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# The Impact of the COVID-19 Pandemic on Retail in City Centres

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**Abstract:** Over the past few decades, city centres and their retail spaces have undergone significant changes and have struggled to remain economically viable. The COVID-19 pandemic and the public health response to the crisis have exacerbated this situation and posed a serious challenge to the already economically struggling city centres. Recommendations for how city centres should respond to the current crisis are urgently needed, but despite this, few studies have focused on the impact of COVID-19 on retailing in city centres. This paper conducts a systematic review to provide a better understanding of how retail in city centres has been affected by the pandemic. It also offers insights to support better decision making about the future of retailing in city centres and provides recommendations for ensuring a sustainable future for city centres. The review, conducted between the 20th of November 2021 and the 20th of January 2022, shows that the COVID-19 pandemic and subsequent public health response have intensified some considerable changes in customer preferences and the role of city centres. As a result of these changes, more retailers have adopted multichannel retailing and repositioning strategies. This paper concludes that in order to create vibrant and sustainable city centres post-pandemic, decision makers should support the repurposing of vacant and underperforming retail spaces, promote an experience economy, and create episodic retail spaces.

**Keywords:** city centre; retail; COVID-19; pandemic; town centre; high street; urban planning

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## 1. Introduction

Traditionally, city centres are considered the focal point of a city, where people and business come together, and economic activities and social interactions take place. They also play a key role in urban sustainability as they support cities to develop economic activities and remain economically viable. It is believed that if a crisis occurs in the centre of a city, symbolically, it means that the whole city is in crisis [1]. During recent years, city centres and their retail spaces have undergone profound changes which have resulted in considerable economic decline in such places [2–4]. Different factors contribute to such changes, the most important of which include economic recession, market uncertainties, higher operating costs such as wages, rents, and business rates, the acceleration of e-commerce and digitalisation [5], a rise in online spending, changes in shopping habits, and the growth in the number of out-of-town outlets [6]. The emergence of the COVID-19 pandemic has accelerated the process of decline of traditional retailing and has led to a considerable reduction in in-person shopping [5,7]. The COVID-19 pandemic revealed the fragility of city centres and has exacerbated a wide range of challenges that such places were already facing [8]. Lockdowns and social distancing rules have adversely affected the traditional retail sector [5], and retail spaces in city centres have faced new challenges in attracting sufficient visitors in order to remain financially viable [6]. The role of city centres as places of monetary transactions and consumption has been challenged during recent years [9]. As a result, the economic health of traditional shopping and consumption spaces is in danger, and there is a growing concern that retail locations in Western economies, such as the United Kingdom (UK) [10], may be becoming obsolete [11].

The decline of city centres has been discussed by different scholars internationally. Many studies have focused on the effect of an economic crisis on city centres [1,11,12]. According to Dolega and Lord (2019), the global economic crisis of 2008 and the following austerity period have adversely affected city centres in the UK. Although some city centres have been able to reconfigure their structure in order to survive the crisis, others have suffered a considerable erosion of their viability leading to dramatic increases in vacant retail units. For example, the average vacancy rate in the UK's town centres doubled between 2008 and 2012 [2]. As Frago (2021) suggested, in 2008, the financial crisis led to a significant loss of jobs in the retail sector, and 1.2 million jobs out of 8 million jobs were lost in the United States (US) within two years. The economic crisis affected the retail sector on both supply and demand sides. On the supply side, the sector could not cope with heavy debts owing to strong competition from online channels, and on the demand side, the sharp decline in consumer purchasing power had negative impacts on retail companies.

Hughes and Jackson (2015) argued that technological innovations, political interventions, and changes in the behaviour of customers, investors, and developers have led to a considerable transformation in the nature of retailing in the UK. According to Dolega and Lord (2019), the model which is inscribed as "town centre first" in the UK is going to be overridden with new methods of matching buyers and sellers of consumer goods. Moreover, they discuss that the competition from out-of-centre large retail developments is a long-term factor which has negative effects on the traditional UK high streets. Moreover, the car-based urbanisation that accelerated during the second half of the twentieth century has posed a challenge to the place-based economy [13], leading to the popularity of out-of-town retail centres. The place-based economy depends on the way in which the built environment is shaped as opposed to how individual stores or websites are managed [13].

