BAIN & COMPANY

Issue 2 | 2015–2016

BAIN RETAIL HOLIDAY NEWSLETTER

'TIS THE SEASON FOR FREE SHIPPING

By Darrell Rigby, Erika Serow, Suzanne Tager and Kim Borchert

With every holiday season, customers' expectations for free and fast delivery increase, and traditional retailers must raise their standards yet again to stay relevant. This year, retailers also face the challenge of providing shoppers with a good fulfillment experience, one that is flexible, reliable and seamless. In this issue, we examine what we're calling the "fulfillment frenzy." In particular, we look at how retailers—including grocers—are modernizing their supply chains in response to consumers' demands; and we look at the questions they need to ask to prioritize these pricey investments.

Macroeconomic indicators remain favorable, but third-quarter results are mixed

Recent macroeconomic indicators suggest consumers continue to have money to spend:

- Disposable personal income was up 2.7% in September compared with last year. Moreover, that growth was much stronger than the year-over-year growth last September of just 0.4%.
- Unemployment continued to fall in October as US employers added 271,000 jobs. The unemployment rate fell to 5%, the lowest rate since 2008 and close to what many consider to be full employment. This news came after slower-than-expected job creation for September, which was reflected in a weaker Consumer Confidence Index last month.
- October was one of the strongest months for the stock market in the last four years. The S&P 500 Index was up 8.3% in October over September.

Despite these positive factors, sluggish sales momentum and mixed third-quarter results may temper holiday sales growth:

- The Census Bureau reported 3.2% year-over-year growth in October retail sales, down from last year's 4.6%, driven by softer sales in select categories including electronics and general merchandise.[1] Consumers continue to spend more outside traditional retail sectors. Sales of motor vehicles, for example, were up nearly 6%, and restaurants sales grew almost 7%.

- In the last week, disappointing earnings reports from select retailers—among them, department stores (Nordstrom, Macy's) and specialty players (Gap and Urban Outfitters)—have driven down retail stocks, as investors fear lower-than-expected third quarter results may translate into weak holiday sales. Despite this anxiety, growth in certain sectors, including off-price (TJX), home improvement (Home Depot, Lowes), and e-commerce (Amazon.com), exceeded analyst expectations. Mass merchandisers (Target, Walmart) and more value-oriented department stores (Kohl's) also reported improved earnings, confirming their outlook for the year.

While the gifting tradition is alive and well and shoppers have money to spend, they have been hesitant to open their wallets to date. With Thanksgiving only a week away, we expect to see retailers turn to promotions—lots of them—to clear out excess inventory and push holiday merchandise. The success of these efforts will determine if the season lives up to its potential or if lackluster momentum prevails.

Online shoppers are finishing their holiday shopping faster

This year, Bain has partnered with Vision Critical to follow a panel of consumers as they shop for the holidays.[2,3] We've segmented our panel into three groups based on their channel preferences:

- "Sticklers for stores": 30% of our panelists are loyal to shopping the traditional way, making more than 80% of their purchases in stores. Not surprisingly, this group wants to see and touch products before buying them, and shoppers tend to be older than those in other segments.

- Omnichannel shoppers: 60% of our survey respondents regularly shop both in stores and online. These shoppers are more likely to buy purchases online and pick them up in-store this holiday—nearly 50% recall taking advantage of this program in the last year.

- "Online fanatics": 10% of our shoppers make more than 80% of their purchases online, largely to avoid the hassle of the store and for the convenience of delivery. Of this group, 40% are millennials, and 50% are Amazon Prime members.

