

The Future of Fashion Retail

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The Future of Fashion Retail

Brick-and-mortar stores are small traditional street-side businesses that offer an in-person shopping experience. It is not uncommon for consumers to look back and remember a normalized version of shopping in-person. Shopping is an activity that brings the family together. In American culture “back to school shopping” is a seasonal event that families with children in school look forward to every September. With E-commerce advancements (online buying and selling) enabling the convenience and cost efficiencies of online purchasing, brick-and-mortar stores are closing or changing to meet new needs and expectations of “in-person” transactions. E-commerce allows the consumer to shop in the comfort of their own home as well as save money on transportation, and find a variety of cheaper prices of an item online. However, there are still plenty of physical stores enjoying consumer foot-traffic despite clear aspects of convenience enabled by digital trade. The desire for social interaction is an innate part of what drives actions and decision making. In response to the rapid evolution of e-commerce in the last twenty years, many of today’s retail stores shifted from providing a place to sample and purchase what is “needed” or “wanted,” to a place where consumers can interact and experience aspects of commerce not easily replicated virtually.

The onset of the COVID-19 pandemic in March 2020 significantly altered the ability of most businesses depending on public interaction to operate. In retail, the impact of curfews and social distancing regulations disturbed many businesses' economic income; if they did not have an online website to fall back on, their business may have collapsed due to the pandemic. While

consumers were in a lockdown due to Covid-19, they longed for the opportunity to be outside their cramped homes and in the open again. However, with so many stores closed due to the pandemic, consumers increasingly relied on shopping digitally.

This report documents the rise and advantages of e-commerce as well as its impact on in-person retail and also explores various models suggesting the future of the fashion business. This research will benefit store owners, consumers, fashion designers, and other industry practitioners seeking insight into the vision as well as operational adaptations and innovations that will be needed to ensure success in fashion from now forward.

Retail Commerce - Short History

Commerce began around 9000 BC with trading animals, proper currency exchange in 3000 BC, and retail with a physical store established by 800 BC. In 800 BC local civilians would sell pottery in the city and others would come to shop and socialize (Meyer). The basic model for physical retail has been in practice for centuries around the globe. Retail and commerce was wide-spread from the beginning in the United States since settling. “Mom and Pop” shops first became popular around 1880. “Mom and Pop” retail stores are small family owned businesses that provided general needs for the community and sold everything and from fabrics to home supplies. These small shops were a staple in most communities and still are today. In the late 1850’s-1860’s, department stores were introduced for people who wanted beyond what “Mom and Pop” stores offered. In places like New York City and Chicago, America started to open department stores. Department stores were much larger than your average “Mom and Pop” store and appealed to wealthier consumers, specifically women. Bloomingdales opened in 1861 and began selling the hottest luxury clothing trend, the “hoop skirt.” Department stores did not just

sell items, they provided a social experience. They would provide customer service that attracted customers and influenced them to shop. With the invention of the cash register in 1883, retail sales were able to be tracked and this led to the credit card in the 1920's. This allowed consumers a convenient shopping experience where they no longer had to take money out of the bank.

Around 1922, the first mall opened in Kansas City. Malls provided an all day shopping experience, enabled by multiple stores surrounding each other. Not only can shopping be done in one place, malls offer movie theatres, restaurants and other family oriented activities as well. "By incorporating these kinds of activities into more traditional shopping mall environments, they become more attractive to modern-day shoppers and families" (Softplay).

In the 1960's big box retail was introduced. A big box retailer sells everything a consumer desires all in one store. The first one to open was Walmart, following was Target and Kmart. Big box retail is different from department stores. Big box retail is usually a large chain store that is more focused on the general needs of the consumer; whereas, department stores sell higher end luxury items.

Amazon launched their website in 1994 and was one of the first online retailers. Amazon became the most popular online website and introduced consumers to a new way of shopping. The invention and advancements of digital technology beginning in the 1990's fueled the shift of many retail-based industries to an increasing reliance on online-based business models. The convenience of shopping at home or even on the go from a wide variety of mobile devices has provided unprecedented access to diverse goods and services worldwide (often at highly competitive prices). As a result, the traditional experience of retail shopping has shifted dramatically since the turn of the 21st century resulting in new business models tailored to meet customer needs for both online and in person shopping experience.

