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Vice President of Revitalization Programs

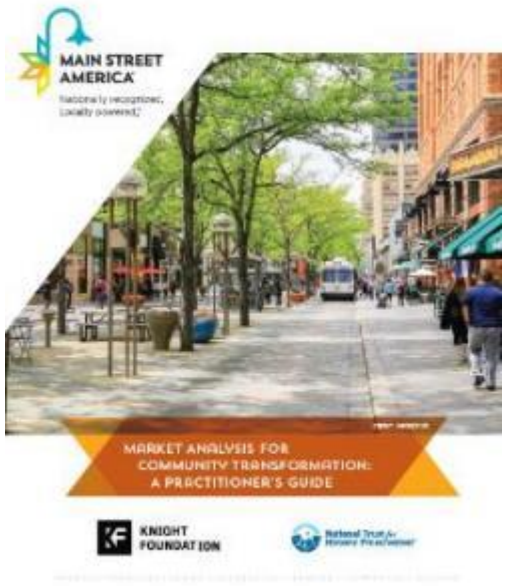
National Main Street Center Inc.

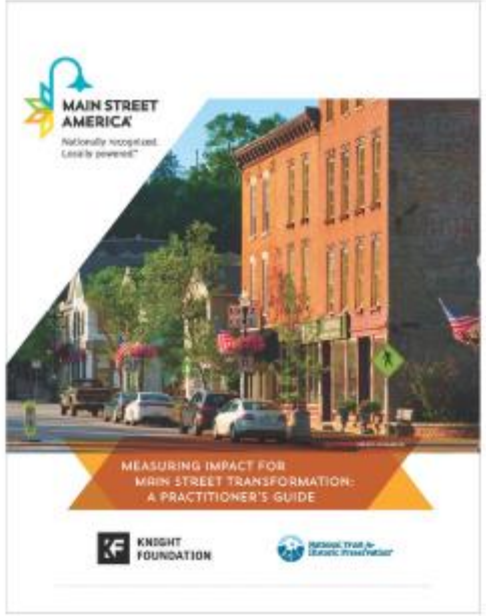
Agenda for Today

- 9:00 to 9:30 – Introductions
- 9:30 to Noon – Trends Impacting District Revitalization and the New Main Street Approach
- Noon to 1:30 – Lunch on Your Own
- 1:30 to 4:00 – Case Study Approach and Exercises. Will also work in time for general Q&A

Follow-Up to Workshop: New Publications to Use as Resources

- The Main Street Approach: A Comprehensive Guide to Community Transformations
- Community Engagement for Main Street Transformation
- Market Analysis for Community Transformation: A Practitioner's Guide
- Measuring Impact for Main Street Transformation: A Practitioner's Guide

