

VIRGINIA RETAIL MATTERS

2025 REPORT

Commissioned by:



Conducted in Partnership with:



MAIN STREET
AMERICA



lost state distilling

Bristol, Virginia

(Photo Credit: Historic Downtown State Street)

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downtown phoebus

Hampton, Virginia

(Photo Credit: Riverdale 24 Productions)

a message from jenny crittenden

This year has brought undeniable challenges for small retailers, from shifting consumer behaviors to the impact of tariffs. Yet, within these trials lie powerful opportunities. Small retailers are more than storefronts—they are storytellers, experience creators, and community connectors. They anchor our neighborhood districts, enliven our Main Streets, and bring character to our malls. Their presence enhances our quality of life and draws larger corporations seeking vibrant, authentic environments.

As we explore retail trends and consumer insights in this year's study, we also spotlight three additional topics: disaster recovery planning, historic tax credit program, and managing through tariffs. These addendums reflect the resilience and adaptability required of today's small businesses.

Preserving small retail is not just an economic imperative—it's a cultural one. These businesses often breathe new life into historic buildings and serve as incubators for innovation. They are the heartbeat of our communities, and their success is essential to the vitality of Virginia's retail landscape.

Let's champion their growth, invest in their resilience, and ensure they continue to thrive at the heart of our communities.



President and Chief Executive Officer
Retail Alliance



caryn's bridals, formals & tuxedos

Farmville, Virginia

(Photo Credit: Farmville Main Street Association)



We're Here for Local Businesses, Because We're One Too

At ABNB Federal Credit Union, we understand what it means to be part of a community. We've grown alongside local businesses and proudly support the people who keep our neighborhoods thriving. Whether you're just starting out or have been around for years, **we offer financial solutions that fit your needs.**

We're not driven by profit. **We're driven by people.**
Your goals, your growth, and your success matter to us.
We grow when you do.

LET'S BUILD SOMETHING THAT LASTS.

Learn More at: **ABNBfcu.org/Business**





about the study

Gloucester Village, Virginia
(Photo Credit: Riverdale 24 Productions)

state of retail study

For the third consecutive year, Retail Alliance invested in a one-of-a-kind retail study conducted by Main Street America, designed to deliver exclusive and actionable insights into the evolving landscape of small and micro retail businesses for retailers and the broader business community.

This in-depth analysis draws from Main Street America's April 2025 Small Business Survey of nearly 1,600 micro and small brick-and-mortar retailers across more than 500 cities in 47 states and the District of Columbia, offering a detailed look at the State of Retail in the U.S., with a special emphasis on Virginia. In August this year, we also held an in-depth focus group with five Virginia retailers to dive into their current issues and future outlook. Also new this year are three critical chapters: Small Business Disaster and Resiliency Planning and Resources; The Historic Tax Credit Program - Meet CPG; and Managing Through Tariffs: Tips for Your Retail Business, which explore pressing issues shaping the future of retail.



Main Street America leads a movement committed to strengthening communities through preservation-based economic development in older and historic downtowns and neighborhood commercial districts.

For more than 40 years, Main Street America has provided a practical, adaptable, and impactful framework for community-driven, comprehensive revitalization through the Main Street Approach™. Our network of more than 1,600 neighborhoods and communities, rural and urban, share both a commitment to place and to building stronger communities through preservation-based economic development. Main Street America is a nonprofit subsidiary of the National Trust for Historic Preservation.

mainstreet.org



Since 1903, Retail Alliance has been a community of retailers and service providers meeting challenges, seizing opportunity, and providing

unparalleled support for the purpose of growing retail entrepreneurs. These businesses are a key contributor to the local, regional, and state economy. Virginia Retail Matters because these people matter.

We are champions for the retail industry. We deliver programming that continues to focus on providing data and education on cutting edge retail trends, advocacy, and curating experiences that provide intentional networking.

Retail Alliance will continue to build strategic partnerships and collaborations that deliver specialized retailer services contributing to the support, growth, and sustainability of the retail sector.

retailalliance.com

biographies of researchers

michael powe, ph.d. – senior director of research



As the Senior Director of Research at Main Street America, Mike develops research projects that demonstrate the power and potential of Main Street communities. This includes work managing research partnerships, steering research efforts from design through execution, and gathering and analyzing data related to the performance of Main Streets across the country.

Mike has more than 15 years of experience conducting groundbreaking research on the links between communities' physical fabric and their social, cultural, and economic vitality.

Between 2013 and 2020, Mike led research for the National Trust for Historic Preservation that empirically assessed the contributions that existing buildings and commercial districts offer cities.

biographies of researchers

matthew wagner, ph.d. – chief innovation officer



Matthew Wagner, Ph.D. serves as Chief Innovation Officer at Main Street America. In this role, he is responsible for leading the Innovation Team, focused on internal and external research, new business support, and piloting, testing, and launching new ideas, tools, and technologies.

Dr. Wagner's professional background involves nearly 30 years of non-profit management and teaching experience in the area of downtown revitalization, entrepreneurship and economic development.

Prior to his work at Main Street America, Dr. Wagner had a dual role of Director, Global Community Affairs, and President of Johnson Redevelopment Corporation at SC Johnson, a \$10 billion global consumer products company (Glade, Raid, Windex, Ziploc, etc.). He had international responsibilities driving the company's \$35 million philanthropy strategy in sustainability and workforce/economic development areas. Furthermore, he served as President of Johnson Redevelopment Corporation, SC Johnson's real estate holding company invested in more than 1 million sq.ft. of retail, office and manufacturing space for third-party tenants.

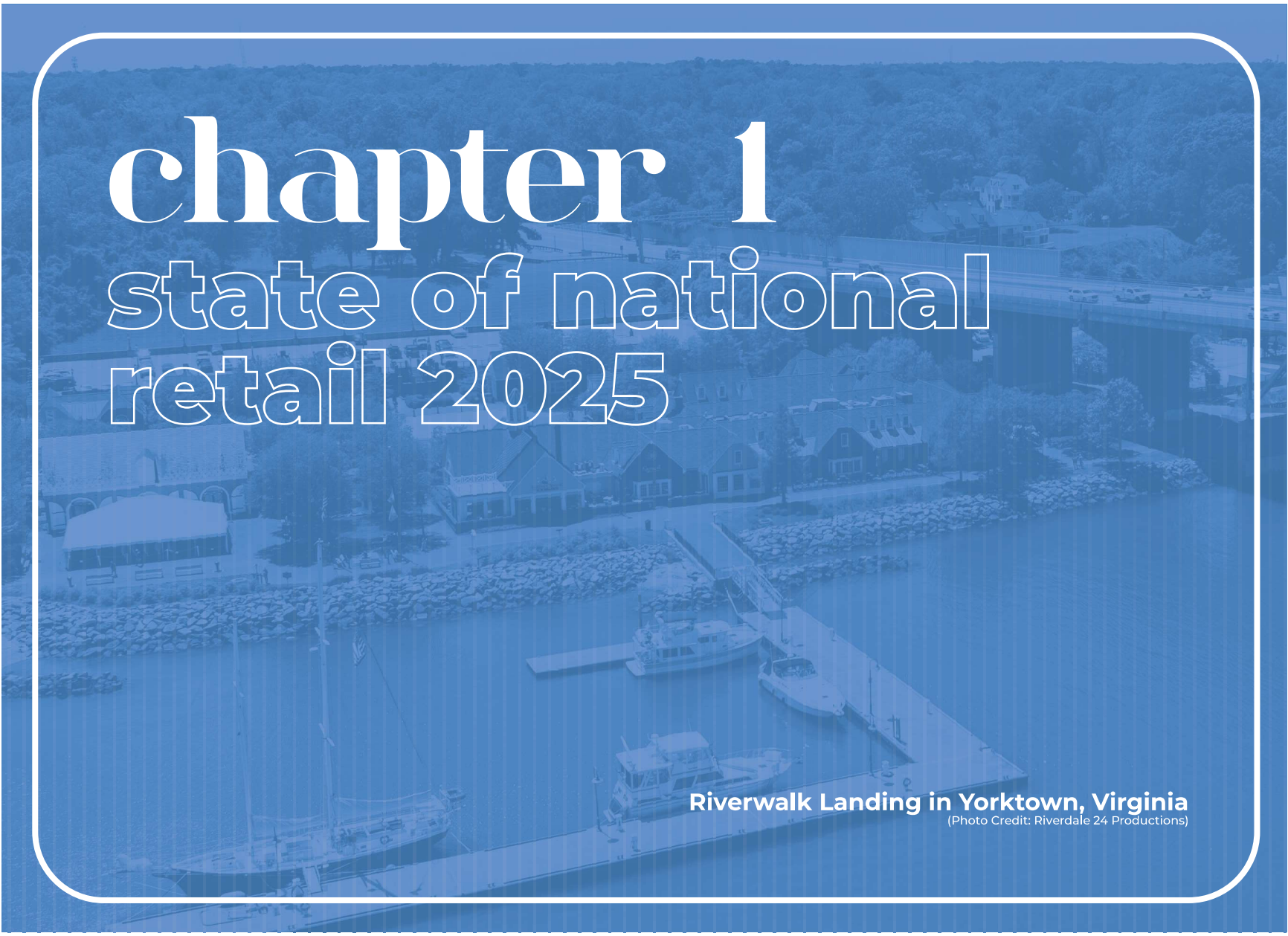
Dr. Wagner has guided award-winning revitalization initiatives, taught entrepreneurship at the University of Wisconsin-Parkside, and served internationally as a Fulbright Specialist and U.S. State Department speaker. He currently serves on the Advisory Council at the Brookings Institution's Center for Transformative Placemaking and has been recognized by the U.S. Small Business Administration for his support of women entrepreneurs.



shear happiness

South Boston, Virginia

(Photo Credit: Destination Downtown South)



chapter 1

state of national retail 2025

Riverwalk Landing in Yorktown, Virginia
(Photo Credit: Riverdale 24 Productions)

introduction

The retail sector in 2025 is navigating a dramatically transformed landscape shaped by new trade policy uncertainties, stark consumer spending disparities, and evolving economic pressures.

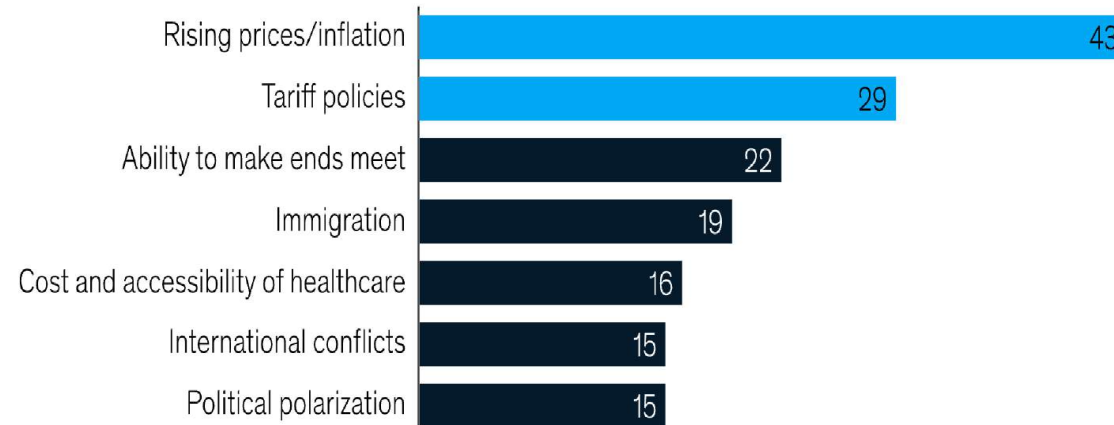
Unlike previous years focused on post-pandemic recovery and shifts, 2025 has emerged as a year of adaptation to structural policy changes and deepening wealth-based consumption patterns.

The implementation of comprehensive tariff policies

beginning in early 2025 has fundamentally altered retail operations and pricing strategies.

A series of tariff announcements, along with shifting negotiation deadlines, has created immediate challenges for retailers

Sources of concern for US consumers



Top Concerns for U.S. Consumers

(Source: McKinsey ConsumerWise Global Sentiment Survey of 3,854 U.S. consumers, conducted from April to May 2025)

dependent on international supply chains. (Source: Reuters, November 2024)

These policies have compounded existing pressures on small retailers, who typically face limited negotiating power with suppliers and reduced ability to absorb increased costs as some larger corporations.

Simultaneously, consumer spending has become increasingly bifurcated along income lines.

According to Moody's Analytics, the top 10% of US households (those earning more than \$250,000 annually) now account for half of all consumer spending, up from an average

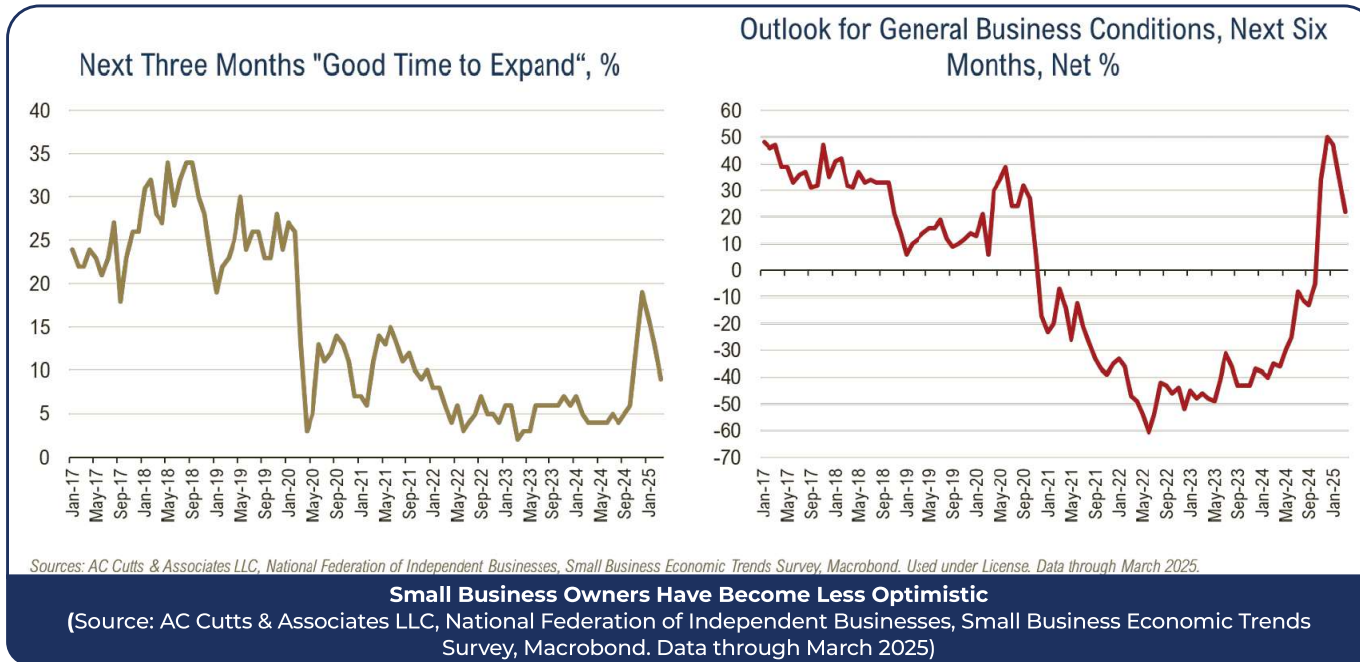
of 36% over the past three decades. (Source: Sage View)

Lower-income earners are reining in their transactions to focus on essentials, while the wealthy continue to spend freely on perks including dining out and luxury travel. This divergence has created distinct market segments requiring different strategic approaches.



The digital transformation continues to evolve, but with new constraints. E-commerce platforms face the dual challenge of tariff-induced price increases and reduced spending power among middle and lower-income consumers.

Brick-and-mortar stores must balance omnichannel strategies while managing the immediate impacts of supply chain cost increases and changing consumer traffic patterns driven by economic uncertainty.



For smaller retailers, 2025 presents amplified challenges beyond those seen in previous years, with growing pessimism around outlook. (Source: AC Cutts & Associates).

The challenges small businesses face when managing the impacts of tariffs include slowing sales,

higher prices for raw materials, limited leverage to negotiate with suppliers, a lack of adequate working capital, and uncertainty about how to set prices when tariffs are constantly changing. (Source: National Association of Small Business, 2024)

These pressures come at a time when consumer behavior is becoming increasingly price-sensitive among all but the highest income segments.

Moving forward in this environment will require unprecedented strategic agility and market segmentation sophistication.

sales & revenue performance

The 2025 retail environment reflects a marked deceleration from previous growth patterns, influenced by both policy changes and shifting consumer dynamics.

With tariffs fostering price increases and economic uncertainty, retail sales in 2025 should grow between 2.7% and 3.7%, reaching \$5.4 trillion to \$5.5 trillion, according to the National Retail Federation. This represents a significant moderation from the robust growth rates of previous years and reflects the complex interplay of tariff impacts and consumer spending constraints.

A closer look at 2025 sales reveals a significantly slower

pace of growth – a kind of treading water – reflecting a macro environment of uncertainty, resulting in declining consumer confidence and reduced spending in low to mid-price point goods, as inflationary pressures impact pricing and retail margins.

In reviewing month over month retail sales data in 2025, January and February represented negative month over month sales growth.

