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## **Retail Market Analysis City of Evansville, Wisconsin**

**PRESENTED TO:**

**Mr. Dan Wietecha, City Administrator**

City of Evansville  
31 S. Madison Street  
Evansville, WI 53536  
608.882.2263

**PRESENTED BY:**

**Janet Ady, President**

Ady Voltedge  
613 Williamson Street, Suite 201  
Madison WI, 53703

**DATE:**

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The City of Evansville, Wisconsin, is relatively small (2010 population of the Evansville Urban Service Area is 5,750) but fast-growing (projected to reach 8,199 by 2030, an increase of 42.6%). U.S. Highway 14 connects the City with Janesville to the east and Madison to the north, serving as a de facto alternate route between Interstate 90/94 and U.S. Highway 12/18.

The occupations in Evansville are currently more likely to be in manufacturing, distribution, construction, and material moving and less likely to be in the service industries compared to the national average. Evansville has a long history of successful industry and a strong entrepreneurial base. Representative major employers in the area include Baker Manufacturing, Landmark Services Cooperative, Stoughton Trailers, and BlueScope Steel.

Evansville, although located in Rock County, is less than 25 miles away from Madison, Wisconsin, in Dane County. As such, it is part of the Madison Metropolitan Statistical Area (MSA). Evansville competes with Madison and other area cities for both residents and employees; it offers a cost of living 5% lower than the national average while Madison's cost of living is 9% above the national average. Housing is the single biggest driver of the cost of living index: not surprisingly, the median home price in Evansville is \$155,000 compared to \$206,300 in Madison. Evansville has a municipally-owned electric utility, which is an advantage in the region.

**Current Economic Development Situation in Evansville**

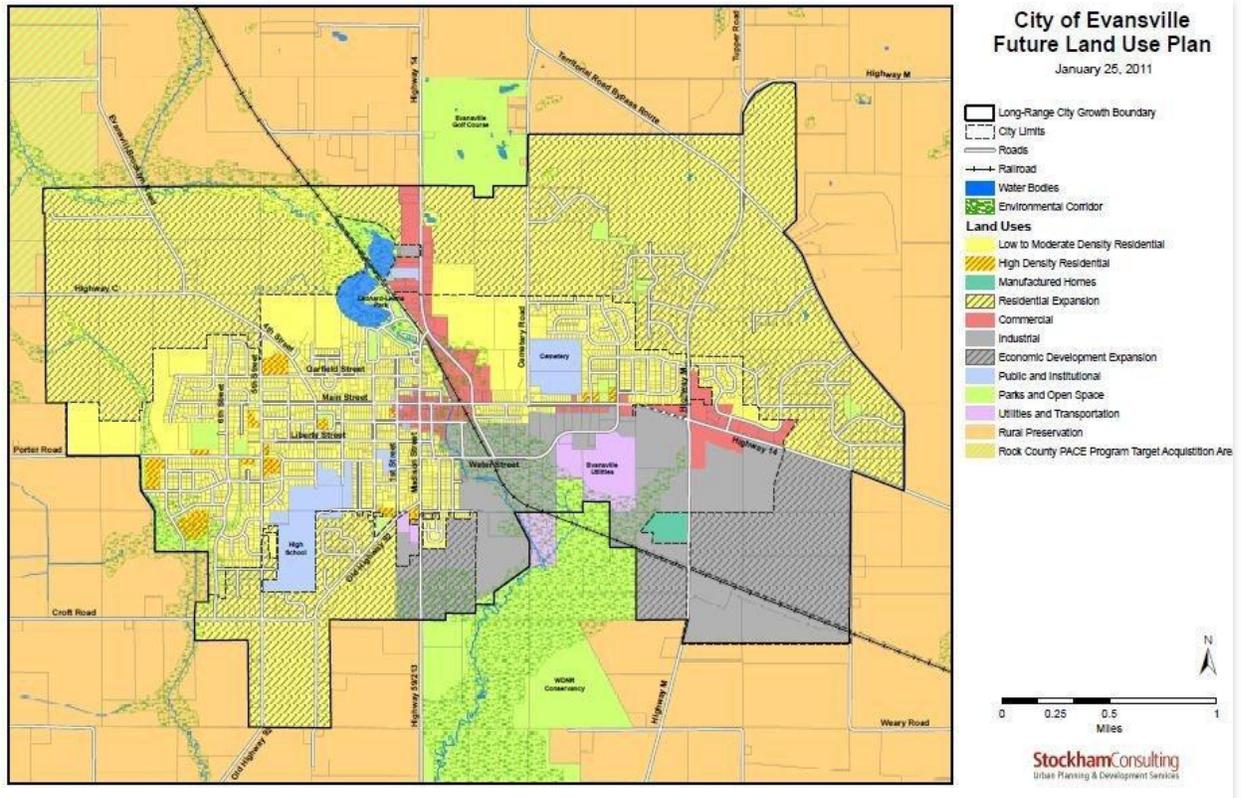
The City of Evansville adopted a Comprehensive Plan in 2005. It has regularly reviewed and updated the plan, including the most recent revision adopted by the Common Council in June 2011. The City also underwent a formal Economic Development Planning process in 2008, resulting in adoption of that plan.

