Towards a New V.I.S.T.A.:

The Experiential Future of Retail Brands

Carrie Cohen (Firmenich), Stacey Goldstein (L'Oréal), Grace Gordon (Esteé Lauder),

Morgan Hagney (L'Oréal), Raj Kochar (Samsung), Sophia McLoughlin (Chanel),

Erica Roe (IFF), Pragati Ruia (Unilever), Zuzanna Wozniak (Vita Liberata),

Francesca Zanghi (Chanel)

Cosmetics and Fragrance Marketing and Management Master's Degree Program

School of Graduate Studies

Fashion Institute of Technology

State University of New York

Abstract

Consumer retail behavior rapidly outpaces brick-and-mortar retailers in its evolution. The rise of e-commerce has fundamentally changed how consumers seek out, interact with, and experience brands. Until now, multi-brand storefront retailers have been able to sustain their business through scale, but this is no longer the case. In this rapidly evolving landscape, the success of such retailers is contingent upon the degree to which these store brands can become — and remain — consumer-centric. Points of difference are no longer price, speed, or convenience, but relevancy and experience. Scale is no longer synonymous with success, and retail business models must evolve.

The inability for traditional retailers to keep pace with shifting consumer behavior has resulted in what this paper identifies as the Consumer Experience Gap. Utilizing proprietary consumer research as well as existing secondary research and reportage, this paper examines the three key interstices that comprise this gap: infrastructure, service, and in-store experience. As has been widely noted, retail infrastructure has proliferated at a rate that is asynchronous with consumer demand. Furthermore, consumer value sets have shifted, deprioritizing the purchase of products. In a survey conducted by Eventbrite in partnership with Harris Poll of 2,083 consumers, 78 percent of consumers prefer to invest in an experience rather than a product. Through the lens of Charles Darwin's evolutionary theory, this paper considers how retailers might evolve to thrive in today's economy as sites for immersive experiences, thus eliminating the Consumer Experience Gap.

Keywords: Retail, Consumer Experiences, Retail Experience, Retail Infrastructure, In-store service, Millennial, Branded Experience

"It's not the strongest of the species that survives, nor the most intelligent that survives. It's one that is most adaptable to change."

Charles Darwin

Introduction

Retail is at a tipping point. As of May 2017, there have been nine retail bankruptcies, as many as in all of 2016 (Thompson, 2017). The advent of online retail has fundamentally shifted consumer brand engagement — and brand loyalty. Through the accelerated integration of ever-evolving mobile technologies, brand engagement on social media, and expanding analytics, online retail is able to meet consumer needs for specificity and convenience in ways that seem impossible for traditional brick-and-mortar retail, a model that continues to be premised on scale.

Retailers will need to dramatically shift the way they measure, analyze, and invest in the overall shopping experience to address their consumer's needs and wants. Within this context, consumers may best be understood as 'seekers': perpetually navigating across channels in search of the ideal intersection of value, variety, personalization, convenience, and experience. Finally, this research proposes solutions and strategies for successful consumer engagement in a changing retail market.

i. Working Definitions

Term	Definition
Consumer Experience Gap	Divergence between experience consumers expect from and what they actually receive from brick-and-mortar retailers.
Retailer	For the purpose of this paper, retailer refers to multi-brand national retailers whose business is predominantly done in brick-and-mortar stores. Examples could include department stores such as Macy's, big-box retailers such as Wal-Mart, and category specialty stores such as Sephora.
Brand	Company with articulated identity and positioning, can be used to describe companies producing good as well as retailers. Producer brand examples include Estée Lauder and Apple, retailer brand examples include Bloomingdale's and Target.
Promotionality	Strategy utilized by brick-and-mortar retailers to entice consumers to purchase goods. Examples include promotional pricing and loyalty programs.
Disruptors	Person or entity that causes disorder or disruption. Brands that have changed the consumer perception and interaction with a good or market. Examples include Amazon, Uber, Airbnb, and Netflix.

Evolution of Consumers

Integral to success in the current retail landscape are consumer-centered relevancies. Among these, anticipatory customer service and ease of transaction are critical. Shopping will no longer be defined as transactional — it is aspirational, targeted, and experiential. Brick-and-mortar retailers leverage tactical strategies to win in the marketplace, competing through traditional incentives such as promotionality, convenience, and pricing. In the era of integrated online retail, consumer behavior is informed by more adaptable “disruptors” (such as Amazon). These incentives are leveraged against traditional retailers in a race to the bottom, resulting in record rates of promotionality, as well as subsequent losses in margin and brand equity.

On this trajectory, these tactics of promotionality, convenience, and pricing have become non-negotiables for the consumer, raising the cost of doing business today. A retailer's differentiation will not be price, speed, or convenience — these are now competitive requirements — but relevancy and experience. As consumers engage more deeply with brands, retailers in turn become commodities, and successful brands will need to cultivate meaningful experiences that incorporate cultural and social values.

The Evolving Consumer Experience Gap

In an era of digital-first retail, consumer behavior has evolved at a more rapid rate than brick-and-mortar retailers can measure or address. This rapidity of consumer evolution in relation to marketing and consumer research models has resulted in a vast and statistically significant gulf between what is presumed about consumer behavior, and what consumers themselves articulate and identify. In a 2015 study, IBM interviewed marketers from 276 consumer packaged goods companies, primarily with revenues over

$1 billion — as well as 1,135 consumers. While 80 percent of marketers surveyed strongly believed they had a holistic view of individual customers and segments, only 22 percent of consumer respondents said the average retailer understood them as an individual. Conversely, this same study indicated that while 88 percent of marketers believed their company's growth depended on personalizing customer experience, only 37 percent felt they had the resources to do so (IBM, 2015). Accordingly, this paper defines the Consumer Experience Gap as the divergence between the consumer's expectations and the delivery on these expectations by the retailers.

There are three differentiating factors that comprise this gap.

i. Infrastructure

With nearly 30 percent more retail square footage per capita than the next largest country (Peterson, 2017), the United States is physically over-retailed. Consumers are seeking local relevancy while retailers continue to drive national scale and efficiencies. Concurrently, online shopping has become integral to many consumers' daily lives. Nearly half of Americans are now Amazon Prime members (Isidore, 2016). The ubiquity, specificity, and convenience of online retail mean scale is no longer synonymous with success. Finding new, profitable purpose for their retail spaces will be crucial for retailers' survival.

ii. Service

As consumer access to product information has expanded, so has their expectation for high-touch personal service but retailers remain focused on product selling. As of May 2015, 15.7 million jobs (10 percent of all jobs in the United States) were in the retail sector, but turnover remains high, and combined with store closures, the retail sector has presented layoffs equivalent to the entire coal industry. This presents a missed opportunity for retailers. Through technology and education, associates can be empowered to make every shopper a satisfied customer. In order to win customers back, retailers need to view training their associates as an investment rather than a cost.

iii. In-store experience

The consumer definition of shopping has become more holistic and experiential, while retailers still ultimately view shopping as a transaction. Consumers are now de-prioritizing ownership of goods and prioritizing experiences. This dramatic shift makes it imperative for retailer brands to redefine their role in the consumer's life. They must be adding relevancy or value by making consumers' lives easier or enhancing their lifestyle.

Charles Darwin: Theories of Consumer Selection

In considering these asynchronous evolutionary patterns, retailers may do well to consider Darwin's theory of evolution by natural selection which was first introduced in Darwin's 1859 book, *On the Origin of Species*. The natural selection process states that organisms adapt over time as a result of changes in heritable physical or behavioral traits. Only advantageous traits, which ensure survival and reproduction of offspring, are passed down to the next generations. Natural selection is foundational to modern biology, and while these theories were originally constructed to apply to living organisms, we believe that Darwin's theories can extend to retail to aid in its future evolution. The mechanism of natural selection is broken down into an evolutionary framework, which can be abbreviated as V.I.S.T.A.: Variation, Inheritance, Selection, Time and Adaptation.

i. V.I.S.T.A.: Variation, Inheritance, Selection, Time and Adaptation

Variation: Organisms in a population can vary in size, coloration, and countless other traits both visible to other organisms or not. Such variation is often the result of random mutations that arise as new organisms develop. As more organisms are created in a population, more variation occurs. When looking to retail, we observe that there is little variation today due to the ubiquity of national chains. Darwin's theory of variation will unlock future opportunities that allow retail infrastructure to evolve with more localization, relevancy, and differentiated product assortments.

