

# THE CASE OF DISAPPEARING MAIN STREET RETAIL

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Authored By:



# I. INTRODUCTION

*The following white paper was developed in collaboration with two economic development advisors, Hrishue Mahalaha, Managing Partner of Innovation Economy Partners and Jim Damiciis, Senior Vice President of Camoin Associates. Alexandra Tranmer of Camoin Associates contributed additional content, along with design work and coordination. Based on our experiences working with communities across the country, we wanted to share what we have learned and practical applications regarding the changing retail landscape and what they mean for communities looking to support Main Streets.*

As we work with communities and help them develop sustainable economic strategies, we have observed emerging trends impacting the retail sector. Our work takes us to communities of all sizes - rural, urban and everything in between. Regardless of their size, location, and industry strengths, it is likely that the retail sector comprises an important portion of the community's economy. In many areas we see retail spaces that are declining, signaled by numerous storefront vacancies in outdated strip malls with crumbling facades that lack design and relevant amenities. In some communities these spaces continue to decline, while others have already been vacant for several years, leaving boarded up windows and empty buildings in once thriving economic hubs. Yet, in other communities we have seen traditional retail locations updated and replaced by a dynamic retail mix, along with more active public outdoor spaces and thriving amenities to draw in consumers. Often, these spaces are vibrant, active main streets, downtowns, and village areas with a diversity of economic and human activity served by smaller scale retail spaces, and pedestrian amenities that are connected to transportation options and housing.

The retail sector in many communities is at a perilous intersection. In the 1980s and 1990s, it was the Walmart effect, with its dominance of low prices through supply-chain optimization that had a sharp impact on the retail industry in rural America. The challenge for this decade and the next, will relate to the impact of internet based commerce (e.g. Amazon). The beauty of capitalism is that it works to optimally match human demands and the service and products supply in the context of an evolving economy. There is a natural trajectory that connects the innovation and development of personal computing, internet connectivity and online commerce. For the consumers, these developments deliver dramatic benefits (cost reduction, access to expanded assortment, ease and efficiency of access, etc.). But, it seems that with every step forward, some cultural or human dimension is affected. This is what we will speak to in this paper. What are the current and future implications of e-commerce? More specifically we focus on small to medium size towns and cities that most acutely face these headwinds. Finally, we provide a set of strategies that community and economic leaders can adopt to help support the growth of retail industry in their community.



## DEFINITION

Main Street Retail: Brick and mortar retail operations located in the heart of a community's business district neighborhood (town or village square, downtown etc.). The area is often associated as once being the heart of the community's vibrancy and culture.

# II. WHY IS MAIN STREET RETAIL IMPORTANT TO OUR COMMUNITIES AND ECONOMIC DEVELOPMENT?

The retail industry is often overlooked in local economic development strategies. Unlike manufacturing, which creates wealth by producing value-added products and exporting those products outside of the region, the retail industry is often viewed as simply “shuffling” wealth within a region. Although retail establishments do not produce or export “value-added” products or services, they still provide a vital service to residents and visitors alike. Retail establishments exist to make available a wide array of items from necessities to luxuries, as well as by contributing to the overall quality of place in a community. If not provided in locally, residents are forced to go elsewhere to meet their demands. Creative retail establishments have the opportunity to capture revenue that would otherwise leave the community as consumers seek out items they cannot get locally.

Retail is also overlooked because it has lower than average employee wages, making it less of a priority for economic developers who are looking to boost job growth in well-paying sectors. The average annual earnings for the national retail trade industry (defined by NAICS 44, Retail Trade) are about \$35,000, while the average annual earnings for all industries in the United States reaches over \$61,000. Despite this, retail is a major component of our local, regional and even national economy. Nationally, the industry employs 16.6 million people, representing 10% of all jobs across the U.S. This is an increase of 9% since 2011, mirroring the total percent growth in employment for all sectors in the U.S. during the same period.<sup>1</sup> In 2016, retail contributed \$2.59 trillion to the US GDP, making up 16% of total GDP.<sup>2</sup>

<sup>1</sup> Based on data from EMSI, Retail Trade NAICS 44

<sup>2</sup> The Economic Impact of the U.S. Retail Industry, PricewaterhouseCoopers - retail industry is defined to include retail, food services and drinking places.

In addition to the sheer size of the industry, the retail industry is critical in communities for the following three specific reasons:

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### (1) Culture and Neighborhood Vibrancy

Retail businesses can be a critical physical junction where individuals in a community interact. It helps create quality of place. Charming town squares, Main Streets or green spaces with retail amenities are often the center of both small to medium towns and cities. If these physical spaces deteriorate in front of the community, stores boarded up and vacated, due to neighborhood changes or other economic forces, it sends an overt and a subconscious message to the local community members and visitors that this community is on the decline. As a result, people stop moving in and instead begin moving out, businesses stop investing and creating jobs, this leads to a drop in property values as the tax base shrinks. The continued decline pushes other municipal services to be reduced, like resources afforded to education.

Retail and place making also serve as very important components that support other economic development tools. For example, when we interview Site Selectors that help assist companies through their relocation process, one common theme often identified

is the importance of the overall quality of life within the community where the company is considering relocating their business. Quality of Life (QOL) is a particularly important factor as sites are narrowed down in a company's selection process, according to Jim Colson, President and CEO of Growing Economies International LLC. QOL is reflected in the quality and vibrancy of a community's Main Street, while other factors including workforce, logistics, and business incentives play important roles in shortlisting communities to match a business needs. However, the final decision is invariably an emotional one, tipping the scale to communities with high QOL and Main Streets. Quite often, the final site is selected by a leader of the organization visiting the community with his or her family and determining whether the community has the right QOL components like cultural attractions, and places to eat and socialize. Additionally, the availability of a trained workforce is a major consideration in business investment decisions and generally, workers will want to live where they can have a high quality of life.

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### (2) Practical Workforce Learning

The retail industry also serves as a first step for many to gain vital work and business experience. A recent survey showed that nearly one third of American workers, got their first job in a retail sector business. Many people begin their work experience at a local restaurant or grocery store doing odd jobs. These local work experiences offer an opportunity for young members of a community to gain vital work and growth experiences. While chain restaurants and mega-corporate retailers such as Wal-Mart can offer similar opportunities, the reality is that these entities will generally have less flexibility for individuals to learn about all the various facets of the business. For example, at a local corner store a young person may find themselves stocking

the shelf one day, running the cash register the next and the third day serving the customer. The fluidity of experiences offers a degree of value in an individual's career development process.

According to a report conducted by the [National Retail Federation and PricewaterhouseCoopers](#), nearly 99% of retail businesses employ fewer than 50 people and Economic Census data reports that more than 95% of retailers have a singular location, demonstrating the importance of small businesses and their local workforce to the overall economy.

