Fall 2022

Bricks vs. Clicks: How Businesses Survive

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BIS 437-01

Abstract

Traditional retail has transformed into a digital shopping marketplace, as revenue for e-commerce businesses have increased and is expected to rise over the next five years, whereas traditional brick and mortar companies without online capabilities have experienced a decline in revenue. The paper will discuss what businesses must do to survive the digital shift in shopping from brick-and-mortar shopping to e-commerce shopping. Two major players in the e-commerce market today are Amazon and Wal-Mart. Both companies have become profitable e-businesses leading the way in transforming retail trade and e-commerce. As customers shift more of their shopping to online platforms, I want to discuss how e-commerce has changed the face of retail, and focus on two businesses, Amazon, and Wal-Mart and the evolution of both companies and their success.

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Introduction

How can brick-and-mortar businesses compete in today's market? Amazon and Walmart have been so successful because they understand what customers want and are utilizing the importance of convenience to improve their businesses. What happens in the next five years will make or break many businesses. E-commerce is changing the shopping experience and it is just beginning. E-commerce keeps evolving in artificial intelligence, virtual reality, robotics, the Internet of Things, and many other developing technologies.

Amazon and Walmart have thrived by their continued focus on superior customer service, website design, mobile applications, product availability, low pricing, high quality, new technology, fast shipping, and lower operating cost. Their marketing strategies capture massive data on customers and maintain a considerable amount of market share for the industry. The success of Amazon and Wal-Mart has evolved from being the most cost effective and technological service, while also capturing sales from ads to adapt to consumers interests.

I will discuss four external drivers in the e-commerce industry, the percent of business done online, internet traffic volume, number of mobile internet connections, and per capita disposable income according to IBISWorld Industry Report 45411A. I will also discuss four success factors important for the industry, according to IBISWorld Industry Report 45411A, such as the ability to control stock on hand, the ability to quickly adopt new technology, after the sales service, and maintaining a loyal customer base.

Additionally, I will discuss retail trade and the six external drivers that affect the retail trade industry performance in retail trade, according to IBISWorld Industry Report 44-45. These drivers are per capita disposable income, consumer confidence index, consumer spending, national unemployment rate, population, and number of households. The six success factors that are important for the industry, according to IBISWorld Industry Report 44-45, are the ability to control stock on hand, employing an experienced workforce, having a clear market position, close monitoring of competition, and economies of scale.

Another key success factor is transportation and warehousing, data processing, and hosting services and the roles they have in e-commerce and brick and mortar industry. I will also discuss the Eight Essentials of Remarkable Retail (Dennis, 2020), The Six Cs of Connection (Dennis, 2020), and Khan's Retailing Matrix (Kahn, 2018). These are all effective plans for retailers along with an excellent customer experience that are the key to the survival of business in this digitally enabled world. Retailers must surpass the rising expectations of today's digitally versed customers to keep customers and attract new ones.

A brick-and-mortar business is a physical building or structure that makes money by using in person interactions and transactions with consumers (The History and Evolution of Retail Stores (From 1700s to 2022), 2022). These brick-and-mortar businesses are exact opposites of e-commerce and are either owned, leased, or rented. They have employees that sell products to customers in a face-to-face transaction. Customers get to touch, feel, and some get to even try the products before purchasing them. The rising demand for online stores has created a challenge for brick-and-mortar businesses due to lower prices, a bigger market, unlimited selection of products, and data backed personalized ads to attract customers.

Businesses face significant challenges ahead if they are going to be able to compete in this new digital marketplace. Two of the biggest e-commerce retailers have taken over the market for the last twenty years and have become the businesses of choice for a huge portion of the United States population, while raising customers' expectations, focusing on low cost and convenience (Kahn, 2018, p. 1). These businesses are Amazon and Walmart.

History of Retail

Civilization may have started out with an emphasis on hunting and gathering, but it wasn't long before trading entered the equation. "Mom and pop" stores in the 1700's and 1800's consisted of small and family owned, independent businesses, many of which were drug or general stores selling everything from groceries, fabrics, toys, and tools (The History and Evolution of Retail Stores (From 1700s to 2022), 2022). Since the rise of department stores in the late 1800's, there has been a trend to one stop shopping and retail slowly started to become more and more organized with modern methods of commerce being introduced (Dennis, 2020, p. 4). When retail innovator John Wanamaker began using the first price tags 100 years ago, who knew the consumer would now determine the price they were willing to pay (Stephens, 2013, p. 207).

In the nineteenth century, specialty stores and department stores opened in major cities (Dennis, 2020, p. 3). During this time, business owners recognized the customer when they entered the store, and remembered everything they bought, and used that information to make their shopping experience better the next time. At the end of the century the mail-order catalog was introduced and consisted of a published list of general merchandise for sale by different companies (Dennis, 2020, p. 3). After World War II, regional malls, or large indoor shopping centers with different department stores, were built all over the country and within 20 years became the dominant form of retail for many consumers (Dennis, 2020, p. 3).

In the 1960's, Walmart and other stores started opening general merchandise stores (Dennis, 2020, p. 4). With lower prices and less service, these retailers offered a more convenient and cheaper option that many shoppers found pleasing, and eventually, thousands of stores began selling large varieties of products. By the 1990's, retailers became more diverse and targeted and there were different variations of product from one end of the spectrum to the other, for example, Home Shopping Network and QVC became a phenomenon and started to take a toll on the regional mall-based department stores (Dennis, 2020, p. 4). Before online shopping existed, the merchandise purchased was limited to the stores closest to where the consumer resided. If a consumer lived in a big city, the wider range of options there were, however if they lived in a rural area, the options were very small, and access to that store was limited by the business's hours of operation. At the beginning of the new century, Jeff Bezos and Sam Walton were going to change the face of retail, permanently.

Eight Essentials of Remarkable Retail

According to Steve Dennis, there are eight essentials of remarkable retail to help guide an organization from just good enough to remarkable (Dennis, 2020, p. 109). These eight essentials are likely to be an important element for any retailer hoping to reinvent its brand, improve customer experience, or just stay ahead of the competition. Some essentials have more relevant uses than others.

The first essential of remarkable retail is to be digitally enabled (Dennis, 2020, p. 114). In the first decade of e-commerce, consumers used their home or office desk computers to do online shopping. A successful e-commerce retailer has an online selling platform to conduct business online. The advantage of shopping online is 24/7 access, global reach, product selection, and low prices. (Dennis, 2020, p. 114) The internet has quickly become the biggest resource and has redefined our perception of convenience and product selection (Dennis, 2013, p. 83). The internet never closes, and we can shop anywhere or anytime from our smart device.

The surge of popularity of the internet and technological developments are important to the continual growth of the e-commerce industry (Thomas, 2021b, p. 32). There is a positive connection between the number of internet connections and online retailers' customers, both of which have increased as internet access continues to become more affordable. Online shopping used to be limited by a specific location or time, but those limitations are gone, thanks to smartphones and devices.

In the physical store, sales associates can help a customer with digital devices that can help improve the customer experience (Dennis, 2020, p. 115). The use of handheld digital devices is on the rise among sales associates and it's common for sales associates to help customers via text, email, or chat. In the past, receiving customer service was always a face-to-face experience, but today's digital technology has made it available anytime and anywhere.

The second essential of remarkable retail is being human-centered (Dennis, 2020, p. 121). A common definition for this is to do business with the customer in a way that provides a positive customer experience before and after the sale to gain repeat business, customer loyalty, and profits. It's not about the product price, features, or benefits, it's about what goes into a purchasing decision (Dennis, 2020, p. 124).

Since online retailers are four times as efficient as brick-and-mortar stores, massive cuts in retail employment are inevitable (Lal et al., 2014, p. 384). Shoppers' buying behavior online is different than it is in the store because customers are more likely to research products online and purchases are more carefully researched, leading to a decrease in trips, and lower consumption (Lal et al., 2014, p. 385). Shoppers can usually find out more information about a product than the people who make it (Stephens, 2013, p. 86).

Much of marketing today is used from the loads of customer data, enabled by sophisticated software, using programs with algorithms to attract customers (Dennis, 2020, p. 126). These systems measure buyer frequency, items purchased, and spending. Consumers are also influenced by their family, friends, and social networks on what products they buy (Dennis, 2020, p. 127).

The third essential of remarkable retail is being harmonized (Dennis, 2020, p. 134)**.** Great customer service experience is about showing up when and where it really matters, and in memorable ways. Creating a positive shopping experience is effective in two key areas, seamless and reducing touch points.

First, the purchasing process should be seamless and easy for the customers to keep and to attract new ones (Dennis, 2020, p. 135). Omnichannel strategies must deliver the customer the experience the same way and focus on attention to detail. The omnichannel and seamless integration, is most often focused on eliminating pain points in the customer's purchase journey. Blending the best of the digital and physical experience, with a customer's mobile device creates a positive customer experience (Dennis, 2020, p. 136).

The goal is to win and keep customers based on how they prefer to shop (Dennis, 2020, p. 140). The need to understand how customers navigate across many different channels and touchpoints, is the key to understanding modern shopping. Applying a good retail strategy demands a new, customer centered experience that reflects the combined role of digital and physical channels to win customers.

The fourth essential of remarkable retail is having mobile capability (Dennis, 2020, p. 143). The use of smart mobile devices is how consumers relate and interact to make purchases online. The relationship between the consumer and the retailer has been forever changed by mobile devices. Many goods will be purchased through some type of mobile device.

Consumers would rather make purchases through their devices due to the improved convenience and seamless checkout process, as the number of mobile connections increase (Thomas, 2021b, p. 32).

The mobile device is the first thing consumers look at in the morning, and then often check it another hundred times throughout the day. About one third of mobile users get anxious at the mere thought of being without their devices (Stephens, D., & Pine, J., 2017, p.59).

