MORE DISRUPTION IS COMING:

ARE YOU READY?

New is now the norm for the Digital Native Audience. Are you moving fast enough?

A State of the Industry Report By:

Contents

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Out with the Old, in with the Digital Native Audience

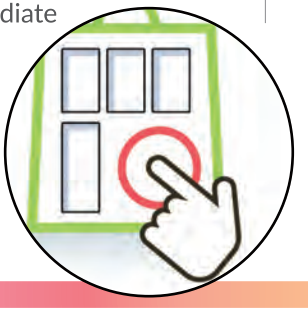
This consumer is here and here to stay. Never again will there be a consumer group that was born before the boom of the Internet and online shopping. This population, lives digitally, thinks digitally and shops digitally. These consumers expect 'the new' and more from stores, and they expect it **now**. If retailers want to stay relevant to these shoppers they will need to change, and change can't come fast enough.

Let Go of the Past

The old ways of attracting and gaining consumer loyalty don't work anymore. Attempts to subtly tweak traditional techniques for the latest population are destined for failure, and the much-cited "Millennial" moniker is unhelpful and misdirected. It's time for brands to adopt a new worldview like their consumers have already done. Brands must take a giant step back, and let go of the old. They must form a new definition and understanding of the coming wave of shoppers by embracing the needs and expectations of this population of consumers we call the Digital Native Audience (DNA), and why it is imperative for organizations to embrace 'the new'.

A Digital Relationship

The DNA are defining and redefining themselves constantly—not through consumer goods alone, but through action and interaction in the digital sphere. They mediate their identities in the physical and the virtual worlds in real time and



simultaneously there is no sense of disconnect between the two. In the book, *It's Complicated: The Social Lives of Networked Teens*, author Danah Boyd uses a metaphor that Boomers may find both quaint and baffling: "Digital spaces should be seen as a kind of 21st-century update of the malt shop, where kids can meet other kids free of parental surveillance." Yes, where once the young socialized at the soda fountain, competed in the arcade, flirted in the food court, today's youth, the Digital Native Audience, is meeting in a malt shop of the mind.

Emulate the Emulators

The Digital Native Audience likes to shop, they like to browse, they even still like brick-and-mortar stores. As made clear by the innovative success stories of Apple and Amazon, among others, technology provides opportunity for brands to reach and reinvent relationships with their consumers in deep and mutually rewarding ways. What is different is the consumer's tech-abetted self-regard in relationship with brands. Consumers think of themselves as brands now and are using the digital space as an environment in which to build and to continually refine that personal brand. Scholars have identified these interactions as highly ritualistic exercises in the construction of both individual and social reality. "Everyday digital rituals enable people to emerge in a paradoxical form—extensively networked and connected, yet deeply self-directed and solitary," writes Biswarup Sen in *Information as Ritual: James Carey in the Digital Age*.

There is but one conclusion, and if you have younger customers it's pretty simple: **You're not going fast enough, and you cannot go too fast.** From touchscreens to retinal scans to self-driving cars, the DNA is ready for boldness, experimentation and innovation. It's in their blood. It's how they're wired. It's who they are at their core. But the brands that will truly survive and thrive are those that embrace disruption as an opportunity to innovate, to experiment and to creatively destroy anachronistic "efficiencies" and traditions.

5 Things about WD Partners...

1. WD was founded in 1968.
2. Our mission is to drive and shape the future of customer experience.
3. WD is licensed in all 50 states and Canada.
4. We have designed and executed over 100 million square feet of retail space.
5. WD has six offices across the globe with the home office in Columbus, Ohio.

Lessons of the Third Wave: The Urban Outfitters Story

When the CFO of Urban Outfitters, Frank Conforti, talked to Wall Street analysts late last year, he took pains to point out the kind of fact retail executives often try to obscure: The direct-to-consumer channel was outperforming the company's stores. Sales via web, mobile and mobile apps were going up with positive gains across all brands, which include Anthropologie, BHLDN (the company's wedding brand), Free People, Terrain and Urban Outfitters. But on the store side, comp-store sales were in the negative range.

As a bellwether, these divergent growth trajectories are illustrative of a harsh truth: It's increasingly difficult for retail brands to build a road map to consistent, reliable growth. You can't just open up new stores and expect equivalent increases in sales. Of course, it wasn't always this way. Urban Outfitters once had no problem posting reliable gains in comp-store sales. Now the reliable growth is more consistently on the non-store side of the business. They aren't building new stores at the same clip anymore, but channeling capital investments into fulfillment centers. If direct-to-consumer sales are outperforming stores, why don't they just stop investing in stores? Urban Outfitters will still open approximately 32 across its brands in North America, according to a March 2015 earnings call between company executives and Wall Street analysts.

Despite doomsayers prophesying the end of the store, the physical side of commerce can't be ignored. While struggling to resurrect comp-store sales from once enviable heights, Urban Outfitters has still managed to grow its direct-to-consumer business. Something the company never would have been able to achieve if it didn't maintain cultural relevance in the marketplace with physical stores. In fact, they are an ideal case for studying how store brands can keep physical stores alive and relevant while still navigating solid investments in online growth.

1. INVESTING IN STORES ISN'T A ZERO-SUM GAME

Disinvestment in stores to drive direct-to-consumer growth, or vice versa, isn't a viable strategy. In our study of Third Wave retail brands, we discovered that brands emphasizing in-store innovation also experienced growth in direct-to-consumer channels. Case in point: The swift actions Urban Outfitters launched

URBAN OUTFITTERS | ANTHROPOLOGIE | BHLDN | free people | terrain to rejuvenate the in-store experience as Tedford Marlow, CEO of the Urban Outfitters Group, explained in a recent call with analysts. Marlow outlined a series of innovative initiatives, which we should note, are almost all capital investments in physical stores.

They included:

- Space Ninety 8 in Williamsburg, Brooklyn, which has a community — minded emphasis and its own local marketplace

- Herald Square in Manhattan, the company's largest store to date, which now includes a hair salon and an eatery

- The company's first store in Honolulu, Hawaii, which delivered the company's second largest opening day

- The launch of Without Walls, the company's own active lifestyle brand with experiential marketing and unique performance products

The Lesson: There's no time for store brands to stand still—and in-store innovations can often lead to direct-to-consumer growth.

2. MEANINGFUL IN-STORE EXPERIENCES

Let's take a step back and consider the definition of *physical*. According to the New Oxford American Dictionary, it means "of or relating to things perceived through the senses as opposed to the mind; tangible or concrete." Urban Outfitters became the brand known for street style by appealing first to the senses, including its wide-open doors that literally lead right out into the streets. Without millions of consumers embarking on Saturday morning walks downtown, and without the tactile experience of wandering up and down open staircases inside these emporiums of ephemeral trends, they would have never been able to launch a successful direct-to-consumer business. After all, you can't peddle hipsterdom to the masses if you aren't in key urban centers.

The Lesson: Unless a store brand has built a concrete and tangible in-store experience, it will be difficult to drive direct-to-consumer sales.

3. A SINGLE STORE BRAND BANNER IS TOO LIMITING

Since its founding in 1970, Urban Outfitters has constantly expanded and developed new brands. Today, it operates five separate brands and over 400 retail locations worldwide. These include its namesake stores and Anthropologie, along with various new store concepts. Free People is a specialty women's clothing boutique with a bohemian theme. Terrain represents a fundamentally new retail concept. Along with selling home and garden decor, each location also offers an in-store restaurant with a local, organic/farm-to-plate theme. (As the company describes it, the theme aesthetically and gastronomically reflects the cycle of the seasons and the local community.) Then there's the bridal store BHLDN. The company also recently added Space Ninety 8, a concept store which The New York Times called "a preservationist gesture, a middle-class beachhead against creeping luxury at every turn."

The Lesson: Don't be monolithic. Standing still is not an option. Retailers must constantly adapt with new assortments to appeal to emerging demographics and generational change.

