Ladysmith
Market Analysis

April 2004

Renderings by MSA Professional Services

An Assessment of Retail and Restaurant Opportunities to Serve the Community's Targeted Consumer Groups

UW Extension
Center for Community Economic Development

Rusk County Development

Ladysmith Market Analysis

Executive Summary

April 2004

This Market Analysis was conducted in 2003 to identify retail and restaurant market opportunities for existing business owners and prospective businesses who may locate in downtown Ladysmith. The study examined some of the potential business development opportunities that may be successful downtown. The analysis was based on local data (both demographic data and survey research) as well as current trend information on buying behaviors and dining-out preferences.

Community Priorities

In the fall of 2002, following the tornado, several city-sponsored informational and open forum meetings were conducted to define the City's downtown redevelopment opportunities. Community residents that participated shared their ideas and priorities for the rebuilding and revitalization of downtown Ladysmith. This information coupled with information presented in the *Downtown Redevelopment Study, March 2003* by MSA Professional Services, Inc. provides guidance on shaping the content and focus of this market analysis. Accordingly, community priorities helped establish the following goals for the market analysis:

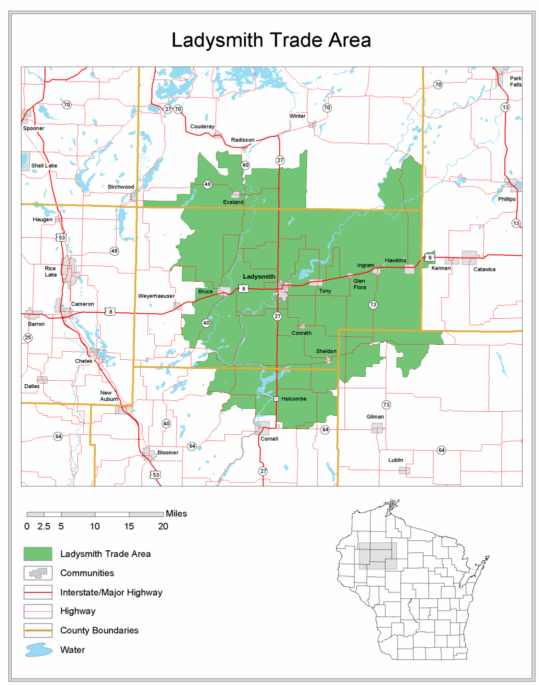
- Identify business opportunities that could serve the resident and employment base with community focused businesses that could survive in a small, geographically isolated community. This includes convenience businesses that enhance quality of life.

- Identify business opportunities that could also serve tourist and visitors who might come to Ladysmith. This includes businesses that together, provide a critical mass of interest and activity to draw non-residents downtown area.

- Develop a unique and effective business mix (retail and restaurants) for downtown that appeals to both the resident/commuter base and tourist/visitor base. This mix would support a distinct market theme that would appeal to both sectors. Possible themes could include the Flambeau River, Northwoods, or the community's railroading, logging and mining history.

Size and Shape of Trade Area

Upon analysis of customer addresses of individual businesses, a primary trade area was determined as shown in the following map. This trade area recognizes the surrounding competition, especially from Rice Lake in the west and from the Wal-Mart located in Hayward to the northwest. This trade area was used throughout the study and includes the communities of Ladysmith, Tony, Glen Flora, Bruce, Conrath, Sheldon, Exeland, Holcombe, and Hawkins.



Business Mix Analysis

When compared to the comparison communities used in this analysis, there are a number of significant differences in Ladysmith's business mix. The most notable difference is the smaller number of retailers found in Ladysmith. While this disparity is somewhat due to the tornado, there is a possible opportunity for future retail expansion. Specific retail categories showing a possible gap include new car dealers, sporting goods stores, specialty foods/liquor stores, and other building material dealers.

Given the recreation opportunities and second home market in the Ladysmith area, the gap in sporting goods stores and other building material dealers are particularly surprising. In fact, the comparable communities have an average of 1.8 sporting goods stores while Ladysmith reported none. Similarly, the comparable communities show an average of 2.8 other building material dealers with none listed in Ladysmith. These gaps may provide opportunities for additional market research.

Demographic, Economic and Lifestyle Characteristics

- The Ladysmith trade area has a population of 17,207. The population growth rate in the trade area will not provide a large source of future demand for Ladysmith retailers. However, the inflow of commuters and visitors/tourists do provide additional opportunities.

- The Ladysmith trade area has a large percentage of households living as married couple families. When compared to the non-metro counties and the State of Wisconsin, a larger percentage of these married couple families do not have children living at home. Many of these households are likely empty-nesters.

- The Ladysmith trade area has a larger percentage of people age 55 and older (27.9%) than either the non-metro counties in Wisconsin or the overall State. This age segment may provide a niche market for retail goods and services in Ladysmith.

- Although the Ladysmith trade area has a relatively low residential mobility rate, as many as 35% of the trade area residents may have moved to the area within the last five years.

- The large percentage of second homes in the area provides an opportunity for area retailers and services. Additional research into this segment's tastes and preferences could be conducted by surveying seasonal residents.

- Incomes and wages in the Ladysmith trade area are somewhat lower than the non-metro counties and the State. However, these incomes do not necessarily reflect possible differences in the cost of living. Furthermore, income figures do not include second homeowners or other Ladysmith visitors.

- The Ladysmith trade area is comprised of five different ACORN consumer segments. The purchasing habits of these consumer segments provide insight into shopping and recreational propensities of local residents. The ACORN purchase potential information should be made available to local merchants and prospective business operators through the Rusk County Economic Development Corporation.

- As of 2000, Ladysmith had a net inflow of 2,031 workers into the community. Furthermore, 66% of the people working in Ladysmith lived outside the community. These commuters provide an important consumer segment that local businesses could capture.

- Over the previous two decades, Rusk County has added 1,700 jobs (35% increase). With large local employers such as Weathershield, many of the current employees work in the manufacturing sector. Manufacturing accounts for 36.5% of the earnings in Rusk County. When combined with employment in government, these two industry sectors account for over 58% of the earnings in Rusk County.

- In 2002, tourism contributed $34 million dollars and an equivalent of 963 full time jobs to the Rusk County economy. The number and variety of outdoor activities in Rusk County provide an opportunity for businesses in Downtown Ladysmith. In particular, downtown businesses should seek to maximize on their proximity to the Flambeau River and nearby lodging establishments.

- Average daily traffic counts exceed 9,000 vehicles on Highway 8 near the central business district. Retailers located on both Lake Ave and Miner Ave (to the south) must develop strategies for capturing this traffic.

Consumer Attitudes

The UW–River Falls Survey Research Center worked with the Rusk County Economic Development Corporation, the Wisconsin Main Street Program, and UW-Extension to design a mail survey of residents in the Rusk County Area (an approximation of the trade area). Findings include:

- Current consumers are primarily shopping in Ladysmith for services (filling prescriptions, buying insurance, car serviced, etc.). The primary motivation for shopping in Ladysmith is convenience.

- The cities and shopping destinations that most appeal to respondents for major shopping outings include: Rice Lake (Wal-Mart mentioned 179 times) and Eau Claire (Oak Wood Mall mentioned 162 times).

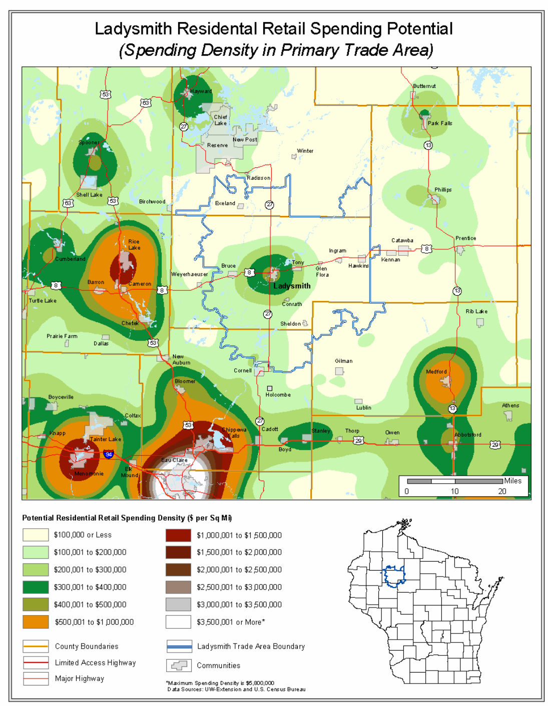
- The two stand alone businesses that the people said they would most likely patronize if that business opened in Ladysmith are a discount grocery store (58% of responses) and a department store (47%). Other frequently desired establishments include family clothing (26%) and a bakery (21%).

- Significant interest in the community for a Mexican restaurant and a Perkins restaurant. Other frequently mentioned restaurants included: KFC, Applebee's, Country Kitchen, Pizza, Chinese food, Country Buffet, Taco Bell, Italian food, Culvers and Taco Johns.

- Regarding the effect the tornado had on shopping in downtown Ladysmith; 20% of the respondents now do more of their shopping in other communities, 27% continue to shop downtown, and 41% did not shop much in the downtown before the tornado.

Analysis of Retail Opportunities

The following map illustrates the location of Ladysmith relative to concentrations of residential retail demand in the region. The map indicates that Ladysmith competes in a regional market that includes Rice Lake and Eau Claire. These communities have higher retail demand and more retail businesses (supply) than Ladysmith.



A detailed analysis was conducted to assess market potential in eleven specific retail store categories. This includes the analysis of quantitative data (i.e. square foot estimates of existing demand and supply) as well as qualitative information from local survey research. The categories selected for inclusion in this section were based on survey research and input from community listening sessions. Findings are as follows:

Book Stores - There appears to be limited support for a full-selection bookstore downtown. It might be possible to recruit a smaller bookstore like Book World or encourage a store in another category to sell books. There might also be market support for a bookstore specializing in a focused niche. Such a book store would need to be serve a market larger than the primary trade area and might require a significant web-presence to be profitable.

Discount Department Stores - The market may be too small to support the development of a large discount department store. Large stores already exist in Rice Lake and Hayward. Nevertheless, a large number of consumers responding to this study's survey indicated their desire for a Wal-Mart, Target or ShopKo store. The lack of a large discount store in Ladysmith has resulted to sales leakage to other communities in the region. This may provide expansion opportunities for the existing Pamida and Family Dollar stores.

Family Clothing - The market may be too small at this time to support the development of a dedicated family clothing store. However, there may be opportunity to offer some clothing sales (such as sportswear) through a specialty retailer that can effectively serve the resident as well as visitor markets.

Food-Grocery - There may be sufficient demand for a new, discount-type grocery store in Ladysmith. A niche store focusing on value might stem the outflow of grocery dollars to larger discount grocers in the region. Such a store might also serve some of the grocery needs of in-commuters who reside outside of the trade area.

Gift, Novelty, and Souvenir - Based on demand, supply and other market considerations, there appears to be market support for the recruitment of new businesses in this retail category. Given the prevalence of tourism in northern Wisconsin, this category provides potential. Further, a cluster of gift stores developed in conjunction with a few restaurants would give Ladysmith a critical mass of business activity that could appeal to both the resident and visitor.

Office Supplies - There appears to be limited market support for the recruitment of a new business in this retail category. The limited demand, the existence of a current office supply store in Bruce, and the presence of Pamida will likely preclude the development of any additional office supply stores. Nevertheless, local businesses have an opportunity to expand their merchandise related to this category.

Pet Supplies - Based on demand, supply and other market considerations, there appears to be limited market support for the recruitment of a new business in this retail category. Nevertheless, because of the higher level of per ownership of local lifestyle categories, there may be opportunity to expand pet merchandise at existing stores.

Sewing and Needlework - Based on demand, supply and other market considerations, there appears to be limited market support for the recruitment of a new business in this retail category. Opportunities exist for a business that can potentially fit into an arts/crafts/gifts niche.

Shoe Stores - Based on demand, supply, and other market conditions, there appears to be limited market support for the recruitment of a new business in this store category. Independent shoe stores in small communities are increasingly uncommon. While this does not preclude the development of a dedicated shoe store in Ladysmith, another option would be to add shoes as a profit center to a family clothing store or a sporting goods store.

Sporting Goods Stores - There may be market support for the recruitment of a new business in this retail category. A successful store would need to focus on the specific recreational opportunities offered in the area (fishing, hunting, water sports, etc). Currently, sporting good needs are likely being met by regional shopping centers and local competitors in other store categories. However, a new store that offers recreational products targeted to visitors could become a destination business for Ladysmith.

Used Merchandise Stores – There may be market support for the recruitment of a new business in this retail category. The lack of an existing store coupled with the lower incomes of trade area households make a used merchandise store a likely candidate for business recruitment. The store could focus on general merchandise (furniture, clothing, books, etc) that would serve the general population and/or antiques that cater to the tourism market.

Analysis of Restaurant Opportunities

Based on data collected in this section, the following summarizes potential concepts that could effectively serve market demand in Ladysmith.

Ethnic Restaurants - The local consumer survey that was conducted reported a significant interest in more ethnic restaurants in the community. Chinese, Italian, and Mexican restaurants were mentioned frequently. Given the size of Ladysmith, branded restaurant concepts (i.e. Olive Garden) may be difficult to attract. However, the community may have an opportunity to attract independent restaurateurs. A downtown "restaurant row" (on Miner or a side street) including two or three independent and specialty restaurants could provide a critical mass that could attract local residents and visitors as well.

Quick Service - The only branded restaurant concepts in the Ladysmith market are in the quick service sector. They consist of Dairy Queen, Hardee's, McDonald's and Subway. Missing is a quick service chicken restaurant such as a Kentucky Fried Chicken. Also missing is a branded pizza concept. These types of restaurants would probably require drive-thru locations and could be located along Lake Ave (U.S. Route 8).

Fast Casual - The Ladysmith market seems ready for a "fast casual" restaurant (such as a Perkins or Culvers restaurant). A steakhouse is another possibility. These types of restaurants would probably require significant parking and highway convenience. One could be located along Lake Ave (U.S. Route 8) in the downtown area. In the absence of a branded concept, the market could support an independent fast casual restaurant.

Acknowledgements

This market analysis was conducted by Andy Albarado of Rusk County Development with assistance from Bill Ryan, Matt Kures and Al Anderson of the University of Wisconsin – Center for Community Economic Development .

Funding was provided by the University of Wisconsin-Extension, through the help of John Preissing, Northern District Director - Cooperative Extension, and Faith Hensrud, Director of Continuing Education - University of Wisconsin-Superior.

Much of the analysis was based on the participation of community residents through listening sessions and survey research. In addition, local business and community leaders provided ongoing feedback and interpretation of the data. The researchers thank all of those who participated and shared their insight.

Note: This report is intended to serve as a educational tool and resource to help entrepreneurs examine market opportunities. Conclusions are made for the purpose of discussion and evaluation, but should not be considered final opinion for business investment decisions.

Section 1

Introduction

This section discusses the impact of the September 2002 tornado on the City of Ladysmith. This market analysis was conducted in response to the economic difficulties that followed the tornado. The scope of this analysis is also summarized in this section.

Situation

On Monday, September 3, 2002 the City of Ladysmith was severely impacted by a tornado which ripped through the heart of the City. The tornado touched down just west of Highway 27 in Ladysmith and proceeded to carve a path of approximately 4 blocks wide by 14 blocks long through the City. This path directly hit the downtown commercial district of the City, effectively destroying it. Initial damage estimates amounted to $20.8 million (business $13.9, residential $6.8) with the majority of the business damage being in the downtown area. Business loss included 55 buildings with minor damage, 22 with major damage, and 26 were destroyed. Residential loss includes 79 homes with minor damage, 15 with major damage, and 17 were destroyed. Effectively, the total economic impact on the community exceeded $30 million.

The total business damage in the downtown area amounted to over half of the businesses being destroyed or sustaining major damage. With the demolition of the destroyed businesses, a new landscape will emerge forever altering the downtown business community character and ability to succeed. The City of Ladysmith is assisting with the necessary planning to redevelop the downtown area to compensate for the lost business and downtown environment. With the likelihood that many of the destroyed businesses will not rebuild, a significant amount of vacant land will remain. It is imperative that the vacant land not become a blight on the remaining downtown properties. The ability of the remaining downtown business owners to succeed is directly related on the effective use of the vacant areas, and the ability of the City to effectively plan for the redevelopment of the area. While the disaster was a significant blow to the City and to the economy, it is very much possible for the City to use this event as a catalyst for a redevelopment of the downtown commercial district.

A couple of key elements of this redevelopment will be the ability of the City to successfully merge the downtown to the surrounding residential neighborhoods, and the ability to take advantage of the redevelopment to accomplish changes in vehicle traffic and accessibility.

All of the surrounding neighborhoods were significantly impacted by the tornado. Many of these homes had to be destroyed. A clear plan must be in place to insure that residential and commercial characteristics of the neighborhoods and downtown are maintained and brought together in an appropriate manner.

The downtown areas struggle in most rural communities. Ladysmith is no different. With big box retailers being a short drive away, and more retail businesses moving to the outskirts of town, rural downtowns are forced to adjust their positioning in order to succeed. Many convert over to a more specialized businesses, and service and tourism oriented establishments. This same change will likely have to occur in Ladysmith. The disaster does present a significant opportunity for the City to make wholesale changes in the way the downtown is presented. Specifically, an opportunity does exist for the downtown to position itself to attract more attention from the adjacent U.S. Highway 8. Traffic flow through the area has long been a concern, a good redevelopment plan will aid in easing the traffic flow and improving safety, while promoting commerce in the downtown. Additionally, the downtown area is currently suffocated by the Flambeau River on the south side and rail lines on the south and west edges. A redevelopment of the downtown could consider utilizing the river as an asset rather than a boundary.

The market analysis is part of a broader plan for the redevelopment of downtown Ladysmith. The intent of this redevelopment plan is to produce a vibrant and economically successful downtown area. The plan will target businesses that can succeed in the downtown environment. It will also develop a strategy by which the area can be marketed. This will improve the prospects of long-term success of the City. Also, the plan will promote future growth and extension of the downtown area, and encourage future development.

Scope of Study

The Ladysmith Market Analysis was conducted in 2003 to identify retail and restaurant market opportunities for existing business owners and prospective businesses who may locate in downtown Ladysmith. The study examined some of the potential business development opportunities that may be successful downtown. The analysis was based on local data (both demographic data and survey research) as well as current trend information on buying behaviors and dining-out preferences.

This analysis complements the design work done for Ladysmith by two consulting firms. However, this analysis places more focus on the economics of downtown.

The methodology behind this study was based on the Downtown and Business District Market Analysis guidebook that is available through the University of Wisconsin-Extension Center for community Economic Development's web site: http://www.uwex.edu/ces/cced/dma/. The following summaries describe the sections of this study:*

<u>Section 2. Community Priorities</u>
This section provides background information on what community residents would like to see in the rebuilding and revitalization of downtown Ladysmith. These perspectives provide background information and direction for the market analysis sections that follow.

<u>Section 3. Size and Shape of Trade Area</u>
This section describes the size and shape of the trade area for Ladysmith businesses. It defines the boundaries that will serve as the basis for further analysis in this report.

<u>Section 4. Business Mix Analysis</u>
This section analyzes the numbers and types of retail and service businesses in Ladysmith. To provide a baseline for evaluation, the analysis provides a comparison with ten other comparable communities located in the Midwest. Ultimately, this analysis will be used to identify strengths and weaknesses in Ladysmith's business mix and will be used as a part of the assessment examining business expansion and recruitment opportunities.

<u>Section 5. Demographic, Economic and Lifestyle Characteristics</u>
This section provides key economic, demographic and lifestyle data for the Ladysmith trade area defined in Section 3. This data and the trends revealed are important as they have a direct impact

on the potential sales of retail goods and services. This section also summarizes economic, employment and traffic data about Ladysmith and its surrounding region.

Section 6. Consumer Attitudes
This section provides a summary of a consumer survey conducted to identify market opportunities for downtown business development. The spring 2003 survey provides ideas for further market demand and supply examination in Section 7.

Section 7. Analysis of Retail Opportunities
This section examines the market potential of specific retail categories in downtown Ladysmith. The purpose is to identify potential opportunities for business expansion or recruitment.

Section 8. Analysis of Restaurant Opportunities
This section explores market opportunities for new restaurants in downtown Ladysmith. The section includes a summary of industry trends that provide background on changing consumer preferences and an analysis of the Ladysmith market demand and supply.

**Note: This report is intended to serve as a educational tool and resource to help entrepreneurs examine market opportunities. Conclusions are made for the purpose of discussion and evaluation, but should not be considered final opinion for business investment decisions.*

Contributors

This market analysis was conducted by Andy Albarado of Rusk County Development with assistance from Bill Ryan, Matt Kures and Al Anderson of the University of Wisconsin – Center for Community Economic Development . Funding was provided by the University of Wisconsin-Extension, through the help of John Preissing, Cooperative Extension's Northern District Director. Much of the analysis was based on participation of community residents through listening sessions and survey research. In addition, local business and community leaders provided ongoing feedback and interpretation of the data. The researchers thank all of those who participated and shared their insight regarding how downtown Ladysmith can once again become an economically vibrant commercial center.

Section

2

Community Priorities

This section provides background information on what community residents would like to see in the rebuilding and revitalization of downtown Ladysmith. These perspectives provide background information and direction for the market analysis sections that follow.

In the fall of 2002 following the tornado, several city-sponsored informational and open forum meetings were conducted to define the City's downtown redevelopment opportunities. The following summarizes how participants view their community and their ideas and priorities for improvement.

What Makes the City of Ladysmith Unique?

The Flambeau River and its waterfront is cited as a distinguishing feature of the community. In addition, the scenic northwoods forest atmosphere and terrain provides recreational opportunities for many.

The City is also unique because of its small town history. The downtown area has a number of historical buildings and the community is rich in its rail, logging and mining heritage.

People enjoy living in Ladysmith because of its quality of life. Schools, parks, restaurants, the library, the Miner Theater and festivals (i.e. Mardi Gras) provide valued events and services for the community. Some believe the community offers a unique balance between small town life and everyday urban conveniences

Finally, Ladysmith is different from other communities because it is isolated from metropolitan areas. Residents describe each other as nice, generous and sharing of community values.

Ideas for the Downtown Area

Community residents would like to see downtown become a vibrant economic center with more specialty shops restaurants and service businesses. Some see the potential of developing a tourism focus. Improved parking and signage was also identified as ways to improve downtown commerce. Increased hours of operation, more events, better use of the theater, and more venues for youth could attract more people downtown. Improved ties to U.S. Route 8 could also improve the economic vibrancy of downtown.

Many would like to see the river become a major part or focus of the downtown area. They would also like to see the history of downtown complemented through preservation and the use of historical lighting, historical plaques and walking trails.

Community residents would like to see a clean and well maintained downtown, one that once again becomes the center of the community. Pedestrian friendliness is important with wider sidewalks, trees, seating, planters, green space, etc. In addition, residents would like downtown to become a meeting place for the community, one that serves as a reminder about who they are and where they have come from.

Use of Civic Spaces

As mentioned earlier, community residents would like to see downtown become the gathering place and focal point for the community and tourists alike. Ideas include improving pedestrian friendliness and developing green space similar to a town square. Bicycle and walking trails with directional maps and informational signage could be added to tie the river to downtown. Ice skating could be offered. A fountain or clock could be included as a focal point. A farmers market, vendor wagons and refreshments could be added to the downtown area. Public restrooms and public telephones were also cited as being important. Finally, purchase and use of the Masonic Lodge as an attraction was mentioned.

Improvements to Parking Areas

Residents would like to see improvements to downtown parking including signage and decorative and effective lighting. Many would like to see a number of small parking lots or a big lot while others prefer angled parking. Parking for tourists (RVs) as well as bicyclists would improve accessibility for these consumer segments. Parking close to or in view of the front door of businesses is desired. Parking areas as entrances to the central business district are preferred. Landscaping, green space and brick/cobblestone walls around parking areas ere also mentioned.

Traffic through Downtown

For safety purposes, many believe that there should be no parking allowed on U.S. Route 8. Many believe that traffic speed should be slowed on this thoroughfare. Other safety improvements could be made including better marked pedestrian crossings (including walk-lights), clearer signage, center turn lanes, delivery entrances for businesses, more traffic lights/stop signs, bike lanes, building setbacks (on U.S Route 8) traffic patterns and one-way streets. Many also expressed a desire for the railroad to bypass town. Finally, laws such as stopping for pedestrians and speed monitoring should be enforced.

Conclusions –Community Priorities as Direction for Market Analysis

The proceeding paragraphs identify of what community residents would like to see in the rebuilding and revitalization of downtown Ladysmith. This information coupled with information presented in the *Downtown Redevelopment Study, March 2003* by MSA Professional Services, Inc. provides guidance on shaping the content and focus of the remainder of this market analysis. Accordingly, the balance of this market analysis will focus on the following:

- Identify business opportunities that could serve the resident and employment base with community focused businesses that could survive in a small, geographically isolated community. This includes convenience businesses that enhance the quality of life.
- Identify business opportunities that could also serve tourist and visitors who might come to Ladysmith. This includes businesses that together, provide a critical mass of interest and activity to draw nonresidents to the downtown area.
- Develop a unique and effective business mix (retail and restaurants) for downtown that appeals to both the resident/commuter base and tourist/visitor base. This mix would support a distinct market theme that would appeal to both sectors. Possible themes could include the Flambeau River, Northwoods, or the community's railroading, logging and mining history.

Section

3

Size and Shape of Trade Area

This section describes the size and shape of the trade area for Ladysmith businesses. It defines the boundaries that will serve as the basis for further analysis in this report.

The Ladysmith trade area is the geographic area from which the majority of the retail and service business customers (and potential customers) reside. This analysis realizes that different business types will have different trade areas. That is, some businesses will draw customers from a greater distance than others. Nevertheless, one geographic area needs to be defined that reflects the overall market area for the community. This unique geographic area will be used as Ladysmith's primary trade area.

While there is an important tourism customer base in Ladysmith, the local, year-round residents still provide the majority of spending potential. For some convenience businesses, the primary trade area may represent 90% of the customers. For destination shopping businesses, the primary trade area may represent less than 50% of the customers. For purposes of market analysis, an overall average of 75% of all customers is used to establish a community's primary trade area.

In addition to local residents, commuter employees who work at local businesses (such as Weathershield) represent a sizable market segment for communities like Ladysmith. While many of these employees live outside of the primary trade area, they need to be recognized as an important market segment as they provide the potential to stay and make purchases.

