Starting Off 2021 With A Strong Retail Recruitment Strategy

2021 Webinar Series

January 21, 2021

TheRetailCoach®

The Retail Coach is a national retail recruitment and development firm that combines strategy, technology and retail expertise to develop and execute high-impact retail recruitment and development plans.

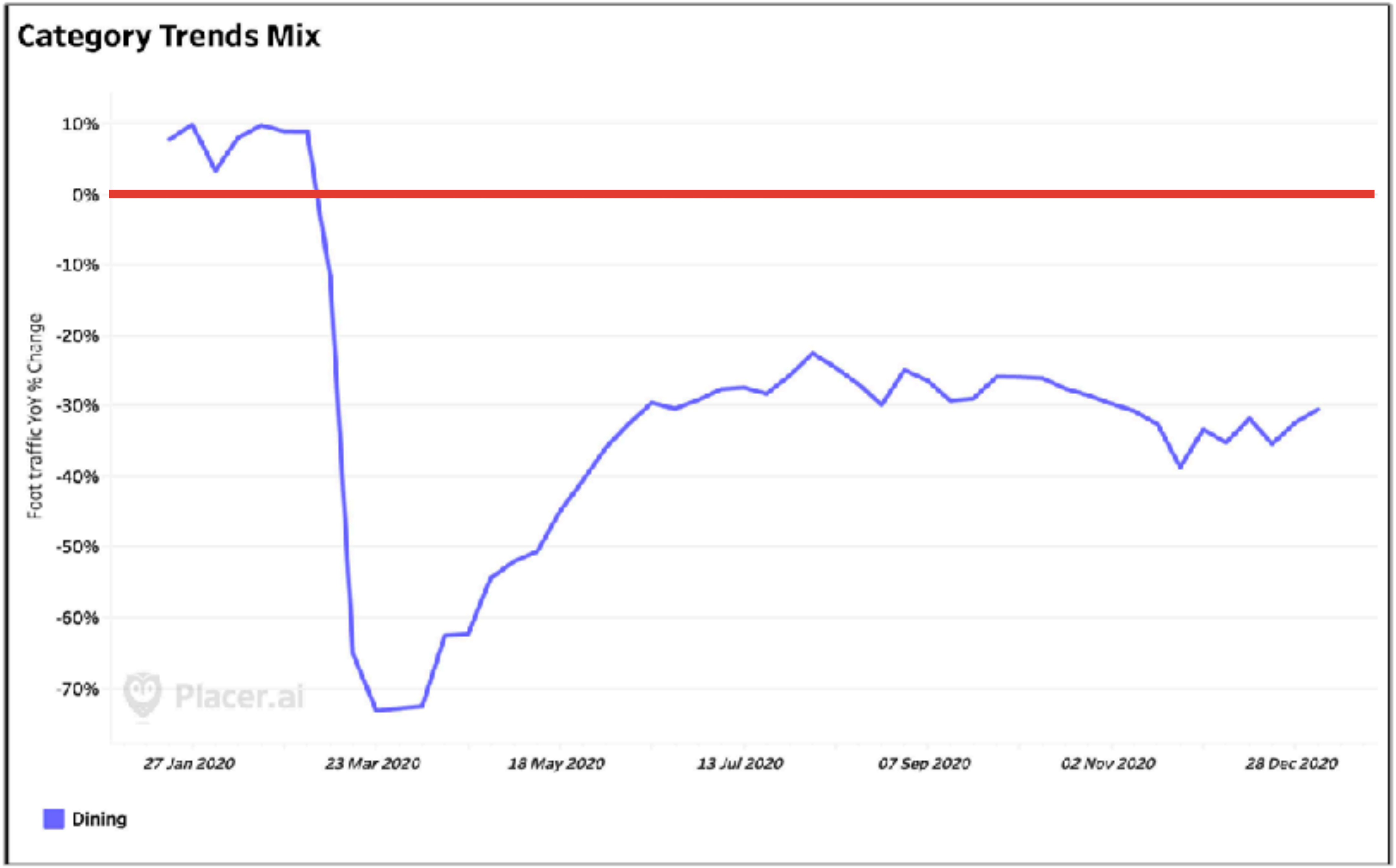
2020 Holiday Retail Sales

Facing unprecedented challenges from a spike in the COVID virus, state restrictions on retailers and heightened political and economic uncertainty, consumers demonstrated incredible resilience this holiday season.

