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From: Mary Carbine [MCarbine@visitdowntownmadison.com]
Sent: Tuesday, November 19, 2013 3:47 PM
To: licensing
Cc: Woulf, Mark
Subject: ALDO Health Assessment, Entertainment, BID Retail Strategy
Attachments: BID_Vision_Retail.pdf

Dear Clerk's Office,
Please forward this to the ALRC members.

Dear ALRC Members,

In reviewing the ALDO Health Impact Assessment materials, I noted the recommendation "engage the business community to co-create strategies to reduce excessive drinking." I also noted the discussion around entertainment licenses and 18+ for the Wed. Nov. 20 agenda. The BID Retail Strategy has information related to these topics. It outlines what the BID (as part of the "business community") recommends for a healthy business mix downtown, and ways of getting there.

The BID identifies two challenges/potential opportunities in the current downtown business mix:

Slowly contracting brick and mortar retail, especially soft goods.

Bar and entertainment options disproportionately geared towards "vertical drinking"/college student market, and lacking sufficient "grown up," non-drinking-focused options for non-student downtown residents (young professionals, empty nesters) and visitors (business, convention, leisure). In addition, the business mix needs more entertainment options for those ages 18-21.

The BID Retail Strategy identifies practical ways to support retail as part of the business mix, and practical ways to foster optimal conditions for quality, innovative businesses to choose downtown (i.e., new entertainment options). Areas the ALRC can influence include a) better information resources for small businesses about city policies, regulations, and services, and b) Process and customer service improvement for small business permitting and licensing.

On p. 6 the BID Retail Strategy outlines what the BID does on a daily basis to support a healthy mix of businesses, activities, and people in the downtown.

If you would like more information please do not hesitate to contact me.

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Madison's Central Business Improvement District (BID)

Business Improvement District: Downtown Retail Strategy

Madison's Central Business Improvement District (BID) is a special assessment district that encompasses the greater State Street and Capitol Square areas. It includes some 220 commercial properties and 350 retail, restaurant, entertainment and service businesses, many of which are locally-owned and/or small businesses. The BID Board consists of business owners (retail, restaurant, hospitality), property owners (large and small) and other key stakeholders (downtown resident; nonprofit, University of Wisconsin and city representatives).

The aim of the BID is to increase the vitality and health of the district and promote business within it. Our constituents are commercial property and retail business owners in the district, and their customers, both residents and visitors. The BID works to create a rising tide and bigger market for all downtown businesses and the district as a whole.

I. The BID vision for the Central Business District

Creation of a downtown BID was one of the recommendations of the 1999 State Street Strategic Plan. The BID vision for central downtown echoes that Plan's vision for State Street, including:

- *As the city's commercial, cultural, and entertainment center, State Street should be a truly urban environment where all citizens feel welcome and a part of the community;*
- *The vitality of the Street depends upon it providing a broad and expanded array of retail goods, services, entertainment, and cultural activities.*

The BID believes the downtown retail and entertainment district should be:

- **Dynamic and evolving** as retail, uses and users evolve.
- **A destination that attracts and serves a highly diverse customer base:** downtown residents, downtown workers, greater Madison residents, visitors (regional, national, international), students, and more.
- **A distinctive "experience" destination**, offering a unique mix of shopping, dining, entertainment, hospitality, arts and culture.
 - The percentage of central downtown restaurants/food and drink businesses has remained between 30%-40% for the last 15 years (currently 39%, was 38% in 1998).

- The current retail businesses percentage is 26%. The BID would like to see this rebound to at least the 2009 level of 35% (was 50% in 1998).
- *Food, entertainment and cultural organizations are new anchors for retail. A healthy retail district will have between 30% - 40% restaurants/food and drink offerings. (International Downtown Association Annual Conference, 2012)*
- *"To entice customers now, retailers must offer an experience to draw customers in and keep them coming back . . . Huge shopping malls, for example, likely won't survive unless they become entertainment destinations . . . People don't have to go there with the Internet now. What's going to make them go there? It has to be some social experience." (Robin Lewis, Vice President Retail Consulting, Goldman Sachs, 2011).*
- *"The impact of e-commerce on bricks-and-mortar retailers will continue to expand. This long-term trend will gradually redefine shopping center tenant mixes (look for more dining and entertainment uses) and retail development. . . . Restaurants will account for about 40% of all new tenancy. . . . (ChainLinks Retail Advisors, 2013).*

- **A mix of local, regional and national retail, including destination retail.**

