Strategies for Greater Philadelphia's Retail Districts during COVID-19

Five Ps that Aren't "Pandemic":

PURSUE
PIVOT
PITCH
PROMOTE
PLAN

JUNE 2020

DELAWARE VALLEY
dvrpc
REGIONAL
PLANNING COMMISSION

The Delaware Valley Regional Planning Commission is the federally designated Metropolitan Planning Organization for a diverse nine-county region in two states: Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania; and Burlington, Camden, Gloucester, and Mercer in New Jersey.

DELAWARE VALLEY dvrpc REGIONAL PLANNING COMMISSION

DVRPC's vision for the Greater Philadelphia Region is a prosperous, innovative, equitable, resilient, and sustainable region that increases mobility choices by investing in a safe and modern transportation system; that protects and preserves our natural resources while creating healthy communities; and that fosters greater opportunities for all.

DVRPC's mission is to achieve this vision by convening the widest array of partners to inform and facilitate data-driven decision-making. We are engaged across the region, and strive to be leaders and innovators, exploring new ideas and creating best practices.

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Introduction

On March 11, 2020, the World Health Organization declared Coronavirus Disease 2019 (COVID-19) a pandemic.[1] In the days that followed, local, county, and state governments throughout Greater Philadelphia issued stay-at-home orders in an effort to slow the spread of COVID-19 through social distancing. However, these orders also forced businesses to close their doors. The public health crisis caused by the pandemic also led to an economic crisis, and the negative impacts on the region's small businesses were acute and immediate.

To support small businesses and retail districts throughout Greater Philadelphia, the Delaware Valley Regional Planning Commission (DVRPC) launched a social media campaign on April 3, 2020, called:

Strategies for Greater Philadelphia's Retail Districts during COVID-19. Five Ps that Aren't Pandemic: Pursue, Pivot, Pitch, Promote, and Plan.

This report aims to consolidate the strategies promoted throughout the duration of the social media campaign in order to compile the information in one formal document, and to also ensure that these strategies are recorded for posterity's sake should they prove valuable again in the future.

It is important to note that data and information are changing daily even as this report is being written. Therefore, while it is anticipated that specific data points within this report will evolve in the upcoming weeks and months, the general strategies and trends are expected to be relevant into the foreseeable future.

1. Pursue

Pursue funding from one or more of the many federal, state, county, or local programs aimed at helping small businesses weather the economic impacts of COVID-19.

Businesses located within the region's many retail districts were encouraged to seek funding from one or more of these various programs. In the early days of the pandemic, funding sources were launched at every level of government. In many instances these funding sources proved insufficient to meet demand, such as the federal government's Paycheck Protection Program (PPP). Therefore, these types of programs often evolved or were offered in multiple rounds throughout the duration of the pandemic.

2. Pivot

Pivot from your current business model and start manufacturing or selling goods, services, and products that are needed during the pandemic.

Stay-at-home orders forced businesses not only to change their operations in order to meet the current needs of the public, but ensure a viable revenue stream during the crisis. Examples observed in Greater Philadelphia included the manufacturing of hand sanitizer at local distilleries

1. "WHO Director-General's Opening Remarks at the Media Briefing on COVID-19," World Health Organization, March 2020.

EXECUTIVE SUMMARY

and apparel companies producing face masks in response to local requirements that the general public cover their faces in an attempt to slow the spread of the disease.

3. Pitch

Pitch ideas on digital platforms to generate interest in and connect you with funding for future product lines or services.

As traditional in-person marketing strategies were essentially impossible during the pandemic, businesses were able to pitch new ideas on digital platforms to generate interest in and connect them with funding for future product lines or services.

E-commerce and the digital economy were already dominant forces prior to the pandemic, and websites such as Kickstarter were respected and trusted platforms for businesses to market new ideas. However, during COVID-19 new platforms, such as www.SavePhillyEats.com, launched locally in order to support local businesses and facilitate their ability to pitch new ideas.

4. Promote

Promote your brand online via social media, and maintain a web page for your business in order to generate revenue via e-commerce.

With the majority of the population under stay-at-home orders, it was important to find new and innovative ways to leverage the internet and social media as tools for promoting your company. McKinsey and Company conducted a survey of Americans in April 2020 and found that 21 percent planned to increase the amount of time spent on social media.[2]

5. Plan

Plan not only by developing a strategy to get your business through the current crisis, but also for how it will recover once society and the economy return to a new normal.

During a crisis it can be difficult to allocate time and resources for anything beyond meeting the immediate need. However, businesses that plan for recovery are better positioned for the reopening of the economy.

