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Planning for a Resilient Retail Landscape

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Retail is a fundamental part of the everyday experience for people and their communities. The goods and services that fulfill the needs of daily life also occupy our buildings and activate corridors. The retail industry was created to meet both these needs, and complementary policies have helped to ensure that retail generates taxes for municipalities to function, increases employment, and contributes to new business starts. This system in the United States has resulted in a proliferation of stores driven by a desire for additional retail by nearly every community.

Planners too dream of stores, coffee shops, and restaurants that flank vibrant commercial corridors and line shopping centers. However, headlines full of a new landscape are threatening this dream. Recent U.S. Securities and Exchange Commission filings show that national, publicly traded brand retailers are closing at a faster rate than they are opening, many filing Chapter 11 bankruptcy. Storefronts remain vacant or are populated with less desirable retailers and other uses, and e-commerce is serving a larger share of customers every day. These are our new retail realities.

The goal of this *PAS Memo* is to provide insights into many of these trends and to offer strategies for planners as they deploy tools to help their communities adjust. The *Memo* commences with a definition of retail, followed by a discussion of retail's current state and how retailers are adapting, so planners can understand the forces at play in their communities and implement strategies to develop a resilient retail landscape.

Defining Retail

Retail is the sale of commodities or goods in small quantities to ultimate consumers and is the industry of such selling. Therefore, *retailers* are the parties responsible for selling; they include the shops and restaurants we patronize.

These shops and restaurants are often separated into three categories (Figure 1) to describe how they function within a given market:

Figure 1. The three categories of retail, from left: Neighborhood Goods & Services; Food & Beverage; and General Merchandise, Apparel, Furniture, and Other. Photos by Flickr users, from left, Laurie Avocado (CC BY 2.0), La Citta Vita (CC BY-SA 2.0), and Bella Ella Boutique (CC BY-SA 2.0).

- **Neighborhood Goods & Services (NG&S):** Retailers in this category are often associated with routine errands; they include grocery stores, florists, dry cleaners, barbershops and salons, and other similar businesses. Customers are typically not willing to travel long distances to meet this need, and so this retail category is most prevalent in communities of all sizes and types (with the exception of full-service grocery stores, which low-income, minority, and other underserved communities struggle to attract and retain).
- **Food & Beverage (F&B):** This category comprises businesses associated with eating and drinking outside of the home— e.g., restaurants, coffee and pastry shops, bars, and breweries and distilleries. Consumer behavior for this category widely varies based upon the experience sought. Some customers travel great distances for special occasions or to meet loved ones, while many aren't willing to travel far for a daily coffee fix or for a quick bite to eat.
- **General Merchandise, Apparel, Furniture, and Other (GAFO):** Most people primarily associate this category with "retail," as these stores are most common in shopping malls and sell products such as apparel, footwear, electronics, home goods, and jewelry. These retailers often rely on customers from a larger geography than the previous two categories, as GAFO purchases are less frequent on average.

Success for retailers in each category relies on a sustained customer base. Historically, that is why, in many communities, retail follows or is aligned with population and income growth. This trend is linked with evolving consumer behaviors, which, for the purposes of this *PAS Memo*, are divided into two groups: (1) convenience/needs-based shopping and (2) destination/experiential shopping.

Convenience and needs-based shopping behaviors rely on the ability to easily obtain frequently purchased goods and services. Shoppers following this behavior sometimes forgo price or quality for ease and speed of purchase. Convenience shopping predominantly has consisted of NG&S, as well as some F&B retailers such as coffee shops and a neighborhood restaurant, but also applies to GAFO shops. If someone needs an emergency shirt after the coffee fix became a coffee problem, they will likely seek the closest store to make it to their business meeting with minimal delay. Alternatively, convenience and needs-based shopping has become linked with many e-commerce purchases. For example, if a person needs a replacement pair of jeans and fell in love with their most recent pair, they may purchase the same pair online with shipping to their doorstep.

Conversely, destination/experiential shopping behaviors are common among customers patronizing the GAFO subcategories—for which people tolerate traveling longer distances to compare product prices and quality—and increasingly in F&B, especially while traveling or celebrating a special occasion. In the current environment where retailers are struggling to remain open, many brands are prioritizing destination and experiential customer behavior to drive sales.

