Solution Brief

Operational Trends and Potential Actions for Main Street Retail Recovery

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BRING BACK MAIN STREET

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BRING BACK MAIN STREET

Bring Back Main Street is a nationally-coordinated research and advocacy campaign about finding the best solutions to ensure our main streets recover from COVID-19 and emerge from the crisis more resilient than ever. We're working with a growing coalition of partners on this project, including: main street business leaders, academic research partners, industry and professional associations, BIAs/BIDs across Canada, government stakeholders and municipal recovery working groups, corporate endorsers, developers, industry and professional associations, and advocacy groups across Canada.

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EXECUTIVE SUMMARY

This *Bring Back Main Street* solutions brief focuses on the retail sector and the impacts of the COVID-19 pandemic on main street businesses. Retailers play a critical role in the health and vitality of Canadian main streets, and keeping main street retailers healthy is an important mission of the local business organizations that represent them. The brief suggests solutions that can be undertaken by business improvement organizations (BIDs, BIAs, BIZs, SDCs and others), local chambers of commerce or community development organizations, as well as municipal economic development departments. It is divided into three sections:

• The trends experienced by main street retailers during the pandemic,

• The challenges faced by retailers with reopening, and

• Potential actions that local business organizations can take to help ensure that main streets remain lively areas of commerce.

Retail Trends During the Pandemic

Most businesses on the country's main streets had to shut their doors for most of March and all of April, only reopening partially in May. Only essential services like grocery and drug stores were allowed to remain open. Shortly after, restaurants were allowed to offer take out and delivery meals. As well, retailers continued to operate their online businesses if they had them. Retail sales trends reported by Statistics Canada paint a bleak picture. March and April sales for all non-essential retailers dropped dramatically. These trends had an immediate impact on all retailers but hit main street businesses harder because of their lack of sophisticated marketing and financial resources. While a number of high profile, national retail chains filed for creditor protection as a result of this crisis, many smaller retailers simply closed their doors permanently.

Two positive retail trends emerged from the general downturn. Grocery stores and supermarkets sales grew as shoppers stocked up and consumers were no longer able to eat meals out of the home. The second trend was the jump in online sales as this became the only way for Canadians to purchase many products. E-commerce also allowed consumers who were concerned about COVID 19 infection to avoid stores completely. According to Statistics Canada, e-commerce sales grew by more than 100 per cent in April and May compared to their sales for those months in 2019. Unfortunately, many main street retailers do not have online businesses so were unable to benefit from this trend.

Retail Challenges with Reopening

Stores began to reopen in mid to late May, but many restaurants had their table service held back until after other businesses had opened. While these retailers started to generate more business, it came with a hefty price. Virtually all stores and restaurants had to reengineer their floor space and many of their processes in order to comply with directives from public health departments. New protocols related to:

• Social distancing,

• Sanitation,

• Buy online and pick up in store services, and

• Managing the exterior of stores to deal with pick-up services and lineups to get inside.

Potential Solutions for Local Business Organizations

The following sets of potential actions are offered as a menu of options that can be adapted based on local business conditions. Local business organizations should examine the environment for their main street as well as the capabilities of their organization before taking on any of these solutions.

The five key solutions include:

Take on an expanded role as the source of information on government mandates and programs, by not only collecting and distributing information on the regulations from local public health departments but also by collecting and sharing solutions that will help customers feel safe. By being proactive, local business organizations can demonstrate the compliance of their main street retailers, which is important in both reassuring customers and preparing for a reappearance of the virus.

Create a comprehensive omnichannel[1] main street, where customers can access businesses for any part of the shopping journey through online or in-store interactions. This means addressing some of the challenges that businesses face when getting their businesses set up online, dealing with buy online and pick-up in-store issues, and tackling delivery issues, especially for restaurants.

Rethink communications and advertising strategies by redeploying marketing budgets to focus on local shoppers and by extending the use of digital tools. As festivals and events that traditionally help attract shoppers to main streets are less practical with COVID, it is important to have a comprehensive strategy to continue to meaningfully engage main street supporters. This is the time for intense focus on residents who are now more interested in "buying local" to help their main street merchants, or do not feel comfortable taking transit to work or other destinations outside their community.

Prepare to deal with retail vacancies that are the fallout of the drop-in retail sales and to help support existing tenants who are struggling. This means creating a database of vacancies and having a plan for what kind of businesses will do well in these locations. It also requires local business organizations to work with landlords to help make existing space more affordable for existing tenants and to make the vacancies more marketable to the desired tenants through techniques like percentage rent leases[2] and pop up stores.

Foster creative redevelopment in main street districts by bringing together partners and identifying potential redevelopment sites that could have significant positive impact on the local main street. These could be historic buildings or vacant sites. The role of the local business organization can be to be as a catalyst to bring together high potential sites with organizations that have the skills to do an effective redevelopment.

1 **Omni-channel retail** (or **omnichannel** commerce) is a multichannel approach to sales that focuses on providing seamless customer experience whether the client is shopping online from a mobile device, a laptop or in a brick-and-mortar store.

2 **Percentage rent**, or a **percentage lease,** is a type of **lease** seen in retail. It is a rental charge based on the gross income of the tenant rather than a fixed monthly or annual value. In usual examples, the **percent rent** only applies after a certain amount of base **rent** has been paid.