Most consumers today live in a completely mobile world. A mobile device is usually where the consumer first learns about a brand, and this is becoming one of the main ways for engaging customers wherever they want to shop (Dennis, 2020, p. 146). By using a mobile device, shopping is not limited by drive distance, traffic, parking, store hours, or product availability (Dennis, 2020, p. 145). As consumers use mobile devices for online shopping, retailers have dedicated more resources to develop mobile applications and improve the customer experience (Thomas, 2021b, p. 33).

The Walmart app, with a monthly mobile audience of 120 million topped the ranking of shopping apps with the most active monthly users in the U.S. in 2021 (Statista, 2022b). Amazon had an average of 98.07 million users accessing the app during the same time frame (Statista, 2022b). Apps on mobile devices allow customers information to be marketed and interactions to be uniquely identified because these smart devices can keep track of just about everything they do (Kahn, 2018, p. xi).

The fifth essential of remarkable retail is personal (Dennis, 2020, p. 151). Knowing more about the customer than the competitors is very important. Retailers need to create new and unique forms of connection by identifying customers, and understanding their needs and values, by interacting with them, and then modifying the experience to help keep their current customers and attract ones (Dennis, 2020, p. 155). New digital platforms decreased the power and control that brick-and-mortar retailers held by creating new and unforgettable forms of connection like social media, and peer to peer reviews.

The sixth essential of remarkable retail is connected (Dennis, 2020, p. 167). The idea that we are all connected, is no longer referred to as faith based, it is reality. This constant connectedness creates new opportunities to tell an extraordinary story and is facilitated by the world wide web and other empowering technologies.

Internet devices are used in all types of industries and markets, with consumers accounting for around 60% of all IoT connected devices in 2020 (Statista, 2022e, August 22). The number of Internet of Things (IoT) devices worldwide is forecasted to triple from 9.7 billion in 2020 to more than 29 billion IoT devices in 2030 (Statista, 2022e, August 22).

The number of internet devices is projected to stay at this level over the next ten years (Statista, 2022e, August 22). Major industry verticals with currently more than 100 million connected IoT devices are electricity, gas, steam & A/C, water supply & waste management, retail & wholesale, transportation & storage, and government (Statista, 2022e, August 22). Overall, the number of IoT devices across all industry verticals is forecast to grow to more than 8 billion by 2030 (Statista, 2022e, August 22).

The most important use case for IoT devices in the consumer segment are consumer internet & media devices such as smartphones, where the number of IoT devices is forecast to grow to more than 17 billion by 2030 (Statista, 2022e, August 22). Other use cases with more than one billion IoT devices by 2030 are connected or autonomous vehicles, IT infrastructure, asset tracking & monitoring, and smart grids (Statista, 2022e, August 22).

Being constantly connected has completely redefined the limitations among individuals, groups, and organizations (Stephens, 2013, p. 181). Connected devices monitor, manage, and control more of consumers' purchase activity (Stephens, D., & Pine, J., 2017, p. 117). For example, the Amazon Echo provides more sources of data and marketing opportunities, when customers shop virtually (Stephens, D., & Pine, J., 2017, p. 82). Being digital is what the new normal is and is what consumers crave (Stephens, D., & Pine, J., 2017, p. 133). Media is more and more becoming the store (Stephens, D., & Pine, J., 2017, p. 66). Every piece of digital media out there becomes a link to purchase or a lead for consumers to purchase (Stephens, D., & Pine, J., 2017, p. 69). In the last several years, social media influencers, such as those on Tik Tok and Instagram have influenced consumers' purchases (Dennis, 2020, p. 127).

The seventh essential of remarkable retail is memorable (Dennis, 2020, p. 180). The key to being memorable is to create an experience that the consumer is excited to come back to and purchase again. Maybe they will even make a post to social media about their experience, and in turn promote new customers. When experiences are shared on social media it is usually a good sign that the experience was a memorable one. If it was a true and genuine experience, advertising will not matter, and a discount won't be needed for the customer to return to make another purchase. In the book, *The Shipping Revolution* by B.E. Kahn, a quote is given by Jeff Bezos. It says "You can have the best technology, you can have the best business model, but if the storytelling isn't amazing, it won't matter…. Nobody will watch" (Kahn, 2018, p. 34).

The eighth essential of remarkable retail is radical (Dennis, 2020, p. 195). With the age of Amazon and other e-commerce competitors, organizations must be more creative, exciting, and radical. Many companies have invested their money in intelligence technology, such as chatbots, to enhance the shoppers digital shopping experience (Dennis, 2020, p. 6).

Chatbots act as customer service representatives (Thomas, 2021b, p 12) Customers can receive answers about their orders or get help with placing an order without being required to surf the internet. This technology is being used to predict consumer behavior, and even act as a personal shopping assistant. For example, Amazon processes transactions for retailers and receives a fee for this service without any of the risks or cost involved when a third-party retailer sells products on Amazon Marketplace (Lal et al., 2014, p. 49).

Drone delivery has made an entrance in 2022, in companies such as Amazon (Tarasov, 2022). They are building fully electric drones to deliver packages under five pounds to customers in less than one hour. Amazon uses a sophisticated system to help the drones operate safely and autonomously. This is an ongoing process that is continually evolving.

Amazon's marketplace today offers an online solution available to all and allows Amazon to strengthen its advantages over brick-and-mortar retailers along with the help of third-party vendors (Lal et al., 2014, p. 49). Amazon does not have to select a physical store location and can offer thousands of different styles and the widest available selection (Lal et al., 2014, p. 42). This alone has left most brick-and-mortar retailers far behind.

Other online retailers can use search engine optimization and advertising to attract customers', using their brand name for price and selection beyond what a brick-and-mortar store can offer (Lal et al., 2014, p. 46). The product reviews of online retailers' sites are important as many customers seek out information before the potential purchase. The sale is really the retailers to lose.

Brick-and-mortar retailers lack the skill and technology that has made Amazon so successful (Lal et al., 2014, p. 47). Brick-and-mortar stores can capture a purchase by having the customer in the store, by providing products for customers to try, and by the active selling of store associates (Lal et al., 2014, p. 46). Every retailer, both brick-and-mortar and e-commerce, should consider the possibility that Amazon Marketplace may be the very concept of retail (Lal et al., 2014, p. 47).

Walmart

In 1962 Walmart was founded by Sam Walton and the slogan was always low prices (Stephens, D., & Pine, J., 2017, p. 46). This was later changed to live better. Walmart had an extensive range of products, longer business operating hours, and guaranteed the lowest prices. This strategy enabled Walmart to sell large quantities and make huge profits. Walmart had the power to convince manufacturers to change the size of their packaging or guarantee the lowest prices (Stephens, D., & Pine, J., 2017, p. 46).

It wasn't until 2000, that Walmart established Walmart.com, which allowed U.S. customers to shop online (Stephens, D., & Pine, J., 2017, p. 9). In 2007, Walmart.com launched its site to store service, enabling customers to make a purchase online and pick up merchandise in the store (Stephens, D., & Pine, J., 2017, p. 9). In 2016 Walmart purchased Jet.com to help promote faster e-commerce growth and create a seamless omnichannel shopping experience for the consumer and began expanding its collection of e-commerce sites (Kahn, 2018, p. 49). Jet.com was purchased because it was one of the fastest growing and advanced e-commerce businesses and had already attracted more than 2,400 retailers to its platform (Kahn, 2018, p. 49). It also introduced a fast, easy, and safe way for customers to make purchases with their smartphones (Thomas, 2021b, October, p. 32).

In 2017, Walmart launched Store No 8, with a focus to transform retail and offer lower prices to consumers who are willing to order online but pick up in the store (Kahn, 2018, p. 49).

After the first year, Walmart's e-commerce sales grew with a 60% rise in digital gross merchandise volume (Kahn, 2018, p. 49).

Walmart's distribution center network ships merchandise, groceries, and specialty categories to consumers daily. Walmart's many distribution centers are one of the largest in the world, servicing stores, clubs, and delivery customers (Kahn, 2018, p. 52). In 2017, Walmart launched free two-day shipping on more than two million items, with no membership required (Kahn, 2018, p. 52). Walmart used Symbotic to enhance their systems and supply chain. Symbotic technology sorts, stores, retrieves, and packs freight onto pallets (Chain Reaction: We're Partnering With Symbotic to Bring High-Tech Automation to Our Supply Chain, 2021). In 2019, Walmart.com launched in home delivery and free next day delivery. By 2021, Walmart had invested in drone delivery, autonomous vehicles, and Walmart GoLocal which featured the last-mile delivery service (Walmart Invests in DroneUp, the Nationwide On-Demand Drone Delivery Provider, 2021).

Walmart changed the face of retail in 1962, when it opened its first store, and to this day continues to provide a seamless shopping experience (Stephens, D., & Pine, J., 2017, p. 8). With modernizations like Curbside Pickup and Mobile Scan & Go, Walmart is providing customers with more ways to save time and money while incorporating how digital and physical shopping can work together (Why We're Helping More Customers Scan and Go, 2018).

As one of the biggest major brick-and-mortar retailers, 90% of the U.S. population live within ten miles of a Walmart store (Kahn, 2018, p. 47). Walmart combines physical locations with e-commerce business to offer a level of convenience never seen, while creating an experience that lets customers shop anytime, delivering exactly what they want, in any part of the U.S. (About, n.d.).

There are three reasons why Walmart’s lowest price strategy works so well (Kahn, 2018, p. 47). First, there will always be customers who value a good deal. Second, there are always people who are living within a budget where every penny they save counts. Finally, there are people who believe that brands are too expensive and require a cheaper alternative.

Amazon

Amazon has changed the shopping experience for retail and beyond. In July 1994 former investment banker Jeff Bezos opened a new on-line bookstore (Amazon Distribution Network Strategy | MWPVL International, n.d.). Amazon’s bookstore offered customers the opportunity to order books anytime, anywhere, with the largest selection of titles available (Stone, 2013).