LEE PETERSON

EXECUTIVE VICE PRESIDENT, BRAND, STRATEGY & DESIGN

Lee has more than 30 years of experience as a retailer, a strategist, and as a leader in brand and design. He brings an innovative approach to strategic assessment and brand development by understanding cultural trends, consumer demographics and buying behavior across multiple industries.

Lee offers a well-rounded and informed approach to designing customer-focused retail and restaurant experiences and believes customer experience is the future of retail.

The Adaption Problem: Airline Self-Check-In

In 2004, more than 80% of airline passengers walked up to the ticket counter and talked to an actual human being before boarding a plane, according to the International Air Transportation Association. Although the industry had been experimenting with self-check-in, such as kiosks and web check-in since the late 1990s, less than one-fifth of passengers used such options only a little over a decade ago. Fast-forward to today, about 20% of passengers are checked-in by a human agent, according to some industry estimates. The ratio of automation to human check-in has been completely flipped, and has likely saved the airlines millions in labor costs. It has also led to a significant reduction in personal contact between employees and customers, making this unprecedented experiment in large-scale automation an important case study for retailers.

In 2014, there were nearly 3.5 million people employed as cashiers in the US, according to the Bureau of Labor Statistics. But job growth will be slower than any other profession through 2024. As retailers scramble in an overstored environment and face unprecedented pressure on margins, they are increasingly looking to automation technologies to not only cut labor costs, but cut wait times for customers. What can retailers learn from the pace of adoption of self-check-in within the airline industry?

Lesson No. 1: Experiment and test new technologies, but recognize that integration throughout a company's entire footprint will not come easily and will take years to reach scale.

It was 1995 when the first self-service check-in option was introduced—that's when Continental Airlines first installed a kiosk at the Newark Liberty International Airport. But it would take Continental eight years to bring self-check-in to all the airport terminals where it had operations, with the last self-check-in kiosk installed on New Year's Eve, 2003, in Reno, Nevada.

Lesson No. 2: Self-check-in has served as a viable strategy for airlines to establish loyalty with airline passengers.

Establishing mobile check-in has saved airlines significant money on labor costs—each kiosk could replace two and a half ticket agents. This shift has created new ways for airlines to cement "switching costs" among key customer segments. Just as the frequent flyer programs long offered by airlines served as a bulwark against margin erosion, mobile checkout can work the same way in the retail environment, according to a recent study on Omni-channel Retailing published in the *MIT Sloan Management Review.* "Another way for retailers to create switching costs is to establish privileges and perks for loyal consumers, such as express or mobile checkout, as airlines have done with boarding and booking privileges," the authors wrote.

Lesson No. 3: Automation isn't incompatible with high customer service rankings.

It's not a coincidence that the first airline to establish web check-in was Alaska Airlines, way back in 1999. And it's also not a coincidence that this airline has been ranked highest in customer satisfaction in the traditional carrier segment for eight years in a row, according to J.D. Power and Associates, proving automation and customer satisfaction can go hand in hand.

Lesson No. 4: The adoption of self-check-in technologies does not eliminate the need for human-driven interactions with customers inside stores.

Although the adoption of self-check-in has been rapid, it's not been complete, even if airlines have decreased staffing levels over the last decade. Despite self-check-in now dominating the consumer experience inside airport terminals, the airlines have not been able to completely eliminate human agents. There will always be consumer segments slow to change and uncomfortable with a purely automated process. That applies to retail, too. If a retailer goes to total mobile checkout, customers will revolt. Airlines have never—and likely will never—entirely eliminate the choice of agent-controlled check-in.

Lesson No. 5: Consumers perceive agents as more empathetic but not as more responsive.

Consumers still value human interaction during check-in or checkout, but don't consider human-guided service as more responsive, according to a 2013 study of 181 consumers. The study sought to better understand human-computer interaction, especially when it came to customer satisfaction with self-service vs. human agents. The researchers theorized that consumers would rank human agents as providing higher service quality, compared to self-service options. And in fact, consumers did, but the researchers also found a bit of a surprise in the data: Despite ranking human agents higher for such things as reliability, assurance and empathy when it came to responsiveness, the researchers found no significant difference between human agents and self-service technologies.

Lesson No. 6: Retailers shouldn't wait until they've reached 100% adoption rates with mobile and self-checkout before experimenting with other automation strategies.

Even with an estimated 20% of airline travelers still uncomfortable with self-check-in, the airline industry continues to experiment with automation in other areas, including self-service baggage kiosks. Referred to as in-town check-in service, some cities are testing a service that allows passenger to check-in luggage outside the airport. In the same way retail services such as buy online pickup in store keep shoppers from waiting in line, this new approach is all about saving people time. Its likely widespread adoption of mobile-checkout will take years to reach scale, but that shouldn't stop innovative retailers with a receptive customer base to experiment with automation.

Retailers must never lose sight of where the customer actually is, and how long adoption of new technologies can take. As the history of self-check-in proves, change can be swift, but it also must be gradual, retaining the option of traditional agent-controlled check-in for a portion of consumers.

KRISTIN LONGABERGER

VICE PRESIDENT
BRAND, STRATEGY & DESIGN

Kristin has over 20 years of marketing experience working on both the client and agency side of the business. Her experience leading strategy and marketing efforts for global, multi-channel accounts makes her a terrific asset for her clients.

At WD, Kristin leads strategic accounts to develop and execute consumer-minded solutions, that merge online and offline experiences expected by today's consumers.

EchoPark Automotive

Taking the LEED in pre-owned car buying

It's not easy to be revolutionary in a field that has done things the same way for decades, but that is exactly what Sonic Automotive did with the pre-owned car buying experience. Turning the industry on its head required Sonic and its team of partners to work tirelessly for two years to innovate this highly profitable space. They focused on appealing to a younger demographic and exhibiting exemplary customer service above and beyond the "typical used car buying" experience.

The EchoPark store located in Thornton, a suburb of Denver, was designed and engineered from the ground up. It is a contemporary, LEED-certified space designed with bright colors, comfy seats and integrated technology in welcoming spaces. It provides a pre-owned car shopping experience environment that encourages a comfortable, low-stress dialog unlike anything in the automotive industry.

By integrating elements from environments outside the auto industry, EchoPark has truly differentiated itself from its competitors. The use of high-end finishes and a no-pressure sales strategy makes the concept truly unique. In addition to the large main Hub location, EchoPark also has four equally impressive neighborhood stores (with additional stores in two new markets currently in development) that bring this exceptional experience closer to home.

It took many partners working together to bring this revolutionary buying experience to life. WD Partners collaborated with the team on strategy, environmental design, graphic design, architecture, estimating and vendor selection.

WHAT IF...

All your shoppers were young?

The Drive-Thru of the Future

From remote order taking to radio frequency tags, technology is set to upend every aspect of the traditional drive-thru process.

In recent years, a veritable flood of patent applications has re-imaged the decades-old and staid format of the drive-thru lane. One conclusion: The traditional drive-thru lane is on the cusp of massive disruption.

Consider the recent patent application submitted by NCR Corporation proposing new techniques for mobile ordering: A consumer's mobile device, detected while in a drive-thru queue or close to a POS terminal, could simply serve up an "interactive ordering interface on a consumer's mobile device." That's the future patent application No. 20140114778 imagines. Such an innovation could bring an end to increasingly long drive-thru wait times and not soon enough. **Despite an industry average of three minutes and one second, wait times did not improve last year; in fact, they rose by eight seconds, according to a recent study.**

Or consider a recent patent application submitted by a San Diego-based inventor, which imagines customers communicating orders via wireless beacons. "The merchant may detect that the user is in a vehicle in the drive-thru using the connection between the user's device and the beacon (or a camera, sensor or other detector) located near the drive-thru," according to patent application 20150379650. "Based on check-in information generated on the connection, an order for the user may be accessed. The user may pay for the order using the device and through the connection to the beacon."

And that's only two examples out of countless patent innovations. From remote order taking to radio frequency tags, technology is set to upend every aspect of the traditional drive-thru process. RFID tags would allow regular customers to pre-order items and store payment information at a brand's website. Imagine a lunch-time regular at Wendy's. She makes her Friday lunch order for a small chili and potato the night before and pulls into and out of the Wendy's drive-thru without ever waiting in line.