Another important factor impacting the retail sector is digitalisation. This trend started with the products that could be digitalised (such as books, music, films), continued with physical but impersonal products such as groceries, and moved to highly individual products including fashion. During recent years, the rise of online retail has dramatically affected the way through which consumer goods are bought and sold. For example, ASOS, a UK fashion brand, experienced a considerable sale increase within 6 months during the second period of lockdown [13]. Some scholars have pointed to a systematic shift in the consumer economy due to the fact that while traditional retailing has remained unchanged or even decreased in some cases, online shopping has been increasing dramatically during recent years [12,14]. It seems that the emergence of online platforms and a switch to online retail has brought the retailing sector onto a new stage. Recent advances in payments and distribution have resulted in online retailing becoming a mainstay, rather than just another alternative to the physical store [5]. Many studies discussed that when customers adapt to one shopping channel, they usually abandon other channels [5,15]. Therefore, there is a concern that the growing popularity of online shopping may make customers migrate away from physical stores and move almost entirely to online channels [14]. However, Zukin, Kasinitz, and Chen (2016) argued that technology has provided retailers with new opportunities which can increase the possibility of shopping. For example, social media can attract new customers to local shops due to the fact that it raises people's awareness about new products [16]. Many retailers can create websites for their own businesses, advertise their new products, or use new apps to manage inventories and process payments. E-commerce enables retailers to develop broader market coverage and use online channels to attract consumers' attention back to physical stores [16].

Since 2020, the COVID-19 pandemic and subsequent public health response have challenged city centres in many ways. The pandemic provided people with additional reasons for not visiting urban centres over a considerable period. Government-imposed rules, especially during lockdowns that were implemented in many countries in 2020 and 2021, forced people to stay in their homes apart from essential activities such as shopping or work. Moreover, many people perceived city centres as virus contagion hot spots [17]. Cities around the world have seen vast numbers of empty shops, and some stores in city centres have struggled to survive in once vibrant and lively areas. Lockdowns and restrictions led to a considerable reduction in footfall (i.e., the number of people entering a shop or shopping area in a given time) in most city centres around the world. According to the data collected from Wi-Fi footfall monitoring equipment in England, the footfall level fell between 57 to 75 percent in March 2020 in six city centres including Hereford, Loughborough, Norwich, Nuneaton, Stockport, and Welwyn Garden City [6]. During this timeframe, the vacancy rate was at the highest level since 2010. The subsequent public health restrictions put in place following the outbreak of COVID-19 in March 2020, such as social distancing and the lockdowns, have accelerated this trend. By July 2020, footfall had halved compared with the figures in 2019 [6]. Nanda et al. (2021) argued that although lockdowns and social distancing rules have adversely affected the traditional retail property sector, such trends have accelerated the evolution of retailing and resulted in the emergence of multichannel retail.

The evolution of city centres and their retail spaces has been the focus of several studies during recent years (see Hughes et al. 2015; Dolega and Lord, 2020; Hallsworth and Coca-Stefaniak, 2018; Wrigley and Dolega, 2011). However, the emergence of the COVID-19 pandemic has changed the trajectory of such spaces whilst posing new challenges to the future of city centres. There are important questions that need to be addressed in this regard. For example, what are the impacts of the COVID-19 pandemic on retail spaces in city centres? How can decision makers intervene to ensure a sustainable future for city centres and their retail spaces? This paper aims to address these questions by conducting a systematic review of the literature to develop a better understanding of the impacts of the COVID-19 pandemic on retail spaces in city centres and the ways in which decision makers can create vibrant and sustainable city centres post-pandemic. Recognising the impacts of the pandemic on city centres and their retail spaces plays a critical role in ensuring the sustainability and resilience of such spaces in the future. The significant transformation of retailing in city centres requires the adoption of new policies by decision makers, as well as new strategies by retailers and businesses to remain economically viable. This paper identifies, evaluates, and synthesises the findings of all relevant individual studies on this issue, thereby making the available evidence more accessible to decision makers. Importantly, it provides recommendations for ensuring a sustainable future for city centres whilst highlighting the areas for future research. The paper is structured as follows. It first presents the methodological steps that were undertaken in searching for relevant publications and their analysis. The paper then goes on to analyse the impacts of the COVID-19 pandemic on retail in city centres, in terms of the changes in customer preferences, the changes in the role of city centres, and the trajectory of retail in city centres. Finally, the paper presents the discussions and conclusions of this systematic review.

## 2. Methodology

In order to identify relevant studies about the impacts of the COVID-19 pandemic on retail space in city centres, the researchers used two databases of Scopus and Web of Science. These databases are among the largest abstract and citation databases of peer-reviewed literature. Using these databases ensures the inclusion of all relevant studies while minimising the risks of searching and indexing errors. The researchers carried out the process between the 20th of November 2021 and the 20th of January 2022. This systematic review was conducted in line with the preferred reporting items for systematic reviews and meta-analyses (PRISMA) guidelines [18], involving five steps.