Jeff Bezos chose the book industry because books could be scanned and digitized (Kahn, 2018, p.32). Amazon’s website made it easy to browse online, allowing the customers to see the front cover, back cover, and some of the inside materials, as well as access other customers’ reviews, interviews with the authors, and other related book titles. Most of the books were priced cheaper than those sold at physical stores (Amazon Distribution Network Strategy | MWPVL International, n.d.).

The company's web storefront, Amazon.com recorded its first sale in July 1995 (Amazon Distribution Network Strategy | MWPVL International, n.d.). Customers were impressed by Amazon's online bookstore, and this resulted in recommendations, which generated growth for the company. Amazon reported a quarterly financial loss in 2000 and it was speculated that Amazon would file for bankruptcy when the company's stock hit an all-time low (Amazon Distribution Network Strategy | MWPVL International, n.d.).

Shortly after this, Amazon began allowing outside companies to sell their products on their e-commerce platform called Amazon Marketplace (Kahn, 2018, p. 19). Amazon collected a commission for each product sold, delivered the product for the merchant, and allowed consumers to buy the products using Amazon's technology. Other retailers also got on board, and this enhanced Amazon's hold on the marketplace.

Amazon Marketplace, an e-commerce platform, not only allowed Amazon to offer the largest assortment of products online, but it also provided a huge source of profit. Amazon was on the brink of selling every product from a to z and offered the endless aisle, which consists of a broad assortment of products with more than one million skus available online (Kahn, 2018, p. x). Amazon is genuinely focused on the customer by introducing free shipping, easy return policies, low pricing, personalized recommendations, and customer reviews (Kahn, 2018, p. 1).

In 2005, Amazon introduced Amazon Prime, which consists of a monthly fee guaranteeing unlimited two-day shipping for its members (Kahn, 2018, p. 23). Amazon Prime is a service that provides members with Amazon perks such as movies, tv shows, videos, music, and free shipping. As Amazon's loyal prime customers accelerate their purchasing, this continuous process helps sustain other facets of business for Amazon (Kahn, 2018, p. 23).   In April of 2021 Amazon had 157.4 million subscribers in the U.S. alone (Wise, 2022)

Amazon offered even more benefits to its Prime members, including Kindle, Prime Drive, and Prime Photo (Kahn, 2018, p. 24). All these factors make Amazon Prime members loyal and provide Amazon with important data each time the customer interacts with these apps (Kahn, 2018, p. x).

Prime Day was created in 2015 to celebrate Amazon's 20th anniversary, offering discounts for certain products purchased on this day (Kahn, 2018, p. 24). A 2015 report from Consumer Intelligence Research Partners indicates that Amazon's non-prime customers spend an average of $625 USD per year. The average Prime member spends a whopping $1,500 USD a year (Stephens & Pine, 2017, p. 18). Amazon also gives students a free six-month subscription to Amazon Prime, with a discounted rate if it is kept after the free trial is over.

In 2006 Amazon Web Services was formed to allow small businesses to compete with larger corporations by providing greater server capacity with cloud computing (Kahn, 2018, p. x). Because these networks required extensive development to build these databases, process payments, and store data it was very expensive to start from scratch (Kahn, 2018, p. 19). This was reliable and cheaper to use than other services because customers paid for what they used, avoiding costly upfront fees to start up these networks.

AWS today has over 200 IT services including networking, storage, and analytics (*What Is AWS*, n.d.). Amazon's total operating income of 56% comes from AWS alone (Stephens & Pine, 2017, p. 16). The fees from these third-party sellers have helped Amazon further strengthen its hold on brick-and-mortar companies by creating more revenue for the company (Kahn, 2018, p. 47).

> Amazon has huge insight into where there may be gaps for cheaper brands, since Amazon controls all the data, and then can produce those products. Amazon makes it hard for the competition to match its prices, because of its price blocking technology the competition cannot see what is happening. Still, competitors are enticed to sell on Amazon Marketplace because they do not have to spend money on marketing to bring traffic to their website. Brands that will not sell on Amazon's site still often find their products listed on Amazon through third party sellers and this competition allows for the lowest prices for Amazon's customers. If Amazon is out of a product the customer can use a third-party seller to place their order instead (Kahn, 2018, p. 31).

Amazon helps third party sellers by opening their rapid delivery service called FBA, or Fulfillment by Amazon (Kahn, 2018, p. 49). These third-party sellers have access to all of Amazon's high spending Amazon Prime users (Lal et al., 2014, p. 42). Amazon has collected massive amounts of data on how consumers search, buy, and consume, but it also has data from its seller Marketplace that show how sellers sell.

> Amazon provides the best recommendations for consumers with this information and uses it to capitalize on its logistics and technology. Amazon continually innovates, for example, such as the Amazon Echo and 1-Click shopping. Once the consumer enters personal and payment information, they do not have to enter it or verify it again on another screen, they just simply click on the items and purchase it, hence where the name 1-Click shopping came from. Amazon was awarded a US patent for the 1-Click technology, which expired in 2017 (Kahn, 2018, p. x).

There is a growing focus on voice assistants such as the Amazon Echo that make purchasing as easy as talking right into the speaker of the device right at home. The Amazon Echo is a voice-enabled speaker that works by connecting to the internet and answers to the word Alexa. eMarketer released a forecast for 2017 and onward estimating that almost six million Americans would be using a voice-activated assistant device at least once a month, with the largest market share going to Amazon's Echo (Kahn, 2018, p. 26). Another study from Juniper Research predicts that smart speakers will be installed in over 70 million households by 2022, or 55% of all homes nationwide (Kahn, 2018, p. 26).

> In his 2019 letter, Jeff Bezos said, "If the size of your failures isn't growing, you're not going to be inventing at a size that can actually move the needle." Amazon's corporate mission is to raise the bar across the industries and

> around the world for what it means to be customer focused. "There is so much stuff that has yet to be invented. There's so much new that's going to happen. People don't have any idea yet how impactful the Internet is going to be and that this is still day one in such a big way" (Dennis, 2020, p. 203).

Amazon's mission is to be the most customer centered business, while offering the best price, the largest variety of products, and the fastest delivery (Kahn, 2018, p. 18). To achieve this goal, Amazon continually invests their profits and comes up with new innovations to attract more customers.

The book, *The Shipping Revolution* by B.E. Kahn, references a quote by Jeff Bezos when he was interviewed by senior editors from Harvard Business Review and what he had to say about the importance of his consumer-facing business (retail):

> When I'm talking with people outside the company, there's a question that comes up very commonly: What's going to change in the next five to ten years? But I very rarely get asked, what's not going to change in the next five to ten years? ... For our business, most of what I'm counting on not to change turns out to be customer insights. Look at what's important to the customers in our consumer-facing business. They want selection, low prices, and fast delivery. This can be different from business to business: There are companies serving other customers who wouldn't put price, for example, in that set. But having found out what those things are for our customers, I can't imagine that ten years from now they are going to say, I love Amazon, but only if they could deliver my products a little more slowly. And they're not going to, ten years from now, say, I really love Amazon, but I wish their prices were a little higher. So, we know that when we put energy into defect reduction, which reduces our cost structure and thereby allows lower

> prices, that will be paying us dividends ten years from now. If we keep putting energy into that flywheel, ten years from now it'll be spinning faster and faster (Kahn, 2018, p. 20).

Amazon's fulfillment network has been growing with its distribution centers in the U.S. At fulfillment centers shipments are photographed and scanned to make it easier to pick up and drop off packages at warehouses (Stephens, D., & Pine, J., 2017, p. 33). Amazon has launched an app called "Relay" that gives Amazon direct access to millions of truck drivers across the U.S. (Stephens, D., & Pine, J., 2017, p. 32). This app allows truck drivers to use a QR code to get through security which is the first step toward total automation of the truck delivery process. This is very critical because most of all cargo in the U.S. is delivered by trucks. Once at the fulfillment centers, systems, machines, and automated vehicles are used to sort each shipment automatically, taking half the time a human can do it.

> Amazon has strengthened its air delivery system by buying cargo planes to make them less reliant on delivery companies such as FedEx and USPS. Amazon also manages its delivery system by the creation of Amazon Flex, which is a network of independent drivers who are hired and work for Amazon to deliver shipments. The need for faster delivery times has demanded that Amazon build fulfillment and distribution centers closer to where the customer lives (Stephens, D., & Pine, J., 2017, p. 32).

Airborne delivery was a defining moment in the retail industry, signifying how far Amazon was prepared to lead the last mile delivery to consumers. Another example in 2012, was when Amazon purchased Kiva Systems Inc. (Stephens, D., & Pine, J., 2017, p. 34). Kiva makes robots equipped to move items efficiently through constricted warehouses by picking and shipping using the Kiva software along with the user's business software (Stephens, D., & Pine, J., 2017, p. 34). Kiva robots seemed the perfect means of increasing productivity since now each fulfillment center can hold 50% more inventory than non-Kiva warehouses and the result has been a decrease in its operating costs and a reduction in the average pick to ship cycle by almost an hour (Stephens, D., & Pine, J., 2017, p. 34).

Amazon announced it would test airborne parcel delivery with the use of remotely piloted drone quadcopters in 2013 (Stephens, D., & Pine, J., 2017, p. 33). Amazon demonstrated that its intention was to reduce the delivery time orders from days to hours. The idea of thousands of drones hurtling in the sky proved that Amazon would go to great lengths to deliver seamlessly within the company's strategic plan.

Amazon applied for a patent for anticipatory shipping in 2014 (Stephens, D., & Pine, J., 2017, p. 35). This system automatically ships products to customers before they order them based predictive analytics to anticipate what a customer might need, based on order history. Amazon delivery trucks are visiting some homes more than once each week, so Amazon's ability to predict needs, preferences, and ordering frequency became a valuable tool. Once it has data compiled on a customer, Amazon will already know what the customer is wanting to order before the customer realizes it. Amazon was becoming the default search engine bypassing Google when searching for products (Stephens, D., & Pine, J., 2017, p. 72). As one of the undeniable leaders, Amazon is continually innovating to hold this spot far into the future. There is an old saying that says, they who control the data controls the world and Amazon Prime serves as the key to make this occur (Kahn, 2018, p. 43.

