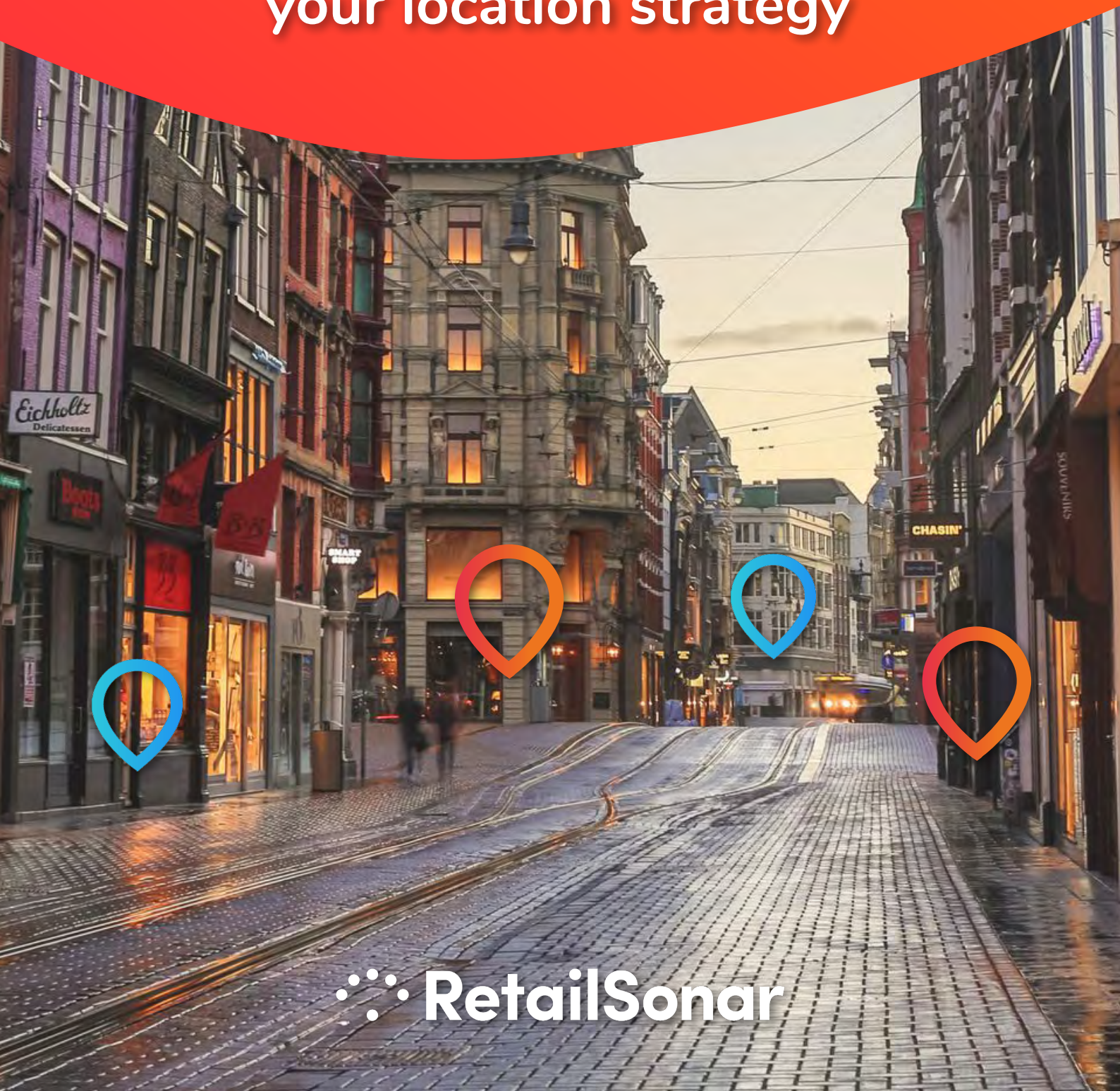


TREND REPORT RETAIL 2021

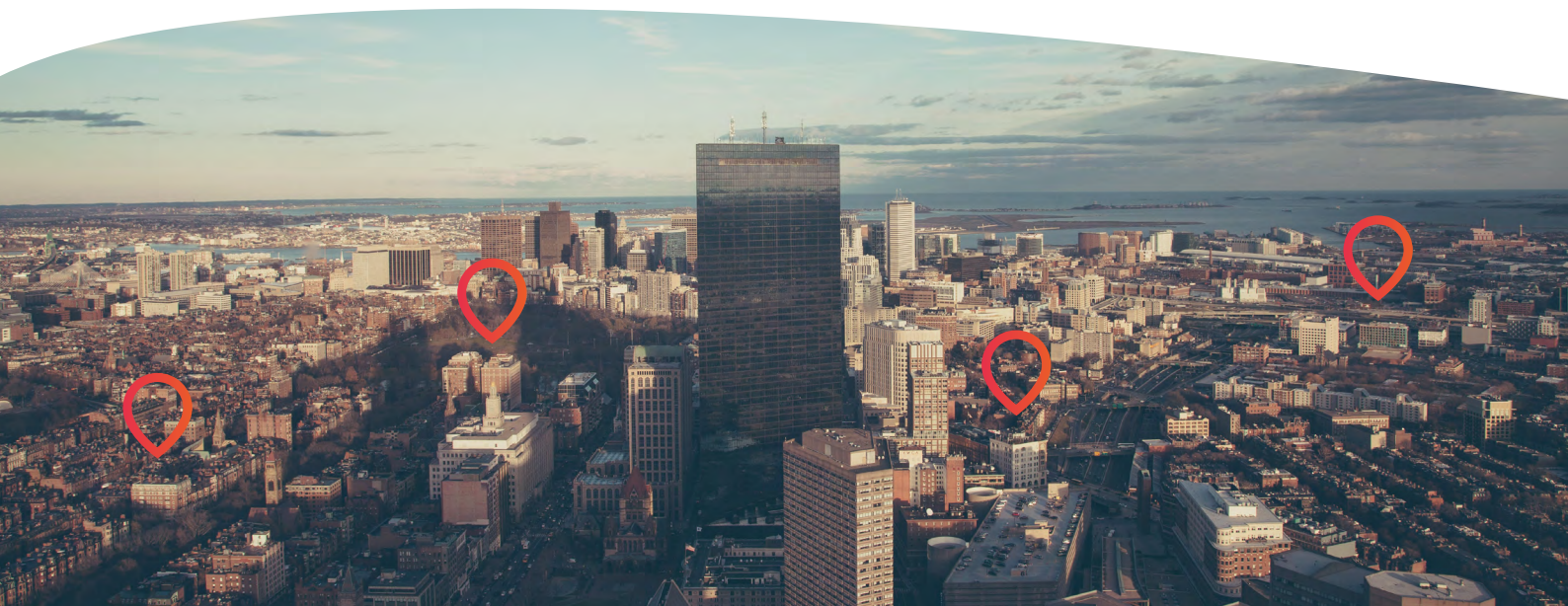
Facts & figures to optimize
your location strategy



∴ RetailSonar

Facts & figures to optimize your location strategy

- 1 Online sales exploded
- 2 Convenience became essential
- 3 We bought more local than ever
- 4 Big cities and shopping centers suffered
- 5 Retailers missed their perfect neighbors
- 6 Biggest impact on retail landscape is yet to come



A data-driven overview of evolutions in customer behavior & store performance

In order to predict customer behavior, you first need to understand it. That's why, at the end of this turbulent year, we offer you this data-driven trend report covering the major changes in customer behavior and store performance.

“In order to predict customer behavior, you first need to understand it.”

RetailSonar, market leader in **location intelligence**, conducted this research in close cooperation with a selection of long-term customers. We analyzed the anonymized sales data from over **650 store locations**, between the period of **March, 14 and November, 30**.

This sales data was enriched with up-to-date market data, AI-algorithms and benchmarked with the matching 2019 period.

The overall facts & figures in this report give a unique overview of how customer behavior and store performance changed in 2020. How will this influence your retail strategy in 2021 and beyond?



2020 The year in which online sales exploded

Of course the shift towards online shopping is not new. But like so many other trends in 2020, the global pandemic **drastically strengthened** this existing trend, setting the adoption of e-commerce in Belgium and The Netherlands at an **all-time high**.

On average, **non-food** retailers realized **74,5% more online sales** in 2020. **Food**-retailers saw their online sales increase by **+142%**. It is worth noting that Belgian consumers, who are generally considered to be less digitally mature, were responsible for the largest increase.

