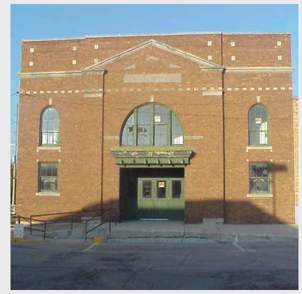
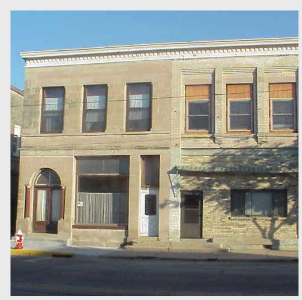



Waterloo Downtown Market Analysis





September 2003

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Waterloo Downtown Market Analysis

Executive Summary
September 2003

The Waterloo Downtown Market Analysis was conducted between autumn 2002 and spring 2003 to identify potential retail, service and restaurant market opportunities. The information in the market analysis is intended for both existing business owners and prospective businesses that may locate in Downtown Waterloo. The study examined some of the potential business development opportunities that may find success in Downtown. The analysis was based on local data (both demographic and survey data) as well as current information on buying behaviors, industry trends and consumer preferences.

Introduction

In April 2002, the Waterloo Economic Development Committee (WEDC), in collaboration with UW-Extension, completed and approved a strategic plan for the future of the City of Waterloo. Two priority issues identified by the plan were 1) industry and business and 2) Waterloo's Downtown. As a result, the WEDC developed a downtown planning initiative that included a market analysis for new business opportunities. The market analysis was performed in conjunction with UW-Extension's Center for Community Economic Development (CCED). The purposes of this study and expected outcomes include:

- An assessment of possible opportunities for business recruitment and expansion.

- The creation of information to be used in proactively marketing Waterloo as a new business location.

- The development of knowledge and information that will assist existing businesses become more successful.

- The examination of an appropriate mix of businesses that can succeed in Waterloo.

Business Owner Survey

During winter 2002-2003, the Waterloo Economic Development Committee surveyed local business owners. The survey was distributed to all Waterloo business owners and achieved a 70% response rate. The goal of the survey was to identify key issues and red flags possibly affecting economic development efforts in the downtown. Findings include:

- Most business owners were either very satisfied (47%) or satisfied (25%) with their current location in Waterloo. Only two respondents were unsatisfied or very unsatisfied.

- 55% of the respondents said that their business had improved over the last 5 years. However, 47% of the respondents felt the overall business trend in downtown had declined over the same period.

- Only 10% of the respondents thought that Downtown Waterloo had a good or excellent selection of goods. Similarly, most business owners felt that there were inadequate places to eat. Business owners also felt that Waterloo could use more entertainment opportunities and additional community events and promotions. However, Downtown Waterloo rated well in business owners' perceptions of customer service and safety.

- The three areas that business owners felt needed the most improvement were the selection of goods, places to eat and the appearance of buildings. However, only 24% of the respondents thought that their own storefront needed improvement.

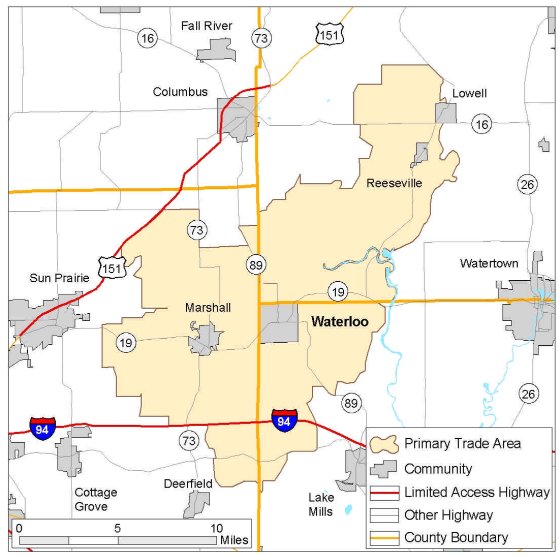
- The City of Waterloo rated highly in police and fire protection, waste management and municipal services.

- In making downtown a more viable business district, the five most desired new/expanded businesses were a coffee/sandwich shop, local lodging, a bakery, a florist, and drugstore or garden center (tie).

- Many of the businesses thought the Chamber needed renewed energy and a more proactive approach towards marketing Waterloo's downtown.

Size and Shape of Trade Area

Upon analyzing customer and employee addresses for Waterloo businesses, a primary trade area comprised of the 53594, 53559, 53579 zip code areas was established. As shown in the map, the trade area encompasses the communities of Waterloo, Marshall to the west and Reeseville to the northeast. The trade area recognizes the surrounding competition from the larger retail centers of Watertown and Johnson Creek to the east, Madison to the west and Sun Prairie to the northwest. The Waterloo trade area is used as the basis of further analysis throughout the study.



Business Mix Analysis

In exploring potential strengths and weaknesses of Waterloo's business mix, the number and types of establishments in Waterloo was compared to eight other similar communities in Southern Wisconsin. The business mix comparison showed a number of significant differences and opportunities for Waterloo.

- The business mix is a clear indication that Waterloo is underserved by restaurants. The lack of restaurants affects the overall health of the business district and the overall attractiveness of Waterloo for new businesses and residents. Accordingly, the WEDC is making restaurant recruitment a priority.

- The Waterloo trade area has notably fewer retail establishments when compared to the eight similar communities. Specifically, Waterloo tallied a total of 45 retail establishments compared to an average of 59 in the other communities. Closing this gap with a number of new, quality retailers provides an area of economic opportunity.

- In contrast to retail, Waterloo has a comparable number of service establishments when compared to similar communities. The service sector is a strength of the Waterloo trade area, but additional opportunities in specific service categories continue to be underserved.

Demographic, Economic and Lifestyle Characteristics

- The Waterloo trade area has shown significant growth over the previous decade. With a projected growth rate of 12.0% between 2000 and 2010, it is expected that this growth will continue into the foreseeable future and will enhance the potential for new business opportunities.

- Overall, the Waterloo trade area has a younger population distribution than either the State or the comparable communities.

- The Waterloo trade area has predominantly middle to upper-middle household incomes. The trade area's income distribution and the proximity to high income households in Madison should have a positive impact on consumer spending.
- In the year 2000, Waterloo had a significant inflow of commuters. Specifically, 71% of all employees working in Waterloo traveled from outside the community. While the recent employment shifts at Perry Judd will have a negative impact on this number, the net inflow of commuters should remain high. Accordingly, strategies for capturing commuter spending (mentioned in Section 5) should be initiated.

- Downtown Waterloo has significant traffic counts in comparison to other communities. Again, strategies for capturing these consumers must be developed and initiated.

- Consumer segmentation data from ESRI BIS showed that 90% of trade area households were classified in the Middle America and Newly Formed Household consumer segments. New and existing businesses in Waterloo should explore these consumer segments in detail using the information provided by UWEX and ESRI BIS.

Analysis of Retail Opportunities

Overall, the Waterloo primary trade area has an annual resident retail spending potential of $122 million. A detailed analysis was conducted to assess market potential in nine specific retail store categories. This included the analysis of quantitative data (i.e. square foot estimates of existing supply and demand) as well as qualitative market information assessed by the WEDC. The categories selected for inclusion in this section were based on survey research and community input. Findings are as follows:

Coffee Shop/Bakery/Specialty Food Store – Potential exists to develop a new coffee shop/bakery/specialty food store. It was recommended by the committee that this establishment be combined with a smaller format book store, perhaps with a specialty niche of children's books. Combining these categories is a popular trend and would allow labor costs to be offset as well as fill several demand gaps. Furthermore, this establishment could serve as a family-friendly gathering place much needed in Waterloo.

Florists **-** Given the demand gap, the potential for business-to-business sales, and the presence of florists in other similar communities, active recruitment of a florist is recommended by the study committee. Given the limited selection of gifts in the Waterloo trade area, there is also the potential for a new florist to expand into this market as well. This store could help fill the gap created by the closing of the successful former retailer, Tisket and Tasket.

Jewelry Stores **-** While demand numbers show a gap that may support a new store, this store would face significant competition from jewelers in Madison and other local communities outside of the trade area. One longer term opportunity may be to pursue a home-based jeweler that could possibly move to a downtown location and focus on specialty jewelry and repair. However, this is not an immediate recommendation.

Sporting Goods Stores **-** Currently, sporting goods stores show a demand gap in the Waterloo trade area. Currently there are several local retailers focusing on the hunting market, leaving a limited sporting goods product selection. An option for expansion would be to focus on the river and the biking market. With the name recognition of Trek, the potential for local trail development, and the reclamation of the Maunesha River, there is the potential to tap into the active lifestyles of the Madison and Milwaukee areas. However, expansion into sporting goods products is unlikely until there is further information regarding these possible developments. Instead, the sporting goods market could provide a longer-term opportunity.

Furniture Stores **–** While the Waterloo trade area shows a sizeable demand gap for furniture stores, the intense competition present in Madison and the areas surrounding the trade area would make a furniture store an unlikely recruitment candidate at the current time. However, there is the possibility of exploring a specialized niche for furniture stores. Creating a critical mass may attract outside visitors to the area and serve the local population.

Appliance Stores **-** Similar to furniture stores, appliance stores show a demand gap in the Waterloo trade area. However, the competition from big-box retailers in Madison currently makes an appliance and electronics store an unlikely candidate for recruitment.

Children's and Infant's Clothing Stores - Given the operational nature of children's and infant's clothing stores, along with the small demand present in the trade area, this category is not a viable candidate for business recruitment.

Other Opportunities **-** Given the proximity of Madison, an additional recommendation is to actively pursue this market. While this is a longer term opportunity, Waterloo must create a niche for itself that will attract these outside visitors.

Analysis of Service Business Opportunities

Similar to the retail analysis, a number of service-based business categories were examined to assess market potential. The analysis included an assessment of quantitative data (existing supply and demand) as well as qualitative market information assessed by the WEDC. The categories selected for inclusion in this section were based on survey research and community input. Findings are as follows:

Professional Services **-** With anticipated retirements and the need for additional professional services, there is an opportunity for a lawyer and an accountant in Waterloo. Furthermore, there are other professional services that should be considered to fill gaps in Waterloo. Two particular opportunities are an optometrist and an additional dentist. While these two business categories are outside the scope of this analysis, recruitment materials should be developed for all four of these professional service categories.

Lodging – While demand for a traditional hotel does not currently exist, the opportunity for developing a bed and breakfast does exist. This recommendation is based on the occupancy levels of the previous bed and breakfast in Waterloo, in addition to the current lack of lodging in the trade area.

Photography Studio - Given the supply and demand gap, along with sales leakage to outside trade areas, a photographer provides an opportunity for new business recruitment.

Auto Repair **-** The large sales potential in auto repair suggests an opportunity for expansion or recruitment. One particular gap is in auto body repair, which could be filled by the expansion of an existing business.

Child and Day Care Services - The demand for child and day care seems to be met by the existing establishments in the Waterloo trade area.

Rental Services **-** The demand for rental services in Waterloo is served in most categories. However, the potential expansion of recreational opportunities in Waterloo may provide a future opportunity for sporting goods rentals (bikes in particular). Given the uncertainty of future demand, this is a longer term opportunity.

Analysis of Restaurant Opportunities

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

Family Restaurant - A restaurant with basic American fare such as a Culver's or Perkins concept (not necessarily the chains themselves) would match many of the trade area's demographics and spending patterns. This concept would fill a needed niche. The restaurant would need to be family-oriented with a low to average price point.

Coffee shop and bakery/sandwiches (perhaps combined with specialty food, or book store) **-** A coffee shop with a bakery and sandwiches could serve the breakfast and lunch dining periods. This concept could be combined with a specialty bookstore in an attractive atmosphere to help offset labor and shrinkage.

Steakhouse/Supper Club/Casual Dining - A supper club or casual dining establishment has future potential. This concept would have to have name recognition outside the Waterloo trade area to pull in more distant customers. This recognition could be created by recruiting an established restaurant in another community to open an additional location in Waterloo.

Fast Food (co-branding potential) **-** Fast food corresponds to the demographics and consumer preferences in Waterloo. However, many of the fast food niches in Waterloo are filled.

Ethnic-Casual Dining **-** A Chinese or pizza establishment with a mid-to-low price point and sufficient seating may serve the Waterloo market well. While Blue Moon Pizza has opened recently, the establishment has limited seating and focuses on carry-out.

Community Visioning

Through a series of visioning workshops, the WEDC and Waterloo residents made significant progress in integrating research about downtowns in other cities and citizen preferences for downtown concepts

The WEDC has always recognized that an additional phase of detailed strategy formulation and targeted downtown master planning would be needed to move the concepts toward implementation and physical development. It was also assumed that professional design assistance would be required to develop a final, detailed master plan and schematic or preliminary design.

Given these assumptions, the Waterloo Economic Development Committee is recommending that a professional landscape architectural or urban design firm use the UW-Extension led Downtown Market Analysis and Vision as the basis for developing a targeted Downtown Master Plan and Schematic Design. Emphases in the Downtown Schematic Design should include:

1. A unified streetscape plan for the entire downtown area based on the boundaries suggested by the community and the WEDC.

2. A detailed design for the South Monroe Street area of downtown. This area will represent a starting point (in many respects a pilot area) to initiate the revitalization of downtown. Concepts from the Downtown Vision/Map as well as concepts from the "Waterloo Riverwalk: Senior Capstone Project" (University of Wisconsin Landscape Architecture, 2000) should be integrated in the schematic design.

3. Additional professional advice such as:
    - Project element sequencing
    - Project element cost estimates
    - Funding strategy formulation
    - Project coordination with other entities (i.e. WisDOT)
    - Project implementation procedures and detailed strategy formulation

The WEDC is moving forward with the targeted master plan and schematic design development in an expeditious manner to assure continuing progress toward downtown project implementation.

This market analysis was conducted in cooperation with the Waterloo Economic Development Committee: Tom Wierschem, Larry Cole, Dale Van Holten, Lois Baird, Mike Lannoy, Keri Sellnow, Tom Bergan, Zane Gehrke, Pete Krebs, Gary Ellerman, Chuck Whitsell. Technical assistance and research was provided by the University of Wisconsin – Extension: Steve Grabow – UWEX Jefferson County and Matt Kures and Bill Ryan of UWEX's Center for Community Economic Development. The researchers thank all of those who participated and shared their insight regarding how Waterloo can revive its downtown.

This report is intended to serve as an 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 a final opinion for business investment decisions.

Current Situation

Section 1

Section 1 summarizes issues facing Waterloo's business district and the broader community. Furthermore, this section will help set the stage for detailed data analysis in subsequent sections.

Current Conditions and Background

The Waterloo Economic Development Committee (WEDC) has been working for well over a year in pursuing an improved economic development climate in Waterloo. The WEDC has articulated its purpose in the form of a mission statement:

> *"To provide direction, leadership, and a vision for the positive economic growth and development in the City of Waterloo."*

In April 2002, the Waterloo Economic Development Committee completed and approved a strategic plan, which resulted from a multi-stage strategic planning workshop series facilitated by the University of Wisconsin-Extension. During the strategic planning process, the WEDC analyzed stakeholders who either affect or are affected by the work of the Committee. The WEDC also performed a Strengths, Weaknesses, Opportunities and Threats Analysis (S.W.O.T. Analysis). These analyses were followed by a determination of the most fundamentally important or "strategic" issues facing the Waterloo community in regards to economic development. The WEDC identified two priority issues to address: 1) Industry and Business, and 2) Waterloo's Downtown. Subsequently, the WEDC decided to immediately start working on the downtown issue, and it developed five broad strategies or initiatives related to downtown, including:

- Initiate downtown planning.
- Develop a downtown survey and other City assessments.
- Continue downtown TIF efforts.
- Explore downtown development incentives.
- Explore the development of a recruiting process for prospective downtown businesses.

Regarding downtown planning, the WEDC suggested follow-up activities including efforts to explore enhanced "streetscape" possibilities, new tourism-related initiatives, and the implementation of a downtown master plan. The WEDC was very interested in pursuing downtown survey and assessment work in order to obtain direction from the downtown business stakeholders in determining how to proceed. The Committee was also interested in learning from the experiences of other cities in order to help Waterloo discover potential downtown strategies that have been successfully implemented in other communities.

The Waterloo Economic Development Committee agreed to a three-phase approach for addressing the downtown:

Phase 1 - Education and Assessment
Phase 2 - Downtown/Community Visioning
Phase 3 - Strategy Formulation and Downtown Master Planning

Phase 1 activities included a WEDC sponsored educational program entitled, "Downtown Economic Revitalization" presented by U.W. Extension Specialists from its Center for Community Economic Development and Local Government Center. This program was held on June 18, 2002 and was rebroadcast on local access cable TV. The WEDC learned about potential educational and technical services available to Waterloo from the U.W. Extension. The City of Waterloo and U.W. Extension agreed to work in partnership to develop a market analysis that would be responsive to the economic development needs of the City. This agreed upon approach will support Phase 1 (Education and Assessments) and will provide a foundation for Phase 2 (Downtown/Community Visioning) of the multi-phase planning process. The market analysis is based on U.W. Extension's "Downtown and Business District Market Analysis Guidebook" that was reviewed by the WEDC. This assessment process mirrors the methodology used by U.W. Extension in assisting Wisconsin Main Street communities.

The Waterloo Economic Development Committee as a whole agreed to serve as the project study team for the downtown market analysis project. A "Getting Started" workshop with Committee was held on September 17, 2002. Expected outcomes from the market analysis and community visioning were identified and these are highlighted in the "Purpose of Study and Expected Outcomes" section of this report. In addition, the Committee reviewed the components of the market study at this start-up meeting. Volunteer work groups and volunteer assignments and responsibilities were established to initiate the project.

National Downtown Trends

According to the 2001 National Main Street Trends survey, there are a number of trends affecting retail and downtown development in communities such as Waterloo. The following list describes a number of factors to be considered as a context throughout the market analysis.

- Retail sales continue to increase in downtown.
- Shifting demographics (aging baby boomers, single parent households, etc.) will change retail spending patterns.
- Ground floor occupancy rates are growing.
- Retail is returning to Main Street.
- Special events are attracting more people.
- Property values and ground-floor rental rates are increasing.
- Older commercial districts continue to nurture independent businesses.
- Older shopping malls and strip centers are declining.
- In areas where overall consumer spending is down and there is no increase in population or buying power, shopping centers are still being developed.
- Consumer loyalty is decreasing.
- Nationally, super stores or category killers are generating one third of all retail sales.
- As shoppers have less time to shop, convenience is becoming paramount in importance.
- More chain stores are considering downtown or neighborhood commercial district locations in addition to traditional mall locations.
- Rural population growth may spur new retail development.
- The experience economy is providing new opportunities.
- Niche development is increasingly important for communities to differentiate themselves within the retail landscape.

Purpose of Study and Expected Outcomes

Given the current conditions in Waterloo, as well as the national trends, the WEDC identified several expected outcomes from this market analysis process that warrant special emphasis.

- Develop a feasibility analysis of certain types of businesses (i.e. drug stores, restaurant types, office and other services). These analyses are general assessments and are not as detailed as lenders would require. However, these numbers are useful in assessing possible areas for business recruitment and expansion.
- Create a base of information so that Waterloo can produce marketing materials for proactively selling the opportunities in the community to others.
- Determine new and complementary businesses that can succeed in a city the size of Waterloo.
- Determine some potential catalysts or drivers that could make the downtown successful.
- Develop knowledge and information that will assist existing businesses become more successful.
- Update some of the existing business inventory work that has already been developed (vacant space, tax parcels and ownership, property for sale, etc.).
- Determine an appropriate mix of businesses that will work in Waterloo.
- Develop an analysis that not only involves community support and input, but also has a solid research foundation.

Section 2

Business Owner Survey Summary

This section summarizes the results of the Waterloo business owner survey. The survey was conducted during the winter of 2002-2003 with the goal of identifying issues facing business operators in the community.

The business owner's survey was designed by the Waterloo Economic Development Committee at the onset of the market analysis process. The survey was distributed to all businesses in Waterloo (downtown and non-downtown) with a response rate of ~70%. The goal of the survey was to identify issues and red flags facing businesses in Waterloo. The survey examined issues including daily operations, business climate, labor issues, and new opportunities for Waterloo. The responses are summarized below.

1. Do you own or rent at this location?

Own: 32 Rent: 18 No Response: 1

2. **How long has this business been in operation at this or a previous location***?*

Length of Time	Number of Responses
Less Than 1 Year	2
1 Year	3
2 - 4 years	7
5 - 10 years	4
11 - 15 years	3
16 - 20 years	2
21 - 25 years	5
26 - 30 years	5
31 - 40 years	5
41 - 50 years	3
51 years or more	5
No Response	7

3. What are the hours of operation for this business?

Responses were too varied to be tabulated in a meaningful format. However, results are available from the original surveys

4. What is the busiest day of the week?

Sun	Mon	Tues	Wed	Thurs	Fri	Sat
3	15	3	3	2	14	9

No Response: 8

Other Responses: (4)
None : 3
Weekdays: 1

5. What is the busiest time of the day?

9 -11 AM	11 -1 PM	1 - 3 PM	3 - 5 PM	5 - 7 PM	Other
8	4	2	11	5	13

No Response: 12

Other Responses:
- 10 p.m. - 2 a.m.
- 3 p.m. - 9 p.m.
- 8 a.m.
- 8 a.m. - 5 p.m.
- 8-11 a.m.
- after 9 p.m.
- nighttime
- all day (3)
- steady
- varies
- 3-7 p.m.

6. What are the three busiest months of the year for your business?

Jan	Feb	Mar	April	May	June
6	6	10	14	12	18
July	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**
9	10	13	7	7	13

Other Responses: (3)
- steady
- varies
- n/a

No Response: 9

7. When do you typically plan major sales/specials for this business? (Please check all that apply).

Jan	Feb	Mar	April	May	June
4	2	3	5	3	4
July	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**
4	3	4	3	3	5

Other Responses: (8)
- n/a or never: 7
- 6 times a year

No Response: 30

8. What is the approximate physical size of your business operation?

Responses were too varied to be tabulated in a meaningful format. However, results are available from the original surveys

9. How satisfied are you with the present location of this business?

Very Satisfied	Satisfied	Neutral
24	13	11

Unsatisfied	Very Unsatisfied	Plan to Move
1	1	0

No Response: 1

Comments:

- Neutral - poor downtown parking
- Unsatisfied - no parking or unloading

10. Do you have plans to expand or reduce operations for this business in the foreseeable future?

Plan to expand products/services or sq. ft. downtown:	9
Plan to expand products/services or sq. ft. outside downtown:	1
Plan to reduce products/services or sq. ft. downtown:	1 (retiring)
No plans for any changes at this time:	37

No Response: 1

Other Responses: (2)

- possible expand in future
- tried, but was denied

11. Over the past five years has your business:

Improved: 29 Stayed the same: 12 Declined: 6

No Response: 3

Other Responses: 1 (Just opened)

Reasons for Improvement

- Remodel
- Economic Conditions
- International Sales
- Management/Sales
- Moved to Place with Parking
- Patient Base Increase
- Hard Work
- Management
- Customer Word of Mouth
- Price Increase
- Customer Word of Mouth

Reasons for Decline

- Competition with Chains
- Economy

12. If you had the opportunity to move out of Waterloo, would you?

Yes: 5 | No: 36 | Unsure: 7

No Response: 3

Reasons for Saying Yes	Reasons for Saying No	Unsure Reasons
New Clientele	Community is too small	taxes/city government
Under right circumstances	Love small town feel	
Also keep this location open	corporate decision	

13. How many jobs did this business provide in 2002, including owners that work at the business?

Number of Employees	Full Time (Low)	Part Time (Low)	Full Time (High)	Part Time (High)
0	0	1	0	0
1	9	8	5	9
2	11	2	12	4
3	2	2	3	2
4	1	3	2	2
5	4	1	2	2
6-10	4	4	7	4
11-20	1	2	0	0
21-30	1	1	3	2
75 -99	0	0	1	0
100 or More	2	0	2	0
No Response	16	27	14	26

14. Where do you and your employees typically park?

a. On the street in front of this business: 3
b. On the street within 1 block of this business: 2
c. On the street more than 1 block away from this business: 0
d. In a municipal/public parking lot: 6
e. In an employee parking lot you own or rent: 32
f. Other: 2 (dead end/turn around, employees walk/get a ride)

Number of Spaces	Respondents using employee parking lot
1 to 5	9
5 to 10	6
11 to 20	2
21 to 30	3
31 to 40	3
41 or More	3
Unspecified	6

No Response: 8

15. Please rate the Waterloo Central Business District (i.e., downtown) on the following criteria.

Criteria	Excellent	Good	Average	Fair	Poor
a. Selection of goods	0	5	16	18	10
b. Convenient store hours	2	11	20	14	2
c. # of parking spaces	0	5	14	13	17
d. Customer service	5	17	15	11	0
e. Places to eat	1	3	9	13	24
f. Entertainment/culture	0	1	7	13	29
g. Prices of goods	0	2	20	21	6
h. Appearance of buildings	1	6	15	20	8
i. Appearance of signs	1	6	17	17	9
j. Cleanliness	2	12	19	12	4
k. Safety	4	18	19	5	2
l. # of events & promotions	1	7	17	15	10
m. Traffic circulation	2	8	19	9	5

16. Of the characteristics listed in Question 15 above, which three do you feel are the most important for the health and vitality of the Waterloo Central Business District?

Characteristics	Responses
a. Selection of goods	23
b. Convenient store hours	10
c. # of parking spaces	18
d. Customer service	11
e. Places to eat	17
f. Entertainment/culture	4
g. Prices of goods	12
h. Appearance of buildings	13
i. Appearance of signs	6
j. Cleanliness	6
k. Safety	1
l. # of events & promotions	2
m. Traffic circulation	3
No Response	7

17. Please rate the "adequacy" of the following Waterloo city areas:

Area	Excellent	Good	Average	Fair	Poor
a. Police protection	19	23	8	1	0
b. Fire protection	20	27	4	0	0
c. Waste management	10	22	13	4	2
d. Municipal services	15	22	10	3	0
e. Level of local taxation	1	5	19	14	11
f. Level of local business regulation	1	8	20	12	4
e. Level of code enforcement	2	14	14	9	7

18. Are you currently dealing with any of the following business challenges?

10	No problems	8	Utility costs/availability	8	Difficulty recruiting staff
2	Financing	6	Product costs/availability	3	Difficulty retaining staff
5	Shoplifting/theft	10	In-town competition	21	Health insurance costs
5	Personnel costs	15	Out of town competition	10	Other insurance costs
4	Vandalism	1	Shipping/transport costs		

Other Responses (4):
- taxes
- signage ordinance
- more signage
- high real estate taxes of commercial buildings

19. Do you feel that your storefront requires any changes to attract more customers?

Yes: 12 No: 27 No Response or N/A: 12

If yes, what improvements would you make?
- better signage
- new s torefront
- new windows/sign
- paint
- paint and new windows
- paint, etc.
- redo the storefront
- remodel storefront
- replace hanging signs
- signage
- signs by the street
- window and store front face lift

20. Which of the following events increased foot traffic or sales volume for your business?

Event	Responses
Wiener & Kraut Day	10
Summer Baseball Tournaments	6
Waterloo Wednesdays	3
HS Sporting Events	5
4th of July Celebrations	3
None or N/A	7

Other Responses: 2 (Weather Conditions, FBLA)

No Response: 15

21. From the following list of businesses, select FIVE that you feel would compliment your business and should be located within the Central Business District.

2	Toy Store	4	CD/Record Store	4	Furniture Store
25	Coffee/Sandwich Shop	5	Antique Store	4	Health Food Store
7	Jeweler	8	Bike Store (Trek Store)	4	Photography Store
6	Accountant	9	Garden Center	2	Shoe Repair
2	Card Store	1	Advertising Firm	3	Sporting Goods Store
2	Shoe Store	8	Barber	17	Lodging
9	Drug Store	4	Craft Store	6	Discount Store
16	Bakery	4	Dry Cleaner	2	Hobby Store
5	Hardware Store	11	Florist	2	Attorney
3	Bookstore				

22. Please list any additional businesses you would like to see.

- service/small manufacturing business
- grocery store
- anything (2)
- arcade/game room
- movie theatre
- meat/fish market
- Restaurants/Eating (13)

  Concepts Mentioned:
  1. Fast Food
  2. Riverside
  3. Malt/Pizza
  4. Pizza
  5. Chinese
  6. Lunch Services

23. What type of restaurant do you feel has the greatest chance of success in the Central Business District?

Specific Types	Number of Responses
any restaurant	2
breakfast	1
café	2
Supper Club/Steakhouse	3
cheese	1
family restaurant	6
coffee/noon lunch	2
diner	1
Perkins/Country Kitchen/Applebee's	2
Pizza Hut/Pizza place	3
fast food/drive through	3
None	1
Gourmet food	1

General Comments

- restaurant with convenient times
- sit down, moderate pricing
- basic/good food
- clean and smoke free
- decent food/service restaurant
- full service/full menu eating
- homemade, good food
- nice restaurant with parking

24. What three existing downtown businesses compliment your business the most?

Responses were too varied to be tabulated in a meaningful format. However, results are available from the original surveys

25. Do the different types of businesses located in the Central Business District help your business?

Yes: 12 No: 11 N/A: 2 No Response: 26

Comments: (No Comments Provided)

26. What do you feel has been the overall business trend within the Central Business District in the past five years?

Improved: 1 Declined: 24 Stayed the same: 22

No Response: 4

Reasons for Decline: 1 (no support for new businesses)

27. What do you feel the overall business trend within the Central Business District will be for the next five years?

Improve: 11 Decline: 10 Stay the same: 22

Other Responses: 2 (decline or stay the same, depends)

No Response: 6

28. Are there times when you bring customers/employees into Waterloo for meetings?

Yes: 17 No: 30 No Response: 4

If yes, please elaborate (i.e., how often, how many people, looking for breakfast/lunch/dinner options, recreation options, etc.)

Reasons:

- 1-3 people once a week.
- 1-3 people/six times a year
- once a month - 40 for mtg.
- twice month/avoid Waterloo
- employee sponsored fun night
- never in Waterloo
- business only
- 15-20 vendors/week
- 2-5 customers/week
- 4 time a year/lunch
- tournaments - need places to eat
- 2-4 for a seminar
- to look at samples

29. Are you aware of opportunities or consumer groups in the community of which Waterloo business could take better advantage?