The pandemic accelerated the rise of e-commerce, and the need for businesses to adadpt to the digital economy. Brick-and-mortar establishments not only needed to incorporate e-commerce into their business model during the pandemic, but also plan for increased competition from e-commerce and digitally native brands even as the economy entered into recovery.

2. McKinsey & Company, *Survey: US Consumer Sentiment during the Coronavirus Crisis*, April 2020.

PURSUE funding to bridge the gap.

Pursue funding from one or more of the many local, county, state, and federal programs aimed at helping small businesses weather the economic impacts of COVID-19.

The First P

In the early days of the pandemic, the Harvard Business School conducted a survey of nearly 6,000 small businesses in order to better understand how the economic shutdown would impact small businesses across the country. That survey found that 75 percent of small businesses surveyed only have enough cash on hand to cover two months of expenses or less, and 65 percent expected to close permanently if economic restrictions continued for four months.[3]

These findings highlighted the most immediate challenge facing small businesses during the pandemic: cash flow and access to operating funds. In an effort to mitigitate the economic impacts related to the COVID-19 pandemic, funding programs were created at all levels of the government, as well as among private-sector organizations.

Federal Programs

Numerous financial aid programs were created by the federal government throughout the duration of the pandemic. In fact, additional legislation is being debated as this report is being written. Therefore, this document only presents a few examples and does not provide an exhaustive list of federal programs.

U.S. Coronavirus Aid, Relief, and Economic Security (CARES) Act

The CARES Act contained a multitude of programs aimed at assisting individuals, governments, and businesses through the economic challenges associated with the pandemic. However, the most relevant for this report is the Paycheck Protection Program (PPP), which was specifically created to help small businesses retain their employees and avoid layoffs and furloughs.[4]

At the time this report was written, there were two funding rounds for the PPP. The breakdown of unemployment and round one funds by industry sector can be found in Table 1 on the following page.

Small Business Administration (SBA)

As part of the Coronavirus Preparedness and Response Supplemental Appropriations Act, which was signed into law on March 6, 2020, $20M was appropriated for the SBA's disaster loans program. The COVID-19 Economic Injury Disaster Loan Program was created as a result.[5]

State Programs

Both states that comprise the DVRPC region, New Jersey and Pennsylvania, launched programs to support small businesses during the pandemic.

New Jersey

Through the New Jersey Economic Development Authority (NJEDA), the

3. The Harvard Business School, *How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey*, March 2020.
4. "The 411 on the C.A.R.E.S. Act for Small Businesses," Next City, webinar, April 2020.
5. Kaiser Family Foundation, *The U.S. Response to Coronavirus: Summary of the Coronavirus Preparedness and Response Supplemental Appropriations Act*, March 2020.

PURSUE

state launched several funding programs that included both grants and loans.

Realizing that the state's stay-at-home order would disproportionately impact small businesses within the retail and hospitality sectors, the NJEDA created the Small Business Emergency Assistance Grant Program to support these specific businesses. Grants were available between $1K and $5K, with the goal of helping small to mid-size businesses maintain their workforce.[6]