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### (3) Entrepreneurship

As well as a workforce training ground, retail is also an important point of entry for local entrepreneurs. There are aspiring chefs, bakers or artists who strive to have their own shop one day. Retail storefronts serve as a stepping stone for motivated and driven entrepreneurs to channel their entrepreneurial creativity. Retail businesses are also extremely risky and have a high rate of failure. As such, the opportunity for a community is not to see its local talent waste their capital and resources on a failed business. Instead, the community has incentive to develop a support network for entrepreneurs which allows them to be as successful as possible.



Burlington, Vermont - Pedestrians walk along an illuminated Church Street, Burlington's retail thoroughfare, where independent and national retailers line the street.



## III. 5 TRENDS THAT WILL INFLUENCE THE FUTURE OF SUCCESSFUL RETAIL

*We recognize that Main Street Retail will continue to face tremendous challenges from its rivals in the online commerce space. However, there is a distinct role that Main Street Retail can and should play in communities, which will help both the retailers and the communities succeed. As the world of retail continuously evolves, we consider 5 emerging themes below that can be the differentiating factors for successful Main Street Retailers:*

### **(1) Main Street Retailers need to provide an authentic local experience through products AND services**

When it comes to differentiating yourself in the realm of retail, businesses should ask themselves, “What can’t Amazon do?” Retailers that can answer this question and capitalize on filling a space in the market will have a greater chance of success. Certain product categories hold greater opportunities than others, including: hard to ship items, freshly prepared foods with local ingredients, items that highlight local pride or community spirit, and experiences that are dependent on local setting or social interactions.

Amazon and other e-commerce retailers are willing to take a loss on the sale of a product they have to deliver to a more geographically remote area because in many instances they are still in a market acquisition mode. Taking this into account, local retailers should consider focusing on products that are more challenging to ship because of the products’ dimensions. Still, the reality is that economic factors will continue to push for

the development of new business models that will create market pressures on Main Street Retailers. For example, with the advent of [www.boxed.com](http://www.boxed.com) and other online wholesalers, even heavier items will now be shippable to the most remote parts of the country.

In a 2013 study conducted by retail strategy firm [WD Partners](http://WDPartners.com), nearly 80 percent of respondents said instant gratification was the key benefit to buying in person; 75 percent said the experience of human connection was the reason they bought in store. By recognizing the deeper reasons consumers buy in each channel, merchants can tailor their brand position, in store aesthetics and marketing messaging accordingly.

## FEATURED RETAILER:

[Cherry Picker](#) in Springfield, MO has successfully targeted the local food and beverage trend that has exploded across the country. The store provides a niche selection of specialty beers and wines, and offers high-quality coffee and light fare within the store. A patron would be hard pressed to find a similar selection of products at other stores in the region, making Cherry Picker a stand out business.



Cherry Picker offers a small, yet a distinct selection of craft beers and wine in Springfield, MO  
(Source: Feast Magazine, Roadtrippers)

Looking beyond just the products themselves, retailers should focus on the intersection of offering products and providing a service. A typical example of this combination is a full service restaurant. We go to a restaurant not only to get our vegan couscous burger, but also to enjoy the company of a friendly server and the communal environment. Innovative options in this retail space have emerged in the last decade as the competition from online retailers heats up.

Interactive painting stores have burst onto the retail scene in downtowns across the country. These hot spots invite customers to come in for the evening to be led through a painting course while enjoying a glass (or two) of wine. In downtown Troy, New York Canvas, Corks and Forks differentiates themselves from other Paint and Sips with a signature “Mac N’ Cheese Bar” that is free with every class. This is a communal experience where patrons can come with a group or make friends throughout the evening. Downtown Main Streets in smaller cities and towns actually have a unique appeal to businesses like this, as larger retailers will only set up shop for significant traffic counts.



Community gathering and retailing in Troy, NY at Canvas, Corks and Forks. (Source: Sophy A. on Yelp.)



Bicycling culture being celebrated in Battle Creek, MI  
 (Source: WSI Digital Marketing; Team Active)

Another example of innovative retail is a store called [TeamActive](#) in Battle Creek, Michigan. The store focuses on providing a broad array of options for cyclists to help them meet their bicycling needs. In addition to this standard retail channel, the store also organizes various sporting events and races in the community, rendering it a cultural hub for residents and visitors.

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## (2) Embrace the Sharing Economy

Let's face it, "buying things" is so 20th century. Business models such as Uber and AirBnB are proving that our consumption values are shifting. Given the dramatic list of options that are available to us, we no longer need to purchase a car and own it for 20 years and drive it into the ground. Often, it can be much more economical to simply 'rent' the product for a desired time period and then return the asset. Digital platforms have provided the infrastructure to enable this sharing economy to explode by efficiently matching supply and demand and providing for trusted financial transactions. Over the coming decade, we will see an expansion of this model via a variety of Main Street and e-commerce channels. Further exacerbating this evolution will be the economic pressures that communities will face in the coming decades. As our economy slows down, we will continue to seek ways to stretch our dollars.

Individuals and organizations that can capitalize on what has been deemed the "sharing economy" in a retail and service offering will pave the future of retail and one only need to look at a long standing model, the library. One great example that can help drive local foot traffic and vibrancy in a community is to develop a local toy library. A space like this can allow individuals to donate their toys and then borrow toys for a certain period of time.



Additional Resource: [Link on how to start a Toy Library](#)  
 (Source: KRQE)



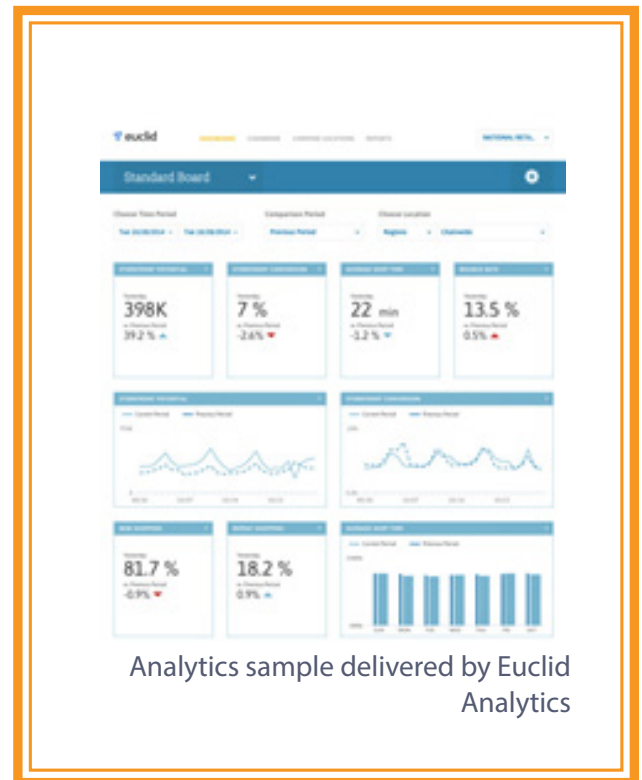
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## (3) Build a Multi-Sensory Product and Service Experience

Another consideration for retailers is developing their online presence along with advancing a bricks and mortar strategy. A great example of this intersection is a hair salon. A hair salon will continue to be a hyper local business. But one way to boost the sales of the retailer is for the business to combine its local services with preferred national or global product manufacturers. The salon will then carry a broad array of samples for the product line and let the consumers try on the product before they buy it. Once the consumer has selected their item, they can be given the option to buy the product online through the kiosk in the store or the customer can do so from the convenience of their home.

