



November 22, 2011

Special edition: Omnichannel retailing

by Darrell Rigby, Kris Miller, Josh Chernoff and Suzanne Tager

One thing is certain this holiday season: Digital retailing is playing an increasingly important role. This issue describes recent sales performance, explores how innovations in digital retailing have changed consumers' expectations and behaviors, and highlights ways to win in this new digital world with an omnichannel strategy. Omnichannel retailing is seamlessly integrating the customer experience across all channels of interaction—including stores, websites, direct mail and catalogs, mobile platforms, social networks, home shopping and gaming. Read more on omnichannel retailing in our Harvard Business Review article "The Future of Shopping," which examines the blurring lines between digital and physical markets and the major challenges and opportunities for retailers in both.

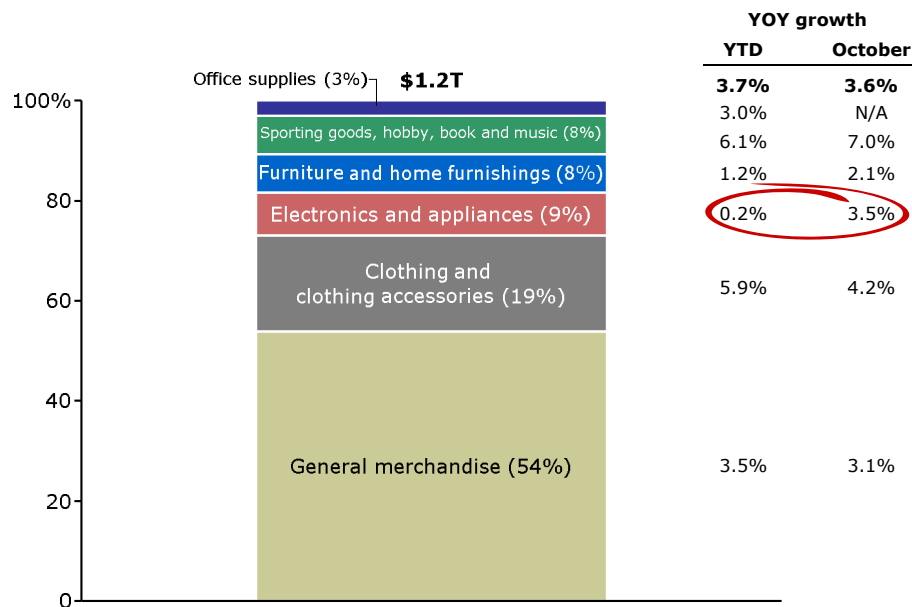
Brick-and-mortar sales continue to grow, but e-commerce is the shining star

October is the final dress rehearsal for retailers before the holiday season kicks off. This year, October GAFS sales grew 3.6% over 2010, decent growth compared to the 10-year average of 3%, but down slightly from surprisingly strong back-to-school growth of 5%.¹ GAFS growth relative to year-to-date performance varied across categories, but the general merchandise and clothing categories, which together represent 73% of GAFO sales, each experienced slower growth relative to their year-to-date performances (*Chart 1*). Electronics and appliances posted the most impressive jump, driven largely by electronics and excitement over the new iPhone 4S, which sold 4 million units in its first three days on the market.

¹ GAFS retail sales equal GAFO retail sales less office supplies, which are reported on a one-month lag. See Chart A in the Appendix for definitions of GAFS and other sales measures.

Chart 1:

GAFO sales by segment,
November 2010–October 2011



Note: Overall growth rates for the year to date and October are for GAFS sales; office supplies data have not yet been reported for October; September data are based on preliminary numbers, and October data are based on advanced data published November 15, 2011
Source: US Census Bureau

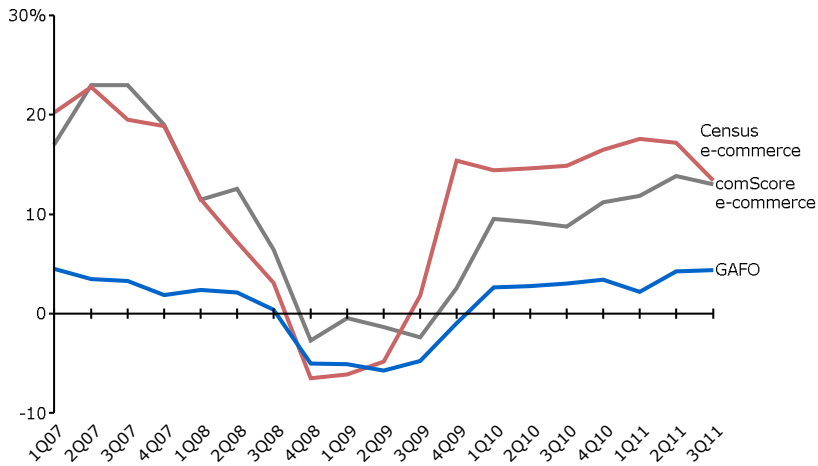
For the most part, GAFO and GAFS sales exclude online sales and closely approximate the brick-and-mortar portion of retailers' sales.² The results are more positive when online revenues are included. This year alone, e-commerce has posted roughly four times the growth rate of brick-and-mortar GAFO sales (*Chart 2*). Third-quarter sales grew 13% over last year, and preliminary data suggest 16% growth in October. Beneath the averages, Macy's and Abercrombie & Fitch saw online sales grow 40% and 41% respectively in the third quarter of 2011; and sales at Saks Direct have grown 31% in the fiscal year to date.