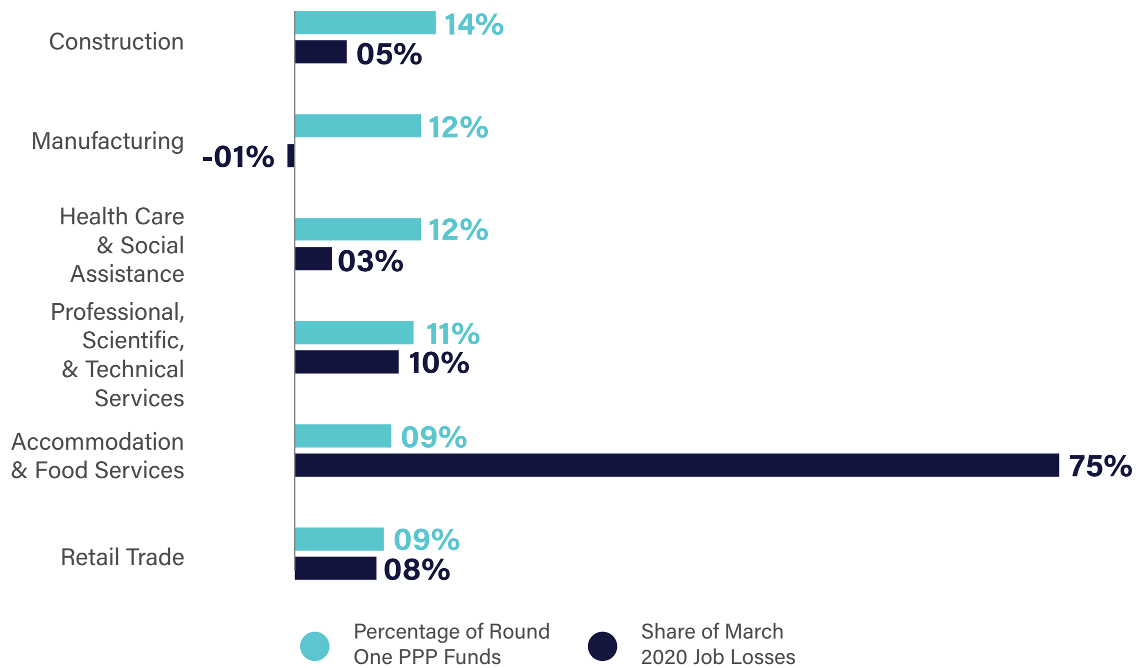
Pennsylvania

Administered by the Pennsylvania Industrial Development Authority, the COVID-19 Working Capital Access Fund was created to support businesses with no more than 100 employees by providing zero-interest loans of up to $100K.[7]

County Programs

The economic impacts of COVID-19 led to the creation of funding mechanisms at all

TABLE 1: Industries Receiving the Greatest Share of Round One PPP Funds



Sources: U.S. Small Business Administration and Bureau of Labor Statistics.

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6. New Jersey Economic Development Authority, accessed March 2020, www.njeda.com.
7. Pennsylvania Department of Community and Economic Development, accessed March 2020, www.dced.pa.gov.

PURSUE

75%

OF SMALL BUSINESSES ONLY HAVE CASH TO COVER EXPENSES FOR TWO MONTHS OR LESS

Source: The Harvard Business School, How Are Small Businesses Adjusting to COVID-19? Early Evidence from a Survey, March 2020.

levels of government. Counties throughout the Greater Philadelphia area launched grant programs aimed at helping small businesses, including Chester and Montgomery counties.

Chester County

The Chester County Main Street Preservation Grant Program was launched by the Chester County Commissioners and administered by the Chester County Economic Development Council. The Chester County Program set up a fund of $5M to be distributed to the county's small businesses and agriculture enterprises impacted by COVID-19. Grants were awarded up to $25K per business.[8]

Montgomery County

The Montgomery County Board of Commissioners and the Montgomery County Commerce Department launched a multi-round grant program called the MontcoStrong Small Business Grant Program, which made grant funding available for businesses with no more than 30 employees. Additionally, eligibility was limited by the businesses' North American Industry Classification System code to ensure that funds went to the hardest-hit industries.[9]

Local Programs

Many municipalities throughout the region created funding programs aimed at assisting small businesses through the economic crisis brought on by efforts to reduce the spread of the coronavirus.

Philadelphia

The City of Philadelphia in partnership with the Philadelphia Industrial Development Corporation launched the Philadelphia Small Business COVID-19 Relief Fund.[10]

This fund comprised three different programs and totalled $13.3M:

1. Microenterprise Grant

This was the largest of the three programs, and the maximum grant amount was $5K

8. Chester County, accessed May 2020, www.cedcpa.com.
9. Montgomery County, accessed May 2020, www.montcopa.org.
10. City of Philadelphia, accessed March 2020, www.phila.gov.

for businesses with annual revenue under $500K. According to The Philadelphia Business Journal (the Journal), 1,600 small businesses each received one of these grants for a total of $5.85M.[11]

2. Small Biz Grant
Eligible businesses had annual revenue between $500K and $3M, and the maximum grant amount was $25K.

The Journal reports that this program awarded grants to 278 small businesses, with a total of $3.9M.

3. Small Biz Zero-Interest Loan
This was the smallest of the three programs, and eligible businesses had annual revenue between $3M and $5M and could receive loans between $25K and $100K.

Loans awarded in this program totalled $3.075M and went to 66 businesses, as reported by the Journal.

Trenton
The City of Trenton created the Small Business Emergency Relief Program, which offered low-interest loans to businesses located within the city's Urban Enterprise Zone. Loans were between $5K and $25K.[12]

Private-Sector Programs

In addition to the numerous public-sector funding mechanisms created during the COVID-19 pandemic, various businesses and organizations within the private sector also launched funding programs to be used by small businesses during the economic crisis.

James Beard Foundation
As mentioned previously, the food service industry suffered significant economic losses due to the pandemic. In an effort to ensure that funding was available for small, independently owned restaurants, the James Beard Foundation created its Food and Beverage Industry Relief Fund. This fund provided grants of up to $15K for qualifying restaurants.[13]

The Velocity Fund
Originally established in 2018 to support Philadelphia-area artists, the Velocity Fund created its COVID-19 Artist Emergency Relief Grants in order to assist visual artists impacted by the pandemic.