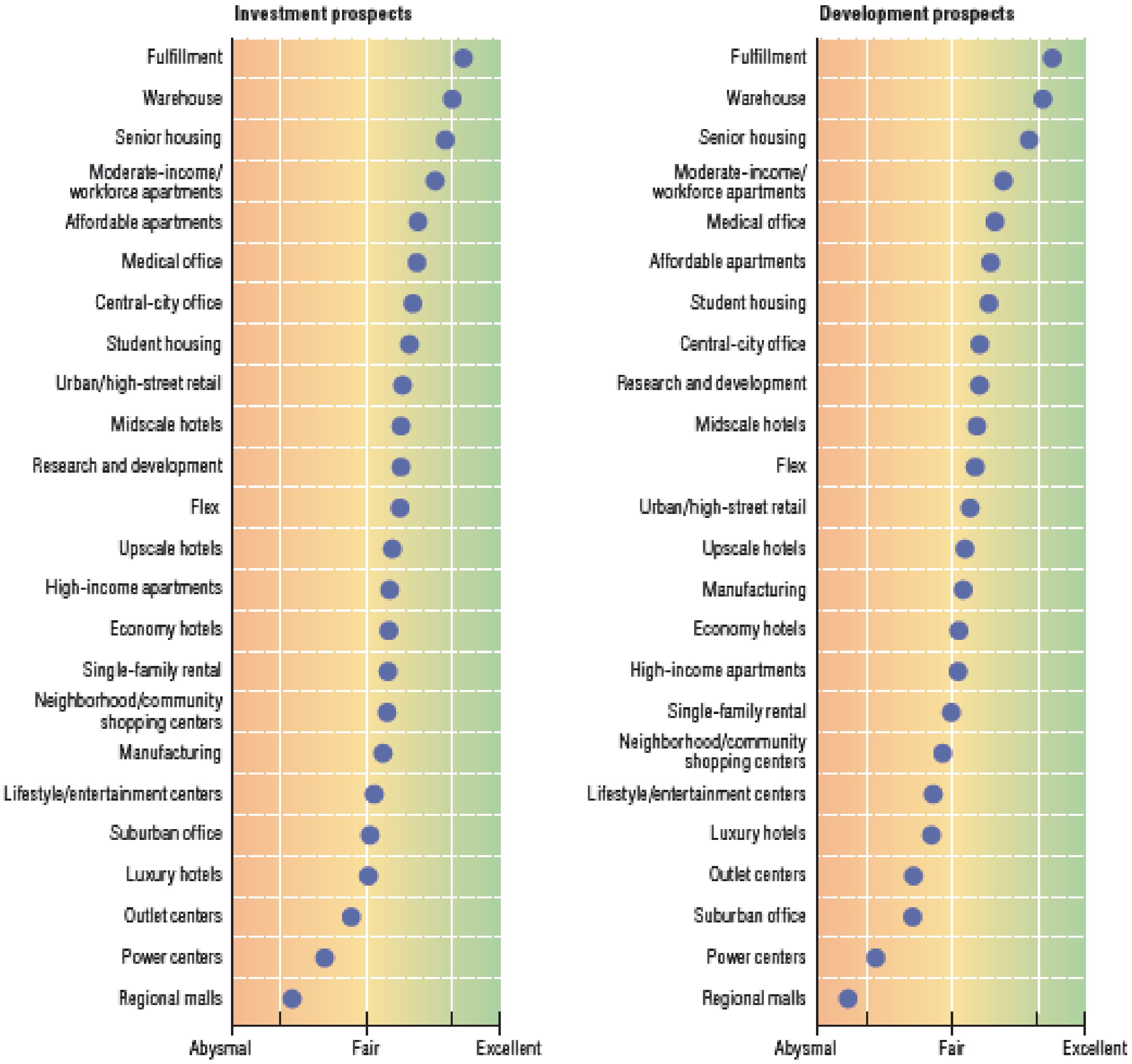




Revitalization is Big Business

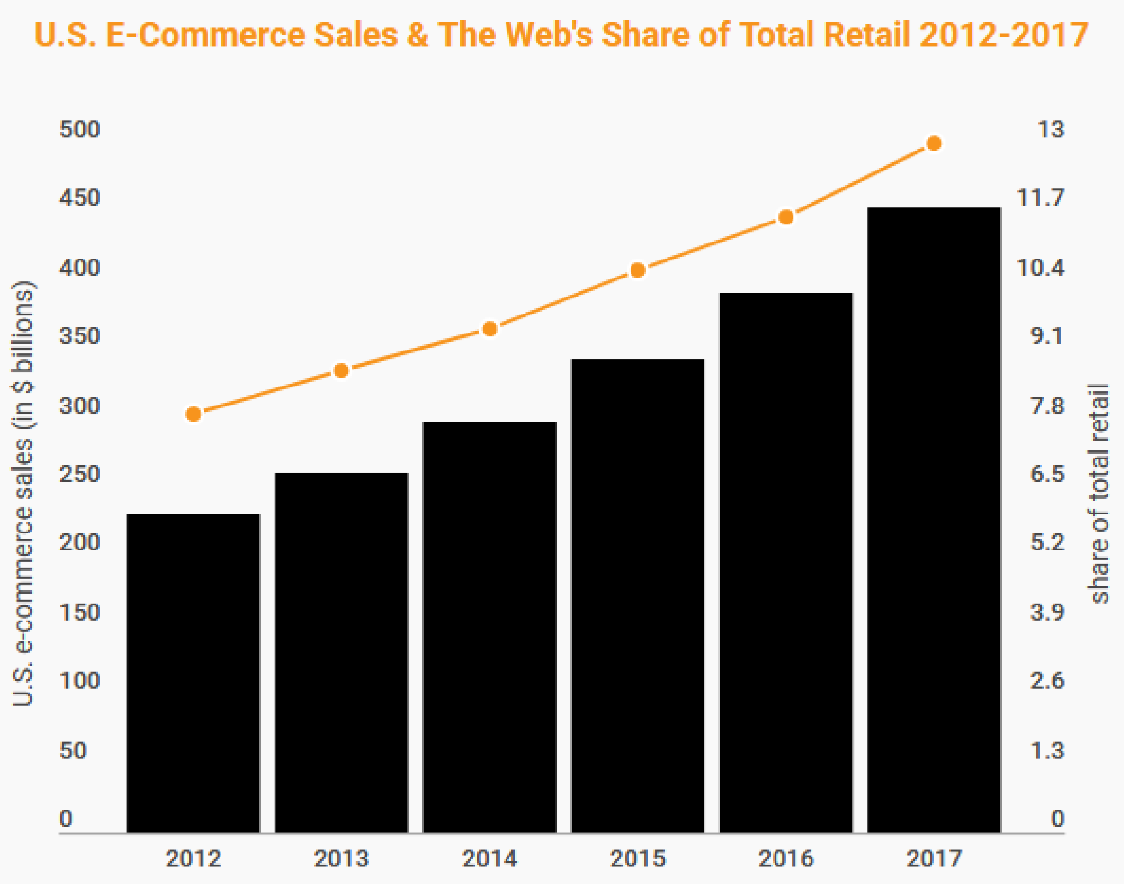
ULI – Emerging Trends Study – 2018

* The prospects for <u>mixed-use</u> redevelopment



Source: *Emerging Trends in Real Estate 2018* survey.
Note: Based on U.S. respondents only.

Growth of Online Retailing



Source: Internet Retailer analysis of U.S. Commerce Department figures that factors out the sale of goods not normally purchased online such as automobiles, fuel, and sales in restaurants and bars.

Large Bricks & Mortar Suffering – Apparel Tipping Point

The Changing Nature of Bricks and Mortar

vs

BLACK FRIDAY

vs

SHOP SMALL

Experiential Retailing - Nordstrom

- Female shoppers can try on clothes together in the roomy “girlfriend” dressing rooms while others can wait in “The Apartment,” a lounge outside complete with a comfy couch and flat-screen television. Bringing children along for the day? This location provides a playhouse with crayons, coloring books, and a 32-inch touch-screen with interactive games. In addition, this store offers an Ebar for espressos, plus charging stations, a sit-down restaurant

“Creative/Experiential” Retail

Mojo Bikes and Brewery

Hello Records - Record Store and Coffee

Covington, KY – Permanent Pop-Up

Alberta, Portland & Harrisonburg, VA – Pop Up Apparel Trucks

The Return of Manufacturing to Downtowns

In research by Jon Stover and Associates (Washington DC), of more than 900 Main Street districts in comparison to their city-wide data from 2015-17, Main Street districts experienced a 5.1% higher growth rate in manufacturing, 4% greater manufacturing sales growth rate, and a 7% higher growth rate in manufacturing jobs.

Small Scale Production – Business Examples

- Breweries
- Food Production
  - Popcorn
  - Bakery
- Apparel
- Furniture
- Sporting Goods
- Jewelry/Watches
- Artisans

