

2013

Downtown Market Analysis, Waterford, WI



Community-Led Research to
Support Business Retention,
Expansion and Recruitment Efforts

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WEDC Facilitation of Community-Led Discussion	

July 12, 2013

Executive Summary

This Market Analysis is a community-led research effort that examines business retention, expansion and recruitment opportunities in downtown Waterford, WI. The analysis was completed in 2013 as a resource to guide the downtown organization, Absolutely Waterford. The analysis also serves as a resource for existing and prospective entrepreneurs, site selectors, and others seeking a comprehensive analysis. Key findings include:

- The Village of Waterford's 2012 population was 5,400. However, the trade area had a population of 20,570.
- Median household income for the trade area was \$67,058, significantly more than the state average of \$49,824.
- The Waterford trade area has a large percentage of its population in the peak employment age range of 35 – 54 years old.
- The population of the Waterford trade area is less diverse than the state average. The largest minority population group is Hispanic Origin.
- Many residents indicated that aesthetic improvements are necessary in order to make the downtown a more vibrant and inviting place.
- Residents indicated they are leaving Waterford to shop at large format retail stores, and at alternative and specialty grocery stores and stores that specifically offer specialty wine, health foods, and fresh produce.
- In the survey results, Downtown Waterford scored highest in the categories for events, safety, and friendly businesses. Attributes that were most identified as below average or poor include variety of goods/services, traffic flow, and attractiveness.
- Suggestions for an improved farmers market and a desire for a community center or gathering space were identified in numerous survey responses.
- Downtown Waterford has fewer businesses (24) compared to the average of its five peer communities (29.4) and the average all similar size communities in the state (36.4).
- The Waterford trade area is losing a significant amount of resident spending from shopping outside the trade area. Retail demand (potential sales) exceeds supply (estimated sales) in the Waterford trade area by more than 2 to 1.
- Due to income levels, consumer spending potential in the trade area is moderately higher than the U.S. average in almost all categories.

The market analysis concludes with development strategies based on a review of this study by business and community leaders as facilitated by the Wisconsin Economic Development Corporation's Main Street Program. These strategies are included in the Supplement to this report.

Introduction

This section describes the scope of the study including its purpose and goals, prior research, and members of the study team who contributed to this community-led initiative.

Purpose and Goals of Study

The purpose of this market analysis is to provide the downtown organization, Absolutely Waterford, and other business and community leaders with objective information to guide business development efforts in Waterford. The study assembles market information to support business retention, expansion and recruitment efforts. This information can be used to identify business gaps in the community and to fill empty and new commercial space. This study provides information to guide business development at the community level. While it does not attempt to provide business-level marketing advice, it can be used to help business operators understand market characteristics in their efforts to reach new customers.

Prior Research

CLUE Report

In 2010, The Community Land Use and Economics Group, LLC (CLUE) prepared a “Commercial District Economic Development Playbook for Waterford Village and the WesTerra TID.” The CLUE report offered three strategies for Waterford, including one strategy to position the Village as a destination for outdoor recreation products and activities. Strategy number two sought to position and promote Waterford as a friendly office environment, while strategy three focused on the WesTerra TID as a regional and national center for green business.

Visioning Workshop

Absolutely Waterford and downtown stakeholders attended and participated in a visioning workshop conducted in October, 2011. The workshop resulted in the development of a visioning statement to guide future work in downtown improvements. The vision statement included references to outdoor recreation, the arts, and a dynamic mix of businesses in downtown Waterford.

Business Survey

In 2012, Absolutely Waterford conducted a survey of downtown business owners and property owners. The survey solicited input on issues inhibiting business growth, on the usefulness of services provided by Main Street, and a rating of services. Business and property owners indicated that parking, traffic, and aesthetic conditions are barriers to further downtown

improvements. Survey participants desired nicer business and services, and a place where teens can socialize.

Study Team

This study was completed collaboratively with a local study team working with the University of Wisconsin-Extension and the Wisconsin Economic Development Corporation. The study team provided local insight and was instrumental in developing locally-relevant conclusions from the data collected. Participants are listed below.

- Tina Chitwood, Community Development Manager, Racine County Economic Development Corporation
- Gil Amborn, Treasurer, Absolutely Waterford and Chair, Absolutely Waterford Economic Restructuring Committee
- Michelle Bores-Stockton, Executive Director, Absolutely Waterford
- Brian Buchman, Director, Absolutely Waterford
- Morena Marquez, Director, Absolutely Waterford
- JD Milburn and Jim Engle: Wisconsin Economic Development Corporation
- Sonja Reichertz and Bill Ryan, University of Wisconsin-Extension, Center for Community & Economic Development

Trade Area

This section analyzes the extent and shape of Waterford's trade area. The trade area boundaries defined here will serve as the basis for additional analyses throughout this report.

Waterford, Wisconsin is located in southeastern Wisconsin, 32 miles southwest of Milwaukee. The Waterford area is served by State Highways 83 and 20 which run through downtown. The area is located between two major highways, U.S. Highway 43 and State Highway 36.

A trade area is the geographic area from which a community generates the majority of its customers. Knowing the size and shape of the trade area is extremely important because its boundaries allow for measurement of the number of potential customers, their demographics, and their spending potential.

Each individual business in Waterford has a unique trade area. The distinct trade area for an establishment will depend on factors ranging from the type of business to the variety of products and services sold. Certain business types will only attract local customers, while other categories have the potential to draw customers from a broader region. For purposes of this analysis, the focus is on local customers as reflected in a "convenience trade area."

A convenience trade area is based on the purchase of products and services needed on a regular basis, such as gasoline, groceries, and hair care. Because these purchases are relatively frequent, people usually find it more convenient to buy these products and services from businesses located close to their home or workplace. A grocery store's trade area can often be used to represent a community's convenience trade area. The trade area that Waterford businesses serve is influenced by grocery and other shopping in neighboring communities such as Burlington, East Troy, and Mukwonago.

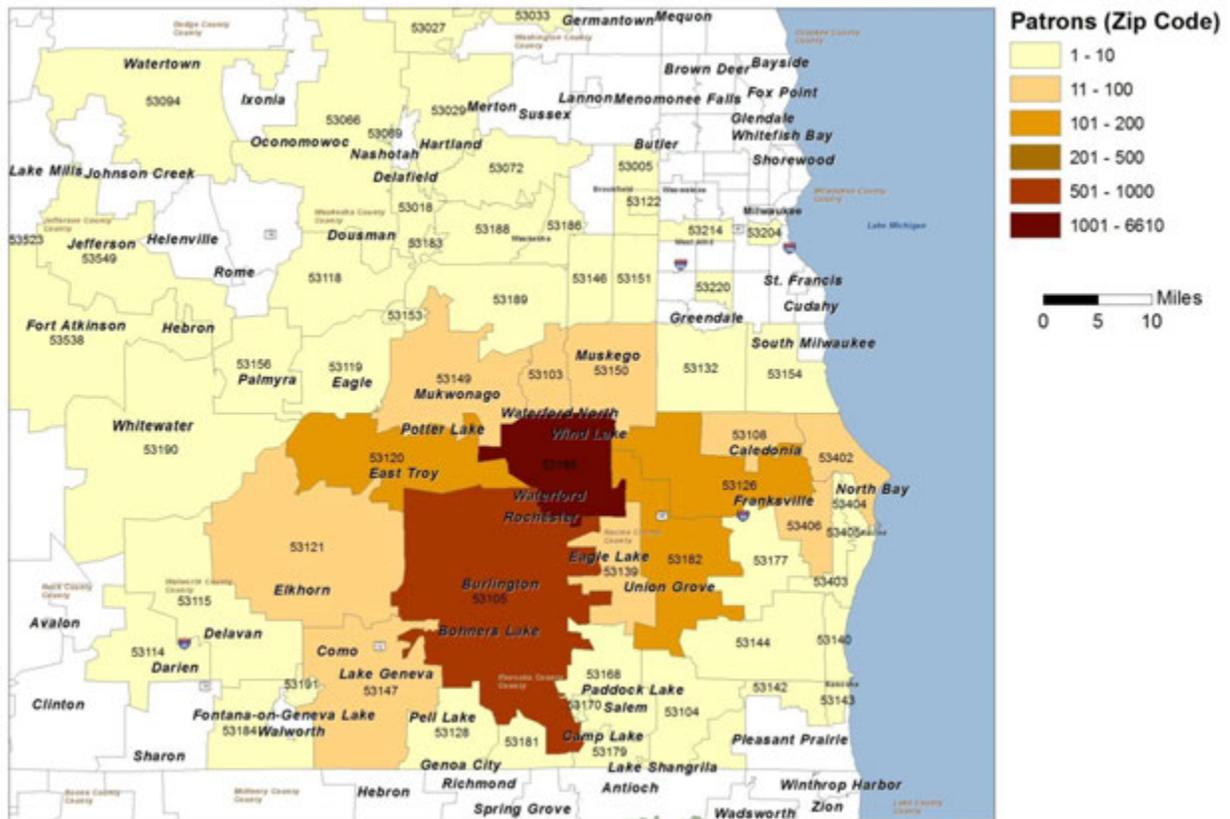
In addition to serving local consumers, there may be some demand from nonresidents including in-commuter employee and visitors. However, for purposes of this analysis the focus is on residents of the trade area.

