Panel Discussion:

Post-COVID Retail Trends and Opportunities
Topics

- COVID’s Impact on Retail
- Post-COVID Retail Trends and Retail Outlook
- Proactive Retail Recruitment Strategies in a Post-Covid World
- Real Examples of Peer Cities Surviving & Thriving
Austin Farmer
Project Director
The Retail Coach

20+ Years of Experience

650+ Client Communities in 40 States

5 Million + SF of New Retail Recruited In the last Five Years
Panelists

Chenin Dow
Sr. Manager - Economic Development & Real Estate
City of Lancaster

Scott Agajanian
Deputy Director of Economic Development
City of Murrieta

Kevin Ingram
City Manager
City of Lakeport
COVID’s Impact on Retail in California

Retail Foot-Traffic dropped significantly from March 2020 to June 2021
Foot-Traffic across all sectors dropped to **48%** of pre-pandemic levels in California.
Retail sectors hit the hardest:

**Apparel**

Foot-Traffic dropped to 5% of pre-pandemic levels at its worst.

**Dining**

Foot-Traffic dropped to 32% of pre-pandemic levels at its worst.
Retail sectors hit the hardest:

**Fitness**

Foot-Traffic dropped to **4%** of pre-pandemic levels at its worst.

**Liesure**

Foot-Traffic dropped to **5%** of pre-pandemic levels at its worst.
Retail sectors hit the hardest:

Small Businesses and Main Street!
Retail sectors that fared the best:

**Grocery**

Foot-Traffic dropped to **83%** of pre-pandemic levels at its worst

**Home Improvement**

Foot-Traffic dropped to **78%** of pre-pandemic levels at its worst
Retail sectors that fared the best:

Super Stores

Foot-Traffic dropped to 73% of pre-pandemic levels at its worst
Retail sectors that fared the best:

**e-Commerce**

Online retail sales took a massive leap forward from 2019-2020

**Comparing growth: US ecommerce vs. total retail* sales**

Year-over-year growth, 2010-2020

- **Ecommerce sales growth**
- **Total retail* sales growth**

*Source: Digital Commerce 360, U.S. Department of Commerce; Updated January 2021

Total retail figures exclude sales of items not normally purchased online such as spending at restaurants, bars, automobile dealers, gas stations and fuel dealers
Retail sectors that fared the best:

**e-Commerce**

Online retail sales took a massive leap forward from 2019-2020

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**US ecommerce penetration**

*Online and in-store sales as a % of total retail* spend, 2010-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Ecommerce sales</th>
<th>In-store sales</th>
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</thead>
<tbody>
<tr>
<td>2010</td>
<td>6.4%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>7.2%</td>
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</tr>
<tr>
<td>2012</td>
<td>8.0%</td>
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<td>2013</td>
<td>8.8%</td>
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<tr>
<td>2018</td>
<td>14.4%</td>
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</tr>
<tr>
<td>2019</td>
<td>15.8%</td>
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<tr>
<td>2020</td>
<td>21.3%</td>
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</tbody>
</table>

*Total retail figures exclude sales of items not normally purchased online such as spending at restaurants, bars, automobile dealers, gas stations and fuel dealers

Source: Digital Commerce 360 analysis of U.S. Department of Commerce data

Updated January 2021
So what does that mean for retail moving forward?
Reality: COVID has impacted how retailers and restaurants will do business in the future
Retailers and Restaurants will continue to integrate technology into their businesses.
e-Commerce and online ordering will continue to shape the layout of brick & mortar stores
Post-COVID Retail

So much so that stores will become fulfillment-first distribution centers

In Q4, 95% of online orders were fulfilled at the store level

Fulfills 70% of orders from stores, cutting delivery time 10%

In 2020, the retailer fulfilled 60% of online orders from stores
**Post-COVID Retail**

Delivery services will further fuel the growth of new restaurant and fast-casual concepts.

The pandemic resulted in food delivery app business double and helped revenues surge by over $3 billion.

Delivery partners have helped fuel expansion in fast casual restaurant concepts, and provided additional revenues for traditional restaurants in survival mode over the past year.
Post-COVID Retail
Direct-to-Consumer and online brands will continue to invest in a brick & mortar presence

Online going Offline
Many DTC brands such as Casper, UNTUCKit, Hari Mari, and Warby Parker have shifted to physical location expansions
Post-COVID Retail

There will be an influx of new concepts from established brands built around smaller footprints and future-proofing.
New Concepts

**Burger King**: 60% smaller and focused on customer experience through multiple ordering and delivery means.
New Concepts

**Shake Shack:** New “Shack Track” ordering and pickup system for online and in-person ordering.
New Concepts

**KFC:** Smaller dining room with up to 5 drive-thru lanes
New Concepts

**Taco Bell Defy:** 4 drive-thru lanes. 3 strictly for mobile ordering and delivery service pick ups.
New Concepts

Market by Macy’s: 20,000 sf “flexible retail format” offering “community-driven experiences and programming”
New Concepts

Michael's: Reimagined store layouts centered around the customer ('maker') experience
Post-COVID Retail Outlook

So COVID killed brick & mortar retail right?
Despite the pandemic and (misconceived) notions of the market, many brands have plans to add attentional brick-and-mortar locations in 2021.
Retail Brands Expanding in 2021-2022

- At Home
- Burlington
- DSW
- Marshalls
- TJ Maxx
- Ross
- Old Navy
- Dd Discounts
- AutoZone
- O’Reilly’s Auto Parts
- Take 5 Oil Change
- Hobby Lobby
- Michaels
- Costco
- Dollar General
- Dollar Tree
- Family Dollar
- Five Below
- Target
- Best Buy
- Aldi
- Save A Lot
- Trader Joe’s
- Harbor Freight
- Tractor Supply Company
- Texas Roadhouse
- Shake Shack
- Raising Cane’s
- Sonic
- Starbucks
Retail Brands Expanding in 2021-2022

The Wall Street Journal

**Amazon plans to open large retail locations akin to department stores**

Published: Aug. 19, 2021 at 8:58 a.m. ET

By Sebastian Herrera, Esther Fung, and Suzanne Kapner

Online shopping pioneer wants a larger retail presence to sell clothing and household items and facilitate exchanges

Slim Chickens signs 30-unit development deal to further develop North Carolina portfolio

Franchising News | 04 May 2021
How does your community align with trends? What characteristics do new developments need to have?

- Access for multiple drive-thru (codes?)
- Conversations with DOT (curb cuts, future road work, etc...)
- Parking requirements
- Signage
- Land use planning (“protect” key retail sites)
Panel Conversation

What Can Communities Do to Support and Retain Existing Businesses While Recruiting New Businesses in the Post-COVID World?
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