HOW TO DEVELOP YOUR RETAIL RECRUITMENT ROADMAP

Presented by Lisa Hill-McCay and Christine Damko

SESSION LEARNING OBJECTIVES

• Understand why a retail recruitment strategy is necessary
• Identify the steps to developing a successful strategy
• Explore case study examples of cities who have successfully recruited retailers

WHY DOES YOUR CITY NEED A RETAIL RECRUITMENT STRATEGY?
Because retail recruitment is competitive

For every 10 sites evaluated...

Only 1 is selected
WHAT MAKES A COMMUNITY COMPETITIVE?

- Unified, long-term vision
- Deep understanding of strengths & areas of opportunity
- Leadership that has the political will to create a pro-business environment
- Solid public-private partnerships
- Relationships with industry experts
- Ability to execute a fully integrated marketing plan

STEPS FOR DEVELOPING A RETAIL RECRUITMENT ROADMAP

TAKING THE RIGHT STEPS

Step 1 - Know What You Need
Step 2 - Identify the Targets
Step 3 - Set the Stage
Step 4 - Recruit to Win
UNDERSTAND WHO YOU ARE

DEMOGRAPHICS

- Age: 35-50
- Income: $75 – 100k
- Married

DEMOGRAPHICS

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GET BEYOND DEMOGRAPHICS

- TALK ABOUT CULTURED MEMS
- UNDERSTAND CONSUMER BEHAVIOR

PSYCHOGRAPHICS

Ben Shaw
1010 Imperial Way
Shops at Sam’s Club
Drives GMC
Eats Red Lobster
One Child
Netflix Subscriber

PSYCHOGRAPHICS

Tom King
1308 Center St
Shops at Costco
Drives Volvo
Eats at Olive Garden
Three Children
Prefers Movie Theaters
GET BEYOND DEMOGRAPHICS

- Talk about customers
- Understand consumer behavior
- Household level

PSYCHOGRAPHICS

Tom King
123 Center St
Shops at Costco
Enters Volvo
Eats at Olive Garden
Three children
Prefers movie theaters

ASSESS YOUR CURRENT RETAIL STATE

<table>
<thead>
<tr>
<th>Store Type</th>
<th>Potential</th>
<th>Estimated Sales</th>
<th>Surplus/Leakage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicle Parts &amp; Dealers</td>
<td>706,751,617</td>
<td>150,310,054</td>
<td>0.2</td>
</tr>
<tr>
<td>Furniture &amp; Home Furnishing Stores</td>
<td>57,769,014</td>
<td>108,300,398</td>
<td>1.9</td>
</tr>
<tr>
<td>Electronics &amp; Appliance Stores</td>
<td>50,584,238</td>
<td>26,923,588</td>
<td>0.5</td>
</tr>
<tr>
<td>Building Materials &amp; Garden Equipment &amp; Supply Stores</td>
<td>132,497,426</td>
<td>139,118,155</td>
<td>1.0</td>
</tr>
<tr>
<td>Food &amp; Beverage Stores</td>
<td>264,216,321</td>
<td>115,119,216</td>
<td>0.4</td>
</tr>
<tr>
<td>Health &amp; Personal Care Stores</td>
<td>126,514,163</td>
<td>83,950,310</td>
<td>0.7</td>
</tr>
<tr>
<td>Clothing &amp; Clothing Accessories Stores</td>
<td>158,390,910</td>
<td>165,852,090</td>
<td>1.0</td>
</tr>
<tr>
<td>Sporting Goods, Hobby, Book, &amp; Music Stores</td>
<td>47,127,314</td>
<td>47,621,149</td>
<td>1.0</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>313,687,639</td>
<td>192,496,480</td>
<td>0.6</td>
</tr>
<tr>
<td>Miscellaneous Store Retailers</td>
<td>60,920,906</td>
<td>15,513,842</td>
<td>0.3</td>
</tr>
<tr>
<td>Foodservice &amp; Drinking Places</td>
<td>290,481,441</td>
<td>251,590,521</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,208,940,989</strong></td>
<td><strong>1,296,795,809</strong></td>
<td><strong>0.6</strong></td>
</tr>
</tbody>
</table>

