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Memorandum

To: Elizabeth Wurfain  
Executive Director, Hyannis Main Street BID

From: Michael J. Berne  
President, MJB Consulting

Re: Executive Summary Memorandum – Draft #1  
Main Street Hyannis – Retail Market Analysis and Positioning Strategy

Date: July 11, 2019

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In the fall of 2018, the Hyannis Main Street BID, with sponsorship from the Town of Barnstable as well as the Cape Cod Chamber of Commerce, the Cape Cod & Islands Association of Realtors, Cape Cod Five and the Resort and Conference Center at Hyannis, hired MJB Consulting (MJB) to undertake a retail<sup>1</sup> market analysis of and devise a positioning strategy for the stretch of Hyannis' Main Street from the West East Rotary to Yarmouth Road (hereafter referred to as the "study area").

Specifically, MJB was asked to analyze how the study area's retail mix could be positioned within the broader competitive marketplace and to identify what kinds of tenants would correspond to such positioning.

In order to develop its findings and conclusions, MJB undertook the following scope-of-work:

- Review of past studies and plans

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<sup>1</sup> For the purposes of this analysis and memorandum, "retail" is to be understood as any business that accepts customers on a walk-in (or walk-up) basis, as opposed to appointment-only. It includes, then, traditional shops that sell goods as well as providers of personal (and some professional) services, food and beverage establishments as well as entertainment venues. An TD Bank branch would be considered a retailer, as would a Black Pearl Tattoo Studio & Gallery or a Dunkin' Donuts.

- Guided and self-guided citywide driving tour(s)
- Assessment of nearby competition
- Focus groups with Main Street merchants
- Conversations with retail brokers and experts
- Discussions with high-level Town officials
- Meeting with local neighborhood association
- Analysis of demographic and spending data

Also, in applying the firm's unique "total immersion" methodology, MJB's Principal, Michael J. Berne, spent roughly two weeks in the study area, including visits during shoulder season (October) as well as the winter doldrums (February). Michael is already quite familiar with the period of peak visitation, having spent 42 consecutive summers on the Cape.

Michael presented MJB's preliminary findings to an assemblage of stakeholders in May 2019 and their feedback has been integrated into this final version.

The following provides a summary of MJB's findings, starting with an introduction to some basic concepts and an explanation of the approach; offering some comments on Main Street's current identity; presenting a nuanced analysis of the relevant submarkets, along with corresponding retail categories; arriving at an overall positioning strategy; discussing what it means for both visitors and residents; and finishing with an outline of next steps.

### **Concepts**

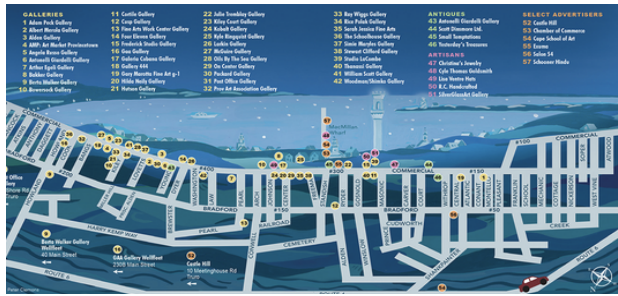
- "**Market positioning**" refers to how a particular commercial corridor is -- or can be -- *positioned* in the marketplace in terms of the demographics of its core customer(s), the skew of its foot traffic (i.e. seasonal versus year-round, weekday versus weekend, daytime versus evening), the product mix and price point of its businesses, the size and tenure of its tenants (i.e. start-up entrepreneurs, versus small local "chain-lets", versus large national brands), etc.

- While there might be a strong desire to proceed immediately to implementation and recruitment, we firmly believe that this analytical exercise must come first. If we want to change a retail mix, we need to agree on what we want to change it to, and that must be grounded in what we can *realistically* change it to. Otherwise, we will either be spinning our wheels or begetting a random assortment of businesses that do not help one another.

Our competitors, savvy shopping-center developers like Simon Property Group (Cape Cod Mall) and WS Development (the future Landing at Hyannis), have long done the opposite, carefully selecting and locating their retailers so as to maximize the likelihood that one, when a customer leaves one shop, she will find others which interest her, and two, when that customer thinks of a center, she can immediately grasp what it is, who it targets and whether she would belong.

With such an identifiable cluster of complementary businesses, that center, in turn, becomes more compelling to other prospective tenants. Generally speaking, retailers are drawn to projects and corridors with a number of existing businesses that attract a similar customer and thereby generate relevant cross-traffic, as such "**co-tenancies**" are thought to mitigate risk (i.e. "safety-in-numbers") and typically result in higher sales volumes than a standalone location.

Consider the typical fast-food eatery: it gravitates to mall food courts, and to intersections and corridors, where there are other fast-food eateries. This might seem counter-intuitive – to open in the vicinity of one's direct competitors – but the restaurateur knows that this is where *you*, the customer, will head when you are hungry, and it wants to be there when you do. Indeed, the same logic explains clustering in furniture stores, in antique dealers, in art galleries (see image below), etc.



Why are there so many art galleries in Provincetown? Partly because there are so many art galleries in Provincetown. That's the appeal of co-tenancy: art dealers want to be where art dealers already are.

Developers of shopping centers are able to leverage the appeal of co-tenancy because they typically own and manage 100% of the retail space. Of course, BID's and municipalities do not enjoy that sort of site control. And the multiple property owners on a Main Street might not agree on a cohesive vision, nor, for that matter, even see the need for one. After all, landlords and their brokers do not derive any benefit -- in the short term at least -- from thinking beyond the spaces in their respective portfolios.

Take, for example, the case of 529 Main Street. The owner of that building originally tried to backfill the space with Dollar Tree. A large national chain, it would likely have delivered for both the landlord and the broker: that its presence might not have helped to elevate Main Street's retail mix and customer draw more broadly was of comparatively little consequence to them, as their bottom lines would not have been affected either way.

Partly for this reason, Main Street settings will never be able to compete on a truly level playing field with shopping centers. A BID, however, can roughly approximate the role of the developer by: 1) convening landlords, brokers and merchants; 2) making the case to them for a specific market positioning; and 3) providing whatever support to them that might be needed for its realization. Our charge with this memorandum is to provide the *what* and the *why* for (2).

Realistic market positioning is important, however, not just as a guide for tenancing and coordinated action; it must also inform broader marketing and branding efforts. In the absence of such alignment, visitors will arrive with certain expectations that are ultimately not met, leaving them confused and frustrated if not betrayed, unlikely ever to return. (For this reason, we are coordinating with NAIL, the creative agency working with the Town of Barnstable, on findings and recommendations).