The Changing World of Retail Real Estate

Because customers across the world can buy products and services through e-commerce, the purpose of retail real estate is shifting to provide more nimble opportunities for brands who sell locally, regionally, nationally, and internationally.

While retail brands still value storefronts, they increasingly use them for the "billboard effect," which enables the brand to expose itself to customers in person. However, once a customer is familiar with a company and its products, they might opt to complete purchases online. This means distribution hubs previously used solely for in-store inventory fulfillment are now used for e-commerce shipments, and consequently, retailers opt to cut overhead costs by reducing storefront square footage occupied (decreasing their footprint and leasing smaller spaces). In the near term, retailers are electing to operate with fewer storefronts in general; in the longer term, retailers may be redeploying more strategically in new places with smaller storefronts.

Although this shift increases retail vacancy and is contributing to chronic vacancy in less competitive locations, it improves the pedestrian experience—the "billboard effect" necessitates retailers to be in well-trafficked areas with limited distance between them. When combined, the visual interest along a corridor (interior or exterior) is more captivating.

Furthermore, with the shift in business to online sales, standard retail leasing terms—such as high lease rates and long durations—have become less attractive, often resulting in a reluctance to sign traditional seven- to 10-year leasing commitments. One resulting phenomenon is the increasing popularity of pop-up spaces, temporary retail storefronts (open for as short as a day) that enables a brand to market to a new community and to test sales potential for future longer-term leases.

These storefronts are most common in high-pedestrian-trafficked neighborhoods and alongside other retailers, but more recently, pop-up stores have been used in revitalizing communities to socialize customers to the neighborhood or corridor. While pop-up shops require increased staff time to execute regularly and can result in a decreased revenue for the property owner if not activated regularly, brands often absorb these costs in exchange for the flexibility. But, how did we get here?

Homogeneity of Brick-and-Mortar Retail

Throughout time and across the world, society has relied on the need for physical locations to serve as the hubs of delivering goods and services. In America, this need for "brick-and-mortar" locations has resulted in a multilayered, complex system designed to support various components of the traditional retail industry. And while brick-and-mortar retail is something that local communities associate with their identities, the proliferation of physical storefronts has contributed to an abundance of retail relative to other countries: 26 square feet per person in the United States versus 2.5 square feet per person in Europe (Mackel and Dunning 2019).

This abundance of stores and goods and services offered in every community seemingly disregards the unique char-

Figure 2. A typical suburban retail center in Rockville, Maryland. Photo by Rick Liu.

acteristics of communities across the country. For example, homogeneous suburban retail corridors and shopping centers exist throughout the nation (Figure 2), a phenomenon that is slowly making its way to tenanting practices of urban cores. This is driven by risk-averse banks that require developers to have credit-worthy tenants to underwrite their development projects. The tenants that meet this "credit-worthy" profile are limited to mostly national retailers or larger regional brands, resulting in the same tenant mix from project to project.

Stores, too, are homogeneous. Shelves in a wide range of grocers are lined with hundreds of thousands of similarly branded items, and different department stores sell comparable items on identical stainless-steel racks. Many of these stores lack visible, substantial investments in their physical footprint or their employee training. As such, stores do not provide the unique in-store designs or tailored experiences by salesclerks increasingly demanded by modern consumers, who can easily shift their shopping behavior from one store to the next without much consideration for loyalty. Loyalty previously could be depended on to drive sales for certain brands, but loyalty is now challenged by the amount of information and other options readily available online, as discussed further below.

It is important to note that homogeneity is not necessarily a goal of retailers, but results from a complex production and distribution system designed to streamline operations and to reward retailers that determine ways to perfect it. For example, when a business owner decides she would like to sell luggage in a storefront on Main Street, USA, the owner must design the luggage, find and purchase the materials, distribute this material to the factory for manufacturing, and ship the assembled product to that Main Street location. Each step of this process adds an additional cost to the final price of sale. The output of this layered process of manufacturing and distribution has traditionally been a retail storefront, where the high fixed cost of store operations—which include expenses such as rent, staff, inventory, and software—are added to the price the customer ultimately pays. For this business to survive, achieving economies of scale associated with large purchase orders and numerous stores is nearly a requirement.