Mapping Customer Origin

One method of determining a trade area is to examine where current users of the district reside. One type of user is the public library patron.

The following map illustrates the zip codes of Waterford library patrons. This map illustrates that the highest concentration of users from the immediate Waterford zip code area (53185). However, it also points out that many users are coming to Waterford from Burlington, East Troy, Union Grove and Franksville.

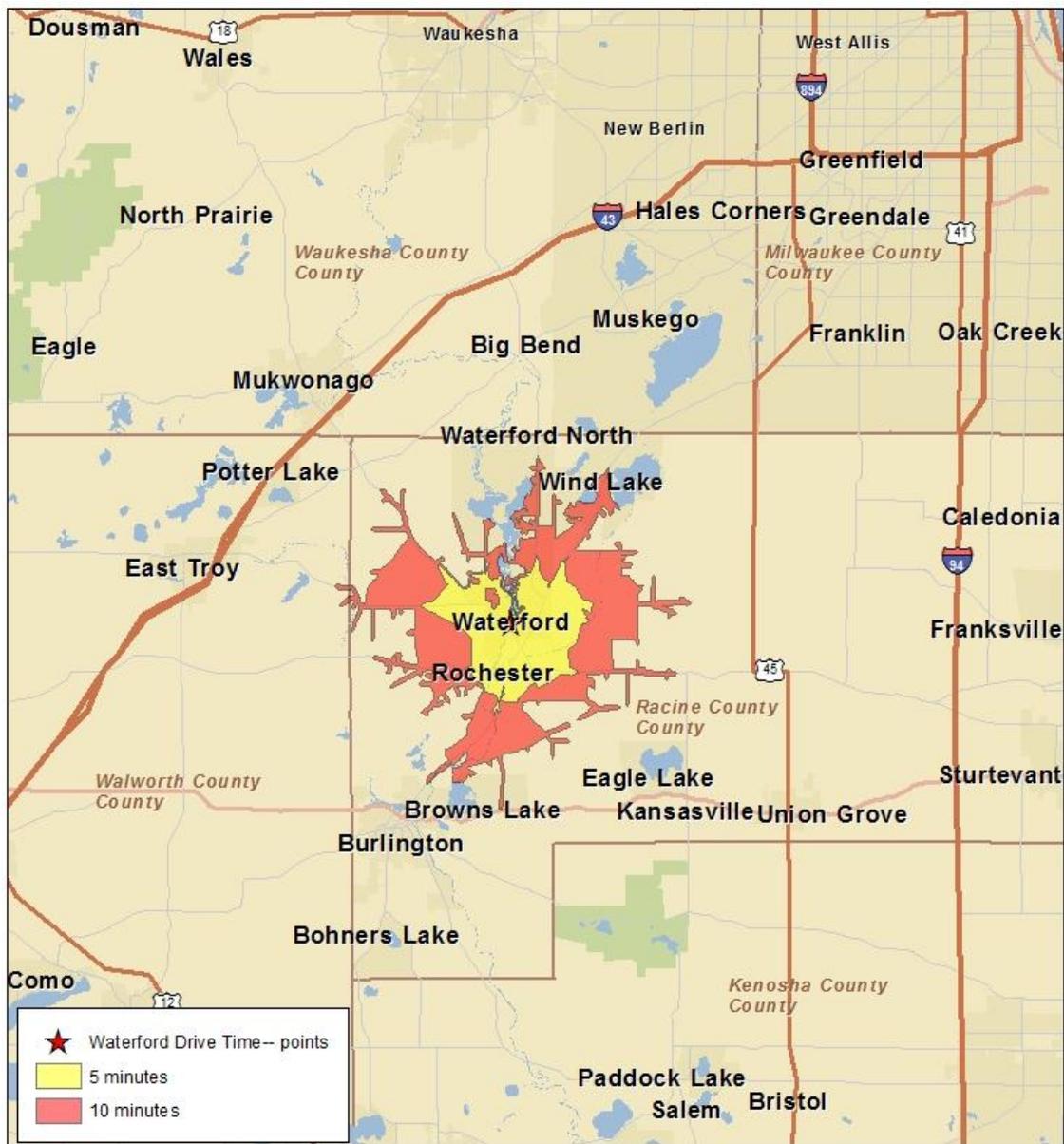
Exhibit 2.1 - Map Illustrating Place of Origin of Waterford Library Patrons (by zip code)



Mapping Drive-Times

Another method of determining the trade area is to examine reasonable drive times around Waterford from the perspective of a convenience shopping consumer. A drive-time map uses distances along actual streets and highways, combined with their respective travel speeds, to calculate travel time. Drive times are important as consumers make decisions based on streets and highways when deciding where they will shop. The following map illustrates a 5 and 10 minute drive time around downtown Waterford.

