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Where are the Retail & Restaurant Industries Headed?

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OUR HISTORY

Established in 1976, the Economic Development Council of Colorado (EDCC) promotes effective, responsible economic development practices across Colorado. Today we are the state's premier economic development resource, representing the economic development interests of both the private and public sectors throughout the state. We connect our communities, our members and our partners to high-quality educational opportunities and trusted resources, and advocate for sound policies and programs that support a vibrant economy and enhance quality of life for all Coloradans.

EDCC members come from a variety of settings. We are rural and urban, public and private-sector, for profit and not-for-profit, and include individual communities, counties and regional organizations, local and state government, chambers of commerce, universities, and private industry. We are economic development professionals, community volunteers, and business and political leaders.

OUR VISION

To be recognized as Colorado's most trusted resource for economic development stakeholders committed to promoting a vibrant Colorado economy.

OUR MISSION

To promote effective, responsible economic development by connecting Colorado's economic development stakeholders to high-quality educational opportunities and trusted resources and advocating for sound policies and programs that support a vibrant economy and enhance quality of life for all Coloradans.

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STAFF

Kim Woodworth
Operations Director,
Economic Development
Council of Colorado

Contributors & Acknowledgements

RESEARCH + AUTHORSHIP

Greg Thomason, Chair, EDCC Communications Committee
Rural Opportunity Representative, Colorado Office of Economic Development & International Trade

Lauren Kloock, EDCC Communications Committee
Head of Marketing and Communications, Colorado Lending Source

Brian Rose, Events & Programming Committee
Deputy Director, Region 9 Economic Development District

Julie Jacoby, Events & Programming Committee
Retail Administrator, City of Thornton

Kim Woodworth, Operations Director
Economic Development Council of Colorado

CONTENT CONTRIBUTORS

National/State-wide Perspective:
Jason Schmidt, Managing Director, JLL; President of the Colorado Chapter of ICSC

Retail/Restaurant Data Insights & Trends:
Aaron Farmer, President, The Retail Coach

Municipal Planning Perspective:
Ryan Stachelski, Director of Community & Economic Development, City of Arvada
Daniel Ryley, CEcD, Executive Director, Arvada Economic Development Association

Industry Perspective:
Dave Woodruff, General Manager of El Moro Spirits & Tavern, and President, Durango Chapter of the Colorado Restaurant Association

Employment Perspective:
Jaime Fall, Director of UpSkill America, The Aspen Institute

EDITOR

Kelly Flenniken, Director of Community Relations, Xcel Energy

DESIGN + COORDINATION

Kim Woodworth, Operations Director, Economic Development Council of Colorado

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WHERE ARE THE RETAIL AND RESTAURANT INDUSTRIES HEADED?

The COVID-19 pandemic presented Americans with a huge challenge, taking its toll in human lives and livelihoods across distinct regions, demographics, and vertical markets. Without question, the retail and restaurant industries were two of the hardest hit sectors, having to survive a year with forced closures and restrictions on hours and capacity levels.

The Economic Development Council of Colorado (EDCC) assembled a panel of five experts to provide their perspectives on the challenges and opportunities for these vertical markets, as significant attention turns to revitalizing our communities.

The interviews contained in this paper reflect the views and opinions of the five experts who took part in EDCC's May 2021 "Where Are the Retail & Restaurant Industries Headed" virtual series.

Each of the featured speakers applied their areas of knowledge and experience in responding to the following five questions:

1. With the new business models that were imposed on retail stores and restaurants during the COVID-19 pandemic, where do you see the new brick-and-mortar trends leading us?
2. Where do you see the current level of consumer confidence, and how will this impact future growth in the retail and restaurant industries?
3. What trends do you see in the site selection industry?
4. In the event that online retail replaces brick & mortar establishments, what strategies can communities implement to save their downtowns?
5. Are there any points of discussion that you would like to add related to retail and restaurant market changes and how communities can counter the loss of jobs and tax base that these trends will bring?

Introduction

WHERE ARE THE RETAIL AND RESTAURANT INDUSTRIES HEADED?