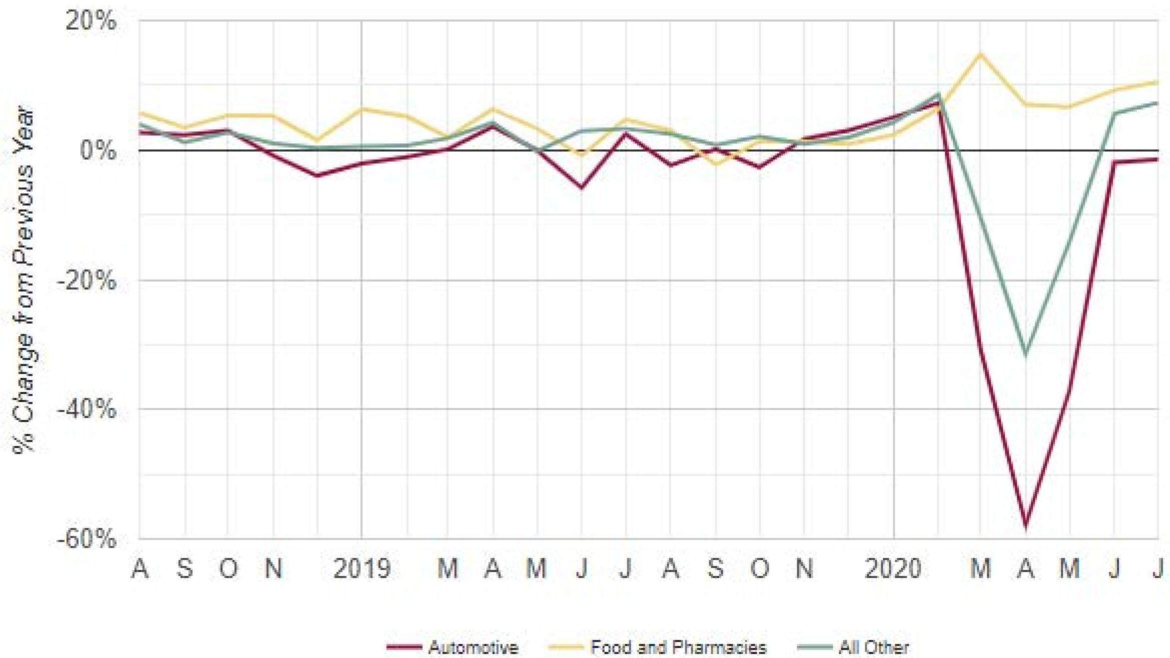
2. INTRODUCTION

This Bring Back Main Street solutions brief focuses on the retail sector and the impacts of the COVID-19 pandemic on retailers located on Canadian main streets. It cannot be overstated how important retail businesses are to main streets. Including business categories such as grocery, restaurants, pharmacies, apparel, hardware and personal services, studies suggest that upwards of three in four businesses on main streets in large urban centres are generally independent businesses in food and non-food retail and services. On many main streets, retail is the prime purpose for visiting and is the source of the liveliness there.

Countless main streets are known predominantly for their retail function, from Spring Garden Road in Halifax to Robson Street in Vancouver. Areas like Chinatown or Greektown in many cities are so named because of the businesses that are located there and the ethnic and cultural history of the surrounding neighborhoods. Therefore, the health of most main streets and their neighborhoods is inextricably linked to the health of the retail businesses located there. As the crisis takes a toll on main street economies and businesses close down, the perception of the vibrancy of the neighbourhood – and city – declines.

This solutions brief is primarily targeted at the organizations that are charged with helping businesses prosper on main streets. This includes business improvement organizations – the business improvement districts (BIDs), areas (BIAs), zones (BIZs), sociétés (SDCs), and their commissions or associations across the country – local chambers of commerce or community development organizations. In addition, the economic development departments of the local municipality will have a role in supporting some of these solutions. While there are many potential solutions suggested below, it is envisioned that each organization will select the solutions that best align with their mandate and the needs of their main street area.

Figure 1: Canadian Retail Sales by Major Product Categories From the Same Month a Year Earlier



3. MAIN STREET RETAIL TRENDS DURING THE PANDEMIC

As illustrated in Figure 1, the growth of retail sales in Canada has tended to have its ups and downs, but is relatively stable, rarely growing or declining by more than 5 per cent. The COVID-19 shutdown that began in March 2020 changed this trendline dramatically. The fall in sales for product categories other than grocery and pharmacy was dramatic, greater than any changes seen from the time that Statistics Canada began reporting. Grocery and pharmacy, which were deemed essential services and remained open, instead grew significantly as Canadians stocked up on basics on the assumption that there could be shortages. This trend was amplified because restaurants were closed to eat-in dining, prompting Canadians to prepare more meals at home.

According to Statistics Canada, March sales had the largest drop on record and April sales were down in every subsector for the first time in 27 years. May sales showed a rebound, but non-essential categories remained well below what would be considered normal. With the almost total loss of sales in March and April, the effect on many well-known chain retailers was swift. A number of retail brands have gone into creditor protection, including Reitmans, Aldo Group, David's Tea, SAIL, Mendochino, and many more.

As larger retail chains with extensive resources struggled, smaller main street retailers have felt the pressure even more intensely. These independent retailers often lack the depth of in-house expertise and the connections with senior financial backers that larger retailers have. As a result, many main streets have experienced business losses.