The challenge that e-commerce creates for product manufacturers is that consumers still want to try certain products before buying them. For example, you may find the perfect suitcase on Amazon, convinced it is made of quality, durable materials based on pictures and reviews. However, when the suitcase arrives you find that it is flimsy and certainly could not withstand one trip let alone the cross country trip you had planned. Disappointed, you are at least able to return the item for free (depending on the retailer), although the process of returning an item is often a hassle and you are less inclined to trust the quality of that retailer again. The disconnect between expectation and reality is something that can hurt the reputations, and therefore bottom lines, of manufacturers and retailers. To avoid this, both parties would much rather create an opportunity for local consumers to test and evaluate their products in person first, and then have the consumer execute their purchase online. One way to bridge this divide is through virtual reality applications, which are being presented to retailers as an opportunity to more actively engage consumers, while showcasing their products.<sup>4</sup>

This type of a seamless in-store and online experience can also help to build insightful consumer knowledge. Understanding the local customer base at a granular level is more valuable than ever, to be able to build complete customer profiles so retailers are able to anticipate consumer desires. Using data analytics through apps on smartphones, businesses are able to track and understand their consumers in and out of the retail environment. [Euclid Analytics](#) offers retailers a suite of products that tracks marketing, shopper loyalty and what is driving sales, among other data points.<sup>5</sup>

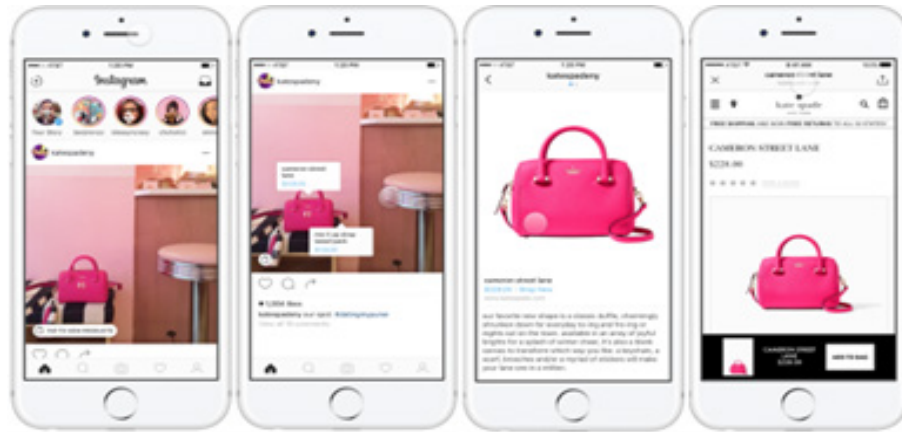


<sup>4</sup> Augment, Homepage, [www.augment.com](http://www.augment.com)

<sup>5</sup> "2017 Digital Marketing Trends," Strategic Funding Source, December 2016, <https://www.sfscapital.com/2017-digital-marketing-trends/>

Another part of this multimedia experience is the Social Media big three, Facebook, Twitter, and Instagram, as well as apps for store operations like Shopify and Square. These platforms are a crucial part of a retailer's marketing strategy and help to bridge the physical experience with the online experience. [Instagram](#) recently piloted a program that allowed trendy retailers like Kate Spade and Warby Parker to introduce more product information directly in an Instagram post; the goal - to seamlessly integrate a consumer's social media usage with online shopping. Incorporating platforms like this on smart phones will be crucial to smaller retailers' success, ensuring their products are visible to the maximum number of consumers.<sup>6</sup>

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Instagram's integrated promotion and commerce platform

#### 4 (4) Use Demographics to Your Advantage

While e-commerce is an important channel for retailers, there are certain demographics in America for which online shopping is limited. Take for example the country's senior citizens, a growing segment of the population. Local retailers must recognize that their customer base is in the midst of a dramatic shift. This older demographic has a lower tendency to use e-commerce as a consumption channel, however, their propensity for online shopping through certain channels is growing. Similarly, there are segments of the population that lean towards a cash economy.

According to the National Telecommunications & Information Administration (NTIA), internet usage among the cohort 65+ is nearly 30% percentage points lower than that of the cohort that uses internet the most, young adults aged between 15 and 24. 85% of young adults ages 15-24 use the internet. The next oldest cohort, 25-44 years old uses the internet at a similar rate, while the frequency of usage drops in the cohort 45-64 to 77%.<sup>7</sup> Understanding the internet usage preferences of aging and older Americans and how they have, and will, change over time is key to capturing their spending dollars.

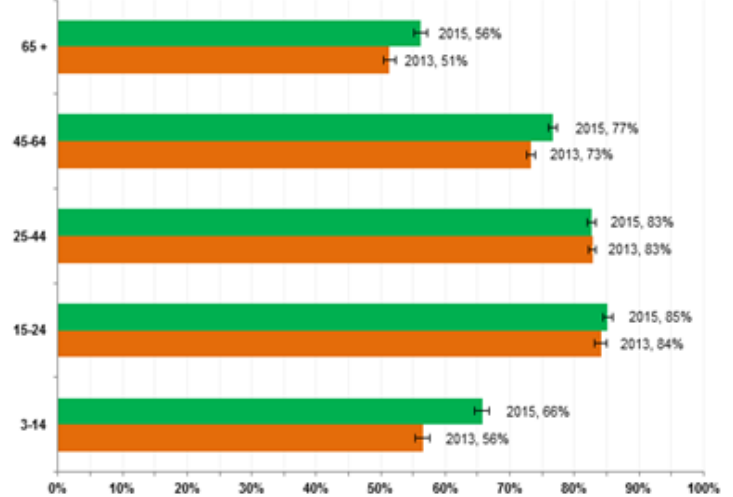
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<sup>6</sup> "Balancing Multi-Generational Retail Strategies," [Synchrony Financial](#), 2014, Link to report [here](#).

<sup>7</sup> From the Office of Policy Analysis and Development, March 2016 <https://www.ntia.doc.gov/blog/2016/first-look-internet-use-2015>

In the next five years, the cohort spanning the ages 70-74 is expected to grow by 25% and the cohort ages 75-79 is expected to grow by 23%. Conversely, the population of 20-24-year olds is expected to decrease by 3%, while the cohort of 25-29-year olds is expected to remain flat.<sup>8</sup> As the population ages 65 and over continues to grow, it is important that retailers and policy makers incentivize programs to keep these demographic trends in perspective, as they can be both a challenge and opportunity for local retailers and entrepreneurs.