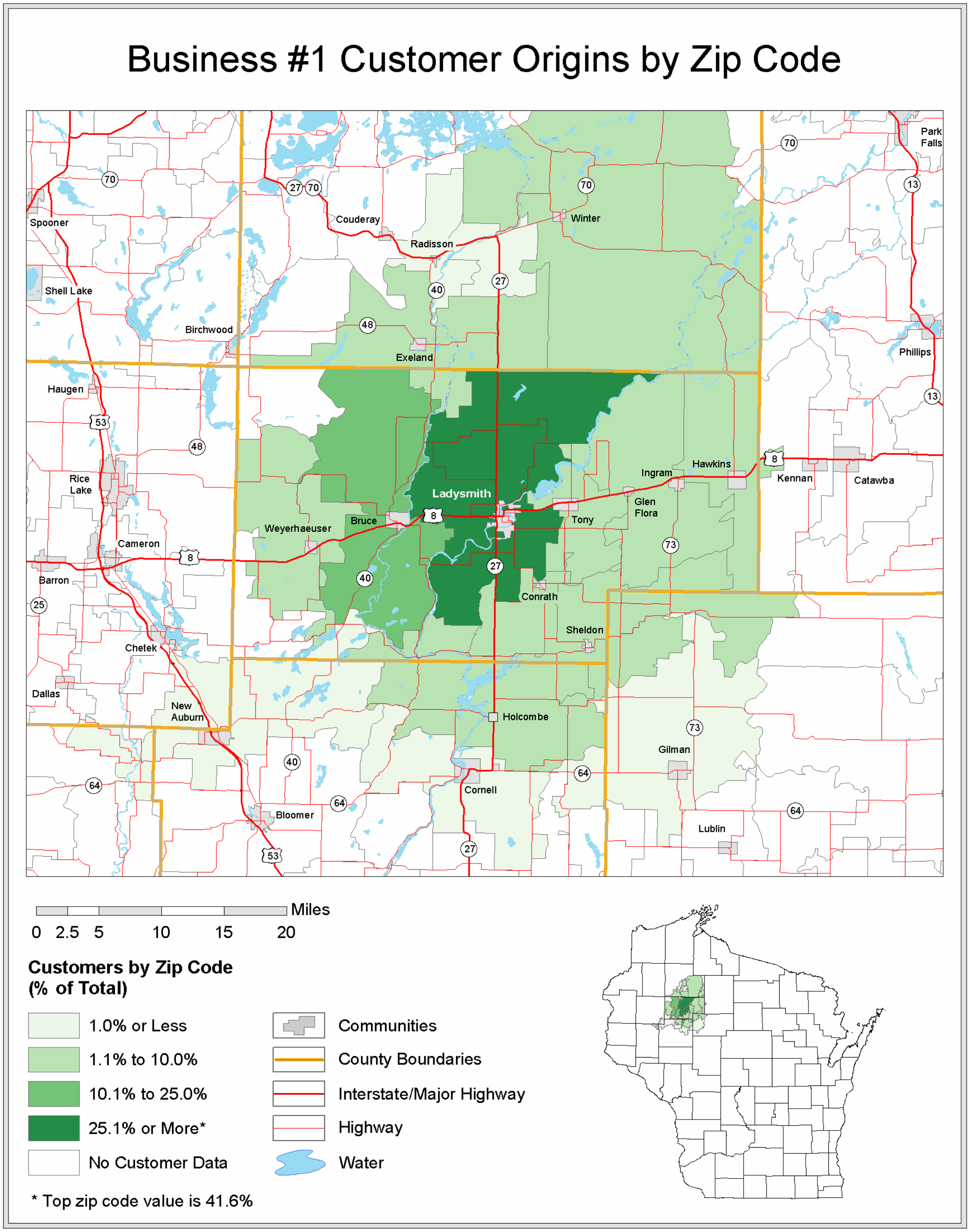
Customer and Employee Origin

In this study, one method used for defining Ladysmith's trade area was to examine actual customer and employee zip codes. These zip codes were obtained from a variety of representative attractions and businesses including retailers, employers and services. Given Ladysmith's post-tornado situation, there were a limited number of establishments that could provide customer data. Furthermore, the analysis recognizes that other people doing business in Ladysmith, such as people visiting friends/relatives, traveling business people, tourists and some distant employees are not represented here. Nonetheless, these establishments represent four important and substantial attractions within Ladysmith and are likely to be representative of other businesses.

- Business #1 – Service business
- Business #2 – Service business
- Business #3 – Major employer
- Business #4 – Major employer

Information from these businesses was analyzed and mapped using Geographic Information Systems (GIS). Mapping customer and employee zip codes provides one estimate of the overall "community" trade area. Again, we must recognize that each business has a unique trade area.

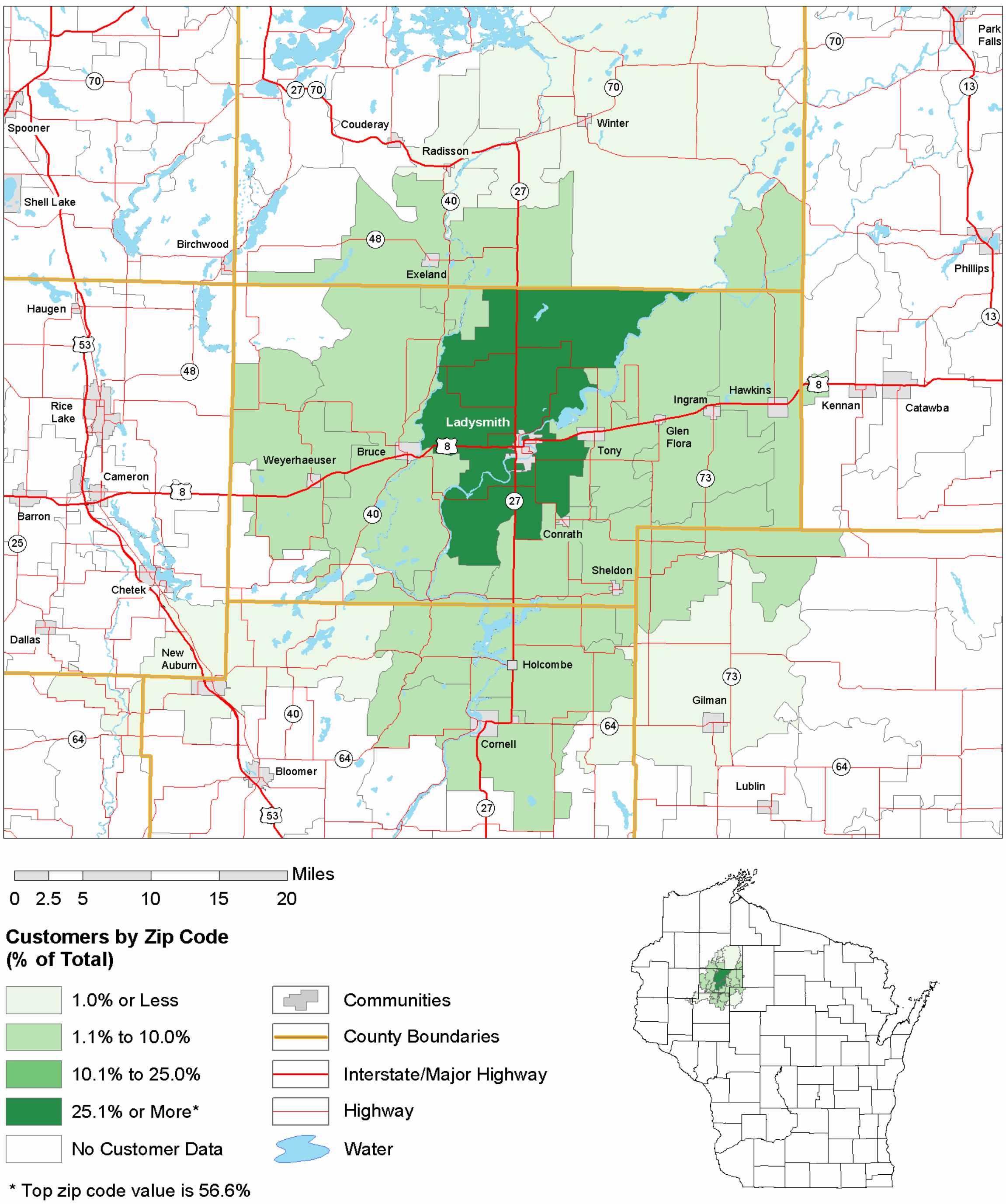
Furthermore, people residing in the trade area purchase certain goods and services outside the area and there are transient customers who purchase goods and services in Ladysmith. However, this method does have distinct advantages as it is based on actual customer data. The following maps and tables depict the results of the analysis.



Customer Origin Summary for Business #1			
Zip Code	**Community**	**Number of Customers**	**Percent of Customers**
54848	Ladysmith	3,455	41.6%
54819	Bruce	834	10.0%
54766	Sheldon	461	5.6%
54530	Hawkins	445	5.4%
54526	Glen Flora – Ingram	422	5.1%
54563	Tony	356	4.3%
	Subtotal	**5,973**	**71.9%**
54731	Conrath	341	4.1%
54745	Holcombe	279	3.4%
54896	Winter	239	2.9%
54835	Exeland	207	2.5%
54895	Weyerhaeuser	118	1.4%
54862	Ojibwa	68	0.8%
54867	Radisson	63	0.8%
54732	Cornell	47	0.6%
54757	New Auburn	36	0.4%
54433	Gilman	31	0.4%
	Subtotal	**7,402**	**89.2%**
*Scattered**	*N/A*	*900*	*10.8%*
	Total	**8,302**	**100.0%**

Scattered areas include zip codes with insignificant values or outside the local area

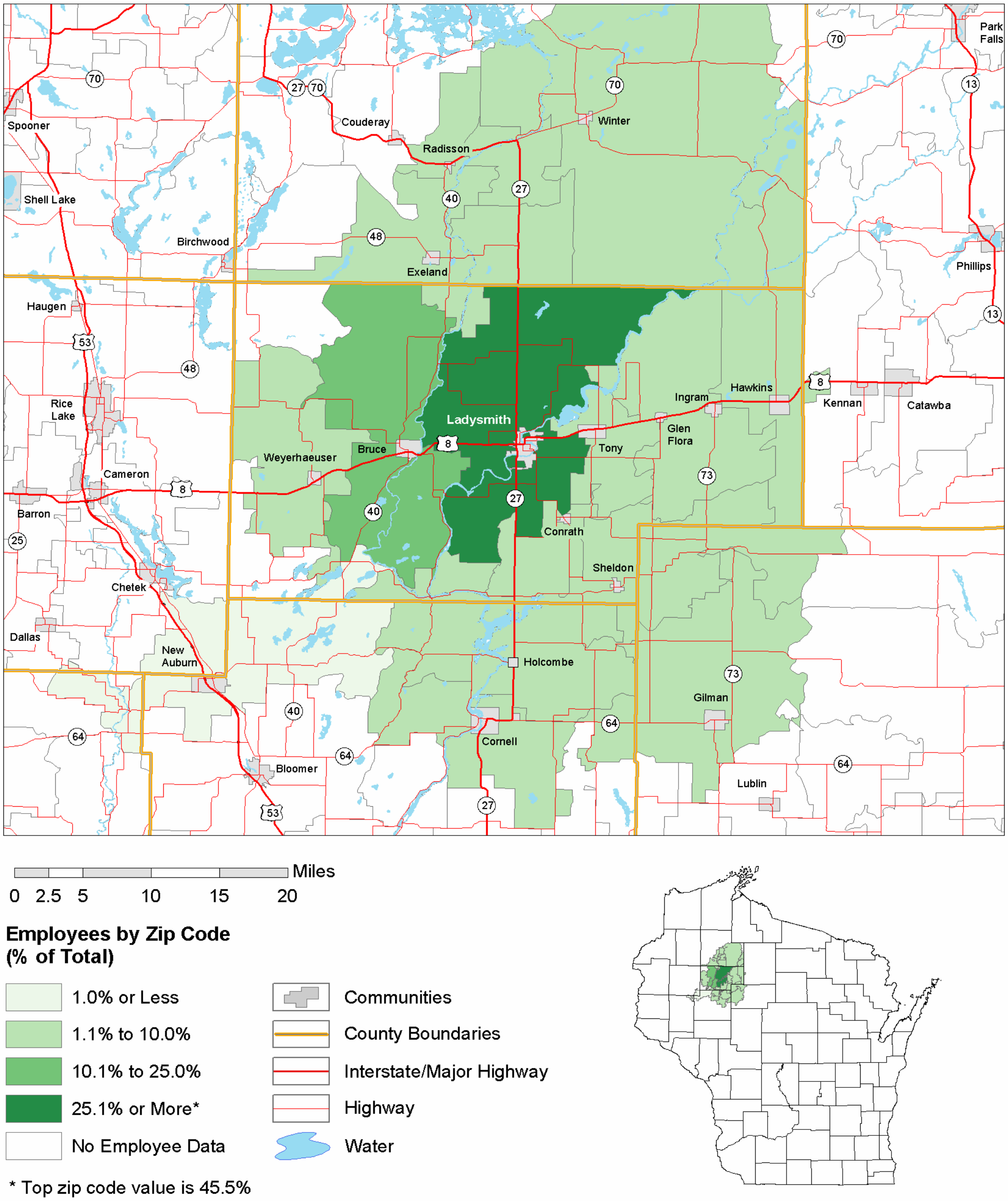
Business #2 Customer Origins by Zip Code



Customer Origin Summary for Business #2			
Zip Code	**Community**	**Number of Customers**	**Percent of Customers**
54848	Ladysmith	197	56.6%
54745	Holcombe	29	8.3%
54819	Bruce	24	6.9%
	Subtotal	**250**	**71.8%**
54563	Tony	18	5.2%
54731	Conrath	17	4.9%
54766	Sheldon	14	4.0%
54530	Hawkins	10	2.9%
54835	Exeland	10	2.9%
	Subtotal	**319**	**91.7%**
54526	Glen Flora – Ingram	8	2.3%
54895	Weyerhaeuser	7	2.0%
54732	Cornell	5	1.4%
54433	Gilman	1	0.3%
54862	Ojibwa	1	0.3%
54867	Radisson	1	0.3%
54896	Winter	1	0.3%
*Scattered**	*N/A*	*5*	*1.4%*
	Total	**348**	**100.0%**

**Scattered areas include zip codes with insignificant values or outside the local area*

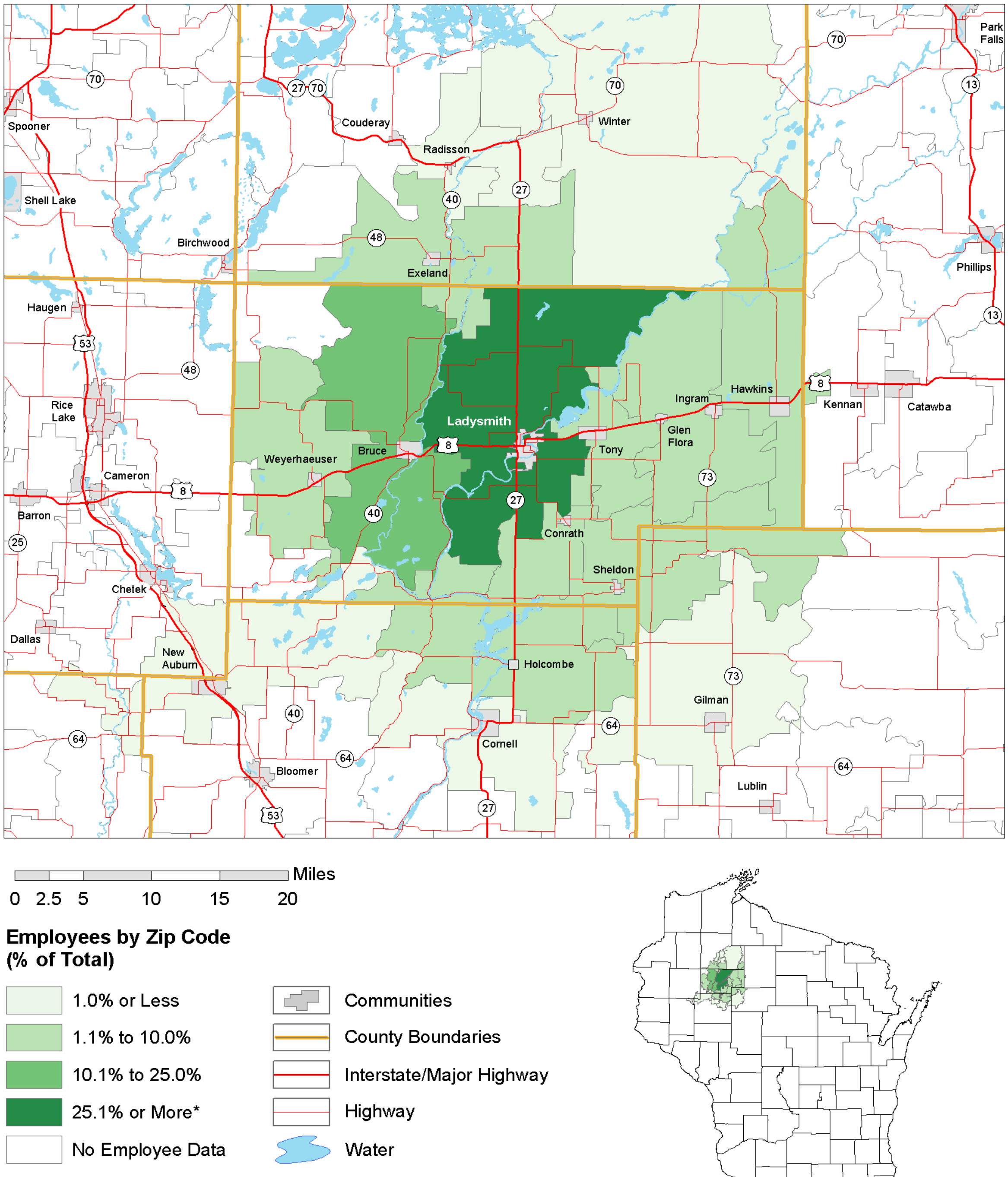
Business #3 Employee Origins by Zip Code



Employee Origin Summary for Business #3			
Zip Code	**Community**	**Number of Employees**	**Percent of Employees**
54848	Ladysmith	250	45.5%
54819	Bruce	63	11.5%
54745	Holcombe	35	6.4%
54526	Glen Flora – Ingram	31	5.6%
54766	Sheldon	28	5.1%
	Subtotal	**407**	**74.0%**
54731	Conrath	26	4.7%
54563	Tony	22	4.0%
54835	Exeland	20	3.6%
54895	Weyerhaeuser	12	2.2%
	Subtotal	**487**	**88.5%**
54732	Cornell	11	2.0%
54896	Winter	11	2.0%
54530	Hawkins	10	1.8%
54862	Ojibwa	7	1.3%
54867	Radisson	7	1.3%
54433	Gilman	6	1.1%
54757	New Auburn	3	0.5%
*Scattered**	*N/A*	*8*	*1.5%*
	Total	**550**	**100.0%**

**Scattered areas include zip codes with insignificant values or outside the local area*

Business #4 Employee Origins by Zip Code



* Top zip code value is 42.1%

Employee Origin Summary for Business #4			
Zip Code	**Community**	**Number of Employees**	**Percent of Employees**
54848	Ladysmith	199	42.1%
54819	Bruce	80	16.9%
54766	Sheldon	34	7.2%
54895	Weyerhaeuser	25	5.3%
54526	Glen Flora – Ingram	21	4.4%
	Subtotal	**359**	**75.9%**
54530	Hawkins	20	4.2%
54563	Tony	17	3.6%
54731	Conrath	17	3.6%
54745	Holcombe	11	2.3%
54835	Exeland	6	1.3%
	Subtotal	**430**	**90.9%**
54732	Cornell	4	0.8%
54757	New Auburn	4	0.8%
54862	Ojibwa	1	0.2%
54867	Radisson	1	0.2%
*Scattered**	*N/A*	*33*	*7.0%*
	Total	**473**	**100.0%**

**Scattered areas include zip codes with insignificant values or outside the local area*

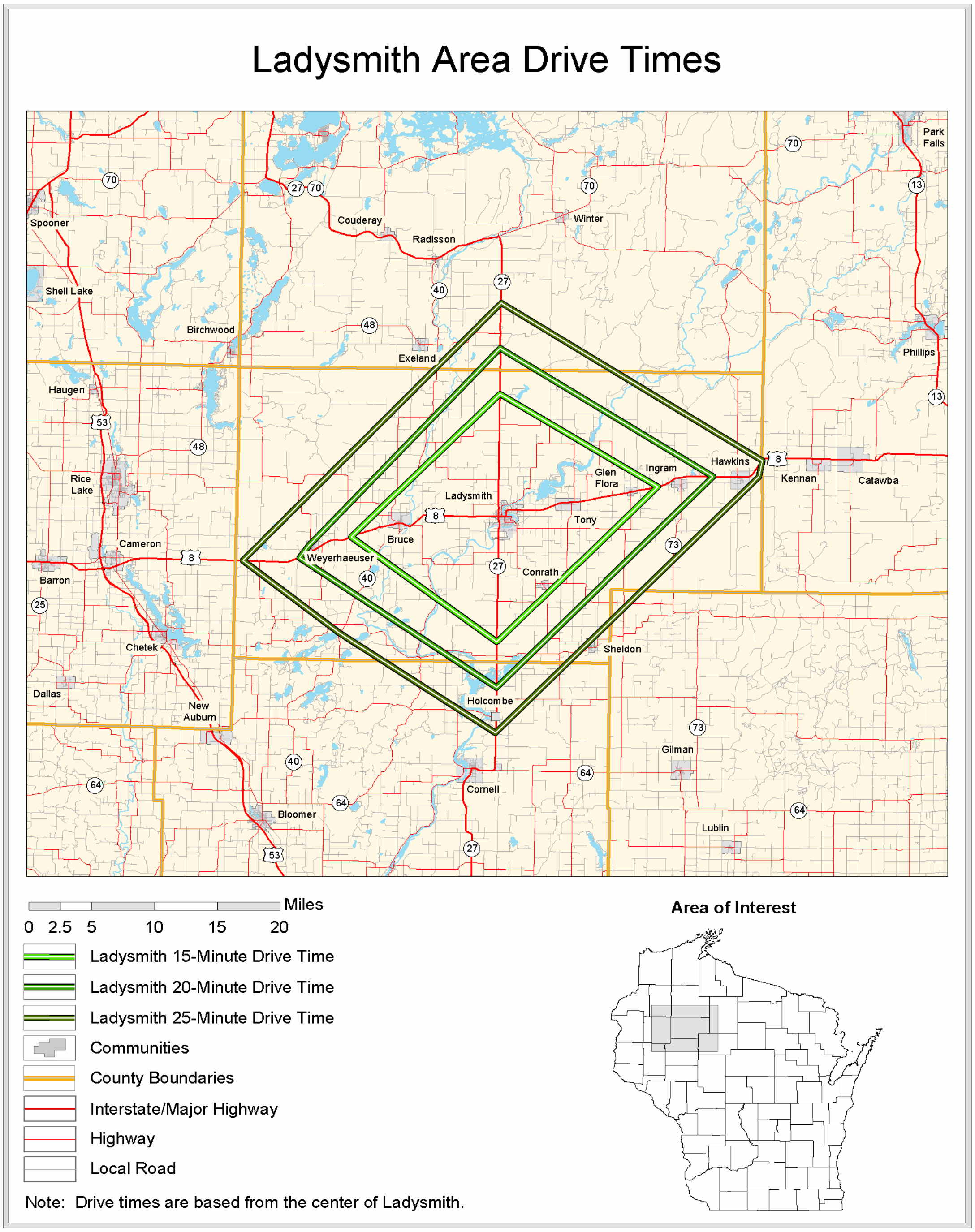
Customer and Employee Origin Conclusions

The preceding maps and tables show that the majority of employees come from the Ladysmith, Bruce, Sheldon and Holcombe zip codes. The Ladysmith zip code area alone generates roughly half of the customer and employee origins. The maps also show how the customers and employees are bounded by the Rusk County border to the east and west. However, this east-west restriction is contrasted by an extension of customers and employees to the north and south of Rusk County. These observations and results will be used in developing an overall trade area.

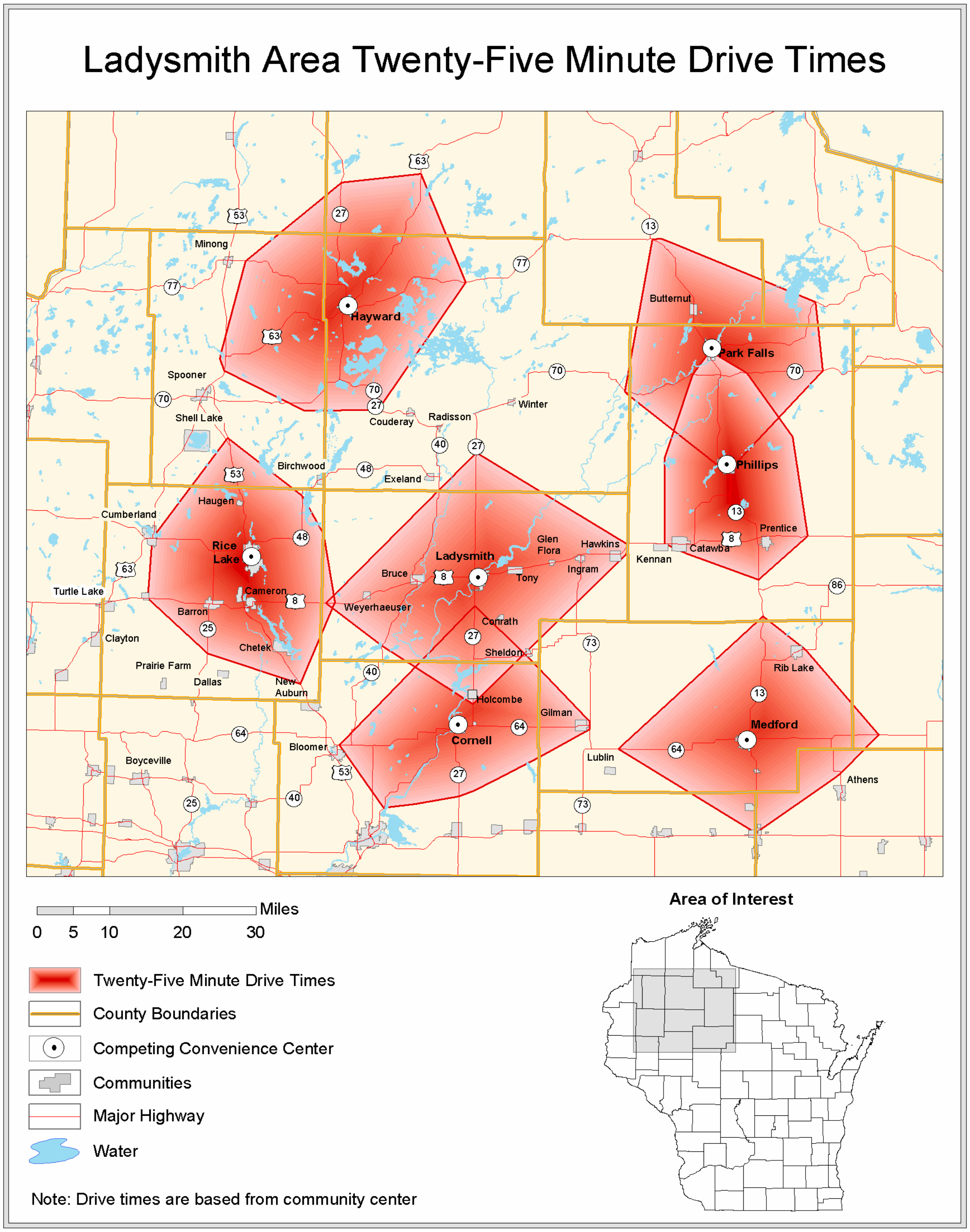
While zip codes provide insight into the size and shape of the trade area, they do not represent uniform units of area. Accordingly, what might appear to be a significant area in size may actually have a lower density of customers and employees. Nevertheless, they provide a starting point for trade area definition.