It was clear from the moment the World Health Organization declared a pandemic emergency forcing the shutdown of many industries that relied on in-person connectivity, that the retail and restaurant industries were going to be adversely impacted. Every community, large and small, saw great impacts of these closures on their downtowns and tourism economies. According to a recent report by JPMorgan Chase Institute, the vast majority of businesses in America employ fewer than 20 employees, and nearly 40 percent of all enterprises have under $100,000 in revenue. These businesses connect our communities by creating amenities and gathering spaces for residents and visitors. We often call this "placemaking" which helps us to attract and retain primary and secondary businesses as well as talent into our communities.

From trends that accelerated during the pandemic to the new ways of doing business, it begs the question -- where are the retail and restaurant industries headed? Municipalities are grappling with reduction in sales tax to crippling zoning regulations that are chasing potential retailers away. Site selection trends and pandemic-related needs are demanding infrastructure that isn't available or permissible by zoning restrictions, and employment opportunities are declining as industry leaders predict a reduction in hiring caused by automation and minimum wage increases. Online presence has never been more critical to a retailer's success as they have to manage omni-channels to connect to larger audiences causing capacity and financial woes.

This paper examines the shifts in the retail and restaurant industries in the post-pandemic world. The data, facts, and anecdotal comments are a result of a month-long examination into these industries and intentional interviews with industry leaders.

NATIONAL + STATEWIDE PERSPECTIVE

– Jason Schmidt, Managing Director, JLL; President of the Colorado Chapter of the International Council of Shopping Centers (ICSC)
Interviewed and authored by Julie Jacoby

In 1998, Time Magazine's cover stated, "Kiss Your Mall Goodbye." Ever since, the media has been predicting the "retail apocalypse," the downfall of the retail industry. It was not until more than a decade later that we saw the first major casualty with Blockbuster Video in 2010, followed by Borders Bookstore, Sports Authority, Sears, Toys "R" Us, and others.

The pandemic in 2020 brought worldwide operating restrictions for retailers, and it is hard to imagine a more dire situation for the industry. A record 12,200 stores closed in 2020 due to both rapid e-commerce adoption and COVID-19.

"Twenty years of concern for the retail sector has helped retail maintain a healthy state," explained Jason Schmidt, Managing Director for JLL. "According to CoStar, only 50 million square feet of new retail space is being constructed nationally. This amount is equal to the 2007-2008 Global Financial Crisis. In fact, 2021 started with an all-time low of five million square feet of retail in the pipeline. This has created a constrained market which helps maintain low vacancy rates."

Schmidt continued, "Denver is an excellent example of a constrained market. The last decade saw tremendous economic growth, yet the Denver market experienced a mere 5.4 percent cumulative growth in new retail construction. The constrained environment has had a meaningful impact during these difficult times." According to JLL research, overall vacancy only rose to 5 percent in 2020, which is healthy compared to other product types and well below the 2007-2008 Global Financial Crisis's vacancy. Additionally, at the height of the pandemic, national year-to-year rent only dropped 0.7 percent.

Retail is the most dynamic property sector and is accustomed to change. This proved to be true in 2019 when net positive absorption was more than eight million square feet during a time when the market experienced 9,200 store closings.

According to Schmidt, Denver is a good case study. "Retail locations often are irreplaceable and best suited to evolve to meet the surrounding community's needs. Even though these needs will continue to evolve, the principles of real estate – *location, accessibility, visibility, population density* – are what have made retail real estate viable for generations and will continue into the future."

The retail industry has waited over 20 years to understand the impacts of the e-commerce phenomenon, and finally, it is finding an equilibrium. According to James Thomson of Buy Box – a company that helps brands with internet presence - most of its clients saw 35 to 40 percent e-commerce gains in 2020 – largely out of necessity. Thomson projects this curve to even out to a two to three percent growth rate in 2021 and moving forward.

But these numbers must be kept in perspective. Even with the pandemic, only 14.4 percent of all sales in 2020 happened online. The same article states, according to eMarketer, this number should grow to 19.2 percent by 2024.