This rash of patents won't just change processes, but how chains allocate labor during their busiest times of day. Anyone harboring doubts that change is coming need only examine what's already happened to the banking industry. The drive-up teller lane, first introduced in 1930 at a bank in St. Louis Missouri, has been a mainstay of the banking experience for consumers for decades. But consumer demand for the conveniences of mobile payments, purchasing and deposits has ushered in dramatic changes and led to nationwide closures of bank teller lanes. This shift in consumer behavior has put many banking brands into a reactive mode. They are responding to changes in consumer behavior, with many banks rethinking the entire purpose and function of the local branch.

It's time for fast-food chains to do the same for the drive-thru lane. **Most importantly, brands must find out now what consumers want in a format that's been largely unchanged since it first transformed America's dining habits and food culture over four decades ago.** There are fundamental shifts in consumer behavior, especially among the Digital Native Audience (DNA) because of the rise in mobile payments and ordering. Quick-service brands must do more than merely react. Not only do consumers equate drive-thru lanes with unhealthy eating, but a massive shift in car culture is underway among the DNA. They aren't just shunning cars. The triumph of on-demand transportation, from Uber to Car2Go car-sharing services and bike-based transit, reflects a clear preference for the density of urban communities where drive-thru lanes simply aren't practical.

But in suburban areas and on highway exits where drive-thru lanes remain ubiquitous, smart brands are revolutionizing the drive-thru lane experience with technology that's supportive of human interaction, not disruptive of it. Consider the careful test-and-learn approach at Starbucks:

The Seattle-based chain is adding video screens to 2,400 of its drive-thru lanes in the U.S. "It's about that customer-barista connection," a Starbucks spokesperson told Bloomberg. Starbucks understands the drive-thru of the future is not simply about efficiency. There's a very important human element to any evolution of the traditional drive-thru process, and Starbucks is smart enough to channel technology toward that aim instead of simply doing things faster.

There is always a delta between what is possible technologically and what consumers actually want. Smart brands mind the gap—always, a truth that reminds me of a famous adage: "If we want things to stay as they are, things will have to change." There's no doubt fast-food brands should work hard to defend the massive financial rewards the drive-thru has delivered to the bottom-line for decades. The drive-thru lane at a quick-service restaurant accounts for anywhere between 50% to 70% of all sales, according to a recent study. This is a $200 billion industry, according to statista.com. To keep those sales, it's time for things to change.

CHRIS DOERSCHLAG

CHIEF EXECUTIVE OFFICER

As Chris was establishing his career with some of the country's most respected architectural firms, he also was observing weaknesses in the building industry's "standard operating procedures." Driven to improve results, he began to envision ways to re-engineer the development process.

Taking the leadership role at WD in 1996, Chris focused the company on architecture and engineering services for national multi-unit retail. He believed that specializing would allow WD to fully understand client needs and problems, and thus enable WD to provide the most effective solutions.

Transactional vs. Transitional Zones

The end of checkout is the end of the impulse buy. Or is it? Undoubtedly, the rapid adoption of seamless checkout options—mobile-checkout, RFID and automated payments among others—are altering longstanding consumer habits and expectations.

When viewed strictly through the lens of revenue numbers, automated checkout might easily be mistaken as a toothless threat. After all, on average, front-end-sales represent just slightly less than 1% of overall store sales, but more than 1% in profit. With front end margins hitting close to 5 points higher than total store, that makes this sliver one of the most profitable areas in the entire store, according to research conducted by Wrigley and Mars Chocolate North America, subsidiaries of Mars Inc. Any possible loss in a world known for thin margins demands some serious attention.

Even so, inaction reigns in the industry. Perhaps it's because these upheavals to operational traditions are double binds for stores. For starters, even as the automation of checkout promises to cuts labor costs, it diminishes human interaction at checkout, taking away a critical space where associates—not to mention veritable shelves of candy, beverages and magazines—have typically played a role upselling products and filling the basket.

Second, checkout automation isn't happening in just one place inside stores these days. Over the last decade or so, checkout areas have proliferated throughout the entire store, with a myriad of "transaction" spaces operating as service/checkout areas, including BOPIS counters, in-store pharmacies and cafés.

Third, with emerging technologies transforming checkout into a seamless transaction, there are fewer interruptions. As a result, moments of impulse—which require unoccupied time to actually happen—are no longer integrated into the process. Therefore it is increasingly difficult to garner the attention of shoppers.

With the growth of self-service checkouts and express lanes, each of these changes introduces new issues, for example *queue anxiety*; a phenomenon identified by Wrigley and Mars Chocolate through their Transaction Zone research as one of the biggest. Some adjustments are crucial, especially considering shoppers are being asked to switch out of auto-pilot at checkout and adjust long-standing shopping habits. It's critical to define some terms and create a shared language that can inform new strategies.

Through our work with Wrigley and Mars Chocolate, we have adapted a term for the space for traditional checkout as a **transaction zone.** Historically, this has meant a corral-like design, one that confined shoppers within a direct and clearly

The refashioning of this space represents an opportunity for reinvention – this requires a shift in mindset, not only by stores, but by consumer products brands.

defined path to the cash register and then exiting the store. This space once functioned as much more than a transaction zone, where cashiers often provided a value-added service.

Second, we define what the future of the so called "front of store" should be named. We've decided to call it a **transition zone** instead, and define it as a space where payments seamlessly occur and shoppers engage with additional products, services and most importantly, experience brands and the store at its best. A transition zone should become the space that's far more valuable and holistic.

The refashioning of this space represents an opportunity for reinvention—this requires a shift in mindset, not only by stores, but by consumer products brands, too. Wrigley, Mars Chocolate and WD have partnered together to bring this leadership in thinking to retailers and are working together on a very clear objective: Elevate the last moment inside the current transaction zone and the future transition zone until it becomes the shopper's best moment inside the store.

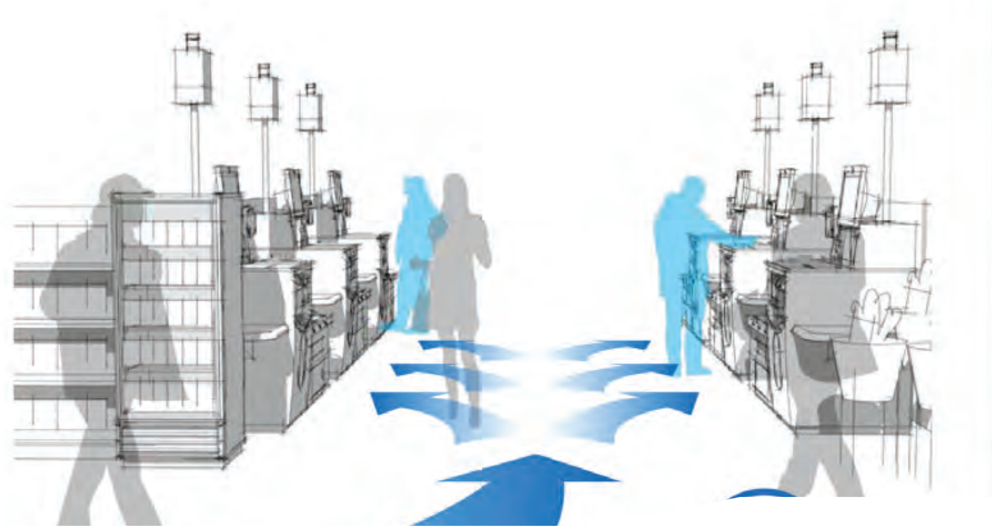
Every long-standing design tradition must be questioned and reinvented. The transaction zone has long been viewed as yet another part of a store instead of a clearly-defined zone for intense brand engagement. The interaction has been with a computer—human interaction is on its way to being completely designed out of the equation. There's something lost in the process, and it's a strategic flaw of store design to neglect this last moment of experience with shoppers.