TAKING THE RIGHT STEPS

Step 1 - Know What You Need

Step 2 - Identify the Targets

Step 3 - Set the Stage

Step 4 - Recruit to Win
UNDERSTAND YOUR COMMUNITY'S THUMBPRINT

YOUR COMMUNITY'S THUMBPRINT

Consumers (Residents, Workers, & Visitors) + Drive-Time Trade Area = Your Retail Trade Area's Unique Thumbprint

IDENTIFY SPECIFIC RETAILERS FOR PURSUIT
TAKING THE RIGHT STEPS

Step 1 - Know What You Need
Step 2 - Identify the Targets
Step 3 - Set the Stage
Step 4 - Recruit to Win

PREPPING FOR RETAIL

Streamline the Approval Process

PREPPING FOR RETAIL

Develop Shovel-ready Sites
PREPPING FOR RETAIL
Pre-determine Incentive Policies

PREPPING FOR RETAIL
Identify Differentiators and Make Information Easy to Access

SPEAK LIKE A RETAILER
Drive-time
Competition & Co-Tenancy
Store Size & Format
Market Type/Region
TAKING THE RIGHT STEPS
Step 1 - Know What You Need
Step 2 - Identify the Targets
Step 3 - Set the Stage
Step 4 - Recruit to Win

MARKETING YOUR COMMUNITY
• Create custom marketing pitches for each retail or restaurant concept
• Identify customers around the site you’re pitching

CASE STUDY EXAMPLE
ISOLATED CITY IN RURAL AREA
CITY OF PORTERVILLE, CALIFORNIA

PROFILE:
- Great Central Valley region
- 55,000 residents
- Geographically isolated city surrounded by rural agricultural communities

NEED:
- Attract retail to improve quality of life; avoid becoming “bedroom community”

PORTERVILLE: KNOW WHAT YOU NEED

PORTERVILLE: IDENTIFY THE TARGETS

“It was eye-opening to see who we really were as a community.”
PORTERVILLE: SET THE STAGE

Entered public/private partnership with a local developer to revitalize a struggling shopping center. Created custom marketing packages for the retailers they wanted to target.

PORTERVILLE: RECRUIT TO WIN

KOHL'S

Marshalls  Famous Footwear  rue21

California Association for Local Economic Development

RAISING THE BAR: TEMECULA’S RETAIL RECRUITMENT STORY
WHO IS TEMECULA?

- Located Between San Diego & L.A.
- Median Age: 34.5
- Average Household Income: $94,001
- Population: 109,064
- 27 Year Old City
- Sales Tax Per Capita: Top 15% Of Ca
- Tourism: 2.7M Annual Visitors
- $690M Visitor Spending

REVENUE

- 50% of sales tax comes from OUTSIDE Temecula

PER CAPITA SALES STATS

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>2015 Top Per Capita Sales in Riverside County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm Desert</td>
<td>$31,750</td>
</tr>
<tr>
<td>Temecula</td>
<td>$27,431</td>
</tr>
<tr>
<td>Rancho Mirage</td>
<td>$24,538</td>
</tr>
<tr>
<td>Palm Springs</td>
<td>$22,433</td>
</tr>
<tr>
<td>Corona</td>
<td>$21,059</td>
</tr>
</tbody>
</table>

Top 5 Cities with Highest Sales Per Capita
Temecula Ranked #2
TEMECULA RETAIL EXPENDITURES

<table>
<thead>
<tr>
<th>% Spent Above U.S. Average</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Women's Apparel</td>
<td>30%</td>
</tr>
<tr>
<td>Men's Apparel</td>
<td>31%</td>
</tr>
<tr>
<td>Children's Apparel</td>
<td>35%</td>
</tr>
<tr>
<td>Household Furnishings</td>
<td>34%</td>
</tr>
<tr>
<td>Dining Restaurants</td>
<td>30%</td>
</tr>
<tr>
<td>Entertainment/Recreation</td>
<td>31%</td>
</tr>
</tbody>
</table>

Sales per Capita rank #75 out of 539 entities in CA

SOME OF OUR RETAILERS

QUEENS & KINGS OF RETAIL, SO WE THOUGHT...
LET'S BE REAL...WHO ARE WE?