The E-Commerce Disruption

The vulnerabilities from the commodification of retail have been particularly exposed with the rise of *e-commerce*: the activity of buying or selling of products or services over the Internet. E-commerce has grown from two percent of total retail sales in 2000 to nearly 11 percent in 2019 and shows no sign of slowing down (Federal Reserve Bank of St. Louis 2019). A recent survey indicated that 96 percent of Americans with internet access had made an online purchase, and more importantly, 80 percent of them had made an online purchase within the past month (Moore 2016).

Today, few aspects of our shopping expenditures remain untouched by e-commerce, from boutique goods to weekly groceries. Not only is this disrupting brick-and-mortar retail businesses, but it is fundamentally changing the way retailers market and transact with their customers (Federal Reserve Bank of St. Louis 2019).

How has e-commerce changed the industry, and how are retailers adapting to become more resilient?

First, it is important to understand that e-commerce offers certain advantages to consumers—and businesses—and it has completely revolutionized the act of shopping. These advantages build upon evolving consumer tastes rooted in managing purchase decisions based on information at our fingertips, on our increased price sensitivity (given record levels of student debt shouldered by younger consumers), and on our growing interest in socially conscious products. The following five "Cs" of e-commerce begin to unpack these advantages (Pilkington 2019).

Choice. Today, customers have access to merchandise across the global logistics and delivery network with a click of a button. Information on merchandise—price, quality, fit, user experience—is widely available and can be filtered and selected at a granular level, resulting in consumers that are highly selective with demanding standards that are difficult for brick-and-mortar retail to easily satisfy. On the flip side, retailers with an online presence have never had a wider range of customers within reach than they do today, and niche items are available to the world of online shoppers.

Cost. With the plethora of available online information on retail items, it is easier than ever for consumers to price-compare items they're interested in. It is all too common for customers to walk in a store and have their interest piqued by an item, only to check online to see if it is cheaper through various other retailers. But cost advantages from e-commerce also apply to brick-and-mortar retailers. Existing brick-and-mortar retailers may no longer need to keep as much inventory on-site, given that they increasingly have an online presence and inventory can be stored in warehouses in less costly locations still connected to distribution networks. This practice offers an opportunity to downsize retail storefronts (regardless of independent ownership), which reduces both the rent and operational costs.

Convenience and Control. Shopping has never been more convenient. With the growing ubiquity of smartphones and access to the internet at nearly all times, items from all around the world can be delivered to your door at the push of a button or tap of a screen. This is not only true for general merchandise and boutique goods—for which one would want to spend time comparing prices and products—but also for daily consumables, with services such as grocery delivery and curbside pickup increasingly being offered. Furthermore, the ability to control when and how to shop is particularly beneficial to customers who can't easily get to a retail store, whether because of a physical disability, lack of access to a car, long or odd work hours, or other inconveniencing factors.

For retailers, additional data on customer purchases has allowed them to more cost effectively centralize warehousing and production. This results in shorter turnover cycles and more efficient inventory management for businesses making logistical and fulfillment decisions (MacKenzie, Meyer, and Noble 2013). However, this nuanced data also renders a brick-and-mortar presence superfluous for some.

Customer Relationship Building. All the online shopping we do leads to a treasure trove of data about us for retailers. Businesses now know what we look at and what we buy, and can tailor pricing, products, and marketing campaigns to their core customer base. This helps businesses spend each dollar more effectively. This is essential, as customers—particularly younger ones—have less loyalty to older, more established brands and are deliberate about seeking brands that convey values, principles, or lifestyles they share.

Brick-and-Mortar Adaptation Strategies

As stated earlier, e-commerce is not going away, and willingly or reluctantly, virtually all retailers with a physical brick-and-mortar presence are finding ways to adapt to this trend. Here is how some are adapting.

Showrooming

Certain retailers understand that their in-store product selection will never be able to compete with what customers can find online. As a result, they are turning their stores into "showroom" floors that serve as de facto marketing locations for their products. Some will keep a minimum amount of inventory, while others may keep no inventory at all, directing customers to buy their products online and warehousing and distributing them from more cost-effective locations.

Showrooming Adaptation Strategy

This **Warby Parker** showroom is designed as an eyeglass library with multiple pairs of the same frame for customers to try on in-store. The knowledgeable staff will assist with frame selection and order placement. The product will be manufactured off-site and delivered to a customer several days later.

