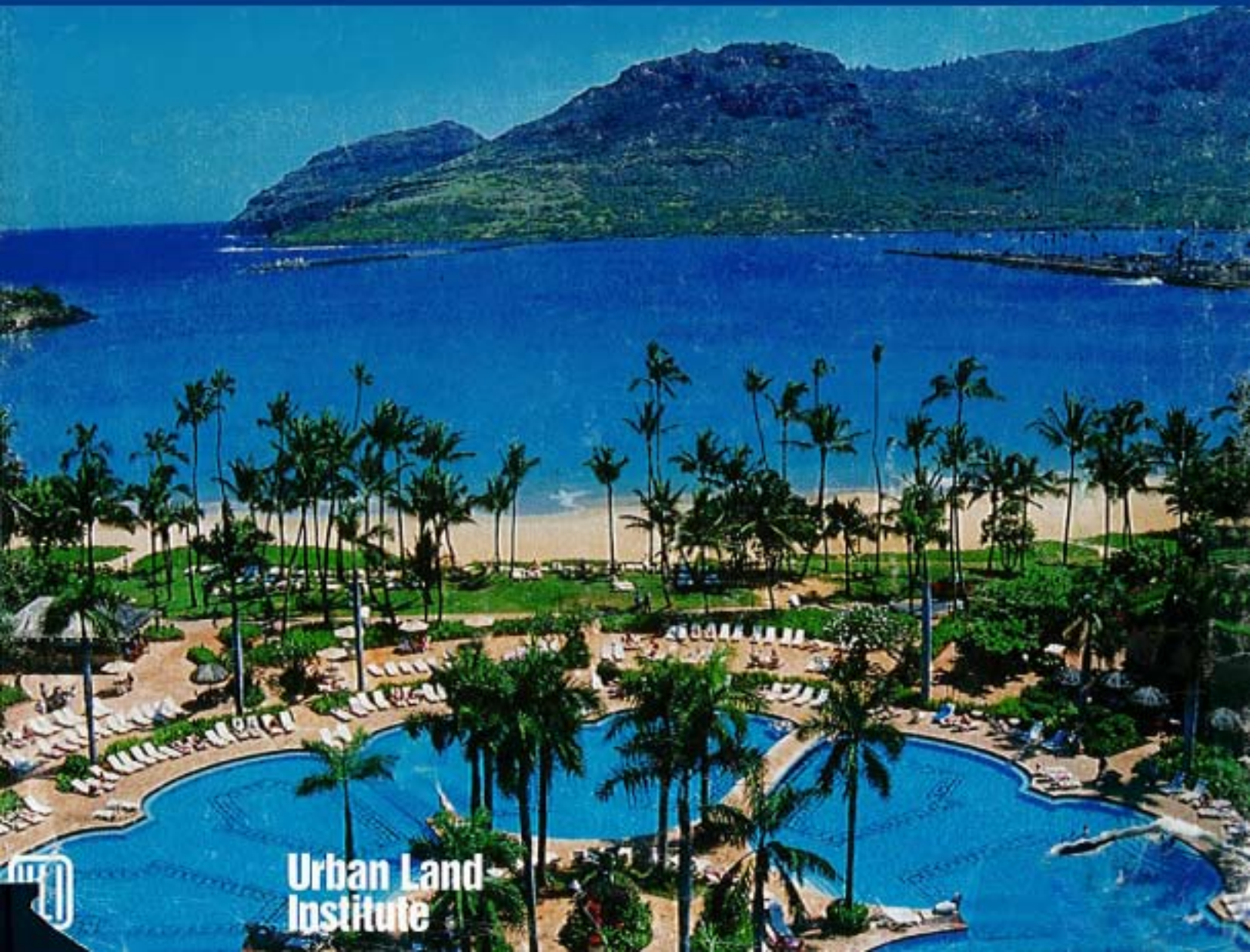


ULI Development Handbook Series

Resort Development Handbook



**Urban Land
Institute**



Throughout the world, retail plays an integral role in the success of resorts and tourist communities of different types and sizes and at different stages of development. Because of its universal appeal to all demand segments, retail is the glue that holds together mixed-use recreational communities.

Recent U.S. Travel Data Center surveys reveal that as many as 88 percent of international travelers rank shopping as their primary activity. According to the *National Travel Monitor*, shopping has been rated as a more important vacation attribute than "getting exercise" and "staying at the best hotels or resorts." At well-established resorts and communities such as Vail, Colorado, and Whistler, British Columbia, shopping and dining have become increasingly popular, often surpassing traditional recreational activities connected with the natural environment.

