11.439 Revitalizing Urban Main Streets
Spring 2009

For information about citing these materials or our Terms of Use, visit: http://ocw.mit.edu/terms.
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>TOTAL</td>
<td>$353,949</td>
<td>$175,097</td>
<td>$(178,852)</td>
<td>49%</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
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?