

Planning Ulster

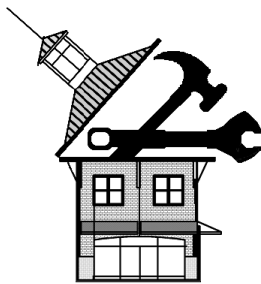


Ulster County Main Streets: A Regional Approach

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Why do we take a regional approach to Main Streets?

There are many different approaches to supporting these centers in our local economy. The goal of the Ulster County Main Streets approach is to develop a program that is based on our region's specific needs and support appropriate responses and strategies that are built and sustained from within our communities. It is also founded upon the idea that communities are stronger when they work together, share knowledge, leverage their resources, and think regionally to support their "competitive advantage."



What is the Main Streets Strategic Toolbox?

Any successful planning effort requires solid information as a basis for decision-making. The Toolbox includes resources to help your community create a strong, sustainable strategy for Main Street revitalization. For a full list of topics in the toolbox, please contact our staff at 845-340-3338 or visit our website at www.ulstercountyny.gov/planning.

Market Analysis for Main Street

Competitive advantage — or the the means by which a firm manages to keep making money and sustain its position against its competitors — is something that successful Main Streets cultivate. In order to define "competitive advantage," we need to think about how Main Street functions as *one* business.

Consider this: many large, well-managed businesses competing with our Main Streets. One of the most important pieces of a Main Street strategy is a solid understanding of the market in which your Main Street area is located. This starts with a definition of the geographic extent of the market area, takes a careful look at available data, profiles the customer base, grasps the market potential, identifies surplus and leakage, and puts it all together to define your market position. This Planning Guide will take you through these steps.

Planning
Guide





What kinds of tools are in the toolbox?

1. Asset Based Planning

- **Developing a Main Street**

Strategy: How to work as a team to pursue a plan.

- **Asset-Based Planning Workbook:**

A hands-on guide to identifying your community's assets and working with others on a strategic plan.

2. Community-Led Initiatives

- **Asset-Based Planning Workbook:**

this also has a series of exercises to help develop community-led initiatives.

- **Social Networking for Main Street:**

The uses of web-based technology to keep the community connected.

3. Land Use and Design Analysis

- *Design Guidelines for Main Street*

- *Supporting a Healthy Residential Mix*

- *Using Incentives and Streamlining Approvals*

- *Creating an Attractive Setting*

- *Building Placement and Features*

- *Street Design and "Wayfinding"*

- *Traditional Neighborhood Design*

4. Market and Economic Analysis

- *Cost/Benefit Analysis for Main Street*

- *Market Analysis for Main Street*

- *Creating a Destination Magnet*

- *Identifying the Right Retail Mix*

5. Targeted Development Initiatives

- *Case studies and best practices from Ulster County and elsewhere will be posted on the Toolbox.*

Typically, a Main Street area will compete in several markets. Most Main Streets serve a residential market consisting of customers who live within walking distance (or a short drive). Main Streets will also often serve a local "convenience" market of residents who may not be able to walk to the Main Street area, but who live within, say, a 10-minute drive

Finally, every Main Street area is part of a larger regional market which can include major "big box" shopping areas along with other Main Street areas in nearby hamlets, villages and cities. In most cases, you need to understand three types of information about the markets in which your Main Street area competes:

- Who are the customers that can be served by the businesses in your Main Street area?
- What do those customers want?
- What is the nature of the competing businesses that are serving or could also serve those same customers?

In some cases it is possible to get some basic answers to these questions just using data that is available from the US Census Bureau and the Consumer Expenditure Survey of the Bureau of Labor Statistics. This is particularly true if your Main Street area is part of a large urban center or a metropolitan area. However, if your Main Street area is in a rural area or small town, the only detailed data likely to be available through these government sources would be from the decennial census. And, unless you are conducting your analysis in the years immediately after a census is completed, the detailed data that are available are likely to be out of date.

