

# COVID briefs

BUILDING BACK BETTER: POST-PANDEMIC CITY GOVERNANCE

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## A COMPETITIVE AGENDA FOR URBAN COMMERCE IN POST-COVID-19 CITIES

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#### Abstract

The structure of the urban commercial fabric is the result of continuous transformation. Among the phenomena that explain this are the emergence of large commercial centres on city peripheries displacing shopping from some settings to others, globalization and the high cost of spaces which empties city streets of local shops to replace them with franchises, and the digital explosion and development of e-commerce.

In a scenario of changes in purchasing and consumption habits in which e-commerce was already growing, COVID-19 is added as an accelerator of this trend. Hence, the pandemic has aggravated the situation of many urban businesses which, burdened by losses and uncertainty, are closing their doors. It never rains but it pours.

The underlying question is, will COVID-19 be the definitive catalyst for the disappearance of urban commerce? If this is the case, and given that this is a key sector because of its importance in terms of employment, socioeconomic activity, and dynamism of cities, it is necessary to introduce measures to reverse the process.

### Urban commerce in the pandemic

The disappearance of local shops in the urban commercial fabric is not new. For years now, as a result of globalization and the development of e-commerce, gradual closures have been emptying cities of small businesses.

The pandemic has accelerated the trend in online shopping. It has not been the trigger, but its advantages have become visible at a time when shopping in physical environments was not feasible or was more complicated and less safe. This is true even for people who were not used to e-commerce.

Yet, it is no less true that local businesses offer numerous benefits. Not only do they create employment and economic activity, but they also play a social role and revitalize the city, which then calls for serious reflection about how to maintain and/or recover their vitality. For some time now, local public administrations, aware of the importance of this sector, have incorporated it into their agenda, but this must be done from an integrated standpoint, and even more so after the devastating health crisis.

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So far, numerous local and regional administrations in Spain have emphasized support for commerce during the pandemic in order to resolve several urgent questions. These measures include economic recovery aid for dealing with costs arising from health protocols, consumption stimulus measures by means of initiatives like trade support bonds, and tax deferral. This is the case with programmes being promoted in Bilbao (#BilbaoAurrera), Barcelona (“Barcelona nunca se detiene”), and Valencia (“Plan HOPE”), as well as the European Commission’s Recovery Plan for Europe which, although its focus is long-term, includes budgetary items for short-term recovery.

These initial measures are necessary but not sufficient because of their short-term focus. COVID-19 has given rise to an unprecedentedly uncertain scenario in which changes are very rapid and of unknown duration.

A comprehensive approach is needed in the efforts to revitalize cities and their business districts. The city should be reconsidered and understood as a space that can alleviate the problems it already had but that are now more visible, to which are added new ones brought about by the health emergency. The role of commerce in this situation also needs to be re-examined.

## **A competitive agenda for urban commerce after COVID-19**

It is necessary to redraw cities, making them more balanced, cohesive, and aimed at reducing inequality in the broadest sense. They should also be diversified, well connected, and more habitable. More human. This is where commerce plays a decisive role.

Cities are laboratories where innovative, bottom-up recovery strategies can be implemented (OECD, 2020). With these, if the political will is there, COVID-19 could definitively accelerate the change towards a new urban paradigm: inclusive, green, smart cities where there must be room for commerce and local businesses so that they can provide services to citizens in a framework of sustainable economic development.

The role of commerce and its models can and should be redefined so that the city can deal with old and new challenges like digitalization and climate change. This entails making decisions about mobility, land use, energy consumption, and other matters, as well as designing an agenda of measures to boost urban and commercial competitiveness.

### **Mobility: towards a city on the human scale**

It is necessary to reconsider “the spatial structure of our cities, debating the creation of new policies that will give meaning to concepts like urban density, compaction, and consolidation, mixture of uses and urban functions, the return to the neighbourhood as the city’s basic cell, and determination of centralities on different urban scales [...]” (Iracheta, 2020, p. 18).

One of the most important challenges for cities, mobility, is a condition for the development of commercial activity. In Europe, the European Institute of Innovation and Technology (EIT), which has been working since 2019 to promote new forms of moving around in cities, aims to make the project EIT Urban Mobility Europe's largest initiative for transforming urban mobility ([www.eiturbanmobility.eu](http://www.eiturbanmobility.eu)).

