



Phillips Edison & Company Releases Top Retail Shopping Center Trends of 2020

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COVID-19 pandemic accelerates adoption of omnichannel strategies

CINCINNATI--(BUSINESS WIRE)-- Phillips Edison & Company, Inc. ("PECO"), an internally-managed real estate investment trust ("REIT") and one of the nation's largest owners and operators of grocery-anchored shopping centers, today released its industry insights on trending retail themes as part of ICSC's virtual RECon event in New York this week. The insights were produced by PECO's National Accounts and Emerging Trends team, which consists of a group of highly specialized leasing professionals, that track over 300 accounts, including 220+ growing and emerging retailers.

The COVID-19 pandemic has disrupted the retail industry at large, forcing retailers to more rapidly adopt integrated omnichannel strategies to accommodate accelerated shifts in consumer behavior. While national retailers have led the way in this regard for several years, smaller regional and local retailers have been forced to accelerate the adoption of online strategies in order to continue operating and maintain sales in the current environment. For instance, local family-owned restaurants that may have been resistant to DoorDash, Uber Eats and GrubHub in the past are increasingly turning to these platforms to support their operations throughout the pandemic – and some are even leveraging Instagram to make sales.

Social distancing guidelines and other state and local mandates have also led to a marked increase in retailers' use of curbside pickup – which had been a growing trend primarily among restaurants and grocers over the last few years – and some landlords have taken the lead in facilitating these efforts. For example, PECO's Front Row to Go™ designates curbside pickup parking spaces for grocers and inline neighbors (how PECO refers to its tenants), helping them to more easily implement this offering.

"In the face of significant challenges, retailers of all types and sizes have proven their resilience by finding more creative ways to engage their consumers, and this has naturally accelerated a longstanding trend toward omnichannel strategies," said Mike Conway, Vice President of National Accounts & Retailer Partnerships. "The notion that retail is dead is misinformed. Rather, the industry is rising to the challenge and embracing change at a pace we've never before seen. It's about meeting customers where they are, eliminating friction and creating custom experiences that consumers value."

PECO's Emerging Trends team has identified the following as the most interesting themes heading into 2021:

- **Ghost Kitchens** – In addition to the rise in restaurants of all sizes leveraging ordering apps to accommodate social distancing and differentiated consumer preferences during the pandemic, there's been an increase in national brands such as Fatburger, Nathan's Famous Hot Dogs, Shake Shack, Fazoli's and Bloomin' Brands utilizing ghost kitchens to provide takeout and delivery service without opening a storefront. Moreover, DoorDash has gotten in on the ghost kitchen trend with the introduction of DoorDash Kitchens, a concept that provides customized kitchen space for five restaurant operators offering delivery and takeout service through the DoorDash app.
- **The Rise of the "Grocerant"** – As convenience and experience remain top priorities for consumers, grocers and dine-in restaurant operators are pairing up to create more diversified offerings within grocery environments. For instance, late last year Saladworks announced its intention to expand its in-store locations to grocery stores across the Philadelphia region, most recently opening inside a Giant store in Camp Hill, PA. Moreover, food truck concept ClusterTruck has expanded its partnership with Kroger to create an in-store operation offering delivery and takeout services, picking up on a trend that started in 2017 with Wahlburgers and Meijer.
- **Delivery by Drone** –The idea of using of drones to deliver goods to consumers has been talked about for years, but it has become a reality over the last 18 months. The adoption of drone delivery among retailers has taken off at a faster rate during the pandemic, with Walmart taking the lead. The company recently announced partnerships with Quest Diagnostics and DroneUp to launch trial deliveries of COVID-19 testing kits in select markets, as well as with Zipline to deliver health and wellness products. Walgreens also recently announced that it has increased drone deliveries by five times in its Christiansburg, Virginia pilot market, in partnership with Alphabet company Wing.
- **The 5G Experience**– Technology is already playing a critical role in how retailers function and engage with consumers, and its various uses have been spotlighted during the pandemic. For instance, Target has leveraged technology to offer shopping reservations to assist with social distancing and mitigate time spent waiting in line to enter stores – which is even more important during the holiday shopping season. As 5G networks and devices proliferate, retailers will have even more options to create the interactions and experiences that customers crave through tools such as virtual and augmented reality. It also allows retailers to collect even more data for greater personalization.

- **Discount Growth** – Despite the impact of COVID-19 on the economy, certain brands have continued to advance growth plans undeterred. This is particularly notable among quick-service and fast food restaurants, including Popeyes, Chipotle and Dunkin'. Moreover, a number of retailers that offer elevated discount shopping experiences – including Five Below and Dollar Tree – have continued to expand across the country, and Dollar General most recently announced the launch of PopShelf, a higher-end version of its traditional offering that targets millennials.

Ashley Casey, PECO's Director of National Accounts, West, stated, "As a national property owner, we have a front row seat to what's occurring across the U.S., and we remain bullish on the future of retail. The industry continues to evolve, and while change is never easy or smooth, forward-thinking retailers will always find a way to stay relevant by meeting their customers where they are and catering to their preferences. We are fortunate to have many of these types of retailers in our portfolio."

For more insights from the Emerging Trends team, visit PECO virtually at ICSC RECon New York, December 9-10, 2020, and connect with PECO on [Instagram](#), [Twitter](#) and [LinkedIn](#). Also, listen to [Retail Intel](#), a podcast series hosted by Mike Conway and Ashley Casey.

About Phillips Edison & Company, Inc.

Phillips Edison & Company, Inc. ("PECO"), an internally-managed REIT, is one of the nation's largest owners and operators of grocery-anchored shopping centers. PECO's diversified portfolio of well-occupied neighborhood shopping centers features a mix of national and regional retailers selling necessity-based goods and services in fundamentally strong markets throughout the United States. Through its vertically-integrated operating platform, PECO manages a portfolio of 309 properties, including 283 wholly-owned properties comprising approximately 31.7 million square feet across 31 states (as of September 30, 2020). PECO has generated strong operating results over its 29+ year history and has partnered with leading institutional commercial real estate investors, including TPG Real Estate and The Northwestern Mutual Life Insurance Company. PECO remains exclusively focused on creating great grocery-anchored shopping experiences and improving the communities it serves one center at a time. For more information, please visit www.phillipsedison.com.

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