

B8ta Is Moving Beyond Consumer Electronics and Entering Fashion and Lifestyle

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20 hours ago

As legacy retailers struggle to figure out what will bring consumers through their doors, upstarts like b8ta are hitting on ways to help how brands can work with stores.

On Nov. 15, b8ta is expanding its reach and rolling out Forum, a shop with rotating sustainable and ethical fashion and lifestyle brands in Los Angeles.

Forum will showcase more than 25 different brands and use RFID technology so that companies can adjust fitting rooms to its aesthetic. For Phillip Raub, co-founder and president of b8ta, Forum is a stepping stone to give brands more opportunities to reach consumers across the company's platform.

"We really wanted to change the retail landscape, and it's moving into an advertising and media model," Raub said. "A store is becoming a billboard for that brand."

B8ta, which originally started with a store in 2015, expanded into offering retail-as-a-service (RAAS) to brands last year, which Macy's uses to power The Market @ Macy's concept. Macy's led b8ta's \$19 million Series B round of funding, taking a minority stake in the company, and b8ta has a stand-alone store in Macy's Herald Square location. As part of the relaunch of Toys 'R Us, Tru Kids Brands is working with b8ta

as a 50-50 venture, bringing Toys 'R Us back to life this holiday season in two locations.

Raub said Forum took the team more than a year to develop, as fashion and lifestyle has its own set of consumer behaviors different from consumer electronics, such as trying on clothing. B8ta also had to retool its technology to accommodate size runs and a bigger selection of items, compared to consumer electronics.

For example, tech products tend to come in only one or two colors, versus clothing, which comes in many different colors and sizes and more. But, Raub said, the company's relationship with Macy's meant that it was already on its way to fixing its tech to make Forum possible.

Like b8ta, brands will receive 100% of sales, but they pay a subscription fee to exist in the space. In Forum, Raub said the space will tap more into the story behind each brand and bring in local designers, as well as hosting events. As part of the fitting room experience, brands can curate content that shows up and the music in the room, plus include a wall mount for a smartphone, so consumers can share photos with friends and family.

Part of changing up the fitting room experience, said Raub, was to bring back the "social element" to shopping and make it less solitary. Unlike b8ta, which sometimes holds no inventory on site for the brands in the space, Forum will have items on hand.

A retail concept like b8ta attracts digitally native brands because it gives these companies a space to reach consumers and "cut through the clutter," said Shah, principal at Red Giraffe Advisors, a retail consultancy. She's dubbed these models "curation aggregation models," which includes retail concepts like b8ta, but also Showfields and Neighborhood Goods. With b8ta specifically, if a brand sees success in a

b8ta location, the company can then use b8ta's RAAS platform to start its own retail shop.

"B8ta is solving a discovery problem," Shah said. "They're creating the Apple store for everything that's not Apple."

But with Forum, Shah said, b8ta may have a harder time nailing down the concept, as it needs brands in the space that don't clash with each other and it feels curated, as opposed to an "everything" shop. Pricing also matters, both for consumers to know what the price point in the shop is and for brands believing they can sell enough items in the store to justify existing in Forum.

"Apparel is harder because the store has to look cohesive from the outside," Shah said. "If it's not in a sweet spot where the bulk of consumers would shop, you're limiting the audience to come in."

With Forum, b8ta's creating a more cohesive look for its grander visions about retail, where the industry functions more similarly to a media and advertising platform. B8ta's building out a platform in which brands can pick and choose from a variety of retail spaces.

"We believe that the purchase intent is happening in the physical space," Raub said. "We have a diversified strategy [and are] very bullish on this vertical, and we have plans for expansion well into the future."

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