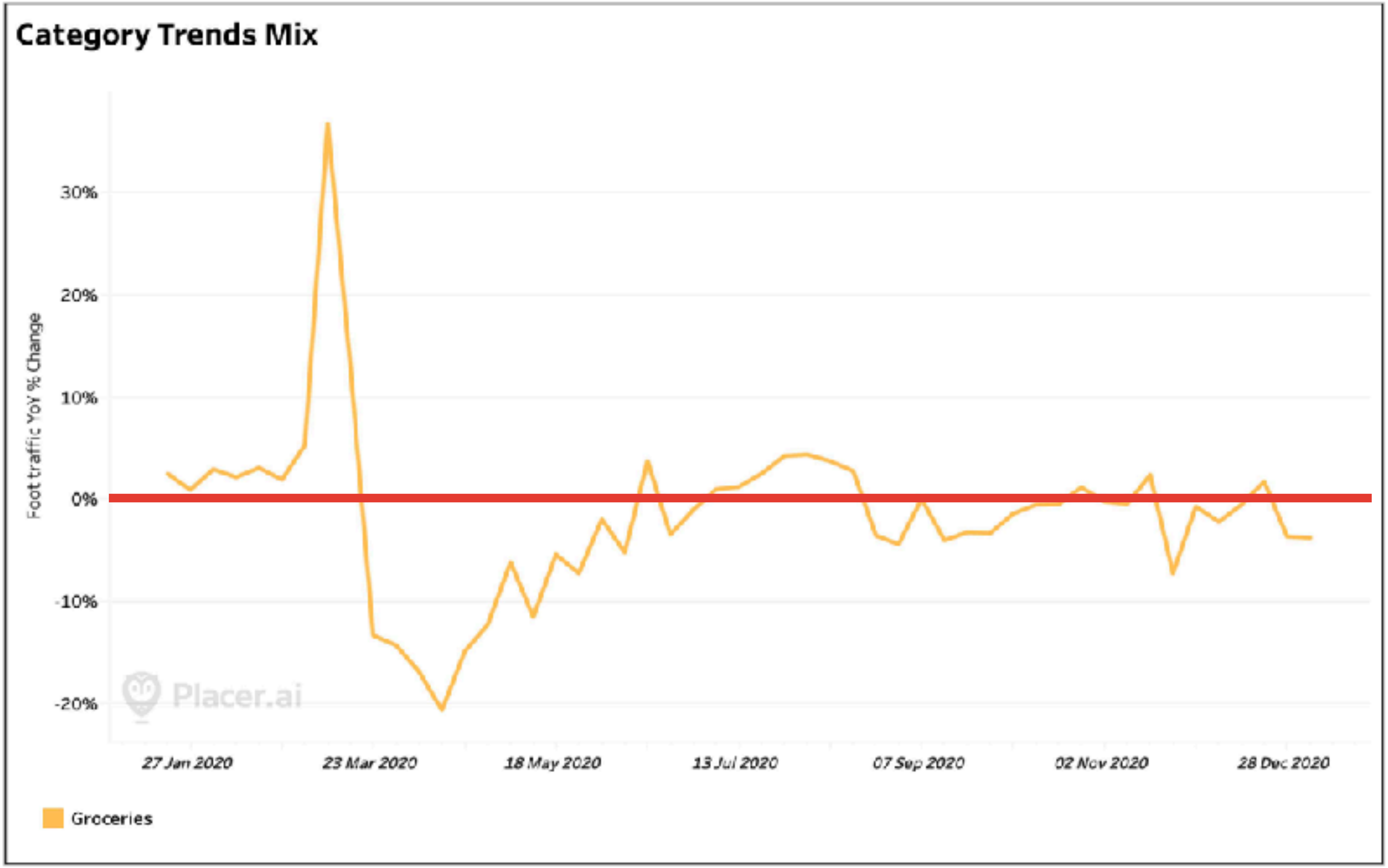
- Holiday sales grew 8.3% to $789.4B (4.1% increase in 2019)
- Online sales grew 23.9% to $209B (14.6 increase in 2019)
- Last 2 weeks were key to increase (too late for deliveries) with consumer taking advantage of quick in/out trips, BOPIS and curbside

- Building materials & garden supplies - up 15%
- Sporting goods - up 15.2%
- Grocery & beverage stores - up 9.6%
- Health & personal care - up 5.4%
- Furniture & home furnishings - up 2.2%
- General merchandise - down 0.1%
- Electronics & appliance stores - down 14.4%
- Clothing & clothing accessories- down 14.9%