Yes: 11 No: 11 No Response: 29

If yes, please specify.

- Antiques
- Carousel
- Stronger/More Active Chamber (3)
- Trek/bike rental/trails (4)
- McKay
- Variety of businesses
- Perry

30. Many shopping centers now focus on a particular niche or unique theme. What niche or theme might be successful in Waterloo?

- "Little Trek"
- 50's-60's retro theme
- carousel-park
- city sponsored youth/senior ctr
- outlet stores - Trek/McKay
- Use the river - WATERloo

31. *Do you feel Waterloo promotes a positive business climate?*

Yes: 11 No: 21

Other Responses: 2 (indifferent, not sure)

No Response: 17

Why or Why not?: No answers provided

32. Please feel free to make any additional comments

- Chamber could do more
- Chamber is a joke.
- Chamber isn't very good
- Chamber needs to do better job
- chamber needs to do more
- Chamber needs to do more
- Chamber needs to step up
- Chamber needs to step up
- Weak chamber, if they promoted a positive business climate, there would be more business
- Weak Chamber/low retail/no restaurants
- what is chamber doing???
- Where is the Chamber??
- City Counsel - personal agendas
- could do more than 4th of July and weiner & kraut days
- doesn't matter what citizens want, comes down to what the city council wants
- east towne and wal-mart too much competition
- Find some type of theme, like swiss in New Glarus
- get people into town
- Give business owners a tax break when there is construction
- have to jump through hoops to expand
- industrial businesses to Ind. Park
- lots of room for improvement
- low loan rates for businesses, not just new businesses
- No place to eat
- No place to stay
- no support for new businesses
- not actively promoting Waterloo
- not just new businesses
- nothing happens here
- people do not feel welcome
- People shop out of town
- Perry driving force in Waterloo
- Proud to be in Waterloo
- remove overhead wires
- street level apartments bad
- street level apartments bad idea
- too many regulations - ie sign ordinance
- use the river
- Waterloo is unfriendly

Key Findings – Business Owner Survey

- Most business owners were either very satisfied (47%) or satisfied (25%) with their current location in Waterloo. Only two respondents were unsatisfied or very unsatisfied.

- 55% of the respondents said that their business had improved over the last 5 years. However, 47% of the respondents felt the overall business trend in downtown had declined over the same period.

- Only 10% of the respondents thought that Downtown Waterloo had a good or excellent selection of goods. Similarly, most business owners felt that there were inadequate places to eat. Business owners also felt that Waterloo could use more entertainment opportunities and additional community events and promotions. However, Downtown Waterloo rated well in business owners' perceptions of customer service and safety.

- The three areas that business owners felt need the most improvement were the selection of goods, places to eat and the appearance of buildings. However, only 24% of the respondents thought that their own storefront needed improvement.

- The City of Waterloo rated highly in police and fire protection, waste management and municipal services.

- In making downtown a more viable business district, the five most desired new/expanded businesses were a coffee/sandwich shop, local lodging, a bakery, a florist, and drugstore or garden center (tie).

- Many of the businesses thought the chamber needed renewed energy and a more proactive approach towards marketing Waterloo's downtown.

Size and Shape of Trade Area

Section 3

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

The Waterloo 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 Waterloo's primary trade area.

Local, year-round residents provide the majority of spending potential for most communities. 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 market analysis purposes, 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 Trek and Perry Judd printing) represent a sizable market segment for communities like Waterloo. 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 make purchases in Waterloo.

Customer and Employee Origin

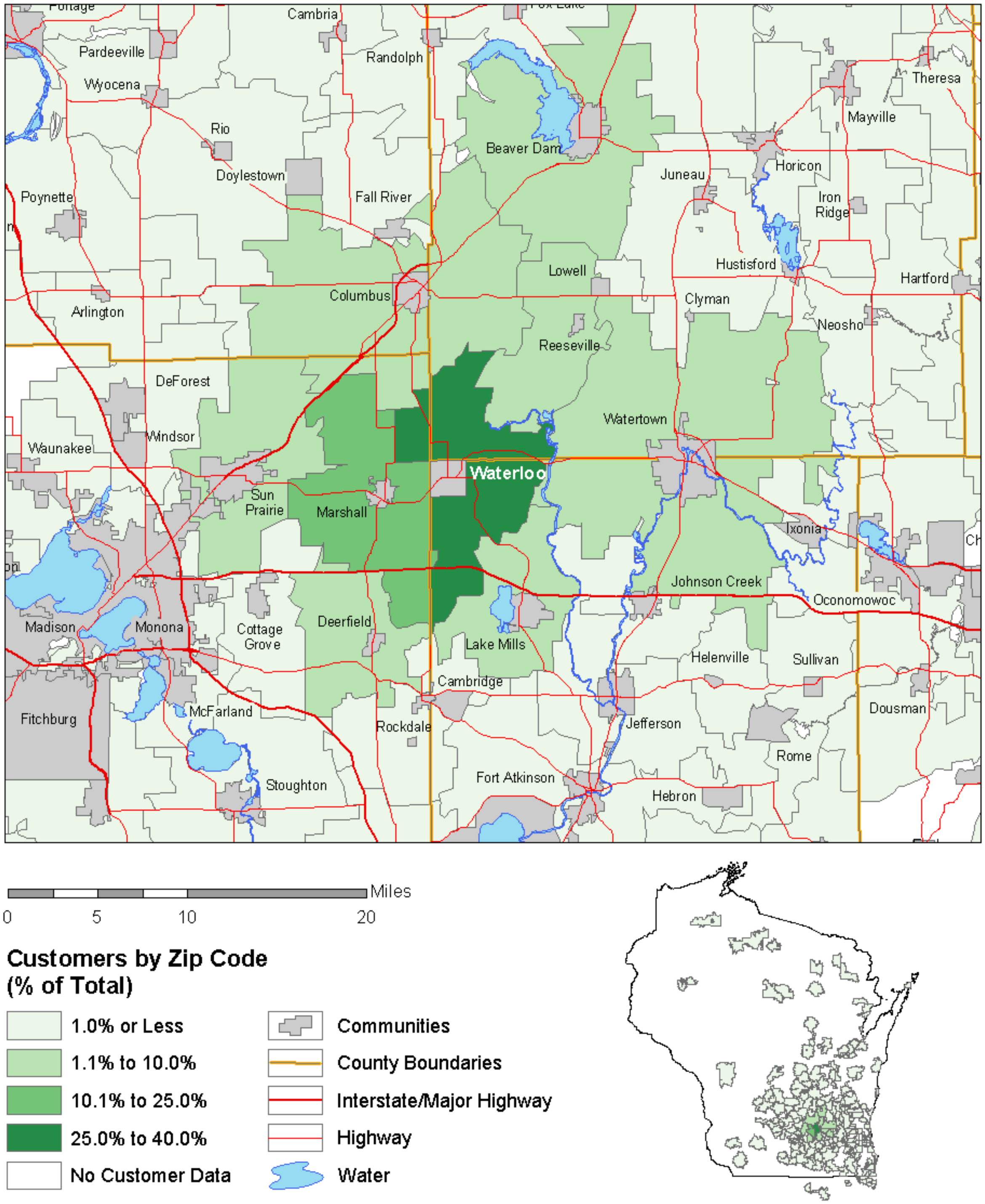
In this study, one method for defining the Waterloo trade area was the use of actual customer and employee zip codes. These zip codes were obtained from a variety of representative attractions and businesses including retailers, employers and services. The following businesses represent five of the largest attractions within Waterloo.

- Business #1 – Major retailer
- Business #2 – Major service business
- Business #3 – Major employer
- Business #4 – Major employer
- Business #5 – Major employer

Information from these businesses was mapped and analyzed using Geographic Information Systems (GIS). Other people who do business in Waterloo including people visiting friends/relatives; traveling businessmen/women; tourists and some distant employees represent other important consumer markets that are not shown on these maps.

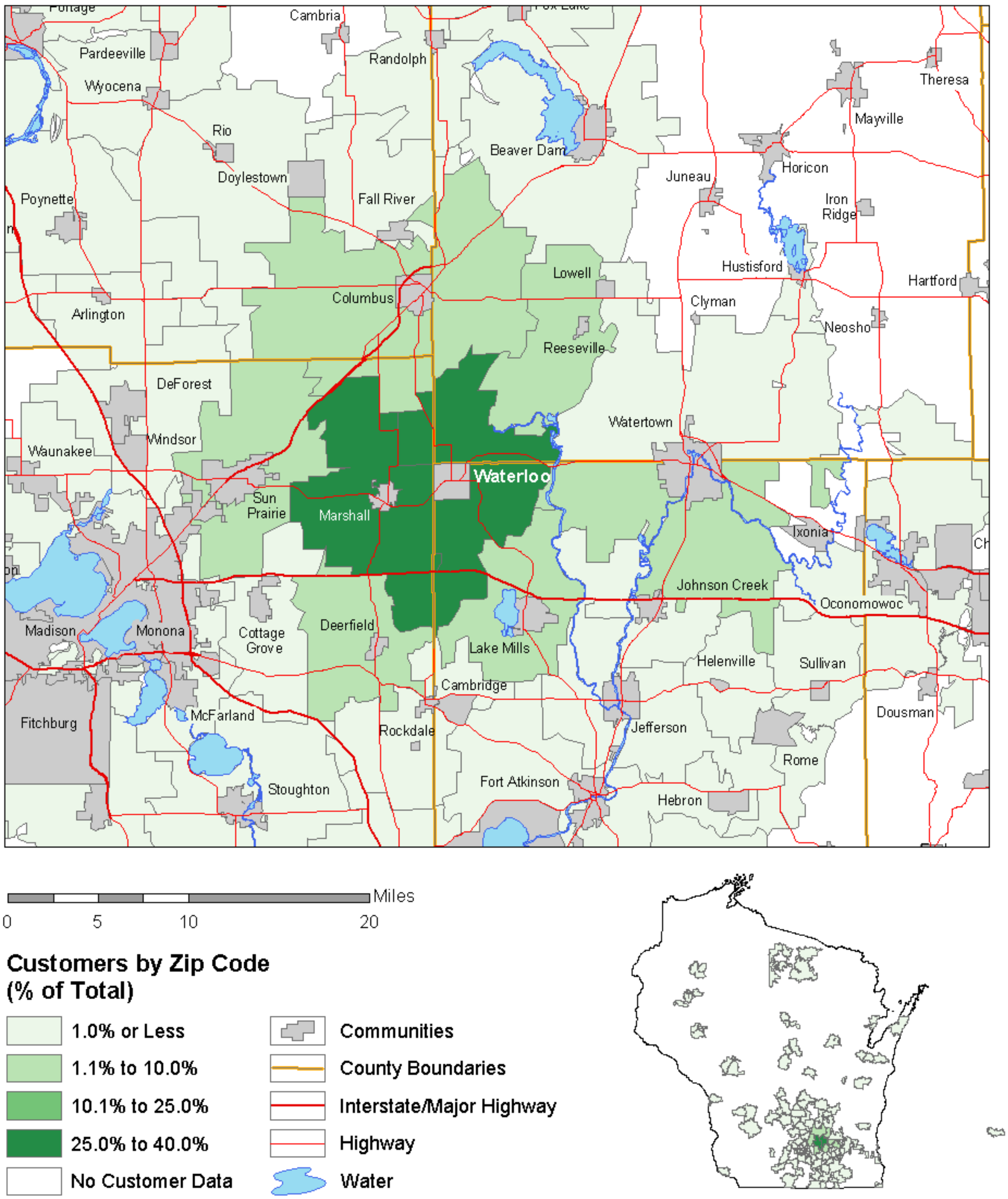
Mapping customer and employee zip codes provides one estimate of the "community" trade area. As previously mentioned, we must recognize that each business has a unique trade area. Furthermore, people residing in the trade area may purchase certain goods and services outside the area while transient customers may purchase goods and services in Waterloo. However, this method does have distinct advantages as it is based on actual data rather than relying entirely on a theoretical model. The following maps and tables depict the results of the analysis.

Business #1 Customer Origins by Zip Code



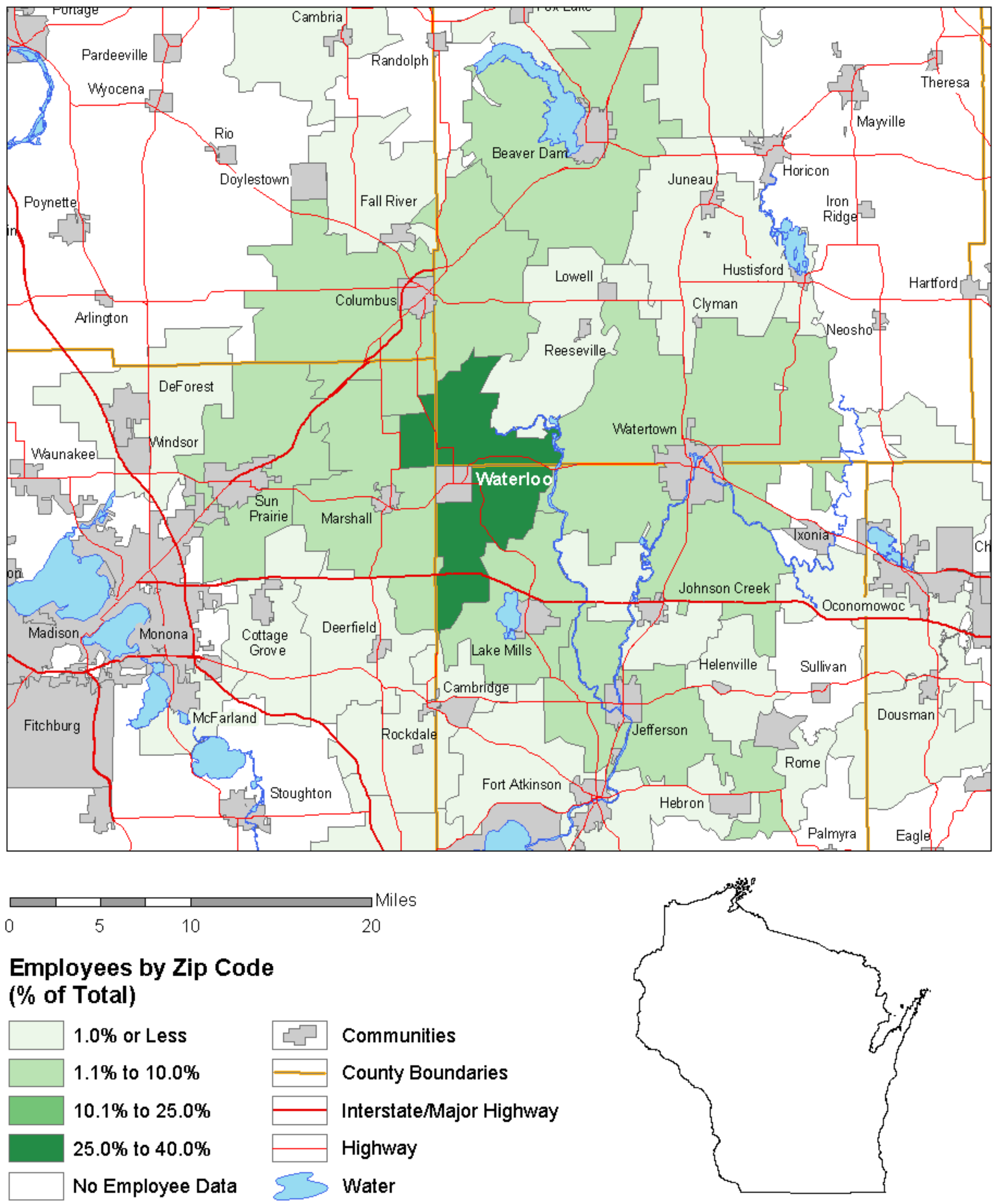
Customer Origin Summary for Business #1			
Zip Code	Community	Customer Count	Customer Percent
53594	Waterloo	2,172	39.8%
53559	Marshall	1,084	19.9%
53579	Reeseville	337	6.2%
53551	Lake Mills	252	4.6%
53925	Columbus	246	4.5%
	Subtotal	**4,091**	**75.0%**
53094	Watertown	191	3.5%
53098	Watertown	118	2.2%
53916	Beaver Dam	95	1.7%
53531	Deerfield	72	1.3%
53590	Sun Prairie	66	1.2%
53549	Jefferson	45	0.8%
53523	Cambridge	40	0.7%
53538	Fort Atkinson	39	0.7%
53557	Lowell	31	0.6%
53039	Juneau	30	0.5%
53038	Johnson Creek	24	0.4%
53527	Cottage Grove	24	0.4%
53932	Fall River	24	0.4%
53066	Oconomowoc	22	0.4%
53960	Rio	21	0.4%
	Subtotal	**4,933**	**90.4%**
53534	Edgerton	16	0.3%
53946	Markesan	14	0.3%
53956	Randolph	14	0.3%
53955	Poynette	13	0.2%
53597	Waunakee	12	0.2%
53704	Madison	11	0.2%
53954	Pardeeville	11	0.2%
53050	Mayville	10	0.2%
53555	Lodi	10	0.2%
53532	De Forest	9	0.2%
53536	Evansville	9	0.2%
53901	Portage	9	0.2%
There are an additional 206 zip codes with 0.1% or Less			

Business #2 Customer Origins by Zip Code



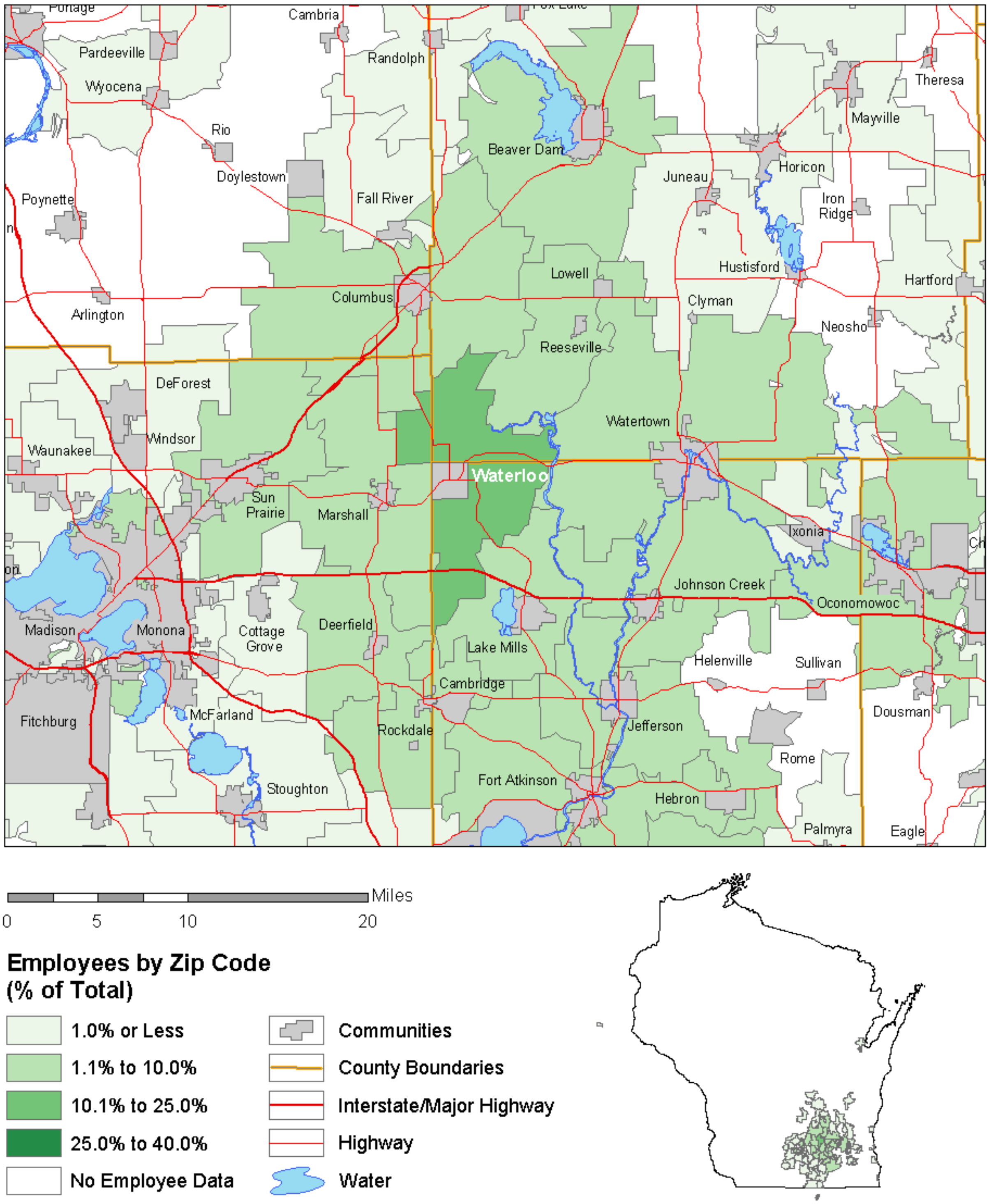
Customer Origin Summary for Business #2			
Zip Code	**Community**	**Customer Count**	**Customer Percent**
53594	Waterloo	2,382	38.4%
53559	Marshall	2,059	33.2%
	Subtotal	**4,441**	**71.6%**
53590	Sun Prairie	227	3.7%
53579	Reeseville	138	2.2%
53551	Lake Mills	108	1.7%
53094	Watertown	99	1.6%
53531	Deerfield	77	1.2%
53925	Columbus	75	1.2%
53704	Madison	56	0.9%
53527	Cottage Grove	39	0.6%
53916	Beaver Dam	35	0.6%
53098	Watertown	34	0.5%
53716	Madison	27	0.4%
53714	Madison	27	0.4%
53549	Jefferson	26	0.4%
53532	De Forest	25	0.4%
53597	Waunakee	22	0.4%
53932	Fall River	19	0.3%
53538	Fort Atkinson	19	0.3%
53523	Cambridge	17	0.3%
53713	Madison	16	0.3%
53711	Madison	16	0.3%
53066	Oconomowoc	15	0.2%
53955	Poynette	12	0.2%
53038	Johnson Creek	11	0.2%
53703	Madison	10	0.2%
53598	Windsor	10	0.2%
53534	Edgerton	10	0.2%
	Subtotal	**5,611**	**90.5%**
There are an additional 377 zip codes with 0.1% or Less			

Business #3 Employee Origins by Zip Code



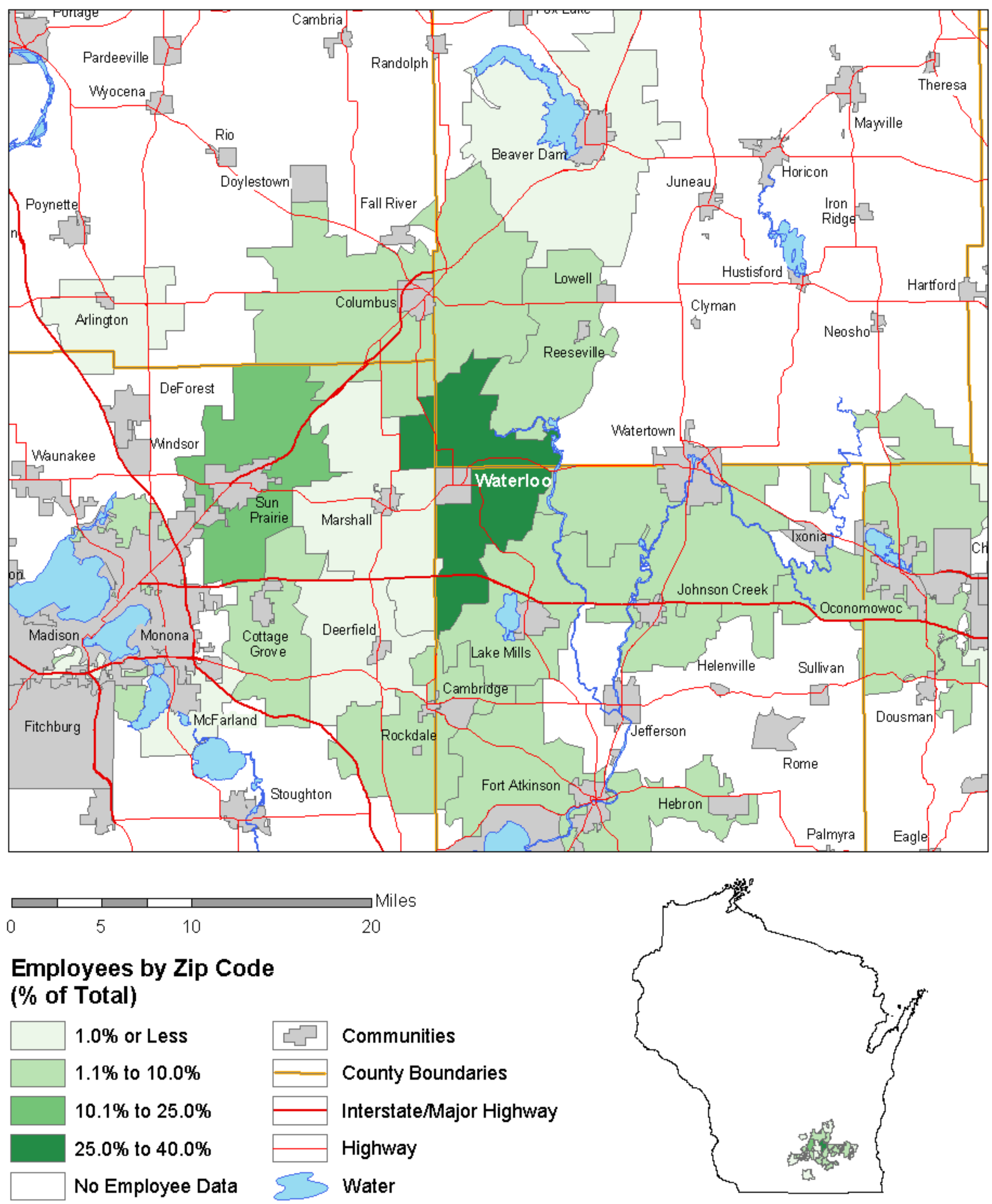
Employee Origin Summary for Business #3			
Zip Code	Community	Employee Count	Employee Percent
53594	Waterloo	217	33.6%
53094/53098	Watertown	62	9.6%
53916	Beaver Dam	59	9.1%
53559	Marshall	59	9.1%
53590	Sun Prairie	49	7.6%
53925	Columbus	39	6.0%
	Subtotal	**485**	**75.1%**
53579	Reeseville	36	5.6%
53551	Lake Mills	33	5.1%
53703	Madison	23	3.6%
	Subtotal	**577**	**89.3%**
53549	Jefferson	8	1.2%
53039	Juneau	6	0.9%
53527	Cottage Grove	6	0.9%
53557	Lowell	6	0.9%
53534	Edgerton	4	0.6%
53538	Ft. Atkinson	4	0.6%
53066	Oconomowoc	3	0.5%
53038	Johnson Creek	3	0.5%
53523	Cambridge	3	0.5%
53532	De Forest	3	0.5%
53204	Milwaukee	3	0.5%
53963	Waupun	3	0.5%
53531	Deerfield	2	0.3%
53922	Burnett	2	0.3%
53932	Fall River	2	0.3%
53034	Hustisford	1	0.2%
53069	Okauchee	1	0.2%
53118	Dousman	1	0.2%
53130	Hales Corners	1	0.2%
53137	Helenville	1	0.2%
53923	Cambria	1	0.2%
53933	Fox Lake	1	0.2%
53935	Friesland	1	0.2%
53964	Westfield	1	0.2%
53579	Stoughton	1	0.2%
53558	McFarland	1	0.2%
	Total	**646**	**100.0%**

Business #4 Employee Origins by Zip Code



Employee Origin Summary for Business #4			
Zip Code	**Community**	**Employee Count**	**Employee Percent**
53594	Waterloo	104	16.6%
53094	Watertown	54	8.6%
53916	Beaver Dam	53	8.5%
53551	Lake Mills	42	6.7%
53590	Sun Prairie	35	5.6%
53559	Marshall	29	4.6%
53704	Madison	26	4.2%
53579	Reeseville	24	3.8%
53098	Watertown	21	3.4%
53925	Columbus	19	3.0%
53066	Oconomowoc	13	2.1%
53714	Madison	13	2.1%
53538	Fort Atkinson	10	1.6%
53549	Jefferson	10	1.6%
	Subtotal	**453**	**72.5%**
53190	Whitewater	9	1.4%
53523	Cambridge	9	1.4%
53557	Lowell	9	1.4%
53703	Madison	9	1.4%
53711	Madison	9	1.4%
53531	Deerfield	8	1.3%
53038	Johnson Creek	7	1.1%
53039	Juneau	6	1.0%
53589	Stoughton	6	1.0%
53718	Madison	5	0.8%
53932	Fall River	5	0.8%
53029	Hartland	4	0.6%
53527	Cottage Grove	4	0.6%
53534	Edgerton	4	0.6%
53713	Madison	4	0.6%
53716	Madison	4	0.6%
53562	Middleton	3	0.5%
53705	Madison	3	0.5%
	Subtotal	**561**	**89.8%**
53027	Hartford	2	0.3%
53036	Ixonia	2	0.3%
53153	North Prairie	2	0.3%
53186	Waukesha	2	0.3%
53545	Janesville	2	0.3%
53558	McFarland	2	0.3%
53575	Oregon	2	0.3%
53597	Waunakee	2	0.3%
53715	Madison	2	0.3%
53933	Fox Lake	2	0.3%
53954	Pardeeville	2	0.3%
53956	Randolph	2	0.3%
	Subtotal	**585**	**93.6%**
There are an additional 40 zip codes with 0.1% or Less			