+74,5%

avg. growth of online sales
in 2020 for **non-food**



+91%



+60,5%

+142%

avg. growth of online sales
in 2020 for **food**

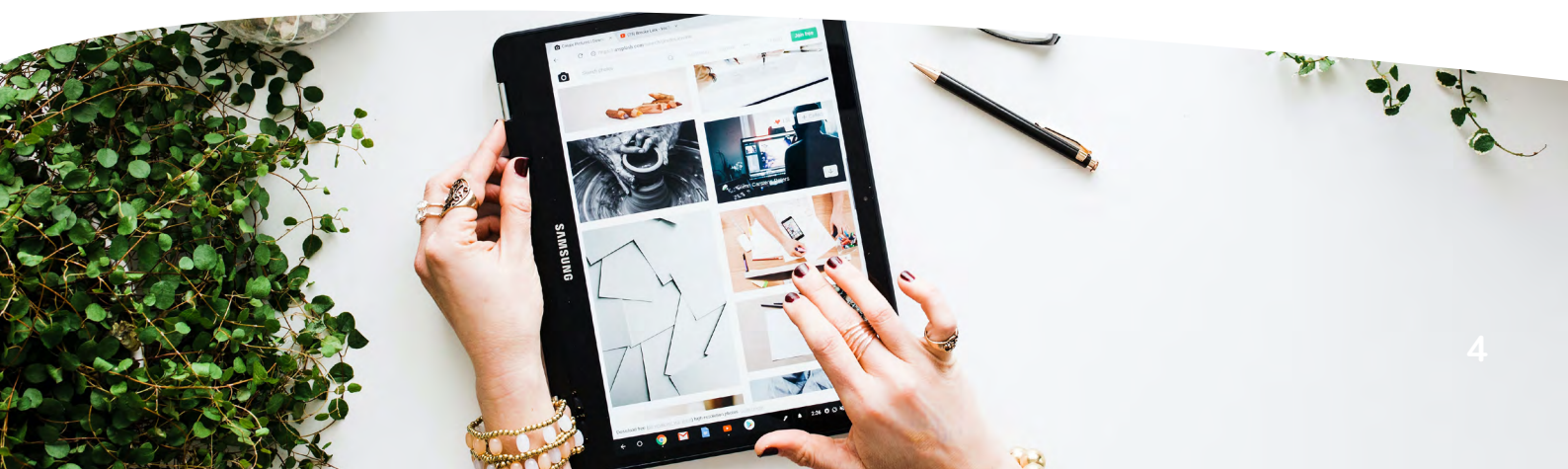


+186%



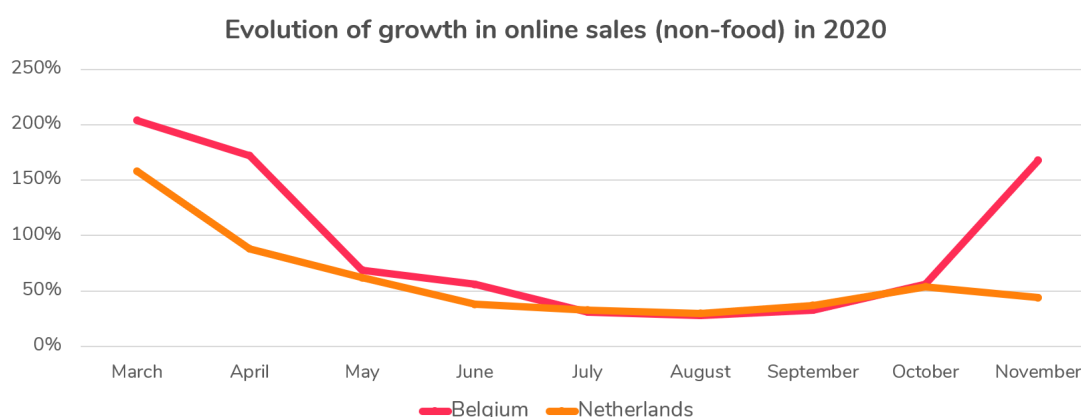
+112,5%

Non-surprisingly, the **first weeks** of lockdown showed the **most disruptive digital shift**. During these first weeks the webshops of retailers could barely keep up, with **peaks up to +800%**, compared to the same period in 2019.