Models of Fashion Retail Today

In today's complex market environment, customers can expect a variety of items being sold online as well as in store. In fashion, these items include: makeup, shoes, clothes, and accessories. When stores offer e-commerce options as well as physical outlets, the customer is more likely to find the product they are looking for. For example, if an item is not in-store, it will most likely be available online. The idea of a retail store offering online access is very common today. Even stores like Target and Zara, prevalent in large and regional communities across the U.S., offer e-commerce. It is helpful for a store to offer both physical and online access because of the different advantages that each shopping format provides. In-store shopping allows consumers to try-on, touch, and view an item in person which helps remove the risk of knowing if it will fit or appeal. The advantages of online shopping include the ability to view and purchase a wide range of items from the comfort of your own home (online shopping advantages will be discussed in detail later in this report). Zara and Target both launched their sites in September of 2011. This affirms that the need and desire for online as well as physical retail was becoming "mainstream" around this time. A consumer might go to Zara when they are out shopping for the day at a mall or in a city where there is a Zara location. People mostly go online to shop when they need to order a specific outfit for an event in advance.

The distinct advantages of online shopping have also allowed businesses to flourish as online-only retailers. "E-tailing is the implementation of business processes on the Internet. Electronic commerce (electronic commerce or e-commerce) is the purchase and sale of goods and services, or the transfer of funds or data through an electronic network, mainly the Internet.

E-commerce generally creates a platform for sellers to offer their products or services to consumers” (Raymond).

Two examples of popular e-tailers would be Asos and Revolve. These online-based stores provide convenient outlets to sell a variety of fashion brands to consumers all over the world at a range of prices. They both sell other brands worldwide and ship the items out internationally from their own warehouses. On these stores' websites, shoppers can find the latest trends from lower end to higher end designers. A consumer can find a pair of jeans for \$20 or for \$300 depending on the brand. Asos launched their online store in 2001 and Revolve in 2003.

Revolve thrives as an online-only store devoted to providing online access to designer trends. Revolve was one of the first online retailers to use social media to grow and service its customer base. “Today, Revolve features a mix of designer looks as well as trendy, lower-priced collections. The company continues to thrive thanks in large part to its success on social media — Revolve boasts 3.1 million followers on Instagram and an influencer network of 3,500 people, according to Vogue Business” (Biron). For their business promise of providing access to a large variety of brands, it makes more sense to be online-only.

Asos has a similar story, being one of the biggest UK based online fashion retailers. Not only do they have a large variety of brands like Revolve, the e-tailer has also adapted digital strategies and tools effectively ensuring its marketing success. Its customer support is fast and efficient, their items are clearly organized into different categories (petite, plus size, etc.), and they have a well branded hashtag, “#AsSeenOnMe, ” allowing customers who use the tag to be featured on Asos.com (ContactPigeon). The rise of the e-commerce businesses offering access to smaller or less known brands provides a huge advantage to up and coming designers and

shoppers alike. New brands are always being discovered on these websites and it is great exposure for them; these websites ultimately provide a service to these brands. *Businesswire.com* has a direct quote from Mitch Moseley the CEO of Alliance Apparel Group that found clout through Revolve, “When we first launched Lovers + Friends four years ago, we wanted to sell on REVOLVE because they are best in class when it comes to launching emerging designers and engaging with our target customer base” (Businesswire).

With the development of support businesses for e-commerce (e.g. design, warehousing and shipping), many smaller fashion organizations and entrepreneurs are beginning their own online fashion dropshipping businesses. “The internet provides small businesses with a way to display their products, advertise their store and connect with their customers. The internet has evolved the way small businesses operate” (Mosley).