For instance, according to Restaurants Canada, 10 per cent of all restaurants had closed

Figure 2: Reopening Risk Factors for Major Retail Categories

Retail Category	Non-Basics/ Need	PPE	Social Distancing	Staff Training	Physical Reconfiguration	Dated Inventory/ Waste	Digital
Grocery	L	M	M	H	L	L	M
Full-Service Restaurant	H	H	H	H	H	M	M
Fast Food	M	M	M	M	M	L	M
Pharmacy	L	M	M	M	M	L	M
Convenience	L	M	L	M	L	L	L
General Merchandise	L-H	M	M	M	M	M - H	H
Apparel	H	M	M	M	M	H	H
Leisure Products	M	M	M	M	M	M	H
Home Furnishings	M	M	L	M	L	M	H
Electronics	L	M	M	M	M	L	M
Hardware	L	M	M	M	M	L	M
Personal Services	H	M	H	H	M	L	L
Professional Services	M	L	L	M	L	L	L

permanently by mid-April. Among independent restaurants, which are those most likely to be found on main streets, 50 per cent of proprietors believed they would have to close. As of early July, the majority of foodservice businesses across the country were still operating at a loss and reporting that it could take at least a year to return to profitability, according to the latest survey from Restaurants Canada. The industry shed more than 800,000 jobs by April and is on track to lose as much as $44.8 billion in annual sales compared to 2019 due to the impacts of COVID-19.

While the shutdown had its many challenges for retailers, reopening created a new set of issues. Figure 2, identifies some of the challenges that retailers faced as they began to reopen, and the degree to which these challenges posed a risk to them (L – low, M – medium, H- high).

Based on this assessment, apparel and full-service restaurants stand out in facing the most challenging issues with the highest risk profile.

One bright spot in all the retail doom and gloom is online sales. While Statistics Canada does not report it as a category within the Retail Sales report, they collect and report data on e-commerce sales separately. This category includes both "pure-play" retailers (those with no physical presence) and retailers that have physical stores as well as online businesses. While e-commerce sales represented only 3.7 per cent of Canadian retail sales to March 2020 according to Statistics Canada, they grew by more than 100 per cent in both April and May compared to the previous year. This is good news for struggling retailers, but for most businesses it does not replace the sales lost through the shutdown period and persistently low in-store activity. In addition, many main street businesses did not benefit from e-commerce growth because they have been slow to adopt an online business model.

Omnichannel is term used in retail to describe a system that allows the customer to interact with a retailer through a mix of channels – whether in-store, online, or through various hybrid models. An example of an omnichannel interaction would be where a customer buys a product online and then picks it up in the store. This trend is very important because it actually ensures that physical stores retain their relevance despite the trend to online shopping.

There are hurdles to creating an omnichannel experience in a main street environment, and we explore three of them.

• **Getting retailers online:** While the number of Canadians who use the internet to search for and buy products has grown steadily over the years, online purchasing has skyrocketed during the COVID-19 shutdown, with consumers buying products they had not purchased previously online. Despite this increased usage, many main street retailers do not have websites, e-commerce capabilities, or use digital tools such as social media or email for marketing and promotions.

Even for small retailers who do have an online presence, a big challenge is getting noticed. There are many large players with substantial resources to promote their websites. While a retailer could sell online through a marketplace like Amazon or Etsy, this strategy comes with challenges. It is often costly and may be difficult to break through.

• **Buy online and pick-up in-store (BOPIS):** One of the main objections to shopping online is the cost and delays in delivery. BOPIS can help eliminate this issue by allowing the customer to pick up their products at their store of choice. While this can be challenging to set up for the store owner, BOPIS offers a sales channel for smaller main street stores that cannot accommodate many customers in-store or have customers that want to shop online. In addition, when a customer picks up an order, they may also purchase something else or become more familiar with the store.

• **Delivery challenges:** The surge in online demand during the COVID-19 shutdown strained the ability of delivery providers to meet schedules and for retailers to process orders. While large retailers like Amazon often provide free or low-cost delivery, smaller retailers cannot afford to absorb these costs, which makes them less competitive. Through their Prime paid service, Amazon shoppers can get what feels like free shipping by avoiding fees on specific orders.

While restaurant home delivery has been a growing trend for several years, the COVID shutdown made it essential to the survival of many restaurants that had to close their in-person services. Yet, the delivery apps such as Uber Eats charge substantial commissions of up to 30 per cent that often make these transactions unprofitable for restaurants. According to Statistics Canada, restaurant profit margins averaged only 3.6 per cent in

Figure 3: Stages of the COVID-19 Pandemic for Retailer

Source: J.C. Williams Group

4. RETAIL CHALLENGES WITH REOPENING AND THE "NEW NORMAL"

Figure 3 shows the various stages of the shutdown and reopening. **Pre-COVID-19**, emerging retail trends included environmental concerns and digital transformation. As the crisis emerged, retailers were forced to deal with the shutdown of non-essential businesses, which many initially believed was going to be a short-term disruption. The **Crisis Adaption stage** instead lasted much longer than originally anticipated.

As businesses have entered the **Relaxed Restrictions** stage that allowed most to slowly reopen, retailers have had to deal with changing many of their business processes in order to comply with all the new public health regulations while also trying to recoup some of their losses from the shutdown. The table below shows some of the many issues that retailers are facing and how these challenges are being addressed. Depending on how the pandemic progresses and whether there are subsequent waves of infections, tracking and adapting to safe opening regulations will continue to be a challenge.

As retailers comply with this "new normal", they must have an eye on the next stage: **Legacy**. They must determine which of the new protocols and physical changes to their stores will become permanent and which ones will change and which ones will revert back to pre COVID norms.