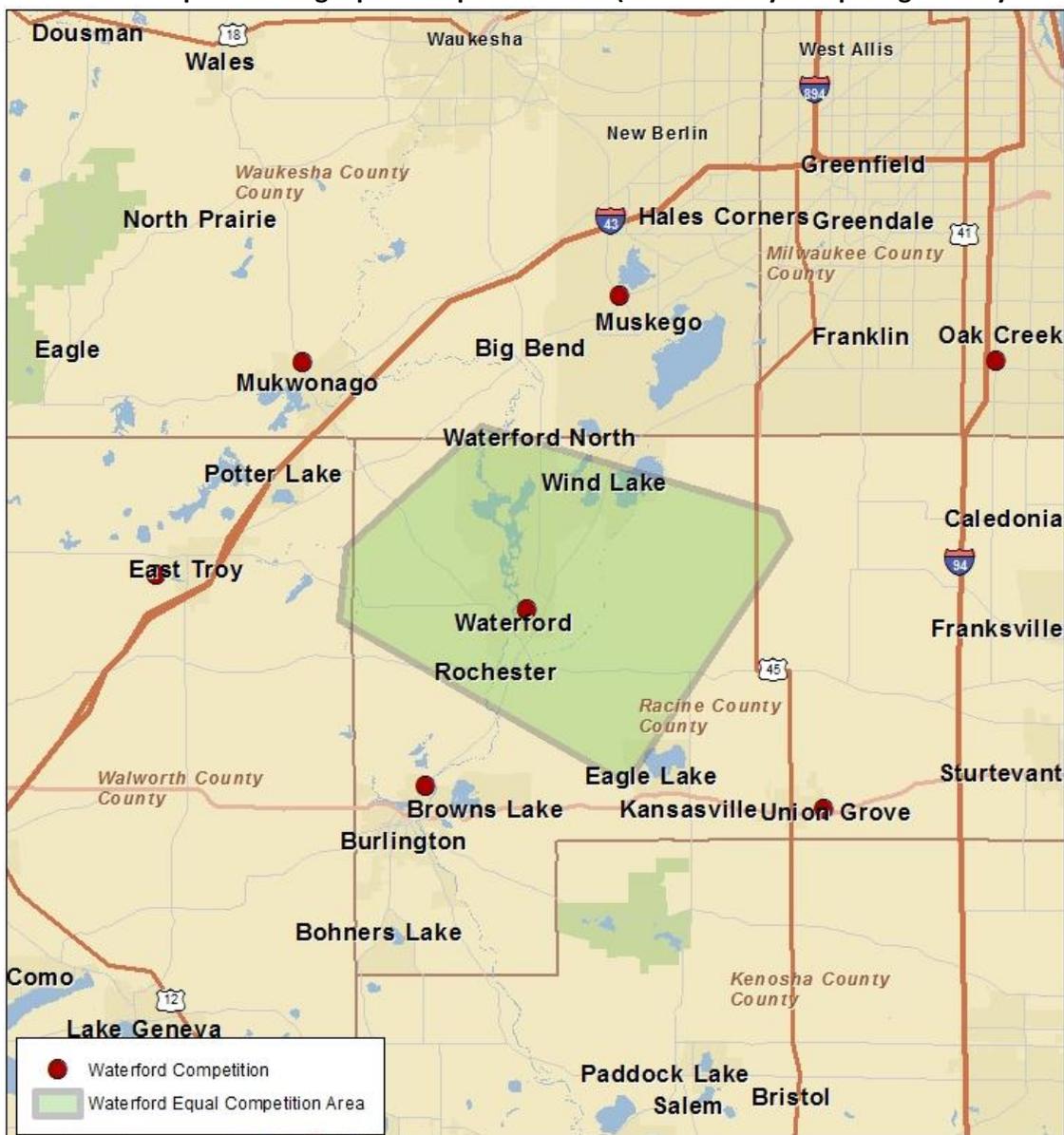
Exhibit 2.2 - Map Illustrating 5 and 10 Minute Drive Times Around Waterford



Mapping Equal Competition Area

A third method of defining a trade area is called an equal competition area (also known as Thiessen polygons). This type of trade area assumes that consumers will travel to the closest business district in their region based on “as-the-crow-flies” distances. The trade area is formed by lines drawn exactly halfway between each of the competing business districts (as defined by a local grocery store). Any point within the equal competition area is closer to the subject business district than any of the surrounding business districts. These trade areas do not adjust for the way people actually travel on the ground, nor adjust for the drawing power of each competing business districts.

Exhibit 2.3 - Map Illustrating Equal Competition Area (as Defined by Competing Grocery Stores)



Conclusions

The map Illustrating the Equal Competition Area (as Defined by Competing Grocery Stores) in Exhibit 2.3 provides the most realistic trade area for Waterford. It is a geographic area that is defined by the midway points between Waterford and Burlington, East Troy, Mukwonago, Muskego, Oak Creek and Union Grove.

The local zip code illustrated in Exhibit 2.1 does not capture consumers living close Waterford from the southwest. The drive time map (10-minutes) encroaches on the Burlington trade area.

The Equal Competition Area does not accurately represent the areas of individual businesses. Furthermore, the trade areas reflect future potential, not simply what is captured today. The boundaries of this trade area are fluid in nature as customers within the trade area will travel to other shopping destinations, while customers from outside the trade area may shop at Waterford businesses.

The following sections will examine data about the resident population of the Equal Competition Area, referred to from here as the Waterford Trade Area.

Resident Market Characteristics

The demographic and lifestyle characteristics of trade area residents provide valuable information for a market analysis. This section will provide information on demographic and lifestyle data.

Demographic Analysis

To assist in understanding the characteristics of residents, data was assembled for the Waterford trade area and the state of Wisconsin. Comparing demographics of these geographic areas helps to differentiate local consumers and may identify potential customer niches. Demographic characteristics are derived from public and private datasets, including Environmental Systems Research Institute Business Information Solutions (ESRI BIS) and the 2010 Decennial Census.

Population

Population data helps quantify both current market size and future market growth, both of which are used to measure consumer demand. Population is defined as all persons living in a geographic area. The Village of Waterford's 2012 population was 5,400. However, the trade area had a population of 20,570. Projected growth from 2012 through 2017 is expected to average .24-percent per year. This rate is slightly less than the .42-percent rate projected for the state of Wisconsin.

Exhibit 3.1 - Population

	Waterford Trade Area	State of Wisconsin
2010 Population (Census)	20,292	5,686,986
2012 Population	20,570	5,745,624
2017 Population	20,819	5,867,708
2012 - 2017 Annual Rate	0.24%	0.42%

Source: ESRI Demographic and Income Profile Report

Per-Capita Income and Household Income

Household income can be an indicator of the spending power of residents. Household income positively correlates with retail expenditures in many product categories. Some retailers may also target specific income ranges based on their target market segment.

Median household income for the trade area was \$67,058, significantly more than the state average of \$49,824. The average per capita income for the trade area was also significantly more than the state average. An estimated 26.8% of Waterford trade area households had incomes of over \$100,000 compared to only 16.6% of state households.

Exhibit 3.2 - Income Levels

	Waterford Trade Area	State of Wisconsin
2012 Per Capita Income	\$29,544	\$25,431
2012 Median Household Income	\$67,058	\$49,824
2012 % Households with income over \$100,000	26.8%	16.6%

Source: ESRI Demographic and Income Profile Report

Age Profile

Age often affects a person's consumer tastes and preferences. Understanding the population's age distribution helps businesses effectively address the needs of the market. Accordingly, retail, service, and restaurants often target certain age groups. The following table presents age data.

Exhibit 3.3 - Age Profile 2012

	Waterford Trade Area	State of Wisconsin
Age 0 - 4	5.0%	6.3%
Age 5 - 9	7.2%	6.4%
Age 10 - 14	7.8%	6.5%
Age 15 - 19	6.7%	6.7%
Age 20 - 24	4.5%	6.9%
Age 25 - 34	8.7%	12.9%
Age 35 - 44	14.8%	12.4%
Age 45 - 54	19.1%	14.9%
Age 55 - 64	13.9%	12.8%
Age 65 - 74	7.5%	7.5%
Age 75 - 84	3.5%	4.5%
Age 85+	1.3%	2.2%
Total	100.0%	100.0%
Total	20,570	5,745,625

Source: ESRI Demographic and Income Profile Report

The Waterford trade area has a large percentage of its population in the peak employment age range of 35 - 54 years old, with approximately 34 percent of the population in this age range. This compares to only 27 percent of the state's population in this age range.

Race/Ethnicity

Spending patterns often differ with ethnicity. Understanding the ethnic distribution of a population is the first step to meeting the needs of different ethnic groups.

In terms of diversity, the population of the Waterford trade area is less diverse than the state average. The percent of residents living in the Waterford trade area who identify as White Alone is 97.3 while the state average is 85.9 percent. The largest minority population group is Hispanic Origin.

Exhibit 3.4 - Race/Ethnicity 2012

	Waterford Trade Area	State of Wisconsin
White Alone	97.3%	85.9%
Black Alone	0.3%	6.3%
Hispanic Origin (may be included above)	2.6%	6.2%

Source: ESRI Demographic and Income Profile Report

Education Attainment – Population 25+ years olds

Education can be an indicator of the socio-economic status of an area. Not only do education levels affect income, they also impact consumer tastes and preferences. The Waterford trade area has slightly more residents with an Associate’s degree than the state. Otherwise, educational attainment is similar.

