



Bricks & mortar retail: Upstate in the COVID-19 aftermath - Part 2 - by Tom Bailey and Sean Phelan

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As we began Part I last month, consider Upstate New York as topped by four rust-belt cities with MSA populations of approximately one million each, bisected by a “Main St.” boasting agricultural and Finger Lake tourist hamlets, and supported along the Southern Tier by a line of smaller cities and towns closer in social, industrial, and political sentiment to the midwestern United

States...Upstate offers retail designers and engineers a microcosm of the best examples of what the future of retail is likely to be...

The Argument for Upstate Bricks and Mortar Retail (...in the short term)

The number of consumers now “preferring” on-line shopping crested 50% for the first time in 2020 (51%). A stunning 97% of consumers who had utilized online grocery store channels reported that they would do it again, and 73% of survey respondents prefer “multiple purchasing channels.”

At the same time, as recently as 2019 bricks and mortar sales continued to account for 90% of all purchases. A “personalized service experience” continues to be preferred by 75% of consumers, and another 49% report that not being able to “try on”—to touch a product—before buying is their “least favorite” aspect of the on-line shopping experience.

Moreover, with U.S. retail sales expected to grow to nearly \$5.9 trillion in 2024, the incentive and opportunity for agile bricks and mortar retailers remains enormous. Their inherent advantage in creating a shopping “experience” is still formidable, with senior brand managers of all stripes acknowledging that “customer experience” remains the key ingredient in realizing a sale.

Identifying and attracting “just the right mix” of retailers to New York’s Main Streets has always been topic number one at community planning, business, and economic development meetings. Shy about being too prescriptive, many of those conversations used to turn more on which retailers were “not wanted,” with adult bookstores, cell phone stores, strip clubs, and rowdy nightclubs, for example, being told they were unwelcome or pushed to the edge of towns. At the same time, even before the tsunami known as online shopping, competition from malls and big-box retailers camped on the edge of town had already left vacant storefronts or windows covered by the shades of professional services—accounting, legal, and non-goods tenants.

Fast forward to 2020, and it is easy to blame the COVID-19 pandemic and the quarantining of America for the rapid downsizing and bankrupting of famed retailers like GNC Nutrition Center, Pier 1 Imports, Men’s Wearhouse, Stein Mart, JC Penney, Bed, Bath & Beyond, etc., as well as the closing of—literally—thousands of small independent retailers.

Not surprisingly, as the boomers’ shopping interest wanes, so too does the popularity of malls, where sales hit a 20-year low in 2019. Sophisticated Upstate mall owners like Wilmorite and Pyramid are attempting to counter those declines with pop-up retail kiosks, seasonal and holiday stores, and the transformation of big boxes into experience centers like go-karts, wall-climbing centers, sports and games venues, etc.

However, retail analysts readily admit that this 2020 “thinning of the herd” is not where we should be focusing. COVID is acting as an ‘accelerant’, they acknowledge, not the root cause, of bricks and mortar store’s troubles.

“The retail and consumer goods industries will change more in the next 10 years than they have

over the past 40,” says Oliver Wright, managing director, global consumer goods lead, Accenture Strategy. “As expectations around cost, choice, convenience and experience continue to increase, consumers will challenge the industry to evolve and innovate which will drive huge growth in digital commerce.”

So, what does this look like in Upstate—roughly defined as north of the George Washington and Mario Cuomo Bridges? The Upstate retail centers are strewn out across three major east-to-west residential and commercial lines—on Rte. 17/86, Roscoe Diner and west to Binghamton, Elmira, Corning, and Jamestown; on Main St. 5&20, from the Hudson Valley across Leather Stocking Country, the Finger Lakes, Genesee Valley, and onto Buffalo; and the Thruway—Albany, Utica/Syracuse, Rochester, and Buffalo/Niagara Falls.

For starters, our analysis does not focus on those cities and towns with the three elements that drive shopping traffic—proximity to large populations, a tourist attraction, and/or a neighboring college/university. We can however draw lessons from their retailers, and they face the same fierce competition for foot traffic. Examples abound like Saratoga Springs, Ithaca Commons, Watkins Glen, several of the Finger Lake-topping towns, and Buffalo’s Elmwood and Aves.

When your competition is the planet...Customer “Experience” is the answer!

In Outside Magazine’s most recent Best Towns listing, each city or town roughly shared the following attributes: at least one vibrant retail district comprised by urban art galleries, multi-use gathering spots (think lawn games, pop-up retail kiosks, craft beer and food), gyms and yoga studios, “maker spaces,” and not surprisingly, bike and gear shops, walkability, and ready access to outdoor activities. None of which are conveniently available on-line

Driven by the mythology and dream of a “work/life balance,” the ease of buying household commodities on-line, and an exhausted mall experience, consumers are openly admitting their desire for experiential activities over shopping pleasures. With Baby-Boomers spending habits starting to decline, answering the shopping experience desires of their successors is the imperative.

With respect and envy, we have researched the accomplishments of regional and regional retail-rock stars like Burlington, VT, Lake Placid, Saratoga Springs, Ithaca, Watkins Glen, Corning, East Aurora, and Buffalo’s Elmwood Ave., but our focus is more modest.

So, what is the “year 2021 Main St. property owner, retailer, and town official” who lacks the retail star’s sheer population density, neighboring college, or dramatic physical tourist location to do? With remote-working-models allowing for flight from expensive major cities, how do town managers create compelling Main Streets for their existing residents as well as to attract new? Driven by the internet’s reach and the “influence culture,” the lifespan of fashion, music, and other “fads” have multinational footprints and impacts. So too does the consumer’s expectation that every town and city should have the same experiences and amenities.

Part 3 of this series will appear in the June 1st Upstate Section.

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