

## Big Box Retail in the New Economy: Place-making in the Era of the Electronic Milkman

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The solution to the big-box dilemma is simple: Design for future community development around people.

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Minneapolis, MN  
July, 2003

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### Remember when?

Can you remember a time when the milkman came around every day or two, and delivered fresh milk and dairy products to your door? For baby boomers and older, the milkman was a neighborhood institution. He could always be seen driving his delivery truck around the neighborhood. I remember one day actually riding with the milkman when I was about eleven years old. I appreciated the way he greeted anyone who came to the door, and if there was no one home, he would place the household's pre-ordered goods in an insulated box by the side or back door.

The way we buy things, especially dairy goods, has changed significantly over the years. Today, most people buy their dairy goods at the grocery store or, when time gets short, at the local gas station or convenience store. Frequent deliveries of consumer products from a small truck running through the neighborhood are virtually nonexistent these days. Part of this change is an improvement in pasteurization, merchandising, and storage of dairy products to a point where there is little risk in such perishables spoiling. However, another is increasing profitability for dairy distributors when their customers travel to the store. As long as people drive to and from the store, the costs of home delivery are borne by each and every customer. Today, all the dairy products we consume on a daily basis are warehoused for us to go and get in our own cars.

Even the grocery store has changed dramatically in form and function since the era of the milkman. Back then, we would fill out a pre-printed order card for milk, eggs and butter for the next few days, and place it in the box. The next day before school let out, the insulated aluminum box would be filled with cold milk to go with our afternoon cookies. Mom would drive the station wagon once a week to the local grocery store for other foods and sundries. Nowadays we strap the kids and ourselves in the car, drive on congested roadways to the big-box stores, walk a quarter mile to get what we need, pack up the car again, drive congested roadways home and unload the car. Increasingly, these repetitive trips are taking their toll—in time, energy, stress, cost, and quality of life.

QVC and infomercials, as well as electronic banking, tax filing and news reporting, are popular and recent phenomenon. They are all indications that convenient access to just about anything is getting closer to home. Increasing catalog sales and delivery service business revenues are direct evidence of buying decisions and delivery being brought to our doorstep. Home grocery delivery is becoming increasingly attractive to customers with little time for routine grocery shopping. Companies like Simon Delivers in the Twin Cities and Peapod in the Chicago area are currently experiencing an extraordinary increase in demand for home delivery service. In response, their selection of available

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products has improved, and so has the sophistication of their delivery service. Popular retailers such as Best Buy, Pottery Barn and The Gap are expanding their catalog and Web presence as an alternative to in-store shopping. Even Target has a link within the Amazon.com Web site, and Walmart has its own online shopping site, Walmart.com.

We are just beginning to see large-volume retailers of household necessities offer turnkey online ordering and convenient delivery. This trend has some beneficial consequences, including reduced trip generation on local roadways, and extra time customers can spend with their friends and family. It has also had some detrimental consequences as well, including local citizens becoming increasingly disengaged from community life.

Ten years ago, we didn't even know what online shopping was. Ten years from now, given the current momentum of computer technology in both ordering and delivery, how will our personal shopping habits change? What will be the role of big-box stores in this new economy? How will we come to experience shopping as a daily activity?

Perhaps the most important question is this: How will a consistent increase in online shopping change the way we think about urban development and how we experience our everyday environment?

### **How and why we shop**

Let's face it: We will always need more toothpaste, toilet paper, diapers, detergent, shampoo, socks, etc., as we go through daily life. Usually we buy the same brand we always have, unless some advertising encourages us to try, just once, a new one. But generally we stick to what we know in our repeat purchases and end up looking for the best price. Let's call this warehouse shopping, simply because the experience of visiting these stores is much less about uplifting human experiences than it is about volume purchasing of needed stuff. Warehouse building construction and aesthetics are most efficient at delivering the highest volume of goods at the least price. We stock up at these stores because we don't want to come back any more often than we have to.

What about shopping for things we want, but don't know a lot about? For lack of a better term, we'll call this amenity shopping, because the experience of purchasing these goods and services revolves around items that are not necessarily needed, but are most certainly desired. For instance, we'd like to get one of those new digital cameras we saw advertised on TV. It is a new product, expensive, but we can see how owning one would improve our quality of life by allowing us to document our children's activities. Consumer research, either in-store or online, is prudent for this kind of purchases because we want to know more before we buy. Building form for amenity shopping may be large-format stores, but can also be found in smaller storefronts in traditional downtown main streets, old or new. Of course, if you do enough online research to give you confidence in buying online, the bricks-and-mortar store becomes irrelevant, no matter where it is.