Jeff Bezos planned a strategy to build customer experience he referred to this as "Amazon's Virtuous Cycle". Jeff Bezos had drawn this on a napkin when he started Amazon in the late 1990's. With this cycle more customers will come because of the excellent customer service, which will drive customers to the website, which will attract sellers, which will then provide a large selection of products, which will lead right back to a better customer experience (Kahn, 2018, p. 44).

Six C's of Connection

If retailers are serious about innovation and success, the choices are very clear (Dennis, 2020, p. 204). Are the businesses wired to say yes or no (Dennis, 2020, p. 204). Are they more worried about failure or regret? (Dennis, 2020, p. 204). As connectedness increases, platforms on social media have influenced consumer purchasing habits. Now it is easier than ever before for virtual connections to be used to create a social shopping experience.

A model called the Six C's of Connection is discussed with a slight twist added by Steve Dennis, author of the book *Remarkable Retail*, put forward by entrepreneur and influencer Maven Gretta Rose Van Riel (Dennis, 2020, p. 171). This model discusses how each retailer must determine a strategy that suits the needs, budget, and platform of its customers.

The first component is always the customer (Dennis, 2020, p. 171). The customer must be at the center of everything. The retailer must know who the customer is and what to focus on. The key is taking a customer-centric approach by engaging the customer, building a trusting relationship, driving customers to the business, and understanding the market.

Second, is content (Dennis, 2020, p. 171). The importance and quality of our content is what needs attention and inspires actions and wants. The content should engage, build trust, encourage sharing to click, to follow a link, to sign up etc.

The third component is community (Dennis, 2020, p. 171). Community is a participating group or network to help accelerate in getting the word out. It doesn't matter how great the product is, without having a community supporting it, it's dead in the water. Businesses need to find out what ties the community together, connect with them, and help them share interests and experiences.

The fourth is conversation (Dennis, 2020, p. 171). The ability to have discussions, with both business to consumer, and consumer to consumer. As a business, it is very important to have a very solid focus on communication, such as what consumers say. It is not so much about what we say to them, but what they say to us, so just listen and respond.

The fifth is collaboration (Dennis, 2020, p. 172). A strategy would be to collaborate on products, services, and content. This collaboration helps put the business in a position to create products and content that people want. Businesses need to spread the story, so the word gets out about their product.

The sixth is consistency (Dennis, 2020, p. 172). It is always a good idea for a product or brand to have clarity, concentration, and consistency. To have consistency, show up every time, all the time. Consistency builds a long trusting connection with the consumer.

Adding to this model, Steve Dennis, added a seventh component of commerce (Dennis, 2020, p. 180). The leading social media sites are influenced by customer buying behavior, which is sometimes directly affected by marketers, but more and more by professional influencers. Whole new business models have been created by new forms of connectedness. These new methods of connection allow customers to spread their story, messages, and opinions on products, services, and content.

By using social media and the web of connection, this helps build an efficient way for customers to see what people are up to and what they are buying. Businesses can get the word out by finding out how these social media platforms work and capitalize on the spread of information by influencers and consumers who follow those influencers. These interests will bring advantages and even more connections to retailers as the various platforms are interconnected.

Kahn Retailing Success Matrix

> The Kahn Retailing success matrix by Barbara Kahn is built on two simple marketing principles. Customers want to buy products from someone they trust. To win customers, businesses must offer products, services, and experiences that surpass the competitors. The Kahn Retailing success matrix, by Barbara Kahn, discusses four basic strategies effective at categorizing the most successful business strategies today. This strategy provides an inside look measuring the customers' expectations and competitors' actions. This strategy works to show the excitement and benefit for the customer by removing the unwanted processes and inconveniences from the consumers' experience (Kahn, 2018, p. 3).

The first strategy is by leading branded product superiority (Kahn, 2018, p. 3). Retailers should offer products that provide quality and superiority as compared to their competitors, and specialty retailers need to offer high quality brands that appeal to the consumer. These retailers must select their products with care and make sure they offer the newest selection for their consumers. Other retailers have products that are sold directly to the end user, these are known as vertical brands. These brands have developed connections with consumers which have made their customers frequently become brand supporters.

These retailers need to exceed in their style and design, as well as have the best up to date technology. For example, websites need to be user friendly and have some characteristics consistent with other websites. Customers need to feel comfortable navigating the site.

Websites should be simple, straightforward, easy to navigate, and provide detailed product information. The website should also provide an easy way for customers to contact a customer service representative, for example, if there is a problem with the order. A help or chat button that links the customer to a live person should be one click away, or a link for an email, with a response from customer service should be expected within 24 hours.

Finally, there should also always be a phone number listed in case the customer needs additional assistance. This phone number should be available 24 hours a day and seven days a week. Most online customers require some form of human interaction when they have an issue with an e-commerce transaction. The most successful user-friendly websites are designed to allow customer reviews and feedback from other users.

Walmart is making a lot of investments in technology to compete with Amazon (Kahn, 2018, p. 51). Walmart is investing in the connected home platform and voice technology by partnering with Google in 2017 to offer its customers the ability to order its products by voice (Kahn, 2018, p. 51). Only Walmart will be allowed to access the voice enabled network on Google (Kahn, 2018, p. 51).

Walmart is experimenting with several tech ideas such as exploring 3D hologram technologies by allowing customers to take 3D photos of themselves so they can see how they look in clothing before they buy it (Stephens & Pine, 2017, p. 56). Walmart has invested in virtual reality-based training for store employees and has given them new or revised apps to find inventory and promote sales and in-store technology to make shopping easier and developing a store concept with no checkout lines or cashiers (Stephens & Pine, 2017, p. 56). This technology allows Walmart to compete with the no checkout lines in the Amazon Go stores.

The second strategy is to offer an enhanced customer experience (Kahn, 2018, p. 3). These retailers must offer an experience that provides more excitement than the other competitors. By offering a digitized shopping experience, retailers can connect consumers in-store shopping patterns with their online behavior and offer personalized ideas and promotions on products.

This collection of customer data allows for constant analyzing to provide customization and a personalized shopping experience and retailers should collect customer data and put it into practice. Amazons' digital disruption has forced most legacy retailers to become more focused on data and science, since many retailers have been data poor (Dennis, 2020, p. 159). It has never been easier and cheaper to gather, store, and analyze customer data than it is today (Kahn, 2018, p. 101).

Retailers need to connect the data, fill in the gaps, and connect the dots to make sense of it all (Dennis, 2020, p.159). These businesses will need to interpret the data and create a new level of personal experience of detailed marketing. For smaller organizations, it is a challenge to keep up with the big guys, but many affordable software programs have become available (Dennis, 2020, p.159). The closer retailers get to addressing their customers uniquely, the quicker they will find out customers want and value different things. Therefore, retailers must choose the right customers to focus on, and build tools that allow them to become more relevant, and deliver a remarkable experience (Dennis, 2020, p.165).

In a world full of information, customers need help making sense of the right choices. Helping to select products for consumers is a key to providing great

> retail. Historically, good marketing starts with knowing the customers, sorting through options, and then pulling together the best choice that consumers' needs while generating a profit. The more data or information businesses have about customers the more they can modify the experience to satisfy those needs, wants, and desires (Dennis, 2020, p.165).

Many companies possess an abundance of data about consumers and have sophisticated tools to make some very accurate interpretations. This improved ability can help predict a customer's future purchases. When the customer's needs, wants, and desires are met, it's a good possibility they will share that story with people they know. Retail that is uniquely personal is a very old concept but is being re-invented in a very new way.

Retailers who are succeeding in this quadrant are using machine learning, chatbots, and other strategies to improve the customer experience and anticipate customers' future purchases and connect consumers with their online behaviors and then offer customized assistance and suggestions (Kahn, 2018, p. 9). As an example, Walmart shoppers can link their Walmart accounts on Google Home or Google Express and order the products they want along with their previous purchases. Customer acquisition and retention cost, lifetime value of the customer, and churn rates help retailers identify their most profitable customers and make sure their needs are being met (Kahn, 2018, p. 9). This presents an opportunity for retailing since in store digital experiences are perceived as average or below average by the customer and consumers believe retailers are not doing enough to integrate online and offline experiences.

The third strategy is to offer operational excellence and the lowest cost (Kahn, 2018, p. 3). These retailers need to provide products or services at the lowest prices, so their customers get the best savings. Retailers with this strategy can competently manage inventory, keep operating expenses down, and reduce costs at every step.

As operators compete on price, some operators that operate solely online can pass on cost-savings measures to consumers by offering lower prices. Operators that are not able to afford lowering their prices will suffer, bringing overall profit down (Thomas, 2021a July, p.12). Amazon avoids the cost of building stores by using fulfillment centers to distribute their products.

This distribution system reduces the amount of inventory in Amazon's overall supply chain. The absence of a physical store enables Amazon to create more sales with less inventory and PP&E assets than other retailers. Brick-and-mortar retailers face many challenges ahead. E-commerce threatens to digitize the products they sell and leave them without anything to stock in their stores. Most shoppers are becoming more price-driven causing many brick-and-mortar retailers to become unable to compete with the lower prices. Some customers now connect directly with manufacturers and cut the retailers out of the deal entirely.

To capitalize on this trend and continue to compete effectively, many companies that traditionally operated through brick-and-mortar locations now also operate websites. This capability allows their customers to shop online. While this shift would typically take revenue away from a brick-and-mortar industry, this trend has also presented a challenge in the form of increasing price competition.

