Building A Seamless Experience: Understanding Physical Retail Space in a Digital Era

Senior Honors Thesis

Presented to

The Faculty of the School of Arts and Sciences
Brandeis University

Undergraduate Program in Urban Studies
Professor Linda Stoller, Advisor
Professor Muna Guvenc Ospina Leon, Advisor

In partial fulfillment of the requirements for the degree of Bachelor of Arts

by

Michael L. Heldman

May 2020
I am very grateful for the support, advice, and mentorship from Professor Linda Stoller and Professor Muna Gувен Оспина Леон. Thank you for all of the time you committed to assist me in the research process. You taught me how to become a better writer and challenged me to think in new ways. Your words of encouragement pushed me through the difficult times of the world’s pandemic. I appreciate you allowing me to pursue my passions and helping me grow as a person.
Abstract

As Americans increasingly rely on e-commerce, retail’s physical landscape is becoming less necessary to the consumer. This thesis delves into the evolution of the American retail landscape, and outlines advantages and disadvantages to shopping online and in-store. The paper analyzes the certain roles each shopping method contributes to the larger retail spatial landscape. Rather than the two shopping methods be seen as separate systems, the paper argues that both forms have to adapt, develop a symbiotic relationship, and play to their strengths to form one shopping experience. Similarly, urban theorist Peter Marcuse uses critical urban theory to understand how attainable social change can occur when looking at past crises controlled under both Capitalist and Marxist systems. Marcuse says, “critical theory may well be to expose and evaluate both the strengths and weaknesses of the existing system and the ultimate nature of its crises.”[1] Retailers need to have a strong understanding of the roles that e-commerce and physical space contribute to the broader landscape. Retailers have to exploit the advantages to physical space in a digital era in order to survive.

It is a matter of time before more online-native stores and traditional brick and mortar retailers fully embrace both forms of shopping. Through featured case studies, the paper shows how a retailer’s physical and digital storefronts complement, rather than work against, each other. Physical retail space has advantages which e-commerce has yet to achieve. Primarily-e-commerce retailers have the ability to tap into the benefits of physical space; simultaneously, these investments can help create vibrant places. The case studies: one traditional retailer Nordstrom, one online-born retailer, Amazon.com, and one retailer that only recently started to embrace e-commerce, TJX Companies emphasize how retailers can survive when they view e-commerce and physical space equally to form retailers’ future landscape.

---

# Table of Contents

Introduction  
  a. Thesis Statement  

**Chapter 1: Setting the spatial landscape for retailers post-WWII**  
  a. Early Relationship Between Consumption and its Built Environment  
  b. Traditional Neighborhood Model and Suburban Sprawl  
  c. Jane Jacobs: Diverse Neighborhoods and Active Spaces  

**Chapter 2: The Evolution of American retail post-WWII**  
  a. Victor Gruen and the Suburban Shopping Mall Model  
  b. JB Jackson and Traditional Retail Space’s Uniform Design and Location  
  c. The Failures and Challenges for Traditional Retailers and Shopping Mall Developers  

**Chapter 3: The Emergence of E-commerce and its impact on retailers and the built environment**  
  a. History of E-commerce in the United States and Development of Online-Native Brands  
  b. The Advantage and Disadvantages of E-Commerce for Consumers, Retailers, and Commercial Developers  
  c. The relationship between e-commerce and physical space for traditional retailers and online retailers  

**Chapter 4: Introducing the ideal retailers for the future**  
  a. Successful Elements for Traditional and Online-Born Retailers to Adapt to Physical Space in an Age of E-Commerce  
  b. Interviews on adapting storefronts due to e-commerce from retailer experts and real estate developers  
  c. Case studies throughout: Nordstrom Local, Amazon 4-Star, TJX Companies  

Conclusion  
  a. The future of retail and the coronavirus
Introduction

The American retail landscape is changing at an unprecedented pace. Technology allows shoppers to instantly click and purchase just about anything they’re talking, texting, or even thinking about. E-commerce, or online shopping, has played a role in closing physical storefront space. American shopping malls have become abandoned enclosed bubbles, of millions of square feet, with caved in ceilings, snow-covered escalators, and boarded up windows. The United States (US) has faced a tremendous amount of brick and mortar, physical store space, closures. There were 8,000 US retail store closures in 2017, 9,000-plus closures in 2018, and more than 9,300 closures in 2019. The number of store closings in 2019 was over 500 greater than the stores that opened during the year. Many well-known store names such as Macy’s, Payless Shoe Source, Fred's, Gymboree, Charlotte Russe, Family Dollar, Forever 21, Charming Charlie, Sears, Kmart, A.C. Moore and GameStop were included in the closings.

Many believe that e-commerce is going to kill brick and mortar retail. This phenomenon is often called the “retail apocalypse.” In addition to e-commerce, other challenges for retailers and respective real estate owners include massive debt from private equity financings, overbuilding square footage, and not adapting to changing consumer styles and demands. Nevertheless, many economists and retail experts argue that physical retail is not dying. Instead,
retail is undergoing a “market correction” or retail transformation. Traditional brick and mortar stores are investing in online shopping and integrating it with the in-store experience. Simultaneously, the top 100 digital-native, or online-born, brands have announced plans for at least 850 physical stores over the next five years. In other words, for traditional retailers, it’s a transition from “bricks-to-clicks”, and for online companies, “clicks-to-bricks.”

Shoppers are “witnessing a historic transition… between the conventional roles of media and stores,” according to Doug Stephens in his *Reengineering Retail: The Future of Selling in a Post-Digital World*. For the past three centuries, the media has been used as a “communication component” and physical stores have been used as a “distribution point.” Shoppers had mostly discovered goods through media sources, such as newspapers and magazines, as well as shopping in stores. Now, the rise of e-commerce and new technology no longer mark a clear distinction between finding and purchasing products. Shoppers live in a “hyperconnected” world.

This thesis analyzes the relationship between consumption and its built environment in America post-World War II (WWII). It illustrates how retail and its spaces have evolved since the mid-twentieth century, to gain an understanding of why retail is undergoing a significant transformation today. For example, the paper explains retail’s change from mixed-use main street to single-use shopping malls. It delves into the emergence of e-commerce and explains why retailers are changing the uses of physical retail space, due to the proliferation of e-

---

9 “American College of Real Estate Lawyers.”
13 Stephens.
14 Stephens.
commerce. The paper explores how retailers are adapting so that their spaces have purpose and act as a tool for the company to remain relevant. Three case studies were carefully chosen to compare businesses that adapted to e-commerce at different stages of a company’s life. The case studies include one traditional retailer Nordstrom, one online-born retailer, Amazon.com, and one retailer that only recently started to embrace e-commerce, TJX Companies.

The paper argues that in-store retail offers experiences and conveniences that e-commerce has yet to replicate. Innovations in technology, such as e-commerce, have accelerated retail’s spatial landscape over time. The retailers that are surviving in physical spaces today are the ones that know how to “draw the minds and hearts of consumerism” through experiences.\footnote{Stephens.} The case studies illustrate that brick-and-mortar and online-born retailers both are finding purpose to physical spaces today. In order for physical retail space to exist, online-native stores and traditional brick and mortar retailers are embracing both forms of shopping; both types of retailers are together blurring the distinction between e-commerce and brick and mortar to create one seamless experience.

**Setting the Spatial Landscape for Retailers Post-WWII**

Exchanges of goods have existed for as long as humans have roamed the earth. For example, the prehistoric human could exchange “the deer [they] had slain for a necklace of pretty shells”.\footnote{Victor Gruen, *Shopping Towns USA: the Planning of Shopping Centers*, (New York, 1960), 12, http://hdl.handle.net/2027/mdp.39015010995333.} Transactions are motivated by the “gratification of [our] needs and desires” however, “the conditions in which they take place have changed” and continue to evolve.\footnote{Gruen, 12.}
The development of a middleman or the merchant turned the prehistoric barter into commerce. Commerce is defined as “the exchange or buying and selling of commodities on a large-scale involving transportation from place to place.” The ancient Greeks designed the stoa, in the 2nd Century BC, specifically for commercial activity to take place. The stoa was located in the agora -- the city square. The agora was composed of buildings that formed the shape of a trapezoid, which sat east to west. There were two stoas, forming the north and south sides of the agora, as tall as four stories, and offering a variety of goods for citizens to obtain. The stoa was the mecca of commercial activity and was just as much of a part of everyday life as the buildings designed for political meetings and public gatherings in the agora. In other words, the agora acted as the epicenter of city life, urban space, where citizens would make business decisions, express ideas, watch performances, socialize, and pray. The stoa’s location indicates that humans have had a dedicated built environment for the acquisition of goods, for thousands of years, and that spaces for commerce have supported a lively and vibrant community for thousands of years.

The city center has been an area in which “world commodities unfold.” In the United States, cities and spaces of exchanges have been built from the concept of capitalism. Capitalism is the “economic and political system in which trade and industry are controlled by private

18 Gruen.
20 Fikret Yegül and Diane Favro, Roman Architecture and Urbanism: From the Origins to Late Antiquity (Cambridge University Press, 2019).
21 Yegül and Favro.
22 Yegül and Favro.
23 Yegül and Favro.
24 Gruen, Shopping Towns USA: the Planning of Shopping Centers.
owners for profit, rather than by the state.”

Citizens not only produce, sell, and purchase materials in the city, but they can purchase land, and real estate.

For the argument of the paper, it is important to have a strong understanding of capitalism, and its role with materials, the built environment, and the changing retail landscape. Capitalism reconstructs the production of space and time, argues economic geographer David Harvey. French philosopher Henri Lefebvre defines space, the built environment, as having both physical and social elements. For example, a US market in the nineteenth century was a place “of interaction and of physical encounter.” A market is defined as a “gathering of people for the purchase and sale of provisions, livestock, and other commodities.” Therefore, retail spaces, markets, bring people together and shape the social spaces of a city. Spaces of commerce open up “new possibilities and [invigorated] the idea of a city,” writes urban historian Margaret Crawford. They represent an “interlacing of networks of production and of communication channels, as a combination of social networks in everyday life, as places of encounter and exchange that are amenable to surprises and innovations.” In order for merchants to remain successful, they have to continue to form “new practices, strategies, and tactics to claim their rights” to city spaces.” In other words, retailers had to invest in ways to keep up with consumer demand in order to pay rent to remain in spaces. New and exciting materials gave reason for

---

29 Brenner and Schmid, Cities for People, Not for Profit: Critical Urban Theory and the Right to the City, 51.
30 Brenner and Schmid, 50.
31 “Capitalism - Definition and Meaning.”
33 Brenner and Schmid, Cities for People, Not for Profit: Critical Urban Theory and the Right to the City.
customers to go to a space. As customers filled retail spaces, their interactions with one another bring social, active, and lively elements to a space.

In the United States, new ideas of the nineteenth century brought new technologies, materials, and increased innovations. The time, known as the Industrial Revolution, led to the development of thousands of factories in cities and towns. Its time was an example of how capitalism, innovations in technology, and new materials transformed the spatial landscape for everyday consumer exchanges. Commerce evolved from markets and stores known as general merchandise, “mom and pop” stores, to larger stores known as the department store. Department stores offered great experiences because they sold the newest technologies of the nineteenth century.\(^{34}\) Their products set new standards of living. They also had many products people would want, such as clothing and cooking appliances, under one roof. General stores did not have the capital to compete with department stores. They were victims to the misfortune in capitalism. The capital wealth and success of department stores led to more department stores in urban areas nationwide.\(^{35}\) The rise of department stores brought “flexible modes of capital accumulation, and a new round of 'time-space compression' in the organization of capitalism.”\(^{36}\) New products changed the spaces in which commerce occurred for shoppers.\(^{37}\)

During the period of the industrialization, many retail spaces were part of mixed-use areas. This meant city developments blended multiple uses together. For example, offices and apartments were close by to retail spaces. While cities became attractive places, they also became overcrowded spaces.\(^{38}\) Many factory workers that made the new products had poor

---

\(^{34}\) Vicki Howard, *From Main Street to Mall: The Rise and Fall of the American Department Store* (University of Pennsylvania Press, 2015).

\(^{35}\) Howard.


\(^{37}\) The paper will later demonstrate another transition on the retail landscape with the rise of new technology called e-commerce.

working and living conditions in the city. Their jobs did not pay well. City spaces became “intolerable” for many. There was an exodus from urban areas, for families that could afford it. Districts on the outer edges of the cities or the suburbs experienced growth, due to the migration. Suburban growth took off at a more extreme rate after World War II ended in 1945, and it reshaped the American urban growth model and shopping.