Dropshipping is a service catering to business owners who do not have inventory and do not keep stock in a warehouse. Entrepreneurs only purchase an item from a wholesaler once a consumer purchases it. Dropshipping has made it possible for anyone to enter the e-commerce world and become a tycoon. The concept of buying an item as it sells means that the costs are low, it saves the seller time, there is low risk, and it is easy to grow globally (Shopify). When a dropship seller sells an item online it is done in four easy steps: first the customer purchases the item, then the dropship supplier gets the notification, then the supplier prepares the order, and lastly they send it straight to the consumer (Shopify). As quoted from the *365dropship.com* website, “Clothing trends change rapidly and so does the customer demand. Fashion dropshippers devoir (endeavor) to follow them all, at least, as much as possible” (365dropship). The popular activewear brand, GymShark, is a good example of a company that capitalized on the influx of people looking for affordable activewear online. After years in business, the

company still does not use an in-person retail presence, while their sales soar. With the use of fashion dropshipping, entrepreneurs are able to quickly and efficiently adapt to current style trends and volatile markets to ensure financial stability and growth.

There are many types of businesses not directly involved in creating and producing clothing that are similarly evolving to support the rise of fashion e-commerce. Aggregators such as Amazon Fashion and Farfetch help support fashion retailers by selling their items on their websites. Other fashion retail support services include designing, warehousing, shipping, and facilitating payment transactions such as, PayPal, Apple Pay, Venmo, Bitcoin, and Shopify. Websites like Shopify.com and their counterparts are making it possible for the average person to set up an online website store for their very own clothing ideas without having to establish a retail presence. “Shopify provides you with the foundation to run an e-commerce business. As you venture into the online selling space, you’re expected to open a storefront, showcase products, engage with customers, accept payments, and more. Shopify offers all the tools consumers need to manage each of those activities. Think of Shopify’s platform as a facilitator working to ease the process of selling products over the web” (Ferreira).

In addition, shopping apps catering to niche tastes have contributed to the evolution and popularity of e-commerce. Examples of this include Etsy and Mall. Etsy is an online website that allows small businesses and designers to sell their unique items to consumers worldwide. “Unlike Amazon and Walmart, everything on the site is made, collected, curated, and sold by its sellers. These independent business owners not only produce their goods but manage their orders and inventory, too. Etsy acts as the middle-man, giving smaller, independent creators a platform to find and attract customers” (Gebel). A consumer can find anything from custom made jewelry to vintage-esque furniture, clothes, art, and toys.

Mall is another app that is similar to Etsy in the way that they help emerging designers sell their items. “Mall’s founder, Laura Banas, created her site last June as a community for these artisans; she stocks around 20 designers who, generally speaking, celebrate color and weirdness in equal measure. Nearly all of her inventory is one-of-a-kind” (Testa). The founder specifically wants to represent artists with this specific niche and serve an audience looking for it. As quoted in the article from the founder, “I look for pieces that are playful,” Ms. Banas said. “And a lot of designers I work with use vintage materials or have sustainable practices — those are the two biggest things for me” (Testa). The founder of this app, Laura Banas, developed this app specifically to carry items that are unique (one of a kind). The 21 year old fashion designer and model, Ella Emhoff, can be found on [Mall](#). Her designs came to international attention at the inauguration of President elect Joseph R. Biden. Kamala Harris, her stepmother wore a coat she designed and following her limited collection release, the items sold out within minutes (Testa).

Advantages of E-commerce

The rapid success of ecommerce can be illustrated by the explosive growth and success of the shopping behemoth [Amazon](#) Inc., which was established in 1994 as one of the pioneers of the e-commerce industry. Amazon started as an independent bookstore less than 30 years ago. However, their business eventually grew into a powerhouse:

From a consumer standpoint, it’s easy to understand Amazon’s success. Amazon is the largest and most successful retailer in the western world because they built the best customer experience. Customers expect 3 core things when they buy products online: **Large Selection**: Consumers always want to find the product they are looking for and, of course, this product should be in stock, **Low Price**: Consumers want to pay as little as possible for a product, and **Fast Delivery**: Consumers want to get their orders as quickly as possible. (Amazon Success Story: *How To Become the Most Successful Store in the World*, Jordan, 2020).

