

EMERGING TRENDS UPDATE

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THE GROCERY LIST

- **HY-VEE** has kids staying healthy during their time away from the classroom. The Mid-western grocer has started an at-home fitness streaming service aimed at kids and families. The online amenity includes 15 to 20 minute routines that air online at 9 am daily.
- Welcome to Club **PUBLIX**! Historically opposed to loyalty programs, the grocer has now implemented a loyalty program that notifies subscribers of new sales and allows customers to pay and receive e-receipts via their app.



THE AGE OF AMAZON

ON THE GO, GO, GO

Bringing convenience to their hometown, Amazon has introduced Amazon Go Grocery. The new store will be around 10,000 square feet and it will be checkout-free. Merchandise will include fresh produce, meats, household essentials and alcoholic beverages.

WE'RE NOT (ONLY) IN SEATTLE, ANYMORE

A full-size grocery store by Amazon, including cashiers and all, is blowing into the Windy City. Amazon Grocery in Chicago will be approximately 30,000 square feet in Naperville adjacent to an L.A. Fitness location. The store will likely also include a micro-fulfillment center.



WALMART WORLD

- They've done the math and Walmart is "adding" a new loyalty program dubbed Walmart +. The membership program will allow loyal customers to take advantage of delivery for a small fee and will likely include even more perks like fuel discounts and a mobile checkout feature.
- Walmart for the win! The big box giant is giving \$25M in efforts to help front line organizations combating COVID-19. Organizations including food banks, school meals, and virus management will benefit from the generous donation.
- Walmart has opened COVID testing centers, alongside other retailers including Rite Aid and Walgreens. In partnership with the federal government, the testing sites will be drive through centers located in the retailers' select parking lots.



RETAILER REMARKS

Our National Accounts team recently connected with the Real Estate Team at Chipotle*, one of the country's most well-known and loved quick-service Mexican food restaurants. Chipotle is quickly growing their footprint through corporate locations, all while implementing innovative ideas to keep customers coming back. Pass the queso and let's taco-bout this expanding group our team is working with!

HOW IS CHIPOTLE STAYING TOP-OF-MIND WITH CONSUMERS?

We have added several features to our restaurants to keep up with the digital age and today's convenience-oriented customer. We have an app in which customers can view the menu, see the nearest locations, and place an order for quick and easy pick-ups. Picks up can be made at designated stations in stores, or through our new Chipot-lanes.

CHIPOT-LANES?!

Chipot-lanes are our pick up windows placed on about 70 stores currently, with an additional 70 planned for 2020. They're not drive-thru's because no orders are placed in the lanes, but rather on the app or through our website, then quickly picked up at the window.



SO A "SORT-OF DRIVE THRU" IS A PREFERRED QUALITY OF YOUR SITES NOW...WHAT ELSE DO YOU LOOK FOR?

We typically look for 1,800 to 2,400 SF although we have stores that are larger. We prefer an endcap with a pick up window, and the ability to sell wine and beer. We sell a lot of chicken, so we have to take a close look at chicken exclusives with establishments like Chick-fil-a. We also prefer a patio and strong visibility from a high traffic road.

WHAT DO YOUR GROWTH PLANS LOOK LIKE FOR THIS YEAR?

Last year we opened 140 new stores and this year we plan to open 150 new stores. These are new openings, not lease executions. We are facing a hiccup with construction timelines due to the current conditions, but we are still aiming for this number, with potentially more for next year.

*Interview has been condensed



BIG BOX BREAKDOWN

LUCK IN LUXURY

Living a life of luxury, Neiman Marcus has announced the closure of their Last Call discount concept to focus on their luxury line. The Last Call concept includes 22 stores throughout the country.

SMART ROOMS

Well-known department store J.C. Penney has placed smart fitting rooms into their "brand-defining store" in Hurst, Texas. Along with other innovative implementations, the fitting rooms assist shoppers in finding different colors and sizes via interactive screens, all without leaving the fitting room. The other features in the store have been built around customer satisfaction research.

GOING OLD SCHOOL

Clicks-to-bricks has been taken to the extreme by apparel retailer Burlington. The power center player has shut down their online e-commerce site to focus on brick-and-mortar retail. The company is planning to open 54 new stores this year, and they cite the high costs of shipping, processing and returns as their reasoning for the online store shut down.

TAKIN' IT TO TEXAS

Bigger is smaller for big box Macy's! The department store, which announced closures earlier this year, has created a new concept called Market by Macy's. The first location debuted in Texas and features an event space, café, and a beauty shop.



SPOTTED: COOL CONCEPTS

Check out this sweet restaurant concept sent over by our West Coast Leasing group, Beard Papa's! Our Emerging Trends team discovered that this brand originated in Japan over 20 years ago and has found its way to the USA. The bakery is known for their "fresh and natural cream puffs" but they also serve up mini cheesecakes and custard milkshakes. They have over 400 stores in 15 countries and are continually growing via franchising. We're hoping to see them in the PECO portfolio soon, and the imminent taste test will be the icing on the cream puff!



Send the cool concepts you come across to acasey@phillipsedison.com to be featured in the Emerging Trends Newsletter or on Phillips Edison's Instagram page

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RETAILERS ON THE RISE