Warby Parker in Washington, D.C. Photo by Bobby Boone.

Bonobos, similarly, has an extremely knowledgeable staff, which will measure customers to recommend the perfect size and desired fit. One product in each size is held in-store with an option to order in-store or online. Products are then delivered from a warehouse within three days.

Bonobos in Washington, D.C. Photo by Bobby Boone.

Experience-Driven Retail

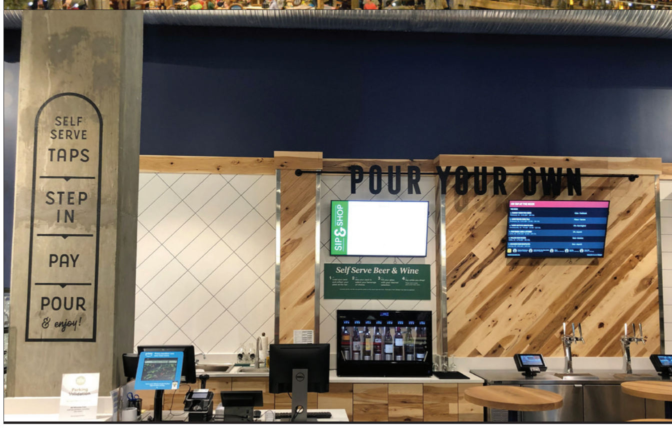
Given that customers can acquire mostly anything they want online, what motivates them to leave their proverbial couch?

Similar to placemaking, which gives users a sense of place and experience, many retailers are curating an experience for their customers in their stores. This means less room dedicated to product shelving and more room for activities such as food or cooking, entertainment, demonstrations, design features, and personalization. Not only is this "experience" something absent from online transactions, experience-led activities consistent with the values and image of the retailer help immerse the customer in their brand.

Experience-Driven Brick-and-Mortar Approaches

Bass Pro Shop at the Memphis Pyramid is located in a former sports arena in downtown Memphis, Tennessee. In addition to selling merchandise found across its typical outlets, it includes other outdoor hunting-themed amenities such as a cypress swamp with alligators and duck aviaries, a full-service 100-plus room hotel called Big Cypress Lodge, an underwater-themed bowling alley and restaurant, and the Ducks Unlimited National Waterfowling Heritage Center.

Bass Pro Shop, Memphis Pyramid. Photo by Trev0B/Wikipedia (CC BY-SA 3.0).



The new **Whole Foods** Mid-Atlantic flagship store in Tysons Corner, Virginia, offers a pub that serves alcoholic beverages to accompany the shopping experience, a game room and food hall to pacify children or the inner child, and a slew of demonstration stations and amenities, such as a pineapple corer and orange juicer to aid with tedious tasks often avoided at home.

Whole Foods Market bar in Tysons Corner, Virginia. Photo by Rick Liu.

Restaurant Integration

In the same vein as experience-driven retail, more and more non-food and drink retailers are integrating restaurants and food service into their stores. Restaurants themselves are one of the most reliable forms of experience-led retail. Integrating them into a retail space helps a retailer entice foot traffic to the store, promote brand immersion (since it encourages customers to linger), and provides supplemental revenue from food and drink sales.

Curated Experiences at Brick-and-Mortar Retail

Anthropologie, an upscale clothing and home goods retailer primarily aimed at women, opened a 24,000-square-foot store in downtown Bethesda, Maryland, that features a restaurant, home design center, beauty boutique, and shoe salon. Terrain Café is a garden-themed, full-service restaurant that serves a seasonal rotation of garden-inspired dishes, along with beer and wine. This helps augment the social and community-based experience of the company's image.

Anthropologie's Terrain Café, Bethesda, Maryland. Photo by Bobby Boone.

On-Site and In-Store Co-Tenancy
Retailers receive significant benefits from having a physical presence, and online-only or specialty retailers are beginning to take notice. In certain cases, large retailers like department stores are choosing to lease their square footage to specialty retailers, sometimes creating a "store-within-a-store." This not only helps the retailer reduce leasing costs through sublease income, but also enables retailers to offer fresh and complementary products to attract customers who may not otherwise frequent the store.

