

# 2020 STATE OF RETAIL



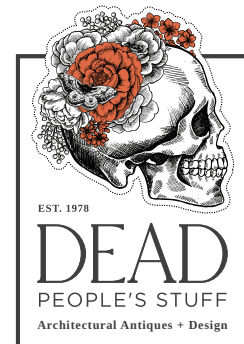
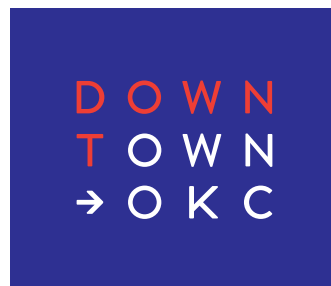
independent shopkeepers association

The State of Retail Study is presented by the Independent Shopkeepers Association and sponsored by:

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Thank you for your generosity and support  
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Independent Shopkeepers Association





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# WHAT IS THE STATE OF RETAIL?

Quantifying the impact of local retail in Oklahoma is crucial to our mission.

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## ABOUT THE STUDY

To better advocate for independent shops in our state and to ensure we can all contribute to the growth of local retail by creating a healthy business climate for this industry, we need to first understand the state of independent retail in Oklahoma.

From June through July, ISA conducted a Shop Census through its members and other local retailers in our state to get a better understanding of their challenges, needs and contributions to our economy. Through this survey, we were able to gather and study data points to quantify the impact and importance of local shops in our communities.

Fifty-nine shopkeepers took the time to provide information about their businesses to help us analyze the state of retail in Oklahoma. From clothing stores to bakeries and specialty shops, businesses in Oklahoma City, Tulsa, Bartlesville, Lawton, Yukon and more participated in the Shop Census. All respondents had to be independently-owned shops with a brick-and-mortar located in Oklahoma and each answered up to 85 questions.

Looking through the results from this diverse set of shops gives us a first-time

## ABOUT ISA

The Independent Shopkeepers Association is a 501(c)(6) non-profit organization. Our mission is to support, educate, celebrate and encourage the growth of local retail in Oklahoma by providing a platform for independent shopkeepers to grow, support one another and maximize their individual contributions to our unique local culture. We believe that our community is stronger and our culture richer when local retail thrives.

glimpse into the state of independent retail in Oklahoma.

Whether you are a shopkeeper wanting to benchmark your business against your peers, or a leader and policy-maker looking to better understand the independent retail industry to support their growth, we hope this report can be a tool for you to refer back to as we navigate the second half of 2020 and work together to support businesses playing a key role in defining our identity.

1

### **MICRO-BUSINESSES**

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To better understand and help independent shops, it's important to realize that they're not just "small businesses." With an average of six employees per shop, and 20% having no employees besides the owner, they are clearly in the micro-business category, which means their needs and challenges are different than small businesses with 50+ employees.

2

### **ON TRAJECTORY FOR A SUCCESSFUL YEAR**

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2019 was a year of growth for most retailers with an average 8.67% increase in sales. Shops were scoring higher than the national average in both their average monthly sales and their 2018-2019 growth. 2020 brought the promise of another successful year for shopkeepers, until the pandemic hit.

3

### **COVID-19 IMPACT**

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The COVID-19 crisis has hit our independent retailers hard. Most of them may have reopened after an average of 60 days of having their doors closed to the public, but it doesn't mean business is "back to normal." They still need assistance to ensure they can make it through this year and eventually return to the growth they were experiencing pre-COVID.

4

### **CHALLENGES & NEEDS**

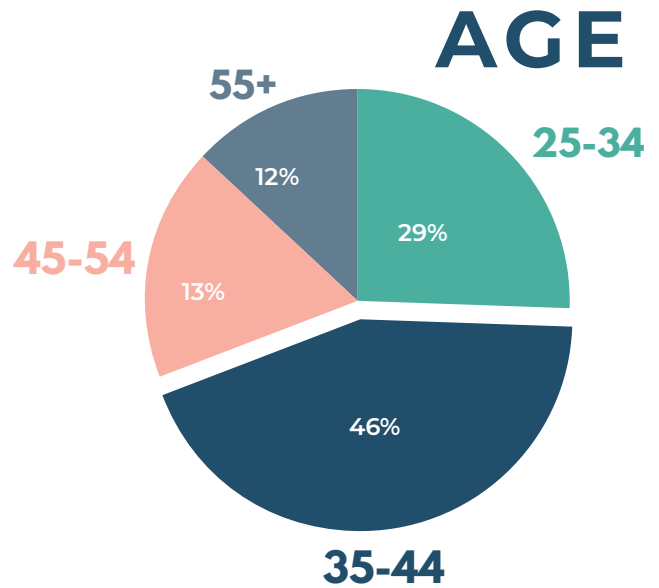
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Their primary concern is increasing debt load and financial stability after experiencing an average revenue loss of 60% from March-May. More payroll-oriented funding is not what they want or need as we enter the second half of 2020. Instead, they're hoping for more focus on promoting shopping local, providing more diverse financial aid and assisting with the high cost of PPE.

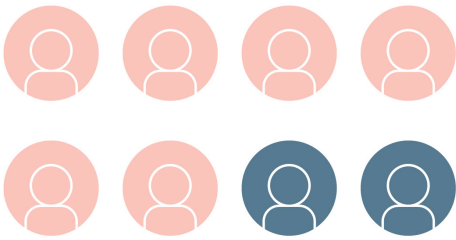
# THE SHOPKEEPERS.

A look at our independent shopkeepers' demographics.

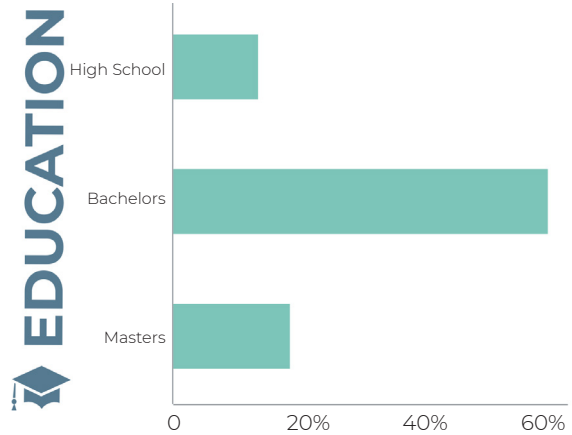
Shopkeepers surveyed were mostly under the age of 44, with three out of four respondents being between 25-44 years-old. Three out of four were also women-owned businesses. This isn't surprising considering that retail is the most popular industry for women-owned small businesses <sup>2</sup>. 80% of respondents had a Bachelor's or Master's degree with about another 20% having a high school or equivalent degree.



## 75% WOMEN



25% MEN

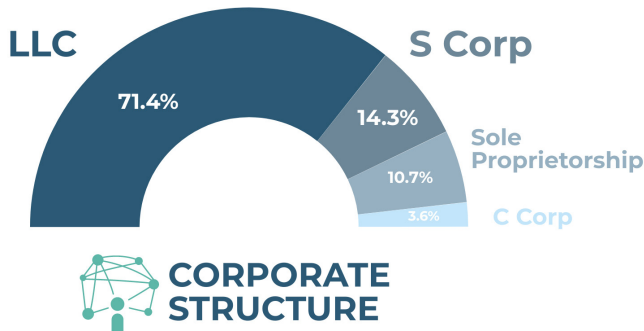


## LOCATIONS

1. Oklahoma City
2. Tulsa
3. Norman
4. Edmond
5. Stillwater
6. Yukon
7. Bartlesville
8. Lawton
9. McAlester



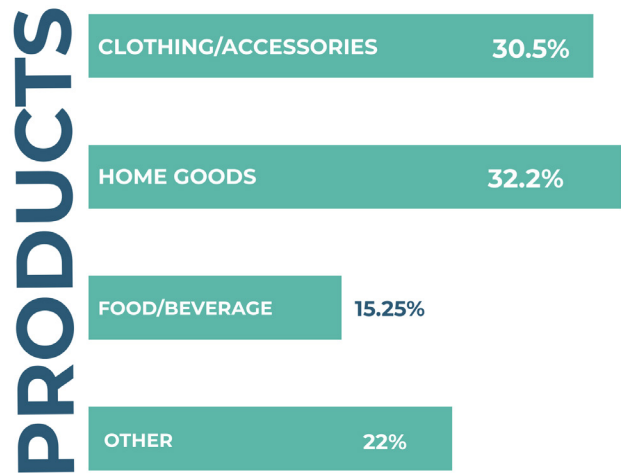
# THE SHOPS.



# 8 AVERAGE YEARS OPEN

**B  
2  
B** | **1 OUT OF 3**  
**SELL BUSINESS TO BUSINESS**

**1 OUT OF 2**  
**MAKE PRODUCTS THEMSELVES**



More than half of the shops surveyed specialized in clothing or home goods. The remaining 40% were either food/beverage shops (bakeries, coffee shops ...) or categorized under “other” which mostly includes specialty stores (photography, framing, books...). One out of two shopkeepers make all or some of the products offered in store themselves. When making products themselves, half of them would then engage in B2B, which often helped them to generate additional income often needed during the store closures of March-May 2020. Additionally, 16% of shops surveyed have more than one location.

# MARKETING AND ADVERTISING.

## ADVERTISING



### BUDGET

The average spent per year on advertising was \$6,500 with a median of \$2,000. 21% of respondents did not have a budget for advertising and another 20% reported spending more than \$10,000 per year.



### MEDIUM

96% of shops selected social media as their preferred advertising medium, with another 4% preferring radio. None of the respondents selected billboards, TV or print ads.



Painted Door Gift Boutique, Bricktown Oklahoma City

## SOCIAL MEDIA



### PLATFORM

72% of shops reported having the highest following on Instagram and 28% selected Facebook. None of the respondents selected Twitter and all respondents had at least one social media account for their business.



### FREQUENCY

Shops reported being very active on social media with 57% of them posting at least once a day. 36% of them post on social media several times a week and only 7% post less than once a week. The COVID-19 crisis only accelerated the shops' social media efforts

Unlike bigger companies with marketing departments or large budgets dedicated to outsourcing efforts, independent retailers almost always manage their own marketing, with the owner primarily managing social media accounts themselves. The creation and growth of social media over the last decade has given shopkeepers the opportunity to brand themselves and communicate often and effectively with their customers. Instagram and Facebook emerged as the two strongest tools for shopkeepers to reach new customers.