Shopping online makes it much easier and quicker for consumers to compare prices and discounts offered by numerous operators in search of the best deal. As a result, businesses are now competing to offer the best online-only deals, price discounts and shipping options. As a result, many consumers will continue to purchase additional products as well as products for everyday needs. Consumers with particularly high-income levels will also continue to opt for high-end merchandise, which will boost sector revenue (Thomas, 2021a, July).

> In the 1960's, the founder of Walmart, Sam Walton, recognized that the high-low pricing strategies used by most grocers resulted in uneven demand and high costs in managing inventory and distribution. To correct this, an everyday low pricing strategy was applied that allowed Walmart to reduce costs by reducing the fluctuations of the demand. Walton supplemented this savings by changing the way retail companies manage their supply chain by sharing real time sales data with the manufacturers who provide the store with merchandise (Kahn, 2018, p.7).

For example, Walmart has acquired several delivery and logistics companies to reduce cost. This has allowed Walmart to compete with Amazon in same day delivery. Retailers will offer strong customer focused policies for returns or exchanges and retailers have built their complete business models around these goals (Kahn, 2018, p. 7).

The fourth strategy is to offer comprehensive customer understanding and total convenience (Kahn, 2018, p. 3). These retailers will provide the customer with the simplest and most convenient way to shop. For example, Walmart will continue to invest in innovations to maintain convenient and frictionless shopping. Retailers in the Frictionless quadrant provide a frictionless customer experience that offers customers the easiest and convenient shopping experience (Kahn, 2018, p. 8). Jeff Bezos quotes, "We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better" (Kahn, 2018, p. 39).

As the theme song from the iconic TV show Cheers reminds us, we want to go where everybody knows our name, but it is much more than that. Businesses need to strive to do whatever it takes to make their customers' lives easier, and the more retailers get to know the customer and act upon that knowledge the better the experience becomes. The customer brings value to each experience such as time, feedback, granting permissions to share data, and interaction. When that mutual trust has been recognized it helps retailers learn how to better help them. The customer becomes advocates for the product or service because of how well their needs have been met and their emotional cost is huge.

Brick-and-Mortar vs. Amazon

To save both time and money, consumers are increasingly choosing to shop online rather than visiting brick-and-mortar locations, prioritizing convenience over physically viewing their items prior to purchasing them, and as a result, the E-commerce and Online Auctions industry has substantially outperformed all other retail industries (Thomas, 2021a, July). Consumers are perfectly content to have their purchases delivered right to their home. Even for retailers, the future of being online virtually eliminates any walk-in traffic they may have attracted. These retailers will have to create a very interesting storefront to convince customers to leave their homes.

> Amazon consistently surpasses its brick-and-mortar peers on the American Customer Satisfaction Index and is 100% focused on being customer-centric. Amazon’s improving delivery speeds are one example. In 1994, when Amazon first began, it was common for a book order to take one to five weeks to reach a customer (Lal et al., 2014, p. 32).

Today, orders arrive in as little as two to five days, and with Amazon’s continually expanding fulfillments centers, delivery times will only get faster. These efficiencies all translate to lower prices for customers across a broad selection of goods which is why Amazon has been so successful at gaining market share (Lal et al., 2014, p. 32). Rather than finding customers for the products available, retailers need to find the products for the customers to win, keep them happy, and spread their story.

With all the data and technology retailers can deliver an infinite number of messages and other means of communication to their customers. Retailers that collect and analyze this data and use advanced predictive modeling techniques to drive individualized recommendations will achieve the best success. Customers always want someone to take care of them if a problem arises, taking care of the customer, is in turn taking care of the company.

The key point here is a seamless shopping experience across all touchpoints by collecting, capturing, and analyzing all available customer data which allows for customization and personalization (Kahn, 2018, p. 8). The best example is Amazon offering physical store pickups, lockers, and eventually to the data collected in the connected home via the internet. Amazon also competes effectively in this quadrant by offering one place to shop for everything, hence the nickname, the everything store.

This strategy allows Amazon to have more connections with consumers, which provide more data and makes shopping more convenient and easier. Most common consumer pain point in physical stores is waiting in line; the second most common complaint focused on pushy salespeople, with the third being pressure to make a purchase in the store (Kahn, 2018, p. 8). Retailers must identify the current pain points in the shopping experience.

Other surveys have delivered similar results, concluding that consumers would rather interact with their mobile phone or device when shopping rather than talk to a salesperson in the store (Kahn, 2018, p. 8). Taken together, the data suggests that a key focus for retailers in this quadrant must be a seamless shopping experience across all consumer touchpoints (Kahn, 2018, p. 9). The digital touchpoints are increasing and are controlled by the consumer not the retailer. Retailers must gain customers' total trust and meet their needs to keep them.

In the face of Amazon's key advantages, a host of arguments have arisen to defend brick-and-mortar stores on grounds that do not involve price or assortment (Lal et al., 2014, p. 35). There are reasons to believe that Amazon will be able to reinvent itself around these arguments in favor of physical stores' enduring benefits (Lal et al., 2014, p. 34-35). See figure 2.6 below.

Brick-and-Mortar Advantage	Amazon Digital Replacement
Shopping Experience	Amazon's smartphone app lets customers enjoy the experience in-store but still purchase online. Amazon has improved the online browsing experience, such as detailed photos of products from multiple angles. Amazon's Lockers program delivers orders to a central, convenient location rather than to individual households. The logistics savings from this could be enough to fund free returns, making a try-before-you-buy program.
Purchase Immediacy	Amazon's rollout of same-day delivery partly eliminates this advantage.
Ease of Returns	Amazon's reverse logistics operations could become much more cost effective and more consumer friendly through Amazon Lockers.
Security of Purchase	Amazon Lockers cater to consumers who may not want expensive TVs sitting in front

	of their houses or in the entryways of their apartment buildings.
Unbanked Customers	Amazon Lockers could be outfitted with cash-accepting vending machine components that would facilitate a cash on demand delivery arrangement.
Product Issues (e.g., high weight, low price)	The logistics savings from Lockers or Amazon Fresh memberships could be enough that items like petfood become a profitable, or at least not as costly, offering.

Above Table (Lal, 2014, p. 35) Figure 2.6

Amazon's online retail buying, and logistics operations are superior in almost every aspect as compared to brick-and-mortar retailers. On factory gate pricing/direct supplier pickup, inventory control, and outbound fulfillment, B&M (brick-and-mortar) has the disadvantage. Many distribution centers are located close to populated areas due to volume programs like Subscribe & Save and this allows Amazon to select the most cost-effective shipping method. Amazon has invested significantly in customer-facing systems for search, personalization, and ease of ordering. In 2000, Amazon invested 10% of its sales on product development to further personalize customers' online stores and their experience. It has used some features to allow for seamless shopping against the superstores by inventing Amazon One-click, which gives Amazon the patent and exclusive ability for customers to use a predefined payment and shipping information to purchase an order with just a click (Lal et al., 2014, p.40).

Amazon is becoming a platform for other retailers and brands to sell their products. Figure 2.10 lays out the differences between these business model types along these three dimensions (brick-and-mortar, internet retailer such as Amazon, and an e-commerce platform) and how they create value, the key decisions that each are required to make, and the risks that are inherent in each type of business (Lal et al., 2014, p. 40).

	Traditional Retailer	Internet Retailer	E-commerce Platform
How They Create Value	• Break bulk • Reduce transport costs for customers • Create showroom and selling point for brands • Provide services to customers • Provide channel for convenience and impulse buying	• Lower operating costs • Lower working capital • Efficient transport to end customer • Lowest prices • Widest assortment for customers • Create place for small brands to thrive	• Become first point of consideration • Charge vendors for use of platform • Keep platform costs low while continuing to develop capabilities • Eliminate risk: weather, obsolescence, execution, and real estate
Key Decisions	• Format design • Store location and network design • Determination of curated assortment • Negotiation of buys and buy volumes • Determination of pricing • Allocation of buys to stores • Scheduling of store personnel • Warehouse locations • Transportation infrastructure • Hiring and development of buyers • Hiring and development of	• Fulfillment center locations • Shipping partners • Negotiation of buys • Determination of pricing • Fulfillment center technology development and infrastructure • Hiring of key management for intellectual property development	• Platform technology • Partner acquisition • Hiring of relationship managers for platform customers • Hiring of key management for intellectual property development

	store operations personnel		
Risks Inherent in Model	• Real estate • Missed sales from out of stocks • Inventory obsolescence • Weather • Theft and robbery • Execution: store locations as multiple points of failure and under/over allocation of store personnel	• Fulfillment center location • Inventory obsolescence • Technology obsolescence • Hacking of site • Loss of consumer appeal • Missed sales from out of stocks	• Technology obsolescence • Loss of consumer appeal • Hacking of site

Above Table (Lal, 2014, p. 45) Figure 2.10

The point to take away from this exhibit is that traditional brick-and-mortar business is by far the most expensive, with many more complex decisions to be made. Brick-and-mortar retailers also have a much more risk from many components of the physical retail store business structure. With limited shelf and warehouse space, a brick-and-mortar retailer cannot carry all the styles available from the many vendors that exist in this space and must curate the selection that they will carry.

Walmart & Amazon Comparisons

> Between 1962 and 2010 the Walmart chain opened 4,393 stores across America. Their growth was simply extraordinary. Founder, Sam Walton, made Walmart become the world's largest and most dominant retailer, reshaping the entire retail industry. Just about everyone worked for, sold to, or competed with Walmart. Walmart, it seemed, was retail (Stephens & Pine, 2017, p. 8).

Walmart seemed out of sync with the new era of more considered consumption and its labor practices became under attack from advocacy groups and unions. Its commitments to domestic sourcing were questioned, and the in store experience was leaving much to be desired. Where Walmart had once dominated the low end of the price range, new competitors were challenging it. Walmart had experimented with online sales in the 1990's, but most efforts were stopped in favor of growth in its physical stores (Stephens & Pine, 2017, p. 9). In 2007, Walmart changed its brand slogan from always low prices to save money, live better (Stephens & Pine, 2017, p. 9).

