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## How the newly evolved cyber-mall has changed the way we eat and shop

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Never has it been more important to realize the changes happening in the retail industry. The way we buy, what we buy, and the way we pay for it has been changing so fast that few non-industry related professionals have noticed the change.

What we soon get accustomed to, quickly has evolved into 'non-real estate' shopping centers (aka cybermalls).

Because of the competition in almost every area of retail (from food and clothing to appliances and entertainment) one doesn't have to look too deep to realize that 'cocooning' and the convenience of home delivery, as instituted by almost every retailer and food outlet, have created a whole new way of shopping. Have you noticed more food trucks, more FedEx trucks, and more cars with Dominoes signs on their roofs? There's definitely a trend away from the 'brick and mortar' model.

Today you can sit at home and buy almost anything on the internet; if you want to see a movie that you missed at the local mall, you can simply dial it up on your television or computer. The growth of home delivery has never been greater. International companies like Amway and Melaleuca have given the consumer the ability to buy just about any consumable products the family needs, with the exception of food, directly from the factory...delivered directly to your door, and those companies then pay you to encourage other people to shop in a similar fashion..

At a time like this where gas prices are at record levels in some parts of the country, people are opting to resist the need to drive to shop. Cyber-shopping is siphoning billions of retail dollars out of traditional strip centers and malls. An almost invisible market exists, commonly referred to as network marketing...millions and millions of just average people, who are involved with multi-level and network marketing, are being paid by the manufacturers to promote their products by word-of-mouth.

Traditionally, the retail industry had been driven by real estate...location, location, location. Today, the real estate component has been significantly diluted. The internet has changed the way business is done forever. As you walk through your local malls, notice how many vacancies there are.

Conventional shopping will never disappear. However, the burden is much more on the shoulders of the developers and owners to consider what the tenant mix should be and if the rents can be low enough for the tenant to make a profit and whether the strip center owners and investors can make a reasonable return on their investment.

This observation of the cyber-mall somewhat distorts the real, actual evaluation of the state of the restaurant and retail industries this last quarter of 2012.

On one hand, if you look at the number of vacant spaces in malls and 'for lease' signs at neighborhood strip centers, you might think that business is 'obviously' not too good. But on the

other hand, those vacancies are a result of the movement of food and general retail to the Internet. Yes, in this last quarter of the year, people are spending more money than last year. Credit cards are being used more often but people are not carrying the big balances of the past. The credit card reporting agencies see people paying down their balances faster and maintaining small carry-forwards.

In the case of the food industry, people are ordering-in more; restaurants that offer take-home prepared meals are doing a robust business as evidenced by the recently opened satellite stores of Harrow's Chicken Pot Pies and wildly popular Ken's Kickin' Chicken stores. Whether its fast food, casual-dining, or full-service, pick-up or delivery runs the gamut of from 10% to over 50% of sales. As you can imagine, it's more cost effective to order dinner and eat it at home for the typical family...no tips, no waiting, no bar tab, and maybe no dessert.

On the other hand, restaurants are still doing a thriving business (mostly on the weekends)...the insufferable lines are still there whether it's waiting for a table for breakfast or brunch , at a full-service dinner house, or trying to get a seat at the bar to watch the Pats, Celtics, or Bruins.

All things considered, the best way for the average person to get to own a Mercedes, take that annual Caribbean vacation, and have a nice home is to own a business. People need to eat, people want to drink, people socialize over food, people network with a drink in their hand, and most people have worked in a restaurant at some time in their life.

Whether you buy someone else's business, retrofit a food truck, start with your concept in a vanilla box, or make cup cakes and sell them on the internet, the restaurant industry has a place for you and your family. God bless America.

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