Today, the City is experiencing or anticipating several situations that present both opportunities and challenges:

- Struggling or failed retail stores, especially in the downtown business district
- A reputation as a clean, safe, quiet small town, with many well-maintained historic homes and store fronts
- Relatively fast population growth
- Poor cellular and fiber-optic service
- Interest in attracting and retaining talent, especially young talent
- Adjacency of a railroad with the Economic Development Industrial Expansion Area
- A foundation of entrepreneurialism
- Growth coming down from Fitchburg to the north, especially with the recent approval of the Highway 14 interchange, which is expected to drive additional traffic south on Highway 14 toward Evansville
- Reputation of a strong, local school system

A copy of the City's most recent Land Use Plan is shown on the following page. The planned Economic Development Industrial Expansion Area is shown in gray, southeast of the downtown area.

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**Objectives**

The City of Evansville retained Ady Voltedge to identify likely retail businesses, primarily for its downtown area but also for the Highway 14 corridor. A second path of work, not yet approved, would develop “target industries” that will help maintain and grow the tax base by attracting new industrial or office businesses to the City.

**Overview of Work Plan**

Proposed Work Plan for City of Evansville, Wisconsin Retail Business Analyses								
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8
<b>1. Retail Gap Analysis</b> Evaluate availability of retail establishments relative to predicted demand; identify potential business types for downtown business district and Highway 14 corridor.		•						
<b>2. Input from Local Stakeholders</b> One day of stakeholder input from area businesses, elected officials, etc. (can be a mix of stakeholder meetings, focus groups, one-on-one meetings, etc.)				•				
<b>3. Recommendations for Retail Businesses</b> Prioritize the types of businesses that the City should focus on attracting					•			
<b>4. Retail Businesses Marketing Plan</b> Create a plan for marketing to prospective retail businesses, most likely including commercial brokers and other decision influencers.								•
<b>5. Presentation</b>								•
<b>6. Implementation</b>								>

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**Detailed Findings**

**Step 1: Retail Gap Analysis**

Ady Voltedge conducted numerous retail business analyses, most of which were shared as part of the two Stakeholder Groups that were held in Step 2. These handouts are shown in **Appendix A**.

Some key findings:

- The 10- minute drive time shows some areas where supply is less than demand, namely:
  - Looking at all the retail categories together, the supply and demand are essentially in balance (demand weighted average index of 101)
  - The only category that is significantly in under demand is “Day care, education, and contributions” (at an index of 85)
- However, once a 20-minute drive time is taken into account, most categories are in balance or there is actually pent up demand
  - Looking at all the retail categories together, the demand is 9% above the national average (demand weighted average index of 109)
- Looking at the 30-minute drive time, there is an under-demand in most categories, the main ones being:
  - Housing related and personal (Index of 88)
  - Food at home (90)
  - Day Care, Continuing Education, & Contributions (91)
  - Total Apparel (92)
  - Pet Expenses (93)
  - Household furnishing and Appliances (94)

Based on this desk research, it appears as if most truly “local” needs are being satisfied well locally but that there could be needs that are more regional in nature that are not being met that Evansville might be able to provide.

The stakeholder meetings in the next step were used to confirm, deny and refine our initial hypotheses.

**Step 2: Input from Local Stakeholders**

Two stakeholder input sessions were completed.