The first step was searching some critical keywords to identify related studies in planning literature. Searching for planning-related studies is challenging as planning is broad, interdisciplinary, and connected to several other disciplines [19,20], such as transportation, environmental policy, design and architecture, and geography. For the purposes of this review, we limited our search to land-use planning. As the research investigates how retail spaces in city centres were affected by the pandemic, three main categories of keywords including "city centre", "pandemic", and "retail" were identified. In order to find relevant publications related to "city centre", three phrases of "city cent*", "town cent*", and "high street" were used, where a "*" is used to ensure the inclusion of both British and American spellings of the phrase. The phrases used for "retail" included "shop", "retail", and "shopping cent*". To find articles that concern "COVID-19", the researchers used the keywords of "pandemic", "Coronavirus", and "COVID-19". The field codes TITLE-ABS-KEY in Scopus and TOPIC in Web of Science were used to search the keywords. The researchers merged the search results within each category of keywords using the OR function. The result of the three categories of keywords was combined using the AND function. This search yielded 14 articles in Web of Science and 11 in Scopus. The second step was to determine the scope of the review based on the type of document and language. In terms of the type of document, the focus was only on peer-reviewed journal articles. Thus, books, book chapters, and commentaries were excluded.

In the following step, duplicate articles were removed. This resulted in 21 articles found in the two main databases. The next step concerned eliminating articles which clearly belonged to other disciplines such as engineering, management, environmental, and health-related topics. This was undertaken by reading the abstract and analysing other sections of the papers. If the research focus was not clear from reading the abstract, the researchers reviewed the entire paper. In the process of selecting relevant articles, an article had to satisfy certain criteria. First, it had to be associated with city centres and retail. Second, it had to be related to the pandemic and its effects on the retail sector.

To ensure a comprehensive and robust research approach, the references of the selected articles were reviewed, identifying some additional related articles as part of this process. The whole searching process resulted in 19 articles published in different journals. *Sustainability* with eight articles, *Journal of Urban Economics* with three articles, and *National Bureau of Economic Research* with two articles are the journals that have published more than one paper on this topic. *Journal of Urban Management*, *Property Management*, *Environment and Planning B: Urban Analysis and City Science*, *Research Policy*, *Cities*, and *LAND* have each published one article on this topic.

## 3. Results and Discussions

Retail spaces of city centres have gone through considerable changes during recent years, with the growth in the number of out-of-centre outlets and the rise of online shopping. Such changes led to a significant decline in traditional retailing. The COVID-19 pandemic has intensified this degradation in many ways, and the retailing spaces have faced new challenges to remain economically viable. Identifying these challenges and the impacts of the COVID-19 pandemic on the retailing sector will play a key role in finding effective solutions whilst supporting the move towards a sustainable and resilient future for such places. This systematic review classifies the impacts of the COVID-19 pandemic into three main categories. First, the changes in customer preferences which have significantly affected retail sectors. Second, the transformation in the role and importance of city centres which resulted in changes to retailing. Third, the pandemic and the trajectory of retail in city centres. These impacts are discussed in the following sections.

### *3.1. The Pandemic and the Changes in Customer Preferences*

Customers' preferences and behaviours change over time and are contextual. Sheth (2020) identified four main contexts that influence consumer habits. These contexts include life events such as marriage and moving to another city, the emergence of breakthrough technologies, rules, and regulations, and natural disasters such as earthquakes, hurricanes, and global pandemics. It is undeniable that the spread of COVID-19 has considerably affected consumer behaviour [21,22], and it is highly likely that some behaviours adopted by consumers and retailers during the pandemic will turn into normal behaviours after the pandemic [23]. As consumer behaviour has considerable impacts on the structure and features of retail [5,24], exploring the changes in consumer behaviour during the pandemic provides insight into the changes in retail structure during this time.

The impact of the COVID-19 pandemic on consumer behaviour has been explored in some recent studies [14,25,26]. Cruz-Cardenas et al. (2021) studied 70 articles that explored the impact of the COVID-19 pandemic on consumer behaviour. In this study, the factors affecting consumer behaviour during the pandemic were identified at a macro-level (macro-environmental), micro-level (micro-environmental), and internal consumer level. At the macro-level, five macro forces affecting consumer behaviour during the pandemic encompass technological, political-legal, economic, and socio-cultural environments. Macro-environmental factors dramatically affect the entire micro-environmental factors. At the micro-level, some special technological applications such as social media and business platforms, social groups such as family and friends, and marketing strategies are identified. Personal and psychological characteristics are among the most critical factors at the consumer level [25].