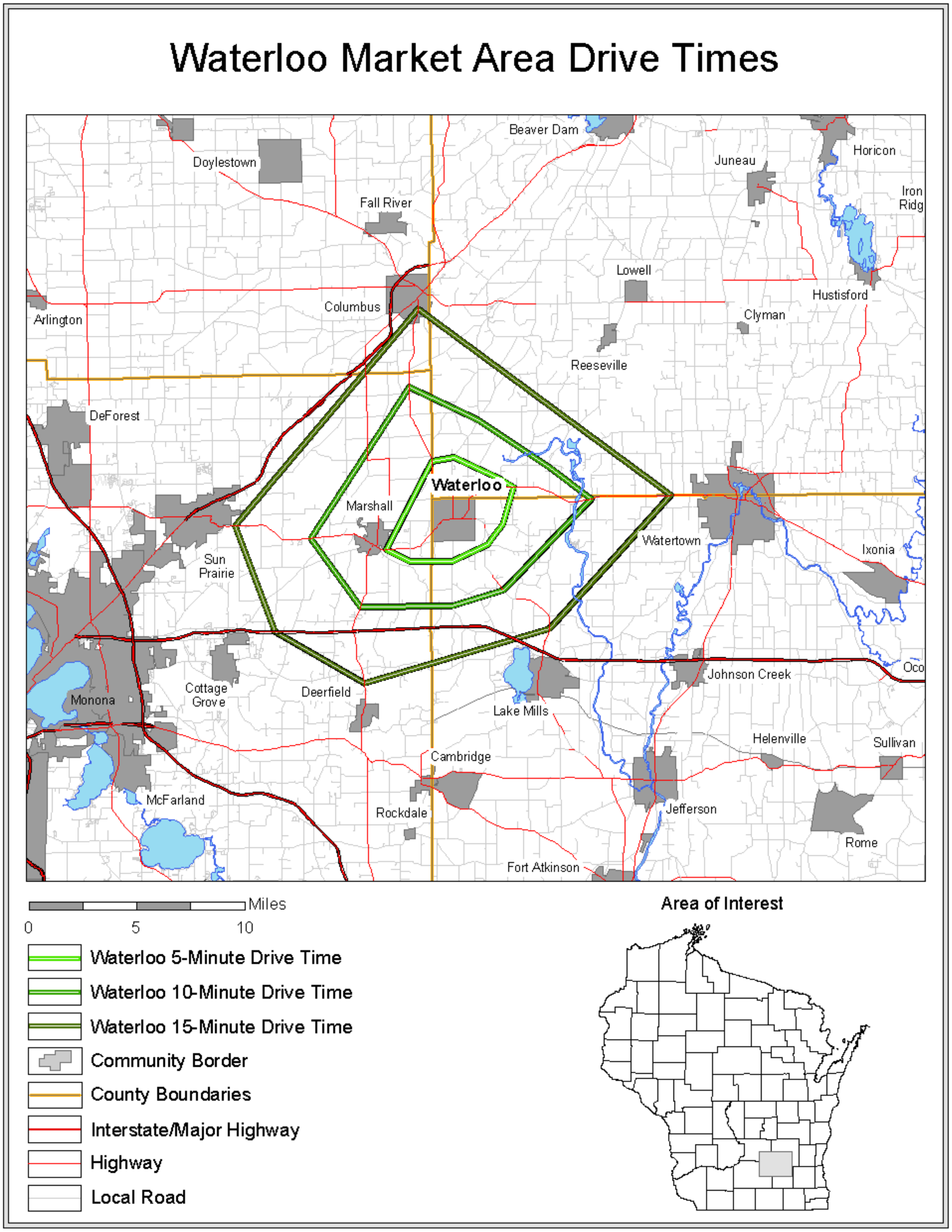
Business #5 Employee Origins by Zip Code



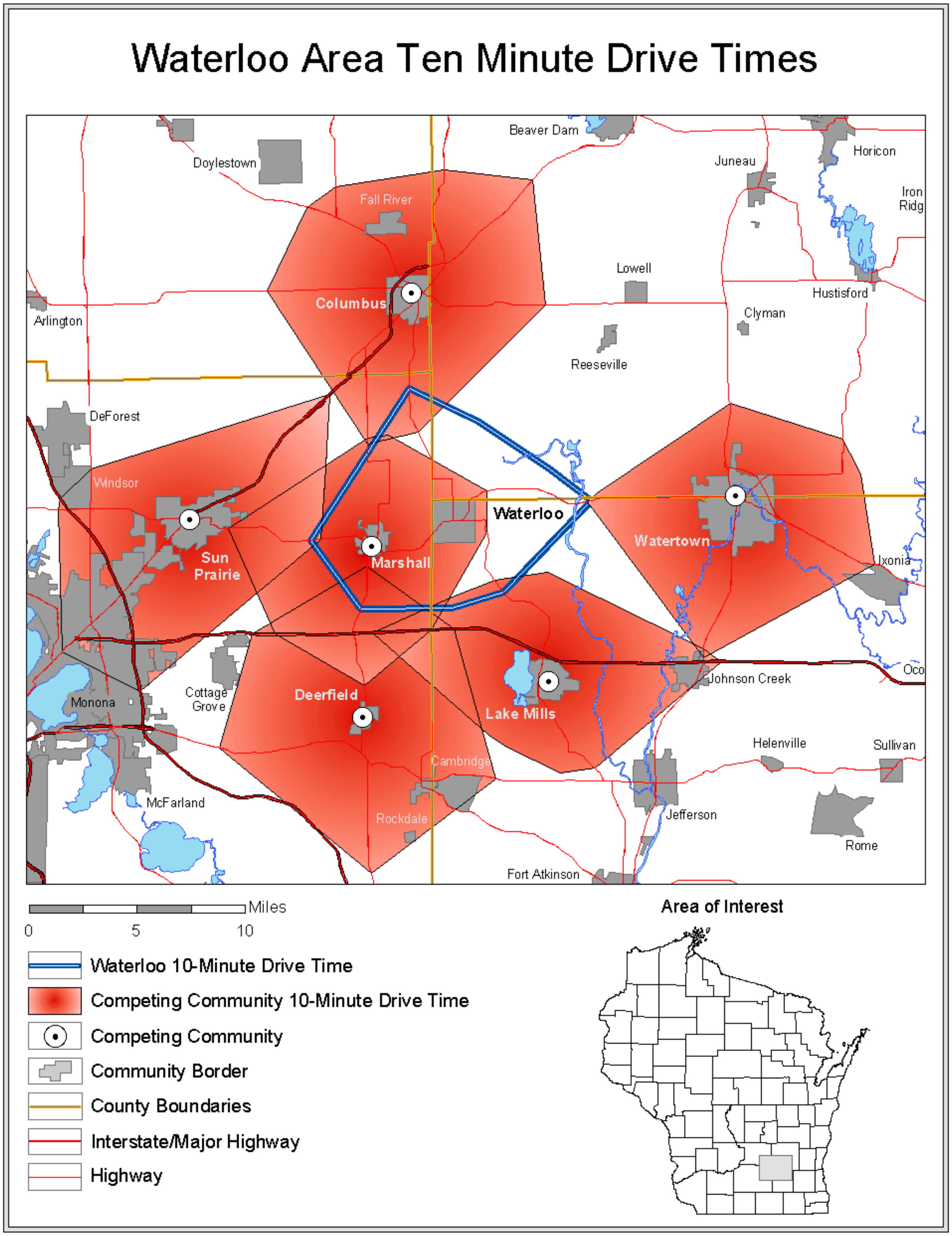
Employee Origin Summary for Business #5			
Zip Code	**Community**	**Employee Count**	**Employee Percent**
53594	Waterloo	48	35.8%
53590	Sun Prairie	15	11.2%
53551	Lake Mills	9	6.7%
53094	Watertown	7	5.2%
53579	Reeseville	7	5.2%
53714	Madison	7	5.2%
	Subtotal	**93**	**69.4%**
53538	Fort Atkinson	4	3.0%
53704	Madison	4	3.0%
53925	Columbus	4	3.0%
53066	Oconomowoc	3	2.2%
53523	Cambridge	3	2.2%
53527	Cottage Grove	3	2.2%
53711	Madison	3	2.2%
53038	Johnson Creek	2	1.5%
53716	Madison	2	1.5%
53719	Madison	2	1.5%
	Subtotal	**123**	**91.8%**
53018	Delafield	1	0.7%
53029	Hartland	1	0.7%
53531	Deerfield	1	0.7%
53536	Evansville	1	0.7%
53558	McFarland	1	0.7%
53559	Marshall	1	0.7%
53593	Verona	1	0.7%
53703	Madison	1	0.7%
53713	Madison	1	0.7%
53911	Arlington	1	0.7%
53916	Beaver Dam	1	0.7%
	Total	**134**	**100.0%**

Drive Time Analysis

In analyzing both the local resident and commuter employee market segments, an understanding of drive times around Waterloo is helpful. Drive time is simply the number of minutes it takes to drive to a point (in this case, downtown Waterloo) based on the road network in the region. The following map summarizes 5, 10, and 15-minute drive times around Waterloo. The map shows that Marshall is the only community within a 15-minute drive of downtown Waterloo.

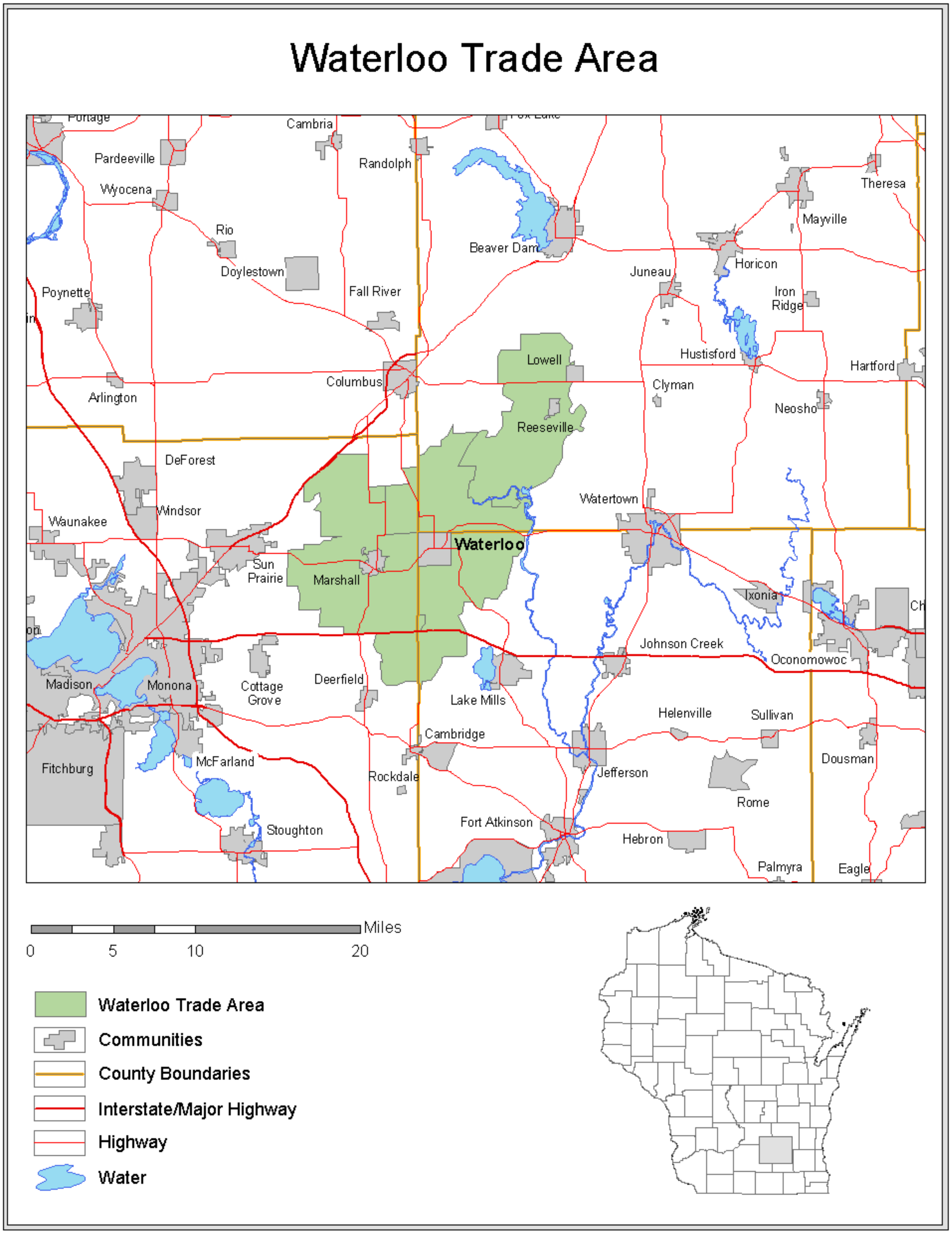


In addition to examining the drive times around Waterloo, it is also useful to examine drive times around potential competing communities. Determining the extent of overlap between communities provides an understanding of possible competition for convenience-based customers. The following map depicts 10-minute drive times around nearby communities. With the exception of Marshall, Waterloo's 10-minute drive time is mostly isolated from the surrounding communities' 10-minute drive times.



Conclusion - Size and Shape of Trade Area

The Committee studied the employee and customer origin data along with the GIS maps. While each map is different, they looked for the zip codes that both generated a high percentage of customers, but also had separation from competing market areas. Consequently, the 53594 (Waterloo), 53559 (Marshall), and 53579 (Reeseville) zip codes were chosen as the best approximation of Waterloo's overall trade area. The subsequent trade area is shown on the map below and is used throughout the remainder of this analysis.



Business Mix Analysis

Section 4

Section 4 analyzes the mix of retail and service businesses in Waterloo and provides a comparison with eight other similar communities in Wisconsin. The analysis will be used as part of the assessment for analyzing business expansion and recruitment opportunities.

Examining the business mix of a downtown or business district 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. Specifically, the business mix analysis can answer questions such as:

- Does Waterloo have fewer or more retail businesses than other similar communities?
- Is Waterloo under-served or over-served in specific business categories?
- Are their potential business niches to build the business district?
- How does the retail/service ratio compare to similar communities?

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

Comparable Communities

For purposes of this analysis, Waterloo was compared with eight other communities that have a similar population (city/village of 3,000 to 4,500), similar distance from a metropolitan area (10 to 25 miles), and a manufacturing employment base. The communities selected include:

Slinger/Jackson
Washington County
http://villageofjackson.com/

Omro
Winnebago County
http://www.1wisconsin.com/omro/

New Holstein
Calumet County
http://www.newholstein.org/

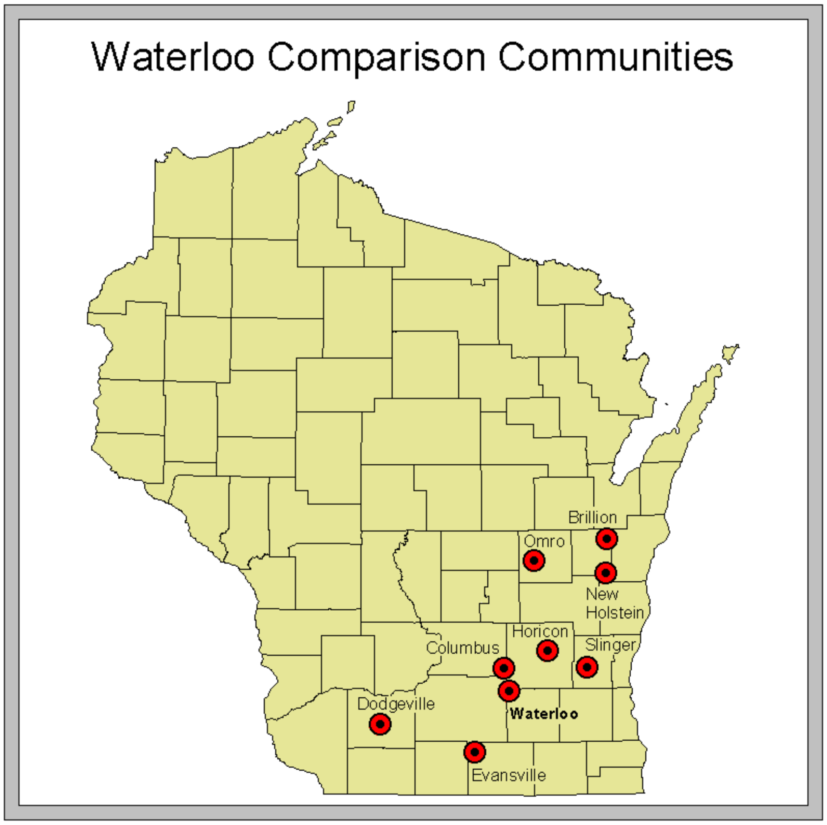
Horicon
Dodge County
http://www.horiconchamber.com/

Evansville
Rock County
http://www.evansville-wi.org/

Dodgeville
Iowa County
http://www.dodgeville.com/

Columbus
Columbia County
http://www.ci.columbus.wi.us/

Brillion
Calumet County
http://www.ci.brillion.wi.us/



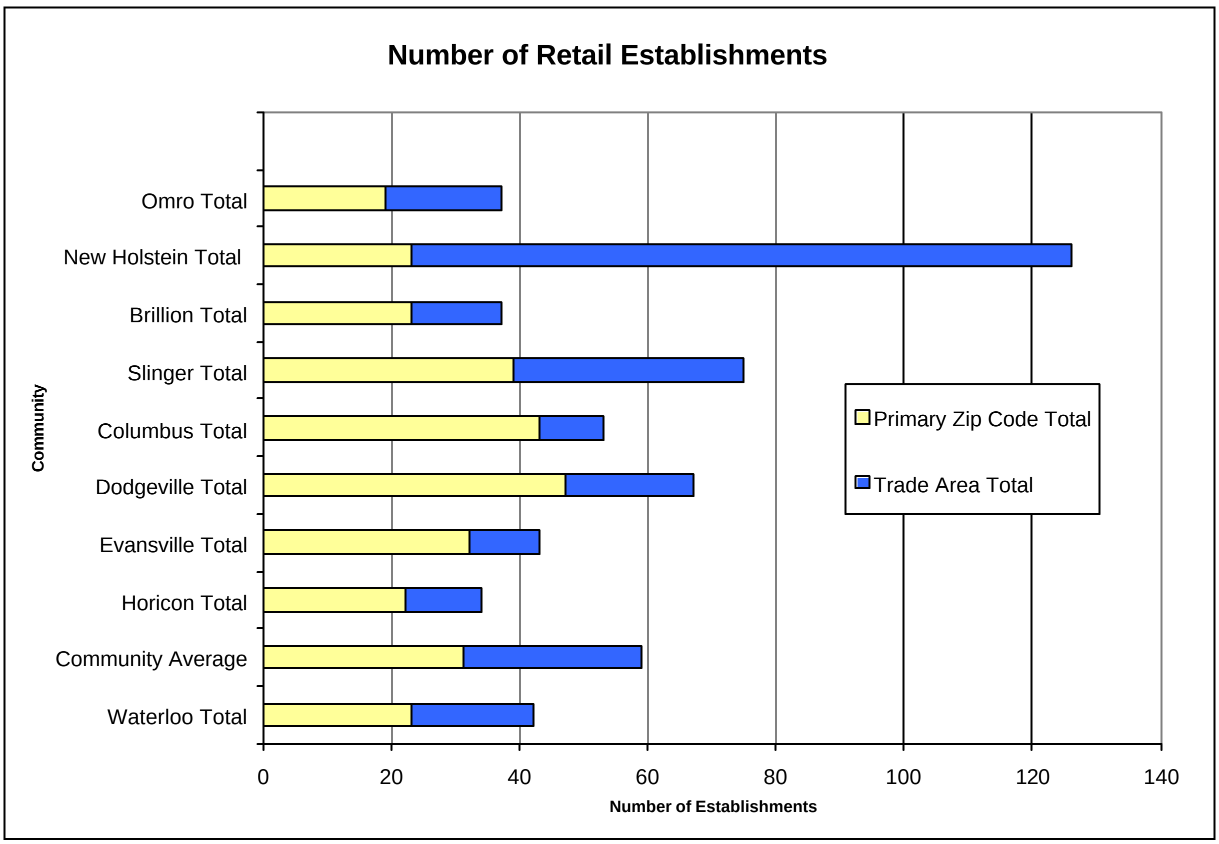
Data Collection

The business data used in the analysis is based on a business inventory collected for Waterloo and the U.S. Census Bureau's 2000 Zip Code Business Patterns. The data is derived from each community's respective zip code as well as approximated trade areas for each community. Data for the Waterloo zip code was reconciled with the business inventory and is current as of January 2003. It is important to note that each business was placed into only one category. The category used was based on the primary type of goods or services provided by the business (NAICS codes). For instance, a hardware store may sell some auto parts, but should be categorized as a hardware store given its primary line of business.

For the comparison communities, only those businesses selected from the Zip Code Business Patterns database are included. Certain businesses, including home-based businesses, may not be included in the tallies.

Retail Establishments

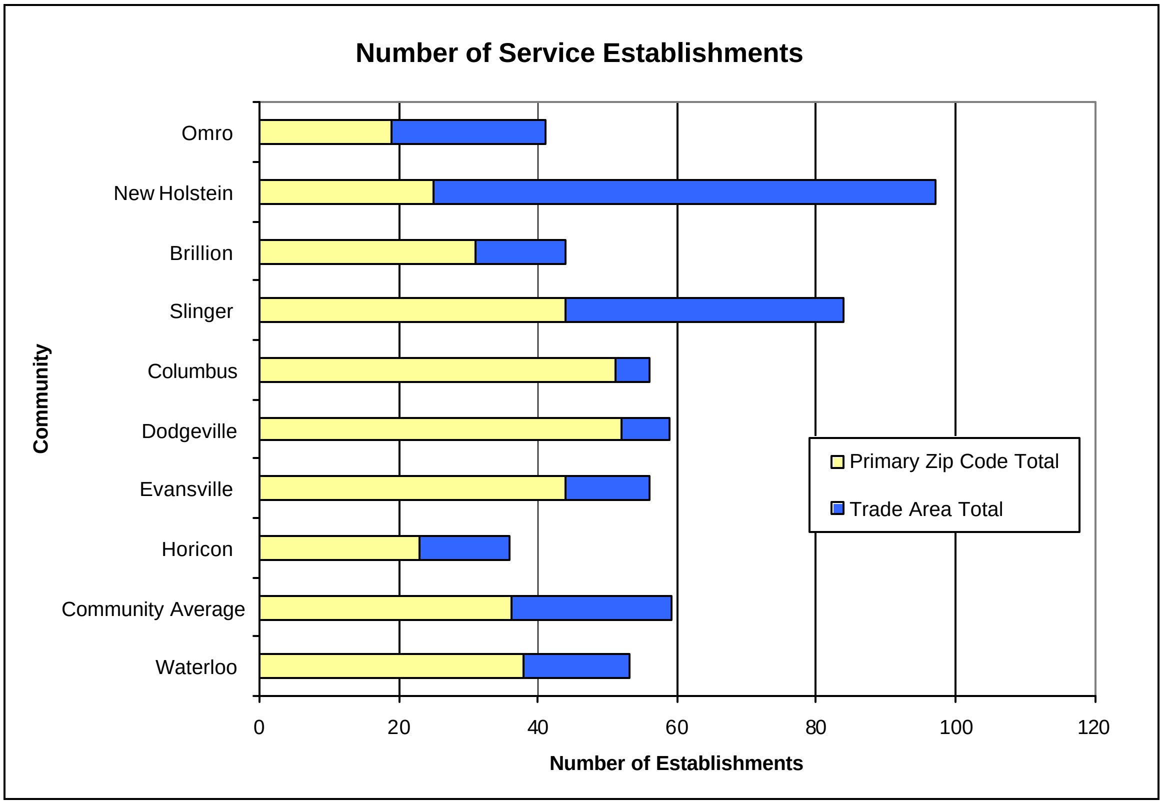
The following table and chart are the results of an analysis of retail establishments commonly found in small communities. A total of 45 retail establishments were tallied in Waterloo (25 in the 53594 zip code) compared to an average of 59 in the comparison communities (31 in the primary zip codes). With the exceptions of Omro, Brillion and Horicon, all of the comparison communities had significantly more businesses, as illustrated by the graph below. (Note: For the purpose of this analysis, the retail establishments include restaurants and drinking places.)



NAICS	Retail Business Description	Waterloo Primary Zip Code	Comparable Communities Primary Zip Code	Waterloo Trade Area	Comparable Communities Trade Areas
44111	New car dealers	0	1.0	0	2.0
44112	Used car dealers	0	1.1	0	1.9
44121	Recreational vehicle dealers	0	0.1	0	0.4
44122	Motorcycle, boat, and other motor vehicle dealers	0	0.1	0	0.4
44131	Automotive parts and accessories stores	1	1.3	1	1.5
44132	Tire dealers	0	0.3	0	0.6
44211	Furniture stores	0	0.3	0	0.9
44221	Floor covering stores	0	0.6	0	0.8
44229	Other home furnishings stores	0	0.0	0	0.0
44311	Appliance, television, and other electronics stores	0	0.4	0	0.9
44312	Computer and software stores	1	0.4	2	0.5
44313	Camera and photographic supplies stores	0	0.0	0	0.0
44411	Home centers	0	0.0	0	0.0
44412	Paint and wallpaper stores	0	0.0	0	0.0
44413	Hardware stores	1	0.6	2	1.1
44419	Other building material dealers	0	0.9	2	1.9
44421	Outdoor power equipment stores	0	0.3	0	0.4
44422	Nursery and garden centers	0	0.8	0	2.1
44511	Supermarkets & other grocers (not convenience)	1	1.4	2	2.8
44512	Convenience stores	0	0.1	0	0.1
4452	Specialty food stores	1	0.8	3	1.3
44531	Beer, wine, and liquor stores	0	0.5	1	0.9
44611	Pharmacies and drug stores	1	1.3	3	2.1
44612	Cosmetics, beauty supplies, and perfume stores	0	0.0	0	0.1
44613	Optical goods stores	0	0.0	0	0.1
44619	Other health and personal care stores	0	0.1	0	0.3
44711	Gasoline stations with convenience stores	3	2.5	5	5.8
44719	Other gasoline stations	0	0.9	1	1.6
44811	Men's clothing stores	0	0.0	0	0.0
44812	Women's clothing stores	0	0.1	0	0.1
44813	Children's and infants' clothing stores	0	0.0	0	0.0
44814	Family clothing stores	1	0.4	1	0.5
44815	Clothing accessories stores	0	0.0	0	0.0
44819	Other clothing stores	0	0.3	0	0.3
44821	Shoe stores	0	0.0	0	0.1
44831	Jewelry stores	0	0.4	0	0.5
44832	Luggage and leather goods stores	0	0.0	0	0.0
45111	Sporting goods stores	2	0.1	2	0.6
45112	Hobby, toy, and game stores	0	0.1	0	0.1
45113	Sewing, needlework, and piece goods stores	0	0.3	0	0.3
45114	Musical instrument and supplies stores	0	0.0	0	0.1
45121	Book stores and news dealers	0	0.3	0	0.3
45122	Prerecorded tape, CD, and record stores	0	0.0	0	0.0
45211	Department stores (not leased depts.)	0	0.1	0	0.3
45291	Warehouse clubs and superstores	0	0.0	0	0.0
45299	All other general merchandise stores	1	0.4	1	0.5
45311	Florists	0	1.3	1	2.0
45321	Office supplies and stationery stores	0	0.0	0	0.0
45322	Gift, novelty, and souvenir stores	0	0.4	0	0.6
45331	Used merchandise stores	1	0.5	1	0.5
45391	Pet and pet supplies stores	0	0.0	0	0.1
45392	Art dealers	0	0.0	0	0.1
7221, 7222	Restaurants	5	8.3	8	15.6
7224	Drinking Places	6	2.8	9	6.1

Service Establishments

The following table and chart are the results of an analysis of service establishments commonly found in small communities. A total of 53 service establishments were tallied in Waterloo (38 in the 53594 zip code) compared to an average of 59 in the comparison communities (36 in the primary zip codes). Again, with the exceptions of Omro, Brillion and Horicon, all of the comparison communities had more businesses, as illustrated by the graphs below. However, the Waterloo 53594 zip code actually contains more service business than the other comparison communities' primary zip codes.



NAICS	Service Business Description	Waterloo Primary Zip Code	Comparable Communities Primary Zip Code	Waterloo Trade Area	Comparable Communities Trade Areas
51	*Information*				
51121	Software Publishers	0	0.3	0	0.3
51213	Motion Picture Theaters	0	0.0	0	0.0
514191	On-Line Information Services	0	0.3	0	0.3
52	*Finance and Insurance*				
5221	Banks, Savings Institutions and Credit Unions	2	3.6	4	6.5
5231,52392, 52393	Securities and Commodity Brokerage, Portfolio Management, Investment Advice	1	1.0	1	1.4
52421, 52429	Insurance Agents and Brokers	6	3.6	8	5.4
53	*Real Estate and Rental and Leasing*				
53113	Miniwarehouses and Self-Storage Lessors	1	0.1	1	0.1
53121	Real Estate Agents and Brokers	2	1.5	2	2.1
53211	Passenger Car Rental and Leasing	0	0.0	0	0.0
53212	Truck, Trailer and RV Rental and Leasing	0	0.3	0	0.3
53221	Electronics and Appliances Rental	0	0.1	0	0.1
53222	Formal Wear and Costume Rental	0	0.0	0	0.0
53223	Video Tape Rental	1	0.4	2	0.6
53231	General Rental Centers	0	0.0	0	0.0
53242	Office Machinery and Equipment Rental	0	0.0	0	0.0
54	*Professional, Scientific and Technical Services*				
54111	Legal Services	2	2.0	3	2.9
54121	Accounting, Tax Preparation, Bookkeeping and Payroll Services	2	1.5	2	2.4
54151	Computer Systems Design	0	0.6	0	0.9
54192	Photographic Studios	0	0.4	0	0.4
54194	Veterinary Services	1	0.6	2	1.1
56	*Administrative and Support Services*				
56131, 56132	Employment Agencies and Temporary Help Services	0	0.3	0	0.3
561439, 323114	Photocopying and Office Support Services	0	0.1	0	0.3
56151	Travel Agencies	0	0.5	0	0.6
62	*Health Care and Social Assistance*				
62111	Physician Offices	3	2.4	3	3.5
62121	Dental Offices	2	2.3	2	4.3
62131	Chiropractic Offices	2	1.6	3	2.5
62132	Optometrist Offices	0	0.6	0	1.0
62441	Child Care and Day Care Services	1	2.0	3	3.5
71	*Arts, Entertainment and Recreation*				
71211	Museums and Art Galleries	0	0.0	0	0.0
71394	Health Clubs and Fitness	1	0.0	1	0.3
71395	Bowling Centers	1	0.6	1	1.4
72	*Accommodation*				
7211	Lodging Accommodations	0	0.9	0	1.4
81	*Other Services*				
81111	Automotive Mechanical and Electrical Repair and Maintenance	4	2.4	4	4.3
81112	Automotive Body, Paint, Interior and Glass Repair	0	1.0	0	2.1
811191	Oil Change and Lubrication Shops	0	0.0	0	0.1
811192	Car Washes	1	0.5	2	0.8
81121	Electronics and Precision Electronics Repair and Maintenance	0	0.5	0	0.6
81143	Shoe Repair and Shine	0	0.0	0	0.0
81231	Coin-Operated Laundries	1	0.5	1	0.9
81232	Dry-cleaning and Laundry Services	0	0.3	0	0.4
81292	Photofinishing and One-Hour Photo	0	0.0	0	0.1
812112, 812111	Beauty Shops/Barber Shops	4	3.0	7	5.6
812113	Nail Salons	0	0.0	0	0.0
812191	Diet and Weight Reducing Centers	0	0.0	0	0.0
812199	Other Personal Care Services	0	0.5	1	0.8

Conclusions – Business Mix

- The business mix is a clear indication that Waterloo is underserved by restaurants. This lack of restaurants affects the health of the business district and the overall attractiveness of Waterloo for businesses and residents. Accordingly, new restaurants provide an opportunity for greater analysis and will be examined in Section 8.