Non traditional Anchors Role in Revitalization

Marquette University Partners with Avenues West District

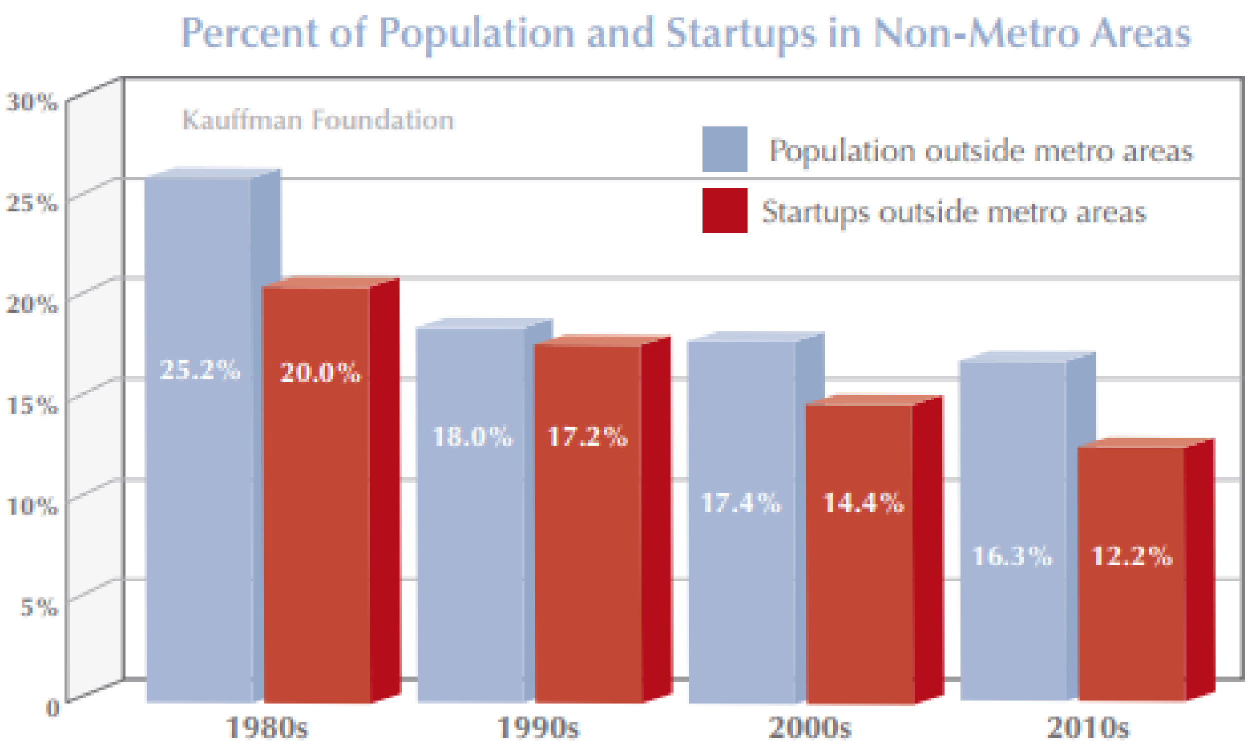
Downtown Utica, NY – Mohawk Valley Medical Center

"At the end of the day, we really landed on the downtown site because it's something that could really leverage the revitalization of downtown Utica," he said. (Scott Perra, President and CEO)

Other Examples:

- **Libraries**
- **Farmer's Markets**
- **Art and Cultural Centers**

Declines in Entrepreneurship



The percent of startups in rural communities has dropped from 20 percent in the 1980s to 12.2 percent today.

SOURCE: Arnobio Morelix, Kauffman Foundation calculations from Business Dynamics Statistics and U.S. Census Bureau, 1960 Census, 1980 Census, 1990 Census, 2000 Census, 2010 Census [35]

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Independent Business Owners – More Entrepreneurial "Opportunities"

- According to Pew Foundation, nearly 10,000 baby boomers retire each day…each day through 2019.
- 78 percent of small business owners have told their advisers they plan to sell their businesses to fund their retirement, but only 30 percent have written a specific plan. (NFIB)

- Only 33% of family owned businesses successfully transfer to 2nd generation. 10% to 3rd generation and 3% to 4th generation.

Non Traditional Developers - Social Ventures

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ROOT BEER & SODA

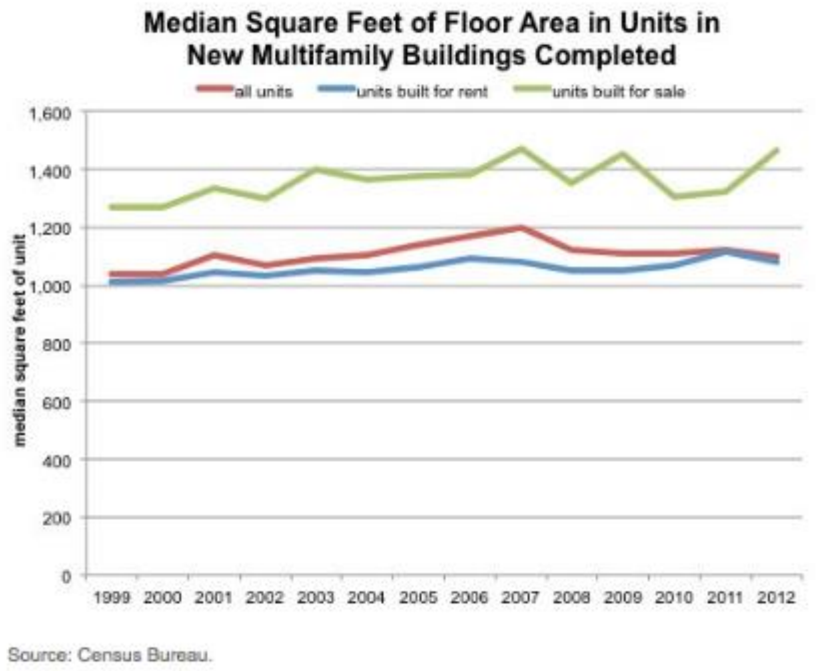
Demographic Shifts Impacting Housing

- **Aging in Place – AARP and Walkability Institute**
  - **One in 3 Americans in now over the age of 50, and by 2030, one in 5 will be over the age of 65**
  - **They have disposal incomes**
  - **Are incredibly active**
  - **Want to age in place**
  - **Be near convenience and amenities (Educational Institutions, Hospitals, Restaurants, Recreational Facilities, etc)**

Check out AARP’s Age Friendly Community Initiative….75 Cities are already apart of this move.

