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THE FUTURE OF RETAIL: CREATIVE APPROACHES TO PLACE-BASED ENTREPRENEURSHIP

MAIN STREET AMERICA®

URBAN MAIN®

Main Street America™ has been helping to revitalize older and historic commercial districts since the late 1970s. Today, it is a movement of more than 1,800 member organizations and individuals who share both a commitment to place and to building stronger communities through preservation-based economic development. Main Street America is a program of the nonprofit National Main Street Center, Inc., a subsidiary of the National Trust for Historic Preservation.

UrbanMain, a program of the National Main Street Center, offers specialized services, professional development, networking, and advocacy for the field of urban commercial district practitioners. Launched in 2017, UrbanMain builds on the National Main Street Center's nearly 40 years of non-profit leadership in commercial district revitalization and the work of the Main Street America Network.

AUTHOR

JOSH BLOOM Community Land Use + Economics Group

CONTENT ADVISORS

MATTHEW WAGNER, PH.D. Vice President of Revitalization Programs, NMSC

LINDSEY WALLACE Director of Strategic Projects and Design Services, NMSC

CONTENT CONTRIBUTOR

BRITTANII' BATTS Associate Manager, Projects & Research, NMSC

SENIOR EDITOR

RACHEL BOWDON Associate Director of Marketing and Communications, NMSC

CONTRIBUTING EDITOR

JENNA TEMKIN Associate Manager of Marketing and Outreach, NMSC

DESIGNER

THE NIMBLE BEE

WHERE IS RETAIL HEADED?

The seers look into their crystal balls and say, "The retail apocalypse is coming." The retail analysts say it's already here. If you look around, you've almost certainly observed it yourself. Recent store closures have been setting records and the trend is expected to accelerate as the retail industry restructures. The estimated 46 square feet of retail space per capita in the U.S. was already unsustainable and analysts believe the industry faces an unprecedented reckoning as demand for space plummets.[1]

The types of things people order online has broadened from books and electronics to apparel and convenience items (like groceries and household supplies). Some say, "But wait! Online sales still only make up a small portion of consumer retail sales." And that's true. The latest data from the U.S. Census Bureau reported that e-commerce accounts for about 10 percent of retail sales. Other estimates are higher—a 2019 UBS analysis estimates online retail at 16 percent and predicts it will rise to 25 percent by 2026. Either way, the trend is clear: Online sales as a percentage of all retail sales have been increasing every single quarter for more than 10 years, and there is no reason to think that trend will plateau.[2] Within the trend lies a related problem: One company—Amazon—is poised to grab 50 percent of all online retail sales in 2019.[3]

A large portion of those sales are fulfilled by smaller businesses selling on Amazon's Marketplace, but Amazon controls the platform.

That's one company doing half of all online retail business in the U.S.

Take a minute to let that sink in.

Since a decline in demand for commercial space is a foregone conclusion, malls are working to adapt: "experiential!" "microcities!" "creative!".[4] Downtowns will have to chart a different course, too. They already are.

▌ **Businesses—and business districts—are selling *experiences* before products.**

▌ **The shift to *local* has become a movement.**

▌ **People come for *connection* more than transaction.**

▌ ***Social consciousness*—doing well by doing good—is driving entrepreneurship.**

Downtowns and traditional business districts have always been innovation laboratories, even if that function was not intentional. Recent retail trends like pop-up stores, and engagement trends like placemaking and alleyway activation, started in downtowns.

WHAT'S SO SPECIAL ABOUT RETAIL?

Retail has long been the focus (some might say obsession) of Main Street revitalization, at least when it comes to business retention and business development. Downtowns and business districts have always had varied uses (e.g., government offices, religious institutions, schools, and residences), but retail and retail services were viewed as the core business functions.

The idea persists even though retail— the selling of *things*—historically accounted for only 15 to 20 percent of downtown businesses.[5]

Retail created reasons for people to make regular trips to the district, and the presence of people made for lively streets. Even as retail formats changed and the malls and big-box stores duked it out on the periphery, traditional business districts often succeeded by offering something more distinct in a walkable, authentic environment. They offered a sense of place, contributing to their value proposition in the face of the competition. Old buildings found new uses: cafes, boutique retail, more restaurants, or an increased number of consumer services and personal services (think yoga studios and spas, among others).

