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Next-Gen Retail - by Carol Todreas

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Retail

In with the Internet, out with the stores? To be or not to be, physical stores are in question. Or in other words, in a post-COVID era, how will consumers behave? Have we now adapted completely to online shopping that it will be the default behavior or will there be a return to pre-COVID days where people mingle together with friends and family in physical stores to enjoy an old fashioned shopping experience? And, if so, where?

Consumer behavior has changed significantly since March. For example now when we buy groceries and goods its an online order with curbside pick up or a delivery service. In stores and restaurants we expect open spaces and fewer people per s/f. There are few pre-COVID store amenities, such as coffee, water or samples of anything being offered. Chairs for a moment of relaxation have been removed, restrooms are often closed, and a sense of freedom to browse or move leisurely through a store has all but disappeared. Instead the underlying tone is "Please choose quickly; we could all be super-spreaders."

On the flip side, online shopping has become more satisfying to more people. Online retailers give bargains, have many promotions, market to customers continuously, and have boundless booty in unusual goods not found in stores. Deliveries can take time, but often the fee is waived, and online retailers have made returns easy with few to no penalties. Add to this no traffic, 24/7 access, and the click of a finger and your purchase arrives within 24 to 72 hours. Resulting in a surge of online retail sales that are expected to rise between 18 and 35% this holiday season with physical retail sales growth projected to be only in single digits.

Retailers are not giving up. In fact, certain national retailers like Target, Dick's Sporting Goods, BJ's Warehouse, Lululemon are more than surviving and investors are combing distressed shopping malls looking for deals. Bankrupt national brands, such as Brooks Bros and Lucky Brand, are being acquired by mall owners and investors to be tweaked for Millennials and Gen Z-ers. Local entrepreneurs are finding vacant spaces around Boston and are now often able to negotiate a lease with far more reasonable rents and terms than before the pandemic. Brands still say they need a physical store to keep their customers and to really turn a profit.

Consumers are coming out of their cocoons. They have shown their love of physical shopping even during this pandemic, sometimes openly waiving recommended safety measures to shop without heeding social distancing or waiting endlessly in line to enter a store. This summer they flocked to stores on Cape Cod and some merchants happily reported they were able to make up some of the losses for the three months they had to be closed.

Retail, both national and local, will return and consumers wanting to touch the goods along with social interaction will shop. However, the scene will be different. Stores will change to bring back customers. For starters merchandise will be carefully curated for specific markets, transparency about merchandise sources and components will be essential, and layout and design will be open, airy, and scaled for easy circulation. Most importantly retailers will have to be connected to the local community and landlords and developers will have to be flexible.

Finally where can this renaissance begin? Faneuil Hall Marketplace. Standing majestically, waiting patiently, it is a redevelopment waiting to happen. What an opportunity for the new generation of retailers. The time to start planning for a true Boston shopping experience is now. Picture it: New stores for the 21st century, not found together elsewhere in the city in a living historic monument.

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