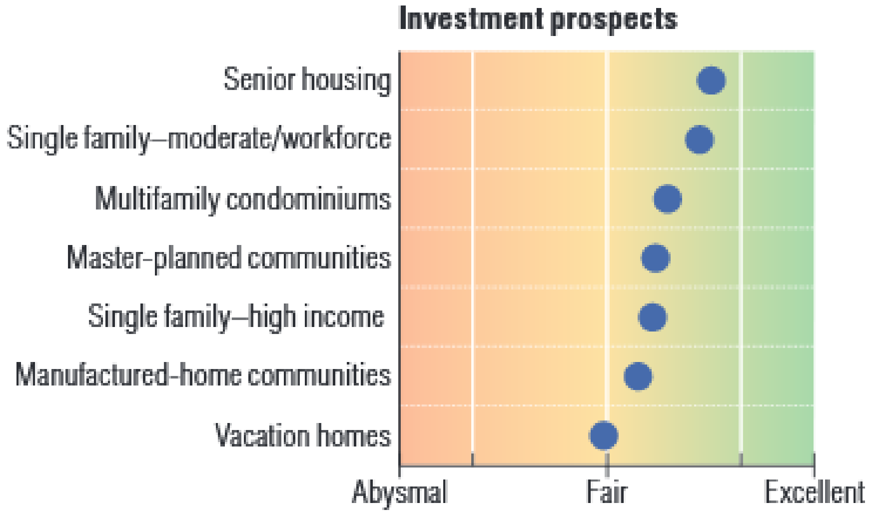
Downtown Apartment Housing Meets Tiny House Movement: Growth of Workforce Housing

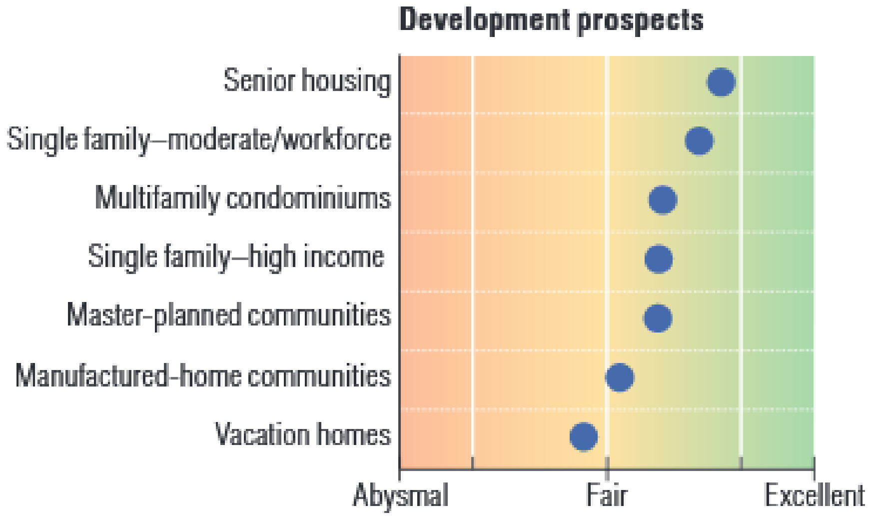
- Lower Starting Salaries
- The “Share” Economy Spill Over
- Experiential Living
- Bad Memories of the Mortgage Crisis



Upper Floor Housing Project – Ottumwa, Iowa Main Street
Average Square Footage – 550 sq.ft

Overall Housing Shifts

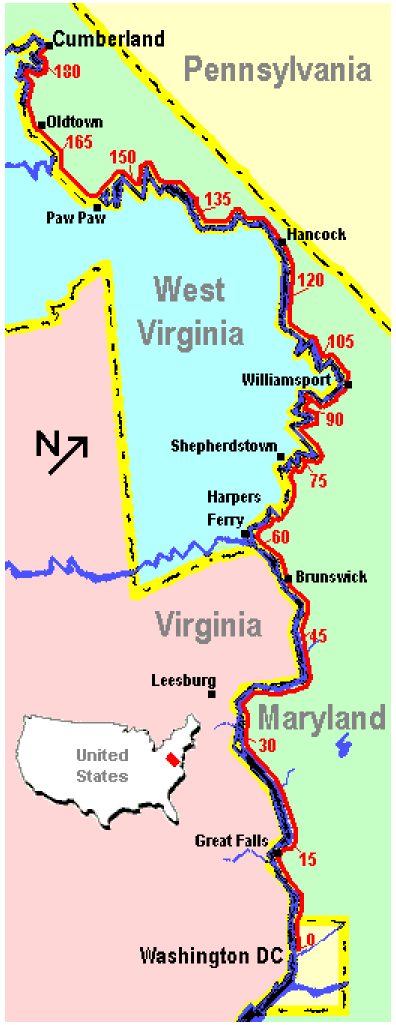




Source: *Emerging Trends in Real Estate 2018* survey.

Note: Based on U.S. respondents only.

Trail-Oriented Development Through Connectivity



Growing Impact of Long-Term, Low Unemployment Rates

- Growing pressure on wage rates
- Growing pressure on employee movements (job hopping)
- Most impacted in restaurant service and retail markets
- Tourist areas dependent upon seasonal workers
- Unknown but critical concern – impacts of immigration policy

New Funding Mechanisms for Redevelopment

THE ZONE OPPORTUNITY

Others:

- Local Real Estate "Pools"
- Community Foundations

CROWDFUNDING MI
Invest on Main Street

In today's Economic Development world, place matters more than ever and largest ROI's are by growing from within….

WHAT IS AN ENTREPRENEURIAL ECOSYSTEM?

By most definitions, entrepreneurial ecosystems refer to the strategic alignment of a variety of public and private efforts—including government policies, funding and finance, human capital, and regulatory frameworks—to provide necessary financial, social, and human capital to foster entrepreneurship in innovative and creative ways. Frequently overlooked in these definitions is **the value of place and the physical environment as central factors in creating and growing successful enterprises.**

By emphasizing the creation and support of great places and spaces for people to live and work, commercial districts can attract new businesses and new ideas, thus contributing directly to the development of the local entrepreneurial ecosystem.

Recruit People Not Businesses…

- McDonalds
- Northwestern Mutual
- General Electric
- Weyerhaeuser
- Pearson Education
- BASF
- Con Agra
- Merck

Architecture & Place Matters in Redevelopment

- Cushman Wakefield Study of 500 Companies:
  - Many respondents mention their hunt for an open-office feel — converted warehouses and lofts impress potential workers. In addition, they take advantage of a surplus of underutilized buildings that convey local heritage.
  - They looked for locations that were “live/work/play” neighborhoods, located near bars, restaurants and cafes.

- 20% of next generation of Courtyard Marriott hotels will be adaptive reuse projects.
- Urban Land Institute Study – Renovated Office space overtakes Class A in rental rates/sq.ft.

