Attracting Retailers to Your Community

Communities can influence the form and timing of retail investment decisions by drawing attention to local market characteristics that might otherwise be overlooked. Economic development professionals can assist by identifying high potential retail sectors, compiling information of interest to retail prospects, and marketing to those prospects. The key is to demonstrate that the community is a profitable place to do business.

Identifying High Potential Retail Sectors

To identify appropriate retail candidates for your community, you must first analyze your retail deficits (or opportunities). This can be done by looking at comparable communities to see what types of successful retail establishments they have, but you lack. Another way is to survey local merchants and residents to assess what type of stores are needed and if those stores would be a catalyst for more local retail activity. Local demand can be estimated for retail products by analyzing purchasing behavior using consumer expenditure data from various sources.

If there appears to be demand in certain retail categories, competition in and around the trade area must be carefully evaluated so that an “oversupply” of a certain type of store is avoided. Do not try to attract retailers to your community if demand for their products is too low or competition too fierce.

Local or regional retailers, particularly those that have branch stores, are often excellent prospects. They typically have a good knowledge of the market area, and if they already have multiple stores, have demonstrated an interest in expansion. They are often interested in expansion as a way to improve their penetration of the market while warding off new competition.

If local or regional retailers are not interested in expanding, larger regional or national chains can be contacted. Various firms specialize in researching the expansion plans of retail chains and what they look for when selecting sites for new stores. Required population, traffic, income, and store space are typically provided.

Information of Interest to Retail Prospects

Retailers are very interested in knowing the size of the market for their products or services, and how effectively they can penetrate that market. They want to minimize their risk by selecting sites that offer the greatest sales potential.

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Martin Berg, June 1996 presentation at the National Council for Urban Economic Development conference titled “Retail at the Crossroads

Laurence A. Alexander, Strategies and Tactics for Successful Retail Recruitment, Downtown Research & Development Center, 1988

Data that can help potential retailers include:

- Demographic data such as population, age, income and ethnicity
- Lifestyle data profiling buying behavior of local residents
- Local construction trends in housing, commercial and industrial space
- Local employment trends
- Transportation data including traffic volume and parking
- Mix of existing retail, entertainment and services in the area
- Mix of residential, lodging, office and industrial space in the area
- Local and regional competition including location and square feet

The purchase of a professional demographic analysis is often a good investment. Data firms can run customized reports for your trade area that provide retailers with a great deal of information useful in comparing one community with another. Using these reports, one can extract those characteristics that are key selling points for a community.

Graphs and maps are particularly effective ways to describe the region, the local area, retail competition, and development trends. Brochures describing key features of potential retail sites such as location, size, zoning, price, site maps, and conceptual site development plans should also be prepared.

When targeting retail prospects, remember that not all retailers have the same requirements. A grocery store typically requires a different market than a discount department store. Communities should customize information to fit the needs of the prospect.

**Marketing to Retail Prospects**

To attract retailers a community must first make its business district visibly active, attractive, convenient and safe. This is often more difficult for non-shopping center locations including downtowns as they do not operate under central management. It is important to get local merchants organized early on to address issues like hours of operation or sidewalk cleanliness.

It is also important to highlight what the community is doing to increase activity in its business district. This might include government incentives including TIF districts, facade, tax abatements and lending programs. If available, a master plan for the community should be provided that explains how new development, parking, traffic, security, beautification and cleanliness will be handled.

The community's marketing program needs to integrate high quality advertising, tele-marketing, direct mail, trade show participation, and personal contact. While retailers rarely use ads to find markets and sites, local or regional business and real estate publications can be useful in reaching brokers or developers. The goal is to get retail prospects to visit and evaluate the community.

Retail industry trade shows and conferences offer a direct means of contacting retailers. Associations such as the International Council of Shopping Centers, the National Retail Federation, and Value Retail News provide opportunities to meet developers and brokers.

Prospects should be personally invited to tour the community. They should be offered a complete tour including stops at possible retail sites, competitive retail locations, residential neighborhoods, and employment centers. Local property owners, lenders, government officials, and other retailers can be part of this welcoming effort. After the visit, it is important to be prepared for follow up information requests.

**Conclusion**

Economic development professionals can attract retailers by identifying high potential retail sectors, compiling information of interest to retail prospects, and marketing to those prospects. The process is often lengthy, involves many people, and requires enormous amounts of information. Nevertheless, the efforts made on retail recruitment become an important investment in the community.