- The Waterloo trade area has fewer retail establishments than the comparable communities. Given this deficit, new and expanded retail businesses should be explored. Specific trade area gaps are shown in new/used car dealers, home furnishings, nurseries, florists and gift stores. Retail recruitment and expansion opportunities will be analyzed in Section 6.

- The Waterloo trade area has a similar number of service establishments as the comparable communities. This similarity is an indicator that Waterloo is a service center for many residents regardless of the opportunities available in surrounding communities. However, the overall Waterloo trade area still shows potential gaps in accounting, photography, dental offices, child care and auto repair. Specific service recruitment/expansion opportunities are explored in Section 7.

Demographic, Economic and Customer Characteristics

Section 5

This section provides key economic, demographic and lifestyle data for the Waterloo 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 highway data about Waterloo and its surrounding trade area. Furthermore, it also provides some insight on potential impact of in-commuter spending on the community.

Demographic Trends

This section contains a number of three-column demographic data tables. The first column of each table describes Waterloo's primary trade area (the 53559, 53594 and 53579 zip codes). The second and third columns in each table, respectively, convey data about eight different comparison communities* and data for the State of Wisconsin. Again, the comparison communities were chosen based on their similarity to Waterloo in size, economic structure and location relative to larger metropolitan areas. The demographic data from the comparison communities and the State of Wisconsin provide baselines to be used in understanding Waterloo's own trade area demographics. The data is derived primarily from the 2000 Decennial U.S. Census.

* The comparison communities used are those identified in Section 4. They include Slinger, Evansville, Horicon, Dodgeville, Columbus, New Holstein, Brillion and Omro

Population and Households

Population and household data are the basis for quantifying the current market size and growth trends, both of which are necessary to determine 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). Growth trends in households or population may indicate future opportunities for business expansion and/or recruitment. The following table shows population and household data for 2000 and 1990. The numbers show that the community of Waterloo has grown considerably over the previous decade. Historical trends for the entire trade area are unavailable, however a similar growth rate is expected in the overall trade area.

Population and Households	Waterloo	Comparable Communities	State of Wisconsin
2000 Trade Area Population	12,377	12,181	5,363,675
2000 Trade Area Households	4,590	4,621	2,084,544
Population Change*			
2000 Community Population	3,259	3,729	5,363,675
1990 Community Population	2,712	3,298	4,891,769
Percent Change 1990 - 2000	20.2%	13.0%	9.6%

*Note: Historical data is not available for zip codes. Subsequently, communities are used as a surrogate.
Source: U.S. Census Bureau

Many communities within commuting distance to Madison have experienced an increase in population. Consequently, it is important to understand how Waterloo's population has increased in comparison to other communities of relatively similar size and similar commuting distance to Madison. The following list summarizes these communities and ranks them in terms of their population growth. While this list shows that Waterloo is located in the middle in terms of population growth, Marshall leads the list and is located within the Waterloo trade area.

Community Name	1990 Population	2000 Population	Percent Change 1990 - 2000	Numeric Change 1990 - 2000
Marshall	2,329	3,432	47.4%	1,103
Mount Horeb	4,182	5,860	40.1%	1,678
Lodi	2,093	2,882	37.7%	789
Poynette	1,662	2,266	36.3%	604
Prairie du Sac	2,380	3,231	35.8%	851
Belleville	1,456	1,908	31.0%	452
Evansville	3,174	4,039	27.3%	865
Deerfield	1,617	1,971	21.9%	354
Waterloo	**2,712**	**3,259**	**20.2%**	**547**
Lake Mills	4,143	4,843	16.9%	700
Edgerton	4,254	4,933	16.0%	679
Cambridge	963	1,101	14.3%	138
New Glarus	1,899	2,111	11.2%	212
Mazomanie	1,377	1,485	7.8%	108
Black Earth	1,248	1,320	5.8%	72
Sauk City	3,019	3,109	3.0%	90

Source: U.S. Census Bureau

Household Composition

Household composition is important in identifying different retail opportunities. Households can be composed of people living alone, families with or without children, single parent households, or a number of unrelated people living together. 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. Accordingly, the following table describes the different types of household units within the Waterloo trade area.

Similar to the comparison communities, the Waterloo trade area has a large percentage of family households. These values are higher than the State in both terms of married couples and households with children. The larger percentage of households with children is contrasted by a slightly smaller percentage of households with people age 65 and over.

Household Type (2000)	Waterloo Trade Area		Comparable Communities		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total households	4,590	N/A	4,621	N/A	2,084,544	N/A
Non-family households	1,221	26.6%	1,252	27.1%	697,729	33.5%
Family households	3,369	73.4%	3,369	72.9%	1,386,815	66.5%
With own children under age 18	1,737	37.8%	1,624	35.1%	665,239	31.9%
Married-couple family	2,815	61.3%	2,870	62.1%	1,108,597	53.2%
Female householder, no husband present	376	8.2%	325	7.0%	200,300	9.6%
With own children under 18	245	5.3%	199	4.3%	128,952	6.2%
Hhlds with person under age 18	1,824	39.7%	1,698	36.8%	706,399	33.9%
Hhlds with person age 65 or more	945	20.6%	1,066	23.1%	479,787	23.0%
Average Household Size	2.7	N/A	2.6	N/A	2.5	N/A

Source: U.S. Census Bureau

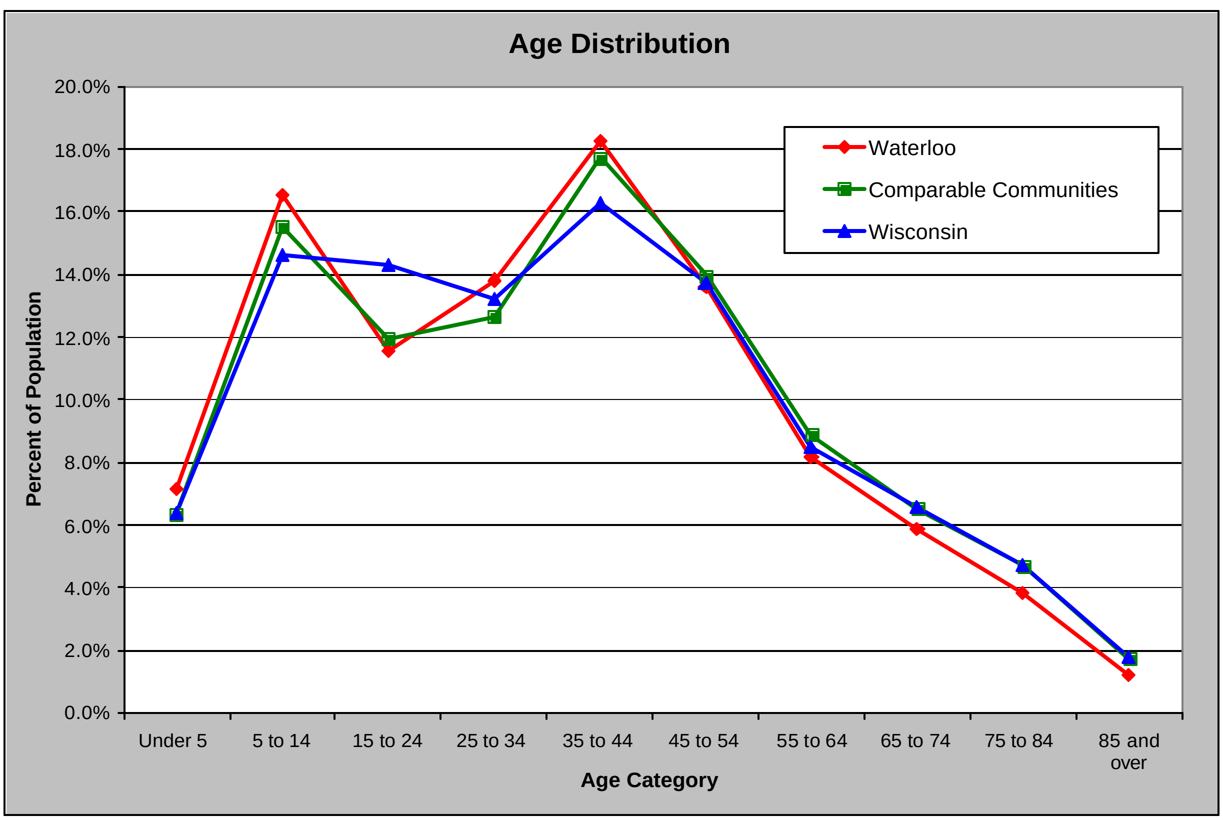
Age

Expenditures and consumer preferences change with age. For instance, 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 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 have an opportunity to target certain age segments.

The following table and chart describe the age distribution in the Waterloo trade area. In general, it is a younger trade area than either the comparable communities or the State. The trade area has 23.6% of its population age 14 and under while the State has 21%. Again, this younger population is contrasted with a smaller percentage of the population age 65 or more. Given the number of households with children (shown in the previous table), the younger population distribution is not surprising.

Age Category (2000)	Waterloo Trade Area		Comparable Communities		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Under 5 years	882	7.1%	775	6.4%	342,340	6.4%
5 to 9 years	995	8.0%	897	7.4%	379,484	7.1%
10 to 14 years	1,053	8.5%	993	8.2%	403,074	7.5%
15 to 19 years	865	7.0%	898	7.4%	407,195	7.6%
20 to 24 years	566	4.6%	558	4.6%	357,292	6.7%
25 to 34 years	1,711	13.8%	1,541	12.7%	706,168	13.2%
35 to 44 years	2,261	18.3%	2,160	17.7%	875,522	16.3%
45 to 54 years	1,685	13.6%	1,702	14.0%	732,306	13.7%
55 to 59 years	595	4.8%	598	4.9%	252,742	4.7%
60 to 64 years	417	3.4%	483	4.0%	204,999	3.8%
65 to 74 years	726	5.9%	794	6.5%	355,307	6.6%
75 to 84 years	471	3.8%	574	4.7%	251,621	4.7%
85 years and over	150	1.2%	210	1.7%	95,625	1.8%

Source: U.S. Census Bureau



Mobility Rates

Mobility rates examine population and housing turnover within the last five years. The rate of turnover will affect the need for marketing strategies, as well as the possible 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.

The following table shows that the Waterloo trade area has had a higher percentage of people moving within the last five years than the comparable communities. This rate suggests that there may be a larger percentage of new residents in the area. However, many of these moves originated somewhat locally from the same counties (Jefferson, Dane or Dodge).

Mobility Category – Age 5 and Over (2000)	Waterloo Trade Area		Comparable Communities		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Population – Age 5 and over	11,492	N/A	11,393	N/A	5,022,073	N/A
Same house in 1995	6,593	57.4%	7,197	63.2%	2,836,232	56.5%
Different house in 1995	4,844	42.1%	4,145	36.4%	2,121,312	43.2%
Same county	2,738	23.8%	2,227	19.5%	1,233,211	24.6%
Different county	2,106	18.3%	1,918	16.8%	888,101	17.7%
Within Wisconsin	1,570	13.7%	1,521	13.3%	549,993	11.0%
Different state	536	4.7%	398	3.5%	338,108	6.7%
Elsewhere in 1995	55	0.5%	51	0.4%	64,529	1.3%

Source: U.S. Census Bureau

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 examines 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. Home improvement, furniture, appliances, hardware, paint/wallpaper, floor covering, garden centers and other home products often prosper in active housing markets.

The Waterloo trade area has a high percentage of owner occupied housing. This rate is almost identical to the comparable communities but is considerably higher than the State. Furthermore, the Waterloo trade area has a very small percentage of seasonal and recreational housing when compared to the State and the comparable communities.

Housing Tenure (2000)	Waterloo Trade Area		Comparable Communities		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total housing units	4,785	N/A	4,944	N/A	2,321,144	N/A
Occupied housing units	4,590	95.9%	4,621	93.5%	2,084,544	89.8%
Vacant housing units	195	4.1%	323	6.5%	236,600	10.2%
For seasonal or recreational use	25	0.5%	139	2.8%	142,313	6.1%
Occupied Housing Types						
Owner-occupied housing units	3,572	77.8%	3,600	77.9%	1,426,361	68.4%
Renter-occupied housing units	1,018	22.2%	1,021	22.1%	658,183	31.6%

Source: U.S. Census Bureau

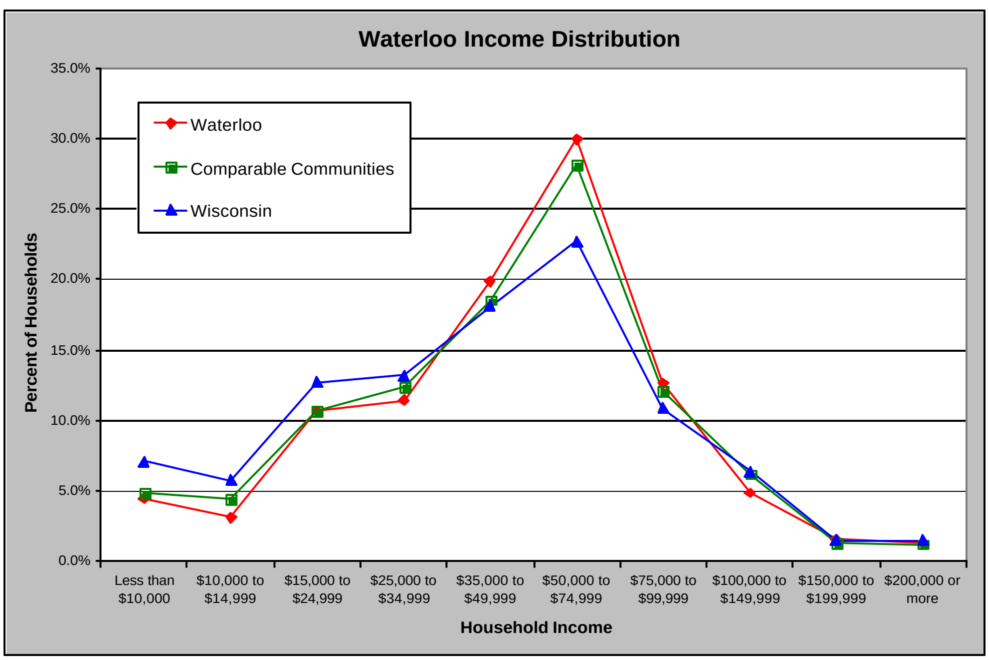
Income

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 often 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, are 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 preference can be deceptive.

The following chart and graph relate incomes in the Waterloo trade area to those in the State and the comparable communities. While the per capita income is similar to those of the comparable communities and the State, the Waterloo trade area generally has a greater percentage of mid and higher household incomes. The similar per capita income is likely representative of the larger number of households with children present and the larger household size.

Household Income (1999)	**Waterloo Trade Area**		**Comparable Communities**		**State of Wisconsin**	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Less than $10,000	207	4.5%	226	4.9%	148,964	7.1%
$10,000 to $14,999	145	3.1%	207	4.5%	121,366	5.8%
$15,000 to $24,999	494	10.7%	496	10.7%	264,897	12.7%
$25,000 to $34,999	527	11.4%	574	12.4%	276,033	13.2%
$35,000 to $49,999	915	19.8%	861	18.6%	377,749	18.1%
$50,000 to $74,999	1,380	29.9%	1,305	28.1%	474,299	22.7%
$75,000 to $99,999	583	12.6%	562	12.1%	226,374	10.9%
$100,000 to $149,999	226	4.9%	289	6.2%	133,719	6.4%
$150,000 to $199,999	73	1.6%	59	1.3%	30,598	1.5%
$200,000 or more	60	1.3%	58	1.3%	32,305	1.5%
Per Capita Income	$21,402	N/A	$21,511	N/A	$21,271	N/A
Average Household Income	$57,256	N/A	$55,914	N/A	$53,863	N/A

Source: U.S. Census Bureau



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 levels 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 located in areas with high levels of education.

While the Waterloo trade area has a smaller percentage of people with college degrees, it has similar values to those in the comparable communities. One difference is in the percentage of residents with associate degrees. Likely, this difference is representative of the number of manufacturing jobs in the area.

Educational Attainment (Highest Level Attained, 2000)	Waterloo Trade Area		Comparable Communities		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Population 25 years and over	7,977	N/A	8,068	N/A	3,475,878	N/A
Less than 9th grade	496	6.2%	455	5.6%	186,125	5.4%
9th to 12th grade, no diploma	788	9.9%	670	8.3%	332,292	9.6%
High school graduate (includes equivalency)	3,003	37.6%	3,385	42.0%	1,201,813	34.6%
Some college, no degree	1,607	20.1%	1,587	19.7%	715,664	20.6%
Associate degree	787	9.9%	640	7.9%	260,711	7.5%
Bachelor's degree	960	12.0%	1,004	12.4%	530,268	15.3%
Graduate or professional degree	336	4.2%	328	4.1%	249,005	7.2%

Source: U.S. Census Bureau

Employment by Industry

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 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. These retailers target growth areas with a majority of white-collar workers.

The following table presents the breakdown of workers by industry. It should be noted that this distribution reflects workers living within the trade area and not necessarily commuting into Waterloo. The industry breakdown in the Waterloo trade area is somewhat similar to that of the comparable communities, with some larger differences between the trade area and the State. While there is a larger percentage of people working in manufacturing than the State, there is a slightly smaller percentage than that of the comparable communities. However, these differences are offset by a higher percentage in traditionally white-collar sectors such as finance, insurance and real estate and professional services.

Industry Category (2000)	Waterloo Trade Area		Comparable Communities		State of Wisconsin	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Agriculture, forestry, fishing and hunting, and mining	331	4.9%	367	5.5%	75,418	2.8%
Construction	506	7.4%	466	7.0%	161,625	5.9%
Manufacturing	1,767	26.0%	2,017	30.3%	606,845	22.2%
Wholesale trade	207	3.0%	212	3.2%	87,979	3.2%
Retail trade	703	10.4%	780	11.7%	317,881	11.6%
Transportation and warehousing, and utilities	364	5.4%	283	4.2%	123,657	4.5%
Information	124	1.8%	98	1.5%	60,142	2.2%
Finance, insurance, real estate, and rental and leasing	519	7.6%	333	5.0%	168,060	6.1%
Professional, scientific, management, administrative, and waste management services	340	5.0%	296	4.4%	179,503	6.6%
Educational, health and social services	1,069	15.7%	1,057	15.9%	548,111	20.0%
Arts, entertainment, recreation, accommodation and food services	325	4.8%	320	4.8%	198,528	7.3%
Other services (except public administration)	261	3.8%	250	3.7%	111,028	4.1%
Public administration	276	4.1%	188	2.8%	96,148	3.5%

Source: U.S. Census Bureau

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 examining lifestyle segmentation information. Lifestyle segmentation systems examine the buying habits and preferences of consumers in the trade area. One specific lifestyle segmentation system, ACORN™ (A Classification of Residential Neighborhoods), was purchased from ESRI Business Information 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 43 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.

The summary for the Waterloo trade area is shown in the following table. In the Waterloo trade area, as well as much of rural Wisconsin, the overwhelmingly predominant consumer classification is **7A-Middle America**. This ACORN segment, along with **6C-Newly Formed Households**, comprise almost 90% of the trade area. These two segments are described in further detail below.

In addition to the broad category descriptions, the ACORN data 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. This information will be utilized throughout the remainder of this report. Given the value of this information, it is suggested that the WEDC make the PPI information readily available to existing and prospective businesses in Waterloo.

ACORN Category	53559 Marshall	53594 Waterloo	53579 Reeseville	Total	Percent
ACORN 7A	1,326	1,301	765	3,392	79.0%
ACORN 6C	14	433	0	447	10.4%
ACORN 2B	352	8	0	360	8.4%
ACORN 1F	97	0	0	97	2.3%
Total	**1,789**	**1,742**	**765**	**4,296**	**100.0%**

Source: ESRI Business Information Solutions

Consumer Type 7A: Middle America

This 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 non-farm 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 6C: Newly Formed Households

Newly Formed Households neighborhoods offer affordable housing that attracts young householders. This is a large, moderate income market that features an active lifestyle.

Demographic: Young, newly formed households are characteristic of this market; however, the neighborhoods are in transition, including older households, too. The mix of household types represents young families and single-parents plus married-without-children and single-person households that are typical of young and old alike. Median age is 34.0 years.

Socioeconomic: This is a large, moderate income market, more than 5 percent of all households. Median household income is $30,800. Unemployment and poverty are low. Half of the work force is employed in the manufacturing and service industries.

Residential: Newly Formed Households neighborhoods offer affordable housing: older, single-family homes, and duplexes. Average home value is $67,700, 40 percent below the national average, and average rent is $430, 12 percent below average. These neighborhoods can be found in the urbanized areas of any state, but are most common in the smaller, metropolitan areas of Iowa, Kansas, Minnesota, Nebraska, New Hampshire, Oregon, Rhode Island, Vermont, Washington, and Wisconsin.

Buying Habits: Newly Formed Households are active in bowling and playing billiards/pool, performing volunteer work, and taking domestic trips. Most of these households drive older cars. This market ranks third for fast food delivery and for using coupons to purchase tobacco products. They also use coupons for other products such as groceries. Media preferences reflect the young and old households in this market: radio (golden oldies and soft contemporary rock), and reading 3 or more weekly newspapers. They also spend time watching television, watching children's videos, and reading *Seventeen*, *Woman's World*, *Soap Opera Digest*, *McCalls*, and *Rolling Stone* magazines.

Regional Economic Data

Waterloo'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.

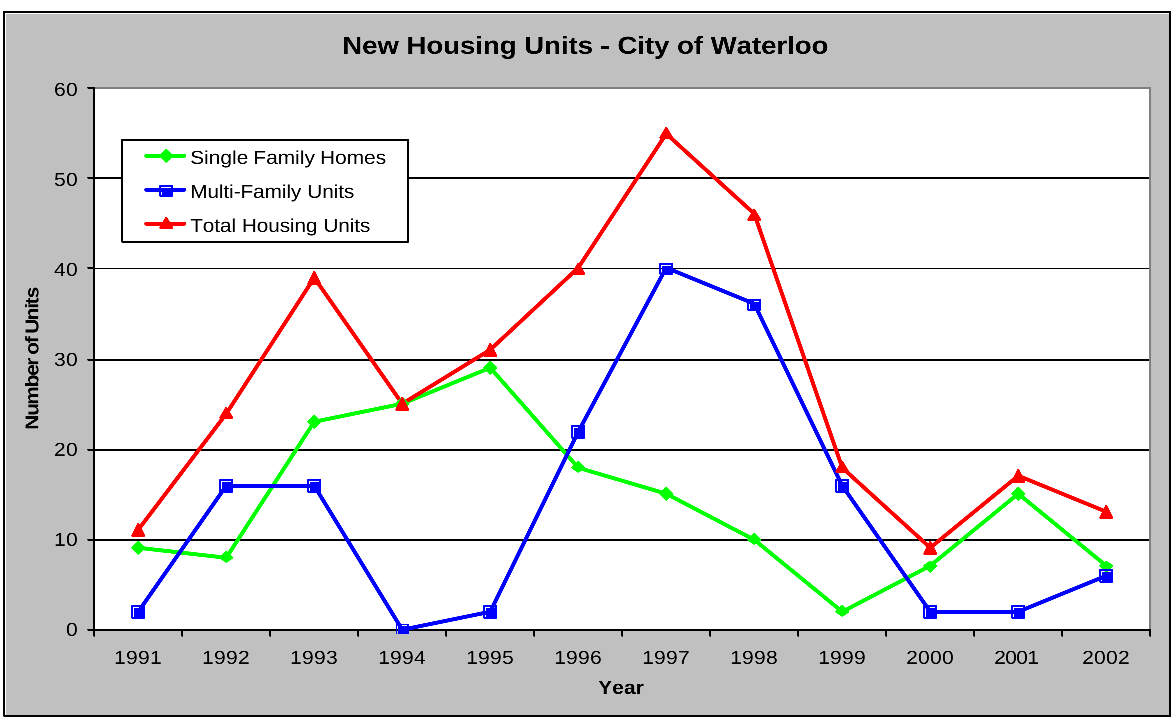
As previously noted, Waterloo has a unique geographic position located at the borders of three different counties. Understanding the regional economy requires examining the economics for each of these counties. Accordingly, the following information examines data about Jefferson County, Dodge County and Dane County. Again, the State of Wisconsin is used as a basis for comparison.

Housing Starts

Trends in real estate development, including housing construction, provide another indicator of the economic health of a community. The following table and chart track trends in the number and types of housing units built between 1991 and 2002. It should be noted that these numbers are for the City of Waterloo, not the entire Waterloo trade area. The data shows that largest period of growth occurred between 1996 and 1998. While the number of new units decreased in 1999 and 2000, the numbers have rebounded in somewhat 2001 and 2002.

Year	Single Family Homes	Multi-Family Units	Total Housing Units
1991	9	2	11
1992	8	16	24
1993	23	16	39
1994	25	0	25
1995	29	2	31
1996	18	22	40
1997	15	40	55
1998	10	36	46
1999	2	16	18
2000	7	2	9
2001	15	2	17
2002	7	6	13

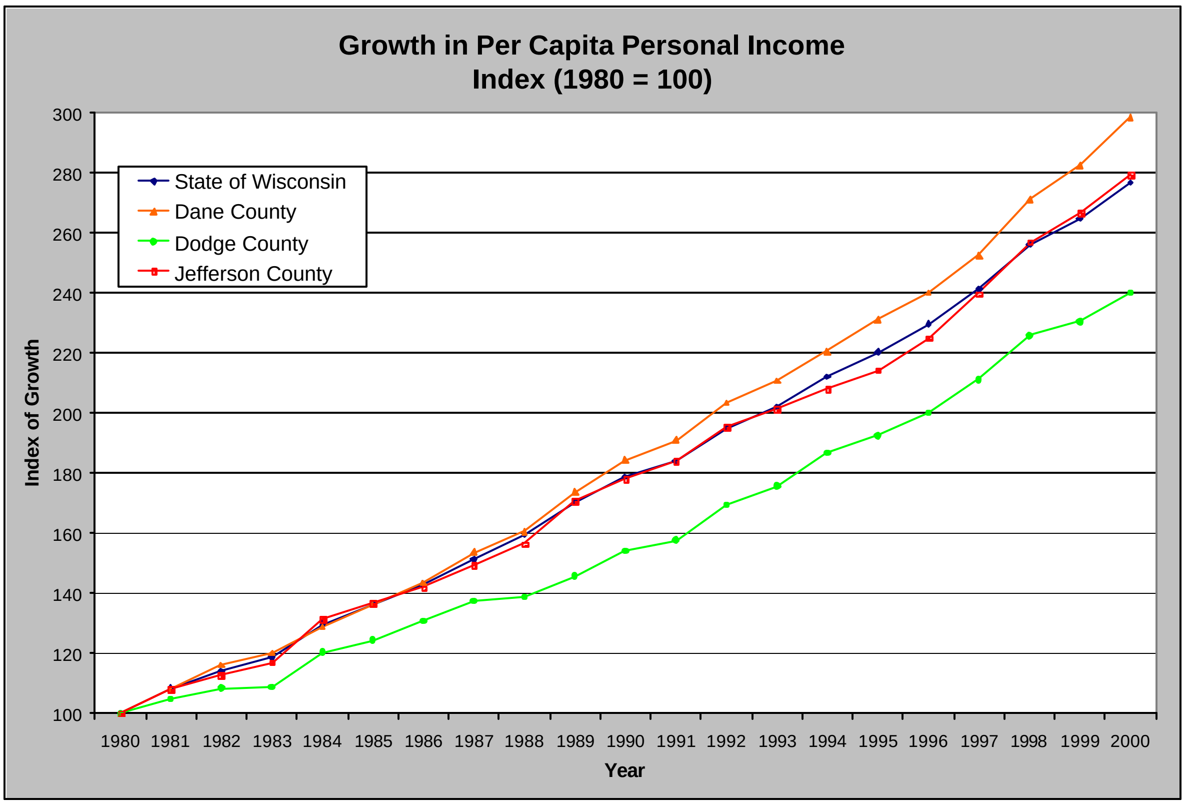
Source: City of Waterloo



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.

Using 1980 as a baseline, the following chart tracks the relative growth in per capita personal income. The growth in Dane County per capita income has outpaced the State of Wisconsin, Dodge County and Jefferson County. Jefferson County has experienced growth very similar to that of the State. While Jefferson County's growth lagged behind the State slightly in the mid 1990's, it is currently growing at a faster rate. In contrast, Dodge County has lagged somewhat behind the State and the other neighboring counties.