Additional Focus on Factors of Social Equity In Revitalization

- Methods for deeper and broader community engagement
- Policy and Programs that enhance community control and ownership around issues such as:
  - Displacement of Existing Businesses
  - Economic Opportunity in Vacant Storefronts
  - Affordable Housing
  - Job Creation
  - Vision Inclusion

Other Emerging Drivers Questions…

- Autonomous Cars – Should we really be building more parking lots?
- Smart Cities
- Climate

- Co-living Space – The return to dorm living? (Check out Chattanooga's Tomorrow Building)

BREAK

the refreshed MAIN STREET **APPROACH** at a glance

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Nationally recognized. Locally powered.™

Why a Refreshed Approach?

- Main Street has been a successful model for commercial district revitalization for 35 years, but the community development field has changed dramatically.
- Purpose of Refresh is to obtain clear picture of what the most common challenges are, how different audiences use and perceive the Main Street Approach, and make the Approach more **user-friendly, strategic, flexible, and outcome-driven**.
- Research shows:
  - The Four Point Approach encourages users to be overly focused on process, sometimes at the expense of a clear sense of outcomes or impact.
  - Main Street programs tend to focus too much time and effort on the components of the Approach where they feel most comfortable – most often Design and Promotion

The Four-Point Refresh – Key Enhancements

1. More organizational flexibility
2. Greater emphasis on the STRATEGY (not MS "point")

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Main Street – Current…

DESIGN

Examples:
Facade improvements
Street banners
Plantings

ORG

Examples:
Newsletter
Volunteer mgmt.
Annual fundraiser

PROMO

Examples:
Spring festival
Shop local campaign
First Fridays

ECONOMIC VITALITY

Examples:
Business recruitment
Business assistance
Market analysis

the [new]
MAIN STREET **APPROACH**

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THREE TIGHTLY-INTEGRATED COMPONENTS:

1. COMMUNITY VISIONING AND MARKET UNDERSTANDING
2. <u>TRANSFORMATION STRATEGIES</u>
   - IMPLEMENTED THROUGH THE FOUR POINT FRAMEWORK
3. IMPACT AND MEASUREMENT

THE MAIN STREET APPROACH – 3 Components

- COMMUNITY VISION
- COMMUNITY ASSETS
- MARKET UNDERSTANDING

- QUANTITATIVE OUTCOMES
- QUALITATIVE OUTCOMES

THE MAIN STREET APPROACH

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Key Benefits:

- Increased focus on economic impact
- Broader community engagement
- Tangible, quantifiable outcomes
- Greater organizational flexibility
- Relevance for more communities and organizations

SOME EXAMPLES....

Transformation Strategy: Arts

DESIGN — Mural project

ORG — Artist advisory committee

PROMO — Spring Arts Walk

ECONOMIC VITALITY — Live/work studios

Transformation Strategy: Aging-in-Place

DESIGN

Install benches

ORG

Elders advisory committee

PROMO

Home delivery

ECONOMIC VITALITY

Accessibility grants to businesses

More In-Depth Example…

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Catalyst Strategy:

CONVENIENCE GOODS + SERVICES

Focuses on developing a cluster of retail and service-sector businesses that fulfill day-to-day needs of nearby residents – the things people tend to buy close to home or work.


groom
BARBERSHOP


ANTHONY'S
LAUNDRY &
DRY CLEANING


PARKWAY DRUGS
UGLYDOLL


CITY ON A HILL
COFFEE
ROASTERY
CAFE
BAKERY
COFFEE
508
Coffees
Pastries

Who are the customers?

- People who work in the downtown
- People who live in or near the downtown

What are the benefits?

- A “full-service downtown”
- Workers and residents can buy day-to-day needs close to where they work or live
- Minimizes parking demands

What are the trade-offs?

- Competitive sector
- Not differentiated
- Small trade area

Potential products/services

Auto repair
Banks and credit unions
Barbers and hair salons
Bars
Convenience store
Daycare
Dollar stores
Dry cleaners
Fast food and “fast casual”
Gas stations
Hair care
Hardware
Laundromats
Office supplies stores
Pharmacies
Phone stores
Pizza
Printing and shipping
Sit-down restaurants
Supermarket/grocery store
Tailors
Take-out restaurants

“Catalyst” Strategies…Other Examples

- Ready to use
- Can apply to different kinds of places
- Refine over time
- A place to *start*

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DOWNTOWN WORKERS

FAMILY-FRIENDLY, FAMILY-SERVING

ARTS

FURNITURE + HOME FURNISHINGS

TOURISM

COLLEGE TOWN

MILITARY INSTALLATION

MILLENNIALS

APPAREL

GREEN ECONOMY

ELDER-FRIENDLY

DINING, ENTERTAINMENT + NIGHTLIFE

PROFESSIONAL SERVICES

AGRICULTURAL ECONOMY

SPORTS, RECREATION + OUTDOORS

HEALTH + WELLNESS

ETHNIC SPECIALTIES

MANUFACTURING

Examples of Customized Strategy

- (Little Haiti, Miami) Haitian Arts, Entertainment and Culinary District
- (Saline, MI) Technology Entrepreneurship Hub
- (Moline, IL) Highlighting legacy of a famous person or company – John Deere

