

# *Disruptive Forces in Retail Today*

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# Four Forces of Change

- Technology
- Consolidation
- Mixing Up the Uses
- Community building, food and experience



**TECHNOLOGY**

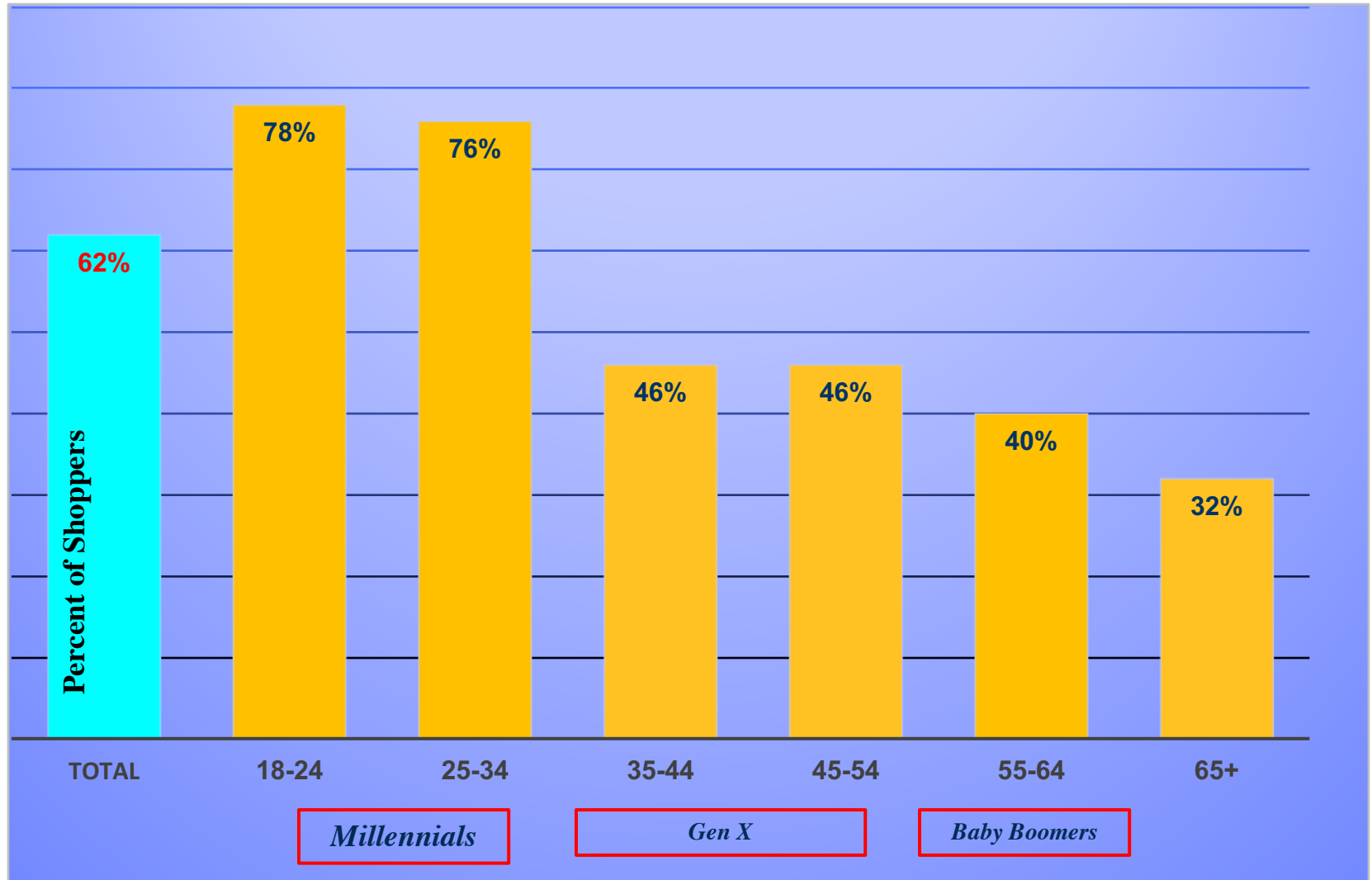
# A New World

- Mobile sales UP 43% y-o-y
- Consumers spending 74 hrs/month on smartphone apps
- Highest usage is Facebook, Ebay
- Chatbots on other sites
- 34% of retail app time is on Amazon
- Walmart spending over \$1 billion to compete with Amazon



# BLACK FRIDAY

## Percent of Shoppers Using a Mobile Device In-Store by Age



Source: ICSC

# E-COMMERCE SALES

2000-2018

## Annual E-Commerce Sales

Q3 2015 E-Commerce sales as a percent of total retail sales = 7.40% with long-term average annualized growth rate = 19.51%

\$491.0 B

Expected Growth

Annual E-...

\$224.2 B

\$304.0 B

\$347.3 B

\$21.0 B

\$142.6 B

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

*in-store sales account for 90% of all retail sales, the 3.5% growth actually represented a \$144 billion increase, while the e-commerce growth was only \$38 billion.* Furthermore, of the 10% of retail sales that were done online, half were done through retailers that have a physical store presence. In fact, retailers find their online sales increase by 3-5 times in a market when a physical store opens nearby.

**2/3/16: Michael Kors CEO, John Idol admitted to WWD what other retailers have been reluctant to concede - that e-commerce isn't as profitable as business at actual stores – and that a company long ridiculed for opening too many locations and flooding the marketplace with Michael Kors-branded purses and watches plans to keep on expanding even more. It wants to reach 1,000 stores, not including its men's business. Idol says the company thinks online sales will one day represent 20-30% of its business – no more.**

# ***THE SHOPPING JOURNEY***



**Research . Test & Trial . Purchase . Fulfilment . Return**

*90% of shoppers engage the physical store  
somewhere along the shopping journey*

# INDUSTRY CONSOLIDATION



# Old Anchors...

## GONE

- Linens & Things
- Bed, Bath and Beyond
- Circuit City
- Penny's?????
- Montgomery Wards



# 2016 Store Closings and Downsizing

- 500 McDonalds
- 400 Office Depot/Office Max
- 255 Hancock Fabrics
- 223 Barnes & Noble
- 200 Walgreens
- 154 Walmart
- 150 American Eagle Outfitters
- 120 Chico's
- 100 Pier One
- 35-40 Macy's



# New Anchors

- More restaurants of all types
- Civic uses: library, DMV offices
- Medical services
- Services: salons, fitness
- Entertainment



# Integration of Online/Instore

- Online comes instore
- In store fully integrates on line
- Warby Parker
- Bonobos
- Lands End



**A NEW MIX**





**Urban Walmart**



**Target on  
State St.**



**Bakery Sq.**

# Big Data in real time allows

- Choosing the best locations
- Highest performance
- Most profitable lease terms



**EXPERIENCE, FOOD =  
COMMUNITY**





***One Third of all  
Shopping Trips Started  
as a Food Trip***

# The Social Experience

- Ambiance
- Engage all the senses
- Design counts



# Multi-Activities

- Move away from malls to shopping and entertainment districts
  - Workout/fitness
  - Salon
  - Meal with friends
  - Shopping in groups
  - “Third places”
- “A” & “B” malls fine,  
“C” & “D” malls??



# The Future?

- Continued change
- Competition on
  - Price
  - Experience
  - Service
  - Location
  - Integration
- Less parking
- More trees/amenities
- More food and food related
- More mixed-use districts
- More online
- Customization



