area analysis comes in.

In dense cities, a store might draw from a 1–2 mile radius (walkable or subway accessible). In suburban locations, especially malls, the reach might extend 15–20 miles or more.

Smart brands look beyond raw geography and dig into how people move, live, and shop around the site. Key things we evaluate:

- Daytime population (office workers, foot traffic during lunch hours)
- Evening/weekend population (residents, nightlife, tourists)
- Transit proximity (Is the site near a major stop? Is there parking?)
- Foot traffic flow (Are people passing by with purpose, or just passing through?)

A beautiful store is worthless if it's hard to find, hard to park near, or off the daily path of your customer.

We also use void analysis to find underserved pockets of demand.

If your online orders are lighting up a ZIP code but there's no comparable retail nearby, that's a strong case for presence.

Right site, right audience, right format—that's the trade area trifecta.

Site Selection Criteria: Co-Tenancy

Who You're Next To Matters

The brands around you can either elevate your store—or cannibalize it. That's why co-tenancy is one of the most important filters in site selection.

Being near the right anchor or complementary retailers can drive meaningful foot traffic.

Think: a DTC athletic brand next to a high-end fitness studio or a sneaker store. Same audience, shared intent.

Real estate teams (and CFOs) will often walk the area themselves to watch customer flow and assess vibe:

- Are people actually shopping, or just passing through?
- Do the neighboring brands attract our customer?
- Could we benefit from their traffic—or compete with it?

And while proximity to direct competitors might seem risky, clustering is common in modern retail. A row of DTC brands can create a destination, not a distraction—if the market is strong enough to support them all.

Site Selection Criteria: Omnichannel Integration

Your Store Has to Do More Than Sell

Today's stores aren't just showrooms—they're part of a broader operating system. That means site selection now includes operational questions, not just customer-facing ones.

Ask yourself:

- Does the space have a backroom large enough for BOPIS or store-based fulfillment?
- Is there easy curbside access for returns and pickups?
- Will you need space for events, activations, or workshops?
- Is the infrastructure ready for modern retail tech—POS, inventory sync, clienteling apps?

Example: A beauty brand might need room for a small demo area. A DTC brand doing local fulfillment might require extra back-of-house square footage or dock access.

CFOs will make sure these “non-negotiables” are priced into the deal. If a store doubles as a local distribution hub or event space, it needs to earn its keep—and the lease terms need to reflect that.



Lease Model Considerations

Earlier we touched on lease financial structures; strategically, brands also choose different expansion models to reduce risk:

Short-Term Pop-Ups: Fast, Flexible, and Low Risk

Many DTC brands launch with short-term pop-ups to test new markets. These leases typically run from a weekend to 3–6 months and offer a low-commitment way to gauge demand before investing in a permanent location.

Pop-ups are useful for:

- Creating buzz (think “limited-time only” experiences)
- Gathering early data on traffic, conversion, and sales
- Building brand awareness in a new region
- Testing multiple markets quickly without a long-term lease

CFOs often favor this model because CapEx is low. Most pop-ups use portable fixtures and minimal build-out, keeping startup costs manageable.

The downside? Performance can be skewed by novelty. A pop-up may overperform early but not reflect steady-state results. In some cases, short-term leases are too brief to recover even limited investment.

Still, for seasonal or brand-building moments, pop-ups are a valuable tool.

Example: BYLT Basics tested its concept with pop-ups in Orange County before committing to a full store, using early demand data to validate the move.



Long-Term Leases: Stability for Core Markets

Signing a standard 5- to 10-year lease signals confidence in the location. It's a bigger commitment, but it brings stability, more favorable lease terms, and a longer runway to build a loyal customer base.

With longer leases, brands often negotiate landlord support like tenant improvement (TI) contributions or rent concessions that ease upfront CapEx.

CFOs will model whether the business can carry that lease liability over time, especially through shifting market conditions. They may also stagger lease expirations across the fleet to avoid concentrated risk.

Permanent stores make the most sense in core markets—where the brand plans to build deep roots and long-term presence.



Flexible Leases: Share the Risk, Test the Model

More landlords are offering creative lease structures to attract growing DTC brands. These include percentage rent agreements where rent scales with sales, or short-term leases with performance-based extensions that give brands an exit if targets aren't met.

Some landlords even offer incubator-style leases—like a one-year deal at reduced rent with the option to convert to a longer lease if the brand performs well.