Finally, there is what we'll call discretionary shopping. This is the activity of shopping for pleasure, to explore things of interest, but not always to buy. Purchases are typically impulse items. Shopping for new clothes, books, antiques, and any other variety of personal goods, or getting a haircut, talking with an insurance agent, or simply getting a cup of coffee are experiences vastly different than shopping for toilet paper, toothpaste and diapers. Discretionary shopping is something to do, an exploration, and if at the end no purchases are made, it was still fun. Some call this window-shopping.

Discretionary shopping can be achieved in any number of store types and urban settings, although more familiar choices include a town center or enclosed mall environment. Rarely is a big box store chosen as the place to go for window-shopping. Nor is discretionary shopping a fun online experience.

In fact, most retail environments catering to the discretionary shopper actually play up the experience of being there with visual and architectural enhancements, as well as a variety of additional hospitality uses. Restaurants, taverns, cafés, ice cream parlors, tea and coffee houses, public greens and plazas are all designed to enhance the overall experience of being there. Third places, as they are typically called, are where families, friends and neighbors can talk, get to know one another, and form the bonds of community association. Third places also attract discretionary shopping venues.

### **The big-box dilemma**

As more everyday goods and services can be ordered online and delivered directly to the consumer's door at less expense than personal automobile travel, the role, and perhaps the form, of big-box retail centers will change. The big-box dilemma for local governments is this: How do we design for large-volume retailing, for which there is still significant demand, in an era when home delivery becomes a more convenient alternative to driving for frequently purchased goods and services? How will high volume, warehouse retailers, and their host communities, adapt to changing perceptions about shopping convenience and quality of life among consumers? And finally, as more consumers who have increasingly busy lives want to enjoy what little time they have in healthy, spiritually up-lifting places, where will they go? It is a dilemma that can be resolved through an understanding of evolving distinctions between warehouse, amenity, and discretionary shopping habits.

Before we try to offer a solution, it is appropriate to first define big-box retail within the context of community building. In form, "big box" refers to a warehouse building, simple and rectangular in construction, quite often of corrugated metal, concrete block and/or brick-faced walls. For the most part, there is very little spirit to the architectural design, except in promoting the store's brand name and logo to potential customers. Big box is also characterized in site design by a stand-alone building within a sea of parking, large storm water drainage ponds, tall light standards and high-intensity lighting.

In function, big box refers to inexpensive goods bought and sold in volume. Its business is dependant upon large quantities of goods being purchased for the least cost of delivery. In many ways, big-box retail environments shelter marketplace activities of daily life, much as the open-air plazas of Europe or the main streets of pre-World War II America, except they are now under one roof and one owner. The big-box store has a captive audience, and no matter which brand you buy, the big-box retailer harvests the sale.

In the end, big box is not designed to create mutually-beneficial partnerships between retailers and community citizens, much in the way traditional town and centers once did, but between local customers and corporate sellers. It is my hope that shifts in consumer preference will cause these retailers to address commonly held design values much differently than they have become accustomed to, if for no other reason than to compete for consumer dollars. The definition of convenience is about to change. Conventional methods of providing goods in large store footprints, with large surface parking lots, and in locations increasingly farther away from the people who use them, will be increasingly inconvenient to the customer, in terms of time and personal automobile travel.

### **Three strategies**

There are essentially three choices in facing the upcoming challenges of changing commerce.

The first is to ignore the cultural trends of increased online shopping and continue to build large shopping centers and big-box stores. The primary advantage of this strategy is that it is relatively easy to accomplish. The municipal codes are in place; the design/building community has extensive experience in constructing conventional shopping environments; and customers currently use them with convenience, safety and frequency. Conventional retailing methods, in the absence of other choices, have been resoundingly successful at generating revenue and taxes.

The disadvantages of this strategy include more infrastructure at public cost, more roadway congestion, more personal time spent driving (at the expense of personal time for much more enjoyable activities), and a decline in incubator and specialty businesses in already-established urban areas and traditional main streets. In addition, with more online shopping of warehouse items, automobile-oriented centers face declining revenues and may not be able to support their original debt loads and estimated tax levies.

A second approach to face the new economy is to design shopping centers and big-box stores to be more pedestrian-oriented and more like traditional town centers. A number of 1960s- and 1970s-era shopping malls throughout the country are being replaced or modified to become more “main street” in form and character. Enlightened developers and retailers are seeing the shift in consumer preference towards visiting places less sterile than ordinary malls and seeking out people-oriented places that offer experiences outside the basic purchase of goods. Whether these town centers were built in one construction phase or were incrementally phased in over time, in all cases the renovated centers are vastly more successful than their predecessors in cash flow and community acceptance.

