

# EMERGING TRENDS UPDATE

APRIL 2022

## THE GROCERY LIST

• Upscale grocer, **FRESH MARKET**, has recently implemented their first loyalty program dubbed the “Ultimate Loyalty Experience” which offers savings on products, rewards for purchases and special benefits like birthday freebies. The program will be offered across all stores by signing up online or scanning the QR codes in stores.



• **WHOLE FOODS** recently opened a new store in the D.C. market, the first of two stores announced to feature Amazon Fresh’s “Just Walk Out” technology. The checkout-free tech allows customers to skip the checkout lane by using cameras and weight sensors to detect merchandise picked up by customers. Currently, customers will still have the option to use traditional checkouts.

• **HY-VEE** is venturing into the Volunteer state in Spring Hill, Tennessee, about 35 miles south of Nashville. This will be one of Hy-Vee’s first locations to open in the Southeast, with more openings announced in several other new states including Kentucky, Alabama, and Indiana.

• **BJ’S WHOLESALE CLUB**, a competitor of Costco and Sam’s Club, recently announced the opening of four new clubs and an innovation lab to test new displays, product demonstrations and new initiatives. The new stores will be in Florida, Michigan, New York and Rhode Island. This follows a strong 2021 in terms of sales and performance.

## WALMART WORLD

• Following Walmart’s acquisition of virtual dressing room firm, Zeekit, in 2021 – the big box is implementing “Choose My Model” to allow customers to choose a virtual person to resemble their own height, shape and skin tone to test out clothing items online. The next step will be using actual photos of the customer to get the most accurate depiction of a clothing item in action. The new tech is an effort to increase clothing sales and decrease product returns while making the try-on process easy for the customer.

• Delivery is in demand and Walmart is taking on the task! Walmart’s research noted that six times the number of customers placed delivery orders in the 4th quarter of 2021 as they did in 2019. In response, Walmart has designed a tech platform to power their last-mile delivery. The system will “learn” through artificial intelligence, improving the platform with time and experiences.

• With a bet on technology, Walmart will be opening tech hubs in Atlanta, Georgia and Toronto, Canada. The locations will be the group’s 15th and 16th tech hubs and will house data scientists and software engineers to enhance Walmart’s technology and operations.

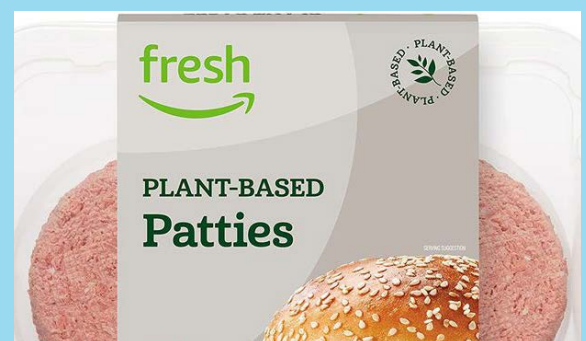
## THE AGE OF AMAZON

**BRICK-AND-NO-MORTAR**  
Amazon is pulling the plug on some of their major brick-and-mortar initiatives. The e-commerce giant announced the closure of over 50 physical stores including 24 bookstores and 30 Amazon 4-Star stores. The closing announcement has no effect on the group’s Fresh grocery store initiative, which continues to grow at a rapid pace nationally.

**ALL HAIL THE PLANT**  
Plant-based products are gaining popularity and Amazon Fresh is joining the trend with their new Fresh private label line of plant-based products. The line will include 15 products including patties, almond milk and meatballs. The assortment will continue to grow throughout the year.

### SUSTAINABILITY COUNTS

The e-tailer is opening a real-life “net-zero” sustainable store in Seattle, Washington. The location will feature a CO<sub>2</sub>-based refrigeration system and will aim to reduce embodied carbon. The store will also fully source its electricity from renewable energy sources.



# HOT MARKET ROAD TRIP

*Our National Accounts team recently attended a conference in Downtown Los Angeles, focused on entertainment and experience in retail. The team heard from concepts including Pinstripes, Puttshack, Maple & Ash and Andretti's Indoor Karting. We also hosted portfolio reviews with Sweetgreen and Robeks Juice Bar. Between meetings and panels, the team was able to visit several exciting retail developments.*



THE GROVE

This former orchard and nursery is now a huge open-air entertainment and retail complex which maintains many elements of the green space of its former use. The development is anchored by Nordstrom and AMC Theatres, and includes shops including Apple, Barnes & Noble, Coach, lululemon and Sephora. Patrons can use the trolley to go from shop to shop and linger in the intimate courtyard scattered throughout the property.



THE BLOC

A true mixed-use development, The Bloc encompasses a full city block in DTLA. Home to a Sheraton Grand, Alamo Drafthouse, an office tower, entertainment and retail concepts, the open-air urban center is a favorite for visitors and locals. Current tenants include DryBar; Uniqlo, lululemon and Starbucks. The center was built in 1973 and continues to be the largest mixed-use development in Los Angeles.





OVATION HOLLYWOOD

Appropriately named, Ovation is a shopping, dining, and entertainment destination in the heart of Hollywood. The center hosts daily events and pop-up shops, and includes Forever 21, Hard Rock Café, Dave & Buster's, Sephora, Walgreens, and Victoria's Secret. Located in the heart of Hollywood, along the Hollywood Walk of Fame and the former home of the famed Hollywood Hotel, it is among the most visited tourist destinations in Los Angeles.