Inheritance: When organisms reproduce, they pass on their DNA to their offspring; and since many traits are encoded in DNA, offspring often inherit the variations of their parents. For brands, it is imperative that they pass on their DNA to their retail associates, as they are on the frontlines with consumers. Today, we observe that mutations exist between brands and their associates, and consequently retailers are unable to pass on their DNA to consumers. We believe that in the future, the role of the retail associate needs to evolve to become a knowledgeable brand ambassador who delivers outstanding, personalized service.

Selection: Darwin's theories detail that environments cannot support unlimited populations because resources are finite. This means that more organisms are born than can survive, and some organisms will be more successful surviving than others based off of their traits. In the same way, the retail environment cannot support unlimited stores. Knowing this, we will identify the successful traits that will help retailer brands better their chance of survive in the future.

Time and Adaptation: The final two mechanisms of natural selection, time and adaptation, are implicitly linked together because adaptation to one's environment is only possible over time. The advantageous traits that are 'selected' to help some organisms survive and reproduce, will be passed on to a greater and greater number of offspring over time until such traits become common in the population. The result is a population that is better suited and better adapted — to some aspect of the environment than it was before. Retail is at a turning point today, where advantageous traits, such as one-day shipping and on-demand service, have emerged; but over time, we predict these traits will become commonplace in the market as detailed by the theories of time and adaptation. Throughout our research, we will reference Darwin's VISTA framework to build recommendations for the imminent and essential evolution of retail.

Infrastructure: From Stagnation to Retail Variation

i. Infrastructure: Context

As previously noted, the current retail climate of 2017 has been a long season of bankruptcies and store closures. In addition to multiple Chapter 11 filings this year, several retailers (including Macy's, Sears, and J.C. Penney) have announced over 100 store closings each (Thompson, 2017). Concurrently, e-commerce increased 15 percent in 2016, a growth rate five times that of the retail market as a whole. With 53 billion dollars in annual sales, Amazon alone accounted for 66 percent of e-commerce growth and today close to half of Americans subscribe to Amazon Prime memberships (Isidore, 2016). In a survey of 1,010 American consumers conducted by Price Waterhouse Cooper, 90 percent of respondents were Amazon shoppers and consequently 40 percent of them shopped less in physical retail stores, while 25 percent shopped less at other retailers online (PwC, 2017). Additionally, the availability of information online has changed the nature of many consumers' in-store trips from discovery-driven browsing to mission-based shopping. The way consumers shop has been fundamentally informed by the rise of e-commerce sites that have rendered shopping easy, instantly accessible and in turn, have limited the need to go in-store to purchase.

At the same time, according to a Morningstar Credit Ratings report in October 2016, currently, the United States has 23.5 square feet of retail space per capita. The next two countries with the most retail space per capita remain significantly lower: Canada has 16.4 square feet per person while Australia is at 11.1 square feet of retail space per capita (Peterson, 2017). The topic of retail space and the decline of the mall has become a design problem in the United States. Retail architect for Prada and professor at the Graduate School of Design at Harvard University, Rem Koolhaas theorizes that “we have built more than did all previous generations put together.” He goes on to dub the product of this modernization as junk-space: “If space-junk is the human debris that litters the universe, junk-space is the residue mankind leaves on the planet” (Koolhaas, 2002). Not only are we faced with sameness in-store with product assortment, but the relentless proliferation of retail space has also led to a homogenization of physical retail spaces.

Brick-and-mortar retail has become commoditized, with limited variation between one retailer and the next, combined with increased Consumer Experiences and decreased foot traffic. As previously noted, brick-and-mortar retailers have competed primarily through promotionality. However, promotionality has not resulted in sufficient movement of inventory. In an analysis by retail analytics provider, DynamicAction, retail promotions were up 52 percent during Holiday 2016 compared to 2015, with retailers holding 12 percent more inventory in mid-December than the year prior (Baird, 2016). The consumer has been trained to expect these discounts, creating a cycle of deep discounting; 45 percent of holiday shoppers indicated that they would not enter a store without discounts of 41 percent or higher in a survey by predictive analytics consultants First Insight (Wabba, 2017).

Retailers are facing a new landscape in which vacant storefronts and malls are becoming increasingly common. In fact, it is currently estimated that 10 percent of United States retail space may need to be closed, converted to other uses, or renegotiated for lower rents in the coming years (Rupp, Coleman-Lochner, & Turner 2017). Meanwhile, retailers struggle to maximize profit in a shrinking sales universe. Between 1970 and 2015, the number of shopping malls grew more than twice as fast as the population (Thompson, 2017). This growth, however, is not mirrored by the number of shoppers entering malls. According to real-estate research firm Cushman & Wakefield, visits to malls declined by 50 percent between 2010 and 2013 (Lutz, 2016). This trend has continued; as of mid-December 2016, the month had declined close to 10 percent compared to the previous year. This rapid expansion and concurrent reduction in foot traffic has led to 3,000 store closings between January and May 2017, in stark contrast to the same period in 2016, when only 1,153 stores closed. This store closure rate also outpaces that of the "Great Recession" of 2008 during which 6,200 stores closed (Wahba, 2017). If we extrapolate out the full year, the trend projects over 8,600 store closings in 2017 (Appendix 1).

One factor contributing to the decline in consumer visits to physical stores is a lack of differentiation between retailers. In many ways, retail today is tedious: in an era of specialized and articulated consumer interests and identities, brick-and-mortar inventory is still determined by volume. Retail expert Doug Stephens illustrates these challenges through an example of a category buyer at Macy's, who is guided primarily by sales:

> If a product won't sell in droves, then it's not worth putting it on the shelves….and it is for that one single reason — anticipated square foot sales volume — that a plethora of unique, fun, fashionable and fascinating products will likely never see the light of day on the sales floor....Now, repeat the Macy's buyer mandate across the thousands and thousands of retail buyers, each of whom follow the same essential rule, and soon every store in the mall begins to look the same. Every mall looks vaguely like the next. (Schlossberg, 2016)

As a result, traditional mid-market department stores now have a merchandise overlap of 40 percent of the same products, based on research done by brand management consultancy, AlixPartners (Wabba, 2017).

This strategy does not resonate with consumers who seek products that articulate their unique identities. In the FIT 2017 Millennial Consumer Expectation and Brand Perception Survey of 4,000 consumers ages 18 to 34, 29 percent indicated that quality and uniqueness of product assortment characterized their favorite retailers. This data is consistent with findings of scholars of consumer behavior as well. Joseph E. Davis, Research Associate Professor of Sociology at the University of Virginia, writes,

> self-understanding is mediated by the consumption of goods and images. In this sense, self-definition depends on the appropriation of the traits of commodities. We know who we are and we judge the quality of our inner experience through identification with the things we buy. (Davis, 2003)

Given that so much articulation of the self is expressed through what Davis describes as taste and commodities, it is unlikely that product sameness will attract consumers. In-store, as in Darwin, variation remains key.

ii. Infrastructure: Consumer Experience Gap

Only 20 percent of malls generate 72 percent of all mall sales, less than 250 of the 1,221 malls in the United States drive the majority of volume: "The current total of 1,221 malls in the United States, according to the International Council of Shopping Centers, simply is too many" (Denman & Grill-Goodman, 2017). The overstored nature of the United States is not a new phenomenon, and has been visible to observers outside of the field: writing in 2003, literary critic, founder of postmodernism, and director of Duke University's Center for Critical Theory, Frederic Jameson noted that, "whatever the future of the mall as such, however, 'there's lots of trash out there.' Many cavernous old malls are dinosaurs that can't compete with the convenience of drive-up value retailers in power centres or strips' — to which one now needs no doubt to add eBay" (Jameson, 2003). As a 2017 post-script, one now needs no doubt to add Amazon. If scale is no longer synonymous with success, it then begs the question: are certain retailers too big to survive, especially when competing against agile start-ups?