These models are appealing because they let brands test physical retail with built-in flexibility.

The upside: low risk, lower fixed cost, and time to prove traction.

The trade-off: limited long-term visibility and, in some cases, higher rent if the store overperforms.

CFOs view these leases as smart tools for market testing or early-stage rollout, but they'll weigh the flexibility against the potential for churn or lack of footprint stability.

Shop-in-Shop & Wholesale: Reach Without the Real Estate

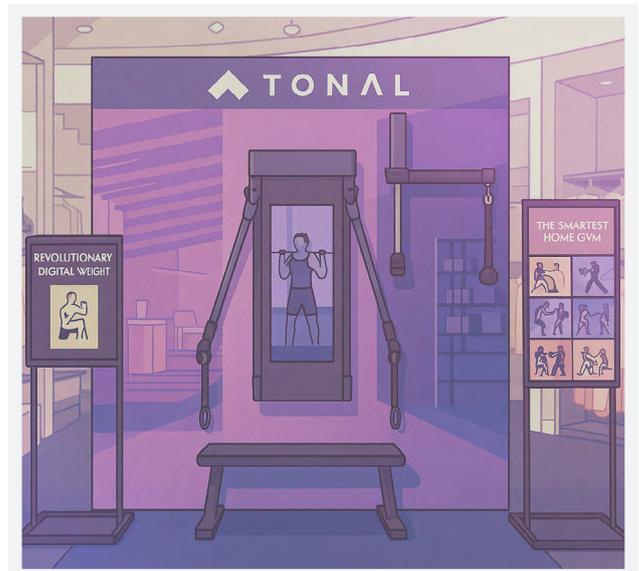
Not every brand needs to open its own store right away. Some choose to partner with existing retailers—placing a shop-in-shop, kiosk, or wholesale assortment inside stores like Sephora, Neiman Marcus, or Target.

These models are typically structured as wholesale, revenue share, or consignment, and while they don't offer the control of owned retail, they give DTC brands physical exposure with less upfront risk.

CFOs often view this as a low-cost, low-commitment entry point into brick-and-mortar. You get access to built-in traffic, and you avoid lease obligations. The trade-off is giving up some control over the customer experience and less direct access to shopper data.

Example: Casper partnered with Target early on to reach new customers while also rolling out its own showrooms.

This strategy also works well for testing new regions or international markets, where opening a standalone store may not yet be feasible.



Experiential Showrooms: Build the Brand, Not Just the Basket

Some DTC brands open physical spaces designed less for transaction and more for connection. These are experience-first formats—think pop-up galleries, branded cafés, interactive spaces, or community hubs—that focus on brand engagement, content creation, and emotional loyalty.

These stores may generate sales, but the real return often shows up in social reach, earned media, and long-term customer lifetime value.

Example: Fabletics hosts workout classes in-store, turning retail space into a community builder.

CFOs view these formats through a different lens. The ROI needs to be measured more like a marketing investment than a pure retail play. They may not hit traditional sales-per-square-foot targets, but they can drive loyalty, improve retention, and help convert brand fans into superfans.

The key is balance. If experiential elements are part of a larger retail footprint, CFOs will want to see hybrid economics—where community engagement also supports profitable retail activity.

Experiential Showrooms: Build the Brand, Not Just the Basket

The showroom model flips traditional retail on its head. Instead of stocking inventory for same-day purchase, the store becomes a fitting and discovery space, with orders shipped directly to customers from a central warehouse.

Bonobos pioneered this with its Guideshops. Warby Parker used a similar approach in its early days.

This setup reduces CapEx and OpEx, lowers inventory risk, and allows brands to run smaller, leaner stores. It's especially effective for categories with complex sizing or expensive-to-carry SKUs.

CFOs appreciate the efficiency—there's no need to tie up capital in every location, and sales are still fulfilled through the brand's existing e-commerce infrastructure.

That said, customer expectations matter. Some shoppers still want to leave with something in-hand. Many brands now use a hybrid model, stocking best-sellers for immediate purchase while offering ship-to-home for everything else.

This format can also drive strong sales per square foot, since more of the store is dedicated to service, not storage. The key is tight logistics. If fulfillment is fast and seamless, most customers are happy to wait a day or two for delivery.

Site Selection: Get the Location Right, Everything Else Works Better

Choosing the right site is never just about real estate. It's a balancing act between customer reach, brand fit, and financial discipline.

