

Gerald Celente's

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2018 Top Trends

Mid-year review



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2018 Top Trends

Brick and Mortar Bounce Back

THIS WAS OUR 2018 TREND FORECAST: *Brick-and-mortar businesses, emphasizing quality and value delivered with a human touch, will grow stronger in 2018 and own a bigger piece of the retail market-share pie. While struggling retail chains close brick-and-mortar stores at a record pace, mom-and-pop businesses on Main Street, and in particular in “Organic Growth Cities,” will thrive.*

MID-YEAR UPDATE: Macy’s. Lord & Taylor. Toys R Us. Bon Ton. Sears. JCPenney. Sam’s Club. These once prime retailers, and over a dozen others, are dying or dead, or scrambling to redefine themselves in bankruptcy courts, accelerating a trend global forecaster Gerald Celente identified decades ago, “The Pall on the Mall.”

A whopping 9,000 big box stores were closed in 2017, shuttering or crippling shopping malls across the U.S., shrinking the overall big chain base by some 28 percent.

For every anchor that closes in a mid-size American shopping mall, at least eight smaller stores nearby either close or must significantly streamline

their operations.

And this trend, while slowing a bit, is not abating. An additional 3,800 closures are expected this year. Sears, for example, is operating 381 fewer stores now, compared to mid-2017. This 125-year-old iconic American brand, once considered a reliable anchor for middle class malls, has vacated them in every state it operates in.

When Sears along with Macy's and J.C. Penny's, also mall anchors that were heavily relied upon for decades to draw foot traffic into the malls boarded up, malls hit an irreversible downward spiral. According to Credit Suisse calculations, this trend will fuel the closure of 25 percent of U.S. malls over the next five years.

CELENTE FORECAST: DEAD ON IN 1997

The dramatic decline of shopping malls is often blamed on the rise of online shopping. However, taking into account the latest U.S. Commerce Bureau statistics, e-commerce sales in the first quarter of 2018 grew to \$123.7 billion, but that still accounts for only 9.5 percent of total retail sales.

And overall, while online is bigger business, and growing rapidly in China, India, South-East Asia ... to Turkey and developing nations, the Commerce Bureau estimates that in the U.S., by the year 2021, online sales will level off at about 15 percent of all retail shopping.

Indeed, while retail cash has been, and will continue to be diverted to online shopping, a series of other underlying trends secured the ultimate decline of mall shopping.

Among them, as Celente forecast in his bestselling

book *Trends 2000*, published in 1997, the retail sector was overbuilt: Too many stores, not enough consumers. And, in his 1990 book, *Trend Tracking*, Celente predicted what no one saw coming: "The mass market of middle class consumers with similar tastes no longer exists as it did 20 years ago. It will be replaced by a 'bimodal market' of high-end and low-end consumers, with niches between them. Thus, a mass market strategy targeting the middle class would become less effective."

As the data proves, that once thriving middle class, which that retail sector was created to serve, continues to shrink. Back then, there were thousands of discounts stores, mostly regional, unlike today with tens of thousands spread across America.

GOLDEN OPPORTUNITIES

In making our "Brick and Mortar Bounce Back" forecast for 2018, we stressed another compelling reason, based on Celente's *Trends 2000* forecast, why big retailers were dying: For more than a decade, big boxes have focused on a one-size-fits-all corporate strategy, rather than producing diverse and creative shopping experiences and products for consumers. That strategy resulted in a deeply homogenous retail landscape. Sterile, data-driven corporate models, based on shopping patterns and habits had replaced originality and creativity in most stores.

As forecast, small brick and mortar businesses are returning to Main Street. While struggling retailers close malls and brick-and-mortar chain stores at a record pace, mom-and-pop businesses on Main Street are beginning to revive. According to Small Business Association data, small business ownership is once again growing.

While trending flat or slightly down since 2015, the fourth quarter of 2017 saw a 3.5 percent spike in the number of new retail businesses, and the first quarter of 2018 is trending about 2 percent up.

OnTrendpreneurs® who understand how to create new consumer environments with a personal touch and unique product lines, will be Ontrend to stand apart from the bottom line merger-and-acquisition culture so pervasive today.

Moreover, there is a significant increase in the number of businesses that have actually vacated malls to return to Main Street. According to SBA data, about one in every four stores that vacated a mall have re-established their business in their community's main business hub. **TJ**

TREND FORECAST

Brick-and-mortar businesses, emphasizing quality, originality and value delivered with a human touch, will continue to grow stronger in 2018 and own a bigger piece of the retail market-share pie.

While it has become common place to reference the "buy local" trend Celente identified a quarter a century ago, customized services and products that reflect "local" needs and interests will excel.

The "Bigs" killed the style in shopping, but from boomers to up-and-coming Generation Zers, for age related and socioeconomic reasons, they'd rather walk than drive to a genuine local shopping experience.

Moreover, in the U.S., the recent Supreme Court decision clearing the way for states to require online businesses to charge state and local sales taxes, may make e-commerce less desirable, as part of that savings incentive is taxed away.