In the same breath, the acceleration of e-commerce also reveals the importance of brick-and-mortar retail. In a CNBC article published Dec. 24, Joel Bines with the consulting firm AlixPartners stated, "The ecosystem of a store is going nowhere. At a macro level, the store is still critically important and will still be the epicenter of consumer activity for the foreseeable future."

COVID-19 has also changed the landlord-tenant relationship dynamic. Traditional dialogue in the industry was around which party had leverage: the landlord or tenant. Lately, the two parties have needed to work together to ensure tenants remain durable, and landlords remain solvent. In their willingness to work with tenants on temporary rent relief, landlords created value in other meaningful ways, including extending lease terms or modifying lease structures such as tenancy, use or building restrictions. Others have been right-sizing tenants or creating new opportunity by freeing up real estate tied up by a previously struggling tenancy.

Schmidt summarized "Although society has become more adaptive to e-commerce, perhaps the most important thing learned during the pandemic is people are not meant to be isolated. Once the economy fully reopens and it is safe to shop and socialize, retail will experience a quick recovery. The pandemic has accelerated trends, making the retail industry stronger by solidifying new patterns and sluffing off weakness. This development happened against the safeguard of decades of cautious growth, and this is no truer than in Colorado, where in-migration and job growth have been strong. With the heightened concerns with lifestyle and wellness, Colorado will continue to outperform the nation and its retail will not just recover but thrive, creating exceptional opportunity for investment."

RETAIL + RESTAURANT DATA INSIGHTS & TRENDS

– Aaron Farmer, President, The Retail Coach
Interviewed and authored by Julie Jacoby

The retail sector post-pandemic is a fascinating study on human behavior. In a discussion with Aaron Farmer of The Retail Coach, the pandemic created some permanent changes to our consumer habits that are shaping the retail and restaurant industries.

According to Farmer, "migration data shows people moving from densely populated cities and rural areas to the moderately populated suburbs. Not having to commute to the office on a daily basis allowed more people to make the decision on where they really wanted to live without the need to stay as close to the office. Businesses were forced to adopt the work-from-home model during the pandemic, and its success is leading to a continuation and acceptance of this trend post-pandemic."

Based on foot-traffic data, retail centers in suburban areas were the least impacted by the pandemic and the retail development community has taken note. The suburbs will be targeted for new retail development as well as new emerging areas outside the urban downtowns.

The increase in work-from-home brought a lot of attention to our living spaces and many retailers benefited from the home-improvement trend. Consumers skipped the mall and specialty retailers during the pandemic in favor of *'one-stop shops'* like Target, Walmart, Best Buy, and Lowe's – who all saw their sales soar.

While big-box retailers benefited from being *'essential'* during the lockdown, Farmer expects those big-box stores to become smaller with a larger portion of them operating as local fulfillment centers to keep up with the acceleration of e-commerce. Sixty-eight percent of consumers say they are going to use curbside pickup in the future. Sixty percent say they will collect more of their online purchases from inside stores.

"Brick-and-mortar retail isn't disappearing," explained Farmer. "It is evolving into a combination of retail/fulfillment as more *'buy-online/pickup/return in-store'* trends increase in demand. The increase in curbside pickup will change the store models, and you'll see more designated areas for curbside pickup and lockers."

The key takeaway is that small local businesses will benefit immensely by embracing the online marketplace. In the past, many small businesses were not willing to evolve or change, but the pandemic has forced them to look at omni-channel strategies.

Additionally, retailers and restaurants are getting smaller. A good example of this *'right-sizing'* trend includes the new Burger King and Taco Bell concepts, which are about half the size of previous models.

"You'll see *'drive-thru-only'* concepts beginning to pop up, such as KFC, Taco Bell, Taco del Mar, coffee shops, and even a salad-to-go place called Salad and Go," stated Farmer. "You will also see more patio seating in markets where this is viable along with an increase in drive-thru lanes and *'walk-up/take out windows'* for restaurants and retailers that previously had not offered these options."