The latest data in May continued to show very sluggish growth. (Source: CNBC/NRF)



Retail Sales in 2025 Will Exceed \$5.4 Trillion

According to the National Retail Federation



Expected Growth:

+2.7% to +3.7% over 2024
Estimated Total: \$5.42 d Trillion

Online Sales:

+7% to +9% Growth in 2025
2024: \$1.47 Trillion (+8,1%)



Consumer Spending Drivers:

- Low unemployment
- Steady wage growth
- Stable household finances

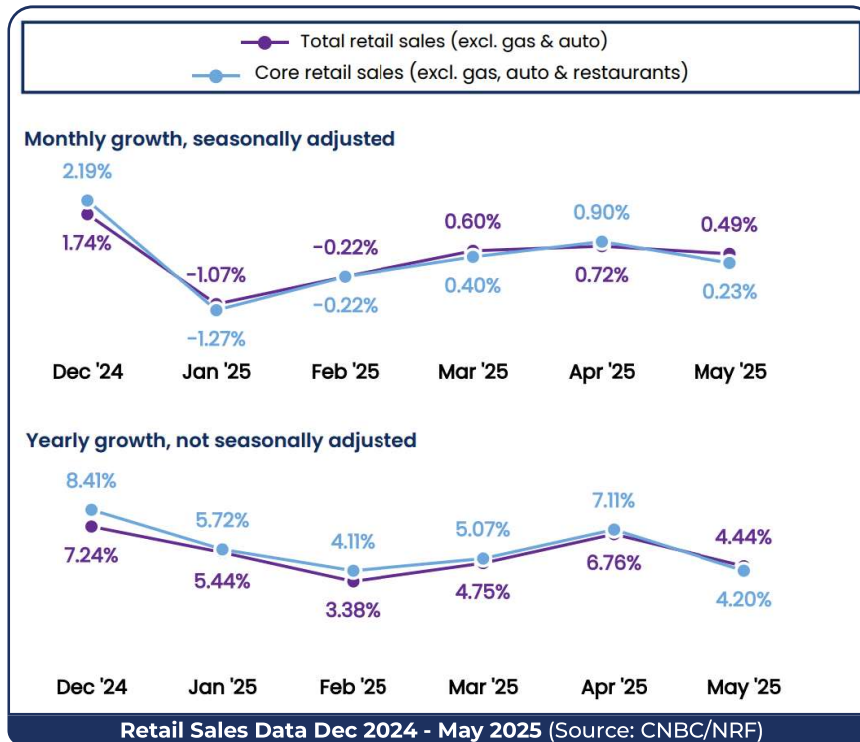
Threats to Retail:

- Declining consumer confidence
- New tariffs raise prices
- GDP expected below 2%



“NRF Warns: ‘Tariffs are taxes paid by consumers.’”

Graphic Source: <https://abasto.com/en/news/2025-retail-sales-forecast-hits-5-42-trillion-despite-tariff-concerns/>



consumer spending bifurcation

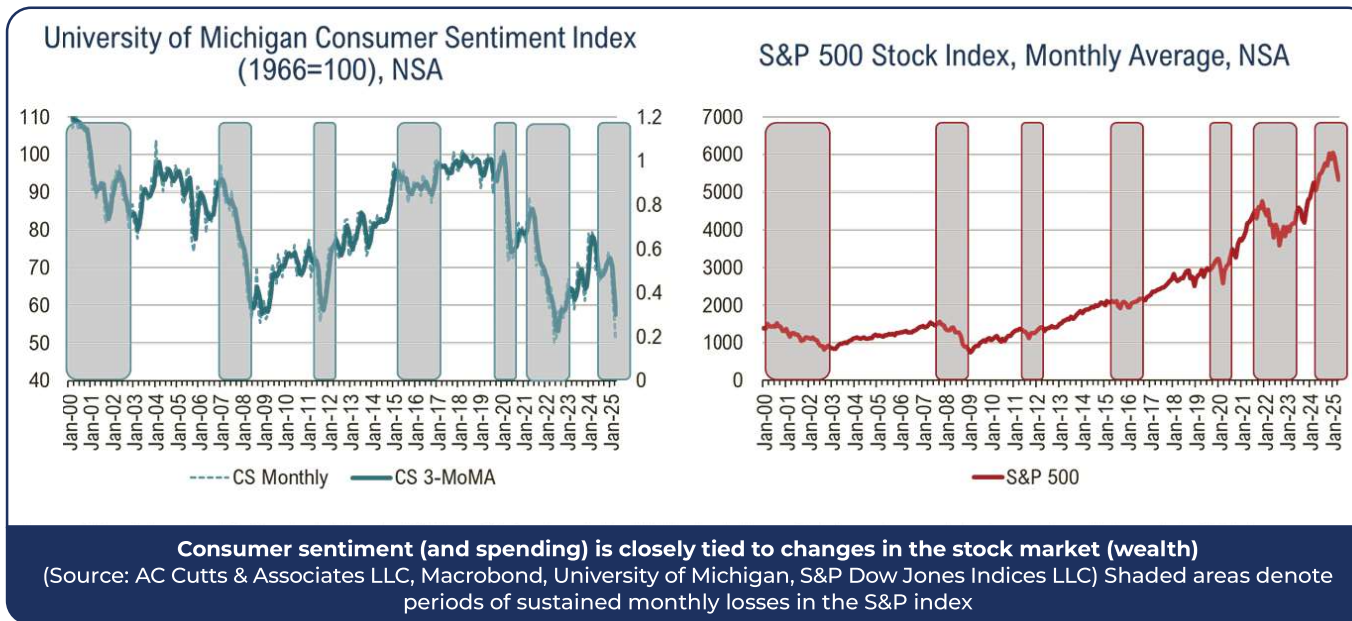
The most significant development in 2025 has been the stark divergence in spending patterns across income levels.

Between September 2023 and September 2024, high-income individuals increased their spending by 12%, while working-class and middle-class households lowered their spending. (Source: Moody's Analytics)

This trend has accelerated in 2025, creating two distinct retail markets:

High-Income Consumer Market

Robust spending continues on premium experiences, luxury goods, and discretionary purchases. This segment remains largely insulated from tariff-induced price increases and maintains confidence in continued economic stability.



Middle & Lower-Income Consumer Market

Spending is likely to cool more visibly among lower- and middle-income consumers, with increased focus on essential goods and value-oriented purchases. This segment has become highly sensitive to price increases resulting from tariff policies.

virginia retail impacts

Virginia's retail landscape exemplifies these national trends in a microcosm, with certain areas showing resilience among affluent consumers while working-class communities experience more pronounced spending contractions.

This can be seen in both larger metropolitan areas as well as smaller towns. In total, there are approximately 100,000 retail businesses in Virginia. As a result, retail trade accounted for 8% of the state's 2024 GDP and about 70% of the state's taxable sales.

In fact, retail represents nearly 1/5 of all jobs in the

Commonwealth, and about 1/8 of all Virginia business establishments.

In 2024, retail businesses accounted for \$95 billion in taxable sales revenue to the Commonwealth of Virginia and 45% of all sales tax revenue.

Therefore, retail businesses represent one of the most

critical sectors reflecting Virginia's economic well-being.

As such, it's crucial that we focus on any headwinds from things like tariffs or reduced consumer spending, in addition to business and consumer trends as we look ahead to retail resiliency.



challenges faced by the retail sector in 2025

Tariff-Induced Supply Chain Disruptions

The implementation of comprehensive tariff policies has created unprecedented challenges for retailers across all segments. Consumer categories across the board are being impacted with price increases:

- In the household goods sector, Procter & Gamble said it plans to raise prices on 25% of its North American products due to the impact of tariffs. (Source: India Today)
- According to The Verge, the original Nintendo Switch, previously priced at \$299.99, now costs \$339.99 on the company's U.S. store.
- An analysis by data firm DataWeave for Reuters found that the median price of a basket of more than 1,400 China-made products sold on Amazon.com to U.S. buyers rose by 2.6% between January and mid-June.

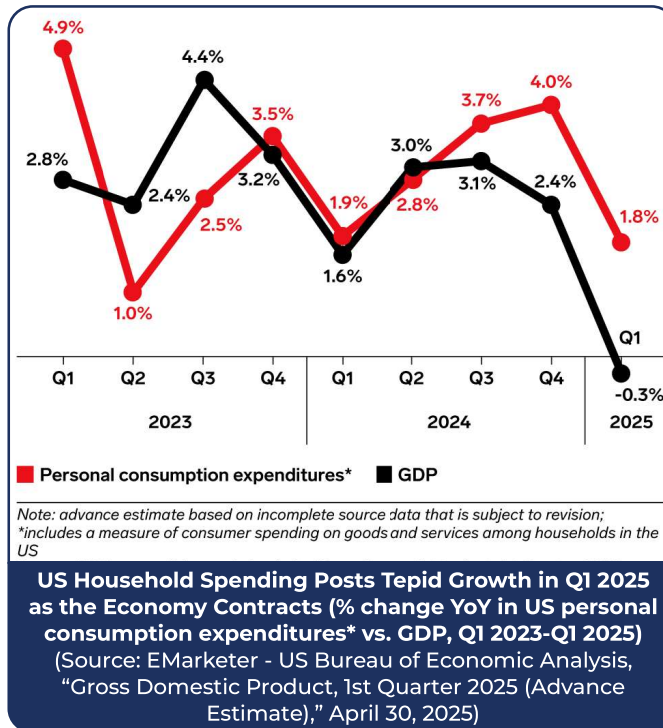
- A CNBC analysis tracked the prices at Walmart of about 50 items across various categories between May and June 2025 and found increases as high as 51%.

Small retailers face particular challenges in this environment. Two-thirds of small business owners say tariffs will hurt their companies. (Source: Goldman Sachs 10,000 Small Businesses Voices Survey, 2024)

Unlike large corporations with diversified supply chains and greater negotiating power, small businesses often lack alternatives when faced with tariff-induced cost increases. Many are forced to choose between absorbing costs (reducing margins) or passing them to increasingly price-sensitive consumers.

Consumer Price Sensitivity & Demand Pull-Back

The combination of tariff-induced price increases and reduced purchasing power among middle- and lower-income consumers has created a challenging demand environment. Data collected by U.S. Bureau of Economic Analysis highlights both the drop in GDP and household spending in 1st Quarter 2025, illustrating the



serious drop in spending from the 4th Quarter 2024, going from 4% to 1.8%. The challenge for most retailers is navigating pricing elasticity – in essence the delicate balance of maintaining margins while avoiding pricing out your core customers.

The luxury and premium segments continue to perform well, though they represent a smaller addressable market for most small retailers. This trend has been somewhat favorable for many Main Street businesses, which have largely shifted toward higher price points and product selection, as the low- and mid-tier retail markets have increasingly become dominated by volume-driven big-box and e-commerce players. Net-net, there is now increased competition for affluent consumers, while at the same time the addressable market for value-oriented retailers is shrinking.

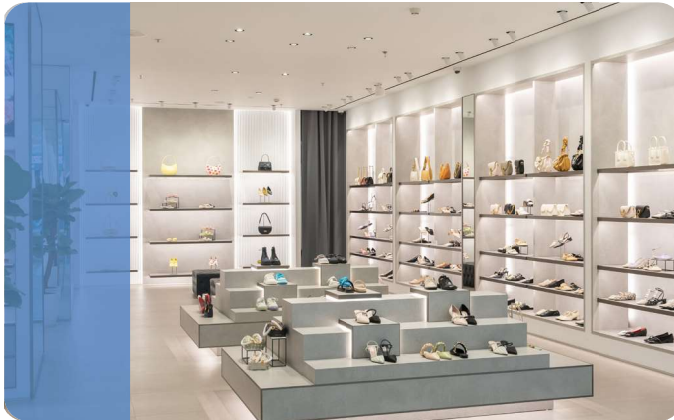
Technology & Adaptation Costs

The need for sophisticated pricing strategies, inventory management, and customer segmentation has increased technology requirements for retailers. Main Street America survey findings over the last several years have shown great disparities in technology adoption for most small retailers, including limited e-commerce and AI adoption (Source: Main Street America - <https://mainstreet.org/resources/knowledge-hub/topics/small-business-and-entrepreneurship>)

retail sector predictions into 2026 -leaders & laggards

Leaders

Luxury & Premium Retailers: Businesses serving high-income consumers have thrived in 2025, benefiting from continued strong spending among affluent segments. Premium experiential retail, including high-end restaurants, luxury goods, and premium services, continue to see growth.



Essential Goods Retailers: Retailers focused on necessities have maintained steady performance, though with compressed margins due to increased competition for price-sensitive consumers.

Value-Oriented Discount Retailers: Large discount retailers, leveraging economies of scale and direct sourcing capabilities, have gained market share as consumers trade down from premium options.

Laggards

Discretionary Goods Retailers: Non-essential retail categories serving middle- and lower-income consumers have faced significant challenges. Home furnishings, recreational goods, and premium apparel targeting middle-income consumers have seen continued declines.

Import-Dependent Small Retailers: Small businesses that rely heavily on imported goods and lack the ability to diversify their supply chains have faced severe margin compression and, in many cases, challenges to overall business viability.

Mid-market Retailers: Businesses positioned between discount and luxury segments have struggled to maintain market position as consumers polarize toward either value or premium options.

Category-Specific Performance

Food Services & Drinking Places: While this category showed strong performance in 2024, 2025 has seen segmentation with high-end establishments maintaining growth while casual and family-oriented establishments face pressure from reduced middle-class discretionary spending.

A combination of inflation and supply chain issues has led to increased food costs, challenging restaurants to maintain profitability while offering value to customers. (Source: Restworks)

General Merchandise: Performance has varied significantly by price point and target demographic, with discount-oriented general merchandise gaining share while traditional mid-market options struggle.



Materials & Home Improvement: This sector faces continued headwinds as the combination of higher material costs from tariffs and reduced discretionary spending among middle-income consumers creates a challenging environment. May 2025 sales were down 2.3%. (Source: NRF) It's anticipated that the market will experience an annual growth rate of 2.45% (CAGR 2025-2029). (Source: Statista)



Sporting Goods, Hobbies, Music: While December 2024 represented a strong performance (3.81%) due to the holiday shopping season, it was followed up by declining sales growth with some encouraging May 2025 numbers (+.42%) as Spring/Summer recreation season launches. (Source: NRF)

A critical factor for this segment has been the direct-to-consumer growth, essentially bypassing the retailer. The rise of direct-to-consumer models, particularly in the cycling industry, is being driven by digital growth, cost savings and evolving consumer behavior.

Major brands like Canyon, Specialized and Trek are leading the charge, backed by strong data showing that 45% to 60% of buyers now prefer online channels for convenience, access to inventory and control over the purchase process. (Source: PEZ Cycling News)

a focus on main street retail in 2025 & heading into 2026

Main Street retailers are facing a particularly complex environment in 2025. The following examines more specific areas based on the more macro-economic, consumer and technology trends, of challenges and opportunities for Main Street level retail in 2025 and into the following year.

Capital Needs in a Constrained Environment

The Main Street America May 2024 survey found that 72% of Main Street businesses needed capital, with 59% requiring less than \$25,000. This has only intensified in 2025, as there are constraints not just on growth.

Businesses now require capital not only to grow but also to adapt to new cost structures and customer segment changes. The types of capital needs have evolved to include:

- Working capital to manage inventory cost fluctuations due to tariff impacts.
- Technology investments for pricing optimization and customer segmentation.
- Marketing investments to reach and retain affluent customer segments.
- Operational modifications to serve changing customer preferences.

Small Business Confidence Under Pressure

Following the drop in small business confidence in 2024 - from 7.7 to 7.5 - conditions have worsened in 2025, as companies contend with ongoing policy uncertainty and market segmentation challenges.

The percentage of businesses operating at a loss has likely increased beyond the 21% observed in Spring 2024. (Source: Main Street America Survey, May 2024)

Manufacturing & Artisan Challenges

The one-third of Main Street businesses involved in manufacturing are facing significant challenges in 2025 due to rising raw material costs driven by tariffs. (Main Street America Survey, May 2024)

These “makers and small-scale manufacturers” must balance maintaining artisan quality and local production values while managing significantly increased input costs.

Visitor Traffic & Experience Economy

While 2024 saw strong visitorship to Main Streets with over 401 million visitors, 2025 patterns show increasing concentration among higher-income visitors. (Main Street America – Data from PlacerAi in Aggregate)

This trend supports businesses offering premium experiences while creating challenges for those serving middle-income customers seeking value-oriented options.



Flickerstix Candle Co in Suffolk, Virginia

(Photo Credit: Brandi Zenzel)

forecast for 2025 & into 2026

Economic Environment Outlook

Growth in U.S. consumer spending is likely in 2025 and into 2026, but at a much slower rate.

“The impact of higher prices from new tariffs will first hit goods categories and likely reduce goods consumption through the rest of 2025,” said Olu Sonola, Head of U.S. Economic Research.

“We expect consumer spending growth to average 1.5% in 2025 and 2026, down significantly from 2.8% in 2024 and 2.5% in 2023.” (Source: Fitch Ratings)

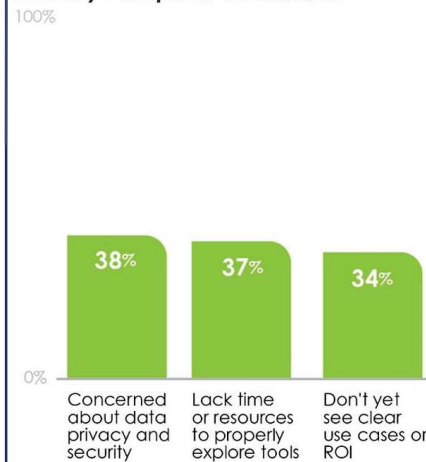
The retail sector must adapt to a permanently altered economic landscape where trade policy plays a central role in business planning.

Technology Integration Imperatives

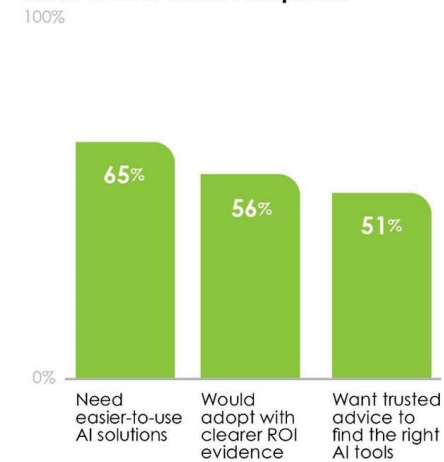
Artificial intelligence adoption has accelerated over the last two years. The U.S. Chamber of Commerce reports that AI is nearly ubiquitous among small businesses - 98% now use AI tools, more than double the 40% that reported using them in 2023. (Source: U.S. Chamber of Commerce).

AI Explorers: Breaking Through Barriers

Primary Adoption Obstacles:



What Would Drive Adoption:



AI Explorers: Breaking Through Barriers

(Source: Main Street America Survey - October 2024)

While adoption is being fueled by integration within existing small business software and systems, there remain great disparities between U.S. Chamber sized retailers and “Main Street” retailers. (Main Street America Survey – October 2024)

Moving forward, AI integration will become more sophisticated and able to be leveraged within smaller retail businesses, including the following operational areas:

- Dynamic pricing in response to cost fluctuations.
- Customer segmentation and targeting.
- Inventory optimization amid supply chain uncertainty.
- Predictive analytics for demand forecasting across income segments.

Small Retailer Adaptation Strategies

Successful small retailers in 2025 have adopted several key strategies:

Niche Market Focus: Targeting specific affluent customer segments rather than attempting broad market appeal.

Local and Artisan Positioning: Leveraging “made local” positioning to justify premium pricing and differentiate from tariff-affected imports.

Experience Integration: Creating experiences that justify higher margins and appeal to less price-sensitive consumers. All else is simply transactional retailing.

Technology Leveraging: Using accessible AI and social commerce tools for pricing

optimization, sales generational both direct and indirect, and customer relationship management.

