

THE DIMINISHING CIRCLE OF DAILY LIFE

The Impact of the Internet and the Shopping Experience

The Times of Our Lives.

Daily life consumes the majority of our lives; complemented by the time we spend working, travelling and sleeping. Daily life is time at home, time spent shopping for basic needs and discretionary goods, time for recreation, entertainment and education, and time for family and friends.

The geographic areas where we spend our time is changing. The distance we travel to satisfy our daily needs is shrinking. The distances we travel to work are becoming more bifurcated with a desire to reduce the home to work separation and a concentration of jobs in metropolitan center cities. Entertainment, culture and education are also splitting between neighborhood and small town venues and regional venues, like:

- Local sports fields and professional sports arenas,
- Local history museums and metropolitan museums,
- Neighborhood grocers and regional malls,
- Neighborhood schools and magnate high schools,
- Accessible community colleges and regional universities, and
- Local little theaters and regional performing arts centers.

Both ends of the local/regional spectrum are thriving and evolving; thriving in the sense that the demand for quality is growing. With television and near-universal access to the internet, everyone knows what comprises a quality museum or a performance theater or a sporting venue. When a city decides to build such a place, the bar is set pretty high. If a high quality facility is not located in town, people travel; to New York for live theater, to Civil War battlefields, to The Rock and Roll Hall of Fame or to the Grand Canyon.

The pattern of people satisfying their daily needs seems to be the only activity changing in the digital age environment. Sports, while a huge TV event, still offers an experience when present at the action. Museums, education and entertainment also exist in volume on TV and the internet, but the thrill of a live performance persists as demonstrated by the huge crowds at Rolling Stone concerts, Hamilton, the play and the over-crowding of the national parks system.

One must conclude that experience is preferred to the voyeurism of the cold mediums of TV or the internet; although they serve us well when distance and expenses intercede. This is also a lesson for shops and stores that serve our daily needs; the experience created matters.

The Disruption of the Traditional Retail Model Continues.

Internet shopping, with one-hour deliveries, has taken hold. A growing segment of the total market is using the internet, social media and store-sponsored on-line shopping as the preferred way to satisfy the purchase of the goods and services needed in the home on a daily basis.

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On-line shopping is also intruding in the discretionary shopping arena. Buying a car on-line is not unheard of. Many e-commerce surveys show the growth in on-line retail, but a more detached look comes from the Wall Street Journal and pwc [fka PricewaterhouseCoopers]. In the June 8th, 2016 edition of the Wall Street Journal, Laura Stevens reports:

“For the first time, consumers say they bought more of their purchases on the web than in stores, according to an annual survey of more than 5,000 online shoppers by [United Parcel Service Inc.](#)”

“The shoppers now made 51% of their purchases on the web compared with 48% in 2015 and 47% in 2014, according to the survey by UPS and analytics firm [comScore Inc.](#) The survey polled shoppers who make at least two online purchases in a three-month period, excluding groceries.”

“The latest results of the survey—now in its fifth year—illustrate the degree to which the adoption of online shopping is accelerating. This year, 44% of smartphone users said they made a purchase from their device, up from 41% a year ago. It also helps explain why retailers are having so much trouble adjusting to the new cybershopping era.”

“The shoppers reported that only 20% of their purchases were made in a store the conventional way—going to a store, browsing there and buying—down from 22% a year ago. Forty-two percent chose to search and buy entirely online, while the rest said their purchases were made by combining online and in-store shopping and browsing.”

The *Total Retail 2016: Global Overview* conducted annually by pwc finds:

“As digital disruption continues to upend retail and global consumers are more empowered than ever, retailers are struggling to remain relevant. The speed of technology adoption has raised the stakes for both retailers and their consumer packaged goods partners.”

“Watch this short video of Global R&C leader John Maxwell explaining how consumers around the world are pushing the boundaries of what shopping means.”

<http://www.pwc.com/qx/en/industries/retail-consumer/global-total-retail.html>

The evidence mounts, on-line shopping is here to stay; it is a growing segment of the retail market.