The result of the above outlined consumer shifts — and retailers' inability to keep up with them — has led to a gap between what consumers want retailers to be and what they actually are. Consumers crave experiences and product assortments that are local and relevant. According to the FIT Millennial Survey, the most popular key brand value selected by respondents was "addresses issues that are important to me," at 34 percent. Furthermore, 36 percent indicated that they liked to support local businesses when making shopping decisions. However, retailers still operate a business model that is national and lacking in localized content due to its focus on efficiency. As retailers continue to close underperforming stores, they should reinvest the savings into regional flagship stores (Appendix 2), thus varying their offerings and offering consumers specificity.

According to a study from the John M. Olin School of Business at Washington University in St. Louis, an estimated 40 percent of the current Fortune 500 companies will no longer exist by 2025 (Ioannou, 2014). As Greg Maloney notes in Forbes, growth in retail is no longer coming from traditional business leaders:

> In today's landscape, e-commerce giants like Amazon and Wal-Mart are giving traditional big box retailers a run for their money. However, it's the small companies with either less than 100 employees or sales less than $10M that are experiencing rapid growth. (Boom Or Bust: What Is The Future Of The US Retail Industry?, 2017)

Challenges of scale and infrastructure are not limited to the external operations of a retailer, but also its internal corporate structure. In Amazon's 2016 shareholder letter, CEO Jeff Bezos described Amazon as being in startup mode indefinitely. "Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1" (Amazon, 2017). It is worth noting that Amazon's model of unprecedented specificity and ubiquity has arguably been premised on devaluing both its corporate employees as well as its warehouse workers, with resulting high rates of turnover (Kantor & Streitfeld, 2015). This presents an opportunity for retailers who invest in their employees to possibly outpace the disrupting behemoth. For now, established brick-and-mortar retailers have moved far past Day 1, constructing their teams, business practices, and financial plans around a now declining model. Not only will retailers need to re-evaluate their consumer-facing strategies, but they will also need to confront their internal culture and structure.

iii. Evolving Infrastructure: Local Relevancy, Repurposed Real Estate, and Strategic Partnerships

In order for retailers to survive in the future, and begin to close the Consumer Experience Gap, they will need to evolve their business model and become relevant to drive consumers into store. In November 2016, Nike opened a five-story, multi-sport, 55,000-square-foot retail experience store in Soho focusing on the sports most popular with their New York City customers — basketball, soccer, and running. The store features a unique immersive retail experience in a way that cannot be delivered by department stores and sporting goods specialty retailers. It features Nike's personalized services, from exclusive trial spaces to product customization, creating a seamless link between Nike's digital and physical platforms for the local consumer (Kell, 2016).

As retailers attempt to close the Consumer Experience Gap, they will need to reinvest in their physical store space. As we mentioned above, retail square footage must be reimagined in order for retailers to remain competitive. Office supplies retailer Staples has collaborated with co-working start-up Workbar to convert excess retail space into communal workspaces (Wahba, 2017).

Retailers will need to leverage a portion of their less productive retail spaces to act as local distribution centers. As of 2015, 50 to 65 percent of Amazon's core market lived within 20 miles of an Amazon distribution center (D'Onfro, 2017). Converting stores into fulfillment centers will allow retailers to better serve the local population and compete with e-commerce companies on executing key performance indicators, like shipping times. Just last year, Hudson's Bay Company spent 60 million dollars upgrading their distribution center with robotics to streamline the order fulfillment process (Nguyen, 2016). In 2016, Hudson's Bay's digital sales grew 21 percent compared to the prior year, excluding the sales generated by their recent acquisition, Gilt Groupe (Hudson's Bay Company Reports Fourth Quarter And Fiscal 2016 Financial Results, 2017).

Alternately, retailers can see their under-utilized infrastructure as an opportunity to create relevant, non-traditional physical formats, such as pop-up stores or multi-use spaces, thus maximizing profitability per square foot. This would also support smaller indie brands in the creation of a brick-and-mortar presence, even if for a limited time, without a major flagship scale investment. This format should reach beyond traditional retail to become entertainment hubs that offer localized food markets, movie theaters, and even health clubs. This shift from the point of view of a merchant to that of a curator would allow retailers a well-rounded view on local communities, resulting in a more sustainable business model.

United States department store retailers have a long history of consolidation. As of the 2005 acquisition of Macy's Department Stores by Federated Department Stores, many regional department stores were rebranded as Macy's, such as Marshall Fields in Chicago. This trend has continued with Hudson's Bay Company's 2013 acquisition of Saks, Incorporated and rumored potential purchase of Neiman Marcus (DiNapoli & Hirsch, 2017). In contrast, as the retail landscape has become more homogenized, the beauty market has become more segmented with the rise of niche beauty brands fueling the 6 percent growth in global premium beauty in 2016 (Euromonitor International, 2017). With this growth, the top 20 beauty and personal care brands owned less of the market, accounting for 27 percent of total global sales in 2015 compared to 28 percent in 2010 (Euromonitor International, 2017), despite ongoing acquisitions of smaller brands by these companies, demonstrating consumer interest in variation. Retailers should re-engage consumers through a return to local formats and product assortments, re-imagining the regional department stores of the past.

Finally, as retailers work to close the Consumer Experience Gap they will need to engage in more strategic partnerships to acquire new intelligence, capabilities, or access. In 2016, Wal-Mart purchased online-only shopping site Jet.com, and swiftly gained control of their proprietary technology and customer database. The acquisition came as part of Wal-Mart's strategy to meet consumer demands — lower prices, a broader selection and expanded choice, and a simple, easy shopping experience. According to Wal-Mart's president and CEO, Doug McMillon, the acquisition will accelerate Wal-Mart's progress across these priorities. They will grow faster and the seamless shopping experience consumers pursue will happen at ever-increasing speeds. In the end, Wal-Mart (and Jet.com) customers will win (Pettypiece & Wang, 2016).

Service: A Renewed Brand Inheritance, from Ambassador to Consumer

i. Service: Context

As previously noted, the integration of mobile technology and online retail has fundamentally changed the way consumers shop — and it's taken a toll on brick-and-mortar retailers. So has increased consumer access to product information and education. Today, through social media and the internet, consumers now have visibility to the information traditionally held by sales associates. In fact, 61 percent of store managers said they believe shoppers are better connected to product information than their in-store associates (Lee Yohn, 2016). The days of visiting the beauty counter to discover new products and learn techniques from the sales associate are gone. Consumers are seeking out information in advance of store visits. According to Integer Group, consumers consider family, friends, and online reviewers more trustworthy at twice the rate of sales associates (Lee John, 2016). According to the FIT Millennial Survey, 39 percent of respondents cited the recommendation of a friend or family member as their top purchase driver.

An educated consumer is now the norm in the retail landscape and the role of the sales associate would appear to be on the verge of extinction. As Michael Corkery writes in the New York Times:

> More workers in general merchandise stores have been laid off since October [2016], about 89,000 Americans. That is more than all of the people employed in the United States coal industry, which President Trump championed during the recent campaign as a prime example of the workers who have been left behind in the economic recovery (Corkery, 2017).