Even while wanting the option of drive thru at their favorite restaurants, there is still a pent-up desire for people to dine in brick-and-mortar establishments. With people wanting patio space and outdoor dining, there is an opportunity for downtowns to strategically direct people back to city centers.

"Today the consumer wants both options – the grab-and-go, along with the experience – to suit their needs," commented Farmer.

Farmer concludes: "Since about October 2020, we've seen a steady rise in consumer confidence, and as more people are getting vaccinated we believe consumer confidence will reach an all-time high. This will significantly help the restaurant industry. There is a lot of disposable income, and we expect to see a lot of people eating out, going to the theater, and enjoying the ability to be out of the house again."

MUNICIPAL PLANNING PERSPECTIVE

– Ryan Stachelski, Director of Community & Economic Development, City of Arvada
– Daniel Ryley, CEcD, Executive Director, Arvada Economic Development Association
Interviewed and authored by Lauren Kloock

During the pandemic, the City of Arvada had to act quickly to serve the needs of struggling businesses. A resiliency taskforce formed, giving business owners a voice, while providing resources to help them launch e-commerce platforms. However, with an accelerated adoption curve for developing online ordering platforms, not all businesses were sophisticated enough to make the transition quickly. The adoption of curb-side pickup options helped retailers who didn't have the bandwidth to handle the shipping of their products.

In the past, the City of Arvada was slow to adopt progressive changes. Catering to various stakeholders and their needs was approached with a trepid mindset. However, during the pandemic, the need to collaborate, be flexible, and make swift adjustments was a necessity. The City became more open-minded and willing to make changes in order to keep their community alive.

Creating pedestrian-friendly streets was no longer an idea of the past. It proved to be successful for Arvada, allowing people to feel more comfortable visiting their downtown. The decision-making dynamic changed as well, between stakeholders and city regulations, in a way that proved valuable for both the community and brick-and-mortar establishments.

"Our hope is that a continued collaborative mindset will extend into the future with agile policy making that keeps the benefits of all stakeholder's front-of-mind," said Ryan Stachelski, Director of Community and Economic Development for the City of Arvada. "Small businesses are an asset to the City. One of the biggest lessons learned from the pandemic is that continued experimentation can allow for increased risk tolerance bringing value to all parties involved while staying out of businesses' way."

Ryan continued, "The City of Arvada sees consumer confidence making a comeback and remains strong as COVID-19 regulations continue to taper off and people feel more comfortable gathering. In general, Colorado has been resilient during economic recessions especially when looking at re-hiring its workforce. At this time, we have not seen indications of a looming recession, so long as people have disposable income, they will spend it. Additionally, human nature doesn't want to be shuttered in; dining out, shopping, and experiencing life are all things that people are ready to do again, and Arvada's downtown is seeing an uptick of people convening."

As a smaller town on the outskirts of Denver, the City of Arvada offers a lot of opportunities for increased foot traffic; however, if the data doesn't support the needs of big retailers then there's less incentives for choosing Arvada as a location. Site selectors are highly sophisticated, especially with larger companies relying heavily on data and technology to assess demographics and trends, so convincing them with other community elements is less likely. However, if data is the sole decision-making factor for a business relocation, there are other aspects that may be missing that could provide value to that business.

"Locally owned retailers and restaurants take large datasets into consideration, yet they tend to make decisions based on intuition," mentioned Daniel Ryley, Executive Director, Arvada Economic Development Association. "Main street businesses are less inclined to make decisions based on a sophisticated site selection process and look at it very differently than larger corporations would. In general, behaviors of the site selection process have remained the same, but the demand has gone down with increased peculiarity and awareness around viability of the site."

The historic downtown is the City of Arvada's crown jewel, and although it doesn't generate as much revenue compared to Arvada's retail power centers, the City values Olde Town's ability to create a branding asset that draws new visitors every year.

The question still remains: if brick-and-mortar establishments went away, what would cities do to save their revenues?