This momentum will likely carry through the holiday season. ComScore's holiday e-commerce sales growth forecast of 15% to 17% aligns with Bain's forecast for holiday growth of 15%. While e-commerce remains a small portion of total sales for many traditional retailers, its effects can still be significant. An online channel worth only 5% of sales and growing at 40% would add 2 points of overall growth.

² According to the US Census Bureau, GAFO retail sales include online sales only for retailers unable to separate their online sales. Based on 2009 census data (the most detailed census data currently available), only 9.6% of GAFO category online sales are reported in GAFO retail sales figures. Given the 10% online penetration of GAFO sales, less than 1% of reported GAFO retail sales are online.

Chart 2:

Year-over-year e-commerce and GAFO sales growth,
Q1 2007–Q3 2011

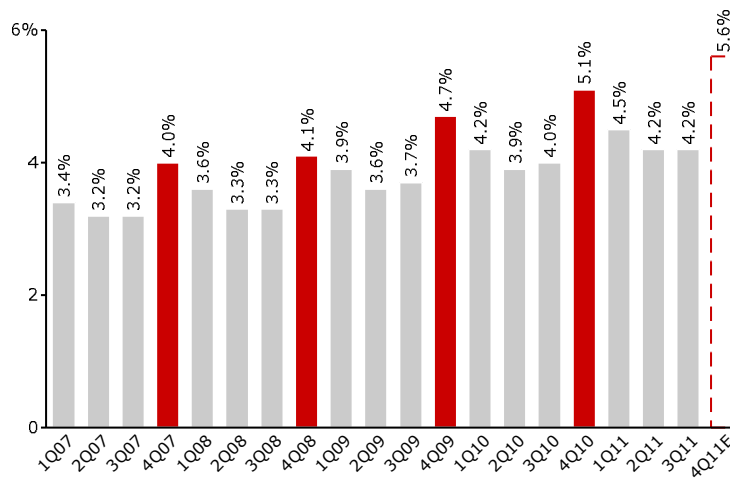


Note: Census and comScore e-commerce excludes travel, autos, event tickets and digital downloads; comScore e-commerce also excludes large corporate purchases.

Source: US Census Bureau; comScore

Chart 3:

E-commerce as a percentage
of total retail sales
Q1 2007–Q4 2011E



E-commerce sales (\$B): 31 32 33 42 35 35 34 40 32 33 34 46 37 38 39 53 44 44 44 ~61

Note: The fourth-quarter 2011 forecast assumes 3% retail growth and 15% e-commerce growth

Source: US Census Bureau; Bain analysis

E-commerce is particularly important during the holidays as online sales penetration spikes in the fourth quarter (*Chart 3*). This year will not be an exception. UPS predicts the number of packages shipped the hectic week before Christmas will hit 120 million – up 6.2% from last year – due entirely to growth in online shopping. Bain predicts e-commerce as defined by the Census Bureau will likely reach 5.6% of total retail sales in the fourth quarter of 2011. Excluding autos, fuel and gas stations and select other categories, that figure will be closer to 10%.³

Digital retail: Changing the rules of the game

Digital retail has dramatically expanded consumer options, pulling significant volume from physical stores, forcing prices down and raising customers' expectations for speed, value, information and convenience. Bain recently collaborated with Communispace to better understand how consumers browse and buy across channels.⁴ What we confirmed: The line between physical and digital channels has blurred significantly. Consumers routinely research products online, try them out in physical stores, solicit input from friends via social networks, use mobile phones to check prices and in some cases actually purchase from an online competitor while still in a brick-and-mortar store. One Communispace member describes her typical shopping behavior this way: "I look at the item in stores to get a real idea of the look, price, feel and size. Then I go home, read reviews and check pricing. Sometimes I use my phone's 'barcode scanner' and then go home and research the best prices, warranties and reviews. I purchase with whoever has the best price and free shipping."

Improved search tools, access to user reviews, instant price comparisons, active social networks and more are fundamentally changing shopping. Computers, smartphones and tablets provide access to endless sources of information that help consumers decide what to buy and where to buy it. And retailers increasingly rely on evolving technologies such as integrated inventory software, radio frequency identification (RFID) tags and quick response (QR) codes to better manage inventory and offer new services.