Focus on the Geography of Daily Needs Satisfaction.

The disruption of on-line buying on the retail segment of the economy is being continuously documented. Another interesting dimension of this mega-trend is the impact that on-line buying has on cities. Where people shop matters. Increasingly people shop from their couch or kitchen table. The impact on regional shopping malls is being observed as the first wave of the change, but the impact on neighborhood and community shopping centers, local shops, restaurants and farmers' markets is just beginning to resonate in city hall.

The future seems to be materializing as we speak: people will shop from home for certain items and they will shop in their neighborhoods and easily-accessible, near-by commercial, cultural and civic centers for other goods and services.

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The main reason people will choose neighborhood and close-by retail venues is all about two features: the ease of access and the pleasure of the experience. If the shopping trip to and in the store is dull, routine, dangerous or congested, people will choose their couch as the place to make their purchases. If the grocery store, the dress shop, the doctor's office or the library is easily accessible and a pleasant experience upon arrival, people are more likely to get on their bike or in their car to travel to buy.

Restaurants are a unique asset in regional and local activity centers. They are an important element of any regional theater or museum district, all sports venues and every town and village center. In many settings, the restaurants will be the new anchors. Accommodations for frequent and unobstructed format changes are critical.

Neighborhood restaurants have the same needs as all other neighborhood-oriented activities. They need pleasant surroundings, safe access from a multitude of travel modes and, of course, good food; maybe even locally-sourced foods, sometimes in combination with the local farmers' market.

The impacts on the development patterns of cities and towns are several:

1. Regional facilities need to focus on growing market segments, they need to be accessible by car, bus and train and they need to be in interesting and safe settings.
2. Quick delivery warehouses need to be located where they can receive and distribute goods 24/7, mostly by truck...big ones delivering goods to the warehouse, smaller ones, perhaps even driver-less or Uber-ish vehicles making the home and office deliveries.
3. Enriched neighborhood and community centers on-site and in-transit.
 - a. The settings need to be entertaining, beautiful, multi-use and service-oriented with restrooms, restaurants and parks as respite areas.
 - b. The access to these experience places needs to be multi-modal, safe, family-friendly and reasonably spaced.
4. Neighborhoods, including apartments and multi-family residences, need to be designed with a schizophrenic mind-set. They need to be cloistered enough to ensure the safety of the residents, and they need to be open and connected enough to give residents unfettered access to neighborhood shops, schools, parks and civic buildings.

The Bottom Line.

Despite long commutes to work, growing congestion on expressways and the many attacks on privacy, Americans are beginning to appreciate quality of life in terms of experiences. Experiences have traditionally been associated with vacations, family occasions like birthdays and other memorable one-off events. The trend in on-line shopping, if properly harnessed, can expand the experience portfolio to include a pleasant experience of daily life, including daily-needs shopping.

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The grocery store, the clothes shop, the library and the neighborhood restaurant can create a pattern of pleasant memories, especially if not interrupted with horrific trips to the mall, the commercial strip or sketchy business districts. Quality of life has been studied and discussed forever; the contemporary focus on neighborhoods, walking and biking and frequent casual adventures are creating a new appreciation for day-by-day life that can enhance the quality of life by enhancing the shopping experience.

The implication for small cities and towns is clear. Main street has the features that can create this pleasant shopping and dining setting. When a vibrant main street setting hosts on-line retail businesses that exploits a main street “show room”, can this scenario benefit the retailer, the customer and the city?

An Outstanding Question.

An interesting follow-up exploration would be to select a few cities and look at both the average distance traveled to work and the expenditures by retail sector (including on-line purchases) to see what the exact correlation is of suburban and exurban sprawl and the impact on retail expenditures by category. This may reveal the spending patterns of the younger generation. The multifamily rents being charged are outrageous, and incomes are not growing substantially enough to support them, which leads one to believe there is a shift in spending, the pie chart of life. Is less being spent on cars, clothes and memberships in favor of higher urban rents, dining and lifestyle experiences?

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