No, We Are Not Facing a Restaurant or Retail Industry Apocalypse

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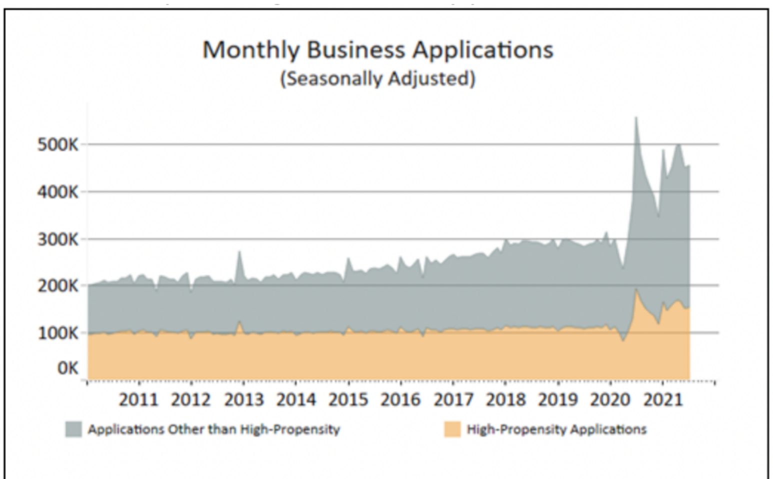
An Introductory Overview.
While the economic impacts of Covid19 are culling the weaker firms in the industries that frequently occupy downtown storefronts, and permanent closure rates are probably higher than those during the Great Recession, they are not anywhere near reaching the apocalyptic levels that would involve the effective decimation of these industries and impair their recoveries. Claims of industry apocalypses seem to be the rage in recent years starting with retail before the crisis. Since Covid19's appearance the restaurant, personal services, and arts industries have also been seen in that light – often by industry leaders who are desperate to gain public attention and win strong government financial support for their member firms.

Many of the reported closures did not reflect economic failure, but legal necessity, and these operations reopen quickly when allowed by local regulations. A more accurate view of the situation should be based on the fact, as established by a research team from the Federal Reserve, that business deaths are a normal occurrence with about 7.5 percent of firms and 8.5 percent of establishments exiting annually in recent years.[1] They also noted that small firms account for most of these closures. The team also found that "temporary business closure is common, affecting about 2 percent of establishments per quarter." Covid19, as many crises do, has accelerated the processes of creative destruction that were already taking root in these industries prior to this crisis. Even if the permanent closure rates prove to be relatively higher than those produced by the Great Recession, there is no evidence that they will be so strong that they will prevent vibrant recoveries.



Source: U.S. Census Bureau, Business Formation Statistics, August 11, 2021

Also, it is important to consider the formation of new firms. Yes, some may be dying, but others are forming. As can be seen in the nearby figure from the Census Bureau, since 2010 there has been a monthly average of at least 200,000 new business applications that has spiked to around the 500,000 level since

[1] Crane, Leland D., Ryan A. Decker, Aaron Flaaen, Adrian Hamins-Puertolas, and Christopher Kurz (2021). "Business Exit During the COVID-19 Pandemic: NonTraditional Measures in Historical Context," *Finance and Economics Discussion Series 2020-089r1*. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2020.089r1.

early 2020. In July of 2021 there were 454,460 business applications for EINs (Employer Identification Numbers) of which the Census Bureau deemed 53,878 High Propensity Applications (HPAs), i.e., they were very likely to form startups with payroll tax liabilities. The Bureau's model predicts that within four quarters 33,712 startups will be generated from the July 2021 HPAs, and 43,231 startups within eight quarters. And so it goes for each month's HPAs. The pandemic seems to be sparking a renewed surge in business formation.

Some claim that 40+% of small businesses have been closed, but truth is we have absolutely no hard definitive data on how many have closed permanently or been replaced by new ones. We have numerous estimates based on surveys and indirect indicators of closures, but no credible actual counts. We do know, though, that claims of a possible 85% permanent closure rate by some restaurant industry officials are nowhere near the mark. We also know that many small firms that supposedly should have had insufficient funds on hand to keep operating have somehow stayed in business for over 1.5 years of crisis.

What we also need to remember is that some of these industries, e.g., retail and the arts, faced serious challenges even before Covid19 appeared.

A review of the available data on retail, restaurant and pamper niche closures indicates that while the number of closures at certain points in time were high, there are strong indications that when this crisis is over: 1) the number of firms in these industries may not be much different than those in the pre-crisis years; 2) there will be startups to replace many of those permanent closures; and 3) the culling may have produced stronger, if smaller, industries rather than devastated ones.[2]

Restaurants.
These businesses merit primary attention because they are so often the keys to vibrant Central Social Districts and strong, magnetic downtowns. Moreover, this holds true no matter their district's size or geographic location.

