



# RESEARCH RESULTS

## Growth and Change Ahead for Retail in 2020

Fueled by strong 2019 holiday and annual performance, retailers are gearing up to embrace opportunity in 2020. Levin Management Corporation's (LMC's) 10th annual poll of store managers within its 105-property, 15-million-square-foot leasing and management portfolio revealed several positive historic highs and indicators related to expansion and evolution.

### STORE PERFORMANCE

- ➔ 77.4% of LMC survey participants reported 2019 holiday sales at the same or higher level year over year, while 76.5% reported holiday store traffic at a same or higher level – two survey highs.
- ➔ 70.4% of respondents noted their holiday performance met or exceeded expectations.
- ➔ 68.0% reported their 2019 annual sales were at or above their prior annual total; this compares to an LMC five-year trailing average of 61.8%.



### 2020 OUTLOOK

- ➔ 71.8% of LMC survey participants are optimistic about the coming year.
- ➔ 25.6% noted their companies plan to open additional locations in 2020.
- ➔ 28.9% said they plan to increase staffing levels – a notable jump (only 18.3% indicated their teams expanded during 2019).
- ➔ 42.7% anticipate the economy and consumer confidence will weigh most significantly in their success during 2020.
- ➔ When participants were asked what they see as the biggest opportunities for their business, providing the highest-quality service and building customer relationships were – by far – the top themes.

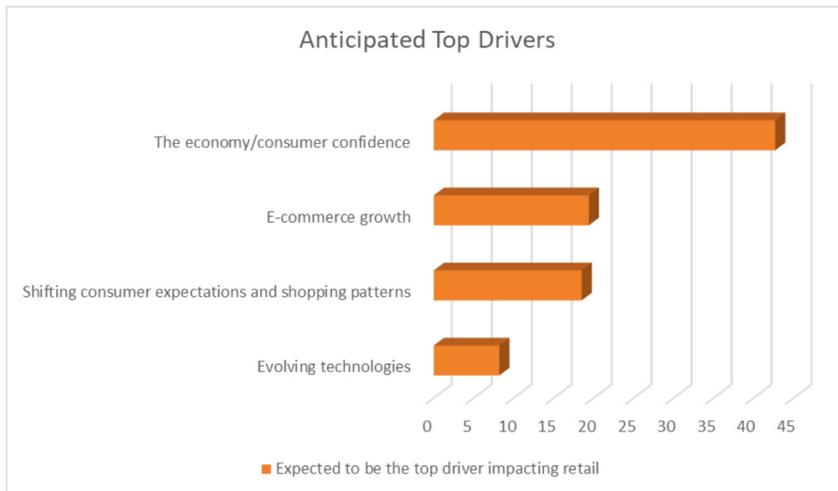
Levin Management's Retail Store Manager Sentiment Survey gauges the strength of the American economy from a street-level perspective.

Managers of retail stores regularly interact with the consumers who drive the industry. These managers are also responsible for meeting the sales goals set for their stores. This daily frontline experience gives them a unique outlook on the true state of retail.

Levin Management, which operates approximately 105 shopping centers across a broad range of markets in six key states, surveys the store managers of its 1,100+ tenants three times annually, gathering information on current sales and traffic numbers, and on manager sentiment about the next half year.

The surveys also ask timely questions about hiring patterns, the evolving impact of ecommerce, key events and other socio-economic factors that may be influencing performance.

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## PERFORMANCE AND OUTLOOK COMMENTARY

Brick-and-mortar retail is on a roll, and LMC tenants reflect a growing sense of positivity among companies focused on evolving within this ever-changing landscape. Retailers enjoyed a healthy 2019, punctuated by a strong holiday season. This positive performance provides justification for enthusiasm entering a new decade. Further, most retailers are seeking – and capitalizing on – new avenues to success.