2020 The year in which online sales exploded

Starting from May, the share of online sales slowly declined. Customers found their way back to the (re-opened) physical stores, especially those customers who are less digitally-oriented. The impact of the second lockdown, and the resulting closure of non-essential stores in Belgium, is clearly reflected in the high online sales numbers for November.



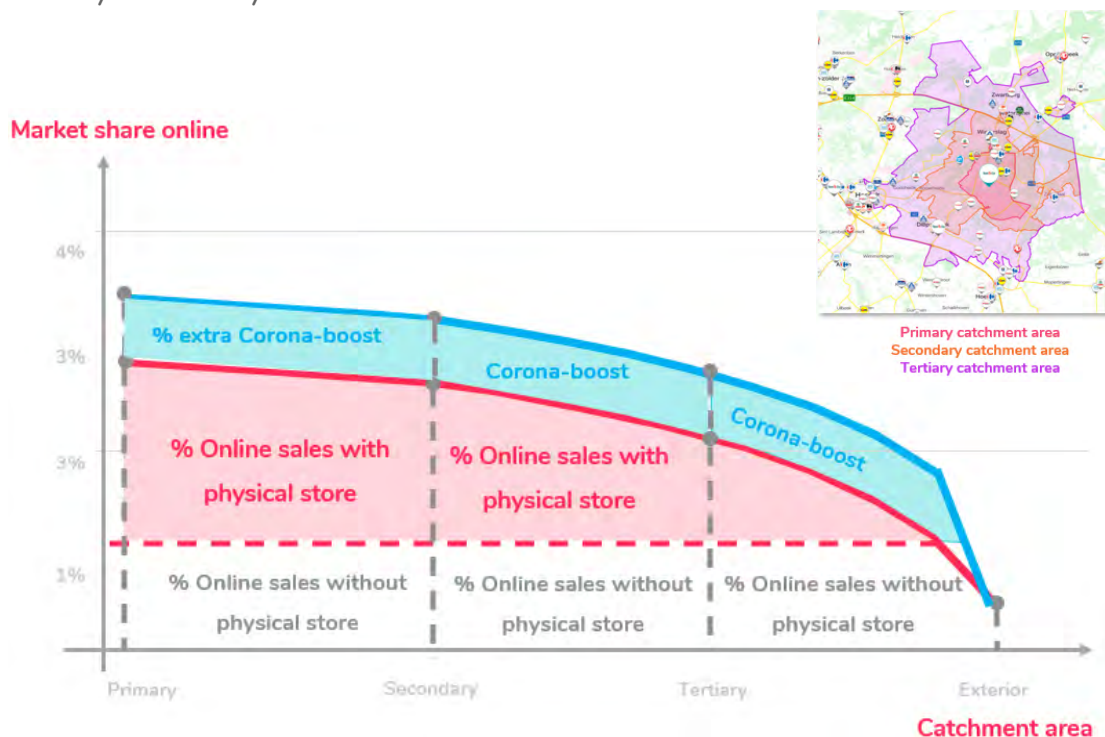
Is this online shift here to stay? Partly, yes. In 2020, customers found their way to retail-webshops like never before. 7 out of 10 customers who shopped online, did this for the very first time. This made 2020 a pivotal year for customer retention and optimizing the (digital) service.



7 out of 10
first time customers

2020 The year in which online sales exploded

Does this mean the end of the physical store? Hell no! Have you ever heard of the halo effect? Retailers realize significantly more online sales in areas close to their physical locations. In these regions you have more brand-awareness and a higher degree of trust, resulting in more online sales. In 2020, this trend was even stronger than ever before. No less than 98,5% of all locations saw an **extra increase in halo-effect**, making this dynamic key in the new normal.



The insights above illustrate the major advantage large retailers with a dense and strategic physical network have in the **ongoing battle with pure online players** like Amazon or Bol.com. It's obviously no coincidence that the Dutch e-commerce giant Coolblue decided to open physical stores.

2020 The year in which online sales exploded

Getting the most out of the halo effect should be a **strong differential** for retailers going into 2021. Optimizing initiatives like “**click & collect**” sound like the way forward. They do not only generate more revenue, but also improve the convenience of your customers, especially in times where national post services are failing to deliver. Where in the first lockdown the largest growth came from home delivery, it was click & collect that realized the largest growth during the second lockdown.