As a marketplace that originated as an online-only entity, Amazon is currently dominating all e-commerce markets, with the apparel industry as one of them. According to the *Digital Commerce 360* website, Amazon's apparel division grew their online sales by 22.6% in 2019, as opposed to the collective 250 competing companies that only grew by 13.6% (Digital Commerce 360). Regardless of Amazon's monumental progress, it is clear to declare that online businesses are rising in their dominance and presence in the fashion industry. As demonstrated by the Amazon story, there are clearly major advantages to shopping online - in general, all back up the major customer goals of convenience, access and low cost. Three advantages commonly noted in discussing online shopping are convenience, price, and variety. The access to unprecedented inventory at all levels from the comfort of your living room is extremely appealing. "For one, it doesn't require you to actually go to the store. Just to go to a store, you need a way to get there, and for most people this is driving. Not only do you waste gas driving to the store, but it takes precious time out of your day" (Rakuten Super Logistics). This creates ease of shopping for the consumer. Not only do they not have to leave their home, there is more of a variety online. "One of the benefits of online shopping is that specialty items and almost everything under the sun is sold on the internet" (Rakuten Super Logistics). Physical retail stores do not always hold all of their inventory, so this makes shopping online easier. The internet also allows for consumers to compare an in-store price with the prices shown for that item online. Most of the time a consumer will find the item cheaper online and will decide to order it instead.

Transactions are easier online as well. A consumer has the option to make an account with various e-commerce stores and have a saved credit card on file. This allows the consumer to save their desired items to a shopping cart and, in one click, the items will be on their way.

Transactions are further facilitated through access to digital payment options such as Apple pay, which allows Apple iPhone users to use their Apple wallet app to checkout. “Making a payment with Apple Pay is fast. There is no need to manually enter credit card details and other personal information — it is all stored securely within the Apple Pay system” (PayNearMe).

Lastly, the advancements made in fast shipping are among significant reasons consumers are choosing to shop online. Online shoppers now have the option to pay more to receive their item quicker, usually 1-2 business days and sometimes it could be the same day (Rakuten Super Logistics). The rise of e-commerce and online shopping allowed brands to target ads to specific consumer audiences. “With users regularly sharing personal data online and web cookies tracking every click, marketers have been able to gain unprecedented insight into consumers and serve up solutions tailored to their individual needs”(John, Kim, and Barasz). Ads are tailored to each user browsing on the internet.

Social media is fueling the continuing migration of shopping from physical to online, helping with visibility and reach of business as well as the convenience of shopping and buying. While Instagram and Tik Tok are not stores, they offer powerful marketing and transactional tools that facilitate large franchise and independent online storefronts. Fashion designers can run businesses by themselves, minimizing the need for additional staff. Goods are made once a customer places an order or very few items are available. This technique has been used by many successful businesses especially with streetwear brands. The idea of having limited stock creates excitement for the item and makes the consumer want it even more. Consumers will do anything to get their hands on a hard-to-get item, like waiting in line for hours at a store or purchasing bots to help rule out the competition on an app.

Impact of E-commerce

The factors advancing online shopping have resulted in the rapid rise and prevalence of e-commerce in the last two decades. The impact of e-commerce has also fundamentally changed the fashion industry. According to a posting on the *Digital Commerce 360* website, 38.6% of all apparel sales are attributed to e-commerce (2019). This was up 100% from the prior three years. By 2021, mobile e-commerce sales are projected to account for 54% of total sales online (Mali).

E-commerce is not only here to stay but growing fast in usage worldwide. Below are statistics directly taken from the article “10 Online Shopping Statistics You Need To Know In 2021” (Mohsin).

1. approximately 1.8 billion people around the world primarily shop online (Statista, 2018).
2. 63% of all shopping experiences begin online, (Thinkwithgoogle, 2018).
3. half of all consumers shop more on their phones as opposed to in-store (Ibotta, 2018).

