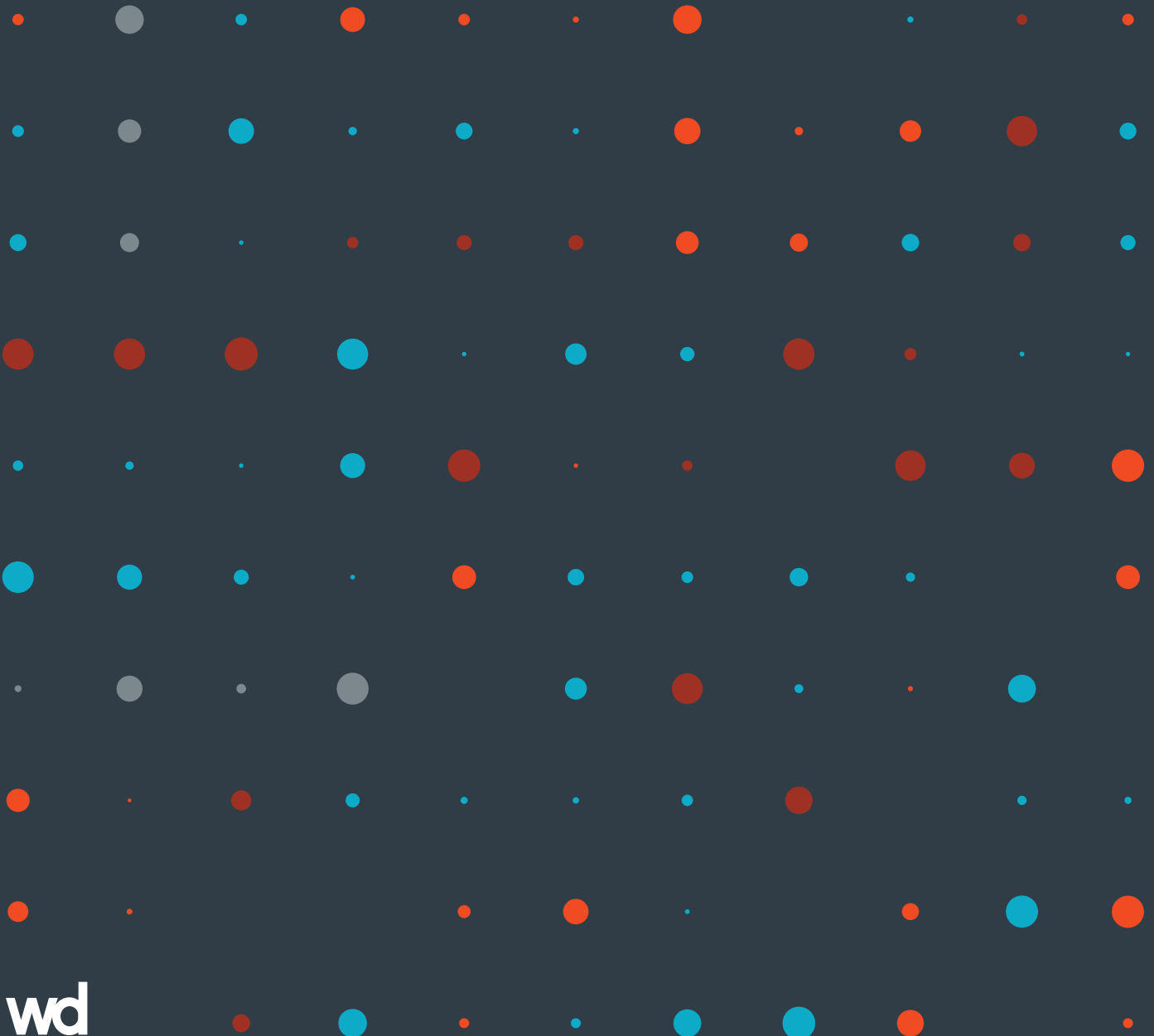


# RETAIL SUPERNOVA

a new star is born



wd





**SOCIAL**

**DELIVERY**

**LIVESTREAM**

**DARK STORE**

**MOBILE**

**DTC**

**ECOM**

**STORES**



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Introduction

# STATE OF THE RETAIL NATION

**The pandemic accelerated everything already in acceleration. Then we came out of lockdown. And it was like the brakes failed, as change came faster than ever. The idea of a self-contained store no longer holds. The flurry of options available to consumers, already expanding before the pandemic, have since exploded into a thousand pieces. You can shop everywhere, anytime, and in any way you choose and then some. Pick-up-at-store, touchless checkout, one-hour delivery. Everything blew up. . . .again.**

**A glacial adaption strategy isn't an option anymore. Now, we all know that.**

The pandemic has dramatically skewed the pace of the consumer adoption curve. The winners—brands adapting quickly and giving humans across the globe access to all the options they want—are running up the score, even more so now. Consider e-commerce sales have

skyrocketed to over 20% percent (way more for specialty) of retail sales in the U.S.<sup>1</sup> But that's just the start. One only needs to look to China to see the future of retail in America. China, post-pandemic, has crossed the 50% threshold for online shopping. E-commerce now accounts for 52.1 percent of all retail sales, according to eMarketer.<sup>2</sup> For stores and restaurants who didn't have delivery before, it's a 'must have' now. But, if you didn't have it, you're probably not around anymore anyway. That's why the losers—the brands still hesitating—are still losing. Last year, unsurprisingly perhaps, we have seen the most retail bankruptcies since 2010.<sup>3</sup>

But all of this acceleration and destruction doesn't mean the mentality of retailers has changed, at least not fundamentally. The pandemic didn't usher in massive structural changes already underway within e-commerce and consumer culture. It just changed the scale and degree of what was already an ongoing and unstoppable march to modern retail. And, how stores need to be to become more relevant. Or put another way: The pandemic blew to bits



what was already being atomized. **Stores, and the way in which we buy things, were already exploding into thousands of new channels.**

We can buy stuff on TikTok. We can buy things on Amazon Marketplace. We can buy things on Facebook. We can one-click commodities and get them in hours. We can immediately buy things via live-streaming events. (This old-new channel—home shopping network for the Internet age—is expected to generate \$11 billion in U.S. sales this year<sup>4</sup> and \$23 billion by 2023.) But don’t confuse this array of new selling tactics (the trees) for the strategy remaking all of consumer culture (the forest). **It’s important to recognize what are technological changes and what represents significant shifts in consumer wants and desires.** We used to have places where we went and bought things. It was a simple model. Now retail is incredibly complex because we have endless ways to buy. The epiphany is on: retail is obviously no longer a singular entity. And even more importantly, the events and technology of the last 5 years have altered behavior.

