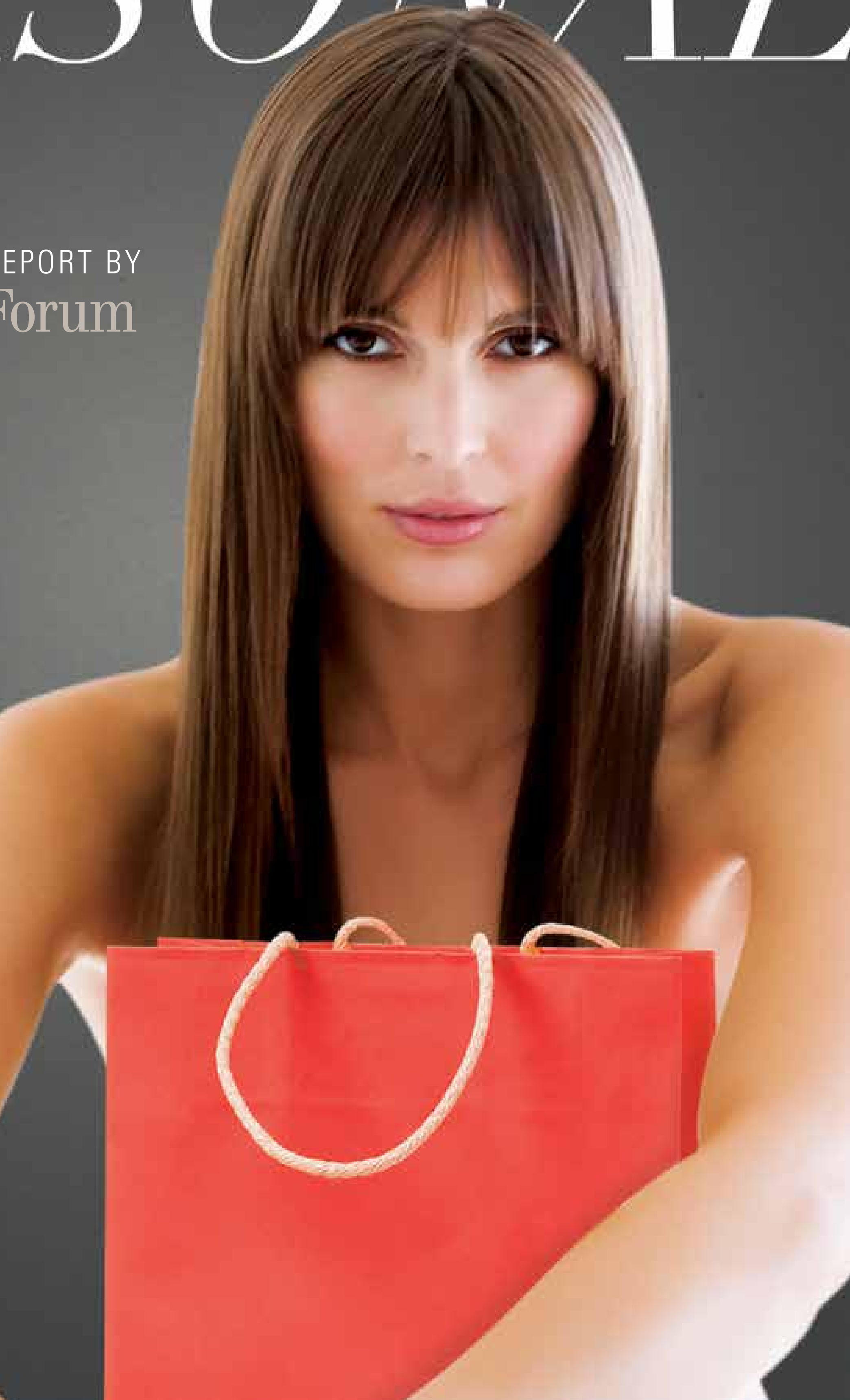
RETAIL GETS *PERSONAL*

A STATE OF THE INDUSTRY REPORT BY
InterbrandDesignForum



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PERSONAL, NOT PERSONALIZED

Dear Jane,
We hope you're loving your new blue dress!
Here's a coupon for 20% off your next purchase with us.

Best,
your favorite retailer

The personalized trend has come on strong. Retailers understand that reaching today's customers through all the noise requires a proactive approach, built from data about their spending and living habits.

Now, the challenge is to stand out among all of those voices by speaking directly to shoppers — shoppers who have gotten much better at blocking out personalized messages, too. They are suspicious enough to see through mass-produced attempts at connection, and feeling creeped out by what they see as increasing privacy violations. They are also reluctant to share any personal information, knowing brands will see (and potentially spam them) about everything.

We're at the point where we have to truly know the customer and make all our interactions with them personal. We have to understand more than the what, when, where and how of their purchases. We have to understand the why.

That will be a truly different answer for each person.

The understanding comes from gathering the big data, then bringing it down to a very unique level, so we can proactively deliver the interactions people would otherwise look for from personal shoppers, friends, packaging or online searches.

For instance, instead of a personalized email offering a discount, Sephora could provide optional, direct feedback as clients browse, both in-store and on its website. "Based on the products you buy and what you've told us about your skin care regimen, we would suggest this item instead," or "Did you know we have this lipstick available in more colors online?"

The goal is to create a real, ongoing relationship built on personal value and trust.

That's still a couple of years out for most retailers. But companies can lay the groundwork now by making sure they capture deep customer data, understand what's important to their shoppers and build strategies that connect big data with the intimacy of a personal experience.

IS BRAND RELEVANT ANYMORE?

Amazon. Zulily. Overstock. Alibaba.

These are some of the first places today's shoppers go when searching for products. Not Ralph Lauren. Not J. Jill. Not Merrell.

Have brands become irrelevant? Does American shopping now come down to who can offer the cheapest price? Not exactly.

Online aggregate sites have plenty in common with traditional discount markets who buy overstock and sell it at close-out prices, such as T.J. Maxx, Marshalls or the Burlington Coat Factory. What's different is that the online shops have little to no overhead and labor costs, so they can sell at even less than their brick-and-mortar cousins. All they need is a credible-looking site, on-time delivery and good reviews.

As the number of points of access grow, consumers can find anything they're looking for at the prices they want to pay. And that means we're seeing the value of products shrink and shrink and shrink. It brings down the perception of price for all goods.

Here's how brands can fight back.

Build preferred partnerships with aggregate companies.

If online aggregates are acting like a Macy's, there's an opportunity for exclusive brand partnerships, such as Macy's Donald Trump Signature Collection. A good partnership can build a brand's reputation of premier quality, while driving traffic to the shopping venue. Choose online partners carefully to avoid associating with a tanking model (think Kmart/Martha Stewart).

While you're at it, help the venue build a business model that drives efficiency. Zulily, for instance, has weeks-long wait times. Other online clothing retailers say their biggest challenge is inventory. A competitive brand partner could share its warehousing and logistics resources to allow Zulily to offer pre-orders, or create a referral model that lets customers order directly from them while Zulily gets the credit (and a cut of the profits).

The important thing is to research your consumers' needs to make sure the partnership can deliver. Remember: If any of your partners go down, your brand takes a hit in consumer trust.

Do not engage in price wars.

Amazon.com has the opportunity to sell products for the cheapest price possible. But compared with Walmart.com and other discount-focused sites, Amazon products consistently cost more. What Amazon actually sells is an experience of convenience. And by banking on that approach, it wins.

Remember that price wars leave just one, battered winner, who's most likely holding a product worth less than it costs to produce. Brands that offer a valuable experience go beyond price to deliver what customers truly crave.

Communicate your unique story.

Remember, retail customers rarely make choices solely on price, even when it's a major deciding factor. They're choosing brands because of design, reputation, engagement and the role that brand plays in their lives.

So be bold. Show what your product delivers that's different from the competition. How does it delight? How does it drive repeat business?

Think of it as an ecosystem rather than a single marketing campaign. You can design a beautiful store but still fail due to poor customer service. Every interaction the consumer has with a brand should work together holistically to deliver that unique experience. All the touchpoints should sing in harmony.

BRANDS THAT OFFER A VALUABLE EXPERIENCE GO BEYOND PRICE TO DELIVER WHAT CUSTOMERS TRULY CRAVE.

Get personal.

Personalized ads are fine for generating awareness and interest. But they're a passive experience for consumers. Shoppers who have a personal relationship with a brand will actively seek it out, make recommendations and take the opportunity to buy.

How do you create a personal relationship? It's not about investing in million-dollar programs to deliver "Dear Amy" emails. It's about delivering delightful moments, whenever and wherever customer interactions happen. "Personal" usually appears as a small gesture, a surprise, a service moment when a clerk does something generous for a shopper. It's about a store going above and beyond, enough that people share the story on Facebook and Twitter.

Brands get exponential credit for these personal moments.

And that's what keeps them relevant.

