

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Service Business Mix In Wisconsin's Small Towns

by

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Over the last 25 years, small downtowns throughout Wisconsin have experienced a loss of retailers. In many cases, Mainstreet storefronts have been replaced with service businesses. While many believe these businesses should be situated on second floors and side streets, the reality is that the business mix on Mainstreet has changed.

It is important to recognize that service businesses are important elements of a commercial center. Many provide important business and personal conveniences that improve the quality of life and work in a community.

This article summarizes a UWEX report that analyzes the number and types of service establishments in Wisconsin's small cities and villages. The data in this report can be used to analyze service business expansion and recruitment possibilities at the local level by comparing the current local mix with that of comparison communities. The analysis is useful for chambers of commerce, economic development practitioners, businesses, and local governments.

Study Methodology

The first step in this study was to identify all Wisconsin cities and villages with populations between 2,500 and 15,000. These cities and villages were then segmented into four population groups: 2,500 – 5,000 (61 communities), 5,000 – 7,500 (26 communities), 7,500 – 10,000 (16 communities) and 10,000 – 15,000 (22 communities).

Next, a private business database was used to identify the number and types of service businesses establishments in the zip code area of each of these communities. Business data was purchased from Dun & Bradstreet, Inc. (D&B) that reflects 1998 estimates of service businesses currently in operation.

Using geographic information systems (GIS) software, the businesses located in the downtown areas were isolated from businesses located elsewhere in the zip code areas. Downtown businesses were assumed to be all of those located within a ring of the middle of the central business district. (1/4 mile ring for the 2,500-5,000 communities, 3/8 mile ring for 5,000-7,500 and 7,500-10,000 communities, and 1/2 mile ring for the 10,000-15,000 communities).

Service Business Mix Findings

Based on the total number of service businesses within the downtown areas, an average number of stores by SIC code for each population category was calculated. The following table summarizes the downtown service businesses mix for the different types of communities.



Service businesses such as banks remain an important part of small downtowns across the state.

Average Number of Service Businesses in Wisconsin's Small Towns

Source: Dun & Bradstreet, 1998 database

SIC	Store Type	City/Village Population			
		2,500-5,000	5,000-7,500	7,500-10,000	10,000-15,000
4724	Travel Agencies	0.4	0.7	1.4	1.0
6021-6062	Banks/Credit Unions	1.5	2.3	3.1	3.6
6211-6282	Scrt/Cmdty Brokers	0.3	1.4	1.9	1.3
6411	InsAgts, Brokers	2.8	5.0	8.3	8.8
6531	RealEstate Agts/Mngt	1.2	3.0	3.1	4.5
7011	Lodging	0.7	1.0	1.8	1.1
7211-7215	Coin-Op Laundries	0.2	0.4	0.5	0.8
7221	Photo Studios	0.3	0.7	0.9	1.0
7231	Beauty Shops	2.2	3.5	5.9	6.3
7241	Barber Shops	0.7	0.7	1.7	1.5
7251	Shoe Repair & Shine	0.0	0.2	0.1	0.2
7291	Tax Rtn/Prep	0.4	0.6	0.8	0.8
7299	Misc Prsnl Svc	0.4	1.0	1.3	1.4
7334	Duplicating Svc	0.0	0.1	0.1	0.0
7359	Rental Svc	0.2	0.4	0.8	0.7
7361	Empl Agencies	0.0	0.3	0.4	0.2
7371-7379	Computer Svc	0.2	0.9	1.0	1.2
7513-7549	Auto Repair Svc	1.6	2.8	2.7	4.3
7600	Misc Repair Svc	0.9	2.0	3.3	3.0
7622	Radio & TV Repair	0.1	0.1	0.4	0.3
7832	Picture Theaters	0.1	0.1	0.4	0.5
7841	Video Tape Rental	0.4	0.4	0.4	0.5
7911	Dance Std/Schl/Hall	0.0	0.2	0.3	0.2
7933	Bowling Centers	0.2	0.2	0.3	0.3
7991	Health/Fitness Ctrs	0.1	0.3	0.5	0.4
8011	Physician Offices	0.4	1.1	1.5	1.8
8021	Dental Offices	1.1	2.3	3.6	3.5
8111	Legal Services	1.7	3.2	6.3	5.8
8351	Child Care	1.0	1.9	2.0	3.3
8412	Museums/Art Galleries	0.1	0.3	0.4	0.5
8721	Acctg, Audtg & Bkpg	0.7	1.4	2.2	3.0
Total		20.0	38.5	57.1	61.9

fronts (and upper floors) by sharing the information from the analysis with potential businesses that are interested in a downtown location.

When using the analysis it is important to remember that each community is unique and different. The analysis is not a perfect science. It only indicates what other downtown communities look like, and not what is optimal. The analysis may not include certain service businesses that are important for a particular downtown area (for example, a copy shop in a college town). In addition, location, community attractions, and market size all have an impact on the types of service businesses that are appropriate for a community.

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The downtown service businesses mix in all of the communities studied tends to be concentrated in ten service businesses categories: insurance, beauty shops, legal services, real estate, auto repair, banks, dental, child care, accounting and miscellaneous repair shops. These categories represent more than 75% of service businesses establishments in the downtown areas studied. In all four size categories, the number of service businesses downtown was approximately one-third of number in the overall zip code area.

How Can the Service Businesses Mix Analysis Benefit Your Downtown?

Businesses in your downtown that have an interest in diversifying their service business mix can use this data to generate ideas for business expansion and diversification. The data can also assist individuals with an interest in starting a business. Property owners can also utilize this same information to help them market their empty store-

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