

RETAIL STRATEGY

SUBURBAN RETROFIT, LYNDALE AVENUE, BLOOMINGTON



Image Source: Costar

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INTRODUCTION

This Retail Strategy is formulated at a unique time. Retail businesses are under stress that is unparalleled in modern times due to the COVID pandemic. Mandatory shut-down orders affected many businesses, followed by slow resumption of business at retail stores due to the safety concerns of customers.

In response to this situation many businesses closed for a period of weeks or months, and many remain closed. Some of these have closed permanently, and more are likely to do so. Those that have remained opened (or are reopening) have had to adopt new operational methods in order to meet customer needs in a way that conveys a sense of safety to customers.

The widely held presumption is that there will be a general restoration of the pre-pandemic baseline in the retail world, as the pandemic becomes well managed in one way or another. The timeline for that restoration is unknown. And when it occurs there may be some long-lasting changes in consumer preferences relative to the goods and services they want, and how customers want those goods and services delivered.

Because a recovery will come, and because the Lyndale Avenue corridor will remain an important focus to Bloomington's retail identity, long-term thinking about bolstering the attractiveness and vitality of the corridor remains relevant. This retail strategy offers a menu of ideas that merit consideration by Lyndale Avenue stakeholders as the corridor emerges from the COVID pandemic.

Typically a strategy of this kind would be heavily shaped by area stakeholders. In this instance, because most of the business and organizational stakeholders are attending to existential challenges related to the pandemic, an outreach to business and property owners seemed premature. For that reason, this strategy can be thought of as a set of prospective actions and strategies that are prepared for their future consideration. They are assembled from best practices known to us from other locations, and are deemed well suited to the Lyndale Avenue corridor.

This document fits into the broader thinking and plan for the Lyndale Avenue corridor in its consideration of programmatic initiatives that would be complementary to the tangible redevelopment and public realm improvements that are the primary focus of this plan. It also emphasizes the importance of building capacity for change by fostering an organization of Lyndale Avenue stakeholders—business and property owners that can play a leadership role in facilitating these initiatives, in partnership with the City of Bloomington.

Outline of Materials

A wide range of retail vitality strategies have been employed to improve the economic strength and community impact of retail districts throughout the country. They address the appearance of corridors, marketing and identity building, the health of businesses, the creation of signature spaces and attractions, and more. This Retail Strategy provides a

menu of such strategies that can be considered for Lyndale Avenue. The Strategy also highlights the critical role a stakeholder organization plays in maintaining sustained attention on the vibrancy of the district, and advancing district focused initiatives.

The rest of this document is focused on a menu of prospective strategies that could be considered for the corridor. They are organized under headings utilized by the National Main Street Center—i.e. Organization, Promotion, and Design—with the addition of a category focused on supporting and fostering the locally owned businesses that are a critical part of Lyndale Avenue’s identity.

The four subsequent report sections are as follows.

1. **Organization.** One strategy is highlighted in this section. That is the fostering of a stakeholder organization that can bring additional focused attention to Lyndale Avenue. That allows for the sustainable pursuit over time of revitalization initiatives.
2. **Promotion.** Promotion strategies are about positioning the Lyndale Avenue corridor as the heart of the surrounding community, while creating a positive image that showcases a community’s unique characteristics.
3. **Design.** Design strategies improve the visual appeal of the corridor and introduce elements that make it distinctive.
4. **Local businesses.** Local business strategies bring support to existing businesses and provide opportunities for introducing new local businesses.

1. ORGANIZATION

The importance of having an organizational champion for a retail area cannot be overstated. A 2014 study by StreetSense of the nearly 100 business districts and nodes in Washington DC found that the biggest differentiator between the vibrancy of the districts was whether there was an organized group of stakeholders that was actively championing the district and taking actions to its benefit.

Business organizations that champion a corridor can take many forms, but to have a tangible impact on a long corridor like Lyndale Avenue, two aspects of organization building are particularly important. 1) The organization's sense of common purpose needs to emerge through convening stakeholders, fostering healthy relationship dynamics, and working together shaping a common agenda for the corridor. And 2) the organization needs to identify a funding base that provides ongoing capacity to advance corridor vitality strategies.

Corridor organizations will benefit from harnessing the energy of as many stakeholders as possible. In the case of Lyndale Avenue there are two readily apparent stakeholder groups.

- **Lyndale Avenue Businesses.** There are a great number of retailers and commercial businesses along the corridor that would benefit together from collective actions that build the corridor's identity and cachet.
- **Major employers.** There are a number of major employers within a few blocks of Lyndale Avenue for whom Lyndale serves as a front door and highly visible landmark.

These two stakeholder groups represent a powerful set of shared interests in strategies that promote Lyndale Avenue, build its identity, strengthen its businesses, and attract additional customers and activity to the corridor.