- Finally, we want to underscore the relatively narrow focus of our scope-of-work and this memorandum. Designed as an essential phase one of a more extensive effort, the following is devoted largely to the matter of market positioning; it is not intended to serve as a comprehensive retail strategy, complete with recommendations on pedestrian experience, transport, beautification, events, etc., nor provide a blueprint for practical implementation or, for that matter, a list of specific prospects.

While we at MJB Consulting are eager to proceed to these later phases, they require additional funding that has yet to be secured. That said, we have outlined a series of "Next Steps", including other strategic imperatives that do not relate specifically to market positioning, in the last section of this memorandum. And we have underlined promising retail categories in our discussion of relevant submarkets, from which creatively-minded landlords, brokers and business proprietors can (should) be able to infer worthwhile leasing targets and merchandising tactics.

### **Approach and Assumptions**

- With commercial corridor revitalization, one must accept from the outset that change does not happen with the wave of a magic wand. There is no one "silver bullet" that will solve everything. And there is no intentionality to outcomes, no "they" who is pulling the strings from on high. Rather, there is just a multiplicity of independent actors and unrelated variables that intersect in various ways to give rise to what exists right now.

Retail is more often the effect than the cause of these interactions; it is “downstream” from most everything else. It must wait for new submarkets to emerge and grow, for perceptions to shift, for leases to expire -- sometimes even for landlords to expire.

In efforts to elevate Main Street’s retail mix, we should be guided by what will ultimately be possible -- by some mythical “end state” that reflects our aspirations and captures our imaginations. But at the same time, we must accept that revitalization is an evolutionary process which happens in stages, each corresponding to particular retail mixes and potentials. And we cannot leapfrog one to get to the next; rather, we must proceed sequentially, with deliberation and patience.

We must focus our energies and resources on simply getting to that next stage, on what we can become *now* as based on the realities that exist *today*. We must assume that the current actors and variables will remain in place, even if we hope that they will change, even if we are actively working on changing them. Because if we look too far ahead, we might never move forward at all.

Retailers, remember, cannot wait for that evolutionary process to happen, for the grand vision to become reality. They need to pay rent *now*. They need to meet payroll *now*. And so they need to generate sales *now*. If they cannot, if they are forced to close, the resulting “black eye” will halt whatever momentum has started to build.

This memorandum, then, will not provide *the* answer to the social-services population. Rather, we will base our recommendations on the assumption that *it is here to stay*, providing a sense of what sort of market positioning would be achievable – what kinds of businesses are most likely to be interested and ultimately sustainable -- in its presence. This should not be viewed as an endorsement of current conditions, but rather, a sensible approach to take in light of the uncertainties.

### **What We Are And What We Are Not (Yet)**

- In order to understand what Main Street can become, we need to start with what it cannot, at least not yet. This might seem like an unnecessarily depressing exercise, but one that could help to avoid misdirection from the outset.

\* A mass-market regional shopping destination: Main Street was at one time *the* place where Cape Codders would head for apparel (e.g. Filene’s, Buettner’s, C. Crawford Hodge) and general merchandise (e.g. Woolworth’s, Grant’s, Zayre’s). Yet while it still contains a number of clothing boutiques today, most of the better-known retail brands long ago migrated to Route 132.



Main Street Hyannis, back in the day

\* A quaint seaside village: Main Street cannot match the twee preciousness of classic Cape Cod settings like Chatham and Osterville. And while it might have at one point played its part in the “Camelot” mythology with fashionable shops like Peck & Peck, today it fails to deliver on expectations raised by its Kennedy association.



\* A convenient place to run errands: Generally speaking, consumers tending to life's weekly and daily essentials – shopping for groceries, picking up medications, dropping off dry-cleaning, etc. – want to be able to do so as quickly and easily as possible. If they are driving, this typically implies ample in-front (or side) parking so as to allow for an “in-and-out” experience (see image below).



Site layout for the Star Market on West Main Street

In densely-populated cities like Boston and New York, convenience-driven businesses often do not have to provide for motorists because there are a sufficient number of potential customers living or working within walking distance. Even, however, if more rooftops materialize in and near Main Street in the coming years, Hyannis will still fall well short of such thresholds.

- What Main Street is, is very long. It runs roughly one mile from Yarmouth Road in the east to South Street in the west. For context, the rule-of-thumb among planners and urban designers is that the average pedestrian would only be willing to walk 0.25 (or, at most, 0.50) miles.

This means that Main Street cannot afford to focus on just one type of customer or retail category; rather, it needs to appeal to multiple submarkets and offer several different experiences. In other words, it must embrace the **diversity** that is Hyannis.

Such an approach does not necessarily detract from the brand. Take Provincetown, for instance: Commercial Street, stretching approximately 0.9 miles from Good Templar Place to Kiley Court, accommodates everything from high-priced art galleries to the tackiest of tee-shirt shops, with enough space so that the presence of the latter does not undermine the draw of the former.



Diversity of another kind, on Provincetown's Commercial Street

- The following provides nuance on Main Street's consumer profile. It is first segmented primarily in terms of demographics and psychographics<sup>2</sup>, rather than the more common seasonal versus year-round dichotomy (which will be considered in greater detail later). In other words, each of the submarkets described below is composed of short-term visitors, second-home owners *and* full-time residents, in varying percentages.

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#### A Word of Qualification

In trying to devise the consumer profile, we were challenged by the lack of hard data on the visitor population in Hyannis or the foot traffic along Main Street. The available information, such as it is, mostly concerns Barnstable County as a whole. As a result, we were forced to rely heavily on a qualitative approach involving observations and inferences. Ideally, our findings would be corroborated (or not) by more quantitative methodologies as well as pedestrian-intercept surveys, which we have recommended as one of the next steps.

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\* **Mid-market** families, empty nesters and retirees represent the core customer(s) on Main Street. Middle-class homeowners, they are typically frugal but will spend on entertainment, on their kids (if in tow) and/or while on vacation. Their tastes can be characterized as mainstream or "Middle American". Importantly, they tend not to be online shoppers.

Representative businesses include Mrs. Mitchell's on Main, Cape Cod Sweat & Tee Outlet, Soft as a Grape, Islands, Mass Bay Co., Cape Cod Harley Davidson, Persy's Place, British Beer Company, Katie's Homemade Ice Cream and Smith Family Popcorn.