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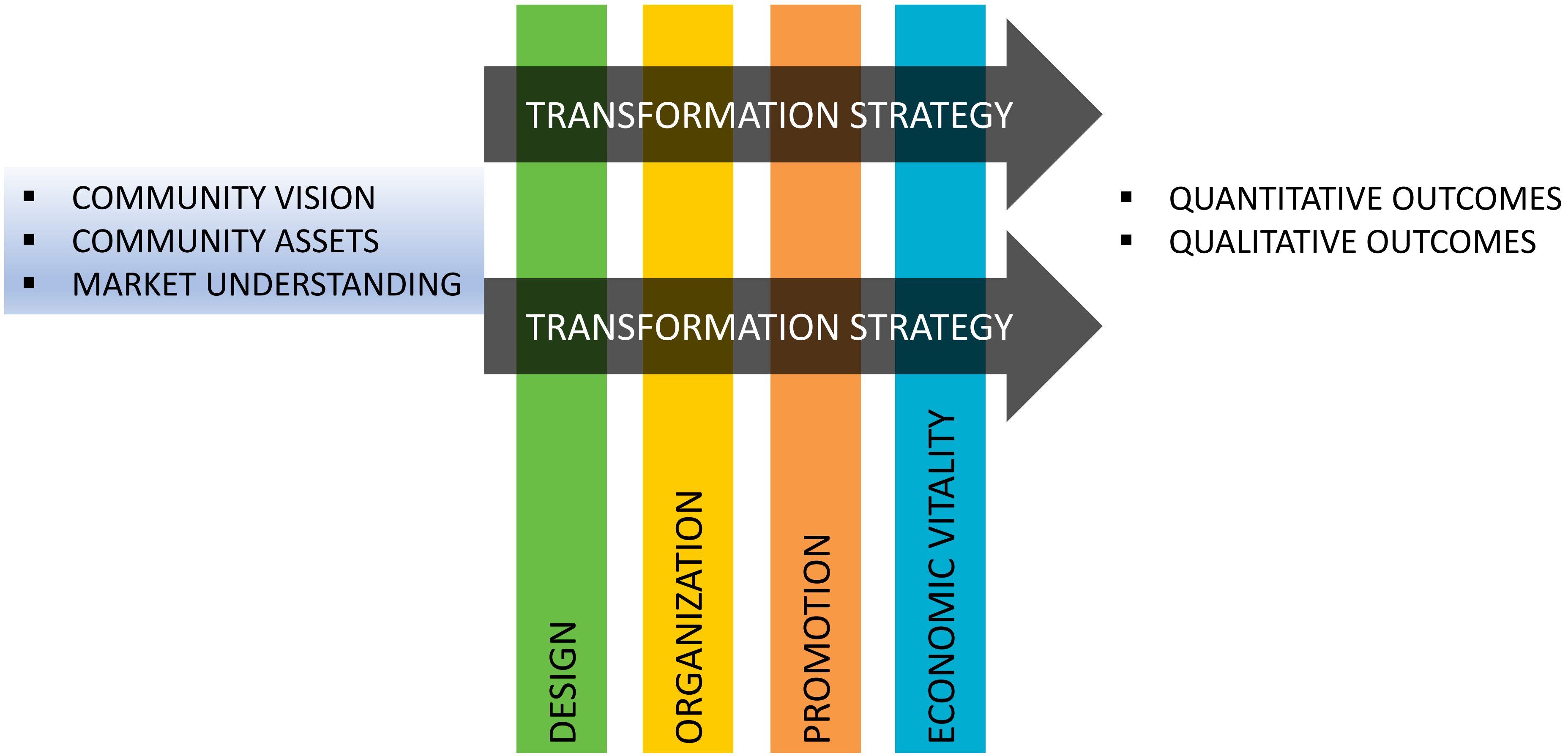
How Do We Develop Transformation Strategies?

THE MAIN STREET APPROACH – 3 Components



First Input: Community/Regional Assets

- Buildings
- Natural Resources
- Tourist Attractions
- Recreation Venues
- Geographic Proximity
- Large Corporate Presence
- Cultural
- Others?

First Input: Downtown/District Assets

- What to Look for:
  - Key Traffic Generators?
  - Any identifiable clusters/like type or complementary business mixes?
  - Transit Hubs?
  - Who’s on the street shopping? Does it change through the day?
  - Key Infill or Redevelopment Opportunties?

Second Input: Community Engagement and Vision

- Can conduct through:
  - Survey Monkey Tool
  - Focus Groups
  - Town Hall Meetings
  - Chalk Board or “Sticky Dot” Events

Key Questions to ask:

- District’s Biggest challenges
- District’s Biggest opportunities
- What’s working particularly well in District?
- What’s not working well in District?
- District would be better if….
- “Three words” that describe your district.

Third Input – Market Understanding: Not Just Data

- Observation
  - Current downtown business mix (observe during tour but also in advance – business directory)
  - Dialogue with key stakeholders
  - Current regional assets
- Data (ESRI – There is also Nielsen)
- Pre-Visit Survey (Primary Data)
- Other Studies, Previous Market Analysis, etc.

Market Data Reports – ESRI (Reference Your Handout)

- Demographics (2018 and 2023)
- Psychographics
- Spending Potential Index
- Sales Gap Analysis
- Trade Area Map

- NOTE – Reports are for each of the trade area segments

Trade Area Delineation

- Methods
  - Drive Times (typically 5 min, 10 min and 20 min)
  - Walk Times (for urban neighborhoods)
  - Miles (.5 miles, 1.0 mile and 5 miles)
  - Zip Code Analysis (Requires survey of businesses but is most effective)

NOTE: For heavily tourist areas, keep in mind data won’t pick up demographic and psychographic characteristics of those visitors.

NOTE: Trade areas can be influenced by proximity to larger markets and natural barriers such as mountains, bridge crossings, state political lines.

Demographics – What Types of Things Are We Looking For

- Age Breakdowns Beyond the Norms (skewing younger, older, etc – These patterns can indicate potential buying habits)
- Income Breakdowns
- Educational Attainment
- Race and Ethnicity
- Trend Lines
- Others You May Look at – Commute Times

Psychographics – What Types of Things Are We Looking For

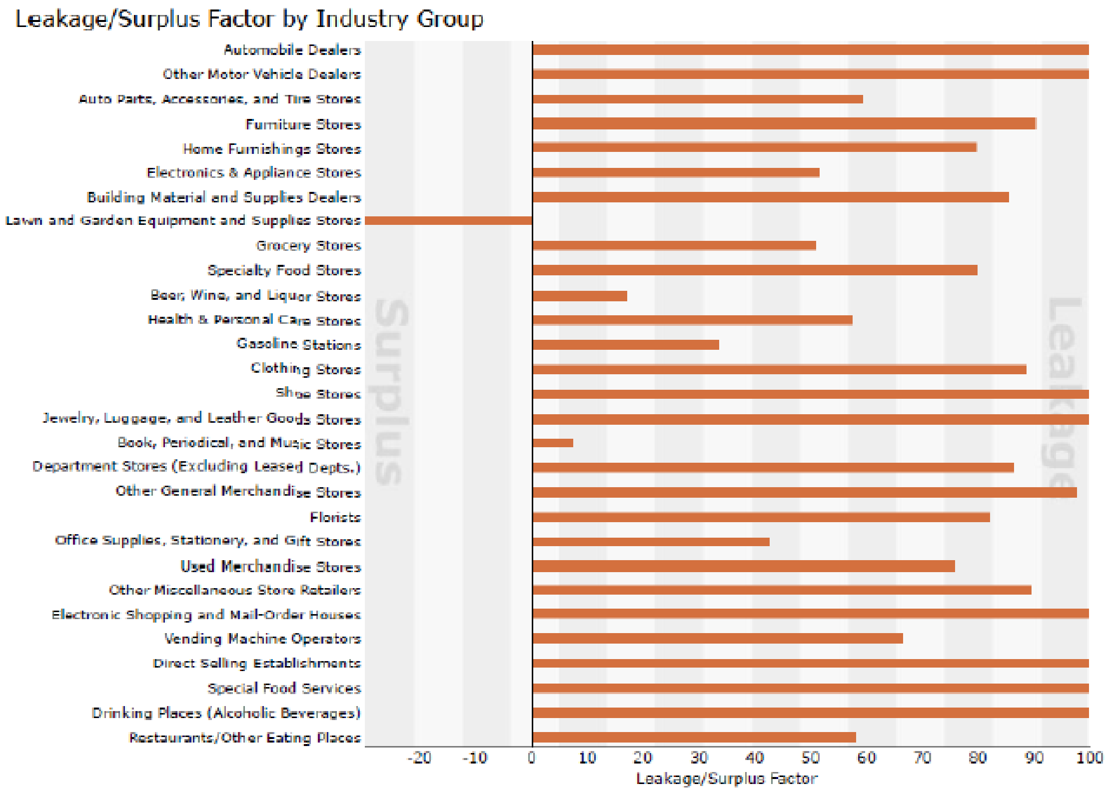
- Segments Over 25%
- What do they have higher tendencies to purchase?
- What do they support?
- How they get their information?