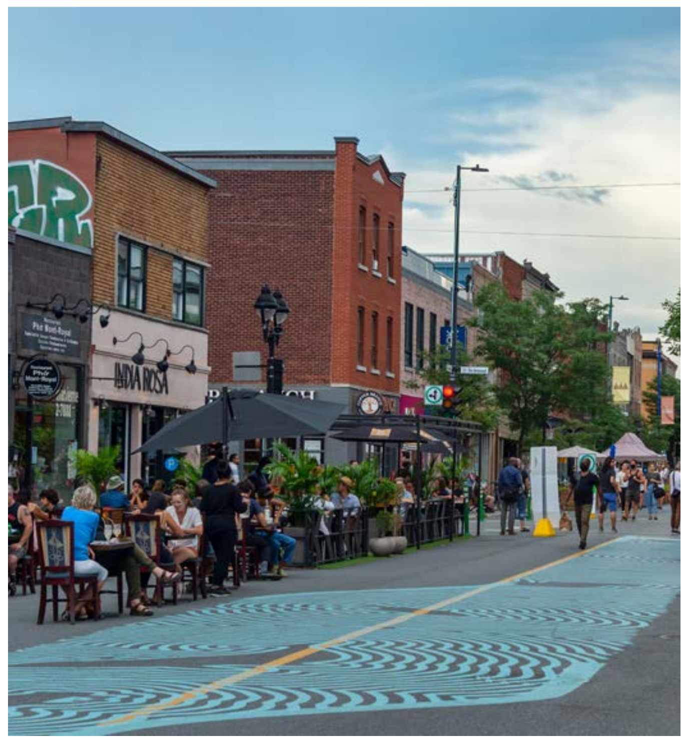


Figure 4: Common Retail Challenges in Reopening

Issue Common to Most Businesses	Challenge	Common Solutions
Physical Distancing	Ensure that customers in a store can remain at least two metres apart	• Signage • Exterior and interior arrows to control flow of traffic • Limits on number of people allowed in a store, based on square footage • Distance markings for lineups at entrances and at service counters
Sanitation	Cleaning frequently touched services regularly (particularly a concern for consumables such as grocery)	• Hand-washing/sanitizing stations upon entry • Plexiglass screens at counters • Routine cleaning of surfaces with effective cleaning fluids • Frequent hand sanitizing including hand washing or use of alcohol-based hand wipes • Staff equipped with masks and face shields
Buy online and pick-up in-store	Allows customers to avoid shopping in the store by taking online orders or, in some cases, telephone orders	• Requires retailers to set up new systems to handle picking, packing, and storing items until picked up by customer • Creates traffic flow issues either instore or outside of the store, depending on where pick up is staged • Some retailers are setting up pick-up points which are not in-store – either in parking lots or vacant space close by
Managing the curb	Sidewalks and curbs can become congested with additional demands as customers line up to get in the store or arrive to pick up online orders With the need to social distance, managing the competing needs of retailers is testing the ability of the sidewalks to handle these demands	• Some retailers are asking customers to set up appointments to shop so they can be guaranteed a spot in store • Pick-up points for online orders are being done at back doors, with an employee dropping the order in the trunk of a car • There is a new emphasis on window displays as customers spend time in line, which creates an opportunity for retailers to change displays frequently to show different items • Some retailers will text customers when they can enter the store, allowing the customer to shop elsewhere or remain in their cars

Issue Common to Most Businesses	Challenge	Common Solutions
	Category Specific Issues	
Apparel Stores	Dealing with fitting rooms and products that have been tried on	• Generally, it is accepted that fitting rooms must be sanitized after every customer use • Many retailers are "quarantining" stock that has been tried on for a minimum of two days (the recommendation from the Retail Council of Canada) , with the downside of it not being immediately available to shoppers • Other sanitizing options are available, but they are either very expensive or they could potentially damage products

Figure 4: Common Retail Challenges in Reopening

Restaurants	Dealing with traffic flow for eat-in customers and delivery services to pick up orders	• Separate flow of diners and delivery workers with physical dividers • Separate kitchens for deliveries with a scaled-down menu • "Ghost" kitchens set up at separate location for deliveries only, with no dining service • Set up an external pick up point, other than the main entrance, that can be accessed by employees (e.g. from kitchen entrance) • Transform a secondary window or door as a dedicated pick up point which does not cross over with the dine-in population • Use texting or app to coordinate client meeting point • Reservations set for 15 minutes apart to reduce overlap of diners
	Overall compliance with regulations	• Conduct third-party audits of facilities and operations to meet and surpass local requirements for operating, and service and safety standards related to COVID-19. As the scope of these new requirements is difficult for health authorities to monitor, engaging a third party to audit can provided added assurance to operators and transparency to clients that the operation is maintaining client and staff safety. • Swabbing is another form of third-party audit where the surfaces in a restaurant are tested for bacteria on a regular basis to ensure that staff are maintaining sanitary standards. These services usually include ongoing staff training to address issues that arise in testing.
	Reducing air borne transmission	• Air handling for reconditioning and circulation, to address air transmission of the virus and how air systems can impact contact surface transmission. • Professional engineering (ASHRAE) standards and independent studies combining HEPA (High Efficiency Particulate Absorbing) and technologies such as ultraviolet light or ionization can currently provide kill rates of over 90% in 30 minutes and in some cases up to 99.99% virus control. • Ionization has also demonstrated the capability to control the virus both in the space and on surfaces as well as increasing mask efficiency.
	Staff protection from dealing with potentially contaminated dishes	• Staff wearing rubber/disposable gloves • Switch to disposable cutlery and dishes