“People born between 1966-1981, or “Generation Xers,” make more online purchases than any other age group, averaging nearly 19 transactions per year” (Thomsen). Although Gen X is said to shop the most online, Gen Z (people born between 1995-2015) is on the rise to take over e-commerce. This generation is all about impulse shopping and having the latest trends as fast as possible, “almost 60 percent admitting they have made non-planned purchases ‘in the moment’” (Brewis). The fast delivery option that most online stores offer is extremely appealing to this generation of shoppers and will grab their attention (and money). “Fast fashion brands such as Boohoo and Missguided are adept at speaking to Generation Z and winning their favour. Their success stems from their business model – centered around the speedy production and

delivery of the latest fashions – and their ability to provide a visual, experiential customer experience online” (Brewis). Social media is a big influence in their purchases as well. The Gen Z community revolves around social media and is heavily influenced by the opinions and actions of others behind a screen. Young shoppers often look for reviews, comments, likes from their peers and celebrity influencers before making a purchase. Gen Z is so blinded by trends and popularity of an item that they do not buy it if they like it, they buy it if other’s approve. (Brewis).

Physical Retail in a Digital Marketplace

In the last five years (from 2016), the United States has experienced an increasing amount of physically-based retail store closures. According to “What in the World Is Causing the Retail Meltdown of 2017?,” “There have been nine retail bankruptcies in 2017—as many as all of 2016. JCPenney, RadioShack, Macy’s, and Sears have each announced more than 100 store closures.” The article discusses the many forces that led to the destruction of in-store retail. Consumers are buying online more than they ever did with Amazon accounting for the majority of online sales. According to the article, “Between 2010 and last year (2016), Amazon’s sales in North America quintupled from \$16 billion to \$80 billion. Sears’ revenue last year was about \$22 billion, so you could say Amazon has grown by three Sears in six years” (Thompson). This further affirms the growing preference for the convenience of online shopping fueled by increasing e-commerce options online and the explosion in shopping-based mobile apps. The article also mentions that America has built too many malls. There is no need to walk around a huge establishment anymore when all the same items are on your phone, in one place. “Mall

visits declined 50 percent between 2010 and 2013, according to the real-estate research firm Cushman and Wakefield, and they've kept falling every year since” (Thompson).

The last reason discussed in the article titled “What in the World Is Causing the Retail Meltdown of 2017?,” “is that people are not as interested in shopping purely for material items anymore and just want to have good experiences. For example, “clothing stores have declined as consumers shifted their spending away from clothes toward traveling and dining out. Before the Great Recession, people bought a lot of stuff, like homes, furniture, cars, and clothes, as retail grew dramatically in the 1990s. But something big has changed. Spending on clothes is down—its share of total consumer spending has declined by 20 percent this century” (Thompson).

Covid-19 and Impact on Fashion Retail

The 2020 pandemic, known as COVID-19 pushed many brick-and-mortar stores to closure or significant business and operational restructuring. The novel coronavirus, otherwise known as COVID-19, has caused a pandemic resulting in thousands of deaths and millions of infections worldwide. This virus originated in the Wuhan region of China and quickly spread throughout the United States as well as the rest of the world. COVID-19 is short for coronavirus, “CO” is “corona,” “VI” is “virus,” “D” is “disease,” and “19” is the year it was recognized. People who come into contact with this virus can suffer from various symptoms, the most severe of which may even lead to death. This virus has changed the way the general population of people views necessities such as shopping in stores. This pandemic is new to the world, and the world’s leading scientists are still learning more about it every day (CDC). COVID-19 has changed life on earth drastically, and an interesting aspect of these changes in consumer

behavior. The Covid-19 pandemic has taken an even bigger toll on retail. The retail environment has drastically changed and has had to conform to the new rules and regulations that had to be incorporated as a result of the coronavirus.