The transition zone is a category and should no longer be considered a solely transaction-focused area. As the enduring space where purchases are finalized, checkout has operated as the most functional action within the entire shopping experience. In the future, when the transition zone is remade for experiential moments, it opens up new opportunities to evaluate assortment of new impulse products to enhance the experience.

Brand manufacturers must take ownership over reinventing this space. The operational truth might be that retailers control the space and the flow within the transition zone but they often don't have the time or resources to address these challenges. It's up to consumer goods partners to suggest options and proactive manufacturers to act as thought leaders, bringing valuable ideas, and in this way, maintain category leadership. Brand manufacturers must formulate innovative new visions for this transition area.

Put the shopper's point of view first. Solid research on changing shopper desires throughout the entire store journey (from entrance to exit) is crucial to remake checkout. Stores would benefit from tailored, brand-specific research on how consumers want to move through stores where transition zones have replaced traditional checkout. As shoppers are looking for more experiential trips, it's time to integrate this zone with the entire shopper journey, instead of merely from cash register to exit.

Thinking more broadly, it's important to recognize the emergence of a transition zones represents a marked shift in overall store strategy. Creating a transition zone represents a radical departure from such utilitarian ends. And that's a good change for retailers, manufacturers and, ultimately, the shopper. Innovation inside the transition zone might turn what has always been a negative series of checkout moments into a last and final moment of satisfaction shoppers don't mind spending their time on.



RAJ B. SHROFF

VICE PRESIDENT,
BRAND, STRATEGY & DESIGN

Raj brings a passion for building international brands and innovative customer experiences to every client he oversees at WD Partners. He brings more than 14 years of experience in marketing, branding, digital and design, so he is uniquely positioned to provide his clients with a 360 strategic perspective.

JOHN YOUGER

SR. DIRECTOR
STRATEGY & INSIGHTS

John focuses on providing strategic business direction for CPG, foodservice and retail brands. This involves identifying key shopper insights, business success criteria and market trends that guide strategic business decisions for client success.

Innovation Lives In the DNA

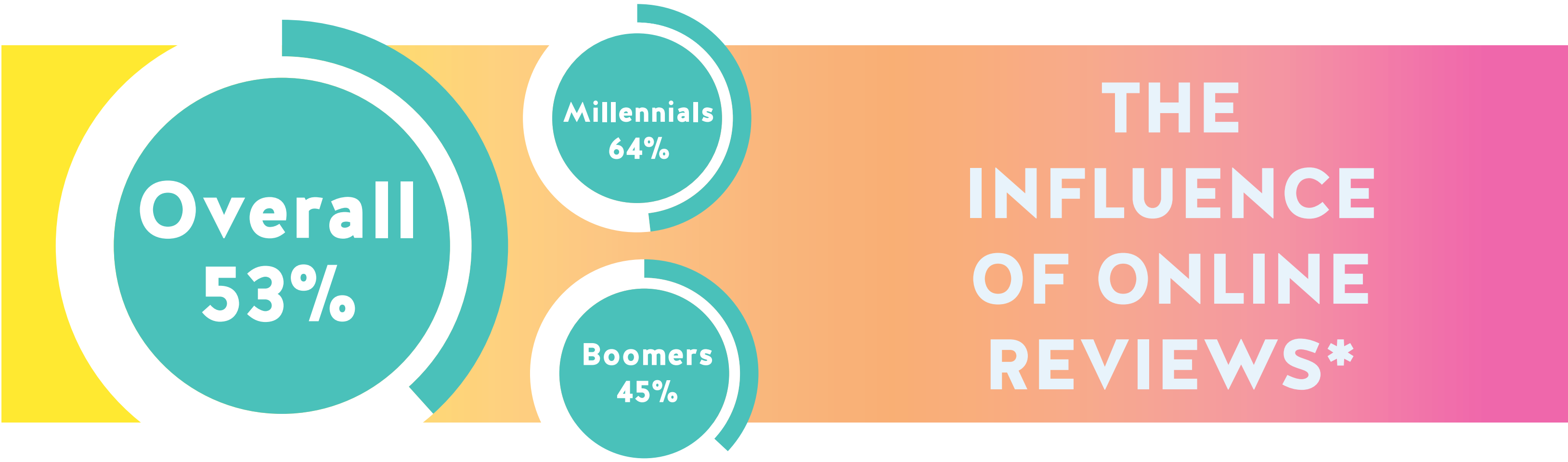
The DNA has a predilection for technology in all aspects of their lives and shopping is no exception. Our research shows, quite unequivocally, that openness to innovation is predicted by age — more than sex, more than ethnicity and more than income. This desire for dynamism is rooted in an existential shift, one brands cannot ignore when trying to connect with the Digital Native Audience, especially since they are poised to become the dominant consumer force in the marketplace.

	Digital Natives	Digital Immigrants
Use mobile for online purchases	51%	15%
Mobile-Self Checkout*	57%	33%
Would try beacon checkout*	43%	19%
Would purchase using combined retailer pickup*	59%	38%
Mobile apps influence in-store purchases	27%	10%
Would purchase from BOPIS drive-thru*	65%	49%
Amazon Prime Users	40%	28%

All results are from previous studies conducted by WD Partners.
*Results were calculated using the top-two box scores based on purchase intent.

Online Reviews

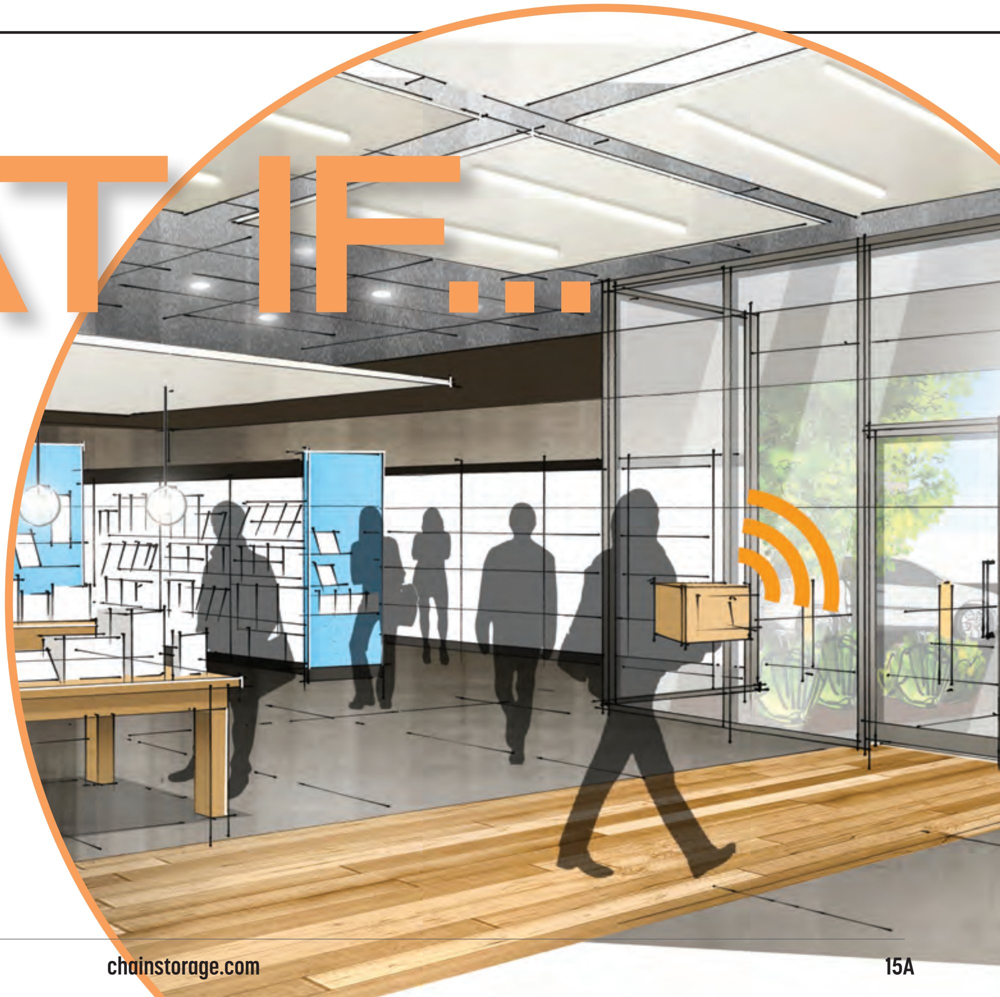
In previous research, we've written about the importance of pre-shopping, especially among Millennials. This has changed what brands must do to close the sale inside the store. We found that an in-store purchase was often the culmination of countless digital-based interactions before the consumer even entered the store.



