

MAIN ARCHIVE

# Brick-and-Mortar Will Continue to Be Critical for Retail in Canada Post-Pandemic: Claude Sirois

By [Sean Tarry](#) February 24, 2021  [1](#)



*A quiet College Street West in Toronto in January 2021. Photo: Dustin Fuhs*

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significant lack of footfall, combined with a synchronistic acceleration in online shopping by the consumer, has forced many within the industry to make some necessary adjustments toward the support of their e-commerce platforms and the rise in online spending. In many cases, and quite rightly given current circumstances, considerations related to the digital retail experience have taken precedence over that of the physical in-store environment. However, as we collectively, with cautious optimism, progress nearer to a successful vaccine rollout and post-pandemic world that offers us at least a glimpse of normalcy, brick-and-mortar retail is set to play a more critical role than ever in anchoring and strengthening the overall retail experience.

“There’s no question that the pandemic has disrupted how we shop,” recognizes retail and real estate industries expert, Claude Sirois.

“It’s been represented by a major shift in the channels in which we spend our money, with a significant increase in transactions happening online. All of this has created a wave of negative headlines with respect to the health and viability of brick-and-mortar retail. But what many are failing to appreciate is the fact that impacts of the pandemic have not divided or split the physical and digital retail environments. It’s actually bringing the online and physical experiences closer together. And those that have proven to be successful through the pandemic are the retailers that have managed to work effectively with both channels to create a seamless experience. The perception of today’s consumer concerning retail is

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*Claude Sirois*

## Brick-and-Mortar Central to Industry Success

Sirois stresses the importance of the physical store, describing it as “vital” in providing consumers with another means by which to interact with retailers, complementing and rounding out the marketplace that he refers to. However, in light of recent gains in e-commerce sales across the country, he suggests that the greater significance of brick-and-mortar retail might be lost in the numbers for some. According to

recent Statistics Canada data, total retail sales for Canadian retailers at the end of 2020 amounted to \$606 billion, representing a decrease of 1.4% from 2019 and the largest annual drop since the economic recession of 2009. Ontario was the hardest hit of all the provinces, experiencing a 3.4% decrease in sales, followed by Alberta (-2.5%) Nova Scotia (-2.0%), Saskatchewan (-1.1%) and Quebec (-0.4%). In contrast, retail e-commerce in the country boomed last year. The direct result of mandatory business shutdowns and drastically changing consumer shopping habits, online sales reached a record high in December, registering \$4.7 billion and an increase of 69.3% year-over-year for the month. All told, retail e-commerce in Canada surpassed \$35 billion in 2020, accounting for an increase of 70.5% over 2019. They are gains that are being lauded throughout the industry, and to the casual onlooking bystander might seem to go a long way toward supplementing for the shortfall in physical retail spend. But Sirois points out that it isn't exactly the case.

“E-commerce activity in Canada is currently

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are associated with the online business, including fulfillment, logistics and returns, they don't make a lot of money doing it. So, what that means is that, at the end of the day, retailers, and the industry as a whole, needs physical retail, not only to complement the experience they offer, but to also differentiate it from the online experience. When consumers leverage the physical space to pick up product that they've purchased online, either in the store or by curbside, they can offer something different, engage with the consumer, upsell, and improve the profitability and margins of online transactions. In this way going forward, the physical retail storefront is going to serve an even greater part toward ensuring the health and strength of the industry."

## Bringing the Consumer Back

The COVID-19 pandemic has not only accelerated the evolution of a consumer who is channel agnostic, however. Sirois also notes that the uncertain and unpredictable nature of the current situation has also resulted in frail and fractured loyalty to retail brands, one that's been shaken by the convenience and choice found in the online environment and the consumers' willingness to shop within it. In fact, according to a recent Deloitte report titled 'COVID-19: Voice of Canadians and impact to retailers', 52% of consumers in the country say that they have become more likely to make purchases online since the onset of the pandemic. It's a statistic that corresponds with findings of a PwC survey in which 44% of respondents stated that they are not comfortable visiting a physical retail store while impacts of the pandemic linger. And, without any clear indication as to the length of time this behaviour might be

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“First and foremost, for retailers to start bringing people back into the physical store, they’re going to need to help restore confidence in the consumer by ensuring safe environments to browse and shop in,” asserts Sirois. “And this also means that in order to offer that differentiated, more engaging experience of brick-and-mortar, retailers are going to need to adapt their physical spaces. Gone are the days of the static shopping environment. Going forward, a different kind of movement and flow will be required in-store, while providing the emotion and human connection of the experience.”