Exhibit 3.5 - Educational Attainment 2012

	Waterford Trade Area	State of Wisconsin
High School Graduate	35.9%	34.3%
Some College, No Degree	22.2%	20.4%
Associate Degree	11.3%	8.8%
Bachelor’s Degree	17.0%	17.0%
Master’s/Prof/Doctorate	7.3%	8.4%

Source: ESRI ACS Population Summary

Lifestyles

Waterford trade area residents can also be studied using lifestyle segmentation information. Lifestyle segmentation systems examine the buying habits and preferences of consumers in a geographic area. One lifestyle segmentation system is Tapestry™, by ESRI Business Information Solutions. Consumers are classified into 65 demographic and behaviorally distinct segments. The segments are based on type of neighborhood (urban, suburban, rural); the residents’ socioeconomic status (age, income, occupation, type and value of residence); and their buying behaviors. The top three lifestyle tapestry segments in the Waterford trade area are presented below along with ESRI’s descriptions of these segments.

Segment 06 - Sophisticated Squires (47-percent of Households)

Cultured country life in low density, newer home developments attracts these urban escapees. The median age is 38.4 years. These educated, married couple families hold good-paying jobs, and are willing to commute longer distances to maintain their semi-rural lifestyle. The median home value is \$230,333. Do-it-yourselfers handle their own lawn and landscaping and home improvement projects such as installing carpet or hardwood floors, and interior painting. They barbecue on their gas grills and make bread with their bread makers. This is the top market to own three or more vehicles; they drive minivans and full-sized SUVs. They play volleyball, bike, play board games and cards, go to the zoo, and attend soccer and baseball games.

Segment 17 - Green Acres (28-percent of Households)

A “little bit country,” these residents live in pastoral settings of developing suburban fringe areas, mainly in the Midwest and South. The median age is 41 years. Most are married couples who live in single-family homes with and without children. The median household income is \$63,430; the median home value is \$174,417. These do-it-yourselfers own all of the right tools to maintain and remodel their homes, paint, install carpet, add a deck, and take care of their lawns and gardens. They ride motorcycles and drive full-sized pickup trucks. They ride bikes and go bird watching, waterskiing, canoeing, power boating, target shooting, hunting, and kayaking. They also go to car races.

Segment 24 - Main Street, USA (17-percent of Households)

When comparing household type, age, race, education, housing type, occupation, industry, and household income distributions, this segment is very similar to the U.S. A mix of single-family homes and multi-unit buildings, these neighborhoods are found in the suburbs of smaller metropolitan cities, primarily in the Northeast, West, and Midwest. The median age is 36.8 years. The median household income is \$57,196; the rate of homeownership is 63 percent, and the median home value is \$174,970. Residents volunteer and actively participate in civic issues. They care for their lawns and gardens, and work on small home improvement projects. They go to the beach, visit theme parks, play chess, go bowling or ice skating, and exercise aerobically.

Conclusions

The Waterford trade area demographic and lifestyle characteristics are summarized below:

- The Village of Waterford’s 2012 population was 5,400. However, the trade area had a population of 20,570.
- Projected growth from 2012 through 2017 is expected to average .24-percent per year. This rate is slightly less than the .42-percent rate projected for the state of Wisconsin.
- Median household income for the trade area was \$67,058, significantly more than the state average of \$49,824.
- The Waterford trade area has a large percentage of its population in the peak employment age range of 35 – 54 years old.
- The population of the Waterford trade area is less diverse than the state average. The largest minority population group is Hispanic Origin.
- The Waterford trade area has slightly more residents with an Associate’s degree than the state. Otherwise, educational attainment is similar.
- Nearly half of the Waterford trade area households are described by ESRI as “Sophisticated Squires.” They prefer semi-rural areas with newer home developments. They are typically educated, married couple families with good-paying jobs, and are willing to commute longer distances.

Resident Market Consumer Perspectives

This section analyzes information obtained from a consumer survey, created and distributed for the purposes of this market analysis. The survey was not scientific, and the opinions gathered were merely used in a directional nature to contribute to market analysis recommendations.

Survey Overview

A consumer survey gathered insights from Waterford residents regarding the Downtown Heritage District and the Waterford Trade Area in general. The overall goal of the survey was to learn how current Waterford residents perceive downtown Waterford and how to make the downtown a more attractive and enjoyable place.

The consumer survey was made available online, advertised on the Waterford Facebook page, and in the local paper. Study group participants also distributed postcards advertising the survey to patrons of downtown businesses. 171 responses were gathered (143 of which were fully completed) during the eighteen days the survey was available.

Online participants were asked to supply the following information after completing the survey: home zip code, work zip code, age, gender, occupation, number living in household, and annual income. The survey participants were approximately two-thirds female and one-third male. The largest age group of participants was between the ages of 25 and 44, making up 45% of the total survey respondents. Twenty-two percent of participants identified with a household income between \$75,000 and \$99,000, while twenty-six percent identified with a household income between \$100,000 and \$150,000. The majority of individuals taking part in the survey described their current job as either professional or retired.

Survey questions covered the following topics:

- Satisfaction level of various downtown attributes, reasons for stopping in downtown Waterford and for stopping elsewhere.
- Additional service and retail businesses, restaurants, and events that residents would like to see in downtown Waterford.
- Comments on niche themes for downtown and destination uses, and innovative business ideas.
- Site specific suggestions for the vacant bowling alley and old St. Thomas Church.
- Demographic specific suggestions to better serve the community's aging and youth populations.
- Any additional comments to help improve downtown.

Detailed Findings

Reasons to Stop Downtown

Exhibit 4.1 below summarizes responses that rated attributes of downtown Waterford.

Downtown Waterford scored highest in the categories for special events and festivals (61.6%), safety (59.8%), and friendly businesses (58.8%). Attributes most identified as below average or poor include variety of goods/services (65.7%), traffic flow (56.5%), and attractiveness (46.4%).

Exhibit 4.1 – Summary of Responses Related to Ratings of Downtown

Attribute	Number of Excellent or Good Responses	Percent of Excellent or Good Responses	Number of Below Avg. or Poor Responses	Percent of Below Avg. or Poor Responses
Attractiveness	22	13.3%	77	46.4%
Cleanliness	85	51.2%	14	8.4%
Parking Convenience	36	21.8%	65	39.4%
Traffic Flow	18	10.8%	94	56.5%
Shopping Hours	33	20.1%	32	19.5%
Friendly Businesses	97	58.8%	11	6.7%
Safety	98	59.8%	16	9.8%
Variety of goods/services	24	14.5%	109	65.7%
Special events and festivals	101	61.6%	17	10.4%
Pedestrian or Bicycle Friendliness	43	26.1%	52	31.5%

Source: Results of Question 1 of the Consumer Survey

Exhibit 4.2 reveals that the biggest reason participants identified for stopping downtown is just to pass-through, followed by services provided by the Post Office, Library, or Government, and by Restaurants and Taverns. Respondents rarely or never stopped downtown for health services, work, or for services such as hair, insurance, or accounting. Sixty-seven percent of participants rarely or never stopped downtown for shopping.