Drive Time Analysis

The closer a community is to Ladysmith, the more likely its residents will visit for convenience-based shopping. Consequently, an understanding of drive times around Ladysmith is helpful. Drive time is simply the number of minutes it takes to drive to a point (in this case, downtown Ladysmith) based on the road network in the region. The following map summarizes 15, 20, and 25-minute drive times around Ladysmith. The map shows that the smaller communities of Bruce, Conrath, Tony, and Glen Flora are all within a 15-minute drive of Ladysmith and are likely areas for generating convenience-based customers.

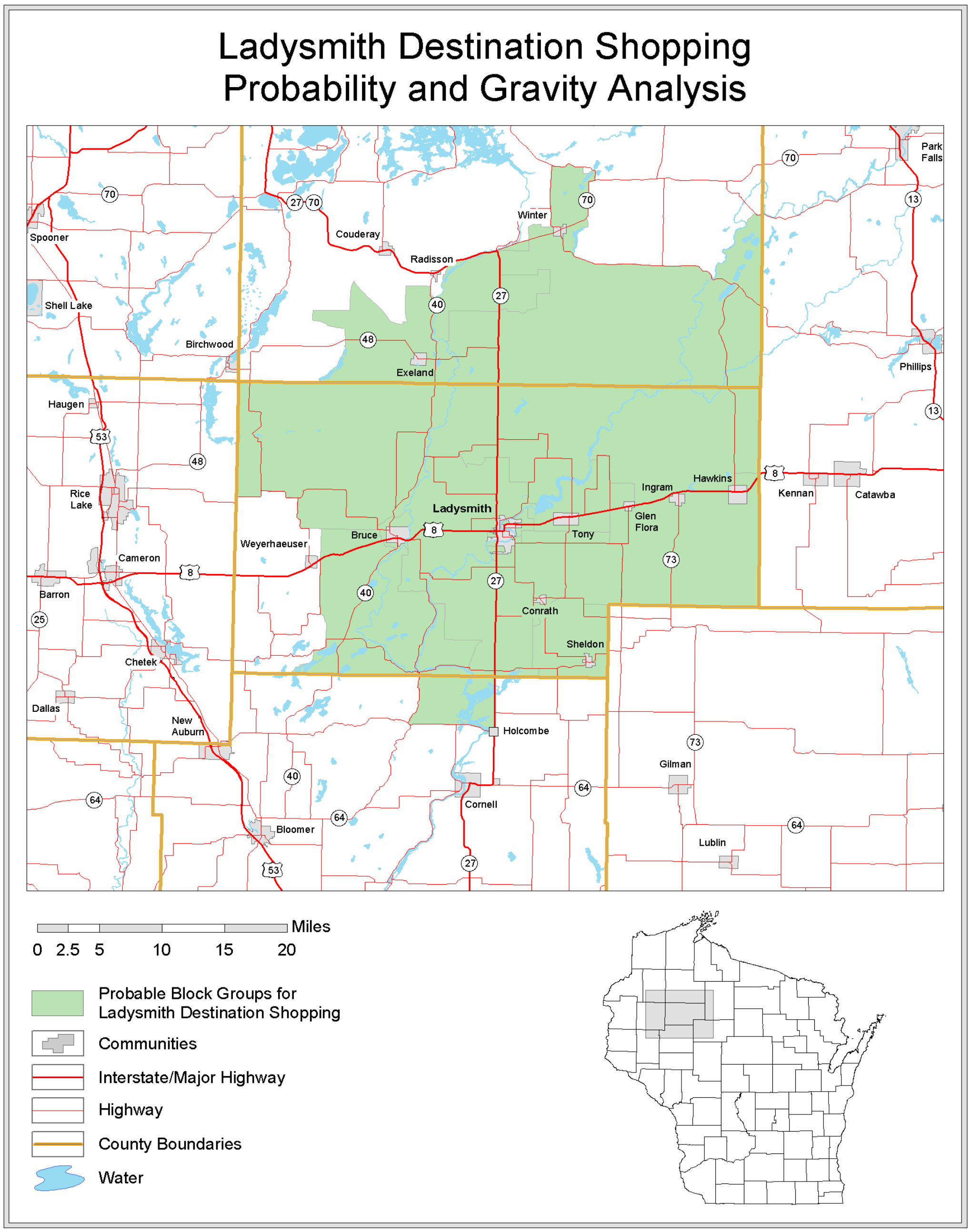


In addition to examining the drive times around Ladysmith, it is also useful to examine drive times around potential competing communities. Determining the extent of overlap between communities provides an understanding of possible competition for convenience-based customers. The following map depicts 25-minute drive times around nearby communities with a cluster of stores offering convenience goods and services. The map shows that the road network around Ladysmith increases its east/west accessibility due to Highway 8. As a result, the 25-minute drive time west of Ladysmith only slightly overlaps the 25-minute drive from Rice Lake. Furthermore, Cornell is the only primary competitor to the south with little competition to the north. Accordingly, Ladysmith is well positioned to capture a good portion of the local convenience market.



Probability and Gravity Modeling

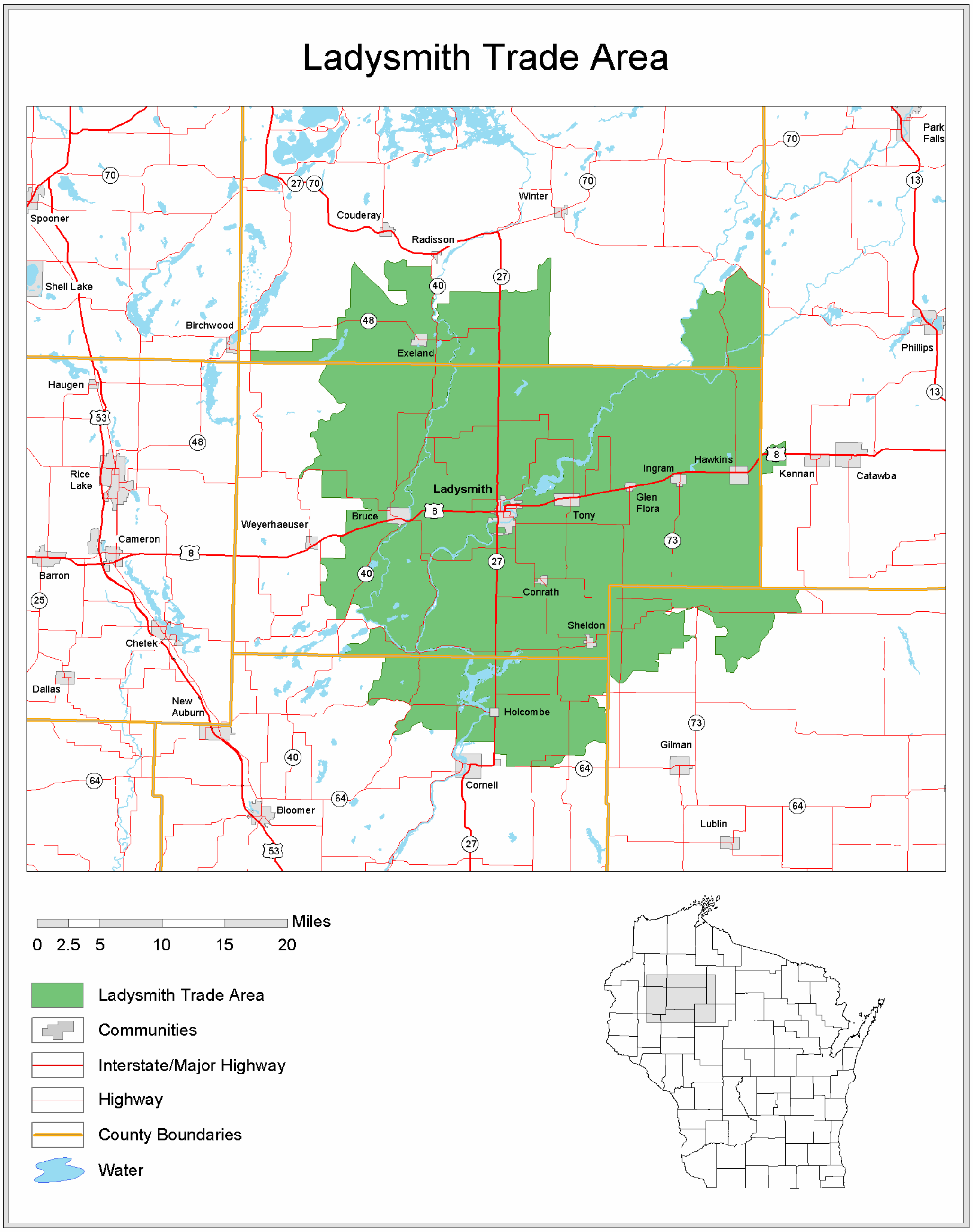
One additional way to examine the Ladysmith trade area is to employ concepts known as probability modeling and gravity modeling. Without going into excessive detail, these modeling concepts predict what areas will likely generate customers to a given shopping area. In this case, the analysis is predicting which areas will likely shop in Ladysmith as a destination more than in competing communities. To do so, the analysis used two models, Reilly's Law and the Huff Model. The models take traveling time and the attractiveness of a shopping opportunity into account. For the Ladysmith area, drive time to competing centers, the number of shopping opportunities (businesses), and the population of the communities were used as the criteria. The results are shown in the map below. The shaded areas represent census block groups that will likely shop in Ladysmith more often than in other competing communities.



Conclusion - Size and Shape of Trade Area

Upon analysis of the preceding maps and data, the trade area shown in the map below was constructed. This trade area recognizes the surrounding competition, especially from Rice Lake in the west and from the Wal-Mart located in Hayward to the northwest. This trade area will be used in the remainder of the study and is comprised of the zip codes in the list below.

54848 - Ladysmith	54563 - Tony	54526 - Glen Flora
54819 - Bruce	54731 - Conrath	54766 - Sheldon
54835 - Exeland	54745 - Holcombe	54530 - Hawkins



Section

4

Business Mix Analysis

This section analyzes the numbers and types of retail and service businesses in Ladysmith. To provide a baseline for evaluation, the analysis provides a comparison with ten other comparable communities located in the Midwest. Ultimately, this analysis will be used to identify strengths and weaknesses in Ladysmith's business mix and will be used as a part of the assessment examining business expansion and recruitment opportunities.

Examining the business mix of a downtown or community provides a useful snapshot of the types and number of establishments located in the area. While the mix is useful on its own, comparing it to the business mix in other comparable communities provides a means of determining possible retail and service opportunities and answer questions such as:

- Does Ladysmith have fewer or more retailers or services than other similar communities?
- Is Ladysmith under-served in specific business categories?
- How does the overall retail/service mix compare to similar communities?
- Are there existing niches present in the community that could be expanded?

Answers to these types of questions are useful in identifying opportunities for future business expansion or recruitment.

Comparable Communities

For analysis purposes, Ladysmith was compared with ten other "comparable" Midwestern communities. These comparable communities were chosen on the basis of their size (city/village population of approximately 3,000 to 5,000), their rural locations, (approximately 40 miles or more from a community of population 25,000+) and input of the Ladysmith local business community. The comparable communities selected include:

• Boscobel, WI (53805 Zip Code)	• Chariton, IA (50049 Zip Code)
• Clintonville, WI (54929 Zip Code)	• Ely, MN (55731 Zip Code)
• Medford, WI (54451 Zip Code)	• Park Rapids, MN (56470 Zip Code)
• Richland Center, WI (53581 Zip Code)	• Pipestone, MN (56154 Zip Code)
• Phillips, WI (54555 Zip Code)	• Windom, MN (56101 Zip Code)

Each of these communities has similarities to Ladysmith, but remains unique in its own way. The following paragraphs provide a brief description about each of the comparable communities. Furthermore, a website address is provided as a resource for more information.

- *Chariton, Iowa* – Chariton is located in Lucas County near Red Hawk State Park. The community's local tourism niche is based around the Amish community within the county. Chariton recently built a community aquatic center and has announced plans to renovate a historic hotel into assisted living units for elderly citizens. (http://www.chariton.org/)

- *Ely, Minnesota* – Ely is the western entrance to the Boundary Waters Canoe Area Wilderness (BWCAW). Similar to Ladysmith, the area has a variety of outdoor activities including fishing, boating, golf, and snowmobiling. Ely is home to a number of museums including the International Wolf Center, as well as a number of local artisans making products from toboggans to home accessories. (http://www.elyminnesota.com/)

- *Park Rapids, Minnesota* – Park Rapids is located near Itasca State Park and the Mississippi River headwaters. The area has a large tourism business base serving fishing, boating, snowmobiling and biking/hiking activities. In addition to outdoor activities, there are also a number of museums and a winery located in the area. (http://www.parkrapids.com)

- *Pipestone, Minnesota* – Located in Southwest Minnesota, Pipestone is home to Pipestone National Monument. Major employers include US Marine, livestock services and Pamida. Pipestone has a historic commercial district and is actively involved in downtown revitalization efforts. (http://www.pipestoneminnesota.com/)

- *Windom, Minnesota* – Windom is the county seat of Cottonwood County. Its major employers include Toro (lawn and garden equipment) and a meat packing plant. Windom is located on the Des Plaines River and is near a number of lakes offering fishing and boating opportunities. (http://www.windom-mn.com/)

- *Boscobel, Wisconsin* – Boscobel is located in northern Grant County near the Wisconsin River. It is home to Advance Transformer with 400-600 employees as well as several smaller manufacturers. Boscobel is the birthplace of the Gideon Bible and is known as "Wisconsin's Wild Turkey Hunting Capital." The community hosts a Civil War Museum and annually conducts Civil War re-enactments. (http://www.boscobelwisconsin.com/)

- *Clintonville, Wisconsin* – Located in Waupaca County, Clintonville is a former Wisconsin Mainstreet Community. The community is home to a number of manufacturers as well as a satellite of the Fox Valley Technical College. (http://www.clintonvillewi.org/chamber/)

- *Medford, Wisconsin* – Medford is located in Taylor County and is home to a number of large industries such as window manufacturers Weathershield and Hurd Millwork and plastics corporations including Phillips Plastic Corporation and WaDal Plastics. Located near the Chequamegon National Forest, the area has extensive snowmobiling, hiking and cross-country skiing trails. (http://www.medfordwis.com/)

- *Richland Center, Wisconsin* – Richland Center is the seat of Richland County. It is a designated Wisconsin Mainstreet Community and is home to UW-Richland. The area has a variety of rivers for both canoeing and fishing. (http://www.richlandcenter.com/)

- *Phillips, Wisconsin* – Phillips, Wisconsin is located in Price County and is home to the Phillips Plastic Corporation. Situated near the Chequamegon National Forest, the area has a number of recreation opportunities including snowmobiling, mountain biking and fishing. (http://www.phillipswisconsin.org/)

Data Sources

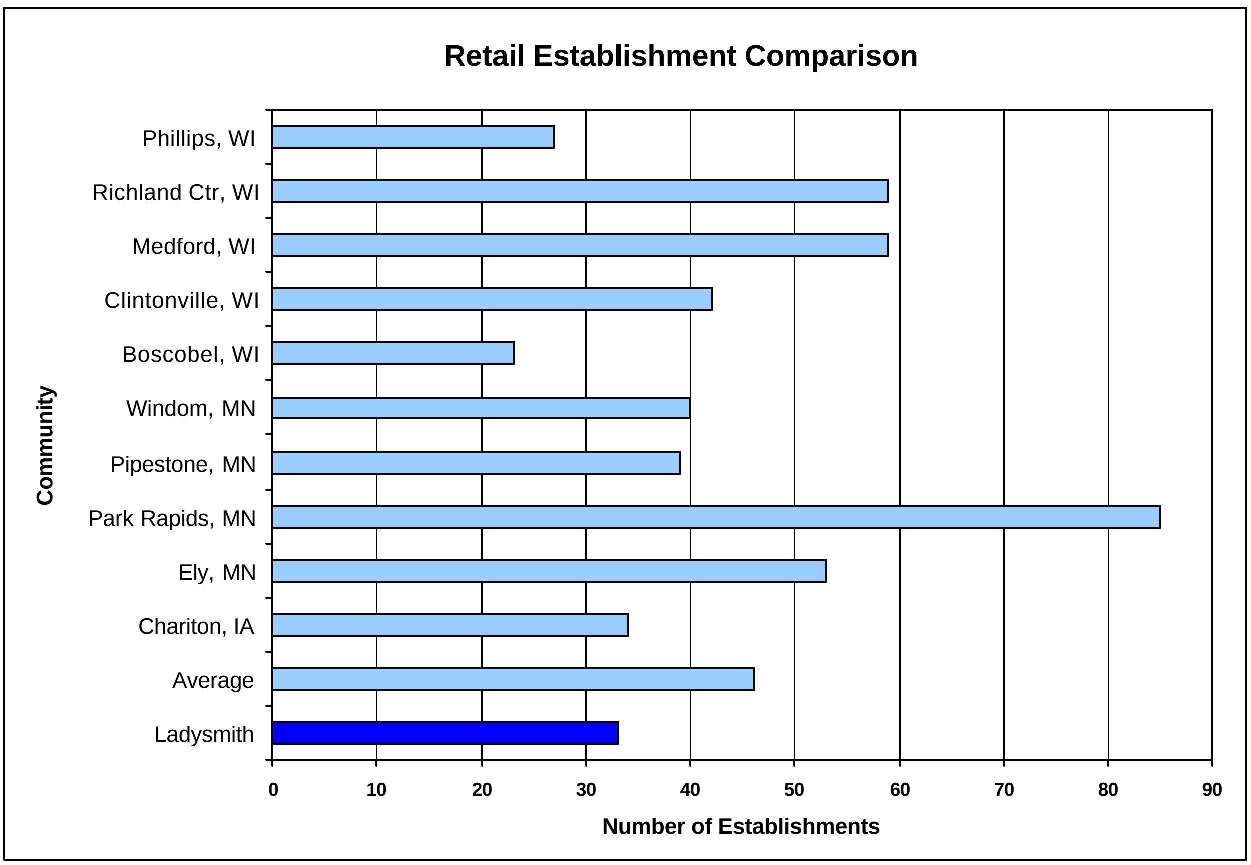
The business mix examines the numbers and types of businesses in different retail and service business categories. To be consistent, a single business classification system is used in the analysis. In classifying business, the mix analysis uses the North American Industrial Classification System (NAICS) and places each individual business into a single NAICS category. The category is based on the primary type of goods or services sold by the business. For instance, a hardware store may sell a limited selection of auto parts. However, as hardware is its primary type of business, the store is classified as a hardware store rather than an auto parts store. A more detailed description of the NAICS can be found at (http://www.census.gov/epcd/www/naics.html).

The business data used in the analysis is based on two separate sources. For the Ladysmith businesses, data was used from the business inventory provided by the Rusk County Economic Development Corporation and is current as of June 2003. Data for the comparable communities was derived from the U.S. Census Bureau's 2000 Zip Code Business Patterns (http://censtats.census.gov/cbpnaic/cbpnaic.shtml). While the data is updated on an annual basis, the 2000 data is the most current data available. Ideally, current business inventories from the comparable communities would be used instead of the Zip Code Business Patterns. However, these resources are unavailable and Zip Code Business Patterns provides a reliable data source.

Accordingly, each community's primary zip code was used in the analysis. Zip codes are used for comparison as they surround the communities and allow for a consistent data assessment. However, note that a community's zip code does not necessarily constitute its trade area, and there may be some accuracy issues due to the age of the data. Furthermore, certain establishments, such as home-based businesses, may not be included in the tally. As a result, the reader of this report should not be concerned as much with the exact numbers, but instead the general trends and insights.

Retail Establishments

The following chart and table show the analysis results for retail establishments commonly found in small communities. A total of 33 retail establishments were tallied in the Ladysmith 54848 zip code compared to an average of 46 in the comparison communities. With the exceptions of Boscobel, WI and Phillips, WI, all of the comparison communities have either more or significantly more retail businesses.



According to the analysis, Park Rapids, Medford, Richland Center and Ely have the most number of retail establishments. Each of these communities has an interesting cluster of businesses:

- Park Rapids, MN has a significant number of furniture stores (4) and home furnishing stores (4). They also have a number of appliance stores, hardware stores, and building supply establishments. This business cluster likely serves the large percentage of second homes in the zip codes (According to the 2000 Census, 31% of all housing units in the Park Rapids zip code are listed as second homes or vacation homes).

- Medford, WI has a vehicle sales cluster with 6 new car dealers, 4 used car dealers and 2 motorcycle, boat and recreational vehicle dealers.

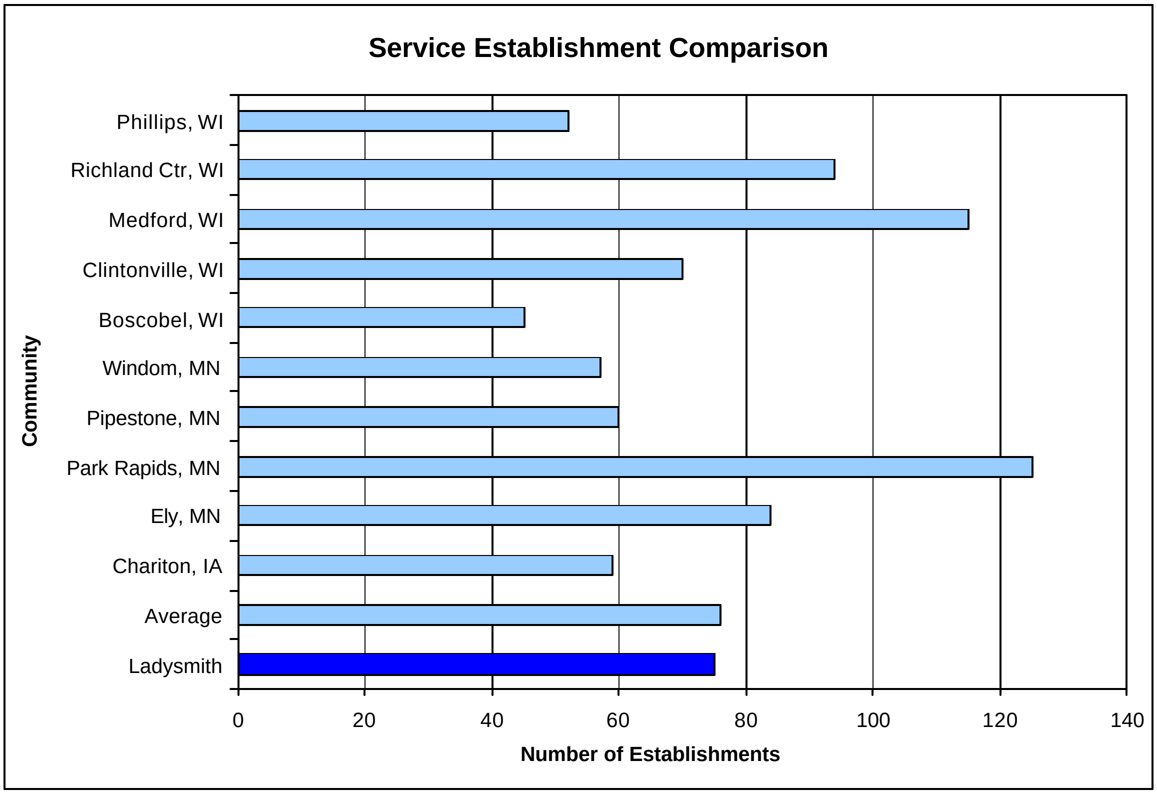
- Richland Center, WI has a number of specialty retailers such as a CD, tape and record store, a book store and a sporting goods store

- Ely, MN is an entry point to the Boundary Waters Canoe Area. Subsequently, the community has 7 sporting goods stores serving this market.

NAICS	Retail Business Description	Ladysmith Primary Zip Code	Comp. Communities Primary Zip Code
441	**Motor Vehicle and Parts Dealers**		
44111	New car dealers	1	2.7
44112	Used car dealers	2	1.3
44121	Recreational vehicle dealers	0	0
44122	Motorcycle, boat, and other motor vehicle dealers	0	0.9
44131	Automotive parts and accessories stores	1	1.7
44132	Tire dealers	0	0.8
442	**Furniture and Home Furnishings Stores**		
44211	Furniture stores	1	1.5
44221	Floor covering stores	1	0.7
44229	Other home furnishings stores	0	0.5
443	**Electronics and Appliance Stores**		
44311	Appliance, television, and other electronics stores	3	1.5
44312	Computer and software stores	0	0.5
44313	Camera and photographic supplies stores	1	0
444	**Building Material and Garden Equipment and Supplies**		
44411	Home centers	1	0.1
44412	Paint and wallpaper stores	0	0.4
44413	Hardware stores	1	1.3
44419	Other building material dealers	0	2.8
44421	Outdoor power equipment stores	0	0.3
44422	Nursery and garden centers	1	0.8
445	**Food and Beverage Stores**		
44511	Supermarkets & other grocers (not convenience)	1	2.3
44512	Convenience stores	0	0.3
4452	Specialty food stores	0	1.3
44531	Beer, wine, and liquor stores	0	1.1
446	**Health and Personal Care Stores**		
44611	Pharmacies and drug stores	1	2
44612	Cosmetics, beauty supplies, and perfume stores	0	0.1
44613	Optical goods stores	0	0.1
44619	Other health and personal care stores	0	0.2
447	**Gasoline Stations**		
44711	Gasoline stations with convenience stores	4	4.9
44719	Other gasoline stations	0	1.2
448	**Clothing and Clothing Accessory Stores**		
44811	Men's clothing stores	0	0.5
44812	Women's clothing stores	1	1
44813	Children's and infants' clothing stores	0	0
44814	Family clothing stores	0	0.7
44815	Clothing accessories stores	0	0.2
44819	Other clothing stores	0	0.3
44821	Shoe stores	0	0.6
44831	Jewelry stores	1	0.4
44832	Luggage and leather goods stores	0	0.1
451	**Sporting Goods, Hobby, Book and Music Stores**		
45111	Sporting goods stores	0	1.8
45112	Hobby, toy, and game stores	0	0.1
45113	Sewing, needlework, and piece goods stores	1	0.3
45114	Musical instrument and supplies stores	0	0.1
45121	Book stores and news dealers	0	0.3
45122	Prerecorded tape, CD, and record stores	0	0.2
452	**General Merchandise Stores**		
45211	Department stores (not leased depts.)	1	0.2
45291	Warehouse clubs and superstores	0	0.1
45299	All other general merchandise stores	2	2.7
453	**Miscellaneous Store Retailers**		
45311	Florists	1	1.1
45321	Office supplies and stationery stores	1	0.2
45322	Gift, novelty, and souvenir stores	3	2.7
45331	Used merchandise stores	0	0.9
45391	Pet and pet supplies stores	0	0
45392	Art dealers	3	0.3
	Total Retail Establishments	**33**	**46.1**

Service Establishments

The following table and chart depict the analysis results for service establishments commonly found in small communities. A total of 75 service establishments were tallied in the Ladysmith 54848 zip code compared to an average of 76 in the comparison communities' primary zip codes. In contrast to retail establishments, Ladysmith is closer to the average with five communities having fewer establishments and five having a greater number.