This has been driven in part by consumer behavior that is informed by technology in evolving and unprecedented ways. Paradoxically, research shows that when a consumer goes in-store, they want to interact with an associate. In fact, in the 2017 Total Retail report, published by Price Waterhouse Coopers, when asked to rate how important certain attributes are in relation to the in-store shopping experience, 78 percent of respondents stated that a “sales associate with a deep knowledge of the product range” was the most important factor for them (PwC, 2017). In the FIT Millennial Survey, 32 percent indicated that knowledgeable staff was a key factor when shopping in-store. In addition, 40 percent selected brand and product education as the top trait for superior customer service.

ii. Service: Consumer Experience Gap

Consumers still prioritize retail associates as part of their retail experience. The difference we are seeing with shoppers today is that when they visit a store, many have likely already researched a particular product’s key features, read reviews, and made competitive comparisons. However, it is naïve for retailers to assume that consumers no longer need associate interaction. Consumers’ expectations of sales associates vary by product category, but a combination of hard skills and soft skills can help retail associates remain relevant. In terms of hard skills, associates should be well versed in their product categories, which requires investment from retailers.

Recent research suggests that the investment in people (training) is well worth the effort. Despite the proliferation of technological options, 48 percent of surveyed consumers indicated that a knowledgeable store associate may increase their likelihood of purchasing something (Kenney Paul & Hogan, 2017). But sales associates are trained and incentivized by commissions and sales-focused metrics such as retail goals and items per transaction, not customer service. In an omni-channel landscape, these measurements do not capture the complete and often multi-channel purchase path, disadvantaging the sales associate and doing a disservice to the consumer. In order to improve consumers’ in-store experience, retailers need to focus on these three areas, as it relates to their in-store associates: training, liberating, and empowering.

iii. Service: Evolution of Service through Training, Liberating, and Empowering Associates

Low investment in retail associates has resulted in lower productivity. The average sales associate earns about $10.70 an hour, with an experienced associate averaging $30,000 annually, according to Payscale.com (Beauty Advisor Salary, 2017). This salary is only $5,400 above the 2017 federal poverty guidelines for a family of four (Poverty Guidelines, 2017). In contrast, workers at the Container Store earn $48,000 a year on average, and the company enjoys a 10 percent annual turnover rate, which is extremely low for a retailer (Appendix 3). Meanwhile, at Costco, the average hourly worker starts at $11.50 and those who stay for more than five years can make more than $20 per hour. According to Jim Sinegal, the company's co-founder, "This is not altruistic, this is good business (Greenhouse, 2005). Retailers should view training their associates as an investment, rather than an expense, ultimately allowing for increased productivity, as noted by Zeynep Ton, Adjunct Associate Professor of Operations Management at the MIT Sloan School of Management:

> When retailers view labor not as a cost to be minimized but as a driver of sales and profits, they create a virtuous cycle. Investment in employees allows for excellent operational execution, which boosts sales and profits, which allows for a larger labor budget, which results in even more investment in store employees. (Ton, 2012. Appendix 4)

In doing so, retailers will elevate their sales force and drive sales. Cheesecake Factory invests an average of $2,000 annually per employee on training and as a result, they enjoy sales of $1,000 per square foot, almost double the restaurant industry average (Thede, 2014). The upfront investment in associates will help curb turnover, which erodes a company's bottom line. The cost of replacing an employee, even one with low wages, comes at a high cost for employers. According to Bloomberg, a retail employer spends almost $3,400 every time a worker defects (Stock & Bhasin, 2015). Beyond limiting employee turnover and maximizing investments, proper training elevates the brand experience as well. The retail associate serves as an impactful touch point, personifying and mediating the customer's brand relationship.

Once retailers have trained their associates, they need to liberate them with the use of technology. According to Chris Gayner, marketing director at Genfour, an intelligent automation technologies company,

> Automation isn't about cutting heads so that you can improve your profit, it's about enabling you to grow beyond the capacity of your people. When workers aren't drudging through mindless tasks, like unpacking boxes or restocking product, they likely will have more time to think about strategic ones. (Dixon, 2016)

One such example of a retailer leveraging technology to allow their associates to engage with customers is Lowe's Home Improvement through their LoweBot. The LoweBot utilizes 3-D scanners and smart laser sensors to detect customers in store and direct them to their desired items. In addition, this technology also manages inventory by scanning shelves and sharing reporting with sales associates (Taylor, 2016). In optimizing associates time they are able to add value to the customer experience, offering their expertise and specialty knowledge to customers in place of managing inventory and logistics.

Another way to leverage technology and liberate in store associates is by providing them with the appropriate tools at point of sale. As mentioned, consumers are pre-shopping and researching products online before going in-store. Research shows that 48 percent of shoppers who use their mobile device in-store use it for looking up product information while 42 percent use it to check online reviews (Sterling, 2015). According to Motorola, nearly half of consumers believe that they can more readily locate product information on their personal mobile devices versus asking a store associate for assistance (Lee Yohn, 2016). When sales associates are empowered with their own devices, they have access to the same information as the consumer, putting them on equal footing. In a recent consumer survey done by Retaildive.com, 72 percent of respondents that interacted with an associate utilizing a mobile device to facilitate checkout or the retrieval of inventory or product information felt it improved their shopping experience (O'Shea, 2017).

In addition to helping facilitate a search or a purchase, associates with mobile devices could also serve as real time social media curators. In Price Waterhouse Cooper's 2017 Total Retail research, consumers were asked which online media sources inspired their purchases. Social networks overwhelmingly influence the respondents, with 47 percent choosing either "social networks" or "visual social networks" as their main sources for inspiration (PwC, 2017). Retail associates would bring life to social media platforms by updating them with new product launches and in-store only products or specials. This would allow retailers to create a direct dialogue with their shoppers, something smaller start-up brands are experts at. Their social platforms would evolve to more than just a place for editorial content becoming a community platform where consumers communicate directly with in-store associates. Mobile devices in the hands of sales associates would also allow for social listening. In some cases, the associates could serve as a form of customer service, answering shopper questions or addressing complaints immediately.

Beyond empowering sales associates through access to information and technology, retailers must also empower them to address customer experience in the moment at a store level. The hospitality industry is a prime example of how empowered associates create an environment for customers that is best in class. In an annual study facilitated by J. D. Power and Associates in 2016, The Ritz-Carlton earned the highest score in the history of the study for luxury hotel guest satisfaction for the eleventh year in a row.

The Ritz Carlton concierge is empowered with an allowance of $2,000 dollars per incident, not per year, to enhance guest experience (Reiss, 2009). In localizing control of customer experience, Ritz-Carlton trades oversight for expediency in addressing customer service issues and flexibility for their associates to provide relevant solutions.

Shoppers today are also bombarded with choice, something that many find overwhelming and at times, even frustrating. In fact, studies have proven that when presented with too many options, customers prefer not to choose because it's too hard to figure out what's best, and walk away empty handed (Cutrone, 2013). Sales associates can offset this dynamic by acting as a choice navigator for the consumer. As mentioned, more and more shoppers are entering stores already having researched products and with their purchases already planned. The sales associate is no longer needed to close a sale, but rather they can add value for shoppers by helping them understand their options as well as pros and cons of different products (Lee Yohn, 2016). In addition, by working to connect customers to each other or to their brand, sales associates can deepen their relationships with customers by developing communities around their retail brands, such as the weekly in-store yoga classes offered at Lululemon stores. Furthermore, an empowered sales associate can serve as an excellent resource for a retailer by providing real time customer insight.

Research shows that customers desire personalized service. According to Accenture's Interactive Study, 56 of consumers are more likely to shop at a retailer that recognizes them by name. (Retail Trends And Predictions, 2017). Additionally, voice enabled interfaces such as Amazon's Alexa and Apple's Siri have provided consumers with an extreme personalized experience, seamless transaction, and a personalized assistant. Retailers should evolve their sales associates to operate much like a personal assistant would for a high powered corporate executive. The role of the associate will be elevated to an expert who is a trusted source of information, advisor, and curator for customers. Through the use of data, they will understand consumer preferences and be able to anticipate wants and needs.