America’s urban growth shifted in from a “traditional neighborhood” to “suburban sprawl” during the mid-twentieth century; consequently, shopping significantly altered its built environment. In Suburban Nation, Andrés Duany describes a “traditional neighborhood” as containing a “mixed-use, pedestrian friendly communities of varied population, either standing free as villages or grouped into towns and cities” Retail, or commercial activity, was highly integrated into the mixed-use design of the “traditional model” urban environment, including “mom and pop” shops and department stores. Residential space is another example of a component to mixed-use space. The model proved to be “a sustainable form of growth” (Duany).

European settlers had brought the model over to the US and it was mostly in use until the mid-twentieth century. The US economy grew greatly with the model, while also protecting the countryside.

The built environment of commerce had to significantly alter due to suburban sprawl in the mid-twentieth century. First, it is important to define “suburban sprawl.” Suburban sprawl is

---

39 Gruen, Shopping Towns USA; the Planning of Shopping Centers.
40 Gruen.
41 Gruen.
44 Duany, 4.
45 Duany, Suburban Nation: The Rise of Sprawl and the Decline of the American Dream.
46 Duany.
a pattern of growth which “[ignores] the historical precedent and human experience” of the traditional model.\textsuperscript{47} The model is a creation of “architects, engineers, and planners, and promoted by developers in the great sweeping aside of the old” or traditional.\textsuperscript{48} While the traditional model evolved “organically as a response to human needs,” the suburban sprawl is “an idealized artificial system.”\textsuperscript{49}

Suburban sprawl separated commercial and residential environments because of the implemented government policies as well as planners’ passion for single-use zoning. Additionally, the new technology available, such as the car, very much spurred single-use zone planning. The residential trend to build suburban communities was quickly followed by commercial developments.\textsuperscript{50}

Suburban sprawl is the outcome of multiple policies implemented after World War II that promoted urban dispersal, notably, the Federal Housing Administration (FHA) and the Veterans Administration (VA) loan programs and the interstate highway program.\textsuperscript{51} The FHA and VA offered mortgages for the development of eleven million new homes.\textsuperscript{52} The mortgages were aimed at new single-family suburban construction and, for many, they cost less per month than paying rent.\textsuperscript{53} Consequently, the results of the program persuaded cities and developers against renovating already constructed homes and developing new urban housing projects, such as row houses, as well as the development of additional mixed-use buildings.\textsuperscript{54}

\textsuperscript{47} Duany, 4.\textsuperscript{48} Duany, 4.\textsuperscript{49} Duany, 4.\textsuperscript{50} Duany, 8.\textsuperscript{51} Duany, Suburban Nation: The Rise of Sprawl and the Decline of the American Dream.\textsuperscript{52} Duany.\textsuperscript{53} Duany.\textsuperscript{54} Duany.
Mid-twentieth century American development could not really be described without mentioning the automobile. From 1946 and 1955, new car sales quadrupled in the United States.\textsuperscript{55} Rural families had easier access to the city and the American suburban population grew seven times as fast as that of the central cities from 1950-1955.\textsuperscript{56} In 1956, Dwight Eisenhower signed the Interstate Highway Act, which led to the construction of 54,000 miles of interstate highway.\textsuperscript{57} The interstate highway program, as well as implemented federal and local subsidies for road improvements, made the automobile more attractive and affordable for citizens to commute; at the same time, there was lack of commitment to plan and develop mass transit from cities to the suburbs.\textsuperscript{58}

Built in 1947, Levittown was one of the first constructed planned community developments. Located in Long Island, New York, Levittown was originally designed to be middle class, affordable housing. The developers built over 17,400 single family homes for over 75,000 residents,\textsuperscript{59} and first marketed them for young families of the white race.\textsuperscript{60} The housing project became a model for the American suburb and millions of the young veterans, back from fighting WWII, moved their families in similar residential communities.\textsuperscript{61} The residential communities after WWII, with new technology and manufacturers, made suburbia an “ideal of

\begin{footnotes}
\item[55] Gruen, \textit{Shopping Towns USA; the Planning of Shopping Centers},.
\item[56] Gruen.
\item[57] Gruen.
\item[58] Duany, \textit{Suburban Nation : The Rise of Sprawl and the Decline of the American Dream}.
\item[61] Blumgart.
\end{footnotes}
modernization” and moving out of the city would meet the new standards of comfort and convenience.62

The Government designed their tax credit policies towards the development of new suburban housing communities. American cities became more segregated and urban areas became less populated.63 As a result, the urban areas housed many residents who did not have the means or fit the standards to leave the city. During this same time, tax policies encouraged millions of American to purchase property. By 1960, 62 percent of Americans owned their own homes.64 Many of the homes were new residential developments and they needed the services and amenities for commerce that were easily accessed in the city.65

By the late 1970s, many corporations would make the suburbs their new homes, creating the development of the office park.66 The lower tax rates in suburban regions, plus the desire for the CEO and workers to have shorter commutes to the office, were two compelling reasons why another single-zoning development continued for another type of asset class.67 The city center further fell vacant as commuting pattern became suburb to suburb.68 Many saw the image of the American suburb as “low-density residential areas on the outskirts of larger cities where people of similar class and race lived amid trees and grass--with an automobile or two parked in the garage.”69

63 Howard, From Main Street to Mall: The Rise and Fall of the American Department Store, 153.
64 Howard, 153.
65 Howard, 153.
67 Duany.
68 Duany.
69 Howard, From Main Street to Mall: The Rise and Fall of the American Department Store, 134.
The financing programs after World War II mainly addressed homebuilding, and therefore separated the shops seen in a “traditional model.” Retail companies would respond to the new housing communities and build their new environments, along with dedicated zones such as corporate parks, and public high schools. America’s shift from the “traditional city” model, with higher density and low dependence on automobile infrastructure, to the “modern city” model, with low density, and high dependence on the automobile infrastructure, during the mid-nineteenth century, led to commerce taking form in “shopping centers” (part of the single-use zoning planned environment).\textsuperscript{70}

Planners and developers would aim to build a new American life with the automobile and convert vacant land into “extremely valuable real estate assets: namely, shopping centers (Gruen 27).”\textsuperscript{71} Robin Lewis, author of \textit{The New Rules of Retail} considers twentieth century suburban development “the most explosive growth anywhere on Earth at any time during history, the early [1950s] through the [1970s].”\textsuperscript{72} Suburban growth was occurring so fast that “construction of roads, highways, drainage and sewage, power and gas lines lagged years behind.”\textsuperscript{73}\textsuperscript{74} There were planning concerns over providing adequate buildings for citizens such as schools, shopping facilities, community centers and religious centers (Gruen 21).\textsuperscript{75}

The government implemented tax policies such as the 1954 Internal Revenue Code, which “allowed investors to depreciate their commercial real-estate investments in a manner that encouraged new construction over maintenance or renovation of existing properties” (Howard

\textsuperscript{70} Duany, 14
\textsuperscript{71} Gruen
\textsuperscript{72} “A Dying Breed.”
\textsuperscript{73} Gruen, \textit{Shopping Towns USA; the Planning of Shopping Centers}, 21.
\textsuperscript{74} Gruen, \textit{Shopping Towns USA; the Planning of Shopping Centers}.
\textsuperscript{75} Gruen, \textit{Shopping Towns USA; the Planning of Shopping Centers}, 21.
In order for a shopping mall to be built, large amounts of initial investment were required as well as an extended payout time. The law allowed for an accelerated depreciation and gave investors large tax deductions with the new properties. Historian Thomas Hanchett, notes that the 1954 Revenue Code “underwrote shopping mall expansion in the postwar period and was a major contributor to decentralization, along with suburban home ownership, America’s automobile culture, and rising racial tension in cities”

Technological advancements, such as the automobile, meant urban places became abandoned and impoverished communities during the second half of the twentieth century. Mid-twentieth century urban theorist Jane Jacobs critiques modern urban planning policies, which resulted in a decline to many dense urban neighborhoods, in her book *The Death and Life of Great American Cities*, published in 1961. Jacobs establishes four conditions that are necessary for diversity. In her first conditions, she argues that density and a mixture of uses and functions are among key conditions that create lively city neighborhoods. She condemns single-use zoning projects. For example, Jacobs uses spaces for shopping to emphasize the destruction that single-use planning can cause. One shopping executive tells her that "you could shoot a cannon down the middle of any shopping center at midday and not hit a soul." The “innate inefficiency of serving a single primary use is one reason (in combination with several others) why so few shopping centers are able to support any but standardized, high turnover enterprises” Commercial establishments need users passing by multiple times a day to remain safe and active.

---

76 Howard, *From Main Street to Mall: The Rise and Fall of the American Department Store*.  
77 Howard, 154.  
78 Howard, 154.  
80 Jacobs, 162.  
81 Jacobs, 162.
Jacobs argues places are safer when there are “eyes” throughout the day; primary and secondary spaces are what makes people continuously at different parts of the day. Real estate developers and retailers can learn from Jacobs that commerce is a key component to creating social spaces, but it needs more attractions to support it.

**The Evolution of American Retail Post-WWII**

In the United States, during the mid-twentieth century, shopping malls and centers became a primary setting for commerce. Shopping malls can also be called “super-regional malls” or “regional malls.” They are typically enclosed, inward facing shops, connected by a common walkway. They are “dominated by general merchandise and fashion-oriented offerings.” Some of these spaces can have themes and are known as “specialized-purpose centers.”

“Shopping centers” are often referred to paper as open-air spaces which offer general merchandise. They are usually configured in a strip, L, or U shape. Depending on the number of stores and variety of offerings at the center, they are called “large neighborhood centers, neighborhood centers, or strip/convenience centers.”

Victor Gruen, an Austrian-born architect, is credited with designing the first outdoor suburban shopping plaza, called Northland Center, near Detroit, Michigan, in 1954. Two years later Gruen designed Southdale Center, in Minnesota, the first enclosed shopping mall. This was the beginning of America’s love for the shopping mall. Gruen felt that suburban life had taken away physical points for people to connect, which was very present in urban life. He thought

---

83 “US_CENTER_CLASSIFICATION.Pdf.”
84 Gruen, *Shopping Towns USA; the Planning of Shopping Centers.*
that the American sprawl was the “avenues of horror.”” His response to the sprawl, the American shopping mall, was envisioned to be a mix of many types of suburban developments, such as apartment buildings and office space. He wanted to be able to connect residential and commercial space, as well as offer amenities such as “medical care, libraries, and other public spaces;” however, the dominance of the automobile and single-zone planning growth model made Gruen’s vision for a “mixed-use” concept less popular and not necessary (Bogost 1) and impacted the landscape of the physical storefronts. The centers were supposed to act as new forms of town squares, similar to the ancient Greeks use of the agora. He, along with many other architects, city planners, economists, and city leaders, built centers where suburban dwellers could still socialize due through commerce; however, other important everyday aspects of the Agora ended up not being included.

The Southdale Center, the first enclosed mall, sat on 500-acres of land and cost about $20 million to build in 1956. The basic principle of the design included “a large, covered public space with skylights surrounded by a ring of two department stores and many smaller shops” (Gruen 133). The project not only created a new space for commerce, but also a new form of a social center where pedestrians could walk freely and enjoy it, no matter the weather. The Southdale building stretched over three floors, hosting two department stores and 72 smaller shops. The atrium, for public, social use, was filled with plants, balconies, and seating areas for shoppers to

---

86 “When Malls Saved the Suburbs From Despair - The Atlantic.”
87 “When Malls Saved the Suburbs From Despair - The Atlantic.”
88 Gruen, Designing the City in Suburban America.
relax and socialize. The mall became a community because it included components such as food, relaxation, and green space.90

The predominance of the automobile gave shopping mall developers, companies, and store owners new concerns in suburbia, such as traffic congestion and parking spaces.91 There was much focus by developers on building parking spaces, opening shopping malls and stores with large garages and lots, to make the automobile convenient and arguably essential for suburban shopping.92 For Southdale, all three floors of the mall were built to be profitable for tenants and mall owners. The mall would be built with six entrances, so “one could pass through pedestrian promenades alongside the shops to the large central courtyard” (Gruen 132).93 Gruen was determined to address the question of how sales floors in the indoor mall could receive same share of pedestrian traffic. He decided to design parking on a downward inclination, so people could enter on both the upper and lower sales floors94 Additionally, he found a way to “produce an indoor center for approximately the same cost as a so-called open center,” which is outdoors (Gruen 131). The shopping mall eliminated outside store signs and displays of the “traditional neighborhood” model and moved stores into a two-story building complex that architects and cities all over the country found to be easily replicated.