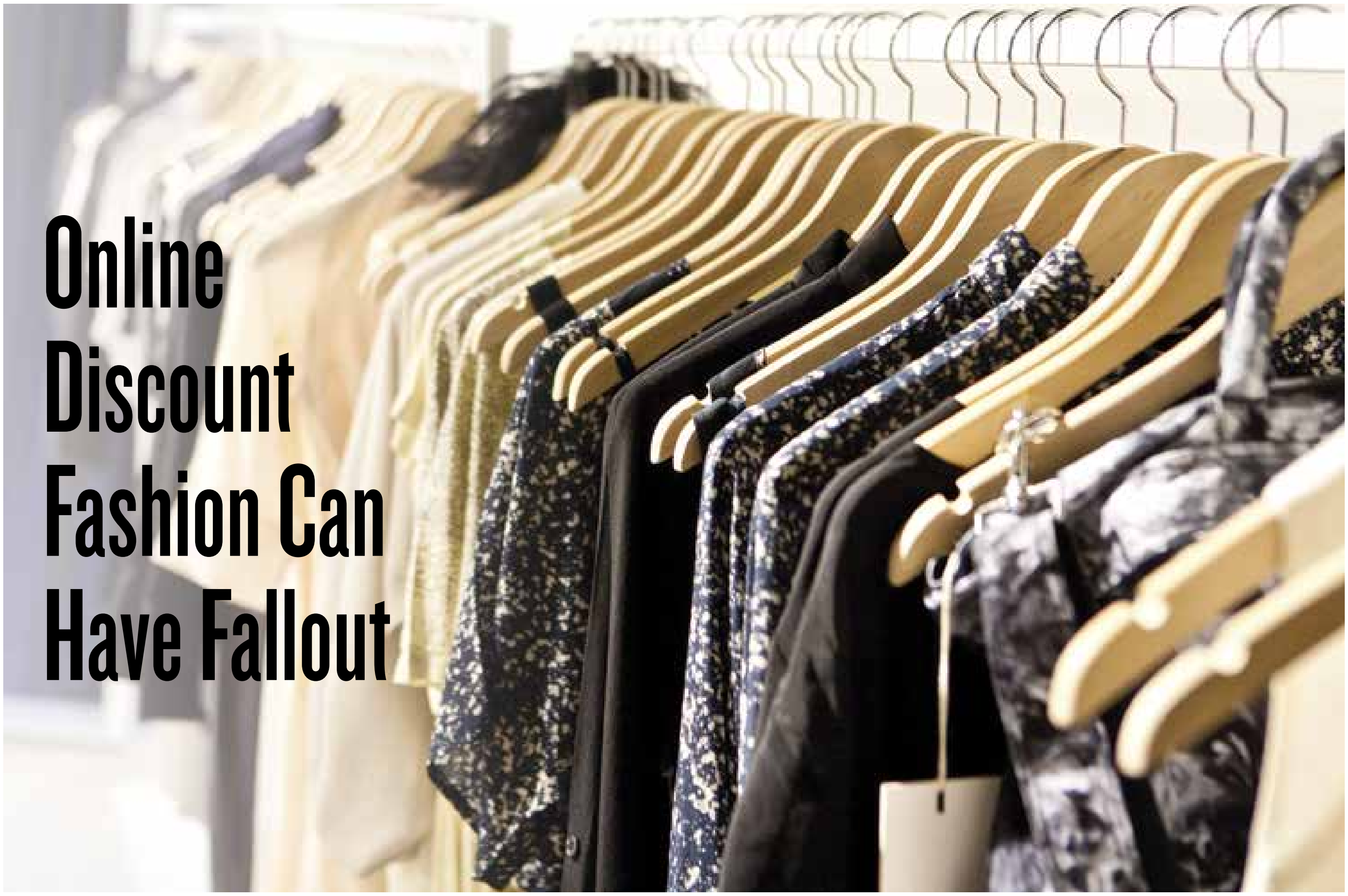
Open Sesame v. Open Market

When Alibaba, China's massive online marketplace, expands into the U.S. market, plenty of existing retailers expect a hit to their bottom line.

Alibaba will be successful at stealing market share, at some level. Too many price-oriented retailers still operate from a business model where their online and physical stores aren't fully integrated, making them vulnerable to a strong Web-based competitor that delivers both price and convenience.

But the company, despite a likely IPO in the tens of billions of dollars, will take a few years to see real success in the West. Brand recognition is still very low, and company's leaders have a steep learning curve when it comes to understanding the North American market. Meanwhile, the idea of Made in the USA is a major trend right now. Through Walmart, Americans have seen the ramifications of having nearly all goods sourced from China and nearly all revenue go back to China.

Ali Baba may have had a cave of treasures, but if no one will buy from him, what's it really worth?



Online Discount Fashion Can Have Fallout

Zulily, Wayfair and other new online discount sites arrived on the retail scene with a huge splash. Even if it's not certain they'll make it to shore — at least in their current form — they're having a big impact on the market.

Online marketplaces have to constantly innovate to keep pace with technology and consumer behavior changes. The most established player in this emerging category, Overstock.com, took a full decade to post consistent profits since its 1999 launch, and has been mired in legal, ethical, competition and name-changing woes for much of that time.

But later shops learned from this early model. Zappos, the wildly popular online shoe store, launched in 1999 and focused on extraordinary customer service and company culture. The company was acquired after 10 years by Amazon and still enjoys strong positive branding.

As these retail options grew more common, customer expectations of high-quality products at discount prices grew, too. That's dragged down pricing for the entire fashion marketplace, and hurt the few holdouts still clinging to pre-recession values.

EVEN THE BEST RETAIL WEBSITES ARE HARD TO ACTUALLY SHOP.

What can brands expect in the next few years?

First, acquisition by companies like Amazon or Google has become a retail trend of late, with early company goals being to generate enough revenue and attraction to draw a significant buy-out premium. So while we have a glut of online discount retailers today, and more likely to hit as Alibaba enters the North American market, expect a period of consolidation through acquisitions in the near future.

Second, despite their convenience and the sheer number of products available, even the best retail websites are very hard to actually shop. They can't compete with stores where someone walking into Kohl's spots a dress on a rack, falls in love, tries it on, hears her friends gasp in approval and takes it home that moment. That's what's most exciting about a shopping experience, and even subscription box services can't compete with that "pop."

The Art of Retail

HOW TO KEEP BIG DATA FROM KILLING AMERICAN INNOVATION

Want to know what sells? How much people buy? How often they do it? Big data has given us the answers — and is in danger of killing the art of American retail in the process.

The data we're talking about is big indeed. It's all the information available from a shopper's online behavior. That includes purchase patterns, social media actions, platform usage, everything. But the data most brands collect focuses on purchase transactions. It ignores the larger, softer data around customer experiences that drive loyalty. This focus locks brands into tweaking the content that's already available to be measured, so retailers get trapped in the status quo instead of innovating into new realms.

Meanwhile, executives in today's data-driven, Wall Street-centric retail world are forced to focus on short-term results that push monthly and quarterly stock prices. They don't have the room to make the intuitive leaps and connections needed for longer-term strategic planning. They don't get to innovate.

These two factors cost us opportunities to trust our gut instincts about what will work and what won't. And that's losing us our position as world leaders in innovation. If you want to see the latest and greatest, you go to Europe, Korea, London, Dubai. It's not in the United States anymore.

This isn't to say there's no place for data in retail. Whether it's products to buy, the design of the store or the experience of the brand itself, a company's strategies must be driven equally by data and innovation. The point is: Retailers have to be able to say, "Let's try something new," even if there's no quantitative data to support it.

Even the best retailers don't know what customers will be interested in until they test it.

Consider Walmart. One of the innovations they did really well was enter food retailing. They weren't looking at big data and customer research — they saw an opportunity, decided to try it and built their entire grocery offering on a test-and-learn process. It took just seven years from the decision to get into it to becoming the world's largest food retailer, which is astounding. That's innovation.

Other companies getting things right are the ones that blend big data with dedicated teams who constantly design for the future.

Apple, for instance, is starting to address an unintended consequence of keeping design teams stateside but manufacturing devices overseas. Innovation began stalling because designers were no longer immersed in the production process — they struggled to conceptualize the materials and process enough to feed bold design.

My Starbucks Idea used crowdsourcing to help Starbucks innovate, engaging customers, deepening a sense of connection and relationship, and providing hundreds of ideas that improve the experience.

Burberry has done a terrific job reinventing the experience of the brand through blending digital with brick-and-mortar retail. Instead of bringing the store experience to the online realm, they've wrapped their flagship site in full-length screens; transition between audio-visual content displays, live-streaming hubs and mirrors; and attach RFID chips to certain products to trigger content displays in the fitting room.

Macy's innovated by investing in its own product-label brand, which appeals to its shoppers while bringing in higher profit margins. They've also developed digital mannequins and a strategy of displaying actual products next to screens displaying information and other options in the Macy's inventory.

J.Crew changed its online categories to create a more real-life fashion browsing experience. Samsung offers an experience store where customers can't actually purchase its electronics products. OscardelaRenta.com offers a live chat personal shopper for its style-seeking consumers.

How do you bring this level of innovation to your business?

Companies need to create separate innovation teams, drawing in-house experts and consultants from across the fields of data analysis, technology, marketing and design. Don't forget merchandising, product development, logistics and other key departments. That's the best approach. An independent team can take risks in a low-key, off-the-radar way. They're not encumbered by the bureaucracies or all the rules and regulations of the core business or the kind of thinking that says: "We can't do it that way because we've always done it this way." They simply generate ideas for improving customer experience, incubate them until they're ready for testing and put them out to test.

That's when you see things like Lowe's hiring science fiction writers to work with its innovation team. They decided to delight customers and bring them into the brick-and-mortar stores by developing a 30-ft. by 30-ft. virtual reality space called the Holoroom. Shoppers get to design bathroom and kitchen remodels on an iPad, then walk into and explore their creation in virtual space before buying. That's enough to get almost any customer off the couch and into a retail venue.

One note: You must be able to trust your innovation team to make the tough calls about when to expand an experiment and where to stop investing the company's time and funds. They must have the freedom to test, adapt and deliver customer experiences that genuinely boost your brand at every stage of their journey. And they must be able to communicate, collaborate and adjust at the staggering speeds of today's retailing landscape.

Data That Works

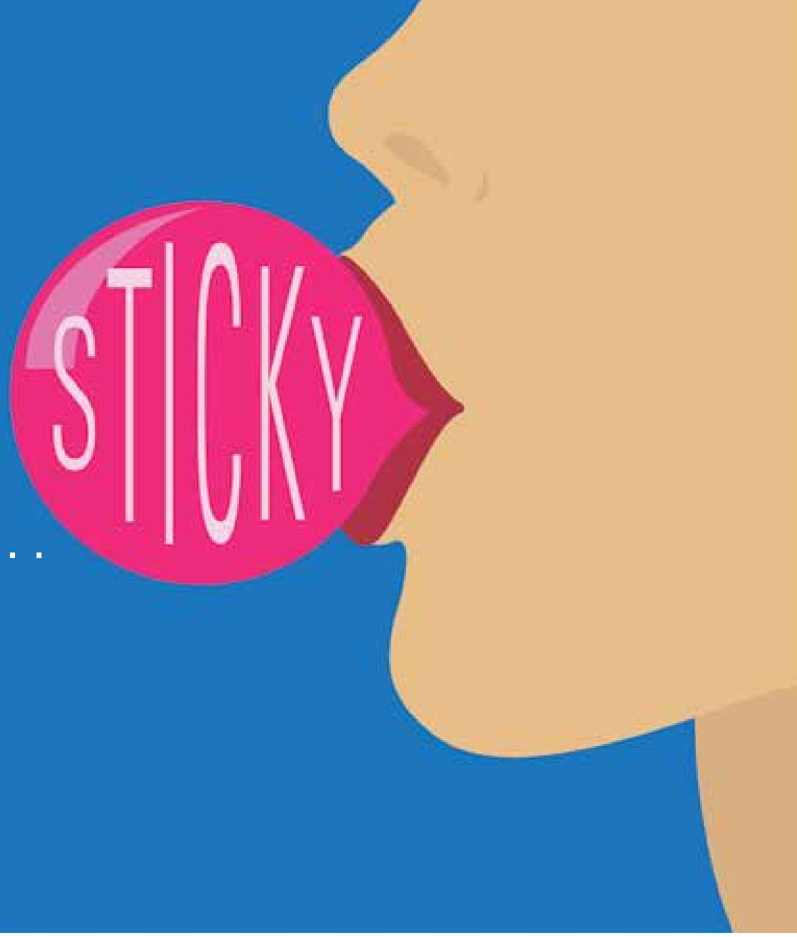
To survive and thrive, brands need to use the big data they've gathered from customers' shopping behavior, mobile device activities and social media interactions in new ways:

- Make sure the data from all sources is in a central server, rather than multiple legacy or newly created systems.
- Use advanced analytics to drill the data down to the level of unique customer segments and create complete pictures of behavioral types as well as individuals.
- Focus on what the data really means for your brand at the level of customer engagement. Where are shoppers dropping out of the journey? When is the best time to reach them on a particular platform or channel?
- Find ways to translate the information into small, personal connections and positive brand experiences.
- Most important: Don't wait for the perfect solutions — just identify new approaches fast, test them and engage them.