Exhibit 4.2 – Frequency and Purpose of Stopping Downtown

	Percent of responses that chose “One or more times/week” or “One - two times/month”	Percent of responses that chose “Occasionally or Rarely” or “Never”
Work	25.5%	74.5%
Shopping, non-grocery	32.9%	67.1%
Restaurants/Taverns	50.0%	50.0%
Post Office/Library/Gov’t	72.3%	27.7%
Banking	45.9%	54.1%
Health Services	11.3%	88.7%
Services (Hair, Insurance, Accountant)	28.3%	71.7%
Passing Through	91.1%	8.9%

Source: Results of Question 3 of the Consumer Survey

If residents were not stopping downtown, other questions sought to determine where Waterford residents are spending time and money. Question two of the consumer survey asked what stores draw residents to other communities on a regular basis. The most frequent responses included large format retail stores like Kohl's, Target, and Wal-Mart. Common responses also included other grocery stores, or specialty grocery stores including Gooseberries in Burlington and Sendik's in Franklin or New Berlin. Other responses included fitness, wine, unique gift stores, fresh produce, healthy restaurants, outdoor sporting goods, and craft stores.

Retail, Service, and Restaurant Opportunities

The consumer survey provided residents the opportunity to comment on additional service and retail businesses, restaurants, and events residents would like to see in downtown Waterford. Participants chose up to four options out of twenty-one additional service businesses they would like to see in downtown Waterford. The most common responses were Movie Theater (74%) and Fitness Center (37%). Likewise, participants chose additional retail businesses they would most like to see in downtown Waterford with the most common choice being Butcher/Meat Shop (52%). Gift/Souvenir, Grocery, Sporting Goods, Book, and Hobby/Toy/Game were also popular choices. These responses are in-line with desired businesses, services, or amenities to support leisure pursuits that were identified in survey questions fifteen and sixteen. Respondents also identified desirable restaurants. The most popular choices were Brew Pub (43%) and Steakhouse (37%) and the most unpopular choices were Banquet Room (0%) and Fast Food (3%).

Event Opportunities

Participants commented on which existing events they attended in the last year and what new events they would like to see in downtown Waterford. The most commonly attended existing event identified was the Waterford Balloon Fest (110 responses). The 4th of July Parade, Farmers Market, and River Rhythms were also commonly attended. Brewfest was the least common with only eighteen survey participants indicating they attended the event. Regarding new events, many indicated that there are enough events currently offered. Popular responses noted that the existing farmer's market should be improved or moved to the weekend and supplemented with sidewalk sales or live music. Other suggestions included the addition of bicycle events, running events for kids, an art walk, movies in the park, craft fairs, a fishing tournament, or special shopping events such a sidewalk sales.

Innovative Business Opportunities

Survey participants were asked to identify interesting and innovative businesses seen in other downtowns. These examples can provide existing and prospective entrepreneurs with innovative ideas for downtown and provide local leaders with ideas for business expansion and recruitment efforts. Responses included the following:

- Main Street Market, Union Grove
- Pam's Fine Wines, Mukwonago
- Finder's Keepers, Rochester
- White Burch Barn, Evansville

- Hoesly's Meats, New Glarus
- Yarns by Design, Neenah
- Fired-up Pottery, Racine
- Pieper Porch Winery, Waukesha
- Elegant Farmer, Mukwonago
- Sendik's Grocery, Franklin
- Gooseberries, Burlington
- The Brick Street Market, Delevan
- Cheese Store, Kenosha
- Freckled Frog, Waupaca
- Delancy's, Lake Geneva
- Piano Blu, Pewaukee
- Funky Hannah's Beads, Racine
- Mineshaft, Hartford
- Ray's Butchershop, Greenfield
- Old Fashioned Butcher Shop, Cedarburg
- Little Read Book, Wauwatosa
- Silver Creek Brewery, Cedarburg
- End of the Leash, Mukwonago
- Shipwrecked, Door County
- Ferch's Malt Shop, Greendale
- Sheepish, Racine
- Splash Studio, Milwaukee

Niche Ideas

Some downtowns have created a unique Niche around restaurants, services, specialty foods, home furnishings, or other themes. Survey participants provided input on possible themes that could make Waterford a destination. Some niche themes participants identified are listed below:

- Marketing the Fox River
- Water Theme
- Rustic with Conveniences
- Healthy & Child Friendly
- Focus on Waterford's History
- Craft Supplies and Shops
- Farm Fresh from Local Famers
- Antique Stores
- Home Town Feel
- Old Fashioned Downtown
- Old Towne Theme
- Water and the River

- Old Fashioned Neighborhood

Site or Topic Specific Input

The survey also asked for site-specific input and for suggestions related to specific demographic groups. When asked how the vacant bowling alley site should be redeveloped, participants suggested the following:

- Brew Pub, Resurrect Beck Brewery
- Community Center
- Space for Indoor/Outdoor Farmers Markets
- Parking with Art and Welcome Features
- Small Retail Center
- Bowling Alley
- Movie Theater
- Small Health Food Grocery
- Fitness Center
- Mixed Use with Apartments

When asked how the old St. Thomas Church could be reused, participants suggested the following:

- Makerspace
- Community Theater
- Rentable Hall Space
- Wedding Church
- Antiques and Specialty Garden Store
- Spa
- Antique Store
- Public Arts Area

Suggestions for how downtown Waterford can better serve the community's aging and youth population included more convenient parking for elderly, discount days for senior, more accessible businesses, special "time remembered" days, and improved walkability of downtown. Art classes for kids at CARaN and addition of a community center were also noted.

Participants identified what they believed to be Waterford's landmark building or place. Responses included the Library (33), the Fox River (20), the Old St. Thomas Church (12), the River House (8), Uncle Harry's (8), and Martini Mo'z (5).

Finally, the survey allowed participants the opportunity to comment generally on any other suggestions to improve downtown Waterford. Responses included a suggestion for a Business Improvement District to make storefronts more attractive and encourage active businesses downtown. Many comments noted that the downtown's aesthetics and continuity need

improvement; specifically, additions could include trees, hanging baskets, benches, flags, flowers in the summer, and historic architectural preservation. Traffic flow was identified as an area that could be improved, and well as variety in businesses and niche trendy places.

Conclusions

The following conclusions can be drawn from analysis on the Waterford survey of consumers:

- Downtown Waterford scored highest in the categories for special events and festivals (61.6%), safety (59.8%), and friendly businesses (58.8%). Attributes that were most identified as below average or poor include variety of goods/services (65.7%), traffic flow (56.5%), and attractiveness (46.4%).
- Many of the general comment questions focused on aesthetic improvements to make the downtown a more vibrant and inviting place.
- 67.1% of participants rarely or never stopped downtown for shopping. The most frequent places survey participant shopped outside of Waterford were large format retail stores like Kohl's, Target, and Wal-Mart.
- Residents are also leaving Waterford for alternative and specialty grocery stores and stores that specifically offer specialty wine, health foods, and fresh produce. Other shops that residents are leaving for include healthy restaurants, outdoor sporting goods stores, and craft stores.
- Suggestions for an improved farmers market came up repeatedly in the survey results.
- A desire for a community center or gathering space was identified in numerous responses.
- Many responses also indicated an importance for preserving the historic nature and culture of the community.

