



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 I. Serving Specific Consumer Groups*

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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 summarizes examples of consumer niches, many of which were drawn from a new book titled *Niche Strategies for Downtown Revitalization* by N. David Milder.<sup>1</sup>

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

A niche can be based on a certain type of consumer who works, resides or visits your community. These consumers may demand a wide range of goods and services. Examples of these consumer-based niches include:

- **College Students.** Some communities with colleges and universities have successfully targeted the student population. Smaller towns and communities with commuter campuses tend to have more difficulty developing this niche.
- **Retirees.** As the population ages and older Americans gain a larger share of savings and income, attracting retirees has become an economic development strategy for many communities. This sector of the population is expected to grow significantly.
- **Ethnic Groups.** Downtowns in larger cities are increasingly recognizing the

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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.

tremendous retail demand created by inner-city consumers. Successful retailers in these communities realize differences in consumer preferences among and within specific ethnic groups.

- **Tourists and Travelers.** Tourism has become a key strategy of big and small communities throughout the country. The influx of visitors provides demand for retail and entertainment, but also opens up opportunities for other alternatives in the downtowns including festivals, museums, lodging facilities and promotional events.
- **Office Workers.** While many downtown office workers prefer to make larger purchases at shopping centers close to their home, many specialty items such as cards, books, CDs, and some apparel are very convenient “lunch-time” purchases.
- **Artists and Crafters.** Many downtowns have recognized that local artists and crafters and those interested in their work provide a unique and active consumer segment to target. Communities serving this niche often have galleries, restaurants and bars, and unique specialty retailers. Their downtowns may include a mix of professional offices and business support services, such as copy shops and office supply stores.
- **County Government Users.** In addition to attracting residents from throughout the county, county seats often attract lawyers, public management consultants and others.
- **Medical Facility Users.** In addition to the visitation of patients and their families and friends, hospitals also attract visiting medical professionals. A mix of medical

offices and retail businesses (drug stores, florists, medical supplies, etc.), are often found in business districts serving this niche.

In addition to developing a niche based on the type of consumer, it is often useful to develop a niche based on various goods or services. This will be discussed in the February issue of Let’s Talk Business. The market and feasibility analysis of niches will be discussed in the March, 1998 Let’s Talk Business.

*Mineral Point, Wisconsin has developed a niche focusing on tourists interested in the arts. The community has 11 related businesses including pottery, woodworking, glass, jewelry and weaving studios. In addition, home-based artisans use this consumer niche to sell their products at existing downtown stores. The mix of businesses and historic charm of the community draws many visitors as well as area residents to the downtown area. The local resident consumer segments are also served by traditional downtown retail including hardware, pharmacy and various merchandise categories. These businesses are able to survive thanks to a combination of local and tourist spending.*

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