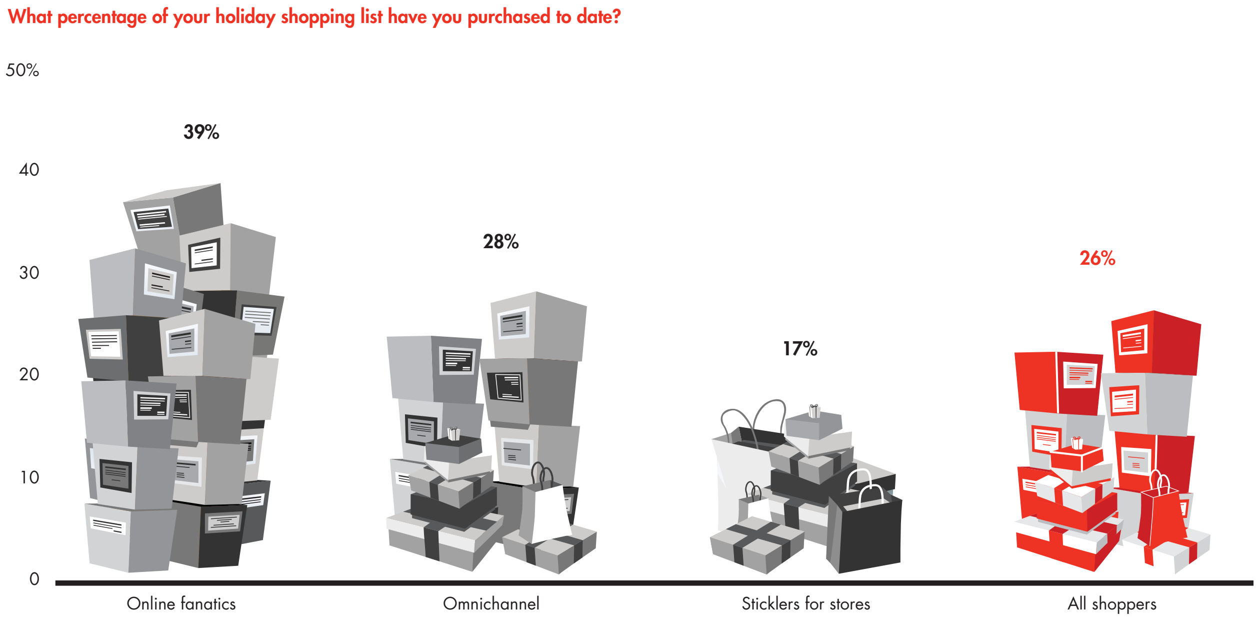
To date, more than 75% of our panelists have kicked off their holiday shopping *(see Figure 1)*. Interestingly, "online fanatics" over-index on early-bird behavior: They've already completed more than two times as much holiday shopping as their more traditional counterparts.

1 Retail sales include North American Industry Classification System (NAICS) categories 442 (furniture and home furnishings stores), 443 (electronics and appliance stores), 444 (building materials and garden equipment and supplies dealers), 445 (food and beverage stores), 446 (health and personal care stores), 448 (clothing and clothing accessories stores), 451 (sporting goods, hobby, book and music stores), 452 (general merchandise stores) and 453 (miscellaneous store retailers), and e-commerce and mail-order sales across these categories.

2 Vision Critical (www.visioncritical.com) provides a cloud-based customer intelligence platform that allows companies to build engaged secure communities of customers they can use continuously, across the enterprise, for ongoing, real-time feedback and insight. Vision Critical's Consumer, Retail, & Shopper Insights Consulting Practice used its proprietary national community, Springboard America, to provide longitudinal insight on the consumer holiday shopping journey.

3 Between November 6 and 10, 2015, we surveyed 1,500 consumers representative of the general US population using an interactive online survey. The same group of individuals will be surveyed for subsequent newsletters to provide a longitudinal view.

Figure 1: Percentage of holiday purchases made to date



Note: Sticklers for stores defined as >80% of purchases made in store, online fanatics defined as >80% of purchases online
Source: Vision Critical/Bain customer survey (November 6–10); n=1,452

In upcoming newsletters, we'll continue to report on the groups' shopping progress, spending, channel behavior, best deals and memorable shopping experiences. If there are questions you'd like us to ask our panel, please let us know. We'd love to hear from you.

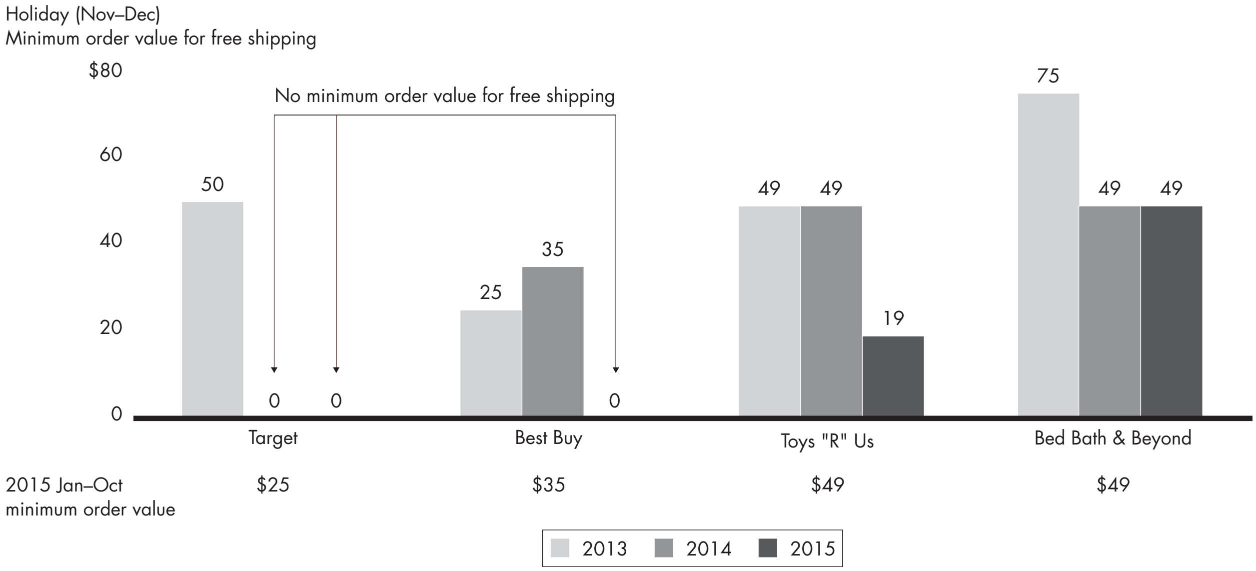
Supply Chain 3.0: The holiday stakes rise from free and fast to "good experience"