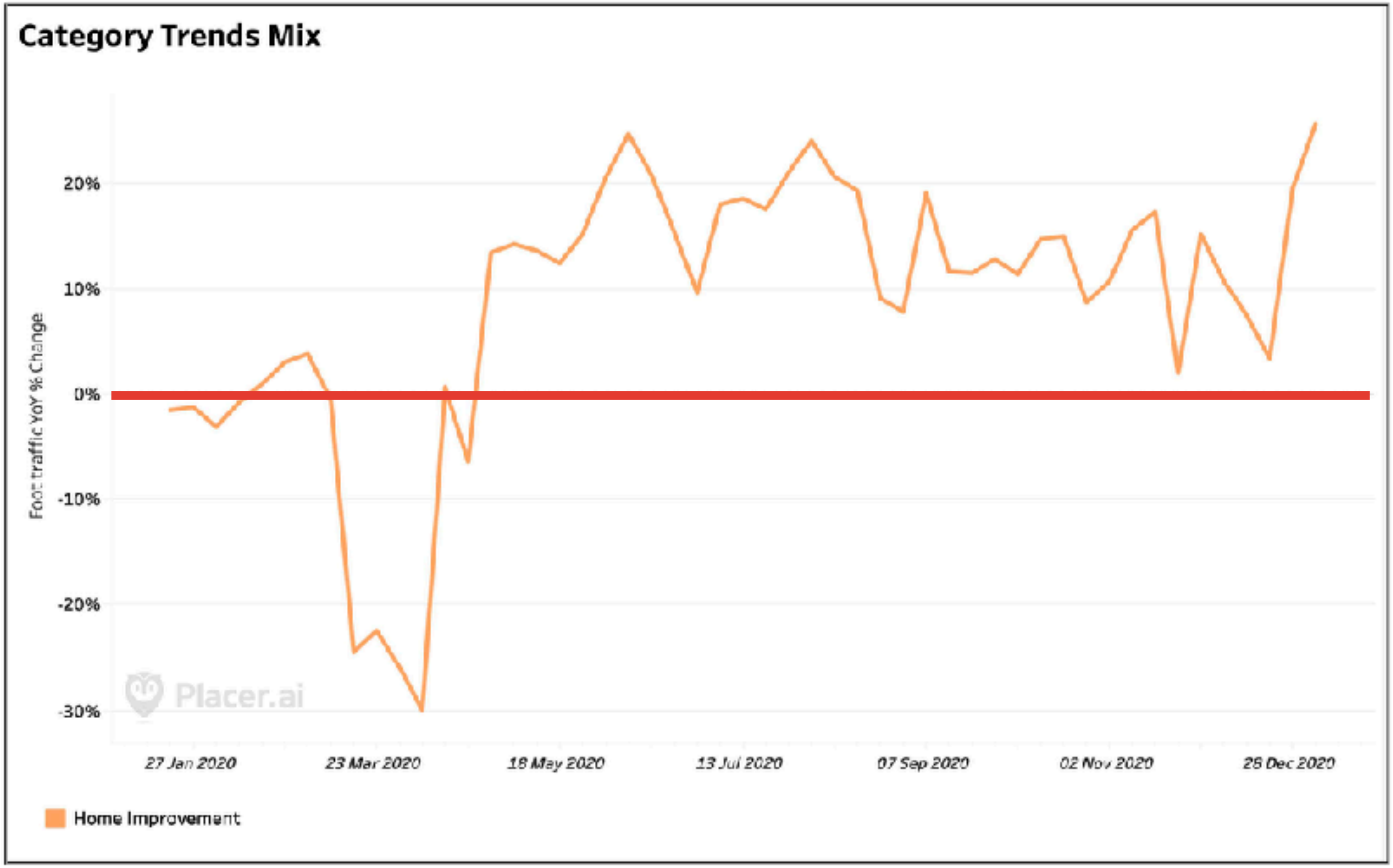
COVID Impact - Dining



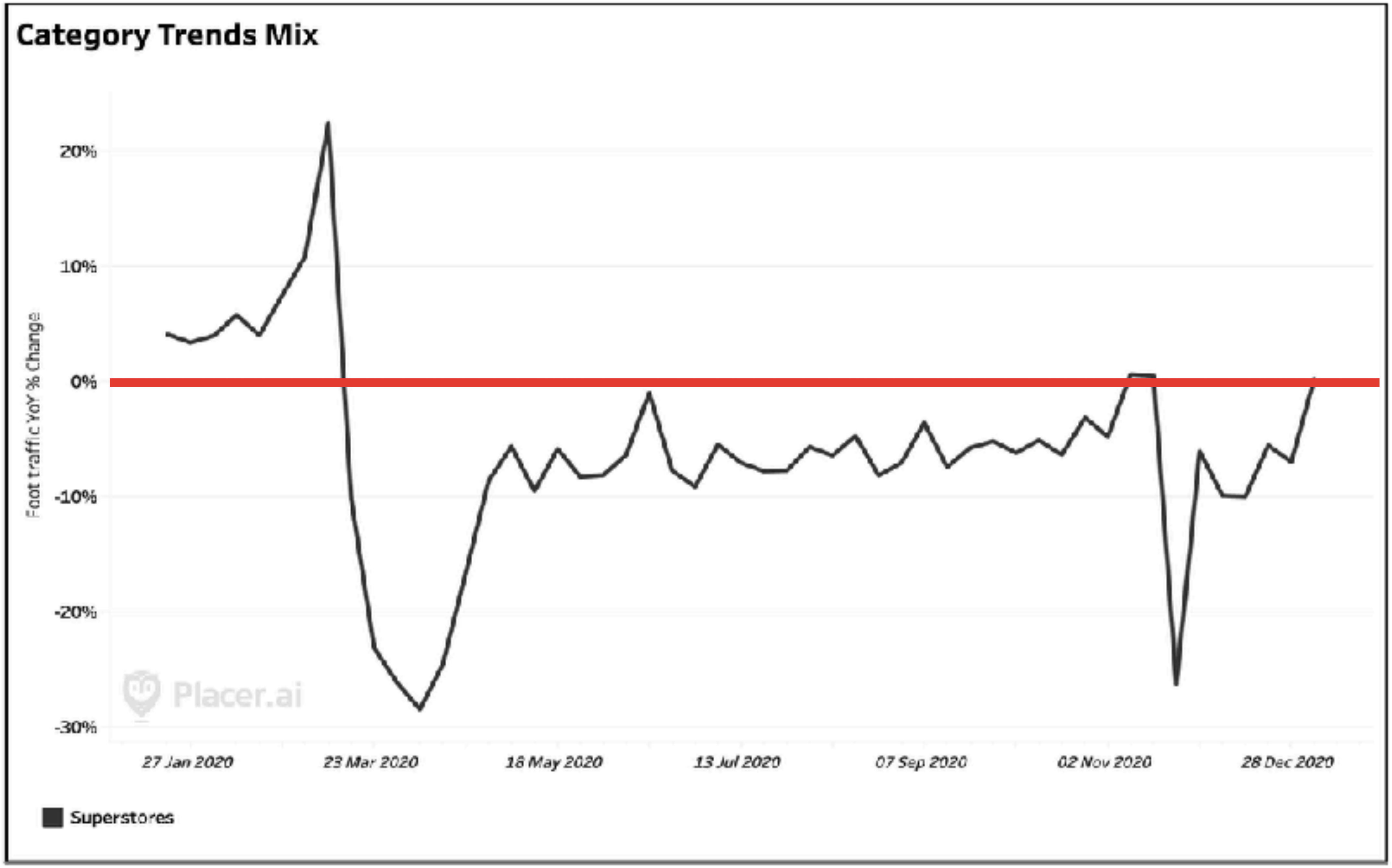
COVID Impact - Groceries



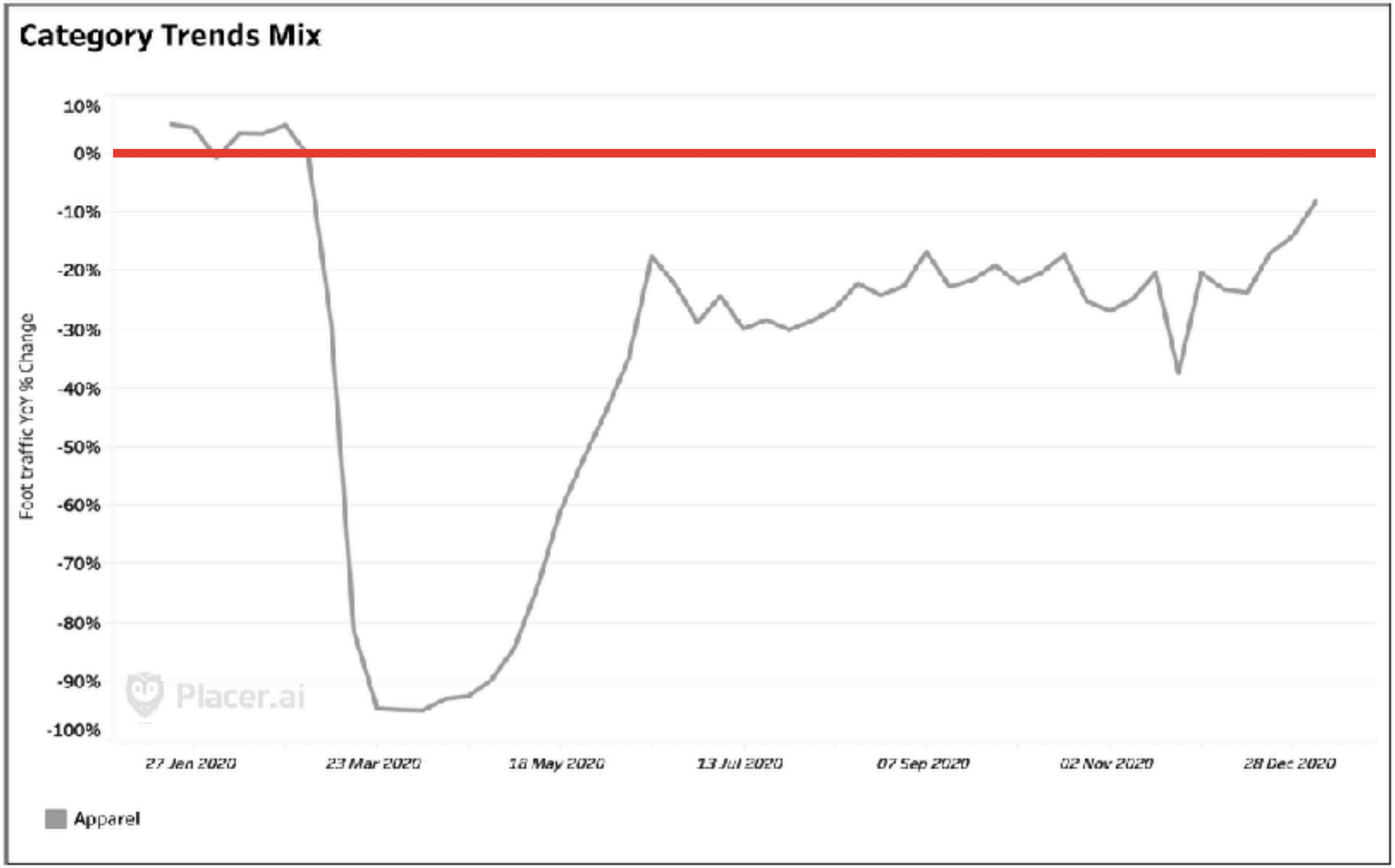
COVID Impact - Home Improvement



COVID Impact - Superstores



COVID Impact - Apparel



2021 Trends

Touch-Free Shopping Is the New Norm

Pre-COVID
Retail was all about creating an experience for consumers (Experiential Retail)