That’s why we undertook this project. We wanted to understand what consumers wanted from stores in a post-COVID world, and how the pandemic has altered their wants and desires. Of course, we always want to know what

# Could the neighborhood become the new center of commercial life .... again?

consumers demand from retailers, but this time, **we felt a need to know that since people were forced to “be local”, as they just have, what would their mindset be after that??**

Especially, how had the curtailment of their lives to a smaller zone of living change what they wanted from the physical side of retail going forward. We also wanted to answer an important strategic question: Could big brands now “get local” too? **Could the neighborhood become the new center of commercial life .... again?**

Our findings from this survey span generations, income groups, and geography, included nearly 2,700 respondents and proved to be unequivocally clear: **WFH is a disruptor.** Make no mistake, the physical elements of retail aren’t just changing. The spatial distribution of retail within the wider landscape (real estate) is being altered dramatically.

Findings from this study suggest the WFH revolution rivals the kind of disruption Amazon’s one-click shopping unleashed a decade ago. On a mass scale, the wave of disruption left by Amazon led to a confluence of changes: Ever since, shopping online hockey-stick’s up and up, so that now, no one now doubts that this trajectory is not slowing down. The pandemic arrived as retail was already exploding into a thousand different methodologies from just one. **So, in this atomized world, what is the**

# Work from home is a disruptor

consumers, who were asked about their thoughts, work lives and shopping expectations in a post-Covid world. We wanted to understand how this last year changed their perspectives on everything from online shopping to the local mall to big-box grocery and department stores.

**Spoiler alert: people want to shop local retail more often.** In fact, when asked exactly that, 88% of the respondents said yes. That’s not even up for interpretation. If driven by a desire to go shopping in a store, it was the locals that won out overwhelmingly. Big company real estate and development should pay attention to that number. Evolution may not be enough. The consumer is saying it’s time to chart a fresh strategy, post WFH, and getting near to them is key. And as we all know, there is no time like now.

88%  
of respondents  
want to shop  
local more often

**store’s new place?** After this study, we have an early idea about that now.

In the rest of this paper, you’ll learn what consumers want in a post-Covid world and how and why:

- People will WFH for years to come
- The geographical shift in remote work will radically alter physical retail
- E-commerce trend lines aren’t stopping and will only increase going forward
- LOCAL can potentially be a new center of commerce
- The traditional indoor mall in the exurbs will continue to suffer
- Big-Box stores and Grocery could successfully shift to the ‘shop + fulfillment’ model of shoppable distribution hubs (like Ikea)
- A potential path to survival for department stores is to embrace fulfillment as well as shift back to their genesis: local excellence
- Big brands need to find fresh ways to connect where people now spend more of their time: At home.

Read on to learn more about how our findings influence these strategies. In this paper, we summarize the findings from nearly 2,700





# LOCAL, RIGHT UNDER OUR EYEBALLS

## WFH, A variable that truly disrupted physical retail.

The most revolutionary behavior change, post-pandemic, is going to be work-from-home, or what we'll refer to as WFM for the rest of the paper.

Lockdown, whether we realized it at the time, was a global experiment: What would happen if we all lived the bulk of our lives closer to our homes? Any accurate post-mortem on how the pandemic changed retail needs to recognize the importance of the WFM variable: It will be a lasting aftereffect of the pandemic. It didn't just give people new habits. It changed their perspectives. Their sense of attention. And the way they want to live. Recall how you finally noticed the little boutique in your neighborhood. Appreciated the coffee shop and restaurant down the road even more and clamored to support their businesses. Anything near home became a lifeline. It gained resonance and meaning. You don't forget those things.

Respondents told us:

**65%**  
were required to work from home  
during the pandemic

**83%**  
had to work from home at least half  
the time

**33%**  
reported they worked from home all  
the time

**100%**  
said they won't go back to work  
5 days a week



There are some generational differences worth noting. For example, digital natives, who we define as people who grew up with screens as a daily part of life, (29 and under) and are more commonly referred to as **Millennials and Gen Z, were less likely to want to work from home all the time**, while Digital Immigrants, which we define as Gen X, Boomers and older (45 and up), were far more likely to want to work from home all the time going forward.

How often will you be working from home in 2022?

% of work from home 2022		
	50% of the time	60%
	25% of the time	40%
	100% of the time	0%
%	Digital Natives	Digital Immigrants
75%	13%	20%
50%	39%	27%
25%	47%	53%

As a result of WFH, places in neighborhoods once ignored became a resonant part of daily routines. We became citizens deeply embedded in our immediate environments. We're talking long walks. Going around our neighborhoods slowly. Doing email at a coffee shop every day. Behavioral shifts that could have profound, long-lasting effects.

The pandemic was habit-breaking and new habit-forming. But can these changes translate into permanent change? Our research suggests the answer is yes.

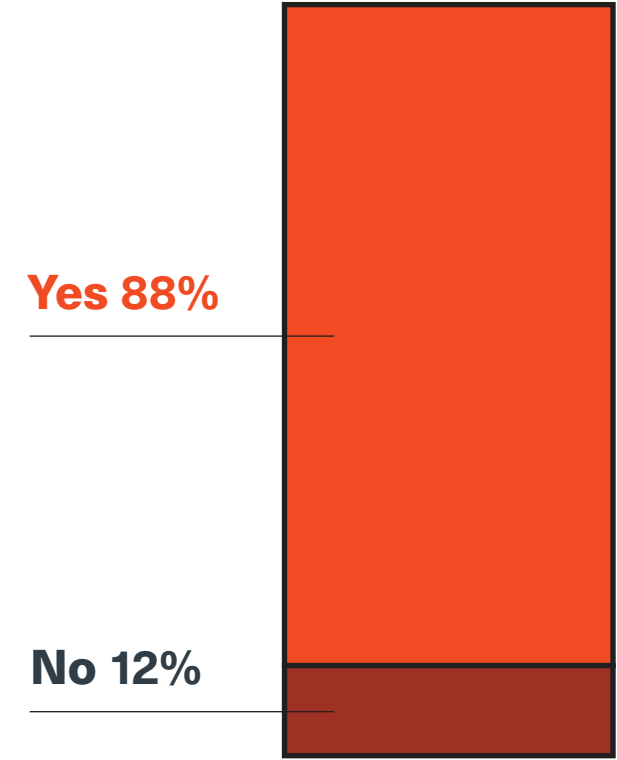
When we asked respondents what the one place was that they would prefer to go when they wanted to go shopping in a store post pandemic, local stores were, without any doubt, the clear winner:

Local Store	37%
Free Standing	16%
Urban	16%
Outside Mall	16%
Indoor Mall	11%
Never a Store	4%



So the writing's on the wall: as the world reopens, local will have new meaning.

**We asked whether consumers would shop more local after the pandemic. The results were overwhelming, across all ages:**



About 25% of the entire workforce will continue to work from home permanently...

But will such a big shift in shopping preferences, ushered in by WFH lifestyles, last?

Many people will continue to work from home. Prior to the pandemic, in the US, only about 5 percent of people worked from home. About 25% of the entire workforce will continue to work from home permanently, according to new research,<sup>5</sup> which also suggests WFH will directly reduce spending in major city centers by at least 5-10% or more going forward.