The grants were for $1K each, and were advertised and awarded in stages.[14] This phased approach helped ensure that artists who were impacted later in the crisis had access to funding in the same way as those that were impacted earlier.

11. Philadelphia Business Journal, *Which Businesses Received Grants and Loans Through Philadelphia's $13M Covid-19 Relief Fund?*, May 2020.
12. City of Trenton, accessed April 2020, www.trentonnj.org.
13. James Beard Foundation, accessed April 2020, www.jamesbeard.org.
14. "COVID-19 Relief," The Velocity Fund, accessed May 2020, www.velocityfund.org/faq_covid19relief.

PIVOT to meet current needs.

Pivot from your current business model and start manufacturing or selling goods, services, and products that are needed during the pandemic.

The Second P

Stay-at-home orders issued during the pandemic forced businesses to pivot and change their business models not only to meet the current needs of the public, but also to ensure a viable revenue stream during the crisis. Furthermore, the pandemic accelerated the trend towards digital integration and adoption of e-commerce.

Manufacture and Sell New Products

During the pandemic, demand for items such as hand sanitizer and face masks far outpaced supply. In response, local businesses pivoted to meet these needs.

Hand Sanitizer

The Distilled Spirits Council reports that at least 17 distilleries within Greater Philadelphia (13 in Pennsylvania and four in New Jersey) pivoted during the pandemic to manufacture hand sanitizer,[15] which was difficult to find early during the health crisis.

Face Masks

Face mask requirements varied around the country, but as the demand for these items among the general public grew, apparel brands, such as Philadelphia-based United by Blue, were able to pivot and start manufacturing face masks with readily available scrap textile materials.

Order Fulfillment

Essential businesses were allowed to remain open during state-mandated stay-at-home orders. However, public health and safety remained a concern, and these businesses faced the challenge of maintaining operations while protecting the health and safety of employees and the public.

BOPIS

Buy Online Pick-up In Store (BOPIS) was a trend within the retail industry prior to the pandemic,[16] and during the pandemic, BOPIS was a lifeline for restaurants and essentail businesses. The BOPIS model enabled consumers to place orders online and retrieve them either curbside or in store with a lower risk of exposure to the coronavirus. Between February and March 2020, there was a 60 percent decline in restaurant spending nationwide.[17] During the same period, there was 54 percent growth in curbside pickup.[18]

Home Delivery

With the public obligated to remain home, businesses that relied on walk-in business often pivoted to an at-home delivery model to ensure the continuity of cash flow. This was observed in everything from groceries and apparel, to alcohol.

Store Inventory

Supply chain disruptions in the early days of the pandemic and financial security concerns

15. “Distillers Responding to COVID-19,” Distilled Spirits Council of the United States, accessed May 2020, www.distilledspirits.org/distillers-responding-to-covid-19.
16. “Buy Online Pickup In-Store: State of the Industry,” RetailWire, March 2019.
17. “The Pandemic Will Change American Retail Forever,” *The Atlantic*, April 2020.
18. “From Survival to Revival—Best Practices in SMB Marketing Amid the Coronavirus Crisis,” E-Marketer, webinar, April 2020.

that arose as the health crisis became an economic one forced businesses to alter how they marketed and managed inventory.

Restaurants

The attributes of the nation's supply chain that made it so efficient pre-pandemic, were also the reasons that supermarket shelves in cities went empty even as excess food was going to waste elsewhere.[19] Innovative restaurants were able to pivot so that food coming in through the food service supply chain could reach the hungry public even as people stopped eating out. For example, many restaurants began selling raw ingredients as meal kits for at-home cooking.[20]

Non-Discretionary Items

During the pandemic, breaks in the supply chain made it harder to obtain essential goods, so businesses that were able to pivot and increase their inventory on these items were better able to meet the needs of the public.

GIORDANO'S GARDEN GROCERIES

Pre-pandemic, people in the U.S. ate ~50 percent of their meals out.[21]

Therefore, the food supply chain essentially functioned as two separate chains: (1) grocery stores and straight to consumer, and (2) the food service industry. However, as people stopped dining out due to health concerns and stay-at-home orders, a serious mismatch in supply and demand within the food supply chain was exposed, and the capacity to correct the mismatch lacked expediency.

Historically, Giordano Garden Groceries (Giordano's) operated out of a venue in Philadelphia's Italian Market, as well as being a supplier to many of the region's restaurants. Unfortunately, the viability of both of these models was significantly weakened during the pandemic.

In response, Giordano's pivoted and began offering at-home deliveries of what they branded as "Fresh Essentials" (e.g., tomatoes, onions, avocados, apples, etc.). Customers could purchase a box of essentials online for a flat rate of $35, and Giordano's would deliver straight to the customer's doorstep at no additional cost.