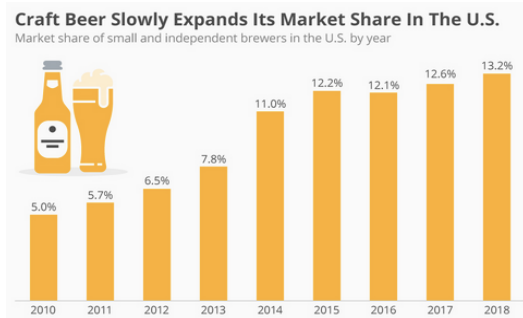


Yet while this submarket is the one most heavily represented in Main Street's retail mix today, there are opportunities to increase its level of expenditure there still further.

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<sup>2</sup> In contrast to demographics, which describes submarkets in quantitative terms (e.g. population, household incomes, home values), psychographics characterizes them qualitatively (e.g. lifestyles, sensibilities, aspirations). An impressionistic tool, however, psychographics is best understood in the aggregate and not on a person-by-person basis. That is, no one individual perfectly fits the profile of a particular psychographic segment. Rather, each of us is a mix of multiple personalities in varying degrees: we might one part of ourselves most of the time but indulge a different side on a Friday night and yet another on a Saturday afternoon.

Take beer, for example. Bars in Hyannis appear to skew towards so-called “Big Beer”, but the continued growth of craft brewing nationwide – from 5.0% market share in 2010 to 13.2% in 2018 (see chart below) – suggests that it enjoys more than just niche appeal. As evidenced by Tap City Grille’s popularity, taprooms that combine selections from local micro-brands (e.g. Cape Cod Beer, Barnstable Brewing, Naukabout Beer, Hog Island Beer, etc.) with elevated tavern fare are likely to resonate.



Sources: Brewers Association, Statista

Another area of opportunity is diversified entertainment, referring to concepts that drive foot traffic with forms of recreation other than eating and drinking (even while in many cases still relying on food and beverage to generate the lion’s share of the revenue). Indeed, Main Street recently welcomed Flashback, a bar and restaurant which differentiates itself with a selection of roughly two-dozen vintage arcade games that can be played for fifty cents.

In addition, there are the fast-growing “paint-and-sip” franchises, where patrons learn how to paint while enjoying a glass of wine or a cocktail. And while Cape Cod Art Bar (at Mashpee Commons) might already absorb much of the demand for this sort of experience, newer variants focus on other D.I.Y. crafts like, for instance, wood-working (see image below), which would seem especially promising for the Cape, where so many historic homes are adorned with custom wood signs.



Finally, factory outlets, selling well-known brands at (what is perceived as) less than full-price, would also prove popular. The kind of large open-air strip center where such stores typically congregate does not exist on the Cape, with the closest one, Wrentham Village Premium Outlets, more than 70 miles away. A growing number, however, have started to open freestanding locations in Main Street settings, especially in markets without a more conventional alternative.<sup>3</sup>

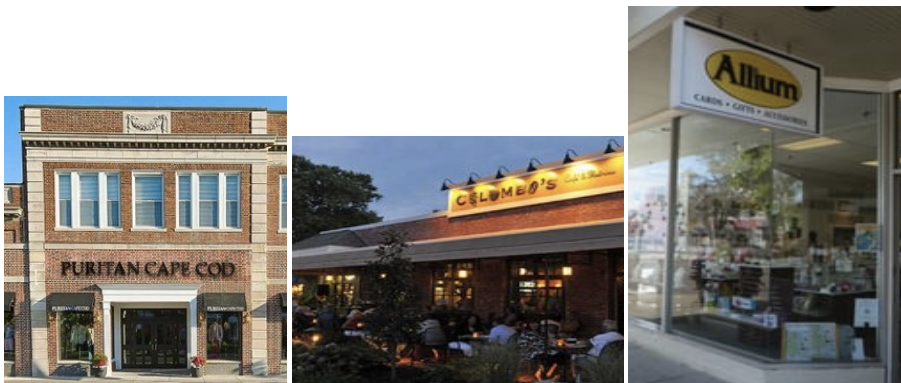
<sup>3</sup> The roughly 26,000 sq ft earmarked for such tenants in the Market Basket-anchored strip center located at the foot of the Sagamore Bridge – and the 157,000 sq ft in the now-defunct Cape Cod Factory Outlet Mall which it replaced -- fall well below the super-sized 500,000+ sq ft outlet malls developed today. Wrentham Village, for example, contains 610,000 sq ft of retail space. Given the distance from Wrentham, however, the market might yet be able to support a project of that scale: the “Canalside Commons” site is challenged by uncertainties surrounding possible replacement of the Bourne Bridge and related road realignments, but if another were to be put in play, the potential on Main Street to attract one or more such stores would presumably drop.

\* Another relevant submarket on Main Street is the **Hyannis Port / Osterville / Nantucket set** (hereafter referred to for ease of reference as the “HONs”). Affluent empty-nesters and retirees with expensive tastes, they will spend freely on sit-down dining, entertainment as well as apparel and art.

The impact of the HONs, however, is thought to be attenuated by two factors. One, as owners of multiple homes, their presence is heavily concentrated in the high and shoulder seasons. And two, some of them undoubtedly find the mid-market orientation of Main Street’s retail mix to be off-putting.

Also, there is a wealth of alternatives for their patronage, like Osterville’s Main Street-Wianno Avenue area, Mashpee Commons, Falmouth Center and Downtown Nantucket, not to mention the communities where they spend the rest of the year (e.g. New York City, Connecticut’s Fairfield County, Boston, etc.).

That said, a modest though not-insignificant number of businesses on Main Street clearly draw this customer, including, for instance, the Puritan flagship store, Seabreezes, Allium, Solstice Day Spa as well as Naked Oyster and Colombo’s Café.



With this in mind, it is possible to imagine that Main Street, with certain additions to the retail mix, could capture a greater share of HON expenditures. This might include, for instance, high-end consignment shops featuring designer brands – as more than one-quarter of luxury shoppers today also buy second-hand apparel<sup>4</sup> -- and upscale full-service restaurants with healthy fare that would appeal to an aging demographic.



The enduring popularity of Pain D'Avignon's café and restaurant, hidden in a light-industrial zone on Hinckley Road across from Barnstable Municipal Airport, offers a testament to the power of high-quality product (and atmospherics) in overcoming any negativity associated with immediate surroundings.

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<sup>4</sup> According to ThredUp's 2019 Retail Report.



Main Street would also benefit in this regard from further investment in the pedestrian connection to and from Hyannis Harbor, which boasts several draws -- the Hy-Line Cruises Terminal, the Hyannis Harbor Hotel, a handful of upmarket restaurants – that are popular with HONs. One possibility worth exploring would be the pedestrianization of Ocean Street between Main Street and the Harbor during high season.