E-commerce is still shape-shifting and it appears likely that "bricks-and-clicks" (or "omni-channel" or "omni-experience") will have a role to play. That is, "stores" may increasingly serve a showroom function, with merchandise delivered to your home. It's clear that less and less of the goods we buy will come from traditional retail stores, that retail stores will shrink in size, and that on-site inventory will shrink because online ordering will be deeply integrated into the physical store experience.

While traditional selling channels—wholesale and retail—are being disrupted by e-commerce, something else is going on with human behavior: People are buying less stuff. Millennials (and other generations, too) are choosing to spend money on experiences instead of things.

It's become hard to imagine an alternate universe where people choose to shop primarily in stores. Yet it's easy to imagine a world in which people still come to traditional downtowns and commercial districts, not because they have to, but because they want

something that e-commerce can't satisfy; something other than an item they can put in a bag. In this universe, place takes on a new kind of importance. The question is, if the need for an item is no longer the driver of customer trips, how do traditional business districts adapt and capitalize on the shift?

Activity creates a vibrant commercial district, so any new paradigm for commercial space must generate foot traffic. The experience of being in the district must be compelling enough to move people away from their virtual shopping carts and streaming movies.

Commercial buildings, whose value is derived from their economic productivity, will need to adapt once again, too. For example, a large-scale storefront that evolved from a car showroom to a furniture store to a restaurant over the past century, faces the likelihood that new retail concepts will need less square footage. Fortunately, adapting these buildings is still achievable, unlike shopping malls and shopping centers, which were purpose-built and designed not to last much longer than their depreciation period.

So let's talk about what the present might portend for the future of traditional downtowns. The present is promising: Trends suggest a long-term shift away from generic bricks-and-mortar retail—the kind that sells undifferentiated consumer products—and a pivot toward interactivity and experience. Commercial districts will continue to offer a mix of retail and services, but consumers expect more than utility: Your barbershop now offers you a whiskey.

EXPERIENCE IS THE BUSINESS

WHAT IS AN EXPERIENCE?

Traditional business districts have always offered experiences—restaurants, bars, movies, theater, performances, and special events. Businesses where you actively engage are there, too: yoga studios, paintball facilities, gyms, and bowling alleys, for example. These experiences and activities are connected to the place—downtown is the living room, and the restaurants, bars, and theaters are the amenities.

A traditional business can amp up the experience factor, like a restaurant that adds a billiards table or a bocce ball court. Or a bowling alley that shifts its atmosphere (and its profit center) to a bar and lounge, and the game becomes an amenity.

Another category, sometimes dubbed "classroom retail," connects teaching to a physical retail product. Think pottery painting, oil or acrylic painting, cake decorating, sewing studios, knitting and needlepoint, do-it-yourself framing, and others. Customers come to learn a skill and leave with a product.

Increasingly, experiential businesses leverage the authenticity of place that is part of the atmosphere in traditional business districts.

Some of these businesses also serve as a platform for people to interact or accomplish something together. These include game rooms where people come to play board games together, or escape rooms, where groups work together to solve an immersive puzzle.

▌ **Duff's Cakemix** is a do-it-yourself cake decorating studio with three locations in Southern California, opened by Food Network chef Duff Goldman. Duff's team makes the cakes; for a studio and cake fee, customers exercise their creativity, using supplies provided. Perhaps the most appealing part is that the Cakemix staff cleans up the mess.

▌ **Escape rooms** have been opening around the country at a rapid pace and they are well-suited to the aesthetic of historic buildings. According to industry estimates, in 2014 there were only a couple of dozen escape rooms in the U.S.; five years later, there are an estimated 2,300. Most are independent businesses. Typically, themed rooms designed in the styles of different eras—each with a story behind it—serve as the backdrop where couples, friends, party groups, or coworker teams try to figure their way out of a three-dimensional puzzle in a limited amount of time.

▌ **The Game Table** in Carbondale, Illinois, sells games, yes. But in the evenings, people come to play board games with other people, in real life (as opposed to on their phones). Learning to play and teaching others to play are part of the activity. Risk, anyone?

CREDIT: JOSH BLOOM

CHANGE IS EXPERIENTIAL, TOO.