Date	Composition of Group	Number of Attendees	Number of City Representatives/ Consultants
December 9, 2011	Property Owners	11	5
December 12, 2011	Business Owners	8	5

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**December 9, 2011 Meeting Participants**

John Morning, Morning Ridge Development (Chamber president)  
Sue Farnsworth, Farnsworth Insurance  
Steve Hagen, Hagen Insurance  
Dave Mosher, Dave Mosher Insurance (President, New Glarus Chamber)  
Matthias James, Allen Creek Gallery  
Brian Fick, Appliance Works  
Lori Allen, Allen Realty  
Lisa James, Allen Creek Gallery  
Jean Peterson, Berg Management  
Jill, Hagen Insurance  
Jeff Farnsworth, State Farm Insurance

**December 12, 2011 Meeting Participants**

Sarah Bauer, Sarah and Company  
Sandy Franklin, Sew Many Threads  
Shelley Meredith, Evansville Hometown Pharmacy  
Blase Strobl, Core Physical Therapy  
Jim Kopecky, Kopecky Piggly Wiggly  
Wendy Pryce, Interested in opening bakery  
Daun Fugate, Real Coffee at Daun  
Raj Patel, Cobblestone Inn & Suites

Word clouds, summarizing key themes, can be found in **Appendix B**.

Findings from these groups include the following:

**Macroeconomy – Uncontrollable Items**

- Property owners are under a lot of pressure, carrying the costs of unrented spaces and facing a very competitive rental market.
- The overall economy is still difficult. Retail business start-ups have slowed down, at least locally.

**Assets**

- The downtown area looks nice, quaint, clean for the most part.
- Evansville has a library, post office, and community center near to each other –a real downtown, unlike some other small communities.
- Evansville is close to two regional metropolitan areas: Madison and Janesville.
- Evansville has room to grow, e.g., new residential developments, vacant retail space, available industrial and commercial properties.
- There is good complementarity in the current mix of retail businesses.

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- The Chamber and the Evansville Community Partnership have shared goals with landlords and merchants.

Marketing Challenges/Opportunities:

- Both property owners and business owners noted that they don't know enough about other businesses in town, and what merchandise and services are currently available.
- There are residents of Evansville who don't patronize the local stores or know what is provided locally.
- Residents don't seem to make the connection between buying local and a thriving community economy.
- Schools provide a lot of the sense of community, and already have communication networks in place.
- There is a perception that people who live in Janesville but work in Evansville tend to shop in Janesville and that people who live in Evansville but work in Madison tend to shop in Madison. Either way, Evansville loses.
- Some events are successful at drawing crowds: Olde Fashioned Christmas, Art Crawl, Business Expo, Inside Out Days, 4<sup>th</sup> of July.
- The Historic District house tours were a big draw, but they haven't been done in a few years.
- The primary goal of most of these events varies; creating retail traffic is often a secondary goal or incidental.
- Potential tenants expect retail properties to be advertised prominently. However, some landlords rely primarily on word of mouth. Therefore, there is a gap between expectations and current practice.
- There is no single type of marketing that is most impactful for all stores, although billboard advertising, direct mail, event marketing, and referral marketing were some of the most common ways.
- Advertising individually can be very expensive for retailers.

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### Operational Items

- Some businesses reported good foot traffic over the lunch hour. Others reported that weekends are their busiest days. Both landlords and business owners noted that many Evansville residents commute out of the area most workdays. Yet many businesses close weekdays at 5:00 or 6:00, close early on Saturdays, and are not open on Sundays at all.
- Discussion about parking – perception that parking is hard to get (especially downtown) and that property owners or business owners take the most convenient spots in front of the businesses.
- Questions on whether the process for opening a new business can be simplified or made more transparent, e.g., permitting, business mentoring or a starter kit

### Strategic Choices

- What is our theme? Is it the right one for us? The tourism survey came back loud and clear on this question: they see Evansville's main draw as the Historic District.
- Destination businesses: Losing Windmill Antiques was a loss to many businesses, as they were a destination store that brought people in from out of town to patronize other businesses. What other businesses could draw people? (Bakery from Farmers Market?)
- How can we attract more businesses to Evansville (employers, such as the phone company, banks, and other business offices) to support more shops and stores?
- For aspiring entrepreneurs, what assistance is available?
- Collaborative community marketing to residents, visitors, and potential businesses

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### Step 3: Recommendations for Retail Businesses & Step 4: Retail Business Marketing Plan

#### Setting the Stage

1. Retail is just one component of community and economic development, and the one that is the focus of this project. Other generally recognized components include business retention and expansion, business attraction, entrepreneurialism, and tourism.
2. Downtowns and retail areas are vital to the health of a city. Perceptions of these areas can make a city attractive (or unattractive) to live, recreate, or grow a business.
3. We believe that Evansville's retail areas hold much promise, and there is great potential to "raising the boat" for everyone, but that the effort to implement the recommendations must be driven by stakeholders – business owners, property owners, civic groups, and others with a "stake" in the success of the local economy.