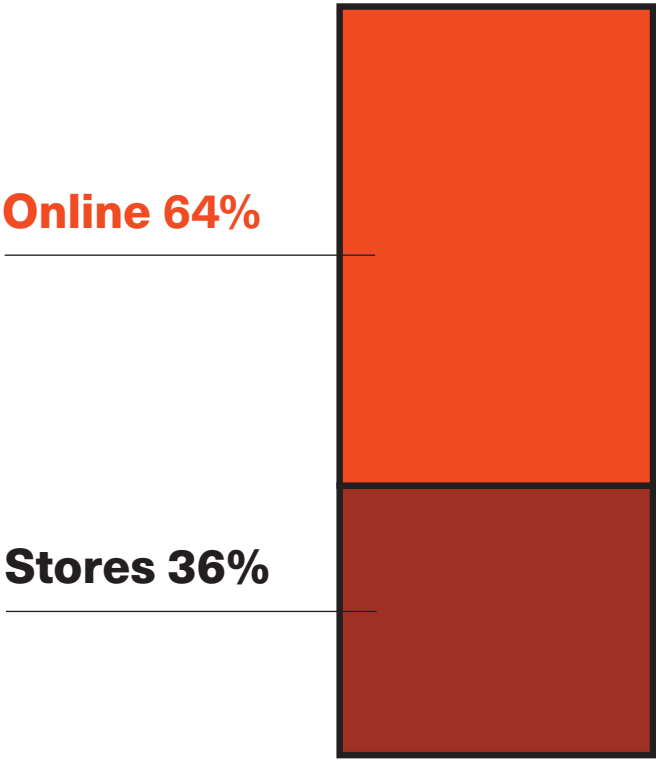
When we further surveyed consumers, the data confirmed that these changes aren't just a blip. There are definitely some major lifestyle changes underway:

**100% of the consumers we surveyed did NOT expect to go back to work full time.**

**60% said they would be working from home half the time.**

As we noted in the introduction, the pandemic accelerated everything already in acceleration. This bears out in our findings.

**Most notably, when asked about their primary form of shopping go forward respondents said:**



This ratio is the future in motion . . .and will be higher soon. Sure, total online sales only constitute about 20 percent of all retail sales today, but that ratio won't last. If you can read trend lines, you know where it came from and where it's headed in a very short period of time. In other words: Stores are about to get 'ratioed' the other way. But it's not doom and gloom for those that adjust and move quickly. Stores aren't going to zero, no one is saying that. But their purpose and value is changing completely from what it's always been.



## Get Local! What do these findings mean for store real estate strategies?

The nearby commercial strip, the closest store geographically, the local purveyor of goods, now all have a gleam. Destination shopping across town, or a half-hour drive through rush-hour traffic to the local mall, has lost its appeal. The desire to go to the mall for leisure or fun was already in rapid decline before the pandemic and as stated, that decline accelerated.

400 Malls  
Have Closed in the  
US Since 2000



In the interim, as people rediscovered their neighborhoods, habits were changed. While the pandemic accelerated a decrease in mall footprints and in-store traffic, the opposite was happening locally. A comradery built between consumer and seller that we haven't experienced in generations. You wanted local to succeed. You preferred to give them your hard-earned zoom bucks. You felt something about retail for a change.

Meanwhile, specialty mall stores were forced to close for months. For a while, Wal-Mart, Target and the like, deemed essential, had the show all to themselves. They had great years as a result. But how? By quickly converting pick up and delivery as operational mainstays. Sure, there's pent-up demand for in-store experiences, but there's a danger in thinking that's a sustainable revenue leader. By the time we get to next year, that pent up resurgence will look like a small blip. In-store sales were up for a while because, oddly, it was something new to do. But note: **e-commerce sales were completely unaffected.** They actually accelerated during the pandemic. Back to those trend lines again.

## Why aren't more national brands executing in-home services?

### In-Home Services Get Local

There's another unexpected way big brands and national retailers can come to the neighborhood: In-home services. There's ample and longstanding evidence this approach works. Consider Best Buy's<sup>6</sup> Geek Squad, a trailblazer of this strategy. In 2002, long before retailers realized how critical services and memberships were to their bottom line, the consumer electronics retailer acquired Geek Squad, and today the company has more than 600 in-home tech advisors, and 20,000 customers,<sup>7</sup> who pay nearly \$200 a month for a yearly membership.<sup>8</sup> Wal-Mart has a partnership with Handy's for in-home installation of televisions and furniture assembly.<sup>9</sup> Room & Board offers in-home design services.



These proof points of the strategy raise an important question: Why aren't more national brands executing in-home services? If you're still weighing the options, you can no longer use consumer reluctance as an excuse for hesitating. When we asked consumers what they wanted, and to what degree retailers should offer in-home services like repair, install, and consulting, the response was clear: 27% said all retailers should have in-home services and another 42% of respondents said some retailers should have in-home services. That's pretty stunning.