COVID/Post-COVID
Retail all about consumers avoiding surfaces and limited interactions with other customers and employees

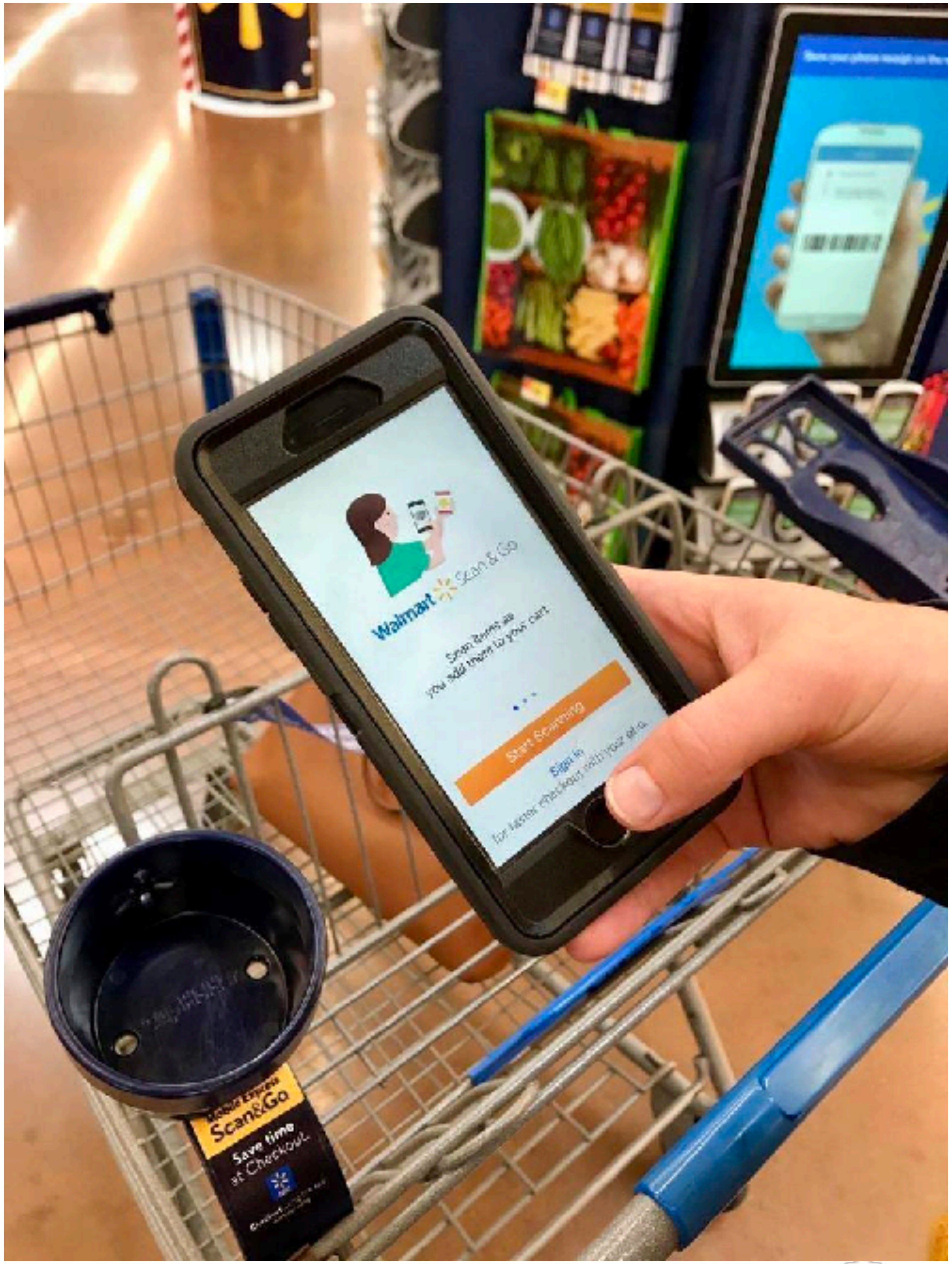
- Contactless checkouts
- Scan & Go Smartphone Apps
- Buy Online, Pick Up in Store (BOPIS) & Buy Online, Return in Store (BORIS)
- Drive-thru lanes
- Walk-up/Take-out