THE DATA DANGER

Big data is so important, most retailers already make great use of it. As evermore data becomes available, though, don't lose sight of your customers' overall, emotional experiences. That's where brands' futures are made.

MAKE YOUR BRAND



COERCE YOUR CUSTOMERS . . . OR USE YOUR ALLURE.

Companies have two options when it comes to building brand loyalty.

The first is *coercion*. Through regulations; supply system control; service contracts; and customer programs, such as loyalty cards and non-transferable rewards plans, a brand can lock competition out and clients in. Think cable providers, mobile phone carriers and airline mileage programs.

The drawback is that customers who choose a brand because it's their only option, or stay only because they're stuck in a contract or trying to make back their investment, are unhappy customers. They're likely to badmouth the business and be ready to jump the moment something better comes along.

And coercive companies have targets painted on their backs. With unhappy customers, they're at constant risk of disruption by innovative businesses willing to make better offers. For instance, after T-Mobile took aim at pricey two-year mobile contracts by covering other carriers' early termination fees, the company brought in 2.4 million new customers in the first quarter of 2014 — its highest tally ever.

The second option for building brand loyalty is *allure*. This means deeply understanding your company's core product or service and its meaning for customers. By delivering consistent quality that delights, with a big dose of excellent customer service, shoppers trust you enough to build lifetime value. These are the brands that enjoy positive, long-term relationships with customers who seek them out, spread the word, and are willing to tolerate a minor misstep or two. Some good examples? Apple, Harley-Davidson, Gillette, Target, Purina, Hershey's …

THE BEST BRANDS KNOW HOW TO GET THOSE LOYAL FAN BASES TO WORK FOR THEM.

Loyalty-based companies are also forward-thinking, reinventing themselves to target the needs of the next generation. This helps ensure customers for decades to come. Think American Eagle Outfitters, Cadillac, Old Spice, Google, Smirnoff, Tiffany & Co. …

The best brands know how to get those loyal fan bases to work for them. Crowdfunding helps businesses test products and strengthen their customer community. Partnering with fans to generate new designs and products helps with both innovation and loyalty. Nordstrom and Etsy, Ford and CustomMade, GE and Quirky are thriving examples of the new all-star teams.

Beyond Loyalty Cards

Heard of Coin, the smart card that collects all your debit, gift, credit and loyalty cards onto a single, swipeable tool?

It's one of a slew of tech solutions being offered to shrink customers' bulging physical wallets. And brand retailers should support it.

Yes, you may lose the occasional visual reminder of your brand. But that's balanced by the tremendous opportunities for data mining.

For the first time, retailers can track individual customer behavior across multiple businesses, both online and in-store. Imagine a grocery store knowing someone's purchases at Target.com and Whole Foods, and being able to say: "Did you know you can save a trip and buy all of those items with us, for less?" Or use the information to guide investment in fair trade chocolates or designer gardening supplies.

Aggregation will give brands the insight to better understand purchasing patterns, provide truly personal customer support, and optimize how and where dollars are spent throughout the daily shopping cycle.

The Showroom Solution

If you're tired of shoppers coming into your brick-and-mortar store, testing merchandise and questioning staff, only to walk out and buy the product online — prepare for plenty of sleepless nights.

Instead of fighting this shopping pattern, embrace it. Showrooming is a symptom of the widening gap between low-cost commodity shops (think dollar stores) and inspirational retail experience sites.

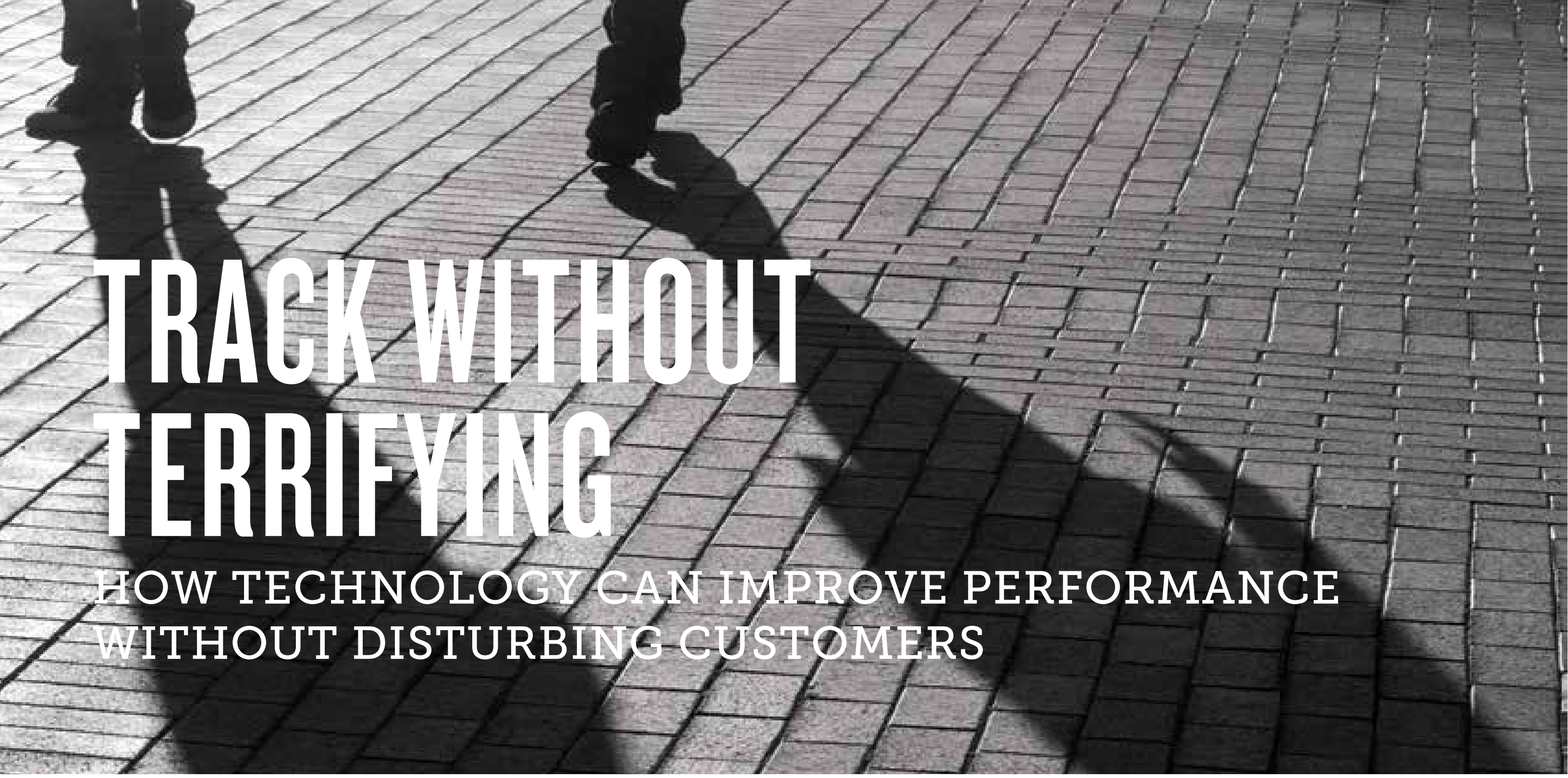
On the simplest level, this embrace means directly competing with online retail. Tech retailer hhgregg knew people coming in to look at televisions were on their smartphones at the same time, searching online for better deals. In response, hhgregg made sure they offered that better deal themselves. Right in the product displays, they advertise free home delivery, financing, service and warranties. They give their customers reasons to turn showrooming into purchases, and not just by discounting themselves out of business.

Target knows that online reviews are driving many of today's purchases. So they brought the phenomenon right into their stores. Shelf tags using the Pinterest logo highlight items that were "top pins" in recent weeks.

Urban Outfitters' new 57,000-sq.-ft. flagship in New York City offers an Intelligentsia coffee shop, a hair salon and an Instagram photo printing booth. Not exactly an experience customers can enjoy online.

Even smaller retailers can capitalize on showrooming. At select locations, Walgreens shoppers are treated to soft-serve yogurt, whiskey tastings, manicure stations and a high-end, earth-tone design. And one small Wisconsin furniture chain is taking this even further. HASSLEss Mattress is opening entirely electronically run mattress stores for customers to try out wares without the intrusion of sales staff.

At the core, embracing showrooming is about helping your customers make the best choices — and recognize that the best choice is you.



In today's retail world, stores are hungry for data on what happens from the moment a customer enters a store to when she pays for a purchase — and beyond! New technologies promise to deliver that data, along with more attention, traffic and sales.

But some places are taking this to an extreme. Walking into a retail shop in China can trigger a bombardment of targeted text ads. Western companies are testing scanners that calculate shoppers' gender, age, size, clothing style and more as they walk in — then offer targeted coupons and messaging to match.

This is tone-deaf marketing, invasive and disruptive enough to drive even passionate fans away.

Some people do want targeted messages. But others crave the chance to explore and wander and discover products for themselves. If you redesign Target to be ultra-trackable, customers may never reach the back of the store. They'll lose a big part of the shopping experience, and Target will lose a lot of impulse sales.

The better your company understands your shoppers' physical journey and emotional experience, the clearer your choices about how and where technology can be helpful.

Nordstrom is at the leading edge of this careful balance. They've developed a mobile app customers can download to share their preferences, online purchase histories and customer profiles with nearby salespeople anytime they enter a store. Tory Burch provides its staff with a "Client Book" that shares information on shoppers' birthdays, wish lists and previous purchases.