Research on consumer behaviour suggests that regulations and technological advancement are the most important factors resulting in significant changes in consumer behaviour [13,25,27,28]. Related to this, technology is recognised as an important factor which separates this pandemic from other previous disruptive events, such as natural disasters or wars. In other words, the fact that the COVID-19 pandemic occurred within the context of considerable technological advancements has resulted in significant changes in customer behaviour and preferences. Technology has provided consumers with new purchasing methods which aim to decrease physical contact and reduce the risk of infection, playing a key role in the changes to shopping and retailing. Thus, during the pandemic, people soon realised that technology provides them with opportunities of working, shopping, entertaining, getting takeaways, and even having access to public services while they are at home [13]. Although it is worth mentioning that not everyone has reliable access to the internet and digital devices [29]. In other words, the digital divide, which is a term used to describe uneven skills and/or access to information and communication technologies (ICTs), has an impact on the uptake of ICTs for completing different tasks in different local and national contexts [30,31].

Seeking the most important factors influencing customer preferences, Carmona (2021) introduced the four factors of convenience, choice, certainty, and cost, which encourage consumers to prefer online shopping over in-store shopping. People with access to reliable digital resources find online shopping much more convenient than in-store shopping [32]. Moreover, with the emergence of the COVID-19 pandemic and store closing, more people found online shopping more convenient as it provided them with the opportunity of buying products at any time, anywhere [33]. For example, in the UK, between 27.7% and 37.8% of total retail sales each month in 2021 were internet sales [34]. During the COVID-19 pandemic, the accessibility of e-commerce together with new policies and regulations, anxiety, uncertainty, and scarcity due to safety concerns made consumers migrate to e-commerce [35]. Regarding the range of choices, although many physical stores provide a wide range of different products, it is undeniable that even large stores may become curbed by limited space problems. On the other hand, online stores without any space limits can provide customers with a multiplicity of choices. In this situation, customers are more likely to go for online shopping to have unlimited options [36]. Certainty is another factor which can prompt some people to choose online shopping. While visiting physical stores has a kind of uncertainty that the products may be unavailable, online shopping makes shoppers certain that the products are available. Regarding cost, most consumers assume that online shopping is cheaper than physical shopping. It is important to point out that although online retailers are not required to pay fixed physical costs such as rent and tax, they should pay for shipping costs [37]. Considering convenience, almost limitless choices, certainty, and the lower cost of online shopping together with the contactless experience, many consumers opted for online shopping during the pandemic.

Another considerable change in consumer behaviour during the COVID-19 pandemic is that consumers in some countries and cities did not tend to buy from large retailers and places that may have been crowded. Instead, they preferred to shop at small local stores [25]. Studies show that during the pandemic smaller multifunctional centres were more popular than large ones [12]. According to a study in South Korea during the pandemic, the impact of COVID-19 on commercial centres is greatly dependent on the structure and characteristics of such centres. In order to explore the effects of the pandemic on retail centres, Kim et al. (2021) categorised retailing centres into two main groups, including district-level retail areas and community-level retail areas (i.e., the local neighbourhood). The district-level retail areas refer to areas formed in city centres, whereas the community-level areas are formed in residential areas with local and pedestrian roads. The study explored 253 district-level retail areas and 1010 community-level retail areas. The results of the study show that there was a considerable decrease in sales in district-level retail areas, while community-level retail areas witnessed an increase in sales during the pandemic [24]. In fact, the pandemic helped the districts or neighbourhood centres become more popular [12]. Similarly, Enoch et al. (2021) studied the impacts of the COVID-19 pandemic on footfall in six town centres in England. The results show that the COVID-19 pandemic had less impact on "smaller centres" (e.g., Hereford and Loughborough) because they are much less dependent on serving long-distance commuters. In contrast, "large centres" (e.g., Stockport and Norwich) that are reliant on more discretionary shopping trips and commuters who might travel into large centres to work (and then shop at lunchtime) were considerably affected by the crisis [6].