• Is this it for us? Did we reach the retail pinnacle?
• Do retailers know who we are? OR do they know of our perception?
• How do we evolve with consumer buying habits?
• How do we get those "most wanted retailers" on our list?

WE STARTED WITH A SLIGHT HICCUP

• Developed a “Most Wanted Retailer List” and started calling.....
• Developed Marketing Material
  - Touted Central Location
  - Access To 12 Million People Within 1.5 Hours Drive
  - Promoted “Luxury” And “High-end”
  - High Quality Of Life

OUR RETAIL RECRUITMENT RACE

• ICSC: RECON Vegas
  - Scheduled targeted meetings with retailers
  - Brought each retailer a bag:
    - Three brochures
    - Mini-bottle of champagne
    - Glass flute

And crossed our fingers.......
HOW IT FELT RETAIL RECRUITING

The Retailer

STOP RUNNING

Me, Chasing retailers

I LOVE YOU

LESSONS LEARNED

• Needed a Strategic Approach: stop wasting time on retailers that have NO plans on coming to Temecula in the next few years!
• Needed sophisticated data - specifically psychographics
• Promote a realistic “trade area”
• Really understand who our consumers are and what they are buying
• Develop retail recruitment “ambassadors”
• ICSC RECon: Present target information to each meeting, less “stuff”

RETAIL: GROSS LEASABLE AREA (MAJOR SHOPPING CENTERS)

<table>
<thead>
<tr>
<th>City</th>
<th>Total GLA (Sq. Ft)</th>
<th>GLA per Sq. Mile</th>
<th>% Mile Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temecula</td>
<td>3,720,538</td>
<td>122,010</td>
<td>37.58</td>
</tr>
<tr>
<td>Carlsbad</td>
<td>3,423,788</td>
<td>85,619</td>
<td>39</td>
</tr>
<tr>
<td>Escondido</td>
<td>6,728,470</td>
<td>128,313</td>
<td>33.3</td>
</tr>
<tr>
<td>Riverside</td>
<td>5,628,439</td>
<td>68,999</td>
<td>81.34</td>
</tr>
<tr>
<td>Corona</td>
<td>5,376,089</td>
<td>139,481</td>
<td>35.2</td>
</tr>
</tbody>
</table>
RUNNING SMARTER

- Giving honest demographic numbers
- Specifically drive time population

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RUNNING SMARTER

- **Old Town**: Focus on local entrepreneurs “foodies” restaurants emerging nightlife entertainment/event hub
- **Shopping District**: Comprises 44% of City-wide Sales Tax Promenade Mall over 1.5M sq. ft. hub for major brands heart of Temecula retail
- **Temecula Pkwy**: 1.6M sq. ft. retail over 300 tenants, 5 grocery stores growing day time population EMERGING retail powerhouse

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THE MATCHED RETAILERS

![Matched Retailers Diagram]
RUNNING SMARTER

- Ally with Commercial Real Estate Brokers, Land Developers, Mall and large shopping center owners
- Provide them with same demographic data, will create specific reports on their request
- Quarterly meetings individually with ambassadors
- RESULT = More people doing quality retail recruitment outreach!

RUNNING SMARTER

- ICSC RECon:
  - "Pre-meetings" With Partners, Ambassadors - Develop Game Plan
  - Demographics/Marketing Material On Flash Drives
  - Meeting And Information Is Tailored To Each Retailer Meeting
  - No More Bags Of STUFF
  - Immediate Follow-up After Conference

RESULTS

- Halfway through first year with:
  - In-depth conversations with identified retailers
  - Correct demographic data!
  - Efficient, savvy approach to ICSC RECon
  - City of Temecula, partners, ambassadors on "same page"-united approach