CFOs and real estate teams use a mix of data—demographics, online demand, foot traffic, and co-tenancy patterns—to prioritize markets. Then they apply filters to zero in on the right location: the right street, the right size, the right neighbors, and the right lease terms.

For most brands, a phased approach makes sense. Start with a pop-up or flagship. Learn what works. Then scale into 5, then 10 stores, refining the model as you go.

The next section covers risk management and scenario planning—because even the best site plan needs a backup.



ASG Helps:

Site selection is where great store programs can either launch or stall.

We don't just find available space—we help you choose the right site with the right economics, in a market where your store can actually win.

SIX

Not Everything Goes to Plan. That's Why You Need One.

Every retail expansion looks great in a pitch deck. The real question is what happens when traffic is slower than expected, conversion lags, or external factors throw your forecast off course.

The next move is knowing your **worst-case, moderate-case, and best-case scenarios**—before you open the doors.

We've created a companion playbook, *Risk & Sensitivity Planning for DTC Retail*, that covers:

- The most common risks DTC brands face when launching stores
- Scenario-based financial models to help you pressure test decisions
- Mitigation strategies CFOs use to protect margin, manage cash, and exit early if needed
- Case studies from brands who've gotten it right—and wrong

Want the full framework?



Risk & Sensitivity Planning Playbook

Because even the best real estate strategy needs a backup plan.



Seven

From Plan to Rollout: How to Execute Without the Chaos

Opening stores isn't just a real estate decision.

Opening stores isn't just a real estate decision. It's an organizational lift that touches every part of the business—brand, finance, ops, logistics, and tech.

That's why smart brands don't wing it. They follow a structured playbook that keeps teams aligned, timelines intact, and financials in check.

The framework below breaks down how DTC brands can move from strategy to execution—without missing key steps or tripping over preventable issues. Whether you're opening your first store or scaling to your fiftieth, these stages will help you build a rollout that's smart, repeatable, and designed to last.

Let's walk through it.



Step 1: Market Research & Planning

Goal: Choose the right markets—and enter them with a plan.

This is where strategy gets real. Before signing leases or scouting sites, you need to know where demand exists, how your brand fits, and what success should look like.

Here's how to set the foundation:

Analyze Your Customer Data

Start by mapping where your online customers live. Use ZIP or postal code data to pinpoint cities and neighborhoods with strong order volume or brand engagement.

Example: If 15% of your DTC revenue comes from the LA metro area, it's a clear candidate for physical retail.

Assess Market Potential

For each market under consideration, evaluate:

- ✓ Demographics (population, income, age cohorts)
- ✓ Retail trends and foot traffic recovery
- ✓ Competitor presence and white space in your category

Define Your Format Strategy

Are you testing with pop-ups? Starting with a flagship? Or rolling out a cluster of small stores? Clarify your Year 1–2 rollout vision.

Example: Year 1 = two pop-ups in top-performing cities. Year 2 = convert top performers into permanent stores. Year 3 = expand to five core markets.

Get alignment early on your store format mix, entry approach, and what you're optimizing for: awareness, sales, loyalty, or all three.

Build a Financial Framework

Work with finance to define what “success” looks like on paper. What's your breakeven sales per month? What's the CapEx envelope for Year 1?

Use the model to:

- Sanity-check formats
- Set KPI targets for location selection
- Align operating resources with growth

This is your retail roadmap. Everything else builds from here...

Deliverable from Step 1

A Retail Expansion Brief that outlines:

- ✓ Target markets
- ✓ Entry formats
- ✓ Store count goals
- ✓ Preliminary budget
- ✓ Success benchmarks

Step 2: Site Selection & Lease Negotiation

Goal: Lock in the right location, with terms that work.

Once you've prioritized your markets, it's time to get on the ground. Site selection is about more than availability—it's about fit, economics, and flexibility. Your lease isn't just a document; it's a risk contract.

Here's how to approach it:

Bring in Real Estate Experts

Whether it's your internal team or an external partner like ASG, you'll need someone who knows the market. They'll surface location options, provide comps, and offer intel on foot traffic, co-tenants, and deal terms in the area.

Pro tip: Use brokers who understand DTC and what makes a site work beyond raw square footage.

Walk the Sites (In Person)

Data is important. But vibe matters too. Visit candidate sites at different times of day and week. Look for:

- ✓ Natural foot traffic vs. pass-through
- ✓ Hidden issues (construction, poor visibility, safety concerns)
- ✓ What the surrounding retail ecosystem feels like in real life

Does the customer you want actually shop here—or just pass through?