Source: Retail Council of Canada, Ebeltoft Group, International Downtown Association, International Council of Shopping Centres, Cushman Wakefield, Restaurants Canada

5. POTENTIAL SOLUTIONS FOR LOCAL BUSINESS ORGANIZATIONS

The solutions presented in this section are geared to local business organizations, chambers or municipal partners, presenting a suite of strategies or actions that they can consider for supporting the reopening, recovery, and renewal of main street commercial areas. The solutions are developed through research and analysis of J.C. Williams Group in the retail marketplace, and built on lessons and good practices from Canada and abroad through the early phases of this crisis.

5.1 Take an expanded role as the source of information on government mandates and programs

Local business organizations have been, and will continue, performing an invaluable service by keeping their local business communities informed through the pandemic. Partnering with the municipal government and province-wide organizations, they have provided the latest details on how to handle certain issues so that stores are obeying the law and know about how to access government support programs.

They can also take on expanded roles beyond providing information, including:

• tracking what retailers in their areas are doing to comply with or exceed government regulations, and publicizing these public health and safety efforts for customers in the community; and

• making sure that the safety protocols that members are implementing and practicing are being presented as a positive experience to customers, and an extension of good customer service. For example, local organizations should be communicating about the physical distancing and mask wearing strategies that retailers are using as new ways to enhance customer service and protect all customers.

Customer safety is now key to good customer service. If the customer naturally feels safe and is not thinking about their safety, they will be able to relax and focus on purchases. This builds trust.

While it is good to track general practices such as distancing and mask wearing, it is important for local business organizations to know about the challenges that different categories of retailers face, and to offer potential solutions. Figure 4 in the previous section offers some guidance.

Local business organizations should create an inventory, potentially through audits of their members, of COVID-related operating, service and safety standards to ensure best practices are being used. If a second wave or another COVID-related disruption occurs, they can be positioned to demonstrate that protocols are in place and offer evidence-based advocacy for averting a shutdown. The direct access to the street and easier distancing control for small

main street operations should be recognized as aiding the retailers' ability to control distancing and improve customer safety.

5.2 Create a comprehensive omnichannel main street

There are a number of existing services that will help retailers in creating an omnichannel experience. These services often have a BOPIS component. For local business organizations, ensuring that their retailers are aware of the resources that are available and promoting their use will help reach the goal of the omnichannel main street. They can go beyond that to actively pursue and fund some of these options.

• **Go Digital Services:** There are consulting services that work with retailers to help them understand how to set up online stores, informing them about how digital and e-commerce tools work, how they can help increase their business, and what hardware and software is required. While there are many individual consultants across the country, an example of a more comprehensive service is Digital Main Street, which has been expanded to businesses across Ontario and may be extended nationally soon. Digital Mainstreet has many online resources that can be accessed free of charge by anyone. Local business organizations should be directing members, especially ones that are not online, to these resources to help them go digital.

• **Online Business Directories:** As a starting point, local business organizations can introduce directories with a full and accurate list of member businesses that have websites for promotion or online purchasing. Examples include Shop Quinpool Online in Halifax that acts as virtual shopping mall for directing shoppers to local retailers websites, and Breaking Bread is an app that features over 21,000 restaurants in Vancouver, Calgary, Edmonton, Toronto, Ottawa and Montreal.

Figure 5: Digital Main Street

A non-profit organization first developed by the City of Toronto and TABIA, the Toronto Association of BIAs, Digital Main Street helps small businesses go digital. The service provides extensive information and learning opportunities on its website, and connects businesses to a directory of digital vendors, ranging from Shopify and Google to smaller digital service providers across the country. As well, it deploys Digital Service Squads of trained consultants that will work side-by-side with a retailer to help them get up and running online. These services are all no cost to the retailer, funded through investment by the Ontario government in partnership with the federal government.

• **Main Street Online Business Platform:** For retailers that are already online, tools like ShopAppy offer platforms for creating district-specific online business marketplace. This not only promotes the products of participating retailers for purchase but also emphasizes a "shop local" theme. Customers place orders on the site and can pick up their order at each store or collect all of their orders from one pick up point. The service processes the payments and remits the money directly to the retailer less bank processing fees.

• **District Online Marketplaces:** Local business organizations are working to develop their own marketplaces. Corso Italia in Toronto is working with Digital Main Street to develop a Corso Italia marketplace. Potentially, this could become a model for other local business organizations across the country.

With dine-in service closed or limited for restaurants, take-out and delivery services have become a significant source of revenue for restaurants. While take-out adds no cost to restaurants, the commissions charged by meal delivery services such as Uber Eats has become a controversial issue. In the past, the commission could be covered partially by dine-in revenues, so they were not a significant part of costs. This has changed with COVID and will likely continue to be an issue, as meal delivery will remain an important source of revenue for many restaurants. There are various solutions being explored for main street businesses.

• **Caps on Food Delivery Fees:** Various groups have called for a cap on fees. In the U.S., San Francisco has implemented a temporary 15 per cent fee cap on food delivery services. Other areas in the U.S. have required delivery services to disclose exactly how much of the bill is their commission. In Canada, the idea of fee caps has been discussed but so far they have not been implemented and mostly the do not appear to be feasible. This gives restaurants an incentive to find other solutions.