An examination of the service establishments reveals a number of interesting observations

- Despite the national trend towards large multi-screen theaters, all but two of the comparison communities have a movie theater.
- Ely, with its large tourism base, has considerably more lodging establishments (15) than any other comparison community.
- County seats such as Richland Center and Medford have a greater base of financial, insurance (banks and insurance) and professional services (lawyers and accountants) than other comparable communities.
- With the exception of optometrists, Ladysmith has fewer private establishments in the health care service sector. Furthermore, there are fewer daycares in Ladysmith than the comparison communities.

NAICS	Service Business Description	Ladysmith Primary Zip Code	Comp. Communities Primary Zip Code
51	**Information**		
51121	Software Publishers	0	0.1
51213	Motion Picture Theaters	1	0.8
514191	On-Line Information Services	0	0
52	**Finance and Insurance**		
5221	Banks, Savings Institutions and Credit Unions	5	4.3
52312	Securities Brokerage	1	1
52392	Portfolio Management	0	0.1
52393	Investment Advice	0	0.3
52421	Insurance Agents and Brokers	4	5.7
53	**Real Estate and Rental and Leasing**		
53113	Mini-warehouses and Self-Storage Lessors	0	0
53121	Real Estate Agents and Brokers	3	2.3
53211	Passenger Car Rental and Leasing	0	0
53212	Truck, Trailer and RV Rental and Leasing	0	0.2
53221	Electronics and Appliances Rental	0	0
53222	Formal Wear and Costume Rental	0	0.1
53223	Video Tape Rental	1	0.5
53231	General Rental Centers	0	0.1
53242	Office Machinery and Equipment Rental	0	0
54	**Professional, Scientific and Technical Services**		
54111	Legal Services	4	4
54121	Accounting, Tax Prep., Bookkeeping and Payroll	2	3.7
54151	Computer Systems Design	1	0.4
54192	Photographic Studios	0	0.7
54194	Veterinary Services	1	1.1
56	**Administrative and Support Services**		
56131	Employment Agencies	1	0.2
56132	Temporary Help Services	0	0.4
561439, 323114	Photocopying and Office Support Services	0	0.3
56151	Travel Agencies	1	1
62	**Health Care and Social Assistance**		
62111	Physician Offices	0	2.2
62121	Dental Offices	2	3.6
62131	Chiropractic Offices	2	2.3
62132	Optometrist Offices	2	1.5
62441	Child Care and Day Care Services	1	1.9
71	**Arts, Entertainment and Recreation**		
71394	Health Clubs and Fitness	2	0.6
71395	Bowling Centers	1	0.7
72	**Accommodation and Food Services**		
72111	Hotels and Motels (except Casinos)	5	4.1
721191	Bed and Breakfast Inns	1	0.5
7221, 7222	Full and Limited Service Restaurants	14	14.7
72241	Drinking Places	6	4.1
81	**Other Services**		
81111	General Automotive Repair	2	3.2
81112	Automotive Body, Paint, Interior and Glass Repair	1	2.8
811191	Oil Change and Lubrication Shops	1	0.5
811192	Car Washes	1	0.2
81121	Electronics and Precision Electronics Repair	0	0.3
81143	Shoe and Leather Goods Repair	0	0
812112, 812111	Beauty Shops/Barber Shops	5	3.4
812113	Nail Salons	0	0
812191	Diet and Weight Reducing Centers	1	0.1
812199	Tanning Salons and Other Personal Care Services	1	0.2
81221	Funeral Homes	1	1
81231	Coin-Operated Laundries	0	0.1
81232	Dry-cleaning and Laundry Services	1	0.6
81292	Photofinishing and One-Hour Photo	0	0.3
	Total Service Establishments	75	76.1

Conclusions – Business Mix

When compared to the communities used in this analysis, there are a number of significant differences in Ladysmith's business mix. The most notable difference is the smaller number of retailers found in Ladysmith. With the exception of Boscobel, WI and Phillips, WI, Ladysmith has fewer retailers than any other comparable community. While this disparity is somewhat due to the tornado, there is a possible opportunity for future retail expansion. Specific retail categories showing a possible gap include:

- New Car Dealers
- Sporting Goods Stores
- Specialty Foods/Liquor Stores
- Other Building Material Dealers

Given the recreation opportunities and second home market in the Ladysmith area, the gap in sporting goods stores and other building material dealers are particularly surprising. In fact, the comparable communities have an average of 1.8 sporting goods stores while Ladysmith reported none. Similarly, the comparable communities show an average of 2.8 other building material dealers with none listed in Ladysmith. Some of this difference may be explained by the presence of a home center and three appliance/television/electronics stores in Ladysmith. These gaps may provide opportunities for additional market research.

One possible niche in Ladysmith exists in the gift and souvenir market. Ladysmith reported three gift, novelty and souvenir stores and three art dealers in the 54848 zip code. These values exceed the average store counts for the comparable communities.

Ladysmith has a significantly greater number of service establishments than retailers. As Ladysmith is the county seat for Rusk County, this is not surprising. Furthermore, the number of service businesses reported in Ladysmith is almost identical to the average number reported in the comparable communities. Nonetheless, there are several service categories that show a possible gap:

- Insurance Agents
- Accounting, Tax Preparation and Bookkeeping
- Dental Offices
- Child Care and Day Care Services
- Restaurants
- Auto Repair

An additional gap is shown in physician offices. However, this difference is explained by the county hospital located in Ladysmith. With the exception of restaurants, this report does not analyze service businesses. However, these potential gaps may warrant future market research.

Appendix 4A – Selected Characteristics of Comparable Communities

Community	Ladysmith, WI	Pipestone, MN	Windom, MN	Medford, WI
Population	3,932	4,280	4,490	4,350
Per Capita Income	$15,499	$17,253	$17,155	$19,962
Distance to Nearest Discount Retailer[1]	31 Miles	31.2 Miles	28.5 Miles	0.7 Miles
Location of Nearest Discount Retailer[2]	Rice Lake, WI	Brookings, SD	Worthington, MN	Medford, WI
Population Within 20-Mile Radius	19,436	19,753	20,998	34,002
Median Age	37.2	39.4	41.8	39.3
Community	**Chariton, IA**	**Ely, MN**	**Boscobel, WI**	**Richland Center, WI**
Population	4,573	3,724	3,047	5,114
Per Capita Income	$15,553	$16,855	$15,432	$15,520
Distance to Nearest Discount Retailer[1]	27.9 Miles	42.7 Miles	21.1 Miles	2.1 Miles
Location of Nearest Discount Retailer[2]	Indianola, IA	Virginia, MN	Richland Center, WI	Richland, Center, WI
Population Within 20-Mile Radius	23,609	8,277	32,105	37,639
Median Age	39.9	40.8	35.8	39.9
Community	**Clintonville, WI**	**Park Rapids, MN**	**Phillips, WI**	
Population	4,736	3,276	1,675	
Per Capita Income	$16,353	$16,416	$16,480	
Distance to Nearest Discount Retailer[1]	13.3 Miles	38.7 Miles	35.5 Miles	
Location of Nearest Discount Retailer[2]	Shawano, WI	Detroit Lakes, MN	Minocqua, WI	
Population Within 20-Mile Radius	68,641	20,362	15,064	
Median Age	38.9	42.5	42.1	

Data was calculated using 2000 U.S. Census Bureau data and various private data sources.

1. Distance calculations use straight line distance and do not reflect possible variations in drive times.
2. Discount Retailer locations (i.e. Wal-Mart, Kmart) are current as of early 2002 and may not reflect any recent openings or closings..

Section
5

Demographic, Economic and Lifestyle Characteristics

This section provides key economic, demographic and lifestyle data for the Ladysmith trade area defined in Section 3. This data and the trends revealed are important as they have a direct impact on the potential sales of retail goods and services. This section also summarizes economic, employment and traffic data about Ladysmith and its surrounding region.

Part I – General Population Characteristics

This section contains a number of three-column demographic data tables. The first column of each table describes Ladysmith's primary trade area (the 54848, 54819, 54835, 54563, 54731, 54745, 54526, 54766 and 54530 zip codes). The second and third columns in each table, respectively, compare data about all of the non-metro Wisconsin counties and data for the State of Wisconsin. The non-metro counties were chosen for comparison purposes based on their similarity to the Ladysmith trade area in terms of their geography and economic structure. The demographic and economic data from these counties and the State of Wisconsin provide baselines to be used in understanding Ladysmith's own trade area and region.

Population and Households

Population and household data are the basis for quantifying the current market size and growth, both of which are vital in determining consumer demand. Population is defined as all persons living in a geographic area. Households consist of one or more persons who live together in the same housing unit, regardless of their relationship to each other (including all occupied housing units). Anticipated household or population growth may indicate future opportunities for business expansion and/or recruitment.

Table 5.1 shows that both the Ladysmith trade area has a somewhat sizeable population for a rural area. Over the previous decade, population and households within the Ladysmith trade area have grown slightly. However, this growth has been somewhat slower than both the non-metro counties and the State of Wisconsin.

Table 5.1 – Population Trends

Population and Households	Ladysmith Trade Area	Non-Metro Wisconsin Counties	State of Wisconsin
2000 Population	17,207	1,723,367	5,363,675
1990 Population	16,873	1,560,597	4,891,769
Percent Change 1990 - 2000	2.0%	10.4%	9.6%
2000 Households	6,725	669,761	2,084,544
1990 Households	6,343	578,615	1,822,118
Percent Change 1990 - 2000	6.0%	15.7%	14.4%

Source: 2000 U.S. Census Bureau Summary File 1

Household Composition

Households can be composed of people living alone, families with or without children, single parent households, or a number of unrelated people living together. Household composition is important in identifying different retail opportunities. For instance, households with children generally will spend more money on children's clothes and food while married households without children will spend more on appliances and home furnishings. Table 5.2 shows the household composition for the Ladysmith trade area. Similar to the non-metro counties, the trade area has a large percentage of traditional, married family households. However, the Ladysmith trade area has a slightly smaller percentage of families with children. This value is reflected in both slightly smaller household and family sizes and may be due to the older population in the area.

Table 5.2 – Household Composition

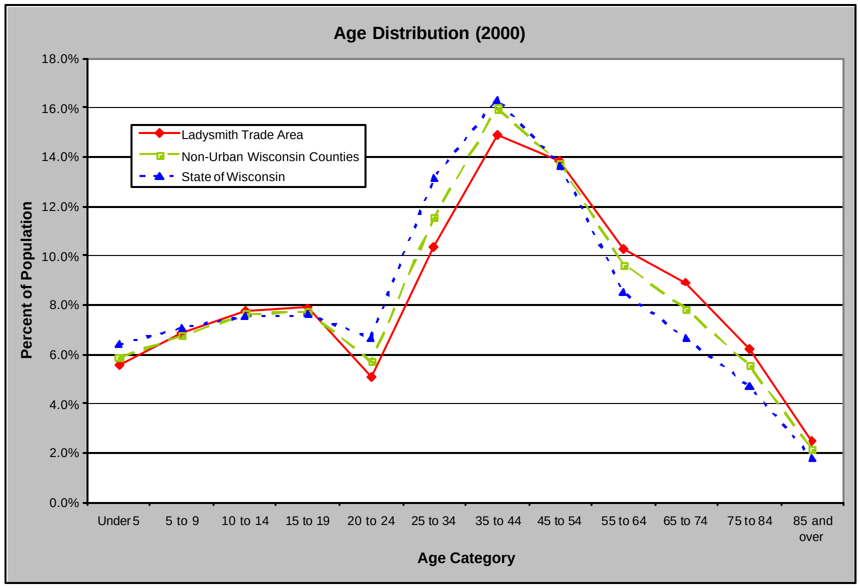
Household Type (2000)	Ladysmith Trade Area		Non-Metro Wisconsin Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total	6,725	N/A	669,761	N/A	2,084,544	N/A
Non-family households	2,085	31.0%	208,221	31.1%	697,729	33.5%
Family households	4,640	69.0%	461,540	68.9%	1,386,815	66.5%
Married-couple family	3,822	56.8%	384,092	57.3%	1,108,597	53.2%
With own children under 18 years	1,515	22.5%	161,898	24.2%	493,530	23.7%
Other family	818	12.2%	77,448	11.6%	278,218	13.3%
Male householder, no wife present	297	4.4%	26,093	3.9%	77,918	3.7%
With own children under18 years	177	2.6%	15,079	2.3%	42,757	2.1%
Female householder, no husband present	521	7.7%	51,355	7.7%	200,300	9.6%
With own children under18 years	275	4.1%	32,490	4.9%	128,952	6.2%
Average Household Size	2.48	N/A	2.49	N/A	2.50	N/A
Average Family Size	2.99	N/A	3.00	N/A	3.05	N/A

Source: 2000 U.S. Census Bureau Summary File 1

Age Distribution

Age is an important demographic factor to consider as consumer expenditures change with age. Drug stores and assisted care services often flourish in areas with a large elderly population. Toy stores, day care centers, and stores with baby care items are often successful in areas with many children and infants. Clothing stores and fast food establishments thrive in retail areas that contain a large concentration of adolescents. Furthermore, specialized entertainment and recreation options can target certain age segments.

Chart 5.1 – Age Distribution



Source: 2000 U.S. Census Bureau Summary File 1

Table 5.3 and Chart 5.1 describe the age distribution in the Ladysmith trade area. In general, it has an older composition than both the non-metro counties and the State. The trade area has 27.9% of its population age 55 and over while the State has 21.6%. Often, this somewhat older population is offset by a smaller percentage of children under the age of 18. However, the Ladysmith trade area has a similar percent of children to both the non-metro counties and the State. The difference in the Ladysmith trade area is in the middle, primary working age groups (ages 20 to 44) with smaller percentages of people between these ages.

Table 5.3 – Age Distribution

Age Category (2000)	**Ladysmith Trade Area**		**Wisconsin Non-Metro Counties**		**State of Wisconsin**	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Under 5 years	951	5.5%	100,645	5.8%	342,340	6.4%
5 to 9 years	1,182	6.9%	116,165	6.7%	379,484	7.1%
10 to 14 years	1,330	7.7%	131,372	7.6%	403,074	7.5%
15 to 19 years	1,355	7.9%	133,083	7.7%	407,195	7.6%
20 to 24 years	875	5.1%	97,882	5.7%	357,292	6.7%
25 to 34 years	1,785	10.4%	199,396	11.6%	706,168	13.2%
35 to 44 years	2,557	14.9%	275,212	16.0%	875,522	16.3%
45 to 54 years	2,375	13.8%	236,340	13.7%	732,306	13.7%
55 to 64 years	1,761	10.2%	165,881	9.6%	457,741	8.5%
65 to 74 years	1,535	8.9%	134,955	7.8%	355,307	6.6%
75 to 84 years	1,071	6.2%	95,041	5.5%	251,621	4.7%
85 years and over	430	2.5%	37,395	2.2%	95,625	1.8%

Source: 2000 U.S. Census Bureau Summary File 1

Mobility Rates

Mobility rates examine population and housing turnover within the last five years. The rate of turnover will affect business marketing strategies, as well as the recurring need for building community relationships and involvement. The category "Same house in 1995" includes all residents who did not move during the previous five-year period. Furthermore, the category "Different house in 1995" defines those people that moved during the same period. This category is subdivided into people that moved within the same county, people who moved from different counties in Wisconsin and people that moved from a different state.

Table 5.4 shows that the Ladysmith trade area has had a lower percentage of people moving within the last five years than either the non-metro counties or the State. This relatively stable population in the trade area is not surprising given the small population gains over the previous decade. Nonetheless, as many as 35.1% of residents may be new to the trade area.

Table 5.4 – Mobility Rates

Mobility Category – Age 5 and Over (2000)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Population – Age 5 and over	16,251	N/A	1,623,003	N/A	5,022,073	N/A
Same house in 1995	10,548	64.9%	986,632	60.8%	2,836,232	56.5%
Different house in 1995	5,703	35.1%	636,371	39.2%	2,185,841	43.5%
Same county	2,780	17.1%	320,726	19.8%	1,233,211	24.6%
Different county	2,838	17.5%	304,907	18.8%	888,101	17.7%
Within Wisconsin	1,876	11.5%	207,657	12.8%	549,993	11.0%
Different state	962	5.9%	97,250	6.0%	338,108	6.7%
Elsewhere in 1995	85	0.5%	10,738	0.7%	64,529	1.3%

Source: 2000 U.S. Census Bureau Summary File 3

Housing Tenure and Occupancy Rate

Housing tenure refers to the number of owner occupied and renter occupied housing units. The occupancy rate relates the number of housing units that were occupied in 2000 and reports the number of seasonal housing units. These statistics are valuable in analyzing the potential for a variety of different products and services. For instance, home ownership directly correlates with expenditures for home furnishings and home equipment. Furthermore, seasonal housing units may point to different opportunities for recreational goods and services.

The Ladysmith trade area has a high percentage of owner occupied housing. This rate is higher than the non-metro counties and is considerably higher than the State. Furthermore, the Ladysmith trade area has a large percentage of seasonal and recreational housing when compared to the State. Accordingly, second-home owners are an important market segment that warrants further research.

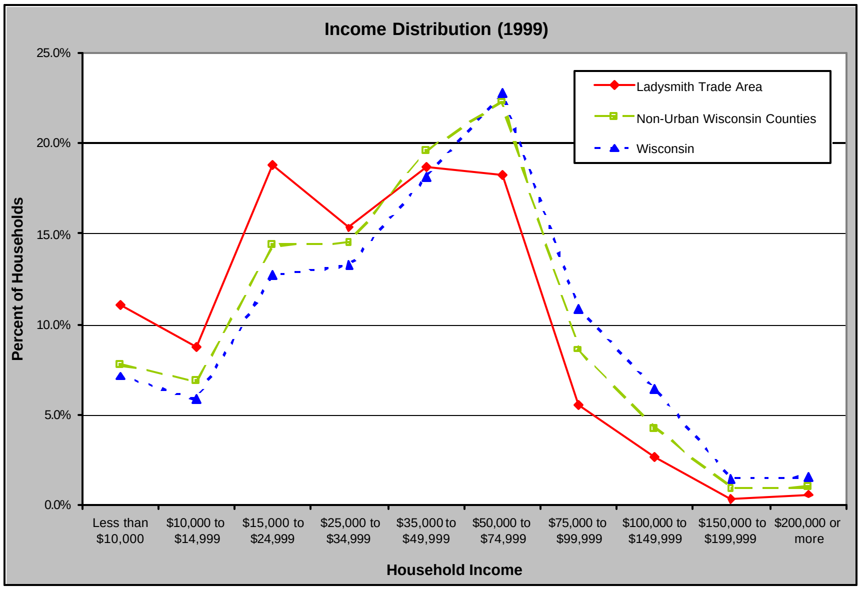
Table 5.5 – Housing Tenure

Housing Tenure (2000)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total housing units	8,366	N/A	834,121	N/A	2,321,144	N/A
Occupied housing units	6,725	80.4%	669,761	80.3%	2,084,544	89.8%
Vacant housing units	1,641	19.6%	164,360	19.7%	236,600	10.2%
For seasonal or recreational use	1,268	15.2%	127,948	15.3%	142,313	6.1%
Occupied Housing Types						
Owner-occupied housing units	5,351	79.6%	508,775	76.0%	1,426,361	68.4%
Renter-occupied housing units	1,374	20.4%	160,986	24.0%	658,183	31.6%

Source: 2000 U.S. Census Bureau Summary File 3

Income

Chart 5.2 – Income Distribution



Source: 2000 U.S. Census Bureau Summary File 3

Household income is a good indicator for the spending power of residents. Household income positively correlates with retail expenditures in many product categories. Retailers may consider the median or average household income in a trade area or seek a minimum number of households within a certain income range. Another common practice is to analyze the distribution of household incomes. Discount stores avoid extreme high or low-income areas. Traditional department stores focus on markets with incomes over $35,000, while some specialty fashion stores target incomes above $75,000. A few store categories including auto parts more commonly are found in areas with lower household incomes. It should be noted however, that using income as the sole measure of a market's taste and preference can be deceptive.

Chart 5.2 and Table 5.6 relate incomes in the Ladysmith trade area to those in the State and the non-metro areas. The Ladysmith trade area has a both a smaller per capita income and average household income than the comparison areas. This smaller income may be related somewhat to an older population in the area with fixed incomes. Furthermore, these figures do not consider any possible variations in local costs of living.

Table 5.6 – Income Distributions

Household Income (1999)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Less than $10,000	746	11.1%	51,925	7.7%	148,964	7.1%
$10,000 to $14,999	590	8.7%	45,779	6.8%	121,366	5.8%
$15,000 to $24,999	1,270	18.8%	96,235	14.4%	264,897	12.7%
$25,000 to $34,999	1,033	15.3%	97,178	14.5%	276,033	13.2%
$35,000 to $49,999	1,261	18.7%	131,099	19.6%	377,749	18.1%
$50,000 to $74,999	1,230	18.2%	149,378	22.3%	474,299	22.7%
$75,000 to $99,999	374	5.5%	57,461	8.6%	226,374	10.9%
$100,000 to $149,999	177	2.6%	28,393	4.2%	133,719	6.4%
$150,000 to $199,999	22	0.3%	6,191	0.9%	30,598	1.5%
$200,000 or more	40	0.6%	6,584	1.0%	32,305	1.5%
Per Capita Income	$15,632	N/A	$18,848	N/A	$21,271	N/A
Average Household Income	$39,305	N/A	$47,623	N/A	$53,863	N/A

Source: 2000 U.S. Census Bureau Summary File 3

Educational Attainment

Educational attainment is another way to determine the socio-economic status of an area. Because income increases with advancing educational attainment, many retailers focus on income level rather than education. One exception is bookstores, which are often sited by developers based on the number of college-educated individuals in the trade area. Similarly, computer and software stores are often sited in areas with high levels of education.

Table 5.7 shows the educational attainment for the population age 25 and over. The Ladysmith trade area has a smaller percentage of people with college degrees and a corresponding larger percentage of the population with high school diplomas. This distribution correlates somewhat to the large percentage of manufacturing, agriculture and forestry employment in the trade area.

Table 5.7 – Educational Attainment

Educational Attainment 2000 (Highest Level Attained)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Population 25 years and over	11,503	N/A	1,143,935	N/A	3,475,878	N/A
Less than 9th grade	937	8.1%	75,430	6.6%	186,125	5.4%
9th to 12th grade, no diploma	1,432	12.4%	117,113	10.2%	332,292	9.6%
High school graduate (includes equivalency)	5,112	44.4%	466,862	40.8%	1,201,813	34.6%
Some college, no degree	2,107	18.3%	224,508	19.6%	715,664	20.6%
Associate degree	641	5.6%	81,162	7.1%	260,711	7.5%
Bachelor's degree	958	8.3%	124,869	10.9%	530,268	15.3%
Graduate or professional degree	316	2.7%	53,991	4.7%	249,005	7.2%

Source: 2000 U.S. Census Bureau Summary File 3

Part II – Residential Consumer Classification and Lifestyle Segmentation

An analysis of demographics can provide basic information about consumers in the trade area. However, the trade area residents can be examined in detail by exploring their lifestyle segmentation information. Lifestyle segmentation systems examine the population's buying habits and preferences. One specific lifestyle segmentation system, ACORN™ (A Classification of Residential Neighborhoods), was purchased from ESRI Business Solutions to provide useful information about households in the trade area. ACORN™ data is available for individual neighborhoods for the entire country. Consumers are classified into 40 demographic and behaviorally distinct clusters. The clusters are based on type of neighborhood (urban, suburban, rural); the residents socio-economic status (age, income, occupation, type and value of residence); and their buying behaviors and preferences. ACORN™ data is updated annually using various national and local data sources.

Table 5.8 shows the ACORN category summary for the Ladysmith trade area. Within the trade area, the predominant consumer is *7G – Heartland Communities*. While Heartland Communities is a common segment in rural Wisconsin, the Ladysmith trade area has a higher percentage of households in this category than the non-metro counties and a much higher percentage than the overall State. Other sizeable consumer segments include *4E – Rural Resort Dwellers*, *7D – Prairie Farmers*, and *7A – Middle America*. An in-depth examination of these categories may assist in explaining some consumer preferences of local households. Complete descriptions of the consumers in these five categories are included in Appendix 5A.

In addition to the broad ACORN category descriptions, ACORN includes a database describing consumer purchasing patterns. These patterns are expressed using a purchase potential index (PPI). The PPI examines a wide range of retail, service, entertainment and psychographic categories to determine a household's propensity for purchasing products or participating in activities. The purchase potential index is based on a U.S. average of 100. For each consumer category, a value above 100 shows that an ACORN segment is more likely than average to purchase a product. Conversely, a value below 100 suggests that an ACORN segment is less likely than average to purchase a product. Given the potential value of this information, it is suggested that the PPI database be made available to businesses either currently operating or seeking to locate in Ladysmith.

Table 5.8 – ACORN Consumer Segments

ACORN Consumer Category	Ladysmith Trade Area		Wisconsin Non-Metro Counties	State of Wisconsin
	Households	*Percent*	*Percent of All Households*	*Percent of All Households*
7G – Heartland Communities	2,441	36.2%	14.6%	5.3%
4E – Rural Resort Dwellers	1,343	19.9%	11.8%	4.0%
7D – Prairie Farmers	1,226	18.2%	10.6%	4.0%
7A – Middle America	1,095	16.2%	28.8%	17.1%
7C – Rural Industrial Workers	637	9.4%	4.5%	1.6%
Total*	**6,742**	**100.0%**	**70.3%**	**31.9%**

Source: ESRI Business Information Systems
**Note: The number of households may differ slightly from the statistics reported earlier as the ACORN data was not based on the 2000 Census values*

Part III – Employment and Labor Force Characteristics

Industry of Employment and Occupation

Many retailers use the concentration of white or blue-collar workers as another gauge of a market's taste preferences. Specialty apparel stores thrive on middle to upper income areas and above average white-collar employment. Second hand clothing stores and used car dealerships are often successful in areas with a higher concentration of blue-collar workers. Office supply stores, large music, and video stores are especially sensitive to the occupational profile.

Tables 5.9 and Tables 5.10 presents the breakdown of employees by industry and occupation. It should be noted that this distribution reflects workers living within the trade area, and not necessarily commuting into Ladysmith. The industry breakdown in the Ladysmith trade area is somewhat similar to that of the non-metro counties, with some larger differences between the trade area and the State. These differences are also reflected in the percentages of white collar and blue collar occupations. While the percentages of employees having service occupations are similar among the trade area, non-metro counties and State, there are differences in the white collar to blue collar ratio. Specifically, the Ladysmith trade area has a smaller percentage of white collar workers than the other non-metro area and a corresponding higher percentage of blue collar occupations.