Changing the physical form of the big-box store is a fundamentally difficult task. For one thing, chief executives of big-box retailers have made a science of generating the maximum cash flow from a minimal capital investment in a store’s physical assets. Such well-intentioned executives may be receptive to changes in exterior image and site landscaping, but design determinants such as parking quantities, building size and configuration, and store circulation are “sacred cows” on which they are highly reluctant to concede. Exceptions occur in very dense urban areas, where land costs preclude conventional big-box building form, but such exceptions are rare in suburban communities. Even in some out-state communities, efforts to bring the big box into the town center to bolster the small-store heritage and business climate have met with significant challenges, most of which revolve around the scale of the building, as well as its traffic and parking requirements in relation to the existing urban fabric.

The third approach for consideration is evolutionary town planning. In this strategy, the community designates big box-sites and automobile-oriented shopping malls by the highway, and concentrates on developing the town center as an identifiable place for community activities. One objective of this strategy is to provide the community with both big box and an authentic sense of place. It allows the full range of commerce to be in touch with each customer’s diverse need for convenience, education, entertainment, movement, and performance in their shopping experiences. Another objective is the support of small shops and start-up businesses by citizens within local neighborhoods. This approach sees the value of community development encompassing not only the economic aspects of progress, but also progress in the social, economic and environmental quality of life for citizens.

Place-making at a human scale generates a valuable “sense of community,” an idea that a growing number of citizens seek to realize. When a municipality’s reputation includes great places designed to be used for positive human experiences, business owners, investors and customers flock there because they can see themselves “hanging out”—in addition to spending money—there.

In an evolutionary town-planning approach, the big-box stores along the highway are not neglected, but slowly they evolve toward distribution warehouses into which volume deliveries are made with 50-foot tractor-trailers and out of which small step-vans make home deliveries throughout local neighborhoods. An electronic milkman carrying 20 home deliveries, keeps at least 40 automobile trips off regional roadways. With this kind of system used in volume for volume purchases, for even one half of the existing homes in America, the impact on commerce, government and transportation systems cannot be ignored. An evolving change in consumer shopping activities should increasingly inform both private and public investment decisions about commercial land use and transportation activity.

The solution to the big-box dilemma is simple: Design for future community development around people. In an era when competing influences (online shopping, family time, desire for community, a search for place) vie for our attention, we have to remember for whom exactly we are planning. It is us, right here, not someone off in another state or country. Recognizing there is a basic human need for daily commodities (those things for which we have little patience), as well as for social interaction (beyond the purchase of goods), is the first step. As we become more technologically sophisticated, we have evolving opportunities to be with others—that is the next step. Actively building towns and neighborhoods where we can live, work, shop, and play in the company of our family, friends and neighbors—that is the final step.

#### **The challenge for local governments**

Certainly not everybody is going to start ordering daily goods online tomorrow, nor is online shopping an alternative for every person for every item. Some people will choose to live their entire life without a computer in their home, though they will be in the minority.

Look at where we've come in the last ten years. Internet use is widespread, as is extensive use of computers in daily commerce. At the same time, we've seen big-box stores increasingly super-size as each new one is built and another building shell is left behind. And we cannot forget the well-documented increases in traffic congestion, air pollution and environmental degradation produced by what we typically call urban sprawl. If we learn nothing else from the passing of time, we should learn that change is inevitable. How we deal with it is not.

As planners, we are charged with seeing out toward a 10- to 20-year horizon, and preparing development plans that will incrementally achieve that vision. How do we balance competing priorities of providing for existing needs and preparing for the future? Do our local governments have the will to meet these challenges, or will they let our communities take form by default? These are important questions of balance in an ever-changing, ever-moving civic, economic, and political environment.

The first question any community needs to resolve is this: How will we become part of a prosperous new economy—an economy different than what it is today? I believe a shift in consumer preference toward more convenient online shopping and more spiritually uplifting in-store shopping gives us an exceptional opportunity to dramatically change the city-building practices to which we've become accustomed. In addition, I believe the convention of municipal investment towards roads, and incentives for single-use buildings and parking lots, may no longer be a prudent community development practice.

Each local government will have to partner with the local development community to adjust place-making and big-box construction priorities for their own new economy. We are entering an era where the trend of citizens and customers are finding it increasingly unacceptable to bear the entire cost of goods and service delivery through automobile-oriented shopping destinations. NIMBYs are becoming

increasingly abundant. In an era where product information will be available virtually in every home, the amount of in-store shopping will most certainly decrease over time. It already has. An average American currently spends 34 minutes a day shopping, as opposed to 54 in 1960. In response, local governments may choose to invest more in public realm enhancements around neighborhood and town centers to attract citizens who value a more attractive sense of community rather than investing in more roadways to new regional malls and big-box stores at the outskirts of town.