Figure 1: Internet Use by Age Group, Percent of Americans, 2013-2015



Elderly citizens continue to lag in their use of internet. Orange bars represent figures from 2013. Green bars represent figures from 2015.

Source: National Telecommunications and Information

A great example of the type of a business model that caters uniquely to an older demographic is Kathy's Coffee, in Lander, Wyoming. If you happen to visit Kathy early in the morning, what you will notice is that her establishment has become the central hub where the local senior citizens in the community come to enjoy a delicious cup of freshly brewed coffee and discuss the daily politics.



Kathy's Coffee a great hub a great place for the hangout for the community seniors.  
(Source: Kathy's Coffee)

<sup>8</sup> QCEW Employees, Non-QCEW Employees & Self-Employed, EMSI 2016.4 Class of Worker

Baby Boomers are not the only demographic cohort that retailers should be courting. As of 2016, 25-29-year olds were the largest age cohort in the United States<sup>9</sup>, comprising 7% of the United States' total population, totaling 22,666,315 people. This generation has been raised with digital technology and expects retail options to be presented across multiple media channels including via smartphones and social media on a 24/7 basis. The multi-sensory experience described in the previous section with interconnected platforms is especially important for this cohort. From reading product reviews, looking at what their friends bought, or general social media buzz, young adults will continue to make use of the technological tools at their disposal.

While ubiquitous internet connectivity is vital to the 21st century consumer, physical meeting places with internet access are just as important. The rise of free-lancers working on a flexible schedule has brought renewed purpose to the corner coffee shop or neighborhood bar. Like Kathy's Coffee pictured above, a gathering space in a centrally located part of the community, especially in more rural areas, is a multipurpose work and leisure space. For an independent worker, the coffee shop serves as an office, a conference room and meeting place. Coffee shops and other eateries are a natural addition to Main Street Retail corridors.

# 5 (5) Be Local and Sell Global

Consumers are seeking products with stories. One way to provide this to the broader market is to connect local manufacturers with the global marketplace. Etsy is a great example of how a hyper-local business can drive sales beyond the immediate community boundaries by partnering with platforms that deliver global access. Furthermore,

businesses should consider how they could expand their market reach through the very channel that imposes economic pressure on them: Amazon. Depending on the product specialization and positioning, local retailers can leverage broad amazon channels to drive their bottom line.

## FEATURED RETAILER:

One great success story that exemplifies this concept is Jen Williams', [The Collective Good](#). Jen's business started in the cozy town of 23,000 people in Whitehorse, Yukon Territory, Canada. Over the past few years, she grew her business from a mini retail store, to a thriving business on Etsy. And she is now part of the Etsy's Wholesale business. This business aims to connect enterprising small scale creatives and retailers with major multi-national retail chains.



An Etsy success story: Jen William's The Collective Good; (Source: Etsy)

<sup>9</sup> QCEW Employees, Non-QCEW Employees & Self-Employed, EMSI 2016.4 Class of Worker

## IV. HOW CAN COMMUNITY LEADERS APPLY THESE LEARNINGS?

*Based on the trends that we have seen on the ground, we've put together a series of recommendations to help community leaders and economic developers navigate a path forward. If you are a community resident or a leader that is looking around your community and feeling overwhelmed because of images like the one shown below, these strategies are presented to inspire, to invoke change and to make incremental steps to revitalizing Main Street Retail.*



A not so uncommon downtown rural community

### OWN THE PROCESS AND OWN THE NARRATIVE

Community and economic development is an arduous field. It is a field that requires patience, perseverance and vision. When facing challenges related to declining Main Street Retail and the associated implications to the community's morale, take the first step, which is recognizing that there is a problem. As overwhelming and daunting as the challenge may seem, know that there is a way that you can make a positive impact. This mental shift to ownership is a critical step, before the other steps can be taken. As you do this, begin to craft a narrative for the community. By this we mean, if you reside in a community where Main Street Retail has

struggled, then the reality is that the local residents have already crafted a storyline around what is broken in the community and why the situation is hopeless. Your job as a community leader is to craft a message that helps people grasp the basic vision of what can be achieved the community. In developing the vision for the community, it is important to recognize that in many ways the new reality of the community may look tremendously different from that of its past. However, the community can rebuild on its historical bones, and develop a sustainable ecology of Main Street businesses.



A great example of “owning the narrative” can be found in Salem, Missouri. A group of young motivated residents came together and developed a 3D interactive layout of what their future downtown could look like.

[3D Interactive overview of renewed](#)

Salem, MO

(Source: GRO Team)

As it is said pictures are worth a thousand words. This visual story telling was a powerful first step in helping capture the imagination of the town residents, entrepreneurs and business owners. These visionaries used this interactive tool to hold a series of community meetings and help the downtown business owners re-imagine their future.

## UNDERSTAND AND PLAY TO YOUR STRENGTHS

Every community in America has a unique set of challenges, but every community also has a unique portfolio of hidden assets. These assets can be in the form of a community culture, history, geographic location, local industries, etc. When thinking about retail, it is important to recognize which of these gems can be better leveraged. One asset that often goes unnoticed by local residents in rural America is the charm and history of their downtown. Through a variety of economic pressures and neglect, the value of historical architecture is not captured. And often these buildings and spaces can be accessed for a relatively low cost. Most communities facing stark retail challenges do not have to worry about a high cost of retail space. The opportunity that lies ahead of the community leader is to craft a method by which the space can be accessed, repurposed and made accessible to local retail-preneurs.

### PRO TIP:

Whenever possible, encourage entrepreneurs to test their idea in local spaces. A great benefit of this program is that activity is generated in your main corridors. While we hope that every retail business is successful, the other benefit of this program is that it allows for the cleanup and development of a space, and for that space to be better positioned for future use.

While it is sometimes the case that older properties are low-cost to use in terms of the first floor, it is also true that if redevelopment is required communities may face a financing gap, meaning the costs of redevelopment exceed market potential, due to construction costs, zoning code updates, historic preservation guidelines and modernizing the space for disabilities. Therefore, targeting under-performing or vacant space for retail pilots or pop-ups can make more sense than a full blown redevelopment project. Typically, a public-private partnership can be a solution for larger scale redevelopment endeavors. Other economic development tools, like Tax Increment Financing, can also enable a community to achieve greater return on their investments without excessive upfront development costs.

The building to the right shows the transformation made possible by a young entrepreneur who made a commitment to reinvest in the historical buildings and architecture. The space is now filling with viable local retailers. For the complete story, visit: [Real Estate Entrepreneur in Bellefontaine, Ohio](#)

One great example of this opportunity can be seen in the small town of Bellefontaine, Ohio.



