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Retail

Supports Retail

Have you every wondered why retail flourishes in some locations and really struggles in others? Aside from a lack of management skills or a lack of capital, the primary reason retailers struggle and then fail is a lack of other retail establishments beside or across from any given retailer. Shopping today is as much about “providing an experience” as it is about obtaining the goods you really need. A retail location consultant who I worked with a few years ago estimated that most retailers housed directly next door to a non-retail use miss out on at least 25 percent of their sales potential and don’t even know it.

Retail establishments have a much higher chance of sustained success if they have another consumer magnet (i.e. another retail establishment) located directly beside them. Side by side retailers can take advantage of exposure to each other’s customers who walk by on the way to or from the other retailer. Not only do they get to sell to people who were coming to their establishment anyway, they also get the opportunity to sell to the customers visiting the adjoining retailer that already have shopping on their daily agenda.

Retailers as a group also tend to stay open more hours each day and open more days each week than do non-retail businesses. This fact creates more life on the sidewalks, more exposure for other retailers and more success for them all. Such activity is not lost on non-retail businesses that seek to locate next door to any good retailer. Unfortunately, non-retail businesses do not operate the same way nor attract the same volume of people with the same motivations. Such inequity makes it even harder for the retailer located beside a non-retailer to be successful over time.

Contiguous and uninterrupted groups of retailers create a worthwhile destination for “entertainment shoppers.” These are the people that have discretionary income to spend but aren’t really looking for a particular item. Their shopping excursions are more about finding something new and interesting or being entertained by all the unique offerings. This type of shopper seeks constant stimulation of the senses (especially sight) from the time they park their car until the time they return to it for the trip home. Having to walk in front of professional service firms, financial

institutions, or business service operations throws a real wet blanket on the fire of this type of shopper.

Additionally, adjoining retail establishments with their colorful, well-lit, and active storefronts create interest to the consumer. When walking down a street, continuous retail activity helps draw potential customers, tourists, and non-frequent shoppers down any given block face. In many locations, all it takes is one non-retail storefront to discourage the potential shopper from journeying down the street further.

Some cities require only retail uses on the ground floors of new or renovated buildings in their retail cores. Such cities more often than not have large numbers of very successful and varied retail merchants functioning as a destination for shoppers. Whether we like it or not, many people still judge the vibrancy of downtown by the number, variety, and success of its retail offerings.

When retail uses are closely clustered without interruptions by non-retail uses, the property values – and hence the return from rental rates – usually go up

as well. In many cities, and Pensacola is no exception, some of the most expensive commercial rental locations are occupied by retailers completely surrounded by other retailers.

In an ideal world, nothing but retailers (restaurants are also retail) would be located on the ground floors of certain blocks where high concentrations of retail uses already exist. In such blocks, the landlords, the community, and the other retailers on the block are all better off. In these prime retail blocks, all non-retail uses would be occurring on the upper floors of the same buildings or on nearby sidestreets around the corners from the retail concentration. For all of these reasons, the Pensacola Downtown Improvement Board will be leaving its ground floor space on Palafox Place when its lease expires. The block where the DIB offices are currently located is almost entirely retail on the ground floor. If another retailer takes the DIB space, the success of all adjoining and nearby retail merchants will be enhanced and that part of Downtown will become an even more alluring location for shoppers seeking an experience as well as a product. **DTC**