Since the coronavirus is an airborne disease wearing masks while near other people is a basic necessity of in-person shopping. Mask use has been scientifically proven to help stunt the growth of infection rates. Although not all shopping zones are open, the ones that are, have implemented these regulations to receive an amount of foot traffic, no matter how meager. Although many people are ready to comply with these rules for the benefit of society as well as themselves, others have been stubbornly protesting these basic health regulations. The question remains, however; how are these “anti-maskers” affecting the sales in retail establishments? Interestingly enough, although the social media presence of the anti-maskers shows a cornucopia of propaganda, studies have shown that 85% of American shoppers have worn a mask in their recent visit to a store.

At the peak of the pandemic crisis, most stores in populated cities such as New York, Miami, Chicago, Los Angeles, Houston, and a myriad of others were completely shut down. One may wonder how these closings have affected retailers, causing their business to switch from an in-store shopping experience to a pandemic-g geared website experience. Various projections reveal a grim future for stores relying on in-person attendance and foot traffic. For example, statistics from the TotalRetail website reveal that “...investment firm Gordon Brothers projected 25,000 stores could close this year, while investment firm UBS suggested the acceleration to online shopping could result in 100,000 closures by 2025.” Stores are closing everywhere, especially in big cities. Businesses that were making a lot of money before the pandemic and were projecting to make, even more, are now permanently closed.

Shopping habits are continuing to change. An argument was made in an article that appeared in the *New York Times* in (08/03/2020), entitled “One-Third of New York’s Small Businesses May Be Gone Forever.” As quoted in the article, “The first to fall were businesses, especially retail shops, that depended on New York City’s massive flow of commuters” (Matthew). The article also mentions how a majority of New York City residents have abandoned their homes in Manhattan and temporarily moved to their various (usually suburban) second homes. These stores relied on the foot traffic of their neighbors who are no longer there, ultimately leading them to close. Another issue that was raised in this article was the rent problem that many businesses were facing due to the pandemic. Most businesses were forced to shut because as government aid ran out, landlords ceased to grant leeway. At the beginning of the pandemic, landlords were granting tenants various freedoms, such as relief from paying rent, or the postponement of the bills’ due date. However, as the pandemic drags on, and the landlords’ mortgages and payments begin to add up (with no relief from the federal legislature), it becomes even harder to assist the tenants. As the article mentions several times, many factors make this situation so devastating.

The Case for Physical Retail

Given the many advantages fueling e-commerce in combination with the chronic and current factors imperiling the sustainability of in person retail, it is natural to assume that brick-and-mortar stores are likely to become a chapter in a history book sooner than later. However, despite the bleak circumstances, there are many signs that in-person shopping will remain an important part of our day to day activities as long as store owners continue to adapt

and innovate to maximize advantages of the in-store experience that at this point are not matched online.

There are various disadvantages for the average consumer in online shopping. The primary flaw of online shopping is not being able to try on clothes, and therefore being hesitant to complete the purchase. Overall, consumers enjoy a physical experience when shopping: touching, holding, trying on, and looking at an item in person. Shoppers lose motivation when purchasing online, sometimes items stay in carts for weeks at a time without a checkout. This is devastating to the average shop that does not have a corporate reinforcements base.

The article titled “Consumers Are Spending More Per Visit In-Store than Online. What Does This Mean for Retailers?” reported data that demonstrates shopping in-store still has significant benefits for retailers and their customers. According to the reports mentioned in the article, 71% of shoppers spend more than \$50 while in-store and only 54% spend more while shopping online (Petro). This study also found that 40% of shoppers only go shopping as “retail therapy” and 74% said they only went shopping to cope with stress (Petro). Another interesting fact that was included in this article is that more consumers add extra items to their cart in-store than online. Specifically, 89% of women and 78% of men add extra items before checking out and 77% of women added extra items online and 67% of men did the same (Petro). Store owners come up with creative ways to ensure that consumers will spend more in-store without even being aware. They come up with tactics to push shoppers to purchase items they had no intention of buying. As quoted in, “17 Clever Ways Stores Deceive You Into Spending More Money,” “Retailers use distorted mirrors to make shoppers appear thinner knowing that most people will buy clothing if they like the way they look in it,” says Woroch. “ This is one of the many ways that will make the consumer spend more (Coleman).