Although the recent advances in technology together with the convenience and the variety of products in online shopping put this method in the focus of attention long before the emergence of the COVID-19 pandemic, it was the outbreak of COVID-19 which increased the popularity of online shopping significantly [33]. In other words, during the pandemic, the need for reducing social interactions made e-commerce and contactless store concepts more valuable among consumers [33]. Considering customer behaviour after the emergence of COVID-19, it is clear that the pandemic made more people embrace online shopping as the most common way of shopping. In fact, the fear of being infected in crowded city centres together with lockdowns and social distancing rules made more people prefer online shopping over in-store experiences. The increasing use of e-commerce affects traditional retailing in many ways. According to the studies about substitution effects, when consumers adjust to one shopping channel, they may leave other channels. Thus, the growing tendency toward online shopping may lead to a migration from physical stores to those online [5]. As e-commerce increases, the sale in city centres reduces [33]. Under such circumstances, some traditional retail outlets, especially those that are not equipped with online services, are in danger of bankruptcy. In the long term, this trend gives rise to an increasing closure of retail activities at the high-street level [1]. Store closure and the rapid reduction in fixed-store settings in city centres may prevent promoting an economically sustainable city centre [7].

It is expected that the pandemic and the subsequent public health measures have wreaked havoc on the economic health of retail in city centres. Since the start of the pandemic, there has been a sharp decline in consumer spending in both developed and developing economies. Consumers delayed significant expenditures in developed economies, whilst consumers prioritised spending only on essential products in developing economies. Moreover, the changes in customer preferences have led to changes in the space market. First, health concerns and new regulations caused a considerable reduction in customer spending. It seems that the extent to which retail centres were challenged has not been identical among different retailers. In other words, some retailers have faced greater challenges than others. According to Cruz-Cardenas et al. (2021), lockdown and social distancing rules led to a considerable reduction in the consumption of goods and services in industries such as entertainment, dining, travelling, and tourism. Moreover, as discussed previously, there has been a considerable decline in demand for services with face-to-face interactions.

As such services are usually run by small businesses, the revenue of small businesses has witnessed a decreasing trend during the pandemic [18]. The victims of this trend are small shops throughout the city [38], especially those located in city centres, where the costs of renting are always higher. Apart from this group, producers and their labour in developing countries which encountered a dramatic reduction in sales are other losers of the COVID-19 pandemic [39]. Another important change occurred in businesses that did not have online services. For example, there has been a growing increase in online purchases of food, beverage, and cleaning supplies since the pandemic. Thus, many of these businesses had to provide more digital services to remain economically viable [25].

### *3.2. The Pandemic and the Changes in the Role of City Centres*

The spread of COVID-19 resulted in considerable changes to the pattern of movement in urban spaces, consumption patterns, and work–life patterns [24,40]. In terms of changes to movement patterns, it is clear that during the COVID-19 pandemic, many people preferred individual modes of transport (i.e., walking, cycling, and private cars) over collective modes of transport (i.e., traditional public transport and ride sharing/hailing) in order to decrease the risk of infection [41,42]. The greenspace within neighbourhoods became more important, while people avoided crowded city centres [43]. Regarding the changes in consumption patterns, since the start of the COVID-19 pandemic, many people have opted for online shopping over in-store shopping, which has significantly affected city centres. Such changes have resulted in decreasing footfall in city centres. Enoch et al. (2021) explored the impact of the pandemic on footfall in six town centres with different characteristics in England including Hereford, Loughborough, Norwich, Nuneaton, Stockport, and Welwyn Garden City. The results were based on data collected from Wi-Fi footfall monitoring equipment. It was concluded that the pandemic led to a considerable decline in footfall in city centres [6]. The decline of footfall in city centres poses a threat to their vitality and attractiveness in the long term. Addressing these challenges requires new policies and measures for the future of city centres. In other words, post-COVID city centres need to define urban identity [8].

Since the outbreak of COVID-19 and subsequent social distancing rules, workers in many companies and organisations were forced to work from home. Many firms were exposed to the positive aspects of working from home. Even firms that were greatly dependent on face-to-face interactions started to adopt virtual interactions. Some studies predicted that many firms plan to continue remote or hybrid working even after the pandemic [8]. This trend is likely to have long-lasting impacts on retail in city centres. The opportunity of working from home enables many employees to live and work in places that are not necessarily near to their physical workplace or office. According to Nanda et al. (2021), the pandemic has influenced all aspects of a household's location choice. In terms of access and accessibility, the opportunity of working from home has decreased the need for living in the vicinity of working zones in city centres. For example, some skilled workers tend to live in more affordable or higher-amenity locations far from their workplace [28]. Thus, it seems that this opportunity has accelerated a growing tendency toward leaving the densest residential areas and fleeing to the suburbs and beyond into exurban and rural settings. However, it is worth mentioning that working from home or moving out of dense residential areas is not an option for everyone due to social, economic, or personal considerations. However, it is evident that technology has posed a challenge to the contemporary role of city centres [8] and the emergence of the COVID-19 pandemic has accelerated this situation.