By the late 2000s, however, consumers were moving online more and more, and Walmart hadn't done anything to move with them (Stephens & Pine, 2017, p. 8). In 2012, Walmart's revenues were 16 times those of Amazon, but in 2016 Walmart was only five times that of Amazon and had quickly closed the gap (Stephens & Pine, 2017, p. 9). Amazon's revenue per employee in 2015 was $623,000 USD according to Time magazine, three times that of Walmart (Stephens & Pine, 2017, p. 10).

In 2015, something happened, Walmart suffered its first sales decline ever (Stephens & Pine, 2017, p. 10). Walmart had spent fifty years breaking records and later that same year, Amazon dethroned Walmart as the world's most valuable retailer. Amazon's market capitalization had passed the $250 billion USD, exceeding Walmart's value by $20 billion USD (Stephens & Pine, 2017, p. 10).

In only two decades, Jeff Bezos had built a company worth more than Sam Walton and his heirs spent more than fifty years creating (Stephens & Pine, 2017, p. 10). In 2015, Walmart.com carried 11 million products, a mere 4% of the 260 million products carried on Amazon.com (Stephens & Pine, 2017, p. 10). Walmart, once the biggest retailer, was now the one being made to look small. Adding salt to the wound, Amazon was also beating Walmart in customer service and most other physical retailers in customer satisfaction surveys, often coming in at number one (Stephens & Pine, 2017, p. 10).

As far back as 2012, Walmart had already begun desperately attempting to catch up to its online rivals and made an investment by purchasing the U.S. technology firm Kosmix.(Stephens & Pine, 2017, p. 11). This move was more than just about buying Kosmix, but more about acquiring the creators Venky Harinarayan and Anand Rajaraman. This same duo helped Amazon build its price comparison engine, ten years earlier and for the next year, Kosmix completely overhauled Walmart's off the shelf solutions, disconnected systems, and platforms (Stephens & Pine, 2017, p. 10).

> By the 4th quarter of 2013, Walmart reported a 30% increase in its e-commerce sales. As of the 1st quarter of the 2016 earnings report, Walmart's e-commerce business increased by only 7%. Walmart not only trailed in e-commerce growth behind Amazon, but also in the retail industry (Stephens & Pine, 2017, p. 11).

In 2016, Walmart CEO Doug McMillon, accustomed shareholders to expect weakened profitability to support a $2 billion USD investment in technology (Stephens & Pine, 2017, p. 13). As Walmart is to retail, Amazon is to e-commerce. Walmart announced it would apply discounts to online orders that are picked up in store and this is increasingly becoming popular as brick and mortar stores quickly fill purchases and have bags ready for pickup that same day or the next day (Stephens & Pine, 2017, p. 12).

Amazon doesn't think or behave like a retailer. Just when the market appears to be counting Amazon out, it has an increase in sales, profitability, or a new invention. Shareholders have remained content perhaps because Amazon is now a billion dollar per year company, serving hundreds of millions of customers worldwide, and posting annual sales figures that challenge every retailer (Stephens & Pine, 2017, p. 17). Today, Amazon offers convenience in shopping, guarantees low prices, and fast delivery.

> Amazon and Walmart are investing heavily in robotic technology to make warehouse processes and shipping times more effective. Furthermore, companies that use this same technology may be able to lower product prices and improve their delivery speeds. Small companies are at the greatest risk, as they do not have the resources to compete with larger companies that devote millions of dollars to new technology as well as running on extensive losses (Thomas, 2021b, October, p. 14).

Third-party software companies made it easier for small businesses to promote an e-commerce website. These smaller companies will start to thrive in the future, if they take the first step to make it happen. The rising success of the e-commerce industry is not a result of an increase in consumer retail spending; instead, it comes from a shift from traditional retail to online retail.

Amazon Prime and Walmart+

A subscription to Walmart+ costs $12.95 per month, while Amazon prime's subscription is $14.99 per month (Albanesius, 2022, August 19). If price is the main concern, Walmart is the cheaper option, saving the consumer $41 per year and both offer a 30-day free trial (Albanesius, 2022, August 19). If the consumer is a regular Walmart shopper, then free shipping and one-hour grocery delivery is the best option. However, if the consumer does not live near a Walmart and is interested in grocery delivery, Amazon’s Fresh or Whole Food deliveries may be better since Prime members can choose a free, two-hour delivery window. Amazon offers one-day delivery on over 10 million items which will arrive by 9pm the next day (Albanesius, 2022, August 19). Additionally, if streaming appeals to the consumer, then Amazon Video is a nice perk with an Amazon prime subscription.

Both Walmart and Amazon offer prescription savings. They both have discount programs to benefit the consumers without insurance or patients that can save more by using the discount programs rather than their own insurance plans. Prime members can get free two-day shipping on medicine and save up to 80% when paying without insurance at over 60,000 pharmacies and certain prescriptions can be filled at $1 per month (Albanesius, 2022, August 19). However, these Prime prescription savings are not available in Hawaii, Illinois, Kentucky, Louisiana, or Minnesota (Albanesius, 2022, August 19).

> Prescription discounts for Walmart+ offer savings up to 85% with some prescriptions being available at no cost from over 4,000 pharmacies. However, California pharmacies cannot offer zero copay medication, but can offer $2 for a 30-day supply or $6 for a 90-day supply. Walmart+Rx pricing is not available in Puerto Rico, North Dakota, Massachusetts, Minnesota, Arizona, or Vermont (Albanesius, 2022, August 19).

Out of every dollar spent online in the U.S., Amazon alone now captures 60 cents of that purchase, in other words, six out of every ten dollars spent online is going directly to Amazon (Stephens & Pine, 2017, p. 17). So, for each dollar spent in the U.S. retail market, Amazon takes nearly a quarter, leaving the rest to fight over the leftovers. Retailers need to figure out how to get a fragment of a market, especially when Amazon DRS lives inside most of the world's products (Stephens & Pine, 2017, p. 73). Companies need to attract new consumers even though some consumers no longer do the shopping themselves.

Transportation and Warehousing

> As more goods are sold online, the volume and quantity of small package shipments increases. Booming e-commerce spending benefited demand for parcel and courier delivery services to grow. By providing these services, this industry is the essence of the economy. When the economy thrives, more goods are transported creating a higher demand (Cook, 2021, July).

Online retailers often require outsourcing of their logistics since the number of physical locations are limited, which has driven demand for third party logistics and services (Cook, 2021, July). Most technological improvements are focused on improving costs and delivery time, while being more efficient. This is an important new technology due to the ability to access software remotely from a server that will allow employees to work from any computer via the internet.

These operators compete consistently on low price, fast delivery speed, broad coverage area, scope, and reputation. Price is the most important because the company with the lowest price is going to win business. Customers just want their products delivered as scheduled.

The major players in this industry are the United States Postal Service, United Parcel Service Inc., and FedEx Corporation (Cook, 2021, July). Consumer spendings growth has driven performance keeping the demand for innovative logistics and other courier services high and Increased consumer spending means more products are bought and sold (Cook, 2021, July).

Over the five years to 2026, several of these industries will have some moderate technological change (Cook, 2021, July). For example, the use of sensors, GPS, network, and cloud computing are making improvements to keep track of vehicles, determine the most efficient routes, and provide real time status deliveries. This change has become the standard in trucking and commercial vehicles. This increase will require more freight to be shipped to producers, retailers, and distributors that move goods to market. The transportation and warehousing sector are expected to grow over the next five years to 2026 (Cook, 2021, July). The revenue is expected to climb an annual rate of 4.2% to nearly $1.6 trillion USD over the next five years to 2026 (Cook, 2021, July).

Data Processing & Hosting Services

As companies collect more data from customers, they require a large capacity to store and use information. Smaller companies have IT departments while others use these third-party companies. These data and hosting services are more affordable and lower prices will increase demand (Moses, 2021, p. 9).

Small companies have increased demand for cloud-computing services to handle their IT needs. These services allow users to store any type of file on the cloud and access it on a computer or mobile phone. A demand for remote storage and web hosting capacity has risen due to the increasing popularity of online services and this will lead to an increase in revenue as companies rely on these companies to manage their online platforms (Moses, 2021, p. 9).

This industry provides data process or hosting services that provide special reports from information supplied by clients and hosting services that include web and application hosting (Moses, 2021, p. 9). Many companies have moved to online platforms which has benefited the industry growth in data processing and hosting services, one example is Amazon.

> AWS or Amazon Web Services provides many services on its platform. AWS provides on-demand cloud computing platforms, networking, database, and application services to individuals, companies, and governments. AWS today employs an estimated 1,298,000 people globally and captures 9.3% of market

share in this industry and expects to be a growing figure in the industry (What Is AWS, n.d.).

The continued movement towards online services has industry revenue expecting to grow at an annual rate of 3.6% to $235 billion USD over the five years to 2026 (What Is AWS, n.d.). These companies will focus investment on products designed to improve operations and improve efficiency. As the technology becomes more complex, the knowledge needed to manage these centers will rise.

Retail Trade

The Retail Trade sector is the final step in the distribution of merchandise (Thomas, 2021a, July, p. 5). This includes brick-and-mortar retailers and non-store retailers operating by mail-order, door-to-door, kiosks, and internet mediums. Merchandise sold by retailers is purchased from suppliers and is then sold to consumers though the retailers' store or other mediums.

There are six key external drivers that affect industry performance in retail trade. This is data from 2013-2026, according to IBISWorld. The drivers are per capita disposable income, consumer confidence index, consumer spending, national unemployment rate, number of households, and population (Thomas, 2021a, July, p. 10).

Six Key External Drivers of Retail Trade

Per Capita Disposable Income

Per capita disposable income is money left over to purchase goods and services (Thomas, 2021a, July, p. 10). When income drops, consumers limit purchases for essential items, and purchase more affordable selections rather than more expensive ones. When disposable income increases, consumers purchase more products (Thomas, 2021a, July p. 10).