- Downtown retail offerings must be predominantly unique and distinctive, while including general merchandise, apparel, furniture and convenience options.
- The current merchandise mix is strong on specialty food, apparel & accessories, gifts, books, and sporting goods, but needs general merchandise and neighborhood-serving retail, including more clothing and accessories, furniture and home furnishings, electronics and appliances, and office supplies.
- Downtown would benefit from more "destination retail" to help make downtown a destination for shopping as well as for dining, arts, entertainment and events. Destination retail draws people from outside the immediate area. It's usually relatively larger than other stores, and has what it takes (product, variety, inventory) to motivate customers to make a special trip.
- 86% of central downtown businesses are locally owned, up 3% from 2010.
- *"Many well-intended policy-makers have discouraged national chains from locating in downtowns, which has resulted in an undesirable situation: urban residents must drive to the suburbs [or shop online] for most of their primary goods and services." (Gibbs, 2012)*

- **A mix of store sizes and types**, including medium and larger footprints that could accommodate general merchandise and destination retail. NOTE: Store size is not tied to whether a business is a local independent, a locally owned franchise, or a regional or national chain. Local independents, franchises and chains all occupy the full range of store sizes. The largest store on State St. is the locally owned University Book Store. Some of the smallest are the US Cellular & Red Mango franchises, each about 600 SF.
 - 1,500 SF - An average State Street or "Main Street" store. Currently, the majority of central downtown retail footprints are 2,500 SF or under.
 - 4,500 SF – The North Face (Hilldale)
 - 5,000 - 6,000 SF – Typical J. Crew, current Room of One's Own Bookstore, Gap on State St. (5,000 SF), Insignia (6,350 SF after 2nd expansion combining storefronts).
 - 7,000 SF – Minimum footprint for destination retail (apparel, home furnishings), e.g., downtown Fontana, 8,000 SF; Community Pharmacy (7,200 SF), both of which achieved these floorplates by combining smaller storefronts.
 - 12,000+ SF – Destination retail, e.g., Urban Outfitters on State St., University Book Store (recent expansion to 64,000 SF total, 42,000 SF for retail).
 - "City" department store, e.g., "City Targets" in major metro areas: 60,000-100,000 SF, often multi-level.

For comparison:

- 160,000 SF – Shopping center department store, e.g., Macy's Hilldale
 - 200,000 SF – Woodman's
 - 250,000 SF – Wal-Mart supercenter
- **Clean, Safe, Convenient.** A standard of excellence for customer experience in:
 - Safety
 - Cleanliness and maintenance of public spaces
 - Convenience
 - Access (parking, transportation)

The director of the Times Square BID in New York City emphasized clean sidewalks as a critical measure of an area's ability to attract people. (Business Improvement Districts, 2nd. edition).

"Now, shoppers are time-starved and spend more money in less time per visit. The key is to provide convenience – shoppers must be able to park nearby, run in, and get what they need efficiently." (Robert Gibbs, "Retail Planning Principles for Cities," CNU 2011).

Online sales increased 28 percent last year [2012] over the year before, according to the National Retail Federation. "E-commerce sales are what's driving the increase in retail sales across the industry," says Vicki Cantrell, executive director of the federation's digital division Shop.org. (National Retail Federation; Marketplace, 2013)

"People won't abandon online shopping for brick and mortar just because of a sales tax. . . . Nowadays people shop online because it's efficient. It's convenient. If you're willing to wait a day or two, and even the wait times are going down dramatically, the gap between [online and brick and mortar] is quickly closing," says Don Bruce, an economist at the University of Tennessee.

- **A standard of excellence for the business experience in:**
 - Permitting and licensing (city)
 - Information/communication on policies, regulations and services (city)
 - Marketing (BID)
 - Downtown environment (city and BID)

II. The BID sees two challenges (and opportunities) in the current business mix:

- Slowly contracting brick and mortar retail, especially soft goods.

E-commerce is upending traditional retail by greatly expanding shopping convenience, selection and affordability. Online sales are expected to double their market share within five years. This will likely reduce demand for retail space, leading to closing of underperforming locations and more selective opening of new stores. It may also lead to urban locations capturing increased share of bricks-and-mortar retail sales. (Nelson & Billingsley, 2012)

The role of mobile in retail is growing particularly rapidly. While figures show less than 5% of ecommerce sales coming from phones, the National Retail Federation reports that in 2012 retailers experienced a 129% lift in year-over-year sales from smartphones and a 178% lift from tablets. (National Retail Federation, 2013)

Retailer expansion in 2013 is still about "the sure thing;" urban over suburban, Class A and B over Class C and locations with greater population densities and higher income demographics still winning out most of the time. The market is dealing with two challenges currently; the continued soft economy and the increasing impact of e-commerce. The return of the housing market will alleviate the first, with visible results by 2014. The latter, however, will only escalate. (ChainLinks Retail Advisors, 2013)

- Bar and entertainment options disproportionately geared towards "vertical drinking"/college student market, and lacking sufficient "grown up," non-drinking-focused options for non-student downtown residents (young professionals, empty nesters) and visitors (business, convention, leisure). In addition, the business mix needs more entertainment options for those ages 18-21.