But technology alone is not innovation. Too many retailers are spending on technology without transforming the customer experience – buying iPads for their sales associates, for example, without a vision of how that will enable them to win in an omnichannel world. And the pace of change is increasing. Retailers' choices for how to deploy technology across channels and throughout their supply chains are becoming more complex. Next-generation technologies, including augmented reality-based virtual fitting rooms, virtual concierge services and virtual shopping walls, already are emerging. Although many retailers will be tempted by exciting technology, the reality is that technology for its own sake only adds cost, pushes prices up and further exacerbates the cost advantages pure-play online retailers already enjoy. Winning retailers

³ See Chart B in the Appendix for category definitions.

⁴ A Communispace community is a private online site where up to 400 invited prospects and customers spend time brainstorming, sharing feelings and experiences, and discussing trends to help a company figure out its marketing and business strategies. These private communities are facilitated by Communispace to keep the "conversation" relevant and insightful.

must hone their digital innovation capabilities and make smart investments that support their core business and innovation strategies.

Online pure-plays are leading the retail revolution

To break into retail, online pure-plays had to create digital environments that could compete with stores. They have led the innovation charge, finding creative ways to reduce costs and prices while improving convenience and the shopping experience. They invented new business models – marketplaces (eBay, Amazon.com), flash sales (Gilt Groupe), group buying (Groupon), local searches (Milo), enhanced searches (Like.com), crowdsourcing (Threadless) and more. It's a good business strategy. Online retailers are winning share, forcing prices lower and raising consumers' expectations. Compared to traditional retailers, most pure-plays have greater agility, leaner cost structures and more customer information.

Online pure-plays like Amazon.com and eBay continue to invest aggressively in innovation. Amazon.com plowed 5% of sales into R&D last year, while eBay spent 10% of revenue on product development. In addition, the economics of Web-based retailing can translate into higher returns on capital and price to earnings ratios. Amazon.com's return on capital over the last five years was 17%, and its P/E ratio was 115; a sample of nine general merchandise retailers averaged 9% return on capital over the same period and a P/E ratio of 16.⁵

Amazon.com: The Walmart of this decade

Amazon.com is the leader in online retailing. Its powerful combination of technology and logistics capabilities has shaped consumers' expectations about product information and reviews, delivery timing and costs, pricing and customer service. The company's growth rate relative to the overall e-commerce market reflects its strong performance (*Chart 4*). Every retailer should understand what Amazon.com is doing and why it works.

Amazon.com owes its growth to relentless execution of a clear strategy (*Chart 5*). That strategy follows three basic steps:

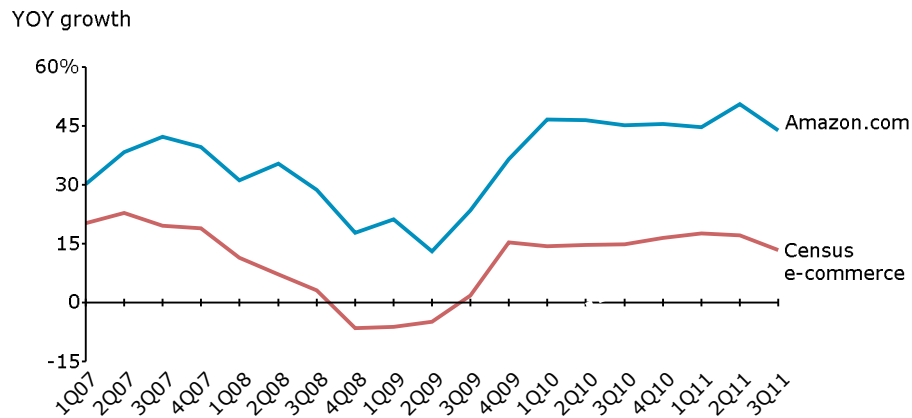
1. Lower the cost of goods and fulfillment through scale, and pass on savings to customers as lower prices.

Costs are lower: Amazon.com benefits from lower fixed costs relative to traditional retailers, scale purchasing discounts and a network of strategically located fulfillment centers (to which the company is adding 17 this year) that enables fast shipping via low-cost ground transportation.

⁵ General merchandise retailers in analysis include: Costco, Dillard's, JCPenney, Kohl's, Macy's, Nordstrom, Saks, Target and Walmart.