Retailing Continues Consumer Price Segmentation

The retail landscape is evolving toward a more polarized structure with:

- Large discount retailers gaining share among price-sensitive consumers.
- Luxury and premium retailers thriving among affluent segments.
- Mid-market retailers facing continued pressure and consolidation.
- Small retailers succeeding through niche positioning and experience differentiation.

conclusion

The 2025 retail landscape represents a fundamental shift from previous years' focus on post-pandemic recovery and normalization.

The combination of comprehensive tariff policies, stark consumer spending disparities, and evolving technology requirements has created a challenging but potentially rewarding environment for retailers capable of strategic adaptation.

Success in this environment requires sophisticated understanding of customer segmentation, operational agility in managing cost fluctuations, and strategic positioning within either value or premium market segments.

The middle market, which previously represented opportunity for many retailers, has become increasingly difficult to navigate.

For small retailers, 2025 demands difficult but necessary strategic choices: either developing clear value propositions for price-sensitive

consumers, or positioning for affluent market segments.

Those who successfully navigate these choices - while leveraging available technology tools and maintaining operational efficiency and agility - will find opportunities for sustainable growth despite the challenging macroeconomic environment.

The retail sector's resilience will be tested in 2025 and into 2026, but those businesses that adapt their strategies to the new economic and policy realities will emerge stronger and more competitive in the evolving marketplace.

The key lies in recognizing that 2025 represents not a temporary disruption but a permanent shift requiring fundamental strategic reorientation.



table & tonic

Cape Charles, Virginia

(Photo Credit: Cape Charles Main Street)



chapter 2

consumer trends

Gelati Celesti in Chesapeake, Richmond, & Virginia Beach, Virginia
(Photo Credit: Gelati Celesti)

Since the global pandemic now more than 4 years ago, societal, economic and especially technology trends have fueled what might be thought of as a retail revolution. Retail continues to evolve with a blurring line between ‘bricks and clicks,’ a growing emphasis on social commerce, and increasing influence from macroeconomic policies shaping trade winds across the industry.

This retail revolution nonetheless creates both unprecedented challenges and remarkable opportunities for retail business owners. As we move deeper into this transformative year, consumer behaviors continue to evolve at breakneck speed, driven by technological advances, shifting economic priorities, and an increasingly values-conscious marketplace. For small retailers,

understanding these emerging trends isn't just beneficial, it's essential for survival and growth in an increasingly competitive landscape.

The generational shifts we identified in 2024 have intensified, with Gen Z now wielding significant purchasing power while Baby Boomers adjust their spending pattern as the “Silver Tsunami” reaches peak.

Meanwhile, new paradigms around local commerce, AI-powered personalization, and sustainable consumption are reshaping how consumers discover, evaluate, and purchase products. To thrive in 2025 and beyond, small retailers must stay ahead of these currents while maintaining the authentic, community-focused approach that gives them a competitive edge over larger chains.



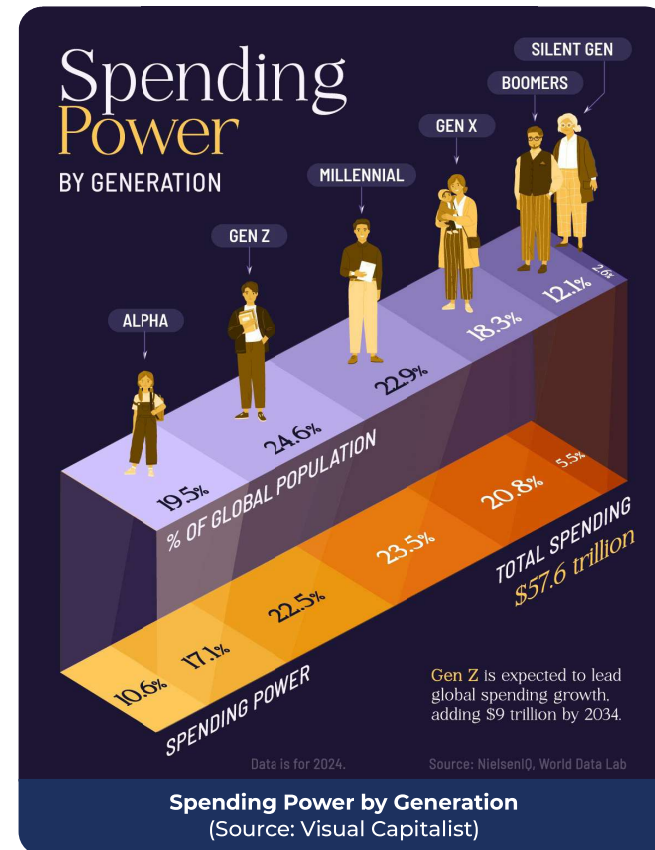
key consumer trends in 2025

In this year's edition of consumer trends, we are highlighting the most significant areas where retail businesses should focus their attention and resources, as well as providing actions retailers may consider as they adapt and adopt new practices:

1. Millennials Take the Spending Lead - But Gen Z Shapes Culture

While much of the spotlight has been on Gen Z, it's Millennials (born 1981–1996) who are closing the gap quickly in entering their peak spending years, starting families, buying homes, and moving into leadership roles at work. They value authenticity, experiences, and social impact, which makes them a key customer target for more Main Street retailers.

However, Gen Z remains the trend maker generation. Their influence on style, platform use, and cultural movements continues to reshape expectations for all age groups.



What This Means for Retailers:

1. Millennials are willing to spend, but they want to spend wisely. Emphasize value, not just price.
2. Offer experiences and storytelling that resonate emotionally.
3. For Gen Z, align with their values, especially around transparency, inclusivity, and environmental impact. 73% of U.S. consumers say they are more likely to buy from brands that align with their values, but they still want fast service and seamless tech. (Source: Edelman Trust Barometer 2025).

actionable steps:

1. Feature short stories as part of your product displays. Use these to build a more personal connection between the product and the customer.
2. Seek out product lines that mirror the value set of Millennials and Gen Z customers.
3. Ensure you're engaging with more video and platforms beyond Facebook, such as WhatsApp, Threads and TikTok.



SeeWhich Books in Phoebus, Virginia
(Photo Source: SeeWhich Books Facebook Page)

2. The Rise of “Buy Less, Buy Better” Consumerism

You might remember the Buy Now, Pay Later trend from 2024, but this year we are seeing an increase in the “buy less, buy better” movement. Consumers are actively seeking long-lasting, high-quality products over disposable alternatives. This represents a major shift from the fast-fashion, disposable culture of previous decades. This trend is also reflective and consistent with declining discretionary spending overall and a move to essentials. (Source: Fiserv, Inc)



Q1 2025 Small Business	Share of Wallet	Sales Growth	Transaction Growth	Avg. Ticket Growth
Discretionary	49%	2.2%	7.0%	-4.5%
Essential	51%	6.3%	3.6%	2.6%
Goods	29%	3.0%	3.4%	-0.4%
Services	71%	4.8%	7.0%	-2.1%
Grand Total		4.3%	5.9%	-1.6%

Declining Discretionary Spending (Source: Fiserv, Inc.)

What This Means for Small Retailers:

1. Focus on product quality and durability over quantity.
2. Emphasize craftsmanship and longevity in marketing messages.
3. Curate carefully selected product lines rather than extensive inventories. Remember, your competition is not Walmart.
4. Highlight the story behind your products: who made them, how they're made, and why they last.

actionable steps:

1. Partner with local small-scale producers, artisans and makers who prioritize quality.
2. Create educational and marketing content about product care and maintenance.
3. Implement customer testimonials focusing on product longevity.
4. Consider offering repair services or warranty programs.
5. Understand your pricing elasticity strategy that also reflects true value.



Bristol Artisan Co.
(Source: Bristol Main Street Association)

3. AI Becomes Accessible for Small Business Personalization

In 2024, the Main Street America national small business survey showed less than one-third of small businesses had adopted AI in any real sense. (<https://mainstreet.org/the-latest/news/main-spotlight-whats-worrying-main-street-entrepreneurs-and-how-you-can-help>)

However, just like with e-commerce adoption, this too is starting to shift. Much of the adoption increase is less “ChatGPT” and more of AI integration with existing small business tools.

Retail businesses that adopt AI technologies will be better positioned to meet the evolving needs of consumers and stay ahead of the competition.

Practical AI Applications for Small Retailers:

Smart Product Recommendations: Use affordable AI tools to suggest complementary products based on purchase history. (Source: Factor.ai)

Personalized Email Marketing: AI-powered email platforms can automatically customize content for different customer segments. (Source: Hubspot.com)

Inventory Optimization: Predictive analytics help forecast demand and prevent stockouts. (Source: Gather.ai)

Customer Service Chatbots: Handle routine inquiries while freeing staff for complex customer needs. (Source: Sierra.ai)

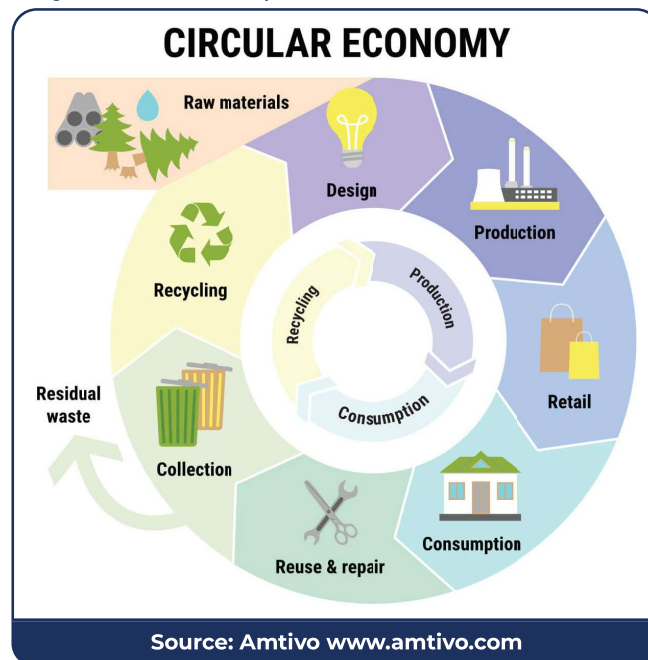
Dynamic Pricing: Adjust prices based on demand, competition, and customer behavior. (Source: PROS.com)

getting started with ai:

- Begin with simple tools like AI-powered social media or design tools like Canva.
- Use social media analytics to understand customer preferences.
- Implement basic chatbots for FAQ handling.
- Consider AI-driven inventory management systems tied to your POS.

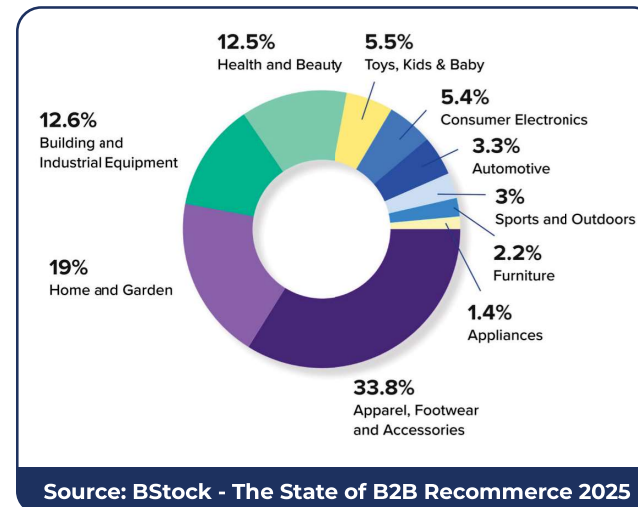
4. The Evolution of In-House Resale and Circular Retail

In a very linear model, most consumers make a product purchase and then dispose after the product has reached its judged lifecycle. However, in “circular” retail there are options for repair/reuse (upcycle in some cases) as well as recycle into a new product.



The apparel sector in retail has quickly caught on. Bringing this service offering in-house can create new revenue streams while appealing to sustainability-minded consumers. Small retailers can capitalize on this trend by creating their own circular economy ecosystems.

While we might think of the circular economy only impacting common goods like apparel, which commands more than one-third of sales in this area, many retail sectors can and are participating.



implementation ideas:

- Trade-In Programs: Offer store credit for customers bringing in gently used items.
- Consignment Corners: Dedicate space for customer-consigned products.
- Refurbishment Services: Repair and resell returned or damaged items.
- Seasonal Exchanges: Allow customers to swap seasonal items (winter coats for summer gear).



Nomads Consignment in Norfolk, Virginia
(Photo Credit: Brandi Zenzel)

benefits for small retailers:

- Additional revenue streams without new inventory investment.
- Attracts environmentally conscious customers.
- Builds customer loyalty through unique programs.
- Differentiates from online-only competitors.

5. Social Commerce Evolution: Beyond Basic Posts

Evolution continues in the converging lines between commerce and social media platforms. Social media platforms like Instagram and TikTok have become sophisticated sales channels, requiring retailers to think beyond simple product posts.

From a consumer perspective, peer-to-peer commerce is now mainstream. According to Shopify, between 2023 and 2025, U.S. social shoppers added 8 million more users, currently topping 104 million. Nearly 40% of Gen Z and Millennials made a purchase directly from a live video or livestream in 2024. (Source: Coresight Research)

advanced social commerce strategies:

- **Live Shopping Events:** Host real-time product demonstrations on Instagram or Facebook.
- **User-Generated Content Campaigns:** Encourage customers to create content featuring your products.
- **Influencer Micro-Partnerships:** Work with local micro-influencers (1,000-10,000 followers).
- **Social Listening:** Use AI tools to monitor brand mentions and engage in conversations.

platform-specific tactics:

- **TikTok:** TikTok now includes in-app product reviews and affiliate sales from micro-influencers, creating new opportunities for small brands.
- **Instagram:** Utilize Stories, Reels, and Shopping features.
- **Facebook:** Leverage Facebook Shops and community groups.
- **Pinterest:** Create seasonal and lifestyle boards showcasing your products.

6. In-Store Retail Gets Even More Personal (& Practical)

Hyper-personalization remains a key driver in winning consumers, but shoppers are increasingly expecting utility and interactivity. For example, 68% of shoppers say they're more likely to return to a store that provides tailored recommendations or services. (Source: Salesforce 2025 Retail Report)

According to research from Twilio, 66% of consumers will leave a brand if their experience isn't personalized. Real-time personalization can keep your customers happy in the long term, too.

Twilio found that 86% of consumers say personalized experiences increase their loyalty to specific brands, which improves customer lifetime value. (Source: Zendesk.com)

In 2025, in-store retail continues to evolve through practical, low-effort tactics such as the following:

- Product sampling areas with education (especially for beauty, gourmet, or wellness items).
- Roadshow: Community hours or local maker demos to build neighborhood ties.
- Tech-lite personalization (e.g. QR codes to unlock discounts, or simple loyalty apps).



Wine tasting experience at Crystal Palate in Norfolk, Virginia (Photo Credit: Brandi Zenzel)

7. Wellness is the Next Big Thing

Global wellness is HUGE! According to the Global Wellness Institute, the global market for wellness related products and services will grow to nearly \$9 trillion by 2028. (Source: Globalwellnessinstitute.org)

Building off the GPL-1 rocket adoption, new forms of therapeutic wellness extend beyond traditional health products to encompass emotional and mental well-being. Think of it

as a wellness ecosystem and as such it is not strictly limited to retailers focused exclusively on this sector or product categories. According to NielsenIQ, a few key driving product and service categories expended to experience the fastest growth are in “Aging Well”; “Mental Health, Sleep and Energy Support” and “Self-Tracking Diagnostics.” (Source: Nielseniq.com)



ways to incorporate wellness:

- **Mindful Shopping Experiences:** Create calm, stress-free shopping environments with lighting, scents and color schemes.
- **Wellness-Focused Product Curation:** Highlight products that promote mental or physical well-being.
- **Educational Content:** Share information about how your products contribute to overall wellness.
- **Community Building:** Host wellness-focused events or workshops.
- **Product Bundling:** Create wellness gift sets or self-care packages around holidays.

some examples across retail sectors:

- Bookstores: Create “mindfulness” sections with journals, meditation guides, and calming teas.
- Clothing Stores: Emphasize comfort, sustainable materials, and confidence-boosting styles.
- Home Goods: Focus on creating peaceful, organized living spaces with plants, sustainable and natural fabrics.
- Food Retailers: Highlight functional foods and ingredients that support health goals.



8. Less Friction in The Simplicity Revolution: Streamlining the Customer Journey

Simplicity, speed, and flexibility are all key to enticing shoppers and winning brand loyalty in an increasingly competitive retail landscape. Studies on the “Paradox of Choice” suggest that when presented with a multitude of options, consumers are more likely to suffer from decision fatigue. (Source: Buildgrowscale.com) Consumers are overwhelmed by choices and complexity, creating opportunities for retailers who can simplify the shopping experience. i.e. they aren’t looking for a “Jersey Diner Menu!”

simplification strategies:

- Curated Product Selection: Offer fewer, better-chosen options instead of overwhelming variety.
- Clear Navigation: Make it easy to find products both online and in-store.
- Streamlined Checkout: Minimize steps and offer multiple payment options.
- Simplified Returns: Create hassle-free return policies and processes.
- Clear Communication: Use plain language in product descriptions and policies.

technology solutions:

- Mobile-first website design.
- One-click purchasing options.
- QR codes for quick product information.
- Automated customer service for routine inquiries.
- Leverage data from your POS for continuous inventory targeting.

9. Local Community Integration 2.0

2026 represents America 250 and as such the “buy America, buy local” trend is likely to accelerate. More than half of U.S. consumers say they actively seek out local products. (Source: CivicScience)

However, it is likely to be less about the producer per se and more a response to how small businesses support the places we all call home as customers. As such, successful small retailers are becoming integral parts of their community ecosystems, going beyond simple transactions to create meaningful connections.

measurable benefits

- Increased customer loyalty and retention.
- Word-of-mouth marketing further reduces costs to attract and retain customers.
- Enhanced brand reputation and trust.
- Competitive differentiation from online retailers.

community integration tactics

- Local Partnership Networks: Collaborate with other small businesses for cross-promotion or become more engaged in your local Main Street program or local business association.
- Community Event Hosting: Use your space for local meetings, classes, or celebrations.
- Local Cause Support: Align with community causes and charitable organizations.
- Skills Sharing: Offer your expertise through workshops, mentoring programs, and serving on local boards.

conclusion: preparing for the future of retail

The consumer trends shaping 2025 present both challenges and extraordinary opportunities for small retailers. Success will come to those who can balance technological innovation with authentic human connection, efficiency with personalization, and global best practices with local relevance.