Commercial districts acted as incubators of new businesses before "business incubators" existed. Often, it was (and is) cheaper to test out a new business concept in an underutilized storefront. More recently, in an effort to bring more entrepreneurs out onto the street, some cities are formalizing the pop-up business concept, both as a way to launch creative retail (and non-retail) businesses and as a way to make commercial districts dynamic and fresh. Change and innovation generate foot traffic, as people are attracted to places that provide new experiences.

- **Food trucks have gone from "underground" to commonplace.** Some communities have created food truck nights where the mobile vendors anchor an outdoor event in the commercial district. Potential competition with local restaurants may be mitigated by inviting local restaurants to participate outdoors, or by holding the event on a Monday night when independent restaurants may be closed. Food trucks bring something new and different in the district, often adding new cuisines to the established mix of restaurants. On a smaller scale, a single food truck on a weekly schedule can become the attractor that gets people out, especially on a beautiful summer night.

- **Retail has gone mobile, too.** For entrepreneurs, retail trucks are a vehicle (pun intended) for expanding their trade area beyond what a single store could reach. For commercial districts, mobile retail can fill in gaps in the business mix and garner social media attention for their progressive and ephemeral quality.

The Yarnover Truck (yarnovertruck.com) is a mobile yarn boutique that travels the highways and Main Streets of Southern California, with an online calendar of its scheduled stops. The idea was the brainchild of two knitting friends who found the capital costs of a bricks-and-mortar store to be a barrier. The truck launched in 2013 and has been riding the roads ever since.

Change and innovation generate foot traffic, as people are attracted to places that provide new experiences.

Temporary installations can positively impact place and the economy. The Musical Swings, a creation of a French-Canadian artist collaborative called *daily tous les jours* ("daily daily") traveled the U.S. with stops in four downtowns. Each swing acts like a single, specific instrument, playing a musical scale as you swing higher and higher. When you swing collaboratively, in sync with friends or strangers, the notes of the multiple swings create a melody. Through a grant from the Knight Foundation, the economic impact of the Musical Swings was rigorously studied and quantified: During a one-month installation, the incremental impact on local businesses—from people who came specifically to see the Swings—ranged from $359,000 to $510,000. (Economic impacts varied by city.)
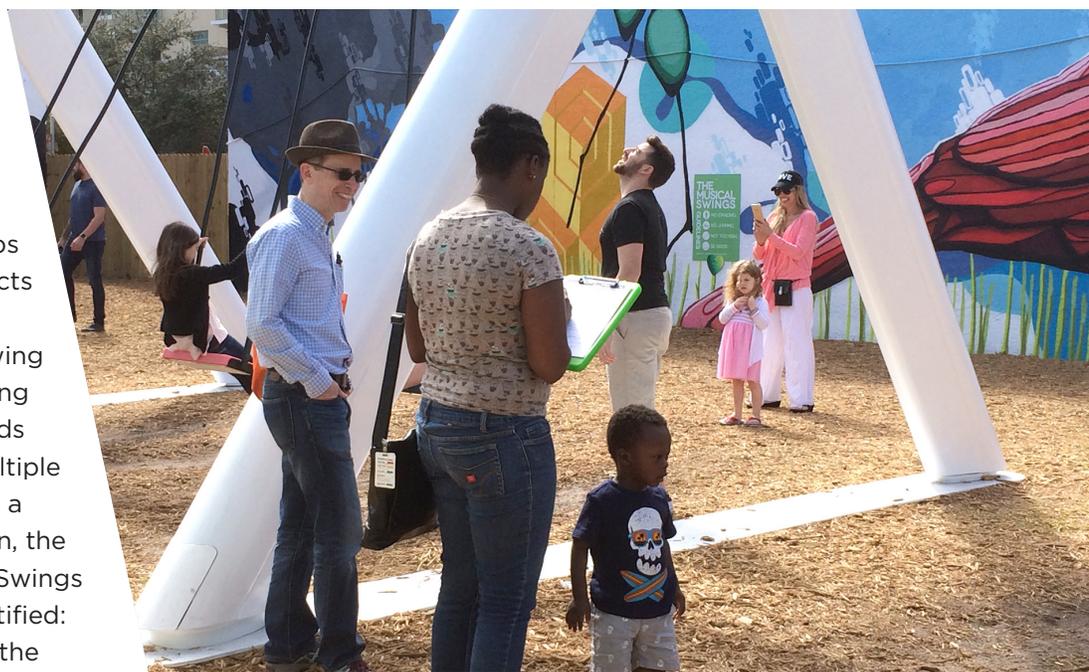
Boombox is helping to launch new entrepreneurs in Chicago by offering architect-designed, shipping container pop-up spaces. The concept encompasses several concurrent retail trends: The shift to "micro-retail," where the small format acts as a showroom as much as a store, short-term leases, allowing entrepreneurs to test a concept, and established brands using pop-ups to demonstrate innovation.