Solutions like cycling and encouraging walking, which are common in many cities, have been threatened by the pandemic as fear of contagion has tempted more people to use the private vehicle. Hence, according to a survey of the Drivers Observatory of the Royal Automobile Club of Spain (RACE, 2020), 9% of drivers now use the car for activities for which they used other kinds of transport before confinement, while 20% of people who previously used public transport to go to work intend to use the car, and those who used it before the pandemic continue to do so. This is one of the contradictions will be faced unless the problem is addressed comprehensively. Many cities (Dublin, Sydney, Athens, Milan, Barcelona, for example) have responded by clearing some streets of private transport and are promoting other forms of healthier and more sustainable mobility, such as bicycles, skateboards, and walking (*The Guardian*, 2020).

Hence, despite these circumstances, but also because of them, it is necessary to leave aside the private car and work on the "mobility-accessibility" binomial by improving pedestrian routes and public space in a space-time context that people will find acceptable, as well as adapting public transport to proper hygiene measures to ensure user confidence.

Models like the "fifteen-minute city" of the urban planner Carlos Moreno (2019), which Paris<sup>1</sup> had begun introducing before the health crisis, are based on this idea. Cities that are committed to making all services available in a quarter of an hour are responding to the need to change our way of life, production, consumption, and how we move around.

To this end, Moreno suggests establishing other time-space relations in urban life, on the way to a polycentric city. The aims are to offer quality of life in short distances, to stop the use of private vehicles, and to provide the six basic urban functions: residing, working, provisioning, caring, learning, and resting (Moreno, 2019; Mardones *et al.*, 2020). This is the model of a city for the future, based on the idea of lifelong neighbourhoods where all essential services are within a radius that is manageable by bicycle or on foot so that time will not be wasted in travelling.

Another similar initiative is the superblock, a concept conceived by Salvador Rueda and implemented in the form of pilot projects in cities like Vitoria and Barcelona. The idea is to guarantee "quality public space, a green, biodiverse, productive, and resilient city, and active, sustainable mobility" (Ayuntamiento de Barcelona, 2020). The superblocks emphasize mobility and recovery of public space, reducing traffic in streets, and reorganizing the way in which vehicles can circulate. Streets and squares are recovered and turned into meeting places, play areas, and spaces for cultural, social, and economic exchanges. If, moreover, each superblock contained all the basic services, we would have the structure of the fif-

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<sup>1</sup> Other French cities including Nantes and Toulouse have also adopted this model, as have Milan (Italy), Edinburgh (Scotland), and Ottawa (Canada).

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teen-minute city. The two models are, then, complementary.

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Commerce has traditionally been wary of pedestrianization since it was thought that restricting traffic would reduce the numbers of clients. However, it favours commercial activity when interventions are planned and carried out on the basis of consensus and considering the interests of all parties. Public-private collaboration is essential and, in this regard, channels of participation like sectoral roundtables are needed.

In Europe, cities like Barcelona, Madrid, Milan, Copenhagen (with Europe's largest vehicle-free area), London, and others elsewhere like New York (and of special interest here is the pedestrianization of Times Square and Broadway Boulevard; see Gené and Ferré, 2017) are examples of the impact on commercial activity of this measure. It is essential to document with data how circulation of people instead of cars benefits commerce.

### **Sustainability, a trend that opens up opportunities for local commerce**

The economic downturn caused by the pandemic has demonstrated the impact of human activity on environmental problems and has helped to raise awareness.

Sustainability is trending, as is shown by the results of an Accenture (2020) survey carried out with more than 3,000 consumers in fifteen countries. The study reveals that consumers are making more sustainable choices when shopping and will probably continue to do so in future. The respondents believe that they will make more sustainable choices (54%) by shopping more price-consciously (49%) in local stores (46%).

This proximity is accepted not only as a sustainable option since it avoids polluting kinds of travel but also as an alternative to e-commerce. All of this could bring about lasting structural changes in the consumer goods industries and in commerce.

A greater prominence of local business as a shopping channel requires innovative management that would incorporate adequate tools for responding to the new demands and assuring competitiveness by shifting to new business models.

### **Digitalization: unavoidable**

Digitalization is fully incorporated into daily life and it should not be alien to commerce. In fact, for some years now, larger businesses have been opting for digitalization in their internal processes and relationship with clients. They are therefore better placed for dealing with the crisis caused by the pandemic.