## CHANGE AND OPPORTUNITY

- ➔ 54.3% of LMC survey respondents say they have adapted their business models over the past two years.
- ➔ 70.0% of those who have adapted their model in some way or ways have increased training and focus on customer service.
- ➔ 47.9% have upped their use of in-store technology – with digital coupons, price-check scanners, free Wi-Fi, scan-as-you-shop, self check-out and/or electronic receipts, and other convenience-oriented tools.
- ➔ 42.1% have added in-store services and/or incentives; 34.3% have altered their store inventory.
- ➔ Significant percentages have added in-store, online ordering with free shipping for out-of-stock items (34.3%) and in-store pickup and returns for purchases made online (34.3%).
- ➔ 52.9% of those who have adapted have increased their use of tech-centered marketing tools – such as email, text messaging, SEO optimization, Google AdWords, banner ads or other Internet advertising, social media, and/or social marketing.
- ➔ 60.1% reported they have seen benefits in terms of sales and/or in-store traffic – a jump of nearly 20% since LMC first asked this question in 2016.
- ➔ 33.6% of survey participants say they plan to adapt their model in some way during the coming year.

### Levin's Portfolio:

The company's 105-property, 15 million-square-foot shopping center portfolio includes neighborhood, community, lifestyle and power centers, downtown stores and mixed-use projects. Properties are located in New Jersey, New York, Pennsylvania, Connecticut, Virginia and North Carolina. Retailers based there include small local retailers to large national chains, personal service providers, as well as restaurants and, at mixed use properties, government and professional offices.

### About Levin Management:

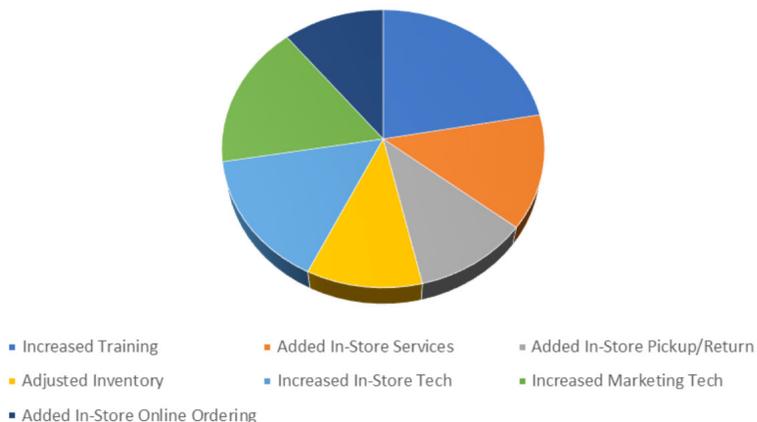
Founded by shopping center pioneer, Philip Levin, in 1952, Levin Management has evolved into one of America's leading retail real estate services firms, offering clients the widest possible range of services needed to successfully operate any retail venue. Services include Leasing, Property Management, Financial Management and Reporting, Lease Administration, Construction Services/Management, and Marketing.

Levin has earned a long list of coveted awards. During the past few years alone, the firm has been included in National Real Estate Investor's Top Retail Managers, Commercial Property Executive's Top Property Managers, Mid Atlantic Real Estate Journal's "Best of," and NJBiz's Top Commercial Real Estate Developers and Top Property Management Companies.

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Popular Business Model Adaptations



## METHODOLOGY:

Survey questionnaires are distributed electronically and by hand to the store managers at properties operated by Levin Management. Neither the properties nor the stores are identified in any way on the survey forms. The results are tabulated online by Levin's marketing department.

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## CHANGE AND OPPORTUNITY COMMENTARY

Physical-store retailers are working hard to win the patronage and loyalty of today's consumers, and this means doing more than simply providing access to quality goods and services. They are leveraging their advantage over online retail – including the abilities to offer a personal touch and distinctive experience. The LMC Outlook survey indicates that “convenience” has become a central objective. Further, technology is playing a key role in retail marketing. There is no doubt tech advancements have been a boon to retailers as they look to build brand awareness. At the same time, they are gathering a wealth of customer data through various channels. This information, in turn, is being leveraged to help them build business and marketing strategies catering specifically to their customers' patterns and preferences. Change is good for retail, and with all the associated benefits it is no wonder that LMC tenants continue to try new things.

