



Downtown Economics

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Ideas for Increasing Economic Vitality in Community Business Districts

Creating a Vibrant (and Realistic) Retail Mix

by Bill Ryan, University of Wisconsin-Extension

Small city downtowns no longer have the traditional department stores that once anchored "main street." Long gone are the days when downtown was the one-stop shopping center for the community. Further, in today's competitive retail market, many chains continue to bypass downtown in their site selection efforts.

Yet too often there is a disconnect between the types of retail local residents want downtown and what is realistic. Often small city downtowns are "stuck in a rut" in their recruitment efforts. They may be guided by their resident's desire for a downtown department store and apparel shops. However, today's retailers, especially chains, have formats and formulas that often don't work in small city downtowns. Balancing community wishes with business expansion and recruitment realities becomes a challenge for downtown economic development leaders.

Nevertheless, many downtowns are coming alive today with new economic activity. These vibrant downtowns often have a few innovative retailers that

are attracting people back to the heart of town. They often build on downtown's "sense of place" and offer products and services not found in the big box stores.

So what works downtown? What types of retailers are truly bringing people back down to "main street" and how can a community develop a realistic business expansion and recruitment plan? Based on ongoing work at the University of Wisconsin – Extension (UWEX), the answers lie in a comprehensive market analysis AND in the innovative business ideas that are actually operating in other downtowns.

Conduct a Downtown Market Analysis

A market analysis helps existing businesses understand their market area, consumers, and opportunities to better serve them. As a district-wide effort, a downtown market study allows independent businesses and property owners to come together, share data, and work collectively to improve the businesses environment. It can help a downtown district develop a business expansion and recruitment plan that leads to a synergistic mix of thriving businesses. This mix represents community values and uses that add to local quality of life.

A comprehensive market analysis should result in detailed demand and supply analysis for various

Creating a Vibrant (and Realistic) Retail Mix

An effective downtown retail plan should be based on both local market analysis data and real life business examples from other communities. Tools to help develop this mix are available at: <http://www.uwex.edu/ces/cced/downtowns/index.cfm>

Conduct a Downtown Market Analysis

Use the online *Downtown & Business District Market Analysis Toolbox*.

Part I: Understand the Market: Business Survey, Business Mix, Trade Area, Local Economics, Demographics, Lifestyles, Focus Groups, Consumer Surveys.

Part II: Identify Market Opportunities by Sector: Retail, Services, Restaurant, Theater, Residential, Office, lodging.

Part III: Recommendations: Business Retention & Expansion Niches, Space Utilization, Marketing, Business Recruitment.

Examine Innovative Downtown Business Examples

Use the online *Innovative Downtown Business Clearinghouse*.

This web site serves as a clearinghouse of businesses that are once again bringing people back downtown. It is searchable by store type and by size of community. For each business, short case studies describe:

- Products Sold and Market Niche
- Market Segments Served
- How the Business Helps the Overall Commercial District



business sectors (retail, service, restaurant, residential, etc.) and subcategories within those sectors. The analysis should help describe the economic potential of the downtown district.

UWEX in cooperation with the Wisconsin Main Street Program maintains a free, online toolbox for communities throughout the country to analyze and assess specific market opportunities. One of the purposes of the on-line toolbox is to “level the playing-field” for the downtowns, providing some of the same tools and techniques widely used by large retailers and real estate developers.

Examine Innovative Downtown Retailers

Perhaps equally as important as a market analysis is studying what types of businesses are bringing traffic back downtown in other cities. The UWEX Innovative Downtown Business online clearinghouse was developed to share these examples. It serves as a companion to the Downtown Market Analysis toolbox by offering a “reality check.” While a market analysis might suggest a need for a certain type of store, the clearinghouse provides examples of specific stores in this store category that are unique and are generating traffic for their respective downtowns.

Nominate an Innovative Downtown Business

go to:

<http://www.uwex.edu/ces/CCED/downtowns/innovative/>

Click on Recommend a Business.

This on-line resource provides examples of innovative downtown businesses in a variety of retail and service categories. Brief case studies are provided that include the products sold, niche developed, market segments served, and synergy created downtown. The site is searchable by type of business or size of community. It is intended to provide existing and prospective entrepreneurs with innovative ideas for their downtowns, and provide local economic development leaders with innovative ideas for their business expansion and recruitment efforts.

Creating a Realistic Plan

Communities should approach retail expansion and recruitment efforts with a solid and comprehensive market analysis that examines retail by specific store category (apparel, home furnishings, gift shops, etc.). Industry information available through national trade associations and other secondary data sources should also be examined to understand industry-specific challenges facing each store category. If there appears to be opportunities to pursue business

expansion or recruitment in a particular store category, then the Innovative Downtown Business online clearinghouse should be used to explore unique store concepts that are working in other places. The intent is not to simply replicate these business concepts, but to learn from other entrepreneurs and communities who have developed a formula that works downtown. The approach of combining market analysis with real-world innovative business examples allows communities to challenge, update and refine their retail expansion and recruitment efforts.

* Bill Ryan is a community business development specialist with the University of Wisconsin-Extension, Center for Community and Economic Development

Contact: Bill Ryan, Center For Community & Economic Development, University of Wisconsin-Extension
610 Langdon Street, Madison, WI 53703-1104

PH: (608)265-8136; FAX: (608)263-4999; TTY: (800)947-3529; HTTP://WWW.UWEX.EDU/CES/CCED

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