Table 5.9 – Industry of Employment

Industry Category (2000)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Agriculture/forestry/fishing/hunting/mining	754	9.6%	51,606	6.0%	75,418	2.8%
Construction	512	6.5%	59,535	6.9%	161,625	5.9%
Manufacturing	2,185	27.9%	206,198	24.0%	606,845	22.2%
Wholesale trade	108	1.4%	23,234	2.7%	87,979	3.2%
Retail trade	849	10.8%	102,189	11.9%	317,881	11.6%
Transportation/warehousing/utilities	362	4.6%	39,144	4.6%	123,657	4.5%
Information	126	1.6%	14,439	1.7%	60,142	2.2%
Finance, insurance, real estate, and rental	275	3.5%	36,374	4.2%	168,060	6.1%
Professional, scientific, managem ent	216	2.8%	36,215	4.2%	179,503	6.6%
Educational, health and social services	1,423	18.2%	157,976	18.4%	548,111	20.0%
Arts, entertainment, recreation, accommodation and food services	492	6.3%	68,662	8.0%	198,528	7.3%
Other services (except public admin.)	245	3.1%	32,612	3.8%	111,028	4.1%
Public administration	285	3.6%	31,193	3.6%	96,148	3.5%

Source: 2000 U.S. Census Bureau Summary File 3

Table 5.10 – Occupation of Employment

Occupation Category (2000)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Employed Population (Age 16+)	7,832	N/A	859,377	N/A	2,734,925	N/A
White Collar	*3,430*	*43.8%*	*421,776*	*49.1%*	*1,547,565*	*56.6%*
Management, business and financial	1,008	12.9%	104,335	12.1%	350,981	12.8%
Professional	939	12.0%	124,431	14.5%	506,224	18.5%
Sales	668	8.5%	77,918	9.1%	277,442	10.1%
Administrative support	815	10.4%	115,092	13.4%	412,918	15.1%
Service occupations	*1,101*	*14.1%*	*130,839*	*15.2%*	*383,619*	*14.0%*
Blue Collar	*3,301*	*42.1%*	*306,762*	*35.7%*	*803,741*	*29.4%*
Farming, fishing, and forestry	241	3.1%	17,614	2.0%	25,725	0.9%
Construction/extraction/maintenance	792	10.1%	87,977	10.2%	237,086	8.7%
Production occupations	1,543	19.7%	132,305	15.4%	355,850	13.0%
Transportation/Material Moving	725	9.3%	68,866	8.0%	185,080	6.8%

Source: 2000 U.S. Census Bureau Summary File 3

Commuting and Worker Flow

Commuting time refers to the total number of minutes that it took on average for a person to travel from their home to work (in one direction). This time can include time spent waiting for public transportation, picking up passengers in carpools and other work-related travel activities. The total number of workers listed below may differ slightly from those listed in Tables 5.9 and 5.10 (shown previously), as they were calculated using only those people working at the time of the Census questionnaire. This group is important as commuters spend additional money on goods such as gas and groceries. Traditionally, these expenditures increase with the distance traveled.

Table 5.11 shows that the Ladysmith trade area has higher percentages of people working near their homes and people traveling long distances. Accordingly, there is a smaller percentage of people with commuting times between 15 and 44 minutes. However, the average commute time is longer in the Ladysmith trade area than both the non-metro counties and the State. This distribution may be indicative of the geography of the Ladysmith trade area, its road network and the corresponding supply of employment opportunities within these middle distances.

Table 5.11 – Commuting Times

Commuting Time – Workers Age 16 and Over (2000)	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Workers Age 16 and Over	7,695	N/A	846,068	N/A	2,690,704	N/A
Travel Less than 15 Minutes	3,273	42.5%	359,170	42.5%	1,010,460	37.6%
Travel 15 to 29 Minutes	1,917	24.9%	237,462	28.1%	972,265	36.1%
Travel 30 to 44 Minutes	802	10.4%	109,119	12.9%	369,375	13.7%
Travel 45 Minutes or more	990	12.9%	90,735	10.7%	233,209	8.7%
Worked at home	713	9.3%	49,582	5.9%	105,395	3.9%
Average Commute Time (Minutes)	22.9	N/A	21.1	N/A	20.8	N/A

Source: 2000 U.S. Census Bureau Summary File 3

In addition to commuting times, another important consumer segment is in-commuters, or commuters traveling into Ladysmith. According to expenditure research, sales are higher in regions with larger levels of in-commuting. These in-commuters offer the retail and service businesses in a community an additional outlet for generating sales[1]. Table 5.12 shows the number of workers flowing in and out of Ladysmith. Overall, Ladysmith has a sizeable net inflow of workers to employers such as Weathershield and the County of Rusk. Specifically, 2,031 workers travel into Ladysmith from outside areas. These outside workers constitute 65.9% of all employees working in Ladysmith.

Table 5.12 – Worker Flow into Ladysmith

Employee Category	Employees (2000)
Employees Working in Ladysmith	3,774
Employees Living In Ladysmith	1,743
Net Worker Inflow to Ladysmith	2,031
Employees Both Living and Working in Ladysmith	1,287
Employees Commuting into Ladysmith	2,487
Percent of Employees Commuting in Ladysmith	*65.9%*

Source: U.S. Census Bureau MCD-to-MCD Worker Flow File (2000)

[1] Martin Shields and Steven C. Deller. "Commuting's Effect on Local Retail Market Performance." Review of Regional Studies 28(2), 1998: 71-79

Labor Force Participation Rates and Composition

The following table depicts the size and composition of the Ladysmith trade area's labor force. The labor force considers all people age 16 and over that are employed, unemployed or on active duty in the U.S. Armed Forces. People age 16 and over who are not members of the labor force consist mainly of students, individuals taking care of home or family, retirees, seasonal workers and institutionalized people.

Table 5.13 shows that the Ladysmith trade area has a slightly lower labor participation rate than that of Wisconsin. This may be due to an older population that has retired. It should be noted that the Ladysmith trade area has a slightly higher unemployment rate than the State and the non-metro counties. However, these values change monthly and the rates shown here may not represent current conditions. Current unemployment data is available for Rusk County from the Wisconsin Department of Workforce Development.

Table 5.13 – Labor Force

Labor Force Category	Ladysmith Trade Area		Wisconsin Non-Metro Counties		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total Population 16 and Over	13,424	N/A	1,347,025	N/A	4,157,030	N/A
Total Population in Labor Force and Overall Participation Rate	8,361	62.3%	903,920	67.1%	2,872,104	69.1%
In Armed Forces	7	0.1%	1,056	0.1%	2,868	0.1%
Employed	7,832	93.7%	859,377	95.1%	2,734,925	95.2%
Unemployed	522	6.2%	43,487	4.8%	134,311	4.7%
Total Males Age 16 and Over	6,673	N/A	668,536	N/A	2,030,019	N/A
Males in labor force and Male Participation Rate	4,470	67.0%	482,278	72.1%	1,508,279	74.3%
Total Females Age 16 and Over	6,751	N/A	678,489	N/A	2,127,011	N/A
Females in Labor Force and Female Participation Rate	3,891	57.6%	421,642	62.1%	1,363,825	64.1%
Labor Force - Percent Male	N/A	53.5%	N/A	53.4%	N/A	52.5%
Labor Force - Percent Female	N/A	46.5%	N/A	46.6%	N/A	47.5%

Source: 2000 U.S. Census Bureau Summary File 3

Part IV - Regional Economic Data

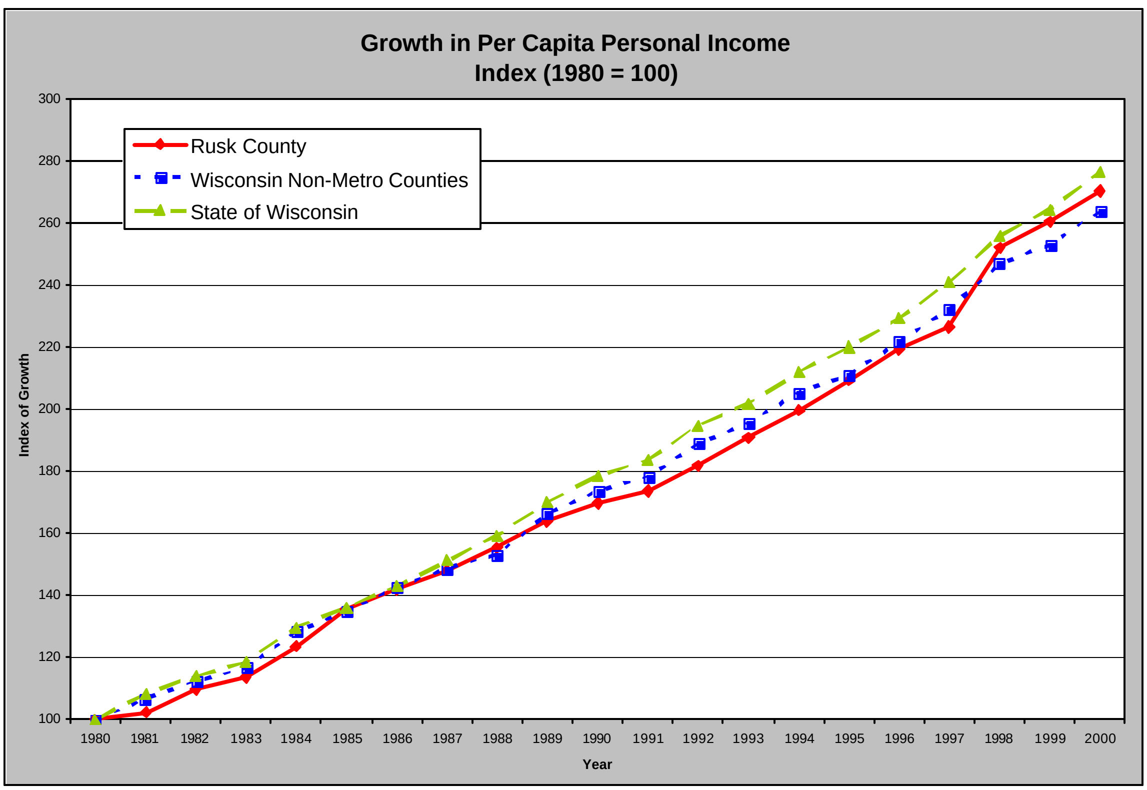
Ladysmith's trade area is affected by the health of regional economic conditions. Trends in housing, income, and employment are means of analyzing the regional economy. Ultimately, an understanding of these conditions will augment the market analysis and assist in understanding potential market conditions and new opportunities. Accordingly, Rusk County is used in place of the Ladysmith trade area for analyzing the broader region. Again, both the non-metro counties in the State as well as the entire State of Wisconsin are used for comparison purposes.

Per Capita Personal Income Trends

Personal income trends provide an important measure of economic activity for a local area over time. Personal income consists of the income that is received by persons from participation in production, from government and business transfer payments, and from government interest. When compared to state or national trends, it provides an indication of how well the local area's economy is performing.

Per capita income in Rusk County has traditionally been lower than both the State and the other non-metro counties. While the State's growth in per capita personal income has slightly outpaced that of Rusk County, the county has still seen steady growth since 1980. Income growth in the non-metro counties has been similar to Rusk County. However, since 1997 the growth of personal incomes in Rusk County has surpassed the rate in the non-metro counties in Wisconsin.

Chart 5.3 – Growth in Per Capita Personal Income 1980 - 2000



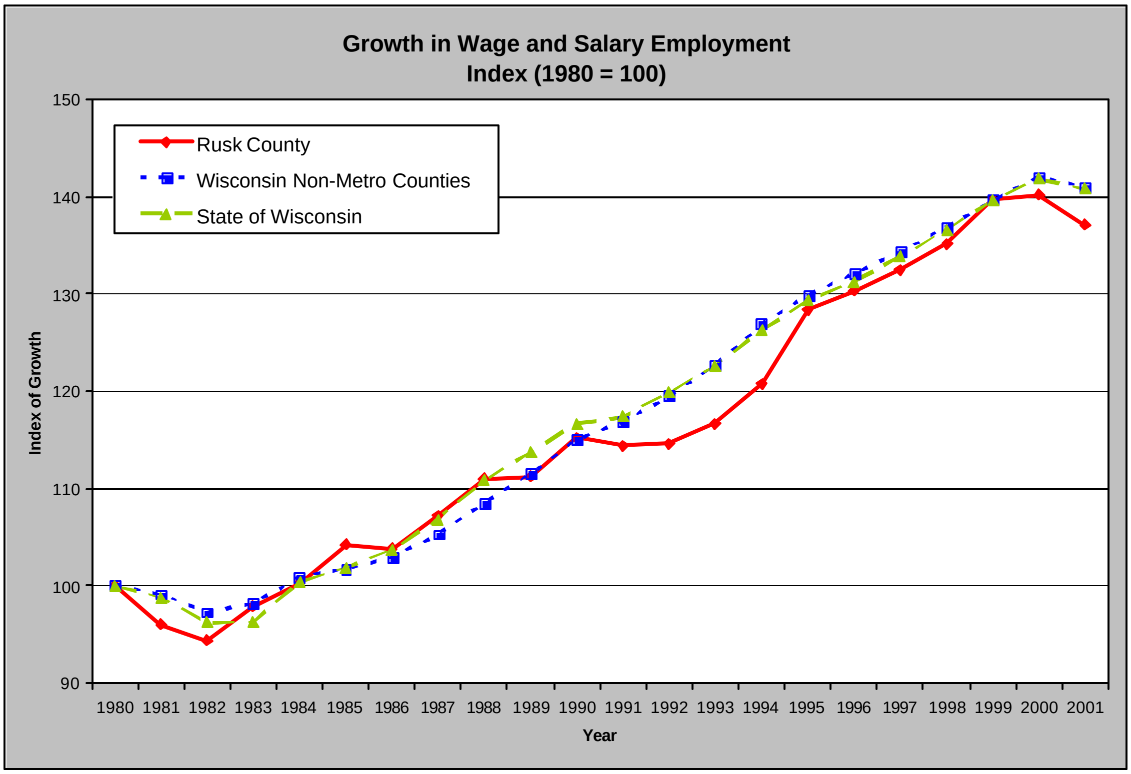
Source: Bureau of Economic Analysis

Employment Growth

Typically, growth in employment will drive changes in population and ultimately the market itself. Therefore, it is important to understand how the number of jobs has changed over time. Given the worker flow data shown in Table 5.12, it is important to look at changes in employment in a regional context as people who work in Ladysmith often live in other areas (and vice versa).

Between 1980 and 2002, Rusk County added 1,700 jobs (35% increase since 1980). However, Chart 5.4 shows that employment growth in Rusk County has been somewhat erratic and may be especially sensitive to recessions. While both the State and the non-metro counties show declines or stagnation during the recessions of the early 1980's and 1990's, Rusk County showed more significant impacts. Furthermore, the current economic downturn may be impacting Rusk County as a slight decline is shown in 2001. Despite these downturns, Rusk County has traditionally rebounded from these periods with an increased growth in employment.

Chart 5.4 – Growth in Employment 1980 - 2000



Source: Bureau of Economic Analysis

Earnings Mix and Wages

While personal income trends relate a community's relative economic health as a whole, the earnings and wages in various sectors provide a snapshot of the industry mix in an area. Earnings include wage and salary disbursements, other labor income, and proprietor's income (both farm and non-farm). These numbers differ from the number of total employees in an industry (shown in a previous table) as they show the impact of an industry sector in terms of earnings, not just the raw number of employees.

Table 5.14 shows the average wages in Rusk County compared to the State of Wisconsin. As reflected in the local income levels, wages in Rusk County tend to be lower than the State. However, wages in the sectors of natural resources, information and other services outpace the State.

Table 5.14 – Average Wages in 2002

Industry (2002)	Wisconsin Annual Average Wage	Rusk County Annual Average Wage	Percent of State Average
All Industries	$32,422	$23,447	72%
Natural resources	$25,481	$37,318	146%
Construction	$39,649	$25,275	64%
Manufacturing	$40,584	$27,572	68%
Trade, Transportation, Utilities	$28,422	$18,960	67%
Information	$38,871	$40,081	103%
Financial activities	$40,337	$22,746	56%
Professional & Business Services	$36,324	$19,507	54%
Education & Health	$33,768	$24,349	72%
Leisure & Hospitality	$11,837	$7,585	64%
Other services	$19,500	$21,695	111%
Public Administration	$33,769	$21,101	62%

Source: WI Department of Workforce Development

Table 5.15 shows that the two largest earnings sectors in Rusk County are manufacturing and government. These sectors contribute over half of the overall earnings in Rusk County. It should be noted that a hospital operated by Rusk County may constitute a large percentage of the government jobs. Employees at this hospital may be reported under the *Educational, health and social services* sector in the Table 5.9 and account for large differences between the earnings and employment tables.

Table 5.15 – Earnings Mix in 2000

Earnings Category	Rusk County	Wisconsin Non-Metro Counties	State of Wisconsin
Total earnings ($1000s)	185,946	24,730,652	106,094,090
Farm earnings	0.9%	1.2%	0.4%
Agricultural services, forestry, fishing, and mining	0.7%	2.6%	0.7%
Construction	4.7%	7.4%	6.6%
Manufacturing	36.5%	27.9%	25.7%
Transportation and public utilities	7.5%	6.1%	5.9%
Wholesale trade	2.2%	4.1%	6.1%
Retail trade	9.5%	10.9%	9.0%
Finance, insurance, and real estate	2.2%	3.7%	7.0%
Services	13.7%	20.1%	24.3%
Government and government enterprises	22.0%	16.0%	14.3%

Source: Bureau of Economic Analysis

Tourism Impact in Rusk County

Rusk County is located within the Wisconsin Northwoods Region. Recreational activities include hunting, fishing, hiking, canoeing, biking, golfing, and snowmobiling. These attractions and activities contribute to a vital tourism industry in both Rusk County and Ladysmith. According to the Wisconsin Department of Tourism, travelers to Rusk County spent an estimated $34 million dollars in 2002. Almost half of these expenditures were generated in summer ($18 million) with another $7 million occurring in the fall and $8 million in the spring/winter. These expenditures represented a Rusk County per capita impact of $2,215 compared to $2,176 for the State of Wisconsin. Furthermore, the impact of tourism on Rusk County supported 963 full-time equivalent jobs. These jobs account for approximately 14% of the employment in Rusk County (compared to an 11% impact within the State of Wisconsin).

Tourism expenditures in Rusk County have increased 136% since 1993. The growth of tourism expenditures and the sizeable second homeowner segment (see Table 5.5) provides an opportunity for businesses in Downtown Ladysmith. In particular, Downtown Ladysmith should take advantage of its proximity to the Flambeau River and the number of lodging establishments present in the community. Specifically, retail and restaurant establishments should be positioned to capture visitor traffic generated by these attractions.

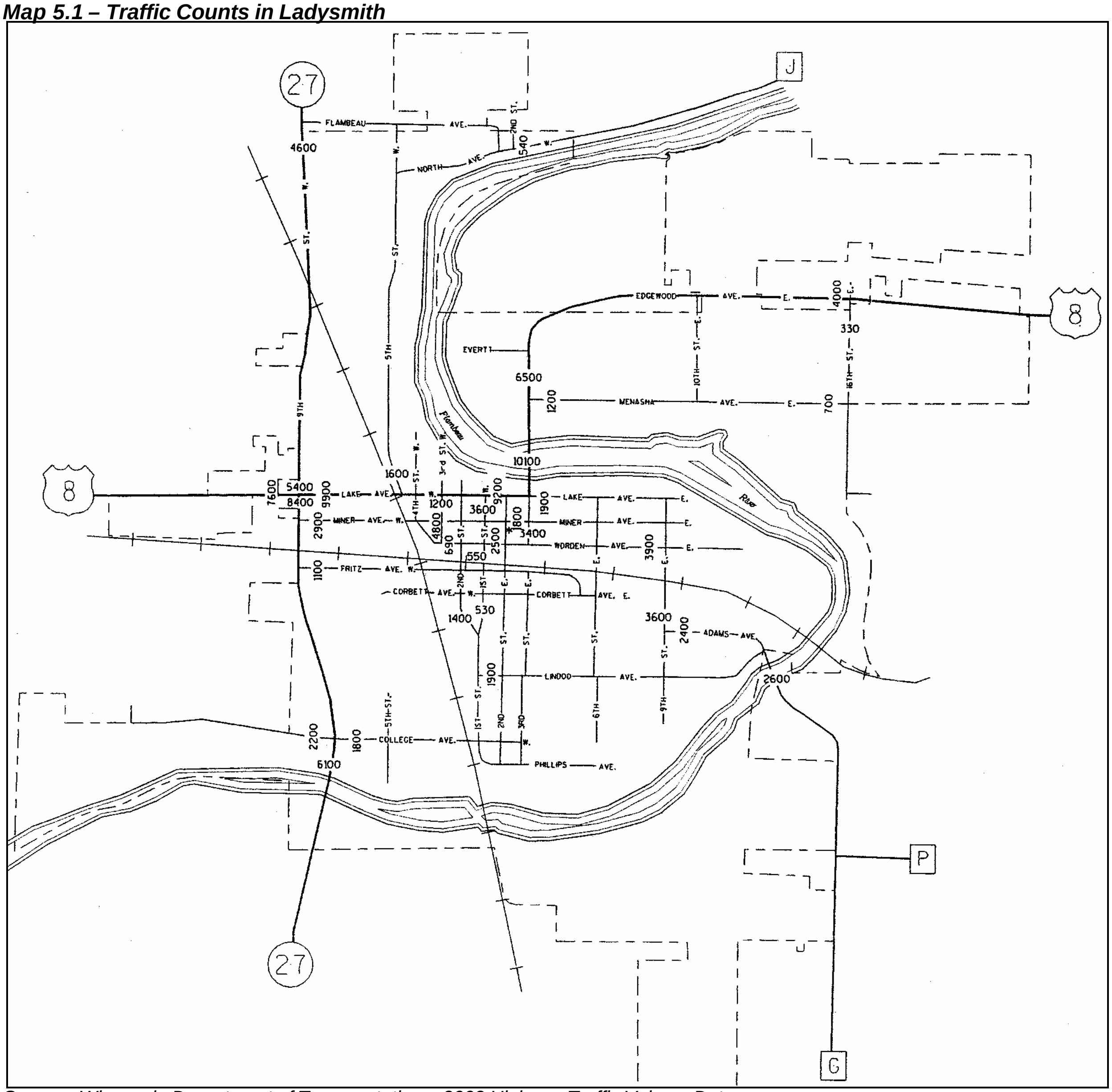
Traffic Data

Street and highway traffic volume provides an important indicator of travel through a community. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts to survive. More specifically, businesses such as gasoline stations, convenience stores and fast food restaurants are located based on traffic volume and the access to and visibility from high traffic streets and highways. Examining traffic counts will aid in determining the feasibility of these types of businesses. Conversely, while high traffic counts are desirable, extreme traffic congestion can be a deterrent to shoppers. That is, high traffic may hinder visibility, parking and pedestrian friendliness.

The following map shows traffic locations throughout the Ladysmith area. The intersection of State Highway 27 and U.S. Highway 8 on the west side of Ladysmith is the busiest area in the community. Many businesses have developed in this high traffic area including McDonalds, Pamida and an IGA Grocery Store.

The map also shows that traffic counts in the central business district vary between 9,200 and 2,500 vehicles per day. The largest traffic volumes are located on Lake Ave (Highway 8) between W. 3rd Street to the west and E. 3rd Street to the east. While many of the businesses are located on Miner Ave (one block south), this significant traffic volume provides an opportunity for these businesses. Accordingly, strategies for capturing traffic on Highway 8 should be devised.

Map 5.1 – Traffic Counts in Ladysmith



Source: Wisconsin Department of Transportation – 2002 Highway Traffic Volume Data

Conclusions – Demographics, Economic and Lifestyle Characteristics

- The population growth rate in the Ladysmith trade area will not provide a large source of future demand for Ladysmith retailers. However, the inflow of commuters and visitors/tourists do provide additional opportunities.

- The Ladysmith trade area has a large percentage of households living as married couple families. When compared to the non-metro counties and the State of Wisconsin, a larger percentage of these married couple families do not have children living at home. Given the age distribution, many of these households are likely empty-nesters.

- The Ladysmith trade area has a larger percentage of people age 55 and older (27.9%) than either the non-metro counties in Wisconsin or the overall State. This age segment may provide a niche market for retail goods and services in Ladysmith.

- Although the Ladysmith trade area has a relatively low residential mobility rate, as many as 35% of the trade area residents may have moved to the area within the last five years.

- The large percentage of second homes in the area provides an opportunity for area retailers and services. Additional research into this segment's tastes and preferences could be conducted by obtaining owner addresses from the Rusk County assessor's office and surveying these units' seasonal occupants.

- Incomes and wages in the Ladysmith trade area are somewhat lower than the non-metro counties and the State. However, these incomes do not necessarily reflect possible differences in the cost of living. Furthermore, income figures do not include second homeowners or other Ladysmith visitors.

- The Ladysmith trade area is comprised of five different ACORN consumer segments. The purchasing habits of these consumer segments provide insight into shopping and recreational propensities of local residents. Subsequently, the ACORN purchase potential information should be made available to local merchants and prospective business operators through the Rusk County Economic Development Corporation.

- As of 2000, Ladysmith had a net inflow of 2,031 workers into the community. Furthermore, 66% of the people working in Ladysmith lived outside the community. These commuters provide an important consumer segment and strategies need to be developed to capture this market.

- Over the previous two decades, Rusk County has added 1,700 jobs (35% increase). With large local employers such as Weathershield, many of the current employees work in the manufacturing sector. Manufacturing accounts 36.5% of the earnings in Rusk County. When combined with employment in government, these two industry sectors account for over 58% of the earnings in Rusk County.

- In 2002, tourism contributed $34 million dollars and an equivalent of 963 full time jobs to the Rusk County economy. The number and variety of outdoor activities in Rusk County provide an opportunity for businesses in Downtown Ladysmith. In particular, downtown businesses should seek to maximize on their proximity to the Flambeau River and the lodging establishments located in Ladysmith.

- The largest traffic counts in Ladysmith are found at the intersection of Lake Ave. (Highway 8) and West 3rd Street (Highway 27). However, average daily traffic counts exceed 9,000 vehicles on Highway 8 near the central business district. Retailers located on both Lake Ave and Miner Ave (to the South) must develop strategies for capturing this traffic volume.

Appendix 5A – Descriptions of ACORN Segments

The following descriptions are provided by ESRI Business Information Systems (ESRI BIS).

Consumer Type 7G: Heartland Communities

The Heartland Communities are small towns and communities that dot the interior of the country from Minnesota down through Arkansas. Their citizens are older, lifelong residents; their children, moved away.

Demographic: The Heartland Communities are older. The median age of the population is 37.6 years, with just about half of the householders over 55. There are few younger householders or children in this market. As the population ages, the dependency ratio of young (<15 years) and old (>65 years) to the working age (15-64 years) population is increasing. Households are still predominantly families, but married couples with no children at home and singles are increasingly common in the Heartland Communities.

Socioeconomic: Median household income is $24,900. The Heartland Communities has a 3.7 percent share of consumers. Labor force participation is low, especially for women, less than 40 percent. It is due, in part, to retirement. More than 40 percent of the households are receiving Social Security income. Lack of opportunity contributes to lower participation, too. A third of adults have not completed high school. Half are employed part-time. However, wages and salaries are not the only source of income. About 16 percent are self-employed--in farming or other business.

