

WWD

Think Tank: The Future of Retail Comes to Life in Times Square

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We've all read the headlines that retail, at least in its traditional form, is failing. People are seeking out different ways to identify with brands, and shopping is now about providing consumers with unique, more expansive experiences. The idea of simply selling merchandise on a per-square-foot basis is long gone. Now, the phenomenon of click-to-brick has blended purchasing habits of loyal customers, creating an audience of followers that shop online and in stores interchangeably.

We see this when online-only brands rent out temporary spaces for a weekend or maybe even a few weeks, and completely revamp the location to make it feel like a showroom — often targeted to their most loyal consumers. Shoppers will travel to nearby cities, wait in line for hours, and spend copious amounts of money on merchandise just to experience the utopia created especially for them by their favorite brands.

Although experiential retail continues to outpace traditional malls and department stores, brands are also increasing their investments in immersive shopping destinations where buying isn't even an option. It's becoming all about the consumer's interaction with the brand, which explains why previously online-only retailers are expected to open 850 new physical locations over the next five years.

According to media reports, Amazon is interested in increasing its number of Amazon Go stores from nine to 3,000 by 2021. The company best known for digitally disrupting traditional retail is beginning to reinvent retail in the physical realm as well. Unlocking this model at scale will usher in a golden age of experiential retail and bring people, products and platforms together in exciting, never-before-seen and mutually beneficial ways.

The recognition of these trends, and others, is why we are so bullish on TSX Broadway. This is a project that was imagined as the answer to the ever-evolving retail and advertising trends. TSX Broadway will be the first full-building experiential retail destination in the world, located in the heart of Times Square. Boasting an 80,000-square-foot space, this new location will provide visitors with an experience that is much more than just a space for retail. TSX Broadway will provide a 24-hour experience in which one can spend a night in the hotel, eat breakfast at one of the restaurants, do some shopping, see a Broadway show at the Palace Theater, and then grab dinner before heading back up to their hotel room. This will not just be an in and out location, this will essentially be a vertical Disney Land.

It will also be home to the only permanent outdoor stage in Times Square — cantilevered 30 feet above street level, the 4,000-square-foot performance platform will fundamentally transform how visitors interact with Times Square. In addition to the unparalleled location, the stage will be surrounded by an 18,000-square-foot high-resolution LED sign, giving performers the unique ability to integrate their concert with the building.

TSX Broadway will be in the center of the most trafficked commercial hub on the planet — more popular than the Eiffel Tower, the Vatican or even Disney World. Making it the largest and most engaged pedestrian population of any place on the planet, 127 million people come to Times Square every year, spending \$56 billion annually and purchasing more than 13 million tickets.

About 400,000 people visit Times Square on any given day — more visitors than a Super Bowl. Beyond being one of the most visited locations in the world, Times Square is also the most broadcast and digitally shared site in the world, with 243,000 visitors posting daily about their experience, resulting in 8 billion social media impressions a year. That means what happens at TSX Broadway is going to be shared around the world instantly with phones, tablets and streams. The daily reach is unprecedented.

In the Eighties and Nineties, Times Square was still a largely neglected neighborhood — spurring government intervention to encourage new development and growth. While tax incentives engendered an era of new office construction, builders designed developments to face away from the area and have bunker-like designs to minimize risk. As retail in this area has become boundlessly more valuable over the past two decades, owners have tried to capitalize on their ill-suited frontage, but the results are far from ideal. Despite this, the area commands premium rents because brands understand the value of Times Square’s constant foot traffic.

Building a consumer destination in this area that has the infrastructure and capabilities to host events visible to people on the street and with larger-than-life screens that can broadcast onstage performances is not only an opportunity to get more impressions, it’s also an opportunity to collect an immense amount of data. For years, brick-and-mortar retail stores have been capturing data on consumers visiting their locations. This technology explains why brands can justify a 40,000-square-foot retail space that doesn’t sell any actual products. While consumers get to test out new products, the company can collect a lot of information about the way people interact with them.

While TSX Broadway will shift the retail landscape by becoming the premier retail destination, the building is also a reflection of the changes in the advertising world. The 30-second spot is going away, thanks in large part to streaming services and other disruptive platforms. Print insertion is diminishing, and banner ads are being blocked by one in four Americans. There is a rush toward external signage and big plays because people are sensitive to messages in public places. You can’t avoid them.

Staying on top of the evolution of retail is challenging. I’ve always strived to be thoughtful about putting experience-minded tenants into my buildings. In 2010, I secured Eatly as a tenant in the Fifth Avenue Toy Factory and helped bring to life a giant market peppered with mini restaurants throughout. Since 2000, L&L Holding Co. has acquired and developed nearly 10 million square feet of Class A commercial office properties in New York City, and recently won a Developer of the Year award in 2015. I, along with my cofounder Robert Lapidus, own numerous trophy properties as part of L&L’s portfolio, and look forward to continuing our success with TSX Broadway.

The redevelopment of TSX Broadway will fundamentally transform entertainment in Times Square — elevating the neighborhood into the experience it should be for its 127 million annual visitors. Times Square has never enjoyed a purpose-built experiential retail platform that matched the high standards of its shows, and few have been able to overcome how hard it would be, or how much work it will take to achieve something of truly historic potential — until now.

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