downtown business association

2018 THE FUTURE OF RETAIL
IN DOWNTOWN EDMONTON

In this year's report, we discuss the changes in consumer shopping habits and analyze the preferences of consumers for shopping in Downtown Edmonton. We also discuss the factors that affect consumer shopping and how we can better prepare for the population infill that will be happening Downtown over the next 5-10 years to increase the quality of living in the Downtown neighbourhood.

The objective of the report is to study the Downtown neighbourhood, consumer preferences and shopping habits of the neighbourhood, and its demographics.

The DBA recently conducted an online survey to learn the preferences and habits of shopping by Edmontonians in 2018. An analysis of the psychographics, as well as extensive interviews with the various stakeholders, were completed.

SHIFTS IN CONSUMER SHOPPING HABITS:

In the last few years, there have been several changes in customer shopping habits including, the growth of Omnichannel Retail, a fully-integrated approach to commerce, and the growth of experiential retail. Consumers are seeking convenient and unique shopping experiences.

RISE OF EXPERIENTIAL RETAIL:

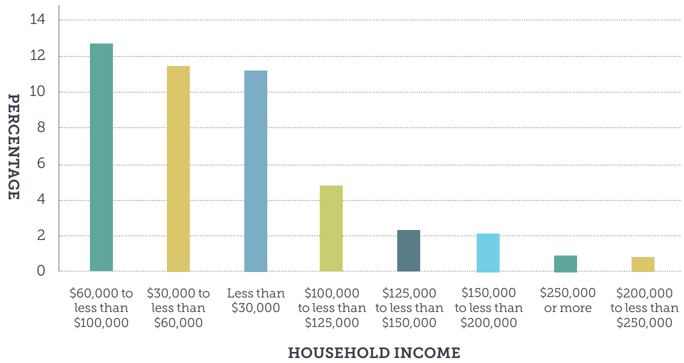
Consumers need to see the value of a physical store. According to McKinsey, Millennial consumers want to shop for experiences as well as products, and there is a rising demand for cooking classes, health and wellness sessions, makeup tutorials – this suggests that retailers should rethink the physical space as an experiential and entertaining setting.

POPULATION PROJECTIONS:

Based on the City of Edmonton 2016 census data, the population of Downtown Edmonton has grown by 8% between 2012 and 2014.

Around 12000 residential units either proposed or under construction in the next five to ten years.

HOUSEHOLD INCOME OF RESPONDENTS

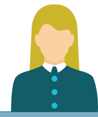


Report Author: Mohammed Siddique

PSYCHOGRAPHICS:

A psychographic analysis was conducted to identify the different consumer groups in Downtown Edmonton to describe the characteristics of the residents.



Household Income	$70,000	$100,000	$60,000	$60,000
Employment	White collar professionals/ service sector	White collar, middle income jobs	White collar or service sector, entry level jobs	Service sector
Shopping	Eat organic foods, sustainably sourced groceries. Brand-name apparel and latest trends	Independent boutiques. Shop latest trends	Image/style-conscious	Image/style-conscious
Social Habits	Frequent bars, nightclubs, art galleries	Frequent bars, coffee shops, and restaurants	Nightclubs, concerts, art galleries and festivals.	Frequent concerts and nightclubs

- **28%** Shelter
- **12%** Transportation
- **5%** Household Operation
- **6%** Recreation
- **18%** Food
- **31%** Retail

[Source: Environics]

DEMOGRAPHICS:

According to the 2016 Municipal Census, the largest represented age group is between 20 and 39, where we have 5,011 residents, they represent 39.3% of the Downtown population. 25.97% of the residents are unmarried and are the maximum represented distribution.

Millennials make up the greatest proportion of the residential population.

Survey Highlights

- **50.49%** Once a month
- **18.14%** 2 to 3 times a month
- **15.69%** 2 to 3 times a week
- **11.11%** Once a week
- **4.58%** Every day

- **56.31%** Easier to find parking
- **47.79%** More variety of offerings
- **37.85%** Store located conveniently to your needs
- **37.38%** More unique products
- **21.14%** Attractive window displays/visual merchandising and look of the business building
- **16.72%** Better instore experience

- **54.56%** Groceries/Food
- **44.50%** Clothing stores for women
- **37.11%** Pop-up stores
- **35.53%** Department Stores
- **24.37%** Clothing stores for men
- **22.96%** Hardware/Home Improvement/Furniture
- **17.30%** Books
- **12.26%** Sporting Goods
- **7.39%** Home Appliances/ Electronics
- **6.60%** Drugstore items

WHICH OF THE FOLLOWING WOULD MOTIVATE YOU TO MAKE MORE OF YOUR PURCHASES DOWNTOWN?

56% voted that **easier to find parking would be the top motivator.** More variety of offerings followed by more unique products and conveniently located stores.

WHAT TYPE OF STORES WOULD YOU LIKE TO SEE DOWNTOWN?

Grocery was ranked first, 55% of the respondents say that they would like to see another grocery store Downtown, followed by women's clothing and pop-up stores.

AGREEMENT WITH STATEMENTS THAT WOULD ENCOURAGE SHOPPING DOWNTOWN

Storefronts on the main street need to be clean and presentable.

93.42% agreed, and 3.13% disagreed

Signage/wayfinding helps navigate stores in Downtown

83.07% agreed, and 10.66% disagreed

Employees need to have specialized knowledge of the products in the store.

77% agreed, and 9% disagreed

Stores should combine complimentary workshops/classes in store for customers.

47% agreed, and 22% disagreed

Stores need to offer tailored offerings to the customer.