Before



After

(Source: SBE Council)

## SAVE EXISTING RETAIL

Often times, in their pursuit to grow the economic pie of the community, local economic leaders overlook the local businesses that may be at acute risk of failure. One form of retail failure that communities will face in the coming decade will be related to a Succession Cliff. Over half of the business owners in the U.S. are above the age of 50.<sup>10</sup> With continual population loss in many parts of the country and a lack of succession planning, there are many businesses that are at a risk of closure in the next five years. In order to get ahead of this issue, community leaders should consider doing the following:

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<sup>10</sup>Demographic Characteristics of Business Owners," [Small Business Administration](#), January 2014, Link [here](#).

1. Make a list of all the retail businesses in your downtown or Main Street
2. Identify which of these businesses has a business owner that is over the age of 55
3. Schedule a meeting with them and discuss with the owner their succession planning process
4. Identify trends and patterns of needs
5. Determine what interventions and incentives you could provide to bridge a transition gap

## PRO TIP:

Some business owners are quite comfortable shutting down their business at a certain time in the future and just walking away. As the community leader, it will be your responsibility to determine how to structure potential ways to ease the impact of such situations in your community. But either way, such an encounter should be seen as an opportunity, where you are able to proactively plan for a closure event, rather than be surprised by it. Using a business survey to proactively tackle this issue is step one. [The Battle Creek, MI Business Survey](#) is a great example of how to begin this process.

## A MAJOR OPPORTUNITY THAT CAN HELP SAVE AND SUSTAIN MAIN STREET RETAIL: DENSITY

Now we get into the more technical aspects of what a community leader could do to help local retail thrive. First and foremost the leader has to focus on developing retail density. Retail density, refers to the concept of developing a set of complementary businesses in close proximity. The reason this is important is because retail is a multiplicative game. As a person comes to a coffeehouse to get coffee, they may stop at the convenience store next door to pick up a gallon of milk. The ability for a family to pick up food from one or two different locations on a single trip makes the neighborhood much more convenient and attractive. Contrary to

popular belief, it is often quite beneficial to have multiple restaurants in close proximity, because it attracts a greater number of patrons to the area, who will in turn spend more dollars at each individual establishment.

Community leaders should consider embarking on the following specific initiatives to create a dense retail zone in their community. We recognize that the efforts described below are quite comprehensive and could therefore be costly for many small communities. However, prioritizing components of the list within the context of your community could still incite positive results.



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### a) Identify Focal Corridors, Districts, and Neighborhoods

Identify the key sections of the community where you would like to see retail thrive. These places ideally would have a combination of natural features (parks, public spaces) and the physical infrastructure (roads, traffic patterns, lighting, safety, etc) to make the area suitable for expanded public use. As you think about the options, it may be worth considering more than one neighborhood to begin the discussion. Having a few options could empower you with more flexibility at a later time.

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### b) Audit the Properties

For the selected neighborhoods, conduct a thorough audit of the state of the buildings. Some of the questions that should be considered, include the following:

- Who are the owners of the buildings?
- What is the physical condition of the building?
- What resources would be required to bring the buildings to a meaningful usable condition?
- Are the buildings in compliance with existing zoning regulations and codes?
- Are the building owners current on their taxes, etc.

These questions, will help you understand the general cost and effort of converting the buildings into viable spaces businesses. The data will also help you understand, the extent of authority that you will be able to enforce on local property owners.

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### c) Audit the Communal Spaces

Next evaluate the general area outside the building. Types of questions that should be considered, include the following:

- How attractive are the shared spaces for public use?
- What can be done to make the public spaces more attractive to the public?
- How accessible is the space to local and regional patrons?
- One opportunity that should be considered is reaching out to community residents to help lead the improvement of public spaces.

Understanding answers to these questions, will help you further gauge the effort required to develop an environment that is conducive to support a dense retail environment.

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### d) Clean up the Codes

Based on what has been learned thus far, you will begin to identify where the local zoning policies and ordinances are driving insufficient impact. This is a point in the process that a community can begin reviewing where it may need to revise some of its codes and procedures. This is an important step not just to help clean up unsightly blight, but also to help ensure that any fixes that have been made continue to be maintained. This includes codes pertaining to building design standards that encourage creating functional spaces with visibly appealing amenities that community members will be drawn to and excited to explore.

## e) Identify the Retail Need

Next, the leader should gain a sense of what type of retail businesses could most effectively be launched in the community and supported by the local community members, workers, and visitors.

- When considering this question, leaders should leverage data from a data services like ESRI. Data will help communities identify the financial leakage that may be happening in the community and other socio-demographic trends driving demand and market trends. For example, based on the size, geography, demographics of the community and the current retail profile of businesses, ESRI data can help you identify which categories of consumer spending dollars may be leaking from the community (in other words, which goods are purchased outside of the area by local residents) that could be captured locally.
- Community leaders can also use a variety of public forums to encourage community participation and identify those services that are most critically required locally.
- Consider mapping all of the regional businesses on a GIS map and then visually identify the gaps and opportunities in your local retail economy.
- Special attention should be paid to business categories that will continue to be to benefit from local support. Here is an example of how to think about a few such product categories:

### INTERESTING READ:

The white paper, [Spatial Competition vs Spatial Agglomeration](#), by Ilias-Nikiforos Pasidis, is quite insightful in guiding regional policy makers on how to think about retail clustering strategies.

Retail Category	Examples
Difficult to ship products	<ul style="list-style-type: none"><li>• Liquid products</li><li>• Hazardous materials and chemicals</li></ul>
Products that are not profitable to ship	<ul style="list-style-type: none"><li>• Bulky low cost</li><li>• Products that maintain razor thin margins</li></ul>
Products that require tactile feel	<ul style="list-style-type: none"><li>• Requires visceral touch and feel (clothing)</li></ul>
Products that cater to specific customer segments	<ul style="list-style-type: none"><li>• An aging population will require goods and services that meet the needs of the demographic - potentially medical or social</li></ul>
Experiential services	<ul style="list-style-type: none"><li>• Specialized foods</li><li>• Restaurants</li><li>• Education and learning</li></ul>

**LOWER THE COST AND RISK OF RETAIL-PRENEURSHIP**

Ask yourself the following questions:

- Given the services that are lacking in the community, who are some of the individuals that could potentially be inspired to develop these services?
- What incentives and support could you provide these individuals to help them be successful?
- What support can be provided to reduce the risk of failure? Local programming, mentoring, funding, marketing support?

Given the retail plight in many communities, space is sometimes one of the most affordable arenas of investment. However, the capital cost required to bring the property up to acceptable codes can produce excessive costs. This is where a community can think about helping develop incentives to support property improvement. One great example is where the community helps establish a prebuilt retail store that an entrepreneur can rent out for basic monthly operating costs. This eliminates the need for the retailer to invest all their capital in the upfront renewal of the property. A community should think about these types of investments as ways by which an entrepreneur is able to maintain their capital to develop the long term sustenance of their business, rather than utilizing most of it just to get the business opened.

