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Retailers, dot-coms team up Bricks, clicks fix mix and share tricks

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Zagat Survey, the leading dining guide, linked with online restaurant reservations firm OpenTable.com. The two companies will develop a co-branded Web site so consumers can make free online restaurant reservations.

Some traditional retailers are finding that there are more avenues into e-commerce than simply building their own Web sites.

Retailers are buying online companies -- even in non-related businesses -- or forming marketing alliances with online enterprises.

Some examples:

* Nordstrom. Upscale department store operator Nordstrom, renowned for top-notch customer service as primarily an apparel-and-shoes retailer, pumped about \$ 23 million into online grocer Streamline.com. The Seattle-based retailer, which has 104 stores nationwide, says it's an opportunity to reach more customers.

"Down the line there may be an opportunity for Nordstrom to offer services," spokeswoman Amy Jones says. "There may be products, like nylons or shirts, needed on a regular basis that don't need to be tried on."

The co-marketing effort is expected to accelerate the national rollout of Streamline, a fledgling firm currently doing business in Boston, Chicago and Washington, D.C. There are 16 Nordstrom stores in Illinois and the Washington, D.C., area, but none in Massachusetts.

* Kinko's. The 24-hour copy center and business-services provider, based in Ventura, Calif., struck a multimillion-dollar alliance with Internet portal America Online of Dulles, Va. The plan calls for in-store Internet Solutions Centers featuring AOL products, as well as computers to access the Internet. Also, AOL will make a new Kinko's print driver, called "Print-to-Kinko's," available on its software, so customers can print documents at Kinko's directly from their desktops.

* Federated Department Stores. The Cincinnati-based department-store operator anted up \$ 1.7 billion for Minnetonka, Minn.-based Fingerhut. Federated wanted Fingerhut's expertise in handling orders through catalogs and the Internet, plus its abilities in database management and direct marketing. It has since formed Federated Direct, an e-commerce umbrella composed of Fingerhut, Macy's by Mail and Macys.com. It also has an interest in bridal registry WeddingChannel.com.

* Ace Hardware. The dealer-owned cooperative paid \$ 5.3 million for a 25% stake in home improvement Web site OurHouse.com (www.ourhouse.com) so it could quickly join the online-selling frenzy.

"The development of it, and to stay in the forefront and be a big player by putting our catalog of products online, would not be enough," spokeswoman Paula Erickson says.

She noted that Oak Brook, Ill.-based Ace handles all orders and fulfillment and Evanston, Ill.-based OurHouse.com takes care of technology, marketing and advertising.

A learning process

Such deals -- though under the guise of studying the expansion of electronic commerce -- are a tacit admission by both traditional retailers and online companies that each must learn from the other.

For example, during the recent holiday shopping season, some traditional retailers found their fledgling Web sites overwhelmed by the unexpectedly large volume of orders. At the same time, some online start-ups received low marks for customer service because they were slow to respond to questions and process returns.

The experience showed traditional retailers that they are more merchants than technology geeks and vice versa.

"Bricks-and-mortar retailers are looking at any Internet non-store situation as a way of getting into the Internet business, because the typical retailer is a merchant, while the typical Internet operation is headed by a computer engineer who has no retailing skills," says Ken Gassman, retail analyst at Davenport.

Lack of retail know-how has kept profits at bay for many online merchants. Without profits venture capitalists and investors retreat, deflating the highflying businesses like a punctured balloon.

Moreover, stock values of some Internet retailers are already starting to decline, and some e-tailers have even begun layoffs.

Co-branded Web sites

Retailers aren't the only businesses that have discovered they do not have to create a Web site to go online.

Zagat Survey, the leading dining guide, linked with online restaurant reservations firm OpenTable.com. The two companies will develop a co-branded Web site so consumers can make free online restaurant reservations. Zagat Survey's 30-point food, décor and service ratings, plus cost estimates compiled from millions of survey entries, will be made available on OpenTable.com (www.opentable.com).

In a very broad sense, alliances with non-store businesses have always been a key expansion strategy for retailers, such as acquiring catalogs. So when it comes to the Internet, retailers are merely playing catch-up.