



Bruce Nustad

Minnesota's diverse retail sector will innovate, adapt to meet COVID-19 challenge

A Minnesota-in-the-post-pandemic-world interview

July 31, 2020

Background

[01:44]

The MnRA represents approximately 50,000 retailers across the state of Minnesota, about one-third national businesses, one-third regional and one-third small "main street." For more information about the organization-including its mission and vision-go to the [MnRA website](#).

Before COVID-19, retail was responsible for about 780,000 jobs in Minnesota and touched about 20 percent of the state's GDP. Retail provides an important first work experience for many people and plays a significant role in the critical "velocity" of the dollar, keeping the economy moving. Minnesota's strength is a highly diverse economy. Many retail sector businesses are already dual survivors, having made it through the great recession and successfully adapted to increased on-line competition.

Discussion

The notes of the discussion below are edited for brevity.

What are the prospects, five years out, for the 50,000 retail businesses and 780,000 jobs the retail sector has been providing? [09:54] Will we see fewer, larger, more

on-line retailers? [12:16] Nustad sees the next five years as a period of modest growth in retail. The effects of on-line buying are a big question. The opening up of curbside sales revealed the critical importance of a web presence, even one that is quite straightforward and simple, and also the old-school option of the telephone. A quick answer on availability and a same-day pickup option can beat delivery.

What happens to existing retail space in light of consumers' shift to online purchasing fulfilled from large warehouses? [18:31] Nustad thinks retail space utilization will continue to be fairly steady, with some changes. A market adjustment in rents will make it easier for retailers to afford their space. Also, he is seeing a change occurring, where a retailer might use some space as a retail showroom, with the remainder functioning as a warehouse with other employees working to fulfill e-commerce orders.

Please address working from home and also the challenges enhanced federal unemployment benefits might present to employers trying to fill needed jobs. [22:03] Customer service is one element of retail that can be done from home. Retail businesses face real challenges in finding workers to fill open jobs. The retail sector went into the pandemic with a workforce shortage. Retail jobs tend to be "high-touch," increasing the impact of the virus. An added challenge is federal enhanced unemployment benefits, which, when added to existing unemployment payments, can result in low-paid workers making the same (or sometimes more) staying at home on unemployment. It would be good to ease off of the large bump in unemployment payments.

Can you address the disparities that tend to be seen among various groups? [28:54] Retail jobs tend to be a first and last work force experience for people and the pay tends to be aligned with that. There is no easy answer to the disparities, but perhaps a broader conversation can come out of the COVID-19 situation, with a careful look at all the pieces making up compensation--sick leave being an important one.

Could you discuss policy decisions that incentivize cost saving through replacing labor with technology? [33:40] Such alignments are easier to make in a period of growth. Careful thought will be needed to think about what this looks like and how we get there.

Why isn't more being done to prepare graduates with the skills needed to succeed? [38:14] The new generation sees that working hard isn't everything--they value family, experiences and contributing to society. Retailers providing first work experiences have a role in soft-skill training, but this burden is shared among many parties. Training begins at home with parents and families.

How is the pandemic affecting particular sectors? [41:46] Even before COVID-19, there was a softening in clothing, although bright spots remain, such as fashion and niche. Other hot areas are trees, furniture, anything related to cooking, or exercise.

How can the retail ecosystem support a balance of both large and small retailers? [48:02] Minnesotans are crossover consumers, shopping both large and small stores, and they love deals. Retail is an ecosystem where large and small retailers need and benefit each other. The ecosystem can get out of balance and there will be fallout, but it is resilient. If we can't come up with a solution that works for all, we are not thinking hard enough.

What could the 2021 legislative session do to help retail? [54:08] Update laws on the books to better address organized retail crime. Teams of professional and coordinated shoplifters, who often communicate over social media, are responsible for millions of dollars in retail losses. Other issues mentioned include data privacy and 3.2 beer, now unique to Minnesota.

What about the retail challenges in the central cities? [59:58] Retailers are becoming more conscientious about challenges to under-served areas, such as food deserts and lack of pharmacy and other essential retail. Crime and high rents play an important role. Easing back on regulation can help, as can steps like site identification and working with developers.

How do generational trends such as sustainability and minimalism square with the excess packaging and immediate delivery of e-commerce? [01:06:04] E-commerce is smart consumerism, in that it gets exact needs met. Interestingly, sustainability trends--such as reuse, repurpose and recycle--are off the chart. The MnRA is introducing a pilot project for Sustainable Sunday to follow Black Friday, to celebrate the benefits of shopping pre-owned, refurbished and recycled products: [MnRA Sustainable Sunday](#).

What about a statewide minimum wage? [01:13:15] On many matters, local makes sense, but Nustad prefers statewide regulation for a minimum wage and for mask requirements.

What about broadband access? [01:15:35] The MnRA does not presently have a position on broadband, but it should be more involved, since broadband access impacts e-commerce and has become a workforce issue with the increase in working from home.

Conclusion and thanks. [01:17:22] Nustad remarked that the best solutions often come from thoughtful conversation and thanked the Civic Caucus. The chair, on behalf of the Civic Caucus, thanked Nustad for his insights and the great discussion.

Biography

Bruce Nustad is president of the Minnesota Retailers Association. Previously, he was president of the TwinWest Chamber of Commerce, serving businesses in the western Twin Cities suburbs. Nustad was president of the Twin Cities North Chamber and membership-development vice president at the Saint Paul Area Chamber. He received his bachelor's degree from Concordia University, St. Paul, in public policy, political science and economics, and his master's degree in public administration from Minnesota State University, Mankato. He is married and the father of four children.

Present on Zoom interview

Helen Baer, Janis Clay (chair), Paul Gilje, Lee Munnich, Bruce Nustad, Paul Ostrow, Clarence Shallbetter, Jane Vanderpoel, T Williams.

Again, click [HERE](#) to access the complete Zoom recording on YouTube of Bruce Nustad's interview with the Civic Caucus.