Finally, the opportunity to boost demand and improve perceptions among the HONs is central to the argument for siting a new Oceanside Performing Arts Center in the vicinity of Main Street, as the presence of such a venue would not only bring them there more often for sit-down dining but also provide for a sort of “halo-effect” owing to the association with high culture.

\* Main Street can also draw on the potential of the **neo-hipsters**. These are young people (and the young-at-heart) who celebrate creativity and craft. Their tastes are typically described as eclectic and artisanal, and their sensibilities, as urbane and cosmopolitan. They spend on food and beverage, diversified entertainment as well as boutique shopping.

The Cape struggles both to attract and retain neo-hipsters owing to the lack of relevant job opportunities as well as the tradition-bound culture. That said, their share of the year-round residential base, while modest, is not insignificant, and their number increases considerably during the high season with the influxes from the Boston and New York City metropolitan areas.

Indeed, there is considerable evidence of their presence across the Cape, at businesses like Snowy Owl Coffee Roasters (Brewster and Chatham), Sunbird Kitchen (Orleans), Organic Market (Mashpee Commons and Dennis Port) and Left Bank Gallery (Orleans and Wellfleet), among others.

In fact, Hyannis’ Main Street can point to its own crop of neo-hipster draws, including Red Fish Blue Fish, Crazy Mermaids, Seaporium, the LoveLocal Collective, the HyArts Cultural District as well as Pizza Barbone and Anejo Mexican Bistro.



Not only, however, are neo-hipsters on the Cape today, but also, they represent the *next* generation of empty-nesters who will be moving and/or retiring there. For Hyannis, then, to retain its appeal in the longer term, it will need to cater even more to such tastes and sensibilities.

This demands, first and foremost, the continued refresh of Main Street’s food and beverage offerings. One, neo-hipsters have been on the leading edge of the craft-beer movement and would undoubtedly flock to the kinds of taprooms proposed earlier in connection with the mid-market customer.

They are also among the driving forces behind so-called “Third Wave” coffee, referring to roasters and cafes like Three Fins in West Dennis and Snowy Owl in Brewster that reframe its preparation and consumption as an artisanal process and experience with parallels to the wine industry.



Neo-hipsters have also helped to foment the ongoing revolution in dining, not just as “foodies” who pay close attention to ingredients and chefs, but also, as ready consumers for new food-delivery formats that break with longtime industry custom, like food trucks and “fast-casual” eateries.

Unlike older patrons who believe that fine dining necessarily means sit-down restaurants with advance reservations, waiters and waitresses, individual tables, etc., neo-hipsters realize that some of the best and most inventive food might require waiting on a line, ordering at the counter, eating at a communal table, even using one’s own plates and cutlery afterwards.



At Sunbird Kitchen in Orleans, which started as a food truck in Wellfleet, customers order lunch at a counter, as they would at a fast-food restaurant, and might have to eat it at a communal table. And in typical “Third Wave” fashion, they also have the option of “pour over” coffee rather than drip.

Finally, this submarket is drawn to artsy, independently-owned shops with unique brands and merchandise, though in light of its relatively modest size as well as the rise of e-commerce (which younger neo-hipsters in particular have embraced), these are more likely in the form of heavily curated “micro-boutiques” that co-locate with other such businesses in shared spaces, like LoveLocal Collective.

\* Neither of the latter two submarkets -- the HONs nor the neo-hipsters -- are large enough, however, to stand on their own. Furthermore, pushing Main Street too far in either or both directions runs the risk of alienating its core mid-market customer and killing its “golden goose”. And yet we have found elsewhere that those who work in the field of commercial corridor revitalization will often do so anyways.

Why? Because many of them suffer from a blind spot: a common aesthetic sensibility rooted in their educational backgrounds and professional biases. They will often assume, for example, that there is a general consensus about what does and does not *look* good, in terms of facades, signage, fixtures, displays, etc., and will therefore view as “tired” or “dated” what others might be fine with if not drawn to.



The mid-market customer, meanwhile, is often attuned to perceived signals that indicate who is and is *not* welcome. Ingredients that he does not recognize or pronounce, shop interiors that he finds overly precious or pretentious, price points that he cannot tie to a sense of inherent value or worth – all of these experiences can leave him feeling alienated if not outright resentful, that this is a town where he no longer feels that he and his family belong.

In order, then, to expand or even maintain its appeal to this customer, Main Street needs to ensure that it stays “accessible”, that it continues to welcome rather than intimidate. This means that new businesses must adopt a look and feel that, even if unmistakably modern, does not go *too* far, or alternately, that the retail mix as a whole reflects a wide range of tastes and preferences, such that there remains, roughly speaking, something for everyone.



Rendez Vous Café & Creperie (left), with its approachable feel, works as a gathering space for Main Street in a way that Provincetown’s Kofi Coffee (right), with its artisanal pretention, probably never would.

\* The recommended market positioning for Main Street, then, might be expressed as “**A Main Street For The People<sup>5</sup>, plus crossover**”, in reference to its primary base of mid-market consumers as well as its opportunities to further penetrate the more modestly-sized HON and neo-hipster submarkets. Another way of describing such a retail vision is that Main Street should embrace its diversity while also striving to broaden its reach.

Tap City Grille is again worth mentioning here, as an example of this market positioning at the level of the individual business. The concept offers the familiarity of the bar and grill format but with a moderately contemporary (yet not intimidating) look and feel, a focus on craft and local beers as well as a menu full of elevated takes on pub grub. Its owners, according to the website, “sought to open a gastropub centered on handcrafted brews and the growing foodie culture on Cape Cod.”<sup>6</sup>

<sup>5</sup> We wish to credit Sarah Colvin of Cape Cod Community Media for the “For The People” tagline: she used the phrase in reference to Main Street’s retail mix during an interview undertaken for this assignment.

<sup>6</sup> <https://www.tapcitygrille.com/pages/about-us>





Orleans Center, meanwhile, appears to strike such a balance at the level of the larger district. It features a host of mid-market draws like Christmas Tree Shops, The Goose Hummock Shop, Cuffy's, Cooke's Seafood and the ever-popular Hot Chocolate Sparrow while also catering to neo-hipsters with concepts such as Sunbird Kitchen, The Corner Store, Guapo's Tortilla Shack, Frances Francis, blake & co., Left Bank Gallery and NewFarm.