Several great examples of these types of programs can be seen across the country in the form of kitchen or restaurant incubator space. In Mansfield, Ohio we recently had an opportunity to visit a space called the Entrepreneur’s Kitchen. This space is a great example of how a local community leader and an entrepreneur took over a closed restaurant in the town square and converted it into a shared-use facility. This space can now be rented by local aspiring restaurateurs for a fraction of the cost, compared to what they would have to incur if they were



Occasional User	Frequent User	Priority Member
<b>\$9.99</b> per month	<b>\$250</b> per month	<b>\$400</b> per month
Per Hour Fee \$15	Block of 24 Kitchen Hours	Priority Scheduling availability
Front of House Event Rental & 10hr	Front of House Event Rental & 10hr	Block of 48 Kitchen Hours
Dry Storage 40' ** \$20/mo	Additional Hour \$15 Fee	Additional Hour \$15 Fee
Cooler Storage 40' ** \$50/mo	Dry Storage 40' ** \$20/mo	Front of House Event Rental & 10hr
Freezer Storage 30' ** \$50/mo	Cooler Storage 40' ** \$50/mo	Dry Storage 40' **
Cleaning Deposit \$75	Freezer Storage 30' ** \$50/mo	Cooler Storage 40' **
Co-working with Wi-Fi, Technology	Cleaning Deposit \$75	Freezer Storage 30' **
Company name listed on website	Co-working with Wi-Fi, Technology	Cleaning Deposit \$75
<a href="#">Sign Up</a>	Corporate profile on website with logo	Co-working with Wi-Fi, Technology
	Company name listed on website	Corporate profile on website with logo
	<a href="#">Sign Up</a>	Corporate name listed on website
		<a href="#">Sign Up</a>

The food incubator Entrepreneur’s Kitchen in Mansfield, Ohio offers access to a professional kitchen at a very reasonable rate. (Source: Entrepreneur’s Kitchen)

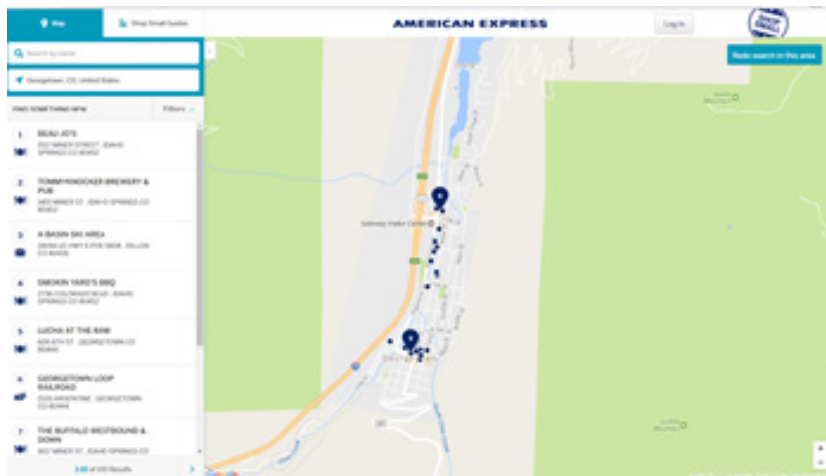
## A PERSONAL NOTE FROM HRISHUE:

“I once had an opportunity to launch a restaurant, Chutney Rolls, myself and can personally attest to the emotional and financial strain that a restaurant startup can impose on not just to the entrepreneur, but also his or her family and friends. As I look at these new evolving models, I am highly encouraged that less capital intensive models will allow more aspiring restaurateurs to test out their products and concepts, and through the process have an opportunity to refine, learn and perfect their concepts. And for them to be able to do so before making a massive capital investment, eventually has a tremendously beneficial impact to the entire community.”

### ENABLE A “CAN DO”, ENTREPRENEURIAL CULTURE OF (MAIN STREET) STARTUPS

A first step in redeveloping Main Street Retail in your community is to evaluate the reasons that caused the businesses to fail in the first place. The reasons why Main Street businesses fail include: consumer shopping preferences shifting to big box stores and e-commerce, demographic changes or migration of local populations, infrastructure deterioration, and retail owners “aging out” of business. While many of these issues cannot be addressed locally, the good news is that a community can

take steps to address one key dimension. This element relates to how a community thinks about, supports and enables its local Main Street retailers. Eventually the responsibility of being able to be nimble with their business model, pricing, product selection, lies primarily with the business owner, but there are other steps that a community can take to create incentives for the sustainability of Main Street retail in their community.



These types of incentives may include a variety of “Shop Local” programs. American Express recently launched a very effective national platform that identifies independent and local businesses across the country. The Shop Small campaign provides quick visibility to local businesses that may sometimes get overlooked.

American Express’ Shop Small platform. Shop local in Georgetown, CO.  
(Source: American Express)

Another example on a local and regional level is the Bouy Local ([www.buylocal.com](http://www.buylocal.com)) in Maine. Started by entrepreneurs as a “buy local” gift card initiative it grew into an initiative now owned by one of the state’s largest local Banks, Bangor Savings.

As a community leader considers the various strategy components that can be implemented, we would encourage them to think about the following key questions:

- How can you encourage “buy local” strategies?
- What cultural events are being promoted locally that encourage community pride and development of the ‘Shop Local’ spirit? Consider developing a local retail fair.
- How can you leverage capitalistic principles to encourage the community to buy from local companies?

Shop Local campaigns work best when the consumer feels that they are optimizing their own personal gain through dollars that they spend. So the question becomes, “How can we encourage community members to feel that it is in their best financial interest to spend money locally?”

The key to success for the survival of locally owned retail businesses is the community needs to change their buying patterns and support such entrepreneurs. As identified above, one way to incentivize locals to

Thankfully there are some great examples of communities that have set in place investment models that create a financial incentive. Community Micro Lending platform based is located in British Columbia, Canada. The platform allows local community members to lend money to local business owners, and thereby become deeply vested in the financial sustainability of the business in which they have invested.



Karrie, a Community Lending Partner Client  
(Source: Community Micro Lending)

shop in the immediate area is to develop a community fund that allows local residents to invest in local companies. Another opportunity that should be strongly considered is proactively telling the stories about local entrepreneurial wins to the broader population. Developing a culture that celebrates the successes of local entrepreneurs is a crucial piece of the path forward and will help entrepreneurs be seen as the best of the community.

## DEVELOP A NETWORK OF SUPPORT RESOURCES

Regional, state and federal level resources are often overlooked when considering developing infrastructure for local businesses. One of the critical components of successfully acquiring funding for these types of programs is the ability to demonstrate an executable and an achievable plan. If a community proceeds with the above mentioned steps, it will be well positioned to speak to the fact that they have comprehensive support.