Consumer Confidence Index

Consumer confidence levels influence spending of consumers (Thomas, 2021a, July, p. 10). A decline in customer confidence usually leads to lower spending on big purchases. This decline does not usually affect the purchase of essential goods such as food or groceries.

Consumer Spending

Consumer spending is the amount of money Americans spend (Thomas, 2021a, July, p. 10). Retailers benefit from consumer spending which consists of many retail purchases. As consumer spending is expected to increase, this will be an opportunity for the retail industry (Thomas, 2021a, July, p. 10).

National Unemployment Rate

The national unemployment rate influences demand for retail products. When consumers are out of work, their spending on optional products declines. However, when unemployment is low consumers spend more on retail products (Thomas, 2021a, July, p. 10).

Number of Households

A household is a person or group of people that occupy a single household, such as a house. Changes in households influence the purchases of many major retail items (Thomas, 2021a, July, p. 10). The number of households is expected to increase, as of 2021 (Thomas, 2021a, July, p.10).

Population

Consumers make up almost 90% of retail demand (Thomas, 2021a, July, p. 11). Changes in the population have an influence on sales. When the population grows, the demand for retail goods also grows. The U.S. population is expected to increase, as of 2021 (Thomas, 2021a, July, p. 11).

Six Key Success Factors of Retail Trade

The most important success factors for a business in this industry is having an experienced workforce, a clear market position, a loyal customer base, close monitoring of the competition, the ability to control stock on hand, and economies of scale (Thomas, 2021a, July, p.24). Retailers need to hire experienced employees who have knowledge of the products they sell and provide good customer service both in the store and online. Having a clear brand allows consumers to properly identify and purchase products.

By having a loyal customer base, retailers can build trusting relationships and encourage repeat business from buyers. Closely monitoring the competition allows businesses to offer competitive prices, good assortment, and quality products to keep up with the competition. Retailers must ensure that there is no excess amount of stock on hand and that popular items are reordered. And finally, economies of scale help to provide purchasing and marketing power to companies.

The Retail Trade sector comprises 12 diverse subsectors of the US economy, from food and beverage stores to motor vehicle, and parts dealers (Thomas, 2021a, July, p. 9). Retailers purchase merchandise from suppliers that is then sold through both brick-and-mortar stores and non-store outlets, including via mail-order, door-to-door sales, kiosks, and the internet. While some products sold by retailers are of necessity, others are optional. Retail operators have benefited particularly from increases in per capita disposable income and consumer spending, which have enabled consumers to increase their purchases of non-essential goods (Thomas, 2021a, July, p. 9).

> Over the five years to 2026, the Retail Trade sector is expected to rebound and grow. Per capita disposable income is expected to continue increasing, enabling consumers to spend more during the period. Furthermore, the Consumer Confidence Index is anticipated to increase during the period, along with a decrease in the national unemployment rate as stores reopen and consumers feel more comfortable with their economic position. As a result, the Retail Trade sector is anticipated to increase an annualized 3.2% over the five years to 2026 to total $6.3 trillion USD. Lastly, profit is anticipated to increase slightly during the period (Thomas, 2021a, July, p.9).

Market Share

> Walmart and Amazon are anticipated to account for more than 5.0% of the industry revenue in retail trade (Thomas, 2021a, July, p. 24). Walmart's market share from 2016 to 2021 was at 6.7%, while Amazon's market share for the same period was 5.9% (Thomas, 2021a, July, p. 32-33).
> Most of Walmart's growth has stemmed from the result of increased consumer spending and per capita disposable income. Amazons' success has been mainly driven by the growth in Prime membership subscriptions and purchase activity (Thomas, 2021a, July, p. 33).

Revenue

> Over the 10 years to 2026, industry value added (IVA), which measures an industry's contribution to the U.S. economy, is expected to increase at an

annualized rate of 10.6%. Meanwhile, U.S. GDP (gross domestic product) is forecast to rise at an annualized rate of 2.1% during the same period. High IVA growth relative to the economy is highly indicative of a growing industry. Moreover, there are other signs that the industry is in the growth stage of its life cycle. The e-commerce industry is still experiencing the entrance of many new operators and rapid innovation. Over the 10 years to 2026 the number of enterprises is expected to increase at an annualized rate of 11.3%. Consumers' demand to purchase items online and increasing number of mobile internet connections has spurred enterprise growth during the period. Demand from key markets is expected to be much higher as consumers transition both their essential and nonessential shopping to online platforms. Over the next five years, revenue is estimated to increase at an annualized rate of 8.6%, reaching 1.0 trillion in 2026. As revenue continues to increase, the number of enterprises is also expected to rise. To effectively compete in this increasingly competitive market, companies will need to continue to differentiate themselves from competitors using targeted marketing campaigns, offering a wider range of products, and implementing new technology (Thomas, 2021a, July, p. 18).

Four Key External Drivers of E-Commerce

There are four key external drivers that affect the e-commerce industry performance according to IBISWorld. The external drivers are business conducted online, internet traffic volume, number of mobile internet connections, and per capita disposable income. The percentage of services conducted online reflects

> consumer preferences toward purchasing items and conducting services online (Thomas, 2021b, October, p. 10).

Internet Traffic Volume

Internet traffic volume reflects the popularity of the internet and total internet traffic volume has more than doubled over the past five years (Curtis, 2022, p. 12). U.S. households are increasingly using social media across various internet-connected devices, and it is estimated that 70% of Americans use at least one social media networking site (Curtis, 2022, p.12). Solid consumer preference toward internet connectivity is expected to increase demand for ISP services (Curtis, 2022, p. 15).

As more people have access to and spend more time on the internet, traffic volume increases and this indirectly reflects the popularity of e-commerce websites (Thomas, 2021b, October, p. 9).   Consumers are increasingly leveraging their mobile internet connections to purchase items on the go, enhancing the ease and convenience of online shopping. As more consumers are connected online through their phones, companies will increasingly invest in smartphone e-commerce applications and mobile responsive websites to boost sales.

> Over the five years to 2026, the e-commerce industry is expected to continue its current course as internet traffic volume continues to grow and spending further shifts from traditional retailing to e-commerce. The greatest opportunity for growth will come from product categories that were traditionally dominated by brick-and-mortar shopping, including groceries, major appliance products and clothing. Over the five years to 2026, consumers are anticipated to continue using the internet to do a significant portion of their shopping (Thomas, 2021b, October, p. 9).

Internet Service Providers in the U.S.

The internet service providers industry provides clients with internet access. Many consumers spend most of their lives online, indicating the need for a more dependable internet. According to the Federal Communications Commission (FCC), 35% of Americans in rural areas do not have access to the internet (Curtis, 2022, p.12). A push towards broadband expansion in rural areas and a rise in the demand has increased industry revenue (Curtis, 2022, p.12).

> The rising popularity of cloud computing has increased demand for internet access services. The percentage of business conducted online is expected to grow at an annual rate of 2.0% over the five years to 2026. Overall demand for internet services is expected to increase over the five years to 2026, at an annualized rate of 3.4% to $156.2 billion USD over the five years to 2026 (Curtis, 2022, p. 9).

Mobile Internet Connections

The rapid and continuous rise of the internet has given e-commerce companies the opportunity to reach hundreds of millions of customers without opening even a single store. Faster internet speeds as well as a surge in mobile device use have contributed to the mainstream adoption of internet shopping, which has contributed to stronger industry operating profit.

> In 2022, 281.5 million people in the U.S. accessed the internet through any kind of mobile device. As of 2022, the U.S. had over 307 million internet users. This figure is projected to grow to 328 million internet users in 2027. The internet has become a dynamic means for communication, information, and entertainment today (Statista, 2022a, June 29).

> Among the largest online markets in the world, the U.S. ranks third with over 307 million internet users nationwide. The U.S. has increased its digital population for over two decades. Today, over 90% of Americans have access to the internet, many of whom could no longer imagine a life without it (Statista, 2022, August 31).

The average time spent on the phone, not including talking, is expected to reach around 4 hours and 35 minutes by 2023 (Statista 2022d, August 11). In 2026, this figure is projected to amount to over 303.6 million mobile internet users (Statista, 2022a, June 29). Currently, approximately 84% of the U.S. population are mobile internet users (Curtis, 2022).

Percent of Doing Business Online

Furthermore, the percentage of business conducted online, a measure of the influence of the internet, is expected to continue to rise at an annualized rate of 2.0% over the five years to 2026 (Curtis, 2022, p. 9). While Americans are not getting significantly wealthier, spending habits are changing away from traditional brick and mortar outlets to e-commerce business. As processes become more efficient and delivery times quicken, consumers will more frequently flock to online retailers.

This theme of convenience is heavily researched by large operators looking for ways to create products that fill a need. Smart products are likely to become more prevalent as they make processes automated or even obsolete. The internet makes it easy for customers to research different products, read reviews from other customers and find the best price for a product they are interested in. This improved customer experience gives online retailers an advantage over traditional outlets, where customers do not have the time or means to do thorough research or find the most affordable products. As demand for online retailers increases, internal competition remains high (Thomas, 2021b, October, p. 18).

To attract customers, online retailers must maintain well designed websites and mobile applications, or risk losing revenue; consumers may question the validity of an operator if its website or mobile application lacks a clean design or is not using the latest technology. Businesses should ensure that their product range is as extensive, if not more extensive as those found in traditional brick and mortar stores. This will entice consumers to turn to online retailers for hard-to-find items, driving demand for products retailed online (Thomas, 2021b, October, p. 18).

Per Capita Disposable Income

Per capita disposable income is a deciding factor in determining the quantity and quality of online purchases. When disposable income is high, consumers are more likely to purchase discretionary, price premium goods, therefore benefiting the industry. With more consumers earning steady incomes, the Consumer Confidence Index is anticipated to increase during the period and as a result, consumer spending is expected to continue increasing over the five years to 2026, rising at an annualized rate of 2.5% during the outlook period (Thomas, 2021, July, p. 14).