These tools provide critical data for the retailer and a better shopping experience for customers. And the opt-in feature keeps the "creepy" factor to a minimum.

How can your brand hit the right technology note? Two steps are critical.

Start by establishing a holistic strategy around customer experience. Find the interruptions that keep customers from enjoying their time with your brand — or from getting to the cash register. Come up with ideas that could improve the flow.

Figure out the "why" behind any changes. If you're planning a demographics-triggered, in-store video ad to get people's attention, is it because shoppers can't find the product without it? Is it because they don't know about the product in the first place? Or is the real problem that they don't see its value in their lives? Recognize the real needs behind the obstacles before deciding on solutions.

Retailers use technology well when they do so in subtle ways, replacing traditional secret shoppers and observational research with precise data on traffic and behaviors that addresses actual customer needs. The best companies then use that data to boost the overall customer experience.

Finally, make sure the technology supports your brand's long-term goals. Body scanners and targeted coupons can help meet business goals for revenue and conversion. Successful brands depend on delivering real value for customers.

Beacon v. IOS 8

Proximity tools are getting better and better — but not necessarily for retailers.

Beacon technologies deliver real-time, location-based, data-driven interactions at unheard-of levels. Instead of hoping people will check in on Foursquare, retailers can now collect pings from beacon-enabled iPhones and Android devices (including smartwatches) to track shoppers' moment-by-moment locations throughout a store environment. And more than three-quarters of North American retailers say they're working to identify customers the moment they enter a store.

Ideally, companies use this information to drive store design, staff interactions, app integration and relevant in-store guidance. Some, however, engage in beacon-based spam. Apple's response? Customer tools in iOS 8 that prevent invasive retail messaging.

Instead of a simple on/off switch for its iBeacon technology, Apple now allows users to share location data only when an app is in use. It also stops the tracking of individual devices (even if it's anonymized, a la Turnstyle) by scanning from randomly generated network identifiers.

What can companies do? Use beacon technologies to track overall shopping patterns. And encourage customer opt-ins by building trust and incentives around location access. Consumers are, for the most part, open to recognition and the chance for more personal engagement. When you do identify a customer and her likely habits, send push notifications to in-store sales staff, instead of spam-weary shoppers. That's one way to transform data into engagements that boost customer experience.

THE EVOLUTION OF TRUST

Technology that was annoying and even disturbing five years ago is just part of life now — or even welcomed. Cell phones and text messages are now smartphones with apps and websurfing. Those are being replaced by wearable technology, and in a few years, we may see consumer technology responding to simple eye movements and brain waves. This ever-evolving integration of technology leads to ever-evolving demands for privacy. Stores need to recognize and address the trust and comfort levels for each of their target customer segments around the technology-based tools they employ.

But don't make the mistake of basing your segments around generations. Retail leaders once assumed that baby boomers wouldn't bank online, use smartphones, join Facebook, share credit card information on the Internet, or go through self-serve grocery aisles. Boomers went on to become the largest consumer segment doing each of these things, while many Millennials — the world's much-hyped digital natives — are rejecting lifestyles of constant connection.

Customer concerns around new technology solutions and data privacy aren't tied to their generations, but to individual backgrounds, experiences and personalities. Some people are very, very open to sharing their personal information. Other people are not.

What we do know is that a strong brand that's built a solid relationship of trust with its consumers can survive even a major privacy breach, like the Target hack that stole tens of millions of credit card codes.

Brands have to figure out the boundaries for their shoppers and mitigate risk in advance. Communicate the benefits, deliver a quality experience, and keep building trust through proactive tech security and strong responses to any breach. Relationships do outweigh risk.

LESS TALK, MORE ACTION

MAKE OMNICHANNEL A REALITY

01 THE SEARCH

meet

Jake & Tori. They are a lovely couple who have just bought a house, and are in need of a refrigerator.

look

After scouring one retailer's website, they find 3 models they are interested in. They add these to their online wish list.

02 THE UPDATES

travel

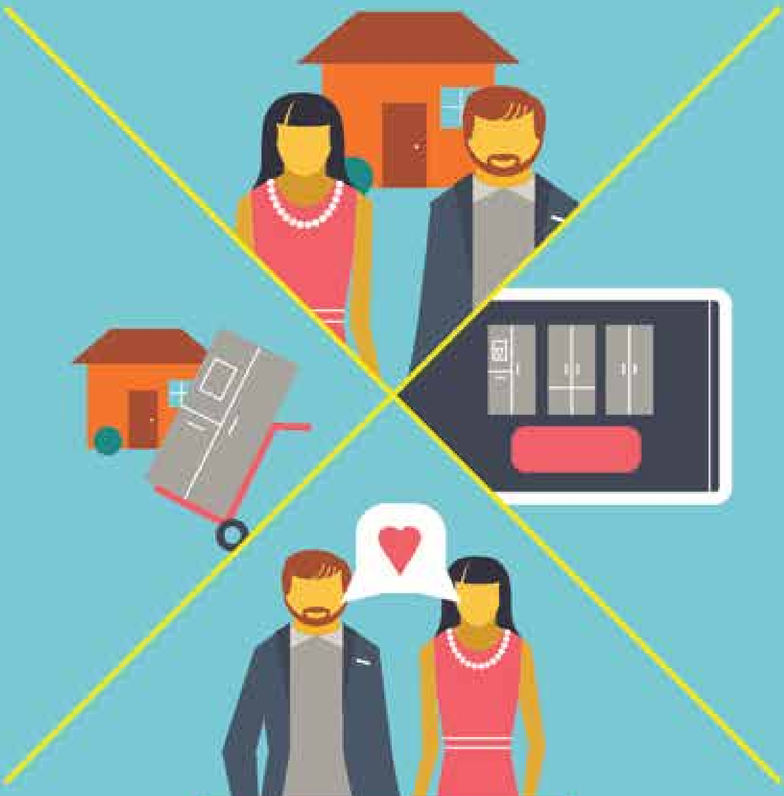
Wanting to see the models in person, the couple use the retailer's website with Google Maps to find a local store.

arrive

Upon arrival, Tori's phone receives a welcome message and is alerted that her wishlist can be viewed.

re-sync

Jake & Tori open their wishlist and discover that 2 of their 3 refrigerators are now on sale.



03 THE ASSISTANCE

help

Jake and Tori are then provided a store map via their phones, along with a button to call for assistance.

comparisons

Because of complex store tagging Jake & Tori's model specs have been updated in other phone apps for quick comparisons. The retailer's "virtual designer" function also assists with comparing how the fridge might look in their home.

04 THE DELIVERY

purchase

After finding all of the qualities they want in 1 of the 3, Jake and Tori purchase the refrigerator through his smartwatch.

schedule

Given a time and date for delivery, the couple leave the store with a calendar reminder.

confirmation

On the date of delivery, confirmation is sent alerting Jake and Tori that their driver will call 45 minutes before arrival.

Brand leaders get it. More than half of retail CEOs understand that going omnichannel — making customer interactions seamless and consistent across all platforms — is critical to standing out from the crowd.

They know customers need to have the same high-quality encounters with a brand no matter what brick-and-mortar or technology-based connections they're using.

But many retailers aren't acting on this knowledge. Despite the strong threat of external disruption, retail CEOs often believe it takes too much time and money to retrain staff and upgrade the company's various technologies.

For example, many major companies still haven't updated their systems to allow online purchases to be returned at their brick-and-mortar stores. And how many drug stores allow shoppers to buy front-of-store items at their pharmacy counters?

Here's what these companies need to do to survive the new reality:

1. **Invest in the omnichannel experience as a top priority**. Commit and make it happen. Get executive team buy-in by showing the costs of delay and the benefits of decisive, immediate action. Seek creative strategies by recruiting a team of outside-the-box thinkers, both in-house and independent perspectives, and give them the protection they need to make omnichannel changes happen.
2. **Solve problems from the customer perspective.** Don't rush into the latest technology simply because it's offered. Understand the pain points where your shoppers drop out of the sales pipeline, then find (or create) technology that solves the problems.
3. **Break down the silos.** One retailer spent millions on in-store kiosks, but they sat in a back corner because employees were annoyed by them. Cross-pollinate your technology teams with merchandising, marketing, staffing, customer service and other key divisions, or even the greatest tools will fail.
4. **Launch when it's good, not perfect.** Experimentation is key. Rapid, small-scale, low-profile testing allows innovative solutions to grow without sinking the business. Think weeks, not months; think hundreds of customers, not tens of thousands.

Ideally, omnichannel creates channel blur. That's when customers feel comfortable using all your platforms to research, purchase and recommend your brand. There's still plenty to learn about the role of each stage along the way.

Just remember that the goal is not to be a digital leader, but to invest in the technology and systems that develop channel strategies for the most seamless brand experiences.

Then you can focus on what retailing is all about: helping customers buy more, bring friends and keep coming back.

Tear Down That Silo

Going omnichannel isn't just about what the consumer sees. It's about changing what happens behind the scenes.