Today, Europe attracts nearly 60 percent of the world's foreign visitors because of the way in which its destinations combine natural, historical, cultural, and social resources with such manufactured attractions as retail, recreational, and entertainment facilities. Maintaining the right mix of these elements in a dynamic consumer climate is perhaps the most significant challenge currently facing resort and tourist community developers, planners, and retailers worldwide.

Creating the Right Mix

Recognition of retail's potential contribution to both overall resort profits and the local tax base has prompted major capital investment in many ski areas, resort destinations, and tourist villages. Such investments, however, involve significant uncertainty and risk. Pivotal issues of location, tenant mix, themes, environmental setting, and ambience demand careful analysis. Many retail villages lack the critical mass and magical appeal that entice visitors and residents to purchase goods, dine out, and return time and time again. To create enticing public places, resort and tourist villages must continually reinvent themselves. And developers must understand the difference between resort/tourist retail uses and traditional retail uses and identify the market forces affecting the industry today.

Unlike traditional shopping centers, successful tourist-based retail uses often evidence several characteristics in combination. For example, they

- are heavily geared to visitors and are unable to survive on local traffic alone;
- offer an intimate scale with a distinctive ambience and a strong pedestrian character;
- create an "experience" that increases the community's or resort's lifestyle appeal;

- present a distinctive and consistent architectural design and line of merchandise that convey a unifying theme;
- offer a variety of restaurants, bars, and other entertainment facilities that function as key tenants and help create a social ambience;
- lack traditional anchor tenants;
- may have logo shops and, depending on market profile, higher-end merchandise shops with commemorative or iconic appeal; and
- offer an ongoing program of special events and activities designed to entertain, inform, and amuse.

Tourist villages tend to be more loosely defined than other forms of retail development. Leisure, the outdoors, opportunities for socializing, and entertainment form the basis for an informal environment. Nevertheless, given that tourism and retail are highly susceptible to changing consumer, economic, and social trends, creating the right mix is a task not to be taken lightly.

Principles for Success

The developers, planners, and operators of a prosperous resort retail environment need to identify the services, facilities, and tenants most appropriate to the market. While there is no one formula for creating a successful resort or tourist retail village, six key principles can be identified.

Milieu. Resort and tourist villages depend on the milieu created by the special attributes of their locations. Attributes include spectacular mountain valleys, waterfront settings, and other features such as hot springs or historic associations. The uniqueness of the setting and the way in which the resort or village evolves around the natural environment provide a baseline ambience. In Aspen, Colorado, for example, a small waterway twists its way through the town's pedestrian core. At Mount Tremblant in Quebec, Intrawest Corporation has made the preservation of historic buildings a priority, thus achieving a completely unified Canadian theme that reflects Quebec's heritage, culture, and lifestyle.

Multiactivity Environments. Many resorts and tourist communities striving to become year-round destinations have invested in conference centers, tennis campuses, golf courses, sports institutes, and indoor activity centers, thereby creating multiactivity environments. Wider market appeal enhances the feasibility of more exciting and diverse retail villages.

The market for multiactivity resorts and tourist retail districts is more complicated and less homogeneous than that for traditional shopping centers. Patrons may include overnight visitors such as sightseers, skiers, golfers, or hikers; local residents; regional residents liv-

ing within a day's drive—day-trippers, resort employees, and corporate, meeting, or conference visitors.

Successful tourist villages cater to the market's current trends and values, particularly the all-important family, mature travel, and educational and business segments. Attracting a wider range of visitors to resorts leads to a synergy that can overcome seasonality by both ensuring higher year-round visitation and creating new retail and business opportunities.

Chamonix, France, has seen significant market diversification. Today, only 50 percent of winter visitors are skiers. Similarly, by providing the right mix of new facilities and amenities—including a conference center and two championship golf courses—Whistler in British Columbia has evolved into a full four-season destination with nonskier visitation now almost matching that of skiers.

Town Center Hub. Clustering town center functions in a central area increases the functions' appeal and drawing power. In addition to retail shops, a town center should offer such services as a visitor information booth, post office, library, medical center, banks, offices, recreation center, and conference or meeting facilities. These services create spinoff traffic for retail shops while building a sense of community. Anchoring major people generators such as lift facilities, skating rinks, and conference centers in the village core, with parking at the perimeter, encourages a pedestrian-oriented atmosphere and helps manage traffic flow. Vail, Whistler, and Chamonix are prime examples of the clustering approach. The Plaza at the Coeur d'Alene Resort in Idaho attracted new patronage by placing a tourist information booth in a strategic location within the shopping area.

