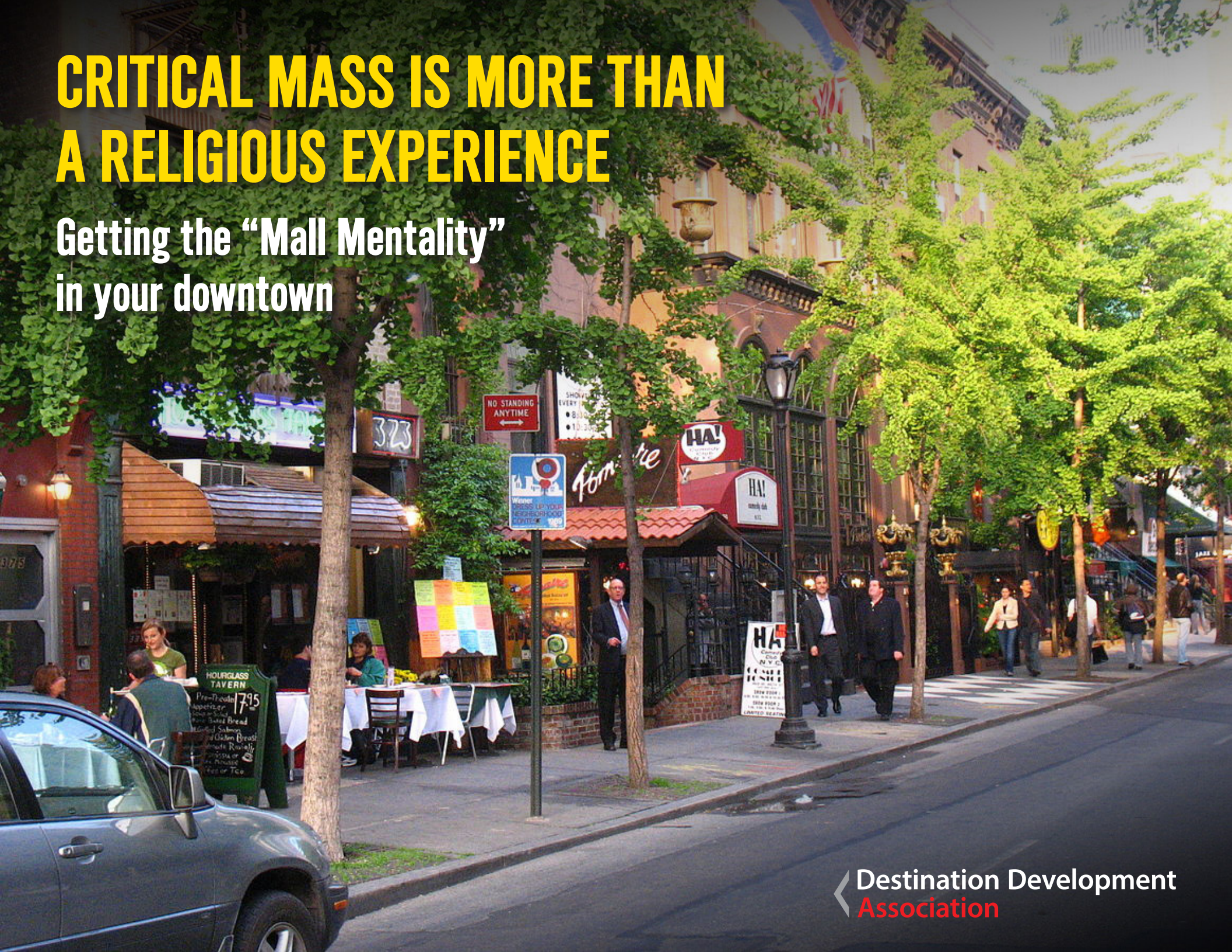


# CRITICAL MASS IS MORE THAN A RELIGIOUS EXPERIENCE

Getting the “Mall Mentality”  
in your downtown





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## Introduction

The heart and soul of any community, besides its people, is its downtown. If locals won't hang out in your downtown, neither will visitors. They go where you go.

The number one complementary activity of visitors is shopping, dining & entertainment in a pedestrian-friendly, intimate setting: your downtown.

This is where 80% of all non-lodging visitor spending takes place.

Over five years we surveyed 400 successful downtowns and downtown districts uncovering the 20 most common ingredients that led to their success.

Of the 20 ingredients, critical mass was one of four ingredients that was common to all 400 downtowns. Every single one. Without critical mass (or clustering: like businesses grouped together) your downtown can never be as successful as you hope.

Here are the four ingredients every successful downtown had:

## 1. They all had a narrow focus

Examples: St. Albert, Alberta - a bedroom community to Edmonton. The focus: The botanic arts city. The tagline: Cultivate Life.

Rodeo Drive in Los Angeles - the glamorous high-end fashion district.

Jackson, Wyoming - The home of Western living. Population: 12,000. Their downtown is home to 110 galleries and western living shops and the town hosts nearly four million visitors a year.