Build Timeline & Permitting

Your lease should include a fixturing period—typically 60 to 90 days—so you're not paying rent while still building out the space. Start the design and permitting process in parallel with lease finalization to stay on track.

A great site with a poor timeline can still kill momentum.

Create a Site Criteria Checklist

Get aligned on what "good" looks like. Build a checklist that includes:

- ✓ **Size** (e.g., ~1,500 sq. ft.)
- ✓ **Location type** (streetfront, mall, lifestyle center)
- ✓ **Traffic benchmarks** (e.g., 5,000+ passersby per day)
- ✓ **Local demographics** (median income, age, psychographics)
- ✓ **Visibility** (corner site, signage)
- ✓ **Adjacent brands** (complementary or competitive)

Use this to objectively score and compare your shortlist.

Negotiate the Lease Thoughtfully

CFOs and legal teams will lead the review, but you should know what to look for:

- ✓ Base rent and occupancy % thresholds
- ✓ Lease term and renewal flexibility
- ✓ Tenant improvement allowance (TI) for your build-out
- ✓ Exclusive use clauses to block competitors
- ✓ Kick-out or performance clauses if the store underperforms
- ✓ Co-tenancy protections if anchor tenants exit the center
- ✓ Percentage rent structure, if applicable

Negotiate for optionality wherever you can. Don't overcommit on Day 1.

Step 3: Store Design & Build-Out

Goal: Create a branded, functional store—on time and within budget.

This is where the physical store becomes real. The challenge? Balancing brand aesthetics, customer experience, and operational efficiency without blowing your budget.

Here's how to get it done.

Design the Customer Experience

Work with a retail designer (like Chute Gerdeman) to translate your brand into a physical space.

Plan the customer journey from the window to the checkout:

- ✓ What draws people in?
- ✓ How do they move through the space?
- ✓ Where do they try, test, or interact?

Tailor the space to your category:

- Beauty: product testing counters
- Apparel: well-lit, comfortable fitting rooms
- Eyewear: mirrors, seating, consultation space

Don't forget omnichannel: build in a shelf for online pickup, and space for endless aisle browsing if applicable.



Visual Merchandising

Plan how product will live in the space—by category, by story, by season.

Purchase or build:

- Display racks, digital screens, signage
- Lockable fixtures for high-value items
- Central feature tables for new or seasonal collections

Map storage too—will inventory live in the back, on the floor, or both?

IT & POS Setup

This is your tech foundation. Install and test:

- ✓ Internet lines
- ✓ POS and payment hardware
- ✓ Tablets or kiosks for endless aisle and returns

Modern POS platforms like Shopify POS or Lightspeed can sync online and in-store data—make sure everything connects before Day 1.

Budget & Materials

Start with your CapEx target (e.g., \$200K) and reverse-engineer from there.

Make smart material choices:

- ✓ Use modular fixtures that can be reused
- ✓ Consider open ceilings or polished concrete for a clean, affordable look
- ✓ Upcycle from pop-ups if possible

Still, invest in at least one “Instagrammable” brand moment that earns you organic reach.

Build-Out & Project Management

Track construction weekly. Your project manager should coordinate with contractors, finance, and ops to keep the timeline and budget tight.

If something's running over, value engineer: swap a premium finish for a budget-friendly one without compromising the customer experience.

Target completion at least two weeks before launch to allow for testing, training, and merchandising.

Step 4: Staffing & Ops Prep

Goal: Build the systems that power a smooth launch.

A beautifully designed store means nothing without a well-trained, well-prepared team behind it. This step is about making sure your store opens with the right people, systems, and playbooks to deliver on your brand promise from day one.

Hire the Right Store Team

Start recruiting 1–2 months before opening. For your first store, every hire matters.

- ✓ Prioritize a strong Store Manager who understands retail, leads with empathy, and represents your brand voice
- ✓ Hire associates (often called Brand Guides or Stylists) who have great people skills—even if product knowledge has to be taught
- ✓ Ensure at least one team member has prior retail experience to help train others on fundamentals like cash handling and inventory

Involve HQ in early hires—these team members set the tone for your retail culture.

Train Like You Mean It

Develop a training program that covers:

- ✓ Product knowledge and brand storytelling
- ✓ Customer service expectations
- ✓ POS and omnichannel systems
- ✓ Handling returns, exchanges, and in-store ordering
- ✓ Loss prevention and store opening/closing routines

Use role-play to prep for real-world scenarios. Training isn't just about tasks—it's about culture.