Experience: Selecting Consumer Over Consumption

i. Experience: Context

In today's socio-cultural environment, the consumer mindset has shifted. They prioritize experiences above purchases and are concerned with the social implications of their consumption. Currently, traditional retail in the United States reflects a replenishment economy that prioritizes purchase over experience. In order to regain relevancy, retailers must re-evaluate their in-store experience to match consumer expectations, which have been informed by frictionless personalized shopping offered online.

The transaction-focused retail model of today is unappealing to many shoppers. In a global survey of 6,000 consumers conducted by Capgemini Consulting this year, one-third of consumers preferred washing dishes over visiting a retail store. (Capegemini Consulting, 2016). In the FIT Millennial Survey, 20 percent responded that if they had one last hour in the day, the first activity they would give up would be shopping, making it the top response. Consumer expectations for convenience and ease of transaction have risen as they have embedded online shopping into their daily routines. As mentioned, Amazon Prime subscriptions in the United States are 64 million, up 50 percent since October 2012 (Kim, 2016).

ii. Experience: Consumer Experience Gap

While consumer expectations have risen, they are simultaneously de-prioritizing ownership of physical products and prioritizing experiences. The sharing economy, made up of companies such as Airbnb and Lyft, has become an established industry with 44 percent of adults in the United States participating in these transactions, according to research by Time (Steinmetz, 2016). Digital market research firm Juniper Research expects the sharing economy to grow to a $20 billion industry by 2020, more than tripling from $6.4 billion in 2015 (Smith, 2017). The sharing economy extends beyond the physical sharing into social sharing as well. As witnessed with the continued growth of the photo sharing platform Instagram, who’s product boasts an incredible 500m+ monthly active users and 300m+ daily users. These examples indicate a shift in the consumer’s prioritization of experiences in place of ownership of goods. StyleNanda, a popular fast-fashion retailer in Korea, merges the experience of a hotel and the fun of fashion into one instragrammable space. Featuring a hotel lobby, a spa, and curated, themed “rooms,” the retailer mixes discovery, experience, socialization, and shopping.

At the same time, the trend of prioritizing experiences over investments in products is not limited solely to millennials. According to research by Eventbrite, “since 1987, the share of consumer spending on live experiences and events relative to total U.S. consumer spending increased 70 percent” (Kosolcharoen, 2016). This indicates a long-term shift in consumer values, which has reached a critical mass in recent years with 2016 to be the first year ever that Americans have spent more on dining out in restaurants then grocery shopping (Thompson). These preferences have been reflected in mall real estate. Clothing stores now hold a less dominant position in malls, accounting for 50 percent of storefronts compared to 70 percent previously, while food accounts for 15 percent, up from 6 percent (This Whole 'Malls Are Dying' Thing Is Getting Old, Say Mall CEOs, 2017).

Among millennials, this prioritization is even more dramatic, with 78 percent opting to spend money on an experience versus a physical purchase, and 55 percent of millennials saying they are spending more on experiences and events than ever before, according to Eventbrite’s survey (Kosolcharoen, 2016). Furthermore, these experiences have a high social value to the consumer, with 69 percent of millennials gaining a sense of community through events (Kosolcharoen, 2016). As consumer values have changed, their in-store needs have also shifted. According to Capgemini’s survey, 57 percent would like their stores to serve a higher function rather than just sell products. This becomes even more pronounced in other regions, with 80 percent of Chinese consumers desiring in-store activities (Capegemini Consulting, 2016). Brands have started to follow suit, with Apple announcing free classes in 495 Apple stores starting May 2017 (Ng, 2017).

iii. Evolving Experience: Transcending Transaction

Within this context, retailers must redefine their role in consumers' lives, adding relevant value by either making consumers' lives easier or enhancing their lifestyles. As e-commerce has heightened consumers' convenience expectations, retailers must find new ways to drive convenience at point of sale. Furthermore, transactions themselves are no longer essential to point of sale. E-commerce men's clothing brand Bonobos has 36 guide shops located across the United States. These stores serve as showrooms, allowing the customer to try the Bonobos line, however all transactions are completed online and shipped directly to the customer. Bonobos success has come through their focus on customer service. Rather than spending money to gain more customers, they've opted to invest in making their current customers happy. The payoff has been a well-earned reputation through personal testimonials of friends and acquaintances. Bonobos is one example of a mutually positive business model between consumers' rewards and the company's profits (Leighton, 2017).

Similarly, the rise of digital-only, direct-to-consumer brands such as Dollar Shave Club, recently acquired by Unilever for $1 billion (Primack, 2016), and the launch of Quip toothbrushes, Lola organic tampons, and Care/Of personalized vitamins, also indicates consumers are seeking increased convenience and elevated daily routines. Retailers should streamline the purchase path for these low engagement items, ensuring automated, cost efficient, and agile supply chains for direct shipment to consumers.

With the prioritization of experience, multi-brand brick-and-mortar retail stores can evolve from locations for transactions into experience centers. Within other markets, malls no longer serve as simply shopping destinations. In South Korea, LotteWorld moves beyond retail to feature an entire amusement park, serving as an entertainment complex and cultural destination. In doing so, LotteWorld provides a social added value to its customers beyond pure retail.

Knowing that consumers perceive experiences as opportunities to build community, retailers can work to activate their consumer communities to cultivate, engage, and loyalize their consumer base. In 2014, MassMutal worked with IDEO to connect with young adults, creating the Society for Grown Ups, a cafe and community space offering social financial classes, which has now been translated into an online platform (Segran, 2015). Retailers can foster connections with their customers by providing in-store experiences that can be shared both physically and digitally. Gentle Monster, a high end sunglasses brand from Korea, fosters consumer engagement in-store by building highly unique retail concepts. Each store is different from one another, featuring elaborate set and art installations, designed to be discovered and Instagrammed by the customer. Thinking beyond these current examples, we can imagine a retailer such as Sephora becoming a social space in which customers could prepare for a night out with friends at the retailer, all while sharing on social media.

Retailers will also have the flexibility to move beyond traditional brick-and-mortar retail formats to build new touch points for brand engagement. An example of this is the entry of Equinox Gyms and West Elm into the hotel space. When polled, 95 percent of Equinox members said they would stay at a branded Equinox hotel. The hotels are planned to feature amenities in line with their health clubs, offering spas, communal workspaces, and healthy dining. West Elm is focusing their efforts in mid-tier cities such as Detroit and Savannah, where they have smaller retail presence, and emphasize the local identity and culture of that market within each (Trimble, 2016).

By expanding their reach into the adjacent category of hospitality, these brands are enabling their consumer to deepen their relationship with the brand through experience. In Dubai, brands such as Giorgio Armani, Versace, and Bvlgari have opened branded residences, which feature the luxury of a five-star hotel with design in line with each brand's identity. Expanding on this, one could imagine a retailer such as Whole Foods offering a complete lifestyle experience through branded apartment complexes in the near future, translating brand values into integrated daily amenities such as urban farms, yoga studios, and composting disposal.

By becoming sites of community and sharing, retailers can transform their relationship with consumers, driving values aligned with what matters most to them: wellness, happiness and social connections. By connecting with the emotional desires of their consumers, retailers will forge new, stronger relationships and means of transcending the tactical purchase drivers of today's transactional commerce.