The key is to start small but think strategically. Choose one or two trends that align most closely with your brand and customer base, then implement them thoroughly before expanding to others.

Remember, your advantage as a small retailer lies not in competing with Amazon or Walmart on scale, but in offering something they cannot: genuine personal relationships, community connection, and curated experiences that reflect local values and needs.



As we move through 2025, the retailers who thrive will be those who view these trends not as passing fads, but as fundamental shifts in consumer behavior that require thoughtful, strategic responses. The future belongs to those who can adapt quickly while staying true to their core mission of serving their community with excellence and authenticity. (Picture: Prosegur.com)



downtown hampton

Location: Hampton, Virginia

(Photo Credit: Riverdale 24 Productions)



chapter 3

trends in small business

Mystik Raven in Farmville, Virginia
(Photo Credit: Farmville Main Street Association)

As we move deeper into 2025, the retail landscape continues to evolve at an unprecedented pace. Coming off a year of economic stability, we're now witnessing what many are calling the "AI Acceleration" period, where artificial intelligence and automation are fundamentally reshaping how small retailers operate their businesses.

On again-off again tariffs are causing a great deal of business and consumer uncertainty that is increasing inflation and cooling consumer spending.

As such, 2025 continues to see retailers focused on margin retention while trying to drive down costs and preserve working capital. Much like the pandemic, the rest of 2025 will likely remain uncertain.

The most glaring example is the fact that while many retailers have placed orders for the holiday season, most have no idea what the final costs will be once they receive them. This is of concern now for most retailers.

Retailers large and small don't exist within a bubble. They are influenced by macro technological, economic, and operational shifts

and most notably in 2025, policy shifts. It's through that lens that we identify the following areas ripe for disruption, pivot points, and new areas for operational adoption: (Note: In no order of prioritization)



1. ai-powered operational intelligence becomes accessible to small retailers

The democratization of artificial intelligence has finally reached Main Street, albeit slowly. As noted in Chapter 2, in Main Street America's 2024 national small business survey, less than one-third of small businesses had adopted AI in any real sense.

While progress continues on adoption, skillset needs persist. Small businesses using AI say the technology hasn't lived up to expectations, according to an American Express survey of 1,000-plus U.S.-based decision-makers at small businesses.



Among the 56% of businesses using AI, more than two-thirds expected the technology to make a bigger impact on their business than it has.

Around 1 in 2 decision-makers said they thought their business used AI prematurely, and nearly all admit to still figuring out how to use the technology effectively. (Source: Retail Dive)

The global artificial intelligence in retail market size was estimated at USD 11.61 billion in 2024 and is projected to reach USD 40.74 billion by 2030, growing at a CAGR of 23.0% from 2025 to 2030.

The development of artificial intelligence in the retail market is fueled by factors like constantly rising internet users and smart devices, the need for surveillance and monitoring at a physical store, and government policies toward digitization. (Source: Grandview Research, Market Analysis Report 2025-2030)

Most small retailers are still using AI for generative purposes, i.e. as personal assistants for developing market messages, ideas for event and sales promotions, etc.

However, a growing number are now leveraging AI for more predictive & internal performance operations:

Demand Forecasting: Plug-and-play AI demand forecasting tools that help predict inventory needs without requiring data science expertise.

Dynamic Pricing: AI-powered pricing adjustments based on competitor analysis, demand patterns, and local market conditions.

Inventory Optimization: Machine learning algorithms that identify slow-moving inventory and suggest optimal reorder points.

Customer Service Automation: AI chatbots and virtual assistants that handle routine customer inquiries, freeing up staff for higher-value interactions.

The key difference in 2025 is accessibility that reduces both cost and skills barriers. These AI tools now come as simple software subscriptions or are embedded as features in existing small business software. Examples include POS Systems through Shopify or in e-commerce platforms hosted through GoDaddy. These are often costing less than subscription-based

services, making sophisticated business intelligence available to even the smallest retailers.

2. the falsehood of wanting more choices

Many have experienced sitting in a diner with an overwhelming 10-page menu, struggling to decide what to order. Similarly, sifting through endless pages of Google search results can be daunting - most users likely don't go beyond the second page. One of the biggest misconceptions in marketing is the belief that consumers desire more choices. In reality, shopping behavior is shifting toward hyper-personalization.

According to a Zippia survey on customer experience, 80% of consumers are more likely to purchase from companies that offer personalized experiences. Therefore, curation is poised to become a successful business strategy.

Some other stats to consider:

- Companies that have increased their market share by more than 10% annually are spending money on hyper-personalization tools like chatbots. (McKinsey)

- Most customers expect a brand to respond to social media customer service requests within 24 hours. (SproutSocial)
- 76% of customers aren't happy when a brand does not deliver personalization as expected. (McKinsey)
- 22% of customers don't mind sharing their data if it results in more personalized service. (Deloitte)

Focusing on your strengths as a business rather than trying to be everything to everyone is much more efficient, eases inventory control, and increases customer service and satisfaction. It can even save on space needs. But it does necessitate greater sophistication around knowing your customer.

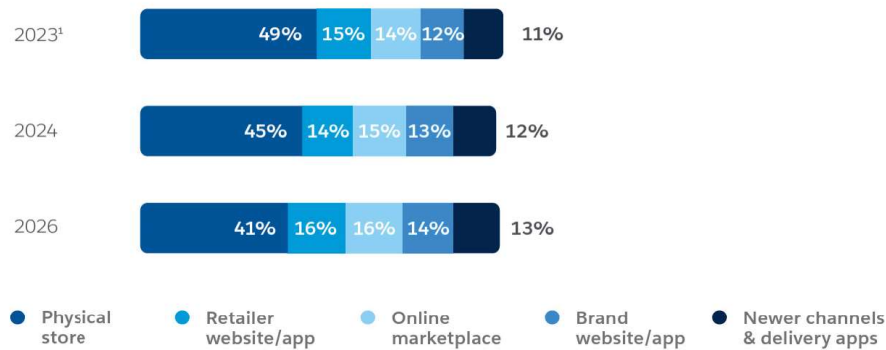
Looking ahead, more businesses will invest time in truly understanding their customers—conducting surveys, leveraging social media analytics to identify which messages resonate and with whom, and confidently streamlining inventory in favor of experimental or pop-up displays. Shoppers increasingly want curated, customized experiences.



Please & Thank You in Virginia Beach, Virginia
(Photo Credit: Brandi Zenel)

Physical Stores Remain Crucial Despite Digital's Growth

Estimated Volume of Purchases Across the Following Channels



¹Salesforce Connected Shoppers Report, 2023

Physical Stores Remain Crucial Despite Digital's Growth
(Source: Salesforce Connected Shoppers Report 2023)

3. welcome to the phygital world era

Last year, the report discussed how the retail economy was shifting to a bifurcated but linked market between the “experiential” and “transactional” purchases.

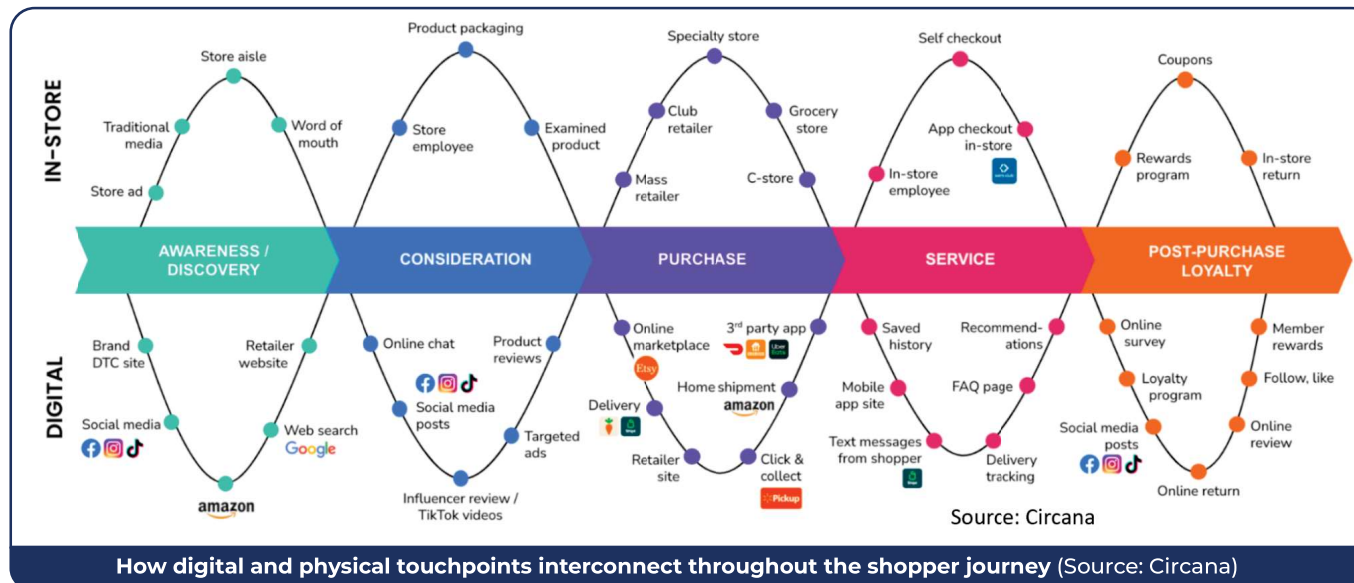
These two things might begin to blur as technology begins to create more of a seamless experience, essentially combining the physical and digital worlds – thus “Phygital.”

Some examples include digital ordering kiosks that

can provide convenience and speed, to ordering and checking-out. We are also seeing digital live shopping experiences where people can speak to real salespeople while browsing virtually.

Eighty-eight percent of retailers say unified commerce will be very important or critical to their business objectives over the next two years. (Source: Salesforce Inc. Connected Shoppers Report 2025) As such, physical stores remain as important as ever.

The following chart from Circana outlines how the shopping experience is enhanced through both an in-store and digital offering through each of the stages of a purchase.



For example, a Main Street small business could improve the customer journey and ensure both in-store and digital touchpoints by maintaining a strong social media strategy, supporting ads on local radio and newspapers, selling through a third-party app like Etsy as a small-scale producer, and wholesaling through a series of independent specialty stores.

This approach eliminates the complexity of managing multiple separate systems while

providing customers with seamless experiences regardless of how they choose to interact with the business.

4. third spaces evolve into retail plug-in spaces

Over the past 20 years private businesses have added to civic character by way of cafés, barber shops, even breweries offering “third places” (passive connections away from home and

work). Today, we are in the midst of an evolution – according to the Survey Center on American Life, only 54% of Americans in 2025 have a “third place” they frequent, such as a coffeehouse or bar, down from 67% in 2019, and that number is still declining even after the pandemic ended.

However, out of that older, more passive model is emerging a greater cohesion between our commercial and civic and social life, with many Main Street businesses becoming what



House of Jane in Madison, Indiana
(Photo Source: House of Jane, Google.com)

Main Street America calls Plug-In Spaces. A Plug-In Space is a small business that through user evolution or with business model intent promotes civic and social engagement that fosters a sense of belonging, micro-community formation, and local civic resilience.

Example: House of Jane in Madison, Indiana: part barbershop, part art gallery, and part music venue – all in the same space. On live music nights, the owner—who’s also a pianist—performs for customers. It’s a soulful reinvention of a traditional service business into a space for cultural exchange and community gathering.

5. subscription and membership model integration

If your number of subscriptions has skyrocketed, you’re far from alone. The subscription economy grew by 435% in the past decade and from 2012 to 2018, subscriptions businesses grew about five times faster than the revenue of S&P 500 companies.

Overall, the subscriptions economy is expected to reach a market size of \$1.5 trillion by 2025. (Source: Elastic Path)

Small retailers are increasingly adopting subscription and membership models not as primary revenue streams, but as operational efficiency tools that provide predictable revenue and deeper customer relationships.

These Models Include:

Product Subscriptions: Regular delivery of consumable products (coffee, pet food, personal care items).

Service Memberships: Priority access, exclusive events, or enhanced services for a monthly fee.

Curated Boxes: Monthly selections of products chosen specifically for individual customers.

Loyalty Plus Programs: Paid membership programs that offer significant discounts and exclusive access.

Business Services: Regular services like plant maintenance, equipment cleaning, or consultation.

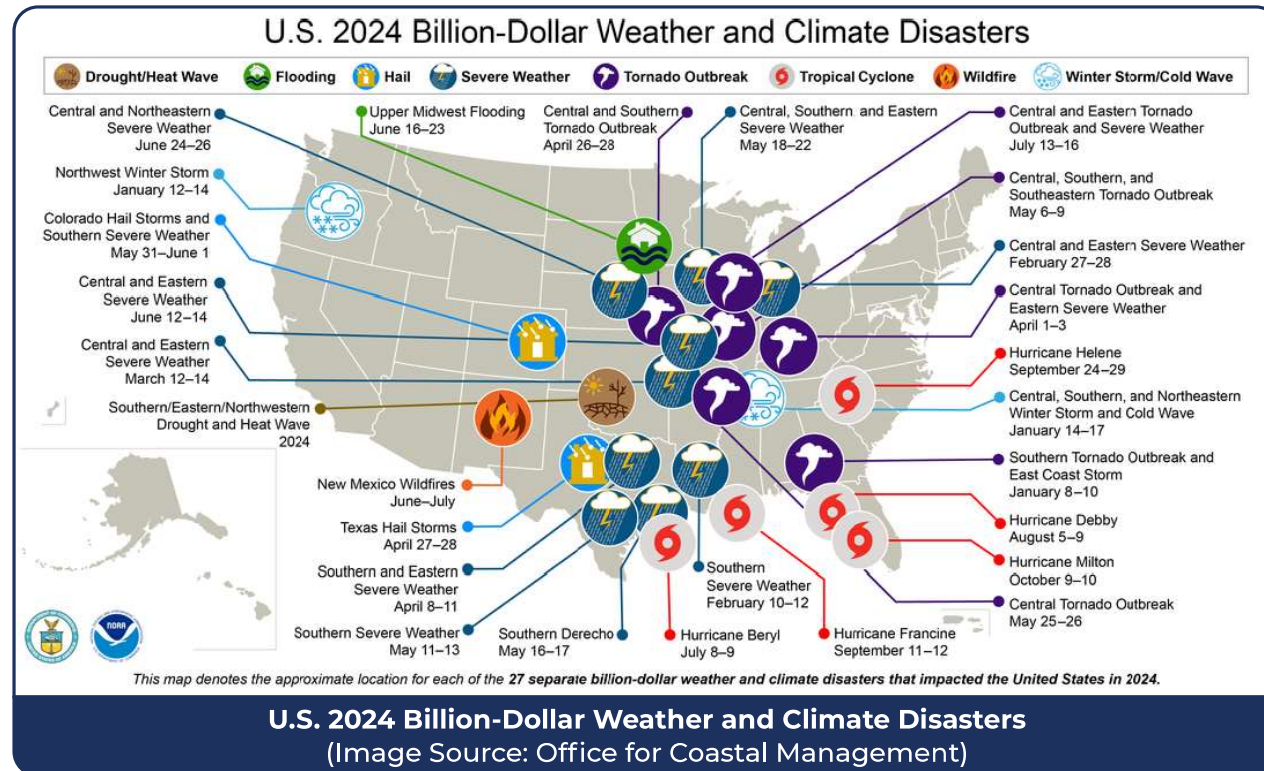
The operational benefits include predictable cash flow, diversification of revenue streams, reduced marketing costs, higher customer lifetime value, and detailed data about customer preferences and buying patterns.

6. disaster recovery & resiliency planning

The Federal Emergency Management Agency (FEMA) estimates that 40% of small businesses never reopen after a natural disaster, and within one year, an additional 25% shut down. The Small Business Administration (SBA) estimates that closer to 90% of small businesses never reopen after being struck by a disaster. (Source: Milken Institute)

The number of natural weather disasters with damages of more than a billion dollars has increased over the last forty years. From 1980 to 2024, the U.S. averaged 9 events per year, while the annual average for the most recent 5 years is 23. (Source: USA Facts)

But it doesn't take a billion-dollar natural disaster to put your business on a temporary outage. From a pandemic to even road construction can cause serious challenges to maintaining your business operations. The U.S. Small Business Administration has some planning resources to review as a guide for recovery and resiliency: <https://www.sba.gov/business-guide/manage-your-business/prepare-emergencies>



7. pivots and shifts resulting in diversified revenue streams

In a study commissioned by Mastercard, Forrester Consulting found that 65% of retail decision-makers are finding it harder to respond to rapidly changing consumer expectations than in previous years.

Against this backdrop, 76% of retailers agree that finding new ways to generate revenue outside traditional methods is essential. (Source: Mastercard Services) Small retailers are becoming increasingly sophisticated about



creating multiple revenue streams within their existing operations.

Diversified Revenue Strategies include:

Service Extensions: Adding services related to products sold (installation, maintenance, consultation) (Source: Thrive Metrics).

Experience Revenue: Charging for experiences related to products (classes, tastings, workshops).

Space Monetization: Renting space for events, pop-ups, or community meetings during off-hours.

Digital Products: Creating online courses, guides, or digital tools related to their expertise.

B2B Services: Offering wholesale, consulting, or specialized services to other businesses.

Collaborative Commerce: Partnering with other businesses to cross-sell services or products.

A classic example is a bike store that sells, rents, and fixes bikes while providing guided ride clubs and educational training on bike maintenance.

This approach provides operational stability by reducing dependence on any single revenue source while maximizing the use of existing assets and expertise.

8. private equity coming for small businesses

A 2025 post on LinkedIn hailed “The United States is experiencing a “Main Street” investment boom, marked by rising acquisitions of smaller businesses and heightened investor interest in the lower middle market.” (Source: <https://www.linkedin.com/pulse/main-street-investment-boom-us-samson-jagoras-hvsqc/>)

Once thought to only focus their acquisition appetites on tech and fast growth firms, private equity firms have emerged as primary buyers of a more national demographic trend – the exit of boomer generation-owned businesses.

According to the Institute for Local Self-Reliance, these firms have targeted hundreds of industries, from manufacturing, retail and grocery stores, to nursing homes and drug rehab centers, to veterinary services and more.

In 2000, private equity firms held about 4% of U.S. corporate equity. By 2021, it was almost 20%. (Source: <https://ilsr.org/articles/private-equity-is-rolling-up-main-street-with-gusto/>)

Early in its trajectory, the private equity sector was light handed with acquiring small businesses and “founder-owned firms,” because they didn’t see a unique brand or product from which to profit. However, they are now moving to roll up Main Street businesses with gusto.