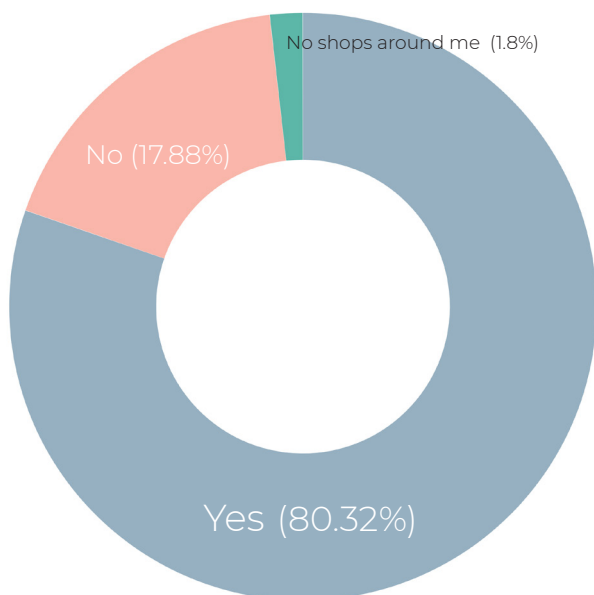
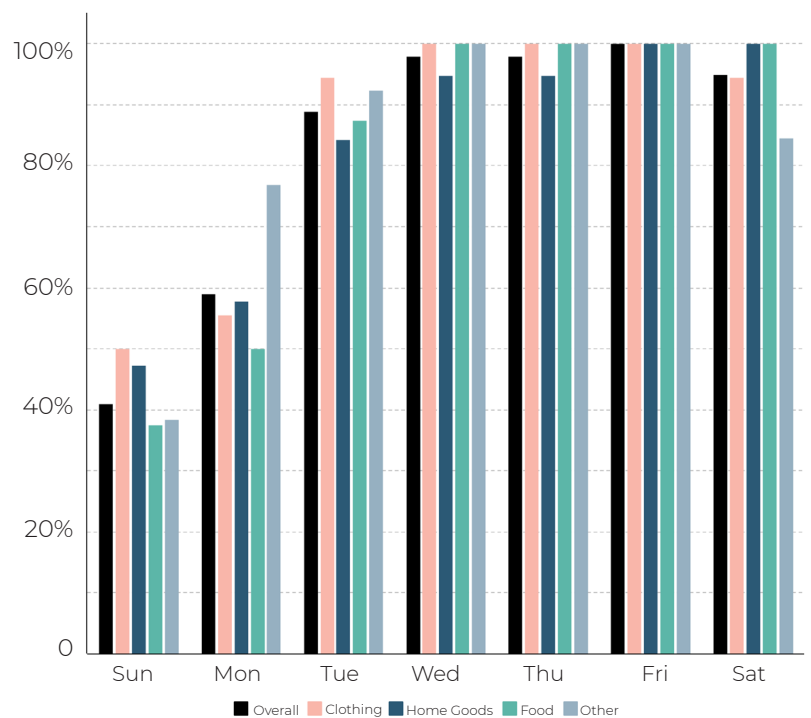


# OPERATIONS.

## DAYS



Wednesday, Thursday, Friday and Saturday were the most popular days for shops to be open with almost 100% of respondents stating they were opened on those days. Only 59% of shops reported being open on Mondays. Sundays were the least popular day with only 41% of respondents being open. Overall, 35% of shops were open five or less days a week and 28% were open all seven days.



Do you share similar hours with the shops around you?

## HOURS



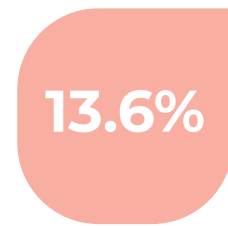
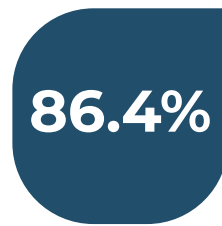
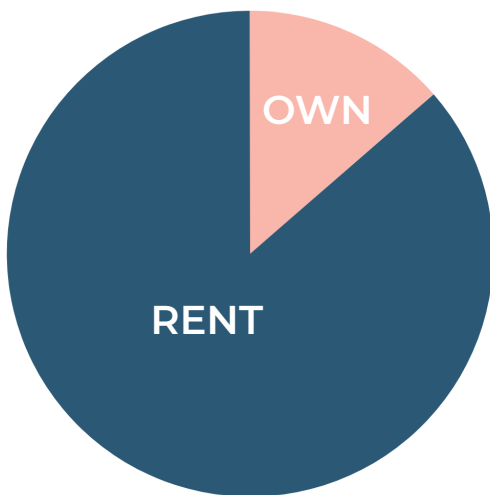
When asked if their shop shared similar hours with other businesses in their neighborhood, 80.4% responded yes, 17.9% responded no and 1.8% did not have any other businesses close to them. Shops sharing consistent hours to the businesses in their district tend to see higher foot traffic.



# RETAIL SPACES.

## Rent or own?

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- A vast majority of shopkeepers reported renting their space.
- The ones owning their brick-and-mortar have been in business an average of 15.75 years.

## Cost.

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Average monthly rent:

\$2,944

- Average annual price per square foot is \$21.12.
- Median annual price per square foot is \$17.16.

Average mortgage:

\$3,480

- Average size for the shopkeepers owning their space is 4,087 square feet.

**\$22.92**

AVERAGE RENT  
PER SQ. FT. IN  
CITIES LARGER  
THAN 300,000

**\$14.64**

AVERAGE RENT  
PER SQ. FT. IN  
CITIES SMALLER  
THAN 300,000



# RETAIL SPACES.

Square footage.

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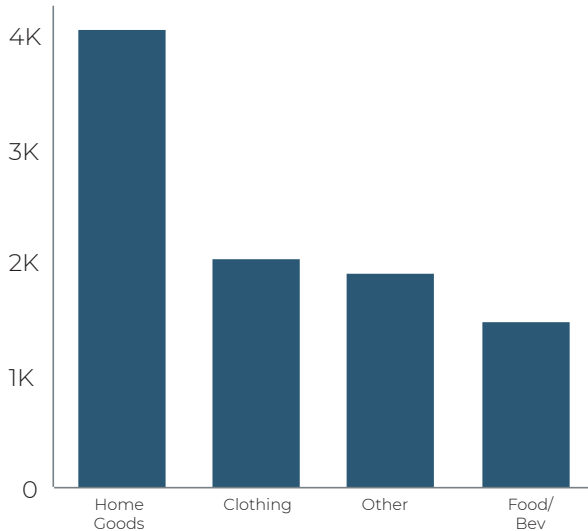
Average size:  
2,576 square feet

- Median size is 1,650 square feet.
- 19% of spaces are under 1,000 square feet.
- 12% of spaces are bigger than 4,000 square feet.
- Shops in the Home Goods category have the largest average square footage at 4,000 sq ft.



*Jenkins & Co., Route 66, Tulsa*

## BREAKDOWN BY PRODUCT CATEGORY:



## COMPARISON TO NATIONAL CHAINS<sup>2</sup>

- This average is 2.5 higher than a Claire's store.
- You could fit 11 independent shops in one Bed Bath & Beyond.
- You could fit 51 independent shops in the average size of a Target.
- The median size of shops for respondents is comparable to a Fossil store.



# RETAIL MARKET CONDITIONS.

SPECIAL REPORT BY JIM PARRACK



*Tulips, Campus Corner, Norman*

Never in modern history have we been in the middle of a global pandemic, social upheaval caused by a racial awakening, an energy bust, and a divisive Presidential election all at the same time. And while the pandemic is the biggest problem for retail, the effects of the downturn in our energy sector shouldn't be underestimated. As David Brooks noted in a recent Op-Ed, (the environment we're in now) "has created a moral, spiritual, and emotional disaster. Americans are now less happy than at any time since they started measuring happiness nearly 50 years ago." What does this mean for our retail market? No one knows with any certainty. If anyone tells you otherwise, do not believe them. Here is what we do know.

The last three months have been brutal for the nation, the economy and retail. Overall retail sales were down 8 percent in March, 22 percent in April (PNC Real Estate). May sales rebounded 17 percent but remained 8 percent below pre-pandemic levels (New York Times). Most non-essential retailers were closed for at least two months (some still are) and had zero sales during that period. But retail isn't a monolithic market, there were winners and losers. Winners: grocery, dollar stores, discounters (especially Walmart & Target), take-

out restaurants, and, of course, Amazon. Losers: fashion, entertainment concepts, personal services, sit-down restaurants, gyms and fitness. Theaters (along with hotels) fit in their own biggest-loser category. Oklahoma has opened back up, most retailers are open and have generally reported better than expected sales, though not at pre-pandemic levels. So far, Oklahoma has not been hit as hard as much of the rest of the country, particularly larger markets, many who are still shut down to some degree.

Tenants and landlords have both been scrambling the last few months. Tenants trying to enhance and preserve liquidity and landlords working with tenants and lenders. In general, smaller, local tenants have sought relief one way or another (with the exception of the above winners who have been open the entire time). Most typically: 1) forgivable PPP loans through the CARES Act. These funds may be spent on payroll and rent among other expenses, allowing many smaller tenants to stay current on their rent. 2) one to three months of rent relief from landlords – deferral of rent was much more common than abatement. Most national tenants have drawn down lines of credit and sought (or demanded) relief from landlords; most common relief terms have been one to three months of deferred rent. Changes to leases sought by landlords (relaxing co-tenancy requirements, early lease extensions, eliminating onerous lease provisions) have required some level of rent abatement. Both local and national tenants have furloughed or laid-off hundreds of thousands of workers. There was no landlord relief in the CARES Act. Most have reached out to their lenders for relief and typically received either a few months of interest only payments or deferral of payments.

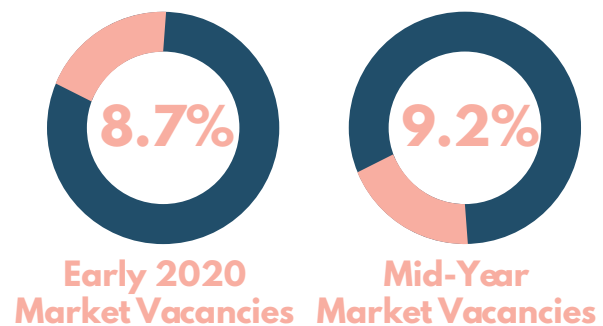
## *“Hang on, the year in retail is just about to get interesting”*

As chaotic as the last four months have been, our real concern is the next six months. Rightly or wrongly, we have scared a certain percentage of our population to the point that they seldom leave their house. Consumers are also being conservative with their disposable income and voluntary expenses. Together, these patterns are important as many retailers won't recover completely until consumers start to shop again at pre-pandemic levels. Add to this that many smaller retailers have lived on the PPP funds and landlord relief over the past few months. Now that the relief has run out, many of these locals will have great difficulty. There will also be some concepts – theaters, fitness, etc, that are going to have a hard time operating until there's a vaccine. Which brings us to national tenants. The market has already started to see a number of closures and bankruptcies – Tuesday Morning, Pier 1, Stage Stores, GNC to name a few – and there will be many more. One way to look at it is that current conditions are accelerating the market. That is, tenants that were weak to begin with, poor operators or had high levels of debt and would have failed or reorganized in the next three years or so will all fail or be reorganized in the next twelve months instead. Many national retailers will take advantage of bankruptcy to shed both debt and under-performing stores. Local and smaller retailers in the same position are much more likely to just close.