Example: Warby Parker trains staff to offer low-pressure, informative service that integrates seamlessly with their home try-on program.

Build Standard Operating Procedures (SOPs)

Document the daily playbook so nothing falls through the cracks—especially as you scale.

Include:

- ✓ Opening and closing checklists
- ✓ Sales, discount, and return processes
- ✓ Daily reporting to HQ
- ✓ Incident logging

Simple SOPs ensure consistency, reduce chaos, and keep the brand experience tight.

Inventory & Stockroom Setup

Before opening:

- ✓ Receive and organize your launch inventory
- ✓ Set up tracking processes (through your POS or manually)
- ✓ Train staff on counts, discrepancy reporting, and replenishment protocols

Decide on how stores will restock:

- ✓ Auto-replenish from central warehouse?
- ✓ HQ-driven pushes based on sales?

Coordinate product launches across e-commerce and stores for consistency.

Integrate Omnichannel Services

Make sure your systems and staff are set up for cross-channel functionality.

- ✓ BOPIS (Buy Online, Pick Up In Store): Train staff on fulfillment workflows and setup a clear pickup zone
- ✓ Endless Aisle Ordering: Enable in-store online orders and decide if associates get credit for assisted sales
- ✓ Returns & Exchanges: Ensure your POS can process online returns, and document what happens to returned items
- ✓ Event Activation: If you're planning in-store events, prep your logistics. Many brands do a soft open first, then host a grand opening once the team is dialed in

Step 5: Marketing & Launch Execution

Build Pre-Launch Buzz

Start planting the seed weeks before opening.

- Email your local customer list with a personal invite
- Post behind-the-scenes photos on social
- Put “Coming Soon” signage on the storefront with a QR code to follow progress
- Reach out to local press, bloggers, and influencers for preview coverage

The goal is to generate curiosity and give your most loyal fans a reason to be first in line.

Plan an Opening Event

Turn opening weekend into an experience worth talking about.

- Offer a limited-time promotion (e.g. free gift with purchase for the first 100 customers)
- Host a founder meet-and-greet or in-store event with music, light refreshments, and product demos
- Invite local influencers or press to capture and share the vibe

Make sure it’s staffed for the rush—and that every guest gets the kind of experience you want them to remember and repeat.

Geo-Targeted Ads & Digital Visibility

Set up hyper-local digital campaigns.

- Run geo-targeted ads on Facebook and Instagram to drive awareness
- Optimize your Google Business listing so your store shows up when people search nearby
- If budget allows, try out-of-home placements—window posters, local billboards, or street-level signage with a clear call to action

Be consistent across channels. Highlight what’s new, what’s different, and why it’s worth visiting.

Goal: Drive awareness, traffic, and buzz from day one.

A great store doesn’t matter if no one shows up. Launch marketing isn’t just about making noise—it’s about making the right people care. The goal is to create momentum early and turn first-time visitors into long-term customers.

Activate Local Partnerships

Team up with nearby businesses to create win-win promotions.

- Partner with the café next door for cross-promos
- Host a joint event with a salon, fitness studio, or local artist
- Offer exclusive perks for members of local clubs, co-working spaces, or loyalty programs

These partnerships are low-cost but high-impact—and help you plug into the neighborhood fast.

First-Visit Promotions

Get people in the door with light incentives that reward interest, not just discount hunting.

- Offer a limited-time opening discount (e.g. 10% off this week only)
- Create a bridge from e-comm to store (e.g. “Show your online order receipt and get \$10 off in-store”)
- Use promos to drive sampling or product discovery—not just price shoppers

Keep the message focused on experience: “Come try it in person” or “See what makes us different.”



Step 6: Measure, Learn, and Refine

Goal: Use real-world performance to shape smarter expansion.

Launching your first store isn't the finish line—it's the beginning of the feedback loop. The most successful brands treat their first few stores as experiments, using every insight to sharpen the model before scaling.