Gruen essentially founded the pedestrian commerce experience of a modernist by building places for commerce and bringing together communities in suburban deserts. The growth of malls soared over the course of the next three decades. The New York Times (NYT)

90 “When Malls Saved the Suburbs From Despair - The Atlantic.”
91 Duany, Suburban Nation : The Rise of Sprawl and the Decline of the American Dream.
92 Howard, From Main Street to Mall: The Rise and Fall of the American Department Store.
93 Gruen, Designing the City in Suburban America.
94 Gruen.
describes shopping malls, in 1986, as “fantasy cities in which no one lives but everyone buys.”95 For the Southdale Center, the mall grew to be 144 stores, 1.1 million square feet, 6,500 parking” by 1986.96 Two decades after opening, it was one of over 2,800 indoor shopping mall “enclosed bubbles.”97 The suburban mall concept even began to go into the centers of downtowns in efforts to revive the lost urban core. Malls had truly become “the new Main Streets of America.”98 Malls were the town square of the suburbs-- the preferred place to shop and popular spots for teenagers and singles to hang out.99 Additionally, they were attractive investments for leading insurance companies, pension funds, and their principal owners.100

The NYT reported, in 1986, that almost all malls made solid profits; “almost none fail.”101 The 1980s mall made up “more than 52 percent of the nation's retail sales” or about $300B in 1986 United States Dollars (USD).102 The strategy, for many malls like Southdale, to stay successful and keep visitors coming, in the 1980s, especially during down economic markets, was to constantly have a compelling tenant mix.103

Malls were successful, but management felt they had to constantly “make corrections in the mix, playing an ongoing game of musical spaces” and perform “extensive customer research.”104 For example, Southdale knew that “42 percent of its women shoppers are prepared

---

96 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
97 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
99 “America’s Malls and Department Stores Are Dying Off | Time.”
100 “America’s Malls and Department Stores Are Dying Off | Time.”
101 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
102 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
103 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
104 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
to spend more than $125 for a coat, and that 64 percent of men will spring for a $200 suit.” 105 In other words, the management, economics, sociology, and cultural ramifications of the shopping mall been studied in much detail. They were a “rigidly programmed selling machine.” 106

The “classic mall pattern,” originating in the Southdale Center, encouraged shoppers to pass the smaller shops to get to the department store "anchors." 107 Department stores are “characterized by their very wide product mixes.” 108 They offer many “different types of merchandise that may include hardware, clothing, and appliances.” 109 Many department stores are characterized by a focus on price. Retailers might specialize in luxury goods, or offer products at deep discounts, known as discount retailers. Malls benefited from the anchor tenant traffic, but at the same time, it was shopping mall owners’ and store tenants’ worst enemy. 110 Department stores took away dollars from the stores because each department store is somewhat of their own small mall. The other retailers had to offer “something more in service or exclusivity.” 111

Department stores of the late twentieth century hurt the business of smaller merchants and impacted mall developers. Many mall owners do not receive rent from the big department stores, since they did not own the anchor’s space. As in most malls, the department store space belongs to the stores' parent companies or other investors, but the department stores chip in for maintenance costs and promotional money. One reason the malls are money machines for the owners is because the tenants pay most of the expenses. For example, Southdale's stores are

105 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
106 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
107 “America’s Malls and Department Stores Are Dying Off | Time.”
108 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
109 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
110 “America’s Malls and Department Stores Are Dying Off | Time.”
111 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
required in their lease to pay a percentage of promotional expenses and a percentage of maintenance costs based on leased space.\textsuperscript{112}

It wasn’t until after WWII that department store corporate executives generally became open-minded to opening new locations in undeveloped areas. Prior to World War II, department store corporations had conservative approaches that mostly favored new store branches opening within business districts or along major roads.\textsuperscript{113} The post-war era even led many department stores develop entire shopping centers.

They would open smaller branches called “twigs” which would carry certain goods that resembled what discount department stores today. A newspaper wrote that building these off-brand or less desirable department store was like “throwing tradition and dignity to the winds.”\textsuperscript{114} In other words, the quality, experience, and values of the traditional department store were left behind. The experience of the earliest shopping center did not include traditional department stores and were “open-air” concepts.\textsuperscript{115} The number of shopping centers, combined with shopping malls, grew from only a couple hundred at the end of WWII to 7,100 by 1963.\textsuperscript{116} In the early-postwar stages, many large retailers were skeptical about the department store; however, suburban shopping malls and branch department stores grew their share of metropolitan retail trade from 31% in 1948 to 60 percent in 1961 (in the U.S.’s ten biggest population center).\textsuperscript{117}

The commercial landscape transitioned rapidly during the mid-to-late twentieth century.

\textsuperscript{112} “WHY EVERYONE GOES TO THE MALL - The New York Times.”
\textsuperscript{113} Howard, \textit{From Main Street to Mall: The Rise and Fall of the American Department Store}.
\textsuperscript{114} Howard.
\textsuperscript{115} Gruen, \textit{Shopping Towns USA: the Planning of Shopping Centers}.
\textsuperscript{116} Howard, \textit{From Main Street to Mall: The Rise and Fall of the American Department Store}.
\textsuperscript{117} Howard.
In 1985, well-known and respected landscape writer J.B. Jackson wrote “what makes most American cities interesting...is that...they are not pedestrian cities; they are not to be explored on foot.” The automobile expands city limits over the land, stretching “for miles and miles.” When Jackson defined the auto-vernacular, his examples included a “gas station, a parking garage, a racetrack, and ‘the strip’.” Jackson felt that mini-malls brought a “loss of older neighborhood-center styles, and the perceived diminished sense of community they represent.” Jackson argues that retailers “must learn to attract...business in a way they never had to do when customers were confined to a certain familiar area.”

In *Everyday America: Cultural Landscape Studies After J. B. Jackson*, the book illustrates the retail landscape as “how the experienced, the imagined, and the physical landscapes interact.” The *experience* of a space is defined as how the individual feels in that space; it can be a space that is used on a daily or irregular basis. The imagination of a space is defined as how the individual thinks about the space, such as a space identified with a particular activity, social group, or ethnically marked. For example, the American department store consciously considered how one could experience and imagine commerce. The author indicates that interior American Department store spaces, during the mid-nineteenth century, was “often organized around a breathtaking central atrium, frequently capped with a stained-glass roof that transformed the daylight into something more spectacular. This atrium functioned as a stand-in for the out-of-doors, providing the daylight that was denied the store by enclosed

---

119 Wilson, 2.
120 Wilson, 2.
121 Wilson, 238.
122 Wilson, 238.
123 Wilson, 238.
124 Wilson, 238.
display windows.” 125 The space in the atrium could even be read as mimicking the street outside, because the several stories of selling floors surrounding it created the same cavernous effect as did tall buildings lining a downtown street.

The twentieth century American cultural landscape illustrated that America was very materialistic. The spatial landscape was designed around selling Americans material. Private, wealthy companies, as a result of capitalism, were rulers of the spatial landscape and had to be creative to remain successful against other private, wealthy companies. Large retailers, like the department store mentioned earlier, were constantly fighting for recognition from customers. Furthermore, they wanted to be more “accessible, more attractive, more easily noticed,” and consequently, more profitable. Designs had to constantly change and evolve throughout the late decades of the twentieth century. Developers frequently “[altered] the tenant mixes, and [adapted] to changing architectural fashions.” 126 127 Retail required malls to increase their marketing efforts. For example, eight other malls were situated within 10 miles of Southdale. Many owners started to believe they needed to make the mall more than just a shopping center, but a place that people would go out of their way to see and experience. 128 Large malls become famous attractions, with hotels, apartments, amusement parks, and zoos inside malls; however, many malls struggled to have the financial means or proper design to differentiate themselves. The stores themselves were the backbone to every mall, yet the variety of stores started to look

125 Wilson, 238.
127 Wilson, 238.
the same, and there were way too many malls.129 Throughout the mid-1980s, some retail sales flattened, compared to the growth the previous two decades. Some mall owners shrunk the square footage of non-anchor stores.130 The philosophy behind it was for owners to seek “more tenants into the same space, receive more rent, and stores receive the same amount of sales.”131 American private developers competed against each other to bring the greatest products and experiences to the retail landscape.

The Emergence of E-commerce and its Impact on Retailers and the Built Environment

Online shopping is the most disruptive impact to reconstructing retail space over time.132 E-commerce is the process of buying and selling goods or services by electronic means such as mobile applications and the internet.133 In other words, E-commerce allows people to electronically perform commercial transactions. E-commerce became possible in 1991 when the internet, invented in 1983, opened up for commercial use.134135 The online marketplace has emerged as a popular role to sell, advertise, and buy products throughout the past decades.136 Online shopping brings dynamic and complex components to the retail landscape for retailers, shoppers, and real estate owners.137 The dynamic elements to the retail landscape include large amounts of innovations at an accelerating pace. E-commerce is complex because the

130 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
131 “WHY EVERYONE GOES TO THE MALL - The New York Times.”
132 Steve Dennis, Remarkable Retail (Life Tree Media, n.d.).
135 “History of Ecommerce.”
137 Dennis, Remarkable Retail.
technological advancements brings challenges for retailer and property owners to keep up with technology, and properly integrate technology into a successful shopping experience. New capital investments in technology threaten the spatial landscape, such as America’s suburban sprawl growth model that has existed for over half a century. The proliferation of e-commerce, with its benefits and drawback, emphasize that retailers need grow physical spaces off of technological innovations. Physical and virtual shopping methods have to use their strengths and accept their disadvantages in order to create a seamless experience.

E-commerce has many advantages over “brick and mortar” retail stores. For consumers, one notable advantage of e-commerce is the convenience of buying. For example, e-commerce allows consumers to search, navigate, and access a very large database of products and services very easily. Shoppers can purchase goods instantly, or consider the purchase of goods- “build a cart”-- over a several day period, and save the time of traveling to a store. In other words, purchasing items on the internet is not dependent on the time of day. Online shoppers can shop anywhere at all times of the day; 43% of online shoppers have reported making purchases while in bed, 23% at the office, and 20% from the bathroom or while in the car.

E-commerce reaches many customers due to companies’ abilities to have an individualized experience for customers. The online shopping world can record customer data and provide individualized product preferences for consumers on retail websites. Additionally,

---

138 Dennis.
139 “History of Ecommerce.”
140 “History of Ecommerce.”
141 Mourya and Gupta, E-Commerce.
143 “History of Ecommerce.”
E-commerce has the ability to perform transactions very quickly. Customers and retailers and buy and sell products faster online than in store. Additionally, the online marketplace essentially offers an unlimited selection of goods. This means users can find many products online and quickly compare competitive products with each other. It can be done with only a couple of clicks. E-commerce is an easier way for customers to access a variety of goods, including discounted prices, from online marketplaces such as Amazon or Ebay.

Physical storefront retailers and real estate owners, stores, malls, and centers can expand their marketing presence without expensive advertising campaigns. Even small businesses or new online-based shops can reach a global customer audience quickly, through the internet. Examples of possible marketing tools for retailers include social media, email newsletters, search engine ads, websites, and blogs.

E-commerce redefines the conditions where commerce takes place. For example, vendors that were once part of a physical marketplace can now sell their goods from their own dwellings. Sellers of goods have less of a need to work all day and compete in a physical space. Online can generate more profits than physical space and is more flexible, and less stressed, or chaotic working environment than a place such as a crowded marketplace. The idea is “that a website should be mostly used for selling stuff online” rather than physical space. It is estimated that between between “50 and 70 percent of consumers’ shopping journeys are influenced by a digital channel.” The internet’s easy access sets new expectations to shopping. E-commerce

144 Mourya and Gupta, E-Commerce.
145 “History of Ecommerce.”
146 Mourya and Gupta, E-Commerce.
147 Mourya and Gupta.
148 Dennis, Remarkable Retail.
149 Dennis.
unlimited time to shop, compared to physical spaces’ limited hours, changes the distribution structure of goods that once had inventory-filled store fronts.

Commerce is becoming an increasingly more of a competitive environment; however, it is also a very decentralized system, compared to physical space. People no longer are able to physically touch, feel, or interact with a product. Some other obstacles that e-commerce causes for consumers and regulators include less of an ability to inspect items on the open market, increased security risks, such as hackers, surfing the internet. This is because people are no longer see the product in-person and it makes it more difficult to tell when a product is trustworthy or not. Additionally, many consumers might argue that another disadvantage to e-commerce is that it takes away the personal interactions from in-store. Customers that value human to human connections might view a virtual shopping cart as a form of commerce that provides less assurance to purchasing products than in-store spaces. Lastly, while e-commerce has transaction conveniences, it comes with an added monetary cost. For example, buying products online often can come with “shipping” or “restocking” fees. As technology continues to change and evolve, e-commerce sites themselves will have to continue to develop up-to-date software to remain a popular and credible source on the online marketplace.

