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Retail Industry in New Hampshire 1/14/2021

In speaking with retailers in New Hampshire, the one word that best describes retailing during this pandemic is **UNCERTAINTY**. This pandemic has winners and losers. Some retailers are doing well, many are not, but all are uncertain about the holiday season, how the year will end, and what's going to happen for 2021.

People are staying home and realizing that they want a better home environment, new furniture or appliances, a television, or improved electronics for their home offices. So appliance, furniture, home improvement and electronics stores are doing well.

A furniture and appliance store in Gorham is doing well sales wise. But manufacturers can't keep up with the demand. Manufacturers were closed for months in the spring, and with Covid cases spiking across the country, they are closing again, or working at very limited capacity. Orders are currently taking 15 - 19 weeks to come in. Their biggest fear is that customers won't wait and will cancel their orders. Because of this, the store has stopped taking large deposits for orders, which is impacting their cash flow.

This problem with the supply chain is happening all over the state. Very hard for retailers to get inventory and manufacturers can't get what they need to make products or packaging. A candy store in downtown Portsmouth said one of their top holiday sellers is Hot Fudge Sauce she makes - they can't get lids for the cans. A pool and patio store in Amherst has their key category - hot tub sales at \$0, off \$300,000 due to supply chain constraints, and they won't get more tubs until late spring. They launched gas fireplaces to try and fill the gap, and now that supply chain is backed up for three months.

We continue to see the shift to online sales that has been hastened by the pandemic. It has been a boom for larger retailers, but many Main Street retailers still do not have an online presence, and some are only seeing a few sales a day online. Overall, online shopping for Thanksgiving weekend was up 44%, but not for the small independent retailers.

With consumers moving to online shopping, the number of in-store shoppers has drastically fallen. On Thanksgiving Day store traffic dropped by 55% from last year and on Black Friday dropped by 37%. And store traffic has continued to fall since Thanksgiving. Rising Covid numbers and the media reporting (today - ABC) that health officials are urging people to avoid going in stores and transfer their shopping to curbside pickup and home delivery will continue to thwart store traffic.

Because of our lack of a sales tax, New Hampshire is dependent on a large amount of cross border shopping. Customers are unsure of traveling to New Hampshire. Massachusetts declared NH a high Covid risk state and now makes people coming to NH for non-essential travel quarantine for 14 days when they return to Mass. A store in the Mall at Rockingham Park said that there really isn't any cross border shopping happening. Store traffic has been so slow in the mall they scaled back their holiday hours, opening an hour later and closing two hours earlier. That will impact their employees who will have their hours cut and get less pay.

With people working from home, clothing retailers continue to struggle, as do jewelry stores - fewer social engagements and fewer reasons to dress up are impacting them. A jewelry store in Portsmouth has had their sales off by 35%

Over and over again we hear that store traffic is practically non-existent for smaller retailers. Some, like a florist in Dover are doing very well, and people are calling in orders or ordering online. They found their sales were up 101% in July and Thanksgiving sales were up 50%. They've learned that they don't know what to expect, or how to predict anything. Others with store traffic being off, are seeing slow sales. A rug dealer in Tilton has seen her business drop by 20% as her store traffic has fallen. She sells high end products and they have to be seen and touched for customers to appreciate them.

There is no sidewalk traffic in our downtowns leading to impulse buying at local retailers. There are no business travelers coming to our cities, no workers coming to downtowns and shopping on their lunch hours.

Some retailers that appear to be doing well, are concerned that sales will not hold. With holiday sales starting earlier, that has helped increase sales numbers for October and November, but retailers are unsure those sales numbers will hold through December. One retailer said that we won't know how the holiday shopping season will play out until December 24th. Another one in Plymouth said that their sales are so sporadic they don't know what to expect - one day their sales are through the roof, and then they won't have any sales for days.

Weather is a factor that impacts retail at this time of year. Our snow storm last Saturday and cleanup on Sunday, with some people still without power, just stops retail shoppers in their tracks. Retail sales were dismal last weekend - one retailer telling us her sales were 20% of what she expected because of the weather.

It is challenging for retailers to operate their businesses during a pandemic. The new protocols are very difficult for retailers to follow. There is an expense for signage, face masks, plexi-glass shields, and sanitizing. Keeping up with cleaning and safely arranging the store to allow for physical distancing requires extra hours for staff, when they have significantly less money coming in. Dealing with customers that refuse to wear masks is still happening. Doing curbside pickup is a big expense - employees are paid to shop, retailers need to rearrange space to store orders waiting for pickup, staff needs to run the products out to customers. And this won't go away when the pandemic is over. People have come to like curbside, it's here to stay. Delivery to customers is also challenging - added expense, and with so much online shopping, unpredictability in arrival times as things take longer to arrive.

Retailers are nervous about stimulus money they received. A jewelry store in Manchester got a Main Street Relief grant, and used part of the money to increase marketing, working hard to increase their sales. Now they are worried that their sales may have increased more than they estimated, and they might have to pay part of the grant back.

Many retailers are uncertain what the future will hold. They feel customers have a lot on their minds - they are thinking of Covid, and not about shopping. Consumers don't know what's going to happen with their jobs, some are using disposable income for basics. We've heard repeatedly that retailers think they can hold on through December, but they aren't sure if they will still be in business in 2021. One retailer told us that after the first of the year, she's going to close her downtown Portsmouth business during the week for the month of January, and just open on weekends. She'll need to lay off five employees, and just run the business with family members.

Retailers need help for 2021 and beyond. More stimulus money and a vaccine are things that can get them through this tumultuous period.