2017 Retail Trends and How to Develop a Retail Recruitment Strategy
ABOUT THE RETAIL COACH

88% REPEAT CLIENTS

MORE THAN 16 YEARS OF SERVICE

SINCE 2000, WE'VE BROUGHT RECRUITING SUCCESS TO

400+ COMMUNITIES | 29 STATES

WE RECRUIT RETAIL
AGENDA

2017 Retail Trends and How to Develop A Retail Recruitment Strategy

- 2016 Holiday Trends
- 2017 Retail Trends
- Developing a Retail Recruitment Strategy
• 154 Millions Shoppers (3 million more than 2015)

• Shoppers spent $290 on average (Down $10 from 2015)

• $1.9 Billion spent on Thanksgiving Day

• $3.3 Billion spent on Black Friday

"It was a strong weekend for retailers, but an even better weekend for consumers, who took advantage of some really incredible deals," said NRF President and CEO Matthew Shay in a news release.

Source: CNN Money/NRF
• Consumers are slowly transitioning to online shopping
• Brick and Mortar Customers Down 3% from 2015
• Only 9% of shoppers have finished Christmas shopping
• Expect heavy discounting throughout December
2017 RETAIL TRENDS
IMPACTING YOUR COMMUNITY
2017 RETAIL TRENDS IMPACTING YOUR COMMUNITY

Key Factors for Expansion/ Redevelopment Success:

• National Brands
• Regional Brands
• Independents

Urban revitalization trend will continue as national & regional brands seek untapped opportunities and entrepreneurship continues to increase.

A community should strive for a healthy blend of independents and national brands.
1. THE ECONOMY
   Strong activity on the far ends of the economic spectrum
   Discount --- Luxury

2. ENCROACHMENT OF E-COMMERCE
VALUE VS. LUXURY
VALUE IS NOW FOR EVERYONE

The Market is drastically impacted by Low-Income families plus Higher-Income shoppers who’ve now developed a taste for discounts.

2017 RETAIL TRENDS & FACTORS
HIGHEST ACTIVITY ON BOTH ENDS OF THE SPECTRUM

Source: JLL FLORIDA REPORT 2017
2017 RETAIL TRENDS & FACTORS
ONLINE SALES HAVE NEARLY DOUBLED SINCE 2010...
Source: RetailMetrix
2017 RETAIL TRENDS & FACTORS
THE ONLINE IMPACT
2017 RETAIL TRENDS & FACTORS
THE ONLINE IMPACT

Source: Forrester Research
2017 RETAIL TRENDS & FACTORS

FAMILIAR BRANDS IMPACTED BY ONLINE SALES:

**STAPLES**
Closing stores and downsizing retail square footage in some stores that remain open.

**Walmart**
Will close more than 100 stores in 2017.

**macy's**
Closing 40 stores, expanding off-price brand, plan to reach 30% of sales online.

**Sears**
Closing dozens of stores across the country.

**Nordstrom**
Eliminating hundreds of jobs to respond to lackluster in-store sales.
"E-commerce is a channel, like any form of distribution: growth does not continue at a rapid, double-digit rate forever."

-Michael J. Silverstein, Senior Partner, BCG
INTERNET SHOPPING GROWTH IS EXPECTED TO SHARPLY SLOW IN THE NEXT THREE YEARS.

37% of shoppers start on a mobile device.

72% are researching an item or checking prices on a smartphone before buying.

However, majority are inclined to make their purchases in stores:

Only 21% bought an item on a smartphone after going to a physical location.

Source: Nielsen Report 4Q/2015
REMEMBER THE EARLIER SLIDE?

BY 2017
THE WEB WILL ACCOUNT FOR
10%
OF U.S.
RETAIL SALES

Source: Forrester Research

THIS MEANS
90%
OF ALL U.S.
RETAIL SALES
WILL STILL OCCUR
IN A
BRICK-AND-MORTAR SITE

2017 RETAIL TRENDS & FACTORS
THE ONLINE IMPACT
NATIONAL RETAIL CHAINS - INCLUDING THOSE THAT ARE DOING WELL - ARE BOOSTING THEIR ONLINE SALES, WHILE REDUCING PHYSICAL STORES OR STORE SIZE.