Source: Bureau of Economic Analysis: Regional Economic Information System

Earnings Mix and Wage Growth

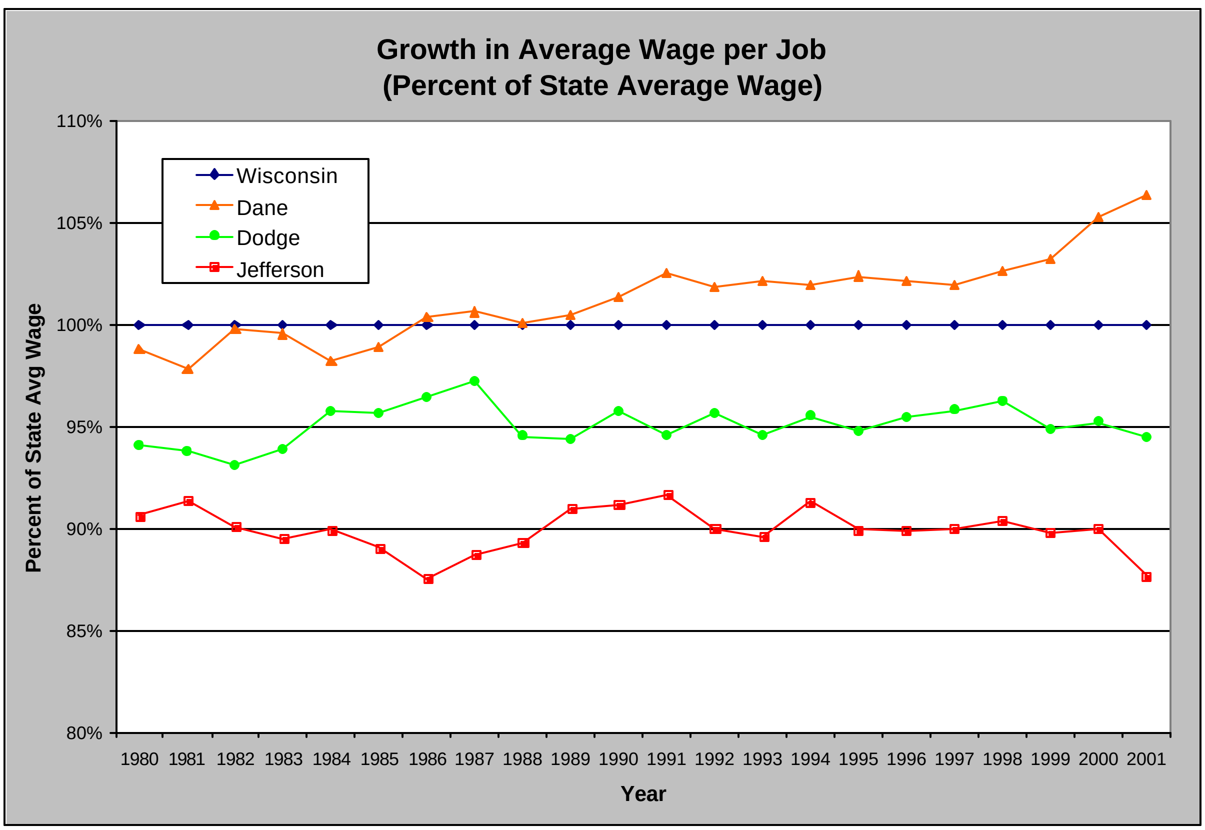
While personal income trends relate a community's relative economic health as a whole, the earnings in various sectors provide a snapshot of the industry mix in an area. Earnings include wage and salary disbursements, other labor income, and proprietor's income (both farm and non-farm). These numbers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

These numbers can be related as individual numbers, or as a percentage to provide an understanding of the industry distributions. Furthermore, comparing the numbers for a local area to those of a larger area (such as an entire state) point to differences in the local economy. Dodge and Jefferson Counties are similar to the State of Wisconsin as they rely on manufacturing and services for the majority of their earnings. While Dane County has a large proportion of earnings in the service sector, it also has a higher percentage of earnings in public administration and finance, insurance and real estate (F.I.R.E).

Earnings Category	Jefferson County	Dodge County	Dane County	State of Wisconsin
Total earnings ($1000s)	1,260,912	1,327,906	11,574,253	106,094,090
Farm earnings	1.2%	1.5%	0.2%	0.4%
Agricultural services, forestry, fishing, and mining	1.1%	1.3%	0.8%	0.7%
Construction	5.9%	11.1%	7.0%	6.6%
Manufacturing	38.8%	40.4%	12.0%	25.7%
Transportation and public utilities	6.0%	4.6%	4.8%	5.9%
Wholesale trade	4.3%	3.6%	5.9%	6.1%
Retail trade	10.4%	6.8%	8.8%	9.0%
Finance, insurance, and real estate	2.9%	2.4%	9.5%	7.0%
Services	17.5%	15.5%	24.9%	24.3%
Government and government enterprises	11.8%	12.8%	26.0%	14.3%

Source: Bureau of Economic Analysis: Regional Economic Information System

In addition to the mix of earnings, wage growth over time is an important economic indicator. Examining the earnings mix in the context of wages aids in understanding how the types of industries may affect wages in the region. The following graph shows how wages have changed relative to the average wage in Wisconsin. The average wage in each county is shown as a percentage of the State average wage (for each given year). The data shows that the average wage in Dane County has grown steadily in comparison to the State. Furthermore, the average wage in Jefferson County has decreased slightly. These differences may be due to changes in the employment mix in each county. Dane County has had growth in the traditionally high paying sectors of Finance, Insurance and Real Estate and Services. In contrast, Jefferson County depends highly on manufacturing and retail trade.

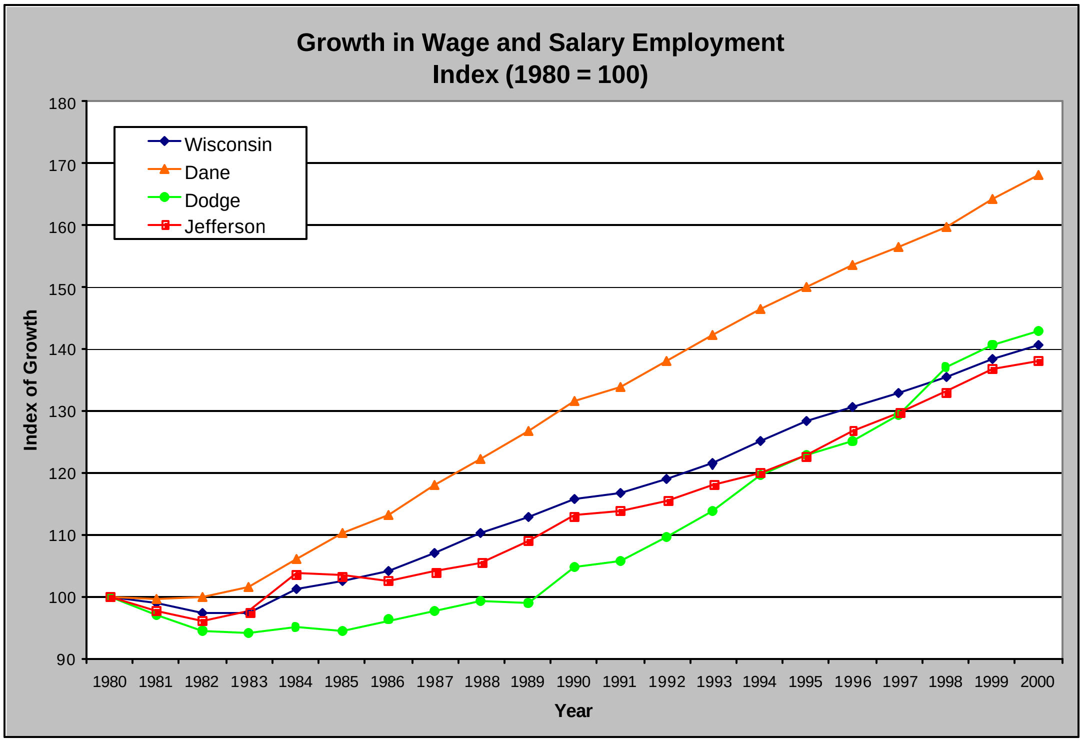


Source: Bureau of Economic Analysis: Regional Economic Information System

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. Again, it is important to look at changes in employment in a regional context as people may live in one area and work in another.

The following graph of employment growth shows that jobs in both the State and regional economy were impacted by the recession of 1981 to 1982. These areas have rebounded from their decreases and have grown in employment between ~40% and 60% since 1984. While these areas have shown considerable increases, the data ends in year 2000 and the impact of the current economic downturn is not represented in these numbers.



Source: Bureau of Economic Analysis: Regional Economic Information System

Waterloo Worker Flow

Small communities with large employers often have a significant daytime population comprised of commuters. With large employers such as Trek, this is a reality for Waterloo. These in-commuters offer the retail and service businesses in a community an additional market opportunity to generate sales. According to year 2000 data from the U.S. Census Bureau, Waterloo had a net inflow of 824 employees from surrounding communities. Furthermore, 71% of all employees working in Waterloo traveled from outlying communities. Recent job shifts from Perry Judd will likely have an impact on this number.

Employee Category	Employees (2000)
Employees Working in Waterloo	2,654
Employees Living in Waterloo	1,830
Net Worker Inflow to Waterloo	*824*
Employees Both Living and Working in Waterloo	764
Employees Commuting into Waterloo	1,890
Percent of Employees Commuting into Waterloo	*71.2%*

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

The in-commuters to Waterloo are driven by a number of large employers. These employers are presented in the table below with an approximate number of full time employee equivalents.

Employer	City	Employees	Product or Service
Trek Bicycle Corp	Waterloo	675	Bicycle manufacturing
Perry Judds Inc	Waterloo	75	Commercial printing, lithographic
Mc Kay Nursery	Waterloo	125	Retail/Wholesale Nursery
Waterloo School District	Waterloo	125	Primary/Secondary Education
Sussek Machine Corp	Waterloo	110	Machining
Sheehy Mail Contractors	Waterloo	50	Mail Transportation
J G Van Holten & Son Inc	Waterloo	50	Food Manufacturing
Pal Ex Duckert Corp	Waterloo	50	Pallet Construction

Significance of Commuter Spending

Commuter expenditures will vary based on commuter characteristics and their travel time to places of employment. Research by Gary Green on commuter spending shows that commuters spend a significant amount on gasoline, maintenance and repairs, groceries, food from restaurants and other retail purchases. For one Wisconsin county, average expenditures on these purchases were close to $110 per week or $5,700 per year. These expenditures point to significant expenditure leakage from a commuter's home community. Furthermore, grocery, restaurant and retail expenditures, together, were almost three times greater than gasoline expenditures.

Often, commuter expenditures are made in establishments not traditionally associated with commuting. Additional research by Steve Deller and Martin Shields found that commuters had a positive impact on furniture stores, general merchandise stores, apparel stores, auto parts stores, building material stores, grocery stores, and other miscellaneous retailers. While the overall impact will vary by community, it is vital for Waterloo to develop strategies for capturing commuter dollars.

Capturing Commuter Expenditures

The magnitude of spending that a community can capture from in-commuters depends on whether commuters are prone to spend their money near their place of work or near their residence. For many products and services, the factors that influence a commuter's decision on where to shop are based on convenience and minimizing drive-time. Factors include:

- **Availability of specific retail and service businesses** in the host community that may not be available in the commuter's home community;
- **Location** on key commuting routes and on the appropriate side of road during drive time;
- Clear **visibility** of the business;
- Traffic speed, traffic lights and dedicated turn-lanes that help the commuter **access** a site;
- **Convenient hours** during primary commuting hours (early morning, late afternoon);
- **Drive-through** windows (banks, dry cleaners, take-out food, pharmacies, etc.);
- **Chain affiliation** that has an appeal and is recognized by out-of-town commuters;
- Convenient **parking** that allows commuters to and park in sight of the door; and,
- A **critical mass** of other businesses that make a stop more convenient for the commuter.

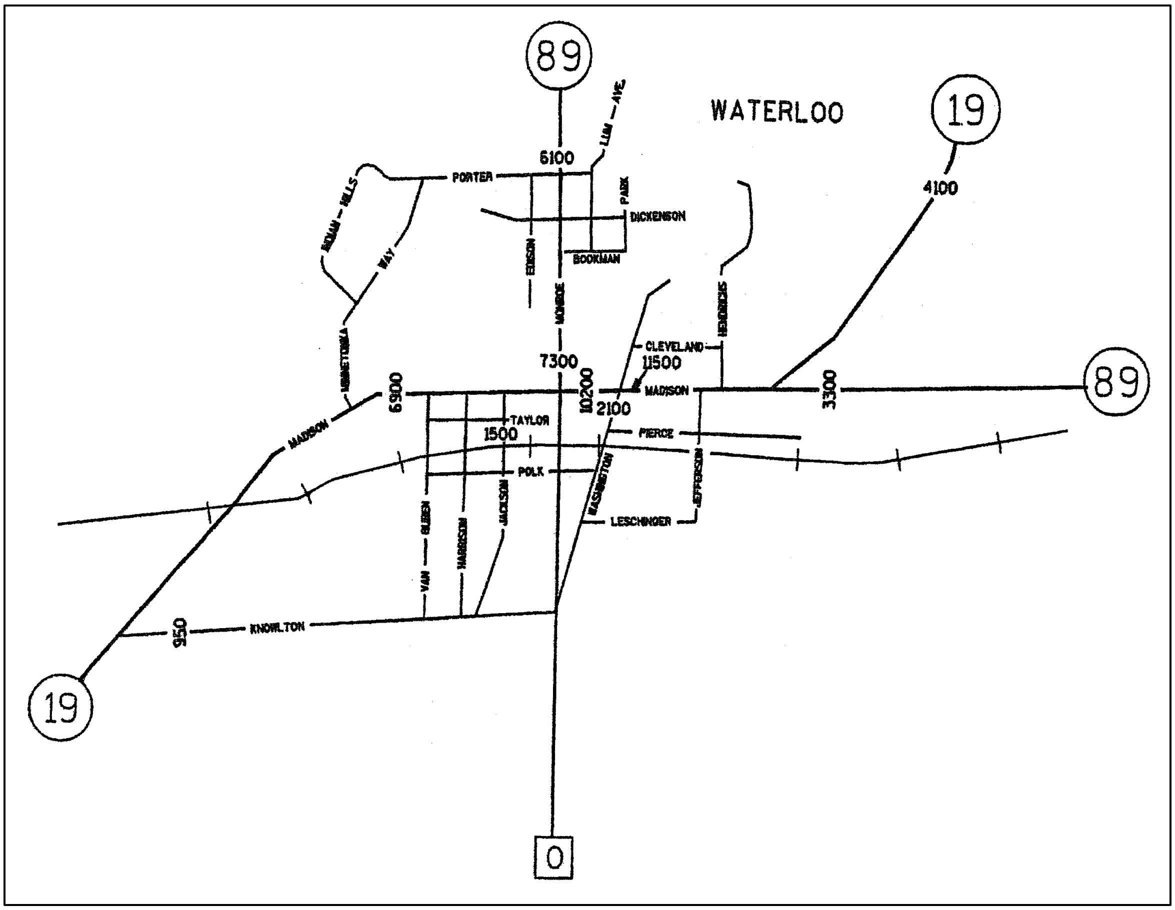
It is important to remember that not all commuters are the same. The demographics and lifestyles of in-commuters will dictate what they will buy. As with any consumer segment, business operators must always pay attention to their building's appearance, management and personnel, and overall service.

Finally, expansion or development of retail and services for commuters does not necessarily require highway strip development on the edge of town. In fact, in-fill locations closer to the center of the host community or even walking distance to places of employment offer commuters the opportunity to make their purchases before (or after) they embark on their commute.

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, access, 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.

Accordingly, it is necessary to examine average daily traffic counts in the downtown area. The following map shows traffic locations throughout the Waterloo area. Additionally, the downtown traffic counts in Waterloo are compared with those in the comparable community downtowns. These numbers show that there is a significant amount of traffic passing through downtown Waterloo. With an average of 10,200 vehicles per day, Waterloo has the highest downtown traffic count of any of the comparison communities. This traffic count is even more impressive in considering there are only 13,900 vehicles passing the Johnson Creek Outlet Mall on a daily basis (located 15 miles away).



Source: Wisconsin Department of Transportation – 2001 Highway Traffic Volume Data (May 2002)

Community	Maximum Average Traffic Count in Downtown	Location
Waterloo	10,200	Highways 89 and 19 - Intersection of Madison and Monroe
Slinger	10,200	Highway 60 - Intersection of Hwy 60 and Hwy 144
Evansville	5,700	Highway 14 - Intersection of Hwy 14 and Hwy 59
Horicon	9,800	Highway 33 - Bridge Crossing
Dodgeville	10,200	Highway 23 - Intersection of Hwy 23 and CTH CH
Columbus	7,600	Highway 16 - Intersection of Hwy 16 and Business 151
New Holstein	9,000	Highways 32 and 57 - City Center
Omro	13,500	Main Street. - Intersection of Hwy 21 and Hwy 116
Brillion	6,200	Main Street - Intersection of Hwy 10 and CTH PP
Average	**9,025**	

Source: Wisconsin Department of Transportation – 2001 Highway Traffic Volume Data (May 2002)

Demographic, Economic and Customer Characteristics - Conclusions and Recommendations

- Between Waterloo and Marshall, the Waterloo trade area has shown significant growth over the previous decade. This expansion shows a growing market and will enhance new business opportunities.

- Overall, the Waterloo trade area has a younger population than either the State or the comparable communities.

- Similar to the comparison communities, the Waterloo trade area has a large percentage of family households. These values are higher than the State in both terms of married couples and households with children. The larger percentage of households with children is contrasted by a slightly smaller percentage of households with people age 65 and over.

- Household incomes in Waterloo are predominantly in the middle-to-upper-middle range. This distribution should have a positive impact on consumer spending.

- Waterloo has a significant influx of commuters. These commuters have a positive impact on most retail categories. Accordingly, the strategies for capturing commuter spending mentioned in this section should be initiated. One immediate opportunity is to address signage and visibility issues in Waterloo through a potential sign ordinance.

- Downtown Waterloo has significant traffic counts in comparison to other communities. Again, strategies for capturing these consumers must be developed and initiated.

- The ACORN consumer groups*, 7A-Middle America* and 6C-*Newly Formed Households*, comprise almost 90% of the Waterloo trade area. The WEDC should make sure that the in-depth consumer and purchasing information on these two groups is available to existing and prospective businesses.

Analysis of Retail Opportunities

Section
6

Section 6 of this report provides detailed information on consumer demand and competition (supply) for specific retail business categories. The purpose is to identify potential market opportunities for business expansion or recruitment

The retail categories selected for analysis in this section were based on local research findings, professional knowledge of the study committee members, findings from downtown visioning efforts, and preliminary conclusions drawn from local demographic and lifestyle data.

Market conditions are assessed quantitatively using supply and demand[1] of retail space (square feet) as the measure. Market conditions are also assessed spatially to measure the proximity of existing demand within the trade area. Finally, other more qualitative considerations are discussed that help describe market potential for a specific store category.

In this section, supply and demand are measured by "store type" so that the results are more useful in business expansion and recruitment efforts. Specific store categories are used to add precision to the analysis. Standardized categories using four and five digit codes from the North American Industry Classification System (NAICS) are used[2].

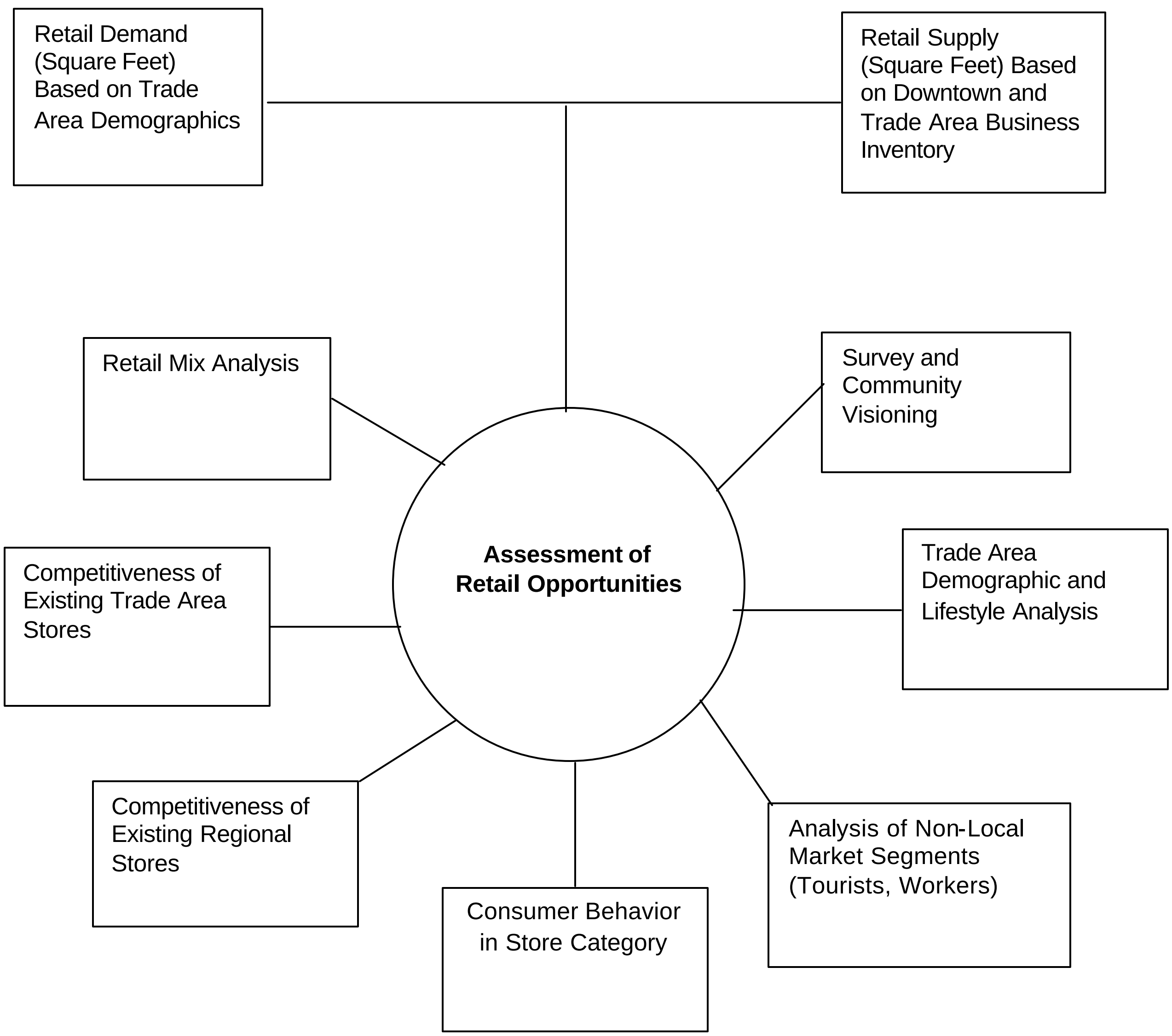
Supply refers to the actual square feet of retail space, sometimes called gross leasable area (GLA), that exists in the trade area. Demand refers to the amount of retail space that could be supported by consumers residing in the trade area based on estimates of their spending potential. A comparison 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 local residents shop, conclusions should be drawn regarding potential business categories worthy of further market research. However, the analyses performed here are not substitutes for a complete feasibility study.

Appendix 6A and Appendix 6B 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.

[1] Using the Economic Census, actual retail sales levels for the State can be used as a surrogate for consumer demand. The underlying assumption is that aggregate consumer demand at the state level is fairly well represented by the aggregate retail sales captured at the state level. This is a reasonable assumption in states that do not experience significant sales leakage to adjacent states. By dividing actual state sales by state population, state estimates of per capita consumer demand can be made. These state estimates can then be localized through an adjustment for per capita income differences.

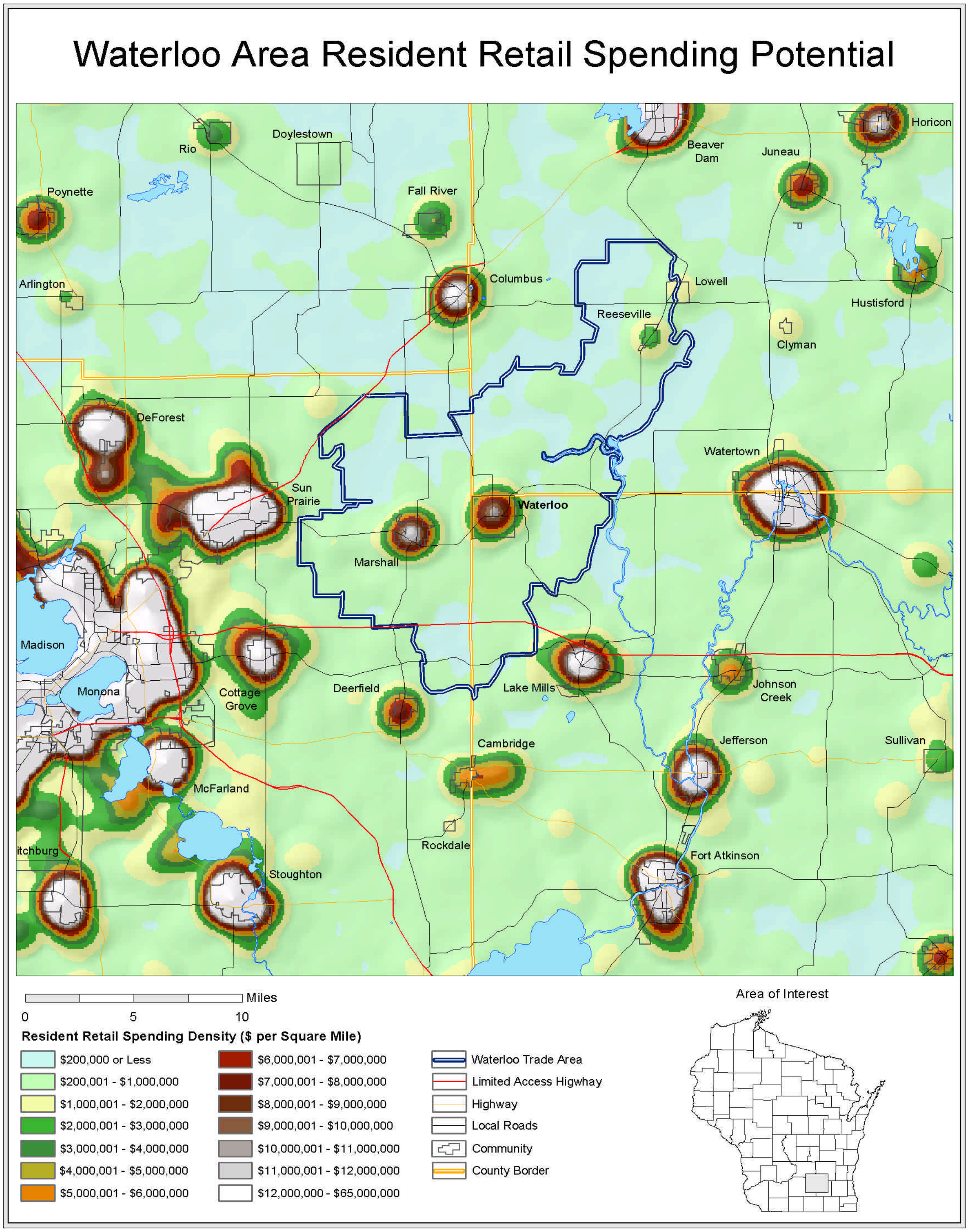
[2] Another w ay to analyze the retail market is to estimate spending by product type. This data is not presented in this report.

The following flowchart summarizes the retail analysis process. As previously stated, retail supply and demand is based on square footage by retail store type. These figures are represented in the top two boxes. However, the analysis requires a number of other more qualitative factors as well. These additional considerations include the retail mix analysis, surveys and community visioning, consumer behavior, lifestyle data and the other points contained in the boxes below. Combining this information will lead to a conclusion about possible business recruitment or expansion.



Waterloo Area Retail Spending Potential

The following map shows the resident retail spending potential in and around the Waterloo trade area. Demand is represented as retail spending dollars per square mile. The potential is calculating using year 2000 census block populations, per capita incomes and annual retail spending potential. While the trade area has a total resident retail spending potential of $122 million, the map clearly shows that Waterloo and Marshall have the two largest areas of spending potential within the trade area. However, there are large amounts of potential in the surrounding areas of Madison, Watertown, Sun Prairie and Lake Mills. Tapping into the potential of these areas requires finding the proper niche and selection of businesses.



Furniture Stores (NAICS 44211)

This industry comprises establishments primarily engaged in retailing new furniture, such as household furniture (e.g., baby furniture box springs and mattresses) and outdoor furniture; office furniture (except those sold in combination with office supplies and equipment); and/or furniture sold in combination with major appliances, home electronics, home furnishings, and/or floor covering.

Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$736,673,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$143
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$143
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$1,769,911
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$141.84
= Estimated Store Demand - Current Year	**12,475 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category:					
	None within trade area				
Total Supply - Current Year				**0 sq ft**	
Competitors in other Store Categories					
45331	Sentimental Journey	Waterloo	53594	-	Sells Antiques
45331	Hansen's	Marshall	53559	-	Sells Antiques
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Furniture stores were identified as a desirable store for clustering by business owners, but were not identified by consumers in the community visioning session.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	Waterloo has fewer furniture stores than the comparison communities. However, furniture stores are not common in the comparison communities.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Currently, there is no significant demand from commuters or tourists. However, a specialized niche may have the potential to bring in shoppers from outside the trade area.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Furniture shopping is typically done by comparison.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	There are no existing competitors within the trade area.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Madison has a variety of big-box furniture stores (American, Slumberland, etc.) and specialty upscale stores (Rubin's, Don's Oak Furniture, etc). Kecks is well-established in Watertown along with several other stores. Jefferson and Fort Atkinson also have furniture retailers.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	There are no other current retailers besides local antiques dealers.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	ACORN information indicates that consumers in the Waterloo trade area are as likely to buy furniture as the average consumer. Their purchases are commonly made at dedicated furniture stores or outlet stores rather than department stores.
Demand from other businesses. Are business to business sales an important consideration?	Accordingly to the U.S. Census Bureau, 91.1% of furniture store sales come from the general public (in 1997). Thus, business to business sales are slightly important.

Conclusions and Recommendations for Furniture Stores	
Demand in Square Feet: 12,475	**Supply in Square Feet:** 0 sq ft.
Other Considerations: Currently, there is intense competition from big-box retailers in Madison. There is also good competition from established locations in Watertown, Jefferson and Fort Atkinson	
Conclusions: Significant demand does exist within the Waterloo trade area. However, with existing competition in the surrounding areas, any development would have to find a niche serving visitors both inside and outside the trade area. Exploring and pursuing a niche may be a future opportunity for Waterloo. However, a furniture store is not recommended for immediate recruitment.	

Appliance, Television and Other Electronics Stores (NAICS 44311)

This industry comprises establishments primarily engaged in retailing one of the following: (1) retailing an array of new household-type appliances and consumer-type electronic products, such as radios, televisions, and computers; (2) specializing in retailing a single line of new consumer type electronic products (except computers); and (3) retailing these new products in combination with repair services.

Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$1,052,063,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending – 1997	$204
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$204
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population - current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$2,524,908
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$207.17
= Estimated Store Demand - Current Year	**12,187 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category:					
	None in Trade Area				
				0 sq ft	
Total Supply - Current Year					
Competitors in other Store Categories					
44419	Waterloo Building Center	Waterloo	53594	-	Sells Some Large Appliances
				-	
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Appliance stores were not widely identified by either the business owner's survey or the community visioning session.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	Waterloo has fewer appliance stores than the comparison communities. However, as with furniture stores, appliance and electronic stores are not common in communities the size of Waterloo.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Currently, there is little demand from commuters or tourists.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Larger ticket items are typically bought using comparison shopping. However, less expensive items (i.e. small appliances) may be driven by convenience.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	There are no existing competitors within the trade area.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Madison's East side has several big box appliance and consumer electronics stores (Best Buy, Circuit City and American). Wal-Mart in Watertown carries a selection of smaller electronics. Felton's in Jefferson and Watertown also carry appliances
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	While the Waterloo Building Center sells some appliances, there is little trade area competition in this store category.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	Trade area consumers are as likely to buy general household appliances and entertainment electronics as general consumers. However, they tend to purchase domestic brands when possible.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, about 94% of appliance, television and electronic store sales come from the general consumer. Thus, business to business sales are slightly important.

Conclusions and Recommendations for Appliance, Television and Other Electronics Stores	
Demand in Square Feet: ~12,200	**Supply in Square Feet**: 0
Other Considerations: As with furniture stores, there is significant competition from the big-box retailers in Madison and smaller competition from established retailers in the surrounding area (Jefferson, Watertown, Sun Prairie, etc.)	
Conclusions: Again, significant consumer demand exists within the trade area. However, a specialty niche would have to be found (similar to Kennedy-Hahn in Waunakee) to make an appliance and electronics store a viable option. Direct recruitment of an appliance store is not recommended at this time.	

Specialty Food Stores (including bakeries) (NAICS 4452) and Coffee Shops/Bakeries (NAICS 7222135)

The specialty food stores industry group comprises establishments primarily engaged in retailing specialized lines of food. Sub-sectors in this category include meat markets, fish and seafood markets, fruit and vegetable markets, baked good stores, confectionery and nut stores and other specialty food stores (such as ethnic food stores).

Coffee shops are described as establishments primarily engaged in selling freshly brewed coffee, for consumption on or off the premises. Establishments providing beverage teas are also included. The sale of food frequently accounts for a substantial portion of the sales of these establishments.

Retail Demand for Specialty Food Stores and Coffee Shops

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	Specialty Food	Coffee Shops*
Step 1: Calculate per Capita Spending		
1997 US Census of Retail Trade Sales for Wisconsin (United States for coffee shops)	$182,382,000	$2,001,380,000
÷ Wisconsin Population 1997 (United States for coffee shops)	5,144,826	268,930,000
= Estimated Per Capita Spending – 1997	$35	$7
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income		
x Adjustment for Per Capita Income	1.01	1.01
= Estimated Primary Trade Area Per Capita Spending	$35	$7
Step 3: Calculate Primary Trade Area Store Demand in Dollars		
x Primary Trade Area Population -current year	12,377	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$433,195	$86,639
Step 4: Calculate Primary Trade Area Store Demand in Square Feet		
÷ Estimates Sales per Square Foot (in 1997 dollars)	$162.57	$185.00
= Estimated Store Demand - Current Year	**2,665 sq ft**	**470 sq ft**

*The United States is used instead of Wisconsin due to disclosure problems in the State

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category:					
4452	Jim's Cheese Pantry	Waterloo	53594	1500 sq ft	Cheese and Dairy
4452	Mercado Waterloo	Waterloo	53594	800 sq ft	Ethnic Foods
Total Supply - Current Year				**2300 sq ft**	
Competitors in other Store Categories					
44511	Piggly Wiggly	Waterloo	53594	-	Grocery Store
44511	IGA (Sentry)	Marshall	53559	-	Grocery Store
44711	Local C-Stores	Waterloo/Marshall		-	Coffee and Baked Goods

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Both bakeries and coffee shops were identified as desirable categories in the business owner's survey and the visioning session.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	Waterloo's trade area has more specialty foods stores than the comparison communities. However, the selection in these stores is limited.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Commuters are a large potential source of demand. Currently, they are being served by the C-Stores within Waterloo.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Specialty food store and coffee sales are driven by convenience shopping. Accordingly, placement of these businesses is important.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	The existing competitors provide some competition, but the selection is limited to several sub-categories of specialty foods.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Convenience shopping will not be greatly impacted by surrounding area.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	Piggly Wiggly has a large selection of baked goods and C-Stores provide a more limited selection of baked goods and coffee.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	The ACORN data shows that trade area consumers are about 20% less likely to shop at a bakery than the general U.S. consumer. However, they are regular coffee drinkers.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, about 87% of specialty food store sales are made by the general public. Thus, business to business sales are an important source of income.

Conclusions and Recommendations for Specialty Food Stores	
Demand in Square Feet: 2,665 for specialty food stores, 470 for coffee shops.	**Supply in Square Feet:** 2,300 for specialty food stores, 0 for coffee shops.
Other Considerations: There is a limited selection of specialty foods at both dedicated specialty food stores as well as the grocery stores and C-stores. Currently, coffee demand is being served by convenience stores. However, there is no dedicated coffee store with the potential to serve sit-down customers. Furthermore, there is a large potential given the number of commuters into Waterloo.	
Conclusions: Given the decline of bakeries in the U.S. the potential for a dedicated bakery is limited. The specialty coffee market is growing and may provide potential to serve some specialty food products alongside coffee. In addition, there may be the potential to combine a smaller book store to help offset operating costs for both types of stores.	

Children’s and Infant’s Clothing Stores (NAICS 44813)

This U.S. industry comprises establishments primarily engaged in retailing a general line of new children's and infants' clothing. These establishments may provide basic alterations, such as hemming, taking in or letting out seams, or lengthening or shortening sleeves.

Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$32,856,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$6
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$6
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$74,262
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$142.98
= Estimated Store Demand - Current Year	**520 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category					
	None in Trade Area				
Total Supply - Current Year				**0 Sq Ft**	
Competitors in other Store Categories					
44814	RB Toggs	Waterloo	53594	-	Family Clothing
				-	
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Children's and infant's clothing stores were not widely identified by either the business survey or the community visioning session.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	Children's and infant's clothing stores are not common in either Waterloo or any of the comparison communities. Moreover, in 2001, there were only 66 locations listed in the State of Wisconsin.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Currently, demand from both commuters and tourists is very limited.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	In general, most apparel purchases are made using comparison shopping. However, more basic items may be purchased by convenience.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	There are no existing competitors within the trade area.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Johnson Creek and Madison provide two different locations with a critical mass of children's and infant apparel.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	There is little competition from other types of stores within the Waterloo primary trade area.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	Consumers in the trade area are slightly more likely to purchase children's and infant's apparel. However, they are likely to spend less for their purchases.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, 99.9% of sales for children and infant's clothing come from the general consumer.

Conclusions and Recommendations for Children's and Infant's Clothing Stores	
Demand in Square Feet: 520 sq ft	**Supply in Square Feet**: 0 sq ft
Other Considerations: The data shows that stand-alone children's and infant's clothing stores are an uncommon concept. Furthermore, Madison and Johnson Creek both provide shopping opportunities with a critical mass of children's apparel.	
Conclusions: Given the limited demand, competition and nature of the store type, a children's and infant's apparel store is not a likely candidate for recruitment.	

Jewelry Stores (NAICS 44831)

This industry comprises establishments primarily engaged in retailing one or more of the following items: (1) new jewelry (except costume jewelry); (2) new sterling and plated silverware; and (3) new watches and clocks. Also included are establishments retailing these new products in combination with lapidary work and/or repair services.

Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$311,575,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$60
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$60
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$742,620
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$263.92
= Estimated Store Demand - Current Year	**2,813 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category:					
	None in Trade Area				
				0 Sq ft.	
Total Supply - Current Year					
Competitors in other Store Categories					
	None in Trade Area			-	
				-	
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Jewelers were identified as a desirable clustering category by the business owner's survey.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	Jewelry stores are less common in the Waterloo trade area than the comparable communities. However, jewelry stores are fairly uncommon in the comparable communities as well.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Currently, tourist and commuter demand for jewelry stores is low. Bringing outside dollars into Waterloo will require developing and marketing a critical mass of stores or a specialized niche.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Jewelry stores often do well in the presence of other jewelry stores. Thus, most jewelry purchases are driven by comparison shopping. However, jewelry repair services will be driven by convenience.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	No existing competitors within the trade area.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Madison has a variety of national and independent jewelers. Additional jewelry stores are located in the Johnson Creek Outlet Center, Sun Prairie, Watertown, Fort Atkinson, Jefferson and Lake Mills.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	No other current retailers selling jewelry stores.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	ACORN information for the trade area shows that consumers are as likely to buy fine jewelry as the average consumer. Of their purchases, they are more likely to buy class rings, engagement rings, and watches.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, 96.4% of all purchases in jewelry stores are made by the general public. Thus, business to business sales are of limited importance.

Conclusions and Recommendations for Jewelry Stores	
Demand in Square Feet: ~2,800	**Supply in Square Feet:** 0
Other Considerations: The business mix analysis, ACORN information and survey findings show that there may be potential for a jewelry store in Waterloo. However, there is significant competition in the surrounding communities.	
Conclusions: There is a potential niche opportunity for a new jewelry store, especially a store that focuses on specialty jewelry, repair and similar services. However, the recruitment of a jewelry store is not a short-term opportunity for Downtown Waterloo.	

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

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$423,731,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$82
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$82
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$1,014,914
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$153.46
= Estimated Store Demand - Current Year	**6,613 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category					
45111	Tom's Guns	Marshall	53559	1200 sq ft	Guns/Hunting
45111	Diebolts Gun Shop	Waterloo	53594	500 sq ft	Guns and Gun Repair
45111	Tom's Archery	Waterloo	53594	500 sq ft	Archery
45111	Little Jon's Archery	Marshall	53559	500 sq ft	Archery
Total Supply - Current Year				**2700 sq ft**	
Competitors in other Store Categories					
44413	Ace Hardware	Marshall	53559	-	Some fishing tackle
				-	
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	While sporting goods were not identified in the community visioning session, several business owners identified sporting goods as a desirable new business category.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	Sporting goods stores are uncommon in both Waterloo and the comparable communities.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Currently, there is little demand by tourists and commuters. Again, a unique draw may bring outside consumers into Waterloo.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Large ticket items are driven by comparison while smaller items (fishing tackle, licenses, etc.) may be driven by convenience.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	While the current competitors are knowledgeable, these establishments only provide hunting products (guns and archery).
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Madison offers a number of large format general sporting goods stores (Gander Mountain, Sports Authority) as well as a selection of specialty stores (Rutabaga, REI, etc). Wal-Mart in Watertown also sells some sporting goods.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	Currently, only Ace Hardware in Marshall sells a limited selection of sporting goods.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	ACORN shows a higher propensity for hunting and fishing activities. Furthermore, trade area residents show greater participation in activities such as softball and bowling.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, 94.4% of all purchases in sporting goods stores are made by the general public.

Conclusions and Recommendations for Sporting Goods Stores	
Demand in Square Feet: ~6,600	**Supply in Square Feet:** 2,200
Other Considerations: Currently, the sporting goods product selection within the trade area is very limited. However, there is significant selection outside the trade area in Madison.	
Conclusions: Currently, there is a large gap, but it is a competitive market. A potential niche would have to be found (biking, used sporting goods, etc.) However, there may be a large market for outdoor activities in the area. One recommendation would be the pursuit of bicycle products and services as local recreation opportunities expand. However, this is a longer term opportunity.	

Book Stores (NAICS 45121)

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

Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$193,094,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$37
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$37
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$457,949
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	161.16
= Estimated Store Demand - Current Year	**2,841 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category:					
	None in Trade Area				
Total Supply - Current Year				**0 sq ft**	
Competitors in other Store Categories					
44511	Piggly Wiggly	Waterloo	53594	-	Magazines and best sellers (paperbacks)
				-	
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Several business owners identified a book store as a desirable business category for business recruitment.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	There are fewer book stores in Waterloo than in the comparable communities. However, book stores are somewhat uncommon in the comparable communities as well.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Currently, there is little demand from these consumer groups. However, demand may be created from either commuters or tourists with an appropriate niche.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Prices for new books are set by the publisher. Accordingly, convenience is a large factor. However, consumers may be willing to drive for a larger selection or for specialty books.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	Currently, there are no existing competitors in the trade area.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Large bookstores such as Borders and Barnes and Noble are located in Madison. Furthermore, there are a variety of specialty stores available (such as the University Bookstores and used books). Internet retailers such as Amazon and Barnes and Noble also provide some competition.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	Paperbacks and newspapers are sold at Piggly Wiggly, but selection is limited.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	The ACORN information shows that consumers in the primary categories are slightly less likely to purchase books than the average consumer. However, they do purchase more children's books.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, almost 97% of all book store sales are made by the general public. Thus, business to business sales are limited.

Conclusions and Recommendations for Book Stores	
Demand in Square Feet: 2,800	**Supply in Square Feet:** 0
Other Considerations: Currently, selection within the trade area is limited. While there is significant competition outside the trade area, the convenience nature of some purchases may offset some outside competition. Given the local demographics, a book store that has specialty niche (such as children's books) may make sense.	
Conclusions: A stand-alone book store may not be an appropriate opportunity. However, combining a book store with a coffee shop/specialty food store is a popular trend and may improve the chance of success. Furthermore, a bookstore may provide a family-friendly community gathering location.	

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

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$248,109,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$48
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$48
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$594,096
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$126.70
= Estimated Store Demand - Current Year	**4,688 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category:					
45322	Hansen's	Marshall	53559	800 sq ft	Unique crafts
45322	Steven's Rocks and Gifts	Marshall	53559	500 sq ft	Rock, mineral and fossil store
Total Supply - Current Year				**1,300 sq**	
Competitors in other Store Categories					
44611	Zimbric Pharmacy	Waterloo	53594	-	Sells a varied selection of gifts and cards.
45311	Cathy's	Marshall	53559	-	Well-established independent florist
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	While gift stores were not identified as a specific category, the visioning session and business owner's survey identified other opportunities such as arts and crafts, cards and antiques.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	There are fewer gift and novelty stores in Waterloo than the comparable communities.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Gift and souvenir purchases are largely driven by the non-local market. Accordingly, tourists and commuters could provide a significant market share.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	Many gift items are driven by comparison shopping while visiting an area or community. However, some items (such as cards) may be driven by convenience.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	Local competitors have both limited hours and a limited selection of products.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	Given the unique nature of gifts and souvenirs, big-box competition will have a smaller impact on this retail category. However, Madison and many other surrounding communities have established gift clusters.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	Local businesses from other categories provide some competition. However, selection is limited.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	The nature of gift purchases requires a detailed ACORN analysis for a specific product type. Accordingly, it is difficult to make conclusions about the local population and gift purchases.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, 96.2% of all purchases in gift, novelty and souvenir stores are made by the general public. Thus, business to business sales are of smaller importance.

Conclusions and Recommendations for Gift, Novelty and Souvenir Stores	
Demand in Square Feet: ~4,700 sq ft.	**Supply in Square Feet**: 1,300 sq ft
Other Considerations: The limited selection of gifts in the trade area points to a possible opportunity. However, tourists to Waterloo are currently limited. Given the importance of outside visitors to gift stores, any new store would have to provide a product selection desirable to the local resident population.	
Conclusions: The success of any new gift store will be based on niches and draws to Waterloo. Currently, gift stores are a difficult market to analyze. While there is potential in the local resident market, demand will be driven by non-locals and transients. There may be potential for expansion of gift selection by a florist in the near future instead of immediate recruitment for a stand-alone new business	

Florists (NAICS 45311)

This industry comprises establishments known as florists primarily engaged in retailing cut flowers, floral arrangements, and potted plants purchased from others. These establishments usually prepare the arrangements they sell.

Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this store category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Retail Trade Sales for Wisconsin	$118,331,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$23
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$23
Step 3: Calculate Primary Trade Area Store Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	$284,671
Step 4: Calculate Primary Trade Area Store Demand in Square Feet	
÷ Estimates Sales per Square Foot (in 1997 dollars)	$149.82
= Estimated Store Demand - Current Year	**1,900 sq ft**

Retail Supply

The table below lists all of the stores in this category within the primary trade area. In addition, there are other stores that compete to varying degrees for the sale of similar goods and services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Sq Feet	Comments
Competitors in this Store Category					
45311	Cathy's	Marshall	53559	800 sq ft	Well-established independent florist
Total Supply - Current Year				**800 sq ft**	
Competitors in other Store Categories					
44511	Piggly Wiggly	Waterloo	53594	-	Limited selection of arrangements and fresh flowers
				-	
				-	
				-	
				-	

Other Market Considerations, Conclusion and Recommendations

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.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Florists were identified as the third most desirable new retailer by the business owner's survey.
Retail Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	The retail mix shows that there are fewer florists in the Waterloo trade area than in the comparable communities.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Given the convenience nature of most floral purchases, commuters are a source of potential demand for a local florist.
Consumer behavior in this retail category. Are purchases driven by convenience or comparison shopping?	For most purchases, flowers and associated items are driven by convenience.
Quality of existing competitors. Are existing stores in this category providing the merchandise and service local shoppers demand?	Cathy's in Marshall is a good local competitor.
Competition from outside the trade area. Do surrounding communities with regional shopping centers and big box stores siphon business in this category out of the trade area?	While there is competition outside of the trade area, most purchases will be made locally.
Competition from other types of stores in the primary trade area. Do local discount department stores or supermarkets already fill the niche of more specialized store types?	Piggly Wiggly provides a limited floral selection, but does not fill all consumer needs.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase goods within this store category?	ACORN information indicates that trade area residents are slightly more likely to purchase flowers (for any occasion) than the general consumer in the U.S.
Demand from other businesses. Are business to business sales an important consideration?	According to the U.S. Census Bureau, 86.9% of all purchases are made by the general public. Accordingly, a sizable amount of sales comes from other businesses.

Conclusions and Recommendations for Florists	
Demand in Square Feet: 1,900 sq ft	**Supply in Square Feet**: 800 sq ft
Other Considerations: The Waterloo trade area has fewer florists than the other comparable communities. The convenience nature of most floral purchases makes competition outside the trade area less relevant and provides a good opportunity to capitalize on commuter dollars. Furthermore, there may be the potential for business to business sales to establishments within the trade area (such as the Pederson Funeral Home and larger employers in the area)	
Conclusions: A floral shop is a good candidate for a new business recruitment opportunity. This conclusion is based on the gap in supply and demand, along with the potential demonstrated by the analysis of additional considerations. There is also the potential for a new floral shop to expand into the gift market.	

Analysis of Retail Opportunities - Conclusions and Recommendations

The following opportunities are ranked in order of recruitment potential (high potential to lower potential).

- There is the potential to develop a new coffee shop/bakery/specialty food store. It was recommended by the committee that this establishment be combined with a smaller format book store, perhaps with a specialty niche of children's books. Combining these categories is a popular trend and would allow labor costs to be offset as well as fill several demand gaps. Furthermore, this establishment could serve as a family-friendly gathering place much needed in Waterloo. Accordingly, recruitment materials for this business should be developed in the near future.

- Given the demand gap, the potential for business-to-business sales, and the presence of florists in other similar communities, active recruitment of a florist is recommended by the study committee. Given the limited selection of gifts in the Waterloo trade area, there is also the potential for a new florist to expand into this market as well. This store could help fill the gap created when the successful former retailer, Tisket and Tasket , closed. Again, recruitment materials for this business should be developed.

- Jewelry stores show a gap that may support a new store. However, this store would face competition from both Madison and several smaller local communities outside of the trade area. One longer term opportunity may be to pursue a home-based jeweler that could possibly move to a downtown location and focus on specialty jewelry and repair. However, this is not an immediate recommendation.

- Sporting goods stores show a demand gap. Currently there are several local retailers focusing on the hunting market, leaving a limited the sporting goods product selection. One option would be to focus on the river and the biking market. With the name recognition of Trek, the potential for local trail development, and the reclamation of the Maunesha River, there is the potential to tap into the active lifestyles of the Madison and Milwaukee areas. However, expansion into sporting goods products is unlikely until there is further information regarding these possible developments. Nonetheless, the sporting goods market should not be overlooked as a longer-term opportunity.

- Currently, the Waterloo trade area shows a sizeable demand gap for furniture stores. However, the intense competition present in Madison and the areas surrounding the trade area would make a furniture store an unlikely recruitment candidate at the current time. However, there is the possibility of exploring a specialized niche for furniture stores. Creating a critical mass may attract outside visitors to the area and serve the local population.

- Similar to furniture stores, appliance stores show a demand gap in the Waterloo trade area. However, the competition from big-box retailers in Madison makes an appliance and electronics store an unlikely candidate for recruitment. One suggestion by the committee would be to find a specialty appliance store similar to Kennedy-Hahn in Waunakee that would cater to area home builders and residents.

- Given the operational nature of children's and infant's clothing stores, along with the small demand present in the trade area, this category is not a viable candidate for business recruitment.

- Given the proximity of Madison, an additional recommendation is to actively pursue this market. While this is a longer term opportunity, Waterloo must create a niche for itself that will attract these outside visitors.

Appendix 6A - 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 6B - 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

Analysis of Service Business Opportunities

Section

7

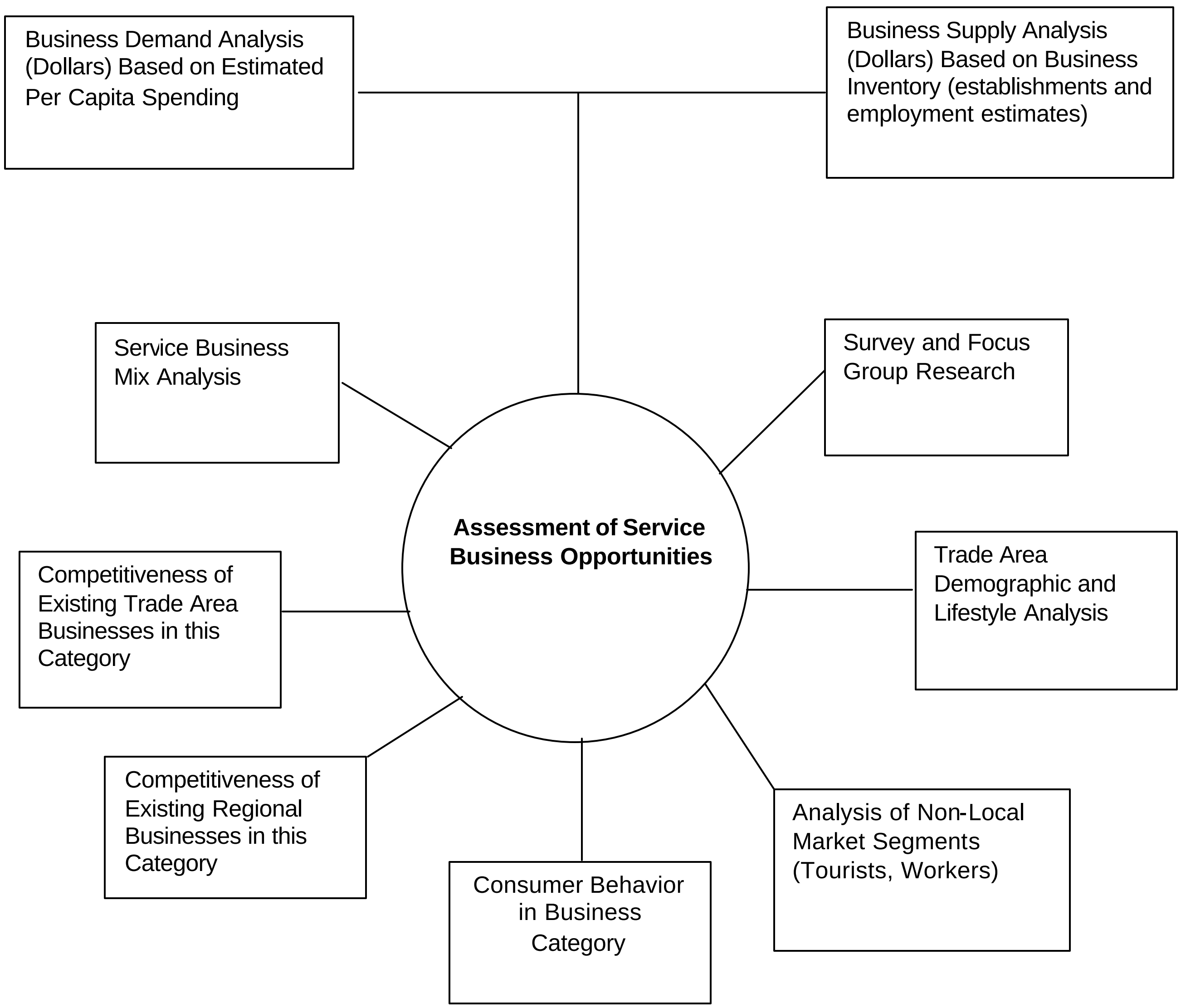
Section 7 provides a discussion of selected other business categories that could have an opportunity in Waterloo. It focuses on establishments that provide services either to individuals or other businesses.

Service businesses have become increasingly important in the community and economic development of smaller towns across the country. These businesses are often essential conveniences for both personal and business needs, contributing to the community's quality of life and business environment. In smaller communities, there may not always be an opportunity for an individual, dedicated business. However, there are often opportunities for existing businesses to expand their services. The expansion of an existing business provi des a new profit center for the owner and fills a need in the community. A sample list of services that may be found in small town business districts is presented below:

- Photocopying and Copying Shops
- Banks and Credit Unions
- Securities & Commodity Brokerage
- Insurance Agencies
- Offices of Real Estate Agents & Brokers
- Video Tape & Disk Rental Centers
- General Rental Centers
- Legal Services
- Accounting, Tax Return Prep, Bookkeeping, & Payroll Services
- Photographic Services/Studios
- Travel Agencies
- Offices Of Physicians
- Offices Of Dentists
- Offices Of Chiropractors
- Offices Of Optometrists
- Child Day Care Services
- Fitness & Recreational Sports Centers
- Bowling Centers
- Automotive Repair & Maintenance Shops
- Electronic & Precision Equipment Repair & Maintenance Shops
- Hair, Nail, & Skin Care Services
- Dry Cleaning & Laundry Services
- Funeral Homes
- Veterinary Services

Five specific business opportunities are examined in greater detail below. These categories were chosen on the basis of community input and the business mix analysis. As with retail opportunities, the analyses performed here are not substitutes for a complete feasibility study.

The following flowchart summarizes the service analysis process. The quantitative analysis is based on typical per capita spending values in specific service business categories contrasted with the amount of sales generally generated per business type. As with retail categories, the analysis examines a number of additional qualitative factors. These additional considerations include the service mix analysis, surveys and community visioning, consumer behavior, lifestyle data, demographics and the other points contained in the boxes below. Combining this information will lead to a conclusion about possible business recruitment or expansion opportunities.



Photography Studios – NAICS 54192

This industry comprises establishments primarily engaged in providing still, video, or digital photography services. These establishments may specialize in a particular field of photography, such as commercial and industrial photography, portrait photography, and special events photography. Commercial or portrait photography studios are included in this industry.

Service Business Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this business category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Trade Sales for Wisconsin in this Category	$95,719,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$19
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$19
Step 3: Calculate Primary Trade Area Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	**$235,163**

Service Business Supply

The table below lists all of the businesses in this category within the primary trade area. In addition, there are other businesses that compete to varying degrees for the sale of similar services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Employee Estimate	Comments
Competitors in This Business Category:					
	None listed in trade area				
	Total			**0**	
Competitors in Other Business Categories					
	None listed in trade area				

Estimated Supply (based on employment levels)

None

Other Market Considerations, Conclusion and Recommendations

Differences in 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 service business category.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	A photography studio was identified as a business that would enhance the local business mix by a number of business owners. Of the services identified, it was the third most commonly desired business.
Service Business Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	While not necessarily common, a number of the other comparable communities have photographic studios in their trade areas.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Non-residents and transients will not provide a significant demand source for photography studios
Quality of existing competitors. Are existing businesses in this category providing an adequate level and quality of service	None listed in trade area.
Competition from outside the trade area. Do surrounding communities siphon business in this category out of the trade area?	There are over 40 photography studios listed in Madison, along with several located in the nearby communities of Watertown and Lake Mills.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase services within this category?	ACORN does not list a category for photography or photographic studios. However, there are a number of target markets for photographers in Waterloo such as families, school children, weddings, churches and social groups.
Demand from other businesses. Are business-to-business sales an important consideration?	School events, sports photos, business and church directories all provide important opportunities for a local photographer.

Conclusions and Recommendations	
Demand (Dollars): ~$235,000	**Supply (Dollars):** None listed
Other Considerations: There are many opportunities for photography demand that are being lost to communities outside of the trade area.	
Conclusions: The demand in Waterloo will likely meet the needs of a small, independent photographer. Furthermore, with the number of opportunities for school, family, business and social photos, there seems to be potential for recruiting a photographer to Waterloo.	

Automotive Repair and Maintenance – NAICS 8111

This industry group comprises establishments involved in providing repair and maintenance services for automotive vehicles, such as passenger cars, trucks, and vans, and all trailers. Establishments in this industry group employ mechanics with specialized technical skills to diagnose and repair the mechanical and electrical systems for automotive vehicles, repair automotive interiors, and paint or repair automotive exteriors.

