Downtown Market Analysis and Benchmarking

A workshop on using data to guide your work and to measure your accomplishments

Presented to Connecticut Main Street Communities
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Outline of the Workshop

1. How can data help us strengthen the Main Street economy?

2. How do we collect that data?
   - Building Inventory
   - Market Analysis Process

3. Measuring and reporting our success?
   - Benchmarking
   - Telling our story
1. Using Market Data to Guide Downtown Decision making

- Business Retention
- Niche Development
- Branding and Marketing
- Space Use and Place-Making
- How is our Main Street doing?
Business Retention/Expansion

Form a business retention and expansion team

1. Researchers estimate that existing small businesses create most new jobs.
2. Businesses that stay competitive are more likely to remain and expand in the community.
3. Keeping an existing business is often easier and less costly than recruiting a new one.
4. Odds for attracting new businesses are better if existing ones are happy with the community.
Business Retention/Expansion

What data sources or information would be most useful in addressing business retention or expansion?

Click here to add your thoughts to the google document
Image, Branding, Marketing & Niche Development

Use market information to learn about your downtown’s key consumer groups and how to reach and serve them.

1. Define Your Key Markets Segments and Market Position
2. Improve the Image and Develop a Brand for Downtown
3. Implement Marketing Programs
4. Develop a “Niche” Strategy - critical mass of businesses serving a common market segment that is jointly marketed and promoted

Saratoga Springs, NY
Sheboygan Falls, WI
Corning, NY
Image, Branding, Marketing & Niche Development

What data sources or information would be most useful in addressing image, branding, marketing and niche, development?

Click here to add your thoughts to the google document
Business Recruitment

The key is to honestly demonstrate that the community is a profitable place to do business.

• Step 1: Assemble a Team
• Step 2: Create a Supportive Climate
• Step 3: Assemble Recruitment Materials
• Step 4: Design an Ideal Tenant Mix
• Step 5: Identify Prospective Tenants
• Step 6: Contact Prospective Tenants
• Step 7: Close Deals with Prospects
Business Recruitment

What data sources or information would be most useful in addressing business recruitment?

Click here to add your thoughts to the google document
Benchmarking (for this afternoon)

Statistical data assembled in your market analysis can be used to establish goals and measure progress (benchmarking) related to the downtown economy.

- Demographics
- Employment Indicators
- Investment Indicators
- Housing
- Office Space
- Arts and Entertainment
- Lodging
- Retail and Services
- Restaurants
- Transportation and Safety
2. Market Analysis Process: Using Data to Explore Market Opportunities

1. To **support business development** with reliable data that accurately describes the market.

2. To **research issues** specific to your particular community.

3. To **provide a foundation for economic development strategies** for a business district.
Evaluating Retail & Service Business Opportunities

This section provides techniques for estimating market demand and supply for selected retail and service business categories. It examines business opportunities in terms of number of businesses the market could bear, total sales, and square feet of occupied business space. Other more qualitative and equally important market considerations are also discussed in this section. Specific tools to measure demand and supply, ranging from simple to complex, are presented.

Analyzing Demand & Supply—Overview
- Step 1: Assess Demand
- Step 2: Inventory Supply
- Step 3: Draw Realistic Conclusions

Tool 1—Business Mix Analysis (a Population Threshold Method)
Tool 2—Gap Analysis Calculator (A Surplus-Leakage Method)
Tool 3—Pull Factors (A Surplus-Leakage Method)
Tool 4—Trade Region Gap Analysis (An Advanced Surplus-Leakage Method)
Appendix—Using GIS to Visualize Demand and Supply

Related Content
- PDF Version
- Descriptions of retail and service business categories

Selected Wisconsin Resources:
Downtown Economic Development Tools
Center for Community & Econ Development
Local Government Center – BID Resources
Contact
I. Understanding the Market

Trade Area Analysis

A trade area is the geographic area from which a community generates the majority of its customers. A community may have both a *convenience* and a *destination* trade area.

