

Downtown Economics

Ideas for Increasing Vitality in Community Business Districts

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by
SAA

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Retail and Service Business Mix in Wisconsin's Downtowns

by Bill Ryan, Beverly Stencel, and Jangik Jin*

What can we do to increase business activity in our downtown? Are there certain types of retail and service businesses that still make economic sense in our downtown given the proliferation of large-format stores in other locations? What types of downtown businesses are in similar-size communities? What do we have that they don't?

One way to begin to answer these questions is to analyze the business mix in other communities with similar population. This article summarizes a University of Wisconsin–Extension (UWEX) staff paper titled *Retail and Service Business Mix Analysis of Wisconsin's Downtowns* which analyzes the number and types of downtown establishments in over 300 of the state's cities and villages. It provides a snapshot of business activity to stimulate ideas about business expansion and recruitment.

The analysis of retail and service mix serves as one data tool available for conducting a market analysis. For additional tools, see the [Downtown and Business District Market Analysis toolbox](#).

Methodology

The UWEX research used geographic, demographic and business data to determine the average business mix in the downtowns sorted by city/village population. Wisconsin's three largest cities (Milwaukee, Madison and Green Bay) were excluded from this analysis. A small number of cities and

villages in the state were excluded because they either lacked a downtown district or had limited business activity.

Next, a private business database (InfoUSA-2009) was used to identify the types, location, number and sales of retail and selected service businesses in each of the downtown districts. Business categories used were those most likely to be found at street-level locations in downtown districts. Data was placed on a map to illustrate what businesses were in operation in Wisconsin's downtowns in early 2009.

The approximate middle of each downtown district was visually estimated for each of the cities and villages. This middle point was based on local streets and density of business points. Then, the average numbers of downtown businesses by population category, within a half mile of the middle of downtown, was calculated as presented below:

City or Village Population	Number of Communities	Average Number of Businesses*
1,000-2,500	143	23
2,500-5,000	60	37
5,000-10,000	45	60
10,000-25,000	39	69
25,000-50,000	13	79
50,000-100,000	10	120

*Average number of retail and selected service businesses within a half mile of the middle of downtown

Findings

The following tables summarize the downtown business mix data for three of the city/village population categories (1,000-2,500; 5,000-10,000; and 25,000 to 50,000).

Average Number of Downtown Businesses (half mile radius)

Cities/Villages with 1,000-2,500 Pop. - Average of 143 Downtowns

NAICS Description	Number	Sales (000's)
Full-service restaurants	3.19	1,520
Drinking places (alcoholic beverages)	2.17	528
Beauty salons	2.15	284
Gasoline stations	1.08	4,085
Automotive mechanical & electrical repair	1.08	409
Grocery stores	1.01	5,077
Other amusement (bowling, golf, fitness)	0.98	511
Gift, novelty, & souvenir stores	0.92	332
Used merchandise stores	0.64	201
Automotive parts, accessories, & tire stores	0.54	429
Automotive body, paint, interior, & glass	0.54	176
Florists	0.53	126
Specialty food stores	0.52	706
Barber shops	0.5	43
Hardware stores	0.47	788

Cities/Villages with 5,000-10,000 Pop. - Average of 45 Downtowns

NAICS Description	Number	Sales (000's)
Full-service restaurants	7.93	5,378
Beauty salons	6.69	1,451
Drinking places (alcoholic beverages)	3.91	1,224
Automotive mechanical & electrical repair	2.18	854
Gift, novelty, & souvenir stores	2.04	729
Other amusement (bowling, golf, fitness)	1.93	791
Used merchandise stores	1.82	810
Gasoline stations	1.71	5,527
Appliance, television, & other electronics stores	1.69	3,322
Grocery stores	1.56	13,973
Barber shops	1.33	148
Specialized building material dealers	1.27	2,240
Jewelry stores	1.13	830
Florists	1.11	413
Automotive parts, accessories, & tire stores	1.09	1,550

Cities/Villages with 25,000-50,000 Pop. - Average of 13 Downtowns

NAICS Description	Number	Sales (000's)
Full-service restaurants	12.00	10,116
Beauty salons	9.46	2,204
Drinking places (alcoholic beverages)	6.08	2,376
Automotive mechanical & electrical repair	2.62	1,038
Gift, novelty, & souvenir stores	2.38	1,507
Appliance, television, & other electronics stores	2.38	2,058
Used merchandise stores	2.31	769
Limited-service eating places	2.31	1,028
Sporting goods stores	2.08	2,307
Nail salons	1.62	226
Barber shops	1.54	170
Florists	1.46	982
Grocery stores	1.46	21,754
General merchandise stores	1.46	22,645
Jewelry stores	1.38	2,050

The downtown business mix in all communities studied tend to have a high concentration of full-service restaurants, drinking places, beauty salons, and auto services. Smaller communities tend to have a higher percentage of convenience businesses such as gasoline stations and grocery stores. Larger communities tend to have more destination businesses such as gift shops, appliance stores, used merchandise shops and sporting good stores.

Using the Business Mix Data

The comparison data can help you answer the following:

- Does my downtown have similar numbers (or sales) of businesses in each category?
- Are there categories that have significantly more or less businesses (or sales)?
- Have communities developed a market niche in selected categories of cluster businesses?

When using the business mix data, it is essential to remember that each community is unique. The data is only an indicator that describes what other similarly-sized community's downtowns look like from a retail and service mix perspective.

In addition, the industry codes used to identify the retailers and service providers only reflect the primary source of the business sales and do not take into consideration any secondary product lines. Further market study is recommended before product expansion decisions are made.

Download the full report from:

<http://fji.uwex.edu/downtown-market-analysis/analysis-of-opportunities-by-sector/retail-service-businesses/>

* Ryan is a Community Business Development Specialist with the University of Wisconsin-Extension (UWEX) Center for Community and Economic Development. Stencil is a Professor with UWEX and serves as the community development educator in Washburn County. Jin is a Ph.D. student in the Department of Urban and Regional Planning at the University of Wisconsin-Madison.

Other issues of Downtown Economics are available at: <http://www.uwex.edu/ces/cced/downtowns/lrb/index.cfm>
 Contact: Bill Ryan, Center For Community & Economic Development, University of Wisconsin-Extension
 610 Langdon Street, Madison, WI 53703-1104
 PH: (608)263-4994; FAX: (608)263-4999; TTY: (800)947-3529; HTTP://WWW.UWEX.EDU/CES/CCED
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