When considering what resources can be brought into the community, the following five factors should be prioritized:

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a) **Funding**

Obviously funding tends to be one of the biggest constraints for both the entrepreneurs and for the community leaders who are trying to develop a more robust Main Street environment. When thinking about approaching potential funders, keep certain basic principles in mind. Most funders care deeply about the following criteria:

- A proven track record
- Broad scale buy-in
- Impacted metrics and community (job/wealth creation)
- Inclusion (demographic, minority, economic, etc)

Whether you are approaching federal agencies, state agencies, local/county governments, private philanthropists or community/private foundations, they are looking for you to convince them that your program/plan will deliver meaningful impact for the funds that they are providing you. The unfortunate reality is that across all these agencies, there are quite often under deployed funds that never end up being deployed to the market that you may be able to take advantage of.

**PRO TIP:**

Consider the following - develop your retail plan and then invite various funders to a reverse pitch contest. Have funders tell you, which programs you should be leveraging in your community. In essence, you will be telling your most compelling story as to why you think your community needs the support and how it is positioned to deliver decisive impact. Recently, we conducted this very exercise in Southern Missouri. After developing detailed program plans, we pitched our programs to a range of funding agencies. At the end of the session the agencies guided us towards programs for which we were best suited. This process significantly improved our funding acquisition process.

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b) **Mentoring/Coaching**

As a community leader, it is one of your core responsibilities to help your community members avoid making financially costly startup mistakes and blunders. Consider an example of a program that is currently in the process of being launched in Battle Creek, Michigan. As part of the regular permitting process that the City of Battle Creek will

oversee, the City is going to begin triaging entrepreneurs to determine their level of sophistication, experience and potential needs. By identifying this up front, the city staff will attempt to route the entrepreneurs to local non-profits that can then provide further coaching, guidance and support to entrepreneurs who may think they understand the path forward, but in-fact may be lacking the experience to even ask for help in specific areas. Connecting a community mentor to entrepreneurs signifies that the community hopes to improve the success rate of the entrepreneurs by helping the entrepreneurs become better informed about what they know and their unknown variables.

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### c) Technical Support

A slightly different dimension of support that can be provided to the entrepreneurs relates to the technical support that they need to help address very specific challenges that they will run into as they launch their venture. Examples of these technical services can include the following:

- Business development/sales
- Business and market analytics
- Design and marketing
- Legal
- Product development
- Accounting
- Permitting and regulations
- Funding and financial management

These are services that are crucial for any business that hopes to be successful. Unfortunately, entrepreneurs often don't have the appropriate funding to invest in some of these basic services. Sometimes these shortcuts end up defining the success and failure for these entrepreneurial endeavors.

Another issue that often becomes a hurdle for first time entrepreneurs, is a lack of knowledge as to which technician they should be utilizing for their startup. No service provider is the same and each one thinks differently about the tradeoffs between risk and reward. Given the acute financial constraints that startups face, it is more important to find a service provider that understands the precarious position that entrepreneurs are in and can provide an appropriate and 'scaled down' service. Again, an effective community and an economic leader can cultivate a network of service providers that fits this community need.

A specific area of technical assistance that all communities must support is broadband technology. The provision of broadband infrastructure, along with utilization support and training is an absolute necessity for the success of all retail establishments. Broadband service across rural parts of the United States is still sparse and this is a hindrance to emerging retail-preneurs. There are widely available tools, like the website Broadband Now, for leaders to assess a community's current internet coverage, to forge ahead with plans to improve access. Additionally, there are a variety of grants available to rural communities to improve broadband access, including at the state and federal level. For example, The United States Department of Agriculture (USDA) recently issued a Notice of Solicitation of Applications for the Rural Broadband Access Loan and Loan Guarantee Program, which provides loans for the cost of construction, improvements, or acquisition of facilities needed to provide service in rural areas.

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#### d) Workforce

We are often surprised by how infrequently communities and organizations utilize the opportunities that lie right under their feet. One area where the economic development community struggles quite extensively is in connecting partners who have complementary objectives together in a way that can yield mutual benefit. This is often the case when it comes to the world of workforce training. A majority of regional high schools, vocational schools, and colleges have some type of internship or work study program developed. And yet, when we interview these program leaders and try to determine the key challenges that they see related to the effectiveness of the program, the conclusion is often an inability to connect smart motivated students with local businesses that could desperately use the time of these talented students. Many times, these internships are completely free to local businesses.

A new spin on the old: We encourage community leaders to perhaps try a new approach on a traditional internship model. Approach a high school principal or the school superintendent and make a pitch that you would like to pilot a program that could provide their students much more relevant, specific and practical work experiences. You can begin by asking for 2-3 students. Find a focus area for the internship. One area that we find very impactful is in the arena of business development and marketing. Being able to use student talent to help businesses identify under penetrated market opportunities is a great way for students to learn about the basics of sales and marketing, and this is an area that every business can use an extra hand in. Next, you should approach 2-3 businesses that are facing sustainability risk. Offer to these businesses six months of internship support to help drive their customer acquisition and sales. Finally, you can work with a regional marketing company to help develop an internship solution template, whereby the local students can help the local businesses develop their business development platforms.

#### BENEFITS OF SUCH A PROGRAM:

- 1) Student – Will learn the process of analyzing a market for a specific industry, and utilizing the process to uncover growth strategies for a small business. The opportunity for the student is to learn the baseline principles of entrepreneurship and how to sustainably grow a business. The student will have the opportunity to work with a small business owner, to learn about the business, as well as the opportunities of starting a business. The end product will be a finalized market analysis and customer report.
- 2) Small Business Owner – Will have the opportunity to embolden a high school intern with basic insight of running a small business. The business owner will help the student understand the business, and the student intern will conduct valuable analysis of opportunities that can support optimal growth in the businesses specific industry.
- 3) Educational Institution – Will have the opportunity to support a student intern through the process of market analysis and business development, and teach entrepreneurial principles that will benefit the student throughout their career. The school is the key component to allow the student a sounding board to ask questions and learn from guided expertise. It is important the school work with the student to help them understand what is required from them in order for the student to provide the optimal product for the business.



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## e) Sensible Regulations and Codes

One of the areas that we are often pleasantly surprised by is the motivation of local officials who would genuinely like to make their city operations more lean and business friendly. However, they struggle to find specific areas where they can drive tangible and meaningful impact. As a community leader you are well positioned to work with entrepreneurs and Main Street retail owners to synthesize their key pain points and then collaboratively work to prioritize how the community can more effectively support businesses. As was mentioned in the Battle Creek, MI example above, the city is piloting a seamless network of support mechanisms for startups so that they can be paired with the most appropriate support agencies in an efficient and painless manner. Through a more comprehensive process, BC Vision, the community has established a working structure that allows business owners, entrepreneurs, local nonprofits, and government officials to discuss and prioritize community and economic issues and challenges.

