

The 17 Biggest Stories of 2017

Compiling a list of the 17 biggest retail stories for 2017 proved to be a thought-provoking task. While so many of the headlines that peppered media in 2017 were negative, the retail industry set new sales records over and over again last year, reaching new highs on Amazon Prime Day, Alibaba's Singles Day and Cyber Monday. Say

what you will about consumers' frame of mind, they brought their "A" game when it came to shopping.

The most stunning news of 2017 may have been Amazon's acquisition of Whole Foods Market; in retail circles, it was the type of event so shocking that most remember where they were and what they were doing when they first

heard the news.

Meanwhile, it was a tale of many different scenarios when it came to retail IPOs, and as the industry morphs into something new, a handful of old guard merchants and executives closed out their final season.

Along with the biggest headlines, 2017 will be remembered for the tech-

nology trends sweeping the industry, including artificial intelligence, voice commerce and augmented reality — along with the efforts of so many vendors and solution providers to prepare for the coming Internet of Things revolution.

What do you recall as the biggest retail stories of 2017? Here's our list. Let us know if you agree.



January – December

Walmart's continued growth

Walmart Inc. reported its strongest U.S. sales gain in more than eight years in November and company shares rose 11 percent to \$99.62, the highest since the company's public offering in 1970 and a gain of 44 percent last year. Indeed, Walmart grabbed at least one top headline nearly every month in 2017. In January, it acquired ShoeBuy and debuted two-day free shipping. In February, it snared Moosejaw and the following month added ModCloth to

its portfolio. The retailer's Outside the Box podcast debuted in May and in June the Bentonville giant brought Bonobos into the fold. Later in the year a new ecommerce facility opened, online grocery pickup reached 1,000 stores and delivery company Parcel was acquired. Lord & Taylor announced it will launch a flagship store on Walmart.com this spring, and the retailer closed the year out with news that it was changing the company's legal name to Walmart Inc.



February – December

Tales of retail's death are greatly exaggerated

Discussions about the future of retail were rampant throughout 2017, with the mainstream media trying to cast and recast a story about how physical stores are dying. It was a tough year for the retail industry to be sure, with thousands of store closures, numerous bankruptcies and endless price wars. Yet despite the adverse headlines, many retailers continued to grow their respective businesses, opening new stores, rethinking store experiences and retooling their ecommerce platforms — in short, adapting to a changing consumer. "The U.S. retail sector is overstored and out of step in an era of ecommerce," said Goldman Sachs analyst Matthew Fassler. "But retail is not dead, it is changing. How bricks-and-mortar stores employ new technologies and new models may determine how they survive the relentless shift online."



June

J.Crew CEO Mickey Drexler steps down

Retail legend Millard "Mickey" Drexler stepped down as CEO of J.Crew after leading the preppy apparel retailer for over 14 years. Drexler, best known as the merchant prince who steered Gap's iconic years, told the *Wall Street Journal* that he didn't anticipate how much technology would reshape retail. "I've never seen the speed of change as it is today," he said. "If I could go back 10 years, I might have done some things earlier." Another notable retail luminary that exited: Gerald Storch, CEO of Hudson's Bay Co., bowed out November 1. Storch's storied career in retail includes Supervalu, Toys "R" Us and Target.

June

Blue Apron's IPO overwhelmed by Amazon's purchase of Whole Foods Market

Retail and retail-related IPOs delivered some meaty stories in 2017. Meal kit provider Blue Apron saw its targeted valuation drop like an uncooked soufflé, unable to withstand the competitive fallout anticipated by Amazon's acquisition of Whole Foods Market. Blue Apron has faced challenges since its IPO, including cutting prices, shedding 6 percent of its global workforce and the exodus of co-founder/CEO Matt Salzberg. Snap's stock has been battered in the months after its high-flying IPO in March, with shares falling roughly 50 percent from its peak. And in November Stitch Fix went public, raising \$120 million to help fuel future growth. Stich Fix's IPO marked an important milestone: It was the first female-led tech company to go public in more than a year.



June

Lidl enters the United States

Lidl opened its first nine U.S. stores in mid-June, giving American consumers their first look at the German discount grocery juggernaut. Positioned to compete head-on with Walmart and Aldi on price, Lidl's arrival put supermarket operators on edge; the company was hoping to win over Americans with sweeping discounts, modern stores and carefully curated wines. Lidl opened fewer than 50 stores last year (not the 90 units originally planned), and is now looking to lease sites for new stores as opposed to solely purchasing them. While Lidl opened with plenty of fanfare, many are reporting that sales and growth have cooled, causing executives to slow expansion plans.