The number of city centre inhabitants has decreased considerably during recent years. This reduction has occurred in the number of local users of space who visited city centres on a regular basis (daily or weekly) as well as visitors (tourists) who played a key role in shaping city centres. Departure from working in the central business districts (CBDs) or their surrounding areas deprives retail, entertainment, and subsistence functions of their customer base [44]. Thus, this trend may exacerbate the process of declining traditional retail in city centres. This trend is likely to have long-lasting impacts on retail in city centres.

Since the outbreak of the COVID-19 pandemic, there have been uncertainties about whether cities will continue densification strategies and follow high-rise building practises or stop doing so [39]. In some studies, it is argued that congested places increase the risk of the spread of COVID-19 [45,46]. As Nanda et al. (2021) argued, the pandemic has had a negative impact on the value of density. It seems that since the start of the COVID-19 pandemic, there has been a growing tendency toward living in areas with low density to decrease the risk of getting infected with COVID-19. Thus, as we move into the post-pandemic era, there is more tendency toward living in suburbs and rural areas with less congestion, more sporadic population, and better access to greenspaces. However, seeking the impact of density on the spread of COVID-19, Hamidi et al. (2020) suggested that connectivity is more influential than density in the spread of COVID-19. According to this study, large metropolitan areas which are tightly linked together through economic, social, and commuting bonds are more susceptible to the outbreak of COVID-19.

This trend can result in considerable changes to city centre retailing since it may lead to the emergence of satellite retail centres around worker mass locations. This phenomenon has considerable effects on retail structure, making retailers follow customers based on a spatial sense. In such circumstances, traditional retailers could relocate or develop their businesses according to these new retailing centres [5]. Regarding this trend, there has been a shift from integrated and place-dependent urbanism to separated dis-integrated and non-place urbanism during recent years [12].

As changes in household' location choice will lead to changes in retailers' location choice, retailing in city centres is likely to go through even more changes in the future. The closure of brick-and-mortar retail spaces may lead to the disappearance of restaurants, office spaces, and public spaces. This trend may undermine the importance of traditional retailing in city centres and threaten their economic viability in the future. Although the transformation in the work–life pattern discloses the important role that city centres previously played in gathering communities and economic hubs [8], this trend raises the question of whether city centres would be valued in the future as much as they were valued before the COVID-19 pandemic?

### *3.3. The Pandemic and the Trajectory of Retail in City Centres*

The COVID-19 pandemic, which resulted in social distancing restrictions, has led to considerable changes in people's shopping, working, travelling, and even entertaining. Such changes have challenged the previous role of city centres as well as traditional retailing, and it is expected that a transformation in retailing in city centres is inevitable. Under such circumstances, retailers have faced some new challenges and are starting to adopt new methods to remain economically viable. In this matter, an important measure to mitigate the challenges that city centres are facing was the integration of new technologies with traditional retailing [47]. In fact, retailers were compelled to adopt digital technologies to remain economically viable [22]. It is likely that such changes will lead to a transformation in the character of city centres in the near future [39].

During the pandemic, many businesses adopted digital transformation strategies to tackle economic challenges. For example, some added social media sales and home delivery services to their previous services and could remain financially viable [25]. Many businesses enhanced their online capabilities and provided new websites and online service delivery. They also offered free contactless home delivery services and click and collect [48]. In fact, there has been an increase in the number of multiple marketing channels, hybrid companies, and click-and-mortars (i.e., a business model that has both online and offline operations). Exploring different definitions of multiple marketing channels, Stojković et al. (2016) believed that when an organisation uses more than one channel type to reach its target market segments, multiple market channels emerge. That is, multichannel marketing happens when consumers reach products through one channel while buying them through another channel and collecting them via another type of channel. Therefore, hybrid companies are multichannel companies that always provide online channels in their services. Click-and-mortars include using e-retail combined with traditional retailing [49]. Since the emergence of the COVID-19 pandemic, many retailers have started to adopt some hybrid strategies. In this strategy, retailers incorporate both online and offline offers. For example, traditional brick-and-mortar stores developed websites that provide shoppers with online shopping opportunities or the ability to buy in store [12]. It seems that in the future, retailers may need to integrate their services with digital transformation in order to remain economically viable.