#### Recommendations for Evansville

4. Refine a cohesive vision for the downtown shopping area:
  - a. Its theme, or how it is positioned, e.g., The Historic District.
  - b. The mix of consumers it would like to attract – local/regional, destination/every-day shoppers, etc.
  - c. The types of retail operations that would fit in well downtown (new businesses that would both help support existing businesses at the same time be supported by existing businesses)
  - d. The types of hours, parking, etc. that will be required to reach these customers and meet business goals
5. Describe a cohesive vision for the east side shopping area:
  - a. Its theme, or how it is positioned
  - b. The mix of consumers it would like to attract – local/regional, destination/every-day shoppers, etc.
  - c. The types of retail operations that would fit in well in that area (new businesses that would both help support existing businesses at the same time be supported by existing businesses)
  - d. The types of hours, parking, etc. that will be required to reach these customers and meet business goals
6. Identify and act on areas of shared needs among business owners – activities that would provide benefits to individual business owners as well as to the shopping areas as a whole. Examples?

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- a. Referral strategies: Maps and descriptions to help refer customers to one another's businesses; promotions that involve patronizing or visiting multiple stores; new partnerships with potential "driver" businesses who are not located either downtown or on the east side.
  - b. Co-op advertising and marketing strategies. Take a poll to see what types of advertising and marketing are of interest to local businesses. Instead of each business buying a quarter-page ad, buy a whole page and promote every participating retailers' business. Same could be done for a billboard, direct mail campaign, etc.
  - c. Targeted customer marketing
7. Work to increase the *awareness* and *interest* in local shops among area residents.
- a. Joint marketing through the school district and school events
  - b. Welcome Wagon-type connections and information to new residents (maps, coupons, etc.)
8. For a community of its size, Evansville has a good history of events, many of which are known about even outside of the community.
- a. Work to build awareness and interest of local retail options into these events.
  - b. Consider organizing additional events that support the themes identified for each main shopping area.

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9. Publicize available retail properties more widely.
  - a. Do not rely simply on word-of-mouth for advertising. In these tough times, potential tenants have more options and will follow those that are easiest for them. These include online listings that can be found and reviewed over the internet.
  - b. Put together a “Why Evansville?” brochure or packet that summarizes why someone might want to open up a business in Evansville. Talk about consumers with 10-, 20- and 30-minutes, the growth in Evansville’s population, cost of living advantage, quality of school district, quality of workforce, investment in downtown revitalization, community support for entrepreneurs, the perception of Evansville as a tourist destination for its historic downtown (per the Visitors Survey), sample rents per square foot relative to competing communities, etc.
  - c. Given the “vision” developed for each shopping area and the types of businesses identified, consider which of these would be good fits for your available properties. Contact associations or groups of these types of companies and advertise your openings, why you think it would be a good fit, and other information about Evansville.