*Results were calculated using the top-two box scores based on purchase intent. Results are from a previous study by WD Partners.

WHAT IF...

There was no checkout?



The Store of the Future Creates Omni-Encounters

The Millennial mindset calls for many and varied digital encounters, Jill Lepore recently wrote after visiting the Whole Foods spinoff, 365 Everyday. The concept opened in the Los Angeles neighborhood of Silver Lake. In describing the “varied digital encounters,” she observed walking the aisles of the new concept: “In the wine-and-spirits section, you can scan a bottle’s bar code and learn, by way of a user-generated-comments community, that the small-batch organic gin from Santa Cruz you chose solved someone’s ‘gin-mergency’ and gave someone else hints of ‘citrus, lavender and spice.’ Another screen, in the seating area, lets you order and pay for a pizza, delivered to your table.”

In other words, 365 Everyday, the latest store of the future concept aimed at the budget-conscious Millennial demo, quite effectively blends the virtual and the physical worlds into a singular experience. These “digital encounters” don’t take place entirely in the realm of the virtual or the physical. Instead, they seamlessly integrate both worlds, effectively borrowing what’s best in online shopping and most loved about the traditional store into one unified experience.

This Whole Foods concept is but one of many innovative store of the future concepts that point to a new and welcome future for commerce and culture. Most importantly, it reflects the unique ways stores can now create “digital encounters” with shoppers. The once highly perceptible divisions among the many separate channels of retail commerce— online, social media, traditional store, etc., — are being erased.

These “digital encounters” don’t take place entirely in the realm of the virtual or the physical.

The false “channel” divides have long been a hindrance to innovation. For example, we’ve found consistently in our research that young people consider online peer reviews one of the best things about shopping virtually. Yet it has taken retailers years to bring this effective tactic to the store experience. The idea of separate retail channels also explains why traditional checkout remains the status quo (despite consistent consumer research showing shoppers rank the time waste of checkout as one of the most despised and frustrating aspects of traditional shopping).

The delays in innovation can also be blamed on an outdated mindset. In-store “digital encounters” require fresh thinking, a willingness to adapt to the demands of an “Omni-channel” world and the dismantling of the stubborn and staid “channel mindset.” The store is and will always be, the only place where all the channels come together at once.

To move forward, we need new language—a new way of defining the store. The Omni-Experience Store. The place where everything anyone has ever talked about as possible within the store of the future—drone ports, real-time customer reviews, cafés, playgrounds, “maker” studios, showroom merchandising, etc.—can finally happen, all at once.

This kind of mind shift allows retailers to create “digital encounters” as a natural part of the physical shopping experience, not as a disruption to it.

The Omni-Experience Store:
Is where commerce and consumers can finally slow down

Ironically, the Omni-Experience Store makes it easier to bring innovations to the store—fast. But often the goal of this obsession with being first to market isn't to speed the shopping experience up, but to slow it down. The reason for "digital encounters" is the opposite of speed: It's about getting people to take time to experience the brand at its best. It's the place where a consumer can slow down—where a brand can finally build loyalty and parse out individual shopper preferences.

Requires new forms of measurement

In the old "Omni-channel" world, each division, store and e-commerce, were measured separately. That kind of measurement divide simply doesn't work anymore. The e-commerce channel and the store channel should be combined and measured as one single unit. Additionally, the success of a store should no longer be measured by sales-per-square foot alone. It's time to measure dwell times, too. The goal, after all, for any retail space is to get the shopper there, and then ideally "hanging out" with a brand as a part of their everyday lifestyle and identity. To create affinity for the brand—affinity that might end up as purchase intent while surfing the brand's Instagram site later.

Has little or no classic inventory

It's a zone for experiences instead. It's where you can scan what you want and then swing around a drive-thru on your way home after enjoying coffee with a friend inside a store café. Yes, the tactile function of the store remains critical, but it's no longer about overstuffed shelves. Edited assortments. Curated style. Moment of truth experiences. This is what consumers want inside the store of the future.

Allows for failure

With such a dizzying array of innovations, what deserves capital investment now? No one really knows what will catch on. Consumers and consumer tastes constantly change. The only sure bet is many innovations will fail and some expected to be total duds will surprise us all and become the next big thing. To prepare for the store of the future, retailers should strive to construct fluid store spaces. It's probably not a bad idea to add a few hundred square-feet of space in your back parking lot to adjust and build-out later.

Is mixed-use within mixed-use

In the East End of London, there's an innovative retail store known by many names—a reflection of the many mixed uses going on within the single retail space. It's known as Neville & Cheeky, but it's also known as Barber & Parlour and Electric Cinema. This expansive yet small store offers a mix of services, products and entertainment. It's a barber shop, a bookstore, a coffee shop, a specialty apparel retailer—oh, and a 45-seat movie theatre. That's one way to do mixed-used within a mixed-used space. Instead of trying to make a profit from one single day-part, or one social-economic or gender demo, or by fulfilling one specific want a consumer has, the store serves many wants and needs simultaneously.

JOHN BAJOREK

SR. VICE PRESIDENT, BRAND, STRATEGY & DESIGN

John directs a multi-disciplinary team of strategy and design professionals who create retail solutions for domestic and international client brands. His thorough understanding of shopper experience begins with insights and strategy, and continues through branding and a holistic approach to 360 marketing, retail environments and the spectrum of digital touch points including online, mobile, in-store and social media.

He has over two decades of experience directing business and marketing strategies for consumer goods, retail, technology, and financial services companies.

top 100 retailers 2016

Annual ranking of the nation's largest retail companies

Amid a transformed and disruptive retail landscape, Wal-Mart Stores still dominates, far outdistancing other retailers in revenue and net income.

But the days are long gone when Walmart could take its preeminence for granted. Like many of the other brick-and-mortar retailers featured on *Chain Store Age*'s annual Top 100 ranking, Walmart has adopted an offensive corporate strategy to maintain its leadership — and relevance — in a digital age.

The discounter has been investing heavily in its online operations and it shows no signs of stopping, committing to a total of $2 billion in e-commerce technology and infrastructure improvements in 2016 and 2017. Walmart has added a number of features to compete more aggressively with Amazon and other online competitors, and it continues to up the ante. The company recently signed a $3 billion deal to acquire online retail start-up Jet.com.

Similar to Walmart, many of the other Top 100 retailers are fine-tuning their strategies — from their real estate portfolio to their product offerings — to better compete in a digital age. With the ascendance of omnichannel retail, companies continue to invest in the infrastructure and talent to provide a seamless and consistent shopping experience.

RANKINGS: For all the retail disruption, the Top 100 rankings have remained fairly consistent in recent years. Only one online pure player — Amazon — made the list, and even Amazon isn't really pure play anymore, having opened a bookstore in Seattle last fall, with more in the works.

The biggest movement on the list has largely been a result of mergers and acquisitions or, in some cases, bankruptcy. Family Dollar does not appear on this year's list, having been acquired by Dollar Tree. Neither does The Sports Authority, which decided to close its 450-plus stores after it was able to secure a buyer.

At press time, Walgreens Boots Alliance was still waiting for the Federal Trade Commission to approve its $17 billion acquisition of Rite Aid. And Supervalu's spin-off of its discount banner, Save-A-Lot, was inching closer to completion.

METHODOLOGY: The annual Top 100 ranks companies by annual revenues as reported in each firm's most recently concluded fiscal year. The numbers for privately owned companies that do not release annual reports and or financial statements are estimates based on independently published reports and *CSA* research.