The next six to twelve months will be critical – defined by uneven performance by retailers, difficult negotiations between tenants and landlords, closures and bankruptcy. This will be exacerbated by the continued uncertainty added by the pandemic, the protests, the energy bust and the election. If there is another shut-down due to the COVID pandemic, full or partial, it could be devastating to certain retailers. But, keep this in mind – retail was healthy prior to this convergence of events. It will be healthy again, different, but healthy. Many of the winners will grow and expand. There will be new concepts. E-tailers will continue to see the benefit of brick and mortar stores. But, how long will it take to reach stability? Will changes in consumer behavior during the pandemic permanently change shoppers' behavior? How will the marketplace be changed? Will the increase in

E-sales be permanent? Let's repeat, no one knows with certainty. So, hang on, the year in retail is just about to get interesting.

Expect more vacancy over the remainder of the year as the year-end numbers will more accurately reflect the effects of current economic conditions. Overall, market vacancy came in at 9.2 percent at mid-year compared to 8.7 percent as the year began. We see most of this increase related to general softness in the economy prior to the pandemic. As noted, retailers were hurt hard by the two-month shutdown, but how they perform over the rest of year will be telling.



### ABOUT JIM PARRACK

Jim Parrack heads Price Edward & Co.'s Retail Division which encompasses management and brokerage activities for over 50 shopping centers in Oklahoma and North Texas. He is actively involved in overseeing all management and leasing efforts of the firm's retail building portfolio.

Jim is an active member and participant in ChainLinks Retail Advisors, a national retail leasing and networking organization. He also serves on the board of the Downtown BID, Urban Land Institute, Integris Hospital and Leadership Oklahoma City.

*“This creativity is a huge part of retail’s history and part of why it will survive and ultimately thrive long term.”*



DNA Galleries, Plaza District, Oklahoma City

## RETAIL TENANTS IN A PANDEMIC

Prior to the pandemic, there was a feeling that we had finally made it through the worst part of the retail apocalypse. In the OKC metro, we were seeing 8.7% vacancy in centers over 25,000 square feet at the end of last year and we had a few new retailers open that were big wins for OKC (Home Goods, Costco, REI, Chisholm Creek restaurants, etc). For urban OKC, larger project development had slowed and it had allowed many of the existing vacancies to be filled. The office market and general economic conditions were starting to be a drag on retail (mostly energy related), but most tenants were on a trajectory to have a decent year.

Mid-pandemic, the most at risk tenant groups are smaller local tenants that aren't well-funded and nationals that are over-leveraged. Restaurants and entertainment concepts will need to be very nimble with constant innovation. They will be maximizing multi-stream income by combining numerous ways to connect with customers. This will be a mixed bag, i.e., the retailers that are nimble will do well and be the first to recover. The ones that aren't, either because they don't have the expertise or financial wherewithal,

will be at risk. But, you can already see retailers doing curbside service, creative online marketing, restaurants partnering with grocery stores, multiple stores banding together for shipping, adding essential products, etc. - This creativity is a huge part of retail's history and part of why it will survive and ultimately thrive long-term.

Malls and large gathering places (like theaters and concert venues) will have their work cut out for them during the pandemic; safety takes on new meaning. Not just physical safety, but also health safety and public relations. How they handle these issues is a customer service interaction that they've never had before. Keep in mind that malls were in trouble before. There were probably 5,000 to 7,000 retail stores that were going to close per year over the next three years anyway; this pandemic will probably accelerate these stores closing (plus a few that weren't going to close). The same is probably true of malls as well. C-class malls and a few B-class malls were going to die over the next few years ... This will accelerate their demise. The malls that handle the cleaning and people management needed because of COVID will come back quicker and have a better chance of survival.



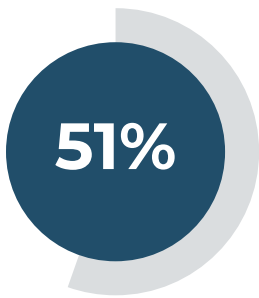
The Black Scintilla, Midtown, Oklahoma City



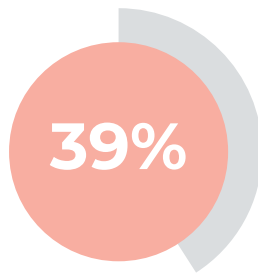
# SALES.

Shops saw a healthy growth in 2019.

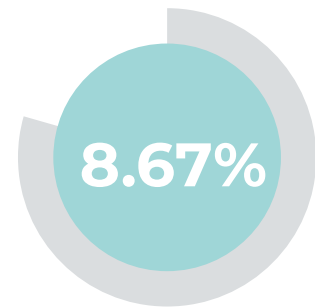
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Saw an increase  
in sales



Saw a decrease  
in sales



Average growth

Independent shops experienced an undeniable growth in 2019, proving their importance to our local economy.

Of the respondents seeing an increase from 2018 to 2019, the average growth was at 25% while the shops seeing a decrease only saw an average 9% decline.

- Clothing shops were the most stable when looking at growth from 2018-2019.
- Food/beverage was the category with the highest rate of shops seeing an increase in sales.
- Home good shops was the category with the highest rate of shops seeing a decrease in sales from 2018-2019.

Nationally, the retail industry saw a growth of 5.2% in 2019 <sup>4</sup>. Oklahoma independent shops polled saw a much stronger average growth at 8.67%.

When looking at shops located in Oklahoma City limits, the growth was even higher at an average of 10.88%. In comparison, Oklahoma City sales tax in calendar year 2019 was up 3.1% from 2018.



*made, Tulsa Arts District*



# \$41.26

Average Price Point

### AVERAGE PRICE POINT

The highest price point by category was for "Others" with \$60.42.

The average price point for home good stores was \$51.78.

The average price point for clothing stores was \$32.

The lowest average was for food/beverage shops with a price point of \$12.33.

# \$60.89

Average Transaction

### AVERAGE TRANSACTION

The highest average transaction was for "others" with an average of \$83.41.

The lowest was for food/beverage with an average of \$17.61.


Clothing had an average transaction of \$56.76 and home goods was \$68.63.



On average, shop's monthly gross sales were at **\$35,267**.

The national average is 37% lower at **\$22,340** <sup>5</sup>.

### ANNUAL AVERAGE GROSS SALES BY CATEGORY

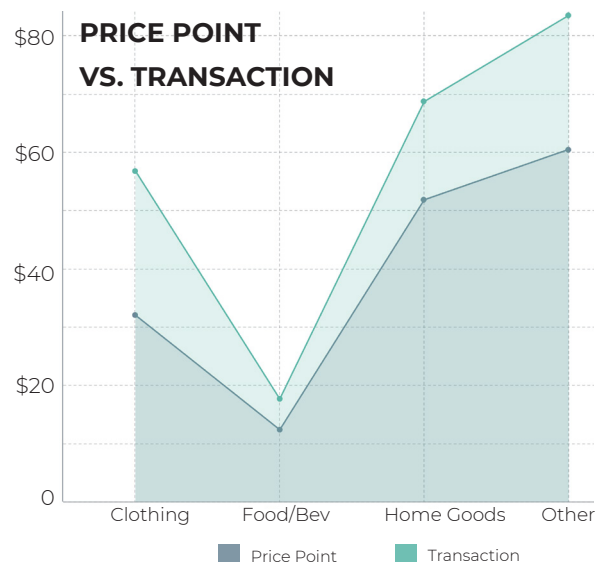


CLOTHING	HOME GOODS
\$473,638	\$459,105
OTHERS	FOOD/BEVERAGE
\$340,876	\$373,797

# \$169.01/SQ FT

Average sales per square foot

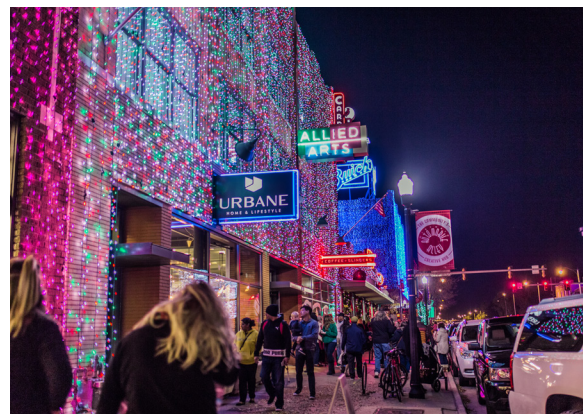
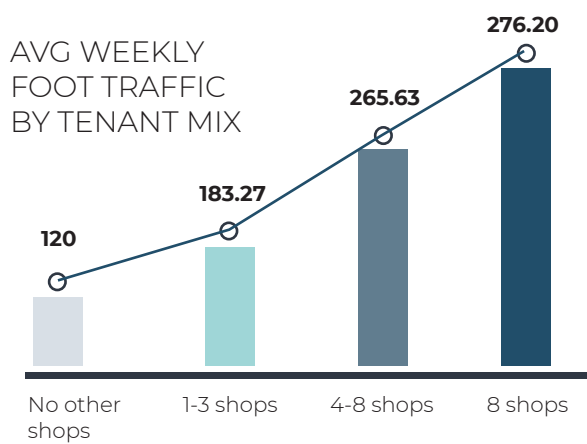
This is higher than Dillard's department stores which had annual sales per square foot of \$127 in 2019 and comparable to Michael's Stores which have annual sales per square foot of \$171 <sup>6</sup>.





# EXTERNAL FACTORS.

From tenant mix to street closures, landlords and municipalities can play a big role in ensuring independent retailers are set up for success.



Lights on Broadway, Downtown OKC Partnership

## TENANT MIX

When comparing the amount of other shops surrounding respondents and foot traffic data, there is a direct correlation (above graph). Shops strongly benefit from being surrounded by other shops. Furthermore, a diversity of other tenants (restaurants, offices, service) only adds to the healthy business climate by bringing in more shoppers.