It is essential that any analysis recognizes that this industry has been long known as one of the toughest for firms to survive and startups to succeed. For example, research has shown that 26% of the first-year restaurants fail, with the number rising to 60% after three years.[3]

Cash Flows, Cash Buffer Days of Small Businesses in the Restaurant Industry

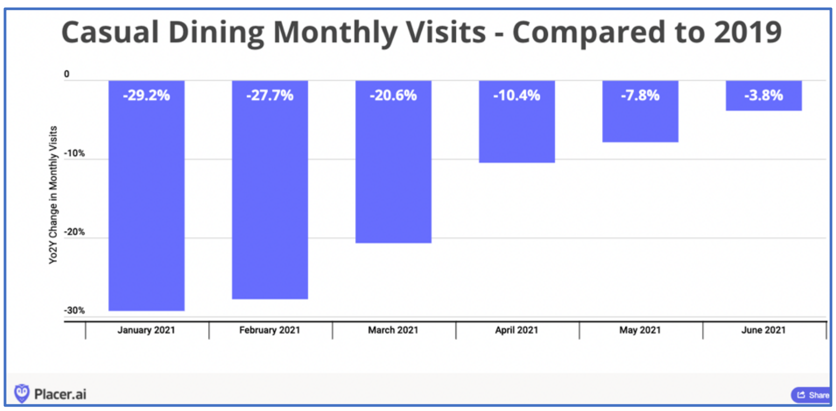
		Restaurants
Median Daily Outflow		$957
Median Daily Inflow		$968
Median Avg Cash Balance		$16,000
Cash Buffer Days		
	25 percentile	9 days
	Median	16 days
	75 percentile	31 days
Source:https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/jpmc-institute-		

[2] Pamper niche firms include: (e.g., hair and nail salons, gyms and spas, martial arts and dance studios, Yoga and Pilates studios)

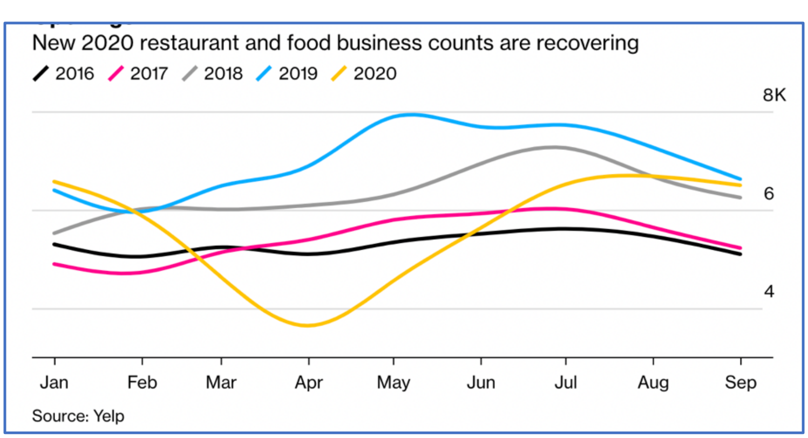
[3] H. G. Parsa, John T. Self, David Njite, and Tiffany King, "Why Restaurants Fail," *Cornell Hotel and Restaurant Administration Quarterly*, August 2005, pp. 304-322.

One of the most important signals that we should not rush to doom and gloom fears about an avalanche of small business permanent closures is the inability of one key indicator to be a reliable measure of permanent failures. That indicator is the amount of money different types of small businesses have had on hand. From the Chase institute data published in 2019, one might have expected a lot more restaurants, retailers, and personal service operations to be closed for good by now. As can be seen in the nearby table, prior to the crisis operators had cash balances on hand that would enable 25% of the restaurants to cover expense outflows for 9 days or less, 50% for 16 days or less, and 75% for 31 days or less. By the end of 2020 we were in the Covid19 crisis for about a nine months and given the modest number of their cash buffer days, many might be expected to have permanently closed or be very close to it.

Yet my field observations and analysis of data provided on the National Restaurant Association's website suggested that was not the case. Certainly, there were closures, but nothing close to what might be deemed apocalyptic levels. According to the restaurant association, there are about one million restaurants in the nation, about 70% of them are single location operations, and in 2020 about 110,000 restaurants were *temporally or permanently closed.* That means that about 10% of our restaurants are closed, and an unknown number of them may reopen when conditions improve. The restaurant association claims about 3% are permanent closures.