> From 2017 to 2021, per capita disposable income increased at an annualized rate of 3.0%. Over the five years to 2026, per capita disposable income is anticipated to continue to grow, increasing at an annualized rate of 2.7%. Boosts in per capita disposable income during the period have enabled consumers to make more discretionary purchases, leading consumer spending to rise at an annualized rate

of 2.1% during the period. Moreover, higher income levels also enable consumers to opt for costlier, high-end goods (Thomas, 2021a, July, p. 12).

According to estimates, retail e-commerce sales in the U. S. exceeded 360 billion USD in 2021 and by 2025, that figure is forecast to grow almost twofold, amounting to approximately 710 billion USD (Statista, 2022a, March 8). In the coming years, e-commerce overall should account for a growing proportion of retail sales in North America (Statista, 2022a, March 8). Retail operators have benefited from increases in per capita disposable income (Curtis, 2022, p. 9). Disposable income will likely continue to grow, which will enable consumers to spend more (Thomas, 2021a, July, p. 10).

Individuals that seek to save money on necessities and find the best deals are expected to turn to online operators and the websites of brick-and-mortar operators to search for the best prices. Large operators with well-established e-commerce operations are expected to direct their focus toward those operations, while smaller retailers will invest in getting their websites up to par. As a result, a larger portion of operators' total revenue is anticipated to stem from online sales.

Key Success Factors of E-Commerce

IBISWorld identifies the most important key success factors for an e-commerce business (Thomas, 2021b, October, p. 22). The factors are to create new technology, control stock on hand, provide superior customer service, and maintain a devoted customer base (Thomas, 2021b, October, p. 22). Companies will need to keep up the pace with continuously changing technology, because of constantly changing software, warehouse technology, and securing personal information.

New Technology

> Jeff Bezos says, “Invention requires a long-term willingness to be misunderstood.” So, misunderstanding Amazon is something its competitors do all the time. Whether we want it or not, our lives are increasingly dependent on technology, and this has an impact on how, where, when, and why we buy things. We now expect that anything we want to know, have, see, or do is a few taps away on our mobile device”(Stephens, 2013, p. 60).

As consumers operate with the aid of digital assistants, these assistants will also make intelligent recommendations based on knowledge of preferences, physical location, budget, and other considerations. Digital assistants are the next step forward in how we interact online. By ordering online, consumers already have, or will encounter a chatbot. This is an interactive program that uses cloud-based data to respond in real time to questions and discussion using normal dialect. The invention of chatbots is leading the way to revolutionizing purchases. One of the most captivating examples is Amazon’s Echo device. It looks like a Bluetooth speaker but does more than just a speaker.

The Echo can provide news and information, as well as controlling other connected devices in a home, like thermostats and lights. Echo can also add items to a shopping list and order products directly from the customer's Amazon account, as well as answer questions or play songs. In 2015, Amazon’s introduction of Dash Buttons, was a Wi-Fi connected device programmed to order specific products (Stephens & Pine, 2017 p. 71).

Virtual reality helps shoppers understand what they’re buying online before they receive it. VR lets shoppers interact with products before purchasing them, instead of depending on descriptions, images, or video. This technology allows shoppers to engage with products and services with their VR device. Increasingly, brands and retailers have potential for virtual reality to make their experience become increasingly realistic as devices become more optimized.

> These smart devices will be even more lifelike with images and realistic experiences that will be difficult to distinguish from reality. We will soon be able to transport ourselves and our friends anywhere we wish to shop and interact with virtual salespeople who will bring a wide assortment of products that we can try before we buy (Stephens & Pine, 2017, p. 92).

Other retailers try to keep up as Amazon keeps investing and developing innovations that allow it to continually surpass its competition. These new technologies will allow consumers to purchase products based on real time needs. They will help consumers decide what needs purchasing and provide advice on where to buy and what the prices are, based, real time data.

If this isn't enough to scare retailers, Amazon has raised the stakes by making Dash Replenishment Technology (Stephens & Pine, 2017, p. 72). This technology gives companies with items for sale on Amazon the ability to have this technology built into their products. Amazon could possibly become the default provider, without the consumer ever having to consciously purchase any of the items (Stephens & Pine, 2017, p. 72). It's reasonable to assume that most products will eventually be able to re-order automatically on a revolving schedule.

> Quoted from the book, *Reengineering Retail* by D. Stephens and J. Pine, a quote from Ray Kurzweil, "Artificial intelligence will reach human levels by around 2029 and by 2045, we will have multiplied the intelligence, the human biological machine intelligence of our civilization a billion-fold." Artificial intelligence, coupled with the best user experience will be the store of the future. Between the devices that automatically reorder our products and the digital assistants that

anticipate our shopping habits, will we ever need to go to a store again?"

(Stephens "et al.", 2017. p. 83).

Today, consumers can directly buy from an interactive ad by clicking on it and a chatbot will instantly take my order. They can also buy on a smartphone by text message with a quick response or QR code on it. On the horizon sits a ton of technologies ready to boost companies into a completely different age of online retail.

Every piece of media, on every device, will be the store, and whatever we like will be a click away and much of what we need will come to us without even asking for it. This experience will be supported by an accelerated cloud computing technology that gives these devices access to an endless supply of data intelligence and learning ability.

Stock on Hand

According to the book, *Retail Revolution: Will Your Brick & Mortar Store Survive?* By Rajiv Lal, there are types of threats that we use to categorize brick-and-mortar retailers, largely based on the products that category-killers sell (Lal et al., 2014, p. 10-11). This is a situation where online retailers have large cost, inventory, and a vast selection of products. Such as when the products involved are also small and lightweight, the shipping is very minimal, and the advantages are heightened. Online retailers appeal to customers with a wider selection in one location such as their website, with no long list of items that must be marked down at the end of the season. Online retailers have a similar advantage when they avoid inventory overstocking compared to brick-and-mortar retailers. E-commerce retailers need to be able to control stock on hand to ensure that they have an adequate supply of popular items.

Additionally, online retailers stock more merchandise, and are not inhibited by shelf space. Finally, online retailing gives even the smallest of retailers the ability to compete with larger companies on product variety, even if these retailers cannot hold as many types of products as large corporations. Smaller companies can still deliver any type of products for consumers without any additional cost in actual products or warehouse space.

Superior Customer and After Sales Service

It all starts with superior customer service and going above and beyond the call of duty to give a premium level of service to the consumer and after the sale service (Kahn, 2018, p. 2). Retailers should provide a great customer experience overall, and many are failing to meet this. These companies must offer these successful strategies that most classic retailers are missing, the customer perspective. When customers go shopping, they want to buy products from companies they trust. E-commerce retailers must provide excellent customer service, shipment tracking, quick and easy refunds, or exchanges, and consistently establish new shopping platforms as technology progresses (Thomas, 2021b, October, p. 22).

Loyal Customer Base

Happy customers provide positive feedback on social media and other websites. These customers help provide a better understanding of customers' needs and provide insights into customer purchasing behavior. By providing discounts or rewards, customers will come back again and again. Successful businesses will have repeat buyers and constantly attract new ones to ensure continued sales.

Conclusion

Consumers increasingly choose to have items delivered to their homes instead of visiting the physical store. An abundance of choices, a world of information, and an increasingly preoccupied customer make it nearly impossible for one brand or company to stand out. Retailers that focus on low prices, an abundance of products, convenience, and quick and easy purchasing continue gaining momentum in the retail industry today.

Today, most consumers have access to anything they might want from anywhere in the world just about any time they want. Access is always at our fingertips everywhere we go. Just about every consumer in the U.S. has a mobile application on their phone they use to shop. Brick-and-mortar retail space will need to change to include other experiences that improve the shopping experience.

In store technology will get better, cheaper, and more stores may use virtual reality and real-time artificial intelligence to allow retailers to use customers' preferences and past behaviors to enhance their in-store experience. Today's industry consists of new technologies reimagining the store, where other businesses are working on digital commerce, and others are working to meld the two together. E-commerce and its capabilities are allowing merchants to understand their customers in a more personalized way with data collection through artificial intelligence technology.

A proverb that has uncertain origins became popular by a retelling in Thomas Freidman's book, *The World is Flat*. This proverb can most definitely be applied to retail and the consumer. It reads: "Every morning in Africa, a gazelle wakes up. It knows it must outrun the fastest lion or it will be killed. Every morning in Africa, a lion wakes up. It knows it must run faster than the slowest gazelle or it will starve. It doesn't matter whether you are a lion or a gazelle, when the sun comes up, you better be running" (Dennis, 2020, p. 208).

So, in other words, the most successful businesses need to work on the most important task of the day first, instead of putting it off. As the proverb goes, attack it like the lion and feast on the gazelle, and then the task is done. This proverb has a sense of urgency, and the gazelle knows it must run to save its life and survive all day without being eaten by the lion. It must outrun and outsmart the lion to survive, and there are no second chances.

Retailers must have a purpose with direction and opportunity for growth to survive. The everyday hustle and the fierce competition of a constantly developing customer shows that we cannot be finished inventing and improving our customer's experience. Retailers must capture every moment of engagement between them and the customer.

A combination of technology and information must be required to exceed customer expectations. This expectation consists of predictive buying technology, digital shopping experiences, subscriptions, and other connected shopping options, with fast and free delivery. Consumers will no longer be mesmerized by technology but will expect it and any business stuck in the pre-digital era will be left behind.

It is worth remembering, as the ancient Chinese proverb says, "the best time to plant a tree was 20 years ago. The second-best time is now." We cannot afford to walk, and running is just not going to be enough, as today's approach to e-commerce will give way to the captivating, genuine, and connected digital experiences of tomorrow" (Dennis, 2020, p. 212).

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