Conclusion: Consumers Evolve to Seekers

Today, in-store experiences at traditional brick-and-mortar retailers are largely not meeting customer expectations, as informed by ever-evolving digital platforms. In addition, consumer terms for engagement have changed. Roger Martin writes in Harvard Business Review,

> Modern capitalism can be broken down into two major eras. The first, managerial capitalism, began in 1932 and was defined by the then radical notion that firms ought to have professional management. The second, shareholder value capitalism, began in 1976. Its governing premise is that the purpose of every corporation should be to maximize shareholders' wealth... it is time we abandoned it and made the shift to a third era: customer-driven capitalism. (Martin, 2014)

For retailers in the age of consumer-driven capitalism, there are three key areas to address in order to close the Consumer Experience Gap: infrastructure, service, and experience. To do so, we propose retailers focus their efforts on building local relevancy, empowering their retail associates, and redefining their interpretation of shopping from transactional to experiential. As consumers become more experience focused, retailers will need to compete outside of their typical competitive set. Lauren Mead, vice president of marketing at software company TimeTrade notes,

> They're competing against every experience that consumer has. If the consumer is able to hail a cab from their smartphone on Uber and get that instantaneous experience, they translate that result to the other consumer experiences they have, and expect that same type of service. (Taylor, 2017)

In bridging these disparities within consumer experience, what will remain non-negotiable to be competitive in this environment? Retailers must drive convenience and flexibility, meeting the consumer where and how she shops, whether through instant delivery or click-and-collect models. Retailers must develop seamless online and offline ecosystems to drive meaningful consumer experiences and added value personalization.

Micah Solomon of Forbes refers to millennial consumers as “the enemies of stupid” (Solomon, 2017). Traditional growth levers that once drove brick-and-mortar retail are no longer guaranteed to be successful. Consumers have become more accustomed to the convenience and personalization offered by digitally native e-commerce brands and expect other retailers to keep pace. As a result, the current tactical incentives offered by brick-and-mortar retailers, such as free shipping and loyalty programs, have become table stakes, instead of serving as competitive differentiators.

Furthermore, the retailer is not only competing within their traditional competitive set, they are instead competing with all experiences that the consumer has. While the consumer’s perception of shopping has evolved to a more holistic definition of the entire experience, the retailer’s definition still remains transactional. As a result, retailers must shift from a merchant position to creating holistic and frictionless, consumer-centric experiences. Retailers will no longer succeed by meeting expectations; they must anticipate consumer desires and maximize the valuable time of their consumers. In place of searching for product, consumers will pursue discovery of new and unique experiences, improvements to their physical and emotional well-being, and opportunities for meaningful social engagement and community building. They are aspiring towards added value interactions that will enhance their well-being, entertainment, and socialization. Consumers are no longer pursuing consumption, they have evolved into seekers.

References

Amazon. (2017). 2016 Shareholder's Letter. Retrieved from https://www.amazon.com/p/feature/z6o9g6sysxur57t

Baird, N. (2016). Are Retailers Over-Promoting For Holiday 2016? Retrieved from https://www.forbes.com/sites/nikkibaird/2016/12/16/are-retailers-over-promoting-for-holiday-2016/

Beauty Advisor Salary. (2017). Retrieved from http://www.payscale.com/research/US/Job=Beauty_Advisor/Hourly_Rate

Boom Or Bust: What Is The Future Of The US Retail Industry? (2017). Retrieved from http://www.prnewswire.com/news-releases/boom-or-bust-what-is-the-future-of-the-us-retail-industry-300433131.html

Capegemini Consulting. (2016). Making the Digital Connection: Why Physical Retail Stores Need a Reboot. Retrieved from https://www.capgemini-consulting.com/resources/making-the-digital-connection

Corkery, M. (2017). Is American Retail At A Historic Tipping Point? Retrieved from https://www.nytimes.com/2017/04/15/business/retail-industry.html?_r=0

Cutrone, C. (2013). Cutting Down On Choice Is The Best Way To Make Better Decisions. Retrieved from http://www.businessinsider.com/too-many-choices-are-bad-for-business-2012-12

Davis, J. E. (2003). The Commodification of Self. *The Hedgehog Review* 5(2), 41-49.

D'Onfro, J. (2017). Here Are All Of Amazon's Warehouses In The US. Retrieved from http://www.businessinsider.com/how-many-fulfillment-centers-does-amazon-have-in-the-us-2015-3

Denman, T. & Grill-Goodman, J. (2017). The Death Of The Mall As We Know It. Retrieved from https://risnews.com/death-mall-we-know-it

DiNapoli, J., & Hirsch, L. (2017). Exclusive: Hudson's Bay taps debt adviser amid Neiman Marcus bid challenges - sources. Retrieved June 23, 2017, from http://www.reuters.com/article/us-neimanmarcus-m-a-hudsonsbay-idUSKBN1840F8

Dixon, L. (2016). Back-Office Automation Improves Firm Efficiency. Retrieved from http://www.talenteconomy.io/2016/10/24/back-office-automation-improves-firm-efficiency/

Euromonitor International. (2017). Niche Segment Rewriting the Roles in the Beauty Industry – Part 1.

Euromonitor International. (2017). Reimagining Growth in the Global Beauty Industry.

Farfan, B. (2016). 2016 Retail Industry Snapshot: Overview Stats, Facts, Research & Data. Retrieved from https://www.thebalance.com/us-retail-industry-overview-2892699

Fashion of Institute Technology. (2017). FIT 2017 Millennial Consumer Expectation and Brand Perception Survey

Greenhouse, S. (2005). How Costco Became The Anti-Wal-Mart. Retrieved from http://www.nytimes.com/2005/07/17/business/yourmoney/how-costco-became-the-antiwalmart.html?mcubz=1

Howland, D. (2016). What Is Hyper-Localization, And What Does It Mean For Retailers? Retrieved from http://www.retaildive.com/news/what-is-hyper-localization-and-what-does-it-mean-for-retailers/415092/

Hudson's Bay Company Reports Fourth Quarter And Fiscal 2016 Financial Results. (2017). Retrived from http://www.businesswire.com/news/home/20170404006449/en/Hudson%E2%80%99s-Bay-Company-Reports-Fourth-Quarter-Fiscal Businesswire.com.

IBM. (2015). 4 Out Of 5 Consumers Declare Brands Don't Know Them. Retrieved from: https://www-03.ibm.com/press/us/en/pressrelease/46454.wss

Ioannou, L. (2014). A Decade To Mass Extinction Event In S&P 500. Retrieved from http://www.cnbc.com/2014/06/04/15-years-to-extinction-sp-500-companies.html

Isidore, C. (2016). Amazon Prime Now Reaches Nearly Half of U.S. Households. Retrieved from http://money.cnn.com/2016/01/26/technology/amazon-prime-memberships/index.html

J.D. Power 2016 North America Hotel Guest Satisfaction Index Study. (2017). Retrieved from http://www.jdpower.com/press-releases/jd-power-2016-north-america-hotel-guest-satisfaction-index-study

Jameson, F. (2003). Future City. *New Left Review* 21, 65-79.

Kantor, J., & Streitfeld, D. (2015, August 15). Inside Amazon: Wrestling Big Ideas in a Bruising Workplace. Retrieved from https://www.nytimes.com/2015/08/16/technology/inside-amazon-wrestling-big-ideas-in-a-bruising-workplace.html

Kell, J. (2016). How Nike, Adidas Are Leading The Future Of Retail. Fortune.com. Retrieved from http://fortune.com/2016/12/14/nike-adidas-retail-future/

Kenney Paul, A. & Hogan, S. K. (2017). On The Couch: Understanding Consumer Shopping Behavior. Retrieved from https://dupress.deloitte.com/dup-us-en/industry/retail-distribution/understanding-consumer-behavior-shopping-trends.html

Kim, E. (2016). 22 Charts That Show the Incredible Growth of Amazon Prime. Retrieved from http://www.businessinsider.com/the-incredible-growth-of-amazon-prime-2016-4

Koolhaas, R. (2002). Junkspace. *October Obsolescence* 100,175-90.