Michaels: “Maker Space” for free demonstrations, classes, customer projects

Touch-Free Shopping is the New Norm

Scan & Go

- Eliminates check lanes
- Reduces “touches”
- Requires less staff
- Faster checkouts
- AI (Artifical Intelligence) technology can personalize consumer shopping experience



Touch-Free Shopping is the New Norm

BOPIS & BORIS

Consumers desire to limit trips to stores have encouraged retailers to enhance (or roll-out) curb-side and inside pickup

- Customers buy online - through website or app
- Store fulfills the online order
- Customer picks up the order in-store, curb-side or remotely
- Pick-up lockers or designated “protected” registers
- Brick & Mortar stores have become mini fulfillment centers
- Customers make returns in-store at designated same designated registers

Home Depot

Touch-Free Shopping is the New Norm

BOPIS & BORIS

- Drives in-store foot traffic
- Eliminates the cost of shipping & returns
- In-store associates shift to pickers and packers
- Delivers a safer, convenient shopping experience

68% of consumers say they are going to use curbside pickup more in the future

60% will collect more of their online purchase from inside stores

Touch-Free Shopping is the New Norm

Drive-Thru Lanes

- While dine-in restaurants were shuttered and social distancing enforced, drive-thrus provided a crucial revenue stream
- Many with drive-thrus returned to pre-COVID levels of business
- Having no drive-thru forced many independent restaurants to close
- Going forward, multiple drive-thru lanes will be incorporated in most new restaurant prototypes
- If restaurant properties don't have a drive-thrus, they are being added
- Not just for QSR's - casual sit-downs restaurants are incorporating drive-thrus

Touch-Free Shopping is the New Norm

Walk-Up/Carry-Out

Local businesses in downtown/urban settings are struggling to adapt with cost-effective modifications

- Sliding windows gaining in popularity
- Affordable retrofit
- Promotes pedestrian walk-ups and online orders
- Included in most new QSR prototypes

E-Commerce Will Continue to Shape Retail

E-commerce explosion has created challenges

- Shipping has become a fulfillment issue - reason for some retailers move to identify localized fulfillment centers
- Shipping is a cost issue
- USPS, FedEx and UPS are beyond their limits
- Third-party delivery services are popping up
- Demand for drivers, warehouse pickers and packers
- Amazon hired approx. 350,000 in 2020
- UPS planned to hire more than 100,000 during the holidays

E-Commerce Will Continue to Shape Retail

E-commerce explosion has created challenges

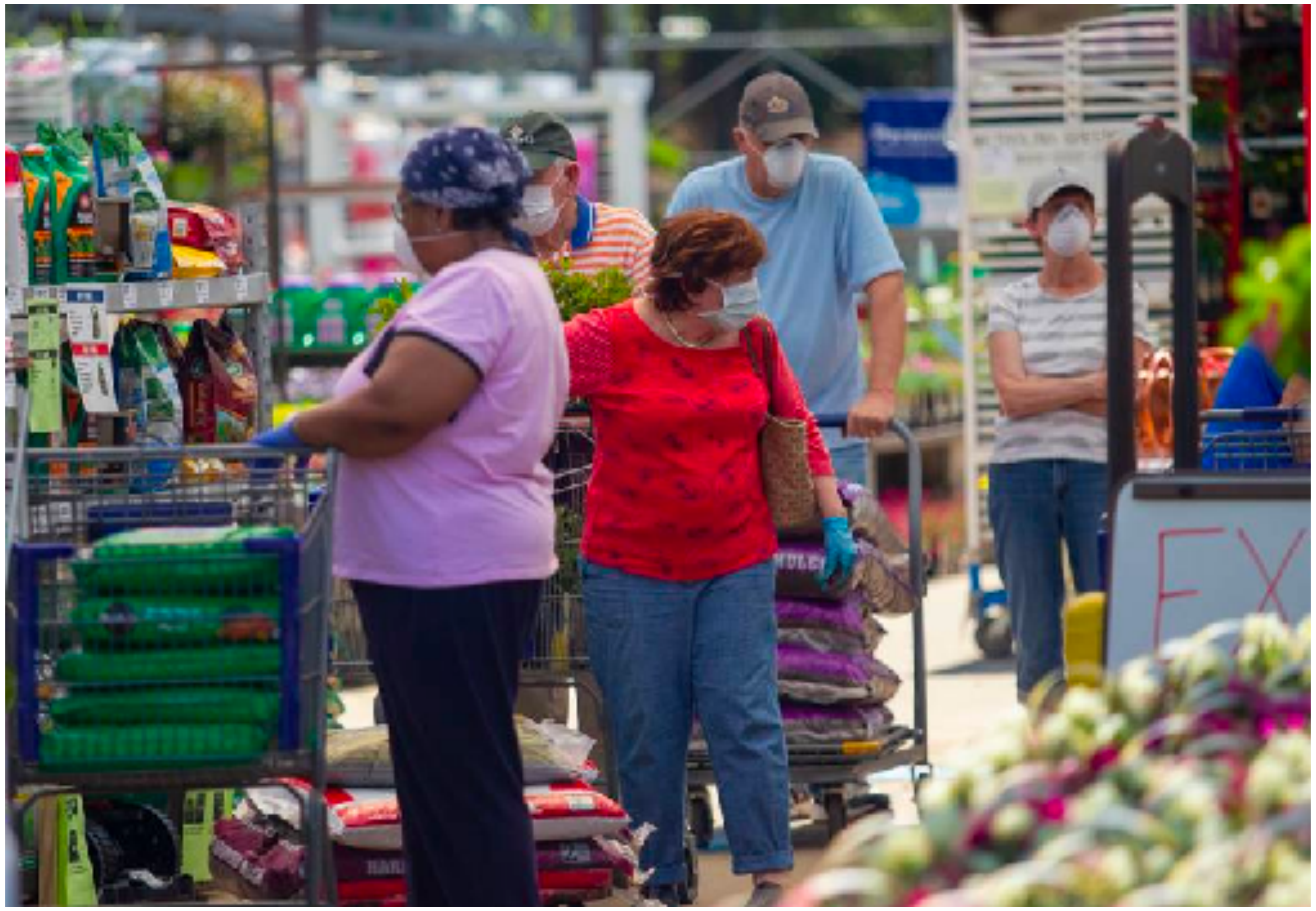
Merchandise Returns top $428B in 2020

- Returns accounted for 10.6% of total US retail sales
- More than doubled as compared to 2019
- 5.9% of all returns were fraudulent ($25.3B)
- COVID keeping consumers out of stores was the major reason