In an era where people stream movies at home, the traditional movie theater is having to expand its concept of "experience" too. Many theaters now include a combination of uses, including film presentations, live performances (e.g., plays, stand-up comedy, dance, book readings), conferences, parties, live-streamed events or performances taking place elsewhere, simulcast religious services, children's programming, on-screen video games, and others.

HOW DOES TRADITIONAL RETAIL BECOME EXPERIENTIAL?

Let's look at bookstores, one of the first bricks-and-mortar retail categories to become the victim of online retail. Some bookstores have survived by doing what they always did better: adding more author readings or bringing in more gift items. Several of today's thriving bookstores have been completely reimagined. Yes, they sell books, and yes, they have reading events, but Politics & Prose, Busboys & Poets (each with several locations in the Washington, D.C., area), and Third Place Books (with three stores in Seattle) have consciously reimagined the bookstore as a place and a venue, not just a store. Each integrates food into the retail experience—from full-service restaurants to coffee shops and wine bars—and all have regularly scheduled performances and events. Books may be the star, but the store becomes the place to be with others and be enriched.

LEADING WITH LOCAL

Local sourcing—once parodied in an episode of the television show *Portlandia* in which two restaurant customers ask to visit the farm where the chicken was raised to make sure it had good living conditions and a local diet—has become valued by consumers in ways they themselves might not have expected only a few years ago. It is now fair to say that "local" is a trend, not a fad; local products and local sourcing offer something that chains don't execute well. (Even when the concept is cultivated as part of a national brand, as Whole Foods tries to do, it often falls short.) Local production (i.e. small-scale manufacturing, locally grown food, etc.) makes a direct connection between the commercial district as a place and the region as a source, and helps to grow and support the local economy.

Main Street is well-positioned to capitalize on these ties. As downtown offerings become more experiential, local food is often the attractor. Microbreweries, cider bars, creameries, coffee roasters, and bakeries can differentiate their businesses and connect to the authenticity of the commercial district by selling local products. Boutiques and retail shops can do the same by sourcing products from local artists, artisans, and makers.

CREDIT: JOSH BLOOM

In downtown Boise, Idaho, indieMADE sells crafts, jewelry, textiles, pottery, and other items by Idaho makers.

NIGHT MARKETS

A market event during the day is, fine, but darkness adds an aura of fun and intrigue. There's something about a dark sky and imaginative lighting that gives a night market a special vibe. It's also a more natural time for listening to music and drinking an adult beverage.

That combination of food, drink, music, art, and local retail has proved a successful formula for many communities.

Lexington, Kentucky's North Limestone Community Development Corporation started its Night Market back in 2013. Held on the first Friday of each month from May through December, it quickly started to draw people from outlying neighborhoods and suburbs to the "NoLi" neighborhood, which was starting to gain recognition as a creative district.

Place—and placemaking—helped make NoLi's Night Market a success. The market is located on a quirky, narrow block of an otherwise nondescript industrial street off the district's main artery. It's not an alley, but it could be. With overhead lights strung across the street and vendor stalls set up, it takes on the atmosphere of a party and agora. NoLi CDC has been clear about the Night Market's three purposes: to support the neighborhood's local businesses and artists, enhance the public space, and facilitate cultural and social programming. The Night Market is a place for established local businesses (like West Sixth Brewing, which anchors the biergarten) and hundreds of temporary vendors who rent booths. Beyond the stated purposes of the Night Market, it is also a business incubator and its own entrepreneurial ecosystem that can, potentially, spin off new businesses in NoLi or elsewhere in Lexington.