Residential: Homes are older, single-family and owner-occupied for the most part. Single-family houses account for almost 75 percent of the housing. Almost 70 percent are owner-occupied; more than 10 percent of the housing is vacant. Average home value is less than $50,000--60 percent lower than the national average. These neighborhoods are located in rural communities and towns outside metropolitan areas. Although scattered throughout the United States, the Heartland Communities are concentrated in Midwestern and Southern states: Arkansas, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nevada, North Dakota, Oklahoma, South Dakota, and West Virginia.

Buying Habits: The Heartland Communities are civic-minded consumers, active in their communities through fund raising, working for political candidates, and participating in 6+ public activities. Their leisure time includes taking domestic trips, mostly in the West, and casino gambling. This is a good mail/phone order market for clothing and shoes as these consumers tend to purchase from catalogs. They are top-ranked for outdoor vegetable gardening and rank among the highest for flower gardening. They are likely to own a dog and tend to purchase used cars and drive mid-sized vehicles, truck, van or sport utility vehicles. This market is ranked among the highest for buying videos at discount stores. Their media preferences include watching videos, listening to country (western) radio, and reading magazines such as *Field & Stream*, *Country Living*, and *Popular Mechanics*, as well as reading romance and religious books.

Consumer Type 4E: Rural Resort Dwellers

Rural Resort Dwellers are the locals who reside in rustic getaways, including retirees who have opted for fresh air and the great outdoors. Remote and rural, these areas depend upon seasonal trade to sustain the local economy.

Demographic: Local residents are older. The median age of the population is 39.5 years, but the householders are concentrated in the 55-plus age groups. Almost 45 percent of householders are over the age of 55 years. Families are predominantly married couples. Many recently retired to the area.

Socioeconomic: Over 40 percent of the households earn less than $25,000, but their poverty rate is the same as the national rate of 13 percent. Rural Resort Dwellers earn a modest living from seasonal employment and farming. More than 20 percent receive retirement income; 35 percent, Social Security. Most of the labor force is employed part-time. Median household income is $27,800.

Residential: Residences are single-family or mobile homes and are owner-occupied. Sixty percent of the housing is vacant for seasonal use. Average value is low, $100,000, for all owner-occupied units, but comparatively high for rural areas. More than 90 percent of the Rural Resort Dwellers are in rural villages. These areas can be found in most states, but Rural Resort Dwellers are concentrated in the North--around the Great Lakes and in New England, especially Maine, New Hampshire, and Vermont.

Buying Habits: Rural Resort Dwellers live the great outdoors. Four-wheel drive vehicles, camping equipment, and domestic trips reflect their lifestyle. They are top-ranked for owning gardening equipment and like to garden (indoor or outdoor), mail/phone order from magazines and catalogs, order videotapes (paying with check or money orders), and needlework. They also like to spend time reading books and cooking for fun. They are ranked among the highest to own large dogs, cats, and taking vitamins. Spending is likely to include household furnishings and home improvements, small and large appliances, cameras, women's apparel, jewelry, and auto aftermarket products like tires, mufflers, and spark plugs. Media preferences include watching videos, and reading magazines such as *Country Living*, *Field and Stream*, and *Popular Mechanics*.

Consumer Type 7D: Prairie Farmers

Prairie Farmers represents the farming communities of the Plains states. Vast and scenic, Prairie Farmers encompasses thousands of acres, but less than one percent of the U.S. population.

Demographic: The population of Prairie Farmers is aging and decreasing in size as the children mature and move away. Residents are a stable population, born and raised in the same state. Most households are families, married couples with or without children. There are few householders under the age of 25; over 40 percent are 55 or older. The younger householders have school-age children, which lowers the median age of the population somewhat, to 36.9 years.

Socioeconomic: Farmers dominate the work force in Prairie Farmers. About 35 percent of the households are self-employed farmers. Median household income is $27,000. The incidence of poverty is just above the national average. Few households receive public assistance. Sources of household income are self-employment (both farm and nonfarm, in over half of the households), interest and dividends, and Social Security. The level of education is about average: most have graduated from high school; few have college degrees. Unemployment is extremely low at 4.0 percent, but only 42 percent of adult women are in the labor force.

Consumer Type 7D: Prairie Farmers (Continued)

Residential: Older, single-family homes are typical of Prairie Farmers. The housing stock is supplemented by a number of mobile homes, 12 percent of the total. There are few renters. Almost 80 percent of the housing is owner-occupied; the rest is mostly vacant, including about 5 percent of the units held for seasonal use. Average home value is $68,000. This market is rural, farm and nonfarm areas. Prairie Farmers represents 40 percent of the Dakotas, and 10 to 20 percent of Iowa, Kansas, Nebraska, Montana, and Wyoming.

Buying Habits: Practical and conservative, residents of Prairie Farmers households are top-ranked for owning or leasing 2+ cars, owning middle to large sized cars, trucks, vans or sport utility vehicles, taking personal domestic trips (in the Midwest by car), acquiring loans in the last year, having interest and non-interest checking accounts, and using commercial banks. The top-ranked leisure activity for Prairie Farmers is hunting and fishing. They are likely to own pets, dine at fast food or family restaurants, and purchase boots. They spend their money on furniture, household goods, home improvements, and auto aftermarket items. Again, they are top-ranked for reading magazines such as *Field & Stream* and *Health*, and listening to country (western) and golden oldies radio. They also like to watch rented videos and television.

Consumer Type 7A: Middle America

The largest consumer market is rural, slightly older, and family oriented. The neighborhoods are newer, owner-occupied, single-family homes; the income, average.

Demographic: The demographic profile of these communities is similar to the U.S. population--just a little older, more white, and more family. The median age is 35.6 years, slightly older with more householders aged 35-44 and fewer under 25 years. Seventy percent of households are married couples, compared to 55 percent for the U.S. The distribution of children is similar; family size is average, 3.1 persons per family.

Socioeconomic: Middle America is a megamarket, representing almost 8 percent of U.S. households and a market share of almost 7 percent. Median household income is $33,300. Almost 35 percent of these households earn less than $25,000, but very few are below the poverty level. Labor force participation is average; unemployment, 5.2 percent, below average. Most of the work force is employed in manufacturing or farming. Thirty percent commute to a different county or state to work.

Residential: Middle America is rural nonfarm neighborhoods, located primarily in the Midwest (41 percent) or South (34 percent). Single-family and mobile homes predominate. More than 15 percent are mobile homes, twice the national proportion. Their homes are owner-occupied and valued at an average of $79,700, 30 percent lower than the national average. Most were built after 1970.

Buying Habits: How does the Middle America market spend its time and money? Their lives are busy and centered around the home. Leisure activities include hunting, fishing, and needlework. Their budget priorities are home-oriented: improvements, children's apparel and toys, footwear, videos, and lawn, garden, and camping equipment. Most of the families own pets. They are likely to take domestic trips by car. This market ranks high for having personal loans (not education), and is also likely to have auto loans (for new cars), secured line of credit, savings, home mortgage loans, and CDs. However, this market tends not to use credit cards. Media preferences include reading newspapers 3 times a week, and reading magazines such as *Family Circle*, *Field & Stream*, *Country Living*, *Country Home*, and *Ladies Home Journal*.

Consumer Type 7C: Rural Industrial Workers

Rural Industrial Workers is a contradiction: a rural, industrial population--located primarily, but not exclusively, in the South. They are stable, older families, whose livelihood depends on manufacturing and farming.

Demographic: Primarily older families with older children, the population of Rural Industrial Workers is stable. Born and raised in the same state, they are not even inclined to migrate to a different county. Most of the households are married couples with school-age or adult children living at home. Median age is 35.6 years.

Socioeconomic: Rural Industrial Workers is a rural, industrial population. They live in one-horse economies that are dependent upon manufacturing and sustained by farming. Labor force participation rates are below average, especially for women, and unemployment is high. Almost 45 percent of the adult population (age 25+ years) has not completed high school. Median household income is less than $25,000. Twenty-two percent are below poverty.

Residential: More than 70 percent of the housing stock are single-family houses and 23 percent are mobile homes. Almost 80 percent are owner-occupied; 12 percent are vacant. Average home value is less than half the national average, at $52,200. Most of the neighborhoods are rural and Southern. Rural Industrial Workers represent 15 to 35 percent of the neighborhoods in Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, the Carolinas, Tennessee, Virginia, and West Virginia.

Buying Habits: Their lifestyle is rural, but not remote. Commuting long distances to work is a way of life. Most households own 3 or more vehicles, usually 4-wheel drive vehicles, trucks, vans, or sport utility vehicles, and they buy vehicles for their gas mileage. Their tastes range from country living such as hunting and fishing, to urban conveniences like fast food. Major budget items include personal loans, household appliances both small and large, cameras, jewelry (mostly watches and rings), and toys for their children. Media preferences include reading triweekly publications and *Field & Stream* magazine (ranked second among all markets).

Section

6

Consumer Attitudes

This section provides a summary of a consumer survey conducted to identify market opportunities for downtown business development. The spring 2003 survey provides ideas for further market demand and supply examination in Section 7.

Survey Methodology and Response

The UW–River Falls Survey Research Center worked with the Rusk County Economic Development Corporation, the Wisconsin Main Street Program, and UW-Extension to design a mail survey of residents in the Rusk County Area (an approximation of the trade area). The purpose of the survey was to assess how current and future businesses in Ladysmith can best meet the needs of current and potential customers in the trade area. The survey was also designed to ask what new businesses are needed in downtown Ladysmith as well as what new products are desired by area residents. The survey instrument was mailed in March and responses collected in April, 2003.

A total of 1,104 consumer surveys were sent to people in Rusk County and 462 were returned for a 42 percent return rate. The results show that the people in the Ladysmith region are very concerned about the downtown area and would like to see redevelopment. This conclusion is supported by the 42 percent return rate (high for this sort of survey), the responses to several questions, and the large number of comments (44 pages) made by survey respondents.

Demographics of Respondents

The demographic information provided on the surveys indicates that an appropriate cross section of the county's population responded to the survey:

- Sixty-four percent of the respondents were female and 28 percent were male.
- The age distribution of respondents is somewhat equally distributed with the exception of the 18-34 age range (which accounts for a little over 8% of the sample) and those 75 years or older (which accounts for 12% of the sample).
- Responses by zip code include: 214 from Ladysmith, 75 from Bruce, 24 each from Tony and Conrath, 23 from Sheldon, 18 combined from Glen Flora and Ingram, and 17 from Weyerhaeuser.
- Twenty-five percent of the respondents live 11-20 miles from downtown Ladysmith, 22% live 6-10 miles out, 17% live 1-2 miles out, and 16% live less than 1 mile away.
- In terms of household size, 46% of the households have two people, 18% have 1 person and 12% percent respectively have 3 and 4 people.
- Thirty-two percent of the respondents have a high school diploma or GED, 23% have some college, 11% have a bachelor's degree, and 12% hold a graduate or professional degree.
- Twenty-three percent of the subjects earn less than $25,000 per year, 33% report incomes from $25,000 to $50,000, and 13% have incomes between $50,000 and $75,000. Twenty percent of respondents did not report their incomes.

Key Findings

Consumer Interest in Redevelopment

Consumer interest in redeveloping Ladysmith is suggested by the high response rate (462 returned out of 1,104 surveys). This 42% return rate is high for this type of survey. In addition, there were an unusually large number of written comments (44 pages) made by survey respondents. Academic research (and UW-River Falls Survey Research Center's experiences) indicates that only people who feel passionately about a subject bother to complete open-ended questions because these questions require greater personal effort.

What Shoppers Want in Ladysmith

The survey asked respondents where they shopped for 20 different items and for their primary consideration when shopping for each item. The following table summarizes the responses for the items that at least 30 percent of the respondents said they buy in Ladysmith.

Consumer Shopping in Ladysmith

Item	% Shopping in Ladysmith	Primary Reason
Drug stores	67%	65% convenience
Supermarkets	53%	52% convenience
Insurance	50%	41% convenience
Auto repair	54%	47% convenience
Hair, nail & skin care	37%	42% convenience
Tires	32%	39% better price

Two conclusions can be drawn from this table. First, current consumers are primarily shopping in Ladysmith for services (filling prescriptions, buying insurance, car serviced, etc.). Second, the primary motivation for shopping in Ladysmith (at least currently), is convenience. It is easier for residents to shop for these items locally than driving to Rice Lake or Eau Claire.

Why Shoppers Go Elsewhere

The following table summarizes the responses for items that at least 50 percent of the respondents said they buy outside of Ladysmith.

Consumer Shopping Outside Ladysmith

Item	% Shopping Elsewhere	Primary Reason
Family clothing	85%	53% selection
Shoes	85%	53% selection
Books	73%	54% selection
Home Ctrs/Building	72%	45% prices
Sewing	70%	46% selection
Gifts	66%	47% selection
Home furnishings	60%	29% price/selection
Used merchandise	58%	39% selection
Sporting goods	57%	35% selection
Tires	55%	39% price
Pets	51%	28% selection

Consumers leave Ladysmith to buy goods (rather than services) and their primary motivations are selection and price. The stores and cities mentioned at least 10 times were:

Store	Times Mentioned
Wal-Mart in Rice Lake	186
Pamida in Ladysmith	152
Ace Hardware in Ladysmith	75
Wal-Mart in Eau Claire	46
Fleet & Farm in Rice Lake	39
Family Dollar in Ladysmith	30
Shopko in Rice Lake	29
Menards in Rice Lake	24
Dollar Store in Ladysmith	23
IGA in Ladysmith	20
Target in Eau Claire	19
K-Mart in Rice Lake	12
Sam's Club in Eau Claire	10

The cities and shopping destinations that most appeal to respondents for major shopping outings include:

a. Rice Lake mentioned 474 times, (Wal-Mart mentioned 179 times, Cedar Mall - 64 times, Farm and Fleet - 49 times, Menards - 44 times, Aldi's 21 times, Shopko - 17 times, and K-Mart - 12 times).

b. Eau Claire mentioned 386 times (Oak Wood Mall mentioned 162 times, Wal-Mart - 61 times, and Sam's Club - 36 times).

c. Chippewa Falls mentioned six times with no predominant shopping center reported.

New Business Preferences

Not surprisingly, the types of businesses that consumers in the Ladysmith area would enjoy seeing in a redeveloped city are the stores the Ladysmith trade area currently lacks. Consumers would like to see stores such as Farm and Fleet, Wal-Mart, Aldi's, and Menards, chain restaurants such as Applebees, Country Kitchen, or Perkins, and ethnic restaurants such as Mexican, Italian or Chinese. Essentially, the consumers in the survey would like to see Ladysmith become a regional trade center.

The two stand alone businesses that the people said they would most likely patronize if that business opened in Ladysmith are a discount grocery store (chosen 58% of the time) and a department store (47% of the time). Other frequently desired establishments include family clothing (26%) and a bakery (21%). The respondents were asked to name two specific businesses they would like to see come to Ladysmith. Their responses include:

Store Type	Times Mentioned
Wal-Mart	202
Grocery	130
Farm & Fleet	59
Menards	31
Hallmark Cards	26
Home Depot	25
Target	19
Shopko	19
Shoe	19
Clothing	18
Craft	14

New restaurants or types of food respondents would like to see come to Ladysmith include:

Restaurant or food Type	Times Mentioned
Mexican food (general)	67
Perkins	58
KFC	40
Applebee's	38
Country Kitchen	35
Pizza	35
Chinese food	33
Country Buffet	26
Taco Bell	24
Italian food	24
Culvers	23
Taco Johns	22
Family restaurants	12
Red Lobster	11
Steak House	11
Arby's	10
Burger King	10

Other Findings

Additional findings from the survey are presented below:

- Regarding the effect the tornado had on shopping in downtown Ladysmith; 20% of the respondents now do more of their shopping in other communities, 27% continue to shop downtown, and 41% did not shop much in the downtown before the tornado.

- The survey results indicate that the most popular shopping time is from 1-5 PM, Monday through Sunday, with peaks on Friday and Saturday. A substantial proportion of people also shop after 5 PM, Monday through Friday.

- Forty-eight percent of the people feel that current store hours meet their needs, 22% feel the hours do not meet their needs and 25% are not sure. The primary reasons given by respondents why current hours do not meet their needs are: (1) store closing hours closely match work schedules and (2) limited week-end hours.

- Regarding the days of the weeks that the subjects do most or their grocery shopping, regardless of location; 45% shop on Saturday, 40% on Friday, 26% each on Thursday and Sunday, and 25% on Monday and Wednesday. At 19%, Tuesday is clearly the least popular grocery shopping day for these respondents.

- Regarding the days of the weeks when the subjects do most of their non-grocery shopping, (regardless of location); the latter part of the week is preferred with 55% shopping on Saturday, 35% on Friday, 26% on Sunday, and 25% on Thursday.

- Ten pages of written comments provided ideas on how to bring more shoppers downtown. Suggestions included better store hours, additional stores with more variety, and a discount store such as Ben Franklin or Wal-Mart.

Section

7

Analysis of Retail Opportunities

This section examines the market potential of specific retail categories in downtown Ladysmith. The purpose is to identify potential opportunities for business expansion or recruitment.

This section evaluates specific retail opportunities that may exist in the community. A detailed analysis was conducted to assess market potential in eleven specific retail store categories[2]. This includes the analysis of quantitative data (i.e. square foot estimates of existing supply and demand) as well as qualitative information from local survey research. The categories selected for inclusion in this section were based on survey research and input from community listening sessions.

Measuring Demand and Supply

In this section, market conditions are examined quantitatively using demand[3] and supply of retail space (square feet) as the measure. Supply refers to the actual square feet of retail space, sometimes called gross leasable area (GLA) that exists in the trade area[4]. Demand refers to the amount of retail space that could be supported by consumers residing in the trade area based on estimates of their spending potential. A comparison of supply and demand by store type can help identify gaps where demand clearly exceeds supply. After considering other market factors including how and where the targeted consumer groups shop, conclusions are drawn regarding potential business categories worthy of potential expansion or recruitment. These conclusions are not all-inclusive and it is recommended that careful consideration be given to all factors that influence the potential need for, and success of, a business enterprise.

Appendix 7A and Appendix 7B provide data that was used in calculating demand for the store types in this section. The data in these tables can also be used to study other store categories (not included in this report) on an as-needed basis. Appendix 7C presents the calculations of retail demand for the categories analyzed in this section.

[2] Another way to analyze the retail market is to estimate spending by product type. This is not presented in this report.

[3] Using the Economic Census, actual retail sales levels for the State can be used as a surrogate for consumer demand. This assumes that aggregate consumer demand at the state level is fairly well represented by the aggregate retail sales captured at the state level. By dividing actual state sales by state population, state estimates of per capita consumer demand can be made. These state estimates are then localized by adjusting for per capita income differences.

[4] The current retail supply tables were based on estimated square footage and not on actual on-site measurements.

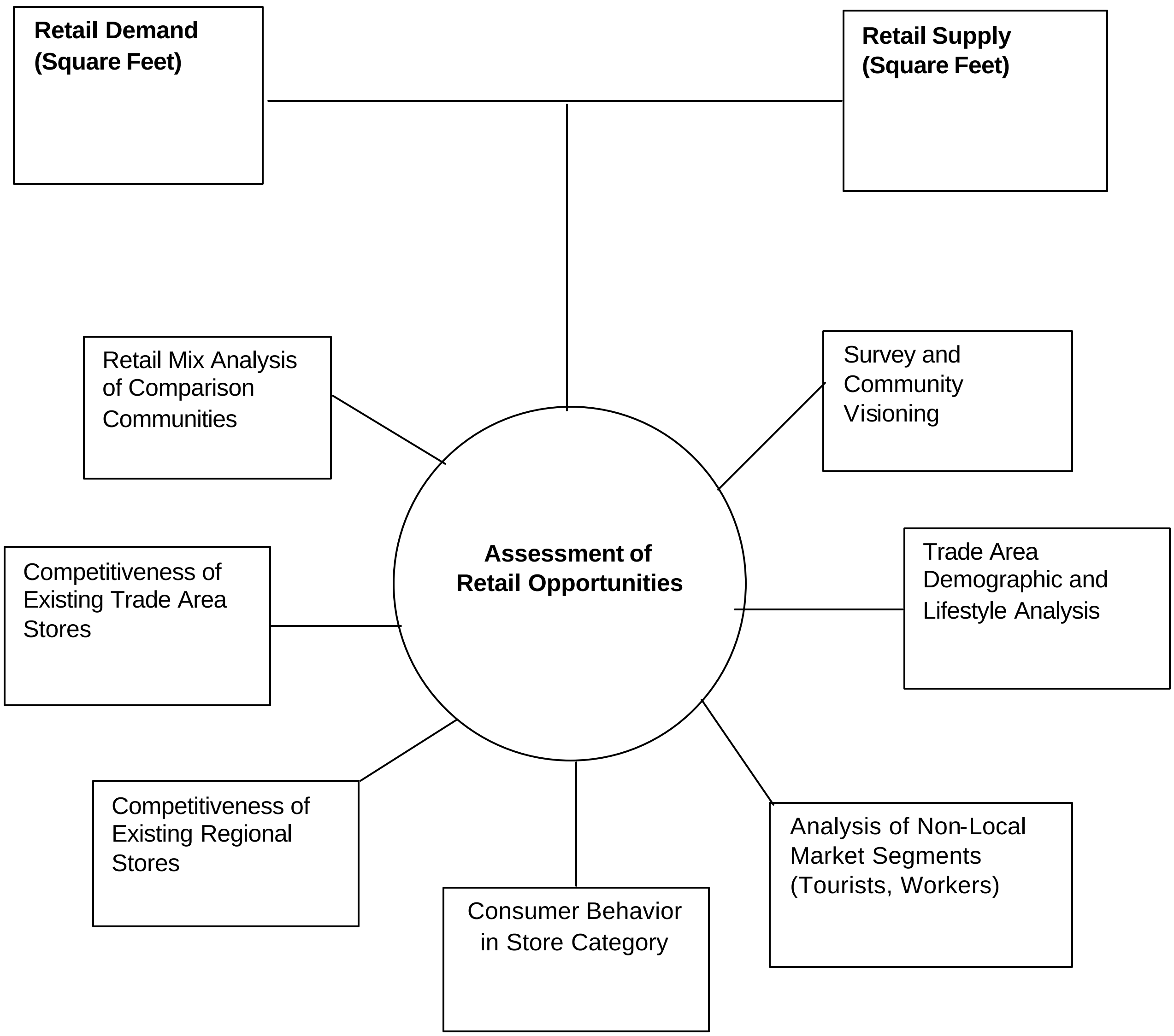
Assumptions

This report and the following analysis are intended to provide information useful in retail expansion and recruitment efforts in downtown Ladysmith. The analysis that follows is based on the work of Rusk County Development and UW-Extension and is based on research and various assumptions developed at the time of this study. Some assumptions inevitability will not materialize and unanticipated events and circumstances may occur. Therefore, it is critical that the user of this study critically evaluate and challenge all assumptions and conclusions drawn in this section. Further, the findings in this study should not be used in place of a complete business feasibility study for a new or expanded business venture. Assumptions used in the following analysis include:

- Additions to the supply of retail in each category in the primary trade area will not vary significantly from the estimates presented.
- New independent (non chain) retail establishments are successful in developing unique product niches (typically offering personal service) that co-exist and do not directly compete with regional "big box" retailers.
- New and existing downtown retailers comply with a set of regular and accommodating store hours consistent with the needs of targeted market segments.
- The downtown district offers storefronts with exciting visual appeal, traffic patterns (vehicular and pedestrian) that guide people to the stores, an inviting, clean and secure shopping environment, ample and close parking, and excellent marketing, advertising and management. See articles by the Gibbs Planning Group.
- Other downtown uses (housing, office and entertainment) are also developed, creating a diverse, mixed use and economically vibrant center.

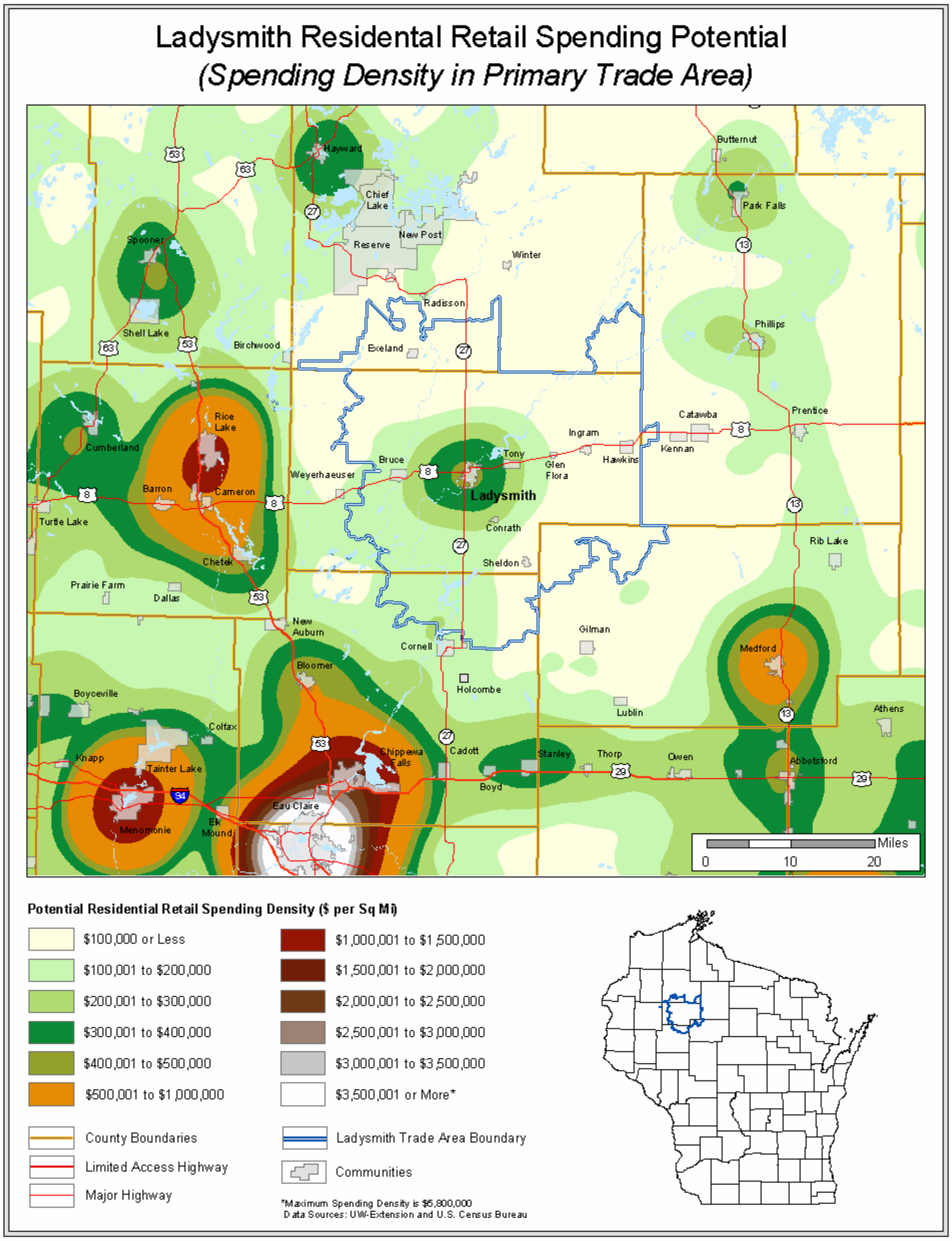
Assessment of Retail Opportunities - Flowchart

The following flowchart summarizes the retail analysis process used for each store category. This process and the data in this report can be used to examine other store categories on an as-needed basis.