Furthermore, during recent years, there have been significant changes in the demand for retail space, which has been accelerated during and after the pandemic. Since the outbreak of COVID-19, there has been increasing demand for flexibility among tenants. Traditionally, long-term leases have been the most common way, especially in developed real estate markets, owing to the fact that this approach brings a greater stability of cash flow across economic cycles for landlords. However, since the pandemic, businesses have realised that staff are productive when they work from home, and employees appreciate the time saved by eliminating commuting to work. These changes made many office space tenants seek short-term leases or long-term leases with a break clause to be able to adjust as their space needs evolve [50].

### *3.4. Policy Recommendations for the Future of Retailing in City Centres*

As the COVID-19 pandemic has led to the transformation of retailing in city centres, there is an urgent need for policies to support better decision making about the future of retailing in city centres. Similarly, the increase in the number of people who choose more flexible working arrangements (e.g., working from home) has led to a reduced demand for office spaces. As a result, city centres are facing more vacant office spaces. One alternative for these unoccupied spaces is converting them into accommodation for temporary (rotating) workers and staff [8]. Considering the process of converting shops and offices into housing units, Clifford and Manuela (2022) argued that the governance of places is of great importance. For example, in England, it needs a complicated set of codes and regulations which are not present now. They also emphasised that good regulations need to be informed by a comprehensive understanding of the social and economic context of places. Carmona (2021) argued that making city centres more residential is more complex in reality for two main reasons. First, the current market processes do not support mixed use. While most developers prefer to specialise in single forms of development, the investor seeks profitable investments. Second, when buildings are converted into residential units, it is difficult to redevelop them or convert them to something else. Since the flexibility should be two-way, this problem poses a challenge to the flexibility of place. Considering all complex aspects, Carmona (2021) believed that a "mix economy" with the right balance of residential and high-performing retail is essential.

However, Gillen et al. (2021) argued that a major part of city centres should be allocated to other uses beyond retailing. For example, entertainment spaces, galleries, music venues, community centres, and playgrounds [51]. Since the most important advantage of traditional retailing over online shopping or out-of-town centres is providing consumers with social interaction and leisure opportunities, Carmona (2021) believed that we should try to improve the social and cultural function of city centres to help them remain economically viable. In fact, he argued that retailers should give people reasons to visit city centres which are beyond shopping. Therefore, city centres should turn into socially dynamic places in which people can engage with each other and have meaningful social interactions. Thus, enhancing the pedestrian experience and creating adequate space for walking, socialising, cycling, and peoplewatching will play a key role in bringing back life to city centres [52,53]. Studies show that such improvements increases the demand for retailing in the long term, helping retail in city centres survive. In fact, allocating empty shops to leisure use such as restaurants, community spaces, pop-up markets, gyms, entertainment, art spaces, and co-working spaces plays a key role in boosting the economy of city centres [12]. Kunzmann (2020) argued that retailers should integrate shopping with entertainment and leisure functions to survive. These findings reveal the importance of the experience economy in the post-pandemic period.

Another strategy for city centres to remain economically viable and adapt to the recent changes is to create episodic places. Following this strategy, city centres should be designed for a specific time and place that can be re-enacted and adaptive to change. Creating episodic retail spaces can be considered as providing a space stimulating unique cultural features and facilitating emotional attachments to retailer brands for customers. To this end, it is crucial to focus on environmental psychology, designing an environment that affects buyers emotionally to increase the chance that they will buy products. One of the key factors of such places is designing an environment that impresses buyers and encourages them to purchase products [7]. Carmona (2021) suggested four key place-based factors that guarantee a future for city centres. These factors include optimising convenience, directing choice, facilitating leisure, and encouraging social interaction. Optimising convenience points to a place in which all different needs of users, from travelling to the experience, of being at the location, and finally leaving the place, are fulfilled. Directing choice concerns the uniqueness, role, and character of a place compared with that of others. Facilitating leisure requires creating a place with mixed uses that improves the experiences of users. Encouraging social interactions concerns providing places where people from all groups of society feel welcome and comfortable in a high-quality environment that supports social interactions.

Similarly, Nanda et al. (2021) introduced “repositioning strategy” as a concept which can be extended to urban places due to the fact that they need to anticipate, adapt to changes, and respond to external forces. “Repositioning strategy” is defined as “the changes of the positioning of the products and services due to the highly dynamic marketing conditions” (p. 114). This concept is closely connected with place-branding strategies. It can be considered as a mechanism to discover the distinctive characteristics of the place and promote its unique identity. Successful repositioning cases are not necessarily required to replace the existing market. Instead, they adjust to local services in order to respond to users’ interests and preferences.