Using Commercial Databases:

There are commercial databases that can be purchased reasonably inexpensively that can provide up-to-date, detailed estimates for small rural areas. However, it is important to remember that these data are estimates, not definitive counts. In using such estimates, it is always important to try to verify them. In most cases this can simply involve sharing the information with local merchants and others familiar with the area to see if the trends derived from these estimates are consistent with the actual experience of local merchants. If the local merchants can confirm the general implications of the data (e.g., this is a high income community, this is a community that tends to purchase sporting goods, etc.), they will serve as a reasonably reliable guide. If the data are not consistent with the observations of local merchants, they should be used with caution.

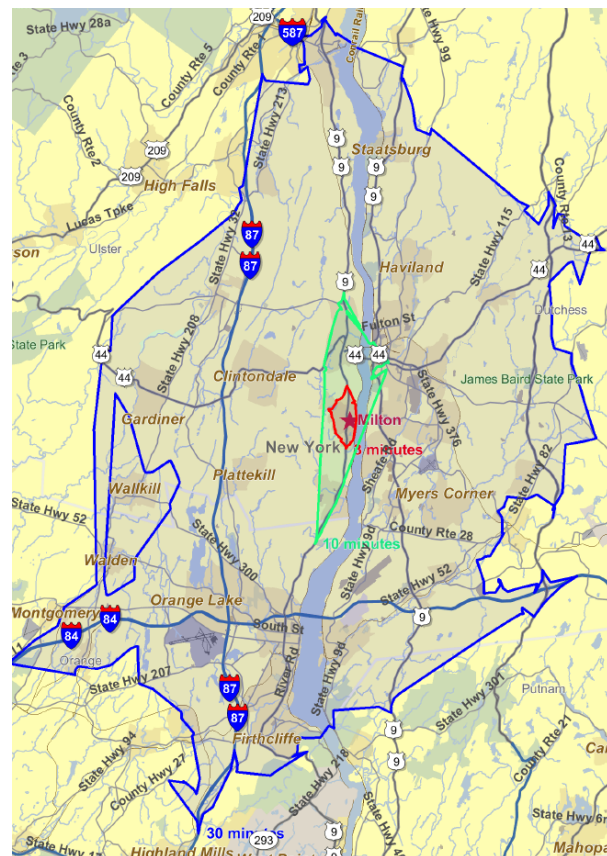
There are two main companies that provide commercial databases for these types of market analyses: Nielsen Claritas (http://en-us.nielsen.com/tab/product_families/nielsen_claritas) and ESRI Business Analyst Online (<http://www.esri.com/software/bao/index.html>). Both provide similar products at similar prices. This guide will use examples from ESRI's Business Analyst Online.

Defining the Geographic Area:

Both Nielsen Claritas and ESRI enable you to order data for subareas within a single larger market area. For example, it is possible to order data through standard geography (e.g., cities and towns), concentric circles of varying distances (e.g., 1/2-mile, 1, mile, etc.) or by various "drive times" from a designated point on a map. This is useful in enabling you to get

A Note of Caution

Both ESRI and Nielsen Claritas include current estimates and future projections for almost all of their data. Our experience indicates that the current estimates are reasonable proxies for data that is more recent than what is available from the Census Bureau or the Bureau of Labor Statistics. However, the projections for future years almost always tend to overstate rates of growth. Consequently, it is recommended that you confine your analyses to the estimates/projections for the most recent year and not rely upon the projections for any of your analysis.



Market Areas for the Hamlet of Milton

3-minute drive time (Red)

10-minute drive time (Green)

30-minute drive time (Blue)

Source: ESRI Business Analyst Online.

20 City Lights	21 Urban Villages	22 Metropolitans
 <p>L3 Metropolis U1 Principal Urban Centers I Mixed 37.8 Middle Prof/Mgmt/Srvc Some College; Bach/Grad Multiunits White; Asian; Hispanic</p>	 <p>L9 Family Portrait U1 Principal Urban Centers I Family Mix 30.5 Middle Skilled/Prof/Mgmt/Srvc No HS Diploma; HS; Some Coll Single Family White; Hispanic; Asian</p>	 <p>L3 Metropolis U3 Metro Cities I Singles; Shared 37.7 Middle Prof/Mgmt Some College; Bach/Grad Single Family; Multiunits White</p>
<p>Gamble in Atlantic City Own American Express card Practice yoga Listen to all-news radio Own/Lease Nissan</p>	<p>Visit Sea World Have mortgage insurance Play soccer/watch soccer on TV Listen to Hispanic radio Own/Lease Toyota</p>	<p>Visit museums Have personal education loan Participate in water sports Listen to public radio Own/Lease station wagon</p>