Step 5: Presentation

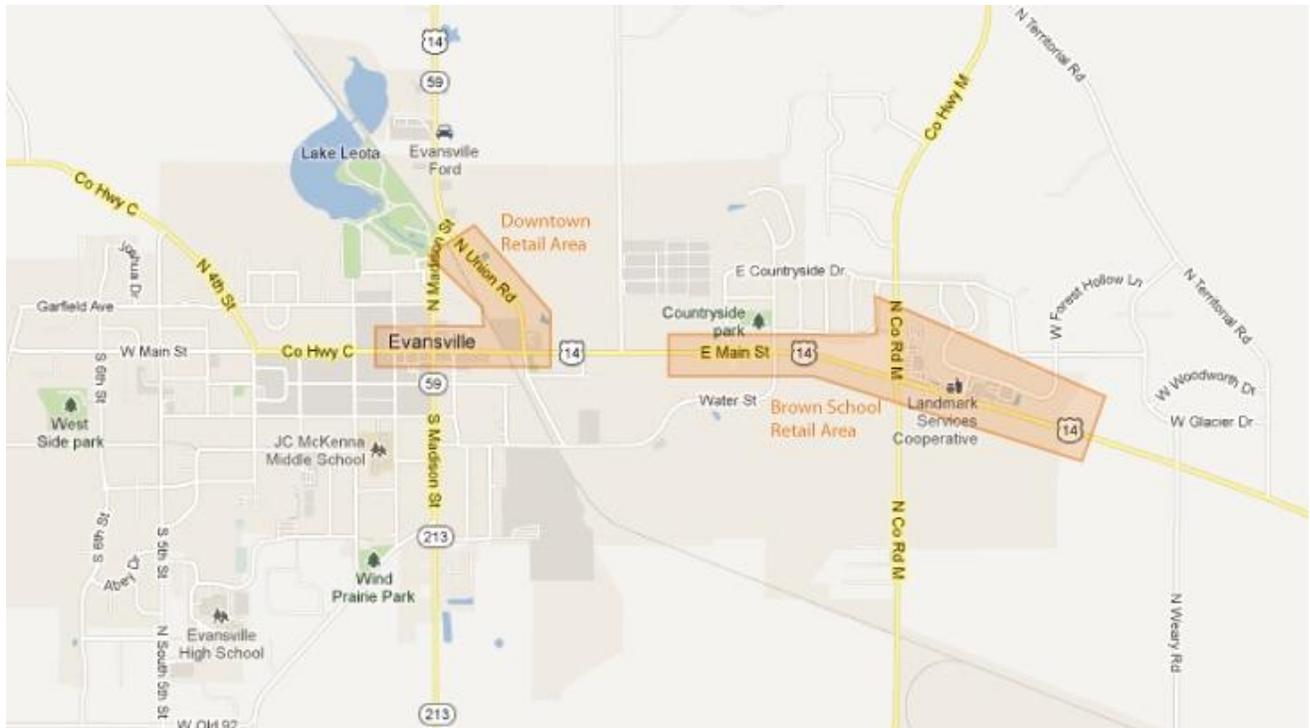
*Present the retail business marketing plan to the project work team.*

Step 6: Implementation

*Assist with implementation as desired*

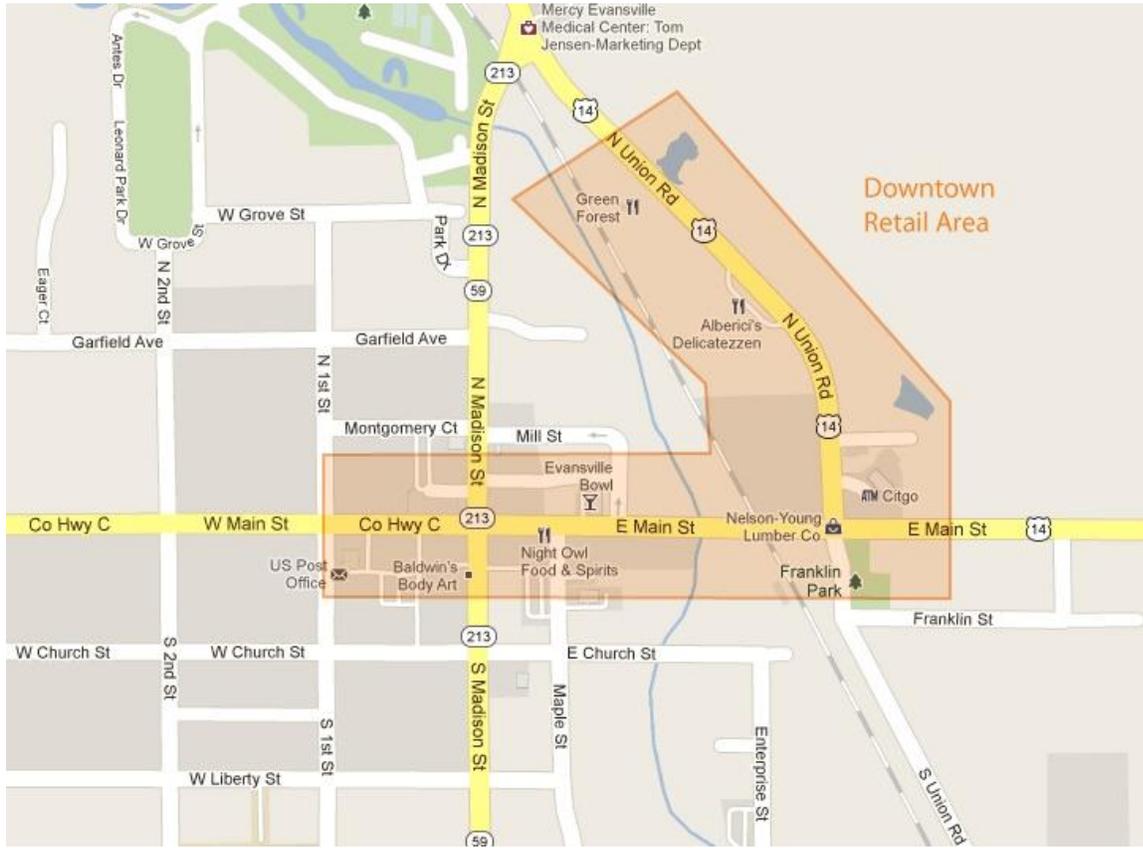
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### Evansville Main Retail Areas