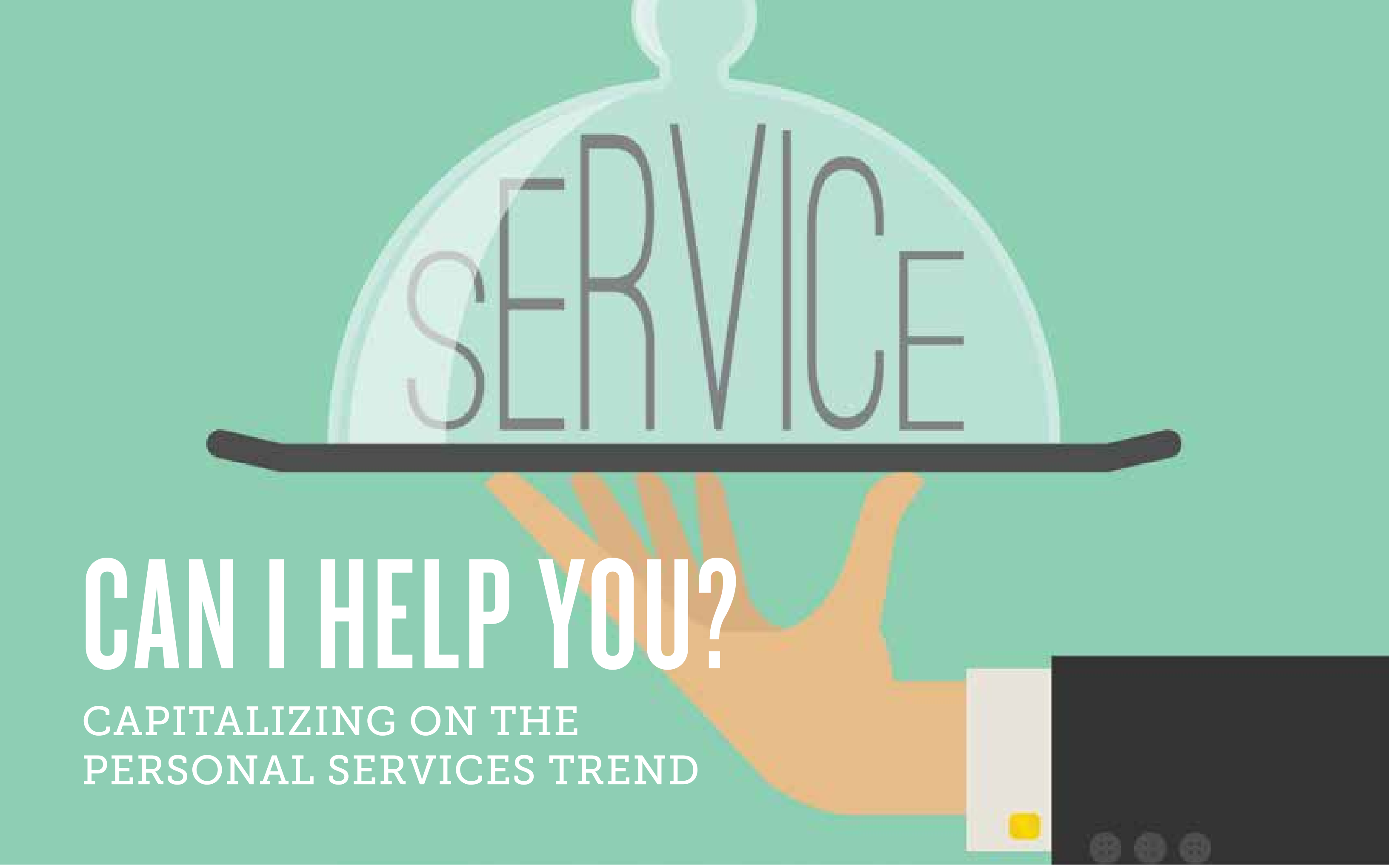
When setting up a strategy for seamless brand delivery, teams often aren't talking, working together or even aware of each other. That means the business is still designed to protect the tasks assigned to independent disciplines.

For instance, a household products corporation will hire an outside agency to develop in-store displays for laundry detergent. Meanwhile, two different product teams are handling the category solutions for several major distributors, and the technology team is designing a mobile app to boost the product. It's the same project, but the brand is pulling in different directions.

Institutional memory is a factor. In many cases, turnover or poor communication can mean an entire project is forgotten and started all over again.

Recognize that omnichannel can't be achieved using the same old business model. Successful brands approach technology investment in a way that's more strategic: asking the right questions, focusing on the customer experience and bringing the whole company together on providing solutions.

The more buy-in from the top, the more the company can mandate the job gets done — and tear down the internal walls.



CAN I HELP YOU?

CAPITALIZING ON THE PERSONAL SERVICES TREND

Need your groceries delivered? Message Instacart.

You can't make it to the dry cleaners? Try TaskRabbit.

Want a ride from a local who's cheaper than a taxi? Try Uber or Lyft.

Each of these websites offer crowd-sourced convenience, paying locals for on-demand help with errands, deliveries and more. It's a growing business model, ripe for co-branding and partnership with retailers of all sizes.

- **Partner with successful companies** as preferred vendors. Find an advertising model that promotes your brand while generating revenue for the sharing economy. Or the corporate economy. Google's same-day delivery Shopping Express service partnered with Costco, Target, Walgreens, groceries and a handful of other suppliers for its three test cities this spring. So far, the cross-promotion seems to have been a success.
- **Take advantage of the trend** by finding a role your company can play. Personal shopping and delivery experiences can and should take advantage of your brand's established experts and logistics. For instance, retailers can help customers and delivery teams connect at branded kiosks, provide special access and support to surrogate shoppers, or throw in rewards for those who use the service. The key is to keep communication open and stay on top of the trend.
- **Create your own.** As gift-based, trade economies became popular, both H&M and Marks and Spencer began trading customers' used goods for in-store coupons. Target now offers a subscription service with a 5% discount and free shipping on more than 1,500 products. And, of course, Amazon is leading the pack with same-day delivery, researching drones and its AmazonFresh grocery delivery model — which could lay the logistics foundation for a more broad-based delivery service in the future.
- **Dive into innovation.** Brands have to move at the pace of change. Think drive-through service at brick-and-mortar stores, following the Redbox model for delivering products, providing subscription boxes with stunning designs and gifts.

But if you do dive in, use caution when investing. The trend has caught on fast, but many individual companies could disappear just as quickly.

From Fashion Fix-ups to Diaper Deliveries, It's Worth Subscribing

Not everyone has the time or desire to shop for clothing, and only a few are well-heeled enough to hire a personal stylist. Enter Trunk Club (for men) and Stitch Fix (for women).

Customers visit these websites, click through images to find their sense of style, then get a personally curated box with outfits designed to match their preferences. Clients ship back anything that doesn't work for them (providing invaluable customer and product data), and pay for those they keep at prices equivalent to high-end retail. What's not to like?

Plenty of other sites follow the same subscription model, and the range is wide. There's personal beauty product vendors (Dollar Shave Club, Urban Cargo, Birchbox), food and beverages (Craft Coffee, Blue Apron, TailorWine, Healthy Surprise), and companies that ship dog treats, fishing supplies, eco-friendly house products and kids' art projects. You can even subscribe to have cloth diapers picked up, washed and delivered to your home.

Subscription-based companies are experts at creating a personal experience with emotional capital. They connect users with personal experts across the country, then ship terrifically packaged boxes of fashion, personal supplies, geeky gifts and more each month. Subscriptions combine one-on-one attention, anticipation and gorgeous design to deliver a big dose of delight with every box.

It's worth being part of the experience. Consider partnerships that get your brand into some of those boxes. Develop your own subscription services. Study the data emerging from the selections to the returns. And don't forget to subscribe!

Neighborhoods For Hire — But For How Long?

Once upon a time, when someone needed a ride, a quick haircut, a place for out-of-town guests to stay or a few extra groceries, they'd ask a neighbor for a hand.

Today, they can hop on an app to find someone nearby who's signed up to help — for a small fee. That's the premise behind most of the companies in the crowd-sourced economy.

But these face serious challenges to their models. Some intrude on well-established, well-regulated industries: taxis, hair and nail services, motels. And there's the fear factor. Somehow, hiring a licensed taxi driver to get across town feels less scary than stepping into the car of a stranger found on the Internet.

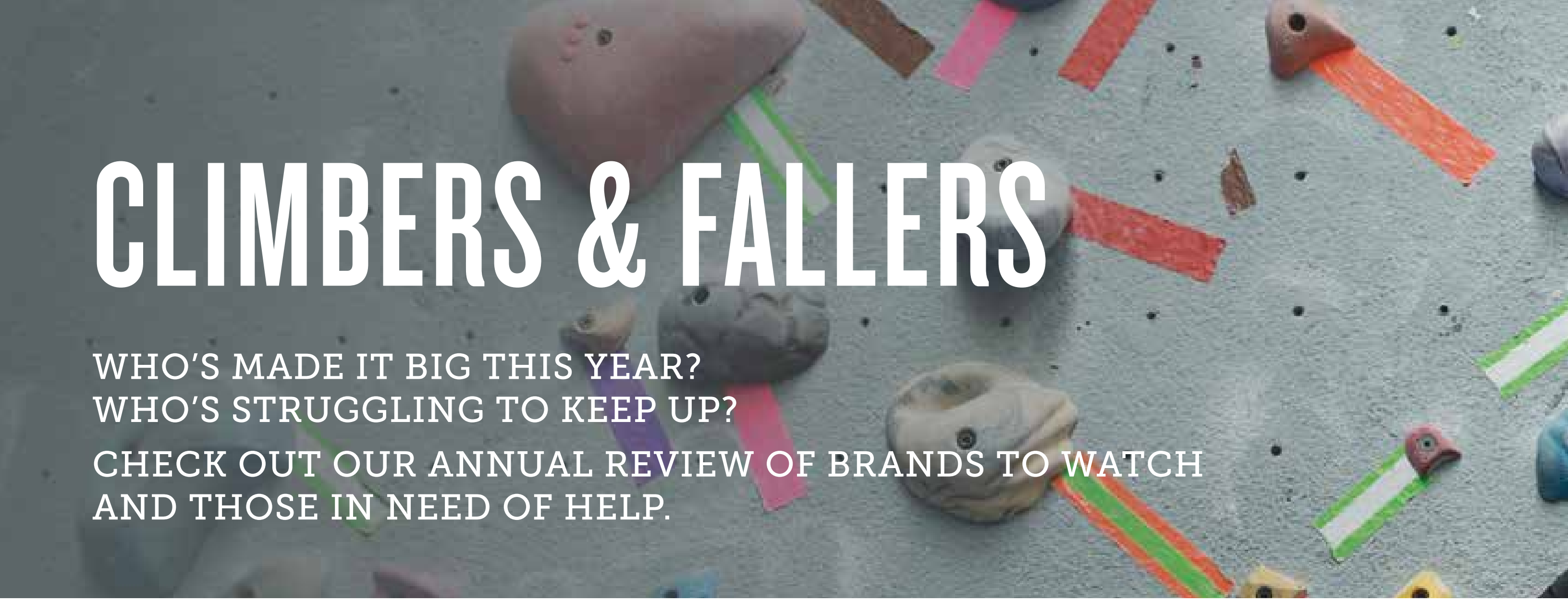
Then there's the issue of evolving technology. New apps could force independent contractors to race each other for a service. Drones could take over shopping and delivery of groceries and other staples.

Finally, sites like InstaCart, which pays contractors up to $30 per hour for delivering groceries to clients in nearly a dozen cities, may not provide such high wages in the future. Competition and stockholder pressure could erode that pay base, and performance could suffer.

COMMUTER CONVENIENCE

Looking for a cutting-edge delivery trend? Check out the SBB GoodBox, offered by Switzerland's largest transportation company. Swiss train commuters can do their daily grocery shopping by smartphone, pay by app and receive a QR code that opens a locker at their destination station. They can also order flowers or coordinate dry cleaning.

If your city has a popular transportation hub and your brand wants more market share, try some tests to see if this model would work for you.



