

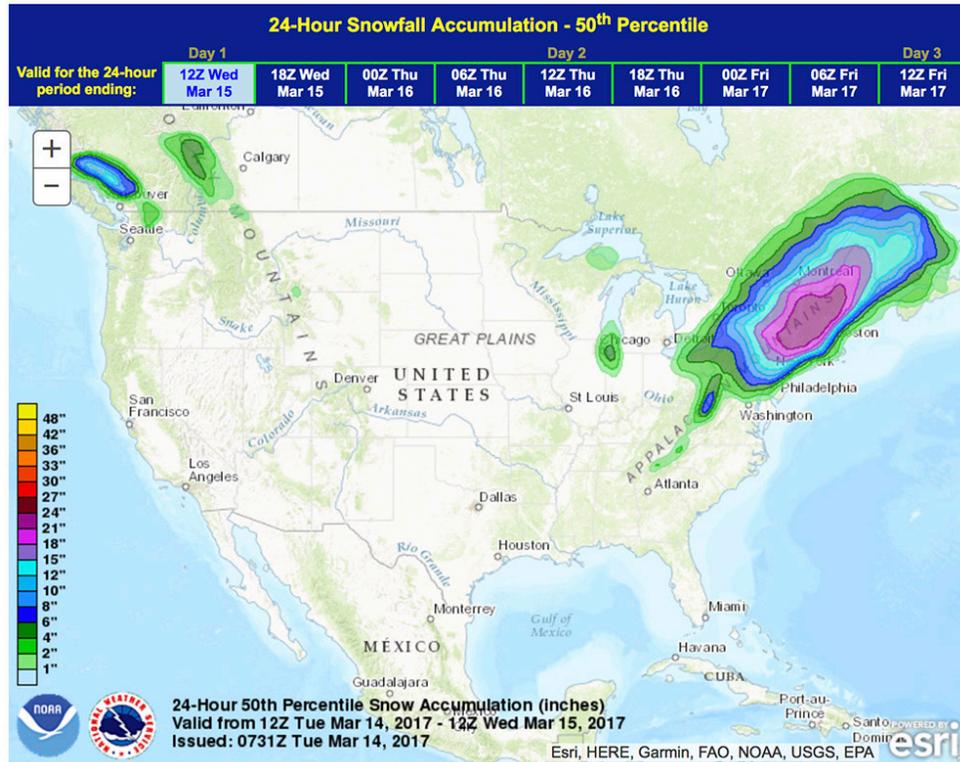
Major Winter Snowstorm Hitting the Northeast: Impact on Retail



- 1) A heavy snowstorm will be hitting the Northeast, and is set to affect over 130 million people in areas including New York City, Boston, Baltimore/DC and Philadelphia.
- 2) Fashion apparel retailers and home centers are expected to suffer negative economic impacts of \$310 million and \$1.2 billion, respectively, according to Planalytics. Walk-in restaurants and bakeries will likely be negatively impacted as well.
- 3) Restaurant delivery services, online retailers and on-demand services will likely end up as winners. Grocery stores and convenience stores could also benefit because of their location, while mass merchants could also benefit, as people stock up for the storm. Finally, “snow businesses” such as snow removal services or ski resorts look set for a busy period.

The National Weather Service (NWS) has issued a blizzard warning for the New York City area today, while weather forecasters are warning of heavy snowfall on Tuesday in most of the cities located in the Northeast. New York City, Boston, Baltimore/DC and Philadelphia will be some of the major cities impacted, with an estimated total of over 130 million people affected by the snowstorm. The NWS further warns that NYC may get up to 17 inches of snow, which is set to break the city’s snowfall record set in 1888. The snowstorm is also expected to have a net-negative impact on the economy.

Figure 1. Snowfall Forecast



Source: The National Weather Service

Losers

The economic impact of the storm on fashion apparel—which includes specialty apparel retailers and department stores—is estimated to result in a loss in sales of approximately \$310 million compared to the same week last year, according to Planalytics. Home centers, which are currently in their “Christmas” period, will likely be hit hardest, with a negative economic impact estimated at \$1.2 billion, according to Planalytics. Walk-in restaurants and bakeries will also likely suffer from the unfavorable weather conditions, due to drastically reduced traffic.

Winners

Obvious winners from the snowstorm will be restaurant delivery services, online retailers and on-demand services such as cable or Netflix, as people will spend the day at home. “Snow businesses” that offer snow removal or operate in ski resorts should also fair positively. Convenience stores, grocery stores and gas stations also look to be likely winners, as they provide a close-proximity shopping location for residents facing limited transportation capacity, due to the expected heavy snowfall. Finally, mass merchants such as Walmart and Target may also benefit, as they offer one-stop shopping for residents in affected areas to stock up on supplies before the storm hits.



FLASH REPORT

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