First lockdown



Largest growth in **home delivery**

Second lockdown



Largest growth in **click & collect**

How does the role of the physical store evolve?

4 ways to stay relevant in times of digital transformation.



Convenience

Key to attract (new) customers



Visibility

Essential to create awareness & trust



Omnichannel

Indispensable in a smart hybrid network



Experience

Unique places to see, touch, taste, test,...

2020

The year in which convenience became essential

Customers long for a **frictionless shopping journey**. It's one of the main reasons people like shopping online.

For years, classical retailers have been associated with a **low degree of convenience**. That's a shame, because convenience is – besides experience & visibility – one of the three main drivers of **location quality**. Stores who get a high score for convenience usually **perform 20% better** than expected.

Since March, convenience fully became one of the key differentiators of a **high-performing store**. Locations with a perfect level of convenience realized another exceptional 15% extra sales.



stores with high convenience
+15% extra sales

Remarkably, the **importance of “experience” largely disappeared** during this corona crisis. No significant sales uplift was found for those locations with only high scores for experience.

Retailers who invest in a highly convenient, frictionless shopping experience will keep making the difference. Even after COVID-19. What are you going to change? Below you can find some **key differentiators** to increase the convenience of your stores.



Limited/no queuing



Adjusted opening hours



Intuitive selfscans



Low parking pressure



Easily accessible



Right surface / capacity

How our customers experienced the first lockdown



“We immediately took the initiative to start up the **#buylocal-campaign**. The impact was enormous. While our **140 stores remained closed**, our **e-commerce grew rapidly**.”

Guido De Smet (Standaard Boekhandel),
Retail Director | June, 2020

“We noticed that it remained very quiet, especially in the **big cities**. Locations **nearby supermarkets** performed well. And also **convenience** turned out to be important: shops that were **easily accessible** kept attracting a lot of customers.”



Krein Bons (van Haren), CEO | June, 2020



“From week 12 onwards, **sales in the stores** obviously fell sharply, but we are now seeing a clear **upward trend** again. Presumably, some customers had also temporarily **postponed their purchases**.”

Jorn Bood (Vodafone Ziggo),
Sales Director | June, 2020

Read the full interviews
on retailsonar.com

2020

The year in which we bought more local than ever

“Buy local, work from home, stay in your own neighborhood, limit your travels.” Consumers took this message from their governments seriously and did most of their purchases in the close environment of their homes.

The impact was striking. Retail situated in **small towns and municipalities**, that have struggled for years, realized an average sales growth of +12,5%.



Small towns and municipalities

+12,5%



Peripheral retail

+6%

Also **peripheral retail** scored higher than last year. Compared to 2019, out-of-town locations and retail parks performed 6 percent better on average.

Will this trend continue in 2021 and beyond? Hard to say. One thing is certain, local governments will need to invest in the attractiveness of local shopping areas to increase experience and convenience.



Customers who work from home more often? This is the impact on your store sales!

In 2020, customers spent less time in the office and more often bought close to their own home. Will this trend continue after the corona crisis?

In the Netherlands, about 60% of employees indicate that they want to work from home more often. In Belgium, 80% of companies will also promote teleworking after the lockdown.

Don't underestimate the possible impact on the performance of your stores. For supermarkets for example, 85% of the customers shops nearby their house, 15% buys in the vicinity of the office.

Suppose that from now on customers work on average 40% of the time from home.

City concepts will have a hard time, while residentially based supermarkets will thrive! What will be the impact?

**Read the full analysis
on retailsonar.com**



2020

The year in which big cities and shopping centers suffered

So far regarding the positive numbers. The **two most expensive retail locations** performed nothing less than dramatically in 2020.

The current pandemic had an enormous impact on the sales figures of retail locations situated in the center of large cities (avg. loss of turnover of -32%) and shopping centers (avg. loss of turnover of -29%).



Large cities

-32%



Shopping centers

-29%

The main reason? **Traffic dropped down massively** due to less commuters, tourists and visitors. By using a new innovative mobile data source, RetailSonar was able to measure the impact on the **catchment areas of Antwerp and Amsterdam**, the largest shopping areas in the Benelux. Compared to 2019, the capacity of the catchment areas of Amsterdam and Antwerp was reduced by -45%.