This approach enabled Giordano's to respond to the break in the food supply chain and meet the needs of consumers throughout the region.

Source: Giordano's Garden Groceries, accessed May 2020, www.giordanogardengroceries.com.

19. "The Supply Chain and COVID-19," Transportation Research Board, webinar, April 2020.
20. "Iron Hill Brewery Now Selling Groceries, Even Toilet Paper as It Adapts to Coronavirus Pandemic," Delaware News Journal, April 2020.
21. "Farm to Table: The Coronavirus and America's Food Supply Chain," WBUR, radio broadcast, April 2020.

PITCH new ideas on digital platforms.

Pitch ideas on digital platforms to generate interest in and connect you with funding for future product lines or services.

The Third P

Traditional in-person marketing strategies were essentially impossible during the pandemic. Businesses were able to pitch new ideas on digital platforms to generate interest in and connect them with funding for future product lines or services.

Funding

Obtaining funding and finding investors can be difficult even in the best of times, but in the age of social distancing and stay-at-home orders, the challenge was even greater. However, the rise of the digital economy in the years prior to the pandemic formalized the concept of crowdsourcing through websites such as Kickstarter.

Kickstarter reported that the launch of new funding campaigns was down 30 percent compared to the same period last year.[22] However, they also reported that support for campaigns remained strong.

Businesses that were either already in the process of seeking funding or had a new product line or idea could crowdsource funding through digital platforms such as Kickstarter. Doing so helped ensure that the business could hit the ground running as the economy reopened.

Digital Retail Districts

Social media campaigns, and website and product collaborations, enabled retailers, both geographically proximate and distant, to function as digital retail districts during the COVID-19 pandemic.

Social Media Campaigns

The #IStandWithSmall campaign was a collaboration among 30 different retailers, including three from the Greater Philadelphia area, across 11 different states. The various small businesses included everything from apparel brands to coffee roasters, but had at least one thing in common: mission-driven purpose.[23] For instance, United by Blue's mission is to remove one pound of trash from the oceans for every one item sold.

Websites

New wesbites were launched throughout the region to facilitate e-commerce during the pandemic, and to connect potential customers with Greater Philadelphia's small businesses.

Product Collaborations

Similar to the social media campaigns, complementary businesses collaborated to launch products and ideas to generate interest among their customer bases.

One local example is the Joy Box, which was a collaboration between Triple Bottom Brewing, Weckerly's Ice Cream, Lil' Pop Shop, Câphé Roasters, Third Wheel Cheese and

22. "Are People Still Supporting Projects? Our Data Says Yes," Kickstarter, April 2020.
23. United by Blue, accessed April 2020, www.unitedbyblue.com.

Mycopolitan Mushroom Company. Customers ordered a Joy Box online, and once a week the boxes were filled with products from each participating business and available for pickup at Triple Bottom Brewing.[24]

Digital Gift Cards

Gift cards were a great way for businesses to generate revenue even though they were not able to fulfill purchases while stay-at-home orders were in place. This was especially true for restaurants that specialized in in-dining experiences.

However, in times of uncertainty, consumers can be trepidatious with regards to spending money on a gift card for fear that the business may not survive the economic crisis. Therefore, companies such as Groupon offered their risk-free purchase option,[25] and retail districts offered district-wide gift cards to limit the consumer's risk of exposure should any one business within the district not be able to honor the card.

#ISTANDWITHSMALL

This social media campaign was a digital collaboration among 30 different retail brands across 11 different states.

Source: United by Blue.

VIRTUAL SHOPPING

pucciManuli, a children's boutique in Ardmore, developed a virtual shopping experience to enable customers to shop the store's inventory online, through FaceTime, and on other digital platforms.

Source: pucciManuli, accessed March 2020, www.puccimanuli.com.

#LEAVEPHILLYALONE

Launched on Instagram, this campaign raised money for small businesses located in Philadelphia. Followers could purchase branded apparel and then choose a retail establishment to receive a share of the campaign's proceeds. The campaign raised $40K within three weeks of its launch.

Source: "40K as of Today," LeavePhillyAlone, Instagram, May 2020, www.instagram.com/leavephillyalone.

24. "Joy Box," Triple Bottom Brewing, accessed April 2020, www.tripplebottombrewing.com/joybox.
25. Groupon, accessed April 2020, www.groupon.com.

PROMOTE online and on social media.

Promote your brand online via social media, and maintain a web page for your business in order to generate revenue via e-commerce.