Establishing Local Delivery Services: Several communities have seen start-up services that aim to reduce the cost of the big delivery apps across the community. For instance, What's For Dinner is a delivery service for local restaurants in Innisfil, Ontario. Radish is a co-op in Montreal that provides delivery for restaurants with a more equitable arrangement for drivers and restaurants. Ottawa's Love Local Delivery that is described as an ethical way to order takeout and delivery from locally-owned and operated food businesses. Where restaurant delivery app costs are a problem, local business from locally-owned and operated food businesses. Where restaurant delivery app costs are a problem, local business organizations should be searching for local low cost alternatives such as the ones noted above.

5.3 Rethink communications and advertising strategies

Most local business organizations have depended on events and festivals to increase their street traffic, focusing their communications and advertising activities on the promotion of these flagship events. The idea is simple: the more customers on the street, the better the retailers will do. This mass attraction strategy has traditionally been effective but is likely the wrong strategy in the time of COVID-19, as it will often not be permitted with physical distancing. The challenge then is how to communicate with customers and support local businesses in this new environment.

Now is the time for local business associations to rethink their communications programs, continuing to spend advertising budgets but finding creative new outreach tactics. For most main streets, the critical customer segment is residents of the surrounding area. The distance from the main street will vary depending on issues like physical barriers, the main street

district type, the scale of the district and the location of competing areas, but anyone within walking distance will be high potential. The conditions are ripe, as public attitudes research suggests that buying local has become important for many Canadians who want to see their local businesses recover from the crisis. Communications need to build on this sentiment with storytelling and connect with each individual customer.

A reimagined marketing and communications program should focus on some or all of the following.

• **Increase social media activities**, including:

o Regular, high frequency posting, at least every day. Video content, posted on platforms like YouTube, is important and allows followers to keep track of what is going on in their neighbourhood.

o Hosting live events on Facebook and Instagram, which can consist of content like virtual interviews with retailers or discussions with neighbourhood personalities or tours of stores to promote their own social media events. Make sure these events are scheduled and promoted ahead of time to get the most impact.

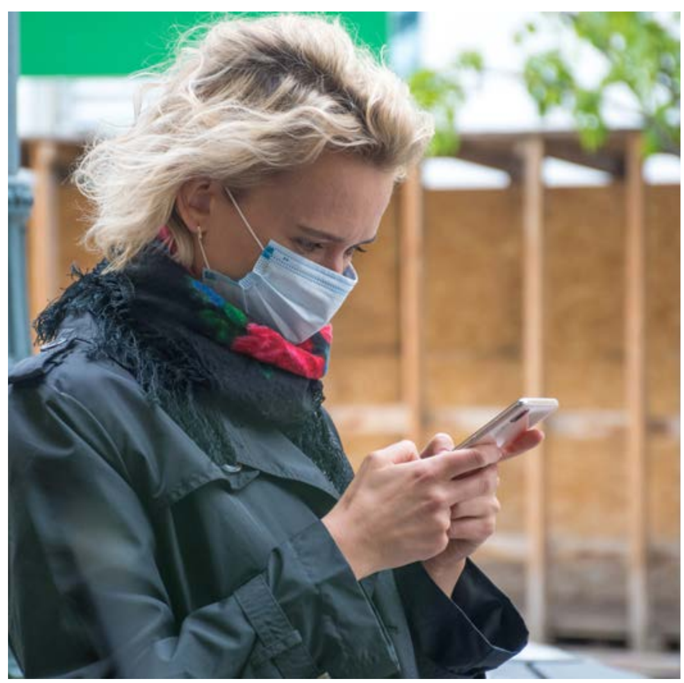
o Reposting social media activities of your local businesses, especially where several businesses get together to co-promote themselves. This will help amplify the efforts of everyone and expand the audience for the whole area.

o Look at apps like Nextdoor that focus on local neighbourhoods and can be especially good for smaller main streets, in addition to the major Facebook, Twitter and Instagram platforms.

o Building on-line communities and welcome conversations. While this has to be monitored for offensive postings, it is a great way to create some closer bonds in the local area. Tracking these conversations can also be a great way to understand what is happening in the neighbourhood and keep informed about customer concerns and interests.

• **Expand email marketing** for direct response to timely communications. It is important not to overuse, but this is a time when main streets are changing on a weekly basis. Welcome back businesses that reopen or feature new entrepreneurs that take the leap by starting a new business in the midst of a pandemic. Have timely features on particular types of businesses such as back-to-school events and fall sales. Use email for a “call to action” rather than just general information and remember to enlist local businesses to amplify the email message through their lists.

• **Use traditional mail marketing.** Snail mail is back! With customers at home, a personalized communication to their home can be effective.



Since real estate agents regularly do local mailings, partner with some who are active in your area. They will understand how to do this well and may help offset some of these costs.

• **Promote retail co-promotions,** focused on a particular customer type or purchase, or for stores that are in close proximity to each other (e.g. the same block or intersection). For instance, the "Taste of" events usually promote the restaurants in an area and in some cases its overall ethnic appeal. As these will generally be run by businesses directly, the role of local business organization marketers is to support the retailers in these ventures in every way they can.

5.4 Prepare to deal with retail vacancies

Regardless of how much work is done by local business organizations to support existing businesses, some will fail. Local managers need to be prepared to work on infilling vacancies with new, vibrant businesses. Here is a program to work towards as local business organizations prepare to manage an increase in retail vacancies.