Chart 4:

Amazon.com vs. e-commerce growth, Q1 2007–Q3 2011



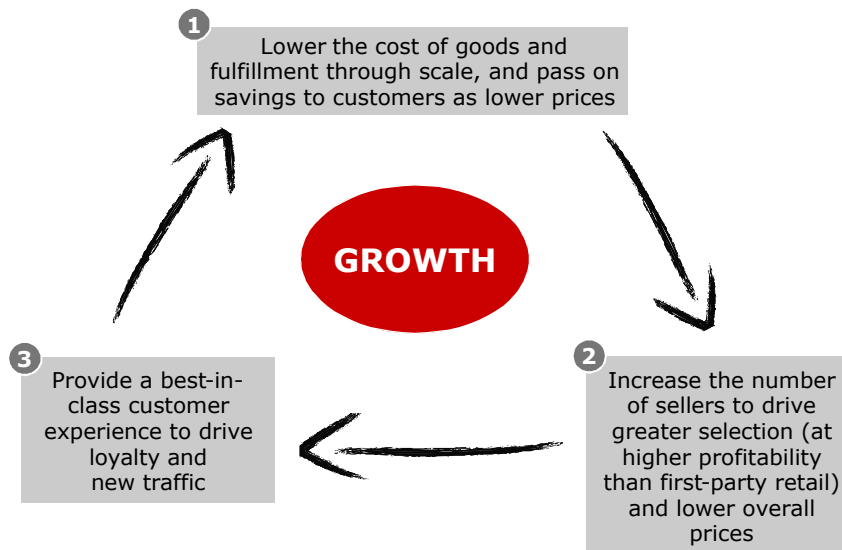
Amazon yearly
US revenue (\$B): 7.8 9.8 12.3 17.9 –

Note: Amazon.com growth includes only media and electronics and other general merchandise revenues; it excludes Amazon Web Services and other nonretail revenue

Source: Morgan Stanley; US Census Bureau

Chart 5:

Amazon.com's winning growth model



Prices are lower: Noted one Communispace member: “I always purchase items online, especially through Amazon, [because] their prices tend to be unbeatable” – a perception that often is correct. William Blair analysts found that Amazon.com sells products at an average discount of 11% versus offline

competitors; Wells Fargo determined that Amazon.com shoppers save 6% to 30% over other sites when sales tax and shipping costs are factored in.⁶ Bain compared the lowest prices of a sample of 10 holiday gifts at Amazon.com and the websites of specialty retailers and mass merchants. We found that Amazon.com had the lowest prices on 9 of the 10 items, and total costs at Amazon.com were up to 52% lower.

Chart 6:

Holiday gift pricing comparison;
products available online, including taxes and shipping costs,
November 2011

Lowest Price	SPECIALTY RETAILERS*	MASS MERCHANT RETAILERS*	AMAZON.COM FIRST-PARTY SELLER†	AMAZON.COM THIRD-PARTY SELLERS‡
Acer tablet computer	\$457.91	\$480.97	\$439.99	\$431.69
Call of Duty: MW3 Xbox game	\$59.99	\$60.52	\$57.99	\$57.98
Holiday Barbie doll	\$48.85	\$43.33	\$35.54	\$36.47
Women's Aerosoles boots	\$77.90	\$89.99	N/A	\$106.82
Arctic Blast Toboggan	\$32.09	\$35.85	N/A	\$31.94
Keurig coffeemaker	\$159.36	\$158.41	N/A	\$146.89
Men's G-Shock watch	\$59.49	\$58.43	\$40.00	\$42.68
Leapfrog Leapster 2	\$49.70	\$46.35	\$35.40	\$44.08
Burberry Brit perfume	\$76.32	\$56.24	N/A	\$36.53
Let's Rock Elmo	\$63.74	\$53.08	\$49.96	\$62.97

* Price in chart represents lowest price available from a sample of three retailers' online stores.

† Price when processed and sold directly by Amazon.com.

‡ Price in chart represents lowest price from all third-party vendors, or non-Amazon retailers that process and sell on Amazon.com.

Note: Specialty retailers vary by gift category; mass merchants include Walmart, Target and Kmart; prices were recorded on November 14, 15, and 21, 2011 and they include product, tax and shipping charges (if applicable, using lowest cost shipping option and zip code 02116), as well as temporary discounts

Source: Retailers' websites

2. Increase the number of third-party sellers to drive greater selection (at higher profitability than first-party retail) and lower overall prices.

Amazon.com's third-party network boosts selection and reduces prices. In addition to selling products itself, Amazon.com has a network of third-party retailers that sells products through the company's website. Increasing the number of sellers has been a good move financially for Amazon.com, which takes a cut of the revenue (estimated by Macquarie analysts at about 10%) from items sold via third-party retailers, enabling it to effectively subsidize its own first-party prices.

⁶ Currently Amazon.com and its subsidiaries collect sales tax on products sold in just five states: Kansas, Kentucky, New York, North Dakota and Washington.

It also has been a good move strategically, increasing the selection of products available on the site and offering Amazon.com a way to gauge the demand for, and profitability of, new products. Bain's holiday sample found that Amazon.com (including first- and third-party retailers) offered the greatest selection of products by factors of 3 to 20 (*Chart 7*).

