Cambridge Retail and Consumer Trends

City of Cambridge
Cambridge Community Development Department
Cambridge
Demographics and Retail Market
## Snapshot - Cambridge

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>105,162</td>
<td>114,866</td>
<td>120,990</td>
</tr>
<tr>
<td>Median Age</td>
<td>30.3</td>
<td>31.7</td>
<td>32</td>
</tr>
<tr>
<td>Population aged 20-34</td>
<td>45%</td>
<td>42%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Data source: ESRI Community Analyst 2018
## Snapshot - Cambridge

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median Household Income (MHI)</strong></td>
<td>$77,105</td>
<td>$96,347</td>
</tr>
<tr>
<td><strong>Households with income &lt;$25,000</strong></td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>White Population</strong></td>
<td>60%</td>
<td>56%</td>
</tr>
<tr>
<td><strong>Black Population</strong></td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Asian Population</strong></td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Hispanic Population</strong></td>
<td>10%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Data source: ESRI Community Analyst 2018

Massachusetts MHI (2017): $71,460
U.S. MHI (2017): $56,124
# Cambridge Customer Psychographics

<table>
<thead>
<tr>
<th>Segment</th>
<th>Percentage</th>
<th>Median Household Income (MHI)</th>
<th>Median Age</th>
<th>Key Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metro Renters</td>
<td>32.7%</td>
<td>MHI: $52,000</td>
<td>31.8</td>
<td>Well-educated, informed - cell phones are a part of everyday life</td>
</tr>
<tr>
<td>Laptops &amp; Lattes</td>
<td>30.0%</td>
<td>MHI: $93,000</td>
<td>36.9</td>
<td>Health and image conscious</td>
</tr>
<tr>
<td>Trendsetters</td>
<td>25.9%</td>
<td>MHI: $51,000</td>
<td>35.5</td>
<td>Young, educated, and single</td>
</tr>
<tr>
<td>Urban Chic</td>
<td>4.1%</td>
<td>MHI: $98,000</td>
<td>42.6</td>
<td>Well-connected consumers, maintain a “green” lifestyle</td>
</tr>
<tr>
<td>International Marketplace</td>
<td>2.9%</td>
<td>MHI: $41,000</td>
<td>32.3</td>
<td>Young, diverse market, mostly Spanish speaking households</td>
</tr>
</tbody>
</table>

- Value education and creativity
- Enjoy dining out and travel
- Upscale living, style-conscious
- Avid readers
- Enjoy a bargain

Data source: ESRI Community Analyst 2018
Cambridge Workforce

Workers by industry in the City of Cambridge. Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (2nd Quarter of 2014)

131,311 persons employed in Cambridge (2012-2016 ACS)
Market Opportunities

Based on the market composition, customer traits, and the city’s income levels, retailers in Cambridge should position themselves to offer the following:

- Contemporary, hip, and trendy merchandise
- Mix of products for different price points
- Consider lower priced items or discounts to meet student budgets
Cambridge Retail Market

Key Takeaways:

- Food Services and Drinking Places is the largest retail category followed by Health and Personal Care Stores.
- General Merchandise <1%

Note: Miscellaneous Goods refers to florists, office supplies, stationery and gift stores, used merchandise stores, and others. Food and Beverage refers to grocery stores, specialty food stores, and beer/wine/liquor stores.

Source: City of Cambridge Business Data, 2018
Key Takeaways:

- General merchandise and grocers likely looking for opportunities.

- Surplus suggests Cambridge is already a regional eating and drinking destination.

- Opportunities lie in creating environments that support existing retailers.

Source: ESRI Community Analyst 2018
Purchasing Habits and Trends
Online Shopping Trends

Residents who made a personal purchase online in the last 30 days:
- USA: 44.5%
- Massachusetts: 51.3%
- Cambridge: 64.5%

Residents who have internet at home:
- USA: 85.3%
- Massachusetts: 89.9%
- Cambridge: 93.4%

Source: ESRI Community Analyst 2018
How are Consumers Finding and Choosing Local Businesses?