Amazon, Walmart, Target and other major retailers have determined there is no cost benefit to processing returns - and cheaper to issue refunds and allow customers to keep the product

Big-Box Stores Rule

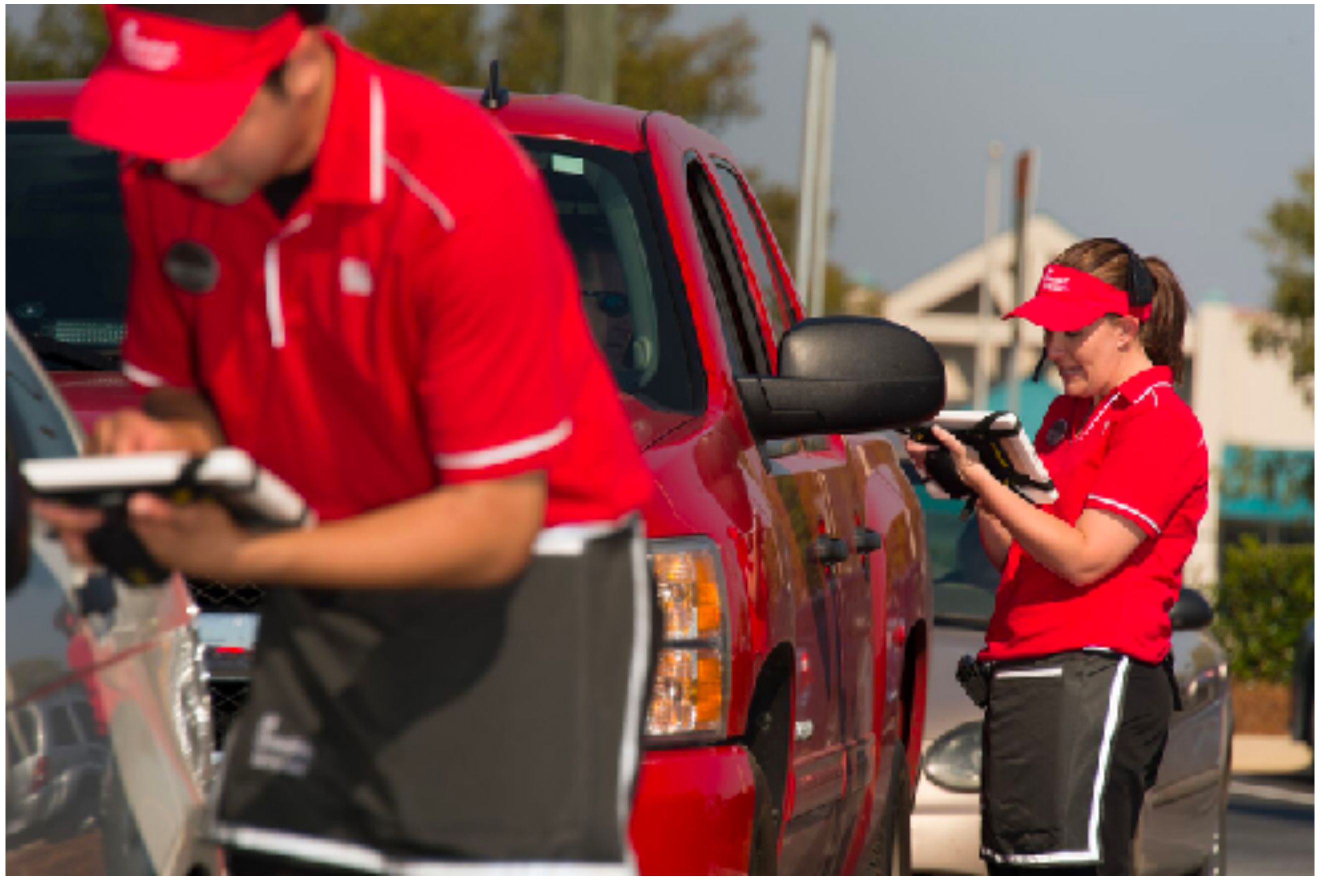
- Big-box retailers benefitted from being "essential" and keeping stores open during the lockdown
- "One stop shop" retailers like Target, Walmart, Best Buy, and Lowe's have seen their sales soar
- Benefitted from the DIY trend
- Consumers tended to skip the mall and specialty retailers and their sales suffered
- Off-mall, "everything stores" are likely to continue to thrive



Restaurants Morph to Less-Touch

More restaurants will focus on smaller building footprints with amped-up delivery, walk-up/takeout and drive-thru operations.

Chick-fil-A and Sonic successfully implemented less-touch long before COVID



Restaurants Morph to Less-Touch

Burger King of the Future

- Generally smaller concepts
- Double or triple drive-thrus with digital menu boards
- One designated lane for delivery drivers
- Walk-up windows for ordering & pick-ups
- Designated parking spots for app ordering & food delivery to car
- On-premises dining - one concept replaces traditional dining with shaded patio for outside dining
- Curb-side delivery
- Pick-up lockers
- One design option provides for suspended kitchen and dining room - smaller footprint for urban locations

Restaurants Morph to Less-Touch

Taco Bell Go-Mobile

- Smaller than the traditional concept (1,325 sq. ft vs. 2,500 sq. ft.)
- No dining room - drive thru only
- Optimizes ordering ahead
- Double drive-thru lanes
- One lane designed for priority pick-ups for app orders
- Curb-side pick-up
- “Bellhops” with tablets to expedite ordering

KFC Drive-Thru

- First pilot drive-thru in Australia
- Pre-Covid design
- Five drive-thru lanes
- Designated pick-up lanes for customers who order and pay through the app or website
- Designated lane for on-the-spot ordering

Restaurants Morph to Less-Touch

Buffalo Wild Wings Go

- 1,320 sq. ft. - 1,800 sq. ft. prototype
- Digital menu boards
- Delivery & takeout
- Walk-up counter
- Limited seating for customers waiting on orders
- Heated takeout lockers for those who order online/call ahead

Extreme Pressure on Middle Market Retail

Wealthy consumers are saving money by working from home, not eating out and not traveling.