UPS and FedEx anticipate double-digit growth in holiday season deliveries this year—UPS alone expects to deliver a whopping 630 million packages between Thanksgiving and New Year's Eve, up from nearly 570 million last year. It wasn't that long ago that retailers were scrambling to develop direct fulfillment capabilities. In short order, though, Amazon shifted the basis of competition to faster delivery at low or no cost to consumers, and retailers have had to invest to keep pace. This holiday season, the fulfillment frenzy continues with unprecedented levels of free-shipping promotions and faster delivery options at record volumes. Now the fulfillment battleground has expanded beyond fast and free to also include customer experience—making the process of getting products to shoppers flexible, reliable and seamless.

The free and fast fulfillment frenzy continues, with stores playing a starring role

Roughly 45 million Americans subscribe to Amazon Prime, most joining for the "free" two-day delivery, according to the Vision Critical/Bain survey. As of early this month, Prime Now, Amazon's one- and two-hour delivery service, is available in 20 cities across the country. Amazon fuels these capabilities by investing in highly automated fulfillment centers that are located closer and closer to customers. In the past year alone, the company built 14 new fulfillment and sortation centers in the United States, bringing its US count to more than 100.

Figure 2: Free-shipping thresholds by retailer, 2013–2015 holiday seasons



Notes: Target lowered year-round minimum order value for free shipping from $50 to $25 in February 2015; additional retailers researched (Walmart, Lowe's, Home Depot) have expanded "buy online, pick up in-store" and "ship to store" capabilities, which likely contribute to steadier minimums over the 2013–2015 time periods; Apple has maintained $0 shipping minimums for holiday 2013–2015
Source: Secondary research

To compete, retailers are being forced to invest. Internet Retailer suggests that 85% of retailers will offer free shipping this holiday season, and a review of free-shipping thresholds suggests that they have dropped over the last two years (see Figure 2). Bain partnered with Quad Analytix to examine how free-shipping offers spike during the holidays.[4] In 2014, the number of promotional emails related to free shipping increased by nearly 40% over the rest of the year as the holidays swung into full gear.

These promotions seem to be working. According to a survey of 7,000 shoppers conducted by the National Retail Federation in October, more than 90% plan to use a free-shipping promotion when shopping for holiday merchandise this year.

Bain also partnered with StellaService, a company that tracks customer-service performance across retailers, to evaluate how standard delivery times have changed over the years.[5] Across 39 major retailers, excluding Amazon, the average number of days for delivery—from order placed to delivered—decreased from 4.7 in 2013 to 4.1 in 2015. At the same time, the percentage of retailers allowing customers to place an online order on or after December 21 for guaranteed Christmas delivery went up from 30% in 2013 to 50% last year.[6]

4 Quad Analytix (quadanalytix.com) provides retailers with market intelligence to inform their business decisions. According to the company, it captures and analyzes product, pricing, placement and promotion data from hundreds of retailers and presents the information in an easy-to-use software-as-a-service application. For this newsletter, Quad Analytix tracked promotional emails from more than 70 retailers across a range of retail sectors, comparing the average number of shipping promotions from November 17 through December 28, 2014, with the average the rest of the year.

5 StellaService (stellaservice.com) measures the performance of retailers' customer service operations. Through a network of mystery shoppers, the company evaluates the performance of retailers' shipping and returns, as well as the speed and quality of customer care provided by phone, email and live-chat agents. The data collected through these daily evaluations are made available through the company's Stella Metrics data platform. This platform enables retailers to measure their own service performance as well as track the performance of competitors and other leading retailers. For this analysis, standard delivery times are defined as the basic, nonexpedited shipping options made available by retailers.

6 Based on Christmas cutoff shipping dates for 23 retailers tracked by StellaService in both 2013 and 2014. Cutoffs are for "standard shipping" options that require no additional payment or minimum basket size to qualify.

Increasingly, omnichannel retailers are competing with Amazon's distribution footprint by tapping into their networks of brick-and-mortar stores. When asked to make a trade-off, consumers generally choose free shipping over fast shipping. But fast from a store costs much less than fast from a fulfillment center, enabling omnichannel retailers to provide both benefits. Target has more than tripled the number of its ship-from-store locations, greatly increasing the likelihood of packages getting to shoppers within two days. At the same time, both Kohl's and Macy's extended ship-from-store fulfillment capabilities to their entire fleet this year *(see Figure 3)*.