CLIMBERS & FALLERS

WHO'S MADE IT BIG THIS YEAR?
WHO'S STRUGGLING TO KEEP UP?

CHECK OUT OUR ANNUAL REVIEW OF BRANDS TO WATCH AND THOSE IN NEED OF HELP.

BRANDS TO WATCH

Tory Burch

Tory Burch knows how to hit all the right notes. The 10-year-old bohemian chic brand is now the hot name in fashion, not only for Tory's award-winning womenswear, beauty and accessories — sold from more than 120 boutiques and 3,000 department and specialty stores — but for her embrace of technology and commitment to giving back.

- Besides a thriving social media presence, the brand connects with its customers through an online magazine, heavily trafficked websites for North American, European and Asian markets, and its Webby-nominated Tory Daily app.
- Staff use the Tory Burch "Client Book" tool to create more personal connections in-store. The tool shares information on birthdays, wish-list items and past purchases.
- Talk about boosting your target market — Tory Burch products were frequent features of the teen TV drama "Gossip Girl," and Tory herself appeared in an early episode.
- The brand was the first to use Google's Lightbox custom brand exchange to pair ads with a live stream of its runway show during the 2014 New York Fashion Week.
- Linking high style with high tech, the new Tory Burch For Fitbit partnership brings eye-catching designs to the ubiquitous fitness tracking tool.
- The Tory Burch Foundation-funded Elizabeth Street Capital has supported female entrepreneurs in starting and growing their businesses since 2009.

With its new flagship store on Beverly Hills' Rodeo Drive, a just-launched line of Fossil timepieces, and strong partnerships with Estée Lauder and Luxottica, this brand is going nowhere but up.

Stitch Fix

With venture capital banging on the door and thousands of customers on a wait list, Stitch Fix founder Katrina Lake refused to budge.

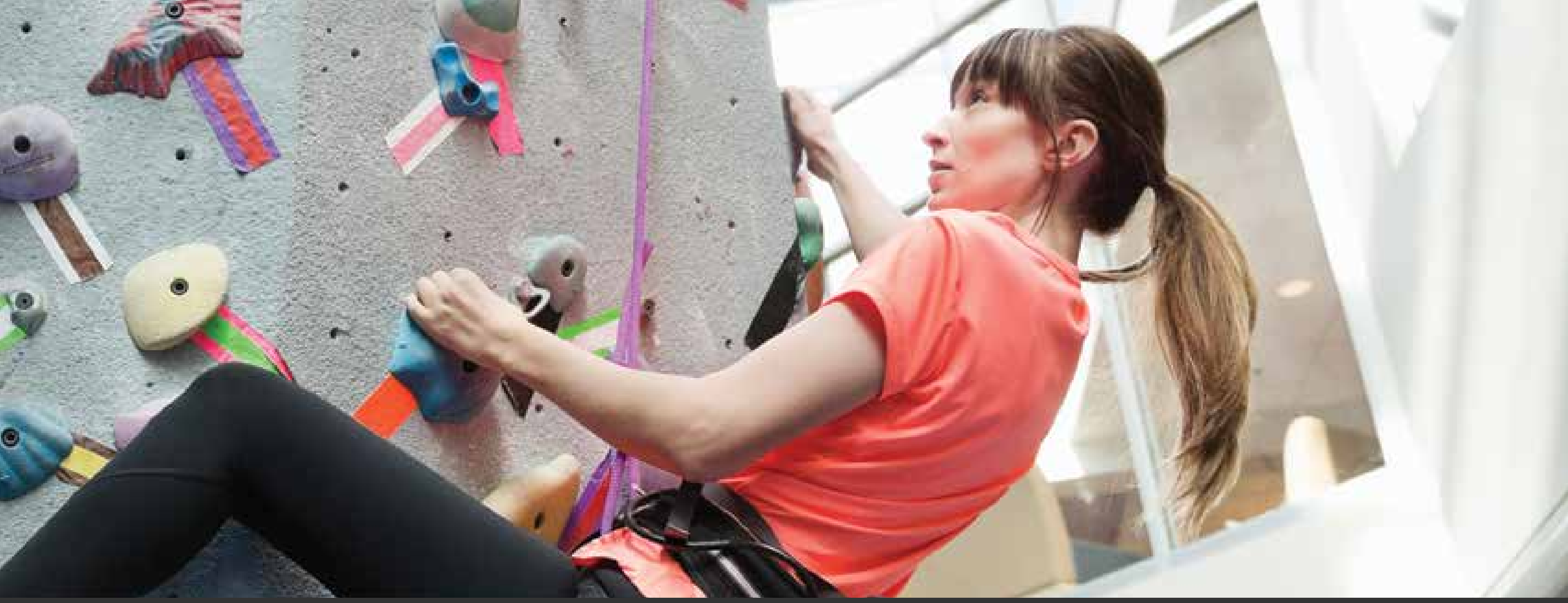
The wildly successful fashion curator ships boxes of fashion items each month, chosen by style experts based on each subscriber's preferences and sizing. Customers pay for items they keep and return the rest–often with input from friends and social media.

Lake knew it was more important to develop a strong presence on the blogosphere and as deep a database as possible before scaling up. The young CEO started the business in her apartment while at Harvard Business School in 2011; she needed time to develop her team, refine the selection and return processes, and let word spread.

Of course, building more anticipation into the brand didn't hurt, either.

The data proved as valuable as Lake predicted. Stitch Fix's ability to match just the right items to just the right customers helps the company sell 90% of its inventory at full price. Brick-and-mortar stores must discount more than half their wares.

Today, Stitch Fix is backed by more than $45 million of venture funding. It has a staff of 60, 200 warehouse positions and 300 stylists. And 70% of customers are repeat buyers.



BRANDS IN NEED OF HELP

Abercrombie & Fitch

You may remember the days when the cool kids' uniforms all bore the Abercrombie & Fitch tag. The trend got started in the early 1990s, when the century-old luxury sporting and excursion goods company shifted its focus to racy advertising for teens seeking casual luxury.

A series of missteps have tanked the brand.

- **Design catastrophes.** A&F's prep casual designs ignored millennials' shift to more unique, hipster styling. Belated attempts to cash in on the hipster aesthetic came off as ugly and alienating. Worse, T-shirts with demeaning Asian stereotypes and insults to Taylor Swift's dating life triggered backlashes, as did sales of "push-up triangle" bikinis for girls ages 8 to 14.
- **Painful prices.** Abercrombie & Fitch products retail at far higher prices than today's American families can or will pay.
- **Fat shaming.** A&F's aggressive focus on skinny, white, attractive staff and customers gave them the No. 2 spot on this year's 24/7 Wall Street "America's Most Hated Companies" list.

With stock plummeting; competitors Urban Outfitters, American Eagle, Forever 21 and Zara stealing market share (especially online); and more than two-thirds of Americans wearing plus sizes today, Abercrombie & Fitch has two options:
Option 1: Consciously weave diversity into their casual luxury design and marketing. This could spice up the line and attract the highly diverse next generation of teens.
Option 2: Focus on their ever-shrinking market of wealthy white preps, which will require major downsizing to keep costs in line.

Toys "R" Us

Surprise: When parents go to the toy store, they're looking for more than a product. They need a positive experience.

Unfortunately, those have been few and far between at Toys "R" Us, one of the world's best-known but least enjoyable toy shops.

Here's the evidence:

- Stores are perceived as cluttered, narrow, dim and overwhelming.
- Top-selling toys are twice as likely to be found on Amazon.
- Prices are often significantly higher than those at other retailers.
- Shoppers give the business poor marks on convenience, speed and service.

The new executive team at Toys "R" Us is doing some things right. They're focusing on store redesign for easier shopping, improving employee knowledge and service, and speeding up checkout. They're also committed to making sure products are in stock.

What's still missing? Experience. Tweaking price and convenience won't win back market share from the likes of Amazon. Toys "R" Us needs to engage shoppers of all ages with interactive in-store and online features that delight, entertain, and inspire both traffic and purchases.

WANT MORE CLIMBERS & FALLERS? VISIT: chainstoreage.com/soibonus14

InterbrandDesignForum

We recently did a bit of soul searching about what makes us unique. It's really quite simple:

World-Class Thinkers. Inspiring Creativity.

World-Class Thinkers: As part of Interbrand, the world's leading brand consultancy, we know the power of brand and the value it brings to organizations better than anyone.

Inspiring Creativity: Our roots were set with game-changing retail design. We get what it takes to create a compelling, dynamic and successful shopping experience through design, planning, visual merchandising, architecture and brand communication.

But today that means more than the traditional store. That's why we've evolved into an experience agency — we can help you with your entire customer experience from the first touchpoint on the journey to the last — both in the built environment and the digital world.

Our goal is to prepare brands for the future. Things change fast, so our speed to innovation process helps brands find their next big thing and make it happen.

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CSA

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

CSA's reach extends across the entire spectrum of the industry, from department stores and discounters to supermarkets and softline/hardline 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 store development, including technology, marketing, human resources, finance, store design and construction, facilities management and real estate.

Online, chainstoreage.com covers the industry 24/7, with retail news updates, breaking news alerts, multimedia, detailed reports, expert analysis, category-specific newsletters — StoreSpaces, OnSite, Customer Disruption — and a daily news roundup, DayBreaker.

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 ExecutiveSPECS, a management development and networking event for senior-level executives in store development and facilities executives, and the annual Retail Store of the Year design competition.

CSA Top 100

ANNUAL RANKING OF THE NATION'S LARGEST RETAIL COMPANIES

Digital retailing is getting all the buzz, but brick-and-mortar stores are still doing the heavy lifting in the $3 trillion U.S. retail market. Indeed, physical stores remain the foundation of retailing, with 90% of all U.S. retail sales occurring within the four walls of a store and 95% of all sales captured by retailers with a brick-and-mortar presence, according to a recent report by A.T. Kearney.

It's not surprising then that retailers with physical stores dominate *Chain Store Age's* ranking of the nation's largest retailers. In fact, only two pure e-commerce merchants — Amazon.com and eBay — made the list. *(The CSA Top 100 retailers are ranked by revenue, including, with some exceptions, international sales. For methodology, see page 26A.*)

But while stores remain the cornerstone of retail, these are not the stores — or retailers — of yesterday. Not by a long shot. Digital technology, the growth of online commerce and the ubiquity of mobile devices have transformed retail, and even though the majority of transactions occur in stores, more and more shopping experiences now span multiple channels. The sharp lines that once divided physical retail and online commerce have fallen, brought down by tech-savvy consumers who jump from one channel to another and want to shop and buy anywhere and anyhow they please. The quest to deliver a seamless and engaging shopping experience has become the holy grail of retail as chains work to integrate their online and offline channels.

