Market and Capacity Analysis for Commercial District Planning

11.439 Revitalizing Urban Main Streets
Uses of Market Analysis

- Understand the economics of a district
- Assess market potential to support new stores or existing business expansion
- Gain insight into how to better serve existing customers
- Identify under-served or growing segments and how to attract them
- Define competitive strengths and weaknesses
Market Analysis Audiences

- District planners and managers
  - Main Street program board & committees
- Business owners and business groups
- Property owners and developers
- Other non-profit organizations
- City agencies
Three Approaches

- Quantitative analysis of district demand, sales gap & competitive niches
  - Brattleboro report exemplifies this method
  - Integrates several secondary data sources

- Customer-driven analysis: lifestyles, values, consumption preferences
  - Demographic data, surveys, focus groups

- Niche or store-based analysis
  - Assess demand, competition and expansion potential for specific business type
District Quantitative Analysis

- Define trade area and “visitor” segments supporting the commercial district
- Calculate number of households, income and spending by product/service type
- Estimate annual “visitor” spending by product/service
- Convert product spending to demand by store type
- Estimate total sales based on square feet and sales per square foot for comparable stores
- Project district sales gap/leakage by store type
- Potential applications of this analysis?
**Table 8. Brattleboro Sales Gap Analysis**

<table>
<thead>
<tr>
<th>Store Type</th>
<th>1999 Estimated Total Annual Spending ($000)</th>
<th>1999 Estimated Annual Sales ($000)</th>
<th>Sales Gap ($000)</th>
<th>Spending Capture Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and Home Furnishings</td>
<td>$21,156</td>
<td>$3,883</td>
<td>$(17,274)</td>
<td>18%</td>
</tr>
<tr>
<td>Electronics and Home Appliances</td>
<td>$12,986</td>
<td>$8,129</td>
<td>$(4,857)</td>
<td>63%</td>
</tr>
<tr>
<td>Bldg Materials, Garden Equip. &amp; Supplies</td>
<td>$16,378</td>
<td>$12,824</td>
<td>$(3,554)</td>
<td>78%</td>
</tr>
<tr>
<td>Food and Beverage Stores</td>
<td>$98,870</td>
<td>$63,878</td>
<td>$(34,992)</td>
<td>65%</td>
</tr>
<tr>
<td>Clothing and Clothing Accessories</td>
<td>$28,455</td>
<td>$13,628</td>
<td>$(14,827)</td>
<td>48%</td>
</tr>
<tr>
<td>Sporting goods, hobby, book and music</td>
<td>$12,856</td>
<td>$5,238</td>
<td>$(7,618)</td>
<td>41%</td>
</tr>
<tr>
<td>Services (restaurants)</td>
<td>$75,833</td>
<td>$26,825</td>
<td>$(49,008)</td>
<td>35%</td>
</tr>
<tr>
<td>Arts, Entertainment and Recreation.</td>
<td>$24,867</td>
<td>$9,083</td>
<td>$(15,784)</td>
<td>37%</td>
</tr>
<tr>
<td>Suppressed Retail Sales</td>
<td>$-</td>
<td>$31,610</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$353,949</strong></td>
<td><strong>$175,097</strong></td>
<td><strong>$(178,852)</strong></td>
<td><strong>49%</strong></td>
</tr>
</tbody>
</table>

Source: Consultant calculations from Claritas, US Consumer Expenditure Survey, University of Vermont
Customer-Based Analysis

- Demographics of the market area, key customer types and impact on demand
- Shopping patterns & preferences
  - What consumers do & do not shop for in a district & how it varies by segment
  - Competition by product/store type
  - Options to expand district visitors & shopping
- Secondary data, surveys & focus groups
- How to apply this analysis?
## Sample Results

<table>
<thead>
<tr>
<th>Improvement</th>
<th>% of Shoppers Likely to Increase Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>More sales/promotions</td>
<td>71%</td>
</tr>
<tr>
<td>Special events/festivals</td>
<td>64%</td>
</tr>
<tr>
<td>Cleaner public spaces</td>
<td>58%</td>
</tr>
<tr>
<td>Attractive storefronts</td>
<td>52%</td>
</tr>
<tr>
<td>Better lighting</td>
<td>42%</td>
</tr>
</tbody>
</table>

*Responses Varied By Age: 63% of 18 to 35 year olds were positive about attractive storefronts vs. 48% for those 36 and older.*
Niche or Store-Based Analysis

- Identify strongest district niches
  - Concentration of stores
  - High sales and capture rates
  - Anchor or destination stores
  - Market share as a shopping destination

- New store and expansion potential
  - Position versus competition
  - Available locations and space
Evaluating Restaurant Opportunities

Demographics and Consumer Expenditure Potential

Lifestyle Analysis

Consumer Attitude Research (Residents and Non-Residents)

Summary of Demand

Downtown and Trade Area Business Inventory

Competitiveness of Existing Supply

Summary of Supply

Downtown Location Analysis

Possible Restaurant Concepts for Downtown

Source: http://www.uwex.edu/ces/cced/dma/11.html
Hyde Park Market Analysis

- Study used several analytical tools:
  - Shopper survey, ACORN profiles, cluster analysis
- What did you find most valuable? Why?
- Was anything missing that would have made the report more helpful?
- What were major conclusions? How were applied to Hyde Park Main Streets?
- What would you like to duplicate or change in the market analysis for your district?
Asset and Capacity Analysis

- Capacity: the ability to get things done, to achieve one’s mission & goals
- Asset: a resource to help achieve one’s goals; something of potential value in improving a neighborhood
- Both contribute to effective revitalization plans
  - Understanding capacity is key to plan for feasible implementation
  - Identifying assets may uncover resources for the plan and fosters strategic decisions on where to act
Capacity Assessment

- Glickman/Servon 5-Point Framework:
  1. Resource: raising and managing funding
  2. Organizational: staff, board, systems
  3. Network: nature & extent of relationships
  4. Programmatic: type of services provided
  5. Political: mobilize support & affect policy

- How useful is this for Main Street programs? What capacities are most critical for MS organizations?
- Can it apply to an entire district?
- Any gaps in this framework for a MS district?
Civic Capacity

- A community’s ability to address problems and achieve goals
- Reflects the entire community’s stake in commercial district
- Critical components:
  - Shared vision and goals
  - All key stakeholder are actively engaged
  - Supportive government
  - Effective and appropriate partnerships
Assets for Revitalization

- Asset framework can help change neighborhood perceptions and image
- Assets underlay & support improvement plans
- Risk is that almost everything can be an asset
- Focus on critical assets for revitalization:
  - Most valuable to achieve key goals
  - Are unique or provide advantages for the district
  - Improve its image or are valued by customers
- What are these assets for your districts?