Omnichannel retailing makes noise beyond the buzz

Get used to hearing about "omnichannel retailing."

It may seem like a buzz phrase — and it has been — but CarMax appears to have put some measurable results behind the words.

CarMax has made omnichannel retailing — which refers to offering a seamless buying experience to consumers whether they shop online, in-store or both — a large piece of its retail strategy this year. CEO Bill Nash told investors Friday that since debuting its omnichannel offering in Atlanta in December, CarMax has seen two straight quarters of double-digit percentage gains in same-store sales in that market, and those same-store sales have outpaced company averages.

CarMax expanded the effort to most of its Florida dealerships in the spring, and the expansion will continue into North Carolina and Virginia stores this summer.

In a note to investors, Rick Nelson, an analyst for Stephens, wrote that the rollout of omnichannel capabilities at CarMax "presents a long-term tailwind."

"We expect consumers to exhibit a growing willingness to complete all, or at least part of the transaction, online, but with a preference to purchase from well-trusted brands, including CarMax," Nelson wrote. "As online sales continue to proliferate, we believe [CarMax] will benefit from (1) market share gains due to limited online competition with many peers lacking the technology and a trusted brand, as well as (2) [operating expense] leverage as the sales force is right sized to accommodate growing online penetration."

Competition may be limited, but it certainly exists — and not just from online-focused used-vehicle retailer Carvana. In reporting first-quarter results this spring, the six franchised public dealership groups highlighted growing digital offerings, all geared toward meeting customers where, when and how they want to do business.

Omnichannel is a hot phrase in automotive retail, and it's becoming clear that it's not just hot air.

-- David Muller