Only 6% of respondents did not have any other shops within a 2-3 minute walking distance. Of the 95% of respondent whose landlords owned more than one property occupied by independent shops, only 4% of those did not have any shops around them. Shops directly benefit from having landlords who thoughtfully activate nearby spaces with complementary businesses.

## STREET ACTIVATION

Two out of three respondents' streets were closed once or more per year for special events. Of them, 60% saw an increase of sales on these days.

Special events bringing in higher foot traffic are good for independent retailers if the event incorporates the shops in the activities. Pictured above, Automobile Alley's Lights on Broadway event does a great job of working with retailers in the district to offer deals and in-store activities to incite event attendees to also shop.

Another segment of respondents not seeing higher sales on special event days were specialty stores who rely more on regular customers with specific needs. However, foot traffic from events can be used as a marketing tool to meet potential new customers.



# 83.3%

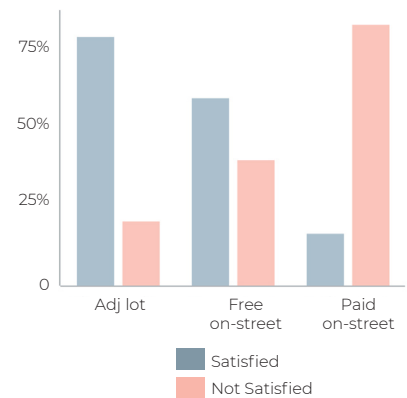
## KEY IMPACT

83.3% of shops who had experienced a street closure saw a decrease in sales.

## PARKING

35.7% OF SHOPS WERE NOT SATISFIED WITH CUSTOMER PARKING AVAILABILITY.

- Half of the respondents' customers park in a lot adjacent to their shops. These businesses were typically satisfied with parking availability.
- Shops relying on free or paid on-street parking (46% of respondents) typically reported being unhappy with parking.
- The challenge for shops relying on free on-street parking is limited availability due to drivers not respecting the 2-hour limit and often overstaying in a parking space, resulting in a lack of turnover.

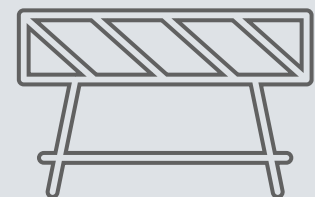


## ROAD CONSTRUCTION AND STREET CLOSURES

53.6% OF RESPONDENTS HAVE EXPERIENCED A STREET CLOSURE IN FRONT OR CLOSE TO THEIR SHOP.

OF THOSE, 83.3% SAW A DECREASE IN SALES.

- 60% saw a 20-40% drop in sales.
- 20% saw a decline in sales greater than 50%.



## HOW CAN CITIES AND TOWNS HELP?

City of OKC staff have been working with ISA to implement a holiday street closure moratorium. From Thanksgiving to Christmas, the busiest season for independent retail, closures for non-emergency construction would be put on pause on streets in the urban core with retailers relying heavily on on-street parking and foot traffic. This is an easy step other municipalities can take to cultivate a healthier business climate for its small retailers. For more information on how your city or town can implement a similar policy, email [hello@isaok.org](mailto:hello@isaok.org).

## Urban Commercial Districts Tenant Mix & Local Mix

Are there patterns in the tenant makeup of popular urban commercial districts in the region and around the country? During the 2020 Environmental Design Practicum course at the University of Oklahoma Christopher C. Gibbs College of Architecture, students researched two key metrics of the makeup of these districts: Tenant Mix and Local Mix.

**Tenant Mix** explains the makeup of business types in the area, indicating whether the area has a prevailing tenant type or a diversified mix. The study is based on number of tenants (not proportional square footage or sales) and used the following primary categories to classify business types:

- Retail: Merchandise, apparel, home goods, packaged food, etc.
- Food: Food services, bars, coffee shops, snacks, etc.
- Service: Health, beauty, banking, fitness, automotive, etc.
- Experience: Venues, clubs, galleries, activities, attractions, etc.
- Other: Non-public uses, offices, etc.

**Local Mix** explains the proportion of businesses in the area that are an independent location, a brand with other locations in the region, or a national brand.

Students worked with representatives from three districts in Oklahoma City (Bricktown, Plaza District, and Uptown 23rd) and one district in Norman (Downtown) to get familiar with these Oklahoma destinations, and to identify benchmark districts in other communities. This brief report summarizes interesting findings from this snapshot of four Oklahoma districts and nine additional walkable commercial districts around the nation.

Differences in the districts may have many local factors, but generally we might look for differences in context and place management. Contextual differences include things like the demographics of surrounding neighborhoods, the traffic patterns on streets, or the major employment anchors in the district. For example, a district might attract more national brands based on its traffic and demographic profile. Place management differences may include things like how the district is marketed or programmed, the target audiences that visit, or the presence and active recruiting of certain business types. For example, a district that is managed to attract arts-lovers and already has a collection of art galleries is likely to attract more tenants of this type.

This preliminary data points to interesting questions: Does independent retail benefit from the presence of a certain mix of neighbors? What tenant mix helps support thriving independent retail? Why do 'entertainment districts' have a low proportion of retail tenants?

**We invite you to share your thoughts and questions. What is your district like? What do you think future OU students should look into? Let us know at [iqc@ou.edu](mailto:iqc@ou.edu).**

Average* Tenant Mix	
Retail	22%
Food	34%
Service	19%
Experience	9%
Other	16%
Average* Local Mix	
Sole Location	76%
Regional Brand	13%
National Brand	11%

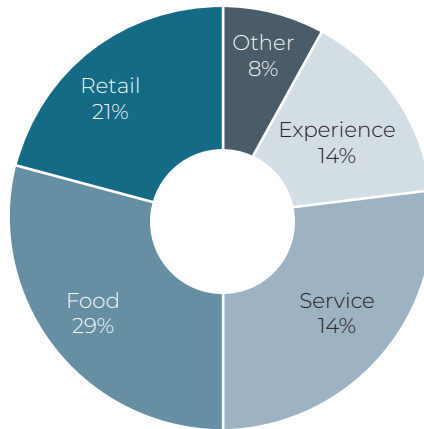
\* Based on business count in 13 districts in this report.

## Plaza District

The Plaza District has a balanced mix of tenant types represented, and it has the highest 'retail' proportion of the Oklahoma-based districts in the study, approximating the overall average retail share for all of the districts. The Plaza District also had the highest proportion of sole-location local businesses of any district in the study.

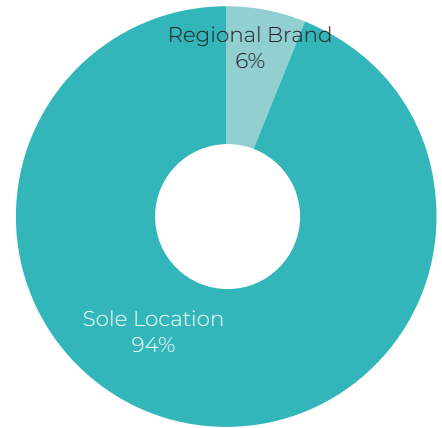
Office users and visitor accommodations (reflected in the "Other" category in tenant mix) are underrepresented. Attracting more of these uses may benefit the Plaza District.

**Tenant Mix**



▲ Service, Experience  
▼ Other

**Local Mix**



▲ Sole Location

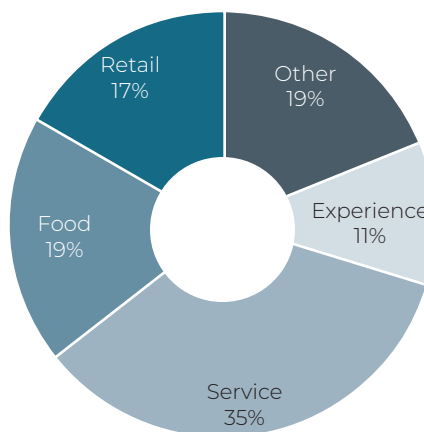
## Norman

Downtown Norman is anchored by major employers like city hall and the county courthouse, strong traffic counts, and a location at the center of a dense population.

Downtown Norman has a balanced tenant mix, anchored by the high proportion of office employment (reflected in the "Other" category) and service businesses.

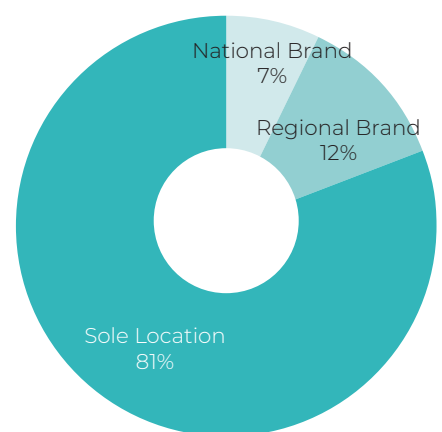
Out of the Oklahoma-based districts, downtown Norman stands out for how well it fulfills most functional, daily needs in addition to being a destination for specialty experiences and goods.

**Tenant Mix**



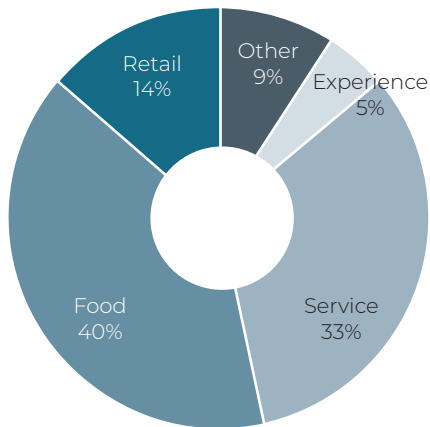
▲ Service, Other  
▼ Food

**Local Mix**



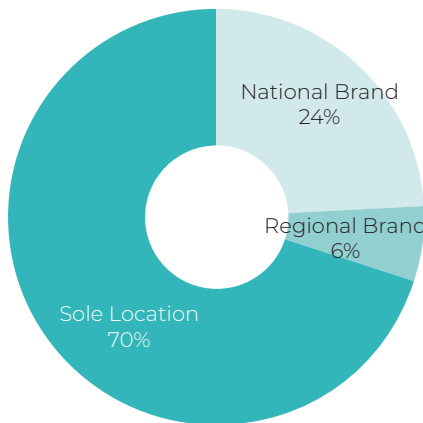
▲ Sole Location

### Tenant Mix



▲ Food, Service  
▽ Retail, Other

### Local Mix



▲ National Brand

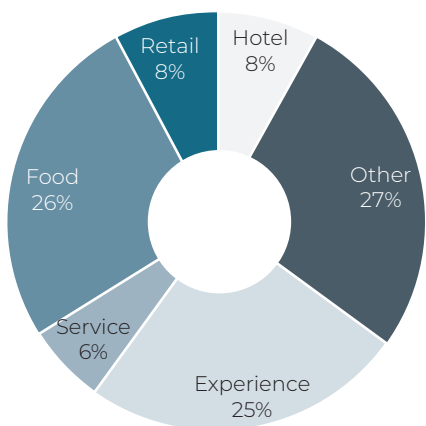
## Uptown 23rd

Uptown 23rd has a high representation of food and service businesses, and a lower concentration of retail and office.