Many retailers are also partnering with local crowdsourced delivery services like Deliv, Postmates and Instacart to offer same-day deliveries *(see Figure 4)*, which means they don't have to build their own last-mile capabilities. Delivery is even making inroads into grocery, one of the largest and least digital of all retail sectors. Although penetration rates are still a fraction of those in the United Kingdom (2% to 3% in the United States vs. close to 10% in the UK), retailer investment and third-party partnerships are fueling consumer trial and adoption. Instacart, for example, now partners with Whole Foods on same-day delivery in 54 metropolitan areas. Bain analysis suggests e-commerce growth in the US grocery sector will top 15% annually over the next 5 to 10 years, with penetration reaching close to 4% overall, and north of 10% in dense markets.

Buy online and pick up in-store typically is the most economical fulfillment option for retailers, and one that more retailers are implementing this holiday season. In-store pickup saves retailers additional shipping costs; it also brings shoppers into stores, which often translates into additional purchases. Kohl's rolled out in-store pickup across its 1,100-plus stores this year, up from just 100 stores last year. With 90% of Americans living within 15 minutes of a Walmart store, the company has opted to promote its same-day pickup program this holiday season in lieu of dropping its $50 free-shipping threshold.

Figure 3: Flexible fulfillment capabilities by retailer

Type	Retailer	Number of US stores	Share of same-day "buy online, pickup in-store" enabled stores*	Share of "ship from store" or "deliver from store" enabled stores†	Ability to view in-store availability online
Discount and warehouse	Costco	474	○	◔	✗
	Target	1,799	●	◑	✓
	Walmart	3,900	●	◔	✓
Department	JCPenney	1,060	◑	◑	✓
	Kohl's	1,162	●	●	✓
	Macy's	887	●	●	✓
	Nordstrom	121	●	●	✓
	Sears	1,870	●	◔	✓
Apparel	Gap	1,211	●	●	✓
	Urban Outfitters	179	◔	●	✓
Home improvement	Lowe's	1,840	●	◔	✓
	The Home Depot	2,200	●	◔	✓
Specialty	Apple	268	●	●	✓
	Bed Bath & Beyond	1,500	●	●	✓
	Best Buy	1,050	●	●	✓
	Dick's Sporting Goods	640	●	●	✓
	Toys "R" Us	863	●	●	✓
Grocery	Kroger	2,623	◔	◔	✗
	Whole Foods	411	◔	◔	✗
	Publix	1,109	○	◔	✗

Notes: Walmart includes Supercenters and discount stores; Macy's includes Bloomingdale's; Nordstrom excludes Nordstrom Rack; Sears includes Kmart; Gap includes Banana Republic; Toys "R" Us includes Babies "R" Us
*Same-day pickup orders are subject to availability of items in-store and time of order; exact terms and timing differ by retailer; †Costco, Kroger, Whole Foods and Publix work with third-party partners to deliver online orders; Costco, Kroger and Whole Foods partner with Instacart; Publix partners with Ship't.
Sources: Analyst reports; press releases; company websites

Figure 4: Select third-party delivery partnerships by retailer

Type	Retailer	Known partners	Services offered	Partnership launched	Geographic coverage (number of metro areas)
Discount and warehouse	Costco	Google Express	• Same day • Next day	May 2014	12
		Instacart	• Same day	Sep 2014	15
	Target	Google Express	• Same day • Next day	Mar 2013	5
		Instacart	• Same day	Sep 2015	3
Department	Kohl's	Google Express	• Same day • Next day	Oct 2014	11
		Deliv	• Same day	Sep 2015	8
	Macy's	Deliv	• Same day	Sep 2014	17
Specialty	Apple	Postmates	• Same day	May 2015	1
	Bed Bath & Beyond	Google Express	• Same day • Next day	2014–2015	1
	Best Buy	Deliv	• Same day	Nov 2015	2
	Toys "R" Us	Shoprunner	• Two day	Oct 2010	Nationwide
		Google Express	• Same day • Next day	Mar 2013	12
Grocery	Whole Foods	Instacart	• Same day	Sep 2014	54
		Google Express	• Same day • Next day	Sep 2015	2
	Kroger	Instacart	• Same day	Jun 2014	9

Sources: Analyst reports; press releases; company websites

Grocers are also getting into the buy online and pick up in-store game as a way to offer online convenience without the expense and complexity of chilled and frozen delivery in what is already a low-margin sector. There is no one-size-fits-all strategy here given the realities of cost positions, market and customer dynamics, and retailers' brand positioning; but more holiday shoppers than ever have the option to add groceries to their online baskets. Walmart has expanded click and collect to 23 markets and plans to continue rollout in the coming months. The company currently absorbs the added costs of picking, packing and loading groceries into customers' cars. Peapod, Ahold's online offering, now has both home delivery and pickup at 200 locations. Other grocers, including Kroger and Publix, are starting to outsource pick, pack and last-mile delivery capabilities. It seems US grocers are facing a classic prisoner's dilemma: Playing online will erode margins, but not playing online leaves them vulnerable to share loss to first movers, including entrants like AmazonFresh, Thrive Market and Relay Foods, restaurant-delivery players like UberEATS, Caviar, GrubHub and Seamless, and meal-delivery services including Blue Apron, Plated, and Sakara Life.