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July

Amazon's 2017 Prime Day

The first Amazon Prime Day, July 15, 2015, commemorated Amazon's 20th birthday and 10 years from the launch of Prime. The online retail giant has kept the celebration going, giving shoppers a new reason to shop in the dog days of summer. 2017's version of Amazon Prime Day broke previous records, with sales increasing by more than 60 percent compared with the same 30 hours in 2016; sales growth by small businesses and entrepreneurs was even higher. More new members joined Prime on this past Prime Day than on any single day in Amazon history. Prime members' most popular purchase was the Echo Dot. More shocking than those figures: Amazon.com reported that Cyber Monday, which took place in late November, eclipsed Prime Day to become the single largest shopping day in the company's history around the globe.



July

QVC plans to merge with HSN in \$2.1 Billion Deal

Shortly after the July 4 fireworks came this boom: Liberty Interactive, owner of QVC, said it would combine with longtime rival Home Shopping Network, in a \$2.1 billion deal. The goal in combining the two: gain scale, combine resources and cut costs. Each remains a stand-alone brand under the new QVC Group structure, and continues to operate substantial ecommerce operations. "The increased scale of this combination will allow us to more effectively compete ... in a changing and evolving retail and digital environment," said Gregory B. Maffei, the chief executive of Liberty Interactive. At a time when people are spending more time than they have in years watching television, this merger seems tuned in.

August

Amazon cuts prices at Whole Foods Market

Amazon announced its plan to acquire Whole Foods Market in June for \$13.7 billion; August 28 marked the first official day running the grocer. On that day, the online giant slashed some food prices, in some instances upwards of 40 percent or more. While prices seem to have been on a roller coaster rise since, the benefits for Amazon seem unassailable. Whole Foods' private labels, including 365 Everyday Value, Whole Paws and Whole Catch, can now be bought through Amazon's Prime Pantry and Prime Now food delivery programs; Prime members will be able to order food items online at Amazon.com and pick them up at an Amazon Locker at their nearest Whole Foods. Whole Foods currently has about 470 locations in the U.S. and Europe but is expected to open more under Amazon's umbrella.



September

Best Buy thrives in the age of Amazon

Five years ago, Best Buy was facing some serious headwinds. It was 2012 when new CEO Hubert Joly stepped in, and while he didn't have pure retail experience, he did have a plan. The Renew Blue turnaround plan consisted of five pillars including improving the customer experience, energizing employees, deepening relationships with vendors and increasing return on investment through cutting costs and growing sales. The turnaround plan is now a bonafide success: Revenue figures have beaten Wall Street's expectations in six of the last seven quarters and Best Buy's stock price has risen more than 50 percent in the past year. In March 2017, the next phase of the plan was put in place: Building the New Blue outlines plans for jumping on emerging categories such as connected home and appliances and beefing up services and solutions such as the Geek Squad.

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November

Kroger grows private label apparel

Supermarket behemoth Kroger will introduce a new private label “modern lifestyle” apparel line in some of its large-format superstores in the fall. The new line will include activewear items for children, young men, juniors, men and women. No word yet on the name of this new brand, though the retailer says it will be “playful, simple and uplifting.” Selling third-party apparel is not a new stint for Kroger; the retailer currently offers more than a dozen brands, including Great Northwest Indigo, GNW, Kids Korner and Curfew. Nonetheless, growing private brands appears to be a key element of the company’s Restock Kroger Plan — a strategy that also involves extensive store resets and other initiatives. The new brand will be available at about 300 Fred Meyer stores in the Pacific Northwest and at Kroger Marketplace stores in other regions around the country.



tapestry

COACH | kate spade | STUART WEITZMAN

October

Coach Inc. becomes Tapestry

Coach is no longer just a handbag business. The accessible luxury group that owns Coach, Stuart Weitzman and Kate Spade announced it was changing the name of its parent to Tapestry, transforming itself into an incredibly powerful branding business. The new moniker is intended to express the group’s multi-brand entity with a variety of unique properties, as opposed to one dominated by a single brand. “It’s a wonderful metaphor for what we believe in,” said CEO Victor Luis, “which is individual threads of different colors all working together to create a picture.” The name change follows Coach’s 2015 acquisition of the Stuart Weitzman shoe label for up to \$574 million and its \$2.4 billion purchase of Kate Spade in May.



Formed from 400 handbags, Rexy is a star at Coach.

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November

Alibaba's Singles Day breaks records

It took just 24 hours for China's newly minted middle-class consumers — along with consumers from other countries — to spend \$25 billion on purchases, a 40 percent increase from last year. The numbers compiled that day are nothing short of mind-boggling: 140,000 brands participated in the event (a 40 percent increase from the prior year), including Estee Lauder, Nike and Gap; more than 15 million products were listed and 812 million orders were made. Alibaba is experimenting with a smart logistics practice using big data and the retailer had the chance to test it out on Singles Day: The first order was delivered within 12.18 minutes of the purchase.