Since cities rely heavily on businesses to collect sales tax (typically making up 60 percent of their revenue sources), if brick-and-mortar establishments went away, then cities would have to become more strategic in how they generate revenue. Overall, the pandemic has taught us that it's important to be creative and diversify revenue streams to help build more resilient communities.

Without brick-and-mortar establishments, other methods of taxation would be necessary for survival, such as entertainment or lodging taxes. Even if money moves away from brick-and-mortar establishments, it's still transferable and cities would need to figure out how to benefit on where the transfer of funds are flowing.

Regionalism is now more important than ever as it serves as a critical component to the workforce. Bolstering equity in transportation is key when looking at the proximity of good jobs in relation to where people live. Making it easier for people to commute is just one method that helps to retain a viable workforce.

In closing, Ryan stated, "as a result of the pandemic, we saw the impact in industries that heavily relied on human engagement. We need to look for ways to innovate those industries that were hardest hit. Job retention ebbs and flows along with the economy. We need to put measures in place and strengthen our regional partnerships to support the retention of our workforce."

INDUSTRY PERSPECTIVE

– Dave Woodruff, General Manager of El Moro Spirits and Tavern, and President, Durango Chapter of Colorado Restaurant Association
Interviewed and authored by Brian Rose

Dave Woodruff offered the following comments in consideration of the future of brick-and-mortar trends for restaurants.

"I can only speak for the restaurant segment, but I think brick-and-mortar establishments will continue to be the way to go. I think we have seen the state of Colorado's culinary scene blossom over the past 20 years, and we are seeing Denver become a destination instead of a fly-over-city, which benefits the whole state. As I foresee, the need to get back to *'normal socialization'* will spur creative thinkers and investors to continue to invest into brick-and-mortar establishments."

Dave continued, "I also see collaboration emerging out of the pandemic in regard to ghost and commissary kitchens. Ghost kitchens, while not a new idea, played a large role in restaurants surviving COVID restrictions and there may still be a market for these services as we come out of the pandemic. Commissary kitchens provide restaurants the ability to grow their operations without having to retrofit their current locations and they provide the opportunity to space out prep areas and shared space during off seasons. In short, consumers want to go out, just perhaps in a more safeguarded way as vaccine administration becomes more widely distributed and accepted. They will need places to go, and I believe we will continue to see a robust restaurant commercial market."

Durango has a vibrant culinary scene with many owners having operated for more than 10 to 20+ years. With a population of only 17,000, Durango is home to 150 restaurants. While some may say this contributes to a diluted restaurant economy, the impact to Durango is unique. Durango is seeing continued growth in both, the number of restaurants, and its sales tax revenue generation. A multitude of factors play into this dynamic including an increase in population. This too will lead to an increase in demand.

Dave further added, "Our industry is starting to see something akin to the *'Roaring Twenties'* as we come out of the pandemic. If we look back historically, economic vitality followed the Spanish Flu, which started in 1918. Today, there is pent-up demand to socialize outside of our personal or family bubbles forced on us from being in isolation over the past 14 months. People typically find social fulfillment in going out to restaurants, bars, theaters, events, musical venues, etc. The ability to participate in these activities has left many hungry *(pun intended)* to get back to seeing others in these settings."

“Not to mention, the urban flight being felt by many rural communities, is leading to new residents clamoring for the opportunity to experience and engage with their new community. Coupled with the expectancy of increased travel demand, especially to more rural areas, we anticipate a strong demand for restaurants as we emerge from the pandemic. In contrast, restaurants located in heavily concentrated office settings will likely see the opposite due to the movement into non-traditional or hybrid workplace settings.”

The biggest challenge facing restaurants in meeting this new increased demand, is the diminishing labor pool. Due to shutdowns, closures, limited capacity restrictions, and the availability of unemployment benefits, much of the workforce in the food service industry are not returning to work. “We are seeing restaurants closed during normal operating times such as breakfast, lunch, or dinner, simply because there is not enough staffing to operate. Especially in rural settings, like Durango, there is a finite, often transient, labor pool to choose from.”