Speed and cost don't matter if the customer's experience isn't a good one

The goal for retailers this holiday season is more than fast and low-cost fulfillment. They also have to make the experience flexible, reliable and seamless. That means addressing shoppers' frustrations with high free-shipping thresholds, packages left on doorsteps, yet-to-be-updated tracking links and "we missed you" notifications. This is where traditional retailers can leverage stores to gain a leg up on Amazon.

Omnichannel retailers are actively promoting buy online and pick up in-store. Customers get products quickly and conveniently, typically don't pay a shipping fee and have complete control over the retrieval process. And in-store pickup seems to appeal to shoppers: A recent survey found that nearly 35% have bought online and picked up at a store in the last year. But almost half of those customers reported problems. Imagine this: *You place an* *order online for in-store pickup. You're told your order will be ready within an hour. Two hours later, you haven't heard from the retailer, so you drive to the store. There's no designated pickup area, so you wait in the customer service line. Fifteen minutes later, a confused customer service rep disappears to go look for your order. Another 10 minutes go by. The manager arrives. "Are you sure you selected this store for pickup?" he asks. You nod yes. He makes some calls, but still no order. Then you come up with a suggestion: "Why don't I just go to the aisle and find the product myself?" You find the product but at a higher price. You head back to the manager to cancel your online order and persuade him to ring up your in-store purchase at the online price. After 45 minutes in the store, you finally head home with your product in hand.*

Operational challenges around inventory systems, staffing levels, training, incentives, space and signage for pickups are creating a host of new frustrations for customers this holiday season. Third-party providers, like Curbside, offer consumers an alternate means for ordering and retrieving online purchases and are expanding partnerships with industry stalwarts including Target and Best Buy. Walmart has added pickup department managers in more than 3,500 of its stores to accommodate the large number of buy online and pick up in-store customers anticipated this holiday season.

Even Amazon is taking a lesson from the omnichannel playbook. Concerns about theft, privacy and weather mean customers don't always want packages delivered to their front door. Amazon continues to invest in its Lockers, self-service pickup sites where shoppers can retrieve their orders, expanding from 200 to 300 locations in the last year. The problem for the online retailer is finding and retaining retail partners to house its lockers. In February, Amazon also opened its first staffed pickup and drop-off facility on the campus of Purdue University—a response to the difficulty students in dorms have receiving packages. Since then, the company has expanded to four more universities.

Considerations for retailers moving forward

Investments in modernizing supply chains aren't small. Some retailers, including Target, Walmart and Nordstrom, have committed a significant chunk of their capital plans (from $0.5 billion to $1.5 billion) to the technology, inventory management upgrades and infrastructure needed to fuel digital growth.

Moving forward, the challenge is how best to balance consumers' demands for free, fast, flexible, reliable and seamless fulfillment with real capital and operating expense thresholds. To achieve that balance, retailers are going to have to answer a number of questions:

- *What really matters to our most valuable customers?* Winners will tailor their fulfillment capabilities to the needs of their most valuable segments, prioritizing where to be best in class in service (speed, flexibility, reliability, shipping fees) vs. where to be best in cost internally. What's important is delivering an exceptional experience to the best customers, not rewarding the worst customers.

- *What are the full system economics associated with delivering this strategy?* As omnichannel retailers evaluate the cost of building ship-from-store capabilities vs. building a new warehouse or partnering with a third-party logistics provider, variables like the cost of labor differentials across stores and warehouses, and existing warehouse capacity may start to tip the scale. Also a factor is the trade-off between shipping costs and speed: How quickly can retailers get products to customers for free? Best-in-class operators are also evaluating how inventory congruency across channels can improve the economics of store fulfillment—reducing split shipments and simplifying in-store pickups and returns—and how congruency levels should vary by category. Finally, advanced analytics are key to optimizing costs: demand shaping to steer customers toward lower-cost fulfillment options, predictive inventory placement to better align supply with localized demand, online insights to localize store assortments and dynamic order-fulfillment algorithms to identify in real time when it makes sense to ship centrally vs. locally.