On-Site and In-Store Co-Tenancy

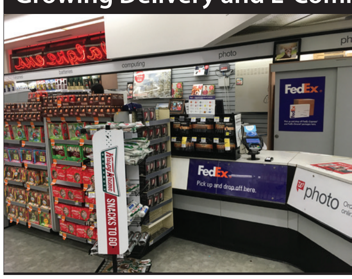
Walmart has accepted the need to activate its properties with additional uses both in-store and on its oversized parking lots. This has resulted in the Walmart Reimagined concept, which seeks to pair its real estate with food halls, food trucks, container parks, and new retail tenants in-store and on-site.

Walmart Reimagined concept for Loveland, Colorado. Image copyright Walmart and MMA 2018, All Rights Reserved.

Convenience Everlasting
Given our continued need to purchase daily consumables and staples near where we live and work, convenience shops are taking advantage of their real estate positioning at the heart of our communities to serve convenience/needs-based shopping behaviors. As such, the ability to tout a diverse product mix, including fresh produce, and offer pick-up/drop-off centers for e-commerce purchases are becoming commonplace.

Smaller-footprint discount stores (versus the big box store of yesteryear) are meeting needs in close proximity to consumers' homes and offices without the need to wait days and, more recently, hours to receive the convenience goods needed. Additionally, partnerships with delivery companies and e-commerce brands are proving valuable, especially in more exurban and rural markets.

Growing Delivery and E-Commerce Capabilities



Walgreens has recently established a partnership with FedEx to serve as a pick-up/drop-off location for packages, aiding the e-commerce community with the last-mile delivery challenges (e.g., concerns about safety/packages being stolen, inability to make it to a standalone FedEx store to drop-off returns).

Walgreens with in-store FedEx pickup location, Chicago. Photo by Ann Dillemuth.

Strategies to Support Resilient Brick and Mortar

Local governments throughout the nation are grappling with these realities and are adjusting their vantage points and development practices to adapt. The following strategies within the purview of these governments have proven effective.

Managed Expectations
Many communities across the nation are still chasing the retail of yesteryear—a bustling mall or shopping district with hundreds of thousands of square feet of shops and restaurants. For example, community members often overstate their shopping behaviors to support more retail than is possible or want to duplicate another neighborhood's retail mix without understanding retail site selection practices. This desire by community members then manifests in area plans that drive the practices of planning departments and economic development entities to push for additional retail.

For example, in 2018, Applebee's closed 106 restaurants in underperforming locations and opened seven in new locations based on revamped criteria, resulting in a 2.3 percent increase in sales over all stores (Dine Brands Global, Inc. 2018). Applebee's strategy to reposition itself by opening several dozen new stores over the next 10 years is driven by formulaic site selection practices, often resulting in opening stores in similar neighborhood typologies. Departing from that approach will contribute to greater risk and limit the ability to receive additional investors or support from lenders.

In hopes of attracting desired brands like Applebee's, yet not understanding their practices, many underserved communities have commissioned their own retail market studies.

However, studies in such underserved communities have a tendency to create grandiose development and attraction strategies that focus more on economic development and marketing and have not resulted in new retailers opening doors in the near term.

As such, communities may need a different approach. Instead of focusing on attracting a national brand that will routinely choose the strongest markets in the region, an approach that grows retailers from the local economy may be more realistic for this community typology. This requires the community to accept and adopt emerging entrepreneurs and regional brands, but also requires a robust entrepreneurial ecosystem to provide technical assistance, flexible financing and funding, and other supports for the businesses to thrive.

Communities that are fortunate enough to prove themselves as strong markets with local retailers often then attract national retailers who see them as viable locations with a lack of institutional competition. Such communities may then need to "switch gears" and enact policies to help preserve locally grown businesses from displacement to ensure a healthy retail mix.

Finally, managing expectations relies on sound market data that demonstrates the breadth of possibilities in the current retail realities. These expectations are then reliant on effective community engagement with political and community-based stakeholders to determine what is most appropriate for that neighborhood.

A strategy to get to the root of what the community really wants may be helpful in separating out popular retailers and retail types from the perceived benefit. For example, residents may idealistically want Starbucks to join their retail corridor but are truly just seeking a "third place" to drink coffee with friends. In this case, an existing retailer or established community gathering space could add coffee and comfortable seating to serve this need and augment its own bottom line. Asking the right questions is essential and can result in more sustainable results.