Moreover, foot traffic studies – see nearby figure --show that visits to casual dining establishments are rebounding in 2021 to pre-crisis levels. Placer.ai claims that: "If current growth continues, casual dining visits could rebound fully before the end of the summer." If there are fewer restaurants open, and about the same or a larger number of customers, then simple math suggests they are probably having more customers than before the crisis. They would be fewer, but stronger, and this should continue to improve as vaccination rates increase.

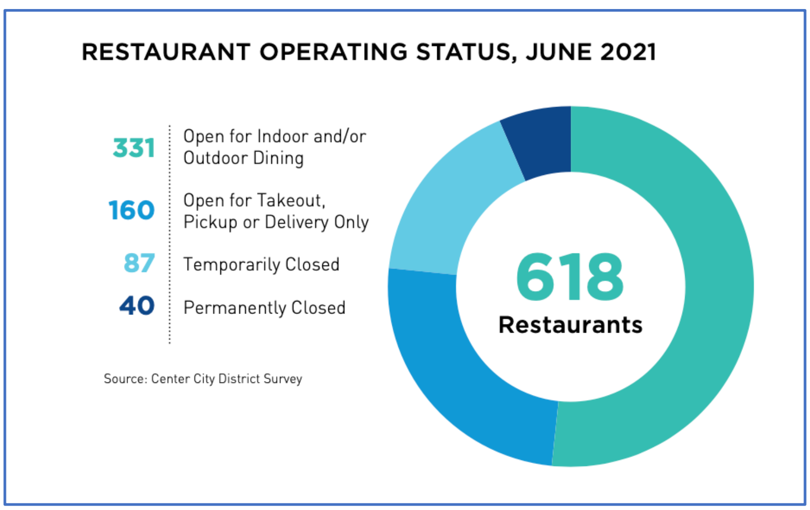


As the figure nearby (created by Bloomberg.com from Yelp data) indicates, restaurants and food business counts in 2020 had gained parity with those of prior years. However, the nature of these new operations was much more attuned to pandemic conditions – e.g., dining outdoors, pop ups, food trucks. While I do not see Yelp data as definitive, it can be "directional," and that is how I suggest the data in this figure should be viewed.

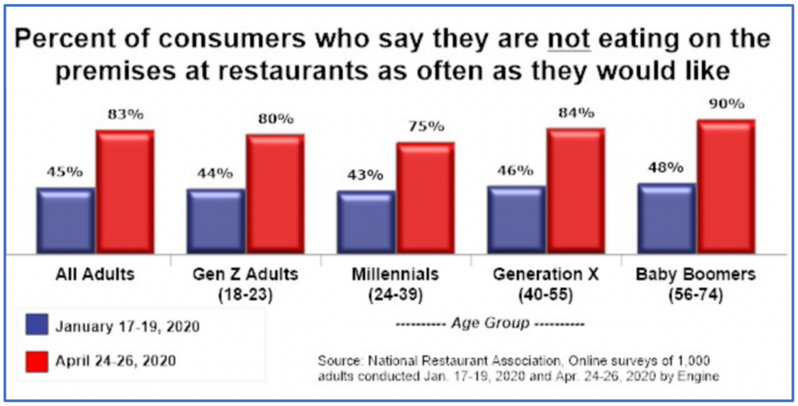
How They Survived. One important way is through the $112 billion the Federal Government has made available so far to firms in this industry. According to the National Restaurant Association the industry in 2020 had estimated revenues of about $669 billion, and about a $240 billion shortfall from expected revenues of around $909 billion. The government support was equal to about 47% of the industry's estimated lost revenues. How those funds were distributed within the industry is a question deserving further scrutiny. The response to need may have been far less than desirable, with there being a general pattern across industries of smaller firms having huge problems in accessing PPP funding.

Many restaurant operators have recalibrated their objectives from maximizing profits to just keeping their businesses alive and saving their capital investments. One way of doing this has been the downsizing of operations. Many employees were laid off, and profits were either diminished or nonexistent. For example, Sylvia's, a well-known and long-established restaurant in Harlem, reported it is operating on sales revenues that are about 50% of its pre-crisis level, and it has adjusted operations accordingly. As consumer demand has returned in many areas, the recovery to pre-crisis operational levels is now being impeded by a labor shortage in the industry.