Chart 7:

Number of SKUs of popular holiday items
carried by major online retailers,
November 2011

	SPECIALTY RETAILERS*	MASS MERCHANT RETAILERS*	AMAZON.COM FIRST-PARTY SELLER†	AMAZON.COM TOTAL: FIRST- & THIRD- PARTY SELLERS‡
Tablets	50 Range: 22-90	47 Range: 16-64	104	847
Xbox 360 games	362 Range: 56-535	486 Range: 348-708	587	1,724
Barbie dolls	197 Range: 179-212	184 Range: 44-444	111	554
Women's boots	3,360 Range: 293-8,754	343 Range: 172-551	10,111	29,713
Sleds and youth snowboards	22 Range: 7-47	33 Range: 10-65	213	646

*Average SKUs listed for sale from a sample of three retailers.

† Total number of Amazon Standard Identification Numbers (ASINs) processed and sold directly by Amazon.com.

‡ Total number of ASINs processed and sold by both first-party and third-party vendors on Amazon.com.

Note: Specialty retailers vary by category; mass merchants include Walmart, Target and Kmart; all products included in each product count can be processed to sale online; the Amazon.com product counts are based on unique ASINs; there may be some duplication of products included in the Amazon.com plus third-party total; data were collected on November 14, 2011; accessory items were not included.

Source: Retailers' websites

The company also has expanded its offerings through a series of investments.

Amazon.com continually makes sizable investments in new products and services, from Zappos.com (acquired in 2009 for \$1.2 billion) and MP3 downloads, to LivingSocial (a \$175 million investment in 2010) and MyHabit. Recent acquisitions include Quidsi, the company behind Diapers.com and Soap.com (for \$545 million) and streaming-video provider LOVEFiLM (for an estimated \$312 million).

3. Provide a best-in-class customer experience to drive loyalty and new traffic.

Shopping is customized and simple. When a customer logs on to Amazon.com, the site uses his previous searches and orders to recommend purchases. Detailed product pages and user-generated ratings help him make informed decisions. When he's ready to check out, information for all his shipping addresses and

credit cards is ready, and a patented 1-Click checkout closes the sale. Delivery, too, can be very quick: Second-day shipments are commonplace, and same-day delivery is increasingly available. Amazon.com also has set up secure lockers in several urban areas to make it easier for shoppers to retrieve packages.

Customer programs drive loyalty and increase price advantages. For \$79 annually, Amazon Prime offers free two-day shipping, and recently added streaming video content and access to the Kindle lending library to augment value to subscribers without additional cost. The program has successfully boosted sales. Prime members spend an estimated \$1,500 annually, three times more than non-Prime customers. The company's Subscribe & Save program encourages repeat purchases. Customers who sign up to receive regular deliveries of frequently purchased products get free shipping and an additional discount. Other retailers work to emulate Prime and other Amazon services. For example, GSI Commerce created ShopRunner, whose members receive free two-day shipping from a network of more than 50 retailers for an annual fee of \$79.

Amazon.com doesn't shy away from investing in the future. Amazon.com is not afraid to selectively take losses to win long-term customers. Last year the company subsidized free shipping worth 4% of sales; this year it is selling the new Kindle Fire at an estimated \$10 below cost. And it may well be losing money on every Prime member, a function of shipping costs and fees on movies, TV shows and books. Amazon.com is able to offset these losses with revenue from other offerings, including Amazon Web Services.

The result? Unparalleled reach. According to comScore, more than 280 million visitors around the world accessed Amazon in June alone, and the third quarter saw 100 million unique US visits.

Enter omnichannel strategies

Digital technology and pure-play e-tail innovations are changing consumer behaviors and forcing traditional retailers to rethink their strategies. Bain's analysis indicates that when online sales reach 15% to 20% of a category, they create an economic tipping point that can lead to shuttered stores and bankrupt brands. Circuit City, Borders and Blockbuster are just a few of the recent retail casualties that failed to adapt quickly enough: Circuit City went out of business in a PC market with 54% online penetration; Borders collapsed under the weight of 24% online penetration in books; and Blockbuster went bankrupt once videos reached 17% online penetration. E-commerce penetration will continue to rise, and the stakes for traditional retailers are only going to get higher.

Simply imitating competitors will not be enough. Playing follow-the-leader will not attract and retain increasingly fickle consumers. And the easy response – spending more on technology – though necessary, won't suffice either. Retailers must define a clear and compelling vision, develop a winning omnichannel strategy and build the capabilities to interact with customers across stores, websites, social media, mobile devices, television, and much more.

Bain's experience suggests three critical steps to winning in an omnichannel world:

1. Aspire to the best of both worlds

E-commerce has some competitive advantages, yet brick-and-mortar stores can still be assets. Tomorrow's winning retailers will combine the best of both the physical and digital worlds to inspire and engage consumers (*Chart 8*). They will set a clear and compelling vision that reinforces their brand and business goals, and does so seamlessly across channels. They will define their target audience and the kind of experience they want to be known for. They will understand what technologies can help deliver that experience to the right people.