We are now witnessing the definitive take-off of e-commerce, which is extending into practically all kinds of products, including food, and also among different groups, thus increasing the target audience. The pandemic has permitted this by making the benefits of e-commerce visible to people who were previously unaware of them, for example the elderly.

However, incorporating digital tools to improve customer experience is still a pending task for smaller physical businesses. COVID-19 has revealed the need for accelerating the process of digital transformation. Resolute encouragement of digitalization of local businesses is required and, for this, institutional support promoting programmes to support the sector is a key factor.

The solution is not so much that these kinds of businesses should embrace e-commerce but that they should incorporate digitalization together with tools to improve the relationship with customers and their shopping experience. This could include use of apps like WhatsApp, for example, for resolving doubts or placing orders, click and collect services, and presence in the social networks to showcase the offer. Clients would then have more information to help them decide and this would also reduce the time spent in the physical shop.

The fact is that physical commerce will have to adapt to the situation that emerges after the pandemic which requires social distancing and minimum time spent in closed physical spaces.

Aware of the challenge posed by digitalization, governments are marshalling their resources. Spain, for example, will invest 140,000 million euros in the period from 2021 to 2026, and 33% of this is earmarked for digitalizing the country (Ministerio de Asuntos Económicos y Transformación Digital, 2020), with a specific part being allocated for micro-SMEs, and many local shops.

### **Proximity and social interaction: reinforcing the local and community character**

Since the onset of the pandemic, many people have “discovered” local and proximity commerce, which has gone from being “landscape” to becoming part of their lives. They have ceased to see shops as mere sales outlets and now appreciate them as pillars of the community. Shops offer convenience but are also part of the community and, even more so, if they actively contribute to social interaction. This enormously valuable social capital is sustained by committed shops which belong to societies that care for their environment, their city.

The archetype of the physical local shop will mutate to become a space for hybrid services, with new business models combining the physical and the digital to resolve citizens’ needs and foster social interaction. One example of this is Wasbar, an establishment in Ghent (Belgium) where it is possible to have a drink, and even do the washing or have a haircut. There are already numerous models along these lines: book-shop-café, fashion-music-beauty spaces, and hairdresser-shoe shops (see bolsalea.com, 2020).

Municipal governments should provide the appropriate structure, designing together with the retail sector, the policies to be implemented, in a public-private partnership relationship.

Mobility, sustainability, digitalization, and social interaction.

In an urban ecosystem of more sustainable mobility, commerce benefits from the new dynamics of urban life and it could be a key agent in community creation and as a factor of resilience. If this is to happen, it must adapt and take advantage of its proximity with citizens. The new urban commerce must unite the logistical, management, and finance skills, as well as professionalism, and knowledge of big operators, with the capillarity and proximity of small establishments in a formula for working together in a way that will benefit all parties (Ponce, 2020). This could be supported from the public sphere by fostering the framework for this kind of cooperation.

If citizens understood the advantages of proximity, at both individual and collective levels, they would be more likely to give this channel a greater influence in their shopping decisions. In order to achieve this, municipal governments should provide the appropriate structure, designing together with the retail sector, the policies to be implemented, in a public-private partnership relationship. Establishing dynamics for listening and the participation of all parties involved, being open to new models of intercompany collaboration between big operators and local business, encouraging support programmes in the sector for managing new challenges with particular emphasis on digitalization, and publicizing the role of local business with information and awareness-raising campaigns, are some of the measures that should be taken.

### **The future of urban commerce after the pandemic: conclusions**

COVID-19 forces us to rethink everything and we must be able to make proposals to emerge strengthened from these critical events. Urban commerce is facing major changes that were already taking place but which the pandemic has accelerated.

The city can (and must) take advantage of the pandemic as a turning point for transforming itself into a series of more balanced, sustainable, and resilient spaces. Urban and neighbourhood commerce must regain its lost prominence and, in order to do this, it must understand and redraft its role in a comprehensive model of urban revitalization, which would take into account the new challenges that have appeared after the onset of COVID-19: mobility, sustainability, digitalization, and social interaction.

Finally, governance based on a public-private partnership will be necessary. The institutional commitment must be backed up by shared planning and measures of support for real, specific sectors because of their role in revitalizing the urban environment from different perspectives.

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