Funding Mechanisms

Business Improvement Districts (BIDs) are organizations that bring property and business owners together to support and promote the business district in which they are located. BIDs encompass a mechanism for BID members to proportionally contribute to the BID so that the organization has capacity to attend to area conditions or pursue strategic initiatives. The State of Minnesota provides for a similar structure through its Special Service District statute.

Special Service Districts (SSDs) are formed by ordinance of the local municipality, after a threshold number of local property owners petition for its creation. On creation of an SSD, service district charges are collected proportionally and annually from all commercial property owners in the district through the property taxation process. That ensures that all property owners who benefit from business district improvements are contributing to those

improvements—which would be important on a corridor like Lyndale Avenue with such a multiplicity of properties and property owners.

The funds that are raised through the SSD process are used to provide additional services or enhancements to the area that are above and beyond what would otherwise be provided by the municipality. They include such things as installation of street trees, installation and maintenance of landscaping or holiday lighting, services such as snow removal or trash pickup, or providing funding for festivals or events. Depending on the level of services, municipalities themselves may be the service provider, or they may contract with a district-based organization that has the capacity to self-manage the funds that are raised through the SSD mechanism.

As noted above, there are a number of major employers in the Lyndale Avenue corridor that would benefit in their own right from improvements to the condition and vibrancy of Lyndale Avenue. They include companies such as The Toro Company, Donaldson Company, REI, Thermo King, and Ziegler CAT. Their participation in a Lyndale Avenue stakeholder organization would bring additional energy and ideas to the organization, as well as provide an incentive for the smaller property owners and businesses to get involved.

The Rochester Downtown Alliance is an instructive model for Lyndale Avenue. It is a public private partnership structured as a 501(c)(6) nonprofit that includes downtown commercial businesses and property owners, as well as the Mayo Clinic. Its financial foundation comes from the Special Service District that was established for Downtown Rochester. Those are augmented with contributions from Mayo Clinic and the City of Rochester.

The preceding discussion highlights the important role that a stakeholder organization can play in promoting Lyndale Avenue's vibrancy. It notes the great organizational potential that exists because of the complementary interests of its numerous stakeholders. The businesses that were engaged in the Lyndale Avenue Retrofit planning project noted that they have their own business brands, but saw a benefit in having a collective structure so that they're working toward improving the appeal of the corridor as a whole.

Exploring the benefits of a stakeholder organization will require a patient process involving conversations, networking, consensus building, and coalescing around Lyndale Avenue's potential. Leadership will need to emerge from the stakeholders themselves, and the programmatic activities of the organization will need to be prioritized and shaped around the interests of its participants.

Strategy

- **Foster the emergence of a Lyndale Avenue stakeholder organization.** Foster a Lyndale Avenue stakeholder organization that provides private sector leadership and energy around strategies for improving Lyndale Avenue. Explore the creation of financial capacity for the organization by establishing a special services district with complementary commitments from major employers.

2. PROMOTION

Marketing and promotion should be a core area of focus for Lyndale Avenue. It's also an area of opportunity, since in the absence of an organizational champion the Lyndale Avenue corridor has not been intentionally marketed in the recent past.

Promotion of the corridor will be made more effective if there is a sharpened brand identity to promote. Lyndale Avenue's brand should of course build on its market strengths and distinctive assets. It might encompass the following, as identified and described in the Retail Market Study.

- **Neighborhood-orientation.** In its business offerings and branding, Lyndale Avenue should continue to be focused on the needs of the surrounding community. Marketing, events, and festivals are programmatic elements that can build the brand of being the community's shopping district.
- **Locally owned businesses.** Opportunities can be sought to highlight the presence of locally owned, authentic businesses, and to preserve some of the legacy buildings that provide affordable rents for locally owned retail businesses.
- **Value oriented businesses.** The value-oriented businesses along Lyndale Avenue are a good match for the demographics of the surrounding neighborhood. They have cachet with market segments that appreciate the availability of goods and services that are affordable to working people and households.



Branding the corridor should include creating a graphical identity that can be replicated in marketing materials and perhaps in visual representations along the corridor itself. The graphic at left was created for this planning process. It illustrates the type of image that could come to be recognized as a corridor brand.

Marketing and branding Lyndale Avenue will also benefit from understanding the customer base—and particularly the distinct customer submarkets that can be targeted in corridor marketing. Four submarkets were identified in the Retail Market Study.

- Community submarket
- Destination submarket
- Pedestrian submarket
- Area worker submarket

Because it's difficult to reach destination customers (since they are by definition spread out across the metropolitan area—although there may be opportunities for targeted marketing to the customers of certain destination businesses), and Lyndale Avenue's pedestrian submarket is not very large at present, the focus of marketing and promotion should be the community submarket—i.e. neighborhood residents within a mile or two of the corridor—and the large pool of workers at companies situated within a few blocks of Lyndale Avenue.