Retail and restaurant employees often found themselves on the front lines and having to be the enforcers of the mask mandate. They often were at the center of consumer conflict and at high risk of transmission. Unemployment wages created a second wave of issues for these industries with unemployment wages being often higher than what these industries could offer without passing on the increase to the consumer.

Several other factors are crippling these industries in coming back quickly. We are seeing a strong labor demand across many other industry sectors, providing an opportunity for experienced retail and restaurant workers to seek employment elsewhere, while an increase of less experienced entrants are flooding the market, which has created a high demand for training. With the exit of our experienced workers the ability to train up the new labor pool is crippling this industry.

Technology rapidly developed during the pandemic as a solution to shore up the reduced labor pool, is helping create a better experience for patrons in restaurants. Cloud-based systems allow for quicker, more efficient, and more accurate order taking. For example, it allows drinks to get to the table before the server has completed taking a table’s order through their handheld tablet.

As Colorado continues its emergence from the pandemic, there are a number of factors in play that could impact site selection in the restaurant industry, Woodruff explains, “Unfortunately, because of the impacts of the pandemic, some owners and operators were forced to shut their doors permanently. While terrible to lose even one business to the pandemic, there are two silver linings. First, these owners and operators are still in the community. Supporting them by getting them back to doing what they do best will help fill some of the vacant spaces that they created.” Most of these vacated sites are turnkey and ready to go.

Over the past year, we saw somewhat of a migration of people throughout the country. Some restaurant owners from large urban areas, like others making location changes, made the decision to relocate to more desirable rural areas which will continue to help absorb any open inventory.

Woodruff mentioned, "Look at California as an example; it's rate of growth from July 2019 to July of 2020 was only half a percent, not seen since 1900 (LA Times 12/16/20) and Los Angeles alone lost over 40,000 people in that same time period. People are moving out of population-dense areas to more remote locales. We can contribute the remote learning and working-from-home phenomena to this trend and see this trend continuing into the foreseeable future. I think you will find densely zoned office spaces taking longer to rebound than possibly other, more remote, tourism-driven towns and cities." Woodruff continued, "Durango is a good example, as we have seen home prices on a steady incline and a few restaurants actually open during the pandemic. Furthermore, we saw restaurants whose food model allowed for their food's integrity to be maintained as a carry-out, for delivery, or drive-up window applications, thrive during the pandemic. The *'fast-casual'* food market, coffee shops, and kiosks with accessibility through drive-up windows, are examples of winners during this time."

As retailers are grappling with the impact of online sales, restaurants are not feeling the same threat. Emerging technology trends in the restaurant industry, such as Door Dash or Grub Hub, are providing opportunities for operators to reach customers, versus taking sales away from the local level as is seen in online shopping trends. However, not all of the food models at restaurants are able to maximize those opportunities.

"In the restaurant industry, your business model will dictate the ability to go towards online ordering for carry out. Not all food can 'travel' as well as others. Therefore, brick-and-mortar establishments are still vital for many restaurants. Many restaurants thrive because of the experience they create within the operations and consumers will continue to seek out those experiences."

Diversity of businesses and industries in a downtown are essential to maintain its vitality. Allowing roof top dining patios and bump outs for dining in public spaces add to the vibrancy of a downtown. The shared responsibility of private business and flexibility in local governments to support pivots to the business model will be crucial to maintain that vibrancy that is expected.

Remote working has, in some cases, impacted lunchtime crowds during the pandemic and this trend will likely continue to impact restaurants who cater to this type of demographic. This magnifies the need for diversity of businesses in and around the downtown areas.

The rapid adoption of social media platforms by restaurants, drove their capability to communicate with customers about the ever changing environment over this past year. It helped drive sales and reduced consumer frustration. It also allowed for the restaurants to build a unique relationship with their customers. This is a trend we see continue into the foreseeable future.