FORGING HUMAN CONNECTION IN THE DIGITAL AGE

Since we can now shop, watch movies, and converse online, we no longer connect with people in-person as much as we did in the past. While experiential retail is bringing people together, humans need and desire additional ways to connect. Commercial districts are positioned to facilitate and generate these connections.

Food can be a driver for bringing people together and connecting them to place. Food halls are being reconceived as gathering places, not just markets. The revamped Union Station in downtown Denver offers restaurants, bars, coffee shops, curated retail, and an outdoor farmers market. The environment of the station is not conceived as a traditional food hall; it was designed as a public living room. There are multiple areas to lounge in, shuffleboard tables for active engagement, and live jazz and yoga classes on the outdoor plaza. As in a living room, a visitor can engage in conversation, engage in watching others, or engage with a book. The ability to do those things in the midst of community (and in a historic building) attracts people who are seeking an experience.

As retail is changing its format (and its physical presence), so too is the work world. Coworking spaces—places to work alone, together—were a niche concept in the early 2000s. Today, as work life has become more disconnected from corporate life, the coworking concept has matured. On one end of the spectrum, coworking has become more conventional, with national chains opening offices in cities large and small across the country. At the same time, the concept has become an organizing framework for affinity groups. The Detroit Parent Collective is a coworking space for families, with on-site childcare and a cooperative preschool. Cultureworks in Philadelphia began as a home for the creative community, serving as the base for freelancers and arts and culture consultants, as well as the home for several Philadelphia nonprofits. Consciously placing a focus on equity, sharing, and diversity, it goes beyond the basic coworking concept and aims to be a supportive, vibrant community of like-minded individuals and organizations.

Makerspaces are a new realm of coworking spaces

The idea behind a makerspace is to provide the facility, the tools, and the social support to build ideas into a real thing, often even before there's a business plan or a scalable model. Makerspaces encourage experimentation across all sectors, although they typically emphasize things that can be built in the physical world. A makerspace is a business incubator, but a very hands-on one.

Makerspaces are built on the idea of shared resources, and while they require some capital and equipment to get established, they have been initiated in places as diverse as large cities, college towns, and rural communities.

. . . .

LEXINGTON, VIRGINIA, a town of 7,000 people in the Shenandoah Valley, launched a "collaboratory" space in 2017 as an offshoot of their Main Street program. The Collaboratory serves as an incubator for entrepreneurs of all ages, a makerspace with equipment for small-scale production, and space for teaching and learning. The lab offers microloans to entrepreneurs that need working capital to get an idea to market in a timely manner. It provides access to tools for small production runs, including a laser cutter, 3D printer, and an old-fashioned letter press. There's also a computer lab and a tool library available to all members.
Lexington Collaboratory and Makerspace
Collaboratorylexva.com

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Interesting things are happening in the **JOHNSON COUNTY, KANSAS**, library system. Around 2016, the public library in Louisburg (pop. 4,300) opened a makerspace in its historic downtown building, with a shared laser cutter, 3D printer, and computer resources. The county library has taken the idea a step further: In addition to the makerspace at the library's main branch, it went out on the road with a mobile makerspace. The library received support from a local engineering corporation (Black & Veatch) and the Kauffman Foundation to outfit the truck with printing and cutting tools, sewing and electronics equipment, audio-visual production tools, and vinyl graphics cutters. The truck brings the makerspace to the rural communities served by the library throughout Johnson County.
Johnson County, Kansas Libraries
jocolibrary.org/makerspace, louisburglibrary.org/maker

. . . .

SOCIALLY-CONSCIOUS CONSUMPTION

Increasingly, consumers factor in whether a business or a brand is socially conscious when making purchasing decisions. They want to know that their coffee was purchased through a fair-trade system and that the farmers who grew their bananas were fairly compensated. They want to know where their clothing was manufactured and that workers were not exploited. They also want products that are reusable or kinder to the environment. They are often willing to pay more to support these values.