Track the Right KPIs

Start collecting data on day one. Core retail metrics to monitor:

- **Foot Traffic** – Use counters or manual tallies
- **Conversion Rate** – Transactions ÷ foot traffic
- **Average Transaction Value (AOV)** – Sales ÷ transactions
- **Units per Transaction (UPT)** – Average items per sale
- **Gross Margin** – Especially if pricing/promo differs in-store
- **Sales per Square Foot** – For benchmarking productivity
- **Omnichannel Activity** – BOPIS, in-store returns, endless aisle orders
- **Customer Acquisition** – Track new-to-brand customers in-store
- **Repeat Visits** – Loyalty program or clienteling data can help

These metrics don't just tell you how the store is performing—they tell you what kind of customer it's attracting and how it's complementing your digital channels.

Capture Customer Feedback in the Moment

Train associates to ask simple questions:

- “How did you hear about us?”
- “Have you shopped online before?”

Use what customers are telling you—questions, complaints, confusion—to optimize product assortment, merchandising, or in-store signage. Monitor Google and Yelp reviews for patterns in customer sentiment.

Adjust Operations in Real Time

Use early data to iterate, just like you would online.

For example:

- Low weekday traffic? Shift staff and test a midweek promo
- Weak conversion? Retrain staff or revise store layout
- Fast-selling products? Reorder quickly and feature them more prominently
- Slow sellers? Swap them out or reposition

Treat your store like a living A/B test.

Keep Marketing Momentum Going

Don't let launch energy fade.

- Host monthly events or product drop previews
- Post local content on social (staff picks, store moments)
- Email store-specific updates to your local customer base

Community engagement is key to driving repeat visits after the opening rush dies down.

Review Financial Performance (3–6 Months In)

Have your CFO compare actual performance to the launch model:

- Are you hitting sales, margin, and breakeven targets?
- What does the store P&L look like compared to projections?
- Is there an online halo effect in the region?

Use this review to decide if you're ready to scale—or need to tune the current location before moving forward.

Step 7: Long-Term Optimization & Expansion

Goal: Make physical retail part of the core business—and scale with purpose.

Once the first store (or cluster of stores) is live, the focus shifts to two things: performance management and responsible growth. Physical retail isn't just a channel anymore—it's a permanent part of the business. This step is about integrating it, scaling it, and improving it over time.

Bring Store KPIs into Executive Dashboards

Retail metrics should sit alongside e-commerce metrics in weekly business reviews. Monitor not just store sales, but:

- Total customer count (across channels)
- Omnichannel customer LTV
- Halo effect on e-comm sales

This helps leadership allocate spend and resources based on where the entire business is growing, not just one channel.

Right-Speed the Rollout

Don't scale based on gut. Scale based on performance.

If store #1 outperformed and the model is repeatable, green-light the next 3–5 stores with confidence. Build a roadmap based on your market prioritization pipeline—think Miami, Chicago, Seattle. But pause if needed.

Overexpanding before ops are dialed in is a common DTC pitfall. Build in time to refine.

Budget for Support Functions

More stores = more complexity. As you grow, plan for:

- District managers
- Visual merchandising roles
- Real-time inventory systems
- Additional retail ops headcount

These SG&A costs should be projected alongside store capex. CFOs will appreciate this forward-looking discipline.

Keep Stores Evolving

Retail isn't "set it and forget it." Refresh layouts, merchandising, and tech as trends shift and your customer evolves.

Plan for light remodels every ~5 years, and stay current with innovations like:

- Contactless checkout
- New POS integrations
- Flexible payment methods (Apple Pay, Buy Now Pay Later, etc.)

Ask store teams for ideas—they see friction and opportunity firsthand.

Know When to Walk Away

Not every store will work. That's okay. What matters is how quickly you recognize it and reallocate.

If performance is below plan and not improving, consider early termination, subleasing, or simply not renewing. A healthy portfolio includes both growth and disciplined exits.

This isn't failure—it's optimization. Smart brands like Allbirds have done it to protect margins and refocus energy.

A great retail concept means nothing without operational follow-through. The best brands don't just launch stores—they manage them like living products. This execution plan gives you the blueprint to open with confidence, measure what matters, and scale with intention.

Final Thoughts

We didn't hold anything back in this guide on purpose.