- Another approach to segmenting Main Street's consumer profile – indeed, the way in which it is more commonly understood – is the seasonal versus year-round dichotomy. While we feel that our earlier framework, grounded in demographics and psychographics, is ultimately more useful, some aspects of this binary are nonetheless worth addressing:

\* Generally speaking, **short-term visitors** – daytrippers and weekenders, for example – are the most reliable customers for Main Street. This might seem counterintuitive, but leisure travelers tend to be in a different frame of mind than residents. They are not pressed for time, oriented towards convenience or fixated on price; rather, they are on vacation, guiltlessly willing to treat themselves (and/or their kids), primed to spend and ready to buy on impulse.

As shoppers, then, they are typically less vulnerable to the lures of competitors, either ones elsewhere in town or even on their smartphones. A visitor enticed by a gift item in a Main Street store is not about to walk to her car, drive to Route 132 and compare it to the alternatives there. And even if she can also find it at home or buy it for cheaper online, she is unlikely to forgo the instant gratification of buying it on the spot. She is, in a sense, “captive” to what is in front of her (see caption below).



The ubiquity of commodities on Main Street that can be easily found elsewhere or at home – a Cape Cod sweatshirt at Soft As A Grape or an ice cream cone from Ben & Jerry's – is a function of the “captive” market that predominates there

Indeed, while village centers are often not the primary draw of tourist destinations – and even the many charming ones on the Cape do not exert quite the same pull as, say, the beaches -- “shopping, dining and entertainment in a pedestrian-friendly, intimate setting” is, according to the Destination Development Association (DDA), the top *complementary* activity, accounting for roughly 80% of non-lodging visitor spending<sup>7</sup> (see caption below).

<sup>7</sup> As stated in the presentation entitled “Tourism & Downtown: The Hot, New Power Couple”, by Roger Brooks of the DDA, a Peoria, AZ-based membership association that serves as a resource for the destination-marketing industry.





One of a great many among “Motel Row” in South Yarmouth

Short-term visitors, then, can be relied upon to both spend time on Main Street and money in its businesses. And to a certain degree, they will take whatever is presented to them, whether it is completely generic or uniquely local. For the purposes of differentiating the retail mix and driving repeat traffic, though, stakeholders should avoid a “me-too” vision that aspires to what already exists elsewhere and instead promote concepts that speak to what is uniquely Hyannis.

Consider, for example, Provincetown’s Shop Therapy (image below). While the variety store / head shop has invited its share of controversy since first opening on Commercial Street in 1996, it also captures much of what makes Provincetown so distinctive and compelling, including the town’s countercultural past, its “anything-goes” reputation, its artistic bent as well as its tourist-driven commercialization. Indeed, one could not really imagine seeing such a retailer in any of the Cape’s other village centers.



Shop Therapy says Provincetown; what says Hyannis?

\* As a market for retail, the year-round **residential base** represents something entirely different. With 578 persons per square mile (i.e. 53,444 people living in a trade area of 92.44 square miles), its population density would fit the U.S. Census Bureau’s definition of “rural”. And while its median household income of \$60,000 is solidly middle-class, a disproportionate share of that income is absorbed by the high housing costs typical of vacation / second-home destinations.

Also, while Hyannis is no doubt the retail hub of Barnstable County, that status is almost entirely due to the regional draws along Route 132 (see image below), which include the only Cape Cod locations for Macy’s, Kohl’s, Old Navy, Sephora, ULTA Beauty, Target (coming), BJ’s Wholesale Club, Whole Foods Market, Trader Joe’s and a host of others. Main Street, on the other hand, contains little that would compel residents to visit on a regular basis.



Regional retail along Route 132 in Hyannis

Furthermore, Main Street does not play a prominent role in the regional roadway network that would force motorists to pass through *en route* to other destinations. Unlike Route 132, it is not directly accessible to and from Route 6. Meanwhile, Route 28 effectively serves as a east-west bypass *around* Main Street. Even the affluent denizens of nearby Hyannis Port are forced to take South Street while driving eastbound through town.

In other words, Main Street does not really figure in the routines of locals, either their commuting patterns or their shopping habits. As a result, it does not enjoy the sort of repeat visibility that serves to establish and reinforce what is known as “consumer mindshare”. Locals might go there every so often -- for a specific purpose or destination like, say, a coveted designer label at Puritan, churrascaria at Brazilian Grill or a “Sunday Streets” event – but otherwise, *it is not really on the map*.

- This gets to the heart of what drives residents as consumers. Unlike visitors who are in town for leisure, these are people going about their day-to-day lives. In deciding which businesses to patronize, they are motivated to a far greater extent by convenience than impulse. And in this respect, Main Street – with its absence of conventional retail anchors, its out-of-the-way location, its one-way directionality and its lack of in-and-out parking -- cannot compete with the alternatives.

Due to these last two variables, Main Street cannot even count on the patronage of those living in the immediate vicinity. Indeed, with the likes of CVS, Speedway, McDonald’s, 7-Eleven, Burger King and Santander, North Street is clearly the favored corridor for businesses that cater to basic day-to-day needs and that desire village-center locations, as it provides for two-way traffic while offering lots that are large and deep enough to accommodate on-site parking spaces and drive-through windows (see caption below).



Concerns about competition often focus on commercial arterials like Route 132 or online giants such as Amazon, but in smaller cities with relatively low development intensities and land values, the more immediate threat is often a secondary street within the village center itself that can offer greater convenience to motorists, like North Street.

- Locals are not just more likely to be deterred by inconvenience, however. Like all of us, they are subject to the lure of nostalgia, and prone to viewing (and judging) their main street within the context of how they remember it from the past. For them, it is not just there for a drop-in visit; rather, it is a part of their respective communities. As such, it must capture their aspirations, reflecting how they want to see themselves and be seen by others (see caption below).



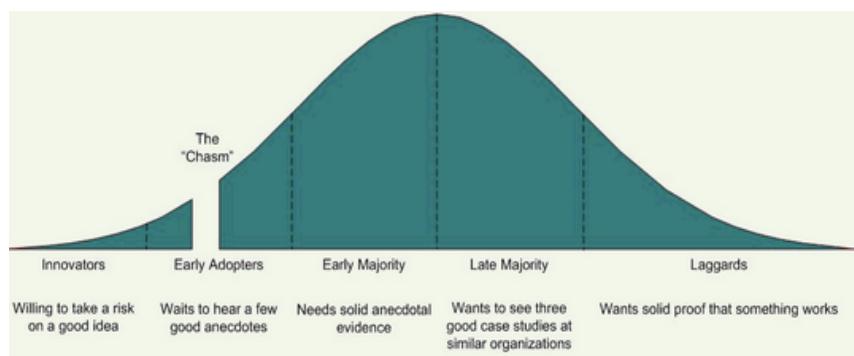
The role of aspiration in retail revitalization can be easily grasped by again recalling last year's backlash to the possibility that Dollar Tree might be the one back-filling the former Wings Beachwear space at 529 Main Street (image), now occupied by Sturgis Charter School.