Factors to Consider:
- Population
- Proximity of competing centers
- Local mix of businesses
- Local destination attractions
- Traffic patterns

Tools to Use:
- Focus groups
- Mapping using geographic features (distances, highways, drive-times, etc.)
- Mapping using customer addresses and zip codes
Radius Analysis of Downtown Madison

Distance from Capitol Square:
- One-Mile Radius
- Two-Mile Radius
- Three-Mile Radius

Road Classification:
- Limited Access Freeway
- Highway
- Secondary Roads
- Local Road

City of Madison

Data Sources:
- U.S. Census Bureau, GDT, UWEX, and City of Madison

Produced by UW-Extension, June 2005
Center for Community Economic Development
Regional Drive Times from Downtown Madison

Drive Times from Downtown Madison
- Limited Access Highway
- Other Major Highway
- Local Highway
- Community Center
- Competing Shopping Destination

Scale: 0 1 2 3 4 5 Miles
Equal Competition Areas

Possible Convenience Trade Area using Retail Grocery Store Locations
Access Your Community Data Profiles

- https://drive.google.com/drive/folders/0B7eO7wjQqP7ROGtuWTkxdkQxLWM?usp=sharing
I. Understanding the Market

Demographic & Lifestyle Analysis

Demographic and Lifestyle data can provide insight into local consumer buying behaviors and preferences. Comparison are made to state and national averages.

Demographic Data:
- Population and households
- Housing ownership and value
- Income
- Age, gender and ethnicity
- Educational attainment
- Employment

Lifestyle Data:
- Households in a trade area are segmented into unique clusters that describe their lifestyle, characteristics
- Examine spending propensity for a variety of goods and services
Analysis of Trade Area(s) Using Tables and Maps
Lifestyle data hints at buying habits and preferences

**WHO ARE WE?**

*Front Porches* blends household types, with more young families with children or single households than average. This group is also more diverse than the US. Half of households are renters, and many of the homes are older town homes or duplexes. Friends and family are central to *Front Porches* residents and help to influence household buying decisions. Residents enjoy their automobiles and like cars that are fun to drive. Income and net worth are well below the US average, and many families have taken out loans to make ends meet.

**OUR NEIGHBORHOOD**

- Nearly one in five homes is a duplex, triplex, or quad; half are older single-family dwellings.
- Just over half the homes are occupied by renters.
- Older, established neighborhoods; three quarters of all homes were built before 1980.
- Single-parent families or singles living alone make up almost half of the households.

**SOCIOECONOMIC TRAITS**

- Composed of a blue-collar work force with a strong labor force participation rate, but unemployment is high at 11%.
- Price is more important than brand names or style to these consumers.
- With limited incomes, these are not adventurous shoppers.
- They would rather cook a meal at home than dine out.
- They seek adventure and strive to have fun.

*Source: ESRI*
I. Understanding the Market

Local and Regional Economic Analysis

Economic data can help describe downtown’s position in the local and regional economy and identify factors that are of competitive advantage.

- Industry Concentrations and Employers
- Labor Force and Employment Levels
- Entrepreneurial Activity
- Business Climate Analysis
- Real Estate Activity
- Transportation Patterns
- Institutions
- Tourism and Community Attractions
- Quality of Life Measures
Connecticut Local and Regional Data Sources

Tourism and Visitor Data

Traffic Counts
- ESRI Traffic Volume Reports, for educational use only
- CT Department of Transportation Average Daily Traffic Count [http://www.ct.gov/dot/cwp/view.asp?a=3532&q=567276]

Other Local Data
- [http://profiles.ctdata.org/](http://profiles.ctdata.org/) town profiles include demographic, fiscal, economic, education, housing, labor and other indicators
- Walkability Index- [http://www.walkscore.com](http://www.walkscore.com)
- AARP Livability Index [https://livabilityindex.aarp.org/](https://livabilityindex.aarp.org/)
I. Understanding the Market

Business Owners Survey

A business owner survey invites business owners to share their perspectives regarding the current and future economic health of the business district.