Small, founder-owned firms now comprise the highest share of private equity acquisitions in years. (Source: <https://www.bloomberg.com/news/articles/2023-07-12/why-private-equity-is-chasing-plumbers-and-lumber-yards>)

looking forward: the operational mindset shift

The common thread across all these trends is a fundamental shift in how small retailers think about their operations.

The most successful are moving from reactive, traditional retail operations to proactive, data-driven, technology-enhanced businesses that maintain their human-centered approach.

This operational evolution requires new skills, different thinking, and often modest but strategic investments in technology and systems.

However, the retailers who make these transitions are discovering not just improved profitability, but more sustainable, enjoyable, and fulfilling ways to operate their businesses.

The key is approaching these changes strategically as to which trends align with your specific business model, customer base, and operational capabilities, then implementing changes gradually while maintaining the personal service and community connection that makes small retailers irreplaceable in our communities.

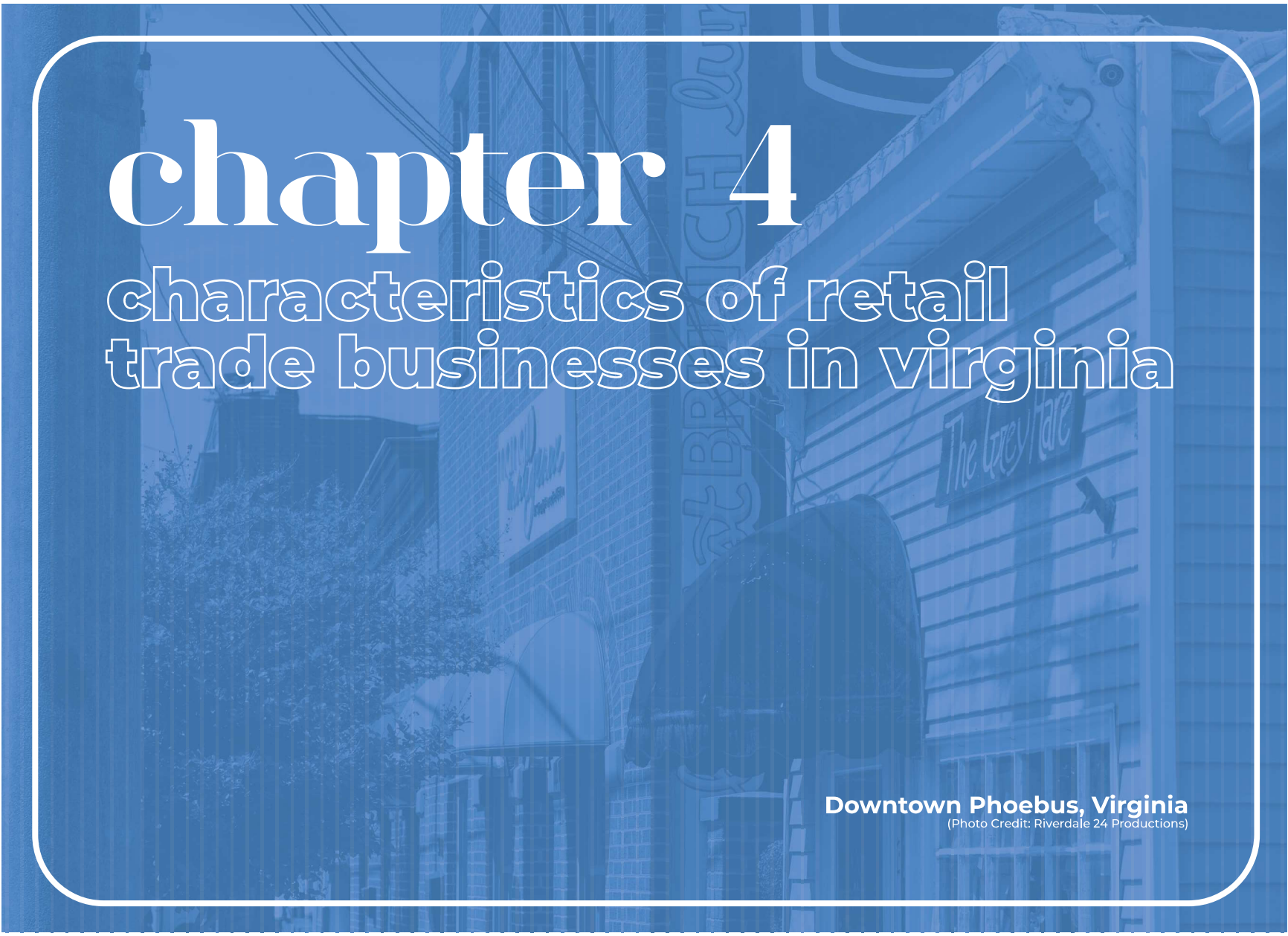
As we progress through 2025, the retailers who thrive will be those who successfully blend technological efficiency with human authenticity, creating operations that are both more profitable and more meaningful.



poplar sips

Farmville, Virginia

(Photo Credit: Farmville Main Street Association)



chapter 4

characteristics of retail trade businesses in virginia

Downtown Phoebus, Virginia
(Photo Credit: Riverdale 24 Productions)

According to the analysis of data from the U.S. Census Bureau data obtained through the Commonwealth of Virginia, there were about 100,000 retail businesses in Virginia in 2024. Retail trade accounted for 8% of the state's 2024 GDP, about 70% of the state's taxable sales, nearly 1/5 of all jobs in the Commonwealth, and about 1/8 of all Virginia business establishments.

In 2024, retail businesses accounted for \$95 billion in taxable sales revenue to the Commonwealth of Virginia. 45% of all sales tax revenue-generating businesses in Virginia were retail businesses.

Retail establishments in Virginia, which include retail stores along with food service and drinking places, employ an average of 7.3 people.

61% of all Virginia retailers are non-employer businesses, meaning they are owned and operated by an individual without any additional staff.

Including non-employer businesses, 75% of retail establishments employ fewer than five people, and 93% employ fewer than 10 people.

Virginia retail establishments are often owned by Asian (16%), Black or African American (15%), and Hispanic Virginians (14%). Roughly equal numbers are owned by women and men.

\$128.1B total impact on GDP
\$31B direct labor income
100K retail establishments
735K jobs in retail businesses
1.4M total jobs supported
\$60.7B direct impact on GDP

Overall, taxable sales in Virginia's retail businesses have decreased since the COVID-19 pandemic.

Taxable sales from retail trade businesses in Virginia have dropped 6.6% since 2021. Food services and drinking places and motor vehicle and parts dealers are the only subsectors that have

had increases on taxable sales over the past few years.

Sales from food services and drinking places climbed 10% between 2022 and 2024, while sales from motor vehicle and parts dealers climbed 2% over the same period.

Data from Main Street America's Spring 2025 Small Business Profiles survey points to declining confidence among business owners and concerns dealing with the rising cost of supplies, inventory, and equipment; decreasing customer spending; and impacts of potential new tariffs. Survey responses from Virginia-based businesses and Virginia retailers contributed to the national trends seen in the data.

In a July 2025 focus group with owners of five Virginia retail businesses, participants shared that while they had had continued business success and growth, they were concerned about diminished customer spending; the impacts of tariffs on supplier pricing and vendor viability; the availability of high-quality, qualified workers, and an impending increase in the statewide minimum wage.



Virginia Beach Oceanfront

(Photo Credit: Riverdale 24 Productions)

trade data for retail and other industries in the commonwealth of virginia, 2024

Industry	Establishments	Employment (jobs)	GDP (\$ millions)
Retail trade (including food services and drinking places)	100,340	734,817	\$60,706
Accommodation	4,611	45,167	\$4,814
Administrative and support and waste management and remediation services	76,135	331,683	\$27,142
Arts, entertainment, and recreation	48,316	107,170	\$6,400
Construction	85,634	262,334	\$38,320
Educational services	28,721	109,489	\$6,545
Finance and insurance	25,449	190,102	\$44,432
Health care and social assistance	73,884	528,383	\$50,456
Information	12,321	112,732	\$31,997
Manufacturing	12,822	259,838	\$54,709
Mining, quarrying, and oil and gas extraction	401	6,126	\$2,286
Other services (except public administration)	96,769	244,930	\$18,768
Professional, scientific, and technical services	139,549	633,056	\$101,009
Real estate and rental and leasing	83,970	132,126	\$105,626
Transportation and warehousing	111,922	242,378	\$20,791
Utilities	704	14,959	\$8,801
Wholesale trade	15,139	117,616	\$33,293

Source: GDP figures based on 2024 Bureau of Economic Analysis data. Establishment and employment counts based on 2023 County Business Patterns data and 2023 Nonemployer Statistics data from the U.S. Census Bureau, projected to 2024 data using the Commonwealth of Virginia's Department of Taxation Data, accessed via the University of Virginia's Cooper Weldon Center of Public Service.

Businesses and Employees, USA and Virginia by NAICS Sector / Industry, 2023

NAICS Sector / Industry Description	USA Establishments		USA Jobs		VA Establishments		VA Jobs	
	#	%	#	%	#	%	#	%
Agriculture, forestry, fishing and hunting	278,469	0.7%	417,051	0.2%	5,945	0.6%	9,377	0.2%
Mining, quarrying, and oil and gas extraction	93,519	0.2%	623,195	0.3%	408	0.0%	6,232	0.1%
Utilities	38,526	0.1%	685,424	0.4%	716	0.1%	15,217	0.4%
Construction	3,732,188	9.6%	10,577,090	5.8%	89,827	9.4%	275,178	6.4%
Manufacturing	691,057	1.8%	12,741,839	6.9%	12,551	1.3%	254,351	5.9%
Wholesale trade	840,547	2.2%	6,694,823	3.6%	15,099	1.6%	117,306	2.7%
Retail trade (including food services and drinking places)	4,398,388	11.3%	31,331,517	17.1%	111,575	11.7%	817,090	18.9%
Motor Vehicle and Parts Dealers	328,167	0.8%	2,223,394	1.2%	7,251	0.8%	61,540	1.4%
Building Material and Garden Equipment and Supplies Dealers	124,174	0.3%	1,475,713	0.8%	2,625	0.3%	38,493	0.9%
Food and Beverage Retailers	355,824	0.9%	3,529,424	1.9%	8,218	0.9%	98,591	2.3%
Furniture, Home Furnishings, Electronics, and Appliance Retailers	157,473	0.4%	699,603	0.4%	4,088	0.4%	18,423	0.4%
General Merchandise Retailers	254,778	0.7%	2,861,725	1.6%	7,295	0.8%	78,353	1.8%
Health and Personal Care Retailers	388,761	1.0%	1,365,627	0.7%	9,212	1.0%	31,122	0.7%
Gasoline Stations and Fuel Dealers	118,838	0.3%	1,026,624	0.6%	3,029	0.3%	29,602	0.7%
Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	429,755	1.1%	1,813,415	1.0%	11,050	1.2%	45,129	1.0%
Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers	967,169	2.5%	3,132,248	1.7%	28,068	3.0%	77,279	1.8%
Food Services and Drinking Places	1,273,449	3.3%	13,203,744	7.2%	30,739	3.2%	338,558	7.8%
Transportation and warehousing	4,348,282	11.2%	10,606,051	5.8%	113,182	11.9%	245,106	5.7%
Information	560,144	1.4%	4,208,499	2.3%	13,184	1.4%	120,632	2.8%
Finance and insurance	1,274,949	3.3%	7,797,190	4.3%	25,934	2.7%	193,723	4.5%
Real estate and rental and leasing	3,640,093	9.4%	5,562,417	3.0%	86,711	9.1%	136,439	3.2%
Professional, scientific, and technical services	5,064,899	13.1%	14,477,159	7.9%	142,576	15.0%	646,786	15.0%
Management of companies and enterprises	49,556	0.1%	3,855,720	2.1%	1,169	0.1%	97,043	2.2%
Administrative and support and waste management and remediation services	3,356,460	8.7%	16,360,308	8.9%	77,063	8.1%	335,724	7.8%
Educational services	1,011,524	2.6%	4,820,340	2.6%	29,745	3.1%	113,393	2.6%
Health care and social assistance	3,307,281	8.5%	24,367,121	13.3%	75,497	7.9%	539,916	12.5%
Arts, entertainment, and recreation	1,903,986	4.9%	4,229,038	2.3%	47,032	4.9%	104,321	2.4%
Accommodation	175,697	0.5%	15,272,434	8.3%	4,663	0.5%	45,678	1.1%
Other services (except public administration)	4,014,196	10.4%	8,822,886	4.8%	98,052	10.3%	248,178	5.7%
TOTAL	38,779,761	100.0%	83,450,102	100.0%	950,929	100.0%	4,321,690	100.0%

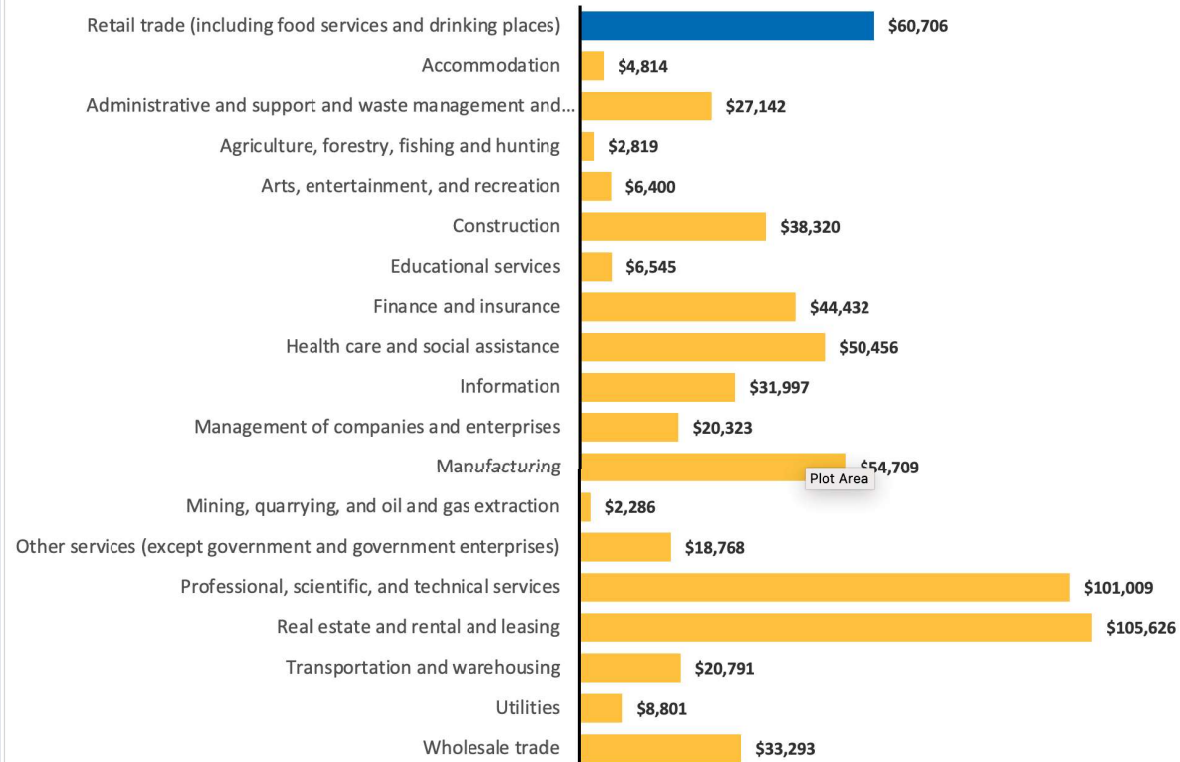
Source: U.S. Census Bureau County Business Patterns, 2023 and Nonemployer Statistics, 2023

Retail Trade Businesses and Employees per Capita, Mid-Atlantic States, by NAICS Industry, 2024

	All Sectors and Industries			Retail Trade (including Food Services and Drinking Places)		
	Employees per Establishment	Establishments per Capita	Employees per Capita	Employees per Establishment	Establishments per Capita	Employees per Capita
Virginia	4.5	109.1	495.9	7.3	12.8	93.7
Delaware	4.5	118.9	533.6	7.8	13.9	108.3
District of Columbia	7.0	130.8	918.5	10.4	11.9	123.1
Maryland	4.1	120.1	496.5	6.9	13.1	90.3
New Jersey	4.3	120.7	519.7	6.3	14.5	91.0
Pennsylvania	5.3	97.4	514.5	7.5	12.0	89.8
West Virginia	5.0	73.7	364.9	7.4	11.0	81.2
North Carolina	4.4	108.8	479.9	7.7	12.6	96.2

Source: U.S. Census Bureau County Business Patterns, 2023 and Nonemployer Statistics, 2023

GDP Value by Major Industry in Virginia



Source: GDP figures based on 2024 Bureau of Economic Analysis data.

taxable sales in the commonwealth of virginia

In 2024, retail trade businesses accounted for just over \$95 billion in taxable sales - about 70% of the Virginia's total taxable sales - according to the Commonwealth of Virginia's Department of Taxation data, accessed via the University of Virginia's Cooper Weldon Center for Public Service.

Within the retail trade category, food and beverage stores (e.g. grocery stores) accounted for \$23.2 billion, or 24% of all retail trade dollars. Food services and drinking places (e.g. restaurants and bars) accounted for \$21.3 billion (22% of the total), and general merchandise stores (e.g. big box stores) accounted for \$20.1 billion (21% of the total).

Taxable sales generated by retail trade businesses have been remarkably steady when adjusted for inflation. Between 2015-2024, retail trade businesses in Virginia generated an average of \$97.7 billion dollars annually (in 2024

dollars), and each year's total is within about 4% of that average. Taxable sales from retail trade businesses in Virginia peaked in 2021 at \$101.8 billion, or 4.2% over the average, and hit nearly identical low marks in 2017 (\$95.4 billion; 2.4% below average) and 2024 (\$95.0 billion; 2.7% below average).

In contrast to retail trade's steadiness, other industries have notably volatile taxable sales trends. Finance and insurance businesses, for instance, have had surges in taxable sales in 2009 and 2020 and corresponding troughs in 2011-2012 and 2022-2023. Managing entities and holding companies (NAICS 55) and software, social media, publishing, and broadcasting companies (NAICS 51) have had volatile taxable sales revenue as well.