Character through Tenant Mix. The single most important attribute of any resort or tourist community is the distinctiveness of its village. While village activities set the stage, a carefully selected mix of tenants well versed in the most up-to-date merchandising techniques creates the ambience that is the community's real attraction. An appropriate mix of retail, restaurant, and entertainment tenants takes into account the needs and interests of each market segment as well as each segment's potential contribution to overall sales. The diverse retail tenant mixes of today's multiactivity resorts move well beyond basic T-shirt, souvenir, and fast-food outlets and instead extend to specialty food and merchandise stores, including cheese and liquor or wines, skin and health care, perfumeries, jewelers, lifestyle apparel, sports and outdoor equipment, novelty gifts, antiques, home accessories, theme restaurants, cultural facilities, and high-tech interactive entertainment.

The Right Retailers. Proactive resorts are developing tenant mixes that capitalize on the tremendous attractiveness of health, wellness, and other services and products designed to make people feel good. It is this emphasis that has made European resorts like Baden-Baden in Germany famous for hundreds of years. Stores such as the Body Shop, Garden Botanika, and Chanel have become popular tenants at mature tourist precincts throughout North America. Spa facilities already exist at Coeur d'Alene and are planned for Whistler and Mount Tremblant.

Gourmet food markets and shops such as Alfalfa's Natural Food Stores in Colorado, Starbucks, Häagen-Dazs, and the Rocky Mountain Chocolate Factory sell high-quality products. The small indulgences offered by these stores are particularly appealing to people on vacation. Other specialty stores enjoying success in the resort environment include outdoor accessory stores such as the Sunglass Hut, which offers top-quality sunglasses; the Right Fit, which sells custom insoles for ski boots; Swatch, which offers novelty and unusual watches; and Roots and Benetton, which feature lifestyle apparel and accessories.

Equally important to the family market is the small-indulgence trend—indulging the children; hence, the popularity of Gap Kids, Gymboree, and Kids Are Worth It!. In the upscale Swiss resort of St. Moritz, Giorgio Armani has established an Armani Kids store alongside an extensive collection of branded fashion stores. The high sales of such retailers as Endangered Species at Kaanapali on Maui demonstrate that families feel a need to learn about and appreciate the environment. Cinemas and comedy club/dinner theaters such as the Cinema Exposition Theater, Family Entertainment Center, and the Alpine Museum in Chamonix, France, respond to family demand for light entertainment. In addition, retailers such as the Warner Bros. Store, the Sharper Image, and F.A.O. Schwarz provide fun and enjoyment for people of all ages.

As tourist villages mature, national and international branded retailers and restaurants increasingly seek tenancy. Recently, the Hard Rock Café, Eddie Bauer, and Guess opened for business in the Whistler Village Center. While some resorts do not allow international fast-food operators into their villages, others control their entry through rigid design requirements.

New technologies are finding a place at Whistler, where Larco Investments, Ltd., and Mountain World Entertainment Corporation are planning to create large interactive entertainment centers. The Larco project, to be situated at one of the central plazas of the old village, is planned as an integrated retail, entertainment, and

theme restaurant complex. Mountain World will be located within the existing conference center next to the movie theater and will feature adventures in virtual reality and sports simulators for golf, downhill ski racing, paragliding, and mountain biking.

Design, Merchandising, and Animation. Distinct neighborhoods or merchandising districts with strong themes create a cohesive image for a resort and provide the backdrop for a high level of activity. Design and architectural guidelines further strengthen a resort's identity by ensuring consistency in signage, shopfronts, and individual retailers' merchandising approaches.

Image is enhanced by such features as

- landscaping;
- building volumetrics and massing;
- continuous pedestrian-oriented environments;
- signs and icons, including art, sculpture, water features, and historic points of interest;
- mobile kiosks that sell local crafts, fruits, and seasonal items;

- colorful storefronts and window and vendor displays with inviting entranceways, awnings, umbrellas, banners, and signage; and
- outdoor entertainment and special events such as concerts, street buskers, craftspeople at work, and public or sidewalk markets.

The medieval towns of Germany's "Romantic Road," especially the famous Rothenburg ob der Tauber, provide excellent examples of design, merchandising, and a general liveliness working together to create a unified theme.