The proliferation of e-commerce demonstrates that retailers are once again having to evolve to a wave of new technology and consumer demands. In addition, some other challenges, correlated with e-commerce, that retailers and developers are facing, include massive debt from private equity financings, occupying too much retail space, and not adapting to the changing

---

150 “History of Ecommerce.”
151 “History of Ecommerce.”
152 “History of Ecommerce.”
153 “History of Ecommerce.”
154 Mourya and Gupta, E-Commerce.
consumer styles and demands. Retailers and Landlords will either need to incorporate the use of new technology or they’ll disappear. Landlords will have to rethink the purpose of retail stores and shopping centers. The majority of economists and retail experts call this a “market correction” or retail transformation.\(^{155}\)

E-commerce stresses the fact that America had overbuilt retail space for almost three quarters of a century.\(^ {156}\) E-commerce threatens the 1,500-plus enclosed malls that were built in the U.S. between 1956 and 2005.\(^ {157}\) The United States, the world’s largest retail market, overbuilt retail at a rate of “an estimated 26 sq. ft. of retail for every person in the U.S., compared with about 2.5 sq. ft. per capita in Europe” (In 2017).\(^ {158}\) The country has a “personal consumption expenditures of $11.2 trillion annually. It is roughly $34,848 per person for its 321.8 million citizens”, according to a Cushman and Wakefield 2019 report.\(^ {159}\) The United States retail space in the U.S is estimated to be 14.2 billion square feet. This includes 85,000 shopping malls and centers, which is 5.4 billion square feet or 48% of the U.S. total retail space.\(^ {160}\)

The largest decline began in the mid-2000s, first at a slow rate. Factors such as the rise of e-commerce as well as the large economic recession, known as the Great Recession, resulted in a decline to, both sales and foot traffic, in American malls.\(^ {161}\) During the years 2010 to 2013, holiday season mall visits, which are normally the busiest time of the year, dropped by 50%\(^ {162}\).

\(^{155}\) “America’s Malls and Department Stores Are Dying Off” | Time.”
\(^{156}\) “America’s Malls and Department Stores Are Dying Off” | Time.”
\(^{157}\) Bomey, “Store Closings Pile Up.”
\(^{158}\) “America’s Malls and Department Stores Are Dying Off” | Time.”
\(^{161}\) “America’s Malls and Department Stores Are Dying Off” | Time.”
\(^{162}\) “America’s Malls and Department Stores Are Dying Off” | Time.”
In 2017, there were about 1,100 malls in the U.S. Now, a quarter of them are at risk of closing by 2022. Department stores and discount retailers, such as Sears and Kmart respectively (same parent company), have shut down almost 3,500 stores in the past 15 years, and plan to close more. Another legacy retailer, Macy’s, has closed over one hundred stores since 2016 and plans to close over 120 more in the next three years. One if the most important take-aways is that more than half of Macy’s closings in 2016 were stores within 10 miles of each other. This emphasizes the extensive amount of retail built for the population. Now, larger retail chains are opening stores that are about 25% smaller than those same stores that opened a decade ago. They no longer need inventory in store because of online ordering. It also makes economic sense for stores to optimize inventory and real estate expenses with a smaller footprint. On the other hand, a disadvantage to smaller store fronts is that stores carry less inventory which might persuade customer from buying products if they cannot see it in person or in store. For example, the men’s apparel company Untucket carried one size of each style in its stores, and all other merchandise in warehouse space in 2018. Customers had all items shipped to them after trying on clothing in store. While, e-commerce only made up around 9.9% share of total retail sales in 2019, it continues to have some influence of the landscape of retail.

163 “America’s Malls and Department Stores Are Dying Off | Time.”
167 Dennis, Remarkable Retail.
169 “UnitedStates_RetailGuide.Pdf.”
A smaller format store trend meant less occupied retail space. In the first month of 2020, vacancies continued to pile up as well-known national chains such as Macy's, J.C. Penney, and Pier 1 Imports, announced 1, 218 store closings this year (Coresight Research). CoStar projections indicate that retailers will announce plans to close more than 100 million square feet of space in 2020. Retailers, again will have to adjust to new technology, and find new way for physical store formats to survive, now in a digital era.

Retailers have will survive by using their capital to change with the economic market. Consequently, they will help accelerate change in the market. Many successful high-end stores provide a great experience and convenience for shoppers today. Stores that are struggling to adapt and differentiate themselves from competition are part of a movement some call the “sea of sameness.” Brands calculate the safest products that would appeal to masses of people. Retail expert Steven Dennis describes stores as offering a “little bit of everything for everybody, nothing that special—or remarkable—for anybody.” They do not have “anything unique from a product, experience, or service standpoint.” The companies typically fall in the middle of the price spectrum. When mediocrity becomes too outdated for the digital age, they take “series of cost-cutting moves—which tend to make an already untenable situation go from bad to awful.”

A study from Deloitte, called the struggle for middle price retailers “The Great Retail Bifurcation.” They correlated many demographic factors, and an increase in disparity among

---

170 Bomey, “Store Closings Pile Up.”
171 Bomey.
172 Gustafson, “While You’ve Been Paying Attention to Failing Malls, These Shopping Centers Are Thriving.”
174 Dennis, Remarkable Retail.
175 Dennis.
176 Dennis.
177 “The Future of Retail: Renaissance or Apocalypse? | Deloitte Insights.”
socioeconomic classes, with retail’s decline in well-known traditional brands and department stores, such as Macy’s. The study states that “in fact, between 2007 and 2015, over 100 percent of all income growth went to the top 20 percent.” Many consider the last 10 years to “have represented a dramatic worsening” for middle class family financial situations….For them, it’s a lost decade.” Therefore, shoppers are going to more luxury branded stores or retailers that offer steep discounts.

While it is easy to blame e-commerce for all of retail’s decline, the fact is that misfortunes in capitalism, class division, has allocated revenue to luxury and discount retailers. The capital has gone elsewhere. The 2008-2009 Great Recession recovery showed consumers changes in American retail consumer habits are changing. Luxury and discount retailers were not only surviving, but they were thriving (see graph below). The “middle” priced, traditional retailers were unable to survive after the recession. The top of the line experiences and cost saving merchandise were very successful during the same period. In other words, boring retail is dead.

178 “The Future of Retail: Renaissance or Apocalypse? | Deloitte Insights.”
180 “The Future of Retail: Renaissance or Apocalypse? | Deloitte Insights.”
182 Dennis, Remarkable Retail.
183 Dennis.
In 2016, the market had made more than a full recovery from the recession. The report mentions that the median income was at $57,617 in 2016, which is slightly higher than it was in 2007. Additionally, the unemployment rate was at 4.1%, a 16-year low, “a far cry from the 9.9 percent rate in December 2009.” While the economy seemed to be improving, 80 percent of consumers, from 2008-2018 had “generally represented a dramatic worsening of their financial situation. Income and net worth gain were disproportionately going to the highest-income group.” These reported statistics were used to support an argument that retail was in a “midst of change, not collapse.” Socioeconomic division of capital have played a part for luxury retail experiences and discount merchandise becoming the future of retail. High-end retail offers great service, in-store experiences, and convenience for wealthy customers. Discount retailers serve an

---

185 “The Future of Retail: Renaissance or Apocalypse? | Deloitte Insights.”
187 “The Retail Renaissance.”
affordable shopping experience for low-income individuals.

Evidently, the majority of the surviving malls are from the highest quality centers. They are productive and luxury malls, known as “Class A” malls. This is in contrast to “Class B” and “Class C” malls, which are supported by the middle market consumer, and thrived during the late twentieth century. Class A malls typically have many common characteristics. They are located in wealthy neighborhoods and populated economic regions. The owners of Class A malls typically have a lot of capital and good relationships with banks. They are able to invest in mall upgrades to have a better chance of remaining attractive destinations. Banks are often less willing to support malls that are not Class A spaces. In 2017, Class A malls made up about 20 percent of the approximate 1,100 malls in the US. At the same time, they represented almost three quarters of all malls’ revenues.

The malls, centers, and stores that are not Class A cannot compete with the online marketplace convenience and customization from the online marketplace. E-commerce gains control of the customers that went to the “boring” retailers. It changes the purpose of shopping malls and reduces incentive to conduct commerce without an incredible experience; consequently, it reduces the idea that a mall is a center of social activity. Amazon.com was one of the first American companies to sell products through the internet. According to the real estate development and management company New England Development, almost half of all US households are Amazon Prime subscribers. New England Development has had experience owning and operating shopping malls, centers, and mixed-use developments throughout the

---

189 Gustafson, “While You’ve Been Paying Attention to Failing Malls, These Shopping Centers Are Thriving.”
190 Gustafson.
191 “History of Ecommerce.”
country for over 40 years. Amazon Prime is a subscription offered by Amazon for customers to access its most premium services. Prime can be a monthly or annual fee. It provides discounts on shipping and access to Amazon’s digital services beyond e-commerce. Amazon, among other online retailers, takes up the boring “middle” customers.

New England Development states that consumers are more likely to research a purchase prior to going to the store, rather than to find out about a product in the store.¹⁹² Many consumers prefer the convenience of shopping online and find more competitive pricing of products. Consumers, including millennials, like brands that “do good,”¹⁹³ or ones that have a corporate responsibility. Consumers are also looking for more out of their retail experience. They want the ability to dine, play, exercise, and socialize in addition to shopping. Retail needs to be exciting in order to survive.

There is much debate about the future of retail and the existence of indoor and outdoor shopping malls in suburban and urban space. Some believe that there will be a “mass exodus from the suburbs as families make their way back to urban centers in the years ahead.”¹⁹⁴ Others see suburbs as a place that will continue to remain a popular model to raise families. For example, the corona virus pandemic in 2020 brings uncertainty whether families want to move to densely populated spaces. Families fear that they will put themselves at greater healthy risks if more pandemics occur in the future. Nonetheless, over the past decade the market has seen a “rising demand for urban real estate” which “suggests a move by retiring boomers to go to urban centers and in close proximity to health care, public transportation and entertainment.”¹⁹⁵ The

¹⁹² “American College of Real Estate Lawyers.”
¹⁹³ “American College of Real Estate Lawyers.”
¹⁹⁵ Stephens.
Retail Revival: Reimagining Business for the New Age of Consumerism provide research to suggest that many real estate experts are projecting a downtown boomer migration. Additionally, the book states that a more moderate view of suburban prediction is that “cities beginning to look more like suburbs and suburbs are beginning to look more like cities. Both will become more livable and sustainable places with people able to rely on technology (not automobiles) to perform their work. Suburban, exurban and even rural communities will become more adapted to older citizens. Likewise, cities will become safer, quieter and cleaner places that better accommodate the aging residents who can afford to live there. Neither locale can operate without acknowledging the needs” (Stephens 68).\textsuperscript{196}

Introducing the Ideal Retailers for the Future

In the book The Retail Revival: Reimagining Business for the New Age of Consumerism, Doug Stephens argues that shoppers are “witnessing a historic transition… between the conventional roles of media and stores” (Stephens 65-66).\textsuperscript{197} Stephens says that for the past three centuries, the media to has been used as a “communication component” and physical stores have been used as a “distribution point.”\textsuperscript{198} Shoppers have mostly discovered goods through media sources, such newspapers and magazines, as well as stores. Now, he argues, the rise of e-commerce and new technology no longer mark a clear distinction between finding and purchasing products.\textsuperscript{199} Shoppers live in a “hyperconnected” world.\textsuperscript{200} Physical stores still have great utility. They have the ability to “draw the minds and hearts of consumerism” by offering experiences that online has yet to achieve.\textsuperscript{201} Specifically, Stephenson says retailers that use

\textsuperscript{196} Stephens.
\textsuperscript{197} Stephens, Reengineering Retail: The Future of Selling in a Post-Digital World.
\textsuperscript{198} Stephens.
\textsuperscript{199} Stephens.
\textsuperscript{200} Stephens.
\textsuperscript{201} Stephens.
physical spaces to provide experiences that are personalized, spontaneous, social, and convenient
are successful with e-commerce. Physical storefronts should not look to online commerce as a
threat. Retailers will survive by blurring the distinction between e-commerce and brick and
mortar. Many companies are finding success by having utilizing both into a seamless shopping
experience.