Chart 8:

Online vs. in-store shopping: The benefits

Digital retail advantages			Physical retail advantages		
Rich data				Feel and try	
User reviews				Edited choices	
Expert advice				Instant delivery	
Global network				Simple returns	
Broad choices	Low prices	Easy shopping	Social event	Real people	Physical help
Anything anytime			Gratifying experience		

Clothing retailer Tory Burch, whose goal is to be an accessible luxury brand, maintains a conversation with its customers both online and in stores. The company has invested heavily in social media: It runs an active Facebook shop with exclusive products for its fans, and the CEO herself uses the company's Twitter account to communicate with customers.

To allow customers to better manage their home improvement projects, Lowe's recently launched its MyLowe's online tool. The site lets customers access their purchase history and warranty information, watch video tutorials, assemble buying guides and to-do lists, and create digital previews of home improvement projects—all ways for Lowe's to transport home design solutions and expertise from stores to shoppers' homes.

Nordstrom brings the ease of trying on and exchanging or returning items in stores to online orders. The company announced free shipping and returns on virtually all items in time for the 2011 back-to-school shopping season. Nordstrom also accepts in-store exchanges and returns for items bought online.

2. Focus on innovation and integration

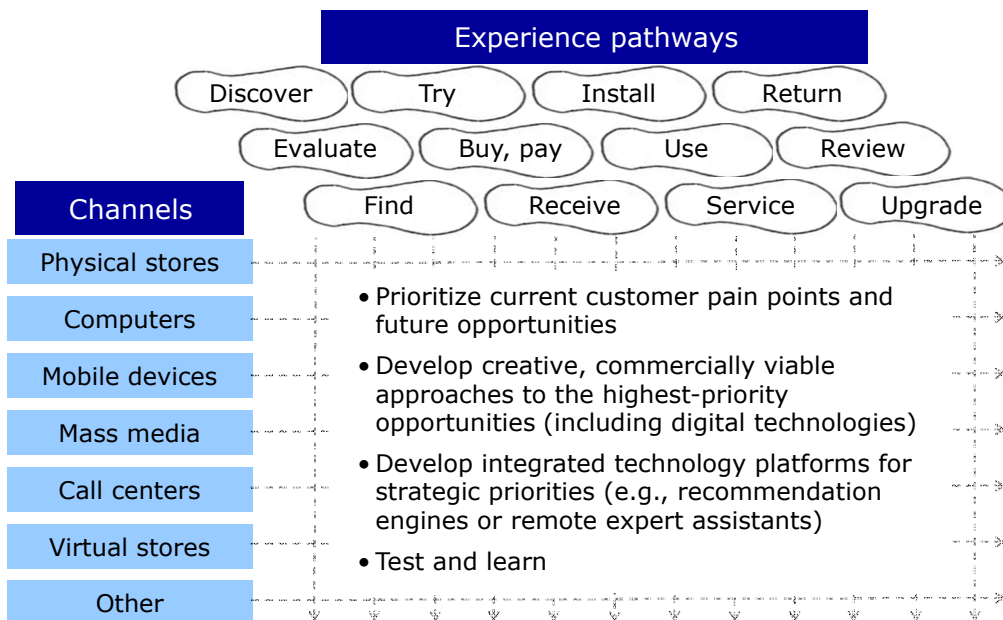
Omnichannel retailing requires an innovation and integration strategy; it is not just a technology rollout. Company websites, electronic signage, inventory tracking, location-based marketing, kiosks, Facebook pages and Twitter accounts rely on new technology. But they also require strategic prioritization of investments and creative, engaging content to pull customers in through the technology.

Imagining customer pathways and the role of various channels is one place to begin (Chart 9). Different channels offer different benefits to different people at different times, but clarifying how various consumer segments use each channel – and where the major pain points are – can help simplify strategic choices.

Williams-Sonoma's physical, online and mobile offerings have distinct roles. Passionate and knowledgeable sales associates staff its stores and access online inventory if items are out of stock; abundant product information as well as recipes and inspiration are on its website; and mobile cookbook apps make shopping for holiday menus and sharing recipes easier than ever. Sears and Kmart view virtual stores and mobile technology as ways to better serve busy parents this holiday season. The chains introduced "mobile shopping walls" of popular toys in malls, airports, theater lobbies and other high-traffic areas. Using QR codes, customers on the go can quickly research products and make online purchases using their mobile phones.

Chart 9:

Customer experience pathways in omnichannel retailing



EBay has deployed a similar concept with its “shoppable windows” on Park Avenue in New York City to help build awareness and drive traffic to its website. The installations contain a small selection of actual products, ranging from clothing to a motorcycle, and are festooned with QR codes that lead mobile shoppers to Web pages with similar products.