Lessons for the Future

Many European resorts provide instructive examples of mature multidimensional tourist villages that successfully incorporate retail uses. In North America, by contrast, the potential for resort retailing has remained largely untapped. With its intimately scaled European fishing village at Harbour Town, Sea Pines at Hilton Head in South Carolina is a North American pioneer. Disney's tourist villages combine animation mastery with main-street, pedestrian-style retailing as in the

replica of small-town America at Celebration in Orlando.

The challenge worldwide is to match tried-and-proven principles to rapidly changing economic forces, values, and retail trends. Planners also must ensure that the retail environment does not come across as too commercial, too glitzy, or too similar to urban shopping experiences. With the right mix of an attractive natural setting, convenience, and creative merchandising, visitors will shop—many even purchasing items that they could but do not buy at home due to lack of time.

The highly competitive field of resort and tourist retailing requires developers and operators to take the following measures:

- Ensure that the scale and tenants of each development phase are realistically matched to market expectations; monitor changing consumer trends on a regular basis.
- Stick to tenant mix principles, generate a commercial plan that creates synergy, and update the plan regularly to ensure that all tenants fit the vision.
- Ensure that the initial tenant mix includes convenience items and integrates value-oriented offerings with lifestyle merchandise.
- Recognize that if the goal is to maintain control of the tenant mix and overall resort experience, the retail and entertainment components may need to be partially subsidized or viewed as a loss leader during the early phases of project development.
- Develop a consistent marketing theme and a story line that fosters a distinctive ambience and sensory impact.
- Add cultural and educational elements to stimulate the discovery experience.
- Work with the resort's tenants to program attractions; rely on such methods as attention-drawing signs and window displays reinforced by animated and interactive in-store merchandising.

Regardless of whether the setting is natural, newly built, or a simulated genuine setting, the resort and tourist experience is capable of drawing large numbers of visitors. But the creators must understand that for that experience to be both enjoyable and memorable, it must be staged with the utmost care and with attention to every detail.

Source: Adapted from Mick Matheusik, "Resort Retailing: Finding the Right Mix," *Urban Land*, August 1996, pp. 68-71.

encouraging off-site access to internal commercial facilities and preserving what may be an important sense of community exclusivity.

Casinos

The rapid growth of the gaming industry represents a potentially significant opportunity for the resort industry. As of 1995, 48 states permitted some form of legalized gambling (Utah and Hawaii are the lone hold-outs), from horse racing and lotteries to full-fledged casinos.²⁶ The growth of casinos has taken many forms, including casinos tied to revitalization efforts, riverboat gambling on the Mississippi River, gaming on Indian reservations, and casino megaresorts in Las Vegas. Moreover, gaming is an important draw for many Caribbean resorts as well as for cruise lines serving Caribbean ports and other areas.

Lawmakers who dared propose legalizing or expanding gambling within their state borders have always faced stiff opposition from those who worry that gaming breeds social problems. However, as dwindling state tax revenues and cutbacks in federal aid have filtered down to every municipality in the nation, gaming opponents have lost their persuasive edge. As a result, eager for the tax revenues and hundreds or thousands of jobs that the gaming establishments and their suppliers bring with them, state and local officials have grown more willing to open their doors to casinos, card clubs, and bingo halls. For example, four old mining towns in Colorado have relied on gaming as an economic development tool.

The city of Inglewood, California, has also approached gaming as a revitalization tool. While city officials in Inglewood say they never expected a local construction boom when the new Hollywood Park Casino opened in 1994, the economic benefits of the town's first card club are thus far exceeding initial expectations. With a population of 115,000 mostly low- or moderate-income residents, Inglewood collects \$400,000 a month in taxes from its new gambling parlor; that works out to roughly 10 percent of the city's annual operating budget. Equally important, about 800 of the casino's 2,000 employees are Inglewood residents. The 315,000-square-foot casino stands next to Hollywood Park, the fabled racetrack located about 15 miles southwest of downtown Los Angeles and three miles east of Los Angeles International Airport. Since the state still outlaws dice games, the casino can offer only U.S.- and Asian-style poker and California 22, a game similar to Vegas-style 21.

Riverboat gaming is now legal in many states, including Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri, and Tennessee. While many of the casinos are simply riverboats, larger resort communities are also being planned around these facilities. For example, Grand Casinos, Inc., and the Gaming Corporation of America are planning a 2,000-acre resort community in a rural setting along the Mississippi River south of Memphis. The community will include a 70-acre lake surrounded by 4,200 hotel rooms and timeshare hous-



The Turtle Krawl is the retail and restaurant center of Disney's Old Key West Resort in Orlando.