According to “Retail Dive,” There are several reasons why consumers may prefer to shop in store and spend more. Shoppers like to try-on and feel an item as well as bring it home right away. This is what gives physical retail an advantage and leverage over e-commerce (Skrovan). There is always going to be a consumer who wants to go to a store and actually try-on and see the item in person; these advantages can never be achieved with e-commerce (Skrovan). The need for emotional experience is a prime factor contributing to the continued appeal of in-person retail. Simply put, people crave human interaction. Being out in a store might be the only human contact or social experience people receive in a day. The *New York Times* quoted a man named Mr. Malkin and he said, “Going to a store ‘should feel like going to a hotel or resort, where you are taking away a memory because you are touched by an emotion you want to revisit... you are not serving a person who needs an item, you are serving a person who needs an experience.’” This concept will change the way retailers in the physical space do things (Friedman).

The Future of Fashion Retail

An article published in 1998 by the Harvard Business Review titled, “Welcome to the Experience Economy” explains the importance of offering an experience to attract consumers in a competitive marketplace. As stated in the article, “An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event” (Pine and Gilmore). This concept can be found successfully used by restaurants, retail stores, and airlines catering to today's consumers. Experience based businesses offer “fun activities, fascinating displays, and promotional events (sometimes labeled “shoppertainment” or “entertailing”)” (Pine and Gilmore).

The “experience” generated should leave an impact on the consumer to draw them back time-and-time again. For example, if Disney World did not have actors dressed up as well known characters and other interactive activities there would be no memorable experience. In retail, an example of an experiential approach to merchandising is the “Geek Squad,” the tech team at all Best Buy locations. The employees dress up in distinctive uniforms, drive small cars with their logo on it, and make an indelible impression on the consumer (Pine and Gilmore).

Malls have also tapped into the experience economy over the last two decades. Malls, 25% of which are forecasted by Credit Suisse to close over the next five years, are getting into the game by turning the act of shopping at the mall into more of an experience. For example, malls might engage DJs, selfie stations, and custom hashtags to boost Black Friday sales (Benedict). Despite these adaptations, malls like other physically based retail operations have struggled to remain solvent with the rise of e-commerce as well as the pandemic forcing most stores to close or limit in store business.

With many brick and mortar stores already vulnerable due to the rise and impact of online shopping, the pandemic has acted as a “nail in the coffin” forcing stores and even popular chains like Century 21 to finally close their doors. In September 2020, “The company was forced to close up shop due to financial reasons caused by the coronavirus pandemic. Century 21’s insurance providers did not pay the approximately \$175 million needed to keep the company in operation” (Javed). Although the pandemic led Century 21 to close all of their stores nationwide, this might not be the end of their physical footprint. “As stores and restaurants continue to close during the coronavirus pandemic, people feel the sting of losing establishments they grew up in or created memories in” (Javed). The closing of Century 21 led to their loyal customers reminiscing the fond memories of shopping at this store. The discounts

of high-end items are missed as well as the thrill of looking through the racks. Century 21 is now in the process of reconsidering opening their stores and launching an online website.

Stores are not paying their rent as they struggle through the COVID-19 pandemic. More than 50% of shopping malls are predicted to be gone by the end of 2021 (Sisson). Many malls are now questioning what they will do with these large empty properties. Alderwood, a mall in Seattle, decided that they were going to transform their space into an apartment complex and keep some of the remaining stores. Will this be the future of malls? This will create constant foot-traffic and may solve the problem that retail owners face. Some malls already started bringing in non-retail, but residential might be the right direction for mall owners (Sisson).