2017 RETAIL TRENDS & FACTORS
THE ONLINE IMPACT
TODAY’S CONSUMERS PREFER EASE AND EXPERIENCE

“Shopping in a physical store should be a fun, social, and rewarding experience that can't be replicated online.”

Mikael Thygesen
Chief Marketing Officer, Simon

THE WINNERS:
Multichannel retailers who recognize the nuances in how people want to purchase their particular product.
2017 Retail Trends & Factors
Store Growth

Planned Store Openings Over Next Two Years

Off-Price Retailers
- T.J.Maxx
- Ross Dress for Less
- Nordstrom Rack
- Whole Foods

Discount Stores
- Walmart
- Dollar Tree
- Family Dollar
- Chipotle
- Panera
- Smashburger

Grocers
- Sprouts
- The Fresh Market

Quick Service Restaurants

+150
+100
+30

+83
+65*
+70**

+300
+600
+1,000

+180
+210
+200

*Current Pipeline per 1Q15 earnings call transcript
**Planned store openings over next 3 years
**RETAIL GROWTH 2016-2017**

- Fitness/Health/Spa Concepts
- Drug Stores
- Thrift Stores
- Grocery (Smaller Format) - Discount, Ethnic, Organic, Upscale
- Fast Food
- Fast Casual Dining
- Trendy, "Cool Streets" Brands

**RETAIL CONTRACTION 2016-2017**

- Bookstores
- Video Stores
- Do-It-Yourself Home Stores
- Mid-Priced Apparel
- Mid-Priced Grocery
- Office Supplies
EXPERIENTIAL RETAIL

KING OF "THE COOL STREETS"

WHOLE FOODS 365 CONCEPT
Smaller Concept with Record Stores, Tattoo Parlors, and Hipster Apparel

URBAN OUTFITTERS / PIZZERIA VETRI
Offering an Interactive Shopping Experience while snacking on a piece of pizza and a cold beer

2017 RETAIL TRENDS & FACTORS
"COOL STREETS FACTOR"

Source: CUSHMAN & WAKEFIELD RETAIL TRENDS TO WATCH 2017
2017 Retail Trends & Factors

“Cool Streets Factor”

Source: Cushman & Wakefield
Retail Trends to Watch 2017
STRATEGY: Developing a Successful Retail Recruitment Strategy
Retailers look very closely at store spacing.

Know your Competition!

Document and Analyze your Existing Retail Base.
STRATEGY: ASSESSING YOUR RETAIL OPPORTUNITIES

RETAIL TRADE AREA

Determine and Map your Consumer Draw- Retail Trade Area boundaries.

Analyze the largest in-flux or outgoing traffic patterns.
STRATEGY: ASSESSING YOUR RETAIL OPPORTUNITIES

RETAIL TRADE AREA

Cell Phone Data Studies:
• Home Locations
• Path to Purchase
STRATEGY: ASSESSING YOUR RETAIL OPPORTUNITIES

DEMOGRAPHIC PROFILING

Understand consumers for their unique attributes, including:

- Population
- Population Growth
- Race Classification
- Median Age
- Education
- Household Income
- Per Capita Income
STRATEGY: ASSESSING YOUR RETAIL OPPORTUNITIES

KNOW YOUR RETAIL TRADE AREA PSYCHOGRAPHIC SEGMENTATION AND PROFILE

Consumer values and lifestyles drive a desire for particular products/services.
### Retail Gap Analysis

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<th>SECTOR</th>
<th>DESCRIPTION</th>
<th>OPPORTUNITY</th>
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<td>Motor Vehicle and Parts Dealers</td>
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<td>Foodservice and Drinking Places</td>
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**Strategy: Assessing Your Retail Opportunities**