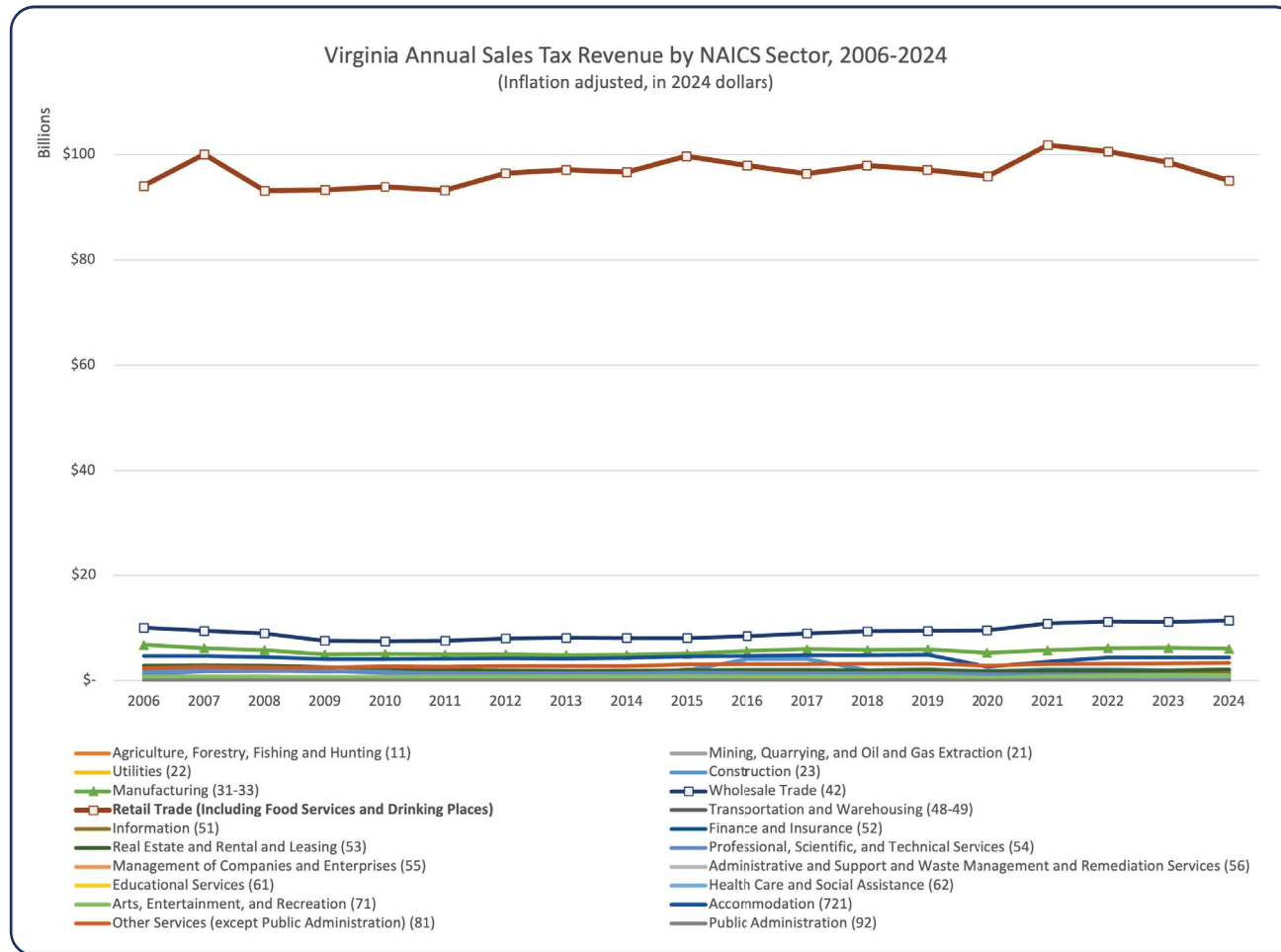
Within the broad retail trade category, taxable sales from some subsectors have grown while others shrank, and some subsectors have experienced relative volatility compared to others stability. Food services and drinking places have grown steadily over the past several years, climbing 10% between 2022 and 2024. Sales from motor vehicle and parts dealers have also steadily increased, climbing 2% between 2022 and 2024.

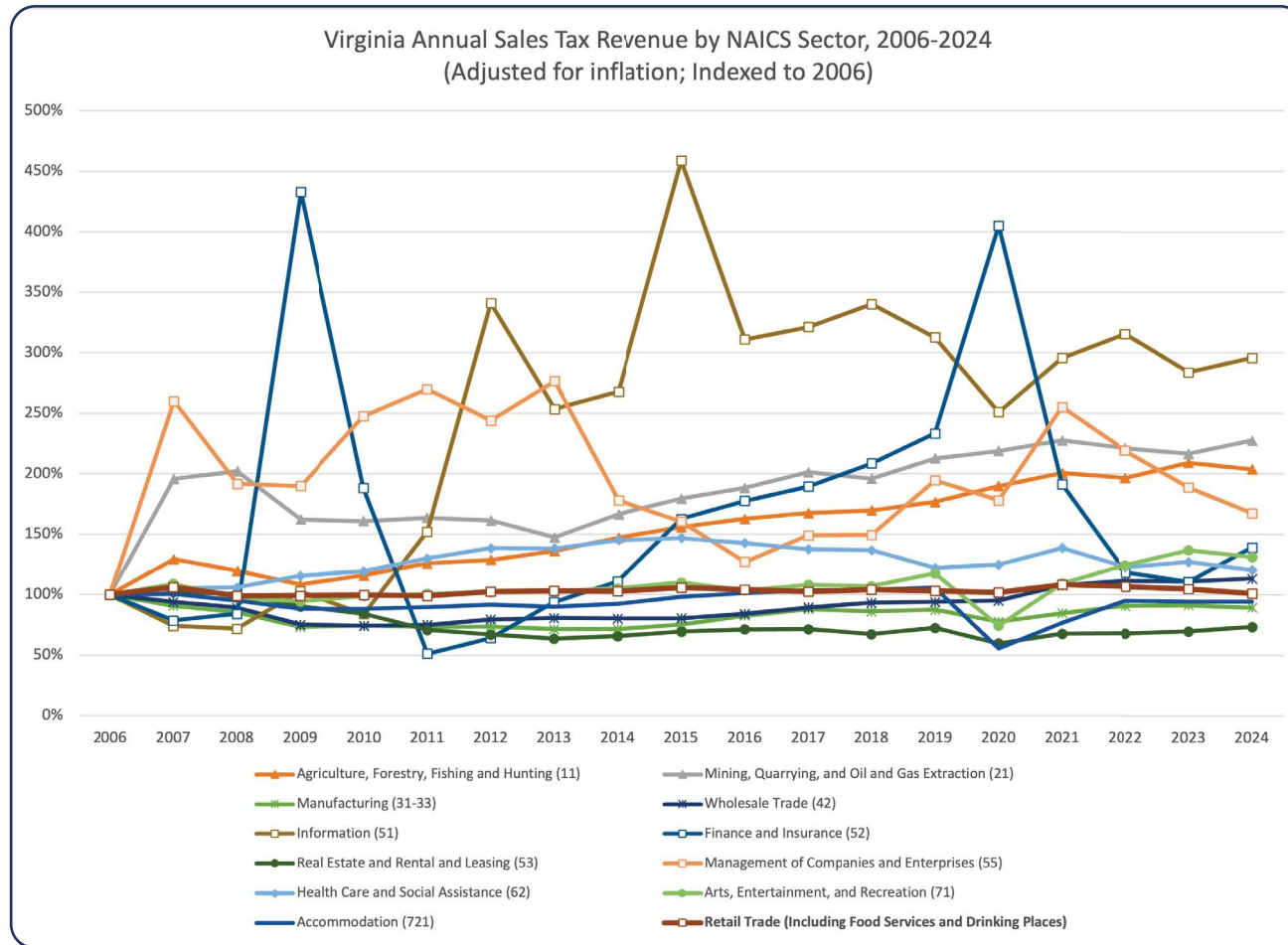
Meanwhile, most subsectors within the retail trade category have had declining taxable sales in recent years. Taxable sales from furniture and home furnishings stores dropped 39% between 2022 and 2024 and are 55% of what they were ten years ago when adjusted for inflation. Taxable sales from electronics and appliance stores have dropped 25% since 2022 and are 52% of what they were in 2015. Clothing and clothing accessory businesses rebounded since the COVID-19 pandemic began in 2020—sales in 2024 matched those from 2020 - but clothing and clothing accessory businesses' 2024 revenues were 68% of their revenues from 2015 when adjusted for inflation.

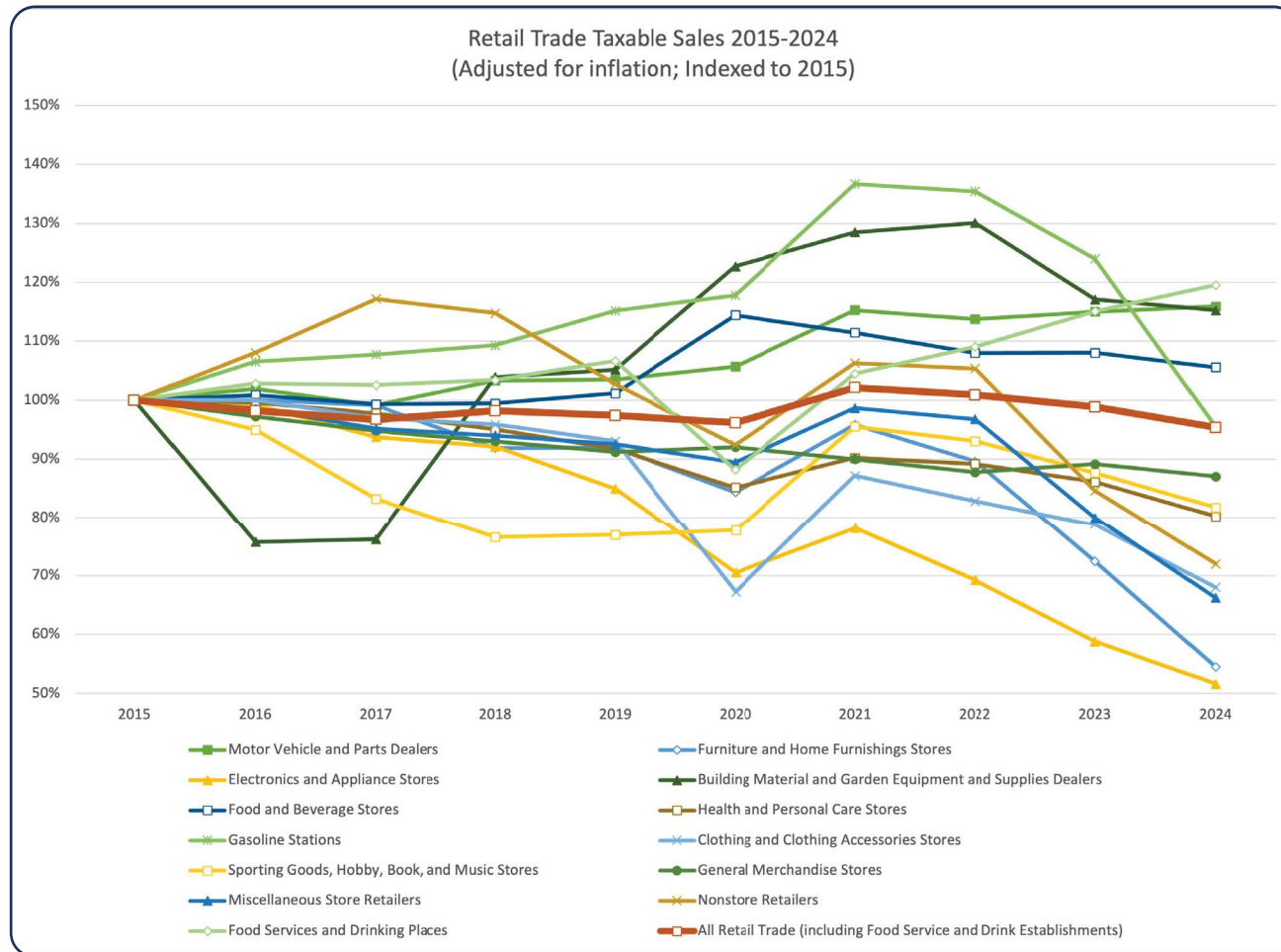
The most stable subsectors within the retail trade category include general merchandise stores, food and beverage stores, and motor vehicle and parts dealers, but close behind those three are health and personal care stores (e.g. drug stores, cosmetics stores, and optical goods stores); sporting goods, hobby, book, and music stores; and building material and garden equipment and supplies dealers.

Quarterly taxable sales data yields similar insights. Retail trade businesses offering largely discretionary purchases have had declining taxable sales receipts. Miscellaneous store retailers, including florists, gift shops, pet supply stores, and other miscellaneous retail businesses, had a 43% drop in revenue between the first quarter of 2023 and the first quarter of 2025 and a 21% drop between Q1 2024 and Q1 2025.

Between the first quarters of 2024 and 2025, clothing and clothing accessory stores, furniture and home furnishings stores, and electronics and appliance stores also had double digit drops in taxable sales revenue. Only food services and drinking places have had increasing revenues in year-over-year comparisons from the past two years.







insights from main street america's spring 2025 small business profiles survey – virginia findings

Main Street America's Spring 2025 Small Business Profiles Survey was distributed in April 2025. Nearly 1,600 business owners responded from more than 500 cities and 47 states, plus the District of Columbia. 54 responses were received from Virginia business owners (3% of all respondents) and 18 responses from owners of Virginia retail businesses (1% of the overall sample; 3% of all retail business respondents.) Retail business owners represented 37% of all survey respondents nationally and 33% of all Virginia respondents.

Main Street America's small business surveys focus on businesses that operate within downtowns and neighborhood commercial corridors. The research has found that these businesses tend to be small, with modest staffing and limited revenue.

The Spring 2025 survey revealed that more than half of all responding Main Street businesses (52%) have only one or two full-time staff members, and 93% have fewer than 20 staff members, including full-time, part-time, seasonal, or temporary employees. Fifty-three percent reported that their family and friends frequently or occasionally help staff the business on an unpaid basis.

Main Street businesses also operate on tight budgets. More than a third (36%) generated less than \$100,000 in gross revenue in 2024, and more than half (54%) generated less than \$200,000. Less than one quarter (23%) generated more than half a million dollars in gross revenue in 2024.

In this section, the results of the Spring 2025 Survey are explored, and results are compared across select subsets of all respondents, including:

- All respondents nationally (n = 1,587)
- All retail respondents nationally (n = 591)
- All Virginia-based respondents (n = 54)
- All Virginia-based retail respondents (n = 18)

The top-line findings from the Spring 2025 Small Business Survey focused on business owner confidence, revenues and profits, concerns, and businesses' impacts on the business owners themselves.

Confidence, Revenues, and Profits - Main Street business confidence has fallen dramatically compared to previous surveys. Since 2022, Main Street business owners have been asked, "As you think about the next three months, how confident are you that your business will perform successfully?" In Spring 2025, confidence scores were an average of 6.7 out of 10, and only 40% indicated a confidence score of 8 or higher. These are the lowest confidence levels seen in the data, and the confidence drop compared

to the Fall 2024 survey is the most significant change seen since the first measurement of Main Street business confidence.

- Virginia business owners across industries reported an average confidence score of 6.5 out of 10, and only 25% of Virginia respondents indicated a confidence score of 8 or higher.
- Retail business owners across the country reported even lower confidence levels. Nationally, retail business owners indicated an average confidence score of 6.4 out of 10. 33% of retail respondents nationally reported a confidence score of 8 or higher.
- Finally, Virginia retail business owners reported confidence ratings that were a tick higher, averaging 6.5 out of 10. 31% of Virginia retail business owners reported a confidence score of 8 or higher.

Revenues and Profits - Spring 2025 survey respondents also reported weakening revenues and profits at their businesses. Nearly half (48%) said their profits had decreased over the past three months, and 39% had declining revenue. For comparison, in Spring 2023, Main Street business owners were asked how revenue

had changed from 2021 to 2022, and only 21% reported declining revenue.

- All Virginia respondents – 37% indicated that their profits had decreased over the past three months, and 39% had declining revenue.
- Retail businesses nationally – 52% reported that their profits had decreased over the past three months, 43% had declining revenue.
- Retail businesses in Virginia - 41% reported that their profits had decreased over the past three months, 35% had declining revenue.

Concerns - Given frequent news about trade policy, inflation, and consumer spending, Main Street business owners were asked what current concerns they had for their business. They reported concerns about the rising cost of supplies, inventory, and equipment (72%); decreasing customer spending (68%); and impacts of potential new tariffs (50%).

- All Virginia respondents – The top three concerns were rising cost of supplies, inventory, and equipment (80%); decreasing customer spending (68%); and impacts of potential new tariffs (60%).

- Retail businesses nationally – The top three concerns were rising cost of supplies, inventory, and equipment (80%); decreasing customer spending (68%); and impacts of potential new tariffs (60%).
- Retail businesses in Virginia – The top three concerns were decreasing customer spending (88%); rising cost of supplies, inventory, and equipment (88%); and impacts of potential new tariffs (76%). Business debt and borrowing costs were also a concern for the majority of Virginia retail business owners (53%).

In response to an open-ended question seeking more detail on current concerns, business owners in Virginia noted slow sales, diminished foot traffic, slowed consumer spending, and challenges with workforce/hiring, cost of living, and the presence of unhoused people in the area where their businesses are located.

One Virginia business owner of a non-retail business formulated their concerns into a formula where “higher wages + lower number of customers = less money spent = disaster.”

In the words of one Virginia retail business owner,

“ [The] first quarter [of 2025] was very slow, partially due to weather, but I think economy fears also played a part. The current tariff and economy situation does not currently make me feel good about the rest of the year. ”

Another Virginia retailer spotlighted the impacts of the diminished governmental workforce in DC and how that spilled over into spending at their business:

“ In the Washington DC region, consumer confidence has plummeted in the past 3 months. With previously stable careers and jobs of working at least in some way with the government (either directly or via contracting) evaporating overnight, people are not spending money... We have already had to eliminate two products from our shelves due to tariffs and are consistently being made aware of cost increases from our vendors. This makes it very difficult to maintain my price levels, and raising prices in the face of rock-bottom consumer confidence is a recipe for disaster. ”

Finally, one Virginia retail business owner saw challenges stacking up, pointing to economic uncertainty and “wonder if people are scared to shop.” Tariffs were “making product availability difficult” which led them to consider closing.

Faced with these concerns, about two-thirds of responding Main Street business owners (67%) indicated that they had either already increased prices in the first quarter of 2025 or that they planned to increase prices soon.

All Virginia respondents - 71% indicated that they had increased prices or planned to increase prices soon.

Retail businesses nationally - 64% indicated that they had increased prices or planned to increase prices soon.

Retail businesses in Virginia - 59% indicated that they had increased prices or planned to increase prices soon.