**Case Study: Nordstrom Local**

Nordstrom is one of the many leading fashion retailers that are grappling with the
changing retail landscape. The company is finding creative ways to adapt to long term concerns
such as the growing consumer preferences to purchase online and declining in-store shopping
traffic. Nordstrom was founded in 1901 as a shoe store. The company is now one of the
leading fashion retailers based in the US. It offers an “extensive selection of high-quality brand-
name and private label merchandise focused on apparel, shoes, cosmetics and accessories.”
Nordstrom’s physical stores function as “Full-Price,” or “full-line”, department stores (est.
1960s). The company also sells “Off-Price” merchandise at Nordstrom Rack, a discounted retail
store (est. 1970). Nordstrom operates 366 stores- 122 full-line stores and 232 off-price stores- in
North America. Nordstrom sells full-line and off-price merchandise online, through
Nordsrtom.com and Nordstromrack.com respectively.

Nordstrom department store, as well as other department stores, was a key diver to
bringing the glamor of urban 20th century department stores to the American suburbs. Nordstrom
has acted as an anchor to many shopping malls throughout the country. It became a successful
national brand by focusing on “melding impeccable customer service and quality merchandise

---

for a middle-class consumer who aspired to dress like an upper-class one” (Roberts). It was a place that prided itself in an “experience where men and women [were] invited not only to buy the merchandise but also to relax and linger” The department stores had “wide aisles so people [could] circulate freely” The goods “[were] arranged by lifestyle so that entire wardrobes [could] be assembled quickly and conveniently (Spector 5).” The department stores had “warm and cozy furnishings, making it a comfortable place to shop” (Spector 5-6). Few stores were able to match Nordstrom’s business model. The company grew from 8 stores in the 1960s to hundreds today. In The Nordstrom Way, a book about the company’s history, Robert Spector writes that “in the 1970s, shopping was entertainment. In the 1980s, it was the quest for trendy merchandise. In the 1990s, it’s a mission: find it, buy it and get out” (Spector 5). During the 2000s, today, and in future, Nordstrom will be finding the right formula to compete with online disrupters. For example, Amazon has convinced many consumers to trade the in-store experience, at stores like Nordstrom, for the competitive prices and convenience of e-commerce.

Nordstrom is making many investments in technology to keep up with the evolving customer experience. Its e-commerce presence first began in 1998, when the company launched Nordstrom.com. The company was one of the first department stores to invest in online retail. In fact, the website was established only three years after Amazon began selling online. Since the 1990s, Nordstrom has wanted to invest in technology to find a way to combine all shopping

---

208 Spector and McCARTHY.
209 “Company History.”
channels, both physical and virtual, into one shopping experience. The company calls this strategy the “One Nordstrom” model.  

In 2002, Nordstrom developed a perpetual multi-channel experience for company workers to see inventory across all Nordstrom systems. The technology was seen as a new and innovative system to allow the department store to increase efficiency. In 2010, Nordstrom launched Nordstrom Lab, an innovation group to “jumpstart projects aimed at changing the way customers shop”. The group spearheaded online acquisitions such as the flash-sale website HauteLook, in 2011. A flash-sale website is a limited-time promotional website. Nordstrom uses HauteLook’s technology to promote products at large discounts.

In the early 2010s, many traditional retailers, like Nordstrom, were fully seeing the threat of online retailers. For example, e-commerce sales grew 13.6% from 2012 to 2013. Amazon made up more than a quarter of all U.S e-commerce sales and was a threat to Nordstrom. The Wall Street Journal claims Nordstrom even “posted signs in its corporate offices that urged employees to think like a startup” It hired dozens of Amazon employees. Amazon’s Seattle headquarters was only six blocks away. In 2014, the company acquired Trunkclub.com for $350 million. Trunk Club is an online personal shopping service. Trunk Club uses an “at home try on” business model. This means customers choose clothes from the website to try on at home.

---

211 Nash.
212 Nash.
214 “Nordstrom Did So Much Right, but It’s Still in Trouble - WSJ.”
Customers have five days, from the day clothes arrive, to decide what they want to keep and send back. Prices are similar to Nordstrom clothing, typically falling in the $40–$300 range.\textsuperscript{215}

While Nordstrom had a slow start to e-commerce in the early 2000s, it has significantly grown its online presence over the past decade. Nordstrom share of sale that occur online are ahead of the percentage of apparel sales that occur online. During the 2017 shareholders meeting, Erik Nordstrom said that “nearly one-quarter of [Nordstrom] sales [were] from online purchases” compared to 5% in 2007.\textsuperscript{216} US e-commerce apparel sales took 27.4% of total online apparel in 2017, up from 23.5% in 2016, and 20.7% in 2015.\textsuperscript{217} In 2019, e-commerce accounted for nearly a third of the company's $15.9 billion in annual sales, which is “far higher than most of its rivals”.\textsuperscript{218} At the same time, it is important to note that the Nordstrom’s plans to invest in technology do not always work out well. Recently, the company wrote down the value of Trunk Club by more than half of its purchasing price.\textsuperscript{219} From 2013 through 2018, “earnings before interest and taxes fell 38%, while revenue climbed by nearly a third”\textsuperscript{220} Nordstrom’s ability to have success relies on spending towards successful digital innovations that will enhance the in-store customer experience.

Nordstrom Local provides smaller service stores, which integrate physical and online retailing into one process. The first Local store opened in 2017 in Los Angeles, Nordstrom’s

\begin{flushleft}
\textsuperscript{216}“Nordstrom Did So Much Right, but It’s Still in Trouble - WSJ.”  
\textsuperscript{218}“Nordstrom Did So Much Right, but It’s Still in Trouble - WSJ.”  
\textsuperscript{219}“Nordstrom Did So Much Right, but It’s Still in Trouble - WSJ.”  
\textsuperscript{220}“Nordstrom Did So Much Right, but It’s Still in Trouble - WSJ.”
\end{flushleft}
largest market. The only inventory at the store are pieces of clothing that are pre-selected or pre-ordered online, for customers to try on in-store. The store size is 3,000 square feet (SF), which is about 2 percent of the average Nordstrom department store of 140,000 SF. Local provides convenience and experiential retail services for shoppers that purchase from all of Nordstrom’s brands. Local store offerings include in-store online order pickups (same-day), alterations & tailoring, Trunk Club services, and manicure appointments. The most popular services at Local is “processing returns, followed by picking up e-commerce orders, and then getting items tailored.” This means availability and delivery speed are very important to customers and stores. For example, any customer can order products online to pick up at a Local store within two hours of ordering. If customer does not like the product, they can drop it off very easily without handling any return boxes and labels, which normally occurs for online stores only stores. Nordstrom benefits because it receives returned inventory on an average of 8 days earlier, when Local stores are open, than it normally would from customers that order online.

Eric Nordstrom, Co-President of Nordstrom, said in the company’s 2019 Earnings Report that “Nordstrom Local is the future of the brand.” Since Local stores 2017, Nordstrom has added 2 more locations in Los Angeles and two locations in New York City (West Village and

---

221 “Nordstrom Announces Latest Retail Concept.”
222 “Nordstrom Announces Latest Retail Concept.”
223 “Nordstrom Announces Latest Retail Concept.”
225 “Nordstrom Announces Latest Retail Concept.”
226 “Nordstrom Announces Latest Retail Concept.”
227 “NORDSTROM, INC Annual Report 2018.”
Upper East Side).\textsuperscript{228} The Local stores are located in shopping centers and on urban streets.\textsuperscript{229 230} Nordstrom has found a way to curate a wide selection of brands online, while running a merchandise free format storefront. \textsuperscript{231} It no longer wants to be just the mall-based department store and a discount retailer. For example, Local stores differentiate themselves from department stores because customers can make pick-ups and returns while staying in their car. This is because the store uses outside space for customers to take advantage of a “Curbside Pickup.” The most popular services at Local stores are “processing returns, followed by picking up e-commerce orders, and then getting items tailored.”\textsuperscript{232}

Nordstrom Local maximizes its space in a smaller format and still offers service that customers love. In an interview with Retail Dive, Shea Jensen, Senior Vice President of Customer Experience at Nordstrom, said that “customers that interact or engage in Nordstrom Local are spending two and a half times more with us as a direct result of that engagement.”\textsuperscript{233} E-commerce’s advantages to purchase items quickly online, reduces physical space, but still offers brand loyalty and a develop customer relationships. They have finally found a way to bring their platforms together and reach a diversified customer base through a variety of services.

Nordstrom Local is an example of a model for other traditional retailers that are struggling to keep their brick and mortar stores relevant. The Seattle Times said it brilliantly: Nordstrom is “blending upscale service with the convenience of a neighborhood setting.”\textsuperscript{234} The

\textsuperscript{229}“NORDSTROM, INC Annual Report 2018.”
\textsuperscript{230}Proxy Statement of 2019 Annual Meeting of Shareholders is incorporated into Part III 2018 Annual Report
\textsuperscript{231}“NORDSTROM, INC Annual Report 2018.”
\textsuperscript{232}“The Future of Retail.”
\textsuperscript{234}“A ‘Pivotal Year’ for Nordstrom: New NYC Flagship Store Part of a Huge Bet on the Company’s Future | The Seattle Times.”
condensed stores bring a localized approach to the stores and help the company build customer loyalty. In fact, more than two-thirds of online sales are being picked up in stores. People like traveling to stores to also experience the services. For example, in the Upper East Side of New York, Nordstrom added a stroller cleaning service because Nordstrom saw that it would really popular for the neighborhood clientele. It brings another reason for shoppers to visit the store and “makes sense, particularly in New York where people are walking around all the time.” This is an example that demonstrates that Nordstrom pays close attention to the demands in each neighborhood to make them unique spaces. Nordstrom is not the department store that is falling into the “sea of sameness.”

<table>
<thead>
<tr>
<th>OFFERINGS</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Stylist</strong></td>
<td>Fast, fun, free – and zero pressure. A Nordstrom Personal Stylist can help customers with everything from a little fashion advice to a whole new wardrobe to finding the perfect gift at any budget. Customers can make an appointment with a stylist online, over the phone or in-person.</td>
</tr>
<tr>
<td><strong>Onsite Alterations &amp; Tailoring</strong></td>
<td>Customers can get professional alterations and tailoring at Nordstrom Local. On-site tailors will assure that any garment fits perfectly, from a simple jeans hem to a meticulously tailored suit.</td>
</tr>
<tr>
<td><strong>Buy Online, Pick-Up In-Store</strong></td>
<td>Customers can shop Nordstrom.com and pick up their purchases at Nordstrom Local on the same day, if ordered before 2pm.</td>
</tr>
<tr>
<td><strong>Onsite Alterations &amp; Tailoring</strong></td>
<td>Customers can get professional alterations and tailoring at Nordstrom Local. On-site tailors will assure that any garment fits perfectly, from a simple jeans hem to a meticulously tailored suit.</td>
</tr>
<tr>
<td><strong>Same-Day Delivery</strong></td>
<td>Available for completed alterations or purchases, and delivered directly to a customer's home on the same day, if ordered by 2pm.</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Curbside Pickup</strong></td>
<td>Alterations and Buy Online, Pick-Up In-Store orders can be hand-delivered to a customer's car via Nordstrom Local's Curbside Pickup.</td>
</tr>
<tr>
<td><strong>Trunk Club &amp; Trunk Club Custom</strong></td>
<td>Another convenient location for customers to meet a Trunk Club Stylist or pick up or return a trunk. The Nordstrom team of expert tailors will help customers select the right fabrics or create a Trunk Club Custom garment that suits them perfectly from workweek to weekend.</td>
</tr>
<tr>
<td><strong>Nordstrom Gift Card</strong></td>
<td>Nordstrom donates 1% of all Gift Card sales to nonprofits in local communities.</td>
</tr>
<tr>
<td><strong>Style Boards</strong></td>
<td>Nordstrom Style Boards is a new salesperson tool that allows salespeople and Personal Stylists to create digital boards filled with personalized fashion recommendations, like a summer vacation or wedding, which customers can view on their phone and purchase directly through Nordstrom.com. In addition to fashion recommendations, customers can get the expert advice of a salesperson or Personal Stylist by having a conversation with them through the app.</td>
</tr>
<tr>
<td><strong>Nail Services</strong></td>
<td>Nordstrom Local offers eight different manicure services to help customers complete the perfect look.</td>
</tr>
<tr>
<td><strong>Easy Returns</strong></td>
<td>Customers can make returns at Nordstrom Local from Nordstrom stores, Nordstrom.com, and Trunk Club.</td>
</tr>
<tr>
<td><strong>On-Site Refreshments</strong></td>
<td>Nordstrom Local will serve a full beverage menu including California-sourced beer and wine, cold-pressed juices from Pressed Juicery, and handcrafted espresso drinks from our Nordstrom Ebar.</td>
</tr>
</tbody>
</table>

235 “Nordstrom Announces Latest Retail Concept.”