Spending Potential Index – What Types of Things are we Looking For?

- Average for US is set at 100 – DON'T Compare to that….look at their average which is influenced by cost of living factors.
- So if its 80…then look at variations on spending potential that skew higher or lower off of 80.

Sales Gap Analysis – What Types of Things are we Looking For?

2016 Leakage Factors– Orinda Zip Code



Sales Gap Analysis – What Types of Things Are we Looking For?

- General Rules of Thumb –
  - Recapture Rates are NOT 100% - general rule for downtowns is anywhere between 10% and 20% (depending upon location of community…i.e. is it the regional draw)
  - Very difficult to recapture things like apparel, electronics, furniture (not décor) and appliances.
  - Restaurants for downtowns should be running large surplus..if not it's probably an opportunity. And even a small surplus, there is probably more growth.
  - However that is only with competitive clusters. So for example, a surplus in florists, does not probably lend itself to more floral stores, but perhaps for complementary expansions (plants, home accessory items, gifts)
  - You're using your gut!

How Do You Know How Much of A Store You Can Support?

- **Restaurant Example from Orinda:**

Current Category Leakage: $55,024,061

Anticipated 10% Recapture: $5,502,406

Average High Performance Restaurant Sales/Sq.Ft. = $350 (Source: Baker Tilly)

Potential Supportable New Restaurants in Sq.Ft. = 15,721 sq.ft.

- Book Store Example from Owatonna (5 min)

Book, Periodical & Music Stores	4512	$556,823	$98,400	$458,423

National Average is $334/sq.ft.

Potential Supportable Sq.ft would be – 1,372 sq.ft. (at 100% recapture)

BUT, in expanding out to 10 min and 20 min there is another $2.1 million of potential sales or 6,252 sq.ft.

Market Analysis: Philosophy Impacts Approach

- More Art than Science
- Puzzle Pieces
- Data confirms…it doesn't lead
- Market analysis is as much qualitative as it is quantitative
- What you see in the downtown/district reflects market forces already in action…void largely direct influence and strategy
- Look for reoccurring themes
- Label each piece of information to help with this – as a TS and/or 4 Point Driver
- Attempt to view Transformation Strategies as market overlays…they should complement each other to build density of markets
- Be aware of national trends. While markets are primarily local, you can draw inference from national consumer habits and business movements
- Test by using your gut instinct…does it pass the smell test?

Key Differences for Urban Districts in the Refresh – In General

- Most likely need to think more about nodal clusters
- Trade area definition more difficult with proximity of other districts; transit, walkability
- Level of control by outside investors/developers
- Levels of Community Engagement, especially with traditionally underrepresented groups
- Finding balance in hot markets
- Others????

HANDOUT – Transformation Strategy “Cheat Sheet” – USE AS WE ANALYZE THE CASE STUDY

CATALYST STRATEGIES "CHEAT SHEET"

Catalyst Strategies are off-the-shelf Transformation Strategies that can be adapted to a wide variety of places. Many can exist at any price point (e.g., Apparel or Home Furnishings); a few are organized around an existing institution (e.g., College Town or Military Installation). All can be further customized to local needs.

CATALYST STRATEGY	DESCRIPTION	CUSTOMERS	SPECIAL CONSIDERATIONS	BENEFITS, TRADE-OFFS	EXAMPLE ACTIVITIES
AGRICULTURAL ECONOMY	Products and services that serve agricultural communities, OR support small-scale agriculture and local food production	• Live nearby • Agricultural families • Agricultural workers (incl. seasonal)	• Appropriate for rural, agricultural communities • Also appropriate for urban districts interested in sustainability and urban agriculture	• Serves locals' needs • Serves local economic drivers	• Install an orchard in a vacant downtown lot • Organize a farmers' market • Launch a community-owned variety store
APPAREL	Apparel cluster, typically differentiated and independent, so as not to compete with malls.	• Everyone… but, primarily women • Preferably a target niche (e.g., vintage, work clothes, etc.)	• Street visibility • Competitive industry (malls, online) • Online sales possible	• Often highly desired retail mix, but highly competitive • Can position district as regional destination	• Visual merchandising assistance to apparel biz. • Lunchtime fashion shows
ARTS	"Arts" involves all creative industries, incl. film, music, dance, fine art, theatre, etc.	• Demographically diverse; may be shaped by ethnicity, income, etc. • Some sales business to business (rather than consumer)	• Different from "Entertainment districts", though some overlap. • Creative industry workers often keep odd hours, enlivening the district.	• Arts industries can make use of hard-to-use spaces • Arts often serve as a draw for other types of businesses.	• Create a public arts strategy • Pair artists with retailers for window displays • Launch an "open studios" day • Develop live/work space
COLLEGE TOWN	Makes connections between business district and anchor educational institution.	• Students, faculty, staff at college/university • Returning alumni, visiting parents • Tourists/visitors	• Residential institutions differ from commuter schools • Strategy may work better where institution already a center of community life	• Builds on existing economic anchor • No new parking demand (in many cases) • But: Can be associated with nuisance issues (e.g., noise, drinking)	• Install college flags, pennants downtown • Establish direct liaisons to university admin and student body • Set up loyalty card
CONVENIENCE GOODS + SERVICES	Pursues a cluster of retail and retail-service businesses that fulfill day-to-day needs of nearby shoppers. E.g., groceries, dry cleaning, drug store, flowers, hardware, etc.	• People who live nearby • People who work nearby • People passing through (e.g., commuting)	• Highly desired by many communities, but… • Competitive • Not differentiated • Functions as an "amenity" to residential	• A "full-service" district • But: Convenience businesses can be generic in nature and they don't draw customers from elsewhere	• Improve short-term parking options • Install bike racks • Set out water bowls so residents walk dogs downtown • Shop-local campaign