Walmart’s recently opened pop-up stores in Southern California appear to target holiday shoppers who want to try toys and electronics before buying but don’t want to endure the hassle of scrambling down long aisles, hunting for out-of-stock items and waiting in long checkout lines. In a 1,000-square-foot box, the company offers consumers a chance to see, touch and feel products and then immediately buy them online through store-provided tablets or computers.

Retailers also need creative, engaging content to pull customers in through technology, and unmatched product, services or shopping experiences to avoid becoming a showroom for online competitors:

Adidas’s adiVerse 3-D interactive wall allows users to browse through more than 8,000 shoes, rotate product images in any direction and pull up a wealth of product information typically available online. In addition to the usual reviews and specifications, adiVerse also features videos of star players, expert advice and trivia (for example, the number of international goals scored using a particular soccer shoe).

Walmart, which launched individual Facebook pages for more than 3,500 of its stores in October, stands out by connecting localized in-store shopping experiences with customers’ online engagement. The company posted its Black Friday deals and maps for each store on its respective page, which local customers can use to plan their shopping trips, a real help given the frenzy Walmart stores typically see over Thanksgiving weekend.

JCPenney is using QR codes to personalize holiday gifts this season. Customers who buy a product in the store will receive a Santa Tag, a customized QR code sticker that allows the buyer to attach a personal voice message to an item or gift box. The gift recipient can then scan the code to hear the message.

Other retailers have focused on the shopping experience:

Best Buy’s Walk Out Working service, which sets up and personalizes mobile phones, is a big incentive for customers to shop in a Best Buy store instead of with competitors.

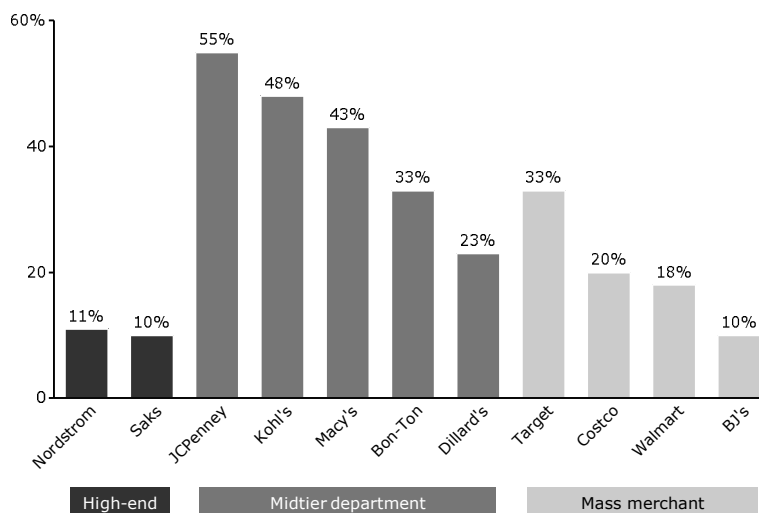
Uniqlo’s new flagship store on Fifth Avenue brings the feel and experience of online shopping into the physical world: A sleek interior with hundreds of display screens creates the feel of online browsing, while the store’s 50 cash registers and specially designed customer guidance system help eliminate long lines and make customer service much more efficient.

Many retailers are turning to exclusive brands and private-label products to differentiate their assortments and create excitement (*Chart 10*):

JCPenney, Kohl's and Macy's have pursued this strategy aggressively, reaping more than 40% of sales from products found only in their stores. In October JCPenney rolled out its new WRAPT concept, in-store boutiques stocked with hundreds of exclusive gift items.

Chart 10:

Private and exclusive labels
as a percentage of sales, 2010



Source: Credit Suisse

A host of mass retailers have found exclusive product partnerships with celebrity designers to be successful. The recently released Versace for H&M collection is the latest entry in a long line of such partnerships. The Missoni for Target collection launched in September was featured in dozens of magazines and made billions of impressions, and the mass retailer is releasing four more exclusive designer lines throughout the holidays to keep the momentum strong.

3. Set the organization and infrastructure

Innovation requires having the right team for the job, and leading retailers are rushing to build strong omnichannel organizations. Heads of e-commerce are in high demand: Brookstone and David Yurman recently brought on new-hires to lead their online operations, and Target, Kohl's and Walmart are looking to do the same. Macy's is in the middle of an aggressive two-year expansion of its e-commerce business, with plans to add 725 positions to support online growth, as well as 2,775 full-time, part-time and seasonal positions at its order fulfillment centers.

Walmart has invested aggressively in building omnichannel capabilities. Since acquiring Silicon Valley start-up Kosmix for \$300 million in April 2011 to create @WalmartLabs, its digital technology division, Walmart has steadily developed its technological resources. The company intends to use @WalmartLabs as an incubator and testing ground for ideas to boost e-commerce, digital marketing and social media research and development.