• **Create an inventory of vacancies:** If you do not already have an inventory of businesses and vacant retail spaces, get this work done using volunteers or interns. The Vacancy Survey Guide, an [open source tool] offered through the Canadian Urban Institute's Bring Back Main Street website, provides a format for doing this. If you already have an inventory, make sure that it is updated.

• **Develop analysis on retailer location "fit":** Have a plan for where certain kinds of retailers should be located (e.g. a toy store close to local community centre) and share it with the landlord. Remember that not all new businesses will be standard retailers. Some may be related to the online world, such as businesses that are staging areas for local delivery or for pick-up of online purchases. For instance, Penguin Pickup and Canada Post parcel pick-up units will be looking for more locations. There may also be public agencies, such as government information centres, that are looking for local office or retail space and could become tenants on main street.

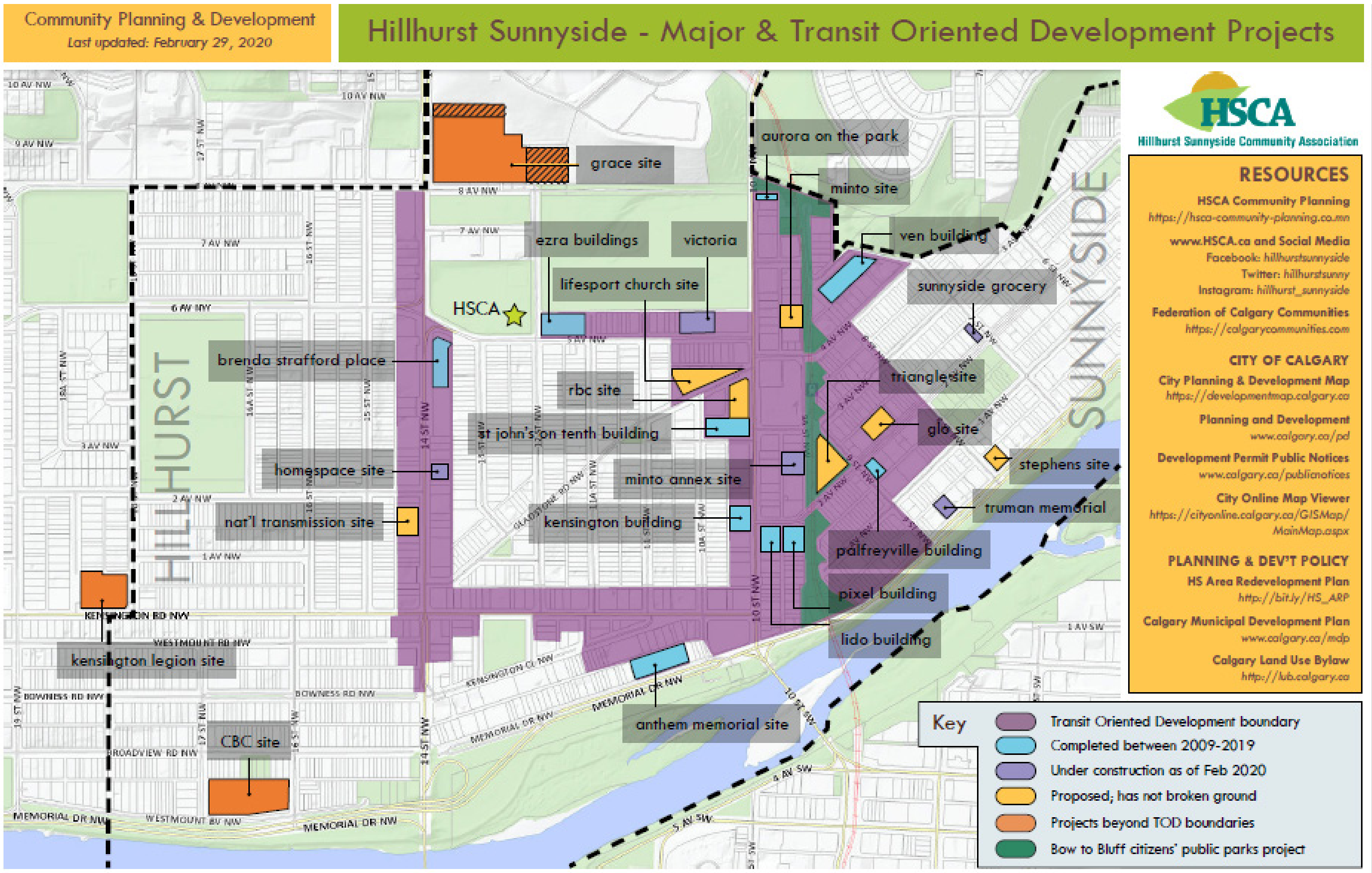
• **Work with landlords to save businesses or to find replacements:** Landlords generally do not want to work in a group since they see each other as competitors. This will usually mean working with them individually, starting with the largest and most influential. They can be engaged around how to access government rental assistance or how to mitigate tenant rents in the short term while maintaining the value of their properties. Where landlords already have a vacancy in their properties, the local business organization can offer advice and support in identifying the most appropriate tenants for a given location.