65% agreed
16% disagreed

POPULAR BRANDS AND THEIR LOCATIONS IN EDMONTON

Ad agency Moosylvania analyzed 15,000 responses from millennials and compiled a list of 100 top brands collected over five years, the top brands are Best Buy, Apple, H&M, Gap, Michael Kors, Sephora, Coach and Nordstrom.

Brands	Kingsway	Southgate	Whyte Avenue	Oliver Square/ Village & Brewery District	West Edmonton Mall	South Common
H&M	●				●	●
FOREVER 21	●				●	
ZARA		●			●	
lululemon athletica	●	●	●		●	
MK MICHAEL KORS		●			●	
SEPHORA	●	●			●	●
TIFFANY & Co.					●	
		●			●	
COACH		●			●	
town shoes for the love of shoes	●	●			●	●
BED BATH & BEYOND					●	●
MEC				●		●

REGARDING PERCEIVED SAFETY IN DOWNTOWN, IS THERE ANY ISSUE YOU WOULD LIKE TO HIGHLIGHT?

ALL RESPONDENTS

Panhandling	54%
Homelessness	51%
Drug usage	34%
Visibility of EPS	28%
Harassment	19%
Vandalism	15%

EPS has many programs for Downtown such as the Downtown Beat Police that regularly patrol on foot and bikes. Perceived safety can be increased by having more of these programs.

STRATEGIES FOR RETAIL

SOCIAL MEDIA UPDATES

A study done by Scott Ayres

$20 SPENT

ON A BOOSTED POST IN FACEBOOK GENERATED **$2,400** IN SALES

CARE FOR YOUR LOYAL CUSTOMERS

LOYALTY PROGRAMS can generate as much as **20%** of a company's profits

OMNICHANNEL

Omnichannel retailing is a fully integrated approach to commerce that provides shoppers a unified experience across online and offline channels (e.g., touchpoints).

STUDY BY THE HARVARD BUSINESS REVIEW OF

46,000

SHOPPERS REVEALS OMNICHANNEL RETAILING INCREASES REVENUE

PARAMETER	RESULT
Spending	Spent 4% more in store
Spending after research online	13% more in store
Spending	Spent 10% moreonline after visiting the store
Increased Loyalty	Logged in 23% repeat shopping trips.
Likeliness to recommend	Greater than compared to a single channel

GET ONLINE

59%

of Canadian respondents reported that they don't have a website, and only a third of those plan on building one.

63%

of consumers believe that having a website makes a business look more credible

26%

don't trust businesses without a website.

LOOKING AHEAD:

We can plan to great detail based on the demographics and spending pattern of the shoppers, but sometimes it comes down to creating something unique for Downtown and eventually people will come. The quote – "If you build it and they will come," is the way forward.

"Increased connectivity when the Valley line is completed will certainly benefit retail in Downtown."

THINK RESIDENTIAL:

Successful retail needs a large residential population that is continually growing

"Around 12,000 residential units either proposed or under construction in the next five to ten years."

KEY TAKEAWAYS

1 City of Edmonton

- Safety is important especially for women shoppers, around 19% of the survey respondents said harassment is an issue. For the same question, in the "other" option, many women have mentioned harassment as one of the deterrents for shopping Downtown. This is key for retail as shoppers need to feel safe. The city has many plans to end homelessness like affordable housing, and there is a perception problem about homelessness in Downtown, this is absolutely not true. Through marketing, these negative perceptions can be addressed.

Safe streets are vibrant, successful retail streets.

- Façade Improvement Program is quite popular, as evidenced by the fact that it is currently capped out. The funding for the Façade Improvement Program can be increased to allow more retailers to benefit from the program. Other alternatives that can be explored are tax incentives or financial incentives tied to revitalizing retail.

2 Retailers

Do the Downtown workforce, residents and shoppers know about the current shopping options we have in Downtown?

- Strategies mentioned earlier such as social media presence and marketing are very important for the store to get the word out and create awareness of the brand and its location. Customers will not turn loyal over night. The relationship between the brand and the customer needs to be nurtured through loyalty programs, Omni-channel experience and/or exceptional customer service.

Are retailers addressing the large daytime employee population projected at 68,945 in 2019?

Retailers need to give employees a reason to linger during their lunch break, rather than the same cookie-cutter chains that they can visit during the weekend in other locations that also provide free parking.

- As paid parking will always be a challenge for shoppers in Downtown, from both last year's and this year's survey, the top deterrent for shopping Downtown.
- On street parking is free from 6pm to 9am, excluding event nights, and free on Sunday and Statutory holidays. On street, free parking can be extended to include Saturday after evaluating parking revenues. Free parking on Saturday will further benefit shopping and allow the retailers in Downtown to compete with the other shopping locations.

3 Developers

- Developers need to rethink the long-term covenant attached to leases and the changing store format of retail. Retailers are re-evaluating the store size. While some retailers are closing down stores, others are moving to small store format in urban areas where rents are high and limited space availability. This is also an advantage for Downtown residents as they can have convenient store locations, it is also the 3rd popular choice in the survey that would encourage respondents to shop Downtown.
- Popular national stores like density and large foot traffic, as increased foot traffic also lead to greater opportunities. Each store benefits from the traffic generated by neighbouring businesses. Foot traffic in the area is usually higher when businesses cluster together. Large national stores value return on investment and customer footfall.

Local independent retailers provide a personalized, authentic experience and identity to the Downtown retail scene. They add value to the neighbourhood by offering great items unlike what can be found at big-box retailers and also add appeal to the community itself.