For these reasons, their judgments on the subject can seem disproportionately harsh. Long familiar with their main street's foibles and flaws, many of them have developed perceptions and biases that have only hardened over time, reinforced by conversations with others as well as op-eds in the local media, resulting in what sometimes feels like one big "echo-chamber" of negativity and despair as well as a heightened sensitivity to perceived slights from without.

Since such an entrenched dynamic is not easy to reverse, local residents typically imply much higher costs (than visitors) for what is known in the industry as "customer acquisition". That is, main streets and their individual businesses usually need to expend considerably greater energy and resources – more intensive marketing and deeper promotions, for example -- in order to attract them initially and then to retain them as repeat customers over time, translating to slimmer margins and smaller returns.

Of course, not all residents are the same: some will be easier (and thus, cheaper) to entice and keep than others. While no one, for example, especially *likes* to be confronted with a social-services population or forced to park some distance from her destination, there are many for whom such discomforts and inconveniences do *not* amount to deal-breakers. With these sorts of locals, the customer-acquisition costs will be correspondingly lower.

This phenomenon can be more clearly understood by borrowing from the tech world. The "technology adoption lifecycle" (see image below) characterizes the process by which new products and innovations are embraced by consumers. This starts with the initial pioneers and the early adopters, then reaches a crossroads – known as "The Chasm"<sup>12</sup> – at which point it either loses steam or starts to infiltrate the larger mass market, eventually reaching even those who are the most resistant to change.



The technology adoption lifestyle

<sup>12</sup> The concept of "The Chasm" was originally developed by management consultant Geoffrey A. Moore in his 1991 book, "Crossing the Chasm: Marketing and Selling High-Tech Products to Mainstream Customers".



Commercial-corridor revitalization efforts often make the strategic mistake of focusing on this last cohort, the laggards. These are the naysayers who can only conceive of success as a return to a mythical past, and who tend to fixate on the aforementioned discomforts and inconveniences. They will be the most difficult (and costly) to convince at this stage, and yet, since their voices are typically the loudest and most respected, their negativity and pessimism can slow if not halt forward progress.

Right now, energies and resources should be concentrated instead on the innovators and early adopters, that is, those for whom the challenges do *not* amount to deal-breakers and are not even worthy of mention. In terms of customer acquisition, they offer the greatest bang for the proverbial buck.

These consumers are more likely to be younger, without the baggage of nostalgia to constrain their sense of what Main Street could and should be, although they are not exclusively so. Rather, they are most accurately understood as the neo-hipster psychographic, which, as noted earlier, also encompasses empty nesters and retirees who remain “young-at-heart”, open to new models and upbeat about the possibilities.

They are enticed by concepts like Tumi Ceviche Bar & Ristorante (see image below). Few would have predicted upon its 2014 opening, in a hidden alley location and featuring an unfamiliar cuisine, that the sit-down restaurant would still be kicking five years later, and yet it has managed to develop a following with what *LiveLoveLocal* described in a 2015 review as an “eclectic and sophisticated menu” in a “refreshingly hip and welcoming setting”.<sup>13</sup>



Tumi Ceviche Bar & Ristorante, with a Main Street address but an alley location

Tumi, however, offers a case study in how a concept can also appeal to more risk-averse consumers, thus achieving that all-important crossover draw: while it references Peruvian culture in its signage and décor, its menu also offers more familiar Italian dishes like fettuccine carbonara and shrimp scampi as well as “fusion” creations such as fettuccine a la huancayna and andean risotto -- along with a glossary of Peruvian ingredients.

With this approach, Tumi appears to have found a way to span the chasm in the adoption lifecycle. Other tenants capable of the same are “bellwether” brands: already widely known and highly regarded, their arrival can help to elevate a particular shopping center or village center in the minds of those who have historically dismissed it, sending a strong message both to consumers as well as other expansion-minded businesses.

The actions of bellwethers have long been closely followed within the tenant community. For years, the commitment of the Gap served to legitimize unproven locations in the minds of other retailers: not only was its site selection considered top-notch but also, the brand itself would instantly become a draw that generated foot traffic. As a result, it was highly coveted by developers and landlords. Today, that level of influence now belongs to others, like Apple, Whole Foods Market or Lululemon.

<sup>13</sup> <http://lovelivelocal.com/tumi-ceviche-bar-and-ristorante/>.

Village centers unable to entice large chains (or uninterested in trying) can instead leverage the bellwether status of locally-established restaurateurs. Consider, for example, the impact of the decision by Jamie Surprenant (see image below), co-owner of Five Bays Bistro (since 2002) and Crisp Flatbread (since 2013) in Osterville as well as Anejo Mexican Restaurant and Tequila Bar (since 2010) in Falmouth, to open the large, 309-seat Anejo Mexican Bistro and Beechtree Taqueria on Hyannis' Main Street last year.



Established Cape Cod restaurateur, Anejo co-owner and local “bellwether” Jamie Surprenant

- Some residents might not be overly enthusiastic about the recommended market positioning (“Main Street For The People, plus crossover”), as it does not reflect what they aspire to for Hyannis. Indeed, not everyone will be happy with a vision that does not put them first, especially if they have become accustomed to such primacy or deference over time. Tolerating such pushback will require no small amount of political will, inasmuch as they tend to occupy positions of influence, elected or otherwise.

It is worth reiterating, however, that retail revitalization is an evolutionary process – a marathon, not a sprint -- and that striving to reach this next stage represents the most promising path to the desired end-state. Leapfrogging can be attempted, but it will almost certainly backfire: the opening of the “perfect” business might offer a short-term boost, but, having arrived before its time, will most likely fail to stay afloat, only deepening the pessimism of residents and the reluctance of would-be tenants.



The retail revitalization of Manhattan's SoHo did not start with luxury designers: the world-renowned shopping destination has traveled a long road since the dark days of the '70's (image).

That said, it will also be essential that locals, while perhaps not getting exactly what they want (just yet), continue (or start) to feel – in the present -- as if Main Street is in some way *theirs*. This requires a series of monetizable and ultimately sustainable “Third Place(s)” – separate from home and work – where each resident can find his/her tribe and feel a sense of belonging (see caption below). Businesses that appear to be playing this role today include The Daily Paper, Rendezvous Café & Creperie and Colombo's Café.