Driven by high traffic volumes on 23rd Street, Uptown attracts more national brands compared to districts in the study.

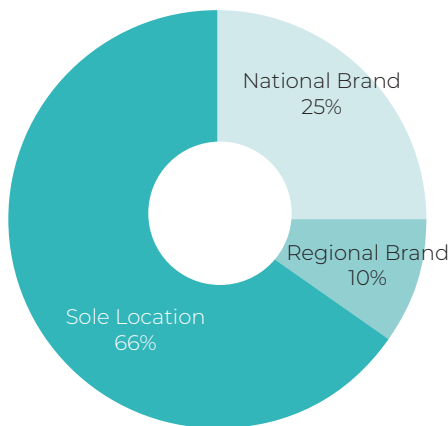
Uptown's experience category is anchored by Tower Theater, and there may be opportunity to expand on the experience category with additional activities and attractions that link to restaurant visits.

### Tenant Mix



▲ Experience, Other+Hotels  
▽ Retail, Service

### Local Mix



▲ National Brand  
▽ Sole Location

## Bricktown

Bricktown features a high proportion of 'experience' tenants that meet a wide variety of audiences. Experience tenants in Bricktown include a movie theater, music venues, arcades, tours, and nightclubs.

Bricktown also has a high number of office tenants and hotels, and its destination status attracts many national and regional brands alongside sole-location businesses.

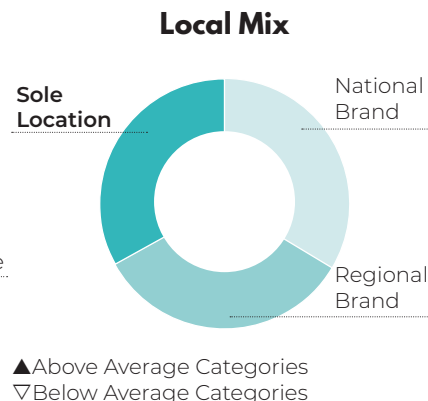
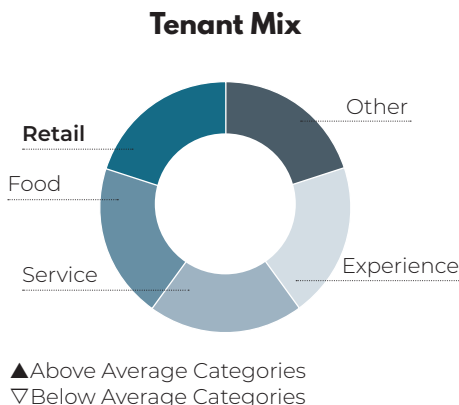
Along with the other big-city entertainment districts in the study (Beale Street in Memphis, Power & Light in Kansas City), retail and service categories are underrepresented in Bricktown. Bricktown's high visitor count and office population suggest potential for these categories.

## Benchmark Districts

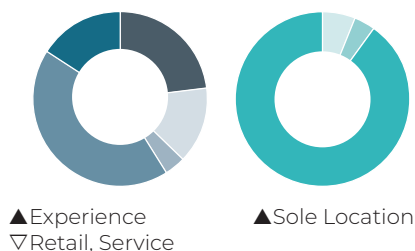
### How to Read

Refer to the keys to the right to read the charts below.

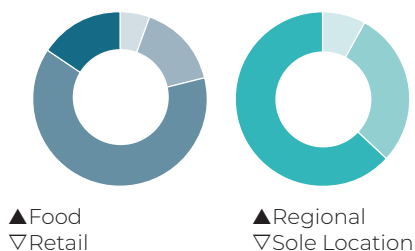
For example, Beale Street graphics show that experience businesses are represented at a higher than average rate while retail and service tenants are represented below average rates. A very high proportion of businesses on Beale Street are 'sole location' operations.



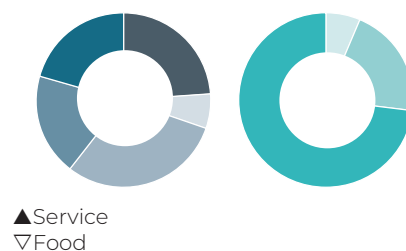
**Beale Street** Memphis



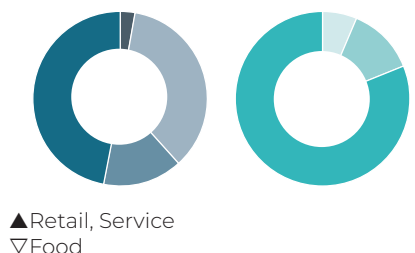
**East Colfax** Denver



**Downtown** Fayetteville, AR



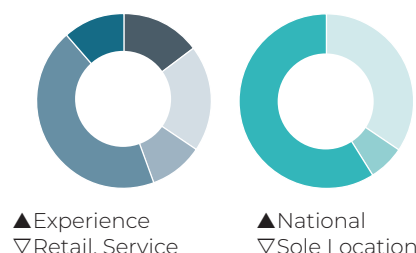
**Downtown** Manhattan, KS



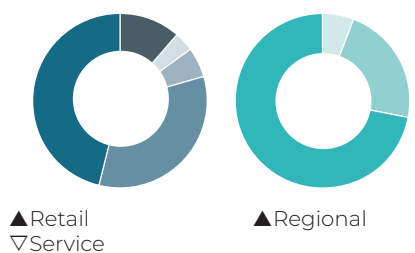
**Plaza Midwood** Charlotte



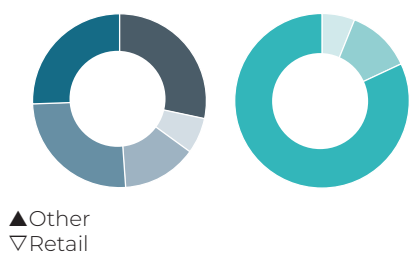
**Power & Light** Kansas City



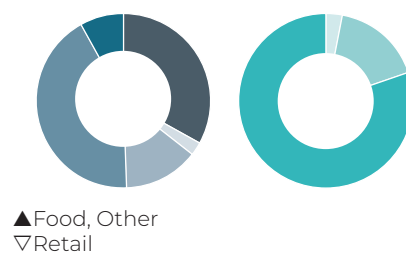
**South Congress** Austin



**South Pearl** Denver



**West Magnolia** Fort Worth



# EMPLOYEES.



## 1 OUT OF 3 PROVIDE BENEFITS

Nationally, the percentage of micro-businesses (3-9 employees) providing group health insurance has been declining for the past decade down by 12 points from 2009 to 2019 <sup>7</sup>. The smaller the firm is, the less likely they are to offer benefits because of increasing costs. Although a majority of shopkeepers expressed a desire to offer benefits, they felt they couldn't afford it.

# SHOPS BENEFITS

- 1 HEALTH CARE**  
84.6% of shops offering benefits to employees offered healthcare.
- 2 PAID VACATION**  
69.2% of shops offering benefits to employees offer paid vacation.
- 3 PAID SICK LEAVE**  
53.8% of shops offering benefits to employees offer paid sick leave.
- 4 RETIREMENT**  
15.4% of shops offering benefits to employees offer retirement benefits.



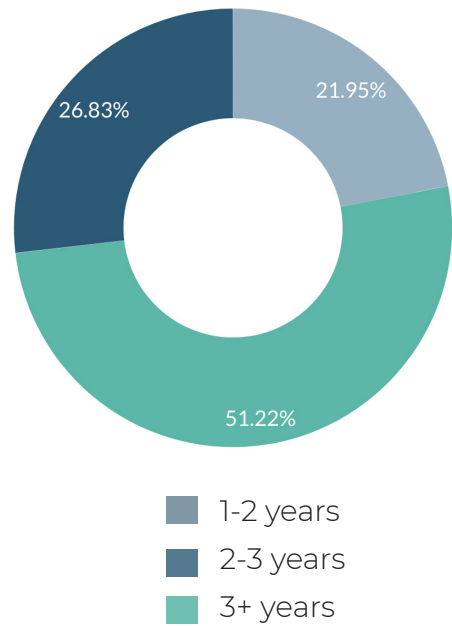


Walker Avenue, Midtown, Oklahoma City

# L O N G E V I T Y

**The more established a shop, the longer employees stay.**

70% of shops which have been open for 10 years or longer have an employee longevity of 5+ years. Nationally the average tenure in retail is about 3 years <sup>8</sup>.



## MORE INSIGHT

**42.2%**

Of employees have designated parking

**6.6**

Clothing shops have the highest average staff size

**57%**

Of employees are part-time

**20%**

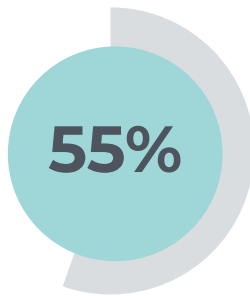
Of shops don't have employees



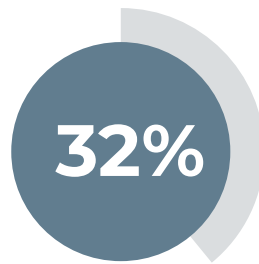
# CUSTOMERS.

The average time spent shopping in independent shops was 20 minutes.

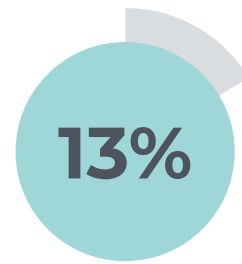
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Spend 10-20 minutes browsing



Spend 30-45 minutes browsing



Spend more than 45 minutes browsing

Although typically, the more time a customer spends in a store means the more money they will spend, if we look at both the time spent in our respondent's shops (typically between 10-20 minutes) combined with the high conversion rate (page 27), it can show that smaller shops are more efficient at assisting customers in a timely manner as well as providing clear focal points for them to move through the store and quickly focus on an item.

However, when looking at the average price point and the average transaction, it seems that generally speaking, most customers purchase just under 1.5 items per trip. Shops could increase their average unit per transaction by inciting customers to spend more time in the shop, browse longer and ultimately pick up more products.