In conclusion, Woodruff discussed additional observations that he has seen through the pandemic and as his stakeholder's are emerging,

Woodruff concluded, "technology implemented to increase the touchless experience during the pandemic has created a greater efficiency in restaurant operations, filling staffing gaps, and increased consumer confidence. On the contrary, the pent-up demand to socialize has caused wait times to significantly increase causing a shift in consumer behavior which can impact a restaurant significantly. With peak times extending, staffing models changing, and the ability to shift quickly, we see our restaurants being able to create a more resilient future for our industry."

EMPLOYMENT PERSPECTIVE

– Jaime Fall, Director of UpSkill America, Aspen Institute
Interviewed and authored by Greg Thomason

Over the past year, enhanced digital skills have become the single most essential job competency for frontline and management employees. The unknown outcome, according to Jaime Fall, Director of UpSkill America at the Aspen Institute, will employers and employees adapt?

According to Fall, frontline workers in the hospitality and retail sectors were some of the hardest hit by the pandemic. The overnight disruption that descended on America forced restaurants of all sizes into a fast-pivot environment, escalating the adoption of online ordering and curbside pickup services. Despite these efforts, a Colorado Restaurant Association survey, conducted in March 2021, found that staffing is still down 33 percent, leaving 77,000 employees out of work.

Retail stores represent another sector in the economy that has undergone rapid change since the onset of the COVID-19 pandemic. The continued existence of Main Street being threatened by changing shopping habits and the transition to remote work. According to the U.S. Census Bureau, online sales rose 32 percent between Q4 2019 and Q4 2020.

With support from Strada Education Network and Walmart.org, UpSkill America is conducting a 12-month, three-phase survey to discuss workforce skill needs in a rapidly changing business environment and economy. Results from the survey highlight adaptability—by both employees and employers—as one of the key survival skills coming out of the pandemic.

Adding to this uncertainty, Fall identified concerns over future pandemic surges, CDC mask mandates, how many people will get vaccinated, and new social distancing requirements as threats that could continue to disrupt how commerce is carried out in the hospitality and retail sectors. “The challenge right now,” he said, “is people don’t know.”

The availability of a skilled workforce is more vital today than prior to the pandemic. According to Fall, “We are seeing employers going digital to meet the needs of customers.” Adding, the availability of a skilled workforce is always an important factor in the site selection process. He says local areas and states need to place an emphasis on building a tech-savvy workforce to accommodate demands from companies engaging in smart manufacturing, work-from-home and online customer support careers.

UpSkill's research highlights the fact that the COVID-19 pandemic has forced companies to question long-standing assumptions and processes. As one respondent stated, "We've been turned on our head, but we realized we like the view upside down and don't want to go back." This view holds out the prospect that remote work and a further reliance on automation will continue to define the priorities and preferences set out by employers.

This changing work environment threatens to hollow out downtown districts, leaving them with empty offices, shuttered retail and restaurant venues, along with a declining tax base. "We will know more as employers list their preferred skill needs for employees," Fall maintained.

It is also his belief that the envisioned, abandoned downtown scenario could be averted as select companies elect to move back to central office spaces, and see an opportunity to expand, not reduce, their footprint.

Caught in the middle of this transition, manufacturers have few, if any options for accommodating production line workers who may not be ready or able to return to the production floor. This is especially true for women who are choosing not to return to their warehouse and factory jobs, often due to child and eldercare obligations, or health-related concerns. A report published by McKinsey and Oxford Economics, indicates that women may not return to the job market at pre-pandemic levels until 2024, two full years after the anticipated full recovery for men.

UpSkill America's survey addresses this concern, advising, "It's in a company's best interest to keep employees safe and well so they can keep their business open."

"2020 and the COVID-19 pandemic also heightened attention on racial equality and the need for changes in awareness and cultural differences," Fall stated. For instance, the mass-adoption of online applications has heightened the divide between tech savvy and non-tech savvy candidates, as well as laying naked the issues around internet access. According to Fall, these are questions companies need to be willing to make adjustments around. "Are companies confident of their human resource departments' ability to hire the best candidates?"