The Fourth P

With the majority of the population under stay-at-home orders, it was necessary for businesses to find new and innovative ways to leverage the internet and social media as tools for promoting the brand. In fact, E-Marketer reports that there was 31 percent growth in e-commerce during March 2020.[26] Another survey found that 36 percent of internet users in the United States said that social media networks were as important as other information sources when choosing a product.[27]

Online

As previously discussed, e-commerce was a growing force prior to the pandemic, and became a vital lifeline for businesses during. Brands were not only able to promote themselves on their own websites, but also on other platforms that were created to help during the crisis.

Company Website

Businesses that already had a website were able to quickly and easily leverage that asset during the pandemic. However, those that had not yet adapted to the digital economy were either forced to do so quickly, or be left without a viable way to promote their brand and conduct business.

Other Websites

A multitude of national, regional, and local websites were launched during the pandemic that were created with the sole purpose of helping small businesses promote their brands and products.

For example, the Philadelphia Fashion and Garment Industry Task Force launched www.supportphillyfashion.com in order to help promote and support fashion designers, local retailers, and boutiques during COVID-19. The website also functioned as a digital retail district, and a hub for additional information on grants and webinars.[28]

Social Media

A We Are Social report from January 2019 found that 3.5 billion people were on social media worldwide, which equated to essentially 45 percent of the Earth's population.[29]

Furthermore, the power of social media to influence consumer spending was apparent well before the COVID-19 pandemic, as evidenced with the rise of "influencers": social media users with vast amounts of followers, typically paid to promote brands that are consistent with the user's image.[30]

With the majority of the nation's population practicing social distancing and no longer able to shop at brick-and-mortar establishments, social media became an even more effective tool for marketing than it was pre-pandemic.

26. "From Survival to Revival."
27. "5 Digital Marketing Trends to Focus On During the COVID-19 Pandemic," Social Media Today, April 2020.
28. Support Philly Fashion, accessed April 2020, www.supportphillyfashion.com.
29. We Are Social, *Global Digital Report - We are Social*, January 2019.
30. Influencer Marketing Hub, *What is an Influencer?*, May 2020.

PROMOTE

Instagram

On March 11, 2020, as the economic impacts of the pandemic began to become clear, Instagram launched its new Support Small Business sticker. This feature enabled Instagramers to more easily promote small businesses that they support during the pandemic, with the goal of connecting the small businesses with a much broader customer base.[31]

This feature was in addition to in-app purchasing, which was launched during the same month in 2019.

HOW TO TAILOR BRAND MESSAGING DURING A CRISIS:

1. Post helpful tips
2. Offer free online webinars
3. Use humor
4. Share good news
5. Host virtual events

Source: Philly Ad Exec Leo Levinson's 15 Tips on Rational Marketing during COVID19 Crisis, Philadelphia Business Journal, March 2020.

31. Instagram, *Supporting Small Businesses on Instagram*, May 2020.

PLAN for recovery.

Plan by developing a strategy not only to get your business through the current crisis, but also for how it will recover once society and the economy return to a new normal.

The Fifth P

In a survey of Fortune 500 CEOs, 58 percent of those surveyed said they do not anticipate the economy to return to pre-pandemic levels until the first quarter of 2022.[32]

During a crisis it can be difficult to allocate time and resources for anything beyond meeting the immediate need. However, businesses that plan for recovery are better positioned when the economy enters into recovery.

Communications

Maintaining transparent and consistent communication is important during any crisis, and this continues to be true during the COVID-19 pandemic.

Lenders

It is challenging to find a silver lining during this crisis, but the fact that it is not only national, but global in scope has one positive aspect: we are all in this together. As such, many lenders are willing to work with their borrowers, but it is important to be proactive and maintain open communication. Additionally, lenders will want to see a strategy for how its borrowers will navigate the crisis and plan for recovery.[33]

Landlords

Altough many landlords will have mortgages and expenses to cover themselves, tenants should engage with their landlords to identify mutually beneficial agreements that will enable both to weather the economic impacts associated of COVID-19.[34]

Furloughed Staff

As the economy begins to reopen and businesses look to refill vacant positions, they will be faced with the added time and capital expenses associated with training employees. In order to mitigate or reduce these costs, businesses should maintain communication with furloughed staff during the pandemic in order to facilitate operations during recovery.[35]

Furthermore, businesses that received PPP funds are obligated to use at least 75 percent of the proceeds on payroll expenses in order to be granted loan forgiveness at the end of the term. Therefore, these businesses have an additional incentive for maintaining open communication with furloughed staff.

Consumers

Perhaps most importantly, businesses should continue to communicate with their consumers during the pandemic, as discussed under the fourth P: Promote, as well as into the recovery period.

