



## **The commercial classroom: Retail directions**

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This column is offered to help educate agents new to commercial and investment brokerage and serve as a review of basics for existing practitioners.

Where are you buying products, online or in stores? Traditional retail purchasing has changed dramatically. The Retail Customer Experience surveys and ranks retailers in four categories: customer service, online experience, value for price and overall customer experience. The 2015 merchant ranked #1 in all four categories was Amazon!

The millennial generation (born since 1982) now controls 70% of the spending power in the U.S. These 80 million people were raised "online" and have had smart phones since childhood. How does a retailer get them into their stores?

The internet has changed the way retailers market, now they sell both online and in their stores. The increasing percentages of online sales have created a decline in store traffic. As a result they don't need such a big store anymore; we see a trend in downsizing of retail stores.

How they attract buyers is also changing, a sale is not enough. Stores now need to be interactive. Many offer apps for smartphones; combined with the latest Beacon technology the in-store experience is now personalized and marketed in real time. A beacon uses a Bluetooth signal to send special offers to nearby smartphones equipped with the store's app. App users will receive targeted messages and deals while moving throughout the store. Arriving at the store your phone rings with a store wide special sale. Enter the sporting goods section and your phone rings again with a special deal on certain equipment or brands.

"Experience Retail" is the new catch phrase. It started with the concept of "Try it before you buy it," creating areas in the store to use products; stores like Apple, Samsung, ATT and other phone companies are good examples. Now we also see an expansion of this to make the shopping experience convenient, interesting and fun. Many book stores have added cafes and areas to sit and read; even supermarkets now have sandwiches, pizza, sushi and other foods ready for instant consumption in their "restaurant" areas.

Large retailers are adding entertainment right in their stores. Bass Pro Shops are a mammoth 150,000 s/f store which has large indoor aquariums, museum quality displays, an archery range to try a new bow, Uncle Bucks Fishbowl and Grill restaurant and in one of the latest stores a bowling alley with an underwater theme.

Retail malls have fast food courts and increasing numbers of quick and casual sit down restaurants. Today shopping malls are trying to incorporate movie theaters into their centers as statistics show 52% of people who go to the movie there, also shop in some of the stores. Theaters also promote more return visits to the mall. Other family entertainment, attractions and even amusement rides are an increasing part of the mall experience.

A representative from a Mercedes Benz dealership recently commented that "this is the only place

they should be coming" for service. They enhanced the waiting experience; customers can use a loaner ipad, have a free manicure in the nail spa or enjoy using the putting green!

Retailers need to draw customers to them with innovation!

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