Purpose of Questions:
- provides information on business needs to support retention and expansion efforts.
- Allows business community to share ideas for new economic activity in the community.

Possible Methods to Use:
- Written Survey
- Telephone Survey
- Web-Based Survey
- Business Visitations
- Focus Groups
Sample Questions - Business Owner Research

- What business challenges are you facing? Red flags?
- What business incentives or assistance would be helpful?
- Characteristics of your business: category, years of operation, space occupied, employment, etc.
- Market characteristics: busiest times, impact of community events, advertising effectiveness, target markets, etc.
- Toughest competition and the products or services that differentiate your business.
- Businesses that complement your business the most and those you would most like to see come downtown.
I. Understanding the Market

Consumer Survey

A survey can help you understand the attitudes and shopping behaviors and preferences of current and potential consumers specific to your trade area.

Provides Information on:

- Who they are and how to reach them.
- Where, when and why they shop for various goods and services.
- How downtown can be improved in terms of retail as well as other uses.

Possible Methods to Use:

- Written Survey
- Telephone Survey
- Web-Based Survey
- Social Media
- Intercept Surveys
- Focus Groups
Sample Questions – Consumer Research

• When do you typically shop for non-grocery items?
• What restaurants or types of cuisine do you prefer?
• Which events have you attended in the last 12 months?
• How often do you come downtown and why?
• How often and why do they shop at competing locations?
• Which businesses would you patronize if opened downtown?
• Demographics: gender, age, address, income, etc.
• Attitudes about the downtown and the community.
Surveys – Download Examples and Templates

Toolbox includes:

- Question-bank to help you determine what questions are most relevant to your analysis
- Downloadable survey templates that can be customized for your community.
- Examples of surveys that have been customized and implemented in various cites.
1. Understanding the Market

Focus Groups

A carefully planned discussion to collect qualitative data about feelings and perceptions regarding the downtown area.

Structure of Sessions:
• 7-10 people with common characteristics (perhaps same market segment)
• Minimum of three groups
• Conducted by a trained facilitator
• Non-threatening environment
• Used to understand human behavior
• Not used to collect facts
I. Understanding the Market

Peer City Comparisons

Examining Similar Cities and their Business Districts is useful in identifying potential business opportunities and economic development strategies.

Identifying Comparable Places:
- Similar in Demographics
- Similar in Location
- Similar in Urban and Rural Characteristics
- Similar Function

Identifying Successful Districts:
- Knowledge from existing study group members
- Recognized downtown successes
- Research websites of downtown or Main Street organizations
Comparing Peer City Districts

Research
  • Determine similarities and differences

Data
  • Demographic & Lifestyle
  • Employment
  • Housing
  • Vacancy Rate, Rents
  • Retail & Service mix
  • Connecticut Population List

What has worked, not worked?
  • CT First Impressions Program
    http://communities.extension.uconn.edu/firstimpressions/
# II. Analysis of Opportunities by Sector

## Examining Retail Opportunities

Includes tools for estimating demand and supply for selected business categories. Business opportunities are examined in terms of quantitative and qualitative factors.

### Realistic Retail/Service Business Opportunities

<table>
<thead>
<tr>
<th>Demand</th>
<th>Supply</th>
<th>Reasonableness Check</th>
</tr>
</thead>
</table>

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Realistic Retail/Service Business Opportunities
Retail Analysis Tool: Demand by Market Segment

- Uses US Economic Census
- Focuses on downtown’s ability to penetrate trade area
- Excluded big box stores
- Addresses specific market segments

Access the Tool Online Here
“Reasonableness Check”

• Case studies of downtown retail and service businesses that:
  ✓ build on downtown’s character and
  ✓ Co-exists with big box stores.