For example, the community input on the Doyle Square project included a desire for an entertainment uses for non-student audiences (residents, visitors). The ALRC student representative is spearheading an initiative to improve 18+ entertainment options.

III. BID Recommendations to encourage retail business retention, expansion and recruitment, based on demonstrated actions and policies shown to improve retail and business mix in downtowns:

- **Short term: Prioritize the downtown customer experience - Clean, Safe, Convenient**
 - Clean, well-maintained and attractive public spaces.
 - Safe and well-lit public spaces.
 - Convenient, good-value public parking focused on the customer experience:
 - Prioritizing cleanliness and safety of public parking facilities.
 - Maintaining and improving the vehicle parking supply.
 - Expanding short-term parking convenient to shopping/dining.
 - Improving the special event parking system to provide convenient options for non-event parkers.
 - Improving real-time information about where parking is available.
 - Improving the bicycle parking supply (beyond on-street parking).
 - Convenient access to and through downtown, vehicle and multi-modal. Includes strategic consideration of road closures and alternate access for events and construction.
 - Improved (not necessarily more) wayfinding signage to and through downtown, including better “trailblazing” signage to lead visitors to major attractions and parking.
 - Multi-platform communications to serve diverse populations: Adapt information sources to support the increased use of mobile devices without abandoning traditional communications (signage, print materials).

- **Medium term: Support business development and a quality business experience:**
 - Handbook for small businesses with customer-focused information resources about city policies, regulations, and services. This could be developed by city agencies in collaboration with business organizations, perhaps using the model of the Road Construction Survival Guide.
 - Process and customer service improvement for small business permitting and licensing.
 - Tenant Improvement or other incentive funding, e.g.:
 - Expand façade improvement grant program to include signage package or retail build-out
 - Update TIF policy to allow use of TIF for (non-food) retail build-out.
 - Explore incentive funding along the lines of the package of grants and forgivable loans implemented in Milwaukee (2010) to provide incentives for retailers to locate downtown.

- **Long term: Expand downtown resident and worker customer base.**
 - Recognizing that retail follows the market (it doesn’t lead), it is essential to foster increased residential and workforce density in downtown. To attract neighborhood-serving retail and general goods and services, we need to significantly increase the market of residents and workers with disposable income in the central downtown. Currently, the visitor and student markets predominate in central downtown; these markets are inconsistent and don’t generate demand for neighborhood-serving retail.

IV. How the BID works to support business retention, expansion and recruitment:

- Marketing Downtown Madison as a shopping, dining, and entertainment destination.
- Visitor services: Ambassador Program, Downtown Map & Guide.
- 2013 priority project: Upgrading the BID “visitdowntownmadison.com” website and business directory to optimize for mobile users (while maintaining a printed Map & Guide and in-person visitor services).
- Enhancing the downtown environment: Plantings, flowers, holiday lights.
- Producing/supporting events that drive business and brand downtown as a shopping and family destination (Holiday Open House, Family Halloween, Cars on State).
- Supporting business development and tenant recruitment with market data and leasing inventory.
- Advocating for policies that will support a vital retail district:
 - Safety (e.g., panhandling ordinance amendment).
 - Clean: Downtown cleaning and maintenance (Mall Maintenance).
 - Customers: Increasing the market of residents and workers with disposable income in the central downtown (Downtown Plan).
 - Parking: Continuing to improve parking supply and customer experience, and to find a better special event parking system for non-event parkers.
 - Permitting and licensing: Creating a handbook for small businesses; continuing to improve process and customer service for small business permitting; signage.
 - Convenient access (Ride the Drive, taxi access to State St.).
 - Business Mix (Alcohol License Density Ordinance).

Sources

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“FedEx ups its service to go after UPS,” Shannon Mullen, Marketplace, Tuesday, April 23, 2013

Building a Better Foundation for Urban Retail’s Future, Robert Gibbs, Retail Property Insights Vol. 19, No. 3, 2012.

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