

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Retail Mix in Wisconsin's Small Towns:

An Analysis of Cities and Villages with Populations of 2,500 – 15,000

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What can we do to increase business activity in our downtown? Are there certain types of stores that make economic sense downtown given changes in consumers and competition?

One way to begin to answer these questions is to analyze the types of downtown retail businesses that are operating in other similar sized Wisconsin communities. The number and mix of businesses in comparable communities provides a snapshot of retail activity and offers a way to stimulate ideas about business expansion and recruitment.

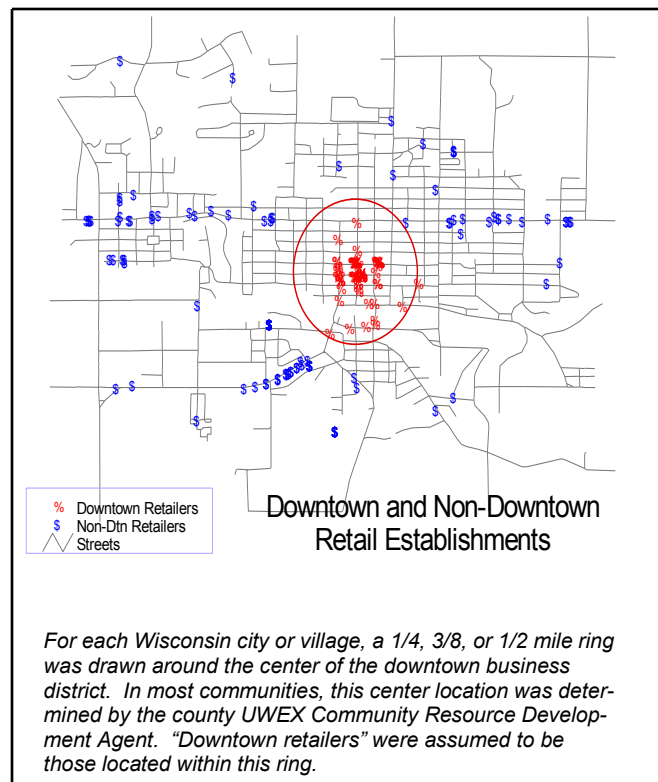
This article summarizes a new UWEX report that analyzes the number and types of retail establishments in Wisconsin's small cities and villages. The data in this report can be used to analyze retail expansion and recruitment possibilities at the local level by comparing the current local retail mix with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

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 (63 communities), 5,000 – 7,500 (24 communities), 7,500 – 10,000 (17 communities) and 10,000 – 15,000 (21 communities).

Next, a private business database was used to identify the number and types of retail establishments in the zip code area of each of these communities. Business data was purchased from American Business Information, Inc. (ABI) that reflects 1998 estimates of retail businesses currently in operation.

Using geographic information systems (GIS) software, the businesses located downtown were isolated from businesses located elsewhere in the zip code area. Downtown businesses were assumed to be all of those retail operations 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 7,500-10,000 communities, and 1/2 mile ring for the 10,000–15,000 communities).



Retail Mix Analysis

Based on the total number of retail businesses within the downtown areas, an average number of retailers by store type was calculated. The following table is a summaries the downtown retail mix for the different communities.

The downtown retail mix in all of the communities studied tends to be concentrated in seven retail categories: eating places, drinking places, building materials, gift shops, apparel, radio/TV/computer, and antiques/used merchandise. These categories represent roughly half of all retail establishments in the downtown areas studied.

In all four size categories, the number of retailers downtown was less than half the number in the overall zip code area. This points to the amount of retail sprawl that has occurred in our communities over the past 25 years.

Using the Retail Mix Analysis In Your Downtown

Businesses in your downtown that have an interest in diversifying their retail sales can use this data to generate ideas for product expansion and diversification. The data can also assist individuals with an interest in starting a business. Property owners can utilize this information to help market their empty storefronts by sharing the information from the analysis with potential businesses that are interested in a downtown location.

For a complete copy of this study, contact the Center for Community Economic Development or visit our website.

Average Number of Retail Stores in Wisconsin's Small Towns

Source: American Business Information, 1998 database

SIC	Store Type	City/Village Population			
		2,500-5,000	5,000-7,500	7,500-10,000	10,000-15,000
521, 523	Building Material	1.5	2.4	2.5	3.4
525	Hardware	0.5	0.6	0.5	0.5
526	Lawn/Garden	0.3	0.5	0.6	0.3
527	Mobile Homes	0.0	0.0	0.1	0.0
531, 533, 539	Department	0.5	0.4	0.6	0.6
541101, 541105	Food-Grocery	0.4	0.6	0.8	0.7
541103	Food-Convenience	0.8	1.1	1.4	1.0
542-549	Specialty Foods	0.8	1.7	2.1	2.5
551-552	Auto/Truck	0.5	1.0	0.8	1.2
553	Auto supply	1.0	1.6	2.1	2.3
554	Gas Stations	0.4	0.7	1.4	1.4
555-559	Boat/RV/Snow M	0.1	0.1	0.4	0.6
61, 562, 563, 564, 565, 569	Apparel	0.8	2.7	3.2	3.9
566	Shoe	0.2	0.7	1.4	0.5
5712	Furniture	0.5	1.0	1.8	1.5
5713, 5714, 5719	Home Furnishing	0.4	1.2	1.0	1.3
572	Appliance	0.5	1.4	1.4	1.1
573	Radio/TV/Comp/Music	1.0	2.0	2.9	2.5
5812	Eating Places	3.1	6.1	7.1	10.0
5813	Drinking places	2.8	2.8	5.5	5.6
591	Drug	0.7	0.9	1.2	1.0
5921	Liquor	0.3	0.8	0.6	0.5
593	Antiques/Used	0.9	1.4	2.5	3.1
5941	Sporting Goods	0.4	1.2	1.1	1.9
5942	Book	0.1	0.4	1.0	0.8
5943	Office Supply	0.2	0.3	0.4	0.5
5944	Jewelry	0.4	1.2	1.9	1.5
5945	Hobby/Toy	0.3	0.5	0.7	0.9
5946	Camera	0.0	0.0	0.1	0.2
5947	Gift	1.1	2.5	4.1	3.2
5948	Luggage	0.0	0.0	0.0	0.0
5949	Sewing	0.1	0.2	0.2	0.1
5992	Flower	0.4	0.7	0.8	0.7
596-598, 5993-5999	Other	1.5	3.4	5.6	5.2
	Total	22.5	41.8	57.8	60.4

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 from a retail mix perspective, and not what is optimal. The retail mix analysis does not include the service businesses that are important for many downtown areas. In addition, regional competition, location, community attractions, and market size all have an impact on the types of retail businesses that are located in a community's downtown.

Nevertheless, studying your downtown's retail mix is another important step in a comprehensive economic restructuring effort.

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