Less fortunate consumers are flocking to deep discounters and forced to cutback even more.

Mid-market department stores and specialty stores are struggling most.

Accelerated Decline of Enclosed Malls

Malls have been facing an uphill battle for years as consumers shifted to big-box, open-air shopping centers and online spending. COVID has just accelerated their demise.

Temporary shutdown of movie theaters, gyms, restaurants and entertainment destinations dealt a significant blow.

- Owners are collecting less rent from anchor and specialty tenants - tenants get rent from sales
- Owners are not servicing their debt
- Owners are faced with store closings, bankruptcies and liquidations (Neiman Marcus, JCPenney, Ann Taylor, Brooks Brothers, Lane Bryant, Lord & Taylor)
- Fewer viable options to backfill empty spaces

Zoom-Dressing To Continue

The sale of sweat pants, pajamas and workout apparel have spiked as employees shifted to work-from-home.

- Athleisure wear is as relevant as ever - brands like Nike, Lululemon, Outdoor Voices, Champion, Rhone and others have benefitted
- Walmart recognized in March that sales of tops were up but not bottoms

2021 Retail Expansion

To get consumers back into stores, they must provide unquestioned safety and an INCREDIBLE SHOPPING EXPERIENCE.

Consistent with previously mentioned pressure on mid-market retail, below are examples of the retailers looking to expand in 2021. For a more complete list visit https://info.stanjohnsonco.com/rs/702-XMW-307/images/Tenant%20Expansion%20Trends_Fall%202020.pdf

At Home
Burlington
DSW
Marshalls
TJ Maxx
Ross
Old Navy
Dd Discounts
AutoZone
O'Reilly'sAuto Parts

Take 5 Oil Change
Hobby Lobby
Michaels
Costco
Dollar General
Dollar Tree
Family Dollar
Five Below
Target
Best Buy

Aldi
Save A Lot
Trader Joe's
Harbor Freight
Tractor Supply Company
Texas Roadhouse
Shake Shack
Raising Cane's Chicken
Sonic
Starbucks

Developing a Strong Retail Recruitment Strategy for Your Community

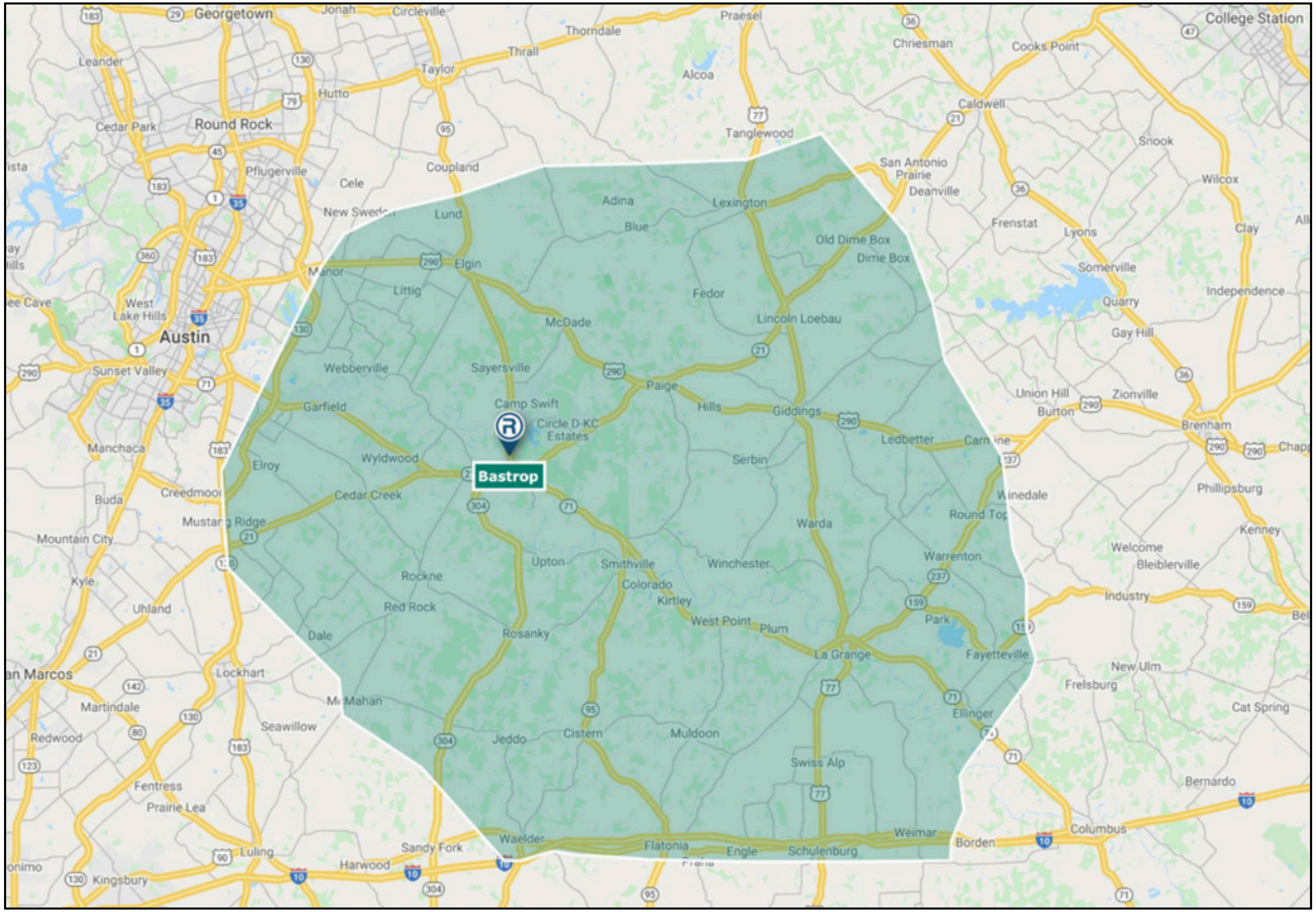
Retail Recuritment

Each national retailer fully understands:
- Their desired retail trade area population
- The demographic & psychographic profile of their ideal “target consumer”
- The real estate sites that afford them the best long-term success

- Retailer site criteria can be obtained from their websites or corporate real estate departments.

