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E-Commerce and Physical Stores Are Friends with a Common Purpose

SHOPPING-CENTER TENANTS, OWNERS AND OPERATORS MUST EMBRACE AN OMNICHANNEL STRATEGY

By Joseph Dobrian

E-commerce and other technological advances, far from hurting the brick-and-mortar retailer, seem to be boosting sales at physical locations. Moreover, Web sites and smart-phone-based advertising are creating excitement about specific stores and specific malls or shopping centers. It's generally agreed that not just their tenants, but also owners and operators of shopping centers, need to adopt an omnichannel strategy—using a variety of channels that enhance shoppers' experiences—to draw customers into their stores.

REPEAT VISITS

A few years ago, many retailers feared that if consumers could order products online, they'd have less reason to visit actual stores. However, many retailers now offer the "click-and-collect" option, by which a customer can order a product via computer or smart phone and pick up the item at the store. This encourages repeat visits to a shopping center, where the customer is likely to browse the store for other items, and visit other stores in the center.

Indeed, shoppers have come to expect the latest communications technology as an integral component of the shopping-center experience. They might browse products on their phone while walking through the aisles, or wander through the common areas while they wait for sales alerts to come to their smart phone. One



At retail centers like Greene Town Center, Beaverbrook, Ohio, shopping has become a means of entertainment.

way or another, today's consumers go shopping as a means of entertainment. Retailers and owners of retail space are eagerly augmenting the experience.

ENTHUSIASTIC

Lynn Meredith, executive director of marketing at Olshan Properties in New York, is especially enthusiastic about further exploration of the relationship between technology and brick-and-mortar retail store sales.

"We are anticipating a very active in-store holiday shopping season as Generation Z, hipsters and millennial consumers increasingly want to experience first-hand interactions with merchants," she says. "These are 'we want it now,' digital-savvy consumers, who not only begin holiday shopping earlier, but also

document their shopping and dining experiences in real time on social media channels. This trend allows brick-and-mortar retailers to respond to what's popular, and anticipate the types of in-store experiences that will attract history's most social shopping generation to their stores.

"Retailers are ramping up the in-store experience by offering a variety of online and in-store ordering and delivery or pick-up options, along with deep discounts, so that the customer will have the best possible mix of convenience, price, speed, and variety," she adds.

Gene Spiegelman, vice chairman, retail services, at Cushman & Wakefield in New York, notes that retailers are using various technologies to provide compelling reasons for customers to shop in physical

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stores and to enhance the in-store experience. He points to one department store's experiments with a full-length dressing-room mirror, equipped with a camera, that lets the customer put on and view garments from any angle and transmit the images to friends and family for their feedback—and then

claim the item with a single click. "We're also seeing a drive toward augmented reality, which is virtual reality with new types of lenses and devices," he says. "For example, shoppers can put on a pair of special glasses and see what a new kitchen would look like if it were set up in their own home."

MORE PERFORMANCE DATA

Melina Cordero, head of retail research in the Americas at CBRE in New York, notes that retailers, REITs, and other owners of retail real estate are leveraging the latest technologies to gain more data on their stores' performances.

"In terms of technology and data, retailers have always been a little ahead of landlords and shopping centers," she reports, "but the latter groups are waking up. They're placing more emphasis on traffic-counting and on finding out what people are doing once they get to the mall. A lot of technology involves 'way-finding,' in parking technologies and so on.

"They're using technology to make coming to the mall easier and more convenient, and have a better understanding of how consumers behave when they come to the mall," Ms. Cordero adds.

"At CBRE we do a lot of advisory work as well as transactions, and we have many discussions about how to optimize the data we gather: for better location decisions, for instance. We can help you optimize your portfolio by showing you, 'These are your highest-performing stores; these are the stores that need to improve; these are the ones you should close,'" she concludes.

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