44
A second strategy that Nordstrom uses to maximize opportunity is the geographical proximity of the Local stores from its department stores. Nordstrom is using its Los Angeles flagship store (140,000 SF), and its Local stores, to form a retail variation of a hub-and-spoke model. Nordstrom Local stores act as “spokes” to the flagship “hub.” A retail flagship store is a store that is considered the most important of a company’s store, within a market. Flagships stores are often the largest store in the given market, have the most volume of sales, and most up-to-date layout. The hub and spoke model “refer to a distribution method in which a centralized "hub" exists. The image below shows Nordstrom’s full-line flagship stores in Los Angeles (red), an automotive city. From the flagship “hubs” goods travel outward to smaller locations owned by the company, called spokes, Local stores, for further processing and distribution.”

The company views the hub and spoke approach as a a seamless way to connect e-commerce and physical space. The company “maximizes returns while minimizing capital investment.”

Everything either originates in the hub or is sent to the hub for distribution to consumers.

The Local store openings in Los Angeles and New York, the two largest US cities, demonstrate that Nordstrom is focused on pursuing a strong presence around urban areas. One

---


45
might argue that Nordstrom is still experimenting with developing the Nordstrom One model and it sees large, wealthy markets as less of a risk to the retail apocalypse to experiment with the Local concept. Los Angeles stores were successful, and Nordstrom hopes to capitalize on its success in New York, a pedestrian based city. In January of 2020, Nordstrom’s CEO stated that it expects its increased market presence and hub and spoke design in both cities to support online sales that will make up over 40% of sales.\textsuperscript{238} This is supported by the fact that all Nordstrom Local stores have seen a 20-25% increase in online sales within its first year of opening. While the majority of their sales in the Los Angeles market come from online orders, the company has not released much data on New York’s performance since it has been open less than a year. Nordstrom acknowledges that “there is still a question mark over how Nordstrom can turn around performance in stores outside of the big cities.” Nonetheless, Nordstrom’s ability to take risks, embrace technology, and adapt storefront space demonstrates why it is one healthiest departments stores in the nation. "\textsuperscript{239}

**Case Study: Amazon 4-Star**

Consumers are no longer going to the stores for the purpose of browsing\textsuperscript{240} Sixty-one percent of all shopping trips are for “immediate needs purchases” and occur in convenience or drug stores."\textsuperscript{241} For retailers that know their shoppers are mostly purchasing on the internet, one reason brick and mortar stores are in use is for “click and collect” shopping.\textsuperscript{242} For example,

\textsuperscript{239} “Nordstrom Says ‘Local’ Stores Are Its Future.”
\textsuperscript{242} “The Future of the Shopping Mall | McKinsey.”
many shoppers do product research and purchases online and retrieve the items in the store. Consequently, they spend less time browsing the store itself. The stores are “quick-in quick-out visits.” This means pedestrian traffic decreases and retailers are adopting to smaller square footage spaces as they develop click and collect programs.

An increasing number of internet-born retailers are finding greater success by adding brick-and-mortar locations. Stephens argues Amazon is taking advantage of physical storefront space with the purpose of it acting as a mini-distribution hub. Amazon is planting efficient stores throughout the country to give shoppers the ability to pick up items they ordered on an on-demand basis. Physical stores provide a showcase for their own devices. Their brick and mortar stores allow them to develop a “touch and play” concept, which the online marketplace does not enable. Stephens calls Amazon’s devices the company’s “portals to the entire Amazon value proposition” and says their late entrance into brick-and-mortar is a “lost opportunity.” Technology device companies such as Apple have benefitted from “touch and play” brick and mortar for years.

Physical stores activate growth of their online sales through brand awareness when brick and mortar stores open in markets. For example, online-born eyewear company Warby Parker CEO stated that the company finds that each store opening drives more traffic to the website. In 2016, clicks-to-bricks men’s suit company Indochino noticed their sales grew four times compared to staying as an online only company. The role of the physical stores is to stage the shopping experience and build brand loyalty.

---

243 “Retailers Go Small As ‘Immediate Needs’ Drive 61% Of Shopping Trips - Retail TouchPoints.”
245 Stephens.
246 Stephens.
E-commerce has certainly changed the way we shop, however, this does not mean physical space is dying. Online native brands are using physical spaces to increase profits. The trend is called “clicks to bricks.” In 2019, online-native companies represented around 3% of all physical retail spaces Online brands’ presence in physical retail space is expected to increase in the coming years. According to JLL Retail, the top 100 digital-native brands have announced plans for at least 850 stores over the next five years. They realize brick and mortar is not dying. The US Census Bureau reported that brick-and-mortar accounted for almost 90% of all retail sales in the third quarter of 2019. In other words, online and traditional retailers are using digital formats to compliment physical storefronts, rather than compete against it. Successful retail spaces have “digitally powered physical stores.” There is no longer a distinction between e-commerce and brick and mortar.

Amazon.com Inc. is the largest e-commerce company in the world. The company started as a book seller on the World Wide Web in 1995 (Incorporated 1994). In 2015 the company became the most valuable retailer in the world. When Jeff Bezos, company Founder and Chief Executive Officer (CEO), started selling books on the internet, he envisioned to eventually grow the “website to enable millions of unique products to be sold.” Today, the company sells much more than books. It sells electronics, software, video games, apparel, furniture, food, toys, and jewelry. It manufactures and sells its own electronic devices such as the Kindle, an online

249 Woods.
reader, and Echo, a voice-controlled assistance device.\textsuperscript{253} The e-commerce company serves consumers, sellers, developers, enterprises, and content creators. Amazon has also grown into more than an e-commerce company. It offers more services such as online streaming and data storage as well. Throughout the past decade, the company has demonstrated a willingness to experiment with operating physical storefronts.\textsuperscript{254} Amazon has expanded its presence in physical spaces very quickly. It developed brick and mortar distribution locations called “Prime Now Hubs,” in 2014. They play a very similar role to Nordstrom Local’s hub-and-spoke variation. Prime Now Hubs “offer a smaller selection of mostly household items available on Amazon.com to Prime members with a free 2-hour delivery window.”\textsuperscript{255} They are also convenient, and sometimes cheaper, places to pick up orders and make returns than direct delivery, such as to a house.

Amazon uses “fulfillment centers” to hold customer products, before distributing them to Prime Now Hubs, or to customers directly. Amazon fulfillment centers are millions of square feet of warehouse space are used to process orders. There are hundreds of fulfillment centers throughout the country. The company first started to build them in 1997. They are mainly located in suburban or less densely populated areas. In contrast, Prime Now hubs are located in city centers. They are on average, 30,000 to 50,000 square feet of retail space.

Recently, Amazon has tested more innovative brick-and-mortar store concepts, including Amazon Books, Amazon Popup, Amazon Go, and Amazon 4-Star. Amazon Books is a destination-based bookstore, established in 2015. One could argue that the bookstore was a way

\textsuperscript{253} “10-K.”
\textsuperscript{254} “About Amazon.”
for Amazon to be able to research how they can handle managing retail spaces and in-person customer interactions. By 2020, the stores grew to 23 locations in 12 states and Washington D.C.

In 2017, Amazon opened Amazon Go, a convenience store which provides a “frictionless shopping experience” for shoppers.\(^{256}\) A cool feature to the store is that customers experience Amazon’s ‘Just Walk Out’ (JWO) shopping.\(^{257}\) Customers check-in by scanning a code they are given on the Amazon Go app. They are then able to pick up any goods off the shelves and walk out. Sensors and cameras capture all customer movements and charge the products directly from each customer’s Amazon online account. The convenience stores are mostly located in urban areas.\(^{258}\)

Amazon Popup opened in 2015 to display many company devices, such as its Fire tablet and Echo speaker. Pop-up stores are short term retail spaces for companies to bring products to customers first-hand.\(^{259}\) Amazon’s pop-ups were mostly located in shopping malls and acted as stand-alone kiosks. There were as many as 87 pop up shops from 2015 through 2019. The company announced their closure in 2019. Many retail experts saw Amazon’s plan to discontinue the pop-up shops as part of Amazon’s intentions from the beginning. The temporary stores were an opportunity for them to continue to test ways to improve their brick-and-mortar strategy. The Amazon Bookstore, inspired by online data, and Amazon Pop-Up, driven to promote company technology, are considered to be Amazon 4-Star’s brick and mortar predecessors.\(^{260}\)

\(^{256}\) Neil Wrigley, *Reading Retail: A Geographical Perspective on Retailing and Consumption Spaces*, n.d.
\(^{258}\) “Amazon.Com.”
Amazon 4-Star is perhaps one of the most interesting of the online retailer’s brick and mortar concepts because the platform lays out a curation metric for many other online retailers to follow. The in-store experience acts as a real-life version of Amazon’s websites. The first Amazon 4-star store opened in the fall of 2018 as a “a longer-term real estate deal.” Amazon 4-Star stores offer a variety of products, including “devices, consumer electronics, toys, games, books, kitchen, and home.” The store is named Amazon 4-star because all store inventory is rated at least four out of five-stars on Amazon.com, the company’s website. There are also items offered in store that the company deems a “top seller” or a “new and trending” item on Amazon.com, which may or may not have 4-star criteria.

Amazon 4-star’s data driven approach to the in-store experience demonstrates that its physical space grows off its website. Inventory is updated on almost a weekly basis, based on trending items on the website. Amazon takes advantage of its online platform to generate consumer shopping habit data from customers at both, a national and regional level. The store layout replicates its online platform by labeling in-store table names such as, “’Most-Wished-For’ section, ‘If You Like, Then You’ll Love’ pairings, and ‘Highly-Rated’ tables.” Additionally there is a “Home and Kitchen” section of the store. Customers can purchase small appliances like “Cooks’ Tools,” “Bar and Party Supplies,” and “Quirky Kitchen Gifts.” Additionally, each store has a localized approach. The store will carry specific products that are

263 “Amazon 4-Star | Shop Devices, Electronics, Home, Toys & More.”
264 Whitten, “Amazon Just Opened a New Store That Sells Popular Items from Its Website. Here’s What It Looks like Inside.”
265 “Amazon 4-Star | Shop Devices, Electronics, Home, Toys & More.”
ordered frequently in a given location. In Boston, for example, local table is called “Top Selling Around Boston.”

The store displays digital price tags on the tables. Each price tag shows the standard prices and Amazon Prime Member prices. Prices automatically update in real time as they change online. Digital screens also appear through the store. They show average customer ratings of items as well as customer reviews on them. Amazon calls them “customer review cards.” Reviews are essentially life or death for a brand. Amazon claims it has a special, secret “process in place” to filter and legitimize the customer review cards. Other digital screens face the entrance of the store and display “Today’s Deals.” They feature discounts of products, offered both in-store and online, for customers to see as they enter the store.

The store does not offer the “Just Walk Out” technology, like Amazon Go. At Four-Star, customers can make payments at the store’s register. Payment methods include cash and credit cards, as well as their own payment systems, like Amazon Pay, a mobile shopping app, or Amazon gift cards, and Amazon Cash.

While Amazon has a market capitalization value on the stock market of over $850 billion dollars in March of 2020, Jeff Bezos stated in 2019 that Amazon is small compared to the large retail industry. Bezos was referring to e-commerce’s small share of entire retail market.

---

267 “Amazon 4-Star | Shop Devices, Electronics, Home, Toys & More.”
268 “Amazon 4-Star | Shop Devices, Electronics, Home, Toys & More.”
269 “Amazon 4-Star | Shop Devices, Electronics, Home, Toys & More.”
270 Whitten, “Amazon Just Opened a New Store That Sells Popular Items from Its Website. Here’s What It Looks like Inside.”
271 “Amazon 4-Star | Shop Devices, Electronics, Home, Toys & More.”
Furthermore, Amazon sees opportunity to utilize brick and mortar to grow their share of the market. The physical stores are located in shopping malls, shopping centers, and urban areas. Amazon’s emergence into physical space shows that the company goals are bigger than e-commerce. The company wants to continue to disrupt the entire retail industry. Bezos has already built a digital empire and is finding a formula for success with his stores.