The metrics given for the Top 100 include annual revenue, net income and store count. For retailers based in North America, the information reflects the company's total global store network (except where otherwise noted.)

For foreign-based companies, such as Ikea, only the metrics of the retailer's North America division are included (except where noted.)

For companies that also operate businesses outside of retail, such as AT&T, only the metrics that reflect the retail segment are included.

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
1	**Wal-Mart Stores** Bentonville, Ark. 1/30/2016 www.walmart.com	482,130,000	485,651,000	14,690,000	16,182,000	11,530	11,453
2	**Costco Wholesale Corp.** Issaquah, Wash. 8/30/2015 www.costco.com	113,666,000	110,212,000	2,377,000	2,058,000	686	663
3	**The Kroger Co.** Cincinnati 1/30/2016 www.kroger.com	109,830,000	108,465,000	2,039,000	1,728,000	2,778	2,625
4	**Amazon.com, Inc.** Seattle 12/31/2015 www.amazon.com	107,006,000	88,988,000	596,000	-241,000	1	DNA

Source: Company reports unless otherwise noted
DNA: Does not apply

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
5	**The Home Depot** Atlanta 2/1/2015 www.homedepot.com	88,519,000	83,176,000	7,009,000	6,345,000	2,274	2,269
6	**Walgreens Boots Alliance** RM Deerfield, Ill. 8/31/2015 www.walgreens.com	80,974,000	76,392,000	3,890,000	4,194,000	8,173	8,309
7	**Target Corp.** Minneapolis 1/31/2015 www.targetstores.com	73,785,000	72,618,000	3,363,000	-1,636,000	1,797	1,790
8	**CVS Health** Woonsocket, R.I. 12/31/2015 info.cvscaremark.com	72,007,000	67,798,000	7,130,000	6,762,000	9,600	7,866
9	**Lowe's Cos. Inc.** Mooresville, N.C. 1/30/2016 www.lowes.com	59,074,000	56,223,000	2,546,000	2,698,000	1,855	1,840
10	**Albertsons** E Boise, Idaho 2/26/2016 www.albertsons.com	58,734,000	57,000,000	NA	-385,000	2,271	1,075
11	**Best Buy Co.** Richfield, Minn. 1/31/2016 www.bestbuy.com	39,528,000	40,339,000	897,000	1,233,000	1,631	1,731
12	**Alimentation Couche-Tard** Laval, Quebec 4/24/2016 www.couche-tard.com	34,144,000	34,529,000	1,193,700	933,500	12,000	10,078
13	**Publix Super Markets** Lakeland, Fla. 12/26/2015 www.publix.com	32,362,579	30,559,505	1,965,048	1,735,308	1,114	1,095
14	**The TJX Cos.** Framingham, Mass. 1/31/2015 www.tjx.com	30,945,000	29,078,000	2,278	2,215,000	3,614	3,395
15	**Rite Aid Corp.** Camp Hill, Pa. 2/28/2015 www.riteaid.com	30,736,657	26,528,377	165,465	2,109,173	4,561	4,570
16	**Macy's Inc.** Cincinnati 1/31/2015 www.macys.com	27,079,000	28,105,000	1,072,000	1,526,000	870	823

Source: Company reports unless otherwise noted
E: Estimate; **NA:** Not available; **R:** Retail pharmacy segment only; **M:** Walgreens merged with Alliance Boots in December 2015; store count is for U.S. only

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
17	**Sears Holdings Corp.** Hoffman Estates, Ill. 1/31/2015 www.searsholdings.com	25,146,000	31,198,000	-1,129,000	-1,682,000	1,672	1,725
18	**Ahold USA** Chantilly, Va. 12/28/2015 www.ahold.com	23,732,000	21,482,400	940,000	810,656	781	768
19	**H-E-B Grocery** E San Antonio 10/31/2015 www.heb.com (estimate from Hoovers)	23,631,425	22,600,000	NA	NA	370+	363
20	**Pilot Flying J** E Knoxville, Tenn. 12/31/2015 www.pilotflyingj.com	22,940,000	32,090,000	NA	NA	650+	650
21	**Apple Inc.** ER Cupertino, Calif. 9/26/2015 www.investor.apple.com	22,000,000+	21,462,000	NA	NA	463	437
22	**Staples** Framingham, Mass 1/31/2015 www.staples.com	21,100,000	22,492,360	379,000	134,526	1,907	1,983
23	**Dollar General Corp.** Goodlettsville, Tenn. 1/29/2016 www.dollargeneral.com	20,368,600	18,909,600	1,165,100	1,065,300	12,483	11,879
24	**Kohl's Corp.** Menomonee Falls, Wis. 1/30/2016 www.kohlscorporation.com	19,204,000	19,023,000	673,000	867,000	1,164	1,162
25	**Starbucks Corp.** Seattle 9/27/2015 www.starbucks.com	19,162,700	16,447,800	2,757,400	2,068,100	23,043	21,366
26	**Delhaize America** Salisbury, N.C. 12/31/2015 www.delhaizegroup.com	17,794,000	17,748,000	710,000	720,000	1,288	1,295
27	**Supervalu** Eden Prairie, Minn. 2/27/2016 www.supervalu.com	17,529,000	17,917,000	178,000	192,000	3,588	3,561
28	**Verizon Wireless** ER Basking Ridge, N.J. 12/31/2015 www. verizonwireless.com	16,924,000	15,016,000	NA	NA	1,700+	1,700+

Source: Company reports unless otherwise noted
E: Estimate; **R:** Retail sales only; **NA:** Not available

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
29	**Meijer** [E] Grand Rapids, Mich. 1/31/2016 www.meijer.com	16,100,000	15,700,000	NA	NA	226	204
30	**Gap Inc.** San Francisco, Calif. 1/30/2016 www.gap.com	15,797,000	16,435,000	920,000	1,262,000	3,721	3,709
31	**Wakefern Food Corp.** Keasbey, N.J. 10/3/2015 www.shoprite.com	15,700,000	14,700,000	NA	NA	260	302
32	**Dollar Tree** [M] Chesapeake, Va. 1/30/2016 www.dollartree.com	15,498,400	8,602,200	282,400	599,200	13,851	5,367
33	**Whole Foods Market** Austin, Texas 9/27/2015 www.wholefoodsmarket.com	15,389,000	14,194,000	536,000	579,000	431	399
34	**Office Depot** Boca Raton, Fla. 12/26/2015 www.officedepot.com	14,485,000	16,096,000	8,000	-354,000	1,834	1,891
35	**BJ's Wholesale Club** [E] Westborough, Mass. 1/31/2016 www.bjs.com	14,406,000	12,000,000	NA	NA	210+	205+
36	**Nordstrom** Seattle 1/30/2016 www.nordstrom.com	14,095,000	13,110,000	600,000	720,000	323	292
37	**7-Eleven (U.S. & Canada)** [E] Dallas 12/31/2015 www.7-eleven.com	13,957,000	11,625,000	NA	NA	10,700	8,154
38	**AT&T Wireless** [ER] Dallas 12/31/2015 www.att.com	13,868,000	12,960,000	NA	NA	2,200+	2,200+
39	**Trader Joe's** [E] Monrovia, Calif. 6/30/2016 www.traderjoes.com	13,087,180	13,000,000	NA	NA	460	450
40	**J.C. Penney Co.** Plano, Texas 1/30/2016 www.jcpenney.com	12,625,000	12,257,000	-315,000	-778,000	1,021	1,062

Source: Company reports unless otherwise noted
E: Estimate; **NA:** Not available; **R:** Retail sales only; **M:** Results reflect Dollar Tree's acquisition of Family Dollar in July 2015

