



The Retail Fever Finally Breaks



Much like the patient whose fever finally breaks, signaling the first major sign of recovery, the pandemic has exacerbated the fever infecting the retail world for too many decades.

The symptoms of retail's "illness" have been extensively documented and reported for a number of years.

1. Too many square feet of retail space per customer.
2. Large chains of large stores are very costly to operate.
3. Lack of capital to adapt digital technologies.
4. Consumers were more eager to embrace those technologies than old-line retailers (and certainly Main Street stores), leading to the force e-commerce has become.

Pre-pandemic, most closings of retail chains and stores were planned, even those from bankruptcies. To save their businesses and placate stockholders, the major retailers closed stores because they finally realized they had too much floor space chasing too few customers.

The pandemic, however, was the breaking point. It forced many consumers to head to the Web for essential purchases. Having experienced the convenience of e-commerce, many for the first time, a significant number are likely to shop more online and, therefore, less at physical stores.

Many of the retail chains that were struggling have either succumbed or eventually will from the effects of the pandemic. A J.P. Morgan analyst forecasted as many as 30,000 physical stores could close during 2020, twice as many as closed during 2019.

Retail's stark reality also affects the retail real estate market. According to JLL's 2020 Q1 Retail Outlook, approximately 60% of retailers were unable pay their April rent. Despite how hard this hits landlords' pockets, JLL's forecast has a bright spot. After a moderate decline (5.5%) of retail rents for 2020, they will increase during 2021.

Now that the fever is breaking, retailers of almost any size will have the freedom to reexamine every element of their business. They'll be able to remove those elements that have been weighing on the business for too many years and make room for new ideas, concepts.

For the savvy retailers, even those on Main Street, who understand the pandemic/post-pandemic retail world is an opportunity and respond aggressively will be healthy for many years.

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Communicating the Right Messages



When the reality of the pandemic finally hit consumers, and all Americans, they welcomed messages of support, hope and inspiration from brand and retail advertisers and in-depth and constant news coverage. Pre-pandemic ad messages were deemed inappropriate and may have damaged the advertisers that continued to use them.

By mid-April, more than 90% of Americans wanted to read, see and hear significantly fewer pandemic-based ad messages and news reports, according to a survey from The Harris Poll.

Complicating advertisers' message strategy and journalists' reporting was some audiences still wanted and needed important COVID-19 information, such as older adults and those with a chronic health condition. Younger and healthier consumers were starting to become impatient with the lockdown and were looking forward to the great deals advertisers' messages would start to promote.

Local media's advertising clients also face this delicate situation. They and national advertisers can't avoid the reality of the pandemic or appear to brush it off as a past event. Another tricky aspect of ad message targeting is it must be quite different for different retail sectors. Restaurants, for example, are bound by more specific health regulations than a big, open store, such as Walmart or Target.

Some advertising professionals suggest a number of messaging strategies.

- Only refer to the pandemic in ad messages if it relates to consumer/retailer interactions.
- Communicate messages asking for customers' input and how the advertiser can help them. Establishing that comfort level first will maximize the number of customers who will respond to new promotions and store openings.
- Advertisers certainly want to show their support for facemasks, social distancing, etc., but using images instead of many words to convey that message is a better approach.
- Advertisers can review their pre-pandemic messages to determine whether any of them are appropriate, can be revised or should be discarded entirely.
- E-commerce retailers are generally free to use pre-pandemic or "normal" ad messages.

Share these ideas with your prospects and clients as another demonstration of your role as an adviser/consultant first and a media rep second.

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