Korosec, K. (2016). Tesla Is Selling Model X Suvs Next To Men's Suits At Nordstrom. Retrieved from http://fortune.com/2016/06/15/tesla-nordstrom/ F

Kosolcharoen, T. (2016). Millenials: Fueling the Experience Economy. Retrieved from https://eventbrite-s3.s3.amazonaws.com/marketing/Millennials_Research/Gen_PR_Final.pdf

Lee Yohn, D. (2016). What Retail Sales Associates Still Do Better than Websites. Retrieved from https://hbr.org/2014/12/what-retail-sales-associates-still-do-better-than-websites

Leighton, M. (2017). Bonobos Started Out With One Perfect Pair Of Pants, And Now It's The Largest US Clothing Brand To Ever Start On The Web. Retrieved from http://www.businessinsider.com/bonobos-company-overview-2017-5

Lutz, A. (2016). American Malls Are Dying Faster Than You Think — And It's About To Get Even Worse. Retrieved from http://www.businessinsider.com/are-malls-really-dying-2016-8

Maloney, G. (2017). Despite All The Hand-Wringing, Retail Real Estate Investment Poised To Accelerate In 2017. Retrieved from https://www.forbes.com/sites/gregmaloney/2017/02/01/despite-all-the-hand-wringing-retail-real-estate-investment-poised-to-accelerate-in-2017

Main, A. (2017). Find Your Disruptive Advantage. Deloitte Digital. Retrieved from http://www.deloittedigital.com/us/blog/find-your-disruptive-advantage

Martin, R. L. (2014). The Age of Customer Capitalism. Retrieved from https://hbr.org/2010/01/the-age-of-customer-capitalism

Ng, Alfred. (2017). Apple Offering Free Classes At All 495 Of Its Stores. Retrieved from https://www.cnet.com/news/apple-offering-free-classes-at-all-495-of-its-stores/

Nguyen, L. (2016) Hudson's Bay Turns To Robotic Technology To Amp Up Its E-Commerce Offering. Retrieved from http://www.ctvnews.ca/business/hudson-s-bay-turns-to-robotic-technology-to-amp-up-its-e-commerce-offering-1.3147211

O'Shea, D. (2017). Survey: 83% of Shoppers Think They Know More than Store Associates. Retrieved from http://www.retaildive.com/news/survey-83-of-shoppers-think-they-know-more-than-store-associates/438307/

Peterson, H. (2017). The Retail Apocalypse Has Officially Descended On America. Retrieved from http://www.businessinsider.com/the-retail-apocalypse-has-officially-descended-on-america-2017-3

Pettypiece, S, and Selina W. (2016). Wal-Mart To Acquire Jet.Com For $3.3 Billion To Fight Amazon. Retrieved from https://www.bloomberg.com/news/articles/2016-08-08/wal-mart-agrees-to-buy-jet-com-for-3-billion-to-fight-amazon

Poverty Guidelines. (2017). Office of the Assistant Secretary for Planning and Evaluation. Retrieved from https://aspe.hhs.gov/poverty-guidelines

Primack, D. (2016). Unilever Buys Dollar Shave Club For $1 Billion. Retrieved from http://fortune.com/2016/07/19/unilever-buys-dollar-shave-club-for-1-billion/

PwC. (2017).10 Retailer Investments For An Uncertain Future. Retrieved from https://www.pwc.com/gx/en/industries/assets/total-retail-2017.pdf

PwC. (2017). The New Retail Ecosystem: From Disrupted To Disruptor. Retrieved from https://www.pwc.com/ca/en/industries/retail-consumer/the-new-retail-ecosystem.html

Reiss, Robert. (2009). How Ritz Carlton Stays At The Top. Retrieved from https://www.forbes.com/2009/10/30/simon-cooper-ritz-leadership-ceonetwork-hotels.html

Retail Trends And Predictions 2017. (2017). Retrieved from https://www.vendhq.com/us/university/retail-trends-and-predictions-2017

Rupp, L., Coleman-Lochner, L. & Turner N. (2017). America's Retailers Are Closing Stores Faster Than Ever. Retrieved from https://www.bloomberg.com/news/articles/2017-04-07/stores-are-closing-at-a-record-pace-as-amazon-chews-up-retailers

Schlossberg, M. (2016). No One Is Talking About A Major Reason That People Aren't Shopping For Clothes In Stores. Retrieved from http://www.businessinsider.com/consumers-are-bored-with-shopping-2016-2

Segran, E. (2015). Where Millennials Learn About Money Over Plates Of Chocolate Mousse With Ginger Cream. Retrieved from https://www.fastcompany.com/3041209/design-stars-ideo-and-a-pack-of-millennials-walk-into-a-coffee-bar

Smith, S. (2017). Sharing Economy Revenues Set to Triple, Reaching $20 Billion Globally by 2020. Retrieved from https://www.juniperresearch.com/press/press-releases/sharing-economy-revenues-set-to-triple-reaching-$2

Solomon, M. (2017). Streamlining Yourself Out Of Business: How Customer Experience Efficiency Can Alienate Consumers. Retrieved from https://www.forbes.com/sites/micahsolomon/2017/04/30/streamlining-yourself-out-of-business-how-to-alienate-customers-via-customer-experience-efficiency/#5ba101842f27

Steinmetz, K. (2016). Exclusive: See How Big the Gig Economy Really Is. Retrieved from http://time.com/4169532/sharing-economy-poll/

Sterling, G. (2015). Survey: 90 Percent Of Retail Shoppers Use Smartphones In Stores. Retrieved from http://marketingland.com/survey-90-percent-of-retail-shoppers-use-smartphones-in-stores-135759

Stock, K. & Bhasin, K. (2015). Why Retailers Are Suddenly Desperate To Keep Their Least-Valuable Workers. Retrieved from https://www.businessoffashion.com/articles/news-analysis/retailers-suddenly-desperate-keep-least-valuable-workers

Taylor, G. (2017). Lagging In-Store Personalization Cost Retailers $150 Billion In 2016. Retrieved from http://www.retailtouchpoints.com/topics/shopper-experience/lagging-in-store-personalization-cost-retailers-150-billion-in-2016

Taylor, H. (2016).Why You Might Be Greeted By A Robot Next Time You Go To Buy A Drill. Retrieved from http://www.cnbc.com/2016/08/30/lowes-introduces-lowebot-a-new-autonomous-in-store-robot.html

Thede, M. (2014). How Top Companies Make The ROI Case For Employee Training. Retrieved from http://www.skilledup.com/lead/top-companies-make-roi-case-employee-training

This Whole 'Malls Are Dying' Thing Is Getting Old, Say Mall CEOs. (2017). Retrieved from https://www.bloomberg.com/news/articles/2017-04-07/the-whole-malls-are-dying-thing-is-getting-old-mall-ceos-say

Thompson, D. (2017). What In The World Is Causing The Retail Meltdown Of 2017?. Retrieved from https://www.theatlantic.com/business/archive/2017/04/retail-meltdown-of-2017/522384/

Ton, Z. (2012). Why “Good Jobs” Are Good for Retailers. Retrieved from https://hbr.org/2012/01/why-good-jobs-are-good-for-retailers

