

CRE Terms: Retail Revisited



The past few years have posed challenges for many sectors, but one that's had to be particularly quick on its feet is retail. We've seen retailers shift to operating fully online, pivot to hybrid models of "bricks and clicks" and many other variations designed to meet the rapidly changing needs of their customers. And, as the latest National Retail Federation forecast shows, there are still some hoops left for retail to jump through before getting totally back on track.

That said, both retail real estate professionals and retailers themselves are rising to the challenge with a host of new and innovative strategies for seamlessly blending online and in-person shopping. With that in mind, it's time to revisit some retail-specific terminology, and touch on some of the trends reshaping the retail landscape in 2022.

We'll be referring to the NAIOP 2017 Terms and Definitions document for some core concept terminology.

Omnichannel Retail

A term that should be very familiar to most at this point, omnichannel retail refers to: "The merging of online and brick-and-mortar retail operations so customers can purchase and return items via more than one channel."

In essence, this strategy allows customers to select options that best meet their own requirements, such as: buying online and returning in store (BORIS) or buying online and picking up in-store (BOPIS).

Other trends include refined fulfillment strategies and more personalized services that really allow customers to make the most of these hybrid models.

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Experiential Retail

Another idea gaining traction in the retail world is experiential retail, which leverages the idea that in-store shopping offers experiences that online offerings can't easily match. In straightforward terms that can mean something as simple as being able to touch or try on clothing, but the definition can also expand to include less tangible aspects, such as the "feeling" of a store, the in-person service offered and the sense of being immersed in a brand or retailer culture.

As with omnichannel, however, the last few years have prompted a shift in how we define experiential retail, and the lines have blurred as many retailers opt for a blended approach with live commerce. In essence, this is a live feed that allows consumers to "see, experience and interact with" products and stores in real-time through a digital medium, further blurring the lines between online and in-person shopping.

M-Commerce

Defined by NAIOP as: "Buying and selling via non-tethered devices such as smartphones and smart tablets," mobile commerce (m-commerce) has naturally gained massive traction over the last few years.

A recent PwC survey shows that shopping via mobile reached a historic high in 2021, with 41% of their survey respondents indicating they shopped daily or weekly using a smartphone or other mobile device.

Interestingly, however, the survey also noted that in-store purchasing has recovered to pre-pandemic levels, with 47% of shoppers also shopping in-store weekly or daily.

Taken together, the data suggests that we truly have entered a new era of retail. And with "bricks and clicks", online and in-person experiential shopping and a host of new fulfillment, delivery, and payment strategies in play, both retailers, and retail real estate professionals will need to be on their toes to stay ahead of this rapidly changing curve.