This quest is evident in the Top 100 retailers, many of whom have increased tech-related investments to update and expand their omnichannel initiatives and capabilities. In its most recently completed fiscal year, Wal-Mart Stores opened three new online fulfillment centers. The discounter recently opened its second tech outpost in the Silicon Valley, in Sunnyvale, California. Located about 30 miles from its San Bruno-based @WalmartLabs, the new center employs about 500 people with plans to double that workforce in the next few years.

Wal-Mart has also been on a tear when it comes to acquiring tech start-ups. Recent acquisitions include Stylr, a location-based mobile app that allows shoppers to find clothes in nearby stores.

In a mantra that is being heard increasingly throughout the retail landscape, Walmart is committed to "trying to bridge physical and digital and help our customers get what they want, when they want it and how they want it," said Brian Monahan, VP marketing, Walmart.com, at a recent e-commerce conference.

RANKINGS: The Top 100 has remained extremely consistent in recent years, and this year was no exception. Apart from slight exchanges in ranks (and a few major acquisitions, notably OfficeMax by Office Depot), the list of retailers is little changed from last year, and this is especially true in the top 25.

But while the ranks of the Top 100 remain relatively unchanged, there is nothing static about these companies' business strategies. On the physical front, retailers are pushing boundaries; expanding into new markets here and abroad; testing new footprints; and offering more personalized, engaging and convenient in-store experiences. At the same time, they are taking advantage of new and emerging technologies to increase their connectivity and engagement with shoppers.

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
1	**Wal-Mart Stores** º, Ark. 1/31/2014 walmart.com	476,294,000	468,651,000	16,695,000	17,756,000	10,942	10,408
2	**Costco Wholesale Corp.** Issaquah, Wash. 9/1/2013 costco.com	102,870,000	97,062,000	2,039,000	1,709,000	634	608

Source: Company reports/research unless otherwise noted

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
3	**The Kroger Co.** Cincinnati 2/1/2014 kroger.com	98,375,000	96,619,000	1,519,000	1,497,000	2,640	2,424
4	**The Home Depot** Atlanta 2/2/2014 homedepot.com	78,812,000	74,754,000	5,385,000	4,535,000	2,263	2,256
5	**Amazon.com** Seattle 12/31/2013 amazon.com	74,452,000	61,093,000	274,000	-39,000	DNA	DNA
6	**Target Corp.** Minneapolis 2/1/2014 targetstores.com	72,596,000	73,301,000	1,971,000	2,999,000	1,917	1,778
7	**Walgreens** Deerfield, Ill. 8/31/2013 walgreens.com	72,217,000	71,633,000	2,450,000	2,127,000	8,116	7,930
8	**CVS Caremark Corp.**[R] Woonsocket, R.I. 12/31/2013 info.cvscaremark.com	65,618,000	63,641,000	6,268,000*	5,636,000*	7,660	7,508
9	**Dell Inc.**[E] Round Rock, Texas 2/1/2013 dell.com	56,940,000	62,071,000	2,372,000	3,492,000	DNA	DNA
10	**Lowe's Cos. Inc.** Mooresville, N.C. 1/31/2014 lowes.com	53,417,000	50,521,000	2,286,000	1,959,000	1,832	1,754
11	**Best Buy Co.** Richfield, Minn. 2/1/2014 bestbuy.com	42,410,000	44,045,000	532,000	-420,000	1,968	1,990
12	**Alimentation Couche-Tard** Laval, Quebec 4/27/2014 couche-tard.com	37,956,600	35,543,400	812,200	572,800	8,499	8,386
13	**Sears Holdings Corp.** Hoffman Estates, Ill. 2/1/2014 sears.com	36,188,000	39,854,000	-1,365,000	-930,000	2,429	2,548
14	**Safeway Inc.** Pleasanton, Calif. 12/28/2013 safeway.com	36,139,100	36,068,300	3,507,500	596,500	1,346	1,377
15	**Pilot Flying J**[E] Knoxville, Tenn. 12/31/2013 pilotflyingj.com	30,430,000	29,230,000	NA	NA	650	600

Source: Company reports/research unless otherwise noted
R: Retail pharmacy segment only; **E:** Estimate; **DNA:** Does not apply
*Operating profit

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
16	**Publix Super Markets** Lakeland, Fla. 12/28/2013 publix.com	28,917,439	27,484,766	1,653,954	1,552,255	1,079	1,069
17	**Macy's Inc.** Cincinnati, Ohio 2/1/2014 macys.com	27,931,000	27,686,000	1,486,000	1,335,000	840	841
18	**The TJX Cos.** Framingham, Mass. 2/1/2014 tjx.com	27,423,000	25,878,000	2,137,000	1,907,000	3,219	3,050
19	**Ahold USA**[E] Chantilly, Va. 12/29/2013 ahold.com	26,948,626	25,800,000	1,097,065	NA	767	774
20	**Rite Aid Corp.** Camp Hill, Pa. 3/1/2014 riteaid.com	25,526,413	25,392,263	249,414	118,105	4,587	4,623
21	**7-Eleven** (U.S. & Canada) Dallas 12/31/2013 7-eleven.com	25,300,000	22,000,000	NA	NA	8,285	7,669
22	**Staples** Framingham, Mass. 2/1/2014 staples.com	23,114,263	24,380,510	620,069	-210,706	2,169	2,215
23	**HE Butt Grocery Co.**[E] San Antonio 10/27/2013 heb.com	20,900,000	19,000,000	NA	NA	352	350
24	**Apple Inc.**[R] Cupertino, Calif. 9/28/2013 investor.apple.com	20,228,000	18,828,000	NA	NA	416	390
25	**Kohl's Corp.** Menomonee Falls, Wis. 2/1/2014 kohlscorporation.com	19,031,000	19,279,000	889,000	986,000	1,158	1,146
26	**Dollar General Corp.** Goodlettsville, Tenn. 1/31/2014 dollargeneral.com	17,504,200	16,022,100	1,025,100	952,700	11,132	10,506
27	**Gap Inc.** San Francisco 2/1/2014 gap.com	16,148,000	15,651,000	1,280,000	1,135,000	3,539	3,407
28	**eBay Inc.** San Jose, Calif. 12/31/2013 ebay.com	16,047,000	14,072,000	2,856,000	2,609,000	DNA	DNA

Source: Company reports/research unless otherwise noted
E: Estimate; **DNA:** Does not apply; **R:** Retail stores only

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
29	**Meijer** Grand Rapids, Mich. 2/1/2014 meijer.com	15,000,000	14,780,000	NA	NA	204	199
30	**Starbucks Corp.** Seattle, Wash. 9/29/2013 starbucks.com	14,892,200	13,299,500	8,300	1,383,800	19,767	18,066
31	**Wakefern Food Corp.**E Keasbey, N.J. 9/28/2013 shoprite.com	14,100,000	13,600,000	NA	NA	306	261
32	**Whole Foods Market** Austin, Texas 9/29/2013 wholefoodsmarket.com	12,917,000	11,698,828	551,000	465,573	362	335
33	**Delhaize America** Salisbury, N.C. 12/31/2013 delhaizegroup.com	12,889,000	13,073,000	481,000	525,000	1,514	1,553
34	**Toys "R" Us** Wayne, N.J. 2/1/2014 toysrusinc.com	12,543,000	13,543,000	-1,039,000	38,000	1,767	1,693
35	**Nordstrom** Seattle 2/1/2014 nordstrom.com	12,166,000	11,762,000	734,000	735,000	260	240
36	**Verizon Wireless**ER Basking Ridge, N.J. 12/31/2013 verizonwireless.com	11,990,000	12,135,000	NA	NA	2,000+	2,330
37	**J.C. Penney Co.** Plano, Texas 2/1/2014 jcpenney.com	11,859,000	12,985,000	-1,388,000	-985,000	1,094	1,104
38	**BJ's Wholesale Club** Westborough, Mass. 1/31/2013 bjs.com	11,600,000	11,434,000	NA	NA	201	196
39	**Bed Bath & Beyond Inc.** Union, N.J. 3/1/2014 bedbathandbeyond.com	11,503,963	10,914,585	1,022,290	1,037,788	1,496	1,471
40	**Trader Joe's**E Monrovia, Calif. 6/30/2014 traderjoes.com	11,300,000	10,500,000	NA	NA	415	400
41	**Liberty Interactive Corp.** Englewood, Colo. 12/31/13 libertyinteractive.com	11,252,000	10,054,000	580,000	1,591,000	DNA	DNA

Source: Company reports/research unless otherwise noted
E: Estimate; **ER:** Estimate, retail operations only; **DNA:** Does not apply

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
42	**Office Depot**[A] Boca Raton, Fla. 12/28/2013 officedepot.com	11,242,000	10,696,000	-20,000	-77,000	2,075	DNA
43	**Quik Trip**[E] Tulsa, Okla. 4/30/2013 quiktrip.com	11,210,000	10,770,000	NA	NA	700	642
44	**L Brands Inc.** Columbus, Ohio 2/1/2014 lbs.com	10,773,000	10,459,000	903,000	753,000	2,923	2,876
45	**Family Dollar Stores** Matthews, N.C. 8/31/2013 familydollar.com	10,391,457	9,331,005	443,575	422,240	7,916	7,442
46	**Bi-Lo Holdings**[E] Jacksonville, Fla. 12/28/2013 bi-lo.com	10,300,000	10,000,000	NA	NA	684	689
47	**Ross Stores** Dublin, Calif. 2/1/2014 rossstores.com	10,230,353	9,721,065	837,304	786,763	1,276	1,199
48	**The Sherwin-Williams Co.** Cleveland 12/31/2013 sherwin-williams.com	10,186,000	9,534,000	753,000	631,000	3,908	3,762
49	**Giant Eagle Inc.**[E] Pittsburgh 6/30/2014 gianteagle.com	9,900,000	9,900,000	NA	NA	421	397
50	**AutoZone** Memphis, Tenn. 8/31/2013 autozone.com	9,147,530	8,603,863	1,016,480	930,373	5,201	5,006
51	**GameStop Corp.** Grapevine, Texas 2/1/2014 gamestop.com	9,039,500	8,886,700	354,200	-269,800	6,675	6,602
52	**Wawa** Wawa, Pa. 12/31/2013 wawa.com	9,020,000	8,460,000	162,000	NA	645	595
53	**Menards**[E] Eau Claire, Wis. 1/30/2014 menards.com	8,892,000	8,800,000	NA	NA	280	273
54	**Racetrac Petroleum** Atlanta 12/31/2013 racetrac.com	8,843,286	9,060,000	122,221	NA	370	335