Service Business Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this business category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Trade Sales for Wisconsin in this Category	$1,196,263,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$232
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$232
Step 3: Calculate Primary Trade Area Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	**$2,871,464**

Service Business Supply

The table below lists all of the businesses in this category within the primary trade area. In addition, there are other businesses that compete to varying degrees for the sale of similar services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Employee Estimate	Comments
Competitors in This Business Category:					
	K&B Auto Service, LLC	Waterloo	53594	4-5	Comprehensive Auto Repair and Used Auto Sales
	U-Serve U-Save	Waterloo	53594	1-2	Smaller garage/Oil Changes
	Tom's Auto Repair	Waterloo	53594	1-2	Smaller garage
	Weihert's Radiator Service	Waterloo	53594	1	Specializes in Radiators
	Upfront Auto	Waterloo	53594	1-2	General Auto Repair
	Total			**8 - 11**	
Competitors in Other Business Categories					

Estimated Supply (based on employment levels)

$600,000 - $825,000

Other Market Considerations, Conclusion and Recommendations

Differences in 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 service business category.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Auto repair services were not specifically identified by either the community visioning session or the business owner's survey.
Service Business Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	The mix in the primary zip code shows that Waterloo has more auto repair services than the comparable communities. However, there are fewer in the overall trade area.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	While there is not a significant tourist base, commuters may provide a significant demand and opportunity.
Quality of existing competitors. Are existing businesses in this category providing an adequate level and quality of service	K & B Auto Service is a well-established business with the other auto service businesses filling a more specialized role.
Competition from outside the trade area. Do surrounding communities siphon business in this category out of the trade area?	While other independent auto service establishments exist outside the trade area, the advantage of these areas is the dealers. Madison, Lake Mills and Watertown have a variety of dealers that specialize in specific models
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase services within this category?	ACORN data shows that consumers in the Waterloo trade area tend to travel more and tend to own significantly more cars (especially domestic made cars) than the U.S. average. Furthermore, the data shows that trade area residents are more likely to take their car to a garage than a dealer for service.
Demand from other businesses. Are business-to-business sales an important consideration?	According to the U.S. Census Bureau about 20% of automotive repair typically comes other businesses. This often comes from servicing vehicle fleets and agricultural vehicles.

Conclusions and Recommendations	
Demand (Dollars): ~$2,800,000	**Supply (Dollars):** ~$600,000 – $825,000
Other Considerations: Services would likely need to focus on domestic cars and fill needs not currently met in Waterloo (such as auto body). While dealers are present in surrounding communities, they do not fill all needs of Waterloo trade area residents.	
Conclusions: AAA reports that as autos increase in complexity, the demand for auto service will continue to increase. Given this trend and the potential sales gap, opportunities exist in Waterloo for the expansion of an existing business or recruitment of a new business. One particular opportunity is auto body repair.	

Child Day Care Services – NAICS 62441

This industry comprises establishments primarily engaged in providing day care of infants or children. These establishments generally care for preschool children, but may care for older children when they are not in school and may also offer pre-kindergarten educational programs.

Service Business Demand

Consumer expenditure demand represents the amount of annual spending of residents of the primary trade area in this business category. It was calculated as follows:

Consumer Demand Calculation	
Step 1: Calculate Statewide per Capita Spending	
1997 US Census of Trade Sales for Wisconsin in this Category	$271,634,000
÷ Wisconsin Population 1997	5,144,826
= Estimated Per Capita Spending - 1997	$53
Step 2: Adjust for Differences in Primary Trade Area Per Capita Income	
x Adjustment for Per Capita Income	1.01
= Estimated Primary Trade Area Per Capita Spending	$53
Step 3: Calculate Primary Trade Area Demand in Dollars	
x Primary Trade Area Population -current year	12,377
= Estimated Consumer Spending Demand (for current year expressed in 1997 dollars)	**$655,981**

Service Business Supply

The table below lists all of the businesses in this category within the primary trade area. In addition, there are other businesses that compete to varying degrees for the sale of similar services, but are classified in other categories.

NAICS	Business Name	Address	Zip Code	Employee Estimate	Comments
Competitors in This Business Category:					
	Little Bears Daycare, LLC	Waterloo	53594	10-12	
	Bomkamp's Braids & Britches	Marshall	53559	10-12	
	Little Family Daycare	Marshall	53559	10-12	
	Total			**30-36**	
Competitors in Other Business Categories					
	None				

Estimated Supply (based on employment levels)

$585,000 - $702,000

Other Market Considerations, Conclusion and Recommendations

Differences in 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 service business category.

Consideration	Local Analysis
Survey and focus group findings. What have we learned from local research about consumer behavior and perceptions of the downtown?	Child care was not specifically identified by either the community visioning session or the business owner's survey.
Service Business Mix in Comparable Communities. How many businesses in the category are located in the downtown areas of comparable communities?	The business mix analysis shows that comparable communities have more child care services in both the primary community as well as the overall trade area.
Demand from non-residents. Is there significant market potential from nonresident customer segments such as tourists and commuters?	Tourists will not provide demand for day care services. However, commuters may provide some impact.
Quality of existing competitors. Are existing businesses in this category providing an adequate level and quality of service	Existing competitors are established and are good quality.
Competition from outside the trade area. Do surrounding communities siphon business in this category out of the trade area?	Competition from outside the trade area will likely be determined by commuter patterns by residents in Waterloo.
Lifestyle and purchasing potential information. Does lifestyle segmentation data indicate that local residents are more likely to purchase services within this category?	While ACORN does not evaluate day cares, there is a higher proportion of young children in the Waterloo trade area than either the comparable communities or the State.
Demand from other businesses. Are business-to-business sales an important consideration?	Existing businesses will not provide demand for day care services.

Conclusions and Recommendations	
Demand (Dollars): $655,981	**Supply (Dollars):** $585,000 - $702,000
Other Considerations: The quality of existing competitors seems to be filling the current needs. The additional considerations do not point to other opportunities	
Conclusions: With supply and demand figures being similar, and the quality of existing competitors, there does not seem to be an opportunity for an additional day care at this time.	

Rental Opportunities (Various NAICS Categories)

Industries in the Rental and Leasing Services sub-sector include establishments that provide a wide array of tangible goods, such as automobiles, computers, consumer goods, and industrial machinery and equipment, to customers in return for a periodic rental or lease payment.

While dedicated rental agencies are less common in smaller towns, rental services may be an opportunity for existing businesses. These possible profit centers are areas where existing businesses could provide equipment rentals for personal, homeowner and contractor uses. The following is a summary of items currently rented in the community (supply). Also included is a general list of rental categories that can be used to explore potential future rental opportunities in Waterloo.

Current Supply of Rental Services:

Homeowner Equipment Rentals -
Ace Hardware provides a variety of rentals serving this market.

Formal Wear Rentals -
RB Toggs provides formalwear rentals serving resident needs.

Video Tape and DVD Rental -
Village Video, Piggly Wiggly and Kwik Trip all provide video rentals

Truck and Utility Trailer Rentals -
There are none within the trade area. However, Lake Mills, Watertown and Madison all provide these services.

Other Rental Categories:

The following are general categories of rental goods used by the U.S. Census Bureau. It is provided here only to offer ideas for additional rental services that might be offered in Waterloo.

- Rental & leasing services
- Automotive equipment rental & leasing
- Passenger car rental & leasing
- Consumer goods rental
- Consumer electronics & appliances rental
- Costume rental
- Other consumer goods rental
- All other consumer goods rental
- General rental centers
- Commercial & industrial machinery & equipment rental & leasing
- Office machinery & equipment rental & leasing
- Computer rental & leasing
- Recreational goods rental

Potential Opportunities for Waterloo

Lifestyle data analysis indicates that consumers in the trade area tend to participate in "do-it-yourself" activities. They tend to spend more money than the national average on cars and car maintenance, do-it-yourself home improvements, and lawn and garden care. However, this rental market is currently served by Ace Hardware. One other future opportunity may be with recreation rentals. With the reclamation of the river and a possible biking niche, there may be an opportunity for canoe, kayak and bike rentals.

Bed and Breakfast Inns – NAICS 721191

This U.S. industry includes establishments primarily engaged in providing short-term lodging in facilities known as bed-and-breakfast inns. These establishments provide short-term lodging in private homes or small buildings converted for this purpose. Bed-and-breakfast inns are characterized by a highly personalized service and inclusion of a full breakfast in a room rate.

Market Considerations

The need for a lodging establishment in Waterloo was identified by a number of the respondents to the business owner's survey. While a large scale establishment does not fit the Waterloo market, there is the potential for a bed and breakfast. Previously, a bed and breakfast was located in Waterloo. The closure of this establishment was due to personal reasons and not a lack of market demand. The former bed and breakfast reported annual occupancy rates of ~35% with a number of turn-away guests. The rate was similar to the Midwest average occupancy of 37% (as reported Iowa State University).

The Waterloo market has opportunities for both the leisure market and the business market. While businesses such as Trek, Perry-Judd and McKay do generate some room nights, they report that the majority of their guests prefer to stay in Madison. The desirability of Waterloo as a business lodging opportunity could be increased with the establishment of additional restaurants and entertainment destinations. However, it is likely that the business market will not generate a significant amount of demand for a bed and breakfast.

Most demand for a bed and breakfast in Waterloo will come from the leisure travel segment. These travelers will primarily visit on weekends, during the summer and over holiday periods. These travelers often choose bed and breakfasts for their personal touches, nicely decorated rooms and romance. Other attributes important to leisure travelers are private bathrooms, full breakfasts (vs. Continental), shopping and dining opportunities in the area, credit card acceptance and nearby recreational activities. While the previous B & B enjoyed good occupancy rates, the expansion of dining, shopping and recreation in Waterloo will assist in boosting these rates.

A final reason that leisure travelers choose a bed and breakfast is the charm of the building. Given the building stock in Waterloo, there may be a number of opportunities for a new bed and breakfast. These opportunities exist in downtown and around the central business district. Locating a bed and breakfast within walking distance to downtown would be a desirable attribute for both the individual establishment and the business district.

Analysis of Service Business Opportunities - Conclusions and Recommendations

- With anticipated retirements and the need for additional professional services, there is an opportunity for a lawyer and an accountant in Waterloo. Business succession and recruitment materials should be developed for these two categories. Furthermore, there are other professional services that should be considered to fill gaps in Waterloo. Two particular opportunities are an optometrist and an additional dentist. While these businesses are outside the scope of this analysis, recruitment materials should be developed for these professional services.

- Recruitment materials for a bed and breakfast should be developed. This recommendation is based on the occupancy levels of the previous bed and breakfast, in addition to the lack of lodging in Waterloo.

- Given the current supply and demand gap, along with the sales leakage to outside trade areas, a photographer should be actively recruited.

- The large sales potential in auto repair suggests an opportunity for expansion or recruitment. One particular gap is in auto body repair, which could be filled by the expansion of an existing business.

- The demand for rental services in Waterloo is served in most categories. However, the potential expansion of recreation opportunities in Waterloo may provide a future opportunity for sporting goods rentals (bikes in particular). Given the uncertainty of future demand, this is a longer term opportunity.

- The demand for child and day care seems to be met by the existing establishments in the Waterloo trade area.

Analysis of Restaurant Opportunities

Section 8

This section explores market opportunities for expanded or new restaurants in Waterloo. The analysis is based on examining downtown as a viable location for future restaurant development, data on local resident demand and supply, and conclusions regarding possible restaurant concepts that might make market sense in Waterloo.

Location Analysis

Analysis of the restaurant market must look beyond the local residential base to include all people who travel through or to the community (residents and non-residents). In this analysis, traffic patterns provide an important indicator of the level of exposure a restaurant would receive at a specific location. In addition to traffic patterns, potential "demand generators" in the community contribute to restaurant utilization levels. Company offices, manufacturing firms, schools and retail businesses generate a significant amount of restaurant business, often from non-residents coming into the community.

Traffic Volume and Direction

Waterloo's highest traffic volumes are near the intersection of Monroe and Madison within the Downtown business district. Average daily traffic volume in this area varies between 11,500 vehicles to 10,200 vehicles per day. Individual values peak throughout the day and week. Weekday traffic volume varies according to commuting patterns. Peak traffic levels are seen between 6:30 – 7:00 AM and with shift changes between 2:00 – 3:15 PM and 5:00 – 7:00 PM. These traffic levels correspond with both breakfast and dinner dining periods. Traffic levels on the weekend decline significantly.

Visibility, Accessibility and Parking

The downtown intersection of Madison and Monroe has high visibility and good accessibility. While nearby parking (both on and off-street) is available, signage should be increased to improve public awareness to these areas.

Pedestrian Volume

Currently, pedestrian volume is low throughout the week. However, as the streetscape improves and storefronts are filled, it is likely that pedestrian volume will increase.

Major Demand Generators

The primary demand generators in the community are the major employers. These include Perry Judd, Trek, McKay and the Waterloo School District. While these generators are primarily located on the community's periphery, they generate a significant amount of traffic through downtown (especially during the commuting periods). Accordingly, there may be opportunities to capture this traffic in the AM for coffee and breakfast and in the PM for take-home items.

There are several factors affecting these demand generators. The Waterloo High School recently instituted a closed campus. This will reduce the opportunities to serve students. Furthermore, Trek has on on-site catering service. However, there may still be opportunities to serve other employees in the area by setting up regular order and delivery periods, or by offering catering services to additional employees.

Meal Periods Most Likely to Draw Customers

Currently, the meal periods most likely to draw customers are breakfast and lunch. Nonetheless, the dinner period provides some opportunities. The success of an establishment catering to a dinner crowd would be enhanced if it could target customers from outside of the trade area.

Seasonal Trends Affecting Business

Overall, seasonal trends will not greatly affect the Waterloo restaurant market. In summer, there are fewer people in the community. However, there are a number of special events and additional opportunities that may offset this trend.

Downtown Location Recommendations

The downtown business district along Madison and Monroe streets provide a number of good locations. The area has ample parking, good building opportunities, opportunities on the river and high traffic counts. Once parking signage is improved and streetscape modifications are made, the district could become a unique restaurant destination.

Local Resident Demand

Lifestyle and demographic characteristics of local residents are analyzed here to better understand household spending potential. This data reflects local resident spending potential and does not include travelers to or passing through the community.

Demographic Characteristics

Selected demographic data for the primary trade area (presented earlier in this report) is analyzed and compared with other communities and the State to gauge the overall attractiveness of local restaurant demand.

U.S. Dining-Out Characteristics, 1998	Analysis of Waterloo Trade Area Demographics
Household Income - Expenditures on food away from home rises dramatically for households with income before taxes of $30,000 or more. Households with an annual income of $70,000 spent an average of $1,396 per capita on food away from home. In contrast, households with income before taxes between $15,000 - $19,999 spent an average of $570 per capita.	Average household income in the trade area was $57,256 in 1999. This figure is slightly higher than both the comparable communities ($55,914) and the State of Wisconsin ($53,863). Accordingly, local household income should not have an effect on the trade area's ability to capture its share of restaurant spending levels.
Age - Households headed by persons between the ages of 45 and 54 spent the most per capita on food away from home ($967). Adults between the ages of 35 and 54 have median higher incomes, resulting in higher spending. However, adults between 35 and 44 are also in their prime years for raising kids; their larger household size reduced spending to $739 per capita. Spending also decreases among households headed by persons age 65 and older to $702 per capita.	The Waterloo trade area population percentage between ages 35 and 54 is similar to the comparable communities and slightly higher than the State. Furthermore, the Waterloo trade area has a smaller percentage of population age 65 and over (10.9%), than both the comparable communities (12.9%) and the State (13.1%). Again, these demographics should not negatively impact the trade area’s restaurant spending levels.
Household Size - One-person households posted the highest per-capita spending on food away from home of $1,232. The per-capita spending by two-person households was $1,034. Larger households allocated a smaller portion of their total food dollar on food away from home and, as a result, posted lower per-capita spending. Households with two or more persons allocated a $757 per capita on food away from home.	Household size in the Waterloo trade area is 2.7, slightly larger than the comparable communities (2.6) and the State of Wisconsin (2.5). Furthermore, the trade area has a smaller percentage of one-person households. These figures may have a slight dampening effect on the trade area's ability to capture its fair share of State per capita spending levels.
Household Composition - This is one of the most important factors influencing restaurant spending. Households with only a husband and wife posted the highest per-capita spending on food away from home ($1,083). The addition of children increases household size and has a dampening effect on spending. Households with the oldest child age 18 and older spent about 24 percent more per capita than households with the oldest child under the age of 6 ($837 versus $676).	The Waterloo Trade Area has a larger percentage of households with children under 18 than either the State or the comparable communities. With exception of fast food, the addition of children will decrease the overall restaurant spending levels. This will have a slight dampening effect on the trade area's ability to capture its share of spending levels.
Source: Restaurants USA, August 2000, article by Robert Ebbin	

Spending Potential in Restaurants

Based on the lifestyle and demographic data, trade area residents appear to have dining-out spending levels similar to the rest of Wisconsin. Spending potential can be calculated using the 2001 Consumer Expenditure Survey from the Bureau of Labor Statistics as follows:

Consumer Demand Calculations	
Midwest Household Spending – Food Away from Home	$2,160
x Waterloo Trade Area Households – Current Year	4,590
= Total Restaurant Demand	$9,914,400

CACI ACORN Customer Classifications and Purchasing Potential

ACORN™ consumer classification data from CACI™ Marketing systems was used to learn about dining-out activity among household groups in the primary trade area. Overall, ACORN suggests that the Waterloo primary trade area is a fairly average market for restaurant demand.

The ACORN segment called "Middle America -7A" represents 79% of the trade area households while the "Newly Formed Households – 6C" represents an additional 10%. Both categories are near the national average in number of times they dine out per year (Purchasing Potential Index (PPI) =97). However, they tend to prefer dining-in at fast food and family-style restaurants over ethnic restaurants (except pizza).

A sample of dining out behaviors for these segments (as measured by PPI) is presented below:

Dining Category	7A – Middle America PPI	6C – Newly Formed Households PPI
Dined out in past year	97	97
Enjoy eating foreign food	86	99
Take Out: Fast Food Restaurant	99	96
Take Out: Chicken	86	87
Take Out: Chinese	64	88
Take Out: Mexican	77	94
Take Out: Pizza	94	101
Take Out: Deli	86	86
Take Out: Supermarket	104	100
Fast Food: 14+ Times/Month	107	101
Fast Food: 6-13 Times/Month	100	99
Fast Food: <6 Times/Month	106	103
Family Restaurant: 6+ Times/Month	104	102
Family Restaurant: 2-5 Times/Month	103	101
Family Restaurant: < 2 Times/Month	119	121

Business Mix and Primary Research

The business mix analysis shows that Waterloo is underserved in restaurants. While nine restaurants are listed in the Waterloo trade area, the comparable communities show an average of 15.6 restaurants.

The desire for additional restaurants was also echoed in the business owner's survey and the community visioning session. Residents and business owners both felt that the lack of restaurants in Waterloo affected the quality of life in the community. The most commonly identified concepts were a coffee/sandwich shop, a family restaurant, pizza, fast food and a supper club/steakhouse.

Competitive Supply of Restaurants

Based on the restaurant concepts identified, competitive restaurants in the primary trade area were identified and analyzed. Information about these establishments is presented in the table below.

Supply of Restaurants

Business Name	Address	Zip Code	Concept	Peak Meal Volume/Comments
Subway	Waterloo	53594	Fast Food/Subs	Lunch/Dinner
Burger King	Waterloo	53594	Fast Food	Lunch Dinner
Waterloo Diner	Waterloo	53594	Diner	Breakfast/Lunch
Country Café	Waterloo	53594	Diner	Breakfast/Lunch
Lorgio’s	Waterloo	53594	Gyro’s	Lunch/Dinner
Maunesha Inn	Marshall	53559	General Dining	Dinner
Jimmy Johns	Marshall	53559	Subs	Lunch/Dinner
Non-Restaurant Competition				
Piggly Wiggly	Waterloo	53594	Grocery Store	Deli and Carryout
Kwik Trip	Waterloo	53594	C-Store	Pastries and Sandwiches
Kwik Trip	Marshall	53559	C-Store	Pastries and Sandwiches
BP	Waterloo	53594	C-Store	Pastries and Sandwiches
Casey’s General Store	Waterloo	53594	C-Store	Pastries and Pizza
Jim’s Cheese Pantry	Waterloo	53594	Specialty Food	Sandwiches
Sentry	Marshall	53559	Grocery Store	Deli and Carryout
Silver Fox	Marshall	53559	Drinking Establishment	Bar Food
Johnny Alibi’s	Waterloo	53594	Drinking Establishment	Sandwiches and Bar Food
Blinky’s Bowl	Waterloo	53594	Bowling Center	Sandwiches and Bar Food
Double D Bar	Marshall	53559	Drinking Establishment	
Coaches Alley	Waterloo	53594	Drinking Establishment	Sandwiches and Bar Food
O’Connors Pub	Reeseville	53579	Drinking Establishment	Bar Food
Sam's Amoco Mini Mart	Reeseville	53579	C-Store	Pastries and Sandwiches

Conclusions - Possible Restaurant Concepts

Determining the success of a restaurant goes beyond the market. The success of an individual restaurant depends greatly on its operator and its concept. Accordingly, this analysis identifies restaurant *concepts* that may have a greater chance of success within the trade area. A concept is a combination of ideas that forms the foundation for a particular type of restaurant operation. It means making decisions about the components of the restaurant including theme, menu, service style, hours of operation, price point, entertainment and atmosphere.

Using the preceding information on restaurant locations, consumer demand and existing supply conditions, a number of restaurant concepts were identified in a preliminary effort to determine restaurant concepts that might be successful in the community. The analysis considered the following:

- Is demand for the type of restaurants considered greater than the supply of restaurant seats now available?
- Which types of restaurants concepts considered have the capability to encourage segments in the primary trade area to dine out more frequently?

Concepts offered by the study committee are presented below.

Possible Restaurant Concepts	Compatibility with Local Consumer Behavior
Family Restaurant	A restaurant with basic American fare such as a Culver's or Perkins concept (not necessarily the chains themselves) would match many of the trade area's demographics and spending patterns. This concept would fill a needed niche. The restaurant would need to be family-oriented with a low to average price point.
Coffee shop and bakery/sandwiches (perhaps combined with specialty food, or book store)	A coffee shop with a bakery and sandwiches could serve the breakfast and lunch dining periods. This concept could be combined with a specialty bookstore in an attractive atmosphere to help offset labor and shrinkage.
Steakhouse/Supper Club/Casual Dining	A supper club or casual dining establishment has future potential. This concept would have to have name recognition outside the Waterloo trade area. This recognition could be created by recruiting an established restaurant in another community to open an additional location in Waterloo.
Fast Food (co-branding potential)	Fast food corresponds to the demographics and consumer preferences in Waterloo. However, many of the fast food niches in Waterloo are filled.
Ethnic-Casual Dining	A Chinese or pizza establishment with a mid-to-low price point and sufficient seating may serve the Waterloo market well. While Blue Moon Pizza has opened recently, the establishment has limited seating and focuses on carry-out.

It should be noted that these concepts require more thorough and detailed analysis before business expansion or recruitment effort begin. However, much of the required data for a more comprehensive analysis of the restaurant market may be considered proprietary and difficult to obtain. Accordingly, further analysis of the restaurant market should be conducted in a collaborative effort with existing and prospective restaurant industry professionals.

Section 9 - Community Visioning

Section 9

This section summarizes the results of the Downtown/Community Visioning process and its relationship to the market analysis process.

The Waterloo Economic Development Committee identified Downtown/Community Visioning as a distinct phase in its three-phase approach for addressing downtown. The purpose of downtown visioning is to describe, in both narrative and graphic form, a desired end-state for the downtown area. The downtown vision phase followed the detailed market assessment and assessment of other communities (including community visits to Plymouth and Sheboygan Falls) in order to enable an "informed" visioning process. The downtown vision emphasizes the physical configuration and linkages of the downtown. It provides an important conceptual base for a more detailed downtown master planning and schematic design phase which is to follow.

Both the process and the summary output from the Downtown/Community Visioning phase are documented in this chapter. The appendix contains detailed proceedings from the visioning workshops.

The Waterloo Economic Development Committee and UW-Extension sponsored a three-part workshop series to help develop a downtown vision for Waterloo. The three-part series consisted of:

1. <u>Hopes and Concerns Workshop</u> – This facilitated workshop was held on April 3rd with over 25 participants. See Appendix 9A.

2. <u>Downtown Visioning and Mapping Workshop</u> – This facilitated workshop was held on April 23rd with over 20 participants. Four breakout groups developed four alternative visions/maps for the downtown area. The end-product included a colored drawing showing special places, opportunities for improvement, gathering places and a future vision for:

   - Recreation and open space
   - Parking
   - Linkages
   - Pedestrian or recreation areas
   - Streetscape enhancement corridors
   - Other ideas

   These alternatives were presented in a computer-enhanced format by Professor John Patterson, Chair of the Geography Department at UW-Whitewater.

3. <u>Recommended Vision Statements and Downtown Visioning/Mapping Workshop</u> This facilitated workshop was held on June 17th and consisted of the Waterloo Economic Development Committee/Visioning Team. The Committee/Visioning Team refined the community input from the Hopes and Concerns Workshop to come up with consensus Downtown Vision Statements for physical development of the downtown area. Vision Statements describe a "desired end-state" and help communicate the Committee/Visioning Team idea of what downtown should look like in the future.

   The Committee/Visioning Team also refined the work of the community participants who mapped out four alternative drawings of downtown. Using the same procedures as the community participants, the Committee/Visioning Team prepared a recommended Downtown Vision/Map.

   The consensus Downtown Vision Statements are provided in the subsequent section, the colored drawing representing the recommended Downtown Vision/Map is included, and the Waterloo Economic Development Committee's proposed next steps for advancing the vision to a more detailed downtown plan is also included.

Consensus Downtown Vision Statements

These vision statements describe a "desired end-state" for the physical development of Waterloo's downtown. The vision statements are organized into seven topic areas.

A. Historic Preservation and Historic Downtown Buildings

a. Hope for a "retro look" of older buildings, but with a modern function
b. Hope to restore the old "community building" (South Monroe by the theater)
c. Hope for refurbished and restored storefronts

B. Recreation/Natural Resources Links/River Corridor

a. Hope for a festival function in the Fireman's Park area
b. Hope to enhance the river corridor
c. Hope to implement the river walk from a parking trailhead to the park (for biking, hiking, etc.)

C. Promotion/Public Events Space

a. Hope for an information center/kiosk
b. Hope for an entryway sign identifying community events

D. Business Support/Economic Restructuring

a. Hope to establish a TIF district downtown

E. Physical Features and Improvements for Support, Access, Circulation (Parking Lots, Wayfinding Signs, Lighting, Street Furnishings, etc.)

a. Pedestrian infrastructure supports and matches in a uniform theme (perhaps historic or other theme, i.e. carousel, bicycle and/or other themes)
b. Vision for a carousel or other theme in some of the street furniture (bubblers, special murals, striped awnings)
c. A vision for good wayfinding signs that make it easy to stop, park, shop and physically turn around
d. Add street banners and wayfinding signs
e. A vision for brick sidewalks and historically accurate street lamps
f. A vision for exciting greenery downtown (featuring McKay)
g. A vision for complying to "standards" for sidewalks
h. Hope for a pleasant, low traffic area for shopping, dining and recreation at the Monroe Street "dead end"

F. Tourism Enhancements

a. A vision for more lodging in Waterloo (more informal Bed and Breakfast or inn)
b. A vision to adapt existing building into lodging (old Fire Station, old Community Center)

G. Other Dreams for the "Big Picture" or "Long-Term Vision"

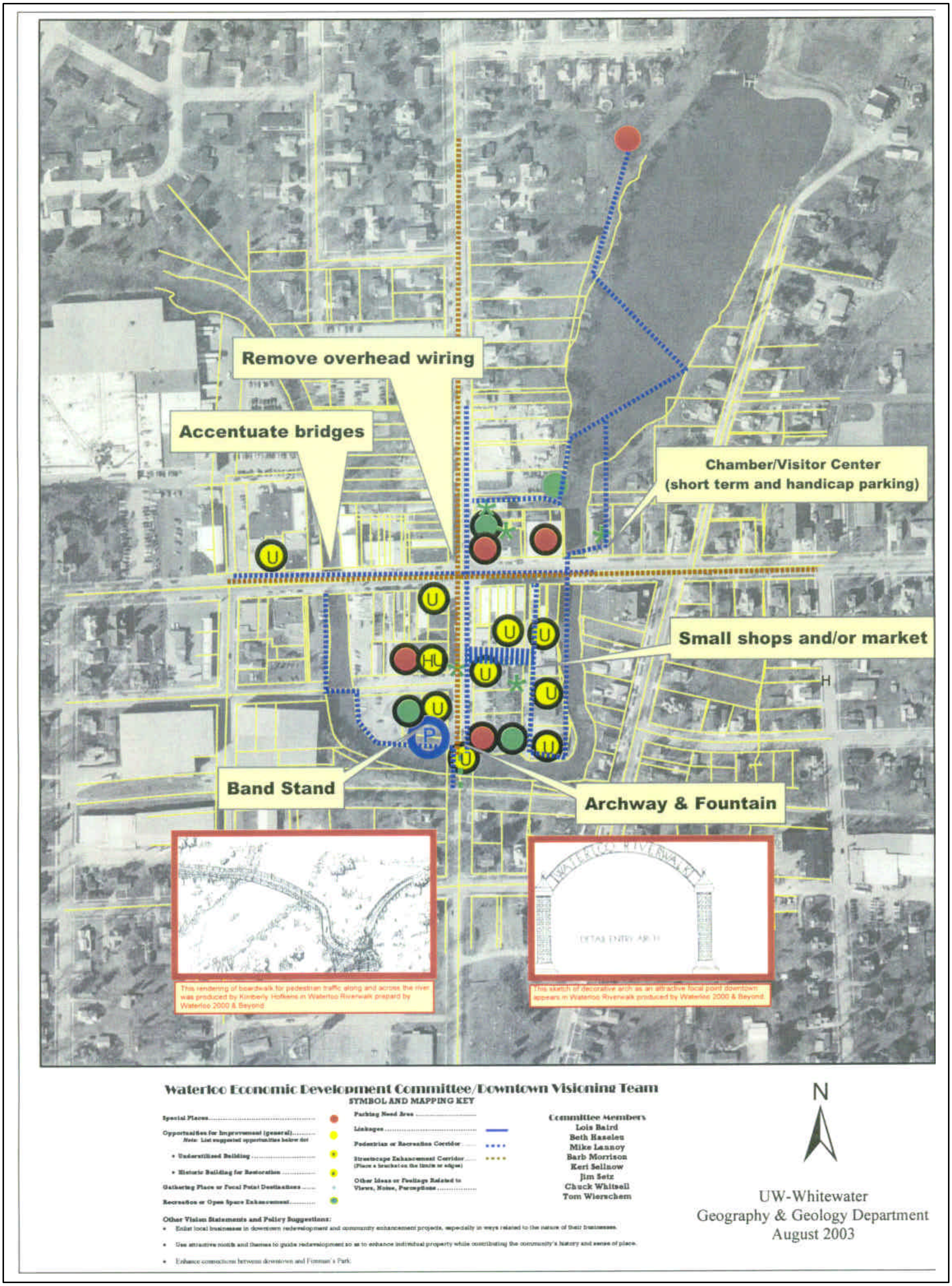
a. Have in place a store downtown for selling featured Waterloo products (i.e. bicycles and tree nursery products)
b. Dream for a gift shop and a nice place to take family for a sandwich
c. Dream for an "upscale" art studio (sculpture, unique art) to bring a variety of people to Waterloo

Recommended Downtown Vision/Map

The Waterloo Economic Development Committee/Visioning Team's Downtown Vision includes the following recommendations:

- The proposed limits or boundaries for potential streetscape improvements
- A focal point for downtown enhancements in the South Monroe Street area with a public plaza, enhanced shopping and dining, and integrated recreational corridor uses
- Proposed pedestrian paths, pedestrian routes, delineated trails and river walks

These recommendations are presented in a computer-enhanced format, provided with the technical assistance of Professor John Patterson, Chair of the Geography Department at UW-Whitewater.