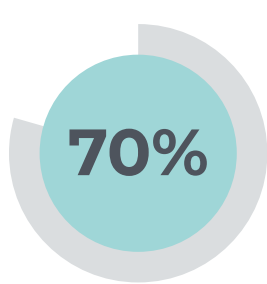




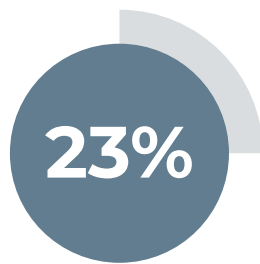
# CUSTOMERS.

The average conversion rate for respondents was 69.82%.

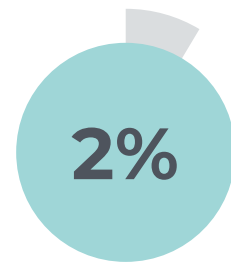
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Have a conversion rate higher than 70%



Have a conversion rate of 30-50%



Have a conversion rate lower than 20%

Across the board, conversion rates were higher than national trends. For example, department stores typically have a 50% conversion rate<sup>7</sup>. Why is the rate for independent retailers significantly higher? Simply looking at the main reasons visitors don't make a purchase can help us understand this better. According to a survey conducted by HeadCount<sup>9</sup>, the top two reasons customers did not convert are:

1. They did not find any staff to help them.
2. They did not want to stand in line.

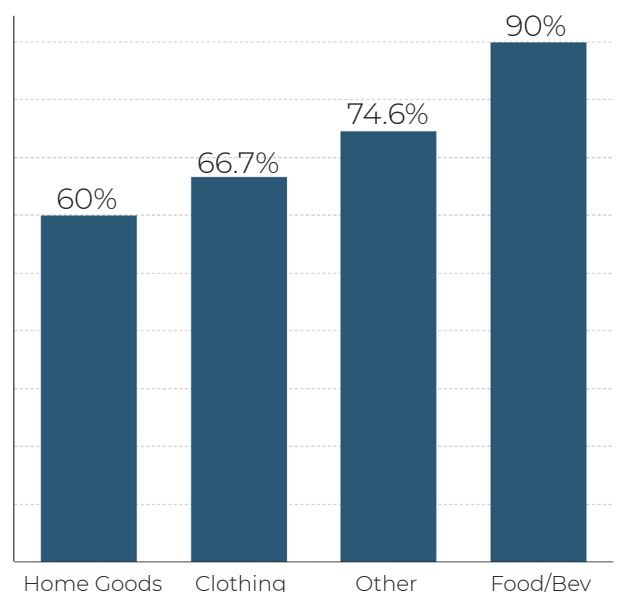
These two factors are not typical issues customers run into with independent shops. With a smaller volume of foot traffic, independent shopkeepers and their staff tend to be available to help more and checkout lines are generally short.

Food and beverage shops had a significantly higher conversion rate (90%) as customers generally only enter these shops when they know they want to purchase a drink or treat.

The "other" category was high as well (74.62%) as most respondents are specialty

stores that customers seek out for specific needs rather than for browsing.

Shops in the "Clothing/Accessories" category had an average conversion rate of 65.56% and home good shops had the lowest average conversion rate at 61.18%.





# CUSTOMERS.

## Foot traffic

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As expected, December was the month seeing both the highest foot traffic and highest sales for a majority of independent shops. This is important data to keep in mind for 2020. Now is the time to focus on making sure independent shops can have a successful holiday season to make up for months of closure. Working towards a goal of providing a safe and healthy shopping experience in November and December will be key to ensuring shops can balance out the loss of the first half of the year.

**1 DECEMBER**

**2 MAY**

**3 JUNE**

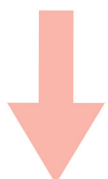


HIGHEST FOOT TRAFFIC

**1 JANUARY**

**2 JULY**

**3 FEBRUARY**



LOWEST FOOT TRAFFIC

**1 DECEMBER**

**2 MAY**

**3 NOVEMBER**



HIGHEST SALES

**1 JANUARY**

**2 JULY**

**3 FEBRUARY**



LOWEST SALES

**230**

### AVERAGE VISITORS PER WEEK

Respondents estimated they see an average of 230 customers come into their shops each week. 25% of respondents saw an average weekly foot traffic higher than 250, with some seeing up to 1,200 visitors each week. Food and beverage shops saw the highest average of weekly visitors at 271. The lowest was for clothing and accessories at 160 visitors per week.

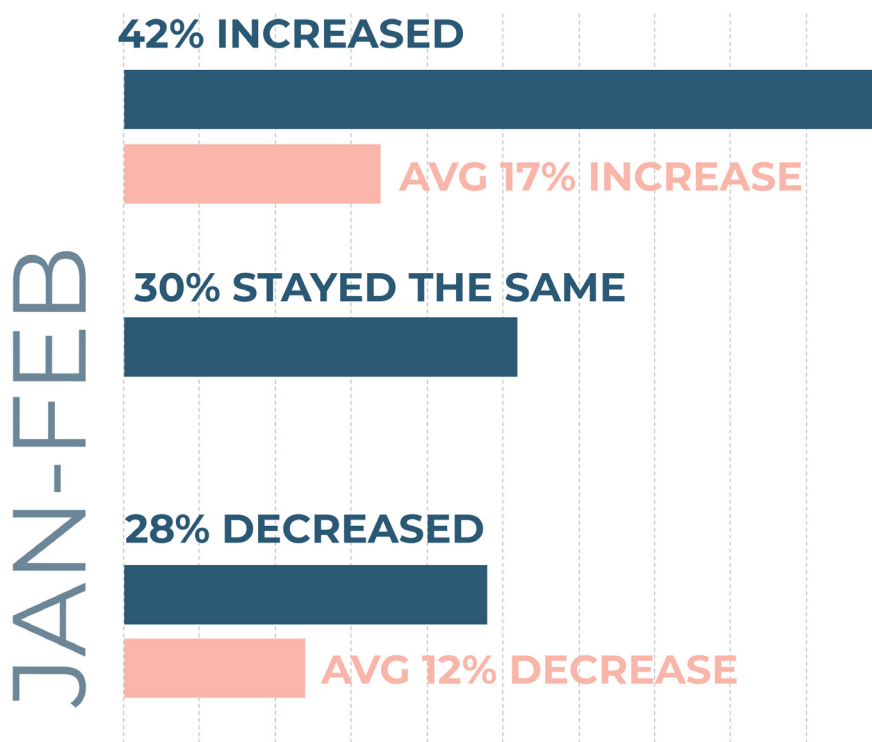
# PRE-COVID.

At the start of 2020, shops were looking forward to another year of growth.



*OKcollective Candle Co. & Cargo Room, Automobile Alley, Oklahoma City*

We asked shops how their sales in January and February 2020 compared to the same time period in 2019. Almost three out of four shops were seeing either an increase or similar revenue compared to last year. When looking at the evolution of sales from 2018 to 2019, where 39% of shops saw a decrease, the beginning of 2020 only saw 28% of shops with decreased revenue. Overall, independent retailers were undoubtedly on trajectory for another year of growth.



With January and February being typically slow months, the average increase was about half of the increase shops saw from 2018 to 2019 (25%). However, shops seeing a decrease averaged a 12% decline in sales.

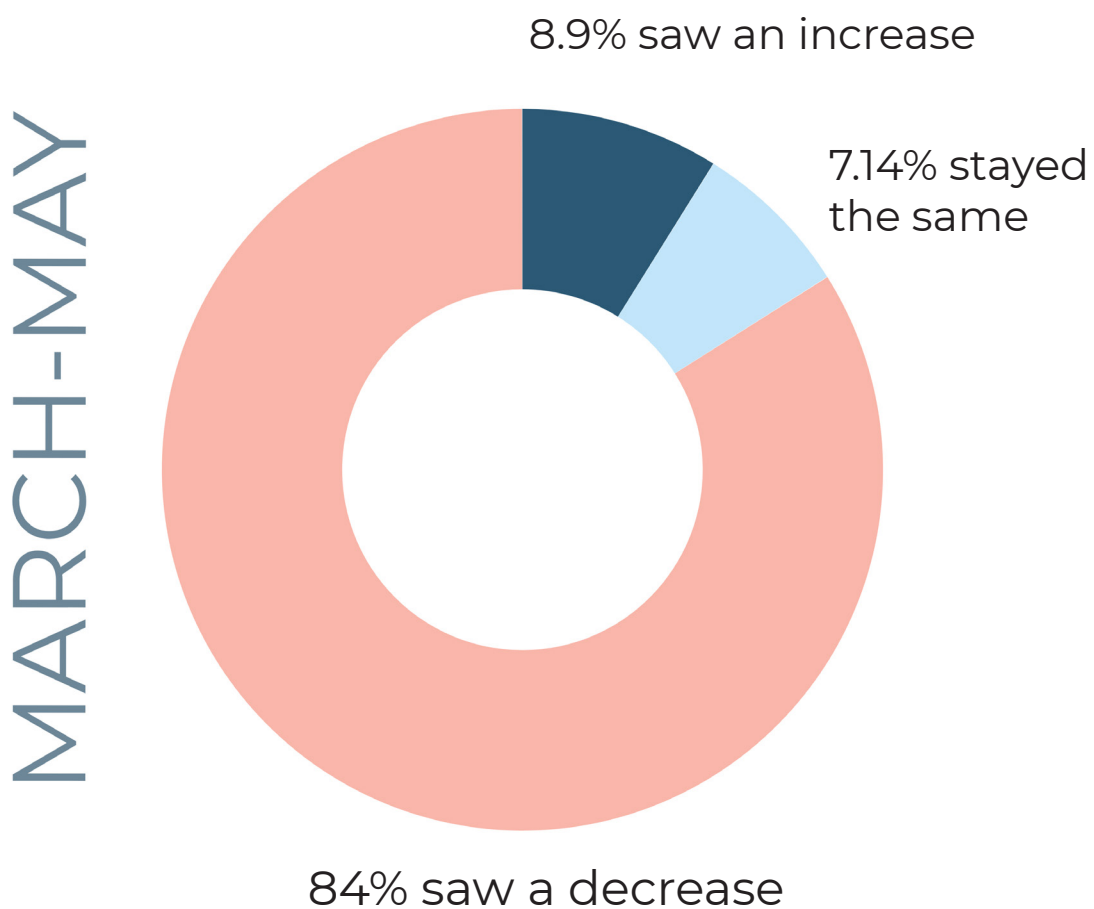
Similar to the growth from 2018-2019, clothing shops were the most stable. Specialty shops (“Others”) were the category with the highest rate of decreasing sales and home goods and food/beverage had the highest rate of increasing sales.



# COVID IMPACT.

With the rise of COVID-19 cases in the U.S., shops saw their sales plummet.

