



19
89 | **OVER**
TWENTY
FIVE
YEARS

Retail: Most successful retailers combine elements of e-commerce with brick-and-mortar locations

January 26, 2015 - Spotlights

While modern technology continues to infiltrate the lives of U.S. citizens, it's only natural to wonder what impact this is having on our consumer culture. To lend a better understanding of the effect technology is having on consumer behavior, Coldwell Banker Commercial Affiliates surveyed more than 2,000 U.S. consumers from various generations (Millennials age 18-34, Gen Xers age 35-49 and Baby Boomers age 50-69) with the ultimate goal being to better understand how technology is impacting people's shopping preferences. Millennials in particular, as they will be driving retail demand for the next twenty years.

Contrary to popular belief, the survey concluded that the majority of Americans still enjoy the experience of shopping at a physical store or a mall. One of the most important takeaways is

that the majority of Millennials (nearly 75%) prefer the experience of shopping at physical locations. In fact, Millennials are the most likely generation to prefer shopping at physical stores when compared to Gen Xers (62%) and Baby Boomers (63%).

While more than half of all of the generations surveyed said they still enjoy the experience of shopping in a brick-and-mortar store, arguably the most surprising part about the above finding is that Millennials' shopping preferences are not that much different than their predecessors. While Millennials as a group may be the most comfortable with technology, that does not necessarily translate to it being their end-all, be-all shopping solution.

Lending even more credibility to the fact that the in-store shopping experience reigns supreme is that the ability to interact with merchandise is still very important to consumers, no matter their age. Nearly three quarters of the survey population for each generation polled said they'd be more likely to make an online purchase after seeing the product in a store. Conversely, they will use the Internet to research different prices (even while they're in the store) to ensure they're getting the best deal possible.

The findings suggest that retailers need to embrace the omni-channel approach when enhancing each customer's shopping experience, regardless of what generation they belong to. All consumers in the marketplace today are using technology as a research tool, but they still value the in-store shopping experience as a means of interacting with and understanding the products they are thinking about buying. It's of the utmost importance that retailers recognize this. Whether it's through the incorporation of different hands-on experiences, like what William Sonoma is doing, or the use of iBeacons to notify passing consumers of a sale going on in the store, the goal is fostering user engagement.

The retail sector has faced a lot of adversity in recent times, but its prospects may be looking up, as there has been a steady increase in demand and a slight decrease in vacancy over the course of 2014. Outside of e-commerce, the Millennial generation is playing another role in re-energizing physical retail locations. Their lifestyle choice of "live, work and play" is reflected in mixed-use, transit-oriented developments that are bringing new retail space onto the market. For retailers attempting to change along with the times, now is as important as ever to identify the real trends that are occurring in the marketplace (as opposed to relying on hearsay) and adjust accordingly.

Brick-and-mortar locations are far from becoming a thing of the past, but they need to evolve with the times to ensure survival. The most successful retailers are the ones attempting to combine elements of e-commerce with their brick-and-mortar locations. This appears to be the

key to success as the retail sector continues to evolve. It's important now more than ever to have some sort of understanding of the latest trends in technology as a brick-and-mortar retailer. There is simply too much information available to shoppers out there today to make the stand-alone retail format viable in this type of climate.

Fred Schmidt, president and chief operating officer of Coldwell Banker Commercial Affiliates, New York, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540