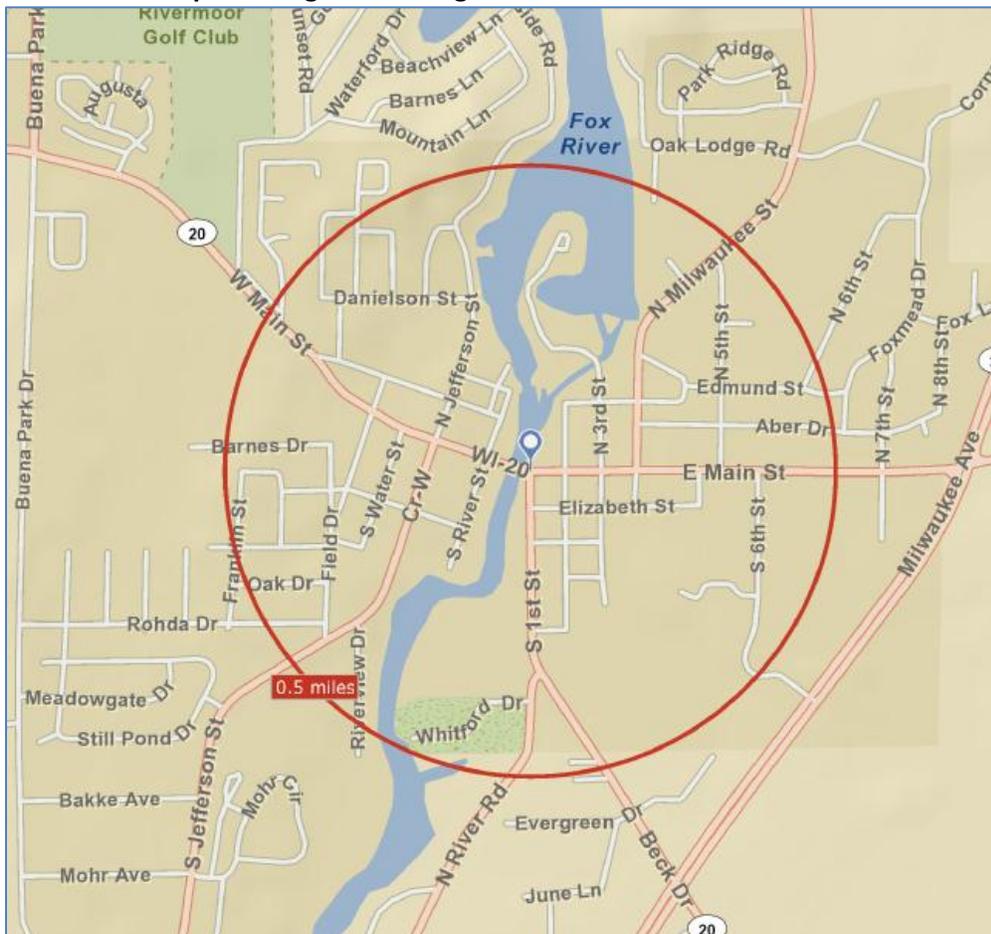
DOWNTOWN BUSINESS MIX COMPARISON

This section compares the mix of businesses in downtown Waterford with that of selected peer communities in Wisconsin. Comparisons are also made with all communities of similar size in the state. These comparisons represent one approach in identifying potential business opportunities for the downtown district.

Waterford Business Inventory

A business inventory was completed to describe commercial activity in a half-mile radius around the middle of downtown Waterford as defined in the following map. The number of businesses by category is summarized in Exhibit 5.2.

Exhibit 5.1 - Map Showing .5 Mile Ring Around the Middle of Downtown Waterford



Downtown Waterford businesses operate in a regional retail economy that is characterized by large scale, exurban commercial development. Major suburban shopping destinations are located within ten miles in Burlington (southwest) and Mukwonago (northwest).

The historic downtown district is bisected by the Fox River. The district is anchored by the Waterford High School and the Public Library. Downtown Businesses include: bars/taverns (3), restaurants/café/ice cream (4), pet and veterinary (2); clothing (2); jeweler; tailor; financial services-insurance, tax, mortgage (4); personal care –hair (2); medical/dental/chiropractor (2); convenience store; banquet hall; floor covering; and funeral home. Waterford’s convenience retailers are located outside of the downtown historic district. Chain grocery, drug, and hardware stores and lodging are all located on the periphery of downtown. With the exception of the hardware store, all of these businesses are outside of the .5 mile ring used in this section.

Comparison to Selected Peer Communities

The study committee identified five “peer communities” that have relatively vibrant downtowns and share market characteristics similar to those of Waterford. These included Dodgeville, Kewaskum, Lake Mills, Omro, and Prescott. The average number of businesses, by category, in these seven downtowns is also provided in Exhibit 5.2.

Comparison to All Downtowns in Similar Size Wisconsin Communities

This comparison group represents all Wisconsin communities (60 cities and villages) with populations between 2,500 and 5,000. The average number of businesses per downtown in these communities was calculated in a UW-Extension study and is presented in Exhibit 5.2. Communities in this group include:

Algoma	Edgerton	Mayville	Pulaski
Amery	Ellsworth	Medford	Rothschild
Baldwin	Evansville	Mineral Point	Sauk City
Black River Falls	Horicon	Mondovi	Saukville
Bloomer	Howards Grove	Mosinee	Seymour
Boscobel	Jackson	Neillsville	Slinger
Brillion	Kewaskum	Nekoosa	Spooner
Broadhead	Kewaunee	New Holstein	Thiensville
Chilton	Kiel	Oconto Falls	Tomahawk
Clintonville	Ladysmith	Omro	Union Grove
Columbus	Lake Mills	Oostburg	Viroqua
Cottage Grove	Lancaster	Park Falls	Wales
Cross Plains	Lodi	Peshtigo	Omro
Dodgeville	Marshall	Prairie du Sac	Waterloo
East Troy	Mauston	Prescott	West Salem

Exhibit 5.2 - Waterford Downtown Business Mix Comparison

NAICS	Name	Waterford	Peer Cities Ave.	Wisconsin Ave.
72210000	Full-service restaurants	3	4.0	4.6
81211200	Beauty salons	2	3.0	3.5
72240000	Drinking places (alcoholic beverages)	3	3.0	3.1
44710000	Gasoline stations	3	1.4	1.7
71390000	Other amusement (bowling, golf, fitness)		1.4	1.6
81111000	Automotive mechanical & electrical repair	1	1.2	1.3
45322000	Gift, novelty, & souvenir stores		1.0	1.1
45330000	Used merchandise stores	2	0.8	1.1
44510000	Grocery stores		0.6	1.1
44130000	Automotive parts, accessories, & tire stores	1	0.2	1.1
44311000	Appliance, television, & other electronics stores		1.0	0.9
45310000	Florists		1.0	0.9
81211100	Barber shops		0.8	0.8
45111000	Sporting goods stores		0.6	0.7
44611000	Pharmacies & drug stores		1.0	0.7
72220000	Limited-service eating places	1	0.4	0.7
45200000	General merchandise stores		0.4	0.7
44419000	Specialized building material dealers	1	0.2	0.6
81112000	Automotive body, paint, interior, & glass	1	0.2	0.6
44413000	Hardware stores	1	0.4	0.6
44530000	Beer, wine, & liquor stores	1	0.6	0.5
44520000	Specialty food stores		0.4	0.5
44831000	Jewelry stores	1	1.0	0.5
44210000	Furniture stores		0.2	0.4
44220000	Home furnishings stores		0.6	0.4
44312000	Computer & software stores	1	0.2	0.4
44112000	Used car dealers			0.4
54192000	Photographic services			0.4
44111000	New car dealers			0.4
81119000	Other automotive repair & maintenance			0.4
45392000	Art dealers		0.6	0.3
53210000	Automotive equipment rental & leasing		0.2	0.3
81149000	Personal goods repair (watch, boat, garment)	1	0.4	0.3
81291000	Pet care (except veterinary) services			0.3
51213000	Motion picture & video exhibition			0.2
81232000	Dry-cleaning & laundry (except coin-operated)			0.2
44420000	Lawn & garden equipment & supplies stores		0.2	0.2
44814000	Family clothing stores		0.6	0.2
44812000	Women's clothing stores			0.2
45113000	Sewing, needlework, & piece goods stores			0.2
45391000	Pet & pet supplies stores			0.2
81211300	Nail salons			0.2
45112000	Hobby, toy, & game stores	1		0.2
81141000	Home/garden equipment & appliance repair		0.2	0.2
44411000	Home centers		0.2	0.2
44819000	Specialized clothing stores (dress, etc.)		0.4	0.2
45121000	Book Stores			0.2
45321000	Office supplies & stationery stores			0.1
81231000	Coin-operated laundries & drycleaners			0.1
44821000	Shoe stores			0.1
45122000	Tape, compact disc, & record stores			0.1
44412000	Paint & wallpaper stores		0.4	0.1
53230000	General rental centers			0.1
44619000	Other health care (vitamin, medical equip)			0.1
44613000	Optical goods stores			0.1
44811000	Men's clothing stores		0.2	0.1
44813000	Children's & infants' clothing stores			0.1
	Total	24	29.4	36.4

*Wisconsin. Cities/Villages with 2,500-5,000 Population. Average of 60 Downtowns. Data source: Retail and Service Business Mix Analysis of Wisconsin's Downtowns by Bill Ryan, Beverly Stencil, and Jangik Jin, September 2010. University of Wisconsin-Extension

Conclusions

The following conclusions about downtown Waterford's business mix can be drawn from this data. Special attention was given to those business categories that are most suitable for a downtown storefront location and that were found in many of the comparison downtowns.

