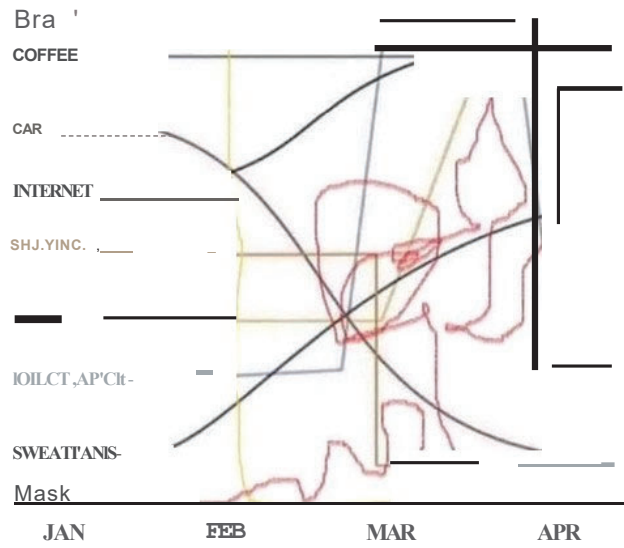




1

Relative importance in 2020, so far



2



THE STATE OF RETAIL MARCH 16, 2020 THRU OCTOBER 15, 2020

U.S. SHUTS DOWN ON MARCH 16TH

- » Stay at Home Orders issued by Federal, State and Local Governments
- » CDC recommends Sheltering in Place, Social Distancing, Wearing Masks
- » Offices close, Workers at home, face-to-face interaction discouraged
- » Zoom, Teams, and Conference Calls dictated for doing business
- » Only "Essential Businesses" allowed to stay open
- » 20+ million workers furloughed or laid-off

INITIAL REACTION FROM RETAILERS

- » Over 50% of Top 100 Retailers stopped paying rent or only paid reduced rent
- » 100% of Bars closed
- » Dine-in restaurants convert to take-out only business to stay afloat
- » Arguments occurred over "Which businesses are essential business?"

3



THE STATE OF RETAIL MARCH 16, 2020 THRU OCTOBER 15, 2020

WINNERS (ESSENTIAL BUSINESSES):

- » Grocery Stores (increased sales/profits via stocking up)
- » General Merchandise Stores (Target, Walmart, etc.-\$\$\$)
- » Home Improvement/Hardware/Appliances/Furniture
 - » Appliance Sales Up (remodeling projects up)
 - » Home Improvements (landscaping, new furniture)
- » Restaurants with Drive-Thru Lanes
 - » Chick-Fil-A sales up in spite of dining room closed
 - » Social distancing by staying in your car
- » Office Supplies/Electronics
 - » Home offices—new printer, new monitor, etc.)
 - » Home entertainment systems, big-screen TV, etc.)
- » Liquor Stores (U.S. sales up \$35 Billion since COVID)
 - » Bars closed
 - » People working from home now and not going out
- » Convenience Stores/Gas Stations
- » Service-oriented retailers like Fed-Ex and banks
- » Pet Supplies (Multi-Billion Dollar business...enough said)

4



THE STATE OF RETAIL MARCH 16, 2020 THRU OCTOBER 15, 2020

LOSERS (NON-ESSENTIAL BUSINESSES):

- » Fitness Clubs (Closed)
 - › Gold's Gyms filed bankruptcy
 - › 24-Hour (P.E. owned, \$1B in sales, \$1.5m cash)
- » Movie Theaters, Bowling Alleys, etc. (Closed)
 - › AMC filed BK, talking merger with United Artists
 - › Studio Movie Grill filed BK as well
- » Dine-In Restaurants (initially closed, then 25% capacity)
 - › Most restaurants owned by local operators
 - › NRA predicts 40% of them will never re-open
- » Entertainment/Concert Venues and Convention Centers
 - › Convention Centers were 85% occupied, now 8%
 - › Live-Shows & Concerts almost non-existent
- » Apparel (Closed, limited in-store shopping, on-line is OK)
- » Bars (Closed...most will not re-open)
- » Nail Salons, Barber Shops, Hair Stylists (Closed)

5



THE STATE OF RETAIL MARCH 16, 2020 THRU OCTOBER 15, 2020

2008 FINANCIAL CRISIS HAD CREATED STRESS FOR RETAILERS—COVID EXACERBATED IT

- » Cash-on-hand for many retailers was insufficient to weather the storm
- » Operational and Management deficiencies came to the forefront
- » Technology also separated weaker concepts from successful ones
 - › Just-In-Time delivery
 - › Point of Sale data
 - » Marketing Initiatives
 - » Customer Profiles
 - » Inventory Replacement
 - » Inventory Management
 - › Radio Frequency technology
- » Online Sales as a Competitive Strategy

SUCCESSFUL RETAILERS CONSTANTLY EVOLVED, SO "AT RISK" RETAILERS WERE EXPOSED

- » Tired, old and poorly-conceived retail concepts had no place to hide
- » Under-capitalized concepts were immediately at risk and closed stores
- » Over-leveraged Private Equity concepts (i.e. Toys 'R Us) filed BK

6

Also available as part of the eCourse

[2020 Bernard O. Dow Leasing Institute eConference](#)

First appeared as part of the conference materials for the
2020 Bernard O. Dow Leasing Institute session

"Updates and Insights into the Retail Sector"