**27% said all retailers should have in-home services**

**42% of respondents said some retailers should have in-home services.**

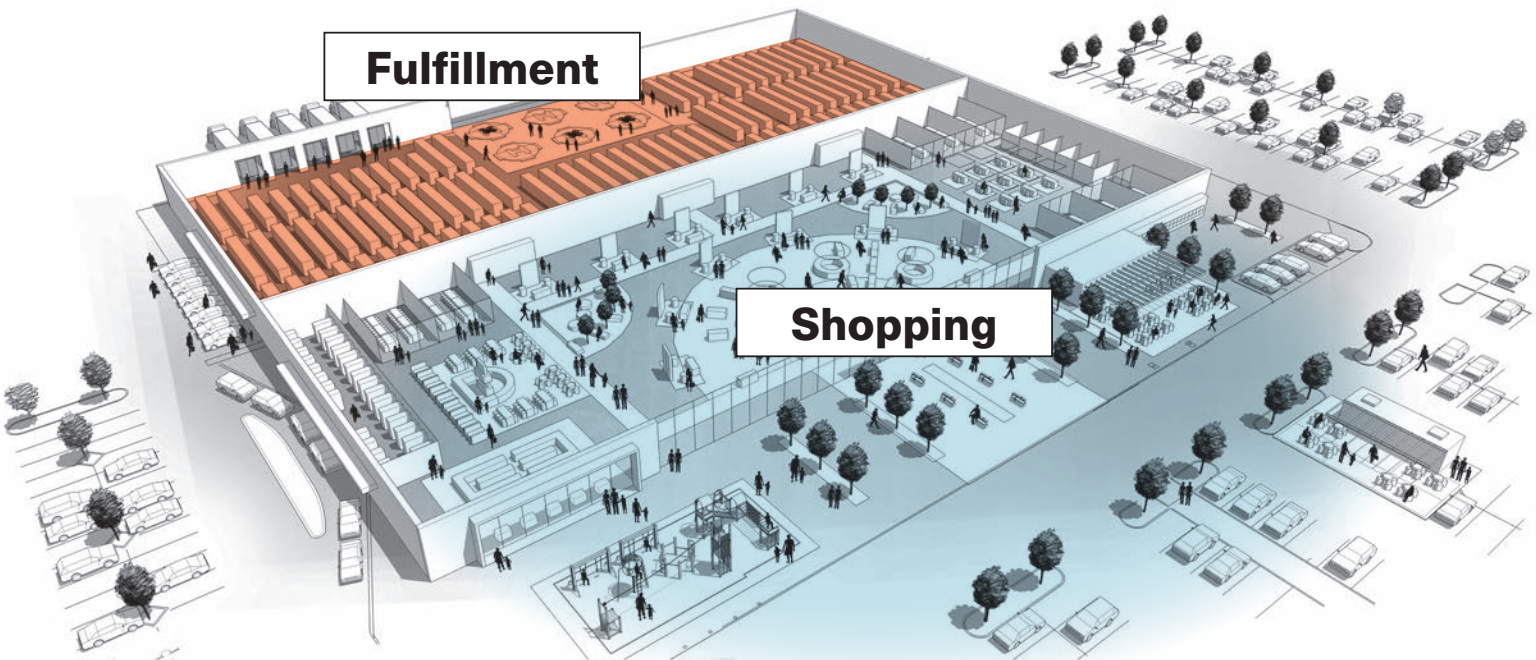


# The Acceleration of Stores as Fulfillment Centers

Hold on, you might be thinking to yourself. Don't people want to get out after being locked down for so long? No doubt, stores and especially restaurants are going to blow up for a spell with a resurgence of foot traffic. But don't count on it going back to the good old days. And the power

centers, strip malls, and department stores located at declining malls should quickly test morphing to the shoppable fulfillment model (from our previous research) to reduce the last mile's shipping costs and get closer to the customer.

The transition to stores as fulfillment centers has grown in consumer acceptance. This is our third study asking this question, and the results have been very consistent.



We asked respondents what type of retail they thought should move to a pick up / delivery only (dark) model? The response was a clear statement about the category's in-store experience:

	top 2 boxes
Box	52%
Amazon	49%
Grocery	42%
Drug	22%
Department Stores	21%
Restaurants	19%
Specialty	17%
Convenience	11%
Local	7%



**ALSO: these findings suggest local stores are the last bastion of preferred physical retail experience.** However . . . most national chain retailers aren't in local neighborhoods. Yet. So, in order to retain foot traffic, and more importantly, brand awareness, we believe, based on this (and other) research, national chain retailers are going to have to 'get local'. As in, put on a neighborhood merchant hat! OR, a much easier solution would be to give in to the on-line landslide and just pop up the occasional high experience unit in a town center. OR . . . both.

As has been obvious for a while now, the entire retail landscape is bifurcating between commodity-based goods and the kind of specialty, lifestyle-driven products consumers still want to see and touch in a unique setting. Subsequently, there's increasingly a clear preference among consumers for certain retail categories to go "fulfillment," or "dark", terms that refer to a retail distribution or fulfillment center, and one that caters almost exclusively to the dominant customer: online shoppers.



**When we asked respondents, what kind of store they would buy from most if they were a dark store, they were clear:**

	top 2 boxes
Box	78%
Grocery	58%
Department Stores	35%
Restaurants	33%
Specialty	32%
Drug	31%
Convenience	19%



Once again, local (and convenience, which by its nature is local) is a category where people expect to shop and where they still want to go inside stores, not simply swing buy and pick up a prepackaged order they bought on line, which is the case for the top categories of 'dark' stores.

But how do you do "local" well? What does that mean? Especially if you are a big nationally recognized store brand, and one more commonly associated with power centers and freeway exits your entire existence?

Next we offer three case studies to show you the way.



# Case Studies

Big Brands are Showing the Way to Adapt to a Hyper-Local Real Estate Strategy. We take a close look at the go-local strategies of major brands. One case study is about one of the most iconic department store brands, Nordstrom. The final two case studies reflect on how two of the largest mass-market retailers in the US are adapting to the breathtaking changes ushered in by the pandemic.

## Nordstrom Local

Bringing White Glove Department Store Service to Smaller Stores

Nordstrom Local, the department store’s merchandise-free concept store, first opened in October 2017. By taking a page out of the showroom strategy of direct-to-consumer brands like Bonobos, it showcases the department store’s best brand asset: superior service. It’s a necessary strategy. After all, the Seattle-based retailer has seen huge drops in sales at its flagship stores during the pandemic. That’s because Nordstrom stores in major urban areas, such as New York and San Francisco, rely heavily on tourism. During the pandemic, tourism was all but nonexistent.

This led to some strategy shifts internally, with Nordstrom trying to connect more deeply with

local customers. The chain has also relied on its Nordstrom Local stores, which are focused on supporting online shoppers. There are now seven local stores, two in New York and five in Los Angeles. All seven of these stores logged performance that exceeded that of its flagship stores. During the pandemic, staying closer to home and doing things quickly appealed to local customers. These small-format stores have been such a success that Nordstrom is now integrating some of the functionality of these stores to its traditional store models, such as online fulfillment, alterations, and personal styling services, which it now offers at more than 250 Nordstrom Rack locations. As a result, almost a third of all Nordstrom online orders are now being picked up at Rack stores.<sup>10</sup>





# Target

## Stores Must Reflect the Local Neighborhood

*“The distinction between a store sale and a digital sale is largely irrelevant,”* Brian Cornell, CEO of Target, said in mid-May 2021.<sup>11</sup>

Target has been opening small-format stores, especially near college campuses, for several years. They had flexible designs that let the chain bring in “the best of the Bullseye” into urban neighborhoods, near colleges and other areas where a full-size Target wouldn’t fit.<sup>12</sup> But during the pandemic, it began undertaking an aggressive push to “enter new neighborhoods by opening new small and medium sized stores,” Cornell has said. Christina Hennington, Target’s Executive Vice President, Chief Growth Officer, after visiting new, small-format locations across the city from Manhattan to Queens to Brooklyn, explained “how every location was a unique reflection of the local neighborhood, from design to assortment and the team members serving their neighbors.

Based on the energy and passion I could feel from these teams, it’s clear why we’re seeing such strong sales in our stores across the country.” Indeed. The Target go-to-the neighborhoods strategy is worth emulating.





# Best Buy

## The Best Buy Test Everything Model

Best Buy has tried small before. And then it retreated in dramatic fashion. In 2018, after opening 250 Best Buy small-format mobile stores, it shuttered all of them in a decisive move. Take note: All of them were in traditional malls. There’s a lesson there: By hyper-local, we don’t mean local malls across the country. Best Buy learned clearly that lesson. And late last year, when the electronics retailer rolled out four small-format stores near its headquarters in Minneapolis, it shunned local malls entirely. These new stores offer less space for merchandise and are much more focused on digital orders. The floor space is reduced by a whopping half. It’s a major shift from the heyday of Best Buy, whose brand more likely conjures the image of a seemingly endless rows of televisions, computers, and cameras. Even so, the test appears to be paying off.