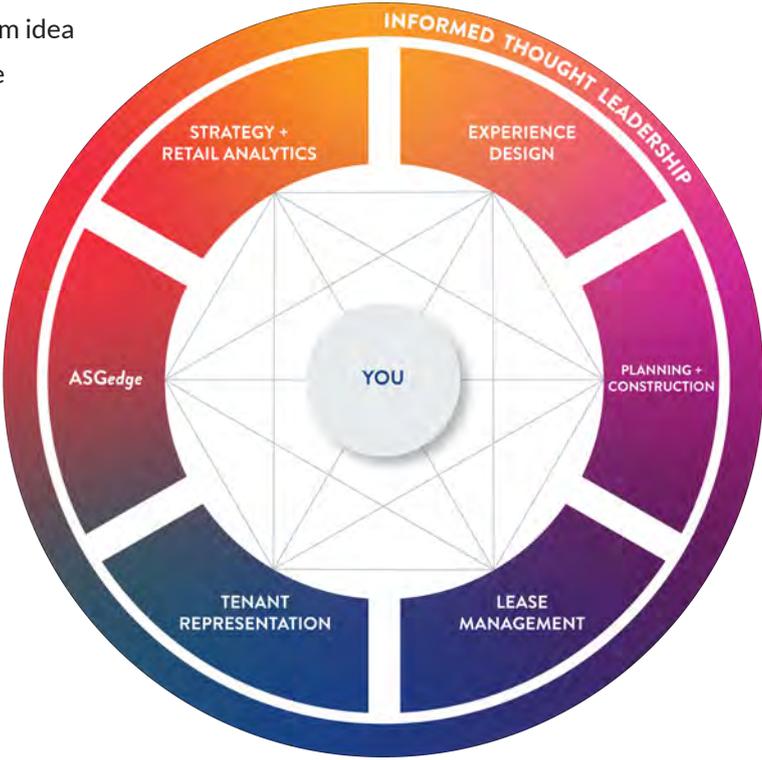
Why? Because we believe the brands that succeed in physical retail are the ones that come in informed, focused, and ready to treat stores like a business—not a brand stunt.

There's no shortage of noise out there. What's missing is a playbook that respects the complexity of launching physical retail—one that speaks to founders, operators, and CFOs at the same time. So we built it.

ASG exists to be a true partner for DTC brands making this leap. We're not just brokers or designers. We're real estate strategists, financial operators, tenant reps, and rollout experts—all under one roof. We help brands go from idea to store opening, and from first store to repeatable model, with fewer missteps and more momentum.

If this guide helped you, and you're ready for the next move...

Let's Talk!



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6. Fabric.inc, “Warby Parker’s Retail Playbook” – detailed Warby Parker’s unit economics: ~\$2,900 sales/sqft and 35% four-wall margin (Warby Parker’s Retail Playbook to Reach 900+ Stores)44] , store payback <20 months (Warby Parker’s Retail Playbook to Reach 900+ Stores)43] , and total market sales +250% after opening a store (with no long-term e-commerce cannibalization) (Warby Parker’s Retail Playbook to Reach 900+ Stores)51] . Also compared top retailer productivity (Apple \$5,546, Tiffany \$2,951 per sq ft (Warby Parker’s Retail Playbook to Reach 900+ Stores)42] .
7. AdventuresinCRE, “Occupancy Cost Percentage” – explains healthy occupancy cost ratios by sector, e.g. ~12% for apparel retail (Occupancy Cost Percentage - Glossary of CRE Terms - Adventures in CRE)56] , used to benchmark rent affordability. Foot Locker 2023 Annual Report – example of a mall retailer’s sales per sq ft ~\$ ([PDF] 2023 Annual Report - Investor Relations - Foot Locker, Inc.)18] , illustrating industry baseline for specialty retail.
8. Shopify Retail Blog, “GMROI for Retail (2024)” – notes that a GMROI of ~\$3.2 is strong (GMROI for Retail: Formula & How to Calculate (2024) - Shopify)26] and lists average GMROI by category (e.g. family clothing ~2.56, cosmetics ~2. (GMROI for Retail: Formula & How to Calculate (2024) - Shopify)45] , guiding inventory productivity targets.
9. Honeycombcredit, “How to Build-Out Your Retail Space” – gives range of \$50–\$200 per sq ft for retail build-outs depending on design and location (How to Build-Out Your Business’s New Retail Space!)36, informing CapEx estimates.



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10. Nolo/Commercial Real Estate guides – indicate percentage rent in leases often ~7% of gross sales for ret (Percentage Rent in a Commercial Lease - Nolo)L7】 , a useful benchmark for lease negotiations.
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13. Various brand case studies (Warby Parker investor reports, Glossier interviews, Bonobos blog posts) – for qualitative insights on post-expansion performance and strategies like showroom (The Bonobos Model: Lessons on Building a \$300MM D2C Brand)99】 and experiential retail.