Walmart has continued to acquire start-ups, most recently the Australian firm Grabble, to rapidly expand @WalmartLabs.

Today's omnichannel organizations are works in progress, and no one size fits them all. The organization structure, degree of integration across business units and processes for making cross-channel decisions vary widely by retailer. A retailer's product mix, location, size and e-commerce maturity all influence its optimal omnichannel model.

As omnichannel retail continues to grow, retailers' omnichannel strategies and capabilities must keep evolving. Here is a simple "customer-led shopping list" retailers might keep handy and expand as they face the challenges of digital retail this holiday season:

- ✓ Innovative mobile engagement
- ✓ Creative and commercially viable ways to drive traffic to and among channels
- ✓ Simple and flexible ways to browse and discover
- ✓ Compelling and exclusive products, services or experiences
- ✓ Immediate access to reviews, ratings and expert recommendations
- ✓ Access to online and in-store inventory from anywhere
- ✓ Fast and customer-friendly shipping options
- ✓ No-fuss returns
- ✓ Connections to social networks
- ✓ Relationship-building post-sale service

No leftovers this Black Friday

With Thanksgiving only days away, consumers have mapped out their plans for Black Friday. Deals abound this year, and many shoppers have already started to take advantage of the early ones. Our next issue will recap November and Thanksgiving weekend sales, traffic and more – the first indicators of actual holiday performance.



The Future of Shopping

by Darrell Rigby

When the dot-com bubble burst 10 years ago, the ensuing collapse wiped out half of all online retailers. Today, e-commerce is well established and much digital retailing is now highly profitable. As it evolves, digital retailing is quickly morphing into something so different that it requires a new name: omnichannel retailing. The name reflects the fact that retailers will be able to interact with customers through countless channels—websites, physical stores, kiosks, direct mail and catalogs, call centers, social media, mobile devices, gaming consoles, televisions, networked appliances, home services, and more. If traditional retailers hope to survive, they must embrace omnichannel retailing and also transform the one big feature internet retailers lack—stores—from a liability into an asset. They must turn shopping into an entertaining, exciting, and emotionally engaging experience by skillfully blending the physical with the digital. They must also hire new kinds of talent, move away from outdated measures of success, and become adept at rapid test-and-learn methodologies. A successful omnichannel strategy should not only guarantee a retailer's survival—no small matter in today's environment—but also deliver a revolution in customers' expectations and experiences.

To access the full article, visit Harvard Business Review's December 2011 issue: (<http://hbr.org/2011/12/the-future-of-shopping>)

Newsletter schedule

Our next newsletter will be released in early December, with a new issue every two to three weeks through mid-January (*Chart 11*). This schedule allows us to incorporate newly released holiday forecasts and performance data in a timely manner. Please let us know if you have any questions or suggestions for additional analysis.

Chart 11:

Indicator update and newsletter schedule

Data Source	Nov		Dec				Jan		
	20	27	4	11	18	25	1	8	15
US Census Bureau Advance Retail Sales (GAFS/GAFO)				▲ 13-Dec				▲ 12-Jan	
ICSC Monthly Same Store Sales		▲ 1-Dec					▲ 5-Jan		
Michigan Consumer Sentiment Index	▲ 23-Nov		▲ 9-Dec		▲ 22-Dec				
Consumer Confidence Index		▲ 29-Nov				▲ 27-Dec			
BEA Gross Domestic Product					▲ 22-Dec				
BEA Personal Income and Outlays					▲ 23-Dec				
Bain Retail Holiday Newsletter (tentative)		★		★					★

Appendix

Chart A:

Definitions

	GAFO	GAFS	GAF	Nonauto retail sales
General merchandise stores	✓	✓	✓	✓
Clothing and clothing accessories stores	✓	✓	✓	✓
Furniture and home furnishings stores	✓	✓	✓	✓
Electronics and appliances stores	✓	✓		✓
Sporting goods, hobby, book and music stores	✓	✓		✓
Office supplies, stationery and gift stores	✓			✓
Nonstore sales, including traditional retailers' online sales				✓
All other retail trade sales not listed above (excluding auto and auto parts)				✓
Auto and auto parts sales				

Chart B:

E-commerce data methodology

✓ Included in online sales			
	COMSCORE	US CENSUS/ EMARKETER	FORRESTER
2010 US online sales	\$142B	\$165B	\$176B
Grocery/ food	✓	✓	✓
Autos	✓	✓	
Auto parts	✓	✓	✓
Auctions			
Auction fees	✓	✓	?
Event tickets			✓
Digital downloads			✓
Travel			
Other exclusions	Large corp. purchases		Rx drugs

Note: In 2010, comScore aligned its category inclusions to the Census; online sales estimates differ given data collection methodologies
Source: comScore; US Census Bureau; Forrester Research

Selected References

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