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
41	**L Brands Inc.** Columbus, Ohio 1/30/2016 www.lb.com	12,154,000	11,454,000	1,184,000	1,042,000	3,005	2,969
42	**Bed Bath & Beyond Inc.** Union, N.J. 2/27/2016 www.bedbathandbeyond.com	12,103,887	11,881,176	841,489	957,474	1,530	1,513
43	**Ross Stores** Dublin, Calif. 1/30/2016 www.rossstores.com	11,939,999	11,041,677	1,020,661	924,724	1,446	1,362
44	**Toys "R" Us** E Wayne, N.J. 1/30/2016 www.toysrusinc.com	11,802,000	12,361,000	-130,000	-292,000	1,620	1,814
45	**The Sherwin-Williams Co.** Cleveland 12/31/2015 www.sherwin-williams.com	11,339,304	11,129,533	1,053,849	865,887	4,086	4,003
46	**Hudson's Bay Company** F Toronto, Ontario 1/30/16 www.hbc.com	11,162,000	8,169,000	387,000	233,000	461	399
47	**Southeastern Grocers** C Jacksonville, Fla. 12/31/2015 www.bi-lo.com	11,000,000	11,500,000	NA	NA	756	802
48	**Aldi Inc.** E Batavia, Ill. 12/31/2015 www.aldi.us	11,000,000	10,100,000	NA	NA	1,495	1,375
49	**Autozone** Memphis, Tenn. 8/29/2015 www.autozone.com	10,200,000	9,475,313	1,200,000	1,069,744	5,141	5,391
50	**Advance Auto Parts** Roanoke, Va. 1/2/2016 www.advanceautoparts.com	9,737,018	9,843,861	473,398	493,825	5,293	5,372
51	**Giant Eagle Inc.** E Pittsburgh 6/30/2015 www.gianteagle.com	9,500,000	9,600,000	NA	NA	415	436
52	**GameStop Corp.** Grapevine, Texas 1/30/2016 www.gamestop.com	9,363,800	9,296,000	402,800	393,100	7,117	6,690

Source: Company reports unless otherwise noted

E: Estimate; **NA:** Not available; **C:** Southeastern Grocers was formerly called Bi-Lo Holdings; **F:** Financial metrics in Canadian dollars

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
53	**Hy-Vee** West Des Moines, Iowa 9/30/2015 www.hy-vee.com	9,300,000	8,700,000	NA	NA	240	236
54	**Quik Trip** E Tulsa, Okla. 4/30/2016 www.quiktrip.com	9,140,000	11,500,000	NA	NA	700+	700+
55	**Wawa** E Wawa, Pa. 12/31/2015 www.wawa.com	8,890,000	9,300,000	NA	NA	721	680
56	**QVC** West Chester, Pa. 12/31/2015 www.qvc.com	8,743,000	8,801,000	628,000	594,000	4	4
57	**Menards** E Eau Claire, Wis. 1/30/2015 www.menards.com	8,710,000	8,300,000	NA	NA	280+	280+
58	**eBay Inc.** San Jose, Calif. 12/31/2015 www.ebay.com	8,592,000	8,790,000	1,947	865	DNA	DNA
59	**Army & Airforce Exchange Service** Dallas 1/31/2016 www.aafes.com	8,500,000	7,834,262	402,000	259,135	2,500	2,440
60	**Cumberland Farms** E Framingham, Mass. 9/30/2015 www.cumberlandfarms.com	8,020,000	8,000,000	NA	NA	600	881
61	**O'Reilly Automotive** Springfield, Mo. 12/31/2015 www.oreillyauto.com	7,966,674	7,216,081	931,216	778,182	4,571	4,366
62	**Wegmans Food Markets** Rochester, N.Y. 12/31/15 www.wegmans.com	7,900,000	7,400,000	NA	NA	90+	85
63	**Racetrac Petroleum** E Atlanta 4/30/16 www.racetrac.com	7,500,000	8,400,000	NA	NA	400+	365
64	**Foot Locker** New York City 1/30/2016 www.footlocker.com	7,412,000	7,151,000	541,000	520,000	3,383	3,423

Source: Company reports unless otherwise noted
E: Estimate; **NA:** Not available; **DNA:** Does not apply

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
65	**Dick's Sporting Goods** Coraopolis, Pa. 1/30/2016 www.dickssportinggoods.com	7,270,965	6,814,479	330,391	344,198	741	694
66	**Casey's General Stores** Ankeny, Iowa 4/30/2016 www.caseys.com	7,122,086	7,767,216	225,982	180,628	1,931	1,878
67	**PetSmart** E Phoenix 1/31/2016 www.petsmart.com	6,916,630	6,262,624	NA	426,136	1,466	1,404
68	**Sheetz** E Altoona, Pa. 9/30/2015 www.sheetz.com	6,900,000	6,400,000	NA	NA	500+	487
69	**Dillard's** Little Rock, Ark. 1/30/2016 www.dillards.com	6,595,626	6,621,054	269,370	331,853	297	297
70	**Signet Jewelers Ltd.** Hamilton, Bermuda 1/30/2016 www.signetjewelers.com	6,550,200	5,736,300	467,900	381,300	3,625	3,579
71	**WinCo Foods** E Boise, Idaho 3/31/2016 www.wincofoods.com	6,300,000	6,000,000	NA	NA	107	99
72	**Tractor Supply Co.** Brentwood, Tenn. 12/26/2015 www.tractorsupply.com	6,226,507	5,711,715	410,395	370,885	1,488	1,382
73	**IKEA North America** Conshohocken, Pa. 8/31/2015 www.ikea.com/us/en/	6,131,958	5,646,370	NA	NA	52	51
74	**Defense Commissary Agency** Fort Lee, Va. 9/30/2015 www.commissaries.com	5,500,000	6,000,000	NA	NA	240	242
75	**Big Lots Inc.** Columbus, Ohio 1/31/2016 www.biglots.com	5,190,582	5,177,078	142,873	114,276	1,449	1,460
76	**Burlington Coat Factory** Burlington, N.J. 1/31/2016 www.burlingtoncoatfactory.com	5,129,843	4,849,634	150,482	65,955	567	542

Source: Company reports unless otherwise noted
E: Estimate; **NA:** Not available; **R:** Retail sales only

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
77	**Neiman Marcus** Dallas 8/1/2015 www.neimanmarcus.com	5,095,087	4,840,000	14,949	-147,180	86	81
78	**Williams-Sonoma** San Francisco 1/31/2016 www.williams-sonoma.com	4,976,090	4,698,719	310,068	308,854	618	601
79	**Michaels Stores** Irving, Texas 1/30/2016 www.michaels.com	4,912,782	4,738,000	362,912	217,395	1,313	1,288
80	**Ascena Retail Group** Mahwah, N.J. 7/25/2015 www.ascenaretail.com	4,802,900	4,790,600	-234,900	133,400	3,895	3,896
81	**Sephora US** Paris 12/31/2015 www.lvmh.com	4,757,143	4,037,649	NA	NA	860**	790**
82	**Academy Sports & Outdoors** Katy, Texas 2/29/2016 www.academy.com	4,600,000	4,000,000	NA	NA	200	190
83	**Luxottica Group** R Port Washington, N.Y. 12/31/2015 www.luxottica.com	4,590,800	4,577,300	NA	NA	4,560+	4,631
84	**Save Mart Supermarkets** E Modesto, Calif. 12/28/2015 www.savemart.com	4,500,000	4,300,000	NA	NA	213	218
85	**Bass Pro Shops** E Springfield, Mo. 12/31/2015 www.basspro.com	4,450,000	4,200,000	NA	NA	92	89
86	**Coach** New York City 7/2/2016 www.coach.com	4,491,800	4,190,000	460,500	402,400	1,029	1,019
87	**Belk** E Charlotte, N.C. 1/31/2015 www.belk.com	4,199,971	4,109,561	NA	146,062	296	297
88	**Barnes & Noble** New York City 4/30/2016 www.barnesandnoble.com	4,163,844	4,297,108	-24,446	36,596	640	648

Source: Company reports unless otherwise noted
E: Estimate; **NA:** Not available; ** Includes in-store shops at J.C. Penney; **R:** Retail stores only