**75%** Three-quarters of consumers go online to find or research a business before they decide if it is the right choice.

**42%** Four out of 10 consumers use social media to look for a new business.

**27%** Even if they hear about a local business offline, more than a quarter of consumers still visit its website.
### How do Customers Want to Hear from You?

<table>
<thead>
<tr>
<th>Communication Type</th>
<th>Open to Receiving</th>
<th>Currently Receive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service / Appointment Reminders</td>
<td>84%</td>
<td>38%</td>
</tr>
<tr>
<td>Advice / Helpful Tips</td>
<td>80%</td>
<td>26%</td>
</tr>
<tr>
<td>Business / Service Updates</td>
<td>76%</td>
<td>19%</td>
</tr>
<tr>
<td>Survey Requests for Feedback</td>
<td>67%</td>
<td>13%</td>
</tr>
<tr>
<td>Personalized Communication</td>
<td>65%</td>
<td>15%</td>
</tr>
<tr>
<td>Invitations to Events</td>
<td>63%</td>
<td>12%</td>
</tr>
<tr>
<td>Newsletters</td>
<td>60%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Brick and Mortar Shopping is Stable

- The past three years have seen increases in weekly brick-and-mortar shoppers, from 40% in 2015 to 44% in 2018.

- Consumers want to know what their peers think: respondents stated that social media was the #1 choice to get inspiration for purchases.

- Companies can address these trends by paying attention to smartphone dynamics, and focusing on store experiences.

Source: PwC Global Consumer Insights Survey, 2018
Consumer Habits Have Changed

Growth of e-commerce and online tools is leading consumers to merge online and offline into a single shopping experience.

The food industry is facing fundamental and cross-generational shifts in consumer dining habits.

Consumers are spending less on products and more on experiences and personal service-based retail.
Competing with E-Commerce
Based on what you’re seeing in your own community and industry, is the growth of Amazon hitting independents or chains harder?

- 36% Hitting the chains harder than independent stores.
- 30% About the same for both chains and independent retailers.
- 20% Hitting independent retailers harder than the chains.
- 14% Don’t know.

Source: Advocates for Independent Business, *Independent Retailers and the Changing Retail Landscape*
Positioned to Succeed

Which factors do you think make independent retailers better able than the chains to withstand Amazon? Please select the 3 most important factors:

- **Service**: Independent retailers provide better and more personalized service than chain stores do. 96%
- **Community**: Independent retailers are more involved and know the community better than chain stores do. 79%
- **Knowledge**: Independent retailers have more expertise and knowledge about the goods and services they provide than the chains do. 70%
- **Experience**: Independent retailers provide a more enjoyable and interesting shopping experience than the chains do. 60%

Source: Advocates for Independent Business, *Independent Retailers and the Changing Retail Landscape*
96% of consumers believe local businesses beat big-box stores on personalizing service and 91% think they’re more trustworthy and reliable.

“What Consumers Want from Local Business”
Yodel, 2015.
Local Advantage - Community

Consumers can get products anywhere - but not social connection.
Building a Customer Community

GATHER HERE EVENTS

SIP AND STITCH

The first and third Thursday of every month from 6 p.m. until 9 p.m. (when the pub closes). No stitch lounge would be complete without a version of the “Sip & Stitch” but this is totally co-ed. Bring your hand work (knit, crochet, embroidery, etc.) and your stories. We can’t wait to see what you are making! This is an opportunity to meet the makers in our community so please say “hey”!

- We provide: not-so-fancy snacks
- You bring: yourself, your current hand project, and a pint
- Cost: It’s free!
Local Advantage - Experiment with Experiences

Ice Cream Social at The GD

Public • Hosted by Garment District and Boston Costume
INFORMATION OVERLOAD
THANK YOU!