- Downtown Waterford has fewer businesses (24) compared to the average of its five peer communities (29.4) and the average all communities of similar size in the state (36.4).
- Downtown Waterford does not have businesses in various important convenience categories such as grocery, gift and floral stores.

Notes about this Comparison

For purposes of this study, retail and service business categories used in the comparison are those typically found on street level of downtowns. For each of the comparison groups ("Peer Cities Average" and the "Wisconsin Average"), data from InfoUSA was used to identify the average number of businesses by NAICS code (five digit) within one-half mile of the center of their respective downtowns. This information was then compared to data assembled for Waterford's downtown.

1. In some cases, a particular business may offer products or services that fall under multiple NAICS codes. For this analysis, it is listed under one primary code. For example, a business may be listed as a furniture store but also sell home furnishings.
2. While the raw data may indicate opportunity for a business type within a half mile of the downtown, other businesses serving those needs may already exist in the Waterford area outside of the downtown. This could then nullify the opportunity for a new business in that category.
3. As with any statistical sources, there may be inaccuracies in the number of businesses attributed to a specific NAICS code for any given community.
4. The business mix analysis only counts number of establishments and does not offer more useful information such as sales or square feet of space. Further, it does not attempt to measure the competitiveness of the businesses included in the comparison.

TRADE AREA DEMAND AND SUPPLY ESTIMATES

This section brings together data from prior sections to assess business retention, expansion and recruitment opportunities in the Waterford trade area. This assessment focuses on selected retail, service business, and restaurant categories typically found on street level of downtowns. However, unlike the prior section that focuses only on the downtown business mix, this section explores market demand and supply in the entire trade area.

Estimates of Overall Waterford Trade Area Demand and Supply

Estimates of demand and supply for retail trade (including food and drink) as developed by ESRI are presented in table 6.1. ESRI uses their own methodology to estimate demand and supply. For purposes of this market analysis, only aggregate retail demand and supply data are presented here.

The table indicates that retail demand (potential sales) exceeds supply (estimated sales) in the Waterford trade area. Additional detail, not shown in the table below, suggests that this gap (demand greater than supply) occurs in almost all of the specific NAICS categories studied. ESRI reports that the only categories where supply exceeds demand include drinking places, beer/liquor/wine stores, and used merchandise stores.

The overall conclusion is that the Waterford trade area is losing a significant amount of resident spending from shopping outside the trade area.

Exhibit 6.1 - Overall Estimates of Market Demand and Supply, Based on 2010 Demographics by ESRI

	NAICS	Demand (Potential)	Supply (Estimated Sales)	Retail Gap
Total Retail and Food & Drink	44-45, 722	\$245,627,203	\$91,303,631	\$154,323,571
Total Retail Trade	44-45	\$221,499,448	\$82,283,726	\$139,215,722
Total Food & Drink	722	\$24,127,755	\$9,019,905	\$15,107,850

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars.

Spending Patterns of Waterford Trade Area Households Compared to the U.S.

Spending is influenced by demographic, economic and geographic factors. Demographic and lifestyle characteristics of the trade area help describe the type of consumers residing in these areas, and their likely purchasing preferences and behaviors.¹ Compared to the state of Wisconsin, the data indicates that residents of the trade area have higher incomes and are often in their peak earnings years. Nearly half of the Waterford trade area households are described by ESRI as "Sophisticated Squires." They are typically educated, married couple families with good-paying jobs, who are willing to commute longer distances.

As a general overview of consumer spending by trade area residents, it is helpful to compare local household spending with average U.S. household spending. One method to compare trade area spending with the U.S. is the Spending Potential Index (SPI). The SPI for selected product categories are listed in Exhibit 6.2.

Exhibit 6.2 – Spending Potential Index of Waterford Households, Based on 2010 Demographics by ESRI

	Waterford Trade Area SPI
Apparel and Services	83
Computers and Accessories	120
Entertainment and Recreation	123
Pets	148
Toys and Games	119
Sports/Recreation/Exercise Equipment	98
Reading	122
Food at Home	114
Food Away from Home	118
Health Care (Drugs)	109
Investments	119
Furniture	123
Child Care	128
Lawn and Garden	123

Consumer spending potential in the trade area is moderately higher than the U.S. average in almost all categories. The SPI index is highest for pet spending, child care, entertainment/recreation, lawn and garden, furniture, reading and computers.

¹ Note: For businesses categories with trade areas different than those identified in Section 2, demographic and lifestyle data can be assembled with assistance from a private data firm. Online services from providers like ESRI Business Information Solutions and Claritas can help define these trade areas and provide the associated data.

Sales Potential of Waterford Trade Area Residents by Business Type

Opportunities to support business retention, expansion and recruitment can be analyzed using estimates of sales potential (demand) from trade area residents. These demand estimates can be generated using public and private secondary data sources. Consumer spending does not equal actual business revenue, but rather the potential revenue that trade area residents could generate. Non-resident demand from consumers traveling to or through the community is not included in these estimates.

Potential sales by business category in the trade area can be calculated as follows (*example presented for florist demand in the Waterford Trade Area*):

- U.S. sales per capita by business category based on the U.S. Economic Census (\$24)
- The ratio of 2012 local trade area per capita income to U.S. per capita income (\$29,544/\$26,409)
- Trade area population (20,570)
- Multiplication of above figures is equal to the “Potential Sales in Trade Area” (\$550,000 for floral businesses)
- Number of business equivalents is equal to Potential Sales divided by Average Sales Per U.S. Store (\$550,000/ \$160,175= 3.5)
- Square foot demand for retail space (\$550,000/\$239 per SF = 2,300 SF)

The following table in Exhibit 6.3 presents the potential sales estimates for the trade areas. These estimates assume that everyone in the trade area only shops in this area; likewise it assumes no one from outside of the trade area shops in this area. Therefore, it does not take into consideration any surplus or leakage in or out of the trade area.

Also in the table is a column that estimates an equivalent number of square feet of retail shopping space that could be supported by the sales that have been calculated. These estimates can be used in a preliminary demand and supply analysis that measures potential (demand) vs. existing (supply) space by business category.

It should be noted that due to the large geography of the Destination trade area, some of the potential sales presented here would likely be captured by neighboring (and competing) trade areas such as Burlington and Mukwonago.

Demand estimates are also complicated by the fact that store categories may not adequately reflect the breadth of sales. For instance, the category “general merchandise stores” includes Wal-Mart, which is nationally one of the largest grocers and one of the largest pharmacies, but which is reported as general merchandise. Thus, when using the following tables, it is important to consider the variety of products that are sold by Wal-Mart and other large format stores as they complicate traditional store classifications.