Summary of Typical Tapestry Profiles

Source: ESRI Business Analyst Online

information on those three types of markets mentioned in the introduction: the residential market, the local market and the regional market.

The precise delineation of these will vary from location to location. But generally, the 3-minute drive time from a designated central location on each main street provides an overview of the characteristics in an area that approximates the “walkable” core. The 10-minute drive time captures the area that serves as a local market for main street. The 30-minute drive time portrays the characteristics of the larger regional market.

**Who Are the Customers?
Market “Psychographics”:**

Part of the process of creating a strategy for a main street area is understanding the characteristics of the population that lives in the immediate vicinity. Traditionally, this involved analysis of separate

demographic variables to develop an understanding of these populations. Now, marketing professionals increasingly rely upon “psychographics”: sophisticated projections of consumer preferences and behavior that help them understand their attitudes and purchasing decisions.

In comparison to quantitative data based on gender, age, and geography common to database sets, psychographics provide qualitative information that reflects attitudes, lifestyles, and preferences. For businesses, this can be used in marketing, increasing loyalty, understanding niche needs, and improving product choice. One of the most widely used systems of psychographics is ESRI’s Tapestry system.

The Tapestry system uses detailed demographic data to construct 165 distinct consumer market segments. Each of these segments is categorized based upon the level of income and degree of urbanization of each of the segments. When applied to the drive-time market in which your main street competes, it gives you a better understanding of your potential customers.

What you can learn: Compiling the Tapestry profile for each of the three drive-time market areas enables you to answer these questions:

- Are the people living in the residential and local market areas different from the people in the larger region?
- If so, what are the attitudes, activities and consumption patterns that distinguish the residential and local market customers?
- Does the local mix of retail stores respond to those differences?
- If the main Tapestry segments for each of the three market areas are largely similar, does the mix of goods and services available in your Main Street area reflect those attitudes, activities, and consumption patterns?

Sample Market Potential Index (MPI) for Apparel Purchases for Residents within a – minute Drive time for Milton, NY. Source: ESRI Business Analyst Online.

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Apparel (Adults)			
Bought any men's apparel in last 12 months	151,092	50.8%	101
Bought any women's apparel in last 12 months	137,827	46.4%	104
Bought apparel for child <13 in last 6 months	77,933	26.2%	98
Bought any shoes in last 12 months	155,632	52.3%	102
Bought any costume jewelry in last 12 months	64,006	21.5%	105
Bought any fine jewelry in last 12 months	71,794	24.1%	105
Bought a watch in last 12 months	67,370	22.7%	98

What Do the Customers Want? The Market Potential Index

These psychographic segments produce distinct spending patterns in those neighborhoods. ESRI captures these through a metric called the Market Potential Index (MPI). The MPI uses results from the national Consumer Expenditure Survey to project local consumption patterns by correlating demographic characteristics and spending patterns from the national survey with local demographics. The MPI is expressed as an index of national consumption patterns. In other words, if the psychographics of an area suggest that residents are as likely to purchase a particular good or service as the national average for that good or service, the neighborhood is given an MPI score of 100. If the psychographics suggest that the neighborhood is 10 percent more likely to purchase that good or service, the neighborhood is given an MPI score of 110.

What you can learn: Compiling the MPI scores for your Main Street area enables you to answer the following questions:

- What do residents in the area tend to buy more of than typical consumers?
- Is the excess spending for those goods or

services reflected in the mix of local stores in the Main Street area?

- If not, does that excess spending represent an untapped market opportunity for your Main Street area? This question can be best answered by looking at the “surplus/leakage” analysis described below.