Downtowns and traditional business districts are well positioned to align with socially-conscious consumers. "Local" is a large part of meeting the call for social consciousness. Local sourcing supports consumers' social values in multiple ways: Purchasing local products directly supports the local and regional economy, both the maker and the businesses that supply and service that manufacturer. Leaving the topic of living wages for another time, it is more likely than not that the maker of a local product was compensated fairly. Further, the purchase of local products reduces shipping distances, which impact the environment. In fact, purchasing from a locally-owned business can be an act of social consciousness in itself.

Socially-conscious economic development pairs naturally with Main Street. Values-driven businesses often embody the future of the retail experience. In many cases, socially responsible practices are simply part of a new way of doing business, because that's what customers want or expect. The range is as diverse as the business mix on any Main Street.

Resale shops. A 2016 survey found that the average American discards 81 pounds of clothing each year.[6] Once viewed as "retail-of-last-resort," second-hand shops are in the midst of a wave of reinvention, particularly in the apparel and furniture sectors. Some newer resale shops have brought a design sensibility and a hipness to their operations that has long been absent. The reinvention comes at a time when many consumers want to consume less. And it comes at a time when people already own so many things, they are looking for a way to bring some of it into the reuse stream and not add it to landfills.

Healthy, local food. Food entrepreneurs continue to drive innovation, both in Main Street storefronts and in mobile vending, like food trucks. Social priorities like local sourcing, support for family farmers, and sustainability play an increasingly important role alongside the innovation (or authenticity) of the cuisine itself.

▟ **GREEN STREET** is a Mid-Atlantic chain of 10 resale apparel stores, featuring mid-range designer labels for men, women, and children. For sellers, there are consignment, cash, or trade options. Almost all Green Street stores are in traditional business districts and storefronts.

CREDIT: JOSH BLOOM

▟ **DIG INN** is a regional chain in New York and Boston with 26 restaurants. The concept is grain bowls with a self-service ("fast-casual") format and sourcing from local farms. Dig Inn promotes their use of "ugly vegetables"—the vegetables that can't be sold at supermarkets or farmers markets because of their blemishes, and which are part of the estimated 40 percent of food in the U.S. that goes to waste. Dig Inn promotes the notion that ugly produce can be transformed into attractive vegetable salads.

CREDIT: JOSH BLOOM

▟ **BEEFSTEAK** is a vegetable-centered restaurant concept started in Washington, D.C. Chef and founder, José Andrés, was named "Humanitarian of the Year" by the James Beard Foundation. Andrés has leveraged his restaurant model to bring aspiring entrepreneurs into a pipeline where they can become successful operators of their own business. Through the Enterprise Center of Philadelphia, Andrés is using the food truck platform to cultivate food entrepreneurs. After a competitive application process, selected operators are provided a turnkey, outfitted food truck, with tested recipes, training, payment systems, and licenses, with the goal of establishing new food businesses and entrepreneurs in underserved areas.

PLACE-BASED ENTREPRENEURSHIP AND THE MAIN STREET APPROACH

YOUR DISTRICT'S IDENTITY

In 2015, the National Main Street Center launched the Main Street "Refresh" to help communities make their work more effective by adopting an overarching strategy for their commercial district. These "Transformation Strategies" are grounded in the economics of the district. By planning a set of actions with a specific economic direction, a Transformation Strategy can focus the district's economy around its strengths and best opportunities.

ECONOMIC VITALITY
DESIGN
PROMOTION
ORGANIZATION

Community Vision
Market Understanding

TRANSFORMATION STRATEGY

Quantitative Outcomes
Qualitative Outcomes

ECONOMIC VITALITY
DESIGN
PROMOTION
ORGANIZATION

Transformation Strategies are a management tool for redirecting a district's economy so it can respond to the changing nature of retail and the importance of experience and place. The progress of a Transformation Strategy can be measured by the progress it makes toward achieving the intentional shift in the district's economy.

For more information on Transformation Strategies, see "A Comprehensive Guide to Community Transformation" and "Measuring Impact for Main Street Transformation," publications of the National Main Street Center.

How do Transformation Strategies connect to the future of retail? Let's take two examples:

▰ A strategy that focuses on growing the home furnishings sector can incorporate some of the fundamental ways in which retail is changing: Businesses might move toward carrying more resale products or "upcycled" products; local or regional manufacture may take on more importance; a furniture store might incorporate a café; the upholsterer might move its workshop to the storefront window; you might create outdoor "living room installations"—places for people to relax and connect— around the district.