The notion of the “Third Place(s)”, first articulated by sociologist Ray Oldenburg in his 1989 classic *The Great Good Place*, gained wider cultural currency with the rise of Starbucks Coffee as well as the popularity of TV shows such as *Cheers* (“where everybody knows your name, and they’re always glad you came”).

Another retail use which often assumes great symbolic (if not practical) importance in fledgling village centers today is the grocery store, as a sign of its livability to a growing residential base. Indeed, community stakeholders have expressed hope for some sort of small-format specialty food market – along the lines of a Fancy’s Market or a Barnstable Market – either on Main Street or in its immediate vicinity.



As in so many other reemergent urban areas across the country, the arrival of a grocery store has been viewed as the moment at which Boston’s Seaport District would become a real *neighborhood*, and indeed, the recent announcement that Trader Joe’s will be opening a Fort Point location was cited by the *Boston Globe* as evidence that “in evolutionary terms, the Seaport [has] entered a new epoch.”<sup>14</sup>

Such a concept would be challenged, however, by an inadequate density of middle and upper-income households within close proximity. This is not to say that one would be impossible, just that it would need to be heavily cross-subsidized for the foreseeable future by a property owner as well as other revenue sources (e.g. sandwiches, coffee, etc.), and would require an automobile-friendly location with both two-way traffic and at least a handful of dedicated, on-site parking stalls.

### **Next Steps**

- Again, we want to reiterate that this memorandum was always intended as just the first phase of a more extensive scope-of-work, with the lone objective of devising a retail market positioning strategy for Hyannis’ Main Street.

<sup>14</sup> <https://www.bostonglobe.com/metro/2019/04/14/the-seaport-district-starting-look-more-like-neighborhood/tfBcdjwVAe4KwNRt1I9VFI/story.html>

Obviously such a strategy will amount to very little without a blueprint for practical implementation. The retail vision outlined in these pages will not happen on its own, or else the free market would have already brought about its realization.

The following, then, describes the next steps that need to follow, contingent on the availability of additional funding (which has yet to be secured). The stakeholders that need to take the lead on each have been indicated in parentheses.

\* Implementation Plan (Hyannis Main Street BID, Town of Barnstable): The purpose of this phase would be to provide guidance on the specific roles that the various stakeholders can and must play, as based on an assessment of overall needs and political dynamics as well as the mandates, interests, capacities and resources of each.

For the Town of Barnstable, it would outline any recommended changes to the current zoning and regulatory framework as well as other relevant municipal policies and programs. It might also propose additional tools and incentives that could help with retail attraction and retention.

It would specify the ways in which the Hyannis Main Street BID, as an organization beholden to business interests (versus the voting public), can complement the Town's efforts by offering a more entrepreneurial sort of support to the private sector.

It would also indicate how other community stakeholders – the Cape Cod Chamber of Commerce, the Greater Hyannis Chamber of Commerce, Cape Cod Healthcare, Cape Cod Five, etc. – could add the most value.

It would detail what those with the greatest influence on retail mix – the developers, landlords, brokers and merchants – would need to be prepared to do with regards to investment, leasing, merchandising, marketing, etc.

Finally, it would describe a calculated approach for selling both the vision and the roles to each of these would-be implementers, including both the arguments to use as well as the specific individuals to start with.

\* Stakeholder outreach (Hyannis Main Street BID, Town of Barnstable): This next phase would consist of a series of presentations and one-on-one meetings designed to secure buy-in to both the overall retail vision for Main Street as well as the specific roles for the would-be implementers.

We are under no illusions that everyone – or even most – will be receptive. Such are the challenges of retail revitalization in Downtown settings with multiple stakeholders. However, we do not *need* everyone to respond positively at this stage, only the early adopters.

Our approach, then, will be guided by a strategic understanding of which specific individuals should be approached first and with what sorts of arguments, as well as which ones are best left for later stages of the adoption lifecycle.

To help with the outreach to the private sector, we will also develop a retail marketing brochure and webpage (housed on the Hyannis Main Street BID's site) that, using the language of the retail industry, strives to "tell the story" of and frame the opportunity presented by Main Street, with a specific focus on the kinds of tenants outlined in this positioning strategy and the data points that support the sales pitch.

We have found in our experience that such a tool can help both to educate landlords, developers and brokers on the nuances of market positioning (see image below) while also providing them with ammunition for their leasing efforts.

Finally, this marketing piece would be featured as part of a “road show” across the larger region, which might consist of presentations at industry events, opinion pieces for business publications, meetings with retail brokerages, etc.



In Raleigh, NC, our brochure (image) and outreach served the purpose of familiarizing property owners and leasing professionals of the conservative Southern city about the eclectic tastes and retail potential of the “hipsters” and “neo-hipsters” who had descended on their Downtown. The landlords and brokers took to these ideas readily, and today Downtown Raleigh’s upward ascendance, as a hub for creative and alternative culture, is unmistakable, with the once-sleepy urban core having emerged as one of the Southeast’s most dynamic.

\* Tenant prospecting and filtering (Hyannis Main Street BID): While we believe that this memorandum provides some clear guidance on the kinds of retailers worth pursuing for Main Street, we have not been contracted to identify specific prospects, nor, we feel, would it have been appropriate to disseminate them as part of a public presentation or document.

We can, however, take this additional step of researching and pre-qualifying specific possibilities that would be new to the market, drawing on our proprietary database as well as canvassing in comparable village centers elsewhere in the larger region.

Prospects would be passed through various filters so as to arrive at the ones most likely to be interested and able to offer reassuring track records. The resulting list would then be relayed to landlords and their brokers in a carefully-structured process that matches the site criteria of individual tenants to the specifications of available spaces.

Note that this role for the BID would require additional buy-in as part of the stakeholder outreach, from the property owners and leasing professionals in particular, and that the Town of Barnstable would not be overtly involved so as to avoid perceived conflicts-of-interest.

Again, while this memorandum is not intended to serve as a comprehensive retail strategy, we nevertheless feel the need to recommend the following initiatives – even though they do not relate specifically to market positioning – as ones that would provide critical support for Main Street’s retail revitalization. Lead stakeholders have been indicated in parenthesis.

\* Gather more detailed information on Main Street foot traffic (Hyannis Main Street BID, Greater Hyannis Chamber of Commerce), so as to corroborate the qualitative approach utilized to arrive at the findings in this memorandum (or to modify them accordingly), by conducting intercept surveys of pedestrians in multiple locations along the corridor and at different times of the year, week and day. Respondents might be asked about where they live, how long they will be in Hyannis, why they come to Main Street, where else they shop / dine / recreate, what other kinds of businesses they would want to see, etc.