- *How can we adapt store operations to ensure a high-quality customer experience?* Staffing, layout and technology all help stores compete with the efficiencies of large-scale fulfillment centers; they also drive shopper loyalty. Winners this holiday season will balance staff specialization with flexibility at peak times, ensuring optimal service levels for in-store pickup customers. They also will reconfigure space and invest in tools to make pickups and deliveries more convenient and productive while balancing the overall square footage and format type of their stores.

- *What new technology will give us a competitive edge?* Integrated and synchronized systems and technology are required for seamless fulfillment. For example, links among warehouse management systems, inventory systems, planograms, order management systems and POS systems are becoming more complicated but also more essential. And looking forward, innovators must ask, "How can we do this even better?" Radio frequency identification (RFID), microrobotics and other new technologies, for example, can help retailers pick and pack orders in stores more accurately and quickly, which could have a significant impact on the economics of fulfillment. But disruptive technologies—drones, robots and 3-D printing—are also on the horizon. The challenge is to identify what's needed and then to invest in a timely fashion in order to create new sources of competitive advantage.

The countdown to Black Friday is under way

Black Friday is turning into Black November again this holiday season. A number of US retailers promoted Singles Day (11/11) this year, and several have announced early Black Friday sales. Best Buy held a pre–Black Friday sales event on November 7; Sam's Club offered exclusive holiday sales on November 14; and Kmart is hosting Black Wednesday sales throughout November. And early this month, Amazon began offering 30,000 "lightning deals," twice as many as last year.

As online sales become increasingly important on Black Friday, omnichannel retailers will have to decide how to tie their Black Friday promotions into a seamless shopping experience. For example, should online Black Friday deals also be available in stores? And should doorbusters also be available online for pickup in stores?

Looking forward: Future release dates and topics

We wish you all success over the upcoming Thanksgiving shopping weekend. We'll be back soon thereafter to explore all things Amazon, including how perception of the online giant stacks up to reality.

Here's what we're planning for the next few issues:

Issue #3 (early December): Half-time report and "All eyes on Amazon"

Issue #4 (mid-December): Digical® retail and why stores matter

Issue #5 (late January): Holiday recap and 2016 outlook

Please let us know if you have any questions or would like to arrange a follow-up discussion on modernizing retail supply chains, grocery delivery models or other retail topics. We look forward to sharing news of other innovations and strategies with you throughout the holiday season.

SELECTED REFERENCES

Bain & Company has included in this document information and analyses based on the sources referenced below as well as our own research and experience. Bain has not independently verified this information and makes no representation or warranty, express or implied, that such information is accurate or complete. Projected market and financial information, analyses and conclusions contained herein are based (unless sourced otherwise) on the information described above, and Bain's judgments should not be construed as definitive forecasts or guarantees of future performance or results. Neither Bain & Company nor any of its subsidiaries or their respective officers, directors, shareholders, employees or agents accept any responsibility or liability with respect to this document.

Amazon.com. "Prime Now Offers Special Release Night Deliveries Starting at Midnight Eastern of Call of Duty: Black Ops III; Amazon Prime Members Can Skip the Line and Get the Most Anticipated Game of the Year Delivered Right to their Doors." Press release (http://phx.corporate-ir.net/phoenix.zhtml?c=176060&p=irol-newsArticle&ID=2104898), October 30, 2015.

Bachman, Justin. "Do Amazon's Lockers Help Retailers? Depends on What They Sell." Bloomberg Businessweek (http://www.bloomberg.com/bw/articles/2013-09-20/do-amazons-lockers-help-retailers-depends-on-what-they-sell), September 20, 2013.

Bartash, Jeffry. "Soft for Third Month, U.S. Retail Sales Barely Rise in October." MarketWatch (http://www.marketwatch.com/story/soft-for-third-month-us-retail-sales-barely-rise-in-october-2015-11-13), November 13, 2015.

Bauter, Alison. "Kohl's to Pilot Buy Online, Pickup In-store Services This Fall." Milwaukee Biztalk (http://www.bizjournals.com/milwaukee/blog/2014/08/kohls-to-pilot-buy-online-pickup-in-store-services.html), August 15, 2014.

Bayly, Lucy. "Wal-Mart's Secret Weapon in Holiday Shopping War: An Army of Santas." NBC.com (http://www.nbcnews.com/business/business-news/wal-marts-secret-weapon-holiday-shopping-war-army-santas-n456156), November 3, 2015.

Bose, Nandita. "Exclusive: Target Considers Outside Help for Fresh Food Business." Reuters (http://www.reuters.com/article/2015/11/04/us-target-food-idUSKCN0ST1KW20151104#Te4U4VkIGsWYMEzq.97), November 4, 2015.

Bureau of Labor Statistics. "The Employment Situation—October 2015." Press release (http://www.bls.gov/news.release/pdf/empsit.pdf), November 6, 2015.