November

Cyber Monday breaks records

Cyber Monday posted the largest-ever single day of online sales in the U.S., with consumers spending \$6.59 billion online, according to Adobe. Purchases made on smartphones also set a new record, hitting \$2 billion in sales. Top sellers on Cyber Monday included the Nintendo Switch, Apple AirPods, streaming devices like Google Chromecast and the video game Super



Mario Odyssey. The

National Retail Federation and Prosper Insights compiled key data from Thanksgiving to Cyber Monday, reporting that more than 174 million Americans shopped in stores and online during the holiday weekend; NRF said more than 58 million people shopped only online, and over 51 million individuals just stuck to stores. From Thanksgiving Day through Cyber Monday, the average shopper spent \$335.47, with \$250.78 — 75 percent — going specifically toward gifts.



December

CVS and Aetna want to improve health care

CVS Health and Aetna announced their merger in early December, raising eyebrows and launching discussions ranging from how it changes the way health care is delivered in the country to whether it's a threat to small drug stores. The new company combines the biggest pharmacy chain in the U.S. with the nation's third-largest insurance company; executives contend that consumers will benefit by way of high-quality, low-cost medical care. The planned \$77 billion merger is also expected to usher in a new era in analytics, interoperability and population health. It comes at a turbulent time in the health care arena due to potential changes in government programs like Medicare, uncertainty over the future of the Affordable Care Act and the specter of new competition from Amazon.

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December

Target plans to buy grocery delivery service Shipt

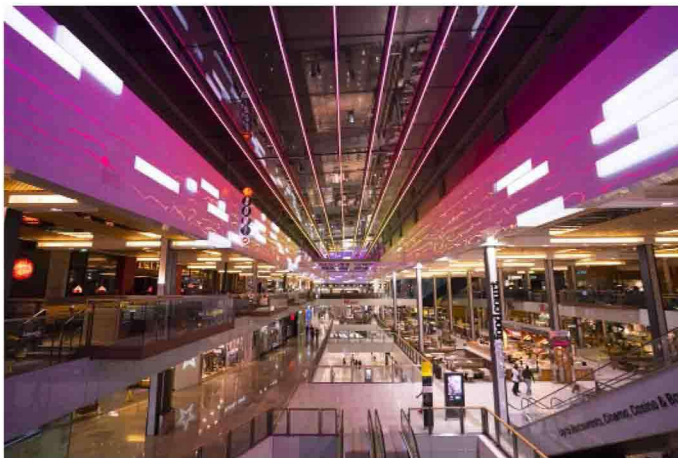
In the race to gain an edge in same-day delivery, Target announced plans to acquire delivery service platform Shipt — a rival to Instacart — for \$550 million in cash. The mega-retailer expects to offer same-day delivery of groceries, home furnishings, electronics and other products via Shipt's platform, starting early this year. The deal will let Target customers order groceries and other goods online, and then have the items sent directly to their doors from one of the retailer's nearly 2,000 stores. Buying Alabama-based Shipt adds another level to Target's logistics operations; earlier in the year, the company acquired software company Grand Junction, which manages local and same-day deliveries. The cost of Target's new delivery service: \$99 per year for members to get unlimited same-day grocery deliveries, analogous to Amazon's Prime membership fee.



December

Tax reform becomes a reality

After a series of reports, commissions and proposals over the years, the first comprehensive reform of the U.S. tax code in three decades has become law — and NRF played a leading role in making it happen. Tax reform has always been a priority for the heavily taxed retail industry. So when President Trump made it one of his priorities after taking office, NRF brought CEOs to Washington, held meetings with Cabinet secretaries and Trump himself, rallied with senators on Capitol Hill and arranged for Treasury Secretary Steve Mnuchin to address retailers on the issue. Along the way, NRF defeated a proposed border tax that would have put some retailers out of business.



The colorful Westfield Shopping Mall in Stratford, London, England. Photos on this page: Shutterstock.com

December

French shopping center company acquires Westfield

European property company Unibail-Rodamco agreed to acquire the Westfield Corporation for \$15.7 billion. For Unibail-Rodamco, which is based in France and operates high-end shopping centers across Europe, the deal allows the property company to extend its footprint into the U.S. and U.K. where Westfield has developed assets in prime locations, such as New York's World Trade Center, London's Shepherd's Bush and Century City in Los Angeles. It also will create the world's second-biggest mall owner by market value. Industry watchers were quick to point out that the acquisition comes at a time when traditional shopping malls are trying to reinvent themselves and increase their relevance in the face of changing consumer behavior and heightened competition from online retailers.