This would provide useful data and insights about who is actually on Main Street, both seasonally and year-round. Ideally it would be undertaken in tandem with another study, presumably led by the Cape Cod Chamber of Commerce, that aims to better understand Cape Cod’s visitor population, specifically.

\* Insist upon zero-setback retail fabric on Main Street for existing storefronts and new development between Old Colony Road to Sea Street<sup>15</sup> (Town of Barnstable), that is, ground-floor spaces flush with the sidewalk and filled only with uses welcoming walk-in customers, so as to bring pedestrians closer to the businesses themselves (see image below) and to keep them walking further, thereby maximizing the potential for retail sales as well as synergies between adjacent/nearby tenants.

Special permits should only be considered for harder-to-fill spaces. For example, very few tenants today – other than the drug and dollar-store chains -- are interested in and/or have the deep pockets for larger floorplates sized at 7,500 sq ft and up in a village center like this one. Requiring landlords in such cases to lease only to retail uses, then, seems like an undue hardship. That said, such exceptions should be periodically revisited so as to ensure alignment with shifting trends.



The recessed storefronts in the Hyannis Oaks Courtyard development (image) weaken the connection between pedestrians and businesses, thus reducing the likelihood of sales.

\* Utilize creative approaches to fill major gaps in the retail frontage (Hyannis Main Street BID, Town of Barnstable), like, for example, the intersection of Main Street and High School Road, where the BID is thinking of acquiring 491-493 Main Street (see image below) and replacing the street-level police substation visitors with a visitor center, and where it could partner with the owners of the 500 Main Street property on the activation of that corner, say, with seasonal kiosks and trucks, public art, etc.



\* Focus capital improvements on the twin goals of sustaining pedestrian interest and extending “dwell time” (Town of Barnstable). Studies in the retail industry have showed that the longer a person spends at the shopping center (and the fewer reasons she has to leave), the more she is going spend; the same holds for a commercial corridor, pointing to the importance of street-level activation (see above) as well as basic amenities like seating areas (designed to prevent loitering) and charging stations.

<sup>15</sup> We understand that a current zoning restriction only permits retail and restaurants within thirty (30) feet of Main Street between Ocean Street and Sea Street. We would amend this restriction to allow for any tenant that welcomes walk-in customers – including, for example, theaters – and to extend it further east to New Colony Road, so that it also applies to the existing retail fabric on the northern side of that additional block as well as any future redevelopment plans on the southern.

- \* Relax permitted retail uses in the HVB Hyannis Village Business District zone (Town of Barnstable), so as to allow Main Street to evolve and adapt with a fast-moving industry in the midst of profound disruption. For example, the regulatory framework should be sufficiently flexible to accommodate whatever the next iteration of food and beverage might bring; right now, it does not even appear to allow for the increasingly common practice of on-site brewing or roasting.
- \* Identify alternative, less restrictive funding sources for signage and façade overhauls (Hyannis Main Street BID, Town of Barnstable), so that applicants are more willing to take advantage (than they have been with Federal CDBG monies) and dated/tired-looking storefronts are given a necessary refresh, thereby helping to improve Main Street's curb appeal and brand. Such financial assistance should be accompanied by free design services from an on-call architect.
- \* Convert the entirety of Main Street to two-way traffic (Town of Barnstable / Public Works), so as to generate more visibility for its businesses, provide easier access from the west, reduce the speed of its automobile traffic, enhance its intimacy and walkability as well as assert the role of Downtown more broadly as a true village center, rather than a pass-through for motorists.
- \* Explore the possibility of converting Ocean Street (from Main Street to Hyannis Harbor) to pedestrian-only during peak season (Town of Barnstable / Public Works), so as to improve connectivity and synergy with the village center's other center-of-gravity and its higher-income clientele, while also increasing the visibility of Main Street as the endpoint – and not just a pass-through -- for Harbor-bound motorists.
- \* Advocate for a new performing arts center within walking distance (Hyannis Main Street BID, Town of Barnstable, Oceanside Performing Arts Center), so as to help drive off-season foot traffic on Main Street, increase consumer demand for food and beverage concepts there as well as elevate the brand of the village center more generally.
- \* Diversify efforts to establish new drivers of foot traffic for the slower, off-season months (Hyannis Main Street BID, Town of Barnstable), including a new performing arts center (see above), a modernized conference center, additional “Third Place” venues as well as continuing education and “lifelong-learning” classes. New housing development in or near the village center would also help in this regard, assuming that it targets year-round residents.
- \* Develop standalone “start-up guide(s)” for different kinds of retail businesses (Hyannis Main Street BID), in concert with and using the same template as the author that created the one for restaurateurs, so as to guide would-be merchants through what can be an intimidating process, then both post them on the BID's web portal (see below) as well as distribute them to others within the support infrastructure, including leasing professionals.
- \* Apply further tweaks to Hyannis Main Street BID's existing (already-impressive) web portal (Hyannis Main Street BID), including, for example, a centralized database of available retail spaces (linked to the websites of their respective landlords and/or brokers), the aforementioned retail marketing pitch (as part of the “Why Main Street” page) as well as the aforementioned “start-up guide(s)” for restaurateurs and retail businesses.
- \* Leverage the entitlements process to ensure a symbiotic relationship with The Landing at Hyannis (Town of Barnstable), such that the place-making element at this new development does not give rise to a competing center-of-gravity for residents and that the leasing effort does not poach from among Main Street's most successful merchants (see caption below). Negotiations might also include demands for funding to continue with the implementation of this positioning strategy as well as the other retail-related initiatives outlined above.



\* Revisit and update this positioning strategy on a periodic basis (Hyannis Main Street BID, Town of Barnstable), so as to ensure that it is always evolving in response to changing conditions, shifting tastes, disappearing anchors, new competitors, etc. The danger is that without such constant monitoring, Main Street's fade into irrelevance could happen so slowly -- if not imperceptibly -- that it only become recognizable *after* the point of no return has been reached.

[illegible]

After all, there is reason to be upbeat. Main Street remains a relatively healthy commercial corridor, one not only well-positioned – owing to its high level of visitor traffic – to survive the threat posed by e-commerce, but also, capable of expanding its appeal still further with its existing submarkets. Could it be more than it is? No doubt. But rather than viewing that as a criticism, one can see it as an opportunity, one that many other village centers do *not* have.

<sup>16</sup> Created by NAIL as part of the Cape Cod Chamber of Commerce's branding exercise.

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resistance to change will be strong, especially on the Cape. Only by staying the course, however, will we maximize the chances of getting to where we ultimately want to be.