Areas of racial equity and inclusion of particular importance, as outlined in the findings from UpSkill America's survey, include placing greater emphasis on leadership development, diversifying talent pipelines, and building relationship with community organizations.

Another unanswered question to come out of Fall's research is, "How will the pandemic impact young adults?" As members of another marginalized sector in the workforce, will young adults entering the workforce experience extended and disproportionate impacts from the COVID-19 pandemic and the economic disruption that resulted?

“For example,” the report cites, “older, single men would be able to go back more easily, putting those who have caregiving responsibilities or have transportation challenges at the margins of in-person workplace collaboration. This could impact their ability to access mentoring opportunities, exposure to senior leaders, and how often they are considered for opportunities.”

The unknowns outnumber the known outcome, which is why employers need to take these changes and concerns into long-term view as they strategize and plan their company’s future. Which is why, Fall says, “Companies need to be aware, and willing to accommodate.”

CONCLUSION

National + Statewide Perspective

Although society has become more adaptive to e-commerce, perhaps the most important thing learned during the pandemic is people are not meant to be isolated. Once the economy fully reopens and it is safe to shop and socialize, retail will experience a quick recovery. The pandemic has accelerated trends, making the retail industry stronger by solidifying new patterns and sluffing off weakness. This development happened against the safeguard of decades of cautious growth, and this is no truer than in Colorado, where in-migration and job growth have been strong. With the heightened concerns with lifestyle and wellness, Colorado will continue to outperform the nation and its retail will not just recover but thrive, creating exceptional opportunity for investment.

– Jason Schmidt, Managing Director, JLL; President of the Colorado Chapter of the International Council of Shopping Centers (ICSC)

Retail + Restaurant Data Insights & Trends

Brick-and-mortar retail and restaurants aren't disappearing. Retail is evolving into a combination of retail/fulfillment as *'buy-online/pickup/return in-store'* trends increase in demand. The increase in curbside pickup will change store models, and more designated areas for curbside pickup and lockers will begin to appear.

Since about October 2020, we've seen a steady rise in consumer confidence, and as more people are getting vaccinated we believe consumer confidence will reach an all-time high. This will significantly help the retail and restaurant industries. There is a lot of disposable income, and we expect to see a lot of people eating out, going to the theater, and enjoying the ability to be out of the house again.

– Aaron Farmer, President, The Retail Coach

Municipal Planning Perspective

As a result of the pandemic, we saw the impact in industries that heavily relied on human engagement. We need to look for ways to innovate those industries that were hardest hit and be nimble to their growing needs in an ever changing landscape. Job retention ebbs and flows along with the economy. We need to put measures in place and strengthen our regional partnerships to support the retention of our workforce.

– Ryan Stachelski, Director of Community & Economic Development, City of Arvada

CONCLUSION

Industry Perspective

Technology implemented to increase the touchless experience during the pandemic has created a greater efficiency in restaurant operations, filling staffing gaps, and increased consumer confidence. On the contrary, the pent-up demand to socialize has caused wait times to significantly increase causing a shift in consumer behavior which can impact a restaurant significantly. With peak times extending, staffing models changing, and the ability to shift quickly, we see our restaurants being able to create a more resilient future for our industry.

– Dave Woodruff, General Manager of El Moro Spirits& Tavern, and President, Durango Chapter of Colorado Restaurant Association

Employment Perspective

Over the past year, enhanced digital skills have become the single most essential job competency for frontline and management employees. With support from Strada Education Network and Walmart.org, UpSkill America is conducting a 12-month, three-phase survey to discuss workforce skill needs in a rapidly changing business environment and economy. Results from the survey highlight adaptability—by both employees and employers—as one of the key survival skills coming out of the pandemic.

The availability of a skilled workforce is more vital today than prior to the pandemic. We are seeing employers going digital to meet the needs of customers. The availability of a skilled workforce is always an important factor in the site selection process. Local areas and states need to place an emphasis on building a tech-savvy workforce to accommodate demands from companies engaging in smart manufacturing, work-from-home and online customer support careers.

– Jaime Fall, Director of UpSkill America, Aspen Institute