Brick-and-Mortar

Prior to the COVID-19 pandemic, brick-and-mortar establishments were already facing competition from e-commerce, and during

32. "Fortune 500 CEO Survey: How Are America's Biggest Companies Dealing with the Coronavirus Pandemic?," *Fortune Magazine*, May 2020.
33. Urban Land Institute, "Economics of COVID-19," webinar, April 2020.
34. "Economics of COVID-19."
35. "Road to Recovery: Strategies for Business Owners," SCORE, webinar, May 2020.

the pandemic these establishments were all but shuttered in many communities. However, planning for recovery now will help ensure that these brick-and-mortar establishments are well positioned once the economy begins to reopen.

Public Safety

Even as restrictions are lifted and brick-and-mortar establishments are allowed to reopen, concerns surrounding public health and safety are anticipated to remain. Retail establishments should plan now for how they will ensure the safety of patrons, as well as employees.

Potential strategies include availability of face masks and hand sanitizer, protocols for how to properly manage the number of customers within the establishment at one time, and maintaining or implementing BOPIS as a standard practice.

THE HALO EFFECT

Prior to the pandemic, much was written about the rise of online retail and the ways in which it was revolutionizing the retail industry. It was often debated whether traditional brick-and-mortar retail establishments would be able to compete, and during the pandemic the survival of brick-and-mortar establishments continues to be a topic of concern.

However, despite the rise of online retail, pre-pandemic research suggests that there is a beneficial symbiotic relationship between a retail establishment's online presence and physical storefront(s). This relationship was termed the "halo effect."

While the nuances and contributing variables are beyond the scope of this report, one study found that when a consumer makes an:

- in-store purchase within 15 days of spending $100 online, then the in-store purchase will be for $131 on average; and,
- online purchase within 15 days of spending $100 in-store, then the online purchase will be for $167 on average.

Although there are still many unknowns regarding post-pandemic recovery, the halo effect suggests that there may still be a need for traditional storefronts even in the age of e-commerce.

Source: "The Halo Effect II: Quantifying the Impact of Omnichannel," International Council of Shopping Centers, July 2019.

PLAN

13%

INCREASE IN E-COMMERCE EXPECTED FOR THE APPAREL INDUSTRY POST-PANDEMIC

Source: McKinsey & Company, Reimagining Stores for Retail's Next Normal, April 2020.

Inventory

During periods of economic uncertainty, consumers are more likely to save discretionary income as opposed to spending it on discretionary goods. This remains true during the pandemic, as one study found that 45 percent of households had already reduced household spending nationwide as of April 2020.[36] Therefore, retail establishments should plan and manage their inventory accordingly: e.g., increase non-discretionary items as consumers prioritize spending on essential goods.

Experiential Retail

One trend evident prior to the pandemic was the concept of experiential or experience-driven retail.[37]

Although experience-driven retail is a strategy that can be implemented by specific retailers, it can be implemented at the retail district level as well. The goal is to bring potential consumers into the district through programmed events and activities. Pre-pandemic examples included: winter skating rinks, summer movie nights, firepits, and beer gardens. Although these types of experiences may need to change in order to mitigate public health concerns, it is important that the experiences be authentic to the history and character of the community.

Vacancies

Nationwide, IHL Group projects that nearly 300,000 stores will close in 2020 due to the economic crisis that developed as a result of the pandemic. Of those closures, it is anticipated that 59 percent will be small businesses within the hospitality industry, and another 29 percent will be small businesses within the retail industry.[38]

Landlords, retail districts and municipalities should plan now for how to mitigate the impacts of and expedite filling vacancies.

Pop-Up Shops

During the Great Recession of 2008, pop-up

36. McKinsey & Company, *A Global View of How Consumer Behavior Is Changing amid COVID-19*, April 2020.
37. Coresight Research, *Retail 2020: Five Forces, 10 Trends in Global Retail*, January 2020.
38. IHL Group, *How COVID-19 will Usher in the Golden Age of Frictionless Retail*, Webinar, May 2020.

shops were an effective strategy for filling vacant storefronts. The concept allowed entrepreneurs to temporarilly test their concept in a brick-and-mortar location, and benefited landlords by generating rental revenue even if only temporarily.

More information on the pop-up economy that arose during the Great Recession can be found in DVRPC's Municipal Implementation Tool #26, which was published in 2014.

Digitally Native Brands

Digitally native brands, also referred to as direct-to-consumer brands, are brands that originated online. Prior to the pandemic, digitally native retailers were increasingly opening brick-and-mortar stores as they realized the importance of having a physical presence. This trend is referred to as clicks-to-bricks.

According to a 2018 report from Jones, Lang, Lasalle (JLL), digitally native retailers were expected to open approximately 850 physical stores by the year 2023, and 74 percent of those are apparel and accessory retailers.[39] Although these numbers are based on a pre-pandemic economy, digitally native brands that were able to leverage the consumer's dependence on e-commerce during the pandemic may have the necessary capital during the recovery period to launch a physical presence.