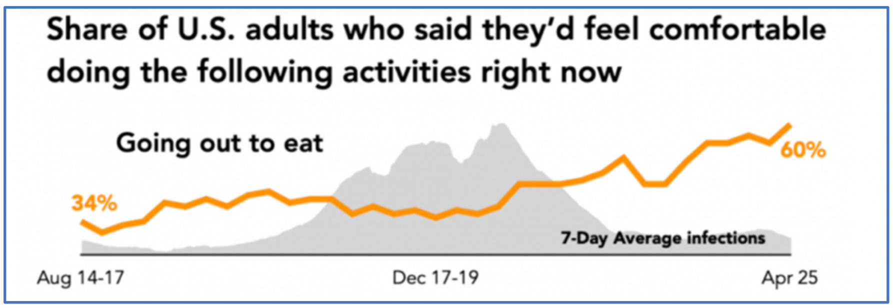
The crisis has also forced a change in restaurant operations. As the data from the Center City District in Philadelphia displayed nearby indicate, many are dependent on outdoor dining, but 160 of the district's 618 restaurants are only open for takeout, pickup, or delivery. Eighty-seven, about 14%, have gone into hibernation and are temporarily closed. They no longer must pay staff or for supplies, though rent payments are probable. Forty, about 6%, have closed permanently.



Looking at Demand. As an online survey done for the restaurant association in April 2020 shows, a huge proportion of adults, 83%, reported they are not eating out as often as they would like, a substantial jump from the 45% found by a survey earlier in the pandemic. See nearby table.



The translation of this huge "hunger" into actual restaurant revenues will naturally depend on the individual consumer's financial resources. The pandemic has created many financially comfortable households whose members continued to have well-paying jobs and saved many discretionary dollars during the pandemic. In neighborhoods and districts where they are in abundance, restaurants will easily capture pent-up demand. On the other hand, there are areas where the pandemic created greater unemployment and economic hardship, and restaurants will have less real pent-up demand to capture.



Nothing, however, is affecting the real level of demand for going out to eat and other recreational activities than the fears generated by the pandemic. As the figure nearby shows, several surveys done for Morning Consult and reported in Randy White's excellent bog, show that comfort levels are rising as more people have been vaccinated. By April 2021 the percentage of those feeling comfortable eating out again had risen from 34% to 60%. However, surges created by new variants of the virus can turn that around. Our recovery will be hindered as long as this pandemic persists.

Small Retailers.

Conditions Before the Pandemic. Again, it is important to establish some of the realities that characterized this industry even before the pandemic struck:

- The industry was undergoing an enormous and classic process of creative destruction, with huge numbers of chain store locations closing, many chains going bankrupt, e-commerce becoming a huge force, new kinds of firms opening, omnichannel firms taking the lead, and the demand for new locations and their sizes appreciably declining.
- A Gem study found that we were not generating as many retail startups as other innovation driven economies. And that was in relatively good economic times, prepandemic. [4]

[4] Cited in https://www.ndavidmilder.com/2020/07/we-need-to-do-contingent-planning-because-we-cannot-be-sure-that-an-entrepreneurial-resurgence-will-lead-us-out-of-the-covid-crisis.

- Since many smaller towns and cities did not have many chain stores, they were largely unaffected by the tumult in the industry. But regional commercial centers that did have malls and shopping centers were impacted, since they did have chain and department stores.
- The failures of these chain and department stores put their market shares up for grabs, and while some small retailers won a portion, more was grabbed by big box stores with strong omnichannel marketing capabilities, and Internet firms.
- Smaller downtowns not only do not have many chain stores, they also usually have relatively few retailers, especially those offering comparison shoppers type merchandise.
- Many smaller downtowns were already complaining about high vacancy rates years before the pandemic. Though often said to be a retail problem, the real vacancies issue in many instances is the failure to attract a range of storefront tenants, not just retailers.
- That said, retail attraction in these downtowns has been a challenge long before the pandemic. The basic causes of the problem are small and decreasing populations, relatively low household incomes, and uncompetitive business investment opportunities.
- A long-term major challenge for most downtowns has been for their leaders to have realistic expectations about the types and amounts of retail they can attract/develop.
- The Internet, on one hand, is now where shoppers living in our rural areas can most easily access quality comparison shopper type merchandise, and on the other, it is where savvy merchants like the Missouri Star Quilt Company in Hamilton, Missouri and Dodds Shoe Co. in Laramie, WY, can reach customers far from their local trade areas and reap significant sales.