The company is now planning to shift stores in one or two more markets to the new setup, reducing square footage used for shoppers to about 15,000 square feet from an average of 27,000 square feet.<sup>13</sup> (The classic Best Buy store was usually 35,000 to 40,000 square feet in total, including back-room space and customer-service areas.) In a call with analysts earlier this

year, CEO Corie Barry said the stores were a test of the company’s hypothesis of stores as more primary fulfillment hubs. He explained how the reduction in shoppable square footage provided incremental space for staging products for in-store pickup and to support ship from store transactions.

The merchandise SKU count is reduced to focus on the most popular items. The pilot stores also have fewer store associates. The chain is now testing a queue functionality for customers who would like to consult with an associate. Barry went on to explain that from a physical store standpoint, they will continue to test an array of different prototypes, including 15,000, 25,000 and 35,000 square foot stores, a new outlet store and even smaller 5,000 square foot stores. “Our goal is to improve customer penetration by delivering new, more efficient and still experiential store formats that are more proximate and relevant to customers,” he said. Digital orders became a lifeline for Best Buy during the pandemic. Barry, Best Buy’s CEO, has repeatedly said that digital sales would remain a focus. He’s even suggested the company could eventually reconfigure as many as one-quarter of its 1,000 stores into miniature delivery hubs.<sup>14</sup>







# SOLUTION: THE CONSUMER IS READY, ARE YOU?

**Will you shop  
primarily in stores  
going forward?**

Retail Execs

**59%**

Consumers

**40%**

Source: First Insight Inc.

A decade or so ago, there was widespread hesitation about whether retailers needed to blow up their overall mix and invest heavily in e-commerce strategies to compete against Amazon and other online-only competitors. Some brands hesitated, fearing the consumer wasn't ready. They worried about cannibalizing store sales. They worried they couldn't move fast enough, or that e-commerce was a fleeting, marginal threat to their business and bottom line. No one thinks that for a second anymore. We are in a similar moment. **The industry has definitely awoken to the reality that the way consumers seek out and purchase goods is a multi-channel,** everywhere and anytime act. Retail has blown up into a thousand places. But a realization that stores are getting blown into a thousand m.o.'s is also true. Time to move to the consumer.





# WHAT TO DO?

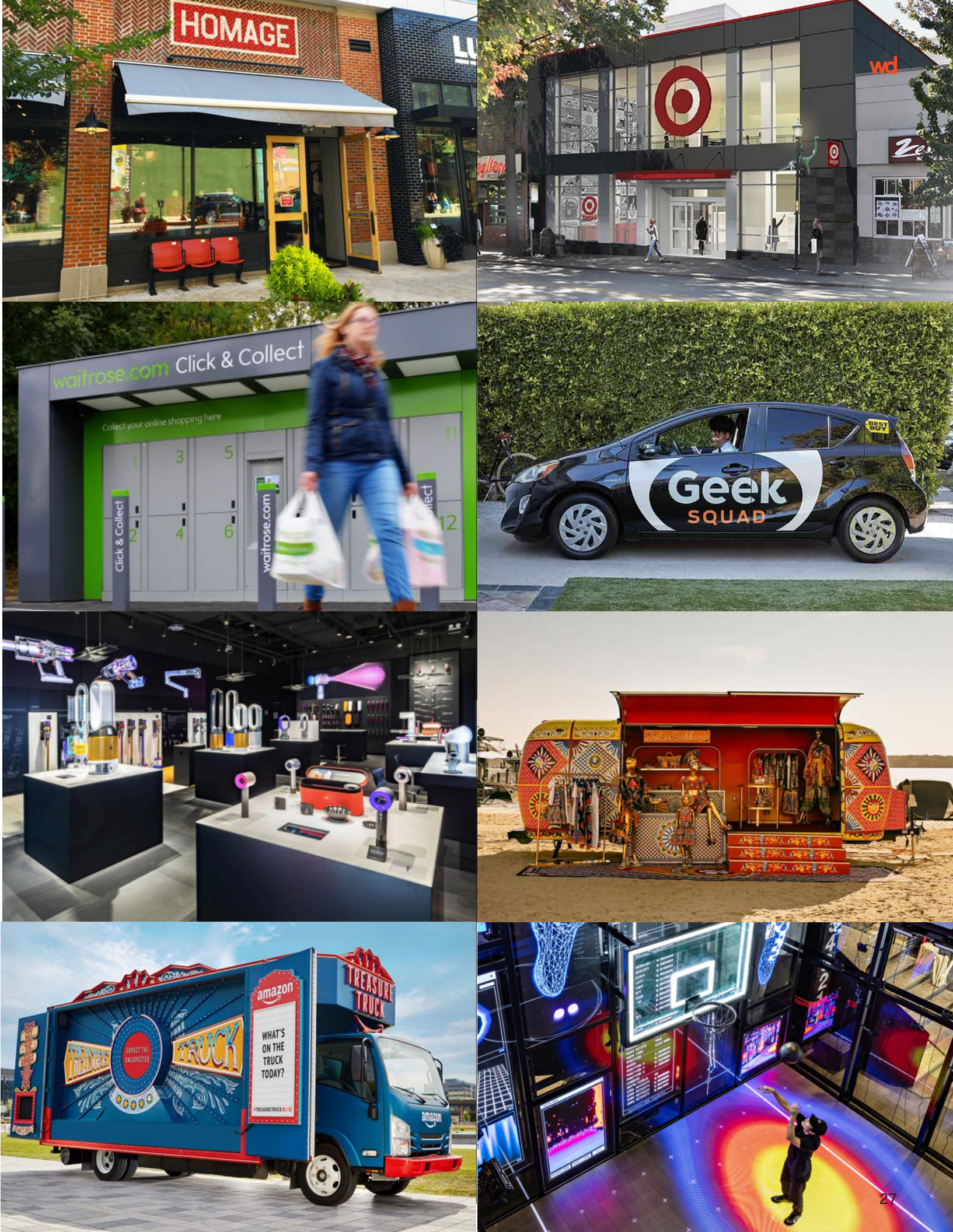
Both Target and Best Buy are investing significantly in finding a place within the commercial landscape to co-exist within the neighborhood of the consumer.

## Get Local!

Our data and case studies suggest that there are new strategies for national brands, even those with overwhelming name recognition and consumer loyalty, to explore in a post-pandemic, WFH world. One of those strategies is to ‘get local’. Both Target and Best Buy are investing significantly in finding a place within the commercial landscape to co-exist within the neighborhood of the consumer. Leadership of both companies recognize that **stores must have physical representation in key areas, and that neighborhoods are one of those cornerstones.**

As their strategies reveal, and as our findings suggest, the best place to build new stores, whether they are small or large, isn’t a freeway exit. Or at a power center away from residential homes and beyond the reach of a bike ride or short walk. It’s the opposite.