What is the Nature of the Competition? Surplus and Leakage Analysis

The key element in maintaining a vibrant main street area is understanding and taking advantage of the retail market in which it is situated. ESRI can provide “Retail Market Place” data that shows the local and regional demand for goods and services that businesses in the hamlets currently capture and where potential opportunities exist for future business growth. For each category of retail stores, the analysis shows current sales. This is the “supply” of retail stores in that category for that area. These estimates are created using data from the most recent Census of Retail Trade adjusted and supplemented with data from the Bureau of Labor Statistics and the Census Bureau’s estimates of employment.

The analysis also provides an estimate of purchases for that type of store given the

income levels and demographics of shoppers in that geographic area. The ESRI data estimates the “demand” by residents for goods in that retail category for that geographic area. The difference between “supply” and “demand” is the extent to which “leakage” or “surplus” exists. Leakage (projected demand for purchases in that category *is greater than* the sales by existing stores) means that the local demand is being met by stores outside the geographic area. Surplus (projected demand for purchases *is less than* sales by existing stores) means that the retail stores in that sector are serving demand from outside the area. Leakage represents an opportunity for new business for the local area. Whereas surplus means that stores are bringing sales in from outside the area.

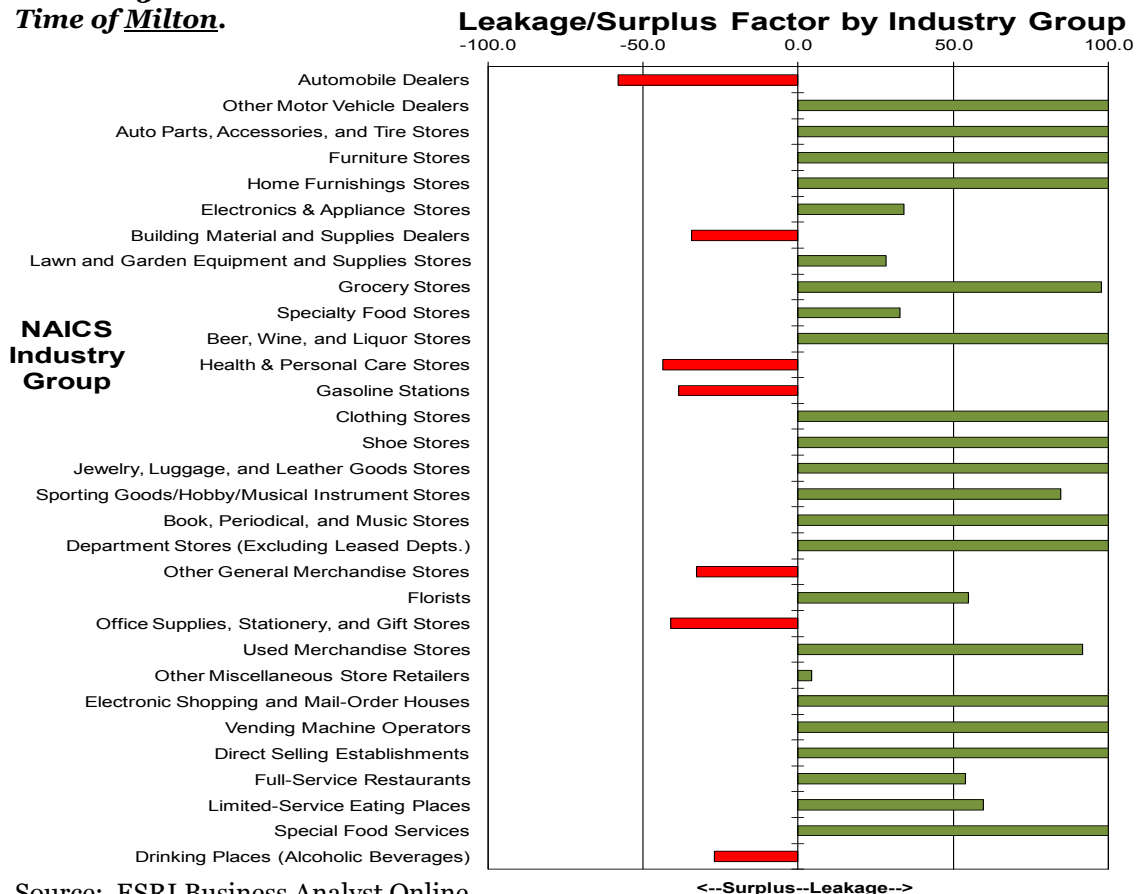
The data and analyses described in this guide are all relatively inexpensive (under \$100) and can be very useful tools for your main street business plan.