Cash Flows ,Cash Buffer Days of Small Businesses in the Retail Industry

		Retail
Median Daily Outflow		$409
Median Daily Inflow		$413
Median Avg Cash Balance		$9,500
Cash Buffer Days		
	25 percentile	10 days
	Median	19 days
	75 percentile	45 days

Source:https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/jpmc-institute-

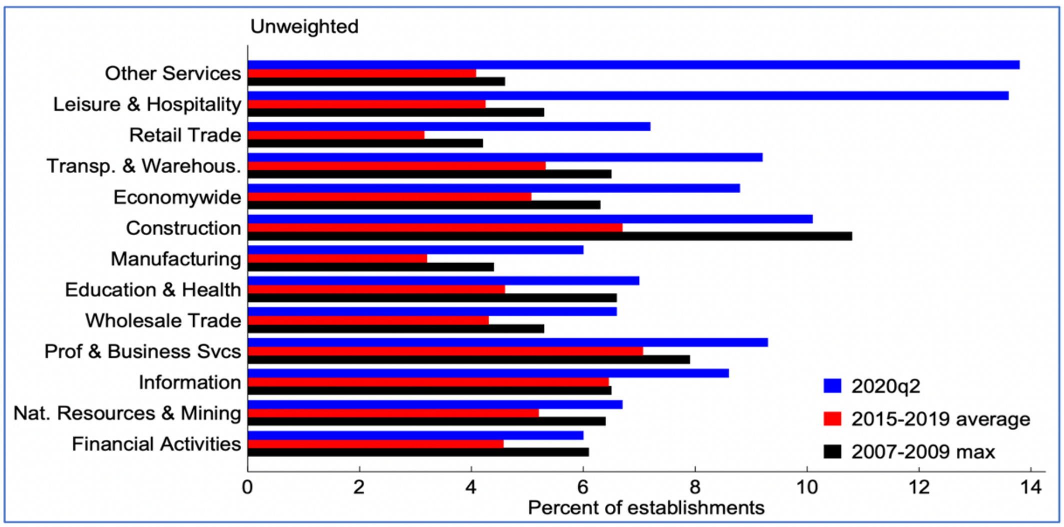
- The SBA and other experts deem any company with fewer that 500 employees as small. For downtown analysts, this is plainly ridiculous. Any establishment with hundreds of workers would be seen as a rather large enterprise in an overwhelming majority of our downtowns. Most of the retailers in our smaller downtowns probably have far fewer employees, most likely under 10. The vast majority of all retail firms, about 80%, have fewer than 10 employees, and they account for only about 10% of the industry's sales.[5]

Cash Buffer Days. The study by the Chase Institute found that the median average cash balance of small retailers was just $9,500, substantially lower than that of the restaurant operators, $16,000, yet they tended to have more cash buffer days (10, 19 and 45 compared to restaurants' 9, 16, and 31) to help them

[5] https://www.ndavidmilder.com/2017/01/nationally-how-small-retailers-were-impacted-by-the-great-recession.

withstand a crisis. The reason is that they had lower daily cash outflows, $409 to $957. We might conclude from these data that retailers will have a better survival rate during the crisis than the restaurants, but it is not prudent to try to judge by precisely how much from this evidence alone.

Estimated Retail Establishment Closure Rates. The table below shows some major findings of the team at the Federal Reserve Bank about the closure rates of various kinds of business establishments in the second quarter of 2020. Establishments are different than firms. Walmart is a firm, its stores establishments, while every very small merchant is both an establishment and a firm. The closure rate does not tell us about how many retail establishments will be permanently closed during this pandemic, since the pandemic persists, and the study focused on just one quarter of 2020. Nor does it go into the important question of how many retail establishments we will have when this crisis ends, since it does not look at how many will have opened during the crisis.



Establishment closure rates, 2020q2 versus history

Source: Crane, Leland D., Ryan A. Decker, Aaron Flaaen, Adrian Hamins-Puertolas, and Christopher Kurz (2021). "Business Exit During the COVID-19 Pandemic: NonTraditional Measures in Historical Context," Finance and Economics Discussion Series 2020-089r1. Washington: Board of Governors of the Federal Reserve System, https://doi.org/10.17016/FEDS.2020.089r1

The closure rate is the percentage of establishments that permanently closed during Q2 of 2020 – the blue bars in the above figure. For each industry, closure rates are also provided for the average of the years 2015 to 2019 that preceded the pandemic (the red bars), and for the years of the Great Recession, 2007-2009 (the black bars). At around 8%, Retail Trade does not have the highest closure rate; seven of the 13 industries listed have higher rates. The highest is Other Services and that includes a broad range of firms in: equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, etc. It is followed by the Leisure and Hospitality industry category that

includes Arts, Entertainment, and Recreation, NAICS 71, and Accommodation and Food Services, NAICS 72. Their closure rates are about or at 14%.
Other Services, Leisure and Hospitality, and Retail Trade stand out when comparing industry closure rates during the pandemic with those during the years preceding that crisis and with their closure rates during the Great Recession because their pandemic closures rates are so much larger.