The burning question for 2021 is whether and how fast big cities and shopping centers will **return to their pre-COVID level**. Much depends on the dynamics of the perfect neighbors...

2020 The year in which retailers missed their perfect neighbors

Retailers are stronger together! A perfect neighbor is a strong traffic builder that attracts customers with a similar profile and buying motive. The objective? **Maximizing combined visits!**

COVID-19 disrupted these local dynamics and synergies. Sales evolutions for locations heavily relying on tourism, cross-border visitors, restaurants and cafes, education, public transport and offices was nothing short of catastrophic. The only locations that significantly saw their turnover increase, were retailers next to a supermarket or pharmacy.

	Supermarkets / Pharmacy	up to +9%
	Tourism	down to -87%
	Offices	down to -93%
	Restaurants & cafes	down to -91%
	Public transport	down to -93%
	Schools / universities	down to -72%
	Cross-border shopping	down to -69%

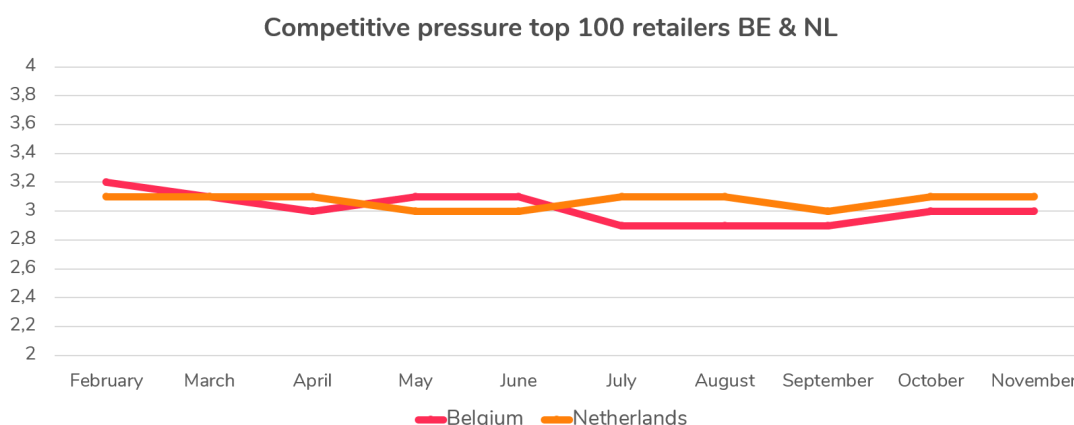
The 2020 dynamics of perfect neighbors should be seen as **highly exceptional**. However, it remains to be seen to what extent traffic builders like tourism, offices and public transport will return to their old level in a post-COVID era.

2020

The year with the lowest number of closed locations in a decade

2020 has been an extremely tough year for retailers. Despite the growth in online sales, the overall revenue of non-food retailers will not match the 2019 results.

Still, 2020 features the lowest number of store closings in a very long time. The government's support measures ensure that also less performing stores survive this crisis. This is also reflected in the **average competitive pressure** for top 100 retailers in BE and NL, which shows no significant differences. So far...



However, the full impact of COVID-19 on the retail landscape will only be seen by the end of 2021, with **a lot of bankruptcies, mergers & acquisitions to be expected**. This will undoubtedly have a major impact on the local dynamics in shopping centers and cities. Will retailers soon be missing even more perfect neighbors? Only time (and data) will tell...