RECOMMENDED DOWNTOWN VISION/MAP

Proposed Next Steps

There has been considerable effort by members of the Waterloo Economic Development Committee as well as by many citizens in the many activities leading up to the development of a recommended downtown vision. Significant progress has been made in integrating research, education about other cities' downtowns, citizen preferences for various downtown concepts, and the experienced judgment of the Economic Development Committee/Visioning Team. However, the Economic Development Committee has always recognized that an additional phase of detailed strategy formulation and targeted downtown master planning would be needed to move the concepts toward implementation and physical development. It was also assumed that professional design assistance would be required to develop a final, detailed master plan and schematic or preliminary design.

Given these assumptions, the Waterloo Economic Development Committee is recommending that a professional landscape architectural or urban design firm use the UW-Extension led Downtown Market Analysis and Vision as the basis for developing a targeted Downtown Master Plan and Schematic Design. Two major emphases in the Downtown Schematic Design should include:

4. A unified streetscape plan for the entire downtown area based on the boundaries suggested in the recommended Downtown Vision/Map.

5. A detailed design for the South Monroe Street area of downtown. This area will represent a starting point (in many respects a pilot project area) to initiate the revitalization of downtown. Concepts from the Downtown Vision/Map as well as concepts from the "Waterloo Riverwalk: Senior Capstone Project" (University of Wisconsin Landscape Architecture, 2000) should be integrated in the schematic design.

6. Additional professional advice such as:
    - Project element sequencing
    - Project element cost estimates
    - Funding strategy formulation
    - Project coordination with other entities (i.e. WisDOT)
    - Project implementation procedures and detailed strategy formulation

The Waterloo Economic Development Committee is considering two options for obtaining professional design assistance including: Option 1 – the direct negotiation with Schreiber and Anderson; or Option 2 – developing a request for proposal to solicit proposed services from several professional landscape architectural or urban design firms.

The Economic Development Committee hopes to move forward with the targeted master plan and schematic design development in an expeditious manner to assure continuing progress toward downtown project implementation.

Appendix 9A – Visioning Workshop Summary Report

This report reflects the input of citizens at a public "Hopes and Concerns" workshop on April 3rd. This work formed the foundation for a subsequent "Downtown Visioning and Mapping" workshop held on April 23rd. Please note that this report captures all ideas suggested at the meeting. There was <u>not</u> full agreement on all of these ideas. Subsequently, the Waterloo Economic Development Committee/Visioning Team approved a refined set of consensus Vision Statements and a recommended Downtown Vision/Map.

City of Waterloo

VISION FOR DOWNTOWN: WORKSHOP I
Thursday, April 3, 2003
Waterloo City Hall

WORKSHOP SUMMARY REPORT

Facilitated and Compiled By:
Steve Grabow, Community Development Educator/Associate Professor
UW-Extension, Jefferson County
April 14, 2003

City of Waterloo
Vision for Downtown: Workshop 1

Thursday, April 3, 2003
Waterloo City Hall – 7:00 p.m.

AGENDA

7:00 p.m.	Welcome, Tom Wierschem
7:05 p.m.	Overview and Purpose of Meeting, Steve Grabow
7:10 p.m.	Summarize Previous Planning, Steve Grabow
7:15 p.m.	Summary of Market Analysis/Findings to Date, Matt Kures
7:45 p.m.	Interactive Downtown Visioning, Facilitated by Steve Grabow
9:00 p.m. ±	Adjourn

City of Waterloo
Vision for Downtown: Workshop 1

CONCERNS ABOUT DOWNTOWN

A. Historic Preservation and Historic Downtown Buildings

B. Recreation/Natural Resources Links/River Corridor

a. Need for better pedestrian access to the "land-locked" parking behind the Mode Theater

b. Concern about the lack of access across the river (North/South Monroe)

C. Promotion/Public Events Space

a. Concern about not using the full potential of the Monroe Street dead end

D. Business Support/Economic Restructuring (New businesses, new programs, etc.)

a. No place downtown for a "smoke-free" dinner (no café, restaurant – family)

b. Concern about businesses that converted to an apartment (instead of remaining as a storefront, when a store goes out of business)

c. It is a relatively boring place to shop (it doesn't have "necessities"; has more luxuries)

d. Lack of choices (in particular for kids and teens)

e. Concern about non-owner occupied businesses. Absentee owners see no economic value in updating/improving the facility

f. Concern about the number/amount of empty buildings

g. Concern about no independent "pedestrian draws" for foot traffic

h. Concern about the lack of a "niche" store to get people out of their cars

i. Need opportunity areas for people to "linger" and spend money

E. Physical Features and Improvements for Support, Access, Circulation (Parking Lots, Wayfinding Signs, Lighting, Street furnishings, etc.)

a. Concern about a “dated” infrastructure; and does not appear very welcoming (sidewalks narrow, trees not as good as could be, harsh street lights, scale problems)

b. Lack of parking

c. Concern about signage that doesn’t look professional in four corners

d. Concern about streets that don’t go through (difficult if you go past a destination)

e. Concern about old signs that have no meaning

f. Concern about whether we have enough land for expansion ideas/parking

g. Concern about directional signage for existing municipal parking

h. Need to consider expanding “parking limit time”

i. Concern about the lack of “streetscape/landscaping”

j. Concern about business owners using parking in front of stores

F. Tourism Enhancements

G. Public Support for Downtown

a. Concern about commitment of City leaders for getting grants

b. Concern about the challenges with the utility substation

c. Concern about the lack of a sign ordinance conducive to business

d. Concern of “lack of appreciation” by retailers for new residents

e. Concern about costs and ability to finance improvements

H. Other Dreams for the “Big Picture” or “long Term Vision”

I. Image/Appearance

a. First thing you see downtown is a used car dealer (kind of a messy center of town)

b. Concern about the appearance and lack of improvement in buildings

c. Concern about signage that doesn’t look professional in four corners

d. Concern about “look of the entry” of the city coming from the east (look of a “West Texas Town”)

e. Concern about appearance of storefronts (need updating)

f. Concern about business owners who do not maintain their property

g. Need to move or have the auto repair shop on the four corners cleanup the premises

HOPES AND VISIONS

A. Historic Preservation and Historic Downtown Buildings

a. Hope for a "retro look" of older buildings, but with a modern function

b. Hope to restore the movie theater in the way it looked in the 1930's (and to have it function as theater)

c. Hope to restore the old "community building" (South Monroe by the theater)

d. Hope for refurbished and restored storefronts

Administrative/Operational/Policy:

e. Hope for new buildings to be added to "Historic Designation"

f. Hope for "continuity" in the preservation of buildings

g. Hope for an architectural theme

B. Recreation/Natural Resources Links/River Corridor

a. Hope for a carnival type function/festival in the park area

b. Hope to enhance the river corridor

c. Hope to implement the river walk from a parking trailhead to the park (for biking, hiking, etc.)

d. Hope for an outdoor swim pool with special slide features

e. Hope to consider the relocation of the "Carousel" to South Monroe or a more prominent part of downtown

Administrative/Operational/Policy:

f. Hope to incorporate Trek-related rides (biking) in the community

g. Hope for river or corridor related recreation (5K run, fly fishing tournament, kayak event)

h. Hope to preserve open space around the City

i. Hope to retain the dam

C. Promotion/Public Events Space

a. Hope for an information center/kiosk

b. Hope for an entryway sign identifying community events

Administrative/Operational/Policy:

c. Vision to move the farmer's market up to Fireman's Park

d. Hope for highway advertisements for downtown (plus commercials)

e. Hope to list the school and organizational events on the City web site (i.e. school tournaments, etc.)

f. Hope to tie in community events to downtown business opportunities (tie them together)

g. Hope for an idea like Chili-Mania in Edgerton (bands, rib fest, brat fest) – a competition among businesses or individuals

h. Hope for a special, targeted <u>downtown</u> business event (block part idea)

i. Hope for more, continuing promotion

D. Business Support/Economic Restructuring (New businesses, new programs, etc.)

a. Hope to establish a TIF district downtown

Administrative/Operational/Policy:

b. Hope for a loan program for business (attraction and retention)

c. Hope to appeal to our own citizens and charge appropriate prices (what are "gimmicks" to get our people to shop here)

d. Hope to find and retain qualified employees by enhancing internships and special training for our citizens

e. Hope to give away "Chamber Money" for spending money in Waterloo (better use this great Chamber Program – is a 50% savings program)

f. Enforce standards downtown and educate businesses about the downtown standards (conforming to physical appearance)

g. Hope for an "incentive program" to reface storefronts/refurbish storefronts (i.e. tax incentives)

h. Consider a revolving loan fund for downtown remodeling

i. Hope for more business variety

j. Hope for a coffee shop

k. Hope that residents learn to shop at home in Waterloo

l. Hope for smoke-free restaurants

E. Physical Features and Improvements for Support, Access, Circulation (Parking Lots, Wayfinding Signs, Lighting, Street furnishings, etc.)

a. Pedestrian infrastructure supports and matches in a uniform theme (perhaps historic theme)

b. Vision for a carousel theme in some of the street furniture (bubblers, special murals, striped awnings)

c. A vision for good wayfinding signs that make it easy to stop, park, shop and physically turn around

d. A vision for brick sidewalks, historically accurate street lamps that match City Hall

e. A vision for exciting greenery downtown (featuring McKay)

f. A vision for complying to “standards” for sidewalks

g. Hope for a pleasant, low traffic area for shopping, dining and recreation at the Monroe Street “dead end”

h. Add street banners and wayfinding signs

Administrative/Operational/Policy:

i. A vision for a pedestrian flow that maximizes what’s available

j. A vision for a Highway 89 plan in place (since DOT will redo in five years)

F. Tourism Enhancements

a. A vision for more lodging in Waterloo (more informal Bed and Breakfast or inn)

b. A vision for a campground

c. A vision to adapt existing building into lodging (old Fire Station, old Community Center)

Administrative/Operational/Policy:

d. A vision for an attraction/tourism plan that is in place

e. Have in place a “promoter” to manage festival events. Have in place a plan for type of audiences you want to bring in

f. Waterloo Wednesday can be continued and enhance

g. Opportunity to build on the baseball idea at Veterans’ Park (have a minor league team)

G. Public Support for Downtown

Administrative/Operational/Policy:

a. A vision to have business people involved with City government

b. Have all the City committees and groups involved with downtown working together (joint steering committee)

c. Have people motivated to be involved and the paper is an important vehicle

H. Other Dreams for the “Big Picture” or “long Term Vision”

a. Expand the Farmer’s Mark et into a full-blown swap meet on Thursday (Farmer’s Market with “portable” garage sale)

b. Have in place a store downtown for selling bikes, selling McKay products

c. Dream for a gift shop and a nice lace to take family for a sandwich

d. Dream for an “upscale” art studio (sculpture, unique art) to bring a variety of people to Waterloo

Administrative/Operational/Policy:

e. Waterloo is known around Wisconsin (i.e. TREK City USA)

f. Repurchase (?) the community hall with “Extension-like” training facility for Trek/Derry)

g. The Mode is “up and running” with movies as an after-school activity area

h. Have in place a “virtual” Waterloo on the web so that people could shop Waterloo on line

i. Have the support of our own people first (take care of what we are proud of for our own people)

j. Hope to better use the carousel theme

k. Hope to reduce noise from Malt Plant, Perry’s and TREK

Appendix 9B - Downtown Visioning and Mapping Workshop Alternatives from Workshop 2

Included in this section are four alternative Downtown Visions/Maps developed by participants in the April 23, 2003 “Downtown Visioning and Mapping” workshop (22 participants). These ideas were used by the Waterloo Economic Development Committee/Visioning Team to develop a recommended Downtown Vision/Map, which was created on June 17, 2003.

The purposes and desired end product from the April 23rd workshop are listed below, and the four alternative visions/maps from each breakout table are included.

Key Purposes of the Exercise

- To provide workshop participants with an opportunity to graphically identify their preferred long-term vision for Waterloo’s downtown.
- To enable citizens to be creative and think “outside the box” for the future of the downtown.
- To provide ideas for the Economic Development Committee.
- To provide guidance to the Economic Development Committee.

Describe the desired end product

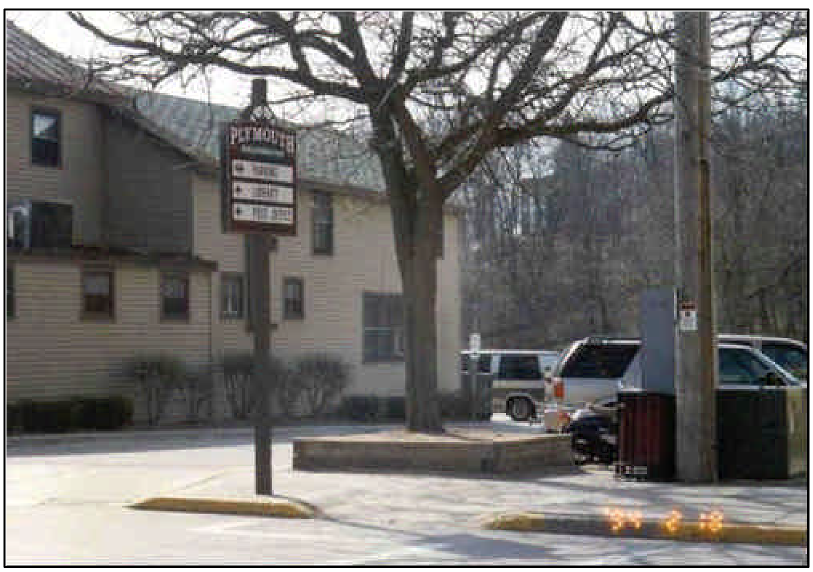
- A colored drawing showing special places, opportunities for improvement, gathering places, recreation and open space, parking need areas, linkages, pedestrian or recreation corridors, streetscape enhancement corridors, other ideas.

Appendix 9C - Other Community Assessments: Plymouth and Sheboygan Falls

As a part of the assessment phase of this project, UW-Extension arranged for a site visit and key person interview to learn more about successful downtown initiatives. A four-person work team (Tom Wierschem, Chuck Whitsell, Larry Cole and Steve Grabow) adapted UW-Extension's "First Impressions Program for Community Assessment" to guide this assessment. Results of the assessment were presented to the Waterloo Economic Development Committee and a photographic analysis was also shared with the Committee prior to community visioning. A summary of the photographic analysis/assessment of Plymouth and Sheboygan Fall is included in this section.

Plymouth

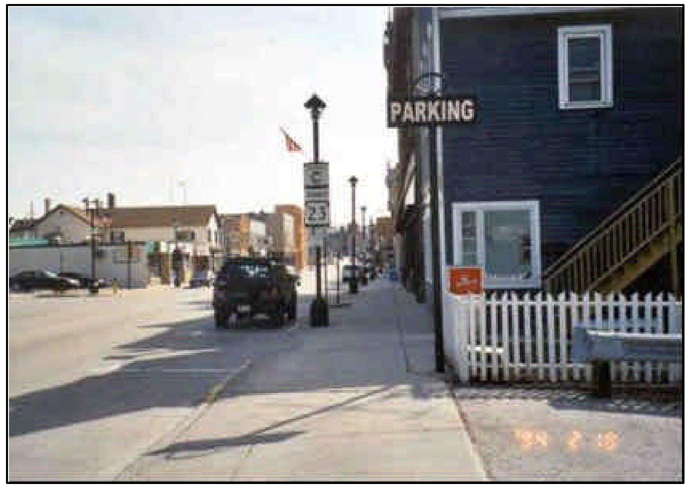
Downtown Entry

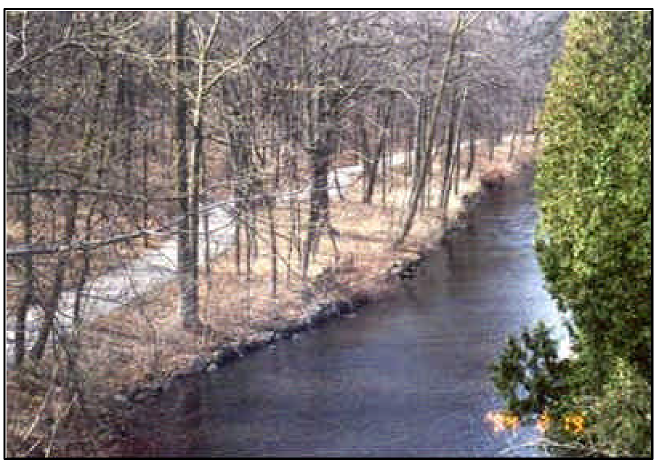


Wayfinding Signs

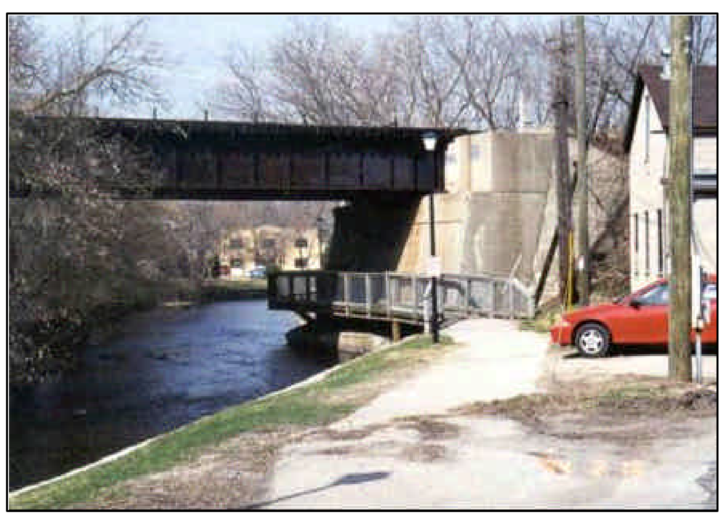
Plymouth

Parking





Parks and Trails

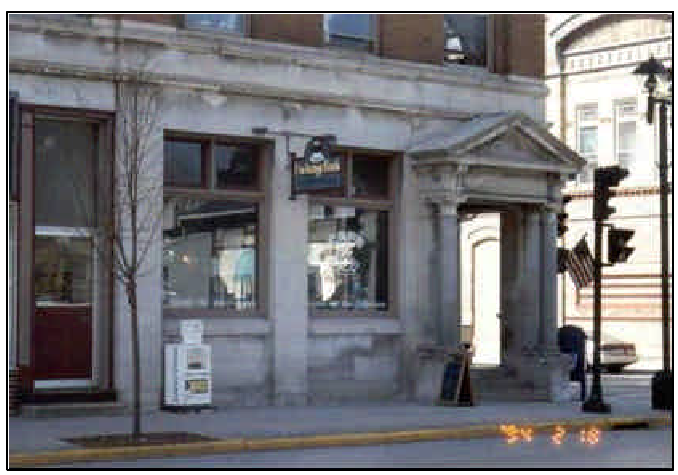


Plymouth

Restoration

Plymouth

Restoration

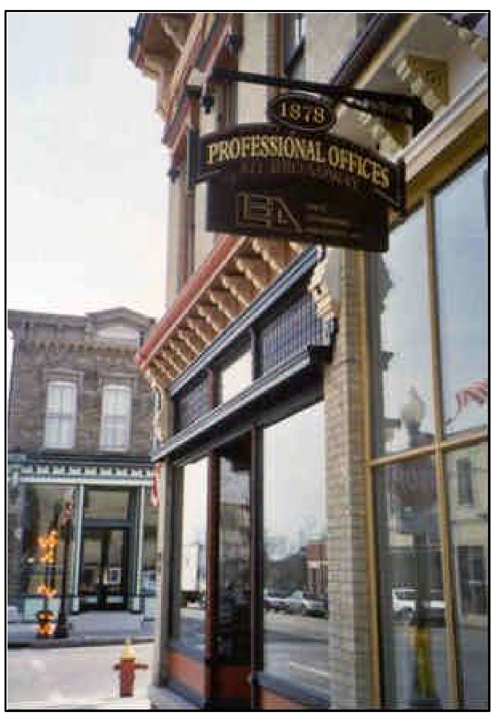


Sheboygan Falls

Signage

Friends Antiques

Wally's ***and***
A Piece of Cake

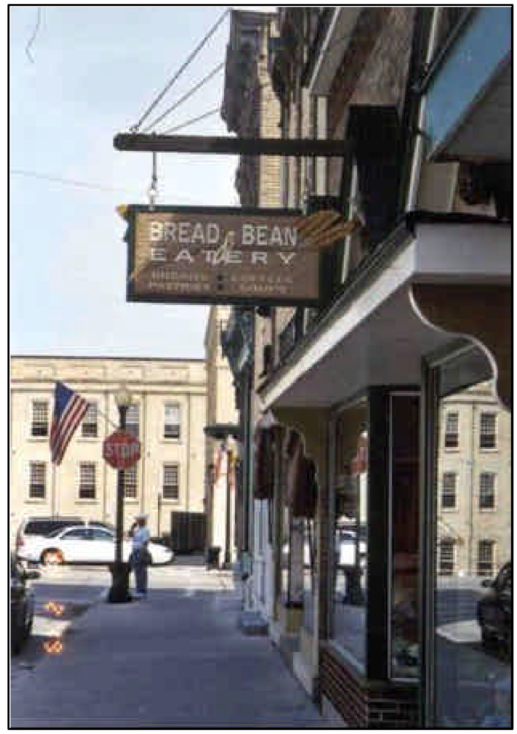


Professional Offices

Sheboygan Falls

Signage

Corner Studio



Bread and Bean

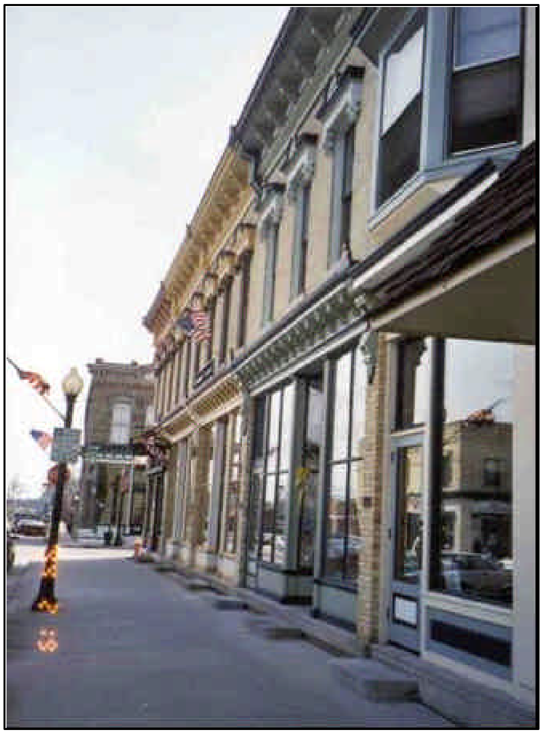
Home and Garden

Sheboygan Falls

Wayfinding Signs

Sheboygan Falls

Restoration

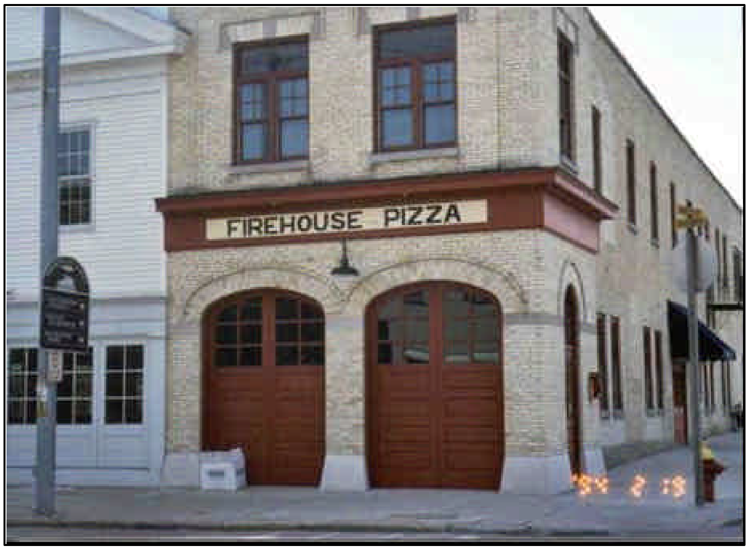


Downtown Storefronts

Restoration Underway

Sheboygan Falls

Restoration



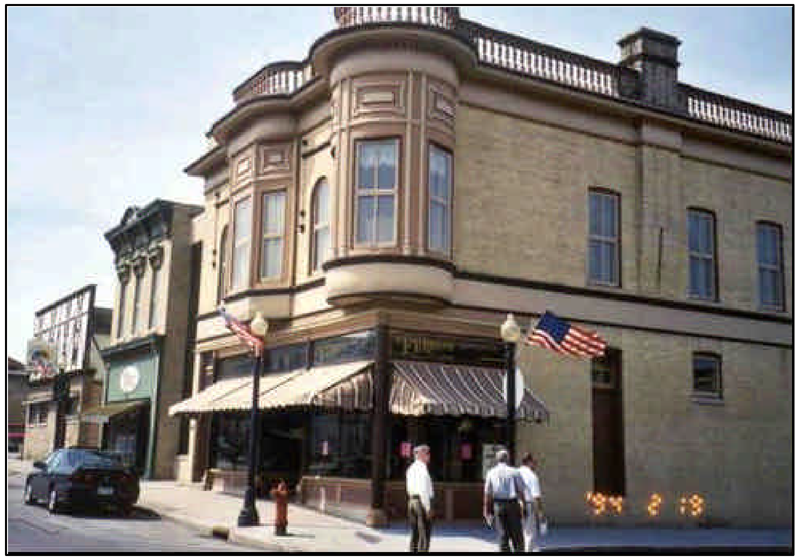
Firehouse Pizza

Home and Garden

Sheboygan Falls

Restoration

Corner Furniture

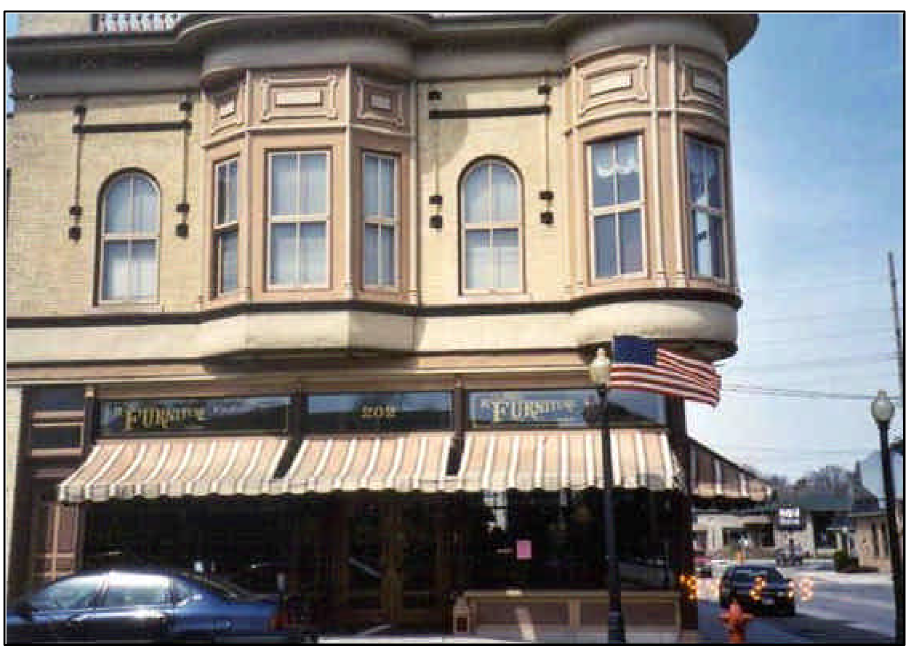


Downtown Storefronts

Sheboygan Falls

Restoration

Storefront Bay Windows



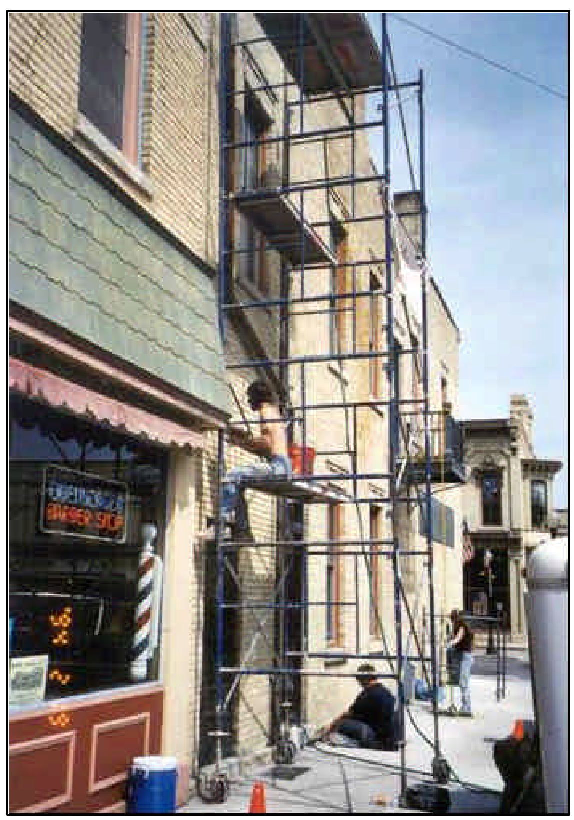
Corner Furniture

Sheboygan Falls

Restoration

Corner Bay
Windows

Storefront
Underway



Sheboygan Falls

Restoration

Storefronts

Sheboygan Falls

Parks and Trails

Sheboygan Falls

Parks and Trails