Events should be seen as a focus area among Lyndale Avenue marketing strategies, because Lyndale Avenue is set up to host outdoor events. That's because the corridor is characterized by the presence of many prominently visible parking lots. They offer the opportunity for supporting dynamic and visible outdoor events either corridor-wide or in subareas of the corridor.

The following strategies merit consideration by the City of Bloomington and a Lyndale Avenue stakeholder group to promote and activate Lyndale Avenue, bringing it greater attention to Lyndale Avenue and growing its customer base.

Strategies

- **Branding.** With the support of external branding expertise, determine a name for the Lyndale corridor, and develop graphical and marketing materials to attract attention and customer base to the corridor. Consider how Lyndale Avenue branding can extend to the visual environment along Lyndale, through corridor signage and with the identification of additional visual and/or landscaping themes for the district that can start to be evident in streetscaping elements, site enhancements, and/or building facades.
- **Marketing to the community.** A broad range of marketing efforts can be considered for Lyndale Avenue, with a natural place to start being a Shop Local campaign. That would reinforce Lyndale Avenue's role in serving the needs of the surrounding community, as well as support its large number of locally owned businesses.
- **Marketing to area workers.** The thousands of daytime workers at nearby employers are an untapped market for Lyndale Avenue retailers and service providers. A first step might be the development of a flyer, coupon, or discount program that can be distributed by area employees to their workforce, in order to draw workers to shop and eat on Lyndale.
- **Outdoor events.** Organize an annual Lyndale Avenue lollapalooza summer festival, with event spaces in parking lots along Lyndale Avenue. Include outdoor music, food and merchandise offerings from local businesses. Additional events could be localized to smaller subareas of the corridor.

3. DESIGN

Design can play an important role in the branding of the Lyndale Avenue corridor, as noted above. It is important also in making the commercial district feel attractive, welcoming and safe. Although Lyndale Avenue will always offer a mix of character areas, due to development patterns being laid down in different eras, intentional investments in visual improvements can still make a big difference. Design enhancements can serve as unifying elements. They can introduce pleasing and interesting (quirky even) features in the environment. And they can replace or soften some of the roughest edges of the current landscape.

Proposed streetscape enhancements, and other improvements in the public right of way, are covered elsewhere in the Lyndale Avenue Retrofit plan. So this section focuses on strategies for design improvements on owned property along Lyndale.

Two traditional areas of focus in many commercial districts are business facades and signage. Many business district programs have been created that provide a measure of financial support to business owners who invest in the renovation of their storefront or in upgraded signage. The financial support can come from the municipality, philanthropic sources, or the funds of a business improvement district. In some cases, rather than defraying the cost of construction, the incentive is in the form of free or discounted design consultation, so that the property or business owner has a plan for moving forward with the work, from a designer who is also aware of any district design themes that are being encouraged.

In the case of Lyndale Avenue, so much of the visual impact of existing properties comes from the space between the building and the street curb. Large parking lots often occupy much of that space. In some cases the area of the parking lot can be reduced without losing parking spaces, leaving room for landscaping and/or the widening of the public sidewalk. In some cases the demand for parking is well below the size of what is offered, providing additional opportunity for site enhancements. The adoption of site improvement guidelines, and the provision of incentives for site improvements can lead to impactful improvements to the visual landscape.

With its large number of stand-alone commercial buildings, Lyndale Avenue offers another opportunity for creating a unique large-scale design environment that would be distinctive metro-wide. The standalone buildings provide numerous north- and south-facing walls that could be leveraged to promote any artistic or cultural theme that is desired. It could, as one specific example, be the street of 75 murals on these walls—15 of which are painted by the students from the 15 public schools in Bloomington. Themes might differ for north- and south-facing walls—featuring for example animal species that are prevalent in the Minnesota River valley on north facing walls, and scenes from Bloomington residents countries of origin on south facing walls. Property owners would have be able to choose to opt in to the program if they're interested in making those facades available for a muralist. This could be a collaboration with Bloomington's public art program.

The following strategies merit consideration by the City of Bloomington and a Lyndale Avenue stakeholder group to enhance the quality and distinctiveness of the visual environment along Lyndale Avenue.

Strategies

- **Facade improvement program.** A facade improvement program would offer financial support for investments that improve the visual appearance of buildings and enhance the identity and attractiveness of the Lyndale Avenue corridor.
- **Signage upgrade program.** A signage program would offer design and/or financial support for the replacement and upgrade of business signage.
- **Site enhancement consultation.** A site enhancement program could provide support for site improvements that follow a discounted consultation with a landscape architect who would evaluate the condition and appearance of the property and offer recommendations for site improvements that would enhance the property's access, curb appeal, and contribution to the image of Lyndale Avenue.
- **Wall art on standalone buildings.** With the support of local property owners, and potential partnership with the City's public art program, philanthropic and community based organizations might be tapped to launch a program of painting murals on the north- and south-facing walls of the many standalone buildings on Lyndale in order to create a truly distinctive environment that draws attention to the Lyndale Avenue Corridor.