<table>
<thead>
<tr>
<th>Amazon Physical Shopping Experiences</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexa Shopping</td>
<td>Customers can shop the latest deals with Alexa on an Echo device simply by asking, “Alexa, what are my deals?” Add to your Amazon wish list with Alexa by saying, “Alexa, add headphones to my wish list,” and track packages and confirm your delivery date with Alexa by asking, “Alexa, where’s my stuff?” Starting November 17th, Alexa will not reveal names of items likely to be gifts when customers ask, “Alexa, where’s my stuff?” or read delivery notifications, to prevent spoiling surprises during the holiday season. Customers that prefer to never hear, or always hear item names can change their settings in the Alexa App. If an item is marked as a gift during checkout, Alexa will never reveal order details.</td>
</tr>
<tr>
<td>Amazon Books</td>
<td>Whether customers want to discover a new book for the holidays, test-drive a device, or purchase Amazon Gift Cards, Amazon Books offers gifts for everyone. To find the store nearest you visit: amazon.com/stores.</td>
</tr>
<tr>
<td>Amazon 4-star</td>
<td>Designed around Amazon.com customers, Amazon 4-star stores feature products that are 4 stars and above, top sellers, new and trending, and most popular from top categories including devices, consumer electronics, toys, games, books, kitchen, and home. To find the store nearest you visit: amazon.com/stores.</td>
</tr>
<tr>
<td>Whole Foods Market</td>
<td>Prime members who shop at Whole Foods Market have access to a number of benefits year-round, like deep discounts on dozens of select popular products each week and an additional 10 percent off hundreds of in-store items. Additionally, Prime members in thousands of cities and towns can shop their local Whole Foods Market store using Amazon.com or the Amazon App.</td>
</tr>
<tr>
<td>Treasure Truck</td>
<td>Discover great gifts you never thought of on Treasure Truck. Opt-in by texting ‘TRUCK’ to 24193 and receive notifications for same-day offers – order the item and pick up at the truck the same day. This Cyber Monday, gift givers who act fast will find an incredible</td>
</tr>
</tbody>
</table>

275 Green.
Case Study: TJX Companies

Humans like being part of community spaces because we are very active and social creatures.²⁷⁷ It’s almost as if it is an innate behavior for people to want to be a part of active and social environments. He says there is no feeling like the “adrenaline rush of being in a mall or a store and happening upon a feeding frenzy of shopper activity”²⁷⁸ People love being a part of vibrant spaces. In fact, Stephens says “crowds are the clearest and most immediate form of social proof, a reality that hasn’t changed since we climbed down from the trees tens of thousands of years ago. The presence of others in a space remains our best primal indicator that something of value is going on there.”²⁷⁹ Social proof can also be important to the online consumer. Robert Cialdini’s Influence: The Psychology of Persuasion defines Social Proof as “people want(ing) to know that people like them have made the same decision before they have, and had a good outcome.”²⁸⁰ He says it is now more important for retailers than it ever has been. When purchasing products “social proof in the form of ratings and reviews has become one of the most important factors in driving online purchase behaviors.”²⁸¹ Stephens mentions shopping experiences gives us a feeling of reward. This can be addicting. Similarly, The New Rules of Retail, authors Robin Lewis and Michael Dart identify three elements that are essential to the

²⁷⁸ Stephens, 120.
²⁷⁹ Stephens, 120.
success for retailer: neurological connectivity, preemptive distribution, and value chain
control.282

The TJX Companies is the largest off-price corporation in the world.283 The company has
over 4,000 stores, located in three different continents: North America, Europe, and Australia.
TJX Companies owns the retailers T.J Maxx, Marshall’s, HomeGoods, Sierra, and Homesense.
Its business model revolves around acquiring name brand merchandise at deep-discounts, and
then reselling them at lower prices than the traditional department store.284 The company
reported $39.0 billion in revenue in 2019. It was the twenty-third straight year of positive growth
and twenty-second straight quarter that customer traffic increased.285

T.J. Maxx was founded in 1976 and has grown to operate 1,252 stores in 49 states and Puerto
Rico at 2018’s year end. T.J. Maxx’s merchandise includes family apparel, jewelry, and
accessories. They also have a high-end designer department in some stores called The Runway at
Maxx.286 The company re-launched its e-commerce site, tj maxx.com, in 2013, after closing the
e-commerce site in 2005, due to limited results.287 Marshalls was acquired by TJX in 1995 and
has grown to operate 1,091 stores in 47 states and Puerto Rico at 2018’s year end. It had also
been one of the largest off-price retailers in the nation. The company is very new to e-commerce.
It launched its e-commerce site, marshalls.com, in 2019. Before Marshalls sold merchandise on

282 “What Competitors Are Missing About Amazon’s New 4-Star Retail Concept,” accessed April 24, 2020,
https://www.forbes.com/sites/jasongoldberg/2018/10/03/what-competitors-are-missing-about-amazons-new-4-star-
retail-concept/#27850f984310.
285 Phil Wahba
287 “Analysis: T.J. Maxx, Others Look Past Chaos to e-Commerce Bonanza - Reuters,” accessed February 16, 2020,
https://www.reuters.com/article/us-usa-retail-online/analysis-t-j-maxx-others-look-past-chaos-to-e-commerce-
bonanza-idUSBRE97400R20130805.
its site, it only displayed store locator maps, gift cards and photos.

TJ Maxx and Marshalls follow a “treasure hunt” in-store experience. Inventory is constantly changing, and customers do not know what merchandise they will find in the store on a given day. This creates a sense of urgency to buy store products. The apparel includes a selection of goods that is broad but limited in quantity. TJX prices are estimated to be 20% to 60% below full-price retailers, including department stores, specialty stores, and major online brands. For example, non-discount retailers, such as Macy’s, have seasonal fashions that might not sell before new apparel is supposed replace them. TJ Maxx might buy many of the unsold items for the department store. At TJ Maxx, 85% is directly purchased from store manufacturers. Less than 5% of the store are “irregular clothes,” garments that do not pass quality inspections.

Another reason why many people continue to be driven to TJ Maxx and Marshalls’ physical stores is because the company has a flexible store layout. It enables in-store department sections to expand and contract merchandise categories very quickly. Stores are able to take action to responding to market trends and changes in customer preferences very efficiently. Furthermore, on average it takes 25 days for TJX to sell out of in-store merchandise. That is a quarter of the time it took traditional department stores in 2018.

Retail experts have compared the feeling of when a customer finds a great in-store deal as the retail version when someone gets a jackpot playing slot machines. TJX’s physical environment brings us a sense of surprise and feeling of discovery. In-store shopping can be

---

289 “How TJ Maxx Is Thriving in the Retail Apocalypse - Cheddar Examines - YouTube.”
290 “Company | TJX.Com.”
292 “How TJ Maxx Is Thriving in the Retail Apocalypse - Cheddar Examines - YouTube.”
addicting for some people. Online commerce does not have the same ability to give a genuine experience to customers. In other words customers discover items they need, as well as goods that they didn’t expect to find and purchase. Lastly, TJX’s physical environment separates itself from large e-commerce companies, such as Amazon, because the merchandise carried is often discontinued, which means customers will have a difficult time finding the products online or in other stores. Some retailers also argue that e-commerce’s ability to customize products to an individual, such as a website recommending products based off previous purchases, reduces any unanticipated feelings of discovery that TJX stores offer.

While TJX’s e-commerce sales only made up 2% of the company’s total revenue channels in 2019, the company announced plans to continue to expand marshalls.com and tjmaxx.com. The two retailers want to use e-commerce to compliment the in-store experience. Before 2019, benefits for the company to use TJ Maxx and Marshalls websites included highlighting seasonal offerings, presenting store locations, and displaying store contact information. Additionally, the company used the website to improve its in-store experiences through online customer satisfaction surveys. Since 2019, both TJX and Marshalls have sold merchandise online. The online products are completely different offering than in-stores. They fear that selling the inventory would take away the fun in-store experience. It’s not just about the product, but the experience that TJX gives customers. They also have not seen the technology available, or any competitors create an online treasure hunt experience that takes away from in-store traffic growth yet. The company sees online as another channel that builds off the physical experience.

293 Stephens, Reengineering Retail: The Future of Selling in a Post-Digital World, 120.
294 Stephens, 120.
295 “How TJ Maxx Is Thriving in the Retail Apocalypse - Cheddar Examines - YouTube.”
296 “How TJ Maxx Is Thriving in the Retail Apocalypse - Cheddar Examines - YouTube.”
In other words, e-commerce brings brand awareness and grows some sales, but it does not take away the desire to go into a store. Online is still a balancing act that will take time.

TJ Maxx and Marshalls interest in growing their e-commerce presence shows that they recognize the future of retail sales will rely on integrating multiple platforms of shopping. They invested more in e-commerce during a time when their in-store traffic and revenue was growing, and they did not want to impact the in-store success too much. For example, the discount retailer Burlington Stores announced in March 2020 that it would shutter its e-commerce operation to solely focus on physical spaces. Time will tell how each discount retailer fairs in the future market.\textsuperscript{298} For now, it is good to see TJ Maxx and Marshalls take measures to adjust to the changing retail landscape. There is even a possibility that they are too late to e-commerce and will hurt significantly in the long run.

\textbf{Conclusion}

In the process of researching and writing this paper, from August 2019 to April 2020, it became very evident that the retail landscape continued to evolve rather quickly. At the beginning of 2020, the world was hit with the coronavirus pandemic. The American retail sector has been hit particularly hard by the pandemic.\textsuperscript{299} Consumer and shopping behaviors across multiple brands and channels are significantly affected by the virus. In the last week of March 2020, US retail foot traffic dropped 98\%.\textsuperscript{300} Thousands of retailers are shut for weeks on end. The pandemic has exposed the weaknesses in many retailers. This paper already notes the previous challenges that retailers faced to remain relevant in physical environments. It also provides case studies to

\textsuperscript{299} “Dying Malls? This One Has Found a Way to Thrive - The New York Times.”
demonstrate how retailers are remaining relevant in physical space. Now, as American consumers are advised to practice physical distancing and stay confined to their homes, the pandemic will continue to emphasize and accelerate the observations made in this thesis. Retailers will survive in the future by “reinventing for relevancy.” The retail landscape will continue to stress the importance of integrating technology with physical space to create a convenient and seamless consumer experience for the consumer.

Technology is redefining how people perform transactions, but it still has a long way to go if it should ever eliminate brick and mortar. The technology for people to touch, smell, taste, and try on products is not currently available, according to retail expert Steve Dennis. There’s a lot of trial and error for companies, and it will take time for technology to go mainstream. It is also a matter of whether retailers can continue to find advantages to physical space that are better than e-commerce convenience and experience. In fact, technology might not ever replace the real-life shopping experience. Nonetheless, the pandemic causes great uncertainty for the future of brick and mortar. Douglass Karp, President of New England Development, says that “it’s hard to predict what will come out of all of this.” The coronavirus pandemic could certainly change the retail landscape forever. “This virus, what we’re experiencing right now, it will be interesting to see what the effect it will have on the older, baby boomer population. They’re not leaving the house, they’re getting used to using Instacart, Amazon Prime and everything else (e-commerce services). Will the shopping patterns change after this virus? I don’t know. Going into this (before the virus)

302 JLL Americas and Telsey Advisory Group.
303 Dennis, Remarkable Retail.
…To get Millennials (young adults in the early 21st century) to the center you had to really create something interesting and an experience.”

Brands that have predominately been in physical spaces, such as TJX Companies, are having challenges. Karp says “if you went on TJX’s website, it just says its down (due to the pandemic). They’re completely out of business for the time being.” One reason why the planning process is hard for companies that are just entering the e-commerce business is because they do not have efficient supply chains. They are not able to organize the supply efficiently enough to offer e-commerce channels right now. As mentioned earlier, since TJX hasn’t needed to invest in improved supply chains to support large online orders, it makes forming an online treasure hunt, or any online experience, more difficult during the pandemic. The company hasn’t developed a system to engage customers in a treasure hunt experience through e-commerce. TJX hasn’t created an online treasure hunt experience and it’s in-store quarterly growth shows that there aren’t other companies that offer great treasure hunt experiences online to compete with TJX. At the same time, it is essential for many predominately physical store environments to start promoting and emerging online now. It is very possible that there will be more robust and efficient supply chains for retailers, and improved online shopping experiences for customers, in the aftermath of the virus. 304  Karp believes TJX will be coming back, he says the “reality is that all of these brick and mortar stores, even the ones that have been successful, it’s going to be a real question mark. Today you still don’t know how exactly something fits or feels until you’ve tried it on, but obviously that continues to change with (emerging technologies) AR (Augmented Reality), Virtual Reality (VR), which a lot of retailers haven’t quite figured out yet.” There’s no better way to try on clothes or feel products than in person. Experts believe people will adjust to using e-commerce because of

the virus, but the desire to try on clothes in store will not go away if there are other reasons to go to a store, such as Nordstrom’s alterations and nail salon.

China was the first country exposed to the virus and offers potential insight into the retail industry. A recent panel from JLL notes that it is important to look at China as a benchmark; however, it should not necessarily be a guide because China’s society is different than that of the US. JLL Americas and Telsey Advisory Group. The clothing retail company H&M recently released data on its sales in China over a 14 week period. H&M sales decline peaked in China during week 7. They were down 89%, and 64% of H&M stores were closed. The numbers that H&M had posted on Week 14 was a sales decline of 23%, when 1% of their stores were open. JLL Americas and Telsey Advisory Group. The data demonstrates that sales normalized over time. Some retailers’ sales will continue to worsen during the virus, others will continue to improve. It is a matter of a company’s strength in its brand, and its strength of embracing technology before the pandemic. More than half of China’s retail is expected to come from in e-commerce in 2021. It is a large jump considering around one third of China’s retail came from e-commerce in 2019, and close to 30% in 2018.