Ladysmith Area Retail Spending Potential

The following map shows the resident retail spending potential in and around the Ladysmith trade area. Demand is represented as retail spending dollars per square mile. The potential is calculating using year 2000 census block populations, per capita income and annual ret ail spending potential. The map shows that the Ladysmith's spending potential is fairly significant and centralized in the primary trade area. However, Ladysmith area demand is significantly less that that of the Rice Lake area (to the west), the nearest competitive center in the region.



Book Stores – NAICS 45121

This industry comprises establishments primarily engaged in retailing new books, newspapers, magazines, and other periodicals.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$457,682
Trade Area Demand in Sq Ft:	2,850

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Book Store Category:			
None		0	
Total Current Supply		**0**	
Competitors in other Store Categories:			
Pamida	Ladysmith	-	Discount store selection (Best sellers, magazines, paperbacks)
IGA	Ladysmith	-	Grocery store selection (Best sellers, magazines, paperbacks)

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings*: 73% of the population is likely to shop outside of the trade area, and more than half cite more selection as the reason. The lack of a bookstore contributes to this out-shopping.

- *Retail mix in zip code areas of comparable communities:* Overall, bookstores are not common in the comparable communities identified in Section 4. However, comparable communities do have an average of 0.3 bookstores (3 out of 10) while Ladysmith currently lacks a bookstore.

- *Demand from non-residents:* There is some market potential from tourists as well as commuter traffic. While certainly not the primary market, it would supplement local sales.

- *Consumer behavior in this retail category*: Over the last few years, independent bookstores have faced stiff competition from national book superstores such as Barnes and Noble and Border's. Book superstores have become successful because of their more intuitive layouts, longer hours, and larger advertising budgets. Some Internet book sales by Amazon.com and BarnesandNoble.com have changed the way customers shop for books and the way that bookstores reach their customers and make sales. Some independent bookstores have been successful by catering to a market niche such as children's, religious, used or mystery books. Customers continue to go to independent bookstores because they feel a more personal relationship with the staff and they feel that the staff is more knowledgeable.

- *Quality of existing competitors*: Existing competitors are limited to grocery stores and convenience stores (magazine and book racks).

- *Competition from outside the trade area*: The closest stores in this category are located in the regional shopping centers of Rice Lake and Eau Claire.

- *Lifestyle and purchasing potential information*: Compared to the average U.S. household, consumers in category 7G (36% of the trade area) tend to purchase more romance and bible/religious books and own an encyclopedia set. Consumers in category 4E (20% of the trade area) tend to buy mystery, travel, and romance books. Consumers in category 7D (18% of the trade area) tend to buy romance books, cook books, and own an encyclopedia set. Consumers in category 7A (16% of the trade area) tend to purchase romance, bible/religious, and children's books in addition to owning an encyclopedia set.

Conclusion: Book Stores

Based on industry trends and local market conditions, there appears to be limited support for a full-selection bookstore downtown. It might be possible to recruit a smaller bookstore like Book World or encourage a store in another category to sell books. There might also be market support for a bookstore specializing in a focused niche. Such a book store would need to be serve a market larger than the primary trade area and might require a significant web-presence to be profitable.

Discount Department Stores – NAICS 45211

This industry comprises establishments known as discount department stores primarily engaged in retailing a wide range of the following new products with no one merchandise line predominating: apparel, furniture, appliances and home furnishings; and selected additional items, such as paint, hardware, toiletries, cosmetics, photographic equipment, jewelry, toys, and sporting goods.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$10,128,551
Trade Area Demand in Sq Ft:	30,348

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Discount Department Store Category:			
Pamida	Ladysmith	25,000 to 30,000	A limited ShopKo type store for small markets
Total Current Supply		25,000 to 30,000	
Competitors in other Store Categories:			
Family Dollar	Ladysmith	-	Variety-dollar store selection

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings*: Overwhelmingly, individuals are traveling outside the trade area to regional shopping areas for stores like Wal-Mart and Kmart.
- *Retail mix in zip code areas of comparable communities*: Ladysmith has 1 small discount department store in its zip code area, while comparable communities have an average of 0.2 department stores in their zip code areas.
- *Demand from non-residents:* Depending on the store type (i.e. Wal-Mart) tourists, second home occupants and commuters into Ladysmith could generate a significant amount of demand. Furthermore, a larger store may be a magnet for consumers outside of the trade area.

- *Consumer behavior in this retail category:* Many consumers have turned to discount stores for their shopping needs because they offer similar items at a lower price. The combining of general merchandise and groceries into a “superstore” has been successful in many rural and suburban communities.

- *Quality of existing competitors:* Based on the number of individuals leaving the trade area, it is not likely that their needs are being met.

- *Competition from outside the trade area:* Significant big-box competition exists in both the Rice Lake and Eau Claire areas.

- *Competition from other types of stores in the primary trade area:* Pamida and Family Dollar do fill some of the void, and appear to capture an adequate portion of the market to survive. But a significant portion of the market shops out of town for general merchandise..

Conclusion: Discount Department Stores

Based on demand, supply and other market considerations, the market may be too small to support the development of a large discount department store. Large stores already exist in Rice Lake and Hayward. Nevertheless, a large number of consumers responding to this study’s survey indicated their desire for a Wal-Mart, Target or ShopKo store. The lack of a large discount store in Ladysmith has resulted to sales leakage to other communities in the region. This may provide expansion opportunities for the existing Pamida and Family Dollar stores.

Family Clothing – NAICS 44814

This industry comprises establishments that derive a majority of their sales from clothing sales from a relatively even mix of all ages and both genders.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$1,080,973
Trade Area Demand in Sq Ft:	5,800

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Family Clothing Store Category.			
None			
Total Current Supply		**0**	
Competitors in other Store Categories:			
Pamida	Ladysmith	-	A limited ShopKo type store for small markets
Ruby's Dress Shop	Ladysmith	-	
Family Dollar	Ladysmith	-	Variety-dollar store selection

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* 85% of people shop outside the trade area for family clothing and over 50% cite more selection as the reason.

- *Retail mix in zip code areas of comparable communities:* Family clothing stores are somewhat common in the comparable communities analyzed in Section 4. The comparable communities show an average of 0.7 family clothing stores in their zip code areas, while Ladysmith currently lacks a family clothing store.

- *Demand from non-residents:* Demand from commuters will likely provide limited potential. However, the proper product mix could appeal somewhat to tourists in the Ladysmith area.

- *Consumer behavior in this retail category:* Consumers of family clothing look for value, style, and durability when making purchasing decisions. Independent family clothing stores can bring in more customers by making the store family friendly with activities to keep small children occupied. Also, offering other products such as shoes or small gifts can give independent stores an edge. However, it is important to recognize that the majority of children's clothing is sold in stores that are not dedicated only to the sale of children's clothing, such as department and discount stores. Since children outgrow clothes quickly, the used/secondhand sector of children's clothing can be a profitable venture for stores focused on children's clothing.

- Like most retail sectors, the internet is increasingly becoming a factor.

- *Quality of existing competitors:* No direct existing customers, what businesses do exist would sell lower end items.

- *Competition from outside the trade area:* Most definitely regional shopping centers gain much of the business. This business is generated primarily by the big box retailers and also specialty upscale stores. Significant big-box competition exists in both the Rice Lake and Eau Claire areas.

- *Competition from other types of stores in the primary trade area:* What business that is gained in this market segment by the local economy is by the local discount providers.

- *Lifestyle and purchasing potential information:* Compared to the average U.S. household, consumers in category 7G (36% of the trade area) tend to purchase more children's clothing, particularly for children between the ages of 6 and 12. Consumers in category 4E (20% of the trade area) tend to purchase more men, women, and children's clothing, particularly women's gloves and suits, and men's pants. Consumers in category 7D (18% of the trade area) tend to purchase children's and men's clothing, particularly children's outerwear and men's underwear. Consumers in category 7A (16% of the trade area) tend to purchase an average amount of men women and children's clothing.

Conclusion: Family Clothing

Based on demand, supply and other market considerations, the market may be too small at this time to support the development of a dedicated family clothing store. However, there may be opportunity to offer some clothing sales (such as sportswear) through a specialty retailer that can effectively serve the resident as well as visitor markets.

Grocery Stores – NAICS 44511

This industry comprises establishments generally known as supermarkets and grocery stores primarily engaged in retailing a general line of food, such as canned and frozen foods; fresh fruits and vegetables; and fresh and prepared meats, fish, and poultry. Included in this industry are delicatessen-type establishments primarily engaged in retailing a general line of food.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$17,539,128
Trade Area Demand in Sq Ft:	47,175

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Grocery Store Category:			
IGA Plus	Ladysmith	40,000	Full Service Grocery Store
Main Street Market	Ladysmith	15,000	Limited Service Grocery Store
Skabrouds	Sheldon	5,000	Small Grocery Store with limited selection
Total Current Supply		**60,000**	
Competitors in other Store Categories:			
Various C-Stores	Varies	-	Limited convenience items

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* A new grocery store was the second most frequently mentioned business that trade area residents hope will come to Ladysmith. Many would like to see a discount type grocer like Aldi's.

- *Retail mix in zip code areas of comparable communities:* The number of grocery stores in Ladysmith is comparable to those reported in the comparable community analysis. The comparable communities identified in Section 4 report an average of 2.3 supermarkets in their zip code, while Ladysmith reported 2 grocers in the primary 54848 zip code.

- *Demand from non-residents:* A considerable amount of demand is generated by seasonal traffic including tourists, second homeowners and transients on Highways 27 and 8. A grocery store has the potential to generate substantial revenue from commuters as well.

- *Consumer behavior in this retail category:* A 2001 survey among independent grocers showed that 64% of owners feel that super centers such as Wal-Mart are their biggest threat, while 27% feel Supermarket chains pose the biggest threat. In the same survey, independent grocers felt that customer service, product variety, convenience, and quality were the areas in which they are most competitive with larger chains. Wal-Mart has "defined its niche and has staked out a very clear position for itself as the low-price grocery offering."

- *Quality of existing competitors:* Current competitors offer a variety of services and products.

- *Competition from outside the trade area:* Most nearby communities offer competition at some level. Significant big-box competition exists in both the Rice Lake and Eau Claire areas.

- *Competition from other types of stores in the primary trade area*: Discount stores such as Wal-Mart offer competition in some supermarket categories.

Conclusion: Food-Grocery

Based on industry trends and local market conditions, there may be sufficient demand for a new, discount-type grocery store in Ladysmith. A niche store focusing on value might stem the outflow of grocery dollars to larger discount grocers in the region. Such a store might also serve some of the grocery needs of in-commuters who reside outside of the trade area.

Gift, Novelty, and Souvenir Stores – NAICS 45322

This industry comprises establishments primarily engaged in retailing new gifts, novelty merchandise, souvenirs, greeting cards, seasonal and holiday decorations, and curios.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$607,484
Trade Area Demand in Sq Ft:	4,800

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Gift, Novelty, and Souvenir Store Category:			
Kuc's Kraft and Gift	Ladysmith	1,500	(recently reopened)
Winter Gallery & Gift	Ladysmith	2,000	
Dreamweaver	Ladysmith	500	
Total Current Supply		**4,000**	
Competitors in other Store Categories:			
Flambeau Pharmacy/Gift	Ladysmith	-	
One Hour Photo	Ladysmith	-	

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* 66% of the population in the trade area do their gift shopping outside of the trade area. They cite more selection as the primary reason for out-shopping.

- *Retail mix in zip code areas of comparable communities:* The comparable communities identified in Section 4 have an average of 2.7 gift, novelty and souvenir stores in their primary zip code areas. Interestingly, had three gift, novelty, and souvenir stores in its zip code area, but currently has none.

- *Demand from non-residents:* Tourists will be a vital market for this store category. However, commuters may contribute a small amount of demand as well.

- *Consumer behavior in this retail category:* Nationally there is about one gift shop is in operation for about every 4,000 residents in a community. Competition from discount stores like Wal-Mart and Target have forced gift shops to specialize their merchandise and rely on their customer service and superior employee knowledge to keep their customers. Since discount stores rely on product breadth and not depth. Gift shops are often located in areas with heavy pedestrian traffic such as malls, tourist areas, and commercial districts.

- *Quality of existing competitors:* Existing stores are currently closed, or relocating. Neither of these closings is directly the result of inadequate business.

- *Competition from outside the trade area:* While competition is prevalent outside of the trade area and does siphon business, it is not as prevalent as in other categories nor is it as significant to the market.

- *Competition from other types of stores in the primary trade area:* The local discount stores and other specialty shops that offer products in this category do fill some of the void.

Conclusion: Gift, Novelty, and Souvenir

Based on demand, supply and other market considerations, there appears to be market support for the recruitment of new businesses in this retail category. Given the prevalence of tourism in northern Wisconsin, this category offers market potential. Further, a cluster of gift stores developed in conjunction with a few restaurants would give Ladysmith a critical mass of business activity that could appeal to both the resident and visitor.

Office Supply Stores – NAICS 45321

This industry comprises establishments primarily engaged in: retailing new stationery, school supplies, and office supplies; selling a combination of new office equipment, furniture, and supplies; and selling new office equipment, furniture, and supplies and new computers.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$503,402
Trade Area Demand in Sq Ft:	1,925

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Office Supply Store Category:			
Office Connection	Bruce	500	
Stanton's Office Supply	Ladysmith	-	Currently Closed
Total Current Supply		**500**	
Competitors in other Store Categories:			
Pamida	Ladysmith	-	

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* A few survey respondents identified the need for an office supply store, but far less than the number citing discount or grocery stores.

- *Retail mix in zip code areas of comparable communities:* Ladysmith has one office supply store in its zip code area, while comparable communities have an average of 0.2 office supply stores in their zip code areas.

- *Demand from non-residents:* This store category typically serves the local resident population. Demand from commuters and tourists would be limited.

- *Consumer behavior in this retail category:* Currently, three office superstores operate over 3,000 stores nationwide: Staples 1,448, Office Depot 867, and OfficeMax 970. Office supply superstores offer computers and furniture in addition to the basic office supplies offered by traditional office supply stores. In addition, they sell to both individual consumers and corporations. These office supply stores prefer to locate in power centers or in the downtowns of major metropolitan areas. It is difficult for independent stationary, computer, and furniture stores to compete with their sizable buying power. In 2001, Staples introduced a smaller redesigned layout to its stores, the Dover format, which is 20,000 sq. ft. The Internet has been a successful selling tool for office supplies because it offers more product variety and convenience.

- *Quality of existing competitors:* Existing competitors offer the essentials. Lack of variety and specialty items currently exist.

- *Competition from outside the trade area:* Significant big-box competition exists in both the Rice Lake and Eau Claire areas. Also mail order services siphon business.

- *Competition from other types of stores in the primary trade area:* Local discount store does offer some product in this category, but likely does not fulfill the needs of the local population.

- *Lifestyle and purchasing potential information:* Compared to the average U.S. household, consumers in all of the categories: 7G (36% of the trade area), 4E (20% of the trade area), 7D (18% of the trade area), and 7A (16% of the trade area); tend to own fewer computers than average and spend less on computer peripherals than average.

Conclusion: Office Supplies

There appears to be limited market support for the recruitment of a new business in this retail category. The limited demand, the existence of a current office supply store in Bruce, and the presence of Pamida will likely preclude the development of any additional office supply stores. Nevertheless, local businesses have an opportunity to expand their merchandise related to this category.

Pet Supply Stores – NAICS 45391

This industry comprises establishments that sell pets, pet supplies, and pet food. Some also offer pet grooming and boarding.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$222,031
Trade Area Demand in Sq Ft:	1,800

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Pet Supply Store Category:			
None			
Total Current Supply		**0**	
Competitors in other Store Categories:			
Pamida	Ladysmith	-	Limited Selection of Food and Accessories
IGA	Ladysmith	-	Limited Selection of Food and Accessories
Buchholz Feed	Ladysmith	-	Limited Selection of Food and Accessories

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* The majority (51%) shop for items in this category outside of the Ladysmith area with the most popular reason being more selection (28%).

- *Retail mix in zip code areas of comparable communities:* Pet supply stores are non-existent in the comparable communities identified in Section 4. Similarly, Ladysmith has no pet supply stores in its primary 54848 zip code area.

- *Demand from non-residents:* This sector largely serves the local resident population.

- *Consumer behavior in this retail category:* In 1996, there was an average of one pet grooming business per 12,602 U.S. citizens. A 1999-2000 survey conducted by the APPMA found that women purchase the pet products in 70% of pet-owning households. A 1990 Gallup poll found that "65% of the pet owners surveyed gave their pets a Christmas present, and 24% celebrated their pet's birthday…owners estimated they spent two hours each day feeding, exercising, and cleaning up after their pets. Total expenses for their pets averaged about $1,300 a year for each household. An estimated six of out ten households in the USA have pets today, or about 58% of all households.

- *Quality of existing competitors:* None

- *Competition from outside the trade area:* Goods sold in this category are also offered by big box retailers not located in this area. Significant big-box competition exists in both the Rice Lake and Eau Claire areas.

- *Competition from other types of stores in the primary trade area:* Local supermarkets and discounts stores do offer these goods, as well as the local feed store.

- *Lifestyle and purchasing potential information:* Compared to the average U.S. household, consumers in category 7G (36% of the trade area) tend to own more dogs or cats than average, and purchase their pet food at stores other than supermarkets. Consumers in category 4E (20% of the trade area) tend to own more dogs or cats than average, and purchase their pet food at supermarkets. Consumers in category 7D (18% of the trade area) tend to own more dogs or cats than average, and purchase their pet food at stores other than supermarkets. Consumers in category 7A (16% of the trade area) tend to own more dogs or cats than average, and purchase their pet food at supermarkets as well as other stores.

Conclusion: Pet Supplies

Based on demand, supply and other market considerations, there appears to be limited market support for the recruitment of a new business in this retail category. Nevertheless, because of the higher level of per ownership of local lifestyle categories, there may be opportunity to expand pet merchandise at existing stores.

Sewing and Needlework Stores – NAICS 45113

This industry comprises establishments primarily engaged in: retailing sewing products, patterns, and crafts. These stores also provide workshops and clubs for their customers.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$137,456
Trade Area Demand in Sq Ft:	1,825

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Sewing and Needlework Store Category:			
Sew Crazy	Ladysmith	~1,000	
Total Current Supply		~1,000	
Competitors in other Store Categories:			
None		-	

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* The majority (70%) shop for items in this category outside of the Ladysmith area with the most popular reason being more selection (46%).

- *Retail mix in zip code areas of comparable communities:* Ladysmith has one sewing and needlework store in its zip code area, while comparable communities have an average of 0.3 sewing and needlework stores in their zip code areas.

- *Demand from non-residents:* With the proper product mix, this store category may generate limited demand from tourists. Furthermore, commuters will not likely generate significant demand. The local resident population will be the primary demand generator. traffic from tourists.

- *Consumer behavior in this retail category:* Needlecrafts are increasingly becoming more popular among people from different demographic groups, instead of the stereotypical middle-aged woman. Both men and women are engaging in needlecrafts as young children and in college groups. Needlepoint is considered the most popular form of needlework, and holiday canvasses have become increasingly popular, particularly Christmas-themed canvasses. Folk art with bright colors, historical themes, and religious themes has also increased in popularity among canvasses for needlepoint.

- *Quality of existing competitors:* There is one store dedicated to this retail sector.

- *Competition from outside the trade area:* It is likely that big box retailers in the region pull in customers from the local trade area. Similar items can be found in the big box retailers.

- *Competition from other types of stores in the primary trade area:* It is likely that big box retailers in the region draw customers from the local trade area.

- *Lifestyle and purchasing potential information:* Compared to the average U.S. household, consumers in all of the categories: 7G (36% of the trade area), 4E (20% of the trade area), 7D (18% of the trade area), and 7A (16% of the trade area); tend to do much more needlework in their free time than average.

Conclusion: Sewing and Needlework

Based on demand, supply and other market considerations, there appears to be limited market support for the recruitment of a new business in this retail category. Opportunities exist for a business that can potentially fit into an arts/crafts/gifts niche.

Shoe Stores – NAICS 44821

This industry comprises establishments engaged in retailing shoes, boots, and some accessories such as belts and hats. Many shoe stores provide repair work.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$791,537
Trade Area Demand in Sq Ft:	4,975

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Shoe Store Category:			
None			
Total Current Supply		**0**	
Competitors in other Store Categories:			
Pamida	Ladysmith	-	

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* 85% of the local trade area population shops elsewhere for these goods, with many people citing more selection as their reason.

- *Retail mix in zip code areas of comparable communities:* With an average of 0.6 stores, Shoe stores are somewhat common in the comparable communities (Section 4). In contrast, Ladysmith has no shoe store listed in its54848 zip code.

- *Demand from non-residents:* This category is largely supported by the permanent population in the area. Commuters, second home owners and tourists will likely provide limited demand.

- *Consumer behavior in this retail category:* General trends in the shoe industry include: growth of internet sales, continuous changes in demographics, tastes, and fashions, success for premium-priced stores, advances in management information, decline in the appeal of the major mall, and entertainment as a draw to the retail environment. Like many other retailing segments, independent shoe store owners have found that developing a specialty is vital for competing with discount department stores. Some specialties include women's shoes, low-price, boots, or dress shoes.

- *Quality of existing competitors:* The only establishment currently selling shoes is the local discount retailer. These goods are generally lower in quality and price.

- *Competition from outside the trade area:* The regional shopping centers currently capture this market.

- *Competition from other types of stores in the primary trade area:* The local discount retailer captures what business remains in the trade area, but what remains doesn't appear to be a significant amount.

- *Lifestyle and purchasing potential information:* Compared to the average U.S. household, consumers in category 7G (36% of the trade area) tend to purchase adult and kid's boots, as well as walking sneakers. Consumers in category 4E (20% of the trade area) tend to purchase adult and kid's boots, casual adult shoes, cross training shoes, and kid's athletic shoes. Consumers in category 7D (18% of the trade area) tend to purchase adult boots, adult sneakers, and kid's boots. Consumers in category 7A (16% of the trade area) tend to purchase all kinds of adult and kid's footwear, particularly boots.

Conclusion: Shoe Stores

Based on demand, supply, and other market conditions, there appears to be limited market support for the recruitment of a new business in this store category. Independent shoe stores in small communities are increasingly uncommon. While this does not preclude the development of a dedicated shoe store in Ladysmith, another option would be to add shoes as a profit center to a family clothing store or a sporting goods store.

Sporting Goods Stores – NAICS 45111

This industry comprises establishments primarily engaged in retailing new sporting goods, such as bicycles and bicycle parts; camping equipment; exercise and fitness equipment; athletic uniforms; specialty sports footwear; and sporting goods, equipment, and accessories.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$1,037,486
Trade Area Demand in Sq Ft:	6,750

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Sporting Goods Store Category:			
None			
Total Current Supply		**0**	
Competitors in other Store Categories:			
Ace Hardware	Ladysmith	-	
Pamida	Ladysmith		
Gaddy's Shooting Supply	Ladysmith	-	

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Survey findings:* 57% of the local trade area shops outside of the area for these goods, the largest reason being more selection.

- *Retail mix in zip code areas of comparable communities:* Ladysmith has no sporting goods stores in its zip code area, while comparable communities have an average of 1.8 sporting goods stores in their zip code areas. This difference represents one of the largest gaps identified in the business mix analysis (see Section 4).

- *Demand from non-residents*: Significant market potential exists from the tourism market and second home occupants.

- *Consumer behavior in this retail category:* Most categories of sports have had small increases in purchases over the last few years, but bowling, camping, exercise, hockey, hunting, skiing and tennis have seen large increases in purchases over the last several years. However, football, golf, and wheel sports have seen substantial declines. In Wisconsin, a greater percentage of the population participants in hunting, mountain biking, fishing, boating, and dart throwing than the national as a whole. National Chains such as Sportmart and Dunham's prefer to build 35,000-45,000 sq. ft. "Big Box" stores in strip malls or power centers. Successful stores sell both sporting goods and apparel, and feature legible floor plans, well-stocked merchandise, and knowledgeable staff.

- *Quality of existing competitors:* There are no competitors that specialize in this retail sector.

- *Competition from outside the trade area:* As no true sporting goods stores are present, competition from outside the trade area captures most of the business.

- *Competition from other types of stores in the primary trade area:* The local hardware store has a significant sporting goods area, it is somewhat limited to the hunting and fishing areas.

- *Lifestyle and purchasing potential information:* Compared to the average U.S. household, consumers in category 7G (36% of the trade area) tend to spend their money on fishing, camping, and exercise equipment. Consumers in category 4E (20% of the trade area) tend to spend their money on fishing, camping, home gym, golfing, and bowling equipment. Consumers in category 7D (18% of the trade area) tend to spend their money on fishing, baseball, home gym, exercise, and camping equipment. Consumers in category 7A (16% of the trade area) tend to spend their money on fishing, baseball, exercise, camping, and bowling equipment.

Conclusion: Sporting Goods Stores

Based on demand, supply and other market considerations, there may be market support for the recruitment of a new business in this retail category. A successful store would need to focus on the specific recreational opportunities offered in the area (fishing, hunting, water sports, etc). Currently, sporting good needs are likely being met by regional shopping centers and local competitors in other store categories. However, a new store that offers recreational products targeted to visitors could become a destination business for Ladysmith.

Used Merchandise Stores - 45331

This industry comprises establishments primarily engaged in retailing used products such as clothing, furniture and books. These used merchandise shops usually buy used merchandise from their customers to sell.

Retail Demand

Demand refers to the amount of retail space that could be supported by consumers residing in the trade area (defined in Section 3) based on estimates of their annual spending potential. Not included in this figure is demand from potential consumers residing outside the trade area (including commuters, tourists/visitors).

To calculate trade area demand, annual, statewide per capita spending in this store category is adjusted by the ratio of local-to-state per capita income. The result is then multiplied by the trade area population (17,207) to calculate overall demand. See Appendix 7C of this section for the calculations. The resulting demand is:

Trade Area Demand in Dollars (1997 Dollars):	$239,919
Trade Area Demand in Sq Ft:	3,200

Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

Business Name	Location	Sq. Ft.	Comments
Competitors in the Used Merchandise Store Category:			
None			
	Total Current Supply	**0**	
Competitors in other Store Categories:			
None			

Other Market Considerations

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- *Retail mix in zip code areas of comparable communities:* Used merchandise stores are somewhat common in the comparable communities identified in Section 4 (average of 0.9 stores). Currently, Ladysmith lacks a used merchandise store.

- *Demand from non-residents:* Market potential does exist from the tourism and seasonal resident traffic.