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We asked shops how their sales in March, April and May 2020 compared to the same time period in 2019.

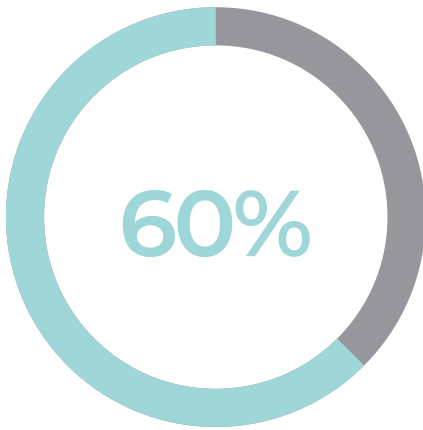
- A vast majority of respondents (84%) experienced a dramatic decrease in sales.
- Clothing and Food/Beverage shops all saw a decrease.
- The few shops seeing an increase or no change to their sales were specialty or home goods shop which offer a specific type of products considered necessities during quarantine (baby goods, cleaning supplies...).



# COVID IMPACT.

Small shops were disproportionately impacted by the crisis.

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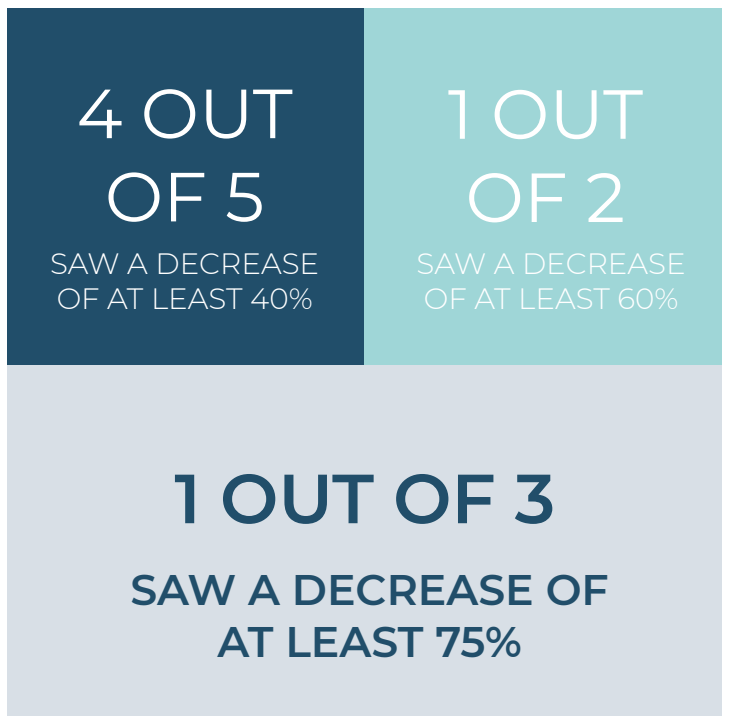
Average  
Decrease

Not only did most shops' sales decrease, but their losses were dramatic. One of our three shopkeepers saw their gross revenue decrease by more than 75%. Half of them saw a decrease of at least 60%. In comparison, national retail chains generally saw a smaller decrease in revenue. Dillard's reported a 47% decrease, Gap reported a 43% decrease and Bed, Bath & Beyond experienced a 37% decrease<sup>10</sup>.

Even with e-commerce in place and a loyal customer base, independent retailers were hit hard throughout the months of March through May 2020. Online conversion rates are typically much lower than in brick-and-mortars and without the advantages of face-to-face interactions, high-level customer service and the overall experience independent shops offer, online sales weren't able to fully make up for the loss.



Common Dear, Automobile Alley, Oklahoma City





# COVID IMPACT.

Most respondents made the decision to close before restrictions were put in place.

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**MARCH 18**

AVERAGE DATE SHOPS CLOSED

## CLOSING TIMELINE

It's important to note that in Oklahoma, retailers were never required to close their doors. Most shops closed before any restrictions were put in place and reopened much later than Phase 1 of the State's reopening plan. In general, shopkeepers based their decisions on their customers and employees' input as well as the community's well-being.

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**MAY 17**

AVERAGE DATE SHOPS REOPENED

## EMPLOYEES

Some shopkeepers paid their staff out of pocket before they were able to receive financial aid.



**60 DAYS**

AVERAGE DAYS SHOPS WERE CLOSED TO THE PUBLIC



### TEMPORARILY LAID OFF

25.7% of employees were temporarily laid off.



### PERMANENTLY LAID OFF

10.3% of employees were permanently laid off.



**6.7%**

OF SHOPS HAVE NOT REOPENED TO THE PUBLIC YET



### NOT IMPACTED

64% were not impacted.





**HARPER & GREY HOUSE**

110

**LE SALT**  
kitchen + deli

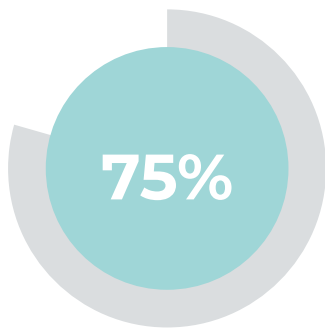


# COVID IMPACT.

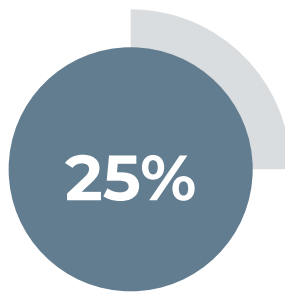
## Paycheck Protection Program.

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While three out of four independent shops surveyed were able to take advantage of the PPP, the process of applying and planning for forgiveness brought most shopkeepers more stress than relief. With smaller staff size and most expenses coming from non-payroll items, the funds received generally weren't enough to alleviate the financial burden and most have quickly exhausted the aid.



Received a PPP loan



Didn't receive a PPP loan



CONFIDENT THEIR LOAN WILL BE FORGIVEN



CONCERNED THEIR LOAN WON'T BE FORGIVEN



KNOW IT WON'T ALL BE FORGIVEN



Average loan



Median loan

Nationally, the average PPP loan size was more than four times higher at \$105,000. For retail trade businesses, the average loan was approximately \$88,000 <sup>17</sup>.

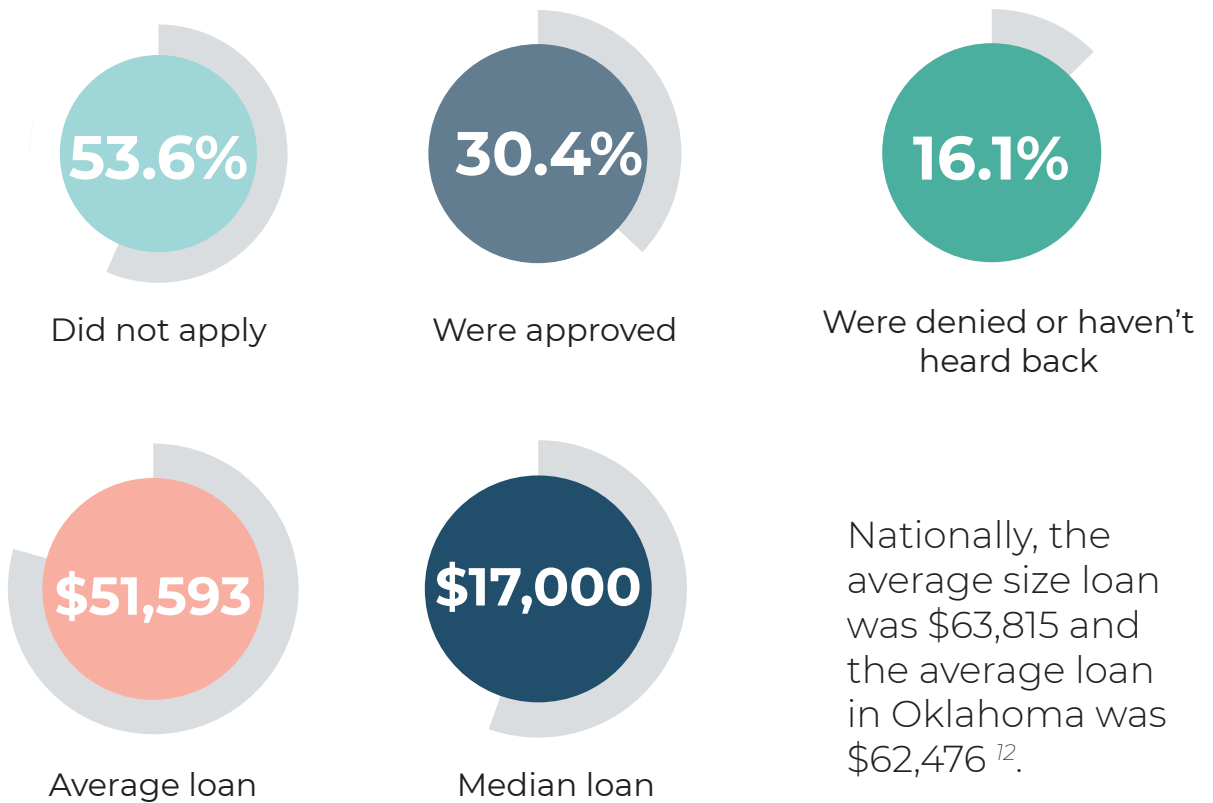


# COVID IMPACT.

## Economic Injury Disaster Loans.

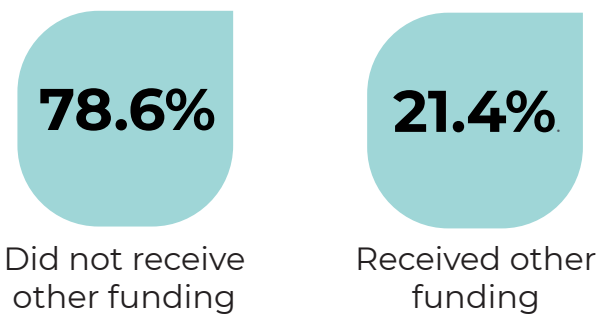
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More than half of the respondents didn't apply for the SBA's Economic Injury Disaster Loan. While some skipped on the loans because they simply didn't need it, a majority decided to not apply for fear of increasing debt load.



## OTHERS.

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Of the 17.6% respondents to receive financial help from other entities, the funds primarily came from the City of OKC's Small Business Continuity Program and Tulsa's Relaunch and Recovery Fund. These results do not include the Oklahoma Business Relief Program, which opened after the start of the Shop Census.



# ADAPTING QUICKLY.

More than ever, local retailers proved to be quick to adapt.