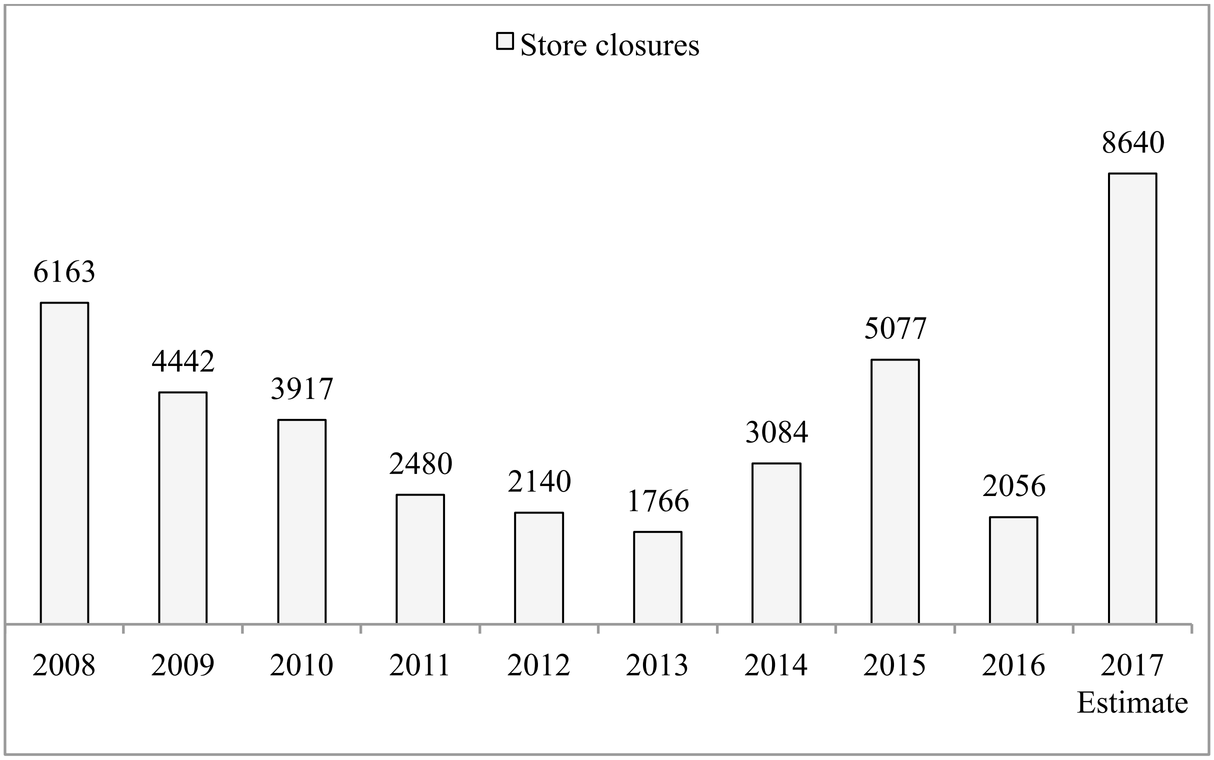
Trimble, M. (2016). Why Popular Brands Like West Elm and Equinox Are Opening Hotels. Retrieved from http://www.travelandleisure.com/hotels-resorts/americas-top-brands-hotel-openings

Wahba, P. (2017). Staples To Carve Out Store Space To Offer Workbar Office Space. Retrieved from http://fortune.com/2016/04/04/staples-office-space/

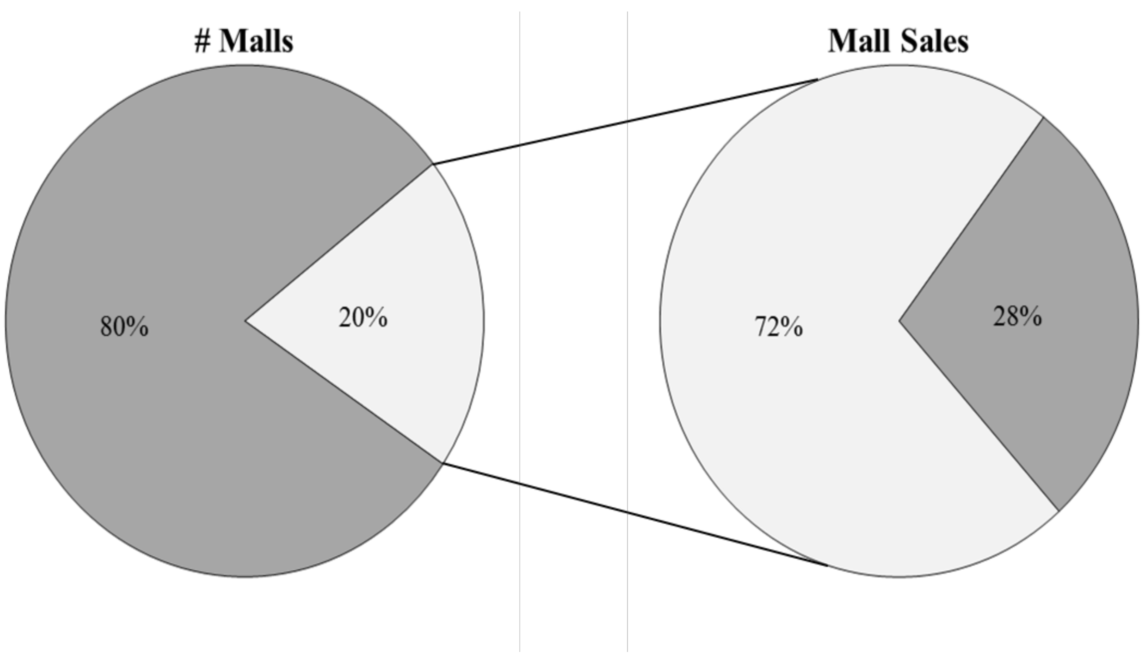
Wahba, Phil. (2017). Why 2017 Will See Desperate Department Stores And Anxious Apparel Chains. Retrieved from http://fortune.com/2017/01/03/why-2017-will-see-desperate-department-stores-and-anxious-apparel-chains/

Appendix

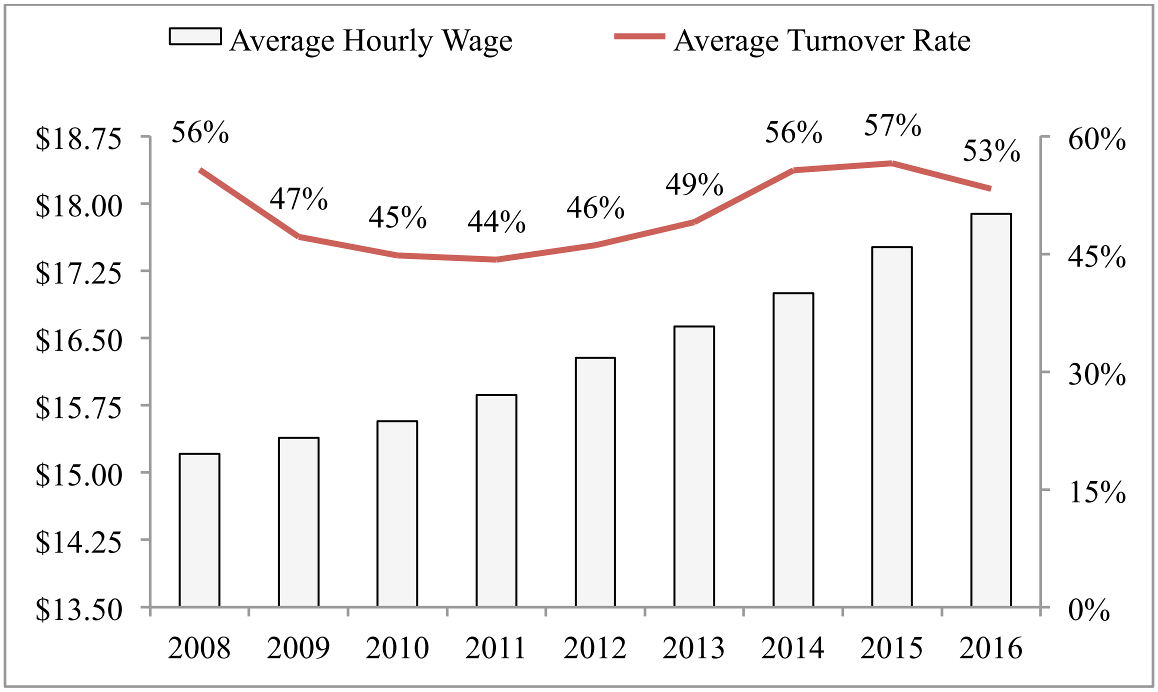
Appendix 1: Historical Store Closures vs. 2017 Projected



Appendix 2: Percentage of Malls vs. Sales Volume



Appendix 3: Retail Trade Industry Average Hourly Wage vs. Average Turnover Rate



Appendix 4: Retailing Labor Cycles