



Staff Report

TO: City Council
FROM: Kyle Warsinski, Economic Development Manager
DATE: June 16, 2020
SUBJECT: Provide Direction to City Staff Regarding the Development of a Retail Recruitment Strategy

Background and Analysis:

The City of Beaumont's Economic Development Strategic Plan (EDSP) was approved in August 2019, and provides a blueprint for attracting targeted new development and business investment, creating jobs, and contributing to the City's long-term fiscal health. The EDSP identifies key industries as the focus of Beaumont's business retention, expansion, and attraction efforts and specifies actions on closely-related issues such as infrastructure, land use and workforce development.

The EDSP is based on a comprehensive research and stakeholder outreach process and reflects consensus views on the most promising opportunities and the most pressing challenges facing Beaumont's economy. While the EDSP places primary emphasis on actions and initiatives to be pursued directly by the City, action items also reflect the fact that a wide array of public and private-sector entities have roles in influencing the economic vitality of Beaumont.

One of the key action items within the EDSP is industry targeting both for job creators and local-service businesses. The latter consists of retailers which provide the goods and services Beaumont residents need and desire within the community. In 2020, the retail market is as competitive as ever, and consumer spending habits related to online shopping has forced brick and mortar retailers to shift and adapt to the changing landscape. It is imperative that the City implement a retail recruitment strategy that targets retail prospects who are most compatible with the community, are nimble enough to meet changing market conditions, and who are considered desirable by the City Council.

The next step in the EDSP process is to establish a formal retail recruitment strategy, which addresses the complexities of the retail market and allows the City to adapt to the

industry's ever-changing environment. The proposed framework for a retail recruitment strategy focuses on highlighting the City's competitive advantages, establishing a business-friendly environment at City Hall, creating a streamlined approval process, utilization of new datasets including psycho-graphic data to attract retailers, and formulating a game plan for in-person meetings including ICSC conference attendance. To stay competitive in the market, Staff proposes the following eight goals be included in a retail recruitment strategy for "Beaumont to Recruit to Win:"

1. Establish a Unified Long-Term Vision,
2. Promote a Business-Friendly Environment,
3. Create and Foster relationships with Industry Experts,
4. Engage in Meaningful public-private partnerships,
5. Develop a deep understanding of the criteria retailers use for site selection decisions,
6. Ability to Execute a fully integrated Marketing Plan,
7. Stress the City's competitive advantages, and
8. Create a Sense of Place which attracts talent to the area to live and work.

The retail recruitment strategy will also address the challenges retailers are experiencing when it comes to hiring and retaining talented workforce. It is important to keep Beaumont as a community which continues to attract highly skilled and motivated workers for not only the retail sector but other industry groups identified in the EDSP.

Retailers site future stores in communities where market conditions are conducive to their business models. Selection criteria can deviate significantly from retailer to retailer. Cities can waste significant time and money by pursuing retail targets who do not consider them viable to their business model. A psychographic study is an effective tool that Cities may use to better identify and target those retail targets who are more compatible with the community. They analyze the demographic makeup of the community, identify which retailers might best match those demographics, and identify which of the most likely recruitment targets.

Once the retail targets are known, it is important to develop specific recruitment packages tailored to each prospect. This requires updated demographic information, especially since major retailers are looking for an existing market opportunity. Very few retailers will be willing to site facilities in locations where market conditions do not exist, even if there might be an actively growing market segment consistent with their siting policies or guidelines. There are subscription services that Cities may purchase that allow them to generate up-to-date demographic reports for inclusion in a recruitment package.

Fiscal Impact:

Staff estimates the cost related to psycho-graphic analysis to be \$25,000 and the acquisition of modern datasets to be \$5,000. These are essential elements of a pro-active retail recruitment effort that will identify the most compatible retail prospects and to develop demographic reports targeted to each specific retail recruitment target.

Recommended Action:

Authorize the development of a retail recruitment strategy and direct City staff to issue a Request for Proposals to conduct a psychographic analysis.