To further that thought, we asked people what concepts they would like to see ‘local,’ or anywhere from one to three miles from where they live. The opportunity for big brands is evident:

	top 2 boxes
Local Brand / Local Store	57%
Big Brand / Local Store	52%
Dark Store	50%
In Home Services	35%
Showroom	33%*
Pop Up	30%
Mobile Truck	18%
Brand Experience	17%

\*#1 box only = 33%



# Develop a Portfolio Strategy

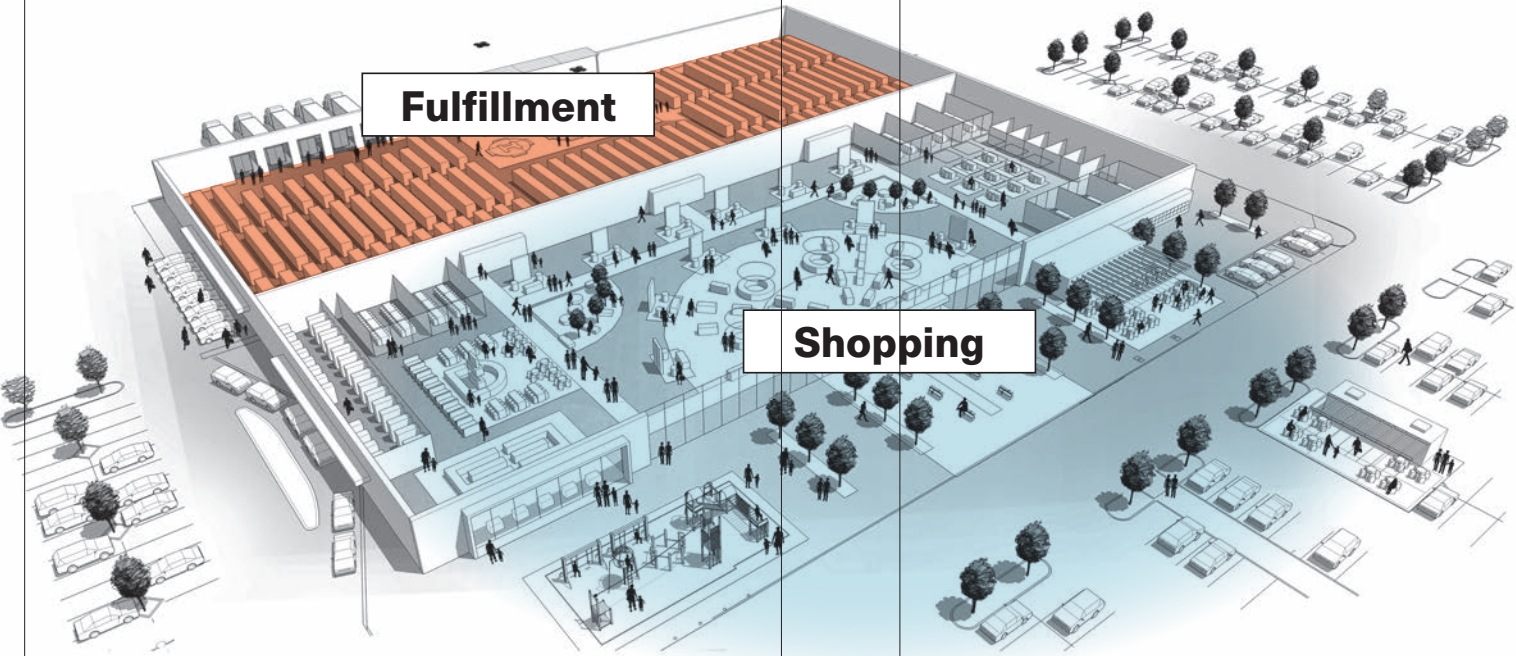
Not only in terms of location but regarding ‘type’. There is no longer a singular store model of the future—**there are many**. The winners of this new era of commerce will be those brave enough to embrace a strategy that’s multi-faceted, flexible, adaptable, and creative. There will no longer be a set-in-stone, exemplary prototype that will work everywhere. Those days are over.

That means, for a physical fleet to succeed, accepting the fact that you must have a customer-focused portfolio of ‘models’ (not only location) options at the ready:

Fast-fill commerce spaces that embrace and allow for exciting and different experiences including shopping, BOPIS and delivery.

Fast-fill (or micro-fulfillment) commerce spaces that are BOPIS- and delivery only.

Spaces that are destinations built entirely around experiences that create contextual value and your own set of influencers (potentially local).

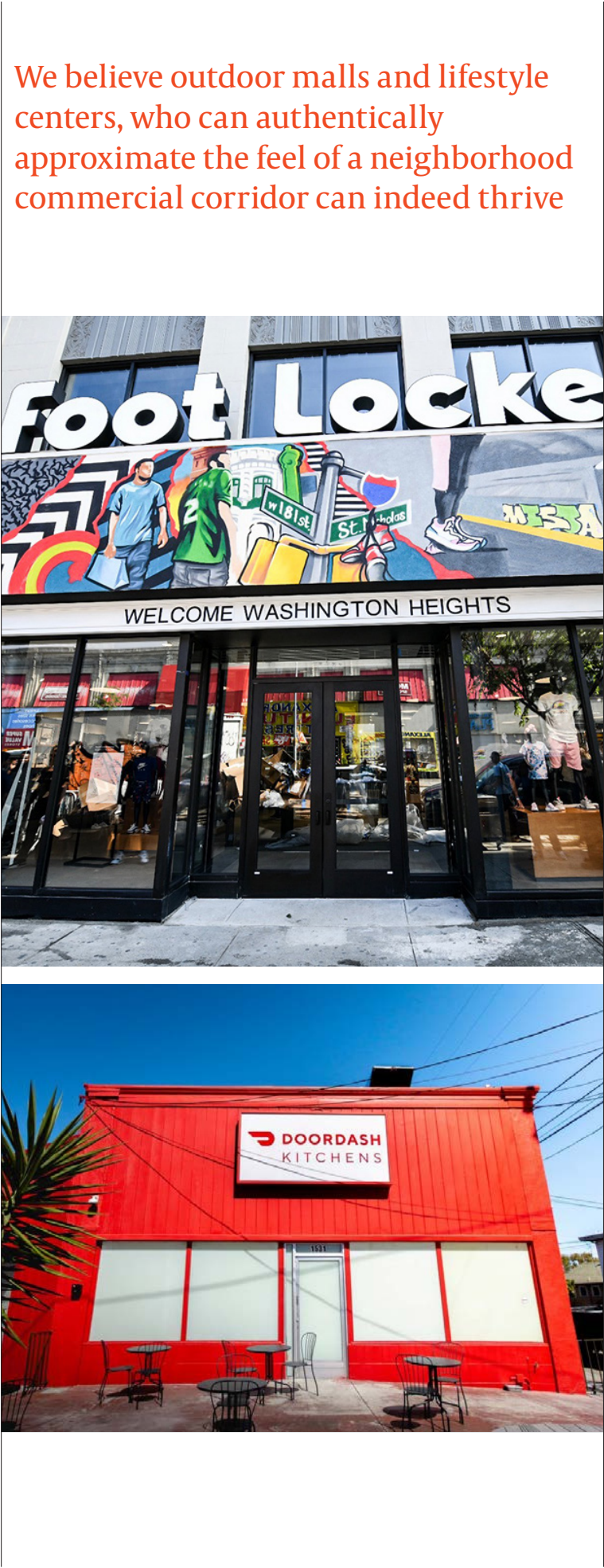




The delta between where we are now, and the above set of customer-based physical spaces, is not as wide as you may think. Target, Kroger, Whole Foods and others have devoted tests to these strategies and the results are in their quarterly reports. This factor is on. In cohorts with new location efforts, the future of retail is in sight.