- *Consumer behavior in this retail category:* Furniture resale is the fastest growing segment of the resale industry, followed by plus-size apparel, men and teen apparel, used sporting goods, used music/instruments, and used computers. In general, consumers have become more demanding and expect to pay less than the full price for items.

- *Quality of existing competitors:* There are no competitors that specialize in this category.

- *Competition from outside the trade area:* Regional shopping centers do have a number of stores in this category.

- *Competition from other types of stores in the primary trade area:* None.

Conclusion: Used Merchandise Stores

Based on demand, supply and other market considerations, there may be market support for the recruitment of a new business in this retail category. The lack of an existing store coupled with the lower incomes of trade area households make a used merchandise store a likely candidate for business recruitment. The store could focus on general merchandise (furniture, clothing, books, etc) that would serve the general population and/or antiques that cater to the tourism market.

Appendix 7A - Calculation of Retail Sales Demand per Capita

State of Wisconsin, 1997 Dollars

Based on the 1997 Economic Census, U.S. Census Bureau

NAICS	Description	Estab.	Sales $000	Sales/Estab	$ Per Capita
44-45	Total Wisconsin Retail Trade	21,717	50,520,463	2,326,309	9,782
441	**Motor vehicle & parts dealers**				
44111	New car dealers	668	10,808,194	16,179,931	2,093
44112	Used car dealers	540	692,820	1,283,000	134
44121	Recreational vehicle dealers	81	171,432	2,116,444	33
44122	Motorcycle, boat, and other motor vehicle dealers	334	652,128	1,952,479	126
44131	Automotive parts and accessories stores	753	831,980	1,104,887	161
44132	Tire dealers	240	287,125	1,196,354	56
442	**Furniture & home furnishings stores**				
44211	Furniture stores	537	736,673	1,371,831	143
44221	Floor covering stores	377	376,063	997,515	73
44229	Other home furnishings stores	308	163,854	531,994	32
443	**Electronics & appliance stores**				
44311	Appliance, television, and other electronics stores	634	1,052,063	1,659,405	204
44312	Computer and software stores	198	261,211	1,319,247	51
44313	Camera and photographic supplies stores	38	23,801	626,342	5
444	**Building material & garden equipment & supplies dealers**				
44411	Home centers	47	*747,361*	15,901,305	145
44412	Paint and wallpaper stores	179	*207,667*	1,160,149	40
44413	Hardware stores	440	433,376	984,945	84
44419	Other building material dealers	1,031	3,028,918	2,937,845	586
44421	Outdoor power equipment stores	136	113,798	836,750	22
44422	Nursery and garden centers	534	1,238,995	2,320,215	240
445	**Food & beverage stores**				
44511	Supermarkets & other grocers (ex convenience)	1,209	7,163,345	5,925,017	1,387
44512	Convenience stores	201	125,130	622,537	24
4452	Specialty food stores	472	182,382	386,403	35
44531	Beer, wine, and liquor stores	490	359,298	733,261	70
446	**Health & personal care stores**				
44611	Pharmacies and drug stores	724	1,646,621	2,274,338	319
44612	Cosmetics, beauty supplies, and perfume stores	108	55,619	514,991	11
44613	Optical goods stores	277	109,865	396,625	21
44619	Other health and personal care stores	239	92,124	385,456	18
447	**Gasoline stations**				
44711	Gasoline stations with convenience stores	1,931	3,364,307	1,742,262	651
44719	Other gasoline stations	753	1,087,545	1,444,283	211
448	**Clothing & clothing accessories stores**				
44811	Men's clothing stores	180	111,377	618,761	22
44812	Women's clothing stores	642	340,874	530,956	66
44813	Children's and infants' clothing stores	53	32,856	619,925	6
44814	Family clothing stores	298	441,492	1,481,517	85
44815	Clothing accessories stores	107	21,061	196,832	4
44819	Other clothing stores	209	104,617	500,560	20
44821	Shoe stores	524	323,280	616,947	63
44831	Jewelry stores	522	311,575	596,887	60
44832	Luggage and leather goods stores	25	10,186	407,440	2
451	**Sporting goods, hobby, book, & music stores**				
45111	Sporting goods stores	610	423,731	694,641	82
45112	Hobby, toy, and game stores	244	205,783	843,373	40
45113	Sewing, needlework, and piece goods stores	147	56,140	381,905	11
45114	Musical instrument and supplies stores	84	83,366	992,452	16
45121	Book stores and news dealers	254	193,094	760,213	37
45122	Prerecorded tape, CD, and record stores	137	100,546	733,912	19
452	**General merchandise stores**				
45211	Department stores (ex. leased depts.)	272	5,308,110	19,515,110	1,028
45291	Warehouse clubs and superstores	12	*920,588*	76,715,659	178
45299	All other general merchandise stores	336	*563,584*	1,677,334	109
453	**Miscellaneous store retailers**				
45311	Florists	485	118,331	243,981	23
45321	Office supplies and stationery stores	105	205,600	1,958,095	40
45322	Gift, novelty, and souvenir stores	806	248,109	307,828	48
45331	Used merchandise stores	345	97,988	284,023	19
45391	Pet and pet supplies stores	161	90,682	563,242	18
45392	Art dealers	135	30,898	228,874	6

Estimates in italics based on adjusted US Total $/Establishment

Population for determining per capita income based on 1997 Estimates from U.S. Census Bureau

Appendix 7B - Estimates of Retail Sales per Square Foot GLA

US Community Shopping Centers, Selected Store Categories

Based on the 1997 Dollars and Cents of Shopping Centers, Urban Land Institute

NAICS	Description	Median GLA	Median Sales/S.F	ULI Descriptions/Notes
44111	New car dealers			
44112	Used car dealers			
44121	Recreational vehicle dealers			
44122	Motorcycle, boat, and other motor vehicle dealers			
44131	Automotive parts and accessories stores	6,038	147.52	Automotive (Tire/Battery)
44132	Tire dealers			
44211	Furniture stores	7,471	141.84	Furniture
44221	Floor covering stores	2,545	88.04	Floor Coverings
44229	Other home furnishings stores	4,821	166.54	Home accessories
44311	Appliance, television, and other electronics stores	2,100	207.17	Electronics
44312	Computer and software stores	2,130	336.53	Computer/Computer Software
44313	Camera and photographic supplies stores	1,069	542.63	See "Regional Centers"
44411	Home centers			
44412	Paint and wallpaper stores	3,533	164.55	Paint and Wallpaper
44413	Hardware stores	7,857	121.08	Hardware
44419	Other building material dealers			
44421	Outdoor power equipment stores			
44422	Nursery and garden centers			
44511	Supermarkets & other grocers (ex convenience)	42,228	371.79	Supermarket
44512	Convenience stores			
4452	Specialty food stores	1,800	162.57	Specialty Food
44531	Beer, wine, and liquor stores	2,648	249.67	Liquor/Wine
44611	Pharmacies and drug stores	11,153	247.29	Drug Store
44612	Cosmetics, beauty supplies, and perfume stores	1,520	258.40	Cosmetics/Beauty Supplies
44613	Optical goods stores	1,487	156.74	Eyeglasses-optician
44619	Other health and personal care stores			
44711	Gasoline stations with convenience stores	2,508	339.01	Service Station
44719	Other gasoline stations			
44811	Men's clothing stores	3,082	182.61	Men's Wear
44812	Women's clothing stores	3,616	146.31	Women's Ready to Wear
44813	Children's and infants' clothing stores	2,665	142.98	Children's Wear
44814	Family clothing stores	5,775	186.50	Family Wear
44815	Clothing accessories stores			
44819	Other clothing stores			
44821	Shoe stores	3,150	158.81	Family shoes
44831	Jewelry stores	1,263	263.92	Jewelry
44832	Luggage and leather goods stores	2,398	198.82	Luggage and Leather
45111	Sporting goods stores	4,100	153.46	Sporting Goods - General
45112	Hobby, toy, and game stores	2,740	183.33	Toys
45113	Sewing, needlework, and piece goods stores	10,254	74.91	Fabric shop
45114	Musical instrument and supplies stores	2.992	159.68	See "Regional Centers"
45121	Book stores and news dealers	2,905	161.16	Books
45122	Prerecorded tape, CD, and record stores	2,900	163.04	Records and Tapes
45211	Department stores (ex. leased depts.)	73,500	142.31	Discount Department Store
45291	Warehouse clubs and superstores			
45299	All other general merchandise stores			
45311	Florists	1,600	149.82	Flowers/Plant Store
45321	Office supplies and stationery stores	23,003	262.26	Office Supplies
45322	Gift, novelty, and souvenir stores	3,000	126.70	Cards and gifts
45331	Used merchandise stores			
45391	Pet and pet supplies stores	2,933	122.48	Pet Shop
45392	Art dealers	1,605	154.79	Art Gallery

Appendix 7C – Trade Area Demand Calculations

Consumer Demand Calculation

	Book Store	Discount Dept Store	Family Clothing	Food-Grocery	Gifts	Motorcycle/Boat
Store Category:	Book Store	Discount Dept Store	Family Clothing	Food-Grocery	Gifts	Motorcycle/Boat
NAICS Code:	451211	4521102	44814	4451	45322	44122
Trade Area - Primary (P) or Primary & Secondary (P&S):	P&S	P&S	P	P&S	P	P&S
Step 1: Calculate Statewide per Capita Spending						
A 1997 US Census of Retail Trade Sales for State	$ 186,927,000	$ 4,136,711,000	$ 441,492,000	$ 7,163,345,000	$ 248,109,000	$ 652,128,000
B State Population (1997)	5,164,635	5,164,635	5,164,635	5,164,635	5,164,635	5,164,635
C = A/B = Estimated Statewide Per Capita Spending (1997)	$ 36.19	$ 800.97	$ 85.48	$ 1,387.00	$ 48.04	$ 126.27
Step 2: Adjust for Differences in Trade Area Per Capita Income						
D Trade Area Per Capita Income (2001)	$ 15,632	$ 15,632	$ 15,632	$ 15,632	$ 15,632	$ 15,632
E State Per Capita Income (2001)	$ 21,271	$ 21,271	$ 21,271	$ 21,271	$ 21,271	$ 21,271
F = D/E = Adjustment for Per Capita Income	0.735	0.735	0.735	0.735	0.735	0.735
G = C * F = Estimated Trade Area Per Capita Spending	$ 26.60	$ 588.63	$ 62.82	$ 1,019.30	$ 35.30	$ 92.79
Step 3: Calculate Trade Area Store Demand in Dollars*						
H Trade Area Population (2001)	17,207	17,207	17,207	17,207	17,207	17,207
I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars)	$ 457,682	$ 10,128,551	$ 1,080,973	$ 17,539,128	$ 607,484	$ 1,596,706
Step 4: Calculate Trade Area Store Demand in Square Feet**		(Wal-Mart)				
J Estimates Sales per Square Foot	$ 161.16	$ 333.75	$ 186.50	$ 371.79	$ 126.70	$ -
K = I/J = Estimated Store Demand in Square Feet (2001)	**2,840**	**30,348**	**5,796**	**47,175**	**4,795**	**-**

Consumer Demand Calculation

Store Category:	Office Supplies	Pet Supplies	Rec Vehicles	Sewing	Shoes	Sporting Goods	Used Merchandise
NAICS Code:	45321	45391	44121	45113	44821	45111	4533
Trade Area - Primary (P) or Primary & Secondary (P&S):	P&S	P&S		P&S	P&S	P&S	P&S
Step 1: Calculate Statewide per Capita Spending							
A 1997 US Census of Retail Trade Sales for State	$ 205,600,000	$ 90,682,000	$ 171,432,000	$ 56,140,000	$ 323,280,000	$ 423,731,000	$ 97,988,000
B State Population (1997)	5,164,635	5,164,635	5,164,635	5,164,635	5,164,635	5,164,635	5,164,635
C = A/B = Estimated Statewide Per Capita Spending (1997)	$ 39.81	$ 17.56	$ 33.19	$ 10.87	$ 62.59	$ 82.04	$ 18.97
Step 2: Adjust for Differences in Trade Area Per Capita Income							
D Trade Area Per Capita Income (2001)	$ 15,632	$ 15,632	$ 15,632	$ 15,632	$ 15,632	$ 15,632	$ 15,632
E State Per Capita Income (2001)	$ 21,271	$ 21,271	$ 21,271	$ 21,271	$ 21,271	$ 21,271	$ 21,271
F = D/E = Adjustment for Per Capita Income	0.735	0.735	0.735	0.735	0.735	0.735	0.735
G = C * F = Estimated Trade Area Per Capita Spending	$ 29.26	$ 12.90	$ 24.39	$ 7.99	$ 46.00	$ 60.29	$ 13.94
Step 3: Calculate Trade Area Store Demand in Dollars*							
H Trade Area Population (2001)	17,207	17,207	17,207	17,207	17,207	17,207	17,207
I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars)	$ 503,402	$ 222,031	$ 419,744	$ 137,456	$ 791,537	$ 1,037,486	$ 239,919
Step 4: Calculate Trade Area Store Demand in Square Feet**							(Estimate of $/SF)
J Estimates Sales per Square Foot	$ 262.26	$ 122.48	$ -	$ 74.91	$ 158.81	$ 153.46	$ 75.00
K = I/J = Estimated Store Demand in Square Feet (2001)	**1,919**	**1,813**	**-**	**1,835**	**4,984**	**6,761**	**3,199**

* Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (discount dept store) sales per square foot.

Section

8

Analysis of Restaurant Opportunities

This section explores market opportunities for new restaurants in downtown Ladysmith. The section begins with a summary of industry trends that provide background on changing consumer preferences. Then, an analysis of the Ladysmith market demand and supply is presented.

Industry Trends

For the past three decades, the restaurant industry has consistently posted yearly sales gains. Today's consumers regard food prepared away from home as a necessity. Convenience, a need for socialization, and gains in real disposable income have led consumers to spend more of their food dollars in restaurants.

Consumer Preferences

According to a nationwide survey conducted by the National Restaurant Association, men are more likely than women to use restaurant services (91-percent versus 85-percent during the survey week). Younger adults are more likely to use restaurants than older adults (6.9 weekly restaurant visits for adults 18-44 versus 3.3 visits for adults age 65 and older).

According to research by C&R Research for the National Restaurant Association, there are four broad food attitude segments among today's restaurant patrons:

- Adventurous diners are consumers who are most enthusiastic about trying new types of foods and ingredients. They are frequent diners who are "upscale," educated and more likely to live in urban areas.
- Traditional diners are the least experimental and tend to live in smaller cities. They are often older, less frequent patrons who enjoy comfort foods.
- Health-conscious diners are more concerned about what they eat when dining out. They make food choices based on health concerns as well as specialized diets such as vegetarian, kosher and high protein/low carbohydrate.
- Carefree diners are the opposite of health-conscious diners and want to forget about eating healthy. These consumers are typically males under the age of 50.

The distribution of diners among these four segments is fairly even, although differences will be found in different communities.

National Restaurant Association research points to increased preferences for salads, seafood, chicken and bottled water. Trends specific to full service and quick service restaurants are presented below.

Full Service Restaurant Trends

Full service restaurants are defined as those establishments with waiter/waitress service and where an order is taken while the patron is seated. They represent 52% of all restaurant sales in the U.S. Growth in this segment is driven in large part by consumer's desire for fun and enjoyment. Growth in sales, particularly at casual-dining (casual dinnerhouse) establishments, is also driven by the number of higher income households.

In many smaller communities, the "supper club," with its aging customer base, is being replaced by casual dinnerhouse restaurants. The casual dinnerhouse today reflects more the lifestyle of our society. Casual attire is seen in this style of restaurant, and it appeals to all age groups allowing intergenerational dining. It has a menu which can offer variety from hamburgers to steaks, sandwiches to entrees, appetizers to desserts and also the normal variety of alcoholic beverages. It is more likely to focus on wine or beer today with a meal as opposed to spirits. According to Nation's Restaurant News, dinnerhouses are seen as the vehicle driving growth in the restaurant industry. Prominent dinnerhouses include such powerhouses as Red Lobster, Olive Garden, Chili's and T.G.I. Friday's.

Looking forward, full service restaurants are providing more options to provide consumers with fast and easy food service. A large number of these restaurants are now offering carry-out meals. A recent survey found that 42-percent of adults would be interested in full service restaurants delivering food to their home. The survey also found that 43-percent of consumers would be interested in a drive-thru option at their favorite full service restaurant. This was especially important among younger adults and households with children.

Quick Service Restaurant Trends

Limited service restaurants are defined as those establishments in which patrons order at a cash register, use a drive-thru or select items from a food bar. They represent 41-percent of all restaurant sales in the U.S. According to Nation's Restaurant News, the largest chains include giants like McDonald's, Burger King and Wendy's. In fact the sandwich concepts account for 40-percent of the sales for the top 100. Growth of these restaurants has slowed as there has been significant consolidation in the market. Stronger concepts are overtaking weaker ones, often for purposes of acquiring prime real estate. Co-branding various chains in one building has also constrained the overall growth in the number of units.

The rapid growth in number of the "fast-casual" restaurants will have a significant impact on the overall quick service sector. Fast-casual restaurants offer foods and décor more in line with the casual dining experience. This new category, which falls between the Quick Service and Full Service segments, is less likely to offer fried foods and more likely to have hand-held items such as sandwiches and wraps. These restaurants tend to do their highest sales volume during lunch and generate a higher average check than traditional quick service restaurants. Eighteen to 34-year-olds are especially attracted to the "fast casual" segment. Chains from the fast casual segment include Culvers, Panera Bread, Chipotle Grill and Noodles & Company.

Looking forward, consumers of quick service restaurants will continue to desire value and convenience. According to a National Restaurant Association survey, consumers desire carry-out and delivery and many view takeout as essential to their lifestyle. However, these restaurants will face continuing competition from grocery stores, convenience stores and other businesses courting the takeout market. More consumers are also becoming more value-conscious, a reflection of current economic conditions. Consumers are now expecting better value in terms of price paid, service consistency and food quality. Consumers are also more interested in using technology and many would use self-service terminals if available.

Source: Restaurant Industry Trends by Doug Kennedy, Bill Way and Bill Ryan. Let's Talk Business,
http://www.uwex.edu/ces/cced/lets/0803ltb.html

Market Demand

Spending Potential

According to data purchased from ESRI Business Information Solutions, residents of the Rusk County had $20,878,000 in consumer spending potential for food purchased away from home in 2001. This equals $1,782 per household, less than other non-metro Wisconsin counties ($1,982) and the state ($2,256). Lower spending away from home is related to the lower household income in the Ladysmith trade area as defined earlier in this report.

In addition, visitor spending potential from tourists and second homeowners is also important. According to the Wisconsin Department of Tourism's economic research, food (including meals purchased at restaurants) accounts for approximately 24% of visitor expenditures in the state. If this is applied to Rusk County's $35,000,000 in direct visitor spending, $8,000,000 is (or could be) captured by restaurants and food stores in the county.

Lifestyle Dining Preferences

According to ESRI Business Information Solutions, the largest lifestyle categories and dining behaviors in the primary trade area are presented below. These categories reflect consumers throughout the country (not just the trade area) who meet certain demographic and geographic characteristics.

- Heartland Communities - 7G represents 36% of households in the trade area. These consumers are below the national average in number of times they dine out per year (Purchasing Potential Index (PPI): 88). They tend to prefer fast food, family restaurants, and pizza places instead of ethnic restaurants.

- Rural Resort Dwellers - 4E represents 20% of households in the trade area. These consumers are at the national average in number of times they dine out per year (Purchasing Potential Index (PPI): 100). They tend to prefer family restaurants instead of ethnic restaurants, fast food, and pizza places.

- Middle America - 7A represents 18% of households in the trade area. These consumer are near the national average in number of times they dine out per year (Purchasing Potential Index (PPI): 97). They tend to prefer fast food, family restaurants, and pizza restaurants instead of ethnic restaurants.

- Prairie Farmers - 7D represents 16% of households in the trade area. These consumers are near the national average in number of times they dine out per year (Purchasing Potential Index (PPI): 99). They tend to prefer family restaurants instead of ethnic restaurants, fast food, and pizza places.

Local Consumer Behavior

The survey research discussed earlier in this report asked local respondents questions about their actual dining behaviors and preferences. Findings that describe local consumer demand are presented below:

- 27% of subjects go out for <u>dinner</u> once every few months, 25% once per month, and 22% once per week.

- 29% of subjects go out for <u>lunch</u> once every few months, 20% once per month, and 22% once per week.

- 27% of subjects go out for breakfast once every few months, 18% once a month, and 12% once per week.

- 24% of subjects go out to a pizza, bar or grill once every few months, 24% once per month, and 11% once per week.

- 25% of subjects go out for fast food once every few months, 20% once per month, and 15% once per week.
- 39% of subjects go out for meals at a fine dining restaurant once every few months, 21% go once per month, and 8% go once per week.

- 23% of subjects get carry out or drive through once every few months, 20% once per month, and 20% once per week.

Over one hundred restaurants that subjects would like to see were written in as comments. They range from a 24-hour restaurant to a Vegetarian café and include most fast food restaurants and national chains. When asked what restaurants they would like to see come to Ladysmith, subjects named a Mexican food restaurant (67 times), a Pizza restaurant (35), a Chinese restaurant (33), an Italian restaurant (24), Family restaurants (12), and a Steakhouse (11). Specific restaurant names included: Perkins (58 times), KFC (40), Applebee's (38), Country Kitchen (35), Country Buffet (26), Taco Bell (24), Culver's (23), Taco Johns (22), Red Lobster (11), Arby's (10), and Burger King (10).

The local survey research contradicts the dining preferences of the four broad US lifestyle categories present in the trade area as reported by ESRI Business Information Solutions. The survey indicated that local consumers would like to see various ethnic restaurants in the community. This conflicts with the lifestyle data that suggests the categories present in the Ladysmith Trade Area are not consumers of ethnic food.

Market Supply

There are a number of existing restaurants in the Ladysmith market area. These restaurants are presented in the following table:

Business Name	Address	City	Concept
211 Club	211 Miner Ave.	Ladysmith	Bar connected to Backdoor Café
5th Quarter Sports Bar	108 Miner Ave.	Ladysmith	Bar
9th St. Café	400 W. 9th St.	Ladysmith	Café in County Market grocery store
American Bar & Grill	200 Worden Ave.	Ladysmith	Bar
Back Door Café	102 W. 2nd St.	Ladysmith	Burgers, chicken and sandwiches
Cedar Lodge	N8004 State Road 27	Ladysmith	American (Northwoods Lodge)
Club 8	W9594 US Highway 8	Ladysmith	Supper Club
Dairy Queen	804 Lake Ave W	Ladysmith	Fast Food/Ice Cream
Flambeau River Lodge	N7870 Flambeau Rd	Ladysmith	American (Northwoods Lodge)
Eastern Chinese	203 E. Lake Ave.	Ladysmith	Chinese
El Rancho Restaurant	W8480 Flambeau Ave	Ladysmith	Supper Club
Grandpa's Pizza and Grill	1102 Edgewood Ave	Ladysmith	Pizza w/delivery
Green Acres	W8525 Cty A.	Ladysmith	Supper Club
Hardees	100 W 9th St	Ladysmith	Fast Food
Indianhead Café	209 W 9th St	Ladysmith	
Jac and Sherry's Cuppa Joe	Hwy. 27, Grant Town	Ladysmith	Coffee House
McDonald's	1001 Lake Ave	Ladysmith	Fast Food
Jue's Asian/American	820 E 5th St	Ladysmith	Opening April 2004
Nancy's Woodshed	218 Worden Ave.	Ladysmith	
Pizza of Eight	1011 Edgewood Ave	Ladysmith	In West Cove Lanes
Sports Page	111 W. Worden Ave.	Ladysmith	Bar
Subway	117 W. Miner Ave.	Ladysmith	Fast Food
Taco Palace	120 1st St.	Ladysmith	Mexican open June 04
Theatre Lounge	104 E. 2nd St.	Ladysmith	Bar
Tinker Tot Drive In	W8092 Edgewood Ave.	Ladysmith	Drive-In
West Cove Lanes	1011 Edgewood Ave	Ladysmith	Short order and Pizza w/delivery
Village Parlor	121 Lake Ave.	Ladysmith	Ice cream

The current supply of restaurants includes a diverse mix of mostly independent operations. There are four branded, quick service restaurants including one location downtown (Subway). There are no branded fast-casual restaurants (i.e. Culvers or Perkins) in the community.

Downtown Location Analysis

Location is a critical factor in restaurant planning. The ability to capture sufficient customer volume from primary trade area residents, day-workers and tourists is essential in estimating restaurant feasibility.

The following table provides various considerations important in assessing the suitability of downtown Ladysmith for new restaurant businesses.

Downtown Location Considerations	Impact on Present/Future Downtown Restaurant Market
Traffic volume on Miner Ave and through the downtown area	Traffic on the main street of Ladysmith (Miner Ave.) is only 3,000 – 5000 vehicles per day. However, Lake Ave (U.S. Route 8) runs parallel to Miner Ave, accommodates approximately 10,000 vehicles per day. A downtown restaurant that is visible and accessible from Lake Ave. would benefit from its high traffic volume.
Visibility, accessibility and parking	On-street and future additional off-street parking in the downtown area should be sufficient to serve new restaurant development. The perceptions regarding the hassle of "going downtown" will need to be addressed in order to compete with other potential sites in the community (i.e. Route 27).
Major demand generators downtown	Weather Shield Mfg., Inc. is a large manufacturing firm with over 500 employees as is within walking distance of downtown. In addition, Rusk County offices are located downtown providing restaurant demand from workers and users of county services.
Potential to capture tourism demand	As indicated earlier, Rusk County captures (or potentially can capture) $8M in food sales (including restaurants) from visitors. The appeal of a downtown restaurant to visitors would be increased if a variety of visitor related shops and local services (visitor information, lodging, banks, etc.) can be clustered in the downtown area. In addition, tourism way-finding signs would be necessary to effectively compete for visitor spending.

Conclusions - Possible Restaurant Concepts for Downtown

Based on data collected in this section, the following summarizes potential concepts that could effectively serve market demand in Ladysmith.

- <u>Ethnic Restaurants</u> - The local consumer survey that was conducted reported a significant interest in more ethnic restaurants in the community. Chinese, Italian, and Mexican restaurants were mentioned frequently. Given the size of Ladysmith, branded restaurant concepts (i.e. Olive Garden) may be difficult to attract. However, the community may have an opportunity to attract independent restaurateurs. A downtown "restaurant row" (on Miner or a side street) including two or three independent and specialty restaurants could provide a critical mass that could attract local residents and visitors as well.

- <u>Quick Service</u> - The only branded restaurant concepts in the Ladysmith market are in the quick service sector. They consist of Dairy Queen, Hardee's, McDonald's and Subway. Missing is a quick service chicken restaurant such as a Kentucky Fried Chicken. Also missing is a branded pizza concept. These types of restaurants would probably require drive-thru locations and could be located along Lake Ave (U.S. Route 8).

- <u>Fast Casual</u> - The Ladysmith market seems ready for a "fast casual" restaurant (such as a Perkins or Culvers restaurant). A steakhouse is another possibility. These types of restaurants would probably require significant parking and highway convenience. One could be located along Lake Ave (U.S. Route 8) in the downtown area. In the absence of a branded concept, the market could support an independent fast casual restaurant.