Jefferson, Texas - The antique capital of Texas. Population: 2,500. They have 125 antique dealers in their downtown - that's one for every 20 residents. Because so many visitors come so far, they are now the official B&B Capital of Texas.

Leavenworth, Washington. Population: 3,200. As Washington's Bavarian Village the town hosts nearly 2.5 million visitors a year.

Walnut Creek, California. Population: 60,000. As Northern California's definitive shopping & dining destination, their downtown does nearly a billion dollars a year in retail sales and services.

## 2. They all had "anchor tenants"

Anchor tenants, just like a mall, are businesses you'd go out of your way to visit. They do NOT have to be big box retailers. The best cinnamon rolls you'll find in Alberta could be a great anchor tenant.

Every downtown needs to have one or two anchor tenants. Just like a mall, everyone else will benefit by them being there.

Would you go to Orlando if Disney World wasn't there? If you said no, then you just insulted 140 other attractions. But they all know that Disney is the anchor tenant, and they, and Disney, benefit from the critical mass of attractions and activities found in the Orlando area.

Every downtown we surveyed had at least two anchor tenants. If you can get up to five, you'll be a rock-star destination for both locals and visitors.

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## 3. They all had life after 6:00 pm

Seventy percent of all consumer retail spending now takes place after 6:00 pm. Are you open?

The new trend in downtowns is to become the place people go during evening hours and on weekends. No longer just the place to buy socks, jeans, and necessities, downtowns are now much more than that.

Downtowns are now becoming "third places" - the place to hang out at the end of the day to socialize. Restaurants, entertainment, theater, and evening shopping.

If this is a challenge, watch the DDI video "Are you open after 6:00 pm?" available with the All Access pass to the DDI library. This video explains how to make this happen.



## 4. They all had "critical mass."

This is the rule of clustering, which has worked for centuries:

- Napa Valley and wine
- Silicon Valley and high tech
- Seattle, Boeing and aerospace
- Orlando, Disney World and 100+ other attractions - the kids and family destination.
- Nashville and country music - dozens of recording studios, concerts, etc. It's become "music city USA."
- Branson, Missouri and 49 music theaters. This town of 6,500 residents hosts 7.5 million visitors annually.
- Santa Fe, New Mexico and Native American Art.
- Las Vegas and adult fun - gambling, entertainment: "What happens here, stays here."



## 5. People living and staying downtown

Every downtown that had the previous four ingredients also had people wanting to actually live downtown, or stay downtown.

They are seeing second and higher floors turn into loft apartments and condominiums.

Hotels are gravitating to downtowns. People want to spend the night where they have choices of locally owned restaurants (not the usual array of fast food and chains), and nightlife in a pedestrian-friendly atmosphere.



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## The Ten + Ten + Ten Rule

Area: Three lineal blocks (not square blocks) - and they don't have to be in a straight line, although they should be contiguous to each other.

Ten places that sell food: soda fountains, coffee shops, bistros, cafes, sit-down restaurants, wine stores, delis, confectioneries.

Ten non-chain destination retail shops: galleries, antiques (not second hand stores), collectibles, books, clothing, home accents, outfitters, brand-specific retailers, garden specialties, gourmet kitchen stores, cigars, etc.

Ten places open after 6:00: Entertainment, theater (movies and/or performing arts), bars and bistros, specialty shops, dining, open air markets, plaza areas with activity, etc.

This is the MINIMUM you need to have in just three lineal blocks if you hope to make your downtown a destination for both local residents and visitors.

## The Mall Mentality

Think of your downtown as a mall:

- They are open consistent hours and days.
- They are open late into the evening hours.
- They orchestrate the business mix so there are like-businesses grouped together - clustering.
- They always recruit and promote anchor tenants. No mall is every built without anchor tenants signed to long-term leases.
- They have become a central gathering place (since so many downtowns lost that focus.)

Think of antique malls. They do 10 times the business when together as opposed to being scattered all over town. The same with auto malls: They do 7 times the business when clustered. Think corner gas stations and fast food establishments. Customers are always drawn to the critical mass.

Think of destination resorts and the new lifestyle retail centers now replacing many downtowns. All of them have the Mall Mentality and they orchestrate the mix.

## Argyle Street in Halifax

In just two and a half blocks, you'll find 22 restaurants and all of them do very, very well - in fact, rivaling the waterfront as THE place to dine.

It's doing so well a major convention center is now being developed on Argyle Street.

The point: Sometimes you have to orchestrate the effort. This also goes to show that competition is a good thing. The more you have of a type of business, the more popular a destination you'll become whether it's restaurants, entertainment venues, galleries, etc.

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## The seven steps to orchestrating your business mix

For nearly ten years this is what Roger Brooks (DDI's CEO) did for a living. He recruited nearly \$3 billion in 2013 dollars into destination resorts and downtowns throughout North America.