Caveat

We believe outdoor malls and lifestyle centers, who can authentically approximate the feel of a neighborhood commercial corridor (ie: Easton Town Center, Columbus, Ohio), can indeed thrive. But, it's going to take more than just presence there to maintain a level of relevance within the lives of consumers. While e-com tears up the tactical purchasing landscape bit by bit, **consumers are telling us that walkable, local neighborhood stores of various types will really matter going forward.**



We believe outdoor malls and lifestyle centers, who can authentically approximate the feel of a neighborhood commercial corridor can indeed thrive



Easton Town Center





The ‘get local’ approach isn’t only being tested by the likes of **Nordstrom**, **Target**, and **Best Buy**. National retail brands with longstanding associations with the standalone, suburban mall on the outer belts of major American cities are heading to the neighborhoods, too. **Abercrombie & Fitch** has smaller stores near college campuses. **Express** has tested small-format stores (Edit) in local commercial corridors. **Victoria’s Secret** just announced an ‘off mall’ test store strategy. Then there’s the **ALDI** Corner Store, “an art-infused, small-format retail model that embraces fresh food, local artist collaborations, and an elevated customer experience.”<sup>15</sup> And we’d be remiss to not mention **Warby Parker**, who’s real estate strategy has always been local. And we’d also be mistaken not to mention **Bath & Body Works**, they’re doing well we’re told. This is an evolving success story already flying right under our radar. Don’t let it pass yours.

The shift we’re addressing from a retail perspective is about more than the confluence of the 2 big disruptors; e-commerce and the WFH revolution. It’s a strategy that mirrors larger movements in urban design and even climate change. **Please take a minute to take in some innovative thinking, the kind consumers are telling us to take in.**



“These crises show us the possibility for rediscovering proximity,” Moreno has said. “Because we now have the possibility to stay closer to home, people have rediscovered useful time—another pace for living.”

# The Big Idea: The 15-Minute City

Climate change, work-from-home, the triumph of e-commerce: These converging trends all come at a moment when urban and regional planners have been rethinking the best way to build and design cities. Most relevant for retailers has been the rise of a concept referred to as the “15-minute city,” which is defined as an ideal geography where most human needs and many desires are located within a travel distance of 15 minutes.<sup>16</sup> The concept of “la ville du quart d’heure” was developed by **Carlos Moreno**,



a professor at the Sorbonne.<sup>17</sup> Instead of designing cities around the car, Moreno wants cities where people can get to work, the grocery store, the doctor, the classroom,

or shop using their own two feet or a bike—and all within 15 minutes. **“These crises show us the possibility for rediscovering proximity,” Moreno has said. “Because we now have the possibility to stay closer to home, people have rediscovered useful time—another pace for living.”**<sup>18</sup>

It is a concept that can dramatically reduce

...the neighborhood is the organizing principle...

carbon emissions in urban areas. But it does this by redrawing the boundaries of city life. Instead of cities being cut-up into discrete zones—office districts, residential districts, entertainment districts—**the neighborhood is the organizing principle**. It’s the ideal post-Covid design approach: Bringing workplaces, stores, schools and homes into closer proximity. By demoting the influence of the automobile, which, especially in America, is what most developments are designed primarily around, it makes significant cuts in pollution possible. Conceptually, the 15-minute city uses space in fresh, human-scales ways on an even more granular level.

Space once devoted to pavement, roads, and parking are given over to more inspiring functions: bike lanes, gardens, dog parks, leisure zones, or small-scale fitness zones for outdoor yoga or bocce ball courts. Also, worth noting is how fast the adoption rate to this new design-approach has been in Europe. Such changes typically would take years. They are happening now with a swiftness that was extremely rare in the pre-pandemic world.<sup>19</sup> In London, temporary bike lanes were rolled out in months. In Brooklyn, entire streets were commandeered for outdoor dining.

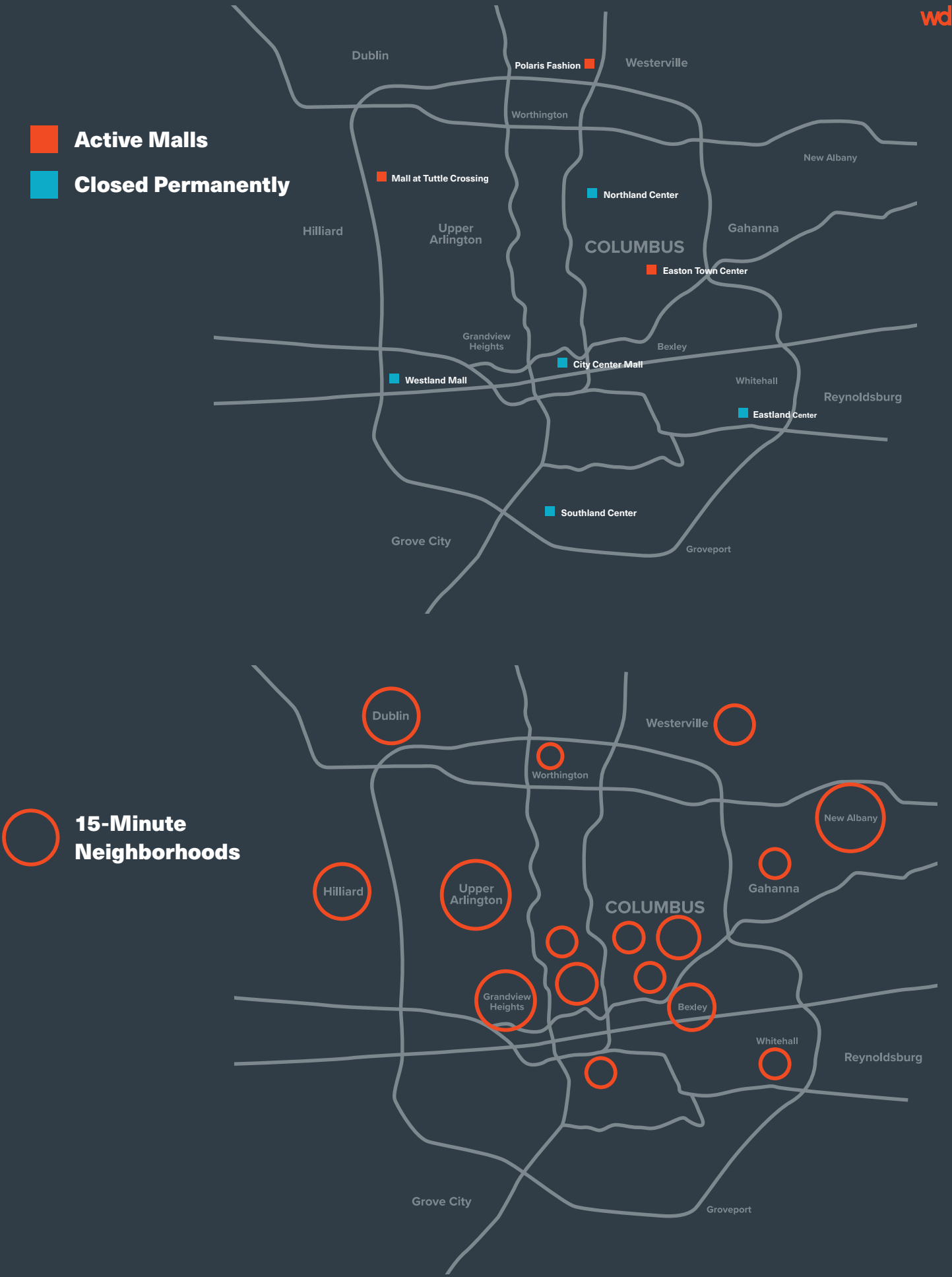
The rise of the 15-minute city concept preceded the pandemic. But it provides a perfect new frame for thinking through how