## 4. Conclusions

Changes in city centres, caused by the 2007-2008 global economic recession, digitalisation and e-commerce, and the competition from out-of-town large shopping centres, have posed a serious challenge to retail spaces in city centres. Particularly in the last two decades, city centres and their retail spaces have gone through substantial changes which have resulted in a considerable decline in these places. There is a concern that retail spaces of city centres may become obsolete in the near future. The outbreak of the COVID-19 pandemic has exacerbated the decline of retailing in city centres, threatening their economic viability. This paper conducted a systematic review of the impacts of the COVID-19 pandemic on retailing in city centres to develop a better understanding of the recent transformation in retailing in city centres. It identified, evaluated, and synthesised the findings of studies that aimed to explore the impacts of the pandemic on retailing in city centres. Through synthesising these findings, this paper provided scholars and decision makers with a more accessible analysis of such impacts. This paper also provided some policy recommendations through which retail spaces in city centres can remain viable in the future.

The review shows that the impacts of the COVID-19 pandemic on retailing in city centres can be classified into three main categories including the changes in customer behaviour, the changes in the role of city centres, and the trajectory of retail in city centres. According to the reviewed studies, the emergence of the COVID-19 pandemic has led to dramatic changes in consumer behaviour. Technological advancements and public health restrictions have affected consumer behaviour more than other factors. Restrictions and social distancing rules as well as the availability of e-commerce have made more people prefer online shopping over in-store shopping during the pandemic. This trend has posed a big challenge to the economic health of traditional retailing in city centres, especially small businesses that were not equipped to provide new technological services. Moreover, during the COVID-19 pandemic, many companies started to adopt remote working. Such trends resulted in considerable changes in city centres. First, there has been an increase in the number of vacant retail spaces and offices in city centres since the start of the pandemic. Second, during this time frame, the footfall in city centres considerably declined, which threatens the attractiveness of city centres in the long term. Moreover, online shopping and remote working have led many residents to flee from city centres to suburbs, where they are less likely to be infected due to lower density of population. As the changes in household location choice might lead to changes in retail location choice, the current role of city centres has been challenged, and there is a concern that retail spaces of city centres may become obsolete. Regarding the trajectory of retail in city centres, it is clear that since the early lockdowns of the pandemic, many retailers have adopted digital transformation strategies to remain economically viable. Multiple marketing channels and hybrid companies have increased in number since the start of the pandemic. It seems that retailers should integrate digital transformation strategies with traditional retailing methods to remain economically viable.

We conclude with three policy recommendations that decision makers can adopt in order to ensure a sustainable future for city centres. First, some of the vacant and underperforming retail spaces of city centres can be repurposed to perform other functions, including residential uses. Increasing the number of people who live in city centres can contribute to creating lively and sustainable city centres. Such a repurposing shows an acknowledgement of the changing dynamics and roles of city centres due to the recent growth of e-commerce, which accelerated during the COVID-19 pandemic. However, repurposing retail spaces, particularly smaller units, is not always feasible, as they might not create high-quality spaces for other uses. Second, the strategies of experience economy can be adopted to increase the number of visitors. City centres, as well as retailers, should give people reasons for visiting city centres beyond shopping, by integrating shopping with leisure and entertainment. Improving the social and cultural functions of city centres can support creating an experience economy whilst boosting the economy of retailing in city centres in the long run. Third, episodic retail spaces can support creating more resilient city centres. Episodic retail spaces concerns designing city centres for specific times and places that can be re-enacted and adaptive to change. Adopting place-branding strategies and enhancing the unique identity of a city centre can play a key role in increasing their vitality and viability.

This study has some limitations. First, the review of studies that explored the impacts of the COVID-19 pandemic on retail spaces in city centres was limited to those studies that were published in English. Therefore, the studies that were written in other languages were excluded. Second, the review was limited to journal articles and did not include books, book chapters, conference papers, and commentaries. Third, while this study systematically reviewed the relevant studies based on the mentioned criteria, it did not conduct a bibliometric analysis or a meta-analysis. These analyses would thus be an interesting and meaningful next step to identify the key factors affecting retail spaces in city centres post-pandemic. Moreover, more research is needed to develop a better understanding of how the above-mentioned policy recommendations can be successfully realised in order to create vibrant, inclusive, sustainable, and resilient city centres post-pandemic.

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