



CENTER FOR COMMUNITY ECONOMIC DEVELOPMENT



# LET'S TALK BUSINESS

*IDEAS FOR COMMUNITY DEVELOPMENT PROFESSIONALS WORKING TO EXPAND LOCAL BUSINESS ACTIVITY*

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## Niche Strategies for Downtowns *Part II. Specializing in Certain Goods or Services*

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**N**iche strategies can help a downtown compete in the competitive retail environment. A **niche** is a specialization that allows a business district to gain dominance in certain categories of the retail market.

This article provides examples of how some communities have developed a niche focusing on particular goods and services. Many of these ideas were drawn from a new book titled *Niche Strategies for Downtown Revitalization* by N. David Milder<sup>1</sup>.

Examples of niches based on categories of goods and services include:

- **Home Furnishings.** A cluster of related businesses may include home remodeling, furnishings and decorative design. Specific businesses might include hardware, floor covering, furniture, lighting and paint stores.
- **Antiques.** Many small and medium sized communities have been successful in attracting numerous antique shops, often in a historic district. These businesses work well together in creating an historical, craft and hospitality theme.
- **Crafts.** Some communities focus on craft-produced houseware items such as furniture, rugs, textiles, ceramics, and glassware. Quality must be very high to be successful in upscale markets.
- **Children's Products.** Some downtowns are successful in this niche by combining stores focusing on children's clothing, furniture, toys and family entertainment centers.
- **Food-for-the Home.** This includes specialty foods such as bagels, breads, wines and cooking items. In some communities, it also includes large grocery stores that serve as an anchor for downtown commercial activity.
- **Jewelry.** While many large cities have a jewelry district, some small towns have their own niche composed of jewelry retailers and service businesses.
- **Entertainment and the Arts.** Large and small cities across the country have improved downtown retail activity and public image by promoting the arts and

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<sup>1</sup> Drawn from: N. David Milder's *Niche Strategies for Downtown Revitalization*, published in 1997 by the Downtown Research & Development Center.

entertainment. Cinemas, theater, concerts, ballet, museums, art galleries, craft shops, and clubs all bring local and visitor spending downtown.

- **Restaurants.** Eating places can attract diners from trade area residents, tourists, and downtown employees. In many downtowns, restaurants have become the largest category of retail activity.
- **Weddings.** Some downtowns serve the wedding market by offering jewelry shops, wedding attire, florists, caterers and other related businesses.
- **Factory Outlets.** A factory outlet is a store owned and operated by a manufacturer who sells its brand named merchandise at a discount. These stores

are often clustered together to serve a “value retailing” niche. Outlet malls are not appropriate for every community as they have strict location needs.

Successful communities often have two or three successful niches. Typically, the more niches that can be developed, the more the downtown will be able to support multi-purpose visits. These communities also benefit from an expanded market area as their specialization’s often draws customers from beyond the traditional trade area. Once a niche is established, other businesses are often attracted to the community who are interested in selling to the same consumer segments.

*Sheboygan Falls, Wisconsin (pop. 6,000) is a successful Main Street community that identified, developed and promoted a distinct downtown niche. After doing a market analysis, local leaders better understood that this downtown’s retail strength was its growing cluster of home improvement businesses. It was already home to quality businesses selling furniture, paint, fixtures, wallpaper, kitchen supplies, antiques, outdoor home accessories, fireplaces, and more. The analysis of this home improvement cluster showed that these business were very complementary and shared many of the same customers in the county-wide trade area. Sheboygan Falls was establishing itself as the place to go for home improvement needs.*

*The Sheboygan Falls Main Street program worked to capitalize on this existing niche with appropriate promotional events and targeted business development efforts. Main Street’s promotion committee developed a “Home and Hearth” retail event in the spring that promoted the downtown’s home improvement niche. This event included in-store demonstrations, sales, and prize giveaways. The event was successful in its debut, and has been a solid promotion for several years. Annually, the event garners nearly 100% participation from downtown home improvement businesses.*

*Main Street’s Economic Restructuring Committee focuses its efforts on retaining and attracting businesses that strengthen the home improvement niche. The opening of Bemis Manufacturing’s retail outlet store in 1995 in a restored, historic building is one example of this targeted business development. This store’s merchandise includes home accessories and outdoor furniture. Downtown Sheboygan Falls’ niche continues to grow.*

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