- **Determine Your Retail Sales Leakage**
  - Identifies sales leakage occurring when residents dine or purchase products outside of your community.
  - Measures consumer demand and retail opportunity.
STRATEGY: ASSESSING YOUR RETAIL OPPORTUNITIES

KNOW THE WORKFORCE / DAYTIME POPULATION

Particularly important for restaurants.
STRATEGY: ASSESSING YOUR RETAIL OPPORTUNITIES

CONDUCT A CONSUMER SPENDING SURVEY

- Purchasing Habits/Frequency
- % of Purchases in Community
- Where Else Do You Shop/Frequency
- Retailer-Type Preferences
- Specific Retailer Preferences
- Monthly Retail Expenditures
DEVELOPING A PLAN

KNOW AVAILABLE SITES AND PROPERTIES FOR DEVELOPMENT

The first questions an interested retailer asks: “Where can I put my business?” “Send me possible sites that match fit my needs.”

Be able to clearly communicate and demonstrate your vision for revitalization.
STRATEGY: DEVELOPING A PLAN

CONDUCT A LAND USE ANALYSIS

• Analyze sites and identify those not serving their highest and best use and make recommendations for improved uses.
• Identify land assemblage opportunities for retail development.
STRATEGY: DEVELOPING A PLAN
MARKET YOUR VISION FOR RETAIL REVITALIZATION

- Retail Market Snapshot
- Community Highlights
- Appropriate Location Maps
STRATEGY: DEVELOPING A PLAN
BE INNOVATIVE

Data-driven Retail Website with Available Retail Site Locations and Interactive Data Visualization.
STRATEGY: IMPLEMENTING THE PLAN

RETAILER TARGETING & RECRUITMENT

- Target retailers that “fit” your community based on results of market analysis
- Understand their location criteria
- Research their store size and growth territory plans
- Research the regional or state real estate contact
STRATEGY: IMPLEMENTING THE PLAN

REPRESENTING AT ICSC

What is the International Council of Shopping Centers?

Founded in 1957, ICSC is a global trade association of the shopping center industry. Its nearly 60,000 members in over 90 countries include shopping center owners, developers, managers, marketing specialists, investors, retailers and brokers, as well as academics and public officials.
STRATEGY: IMPLEMENTING THE PLAN

REPRESENTING AT ICSC

• A Booth can be a huge investment depending on the conference, so make sure you are prepared and have enough staff to represent your Community well and time to facilitate meetings.
STRATEGY: IMPLEMENTING THE PLAN

REPRESENTING YOUR COMMUNITY

• Be Prepared
• Map your Agenda
• Have Realistic Goals and Expectations
• Sell your Community first, then sell the sites you have, and the incentives last

An iPad allows access to all your marketing materials in one location and you can email this information to prospects instantly.
STRATEGY: IMPLEMENTING THE PLAN

NATIONAL FRANCHISES ARE ATTRACTING MORE ENTREPRENEURS

The introduction of new, proven concepts with a lower risk profile is spurring growth, particularly in urban/downtown districts.

Source: Entrepreneur Magazine
STRATEGY: IMPLEMENTING THE PLAN

FRANCHISE BUSINESSES TO CONTINUE GROWTH TREND IN 2017, OUTPACING ECONOMY-WIDE PACE FOR 6TH CONSECUTIVE YEAR:

- 278,000 new jobs
- 13,359 new business establishments
- $994 billion in economic output

Source: International Franchise Association
STRATEGY: IMPLEMENTING THE PLAN

RECRUIT RETAILERS AND DEVELOPERS WITH DATA, SITES, AND A REALISTIC PLAN

• Conceptual Site Plans
• Incentive Packages
• Proactive, Business-Friendly City
STRATEGY: IMPLEMENTING THE PLAN
TAKE A LONG-TERM APPROACH

RETAIL RECRUITMENT IS A PROCESS, NOT AN EVENT.