Wholesale-Heavy Brands

The future viability of the department store was already in limbo before the pandemic, and the economic crisis that followed has put department stores in an even more precarious situation. If department store locations begin to close en masse throughout the country,[40] the wholesale-heavy brands that depend on them will need to find alternative ways to market and sell their products. It is possible that these brands may seek to open their own brick-and-mortar storefronts, should the department stores on which they rely falter.

21%

OF SURVEYED AMERICANS PLAN TO SPEND MORE TIME ON SOCIAL MEDIA DURING THE PANDEMIC

Source: McKinsey & Company, Survey: US consumer sentiment during the coronavirus crisis, April 2020.

39. JLL, *Four Things America's Clicks-to-Bricks Retailers Have in Common*, November 2018.
40. "Retail Best Practices in the Post Pandemic-mall Era," The Burmingham-Bloomfield Chamber, webinar, June 2020.

E-Commerce

As of 2019, e-commerce represented nearly 19 percent of all retail sales, with almost 9 percent of those sales attributed to traditional retailers that have both physical and digital presences.[41] While stay-at-home orders were in place, the retail industry relied almost exclusively on digital sales. Once the economy reopens, it is anticipated that e-commerce will retain a larger share of the overall economy than it did pre-pandemic. Post-pandemic, leaders in the apparel industry project that e-commerce will increase by 13 percent.[42]

In order to remain competitive, businesses must integrate e-commerce into their existing business models.

Websites

The COVID-19 pandemic accelerated the need for small businesses to adapt to the digital economy in order to remain competitive. Businesses that previously had no online presence were forced to develop and launch websites quickly in order to maintain operations.

In an effort to assist businesses in Greater Philadelphia make this digital transition, organizations such as Temple University's Institute for Business and Information Technology are offering free services to small businesses and non-profits. The services include website development, creating a digital storefront, and teleworking policies and procedures.

Social Media

A survey by McKinsey & Company found that 21 percent of surveyed Americans planned to spend more time on social media during the pandemic.[43] Another study found that 36 percent of internet users in the United States said that social networks have become as important as other information sources when choosing products.[44]

Although social media was an increasingly important component to any business's marketing strategy prior to the pandemic, it has been a liefeline during the pandemic and is anticipated to continue to be critical going forward.

Frictionless Retail

Within the retail industry, "friction" is any required interaction with a store employee or barrier between the time a consumer engages with a brand and finalizes a purchase. Pre-pandemic, the motivating factor behind the frictionless retail trend was the desire to remove all interactions and barriers for customers in order to save them as much time as possible.[45]

Meanwhile, in the post-pandemic era, the motivation for frictionless retail may very well be driven more so by public health considerations. BOPIS and mobile payment options are just two examples of ways in which businesses can implement frictionless retail. However, there are social equity concerns with regards to this trend, as completely frictionless retail would

41. IHL Group, *Retail's Renaissance: The True Story of Store Openings/Closings*, August 2019.
42. McKinsey & Company, *Reimagining Stores for Retail's Next Normal*, April 2020.
43. McKinsey & Company, *Survey*.
44. Digital Marketing Trends."
45. "Golden Age of Frictionless Retail."

utlimately discriminate against members of the population without access to cashless payment options and/or a smartphone.

Summary

Efforts to contain the coronavirus centered around stay-at-home orders, and as a result the COVID-19 pandemic has become an economic, as well as public health, crisis. Retail businesses and districts have been hit particularly hard given that the retail, and services and accomodations industries, were two of the most impacted industries in the United States.

As with any crisis, it is important for businesses to have a plan and strategy for how best to navigate the unique challenges they face as a result of the pandemic.

While the specifics are evolving as the crisis continues, five Ps to help Greater Philadelphia's retail districts during the COVID-19 pandemic are:

Pursue **funding from one or more of the many local, county, state, and federal programs aimed at helping small businesses weather the economic impacts of COVID-19.**

Pivot **from your current business model and start manufacturing or selling goods, services, and products that are needed during the pandemic.**

Pitch **ideas on digital platforms to generate interest in and connect you with funding for future product lines or services.**

Promote **your brand online via social media, and maintain a web page for your business in order to generate revenue via e-commerce.**

Plan **by developing a strategy not only to get your business through the current crisis, but also for how it will recover once society and the economy return to a new normal.**

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ABSTRACT

This report consolidates the strategies contained within DVRPC's social media campaign of the same name, which launched on April 3, 2020, and was aimed at helping small businesses and the region's retail districts navigate the economic crisis associated with the COVID-19 pandemic.

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