the WFH revolution will change commerce. In a post-pandemic world, everyone’s world has shrunk. You no longer have the need to go downtown to work. Or drive 30 miles to a mall. Or go to Walmart or Costco to get your basic commodities. Those get delivered to your front door with the one-click convenience of online shopping. This creates a kind of full-circle moment for commerce in America.

It also brings hope to the neglected commercial corridors of local neighborhoods nationwide. This dramatic change in how people spend their days will usher in, at the same time, an historic shift in where people spend their discretionary dollars. E-commerce and big-box

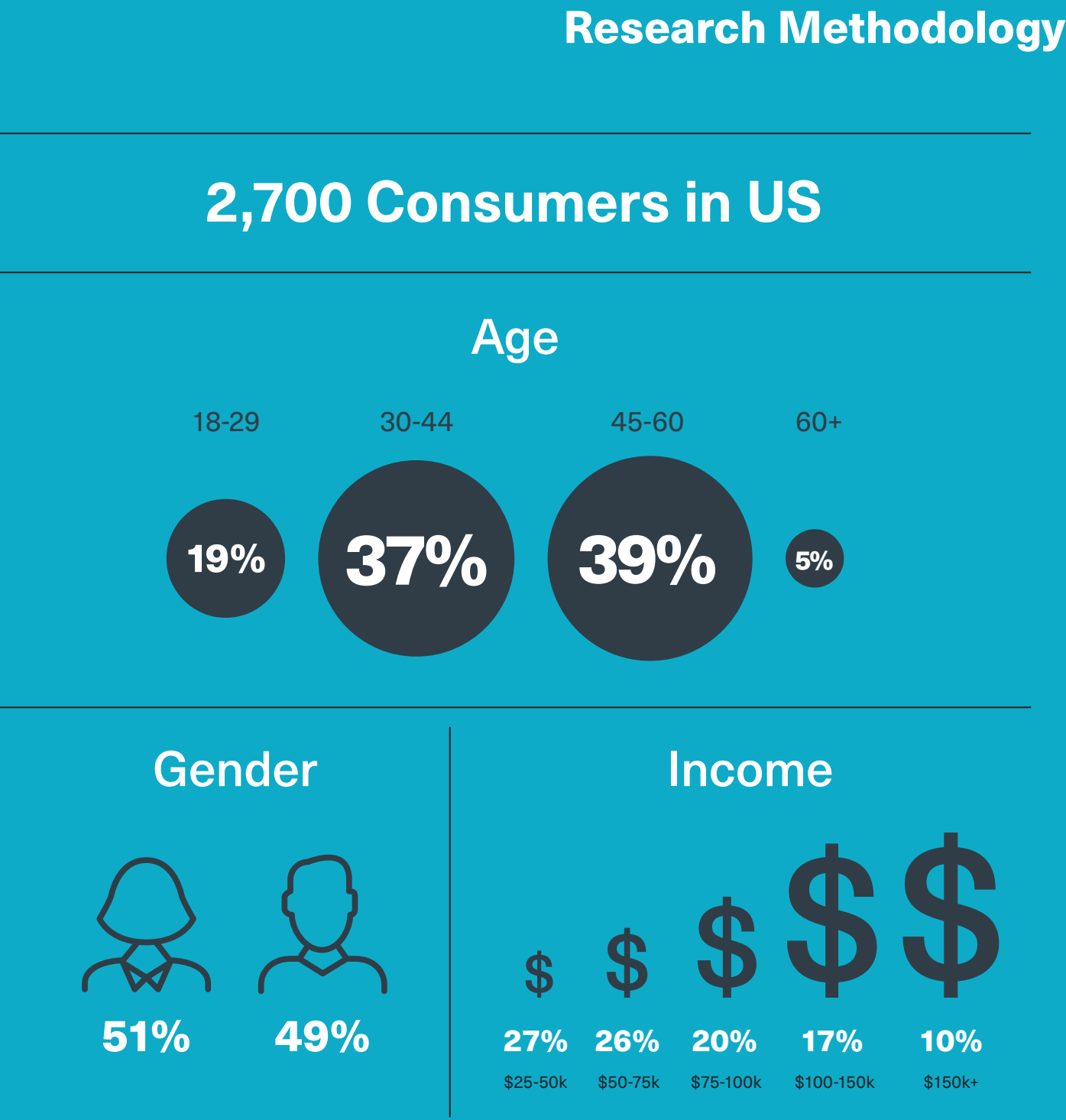
retail will continue to capture the commodity dollar. But now is the time for the specialty store—whether a chain-store or big brand, or a third-wave retailer—on Main Street can mount a revival. Young people have long driven a back-to-the-city movement, and the pandemic hasn’t stopped those trends.<sup>20</sup> The outer belt malls will be the losers. The inner-ring suburbs are the winners. Walkable cities will resurge. In short, the geography of physical retail will forever be altered by the WFH revolution ushered in by the pandemic. This is a revolutionary moment. Retailers need to move to where the people are spending the bulk of their lives now: the local neighborhood. The days of “build it and they will come” out in some distant greenfield are over.





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