Source: Company reports/research unless otherwise noted

E: Estimate; **DNA:** Does not apply

A: On Nov. 5, 2013, Office Depot merged with OfficeMax. Data include OfficeMax results from date of merger

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
55	**AT&T Wireless**[ER] Dallas 12/31/2013 att.com	8,347,000	7,577,000	NA	NA	2,200	NA
56	**Army & Airforce Exchange Service** Dallas 2/1/2014 aafes.com	8,307,969	9,154,237	166,577	205,892	3,100	2,817
57	**Aldi US**[E] Batavia, Ill. 12/30/2013 aldi.us	8,000,000	7,900,000	NA	NA	1,280	1,200
58	**Hy-Vee** West Des Moines, Iowa 9/30/2013 hy-vee.com	8,000,000	7,700,000	NA	NA	234	234
59	**Dollar Tree** Chesapeake, Va. 2/1/2014 dollartree.com	7,840,300	7,394,500	596,700	619,300	4,992	4,671
60	**Casey's General Stores** Ankeny, Iowa 4/30/2014 caseys.com	7,840,255	7,250,840	134,514	110,625	1,808	1,769
61	**Pantry Inc** Cary, N.C. 9/26/13 thepantry.com	7,822,000	8,253,200	-3,000	-2,500	1,548	1,578
62	**PetSmart** Phoenix 2/2/2014 petsmart.com	6,916,627	6,758,237	419,520	389,529	1,333	1,278
63	**Wegmans Food Markets**[E] Rochester, N.Y. 12/28/13 wegmans.com	6,800,000	6,600,000	NA	NA	83	81
64	**O'Reilly Automotive** Springfiled, Mo. 12/31/2013 oreillyauto.com	6,649,237	6,182,184	670,292	585,746	4,166	3,976
65	**Dillard's** Little Rock, Ark. 2/1/2014 dillards.com	6,531,647	6,593,169	323,671	335,962	296	302
66	**Foot Locker** New York City 2/1/2014 footlocker.com	6,505,000	6,182,000	429,000	397,000	3,473	3,335
67	**Advance Auto Parts** Roanoke, Va. 12/28/2013 advanceautoparts.com	6,493,814	6,205,003	391,758	387,670	3,832	3,576

Source: Company reports/research unless otherwise noted
E: Estimate; **ER:** Estimate, retail operations only

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
68	**Barnes & Noble** New York City 5/03/2014 barnesandnoble.com	6,381,357	6,839,000	-47,268	-157,806	1,361	1,361
69	**Susser Holdings Corp.** Corpus Christi, Texas 12/29/2013 susserholdings.com	6,213,815	5,872,792	14,331	46,725	580	559
70	**Dick's Sporting Goods** Coraopolis, Pa. 2/1/2014 dickssportinggoods.com	6,213,173	5,836,119	337,598	290,709	642	601
71	**Sheetz**[E] Altoona, Pa. 9/30/2013 sheetz.com	6,100,000	6,000,000	NA	NA	450	429
72	**IKEA North America**[E] Conshohocken, Pa. 8/31/2013	6,035,738	5,845,136	NA	NA	50	49
73	**The Great Atlantic & Pacific Tea Co.**[E] Montvale, N.J. 2/22/2014 aptea.com	5,900,000	6,400,000	NA	NA	305	320
74	**Defense Commissary Agency** Fort Lee, Va. 9/30/2013 commissaries.com	5,878,558	6,100,000	NA	NA	246	247
75	**WinCo Foods** Boise, Idaho 3/29/2014 wincofoods.com	5,700,000	5,300,000	NA	NA	94	86
76	**Luxottica Group**[ER] Port Washington, N.Y. 12/31/2013 luxottica.com	5,694,968	5,693,733	NA	NA	4,816	4,946
77	**Big Lots Inc.** Columbus, Ohio 2/1/2014 biglots.com	5,301,912	5,367,165	125,295	177,121	1,570	1,574
78	**Tractor Supply Co.** Brentwood, Tenn. 12/28/2013 tractorsupply.com	5,164,784	4,664,120	328,234	276,457	1,276	1,176
79	**Coach** New York City 6/30/2014 coach.com	4,806,226	5,075,390	781,336	1,034,420	1,014	953
80	**Neiman Marcus** Dallas 8/3/2013 neimanmarcus.com	4,648,200	4,345,000	163,700	140,100	79	78

Source: Company reports/research unless otherwise noted
E: Estimate; **ER:** Estimate, retail operations only

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
81	**Michaels Stores** Irving, Texas 2/2/2013 michaels.com	4,570,000	4,408,000	264,000	200,000	1,257	1,224
82	**Burlington Coat Factory** Burlington, N.J. 2/2/2013 burlingtoncoatfactory.com	4,461,987	4,165,504	16,150	25,301	521	500
83	**Williams-Sonoma** San Francisco 2/2/2014 williams-sonoma.com	4,387,889	4,042,870	278,902	256,730	585	581
84	**Save Mart Supermarkets**[E] Modesto, Calif. 12/29/2013 savemart.com	4,300,000	4,500,000	NA	NA	225	226
85	**Signet Jewelers Ltd.** Akron, Ohio 2/1/2014 signetjewelers.com	4,209,200	3,983,400	368,000	359,900	1,964	1,954
86	**Abercrombie & Fitch Co.** New Albany, Ohio 2/1/2014 abercrombie.com	4,116,897	4,510,805	54,628	237,011	1,003	1,051
87	**Belk** Charlotte, N.C. 2/1/2014 belk.com	4,038,118	3,956,866	158,533	188,370	299	301
88	**Tiffany & Co.** New York City 1/31/2013 tiffany.com	4,031,130	3,794,249	181,369	416,157	289	275
89	**Bass Pro Shops**[E] Springfield, Mo. 12/30/2012 basspro.com	4,000,000	3,920,000	NA	NA	83	77
90	**Roundy's** Milwaukee 12/28/2013 roundys.com	3,949,906	3,890,537	34,538	-69,249	163	161
91	**Stater Bros. Holdings Inc.** San Bernadino, Calif. 9/29/2013 staterbros.com	3,859,800	3,873,203	30,375	37,709	166	166
92	**Ingles Markets** Black Mountain N.C. 9/28/2013 ingles-markets.com	3,738,540	3,718,315	20,796	43,444	203	203
93	**Cabela's Inc.** Sidney, Neb. 12/28/2013 cabelas.com	3,599,577	3,112,682	224,390	173,513	50	40

Source: Company reports/research unless otherwise noted
E: Estimate

Rank	Company / Fiscal Yearend	2013 Revenue [000]	2012 Revenue [000]	2013 Net Income [000]	2012 Net Income [000]	2013 Store Count	2012 Store Count
94	**Price Chopper/Golub Corp.**[E] Schenectady, N.Y. 4/30/2013 pricechopper.com	3,480,000	3,800,000	NA	NA	135	132
95	**RadioShack Corp.** Fort Worth, Texas 12/31/2013 radioshack.com	3,434,300	3,831,300	400,200	-139,400	5,519	7,200
96	**Systemax Inc.** Port Washington, N.Y. 12/31/2013 systemax.com	3,352,300	3,544,300	-43,800	-6,516	36	41
97	**Cumberland Farms**[E] Framingham, Mass. 9/30/2013 cumberlandfarms.com	3,253,091	3,344,068	NA	NA	881	603
98	**Urban Outfitters** Philadelphia 1/31/2014 urbanoutfitters.com	3,086,608	2,794,925	282,360	237,314	511	429
99	**Saks Fifth Avenue**[E] New York City 2/1/2014 saksfifthavenue.com	2,958,076	3,147,554	NA	62882	112	108
100	**The Sports Authority**[E] Englewood, Colo. 2/28/13 sportsauthority.com	2,700,000	3,450,000	NA	NA	450	478

Source: Company reports/research unless otherwise noted
E: Estimate

Top 100 Methodology: Behind the Numbers

The annual *Chain Store Age* Top 100 ranks the nation's leading retail companies by annual revenues as recorded in their most recently concluded financial year. For privately owned companies that do not release financial statements, estimates are based on multiple independently published financial reports.

The metrics reported in the Top 100 are annual revenue, net income and store count. For U.S.-based retailers, the data reflect the company's global presence. For companies whose corporate headquarters are outside the United States, such as Ikea and Saks, only the North American division is included.

A few of the retailers on the Top 100, such as Apple, also operate businesses outside the retail sector. In these instances, only the metrics that reflect the company's retail segment are included.

Research for the Top 100 was conducted by Mike Fickes, contributing editor, *CSA*.

Big Fooprints: TOP 10 RETAILERS BY U.S. STORE COUNT

For the past several years, retail expansion in the United States has been to a large extent dominated by extreme-value discount stores. The trend continued in 2013, with Dollar General, Family Dollar and Dollar Tree significantly upping their store counts. At the same time, two of the retailers listed here, RadioShack and GameStop, have been pruning back, closing underperforming units and rethinking their real estate — and will continue to do so going forward.

(Store totals are for the company's most recently completed fiscal year.)

	Company	U.S. Store Count
1	Dollar General Corp.	11,132
2	Walgreens	8,116
3	Family Dollar Stores	7,916
4	7-Eleven	7,800
5	CVS	7,660
6	Starbucks Coffee Company	7,049
7	GameStop Corp.	6,675
8	Radio Shack Corp.	5,519
9	Dollar Tree	4,992
10	Wal-Mart Stores (includes Sam's Club)	4,835

Deep Pockets: TOP 10 RETAILERS BY NET INCOME

For all retailers (with the notable exception of Amazon), the most important metric at the end of each day — and the year as a whole — is net profit. The Top 10 retailers that led the industry in net income in 2013 racked up impressive results, with billion-dollar bragging rights.

(Privately held companies do not report net earnings and, as a result, were not considered for this ranking.)

	Company	Net Income (2013)	Net Income (2012)
1	Wal-Mart Stores	16,695,000	17,756,000
2	The Home Depot	5,385,000	4,535,000
3	Safeway Inc.	3,507,500	596,500
4	eBay	2,856,000	2,609,000
5	Walgreens	2,450,000	2,127,000
6	Lowe's Cos.	2,286,000	1,959,000
7	TJX Cos.	2,137,000	1,907,000
8	Costco Wholesale Corp.	2,039,000	1,709,000
9	Target Corp.	1,971,000	2,999,000
10	Kroger Co.	1, 519,000	1,497,000