Maximized Real Estate Viability

In real estate, the mantra "location, location, location" is repeated to describe the power of place in the value of a property.

Figure 3. Retail real estate cycle of disinvestment. Courtesy Bobby Boone.

This value represents itself as retail sales potential and is often attributed to the physical characteristics and businesses that surround a site.

As many shopping centers' and districts' occupancy rates are decreasing, their value wanes and they undergo cycles of disinvestment (Figure 3): If the value of the property is low and the owner is unable to command a rental rate high enough to reinvest in the property, a series of cyclical outcomes result, yielding exacerbated conditions of the property. There is an opportunity to disrupt this cycle by building upon areas of retail strength in a community.

An elemental way to disrupt the cycle of disinvestment is to ensure each retailer is accessible and visible to its customer base. Many entrepreneurs in search of cheaper real estate will ignore this strategy, discounting the impacts of consumers' abilities to see and access the storefront on resulting sales. In national brand corporate site selection practices, the factors of accessibility and visibility have typically manifested as criteria for minimum traffic counts (vehicular and pedestrian) and population density (residential, employee, and visitor) abutting and surrounding the site. Additionally, corporations require opportunities for prominent, highly visible signage to help customers quickly identify their location.

It should be noted, however, that with the increase of information available on cell phones, location may be becoming less critical in certain cases. For example, curious diners looking for a great restaurant can easily search Yelp to find the newest or best dining offerings to meet their wants based on reviews and ratings. Once selected, the diner can get GPS directions with a click of a link.

Although customers are increasingly finding shops and restaurants from a smartphone, retailers still rely on their neighborhoods for exposure to potential new customers. For this reason, a greater diversity of tenants exists in more walkable markets, as unfamiliar tenants can use window displays to attract new customers into their stores. This phenomenon is strengthened with complementary tenants—i.e., multiple retailers with shared target audiences—and contiguous storefronts not interrupted by gaps in retail street frontage. This will result in clustered retail footprints within communities, with swaths of retail real estate in other locations underutilized. These old storefronts will require creative reuse strategies.

It is also important to understand that brick-and-mortar retail serves as a cog in the supply chain network, and it is starting to serve as a complement to e-commerce. As such, store locations must be logistically compatible. As storefronts are increasingly used for e-commerce delivery hubs and trucks and vans of all sizes continue to exacerbate traffic conditions, adequate loading and delivery systems addressing curbside management, building and site design, and other elements are needed.

Modernized, Flexible Storefronts

The commodification of retail has also contributed to an inventory of unusable or undesirable building shells, as retailers have established prototypes for their developments to cut costs associated with new designs for every store. This results in branded architecture that can make reuse challenging. Many retailers are reluctant to occupy a vacated Pizza Hut or McDonald's with their iconic hat or arches. Also, large box retail spaces such as Walmart are difficult to re-lease or subdivide due to building footprints of over 100,000 square feet and comparably high ceiling heights.

With retailers occupying less square footage and constantly responding to shifting marketing realities, the next generation of retail real estate is becoming nimble enough to provide space for larger tenants, but to also meet the needs of retailers seeking studio apartment-sized spaces. For example, one of the highest-rated restaurants in the nation, Bad Saint in Washington, D.C., has 24 seats in approximately 1,100 square feet. In many jurisdictions, retailers and restaurants of this size are not promoted as an option for developers or permitted by regulations. Further exacerbating the viability of restaurants, many jurisdictions have laws that mandate food-to-alcohol sales ratios limiting the sales opportunity for bar-centric purveyors.

The retail community has responded to this need of smaller spaces with the rise of brands co-locating inside of national retailers (as mentioned above) and food halls, among other approaches. Food halls provide aspiring restauranteurs the chance to try a brick-and-mortar location with limited risks, as the buildout costs of a commercial kitchen and the marketing needed to attract a new customer base are provided by the property owner. Food halls also align with evolving consumer behavior, as they feature several curated cuisine options that can appeal to a curious palate at a lower cost than similar options in a full-service restaurant. Other retail typologies (such as pop-up shops, mobile vending, and in-store co-tenancy strategies) offer similar benefits as food halls.

Actions for Planners

Understanding the retail industry is extremely vital to planners, because activating our built environment with people, particularly at the street level, is chiefly dependent on the health and performance of brick-and-mortar.