Local governments should be thinking about the consequences of such changes, even with projected population growth. They should strategize how public infrastructure resources will be allocated cost-effectively if there are fewer vehicle trips to and from automobile-oriented shopping centers and big box stores. In re-allocating investment priorities over time, local government should address squarely the increasing demand for pedestrian-oriented commercial centers with third places, and local, multi-modal transportation systems to support them. Exemplary models are being constructed that encourage people to “hang-out” in the company of their friends and neighbors, as well as buy things.

Local governments should also be preparing for conversion of large-format retail stores into local distribution points for home delivery. For example, any new big-box stores may be required to have reinforced concrete floors that allow in the future for point loads of internal warehouse vehicles and equipment. Site development approvals may require traffic patterns to be configured to accommodate over time more large and small truck traffic and less customer automobile traffic.

### **The challenge for retailers**

You can bet that retailers will be adjusting to a change in customer preference, perhaps even more quickly than local governments can plan for it. Retailers are constantly moving to remain competitive. Seeing opportunities for customers to buy more easily from them at lower cost, especially for nondurable goods, is highly attractive to them. Corporate retailers who see a more profitable advantage in home-delivery services will aggressively capitalize on the new meaning of customer convenience, and make a science out of efficient marketing and delivery for the volume of goods and services we already consume daily. Another example of adjusting cost priorities is that large-volume retailers may find it more profitable to operate regional distribution warehouses near highway interchanges, while at the same time improving convenient consumer access to a wider selection of goods and services through online catalogs and product display. No longer will the company be dependent upon extensive costs of automobile-oriented infrastructure to bring customers to their door; they will go directly to their customer’s door.

As home-delivery advantages increase, retailers will also find provocative ways to introduce new products and services online, as well as in pedestrian-oriented storefronts. Smaller main street storefronts in neighborhood or town centers may be just the place for such large-volume retailers to introduce new merchandise, display special sale items, and offer customer assistance. In the company of local incubator and small business development, large-format retailers may have a more beneficial role in local community development and local customer acceptance. Main streets are also where a variety of new, as well as already-established chain hospitality venues might arise, deliberately marketing the larger walkable environment to attract patrons.

It is important to remember that it is not the mission of commerce to commence place-making by itself. Retailers, especially large corporate companies with regional or national distribution, view town centers as opportunities to grow and consolidate a consumer market, and not as a part of a larger agenda to re-establish walkable neighborhood patterns. Therefore, the challenge for retailers is to see the town center’s public realm as a great address for business.

A public realm designed to be the principal community amenity is essential for long-term success of town centers and commercial businesses. Many valuable precedents demonstrate that an attractive, well-maintained public realm sustains an ever-changing, prosperous urban marketplace. It is the diversity and flexibility of these environments that gives them durability.

The challenge for retailers is to recognize that their customers and local citizens are the same people. Once corporate retailers act not only as providers of goods and services, but also as a good neighbor, they will find a loyal, respected and expanding customer market right here, in this community.

### **Smart living**

On a regionally competitive level, attention to community building at a human scale provides an economic development advantage over communities that wait. Improving the quality of daily living and place-making takes time, but with disciplined planning and incremental construction, even communities of modest means can attract money and people who desire a spiritually-uplifting, community life. Public plazas and greens, unique shops, and third places, where people can have more fulfilling experiences in the company of friends and neighbors, are not that difficult to plan and design. Just ask the citizens. They will tell you what they're looking for. And the professional design community is becoming better equipped to shape those desires into valuable assets. Development priorities that include place-making within neighborhood and town centers will gradually achieve the healthy "sense of community" local citizens talk about with pride.

As planners and designers, our vow to plan new urban development is often limited to providing end users—local citizens and customers—basic health, safety, and welfare. Such protection is always expected. However, we can do better than that.

In an era where anything is possible, or so it seems, the way we live will change. So will our urban environment. But the information age is growing up too, and the way we see technology changing the convenience it brings to our lives is as significant as the changes the industrial age brought to contemporary mass production and systems thinking throughout the Twentieth Century. At the same time, the conventional suburban development patterns to which we've become accustomed are continually being proven to be unsustainable. The critical question, then, is when do planners and designers begin to accommodate these changes in their practices?

Evolutionary town planning doesn't take away the civic infrastructure and commerce we have today; rather, it is a practice that causes us to act wisely in how we use what we already have and design future development to support citizen-oriented community development. With an eye on changes in the new economy, planners and designers also have more and better opportunities to preserve shrinking environmental, human, and fuel resources. In the coming era of the electronic milkman, life will be different than it is today. Neighborhood and town development will begin with the daily routines and desirable experiences of ordinary citizens, and allow them to be the design determinants for smart living.