



SEPTEMBER 26, 2018 | ROB SMITH

# AT&T's Expands Footprint with 1,000 Phone Stores - and a Coffee Shop

Telecom Plans Stores in Urban, Rural Areas Across the Country Within 15 Months



AT&T plans to open more than 1,000 stores by the end of 2019.

A 3,000-square-foot space designed to be part coffeehouse, part retail store, and part community gathering is scheduled to open this week in Seattle. While it sounds a lot like a Starbucks, it's not.

It's AT&T's first coffee shop, a test shop aimed at drawing more people in to test new products or pick up online orders. It's part of the communication company's aggressive strategy to "have one of the fastest-growing retail footprints" in the United States. In addition to the coffee shop, the company plans to open more than 1,000 traditional retail stores in the next 15 months across the country.

The communications company, which already operates 5,300 U.S. stores, is focused on opening outlets in and near downtown areas of major cities and in smaller cities and towns where it has little presence. It says it expects to open many stores in apartment complexes and as temporary pop-up shops, with an option to stay permanently.

Those pop-ups give AT&T flexibility to open stores quickly -- within 60 days of signing a lease, the company said. It plans to open 100 such stores this year alone.

"We're already starting to extend leases in stores we opened earlier this year," said Tyler Jacobson, AT&T's public relations director for digital, retail and care. "We're going to where the customers are, instead of making them come to us."

AT&T consulted with other retailers in formulating the strategy, Jacobson said, including eyewear retailer Warby Parker, an online seller of glasses that now has more than 80 brick-and-mortar locations across the United States.

AT&T years ago adopted an approach like iPhone maker Apple to retail with its "store of the future" approach, said Jeff Kagan, a wireless industry analyst. Similar to Apple stores, AT&T outlets contain "explore walls" and community tables where customers can interact with various products and apps.

The coffee shop is an extension of that experiential strategy, Kagan said. The company will open "The Lounge By AT&T" Sept. 29 in the hip Capitol Hill neighborhood near downtown Seattle.

The space is designed to feature a 98-inch, high-definition TV screen, digital catalogs and secure lockers where customers can pick up their purchases. AT&T will test the concept before rolling it out further.

"It's less of a store and more a place where people can come and hang out, whether you're an AT&T customer or not," Jacobson said.

The company is already ahead of wireless competitors Verizon, Sprint and T-Mobile in terms of experiential retail, said Kagan, noting that AT&T is an entertainment and communications company as much as a wireless provider.

The telecom giant already owns numerous brands -- including satellite broadcaster DirecTV and Cricket Wireless -- and will own HBO, TBS, CNN, DC Entertainment and other major entertainment and broadcast brands if the U.S. Justice Department loses its appeal to block the company's acquisition of Time-Warner.

"AT&T has had an interesting take on retail for five to 10 years," Kagan said. "Their stores are already advanced retail models, and this is just the next step. And there will be other next steps as they keep expanding the universal definition of a retail store."