Although this article has explored the importance of retail trends and changing consumer preferences, planners do in fact play a large role in influencing the retail in their own communities. Resilient retail can be achieved by managing a shift of local regulations, codes, and designs from those that are *specific* and *prescriptive,* to those that become more *adaptable* and *negotiable.* It should be underscored that negotiation applies both to developers and retailers of proposed projects as well as to communities on the trade-offs they are willing to accept to achieve a future vision.

Being thoughtful about how to rethink or redesign certain regulations "on the books" or existing practices can lead to mutually beneficial outcomes for both the community and retailers of the future. Below are some of these resilient actions that planners can take to help their communities evolve alongside industry changes, categorized by planning roles.

Community Planning

Discuss Community Change and Trade-offs

Promote ongoing discussion with communities, planning commissioners, and economic development officials on changes in the retail industry, and raise trade-offs associated with neighborhood desires (e.g., a local sit-down restaurant) versus tenanting trends (e.g., shift towards fast-casual eateries).

- Opportunities for discussion include comprehensive planning updates, small area plans, and briefings.
- Rather than chase unrealistic popular retailers or retail types, probe the underlying desires the community has for such retail (e.g., a coffee shop not just for coffee, but for "third space") and foster discussion around whether these desires can be fulfilled by other retail types or even alternatives to retail.

Promote discussion about potential neighborhood trade-offs associated with e-commerce logistical needs (i.e., closer-in warehouses, increased truck and delivery vehicle traffic) and e-commerce service to residents (i.e., timely deliveries, better coverage, more environmentally conscious).

- While not a substitute for retail activity, logistics functions such as warehousing, supply chain management, and transportation also offer valuable employment and economic development opportunities for communities.

Promote Neighborhood or Convenience Retail

Educate the community on the value and resilience of convenience retail serving daily needs (e.g., pharmacies, banks), as part of plan visioning and expectation setting. While less exciting than GAFO stores, such retail is far more resilient to e-commerce and likely to endure.

- Generally, experience-led destination retail should be expected to survive only in top-tier, highest-trafficked locations.

Beware of Spreading "Retail Everywhere"

Be careful of overextending commercially zoned land and density in hopes of new retail and economic development. Shopping centers will compete for limited retail demand, resulting in lower sales productivity and rents for retail spaces overall.

- Intentionally consider the areas to cluster retail with the support of an understanding of the market as well as consensus on where to target public infrastructure and incentives.

Zoning and Regulatory Compliance

Allow More Flexible Uses

Expand the list of permitted by-right uses in retail zones when possible, as popular retail alternatives such as beverage production and entertainment activities begin to overlap into retail centers. This list can begin as limited or conditional uses. Promote the ability to integrate retail categories, (e.g., restaurants with apparel) within the same storefront, as retailers look for new ways to diversify revenue.

Rather than restricting uses outright, foster discussion on what sensible protections for neighborhood compatibility look like, regardless of use.

- Identifying a list of guiding principles that the community can agree on enables retail to adapt more quickly to changing yet undeveloped concepts, while expediting approvals based on a review of conditions rather than uses.

Explore the integration of light industrial uses into commercial districts to aid in last-mile delivery services for e-commerce activities, including evolving methods such as drone hubs, as the Federal Aviation Administration recently granted UPS the approval to explore delivery systems that enable drones to fly beyond sight and to be compensated for such delivery.

Modernize parking ratios to be appropriate by retail subcategory. For example, a typical parking ratio for retail is four spaces per 1,000 square feet. However, parking demand for many small-footprint grocery stores (less than 15,000 square feet) is often greater on a per square foot basis than parking demand for large furniture showrooms, even though their required parking ratios are the same in many communities.

Design and Development Review

Encourage Walkability and Placemaking

Push for design elements of greater walkability and placemaking in retail projects, such as contiguous storefronts, clustering, and storefront transparency, to stay market resilient in the long term.

- Remember that public realm elements—sidewalks, activated open space, shading and lighting, benches—unlock the full benefits of street activation and placemaking.
- Consider installing non-auto mobility solutions to encourage foot traffic, such as bike share or electric scooters.

Incrementalism may be necessary in transitioning landscapes from the auto dominated to the pedestrian in order for retail to be viable in the short term.