- Local retailers typically do not know or understand their target consumer thus they struggle or close.

Focus On Your Retail Trade Area



bastrop
EDC

Retail Trade Area Pop: 202,789
Community Pop: 9,420

Data Focus

The Retail Trade Area Demographic Profile allows you to understand your consumers and their unique attributes:

- Population
- Population Growth
- Race Classification
- Median Age
- Education Level
- Incomes

- Sell your community using the retail trade area population and not the community population.
  It opens you to more opportunities.

- Local retailers must **"look between the lines"** to determine if the profiles consumers will support their business.

Understand Retail Demand

TheRetailCoach.

Primary Retail Trade Area • Retail Demand Outlook

Windham, Maine

NAICS	DESCRIPTION	2020 DEMAND	2025 DEMAND	GROWTH	CAGR (%)
44, 45, 722	**Total retail trade including food and drinking places**	**$635,264,551**	**$730,437,801**	**$95,173,250**	**2.83%**
441	Motor vehicle and parts dealers	$109,830,277	$128,537,802	$18,707,525	3.20%
4411	Automobile dealers	$94,256,451	$110,560,051	$16,303,600	3.24%
4412	Other motor vehicle dealers	$4,791,248	$5,445,607	$654,359	2.59%
4413	Automotive parts, accessories, and tire stores	$10,782,578	$12,532,144	$1,749,566	3.05%
442	Furniture and home furnishings stores	$7,900,525	$9,362,032	$1,461,507	3.45%
4421	Furniture stores	$4,709,857	$5,614,461	$904,604	3.58%
4422	Home furnishings stores	$3,190,668	$3,747,571	$556,903	3.27%
443	Electronics and appliance stores	$14,340,381	$16,532,038	$2,191,657	2.89%
443141	Household appliance stores	$2,701,004	$3,155,946	$454,942	3.16%
443142	Electronics stores	$11,639,377	$13,376,092	$1,736,715	2.82%
444	Building material and garden equipment and supplies dealers	$38,869,553	$45,433,561	$6,564,008	3.17%
4441	Building material and supplies dealers	$34,219,048	$40,005,713	$5,786,666	3.17%
44411	Home centers	$19,295,741	$22,557,442	$3,261,701	3.17%
44412	Paint and wallpaper stores	$1,277,714	$1,494,142	$216,428	3.18%
44413	Hardware stores	$2,863,755	$3,342,590	$478,836	3.14%
44419	Other building material dealers	$10,781,838	$12,611,539	$1,829,702	3.18%
4442	Lawn and garden equipment and supplies stores	$4,650,506	$5,427,848	$777,342	3.14%
44421	Outdoor power equipment stores	$670,608	$783,836	$113,228	3.17%
44422	Nursery, garden center, and farm supply stores	$3,979,897	$4,644,012	$664,114	3.13%
445	Food and beverage stores	$98,004,515	$111,922,784	$13,918,270	2.69%
4451	Grocery stores	$89,479,629	$102,072,933	$12,593,303	2.67%
44511	Supermarkets and other grocery (except convenience) stores	$86,009,633	$98,128,528	$12,118,895	2.67%
44512	Convenience stores	$3,469,997	$3,944,405	$474,408	2.60%
4452	Specialty food stores	$3,459,435	$3,938,318	$478,882	2.63%
4453	Beer, wine, and liquor stores	$5,065,450	$5,911,534	$846,084	3.14%

Focus On Sites

Know all primary available Retail Sites & Properties for lease, sale, development and redevelopment.

- The first questions an interested retailers asks is **"do you have available sites for us to look at?"** and/or "send me available sites that fit my needs."

- Be able to send the information out instantaneously. Time kills deals.

Focus On Sites

Conduct a Land Use Analysis of the major commercial corridors in your community.

- Analyze sites and identify those not serving their **"highest and best use."**

- Consider land/lot assemblage when considering higher uses.

Retailers That Fit

Identify and target appropriate Retailers for Recruitment.

- **Manage the goals and expectations** of your leadership and community.

Retailers That Fit

Research and target appropriate Retailers for Recruitment.

- **Target retailers that "fit"** your community based on the retailers preferred new site location needs.
- Take the time and do your research first. Don't waste your time or the retailers time by being unrealistic.
- **Retailers are looking for "the sure thing."**

ZAXBY'S	DUNKIN' DONUTS	FIREHOUSE SUBS
Traffic - 20,000+ AADT	**Traffic -** 20,000+ AADT	**3 Mile Total Population -** 25,000
Trade Area - 30,000 +	**11 Mile Population -** 70,000	**3 Mile Workforce -** 12,000
Min. Average HH Income - $45,000	**Median HH Income -** $55,000-$70,000	**3 Mile Median Income -** $35,000
Lot Size - .80 - 1.25 Acres	**Building Footprint -** 1,500 - 1,800 SF	**Building Footprint -** 1,400+ SF
Building Footprint - 2,400 - 3,900 SF	**Seating Capacity -** 18+ seats	**Frontage Minimum -** 20 FT
Seating Capacity - 50 - 90 seats	**Preferred Sites -** Free standing, end cap, and inline. Must be on AM side of the road with strong visibility	**Parking Required -** 35 spaces
Parking Required - 40+ spaces	**Zoning -** Easy ingress and egress with no obstruction to signage that may impact customer reaction time	**Preferred Sites -** Street Exposure, end cap preferred
Preferred Sites - Corner lots, shopping center pads, & interstate		**Desired Co-Tenants -** Grocery/ Supermarket, Fast Casual, Movies, Hospitals
Zoning - freestanding with drive-thru window and allowance of adequate signage		

Get The Word Out

Market your Community everyday and everywhere you go.

- Maintain accurate current information on your website. Retail site selectors are in/out of your community without your knowing it and tend to do their research in hotel rooms and airports.

Be Seen At Industry Events

International Council of Shopping Centers

RETAIL LIVE!

RETAIL.REAL ESTATE.LIVE.

ICSC RECON - December 5-7

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