

Devising new ways to make local retail contribute to urban vibrancy



In most of the Western world, local independent stores are becoming ever more rare. Retail is increasingly dominated by large players — big retailers, global franchises and digital giants like Amazon. As a result, urban activities are less diversified, a sort of “drainage of the soil” in some areas and more urban exodus from left-out mid-sized cities.

Blaming big retail isn’t new, of course. Already in 1883, French author Emile Zola wrote about the emerging Paris department stores and their negative externalities in *Au Bonheur des Dames* (*The Ladies’ Paradise*). The book’s department store was modelled after *Le Bon Marché*, which was the world’s first ever modern department store. More recently, another Frenchman, an urban architect named David Mangin, deplored the effects of shopping malls on France’s urban centres in a book titled *La ville franchisée* (2010) (“The franchised city”). The disappearance of the ‘commons’, people’s cultural deprivation, and the utter ugliness of the urban and peri-urban landscapes are some of the effects described in the book.

Over the past twenty years, [geographic inequalities](#) have become increasingly wide, with on the one hand, the “winning” cities, large and dense urban centres that take part in the growth of the digital economy; and on the other, the “losing” cities, mid-sized urban areas, often landlocked and left out of the digital economy. The “losing” cities have been powerless to prevent the disappearance of local stores and relative desertification. Meanwhile the “winning” cities have seen real-estate prices skyrocket and sociological diversity plummet as a result, as middle-class households find it increasingly hard to afford paying rents in city centres. Therefore the diversity and vibrancy of local commerce has often decreased even in cities that have gotten richer!

City officials know about such phenomena. They do worry about desertification and care about attracting store owners (and retaining them). Sadly they often lack the effective means to densify the urban fabric. And big retailers and urban developers have convincing arguments to put forward: sometimes all they ask for is some tax breaks and they can promise hundreds of new jobs! For public officials the appeal is immense. They revel in the opportunity to be accountable to their constituents. For that reason they can’t resist the lure of an Amazon warehouse or a new shopping mall.

Are all local independent stores doomed? Far from it. In fact independent stores have experienced some kind of rebirth in some of the densest urban centres. The inhabitants of the “winning” cities have changed their consumption habits profoundly: they want local products, handcrafted items, food from local systems or urban agriculture, and they want their consumption to have “purpose” and express their “singularity”. Different retail models have emerged and thrived. And some cities have come up with innovative ways to boost retail diversity and help new players emerge. Paris is one of those cities: several players now strive to imagine new ways to make local retail contribute to urban vibrancy. One of them is the [Semaest](#), a semi-public company linked to the Council of Paris, that aims to revitalise and nurture the “new local economy”.

The city is a living organism: we should heed its ecological economy

“Modern” twentieth century urbanists saw the city as a machine that could be planned and run top down. They built residential projects and shopping malls that were completely disconnected from the existing urban fabric. Cars made city dwellers so mobile that urban planning could ignore geography and historic city limits.

This type of “soil-less” urbanism refused to acknowledge not only geographic and social realities, but also the very idea of ecology—the study of interactions among organisms and their environment—, and externalities. If a shopping mall could be expected to generate certain revenues and the creation of a certain number of jobs, then the choice was easy.

However this modern vision of urban development was soon criticised. In 1961, in a book titled [The Death and Life of Great American Cities](#) that has become iconic, journalist and philosopher [Jane Jacobs](#) lambasted the urban policies carried out in large US cities from the 1950s onwards. They were, she said, destroying the neighbourhood life that made large cities vibrant. Entire communities had been wiped out, brought to isolation in artificial urban projects. Jacobs advocated “[four generators of diversity](#)” that “create effective economic pools of use”: 1. [mixed primary uses](#), activating streets at different times of the day ; 2. short blocks, allowing high pedestrian [permeability](#) ; 3. buildings of various ages and states of repair ; 4. [density](#).

Today, many thinkers and urbanist share Jacob’s views. They regard cities as living organisms that are part of an ecosystem: between the different species, there can be symbiosis and mutualism (when organisms of different species benefit from one another’s activities)... or there can be predation and parasitism. Local retail may not be the core subject of Jane Jacob’s books, but her work leads us to consider retail in its “ecology”.

The criticism levelled at modern urban renewal continued in the 1980s. [New Urbanism](#) is an urban design movement that sought to make urbanism more “human”. It promoted environmentally friendly habits with [walkable](#) neighbourhoods and enough diversity of housing and jobs. New urbanists wanted people from different social backgrounds to inhabit the same space. That’s how the era of “postmodernism” in urbanism began: history, geography and society could no longer be ignored!

The ecology of retail can best be understood through a comparison with plant biology and agriculture: the diversity of stores and urban activities is a sort of “biodiversity” that protects the urban ecosystem. When biodiversity decreases, cultures are more exposed to risks like parasitism. Urban diversity is like biodiversity: when urban species disappear, a lot of cultures are at risk. Monoculture (the cultivation of a single crop in a given area) depletes the soil and jeopardises future crops.

What can urban policies do?

The urban retail fabric can generate externalities in the city. So what policies can foster more store diversity and prompt the positive externalities that come with it? Sadly we have few metrics to measure these externalities. The “black hole effect” that some types of retail projects can cause is little known.

