



Downtown Economics

Ideas for Increasing Vitality in Community Business Districts

Issue 155
July 2009

Preparing for Economic Recovery

Suggestions for Small Town / Downtown Leaders

by Dr. Albert E. Myles *

The current economic crisis has devastated many small towns and downtowns across America, leaving in its path empty storefronts, deserted streets and long unemployment lines. Downtowns are important because they serve multiple purposes and represent the hearts of communities. Downtowns exist not only for commerce but for social gathering, walking, communicating, exercising, entertaining and other community activities. Many people and industry prospects gauge the entire community based on the appearance and atmosphere of its downtown.

However, local residents have had to cut their spending, which has caused retail revenues to significantly decline in these communities since 2007. Many small towns and downtowns have watched as shopping malls, "Big Box" retailers, larger towns, home shopping channels, and the Internet continue to lure shoppers away from community centers.

Engaging the Entire Community

Reversing this downward spiral, in which many small towns and downtowns find themselves, will take both a concerted and focused effort from everyone in the community.

First, economic and local government officials must work with merchants' associations to get a good mix of ideas, problems, and solutions to key issues affecting the town. If local citizens reject the current retail offerings, then merchants must work harder to improve the selection and available supply of goods and services in the area.

Second, everyone must accept responsibility for the current economic situation, agree to change, be opened minded, and commit to doing what is in the best interest of the town's survival.

Third, small towns and downtowns must agree and accept that if they want to grow, things will need to change. All parties must realize that progress is optional but change is inevitable. To do nothing is not an option.

The current economic crisis has also shown that small towns and downtowns are not immune to national and international issues. That is, America and the world now operate in a global context. Society demands low cost and increased efficiency from firms and towns, and they must to do so or they will cease to exist. Small town and downtown revitalization efforts will require a team effort where everyone knows their roles and performs these parts efficiently and effectively.

Local governments must work to build effective and open partnerships with all concerned groups in town. Merchants must ensure that a good retail mix of (competitively priced) goods and services are available for local residents. Local residents, however, have the most important role to play in small town and downtown revitalization efforts. They must support local establishments by patronizing them and encouraging others in the community to do so as well.

Economic Recovery Strategies

Several specific economic recovery strategies for small towns and downtowns can include:



Photo of downtown Natchez, Mississippi by Courtney L. Young

1. Encouraging local residents to spend at least \$100 a year or more with local merchants in town.
2. Speaking honestly and openly with residents about the importance of local merchants and their contributions to the local economy.
3. Creating positive retail experiences by bringing together a collection of products and services in a destination area in town or downtown.
4. Taking inventory of the goods and services the community has to offer and to whom. Then target those groups through the media (newspaper, radio, television) that can deliver the message effectively.
5. Shopping in competing towns to see what these towns are doing to attract customers. Notice their decor, cleanliness and friendliness of business, prices, and business hours. Make a decision to sell your merchandise at the same price or 10 percent below competing prices. All things being equal, the deciding factor to shop locally or non-locally will be transportation costs.
6. Developing short-to-intermediate plans for infrastructure development in the town or downtown,¹ and then prioritizing these projects based on the potential economic returns (jobs, income, and local and state tax receipts) they will create in the community.

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Conclusion

Whatever economic strategy or project a community chooses to implement will require serious evaluation by not only local officials but citizens as well. Evaluation is the process of determining if the strategy or project is working and of being prepared to change or abandon a tactic if warranted. The evaluation should focus on real, tangible results (i.e., incomes, jobs, tax receipts) and not warm, fuzzy emotions about the effort. Small towns and downtowns cannot afford to maintain an inefficient use of financial resources, especially when state funds are shrinking and the availability of federal funds may be dependent upon the federal economic stimulus plan.

¹ The plan should outline which streets to pave, parks to develop/upgrade, school or recreation facilities to build, etc.

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