# SURVEY QUESTIONS & TABULATIONS OF RESPONSES

**The survey asked respondents to compare 2019 holiday season sales and traffic to the 2018 holiday season.**

- 35.9% reported higher 2019 holiday sales.
- 41.5% reported the same 2019 holiday sales.
- 22.6% reported lower 2019 holiday sales.

- 35.2% reported higher 2019 holiday traffic.
- 41.4% reported the same 2019 holiday traffic.
- 23.5% reported lower 2019 holiday traffic.

**The survey asked participants how their 2019 holiday sales measured up to expectations.**

- 15.6% indicated holiday sales exceeded expectations.
- 54.8% indicated holiday sales met expectations..
- 29.6% indicated holiday sales were below expectations.

**The survey asked participants to compare total annual sales for 2019 to total sales for 2018.**

- 36.5% reported higher 2019 sales. .
- 31.5% reported the same 2019 sales.
- 32.0% reported lower 2019 sales.

**The survey asked respondents how they feel their stores will perform in 2020.**

- 71.8% are optimistic.
- 11.0% are pessimistic.
- 17.3% are not sure or have no opinion.

**The survey asked respondents whether their companies anticipate opening additional stores in 2020.**

- 25.6% responded "yes."
- 41.7% responded "no."
- 32.7% responded "I'm not sure."

**The survey asked respondents how their staffing levels compare to last year at this time.**

- 18.3% responded "higher."
- 63.5% responded "same."
- 18.3% responded "lower."

**The survey asked respondents whether they plan to increase staffing levels during 2020.**

- 28.9% plan to increase staffing.
- 46.9% do not plan to increase staffing.
- 24.2% do not know.

# SURVEY QUESTIONS & TABULATIONS OF RESPONSES (continued)

The survey asked participants whether their stores have adapted their business models over the past two years.

- 54.3% responded “yes.”
- 25.1% responded “no.”
- 20.6% responded “I don’t know.”

## Of those that replied “yes”

- 42.1% have added in-store services and/or incentives.
- 70.0% have increased training and focus on customer service.
- 27.9% have added “experience” draws such as demonstrations, classes, performances or other in-store events.
- 47.9% have increased use of technology-centered marketing tools in-store (including but not limited to digital coupons, discounts and/or loyalty points; price-check scanners; free Wi-Fi; scan-as-you-shop or other rapid-payment option; self check-out, electronic receipts).
- 52.9% have increased use of technology-centered marketing tools to reach customers outside the store (including but not limited to email, text messaging, SEO optimization, Google AdWords, banner ads or other Internet advertising, social media/social marketing).
- 12.9% have altered store prototype (i.e. smaller store size or increased focus on showrooming).
- 34.3% have altered store inventory (i.e. fewer in-stock SKUs, larger quantities of popular items).
- 34.3% have added in-store pickup and returns option for purchases made online.
- 34.3% have added in-store, online ordering (with free shipping) for out-of-stock items.
- 22.1% have increased coordination between online and bricks-and-mortar operations.

The survey asked whether those that have adapted in response to ecommerce have seen a benefit in terms of sales and/or in-store traffic.

- 60.1% responded “yes.”
- 20.3% responded “no.”
- 19.6% responded “I don’t know.”

The survey asked participants whether they plan to adapt their business model during 2020.

- 33.6% replied “yes.”
- 18.2% replied “no.”
- 48.2% replied “I don’t know.”

The survey asked respondents what they see as the biggest opportunity for their business growth/prosperity in 2020. This open-ended question brought multiple answers in the broad categories of:

- Customer service/quality/relationships
- Online/ecommerce and technology
- Increased traffic/new customers
- Marketing – with an emphasis on local/community

**PLEASE NOTE: Not all survey participants answered every question.**