- Seek win-wins. For example, a new strip center off a highway needs to have clear signage and access from the road, but planners should push for pedestrian scaled "main streets" within the project with smaller retail offerings that encourage people to walk.

Recognize the Interdependence of Other Project Elements

In reviewing mixed use projects, recognize that walkable retail is highly dependent on supporting residential, office, and hotel development within walking distance to serve as a customer base, which means greater density and often greater building heights.

- Ensure adequate physical connections for bicycle, pedestrian, and other modes of non-auto travel.
- Be thoughtful of how certain exactions such as open space—which often competes with retail for the most visible and valuable parcels of a project—should be arranged so as not to jeopardize retail viability.

Establish curbside management programs and other loading and delivery systems to reduce the impacts of e-commerce on the current road network and the ability to receive and send packages.

Keep Retail Building Spaces Flexible

When possible, discourage new large-format or irregularly shaped, customized retail spaces that are difficult to re-lease upon a tenant vacating.

Simpler, rectangular "vanilla" retail spaces arrayed next to one another are often the most resilient because they can grow or shrink alongside business needs—they can be easily subdivided, assembled, or adapted to new uses such as office or residential.

In some communities, building codes may need to be reevaluated and amended towards standards that allow spaces to be easily and quickly adapted to different uses.

- Encourage floor plans to have the ability to subdivide into small (1,000 square feet or smaller) bays during design and project review, even if the initial tenant plans to take more space.
- Competitive dimensions today include higher ceilings (at least 14 feet or higher) and deeper spaces (65 feet or more, in efforts to accommodate kitchens for restaurants in the back).

Economic Development

Grow Local

Encourage growth of local, independent retail—whether through regulations or incentives—as it is more resilient against e-commerce, improves the retail mix, and contributes to the local economy.

- Regulations can take the form of carrots and, in the strongest markets, sticks.
  - "Carrot": Montgomery County, Maryland, codified the provision of smaller retail spaces (less than 5,000 square feet for small businesses, for a minimum period of six years) as one of the community benefit options for project approval (Zoning Code, §57-4.7.3.D.7; see also Commercial/Residential and Employment Zones: Incentive Density Implementation Guidelines, p. 44).
  - "Stick": San Francisco adopted a "formula retail" ordinance that limits or restricts chain stores (according to precise criteria for chains) in certain neighborhoods (Planning Code, §303.1).

Invest in deeper relationships with the small business and entrepreneurial communities to maximize the dollar-for-dollar impact on technical assistance.

In addition to the variety of economic incentives and programs available, economic development officials and small business navigators need to provide the ongoing mentorship and support critical to helping small businesses stay motivated and ultimately afloat during inevitable ups and downs.

Create and Program Retail Districts

Use public or privately owned open spaces for programing special events that can attract further foot traffic to retail shops.

Canvass businesses and commercial property owners to assess interest in forming a distinct, branded retail district that can infuse a sense of identity and place to an area that lacks it.

- Coordinate and standardize features like storefront design, signage, operating hours, and promotions.
- Leverage shared parking arrangements to offer relief from minimum parking requirements.

Conclusion

Planners in the United States are confronted with the great challenge to catch up with and get ahead of retail real estate trends. They should understand they have a great deal of influence in ensuring that the goods and services needs of communities can be properly met in order to help neighborhood commercial corridors remain active.

Forward thinking and intentional design—of places, buildings, and regulations—with an eye towards second- and third-order effects are key to realizing and delivering retail resiliency. One doesn't need to look far to see how commercial building typologies of yesteryear, such as big box stores and regional malls, have proved challenging to retrofit and no longer serve the fast-growing segments of retail. Conversely, walkable environments have lasted centuries and remain common in many countries predating America. It's a "back to the future" idea: the elements of convenience, experience, and all the other advantages possessed by successful new retail models align with the characteristics of walkable, multimodal communities that have existed for centuries.

At the same time, the demand for a robust e-commerce and delivery framework in these neighborhoods remain unabated. Planners should seize these opportunities by designing a regulatory network to enable the best conditions for ever-evolving retail, being an honest broker with communities about what retail changes mean for them and how to adapt, designing buildings and streets to host a myriad of users (e.g., people, trucks, drones), and being ready to quickly pivot with the industry.

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