---

Throughout the crisis, local shops demonstrated how quickly they can adapt and provide enhanced customer service in a way national chains can't. For example, many shopkeepers and their staff were able to offer one-on-one virtual shop visits through FaceTime before moving to appointment-only shopping for a safe but also more intimate experience. Shops had to reinvent the way they do business not just once but on an almost weekly basis.

## 1.

### **CURBSIDE**

90.9% of shops surveyed started offering curbside pickup for customers. In a customer survey conducted in April by ISA, curbside pickup was the preferred method of shopping by customers during the pandemic.

## 2.

### **LOCAL DELIVERY**

63.6% of respondents accommodated customers by offering local delivery at a discounted price or for free. These deliveries were often made by the owners themselves.

## 3.

### **DISCOUNTS & BUNDLES**

In order to compete with national chains and to provide an incentive for customers to shop local, 47.3% of respondents offered discounts on products and shipping. 36.4% of them also came up with bundles (mystery books, quarantine boxes ...) to enhance the online shopping experience.

**Moving Forward:** While free local deliveries might not continue now that shopkeepers are back open, some adjustments will certainly become permanent. Curbside pickup and stronger e-commerce platforms were the two most successful tools for shopkeepers to create much-needed revenue.



# 91.1%

## CURBSIDE IS HERE TO STAY

91.1% of shops will continue to offer curbside pickup options to customers long-term.

The e-commerce world for independent retailers looks a lot different now than it did several months ago. While a majority of shops surveyed had a platform in place, many felt it wasn't robust enough prior to March 2020. The crisis gave them an opportunity to re-prioritize and focus their team's time and effort on growing their online shop by adding more products, streamlining the checkout process and evaluating changes needed on a daily basis.

Of the 34% shops surveyed who did not have an e-commerce platform prior to the crisis, 60% have since built one.



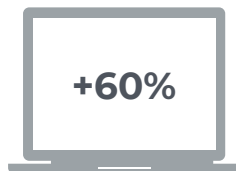
66%

Entered the crisis with an e-commerce in place.



13.5%

Still do not have an e-commerce

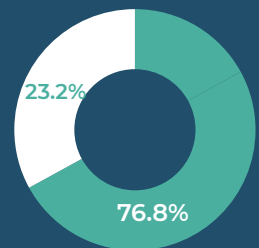


60% of shops who did not have an online presence prior to the crisis have since built one.



### 01

FELT THEY HAD ACCESS TO ENOUGH INFORMATION THROUGH THE CRISIS



### 02

MOST CITED SOURCE OF INFORMATION

1. Independent Shopkeepers Association
2. Social Media
3. Other business owners



# NEEDS AND CHALLENGES.

To be able to offer the help independent shops need, we need to first listen to their concerns.

---

The road to recovery for small businesses and independent shops is just starting. As we continue to find ways to assist them to ensure they can survive this crisis, hearing directly from them on what their challenges and needs are should be the first step to determining what can be done to help.

## 1.

### **LONG AND SHORT TERM FINANCIAL STABILITY**

Short and long-term financial stability are shopkeepers' primary concern with a slightly higher concern for long-term financial stability. Many are concerned about the road on the other side of the crisis. With the state reopening, they feel support is wavering while sales are not back to their pre-COVID level yet.

## 2.

### **MARKETING**

The second-highest rated challenge for shopkeepers is marketing. As noted in our marketing analysis, most shop owners handle their marketing in-house, often doing it themselves. Posting on social media and getting the word out about their shops can be a full time-job in itself. Districts, trade organizations and customers should try to help promote independent shops.

## 3.

### **INCREASING DEBT LOAD**

Similarly to the concern for long-term financial stability, many shop owners are concerned with increasing debt load. Throughout the crisis, many only applied for forgivable loans or grants for fear they would find themselves a year from now with loan payments they wouldn't be able to make. This is in line with small business nationwide, with 47% of them reporting being afraid of borrowing money.



# 28.6%

## LINGERING UNCERTAINTY

28.6% of shops feel their business is at risk of closing permanently.



*Dead People's Stuff, North Downtown, Oklahoma City*

# 1.

## MORE DIVERSE FINANCIAL HELP

Overall, access to more diverse financial help is a major concern for shopkeepers. Simply put, future help from federal, state and local government should focus on non-payroll items. Micro-businesses like these independent retailers do not have high enough payroll-related costs to fully benefit from programs similar to PPP. To truly have a long term impact, funds need to be focused on creating or make improvements to e-commerces, increasing web traffic, lowering shipping rates and reimbursing rent, utilities as well as the tens of thousands of dollars they already spent on PPE.

# 2.

## TAX AND RENT DEFERRAL

While according to an April survey of ISA members, most shopkeepers were able to receive rent deferrals from their landlords, this is still one of their top three concerns as they haven't seen their sales number return to normal and some of them are already having to pay higher monthly rent payments to make up for March and April deferrals. A majority of respondents also found tax deferral to be a policy to focus on to provide additional help.



# TESTIMONIES.

We asked shopkeepers to describe what 2020 has been like for them.

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“This has been the hardest year we’ve experienced in our 10 years in business. It’s been exhausting. We’ve had to hustle for every sale. And the uncertainty especially has taken a mental toll. We’re tired! We’re also proud of how we’ve been able to pivot and fight for our business and our team, and we’re hanging in there.”

“It was extremely hard to pay the bills while closed. Our margin suffered just to keep interest in our products. We were hopeful business would return to normal once we could allow customers back in. Unfortunately many customers are still afraid ... If we get closed again, I’m afraid we will not make it.”

“We’re about to have been closed as long as we were open. It’s so crazy. It’s weird to still be closed but our customers have been loyal, supportive and understanding.”

“This is going to be a long road to make a business sustainable for the long haul.”

“The biggest concerns are the unpredictability of the next months. But it has pushed us in a few directions that we’ve been talking about exploring for years.”

“Three words: Emotional Roller Coaster.”

“It’s been very up and down. I have to roll with the punches each day/ week/month brings, but it has helped me see more clearly what my true values and goals are.”

“In one word, challenging. But that would be an understatement. I do believe I have become stronger, sharper, better at every aspect of my business. In order to survive, we changed a lot of the way things were done and I truly believe they were positive changes that will carry forward for us.”

“We were very excited to see our sales increase so drastically the first two months of 2020 and were eager to see how the spring sales would measure up; however, things shifted so rapidly and we decided to close our doors for the safety of our community on March 16. It was a devastating decision, but we have such a strong community of people in OKC that we knew that things were going to be okay.”



# STAYING POSITIVE

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Shopkeepers also shared the positive things they've seen happen to their business the last few months:

"I was able to build a website and start a wholesale business."

"It has made me hustle my online presence more than ever."

"I've become more diverse in how my business reaches customers."

"Behind your best idea there is usually another one ...It's forced us to be creative and that feels good."

"Our website was much more profitable than it ever has been, and continued growth online feels much more possible now."

"Our staff is flexible and resilient."

"Customer service is key, people have to know you."

"Our customer base is loyal."

"Local shop owners are resilient and so adaptable to changing our businesses to make it work during challenging times."

"So much confidence in our staff, they've been such troopers and have helped out immensely."

"We can quickly adapt and pivot. Our customers trust us and when we make hard decisions like closing for safety, they'll support us."

"We learned so much about ourselves and our customers during the crisis."

"Learning to adapt the business and not getting hung up on perfection."

# ▶ THE PATH FORWARD.

While we might often think of mom-and-pop shops as the underdog, there is nothing small about these businesses and the power they've proven to have in shaping our communities. Collectively, their impact on our economy, workforce and identity is undeniable and too often taken for granted.

From the start of the pandemic, independent shops put their communities ahead of their profits by closing their doors prior to restrictions being put in place and keeping them closed although they were allowed to be open. Every single day their doors remained locked brought an unsurmountable amount of stress and loss. But they made these decisions because they care, because these shopkeepers are our friends and neighbors. They opened shop here because they want to be a part of making our state a better place to live, shop and play. For that, customers, landlords, policy makers and leaders need to rally behind them and work together on getting them to the other side of this crisis.

Too often, our efforts are solely focused on attracting out-of-state big box stores while independent shop owners feel left out of the opportunities provided by their own communities. We need small businesses just as much, if not more, than we need big national chains. Small business incentives should become the norm as we move past this emergency phase. By looking at the bigger picture and supporting small businesses in the long run, we not only ensure they can stay in business this year, but we also get them back to the growth they were experiencing prior to the crisis and cultivate a culture of entrepreneurship for our future generations of shopkeepers.

Investments need to be made in independent shops as we continue our efforts to make Oklahoma a leader in tourism too. As convenient as a Target or

Walmart can be, visitors don't travel to see the same stores they have at home. They come here to experience something new and to discover our state by immersing into our communities. From main streets in Guthrie and Pryor, to bustling districts in Oklahoma City and Tulsa, independent shops offer that experience and give tourists a glimpse of our culture. They are the face of our community.

Customers and local retail advocates: remember that the most powerful promotional tool to these small businesses is word of mouth. Recommend them to your friends and speak of them often. Shopping local should be a year-round statewide mindset promoted by all.

Landlords: continue to take an interest in your tenant's success, they need your help more than ever.

Policy makers and government leaders: make a seat at the table for the independent shop community, give them a voice and hear from them directly on what their needs really are.

Shopkeepers work hard every day to add value and character to our communities and state as a whole, even when hit by financial hardships through no fault of their own, from street closures to oil busts and pandemics. They have proven to be team players and deserve our unwavering support as they navigate the next months and beyond.

Please join me in fighting for them so we can ensure we don't wake up next month or next year in a city we don't recognize where our character and identity disappeared along with the small businesses we cherish the most.

## **Cléo Rajon**

Independent Shopkeepers Association  
Executive Director

THANK YOU TO OUR ISA CHAMPIONS FOR  
HELPING US ACHIEVE OUR MISSION OF  
SUPPORTING INDEPENDENT SHOPS

The logo for Citizens, featuring the word "Citizens" in a green, cursive font.The logo for Jerky.com, featuring the word "Jerky" in a black, cursive font inside a black circle, with ".com" in a smaller, black, sans-serif font to the right.The logo for Midtown Renaissance, featuring the letters "AA" in a stylized, black, sans-serif font, followed by a vertical line and the words "MIDTOWN RENAISSANCE" in a black, sans-serif font.The logo for MRI Mason Realty Investors, featuring the letters "MRI" in a large, bold, black, sans-serif font, with a red dot above the "i", and the words "Mason Realty Investors" in a smaller, black, sans-serif font below it.

## ENDNOTES.

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# SMALL SHOPS MAKE A BIG DIFFERENCE