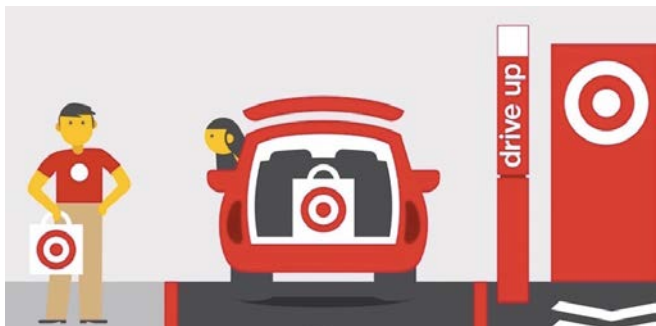
PLATFORM

Just off our downtown LA path, Platform is a boutique retail center in Culver City. The unique development identifies as a "platform for independent brands" – with dozens of emerging concepts like Blue Bottle Coffee, Modern Society, Boba Guys, Aesop and Sweetgreen. The center also hosts events like pop-up shops, Easter brunch, wine tastings and giveaways.


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## BULLSEYE: Target Store Updates

With a \$5 billion budget, the big box giant is on “target” to open 30 stores and begin 200 remodels this year. Their new store base will include dense suburban areas and small-format stores in urban city centers. Other Target enhancements will include more Ulta store-in-store locations, sortation centers to enable next-day shipping, and an employee wage hike.



Target will soon offer curbside cappuccinos at select locations. Many Target stores include a Starbucks location, and customers have indicated they want their coffee on the go. The curbside service will require ordering through the app, and when the customer indicates they are en-route, their drink will be prepared, and an associate will meet them outside. Target also plans to implement product returns curbside this fall.



DoorDash has listed Target's grocery selections in many major markets without any partnership with Target, who exclusively partners with Shipt. The strategy is an effort by DoorDash to generate a larger customer base. Markets include Cleveland, Atlanta, Louisville, Seattle and Charlotte.

## Entering the Metaverse

Welcome to Wendyverse! Fast-food burger giant, Wendy's, has opened a virtual reality universe encouraging fans to interact with each other and the brand. The experience allows visitors to play games and design worlds of their own. In conjunction, Wendy's is offering their Bacon, Egg & Cheese Biscuit for \$1 when customers order via their Wendy's app.



Nike's “Nikeland,” opened in November 2021, has now seen seven million visitors from across the globe. The metaverse store allows users to try on virtual products and play games like dodgeball. LeBron James has even visited the virtual store to interact with visitors. Nike notes their primary revenue source from their metaverse presence is branded NFTs.

Chipotle is encouraging customers to BYOB – Build Your Own Burrito! The Mexican grill announced a limited time game in which participants use their burrito-building skills to earn coupons for free Chipotle food in real life. This is Chipotle's second game in the metaverse, with their first being the Boorito Maze released around Halloween 2021.



# RETAILERS ON THE RISE



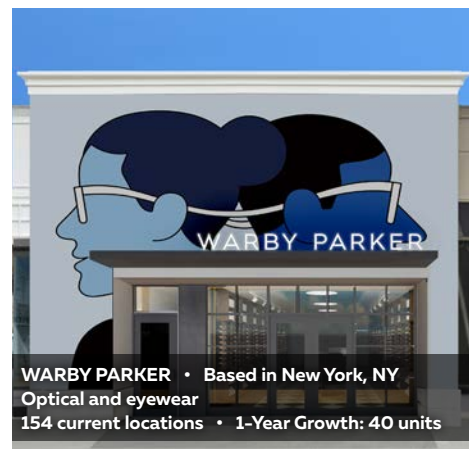
**FAMOUS TOASTERY** • Based in Davidson, NC • Breakfast/runch full-service restaurant  
35 current locations • 1-Year Growth: 9 units



**FABLETICS** • Based in El Segundo, CA  
Activewear fashion  
50 current locations • 1-Year Growth: 20 units



**LOVEPOP** • Based in Boston, MA  
Unique greeting cards  
11 current locations • 1-Year Growth: 3 units



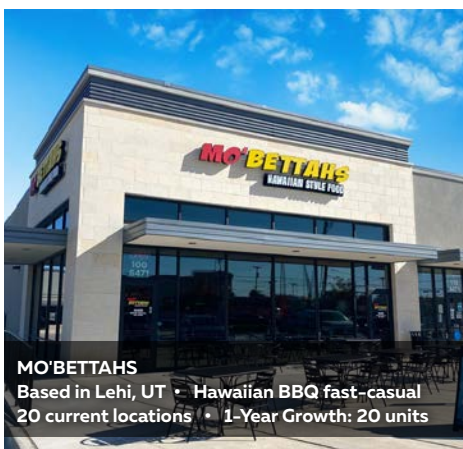
**WARBY PARKER** • Based in New York, NY  
Optical and eyewear  
154 current locations • 1-Year Growth: 40 units



**PIZZA RANCH** • Based in Orange City, IA • Pizza fast-casual  
214 current locations • 1-Year Growth: 10 units



**MADRAG** • Based in North Bergen, NJ • Fast fashion  
89 current locations • 1-Year Growth: 6 units



**MO'BETTAHS**  
Based in Lehi, UT • Hawaiian BBQ fast-casual  
20 current locations • 1-Year Growth: 20 units



**SMOOTHIE KING** • Based in New Orleans, LA  
Smoothies and small snacks  
1,050 current locations • 1-Year Growth: 85 units



**SCENTHOUND**  
Based in Jupiter, FL • Pet grooming  
27 current locations • 1-Year Growth: 60 units