Enright, Allison. "Amazon Prime Has 44 Million U.S. Customers and They're Increasingly Loyal." Internet Retailer (https://www.internetretailer.com/2015/07/30/loyal-and-growing-amazon-prime-has-44-million-us-customers), July 30, 2015.

Enright, Allison. "Survey: Special Delivery." Internet Retailer (https://www.internetretailer.com/2015/06/02/special-delivery), June 2, 2015.

Federal Reserve Bank of St. Louis. "Real Disposable Personal Income: Per Capita, January 1, 1959–September 1, 2015." Graph (http://research.stlouisfed.org/fred2/graph/?id=A229RX0) (accessed November 13, 2015).

Graham, Meg. “Curbside Expands Drive-up Service to 10 Chicago-area Target Stores.” Blue Sky Innovation (http://www.chicagotribune.com/bluesky/originals/ct-curbside-target-bsi-20151102-story.html), November 2, 2015.

Gustafson, Krystina. “Amazon Doubles Holiday ‘Lightning Deals’ to 30,000.” CNBC.com (http://www.cnbc.com/2015/10/30/amazon-doubles-holiday-lightning-deals-to-30000.html), November 2, 2015.

Guy, Sandra. “UPS expects 10% growth in holiday volume to 630 million packages.” Internet Retailer (https://www.internetretailer.com/2015/10/27/ups-expects-10-growth-holiday-volume-630-million-packages), October 27, 2015.

Halpin, Nancee. “Consumers Run into Trouble with In-store Pickup.” Business Insider (http://www.businessinsider.com/consumers-run-into-trouble-with-in-store-pickup-2015-11), November 5, 2015.

Halter, Nick. “Best Buy Follows Target in Testing Curbside Shopping.” Minneapolis/St. Paul Business Journal (http://www.bizjournals.com/twincities/news/2015/02/19/best-buy-follows-target-in-testing-curbside.html), February 19, 2015.

Hayes, Frank. “Macy’s Ship-from-Store Scales Up to 20,000-Plus Daily Orders.” FierceRetail (http://www.fierceretail.com/story/macys-ship-store-scales-20000-plus-daily-orders/2013-09-24), September 24, 2013.

Instacart. “Whole Foods Market.” https://www.instacart.com/whole-foods (accessed November 17, 2015).

Kapner, Suzanne. “Retailers’ Full Shelves May Force Holiday Discounts.” Wall Street Journal, November 10, 2015.

Layne, Nathan. “Wal-Mart Tweaks Discount Strategy for Holiday Season.” Reuters (http://www.reuters.com/article/2015/10/29/us-wal-mart-strategy-idUSKCN0SN2CK20151029#IK3FL9D5Y591DElJ.97), October 29, 2015.

Leeb, Stephen. “Wal-Mart Fattens Up on Poor America with 25% of U.S. Grocery Sales.” Forbes.com (http://www.forbes.com/sites/greatspeculations/2013/05/20/wal-mart-cleans-up-on-poor-america-with-25-of-u-s-grocery-sales/), May 20, 2013.

Lindner, Matt. “Amazon’s Prime Day Helps Deliver 3 Million Customers.” Internet Retailer (https://www.internetretailer.com/2015/10/20/amazons-prime-day-helps-deliver-3-million-customers), October 20, 2015.

Lugmayr, Luigi. “Kohl’s Black Friday and Thanksgiving Week Kohl’s Cash Deal Announced.” I4U News (http://www.i4u.com/2015/10/95983/kohls-black-friday-and-thanksgiving-week-kohs-cash-deal-announced), October 23, 2015.

McCracken, Harry. “From App to Architecture: How Curbside Designed and Built Its ‘Pickup Pod.’” Fast Company (http://www.fastcompany.com/3049675/tech-forecast/from-app-to-architecture-how-curbside-designed-and-built-its-pickup-pod), August 14, 2015.

McKenna, Judith. “Walmart Continues Focus on Customer Service and Convenience with Plans to Hire 60,000 Seasonal Associates for the Holidays.” http://corporate.walmart.com/_news_/news-archive/2015/09/17/walmart-continues-focus-on-customer-service-and-convenience-with-plans-to-hire-60-000-seasonal-associates-for-the-holidays, September 17, 2015.

Morphy, Erika. “Meet the Uber of the Retail World.” Forbes.com (http://www.forbes.com/sites/erikamorphy/2014/07/19/meet-the-uber-of-the-retail-world/), July 19, 2014.

Nassauer, Sarah. “Wal-Mart to Expand Grocery Pickup Service.” WSJ.com, September 15, 2015.

Nassauer, Sarah. “Wal-Mart Won’t Promote Free-Shipping Deals over Holidays.” WSJ.com, October 29, 2015.

National Retail Federation. “Retailers in for a Very Digital Holiday Season, According to NRF Survey.” Press release (https://nrf.com/media/press-releases/retailers-very-digital-holiday-season-according-nrf-survey), October 20, 2015.