The trick is finding the tenants you want, or need, then hand picking them, inviting them to your downtown, working between them and the property owner, and then marketing them heavily (an incentive for coming) to make sure they will be successful.

The following are the seven steps to success. It only takes one-third of your property owners to achieve success. Eventually the market will dictate to the other two-thirds that they could make more money by moving elsewhere and leasing their space to a business that fits the theme, or brand, of your downtown.

### 1. Ask your residents

Create a three-week online survey asking your residents the following questions:

1. Where do you live?
2. What age group are you in?
3. What is your gender?
4. When friends and family visit you, where do you take them while visiting - other than staying home?
5. Where do YOU go to hangout? Other than home?
6. What do you think are our downtown's best assets? What do you like best about our downtown? Name three things - in order.
7. What do you think are our downtown's biggest challenges or negatives? Name three, and put them in order.
8. What could be done in downtown to get you to spend more time and money there?
9. What do you think our downtown should be known for? What image would you like people to have of us?

### 2. Decide on a focus

If you want to be a kids & family destination, then where can you put the carousel? The splash pad? The ice cream and candy shops? The children's museum?

On the other hand, if you want to be known for nightlife, where can we put the micro-brew? A concert stage? A sports bar? An Irish pub or piano bar? Outdoor cafes? A performing arts and/or movie theater?

Once you have a focus it will dictate the kinds of businesses you need to recruit so you "own" that brand or focus.



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### 3. Make a list of businesses that would be great to attract - specifically

Richard and Vertis Mason, residents of El Dorado, Arkansas (population 20,000) bought up a good chunk of downtown El Dorado and over several years revitalized the buildings and then hand-picked the tenants, creating one of America's most charming downtowns.

On the heels of their work, the city just constructed a \$10 million convention center, and hotels and other downtown development projects are on the way.

The trick is to develop a list that fits the Ten+Ten+Ten rule, will make you a great destination, and fits what your residents and visitors said in the online survey.



### 4. Work with your property owners on recruiting and orchestrating the mix.

This effort does require "patient money." The property owners should do a less than current market rent for the first few years while you orchestrate the mix. This keeps the merchant alive while you're bringing others into your downtown.

In Jackson, Wyoming the goal of becoming one of the nation's biggest arts communities took several years and patient money to orchestrate. But now? Downtown Jackson (population 12,000) is home to 110 galleries and western living shops.

Property owners are now getting \$50 to \$60 per square foot, at 100% occupancy, and if you want to purchase property downtown you'll pay upwards of \$750 a square foot.

This needs to be a public-private partnership project!



### 5. Start with just one or two blocks

Too often downtown organizations try to "fix" or revitalize the entire downtown. Instead find one or two blocks and start there.

Which blocks? Pick the blocks where the property owners are most willing to work with you on the business mix. And that's where you'll concentrate the beautification efforts, streetscapes, and facade improvements.

Concentrate the critical mass in those blocks.

Timeline: Two to three years.

Guaranteed: The next blocks will start organically and will be driven by the market.

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## 6. Then create a zoning ordinance or bylaw restricting the mix

But do this WITH your property owners at the table. Remember that this is a partnership arrangement. If you're going to restrict the tenant mix, then be prepared to help the property recruit the right tenant.

Generally speaking, you want ground floor spaces to be reserved for dining establishments, entertainment venues, and non-chain retailers. Having one or two chains or franchises in your downtown is by no means a killer, but you do want to make sure your downtown has businesses local residents and visitors can't get out close to a freeway or highway, or just about anywhere else. You want your downtown to be organic and unique to your community, as much as is possible.

## 7. Market the heck out of your anchor tenants. Success breeds success.

Anchor tenants are a business you'd go out of the way to visit, specifically. Create a "Best Of" guide featuring your best restaurants, retail shops and activities.

Create a vetting process so that politics doesn't kill the effort. Here a sample:

1. They must be open six days a week and the day they can be closed is a Monday.
2. They must be different, or clearly better, than what the customer can get closer to home.
3. They must be open until at least 7:00 pm.
4. They must have good curb appeal - they need to be inviting.
5. They must be highly regarded by someone other than themselves. For instance, 80%+ positive reviews on TripAdvisor and Yelp.

Do not include lodging. Why? Because you want lodging facilities to hand this brochure to everyone staying there without promoting their competitors.

## Final notes

If you need help with the recruitment effort consider contracting with a commercial real estate agent. This is their area of expertise.

There are also a few companies that provide retail recruitment services such as Colliers International and Buxton.

This works for small towns as well! Oatman, Arizona has a population of 135 yet they have the critical mass and host 500,000 visitors a year. Nashville, Indiana with a population of 797 is another great example and one of the most visited destinations in the state of Indiana. Look up Brown County.

It does take "patient money" but the returns on the investment can be simply amazing - for property owners, merchants, and the city or town your downtown is located in.

The four ingredients to success:

- Passion
- Patience
- Persistence
- And a little Pain