While the authors do not go into detail for each industry, they do strongly stress that small firms are those that are much more likely to fail. However, they do not define how small is a small firm.

Small Retailers and the Great Recession. It is interesting to compare the number of small retailers in the Economic Censuses of 2007 and 2012 that basically straddle the onset and biggest impact years (2008-2011) of the Great Recession. This comparison does not get at the closure rate, but it does indicate how various sized retailers recovered from the Great Recession and includes the impact of retail startups during those years. As can be seen in the table nearby:

1) Small firms (0 to 499 emps) did generally have a greater reduction in numbers than the large ones (500+ emps).
2) However, between 2007 and 2012, *the truly smallest ones, those with just 0-9 employees had the lowest decline in numbers*. The largest decline was among those with 20-99 employees, -24%. Overall, for the entire retail industry the decrease in number of firms was just -9%.

Growth and Decline in the Number of Retail Enterprises by Employment Size in USA and Nine States 2007- 2012

Geographic Unit	Enterprise Employment Size						
	0-9	10-19	<20	20-99	100-499	500+	ALL
USA	-7%	-15%	-8%	-24%	-11.5%	-7.9%	-9%
Wyoming	-14%	-10%	-13%	-28%	7%	4%	-13%
North Carolina	-7%	-18%	-10%	-19%	-15%	-4%	-10%
Vermont	-13%	-18%	-13%	-8%	-2%	-8%	-12%
New Jersey	-10%	-18%	-11%	-19%	-7%	-4%	-11%
Illinois	-3%	-24%	-8%	-22%	-10%	1%	-9%
Wisconsin	-11%	-18%	-13%	-13%	-13%	0%	-12%
Iowa	-12%	-17%	-13%	-9%	-7%	-3%	-12%
Minnesota	-9%	-15%	-11%	-18%	-1%	-2%	-11%
Michigan	-9%	-16%	-10%	-13%	7%	-8%	-10%
Sources 2007 Economic Census and 2012 Economic Cenusus and County Business Patterns; DANTH, Inc.							
	= Higher than state average						

My discussions with business development experts generated the following possible explanations for the numerical strength of the smallest retailers: 1) the smallest firms could easily hibernate and wait for conditions to improve and reopen; 2) many of their owners probably come from multi-income households or even had or got other jobs; 3) the firms with 20-99 employees were big enough to have large loans and high-cost leases for space that made it tough for them to hibernate or had operations that could not be easily down-sized. 4) The smallest owners did not take salaries or dipped into their 401ks. 5) It doesn't take large capital investments to open some of these very small stores. The smallest owners were pivoting and did what they could to stay in business. They most probably could not rely on external financing. Their behaviors are consistent with the hypothesis that these entrepreneurs were surprisingly resilient.

The current crisis may have placed these truly small retailers in a different situation. Many were forced to close by government regulations, and the temporary closures lasted well beyond their cash cushion days and the abilities of their household and personal network resources to keep them afloat. While the Federal Government has come up with PPP and other programs to help small firms, there were early and persistent reports that very small operators were getting a disproportionately small share of the financial assistance. That was often because of either weak relationships with local bankers or their weak skillsets for dealing with bureaucracies. Whatever capacity for being resilient they had was overcome.

New York, NY Foot-Traffic Recovery By Selected BIDs, June 2021 Compared To June 2019

BID	FOOT TRAFFIC	
	Retail	Domestic Tourism
MIDTOWN CBD		
34th St	52%	51%
5th Ave	64%	44%
Grand Central	52%	34%
Garment Center	61%	53%
Bryant Park	62%	45%
47th St Diamond District	71%	ND
Times Square	40%	32%
Average	57%	43%
STRONGER RESIDENTIAL		
Lincoln Center	73%	48%
Madison Ave	81%	45%
Columbus - Amsterdam	95%	76%
Columbus Avenue	77%	55%
East Midtown Partnership	64%	46%
Hudson Square	74%	73%
Lower East Side	66%	51%
NoHo NY	74%	78%
SoHo Broadway	90%	87%
LongUsland City	75%	51%
Steinway Street	90%	62%
Park Slope 5th Ave	84%	64%
Average	79%	61%
CITYWIDE	86%	58%

Source: Placer.ai

This, of course, is a problem that can be, and ought to be, fixed. It is, however, also a problem that happily probably will not exist for startups in a recovering economy, where Covid19 is under real control or in abeyance. Also, many surviving retailers have learned how to be much better operators during the crisis. Many are much more Internet adept and capable of pursuing omnichannel marketing strategies that will enable them to penetrate enormously larger market areas. The crisis also has created enormous pent-up demand among shoppers who have lots of discretionary dollars to spend.