Exhibit 6.3 Waterford Trade Area Demand for Selected Retail and Service Categories

NAICS	Name	U.S. Sales Per Capita	Potential Sales in Trade Area	Average Sales per U.S. Store	No. of Bus. (Demand)	SF of Bus. (Demand)
44111000	New car dealers	\$ 2,280	\$ 52,471,564	\$ 27,632,089	1.9	
44112000	Used car dealers	\$ 268	\$ 6,161,418	\$ 633,563	9.7	
44130000	Automotive parts, accessories, & tire stores	\$ 249	\$ 5,730,127	\$ 789,354	7.3	33,141
44210000	Furniture stores	\$ 197	\$ 4,530,057	\$ 1,271,871	3.6	8,477
44220000	Home furnishings stores	\$ 172	\$ 3,964,726	\$ 775,414	5.1	14,495
44311000	Appliance, television, & other electronics stores	\$ 286	\$ 6,585,721	\$ 1,437,590	4.6	17,939
44312000	Computer & software stores	\$ 68	\$ 1,567,613	\$ 1,008,571	1.6	765
44411000	Home centers	\$ 447	\$ 10,296,218	\$ 14,117,083	0.7	26,492
44412000	Paint & wallpaper stores	\$ 34	\$ 775,897	\$ 1,024,804	0.8	
44413000	Hardware stores	\$ 68	\$ 1,568,611	\$ 948,935	1.7	10,860
44419000	Specialized building material dealers	\$ 393	\$ 9,043,024	\$ 2,014,250	4.5	
44420000	Lawn & garden equipment & supplies stores	\$ 123	\$ 2,832,244	\$ 1,165,506	2.4	
44510000	Grocery stores (of all types including corner stores)	\$ 1,631	\$ 37,527,195	\$ 3,570,309	10.5	78,314
44520000	Specialty food stores	\$ 62	\$ 1,427,684	\$ 258,156	5.5	6,679
44530000	Beer, wine, & liquor stores	\$ 127	\$ 2,923,119	\$ 877,029	3.3	7,377
44611000	Pharmacies & drug stores	\$ 671	\$ 15,435,134	\$ 4,218,922	3.7	38,590
44612000	Cosmetics, beauty supplies, perfume stores	\$ 39	\$ 898,437	\$ 116,573	7.7	2,461
44613000	Optical goods stores	\$ 27	\$ 629,511	\$ 518,023	1.2	1,771
44619000	Other health care (vitamin, medical equip)	\$ 50	\$ 1,151,105	\$ 218,306	5.3	
44710000	Gasoline stations	\$ 1,499	\$ 34,484,670	\$ 3,506,684	9.8	26,099
44811000	Men's clothing stores	\$ 29	\$ 669,981	\$ 696,349	1.0	2,572
44812000	Women's clothing stores	\$ 134	\$ 3,077,676	\$ 754,680	4.1	12,060
44813000	Children's & infants' clothing stores	\$ 32	\$ 732,846	\$ 675,687	1.1	2,323
44814000	Family clothing stores	\$ 281	\$ 6,455,700	\$ 1,984,619	3.3	19,035
44815000	Clothing accessories stores	\$ 21	\$ 487,531	\$ 231,336	2.1	1,388
44819000	Specialized clothing stores (dress, etc)	\$ 40	\$ 919,785	\$ 308,106	3.0	2,737
44821000	Shoe stores	\$ 89	\$ 2,047,018	\$ 803,282	2.5	8,244
44831000	Jewelry stores	\$ 103	\$ 2,367,729	\$ 434,934	5.4	3,816
45111000	Sporting goods stores	\$ 119	\$ 2,742,381	\$ 803,722	3.4	9,994
45112000	Hobby, toy, & game stores	\$ 55	\$ 1,254,677	\$ 650,609	1.9	5,451
45113000	Sewing, needlework, & piece goods stores	\$ 15	\$ 334,819	\$ 200,733	1.7	2,402
45114000	Musical instrument & supplies stores	\$ 20	\$ 454,853	\$ 552,036	0.8	
45121000	Book Stores	\$ 61	\$ 1,409,903	\$ 512,938	2.7	6,112
45122000	Tape, compact disc, & record stores	\$ 12	\$ 286,303	\$ 434,504	0.7	980
45200000	General merchandise stores	\$ 1,919	\$ 44,156,473	\$ 7,301,449	6.0	315,651
45310000	Florists	\$ 24	\$ 555,223	\$ 160,175	3.5	2,300
45321000	Office supplies & stationery stores	\$ 77	\$ 1,773,926	\$ 1,454,735	1.2	8,767
45322000	Gift, novelty, & souvenir stores	\$ 60	\$ 1,383,301	\$ 199,283	6.9	7,572
45330000	Used merchandise stores	\$ 37	\$ 848,978	\$ 143,185	5.9	
45391000	Pet & pet supplies stores	\$ 39	\$ 907,146	\$ 674,074	1.3	3,860
45392000	Art dealers	\$ 32	\$ 737,623	\$ 383,996	1.9	1,520
53210000	Automotive equipment rental & leasing	\$ 153	\$ 3,512,770	\$ 1,373,285	2.6	
53230000	General rental centers	\$ 15	\$ 350,749	\$ 529,977	0.7	690
54192000	Photographic services	\$ 32	\$ 729,891	\$ 73,585	9.9	2,298
71390000	Other amusement (bowling, golf, fitness)	\$ 214	\$ 4,920,145	\$ 325,347	15.1	
72210000	Full-service restaurants	\$ 651	\$ 14,974,798	\$ 753,543	19.9	37,222
72220000	Limited-service eating places	\$ 618	\$ 14,222,522	\$ 585,250	24.3	41,812
72240000	Drinking places (alcoholic beverages)	\$ 66	\$ 1,524,803	\$ 272,183	5.6	
81111000	Automotive mechanical & electrical repair	\$ 169	\$ 3,889,501	\$ 208,632	18.6	
81112000	Automotive body, paint, interior, & glass	\$ 113	\$ 2,594,405	\$ 272,517	9.5	
81119000	Other automotive repair & maintenance	\$ 52	\$ 1,185,800	\$ 153,086	7.7	
81141000	Home/garden equipment & appliance repair	\$ 14	\$ 319,065	\$ 80,522	4.0	
81149000	Personal goods repair (watch, boat, garment)	\$ 30	\$ 687,955	\$ 38,909	17.7	
81211100	Barber shops (SEATS)	\$ 9	\$ 197,062	\$ 25,983	7.6	1,095
81211200	Beauty salons (SEATS)	\$ 102	\$ 2,339,410	\$ 50,439	46.4	9,882
81211300	Nail salons (SEATS)	\$ 19	\$ 428,295	\$ 34,935	12.3	2,442
81219000	Other personal care services (tatoos, spas, piercing)	\$ 27	\$ 618,667	\$ 51,973	11.9	2,008
81231000	Coin-operated laundries & drycleaners	\$ 14	\$ 324,257	\$ 169,403	1.9	4,300
81232000	Drycleaning & laundry (except coin-operated)	\$ 30	\$ 695,767	\$ 203,248	3.4	4,703

Conclusions

Three general conclusions can be summarized from this section:

- Retail demand (potential sales) exceeds supply (estimated sales) in the Waterford trade area by more than 2 to 1. This gap (demand greater than supply) occurs in almost all of the specific business categories studied. The Waterford trade area is losing a significant amount of resident spending from shopping outside the trade area.
- Residents of the trade area have higher incomes and are often in their peak earnings years. As a result, consumer spending potential in the trade area is moderately higher than the U.S. average in almost all categories. Spending potential is especially high in categories such as pets, child care, entertainment/recreation, lawn and garden, furniture, reading and computers.
- Based on trade area population and the relatively high incomes, estimates of demand in selected store categories are presented in Exhibit 6.1. Expressed in terms of number of businesses and square feet of space, these estimates DO NOT represent what could be supported in downtown Waterford. Instead, they reflect what could be supported by local consumers, regardless of where they shop.