• Searchable by type of business

• Access the Tool Online Here
  https://fyi.uwex.edu/innovativedowntownbusinesses/
II. Analysis of Opportunities by Sector

Analysis of Other Property Uses

Includes techniques for estimating demand and supply for various downtown uses. To the extent possible, opportunities are examined in terms of quantitative and qualitative factors.

• Restaurants
• Arts and Entertainment
• Housing
• Office Space
• Lodging
II. Analysis of Opportunities by Sector

Housing

*Housing is an essential, often overlooked, element in the vitality of a downtown.*

**Benefits:**
- Increased foot traffic
- Increased “eyes on the street”
- Support local businesses
- Housing for Downtown Businesses

**Assessment Steps:**
- Estimate Demand
- Determine Supply
- Assess Need
- Identify Opportunities
- Identify Challenges

**Real Estate Data - other sources?**
Examining Housing Opportunities

- Community Housing Demand
- Community Housing Supply

Assessment of Community Housing Needs

- Community Survey and Focus Group Research
- Downtown’s Readiness to Capture Housing Investment
- Demographic Characteristics Important to Downtown Housing
- Possible Housing Types for Downtown

Assessment of Downtown’s Market Opportunities
Building and Business Inventory

A building and business inventory provides a foundation for describing, understanding, and monitoring the economy of your downtown area.

• Buildings
• Units within Buildings
• Tenants within Units
Buildings

- Assessed value and taxes
- Last sale date and amount
- Availability for sale or rent
- Total square footage
- Building amenities
- Zoning class
- Historic status
- Building condition
- Number of floors, commercial units, residential units
Units Within Buildings

- Unit and tenant identity
- Unit availability
- Unit amenities
- Unit condition
- Unit use (commercial, residential, vacant)
Tenants Within Buildings

• Commercial units
  • Unit condition and amenities
  • Business classification & primary products/services
  • Date established
  • Business hours
  • Space use
  • Employment information and job availability

• Residential units
  • Unit condition and amenities
  • Residential amenities
Database can be joined with GIS:
3. Benchmarking: Telling Our Story

Statistical data can be used to establish goals and measure progress (benchmarking) related to the downtown economy. The data can be used to create a statistical profile to help inform prospective business operators and investors about the market as well as demonstrate downtown’s importance in the community.
What is our primary question and why do we need to know the answer?

- How will we use this data?
- What data is currently being collected through CT Main Street or otherwise?
- What other information is available to answer our questions?
- What challenges have we encountered in collecting the data we need?
- What would we need to do to be able to access the data?
# Benchmarking

**Possible data:**

<table>
<thead>
<tr>
<th>Vacancy Rates:</th>
<th>Rental Rates</th>
<th>Tax Base</th>
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<tr>
<td>1st floor</td>
<td>Retail</td>
<td>Assessed Value</td>
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<tr>
<td>Upper Floors</td>
<td>Office</td>
<td>Volunteers</td>
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<td>Lots</td>
<td>Housing</td>
<td>Hours</td>
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<td>Space Usage in SF</td>
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<td>Other</td>
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<td>Livability Index</td>
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<td>Private</td>
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<td>Government</td>
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<td>Not-For-Profit</td>
<td>New Jobs</td>
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# Comparing Benchmarking in Other States

<table>
<thead>
<tr>
<th>Community / Neighborhood and year designated</th>
<th>2010 Population</th>
<th>Business Starts/Relo. / Expansion</th>
<th>Net New Jobs</th>
<th>Building Projects*</th>
<th>Dollars Invested in Projects*</th>
<th>Buildings Sold</th>
<th>Dollars Invested in Acquisition</th>
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<td>112</td>
<td>$33,839,020</td>
<td>78,197</td>
</tr>
</tbody>
</table>
Crafting your argument for downtown

- Why is downtown good for business
- Creating a sell sheet or marketing piece

www.canva.com
Next Steps?
Thank you!

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