4. LOCALLY OWNED BUSINESSES

A focus on locally owned businesses is appropriate for this retail vitality strategy, because its local businesses are an important part of what makes Lyndale Avenue distinctive. Local ownership of businesses also speaks to the close relationship the retail corridor has and wants to build with the surrounding community.

The needs of existing businesses can be better understood through business visits by municipal staff or others. Best practices start with taking a genuine interest in how they're doing. They include:

- Asking open ended questions about their needs and the issues they are facing
- Taking issues and complaints about city processes and requirements very seriously by making them the source of internal conversations, addressing and rectifying those that can be rectified, and pursuing longer-term performance improvements in other areas
- Bringing information about a range of business support resources that can be explored by the business owner

Business visits can be conducted by City staff, or to expand the program's reach staff can recruit volunteer support from boards and commissions or the broader business community. The Extension Service at the University of Minnesota has an expanded-reach BR&E (Business Retention and Expansion) program model that might work well for Lyndale Avenue.

Business owners, like everyone else, are naturally better at some things than others. So supporting businesses can take the form of providing technical assistance. Technical assistance to businesses means education or coaching on topical aspects of running a business. As an example, many businesses have needed to build their internet presence during the COVID pandemic. They have posted closure information, revised hours, messages to their customers. Some have made it possible to order their retail goods or restaurant food online, and deliver those to customers via curbside pickup. These activities are not in the existing skillset of many business owners, and some have been supported in accomplishing them by a technical assistance provider.

Technical assistance providers support business owners in a broad range of additional areas including business planning, accounting, and hiring/managing staff.

On Lyndale Avenue, relationships between business owners and technical assistance providers could be intentionally fostered in a variety of ways, starting with simply making contact with such organizations (examples include WomenVenture, NDC, etc) and discussing how they might expand their presence in the Lyndale corridor.

When thinking about growing locally owned businesses on Lyndale Avenue, micro-retail formats should be kept in mind. They energize a retail district by increasing the concentration of retailers and food offerings, and by attracting new customer traffic. They provide opportunities for entrepreneurs to pilot retail or restaurant ideas in small spaces

and time limited formats, which can build a bridge to more traditional store and restaurant formats.

There are a broad variety of micro-retail formats, many of which are potentially good fits for Lyndale Avenue. A food hall offering food options from with multiple restaurateurs or chefs provides a platform for restaurant entrepreneurs which benefit from some shared facilities and services. Other indoor markets offer a mix of food vendors and micro-retail businesses. Market House Collaborative in St. Paul, and El Mercado Central in Minneapolis are good examples.

Outdoor formats for micro-retail can include food truck courts, art and craft fairs, farmers markets, container parks, street fairs, and any creative combination or variation thereof. With its abundance of parking lots that are highly visible from the street, there are many locations along Lyndale Avenue that could host these outdoor retail and food venues on a seasonal basis. Add banners, colorful tents, and lights in the evening, and they could attract a lot of buzz. The proposed new green space near 98th Street would be ideal for hosting this activity.

New developments face challenges in tenancing their ground floor retail space with local businesses. Even where the developer may be willing to take a risk on a local retailer or restaurateur, or are encouraged to do so by the local government, the lender that provides development financing for the project will severely discount the expected rents from local businesses. That can make the development financially unviable. For that reason, local governments that advocate for the inclusion of locally owned businesses in new retail or mixed use buildings may have to pair that encouragement with resources or mechanisms that offset the the risk of rent loss.

One path to fostering some local businesses in new mixed use buildings is for the ground floor of a mixed use building to have separate ownership from the rest of the building, and that ownership be conveyed to a community ownership entity. That has the effect of holding the development project harmless with respect to the risks of the retail portion of the project. The community ownership identity inherits the challenge of identifying creative financing for the retail component of the building. And it would would pursue a mix of tenants that balances objectives of financial performance and local businesses inclusion.

Strategies

- **Business visitation.** Build relationships with and between local businesses, identify issues they are facing, and direct them to resources that might support through a business visitation program.
- **Technical assistance.** In conversations with local business owners, and relationship building with technical assistance providers, improve the availability and increase the use of technical assistance services.
- **Micro-retail formats.** Design an intentional and sequential strategy for fostering micro-retail business settings on Lyndale Avenue in occasional, seasonal and/or permanent formats.

- **Community ownership.** Explore the potential for selling the ground floor of mixed use buildings to community owned entities as a way to support the inclusion of locally owned business in new developments.