• **Propose rent mitigation strategies for new businesses:** For landlords that are less attuned to the market, suggest rent mitigation or staggered rents over the term of a lease so a new business can grow to success. Another mitigation option is a percentage rent or revenue-share model. This means that rather than a business paying a fixed rent per month, they pay an amount that is set to a percentage of sales. The standard for occupancy is that rent should be 10 per cent of sales. This can vary with businesses that sell very low margin goods (less than 10 per cent) and businesses with high margin goods (more than 10 per cent). As the sales of the business grow, the landlord receives more income, ensuring the landlord is more invested in the success of the business.

• **Develop pop-up strategies for large spaces:** For large vacancies where a single user may be hard to find, suggest a program of pop-ups where retailers rent space for shorter periods of time to test out their concepts. Often these pop ups are occupied by digitally native brands that have started online but want to build their brand. There are organizations that curate these pop-ups, such as [Showfields] in New York. It has an extensive range of events and demos that create buzz, and feature products and art that makes it a fun place. In Canada, an organization like [Brika] can help a motivated landlord find interesting and innovative retailers and events for pop ups.

• **Grow your own retail startups:** Another option could be to find a local not-for-profit organization or entrepreneur that is willing to take on the work of developing a pop-up retail program for a hard-to-rent property. In a 2009 study, the Kaufman Foundation, a Kansas City-based research institute, found that nearly half of all Fortune 500 companies started during a recession or bear market. As many young Canadians have lost jobs and new graduates find it hard to get more traditional positions, they will bring their innovative ideas into a world that will require change. Many cities have innovation funds that can help offset some of the risk involved getting new businesses off the ground. The City of Calgary's Opportunity Calgary Investment Fund is one example. The McConnell Foundation's Social Innovation Fund, and the Canadian Digital Media Network of regional innovation hubs, are entities that could potentially be accessed for financial support or insights by main street applicants.

• Look for unusual places to foster retail: If retail landlords are not cooperative or cannot accommodate businesses, there are still many other kinds of buildings on main streets that can accommodate retail businesses, including libraries, faith institutions or recreation facilities. Sanctuary Coffee, a social enterprise located in Knox United Church in Downtown Calgary is a great example.



Source: City of Calgary

5.5 Foster creative redevelopment

This crisis creates the opportunity to foster redevelopment in main street areas for those buildings or sites that have outlived their usefulness. The role of the local business organization can be to become a catalyst that brings together high potential sites with organizations that have the skills to lead effective redevelopment. This is a time for creative approaches that could embrace preservation and adaptive reuse, and for new forms of retail in these types of sites. As spurring a major redevelopment project will take significant work, ensure it will have a significant payoff for the whole area. We offer some guidance and examples.

Identify a high potential site or project: Various private developers or community development groups will be looking for redevelopment sites that offer potential to

Figure 6: Transit Oriented Redevelopment in Calgary's Hillhurst Sunnyside District

Significant local redevelopment successes were achieved in Calgary's Kensington Business Recovery Zone through leadership from the local BIA. In Calgary, the Kensington BIA worked with The City of Calgary to develop a plan for redevelopment in their district that was built around the City's goal to create density around LRT stops. The BIA identified the sites for City rezoning where required, adding new uses and additional density to make the sites more attractive to the private sector. For each redevelopment site, Kensington BIA had negotiated protocols for development such as limits on sidewalk closures and community benefits such as public realm improvements.

bring change to the area or attract a specialty organization. Some main street districts will have whole buildings or empty lots that may be derelict or very outdated, but have the potential to be game changers for the district. This could be catalyzed where property values fall in non-prime location because of the loss of retailers.

Engage the right partners: After identifying the site or project, the local business organization will need to identify potential partners that will bring experience in development and access to financial resources. In addition to private developers in the area, partners could include local non-profit developers or community development groups that will share a vision for community and business district revitalization. Remember that most new development will likely include a mix of uses and could include housing, space for arts and culture, office space as well as retail. In Montreal, a local non-profit called the Paradoxe Group led the successful redevelopment of a large church site into a performance hall for entertainment and events (see Figure 7).

Consider a mix of commercial and community uses: The focus can be on commercial redevelopment, as well as housing or other forms of development. For example, organizations like Artscape (see Figure 8) and the Centre for Social Innovation have been able to take historic properties and turn them into community assets with retail components. They also take on new build projects that help them meet their mandates. Below are two examples of projects that bring new life to the districts where they are located. Both projects include residential uses that help to attract new customers to the retailers in the surrounding neighbourhoods.

Figure 7: Community-Led Heritage and Community Revitalization in Montreal

In 2010, the Paradoxe Group, a Montreal community organization that promotes social and professional integration in the field of entertainment and events, acquired the former Church of Notre-Dame du Perpétuel Secours. The project consisted of converting the church into a performance hall with three missions: a technical training site for disadvantaged young people in the field of performing arts; heritage preservation of the building and further with eco-friendly design; and revitalization of the Ville-Émard district in the Sud-Ouest borough by stimulating economic and cultural development in this area. This multidisciplinary hall, with the original stained glass windows and woodwork, offers an spectacular event space as well as a theatre venue for unique performances.

1837 Main Street, Vancouver

Source: Community Land Trust

Source: ArtScape

FIGURE 8: ARTSCAPE REDEVELOPMENT PROJECTS

At the 1837 Main Street site in Vancouver, BCArtscape is working with a local non-profit community housing developer Community Land Trust to develop and operate 30 units of affordable housing for the city's cultural community as well as 4,000 square feet of production space. Artscape Triangle Lofts in Toronto is another great example of a development that creates gallery space and affordable live/work units for artists. While this development is driven by the mission of helping artists, they enhance the whole area where they are located.

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