This paper illustrates that the American shopping culture has revolved around socialization in physical space post World War II. New England Development still believes people like to socialize and find activities that can get them out of the house. At the same time, the current physical distancing from one another may require a change in the layout for retailers going forward. Consumers may be afraid of crowded areas. In the long term, convenience could matter more than it ever has. It’s about “remodeling, remerchandising, and having enough capital

305 JLL Americas and Telsey Advisory Group.
306 JLL Americas and Telsey Advisory Group.
to ensure there’s a strong supply chain.” Companies have to invest in technology to grow their businesses to the next level to continue to drive people to stores. In the future, people still might want to gather in stores, but now less crowded, smaller store spaces could be the new normal.

The pandemic further conveys that the Nordstrom Local case study is a concept that should be viewed as a physical retail platform for the future. Its smaller store format and integration of technology allows them to still remain open during the pandemic. Nordstrom’s curbside pickup doesn’t require customers to go in stores, while its larger stores were forced to close during this time. After the pandemic, people can still enjoy its convenience. People might also like the fact that the store cannot hold masses of people like the department format. Nordstrom Local illustrates that the company’s preparation to embrace technology prior to the pandemic was essential to deal with the coronavirus. It is a model for more retailers to take note of as they continue to try to survive in the long term.

To conclude, I truly believe retailers will come back after the pandemic, but in smaller, smarter, and more flexible ways. For all retailers, in the short and long run, their success in physical space will rely on the consumers’ willingness to return to brick and mortar stores. In the short run, retailers should anticipate consumers’ hesitations to go to stores, with more sanitary concerns. It is a question of whether consumers will tolerate components to physical retail spaces such as using fitting rooms, touching products, and interacting with sales staff and personal stylists. It’s reasonable to expect consumers to utilize in-store conveniences, such as picking up and returning items, fairly quickly, however, the in-store experiences, like trying on clothes and interacting with customer representatives, might be limited to making appointments and building trust that stores will take enough sanitary measures to providing a safe environment.

309 JLL Americas and Telsey Advisory Group.
Additionally, companies will have to consider the cost-benefit of bringing back employees on payroll and receiving fewer customers. Landlords will have to accept the fact that less retailers will want to move into physical spaces.

On the other hand, in the long run, retailers, customers, and landlords should anticipate that people will have confidence to leave their homes and be a part of commercial spaces again. Technology companies, like Amazon, have the ability to take leadership and work with communities to help reshape retail’s new landscape in a digital era. They will be the ones who will have the capital to add company value through physical space, compared to many traditional retailers that suffered due to poor online supply chains. Their success during the pandemic might also lead them to take advantage of the economic results after the pandemic. For example, Amazon, and more tech companies, should consider purchasing abandoned real estate from bankrupt companies that were victims of the pandemic. Amazon, and other tech companies, can act as consultants and landlords to help retailers make locational decisions with the support of data analytics, provide flexible designed physical platforms like 4-Star to accommodate short leases from retailers, and outsource fulfillment hubs for more companies to provide faster deliveries. Smaller retailers do not have the capital to have large fulfillment centers and quick delivery services like Amazon. Amazon is already offering licenses of its “Just Walk Out” technology to third party retailers. Amazon and other tech companies may as well offer more services to grow their companies and help rebuild retail spaces in a digital era.

JLL lists three factors that should drive the brands in the future: concept, execution, and management.310 “A concept’s success depends on product innovation as a driver. Execution depends on speed. Management needs to gain insights from data in order to empower the

---

310 JLL Americas and Telsey Advisory Group.
experience of the brand.” As Warby Parker’s CEO said “Physical retail isn’t dead. Boring retail is.”311 The aftermath of the coronavirus could certainly make his words ever more real. In the long term, retailers need to use e-commerce and physical space to create a harmonious experience. Spaces need to remain flexible and adapt quickly to unexpected changes like the pandemic. Karp doesn’t believe he has “seen traditional stores be more flexible.” Online native brands are used to adapting quickly to changes in technology. Amazon 4-Star is a extremely flexible because its floor runs exactly like its website. Karp add that he doesn’t “know if someone has really figured out how to be as flexible as someone like Amazon has.” It is a matter of time before more online-native stores and traditional brick and mortar retailers embrace both forms of shopping. The hyperconnected world of today will create “WOW” moments in every brand.312

311 “American College of Real Estate Lawyers.”
Interview with New England Development President Doug Karp

What are some ways you have seen retail spaces evolve? How are you bringing people to retail spaces in a world where e-commerce is growing?

Right now, the world is a little upside down. It’s hard to predict what will come out of all of this. Our focus had been generally on trying to drive people off the sofa and think about how to get them to a location. Thinking about tenant mix is really important. We’ve gone through a lot of evolutions at what that means. Ultimately, we had been looking a lot at restaurants and entertainment type uses. We’ve also mixed in a lot of medical office uses because that drives traffic, and then the whole health and wellness sector had been really great at driving people to centers. Whether it’s a larger, formats like Equinox or Lifetime, or smaller guys like SoulCycle or Orange Theory. We try to sprinkle in a bunch of those uses which retailers historically weren’t thrilled about because they have large parking uses, etc. but now a lot of tenants want to be near those types of uses.

Are you seeing a lot of online native brands interested in your developments and throughout the country?

Yes. A lot of digitally native brands are going into centers across the country. They’re often smaller size stores. Many of them don’t want to do long term leases. They were much more experimental. We are working with digitally native brands. Nationwide, looking at it, there are so many locations that digital brands are going to. They aren’t going to expand to accommodate a brand like GAP, at one point, or the way Old Navy did, ect. They’re much more selective, taking a lot less space, and only doing a fraction of the number of stores that the traditional retailers used to do.

From a Developers perspective, how are you able to use digital native brands to your advantage? How important are they to your shopping centers?
In short term, if the tenant perform well, the landlord is in a good spot because other tenants will want to be there. You’re also tracking their sales, so you can figure out what they can pay in rent (if a resign). If a tenant doesn’t hit it out of the park after first year, or six months, or three months, they may not want to move in long term. There could be different reasons why. But you can’t have every tenant be in a short lease, that’s really hard to finance. Your banks are going to understand the credit ratings on the tenants, how long-term their leases are etc., so that’s an important factor when you want to think about tenant mixes. Ultimately, we usually sprinkle them as opposed to having a whole digitally native brand center.

**As the online-native brand, like Amazon, increases their presence in brick and mortar? Do you see them as eventually becoming an important part to your tenant mix?**

We’re working with Amazon in different ways. We are looking for them to come in a couple of our locations. We haven’t signed them to any of our developments yet. They will sign longer term deals. They’re very secretive on what they want to do. They kind of come in and say they’re looking at two or three different type of concepts and they’re not sure which one it’s going to be. They are looking at rolling out at bookstore, they’re looking at rolling out what they call their five-star products as well. They have two or three different concepts that they’re working on. Obviously, they’re in the grocery business. A tenant like Amazon is great as long as it’s a tenant that clients really want.

**One of my case studies looks at Amazon Four-Star’s flexible storefront. They’ve adapted to a really flexible storefront and are able to change inventory fairly quickly. Right now, we are seeing office spaces become more flexible, such as co-working spaces. Are retail tenants becoming more adaptable to physical space like the office market?**

The physical space I haven’t seen anyone really figure out to be flexible. We haven’t seen traditional stores be more flexible. There isn’t really what I call the “coworking model of retail at
this point. We have a lot of interesting learnings from our portfolio in Nantucket. We’re landlords for about 100 stores in Nantucket. Most of those are 1 to 3-year leases, and not digitally native as you could imagine. Most are brick and mortar, mom and pop, they’re trying to figure out how to be flexible, and grow and shrink over time. I don’t know if someone has really figured out how to be as flexible as someone like Amazon has.

**How important today it is to have multiple uses, along with retail, at your centers? I know the CambridgeSide Mall recently converted the third floor to office space.**

We’re a big proponent in having multiple uses at our center. It helps to have diversification, also a built-in clientele that’s there every day. You can’t do it everywhere. We’ve been really successful in securing really good locations. There is a desire for office space in Cambridge. It at least has been one of the hottest office markets in the country. It was a three-level mall. You shouldn’t have a three-level mall probably anywhere in the US. At least in today’s market. I think converting that third floor is going to be a positive move for the retailers on the first floors and it’s a great rent producing, generating revenue for the landlord and continued customer base.

**What are ways developers are engaging consumers within the built environment?**

Sure. It’s something that we’ve always tried to do and it kind of goes back to our mall days (New England Development had primarily focused on owning malls, before selling many in the late 1990s). We do 5k runs. We do something called cars and coffee and people bring their old cars which is fun. We’ve done food truck events. We’ve done a lot of types of events. We do none profit events. We’re constantly looking for ways to drive traffic to our centers. In Chestnut Hill, we’ve done art installations. The landlord has to be super creative and think of ways to drive traffic.
Are you seeing a challenge in bringing certain age groups to your developments? For example, is it more of a challenge to bring younger generations to the developments? Does e-commerce play a role any of this?

Short answer is yes. The under 40-year old is much more apt to doing online shopping as opposed to in-person. The age could be 35, 45, 50. Somewhere in that range and older still wants to go in person. This virus, what we’re experiencing right now, it will be interesting to see what the effect it will have on the older, baby boomer population. They’re not leaving the house, they’re getting used to using Instacart, prime and everything else. Will the shopping patterns change after this virus? I don’t know. Going into this (before the virus)...To get millennials to the center you had to really create something interesting and an experience.

How did you see department stores and traditional retailers adapting to the market (before the virus) and how do you see them doing in the future? In your experience, have you seen, someone like Nordstrom for example, embrace e-commerce to be relevant in the future?

They’re all trying it. It’s been tough for traditional bricks and mortar store to be true innovators. Nordstrom has tried hard with that. I think they own trunk club and a couple other things. They’re trying to be proactive. They’re trying to be relevant in the future. They’re scale was smaller than a company like Macy’s, which had more locations. We’ve experimented with a few of the companies over the years. It’s hard with the base of your organization is a brick and mortar organization. The interesting thing right now is like TJ Maxx and Marshalls. TJX owns all of these companies and they don’t really have an online presence. They’ve been a darling in the retail world because of the hunting, the treasure hunt experience in the store. People aren’t doing that right now. If you went on TJX’s website, it just says its down. They’re completely out of business for the time being. I think they’ll be coming back, but the reality is that all of these brick and mortar stores, even the ones that have been successful, it’s going to be real question mark. As technology continues to advance and the experience online gets better and better.
Today you still don’t know how exactly something fits or feels until you’ve tried it on, but obviously that continues to change with AR, VR, which a lot of retailers haven’t quite figured out yet.

People still like to have experiences. The experience online still isn’t great. People still like, for the most part, to have some sort of daily, weekly, monthly, experience when they can. I think people, not everyone, but people that like to shop, they enjoy trying stuff on, and they can go with friends and family. That’s hard to replicate online today. I will assume it will change. The experience of online shopping has gotten better. I think there will still be a need for physical stores. Digitally native brands do better when they have physical stores. Warby Parker, for example, their business does better when they have stores in cities. They never had to assume that they were actually going to do stores. The scale and size are small. I think stores will continue to shrink and get smaller. National brands will contract. The mom and pops and boutiques will shine more. If you’re going to go somewhere to buy something it better be something special. I think retailers will have to move in that direction. Historically, over the years, it used to be that they had a lot of flexibility to figure out the mix, everything was kind of planned out from a corporate level. The Midwest, California, or New Jersey, it looked the same. You’re going to have to see these localized type stores geared towards the consumer, and where they love. Retailer at one point, 30, 40 years ago, it was a good job, good career, good living. Long term, the needs changed. It’s about how deal with that, with pricing coming down, people wanting sales. If you want high quality services, you’re going to have to leave your house to go to a store. You’ll have to see some sort of changes.

Are you embracing more data analytics to find tenants today?
We’ve always used demographics to discuss our sights. Not just demos, were also starting to understand through cell phone data, who is coming to the stores and how long are they staying.
Works Cited


Dennis, Steve. Remarkable Retail. Life Tree Media, n.d.


Wrigley, Neil. Reading Retail: A Geographical Perspective on Retailing and Consumption Spaces, n.d.