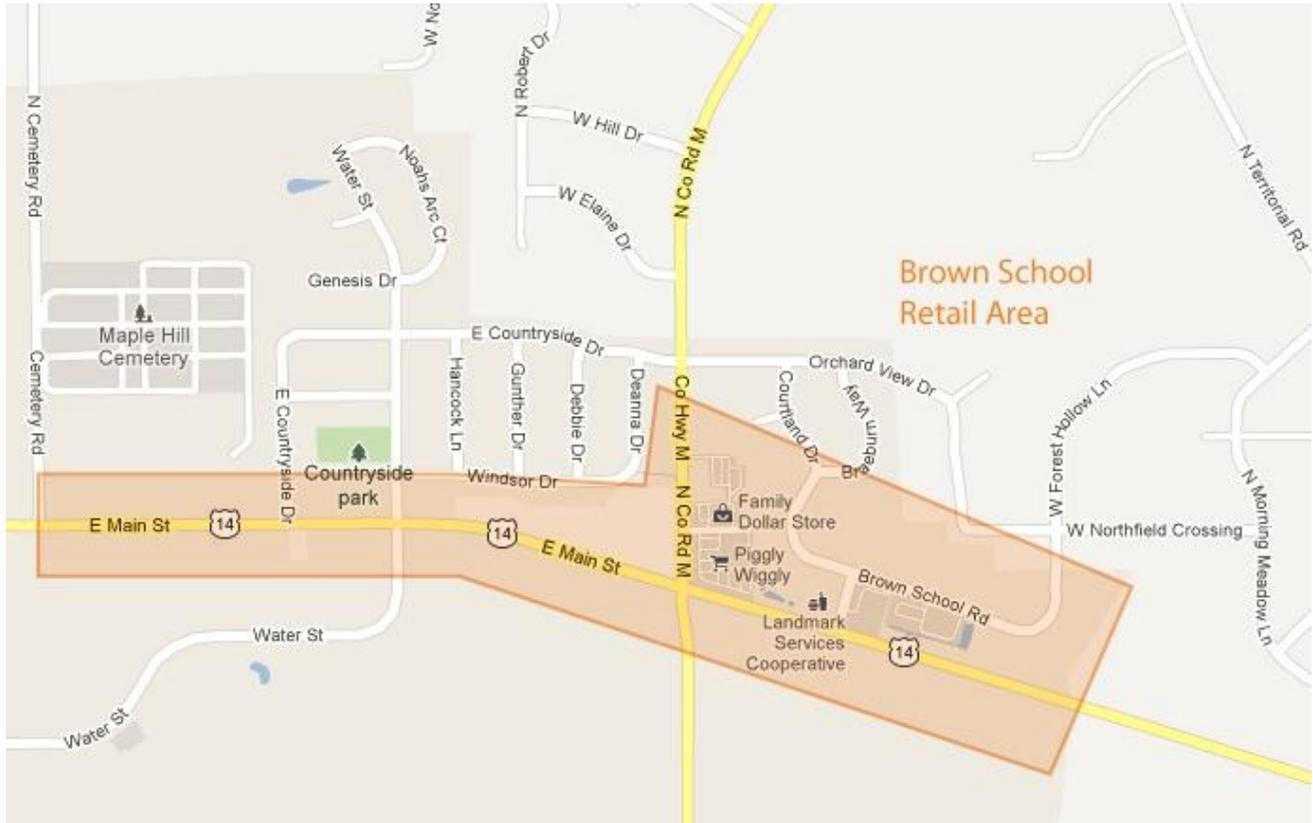
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### Evansville Downtown Retail Area



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## Evansville Brown School Retail Area