▰ An arts strategy might include transforming alleyways into experiential corridors, commissioning a series of temporary interactive art installations, or listing the paintings by local artists hung in downtown restaurants on Etsy.

CREDIT: UPTOWN MARION

COMMUNITY RETAIL INNOVATION AUDIT

You can use this tool to identify your district's innovation opportunities and assess how to connect your Transformation Strategy with systemic shifts in retail. Systemic retail shifts apply to businesses at all stages in their lifecycle, from launch to growth to maturity. Thinking about business retention through the lens of innovation will give you the perspective you need to help existing businesses adapt to changes in consumer expectations and, in the process, make the entire district more responsive as well.

▟ Begin by examining how responsive your district has been to retail shifts. What are the best and most innovative practices in your district? Where do you lag?

▟ If you have adopted Transformation Strategies, in what ways can those strategies incorporate retail innovation, particularly around experiences, local products, human connection, and social consciousness?

▟ Develop programmatic solutions and metrics based on your Transformation Strategies, capacity, partnerships, and resources.

▟ Consider your role in each of these solutions. Is your organization the leader, connector, or convener?

Incorporate experiences, inside and outside businesses:

▟ Storytelling: What is the story behind the maker, the product, or the process?

▟ Demonstrations: Watch a product being made

▟ Tasting (for food-based businesses)

▟ Consumer participation: Shopper gets to produce something

▟ Classes, activities, and education

▟ Snacks and drinks offered as an amenity in non-food businesses

▟ Add music inside businesses and in public spaces

Foster social engagement:

▟ Opportunities for shoppers to engage with other shoppers, without making a purchase

▟ Private spaces for people to engage inside businesses

▟ Public spaces designed for people to run into each other

▟ Interactive public installations where people touch and play with art (rather than just admire it)

Systematize the entrepreneurship pipeline:

▟ Farmer's market

▟ Pushcart vendors

▟ Night markets

▟ Mobile retail and food trucks

▟ Stores within stores: Create new businesses within existing businesses

▟ Permanent pop-ups

▟ Temporary pop-up programming

▟ Maker spaces

▟ Incubator/accelerator

Help businesses incorporate more social consciousness:

▟ Shift product mix toward locally-produced and/or sourced

▟ Connect businesses to environmental or humanitarian causes related to their industry

▟ Help businesses adopt better environmental practices— and promote those practices (e.g., reducing waste, or purchasing renewable power)

STIMULATING INNOVATION

Entrepreneurs launch most new businesses in traditional downtowns and commercial districts, serving as a the key source of innovation and advancing the leading edge of retail. (It is less common for businesses to relocate from another downtown.) If the goal is to get Main Streets to move at the speed of retail transformation, then a key part of the toolkit is to make it cheaper and more efficient for entrepreneurs to fast-track their ideas, as well as "fail fast" if the concept is not well received.

Downtowns and neighborhood business districts are at the forefront of creating what are sometimes referred to as an "entrepreneurship pipeline," a system of programming, real estate features, or activities that assist entrepreneurs in testing concepts and getting consumer feedback in their early development without the high costs of going directly to bricks-and-mortar. These activities are commonly associated with a robust "entrepreneurial ecosystem." You may already have many of these resources in place, and there may be additional tools you'll want to develop. Pulling together existing programs and adding needed resources forms the ecosystem, which can stimulate business development.

Your entrepreneurial pipeline may come through:

- Community colleges
- Small Business Development Corporation business planning courses
- Farmers markets
- Pop-up business incubator programs
- Mobile stores (like food trucks or mobile retail)
- A "shark tank" competition
- Trade schools
- Networking events, like the Kauffman Foundation's "One Million Cups" program, where entrepreneurs network and problem-solve over coffee
- Online training, like the Kauffman Foundation's "FastTrac" program

You may be able to increase innovation in your district by providing the tools or space that entrepreneurs need to test their idea. For example, with less demand for larger retail spaces, subdividing storefronts into smaller, more easily adaptable spaces can make the entire space more marketable. At the same time, it lowers the barrier to entry for entrepreneurs and provides a launching pad for pilot businesses that are not yet ready to stand on their own.