After Charles Fishman published [The Wal-Mart Effect](#) in 2006, many people started to reflect upon the externalities created by the world’s largest retailer. In his book, Fishman described the global and local effects caused by the exponential growth of Walmart in the USA. Some of these effects are positive. Walmart can be credited with a decrease in retail prices and an increase in middle-class purchasing power. But others are not so positive: Walmart’s growth has imperilled independent retailers, lowered wages, cuts margins for all suppliers and reduced the overall diversity of activities in every area where a store was opened. Hence the “black hole effect”.

A few years after the publication of the book, the Democratic staff of the [U.S. House Committee on Education and the Workforce](#) released a report titled [The Low-Wage Drag on Our Economy: Walmart's low wages and their effect on taxpayers and economic growth](#). The report highlights the hidden costs induced by each new Walmart store. Each store costs taxpayers between 900,000 and \$1.75 million a year as Walmart employees are so badly paid that they have to depend on public programmes for health care, housing, feeding their children and many other things. Big retailers got the message and now at least they pay lip service to supporting local communities. In the UK, for example, Tesco CEO Dave Lewis speaks at length about his [company's neighbourhood programmes](#)...

Overall there is now increasing distrust towards big retail. Big retailers, strengthened by their ability to ensure economies of scale, are accused of destroying independent stores and putting excessive pressure on their suppliers. Meanwhile franchised stores are accused of creating low-quality jobs and bringing too little value to the local community—whatever value is created is siphoned off by the franchisor, usually far away from where the franchisees are. There's a world of difference with independent stores that strengthen social ties locally and create value that directly benefits the local community.

Several urbanists and city officials now understand there are many advantages to supporting independent local businesses and fostering more urban diversity. Directly or indirectly inspired by Jane Jacob's ideas, several cities, among which Toronto (Jacob's second home town) and Seattle, are striving to support independent retailers and craftsmen. Paris too is now actively supporting the renewal of independent retail...

How Paris is striving to revitalise its local neighbourhoods

The [Semaest](#) is a semi-public organisation linked to the Council of Paris whose mission is to revitalise independent retail in Paris. It helps future store owners and artisans with innovative ideas set up shop and find their first customers. In 2015 the Semaest launched a new "store tester", a real brick-and-mortar shop that is used to test out the success of a new idea or line of products.

Emmanuelle Hoss, who heads the Semaest, explains that *"the store tester accelerates the emergence of tomorrow's great store. New projects can be tested live with no risk"*. Projects that exist online can find a clientele in the physical world. By providing a turnkey store for a brief period of time (from two weeks to four months) at market price, the Semaest helps local entrepreneurs try out their business ideas, which they wouldn't otherwise be able to do in Paris: there are few spaces available, renting is hard, there is a lot of red tape and it's expensive.

As can be read in this [Le Parisien article](#), *"the store tester located in the 10th arrondissement of Paris has already been used by a small organic grocery store that sells all its products in bulk, a small art gallery from the East of Paris, a workshop that produces tailored handcrafted furniture... The tester's success stories also include Tale.me, a Belgian startup that offers clothing to rent for pregnant women and children, which is about to launch its first "real" Paris shop"*. Emmanuelle Hoss also embraces the ecological metaphor: *"A lot of new young shoots are laying roots in the Paris soil"*, she said. *"These unique businesses mark the coming of the kind of individuation and singularity that will save the city from the uniformity and anonymity of generic retail."*

There is only one problem: there are too few metrics to measure the positive externalities generated by local stores — their ability to revitalise the urban fabric, foster local solidarity, and improve safety and health. In a [recent study](#) published in the *Journal of Urban Economics*, researchers tried to remedy the lack of metrics by crossing retail data with safety data. The study showed that whenever an independent store disappeared, more crime and violence was measured in the area in the months that followed. Emmanuelle Hoss believes that *"the same study could be done with health data: for sure, the more independent stores there are the less people take anxietytics or the less the elderly are forced into retirement homes"*. People who live in areas devoid of local businesses feel abandoned and lose their identity.

"We need to measure economic 'envelopment' rather than 'development'", Emmanuelle Hoss explains. More independent stores mean less public spending because organic solidarity networks get stronger (["System D"](#)) and people trust each other more. Fundamentally Hoss agrees with Jane Jacob's ideas: the density of the urban fabric depends on the street. When all inhabitants—retailers, artisans and customers—build stronger ties and there are more "eyes on the street", then everyone is safer and healthier.

The city of Seattle is another example. It may be a [lab for tomorrow's retail](#) — Seattle is home to Amazon's cutting-edge retail concepts — but it also welcomes a whole new generation of independent retailers. There is a nuanced picture here: the cities that benefit the most from the growth of the digital economy are also the cities where the demand for local stores is the highest, which reminds us of the now famous [multiplier effect](#) highlighted by economists like [Enrico Moretti](#): in the US, the creation of one highly qualified job in a digital company spurs the creation of an average five service jobs in the local economy.

Indeed the dwellers of "winning" cities are as innovative as consumers as they are as professionals. They are tired of the retail of the 20th century. They want their shopping habits to express their singularity. With or without the help of public policies, they are changing their cities, often for the better. But their hopes and expectations can't solve all the problems, and public policies do have an impact. They can either support these promising new trends or they can bring them to a stalemate. It is essential that we invent new metrics and analytics tools to take all their impact on today's cities into account. "*Let's not forget that retail and business can be foundational to peace*", says Emmanuelle Hoss.



Notes:

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