As the world enters a digital marketplace, a lot is happening to physical spaces aside from the reasons discussed above. Many stores that started as online-only are opening physical stores, while the physical-only stores are permanently closing. For example, the RealReal is an authenticated luxury consignment shop that sells used designer items bought from people. This company has been successful for many years selling online, but in 2017 the RealReal opened its first physical store. The RealReal CEO and founder, Julie Wainwright said, “After much success from The RealReal's pop-up shop in New York last holiday season, we're ready to expand our e-commerce business to a permanent brick-and-mortar space as another touchpoint for our customers and consignors.” She also said, “We not only created a concept store that represents The RealReal with the best product, but we created a next-level customer experience for buyers and consignors that leverages the speed of e-commerce with the brand experience of brick-and-mortar” (Cision). This is a model that emerged in NYC and other large cities and a great way to show the different shifts that are happening in the shopping world. This model is a

creative solution to get consumers to spend more money on material items again. There is a need for seeing an item in person when it is only available to view online especially when it is used.

Another business that shifted from online-only to a physical space is the brand Reformation. This company is the definition of bringing an experience and technology into a physical store. There are clothes set up on racks where a customer can look through the items the old-fashioned way, but there is also a TV mounted in the middle of the store that says “I like to be touched.” This TV allows the consumer to look through the items like they would when shopping online. The customer can select what they want and those items will be brought to a personalized dressing room by an employee called the “Ref babe.” A customer shared their experience by writing an article and here is what she said, “The Ref babe swung it open to reveal a huge, glowing wooden bureau with “my” clothes hanging in it. I gasped with glee; she was like my Mr. Big, and she knew it, too. She told me I could plug in my iPhone to listen to whatever music I wanted. I could also adjust the light switch to “Golden,” “Cool,” or “Sexy Time.” Bring on the body-con” (Petrarca). When customers enter their dressing room there is an Ipad where they can select more items, different sizes, or different colors to be brought into the room. “As a whole, the new tech features were done right: They got me in the door; made me want to stay; and gave me an experience I couldn’t get online — all while still allowing me to browse everything with the same ease” (Petrarca). While malls are figuring out ways to create new foot traffic and fill their spaces, more physical stores are starting to embrace and build on the concept of experience. Store owners realized that experience is the only hope of holding onto their physical space.

The concept of turning a retail space into a “museum” might very well be the future of physical shopping. According to the Harvard Business Review, a store called Tupperware’s Tupp

Soho pop up created a no-touch shopping experience. The displays were set-up like a showcase in a museum where the customers can view the items and then call an employee over to add it to their cart. At the end of the shopping experience, an employee would go to the stocked inventory and come out with your cart. This experience allows customers to pick out what they want without having to walk around with all of the items they want to purchase. Technology is a huge part of life now, there is no reason for stores not to be utilizing it. Although not all stores have adapted the concept of a no-touch experience, they have definitely taken on the museum feel. Luxury fashion stores have already started doing this and have been successful. For example, a sunglass store called Gentle Monster designs each one of their locations with a different theme. By doing this, the store is creating a fun experience where customers will want to visit just for an instagram worthy picture (Matchtiger).

Whether shopping takes place in a bricks and mortar or virtual space, there is no question that the future of retail will continue to rely on enhancing individual and social experiences. A survey conducted by Adobe and Advanis in July of 2019 reported that “63% of millennials (vs. 49% of Gen Xers and 33% of boomers) agreed that “there is a place for companies interacting with individual people on social networks, forums and/or messaging sites” (Emarketer). Loro Piana opened a luxury brand store in the meatpacking district in Manhattan to take on the challenge of creating and sustaining a community around retail during the COVID-19 pandemic. He has been successful so far through creating zoom meetings to show his collection of fashion items of clothes, shoes, and accessories as well as creating interactive displays like an art installation. Piana’s new store creates a bridge between e-commerce and physical retail shopping.

The pandemic has provided an unprecedented opportunity for the business community to reevaluate what drives customers' motivation and preferences for specific shopping experiences. As this report concludes, the country is gradually loosening masking and social distancing policies that have hampered physical retail and entertainment. As retailers face the "new normal" based on lessons learned over the past year during the pandemic, store owners should collaborate with non-retail such as restaurants and artists to create and create new foot traffic and stimulate physical sales.

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