Business Performance Impact On Business Owners

In this survey, new questions were introduced about the personal economic impacts Main Street businesses have on their owners. These included whether they earn an income from the business (as a wage or otherwise) sufficient to cover basic living expenses in their area, and whether their household well-being depends on the profitability of their business.

Sixty-five percent of Main Street business owners indicated that they either do not or only sometimes earn an income from their business sufficient to cover basic living expenses in their area. Similarly, 65% of respondents said that their household's well-being depends on the profitability of their business.

- All Virginia respondents - 65% said that either they do not pay themselves or sometimes pay themselves enough income to cover basic living expenses; 65% rely on profitability for household wellbeing.
- Retail businesses nationally - 72% said that either they do not pay themselves or sometimes pay themselves enough income

to cover basic living expenses; 57% rely on profitability for household wellbeing.

- Retail businesses in Virginia - 77% said that either they do not pay themselves or sometimes pay themselves enough income to cover basic living expenses; 59% rely on profitability for household wellbeing.

Insights from July 2025 Focus Groups with Virginia Retail Business Owners

In July 2025, Main Street America research staff joined Retail Alliance leadership for a focus group with owners of five Virginia retail businesses. The focus group sought updated perspectives on business conditions, concerns, and sought-after forms of support. The businesses represented in the focus group were Retail Alliance members. The focus group participants owned businesses that are larger than the typical Main Street America survey respondent, with four of the five businesses operating multiple retail locations and employing ten or more employees.

The focus group respondents reported that their businesses had largely performed well over the previous six months. Two businesses saw double

digit year-over-year increases in sales in the first half of 2025 compared to the same months in 2024. The other respondents indicated their overall transactions and receipts had been consistent or increased as well.

The focus group participants shared some of their concerns and the challenges they have faced in recent months.

Tariffs had varying impacts on the focus group participants' businesses and their customers. An owner of a boutique shop, for instance, said that tariffs had impacted their vendors and that they saw signs of cautious consumer spending. They'd also ordered early, before tariffs took effect, and adapted their inventory by dropping some high-end items in anticipation of diminished discretionary spending. Still, they indicated that they would have to pass along some of the increased costs to consumers, as wholesalers and vendors had passed them along to the retail owner.

Another business owner said that they'd love to work with more U.S. based manufacturers, but that there wasn't excess capacity for manufacturing of their type of goods in the

United States. The looming possibility of tariffs with China loomed large for that business owner.

A third business owner indicated that uncertainty around tariffs had been a roller coaster but that the volatility had calmed more recently.

An owner of a desserts business, finally, said they were concerned that inflation combined with the impacts of tariffs would lead to customers spending less on sweet treats after they'd shopped for necessities.

While tariffs were a factor on the business owners' minds, they pointed to other challenges as more significant in the immediate term.

Two of the five businesses reported that workforce issues were really challenging them. One owner struggled to hire qualified staff, noting that the "quality workforce is already employed" and lamenting that they have to hire and train twenty people to get one dependable person that they keep for five or ten years.

Another business owner said that staffing issues had been constant lately. They said that they just need people to "be at the store, show up, and

follow policy and protocols.” They wondered if the impacts of the pandemic were still lingering, noting that some new hires asked if they could work from home or indicated that they weren’t available during some regular store hours as they needed to care for family members at home.

Related to workforce concerns, multiple focus group respondents noted that a potential increase to the Commonwealth’s minimum wage would really challenge them to maintain profitability.

One business owner described the potential increase to the minimum wage as “a killer,” and another said they thought legislators

misunderstood what a negative impact a minimum wage increase would have on their businesses.

Asked what forms of support they would like to receive from entities like the Retail Alliance or Main Street America, the focus group participants pointed to advocacy around concerns like the potential increase in the minimum wage and to training focused on the future of retail and the roles of technological innovations.



merchant square

Williamsburg, Virginia

(Photo Credit: Riverdale 24 Productions)



addendum

small business disaster & resiliency planning & resources

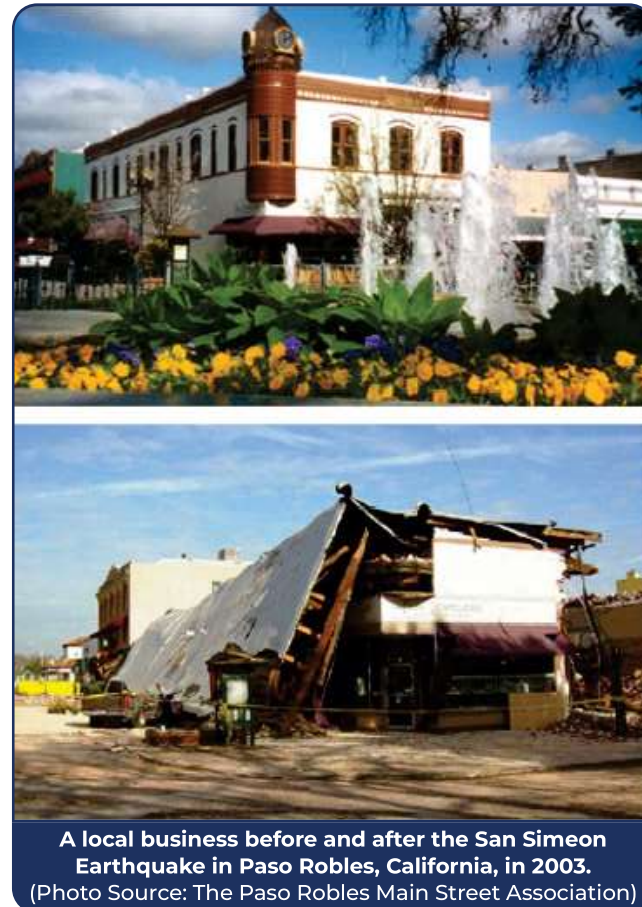
Mom & Me in Virginia Beach, Virginia
(Photo Credit: Riverdale 24 Productions)

The past few years have highlighted the growing importance of preparing for natural disasters - from flooding in western North Carolina and Virginia to winter tornadoes in Texas, Mississippi, and Louisiana and devastating fires in Southern California. These disasters caused loss of property, businesses, and lives.

But will this happen to your community or retail business? According to Main Street America research, 88.5% of all counties were included in a Presidentially declared disaster area between 2013 and 2023, and 1 in 10 businesses suffered a loss from a natural disaster each year.

Virtually no one is immune from the risk and as such the following outlines some tips and resources for small business owners to consider to be more resilient and recover faster.

Small businesses are the beating heart of our Main Streets and commercial districts. But day-to-day operations can be all-consuming for small business owners and entrepreneurs, leaving little time or energy for them to ponder a sprawling list of possible disasters that could put them out of business.



A local business before and after the San Simeon Earthquake in Paso Robles, California, in 2003.

(Photo Source: The Paso Robles Main Street Association)

One proven way to make disaster planning less challenging is to empower them with relevant tools and offer guidance in a variety of formats.

Some Factoids:

- 30%-40% - The number of small businesses that have business disruption insurance. (Source: Federal Reserve Bank of New York)
- When disaster strikes, 63% of businesses must close at least temporarily. (Source: New York Fed)
- 29% of minority-owned businesses reported disaster-related losses in 2021 and 2022, compared to 12% of white-owned businesses. (Source: Federal Reserve Bank of New York)
- Three years after a disaster, 75% of businesses without a continuity plan will fail. (Source: Ready.gov)

As a community leader, small business owner, or commercial district manager, there are several important tactics and approaches for helping your retailers with improving their recovery time and ensuring they are best positioned to withstand a natural disaster.

A Few Ideas To Consider:

Spotlight tools and resources in newsletters, mailers, emails, and meetings that can help small-business owners assess their unique strengths and challenges. Stress the speed and impact of such tools. Many diagnostic tools take 30 minutes or less to complete and can help provide tailored, actionable recommendations for Main Street entrepreneurs to take.

Guide your business owners to build multiple channels of communication with their customers, including email lists, websites, and business social media accounts. When disasters strike, business owners need multiple ways to tell their customers about changes in operation and to suggest ways to support the business, especially in the case of limited hours, offerings or full closures.

Host a disaster preparedness webinar or workshop with local and regional emergency response management personnel. Or incorporate the event into an ongoing series, such as monthly business association gatherings or networking events, where there's already momentum around attendance.

Distribute FEMA's Ready Business Toolkits for the disasters most likely to impact your commercial district (including specific guides for earthquakes, hurricanes, inland flooding, severe wind/tornadoes, and power outages). An individualized business assessment would be ideal, but any engagement by Main Street entrepreneurs on specific climate risks is a great start.

Encourage business owners to develop a business continuity plan to determine how they can keep their businesses running during an unexpected disruption. As an example, these plans can include what to do if a business's office, warehouse, or store becomes inaccessible. Ready.gov has a series of helpful videos on how to create a business continuity plan.



Flooding and response in Denham Springs, Louisiana.

(Photo Credit: Denham Strong, Long-Term Community Recovery Plan
Courtesy of The City of Denham Springs)

small business resources

In September 2024, Main Street America released the Main Street Disaster and Resilience Toolkit (<https://mainstreet.org/resources/knowledge-hub/toolkit/main-street-disaster-and-resilience-toolkit>).

Part of a three-year project funded by the National Park Service, the toolkit curates the best resources to help communities and small business owners plan, prepare, respond, and recover.

The IRS offers a Business Casualty, Disaster, and Theft Loss Workbook (<https://www.irs.gov/pub/irs-pdf/p584b.pdf>) that can help small-business owners compile a room-by-room list of business equipment, which can help with insurance claims America's Small Business



Development Centers (SBDCs) offers free 1:1 consulting on this subject. The US Small Business Administration offers additional

planning tips on disaster recovery. (<https://www.sba.gov/business-guide/manage-your-business/recover-disasters>)

FEMA offers concrete tips and tools to host a successful disaster preparation workshop—from fundamentals like choosing a centrally located venue to language you can adapt for the invitations and feedback forms.

Download here: https://www.ready.gov/sites/default/files/2020-04/ready_business_how-to-guide.pdf



Small Business Administration (SBA) Disaster Loans

The SBA provides four types of emergency loans for disaster relief to home and small business owners.

Physical damage loans: Covers building repairs and the replacement of damaged or destroyed equipment, supplies, and inventory. The program is intended to supplement any losses not fully covered by insurance. The loan can provide up to \$2 million in funding at a below market interest rate for a term of up to 30 years.

Economic injury disaster loans (EIDL): Funding to cover business operating expenses after a declared disaster. The loan can provide up to \$2 million for operating expenses and working capital. EIDL interest rates will not exceed 4% and loan terms can run up to 30 years.

Mitigation assistance: Funding to make improvements to protect against damage from future disasters such as strengthening structures against wind damage, elevating structures, adding a sump pump, or anchoring roof-mounted equipment.

Military reservist loans: Funding for operating expenses for business owners who have an essential employee who is called to active duty.

Crowdfund Small-Business Grants: Harness the goodwill of local residents and other businesses to help facilitate a crowdfunding finance campaign that can be used to fund grants for main street businesses. QR codes are a great way to advertise these campaigns on posters, in emails, or on websites to direct people to the most up-to-date information.

Small Business Disaster Planning

With disaster preparedness plans firmly in hand - or underway - small business owners can start to turn intention into action. Common steps small business owners might consider checking off their list include:

Create a disaster plan one-sheet for employees, with specific steps that employees should take in the event of a looming emergency (such as initiate contact tree, contact all suppliers and vendors to postpone deliveries, update voicemail to notify customers store is evacuated).

Run drills with employees at least twice a year to remind and prepare them about the plan and

adjust based on feedback around any areas of confusion.

Review and update contact information for employees, vendors, suppliers, and service providers annually. Refer to Make a Disaster Communications Plan in Part One for more on emergency communication strategies.

Keep digital copies of essential business records, such as tax filings, insurance policies, payroll records, production records, and warranties. Inventory logs and paper tax returns won't help much if a natural disaster renders filing cabinets unreachable or computers waterlogged.

Keep physical copies of these documents at home (where they're more likely to be during a disaster) in case the internet or power goes out. The need to access these resources post-disaster is critical—business owners will have to submit them to file insurance claims, apply for emergency funding, or make new billing arrangements with existing vendors.

Create an equipment and inventory/supply list to make filing for disaster-related insurance claims or emergency funding simpler. The list

should include equipment, furniture, inventory, as well as the receipts, serial numbers, makes, and models for these items.

Determine and write down how business equipment should be moved or protected when there's advanced warning of severe weather. (such as unplugging all computers, moving portable equipment away from windows or to areas of higher elevation)

Update and store emergency supplies, including water, nonperishable food, batteries, cleaning supplies, and first aid supplies.



Provide an up-to-date list of chemicals or other types of potentially dangerous products used in the business to the local emergency

manager, so first responders understand all potential hazards associated with the space.

A still life photograph of a dining table. In the foreground, a wooden cutting board holds a variety of fresh produce: a bunch of dark red grapes, several blueberries, a few slices of orange, and some green leafy vegetables. To the left of the board is a small glass vase with orange flowers. Behind the board are two dark glass wine bottles; the one on the left has a white label with a bicycle logo, and the one on the right has a yellow label. To the right of the bottles is a tall, slender glass filled with a golden, textured substance, possibly a drink or a dessert. The background is softly blurred, showing what appears to be a bar or restaurant interior with shelves and other bottles.

edible picasso

Location: Cape Charles, Virginia

(Photo Credit: Cape Charles Main Street Association)

The background of the slide features a photograph of three people in a meeting. A man on the left is looking towards the center, a woman in the middle is smiling and looking down, and another person's back is visible on the right. The entire image is covered with a semi-transparent blue overlay. The text is contained within a white rounded rectangle.

addendum

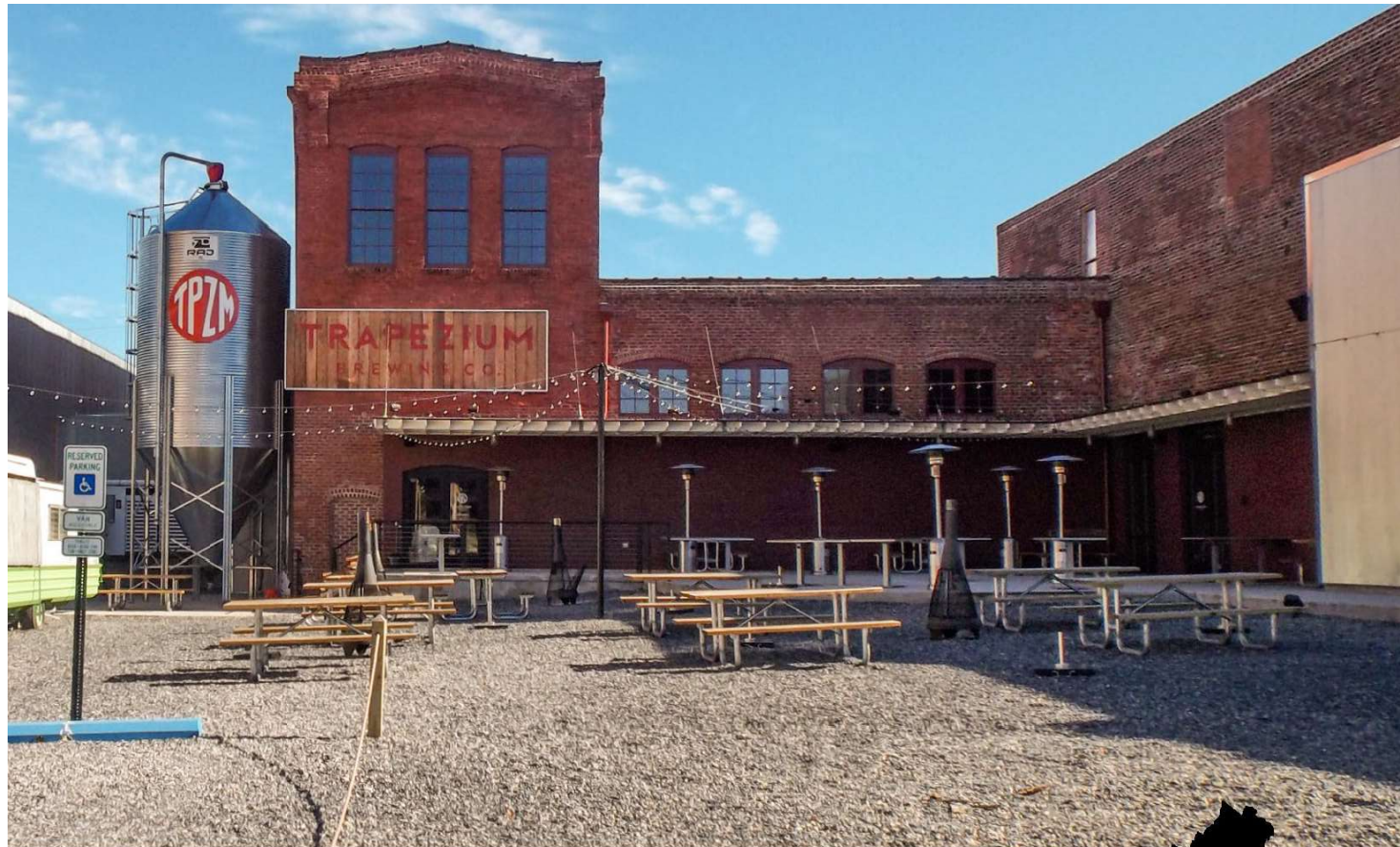
the historic tax credit program - meet cpg

Leaf & Lore in Buena Vista, Virginia
(Photo Credit: Main Street Buena Vista)



FIRM PROFILE

536 W 35th Street, Norfolk, Virginia 23508
(757) 923-1900 • commonwealthpreservationgroup.com



TRAPEZIUM BREWING



Petersburg, Virginia

TRAPEZIUM BREWING



Project Overview

October 2014 - March 2017

The Trapezium Brewing Co. complex, historically known as the Petersburg Ice House, was constructed between 1890-1920 and consists of several industrial and commercial style buildings. The complex was owned and operated by J.B. Worth Company, a prominent peanut and ice manufacturer from the Petersburg area. Over its years in operation, the Petersburg Ice House site underwent a number of alterations, and limited historic materials remained at the start of the project. Additionally, the buildings were in poor condition due to vacancy and had suffered damage from a tornado.

The rehabilitation project successfully transformed the complex into a brewery and apartment units. To accomplish the developer's vision for the project, the project team retained historically open spaces within the industrial buildings and apartment units were sensitively designed and inserted to highlight the original plan and remaining historic features. The transformation of the Petersburg Ice House industrial complex to its current commercial and residential use as Trapezium Brewing Co. has brought new life to the once thriving industrial area of Petersburg.