2021

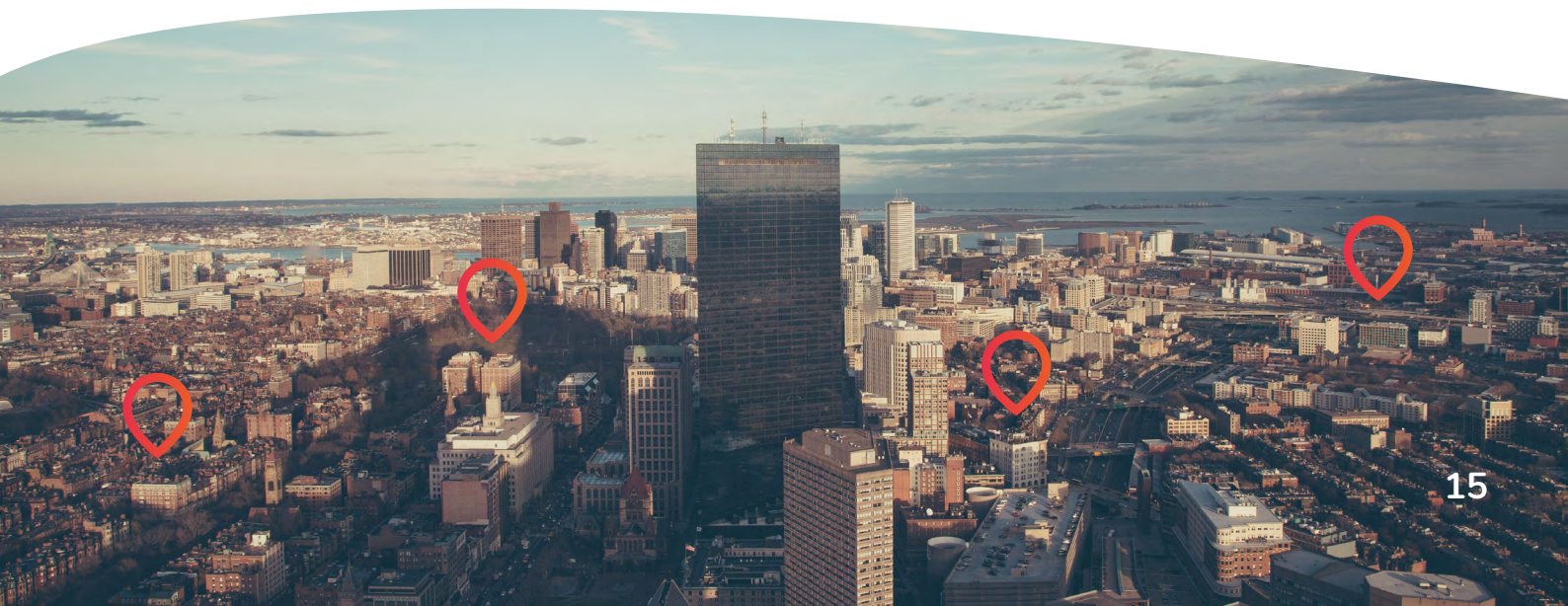
The year in which data will help retailers be more customer-centric

How can you make strategic (location) decisions in a time where it's hard to predict what next week will bring? 2020 turned our lives upside down, brought new dynamics and changed lifelong accepted views. **But... it can also be a reset!**

No one can tell what next year will bring. But everyone can measure how customer behavior will change. So more than ever, measuring is knowing!

Competition and customers are changing every day. Investing in **up-to-date data** will be key. Making decisions only based on gut feel will no longer be sufficient.

Retailers who are able to get a full 360 degree view of their customers will stay one step ahead in 2021. **It's time to shift from a location-centric to a customer-centric approach.** Remember: those who can understand behavior, are also able to predict it.



About RetailSonar

Leader in strategic location decision making

RetailSonar helps retail managers to make **strategic location decisions** in a smart, fast and efficient way. That way we ensure the **maximum ROI** of your store network. We make a difference in **3 domains**:



Location planning | Your optimal network

- Where are your hotspots for opening a point of sale?
- How much of a cannibalisation effect will opening a new store have on your existing branches?
- Where can I recover customers if I close a point of sale?
- Map your optimum network with the highest possible level of accuracy.



Location performance | Improve your results

- Look at the theoretical potential per location
- Which locations perform better or worse than others?
- What are the root causes of this?
- Identify the actions you must take to improve the performance of your locations.



Campaign targeting | Reach the right customer

- How can I define my target audiences?
- Which customers should I select for my campaign?
- Which message should I send them?
- Drastically increase the ROI of your marketing campaigns.

How we make the difference for our clients

RetailSonar was founded in 2011, has 35 employees and 2 offices in Ghent & Amsterdam. We work for over 250 clients in 11 different countries.

[Discover our client cases.](#)

Accurate data



Artificial intelligence



Cloud platform



Interested in more? Check out our other trend report!



Download the free
trend report here!

 **RetailSonar**