Defining your Main Street’s Market Position

Consider the following questions:

- What is your Main Street’s Market Position relative to the competition?
- What is strong about its business mix?
- Is there a primary set of goods and services it offers?
- What would be the idea customer base?
- What is your Main Street’s “competitive advantage” (what makes it unique and how can you best use it)?

A Graph Showing Surplus (Red) and Leakage (Green) for various sectors for the area within a 3-minute Drive Time of Milton.



Source: ESRI Business Analyst Online.

Milton Case study: What do leakage/surplus numbers mean?

Milton's Main Street is a small assemblage of a few businesses where once were several essential services. The data (previous page) show considerable leakage at the 3-minute drive time, yet much of that is absorbed within the 30-minute drive time. This suggests that consumers can find stores meeting their needs in the larger region, particularly in regional shopping centers and "big box" stores. If Milton is to compete as a retail area, it must serve specialized niches as an alternative to what is offered in standardized shopping areas and big box stores. **This may involve positioning the hamlet to offer "experience-based" retail through a unique ambience and a set of specialty stores and services that cannot be found in the competing retail areas.** The surplus in Milton are as interesting as the leakage analysis. At the 3-minute drive time, there are several sectors attracting shoppers into the hamlet. These should be considered fundamental building blocks in generating further traffic and commerce there. At the same time, the results are cautionary. They indicate that several sales are coming from outside the hamlet, rather than drawing business from hamlet residents. This means that the hamlet's vitality will continue to depend upon drawing shoppers in and/or building its residential base so that there can be a larger local market for retail enterprises. It also means that the hamlet should maintain its current traffic attractors in the retail industry and the institutional presences that help bring shoppers into the hamlet, including the library, schools and similar civic facilities.

Putting it all Together

Once these data have been assembled along with the Tapestry segmentation and Market Potential Index, it enables you to ask some questions about your Main Street area:

- How big is the surplus and/or leakage for each good or service in each market area? Surplus or leakage are shown as a percentage of total sales for that category. If a sector that shows large leakage could actually represent little or no actual opportunity. One way to gauge the opportunity is to compare the leakage as a total dollar amount with the average sales per store in the regional market area. That will indicate if the leakage could support a new business in the area.
- For each retail category, how does surplus/leakage change across the different drive-time market areas? If substantial leakage exists in the residential market, but disappears in the local and regional markets, it suggests that customers in the residential market can satisfy their needs by traveling to businesses within those larger geographic areas. This suggests that the leakage in the residential market can only be captured if establishments can differentiate themselves from those already available in the local or regional markets.
- Are there sectors in the residential market that have large amounts of surplus in both percentage and dollar terms? These represent sectors that are already attracting customers from outside the area into the Main Street area. Are they isolated examples of success or do they serve as anchors for the Main Street area? Sizeable surpluses in such "general business" categories as restaurants, apparel and similar sectors suggest that the Main Street area might be able to provide these customers with other related goods and services. If the surplus is limited to one specialty area (e.g., automobile dealers), there may be little potential to provide those customers with other goods or services.

Some Useful Main Street Links:

see our website for additional links

New York Main Street Program:
www.dhcr.state.ny.us/Programs/NYMainStreet/

National Main Street Center, a program of the National Trust for Historic Preservation:
www.preservationnation.org/main-street/

Center for Community and Economic Development, a program of the University of Wisconsin Extension in Madison, WI:
www.uwex.edu/ces/cced/

Project for Public Spaces, a nonprofit planning, design and educational organization dedicated to helping people create and sustain public spaces that build stronger communities:
www.pps.org



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