“Peapod Turns 25 This Year, Celebrates Many Firsts.” The Shelby Report (http://www.theshelbyreport.com/2014/10/02/peapod-turns-25-this-year-celebrates-many-firsts/), October 2, 2014.

Rao, Leena. “An Amazon ‘Pick-up’ Store May Be Coming to a College near You.” Fortune.com (http://fortune.com/2015/10/07/amazon-pick-up-college-campuses/), October 7, 2015.

Renfrow, Jacqueline. “88% of Shoppers Prefer Free to Fast Shipping This Holiday Season.” FierceRetail (http://www.fierceretail.com/story/88-shoppers-prefer-free-fast-shipping-holiday-season/2015-09-17), September 17, 2015.

Rommell, Rick. “Kohl’s Moves to Resolve Delivery Troubles for Online Orders.” JSOnline (http://www.jsonline.com/business/kohls-moves-to-resolve-delivery-troubles-for-online-orders-b99214926z1-247587181.html), February 27, 2014.

Schwartz, Nelson D. “Strong Growth in Jobs May Encourage Fed to Raise Rates.” NYTimes.com (http://www.nytimes.com/2015/11/07/business/economy/jobs-report-hiring-unemployment-october.html?_r=2), November 6, 2015.

“Target to Slash Thousands of Jobs, Invest $1 Billion in Supply Chain and Tech.” Apparel (http://apparel.edgl.com/news/target-to-slash-thousands-of-jobs,-invest-$1-billion-in-supply-chain-and-tech98725), March 4, 2015.

Taylor, Glenn. “Retailers Embrace Omnichannel Fulfillment Strategies to Exceed Customer Expectations.” Retail TouchPoints (http://retailtouchpoints.com/features/special-reports/retailers-embrace-omnichannel-fulfillment-strategies-to-exceed-customer-expectations), February 9, 2015.

Taylor, Kate. “Kroger Is Building the Grocery Store of the Future.” Business Insider (http://www.businessinsider.com/krogers-grocery-store-of-the-future-2015-11), November 8, 2015.

The Conference Board. “The Conference Board Consumer Confidence Index Retreats.” Press release (https://www.conference-board.org/data/consumerconfidence.cfm), October 27, 2015.

Tuttle, Brad. “Stores Realize It’s Dumb to Open Earlier and Earlier on Thanksgiving.” Everyday Money (http://time.com/money/4105498/black-friday-thanksgiving-day-hours-sales-2015/), November 10, 2015.

“U.S. Retail Sales Tick Up 0.1% in October.” Dow Jones Business News (http://www.nasdaq.com/article/us-retail-sales-tick-up-01-in-october-20151113-00321#/ixzz3rOMM4LZY), November 13, 2015.

US Census Bureau. “Advance Monthly Sales for Retail and Food Services, October 2015.” News release (http://www.census.gov/retail/marts/www/marts_current.pdf), November 13, 2015.

Verdon, Joan. “Black Friday Expected to Regain Top Shopping Title.” NorthJersey.com (http://www.northjersey.com/news/business/signs-point-to-a-black-friday-comeback-1.1437317), October 21, 2015.

Wahba, Phil. "Nordstrom's Multi-billion Dollar Plan for e-commerce Domination." Fortune.com (http://fortune.com/2015/02/20/nordstrom-ecommerce/), February 20, 2015.

Wahba, Phil. "Target CEO Says Fancier In-store Presentation Is Giving Sales a Major Boost." Fortune.com (http://fortune.com/2015/10/27/target-merchandising/), October 27, 2015.

"Wal-Mart, Others Speed Up Deliveries to Shoppers." ChicagoTribune.com (http://www.chicagotribune.com/business/ct-faster-holiday-deliveries-20151016-story.html), October 16, 2015.

Walmart. "Picking Up Orders with Store Pickup." http://help.walmart.com/app/answers/detail/a_id/281 (accessed November 13, 2015).

Walmart. "Walmart Will Accelerate Investments in e-commerce and Moderate Global Square Footage Growth." Press release (http://corporate.walmart.com/_news_/news-archive/2014/10/15/walmart-will-accelerate-investments-in-e-commerce-and-moderate-global-square-footage-growth), October 15, 2014.

Wingo, Scot. "Inside Amazon's Fulfillment Center Network—2015 Update." ChannelAdvisor Blog (http://www.channeladvisor.com/blog/?pn=scot/inside-amazons-fulfillment-center-network-2015-update), October 19, 2015.

Wu, Susan. "Forrester Research Online Retail Forecast, 2015 to 2020 (US)." Spreadsheet, July 28, 2015.

Yahoo! Finance. "S&P 500: Historical Prices." Table (https://finance.yahoo.com/qhp?s=%5EGSPC+Historical+Prices) (accessed November 13, 2015).