During the Recovery, Location Will Matter More Than Ever. More important than the precise location of a retailer will be how much the pandemic has abated locally and how open the downtown economy is. Are people coming downtown? Are they going into shops and restaurants without being on guard? Is pedestrian traffic back to normal

Then there is the issue of the retailer's dependency on residential markets. During the crisis, various reports in the media and from downtown managers indicated that districts where residents were the primary market segment, as they are in many suburbs, were doing much better in terms of restaurant and retail patronage than those where they are not.

As the table nearby shows, 2021 retail foot traffic in the seven BIDs located in the Midtown Manhattan CBD have significantly lower recovery rates compared to 2019 levels (average =57%) than those BIDs located elsewhere in the city where residential market segments are more important (average 79%). That CBD depends much more on office worker and tourist markets.

Another very important factor is the demographics of the local market area. The pandemic has been brutal in its spreading of economic inequality across the nation. Generally, households with annual incomes above about $66,000 have retained their jobs and incomes, and because of reduced spending opportunities, they have amassed significant savings of discretionary dollars. Those dollars are expected to be spent as we recover and could constitute a strong surge in consumer spending. Households with lower incomes had reverse outcomes: higher unemployment, lowering earnings, and far less savings. Retailers are likely to fare better or worse depending on which type of household is dominant in their trade areas.

The Recalibration of the Retail Industry. The trajectory of the retail industry was firmly established before Covid19 appeared on the scene. As the discussions of a retail apocalypse revealed The US has had, by a large margin, far more retail space per capita than any other nation.[6] For several years prior to the crisis, the total amount of space was on the path of significant, but far from debilitating decline. A few years ago, CoStar estimated it at around 10%. Significantly more has probably closed since then. The impact of the internet is enormous because it influences about 80% of our shopping trips, changed how we shop, now accounts for over 20% of total retail sales, and a lot more for certain types of merchandise, e.g., over 80% for music and videos. Retail chains and department stores are retreating to less risky locations, but big box value stores and off-pricers are expanding their number of locations. Many of them posted impressive sales numbers during the pandemic. New chains and indy startups continued even during the pandemic.

Brick and mortar retail is not going away, it is just being resized and retail shops are making important changes in the ways they operate. Many new things are being tried and their successes and impacts remain uncertain. It is very possible that we may end up with fewer, but better and stronger retailers than we have ever had.

Greater Viable Opportunities for Small Towns and Small Retailers. The major barrier to small town retail success has been constraints posed by sparsely populated market areas with modest household incomes that create uncompetitive investment opportunities. That I believe is changing:

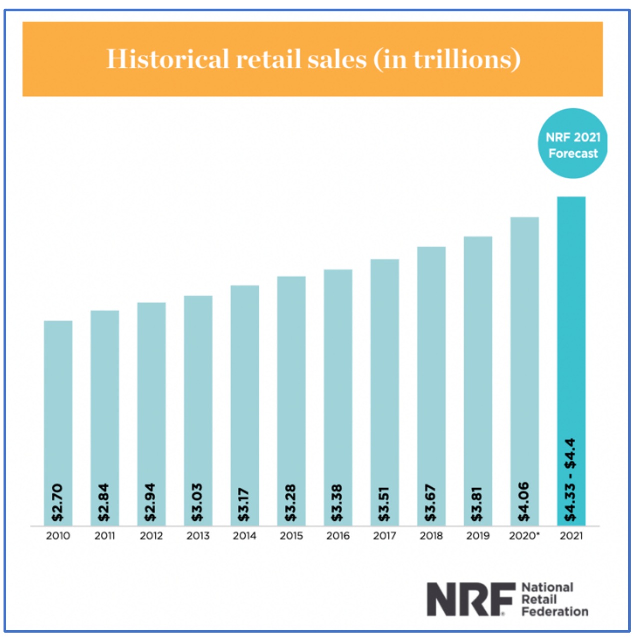
- Small retailers have long displayed resilience if local economic conditions are at all conducive. Data from Placer.ai – see table below– suggests that retail foot traffic in many of our towns with populations under 75,000 is back to 2019 levels, though that data is heavily dependent on chain store visits. A reasonable assumption is that if the small shops are allowed to reopen, then they are probably benefiting from this recovery in shopper traffic in these towns.