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Evansville Basic Demographic Data	
Population (2011 estimate)	4,655
Unemployment Rate	10.2%
Job Growth (since 2000)	-2.81%
Cost of Living	95 (US average is 100)

Demographic Data (by drive time)			
	10 Minute	20 Minute	30 Minute
Population	7,600	25,186	203,640
Population Growth (since 2000)	21.21%	19.05%	7.53%
Median Age	37.12	37.21	33.13
Median Household Income	\$55,844	\$64,326	\$48,240
High School Graduation Rate	90.97%	92.56%	90.82%
Average Commute Time	27.58	26.59	22.47

Evansville Retail Business Information			
	Total Employees	Sales (in Millions)	Establishments 20+ Employees
Building Materials, Garden Supply and Mobile Homes	7	.9	0
General Merchandise Stores	8	.5	0
Food Stores	72	12.2	1
Automotive Dealers and Gas Service Stations	62	14.7	1
Apparel and Accessory Stores	0	0	0
Home Furniture, Furnishings and Equipment	11	1.7	0
Eating and Drinking Places	187	8.5	3
Miscellaneous Retail	15	2.0	0
<b>ALL RETAIL</b>	<b>362</b>	<b>40.5</b>	<b>5</b>

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Consumer spending patterns by category on a 10 minute, 20 minute, and 30 minute drive time are listed on the following page.

“Annual Avg. Household” refers to the annual average household expenditure by category (e.g. the average household, on a 10 minute drive time from Evansville, spends \$7,178 per year on “Housing Related and Personal”).

“Avg. Annual % Growth” is based off of annual average household expenditure by category and measures the percentage that each category grows or declines per year (e.g. the average household, again on a 10 minute drive time from Evansville, spent 2.58% more money on “Housing Related and Personal” than they did the previous year).

Finally and probably the most important, “Index to the USA”, compares the annual average household expenditure of the specific area (10 minute, 20 minute, and 30 minute drive time from Evansville) to the annual average household expenditure of the USA as a whole.

The U.S. average is benchmarked at 100 so, for example, a number above 100 means that this specific area spends, on average, more on that category than the average U.S. household and vice versa (e.g. the average household, again on a 10 minute drive time from Evansville, spends about 2% less than the U.S. average on “Housing Related and Personal”).

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### Consumer Spending Patterns (by drive time)

	10 Minute			20 Minute			30 Minute		
	2011 Annual Avg. Household	Avg. Annual % Growth	2011 Index to USA	2011 Annual Avg. Household	Avg. Annual % Growth	2011 Index to USA	2011 Annual Avg. Household	Avg. Annual % Growth	2011 Index to USA
Food at Home	5,956	1.74	100	6,100	1.59	102	5,391	0.89	90
Food Away from Home & Alcohol	4,044	1.86	103	4,214	1.68	106	3,834	0.79	96
Day Care, Education, & Contributions	3,013	2.38	85	3,558	2.25	98	3,579	1.22	91
Healthcare	5,268	3.25	106	5,705	3.03	115	4,771	2.17	96
Household Furnishings & Appliances	2,614	3.04	103	2,925	2.84	116	2,398	1.90	94
Housing Related & Personal	7,178	2.58	98	7,604	2.44	106	6,582	1.51	88
Personal Care & Smoking Products	2,196	3.01	114	2,220	2.71	115	1,988	1.86	103
Pet Expenses	631	3.1	109	692	2.81	120	540	2.14	93
Sports & Entertainment	5,430	6.12	102	6,046	6.03	114	5,119	4.96	98
Transportation & Auto Expenses	11,502	2.24	115	12,582	2.03	126	10,434	1.12	103
Total Apparel	7,673	3.42	98	4,234	3.35	106	3,799	2.50	92
<b>TOTAL AVERAGE</b>	<b>51,197</b>	<b>2.62</b>	<b>101</b>	<b>55,353</b>	<b>2.45</b>	<b>109</b>	<b>48,105</b>	<b>1.54</b>	<b>94</b>





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Key Implementation Steps	Target Dates	Leader	Benefit	Difficulty	Cost	Priority
1. Refine vision for downtown shopping area						
2. Describe vision for the east side shopping area						
3. Identify and act on areas of shared needs among business						
4. Work to increase the <i>awareness</i> and <i>interest</i> in local shops among area residents						
5. Make outside community aware of Evansville events and businesses						
6. Publicize available retail properties more widely						