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## f) Community/Regional Promotion and Community

Finally, and perhaps most importantly, nowhere is the adage “If a tree falls in a forest, and nobody is around to hear it, does it really make a sound?” more relevant than in community and economic development. And the truth is this, if no one hears about the work and effort that are put into place to develop Main Street retail or other such initiatives, then the community simply assumes that nothing is happening. Even when a community sees positive impact, they are unable to fully appreciate how major public work projects came to life.

There is an alternative approach that can drive broader impact and also enable the community to become more engaged in the process. The principles in trying to drive community engagement and as a result, improve the community morale, are quite straightforward and are as follows:

- Consistent messaging is critical
- Approach should leverage all available media channels. This includes traditional channels such as newspaper and radio but also the various social media channels. It should also include taking the opportunity to tell the story of the vision and the development path through community and public discussions. Engaging with community groups such as the local Lion’s and Rotary club, and the Chamber of Commerce are just a few of those basic opportunities.
- In addition to the promotion channels, the approach should also take a close look at the types of individuals that the team is trying to engage in the process. For example, if you are looking to get more business engagement, then specific channels, timing and messaging would be needed. For the purposes of Main Street Retail development, the leaders should be paying special interest to the following groups:
  - Downtown business owners
  - Young people interested in patronizing or lending their energy to the development of a neighborhood
  - Church groups, parents and householders

- Communities should vigilantly be on the lookout for competitions and recognitions that they can apply. Nothing creates a better sense of community than an outsider's validation that the community is interesting.
- Holding public events and activities in the target retail corridor can help draw attention to positive changes in the area. Events like 5k runs or walks, food events, or craft fairs can bring activity to parts of the community that are currently underutilized.

The impact of strong community outreach may not be felt in the short run, as it takes six months to a year for a community to begin reacting to the messaging that is developed, but with the right passion and patience communities will begin to see greater community engagement with local businesses.

## V. CONCLUSION

In conclusion, Main Street retail will continue to face tremendous headwinds in the coming decade. Policy makers, retailers, community leaders and entrepreneurs will need to challenge traditional retail boundaries in order to cultivate successful retail ecosystems.

Community leaders must begin to view retail as more than another economic entity or an industry cluster. The effects and impact of retail are synonymous with place making. In order to develop a community that is vibrant and engaging, complete with attractive elements to retain existing talent and attract new residents, a community must begin to see its retail industry as a force magnetizing these interesting elements together. If your town currently shows signs of a faltering Main Street retail sector, it is time to re-engage the community and leadership in a dialogue to help shed light on pragmatic solutions that can be taken to support retail-preneurship in your community. We hope that this paper can be used to establish a bolder retail vision in your community and that you were able to gather a few practical tips on how to bring that vision to fruition.

# THANK YOU AND ACKNOWLEDGEMENTS

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Kara Beer | President, Battle Creek Area Chamber of Commerce

Tracey Nichols | Director of Economic Development, City of Cleveland

Lynn Knight, Michelle Thompson, Marie Plishka | International Economic Development Council

# ABOUT US



HRISHUE  
MAHALAHA

Hrishue Mahalaha is the Managing Partner of Innovation Economy Partners. Hrishue supports an array of domestic clients and helps define, assess and deliver solutions that help improve and develop economies for communities across the nation. Hrishue has more than 14 years of experience working with the management consulting firm Accenture. During this time, Hrishue worked closely with a variety of domestic and international, public, private and governmental organizations. Hrishue also has launched a variety of entrepreneurial ventures that spanned from medical devices to a restaurant. Hrishue holds an MBA from Columbia University and a BA/BS in Psychology and Business Management from Case Western Reserve University.

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JIM DAMICIS

Jim Damicis has more than 25 years of experience in public policy research and analysis for economic and community development. Prior to merging with Camoin Associates, Jim built PolicyOne Research into a leading research and analysis firm in Maine serving private and public sector clients throughout the Northeast as well as analyzing innovation and tech-intensive economies across the country. Jim is the Immediate Past President of the Northeastern Economic Development Association (NEDA) and has served in leadership capacities for more than ten years with NEDA. In addition to NEDA, Jim serves as a member of the International Economic Development Council's (IEDC) Economic Development Research Partners (EDRP) program and has served on numerous local and regional economic and community development organization boards and initiatives.

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ALEXANDRA  
TRANMER

Alexandra Tranmer brings a strong background in policy research and a passion for community building to Camoin Associates. Since joining Camoin, Alex has worked on a variety of projects that highlight her expertise in strategic problem solving and writing. Prior to joining the Camoin Associates team, Alexandra lived and worked in Toronto, Ontario, where she was involved in a variety of urban planning projects and heritage conservation. Alexandra holds a Master of Science in Planning from the University of Toronto, where she concentrated on social policy analysis, along with creative and cultural planning.

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## CAMOIN ASSOCIATES

Robert Camoin founded Camoin Associates in 1999 with the conviction that successful development requires leadership, strategy informed by market intelligence that targets economic opportunities and addresses the needs of businesses, and communities and regions to leverage private investment. Since its inception, Camoin Associates has specialized in providing economic development solutions to both public and private sector clients. The firm has had the opportunity to serve Economic Development Organizations and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Volvo (Nova Bus), and the New York Islanders; as well as private developers proposing projects in excess of \$4 billion.

In today's marketplace of economic development service providers, including planners, site selectors, engineers, and architectural/design firms, how does Camoin Associates differentiate itself? Quite simply, our projects are measured solely by tangible metrics, namely job creation and capital investment. Across our service lines, the projects that we complete are intended to stimulate investment as the means of achieving the economic development objectives of our clients through strategy development, public policy evaluation, and project implementation.

## INNOVATION ECONOMY PARTNERS

Innovation Economy Partners (IEP) was created from the parent organization Jumpstart Inc. Jumpstart is a not for profit, venture development organization that focuses on developing a more vibrant entrepreneurial economy in Northeast Ohio.

In 2011, Jumpstart launched an advisory practice to provide economic support to communities beyond Northeast Ohio. Over the course of the next 5 years, Jumpstart partnered with over 30 communities across the country and internationally to help them drive their economy forward. In 2016, Jumpstart's advisory services were divested into an independent organization called Innovation Economy Partners (IEP).

While historically our efforts had been applied to rural, suburban, micro and metropolitan communities alike, going forward Innovation Economy Partners will provide a special emphasis on rural portions of the world. We believe that there is an incredible opportunity to better serve this space through practical economic guidance and solutions.

Core areas of focus for IEP includes: data driven economic analysis, developing economic and innovation strategies and pathways, developing community/leadership cohesion, and above all, we will work hand in hand with communities to achieve measureable impact and outcomes.