## Experience Is Key

The implementation and adherence to proper health and safety measures tops the list of consumer concerns according to a recent study developed by Ipsos, which found that 82% of Canadians consider it to be the most important factor when thinking about returning to a retailer. To address this, Sirois emphasizes the need for a more holistic approach by retailers toward the management and execution of their various channels, suggesting that the internet and online experience serve as the central access point for brands, with social media providing the thrust required to cultivate and renew a sense of confidence and trust within the consumer, driving interest and traffic to the physical space. He admits that achieving the perfect balance won't be an easy feat. But he says that, looking forward, a post-pandemic

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“A lot of attention is being paid at the moment to the use of technology and the enhancement of the digital retail environment,” he says. “But what will prove to be one of the most interesting collateral impacts of the pandemic will be a renewed interest in traditional marketing strategies around creating events and providing a catalyst to generate the traffic, resulting in opportunities to engage with the consumer. Pretty soon, we’re all going to be approaching two years of this “Zoom life” or “screen life”. And once that level of comfort is renewed within the consumer, their need to interact and make human connections will be overwhelming, resulting in an explosion of the experience economy.”

## A Confluence of Channels

In a recent report developed by KPMG Canada titled ‘Keeping up with the Canadian consumer’, following concerns about safe shopping environments, the most important consumer consideration made by consumers with respect to their return to a physical retail store is the “experience” offered, with 65% regarding it as a major influence on their decision to return to brick-and-mortar locations. And, it’s in a post-pandemic environment that Sirois says an interest in the retail experience will only increase, allowing retailers to leverage the full potential of their physical spaces, where a confluence of channels, technologies and data can inform a more personalized and enriched experience for the consumer. He recognizes that the notion of “experience” is a complex one, and that it is something that resonates differently within everyone. But he says that those who are able to continue developing a deep understanding of their customers will benefit in a big way when traffic to the physical retail space is restored.

Sirois also suggests that a more thorough understanding and knowledge of consumer

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their existing physical presence and make the changes necessary to expand the range of experiences and options that consumers are calling for.

“There will be a total rethink and reassessment of the entire retail footprint in the months and years to come,” he states.

“The use of the physical space will change and will include centres for fulfillment, and will provide ways for the customer to view and interact with the product in a different way.

There’s no questioning how meaningful the physical retail space will be going forward in retailers’ quest to meet the evolving shopping behaviour of the consumer. As a result, they’ll continue investing in the technologies that will facilitate their understanding of their consumers desired journey, allowing them to cater their physical presence accordingly.”

## Strengthened Partnerships

With respect to the data that’s generated, Sirois also suggests that greater sharing of the data between tenant and landlord is required going forward in order to support success and the creation of a more transparent relationship. The tenant-landlord relationship, one that has remained, generally speaking, very traditional for a number of years is another aspect of the brick-and-mortar operation that has been brought into sharper focus since the onset of the

pandemic. And Sirois believes that one of the more positive consequences that could result is

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“When we talk about the traditional retail lease, we’re talking about something that was developed in the industrial era which was a completely different environment,” he explains. “With the advent of the multiple channels that are available for consumers to shop today, the structure of the retail lease needs to be revisited, refreshed and revamped. In an omnichannel world, where the consumer is channel agnostic, the use of the physical space has changed. But the metrics used to measure the performance of a store have not and have quickly become outdated. This is one of the things that the pandemic is highlighting. What it could result in is a true partnership between retailers and their landlords that goes beyond what we’ve become accustomed to, one that involves the sharing of data and marketing strategies from both sides in order to ensure success for everyone.”

## Retail Redefined?

Everything considered, it’s evident that retailers have their work cut out for them looking ahead toward the next 12 to 18 months as the impacts of the past year continue to persist. However, Sirois points out that the industry is a resilient one, having proven so time and again through decades past. And he believes that soon enough, despite the negativity that surrounds the industry at the moment, creativity and innovation will result in a real rejuvenation of the brick-and-mortar experience and retail industry as a whole.

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retailers in the country. However, that creates more room for a new wave of retailers that can help enhance and elevate retail to another level. Consumers across the country are already becoming incredibly hungry for experiences. There's an increasing appetite growing within them to be 'wowed'. And the retailers that are able to offer something new within a safe and engaging environment will only succeed and grow, and inspire something of a redefining of the retail experience."

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