CREDIT: CONCHI MARTÍNEZ

Cities that lead in the effort to rebalance the supply of retail space will be at the forefront of a necessary shift in land use and in creating more vibrant Main Streets.

ADDRESSING RETAIL SUPPLY

Retail is changing in more profound ways than previous evolutions or disruptive periods. Main Streets are well-positioned to actively adapt to new formats and new consumer expectations. Traditional commercial districts remain compelling because they are valued as authentic places. Yet, there's a lingering question about how a nation that overbuilt its retail capacity will come into balance with reduced market demand for that space.

Soon we are going to have to address the surplus of commercial space. For all the talk about the retail apocalypse, there's little talk about confronting the oversupply of retail space by reducing the *amount* of retail space. Yet the need to confront the issue seems inevitable. Even for historic and traditional commercial corridors, it is time to start planning for changing land use and a smaller retail footprint. Ground-floor retail may not be the best formula for all new construction in commercial districts. Rezoning portions of Main Streets and commercial corridors for compact housing development may be the right strategy for increasing land value where the market for commercial space has declined. Cities that lead in the effort to rebalance the supply of retail space will be at the forefront of a necessary shift in land use and in creating more vibrant Main Streets.

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1   The U.S. is the most over-retailed country in the world. Based on a study by the Community Land Use and Economics Group, the NMSC cites 46 square feet of retail space per person. The International Council of Shopping Centers reports a lower number (23.5 square feet) that accounts only for space in malls and shopping centers and does not include space in traditional downtowns and business districts.

2   US Census Bureau, US Department of Commerce

3   https://www.entrepreneur.com/article/325556 (and others)

4   https://www.forbes.com/sites/jonbird1/2018/06/17/the-future-of-the-shopping-mall-is-not-about-shopping/#3f7278705cf2

5   Based on an analysis of building uses recorded in historic Sanborn Maps, by the Community Land Use and Economics Group.

6   https://www.huffpost.com/entry/youre-likely-going-to-throw-away-81-pounds-of-clothing-this-year_n_57572bc8e4b08f74f6c069d3

HOW IS YOUR DISTRICT SHIFTING TO MEET NEW CONSUMER EXPECTATIONS?

A SELF-ASSESSMENT

	SCORE (1-5 STARS)	EXAMPLE OF WHAT WE DO BEST	EXAMPLE OF WHERE WE ARE DEFICIENT	IDEAS FOR INNOVATION
EXPERIENCE	*****			
Public amenities				
Placemaking initiatives				
Events				
Temporary installations and ephemera				
Brand and image				
LOCAL				
"Local" is an expressed part of brand				
Business mix reflects local emphasis				
Local identity is part of social media/ marketing				
Local identity used as a market differentiator				
CONNECTION				
Public spaces that facilitate personal engagement				
Public spaces that facilitate civic engagement				
Social systems to connect entrepreneurs				
Social media engagement (connected to the district)				
SOCIAL CONSCIOUSNESS				
Tools to spur local entrepreneurship				
Emphasis on independent businesses				
Sustainability: Energy				
Sustainability: Land use				
Sustainability: Waste management				
Support of local causes				

HOW IS YOUR BUSINESS PREPARING TO MEET SHIFTING CONSUMER EXPECTATIONS?

A SELF-ASSESSMENT

	SCORE (1-5 STARS)	EXAMPLE OF WHAT WE DO BEST	EXAMPLE OF WHERE WE ARE DEFICIENT	IDEAS FOR INNOVATION
EXPERIENCE	✶✶✶✶✶			
Customer engagement through experience				
In-store sampling, demonstrations, and activities				
Teaching/learning opportunities (for customers)				
Meet the producer (or chef or author) events				
Brand and image				
LOCAL				
Product assortment reflects local sourcing or production				
Labeling of products as local (e.g., by place or distance)				
Highlighting of local specialties or practices				
Local identity used as a market differentiator				
CONNECTION				
Social media engagement with customers				
Greeting practices when customers enter				
Social activities, field trips with customers (e.g., visit the farm or visit the factory)				
Meet or highlight the people behind the product/service				
SOCIAL CONSCIOUSNESS				
Waste management practices				
Green packaging practices				
Energy management practices				
Support of small producers				
Support of local causes				