Rank	Company / Fiscal Yearend	2015 Revenue [000]	2014 Revenue [000]	2015 Net Income [000]	2014 Net Income [000]	2015 Store Count	2014 Store Count
89	**Stater Bros. Markets** [E] San Bernardino, Calif. 9/28/2015 www.staterbros.com	4,150,000	3,950,000	NA	NA	168	167
90	**Tiffany & Co.** New York City 1/31/2016 www.tiffany.com	4,104,900	4,249,913	463,900	484,179	307	295
91	**Cabela's Inc.** Sidney, Neb. 1/2/2016 www.cabelas.com	3,997,702	3,647,650	189,330	201,715	77	64
92	**Ulta Cosmetics** Bolingbrook, Ill. 1/30/2016 www.ulta.com	3,924,116	3,241,369	320,008	257,135	874	774
93	**Ingles Markets** Black Mountain, N.C. 9/26/2015 www.ingles-markets.com	3,778,644	3,835,986	59,353	51,426	201	202
94	**Sunoco** Philadelphia 12/31/2015 www.sunoco.com	3,700,000	1,300,000	101,184	183,605	900	175
95	**HSN Inc.** St. Petersburg, Fla. 12/31/2015 www.hsn.com	3,690,575	3,587,995	169,239	172,980	5	5
96	**American Eagle Outfitters** Pittsburgh 1/30/2016 www.ae.com	3,521,848	3,282,867	218,138	80,322	1,047	1,056
97	**Abercrombie & Fitch Co.** New Albany, Ohio 1/30/2016 www.abercrombie.com	3,518,680	3,744,030	35,576	51,821	932	969
98	**Tailored Brands (formerly Men's Warehouse)** Fremont, Calif. 1/30/2016 www.tailoredbrands.com	3,496,300	3,252,500	-1,026.7	-387,000	1,724	1,758
99	**Urban Outfitters** Philadelphia 12/31/2016 www.urbanoutfitters.com	3,445,134	3,323,077	222,489	232,428	572	544
100	**Price Chopper/Golub Corp.** [E] Schenectady, N.Y. 4/30/2016 www.pricechopper.com	3,400,000	3,480,000	NA	NA	135	135

Source: Company reports unless otherwise noted
E: Estimate; **NA:** Not available

Company Index

Company / Fiscal Yearend	2015 Revenue [000]	Rank
7-Eleven	13,957,000	37
Abercrombie & Fitch Co.	3,518,680	97
Academy Sports & Outdoors	4,600,000	82
Advance Auto Parts	9,737,018	50
Ahold USA	23,732,000	18
Albertsons	58,734,000	10
Aldi Inc.	11,000,000	48
Alimentation Couche-Tard	34,144,000	12
Amazon.com, Inc.	107,006,000	4
American Eagle Outfitters	3,521,848	96
Apple Inc.	22,000,000+	21
Army & Airforce Exchange Service	8,500,000	59
Ascena Retail Group	4,802,900	80
AT&T Wireless	13,868,000	38
Autozone	10,200,000	49
Barnes & Noble	4,163,844	88
Bass Pro Shops	4,450,000	85
Bed Bath & Beyond Inc.	12,103,887	42
Belk	4,199,971	87
Best Buy Co.	39,528,000	11
Big Lots Inc.	5,190,582	75
BJ's Wholesale Club	14,406,000	35
Burlington Coat Factory	5,129,843	76
Cabela's Inc.	3,997,702	91
Casey's General Stores	7,122,086	66
Coach	4,491,800	86
Costco Wholesale Corp.	113,666,000	2
Cumberland Farms	8,020,000	60
CVS Health	72,007,000	8
Defense Commissary Agency	5,500,000	74
Delhaize America	17,794,000	26
Dick's Sporting Goods	7,270,965	65
Dillard's	6,595,626	69
Dollar General Corp.	20,368,600	23
Dollar Tree	15,498,400	32
eBay Inc.	8,592,000	58
Foot Locker	7,412,000	64
GameStop Corp.	9,363,800	52
Gap Inc.	15,797,000	30
Giant Eagle Inc.	9,500,000	51
H-E-B Grocery	23,631,425	19
HSN Inc.	3,690,575	95
Hudson's Bay Company	11,162,000	46
Hy-Vee	9,300,000	53
IKEA North America	6,131,958	73
Ingles Markets	3,778,644	93
J.C. Penney Co.	12,625,000	40
Kohl's Corp.	19,204,000	24
L Brands Inc.	12,154,000	41
Lowe's Cos. Inc.	59,074,000	9

Company / Fiscal Yearend	2015 Revenue [000]	Rank
Luxottica Group	4,590,800	83
Macy's Inc.	27,079,000	16
Meijer	16,100,000	29
Menards	8,710,000	57
Michaels Stores	4,912,782	79
Neiman Marcus	5,095,087	77
Nordstrom	14,095,000	36
O'Reilly Automotive	7,966,674	61
Office Depot	14,485,000	34
PetSmart	6,916,630	67
Pilot Flying J	22,940,000	20
Price Chopper/Golub Corp.	3,400,000	100
Publix Super Markets	32,362,579	13
Quik Trip	9,140,000	54
QVC	8,743,000	56
Racetrac Petroleum	7,500,000	63
Rite Aid Corp.	30,736,657	15
Ross Stores	11,939,999	43
Save Mart Supermarkets	4,500,000	84
Sears Holdings Corp.	25,146,000	17
Sephora US	4,757,143	81
Sheetz	6,900,000	68
Signet Jewelers Ltd.	6,550,200	70
Southeastern Grocers	11,000,000	47
Staples	21,100,000	22
Starbucks Corp.	19,162,700	25
Stater Bros. Markets	4,150,000	89
Sunoco	3,700,000	94
Supervalu	17,529,000	27
Tailored Brands (formerly Men's Warehouse)	3,496,300	98
Target Corp.	73,785,000	7
The Home Depot	88,519,000	5
The Kroger Co.	109,830,000	3
The Sherwin-Williams Co.	11,339,304	45
The TJX Cos.	30,945,000	14
Tiffany & Co.	4,104,900	90
Toys "R" Us	11,802,000	44
Tractor Supply Co.	6,226,507	72
Trader Joe's	13,087,180	39
Ulta Cosmetics	3,924,116	92
Urban Outfitters	3,445,134	99
Verizon Wireless	16,924,000	28
Wakefern Food Corp.	15,700,000	31
Wal-Mart Stores	482,130,000	1
Walgreens Boots Alliance	80,974,000	6
Wawa	8,890,000	55
Wegmans Food Markets	7,900,000	62
Whole Foods Market	15,389,000	33
Williams-Sonoma	4,976,090	78
WinCo Foods	6,300,000	71

We help create meaning within consumer culture, by innovating where online and offline converge, identifying cultural and demographic shifts that represent growth opportunities for brands.

WD's mission is to drive and shape the future of customer experience. Since our founding, our passion has been in solving our clients' challenges and anticipating their future needs. We are customer fanatics that pride ourselves on being on the forefront of retail disruption. WD's integrated services include: strategy & insights, brand & design, digital services and architecture & engineering. Our success boils down to the courageous collaboration between our clients and WD associates, and the shared desire to bring best-in-class customer experiences and execution.

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CHAIN STORE AGE
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Chain Store Age is the leading media source for retail headquarters management.

CSA is a multimedia platform whose reach extends across the entire spectrum of the industry, from department stores and discounters to supermarkets and softlines/hardlines specialty stores to multi-site restaurants and shopping center developers.

A trusted source of news and analysis for more than 80 years, CSA reports on and analyzes trends and strategies in all areas of store operations and development, including technology, omnichannel, finance, store design and construction, marketing, human resources, facilities management and real estate.

Online, chainstoreage.com covers the retail industry 24/7, with news updates, breaking news alerts, multimedia, white papers, expert analysis, category-specific newsletters — including StoreSpaces and OnSite — and a daily news roundup, DayBreaker, along with a weekend review.

CSA produces the annual SPECS Conference, the industry's premier event dedicated to store planning and design, construction and facilities management (specsshow.com). It also produces X/SPECS, a senior-level business development and networking event. Formerly called Executive SPECS, the event has been rebranded to reflect the evolution of physical stores and the role that technology and innovation play in transforming the customer experience.