Skills & Services

- § Archival Research
- § Historic Rehabilitation Tax Credits
- § Virginia Department of Historic Resources Coordination
- § National Park Service Coordination





FIRM PROFILE

536 W 35th Street, Norfolk, Virginia 23508
(757) 923-1900 • commonwealthpreservationgroup.com



AT A GLANCE

2004

Commonwealth Preservation Group established in Suffolk, Virginia

4200+

Virginia Cultural Resources Information System (VCRIS) database entries approved by Virginia Department of Historic Resources (VHDR)



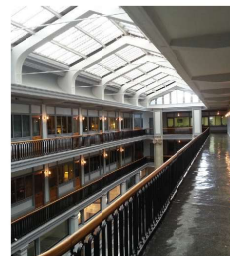
Meets the US Department of the Interior's Professional Qualification Standards for History, Architectural History, & Historic Architecture

SWaM

Certified Small, Woman & Minority owned business through the Virginia Department of Small Business and Supplier Diversity

LOCATION AND RESOURCES

CPG is based in Norfolk, VA and has past and current projects in Virginia, North Carolina, South Carolina, Maryland, Georgia, and Washington, D.C. Our employees support the firm's practice areas of National Register Nominations, Historic Rehabilitation Tax Credits, 106 Compliance, Preservation and Community Planning, Easements, Resilience Planning, Design and Graphics Assistance, and Building Stewardship.





ABOUT THE FIRM

Commonwealth Preservation Group (CPG) provides preservation planning and design, historic rehabilitation tax credit, and historic resource and National Register nomination consulting services. CPG has worked with homeowners; architects; historical societies; developers; religious institutions; and federal, state, and local governments to guide proper rehabilitation of historic buildings, to identify and survey historic resources, to ensure compliance with appropriate state and Federal regulations, and to promote sound preservation planning.

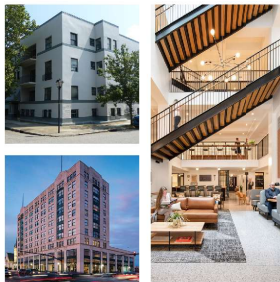
To date, CPG has consulted on preservation projects to ensure compliance with the Secretary of the Interior's Standards for Rehabilitation. In addition, CPG has completed historic district and individual nominations for properties listed on state historic registers and the National Register of Historic Places; this designation not only provides state and federal recognition of historic resources, but it also opens the door to the availability of historic tax credits for contributing buildings.

Page and Marcus Pollard own and operate CPG and are personally involved in each project that the firm undertakes. All professional staff meet the US Department of the Interior Professional Qualification Standards for History, Architectural History and Historic Architecture.

STATISTICS AND MILESTONES

- CPG has prepared **OVER 500** successful historic rehabilitation tax credit applications.
- CPG has completed **OVER 100** historic district and individual nominations for properties listed on state historic registers and the National Register of Historic Places.

HONORS AND AWARDS



Wellington Historic Apartment, Norfolk, VA

- Hampton Roads Association for Commercial Real Estate Award of Merit - Best Revolved or Historic Rehabilitation Project (2023)

Assembly, Norfolk, VA

- AIA Virginia Award of Merit - Adaptive or Continued Use (2022)
- ASID/IIDA Interior Design Excellence Award - Corporate Over 35,000 SF (2022)
- Norfolk Preservation Collective's Preservation Award of Excellence (2022)
- AIA Hampton Roads Award of Merit - Interior Design (2021)

Hayden Village Center, Franklin, VA

- Virginia Governor's Housing Conference's VA Housing Award for Best Affordable Housing Development (2021)

Montgomery Building, Spartanburg, SC

- Traditional Building Magazine Palladio Award (2021)
- Preservation South Carolina Honor Award (2021)
- Spartanburg Historical Society's Gignillia Preservation Award (2021)
- ENR Southeast Best Projects Award of Merit - Renovation/Restoration (2019)

EXAMPLE WORK



McArthur Memorial Museum
Dome Study, Norfolk, VA



Initial Q Social Bar & Smokehouse
Spartanburg, SC



Peanut Crossing Apartments,
Suffolk, VA



Winston Salem Historic District,
Winston-Salem, NC



United Order of Tents
State Highway Marker, Norfolk, VA



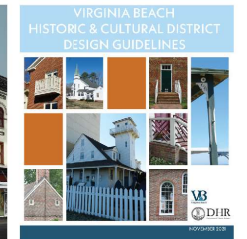
Peach Street Books
Cape Charles, VA



African American Watermen Project,
Chesapeake Bay area, VA



Proposed Rendering of Sledge
& Barkley Building, Lawrenceville, VA



Historic & Cultural District Design
Guidelines Virginia Beach, VA

A photograph of a woman with dark skin and curly hair, wearing a light blue baseball cap and a light blue t-shirt. She is looking down at something in her hands. The background is a blurred market stall with various items on display, including colorful fabrics and small containers. The text "table and tonic" is overlaid in a large, white, serif font. Below it, a white rounded rectangle contains the location and photo credit information.

table and tonic

Location: Cape Charles, Virginia

(Photo Credit: Cape Charles Main Street Association)



addendum

managing through tariffs: tips for your retail business

Gloucester Village, Virginia
(Photo Credit: Riverdale 24 Productions)

There are currently a number of ongoing negotiations around international tariffs* with still much uncertainty regarding outcomes and impacts on retail businesses. Given the publication timing of the 2025 State of Retail, we are taking the approach of less commentary on tariffs directly and more so what we hope is a more useful approach of providing pathways for managing through tariffs as a small business owner.

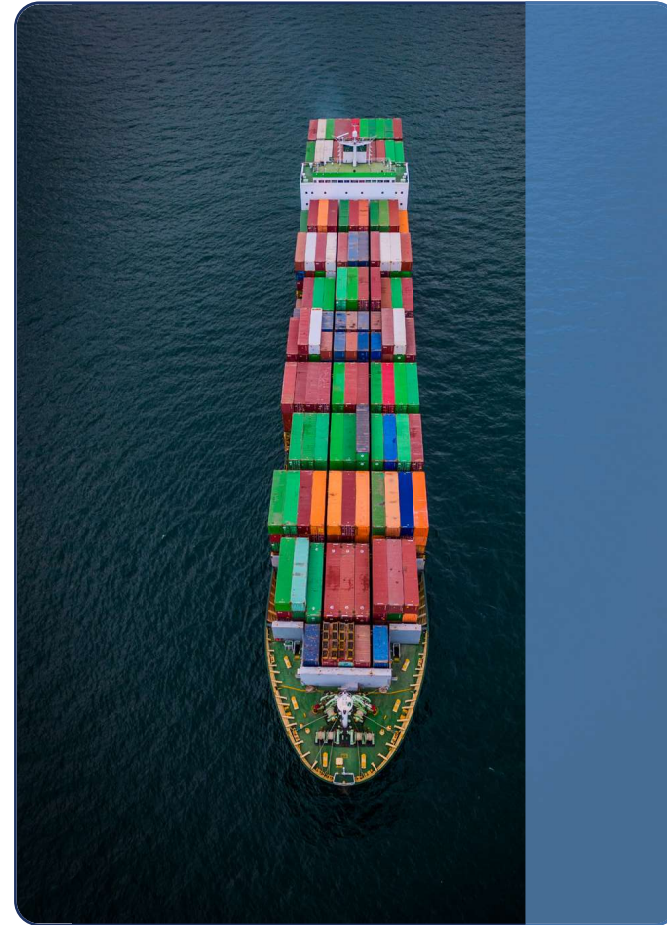
Regardless of the outcome, it's important from a business perspective to build as much resiliency into your operations for current state, as well as what may come.

The following is a series of tips to consider broadly speaking, while recognizing tariffs can change quickly, so it's crucial for you to stay informed and evaluate any impacts based on your business characteristics and situation.

Assess Your Current Supply Chain for Vulnerable Areas

How much of your product mix comes from current targets like Mexico, Canada, and China? The European Union has also been mentioned

*At the time of the report, there was an additional extension to allow for further negotiation with China for 90 days. The 90 days will expire in November 2025.



as a potential target over the coming months. Recognize that most suppliers will plan to make pricing adjustments within 30 days of any noticed tariff.

Know Your Numbers

High-margin products have more wiggle room when it comes to pricing. That flexibility may allow you to raise prices less aggressively and still make a decent profit margin, even if it's less than before the tariffs were imposed. Also, look back to 2023, when we saw significant inflation. Tariffs will have a similar effect, so the lessons you learned then about consumers' pricing elasticity will be helpful here.

Order Now and Build Stock

If your business relies on imported goods likely to be

affected by tariffs, can you buy more inventory now before they go into effect? For example, do you have a line of credit you could leverage or a low/no interest credit card? Weigh the risks based on your product mix and levels of product turnover, in addition to your own comfort level with debt load. Another consideration - if you have some available operating cash flow and aren't dealing with perishable products, think about adding to inventory on hand to stretch it as much as possible.

Start Researching Other Suppliers

Much like the pandemic, some suppliers could go under because of tariffs, so you don't want to be caught off guard without a supply chain opportunity. Consider



the location of your suppliers and where they are sourcing. There may be opportunities to diversify by location, thus avoiding countries where a tariff is placed. If you can't diversify your supply chain, try to negotiate with your suppliers regarding prices or contracts. They may be able to offer you a discount for ordering a certain number of products, for example.

Consider Reshoring

For businesses heavily dependent on imports from other countries, there is a growing source of small-scale producers along Main Streets in various industry sectors, including apparel, food and beverage, personal care products, etc. Consider opportunities to reshore in a favorable way on both price and consumer preference.

Limit Other Expenses Where You Can

Can you stretch your current equipment? Do you absolutely need to invest in new fixtures or furnishings? Like many businesses, new hiring, given how large labor costs are to the bottomline (with more minimum wage hikes pending), will be impacted.

Communicate With Your Customers

If you have to raise prices to combat the higher cost of goods, be upfront with your customers and explain why the change is occurring. You can emphasize the quality, uniqueness, or other differentiating features of your products to help justify increasing prices and thank customers for their loyalty.

Streamline Operation

Review your current operations and identify any areas where efficiency can be improved. Look for opportunities to streamline processes and cut costs. Saving overhead costs may lessen the impact of increased prices on goods and services.

Seek Professional Assistance

Retail Alliance has created their Certificate in Retail Operations to equip retailers with the education and skills to overcome the challenges inherent in starting or advancing their careers in the retail industry. In addition, Retail Alliance has brought together a group of expert consultants across a wide range of industries to provide consultative services to small businesses.

DO YOU WANT TO START YOUR OWN BUSINESS?

ARE YOU A BUSINESS OWNER LOOKING TO TAKE IT TO THE NEXT LEVEL?

LET'S GET THERE. TOGETHER.

ENROLLMENT OPEN NOW!

CERTIFICATE IN RETAIL OPERATIONS

retail alliance foundation

Local Small Business Development Centers and SCORE (Service Corp of Retired Executives) are wonderful resources that offer free or low-cost training and counseling. Also, consider financial advisors or accountants who can help you create a personalized plan to combat potential tariff effects.

Leverage Trade Associations and Networking

Many trade associations, including Retail Alliance, update their members on tariffs, legal advice, and sometimes even group discounts on tariffs or shipping costs. Connecting with

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CHAMPIONING FOR YOUR SUCCESS THROUGH:

-  EDUCATION AND TRAINING
-  INDIVIDUAL AND CUSTOMIZED SUPPORT
-  MARKETING OPPORTUNITIES
-  NETWORKING AND EVENTS
-  LOCAL AND STATE ADVOCACY

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others in the same industry can provide valuable insights and resources.

Stay Agile and Adaptable

The discussion around tariffs is a moving target. It's always wise to plan ahead so you know what actions or shifts you can take regardless of the situation. Tariffs and trade policies can change quickly, and you should try to be agile enough to pivot to new suppliers, markets, or products when needed.

Small Business Support & Resources

Retail Alliance and Main Street America are committed to supporting small businesses. You can visit Retail Alliance's website (www.retailalliance.com) to review the advocacy, education and consultative services offered.

Or contact your local Small Business Development Center (<https://www.virginiasbdc.org>) to receive one on one counseling and educational trainings. Stay current on all Main Street America resources, grants, and insights by checking out Small Business Support page (<https://mainstreet.org/resources/small-business-support>) and subscribing to email updates (<https://mainstreet.org/the-latest/subscribe>).

You can also review Main Street Business Insights (<https://mainstreet.org/the-latest/news/12-tips-for-navigating-tariffs-a-guide-for-main-street-businesses>) for more insights into the impact of tariffs more directly from your small business peers.

The image shows the interior of a clothing boutique. On the left, several racks of clothing are displayed, including green tops, tan pants, and a plaid shirt. In the center, more racks hold various items like a pink top and a blue shirt. To the right, a large Christmas tree is decorated with lights and ornaments, surrounded by gift boxes and other festive items. The store has a warm, inviting atmosphere with gold-colored light fixtures hanging from the ceiling. A sign for 'BOCK SMITH' is visible near the entrance on the right.

lex on main

Location: Farmville, Virginia

(Photo Credit: Farmville Main Street Association)



conclusion

Helms Candy Co. in Bristol, Virginia
(Photo Credit: Historic Downtown State Street)

conclusion

The Virginia Retail Matters 2025 report underscores a pivotal moment for retail across the Commonwealth and the nation. In a year marked by economic recalibration, policy volatility, and rapidly evolving consumer expectations, retail businesses - particularly small and independent operators - face both formidable challenges and emerging opportunities.

Nationally, the retail sector is contending with the dual pressures of tariff-induced cost increases and a bifurcated consumer base, where spending is increasingly concentrated among affluent households. These dynamics have reshaped pricing strategies, supply chain management, and customer engagement models. In Virginia, these national trends are mirrored and magnified, with retail trade continuing to serve as a cornerstone of the state's economy, representing a significant share of employment, taxable sales, and business ownership.

Consumer behavior in 2025 reflects a decisive shift toward values-driven purchasing,

experiential retail, and digital integration. Generational preferences, sustainability concerns, and the rise of social commerce are redefining how retailers connect with their communities. Meanwhile, small business retailers are navigating operational complexity through technology adoption, diversified revenue models, and strategic positioning within either value or premium market segments.

Virginia's retail businesses, especially those on Main Streets and in neighborhood corridors, are adapting to these shifts with resilience and creativity. However, they continue to face headwinds including rising costs, workforce challenges, and declining consumer confidence. Survey and focus group data reveal a sector under pressure, yet still committed to innovation, community engagement, and long-term viability.

As the Commonwealth looks ahead to 2026 and beyond, the success of its retail sector will depend on the ability of businesses to embrace strategic agility, leverage technology, and deepen their local relevance. Policymakers, support organizations, and economic development leaders must recognize that retail

is not merely transactional—it is foundational to Virginia’s economic health, cultural vibrancy, and community identity.

Retail in Virginia is not simply enduring change—it is actively shaping it. Retail Alliance plays a vital role in this transformation by supporting retailers through tailored resources, advocacy efforts, and community-building initiatives.

With a deep understanding of the challenges facing independent and small businesses, the organization helps retailers stay competitive, informed, and connected.

By fostering collaboration among stakeholders and amplifying the voice of local retail, Retail Alliance contributes meaningfully to a more resilient and inclusive retail landscape across the Commonwealth.



Atlantis Games & Comics in Portsmouth, Virginia
(Photo Credit: Brandi Zenzel)

The path forward requires collaboration, investment, and a shared commitment to ensuring that retail remains a dynamic and inclusive engine of prosperity across the Commonwealth.



hilton village

Location: Newport News, Virginia
(Photo Credit: Riverdale 24 Productions)



Bobby and Denise Clarke with their family
Owners, Care-A-Lot Pet Supply
Proud Retail Alliance and TowneBank Members

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"RETAIL ALLIANCE HAS BEEN A SPECTACULAR RESOURCE FOR CURE COFFEEHOUSE. I HIGHLY RECOMMEND ANY SMALL BUSINESS OWNER JOIN. THE VALUE IS DEFINITELY THERE."
CURE COFFEEHOUSE
Member since 2019

POWER THROUGH ADVOCACY:



As an RA member, you're automatically part of the statewide Virginia Retail Federation, giving you a powerful voice in advocacy representation. Be heard and shape the future of retail.

BOOST YOUR NETWORK:

Connect with industry leaders through our exclusive Facebook Member Group. Collaborate, post questions, and stay ahead of the curve with a community that understands your journey.



EXCLUSIVE DISCOUNTS AND FREEBIES:



Enjoy complimentary tickets to local sporting events on a first-come, first-served basis. Plus, revel in member-to-member discounts, offering exclusive deals from fellow RA members.

STAY INFORMED AND INSPIRED:

Tap into a world of educational opportunities with topical webinars throughout the year. Keep your skills sharp and stay ahead of industry trends.



DISCOUNTED AND FREE EVENTS GALORE:



Unlock discounted rates for events, gain insights from the Retail Entrepreneur Series virtual workshops, meet Subject Matter Experts and fellow entrepreneurs at Retail 360s, delve into the "Virginia Retail Matters" study, and more!

PERSONALIZED CONSULTING SERVICES:

No two businesses are the same. Our personalized consulting offers one-on-one support tailored to your goals, challenges, and industry—giving you expert guidance and practical solutions to help your business grow.



SCAN ME!



TO VIEW OUR
MEMBER LEVELS
AND EXPLORE OUR
WEBSITE.

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Norfolk, Virginia 23510

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ELEVATE YOUR SOCIAL MEDIA PRESENCE:



Gain an edge with our meticulously crafted social media graphics. Watch your online presence soar with educational and troubleshooting videos tailor-made for Facebook and Instagram.

CELEBRATE YOUR SUCCESS:

Experience the thrill of recognition! Enjoy personalized shoutouts on social media when you hit milestones, and bask in the limelight with a video blog post and blog article on the Retail Alliance website in our exclusive Member Spotlight.



ACCESS A TREASURE TROVE OF RESOURCES:



Empower your operations with unlimited access to our Resource Library—chock-full of templates, policies, and guides covering a myriad of topics. Navigate challenges effortlessly and stay ahead of the game.

CAPTURE YOUR SUCCESS:

Make a lasting impression with an annual photography headshot opportunity at a Retail Alliance event. Showcase your professional image and let your success shine!



INVEST IN YOUR KNOWLEDGE AND SKILLS:



Seize the chance to thrive with a fully paid scholarship (worth \$495) in the Certificate in Retail Operations (CROPs). Limited to two people per business, based on availability. It's an investment in your success!



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