[6] See: https://www.statista.com/statistics/1058852/retail-space-per-capita-selected-countries-worldwide/

Foot-Traffic Recovery By Town June 2021 Compared to June 2019:
A Sample of 40 Towns in Eight States

Town	FOOT TRAFFIC Retail	FOOT TRAFFIC Domestic Tourism	TOWN	FOOT TRAFFIC Retail	FOOT TRAFFIC Domestic Tourism
Connecticut			**New Jersey**		
Torrington, CT	106%	146%	Madison NJ	86%	85%
Winsted CT	116%	92%	Morristown N	71%	52%
Windsor locks, CT	85%	71%	Westfield, NJ	88%	126%
West Hartford, CT	102%	112%	Ridgewood. N	79%	86%
North Carolina			Red Bank	104%	90%
Hendersonville, NC	99%	96%	Englewood	96%	71%
Lincolnton, NC	103%	101%	**Ohio**		
Mooresville	108%	121%	Lancaster	104%	108%
Goldsboro, NC	99%	109%	Toledo	107%	106%
Rockingham, NC	110%	122%	Sandusky	103%	83%
Wisconsin			Marrietta	100%	102%
Appleton	98%	96%	Delaware	107%	131%
Eau Clare	109%	96%	Dublin	94%	85%
Oshkosh	95%	75%	Bellefontaine	104%	112%
La Crosse	97%	96%	Wilmington	89%	77%
Sheboygan	99%	96%	Painesville	131%	112%
Wausau	93%	88%	Mansfield	103%	108%
Neenah	94%	77%	Xenia	105%	93%
Stevens Point	122%	91%	**New Hampshire**		
Onalaska	101%	117%	Laconia	111%	130%
Shorewood	102%	90%	**Maine**		
Cedarburg	98%	46%	Brunswick	99%	105%
Ripon	93%	51%	**Massachusetts**		
Rhinelander	97%	94%	Attleboro	96%	111%
Source: Placer.ai					
	Retail	Tourism			
Average 40 Towns	100%	96%			
Median 40 Towns	101%	96%			

- The pandemic has produced a surge in startups, and a significant, if yet to be determined, number of them will likely be in retail.
- Surviving small retailers are likely to be better operators than before the crisis, and many more of them have learned how to use the internet and a basic omnichannel marketing strategy.
- Small town economic development leaders should cultivate the adoption of the omnichannel approach by local firms because it enables them to viably compete in large distant markets.
- The omnichannel approach can also motivate local retailers to develop other ways to tap customers who may not come walking in through their front doors. Backdoor marketing, for example, involves them going out of their shops to sell merchandise to other businesses and consumers in offsite locations and meetings.[7] Trade and bridal shows, fairs are other possibilities.



- Many small towns have small or micro manufacturing firms that make unique, interesting, or very needed products. Their adoption of an omnichannel approach can lead to new and unique Main Street shops matched with an ability to sell directly to consumers in huge national markets.[8]
- As shown in the nearby chart, nationally, consumer demand has proved strong even this year and The National Retail Federation is anticipating that retail sales will grow between 6.5 percent and 8.2 percent to more than $4.33 trillion in 2021 as more individuals get vaccinated and the economy reopens. However, the

[7] https://www.ndavidmilder.com/2009/11/backdoor-retailing
[8] https://nextcity.org/daily/entry/an-overlooked-economic-powerhouse-for-small-cities

pandemic has reinforced preexisting economic growth patterns and widened economic inequality, so there will be substantial geographic variation in retail's recovery.

- Large retailers like Walmart, Target, Whole Foods, and Nike[9] have been experimenting with smaller stores. Some like Walmart have been at it for over a decade. They want to get closer to their customers, and that may mean smaller stores with less inventory and smaller assortments, but with merchandise that is much better targeted to local shoppers and backed up by strongly AI-enhanced Internet access to all the chain's offerings. When more perfected, this could be a game changer in towns of all sizes, save for those that are very small.
- Retail in smaller towns has always been basically about household necessities. That will not go away. Weakened rural economies offer poor investment opportunities. However, successful strategies and programs have been developed to deal with this situation that are based on capturing a project's value to the community. The ADRR has published several articles about capturing community value.[10]

Coming Up Soon: A similar type of analysis on the pamper niche and arts industries.

[9] https://www.bizjournals.com/portland/news/2018/07/18/an-early-look-at-nikes-next-generation-store-in.html

[10] https://theadrr.com/wp-content/uploads/2020/09/Norman-Walzer_Community-Investment-Dtn-Biz_ADRR-Vol1-No2.pdf and https://theadrr.com/wp-content/uploads/2020/09/Andrew-Dane-THe-ADRR-Vol-1-No-2-.pdf