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Design Studio 1 Thesis

Retail (R)Evolution

Over the past several decades, the retail space has been undergoing a revolution. As of late, the orientation of the retail space has evolved from being product to customer to experience driven. Digital environments are able to increase the total amount of information accepted and processed. While many technological advances have been made, such as the ability to make purchases from your mobile phone and save your preferences online, the brick and mortar shopping experience has struggled to evolve. The landscape is still filled with cluttered shelves, lengthy check out processes, and scripted impersonal conversations. As humans, we are social creatures, and will never outgrow the brick and mortar experience or physical relationship building, especially with complex purchases. The perception of the brick and mortar shopping experience has changed and there are opportunities to enhance the brick and mortar experience to meet the needs of the consumer.

The first step in identifying possible solutions to the struggling brick and mortar stores is defining the problem. As aforementioned, our perception of the store has changed over the years, primarily due to the growth of e-commerce. There are also several holes in both the brick and mortar and e-commerce landscapes, and the solution lies within finding the ways in which we can bridge the gap between the two.

To better understand where retail is going, one must understand where retail has been. The first enclosed shopping mall was built in Edina, MN in 1956. The concept was sparked by the idea of countering car culture and the growth of people living in suburbs. The idea was to create a town square for the suburbs with year round access. They encompassed wholistic design, open air cafes, sculptures, fish ponds, and world's fair entertainment attractions while you happen to be able to shop there.

E-commerce was launched in the 1990s with the growth of the internet, although much of the advancements that made it possible began as early as 1972. The first two consumer e-commerce companies sold books, one being Amazon who is now the largest online retailer in the world.

In general, retail took a dive in 2001 as a result of the economic effects of 9/11 and again with the 2008 recession. Regardless of these economic crises, people have lost interest in the large crowds, parking, and money spending that is brought on by shopping in stores and malls. As a result, malls have lost 18 times more employees than coal mines have since 2001. These dramatic numbers are the product of store closings on a massive scale.

In the present, we are experiencing a unique transition in retail. We have more online e-commerce and brick and mortar store options than we ever have before. In the past few years, though, hundreds of brick and mortar stores, primarily anchor stores, have closed across the country. This leads the public to believe that the future is in e-commerce, but humans will always value the brick and mortar experience for its unique combination of the ability to touch and feel merchandise, confidence in quality and sizing, and potential to build relationships with employees and other consumers.

The reality is that some stores do not provide their best experience in store, while others have poor experiences online. Some retailers charge more than their online competition, and some have bad customer service resulting in flat experiences. The move from downtown based shopping to the anchor store shifted the focus of the experience from customer to entertainment. Today, more 75% of millennials said they would rather buy an experience than something tangible. Retailers today must shift their perception of the retail space from being a space to make money to a part of the bigger experience. They must be treated as a the content of a relationship between brand and consumer which is tangible.

The good news is that we are looking to change slowly in hopes to not prematurely shrink the brick and mortar landscape in the same way we prematurely opened them. Amazon began investing in creating their own brick and mortar experience in 2012 and opened their first storefront in 2016. These stores highlight what the company does best—convenience and simplification. They do this by removing cashiers and check out lines and position the storefronts in areas of heavy foot traffic. This store model begins to shape our understanding of bridging the gap between e-commerce and brick and mortar, but also demonstrate that the future retail environment does not look the same for all retailers as the stores will begin to be shaped around what they are filled with rather than the other way around. Retailers like Amazon are opening stores slowly to ensure they are putting the consumer first, opening stores that will maintain neighborhood longevity rather than trying to open square footage.

In terms of the future of retail, the focus becomes the experience itself. There is a hope to return to the town square, the place retail was before the enclosed shopping mall. These would consist of shopping areas that combine various forms of entertainment together. It would be a return to the civic space—the “third place” you go aside from work and home. There are opportunities to enhance—not disrupt—the brick and mortar experience with technological additions, but one must be careful not to throw technology at the issue. People enter new places for tactility. Sensory experiences are an opportunity to connect with consumers that has hardly been explored. Each item we touch is an opportunity to create an emotional response. Along with this, retailers have an opportunity to invite consumers into their brand narrative. Allowing consumers to create their own story within the brand’s principles is a huge opportunity to create brand advocates. With every alteration, retailers must ask themselves: which relationship does this help? If it does not help the brand/consumer relationship or the product/consumer relationship, they must rethink it.