Case Study – Owatonna, MN

- Background
  - Hour south of Minneapolis; 45 min west of Rochester (Mayo Clinic)
  - County seat
  - 25,000 population.
  - Acts as a Regional Trade Center…tipping point however going north to the Twin Cities at 20 min drive time mark approx.
  - No shortage of suburban retail competition however

Community Assets

- Straight River
- Downtown Employment Market: City/County Center; Josten's and Federated Insurance 2,000+
- Cabela's
- Proximity to Twin Cities and Rochester
- Owatonna Wildlife Work Area
- Buxton Trail/Muckle Trail
- History of Manufacturing, Invention, Innovation
- New Downtown Housing Projects (mix)
- Bus Trips for Louis Sullivan design
- Brewery coming to downtown

Group Exercise

- Using your “cheat sheet” highlight potential transformation strategies and/or key 4 point activities based on those central themes.

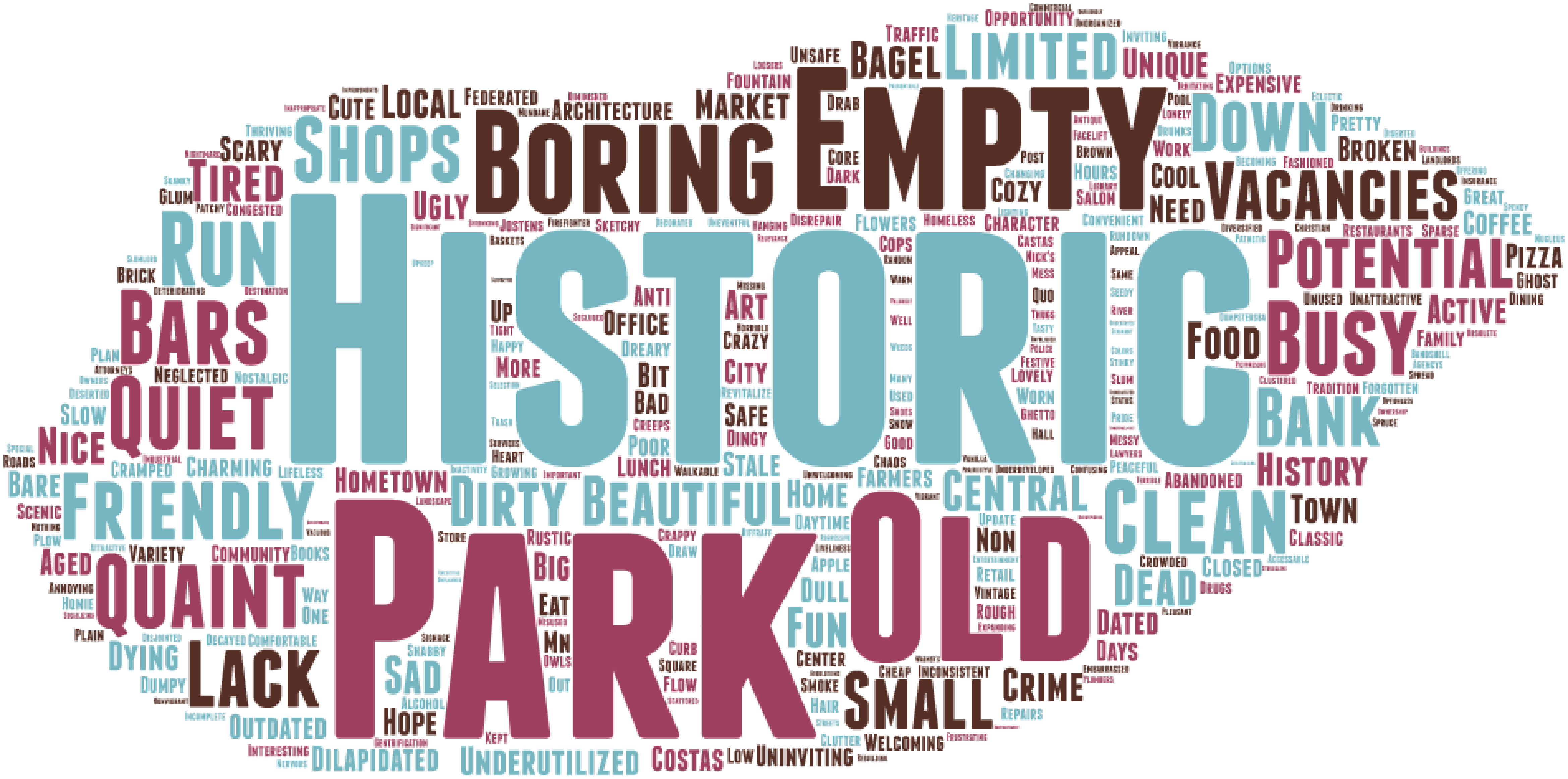
Community Assets

- Straight River (Residents and Health/Recreation)
- Downtown Employment Market: City/County Center; Josten's and Federated Insurance 2,000+ (Residents and Workers)
- Cabela's (Health & Recreation)
- Proximity to Twin Cities and Rochester (Day Trippers/Food-Dining)
- Owatonna Wildlife Work Area (Health & Recreation)
- Buxton Trail/Muckle Trail (Health & Recreation)
- History of Manufacturing, Invention, Innovation (Small Scale Production)
- New Downtown Housing Projects (mix) (Residents)
- Bus Trips for Louis Sullivan design (Day Trippers/Food-Dining)
- Brewery coming to downtown (Food/Dining)

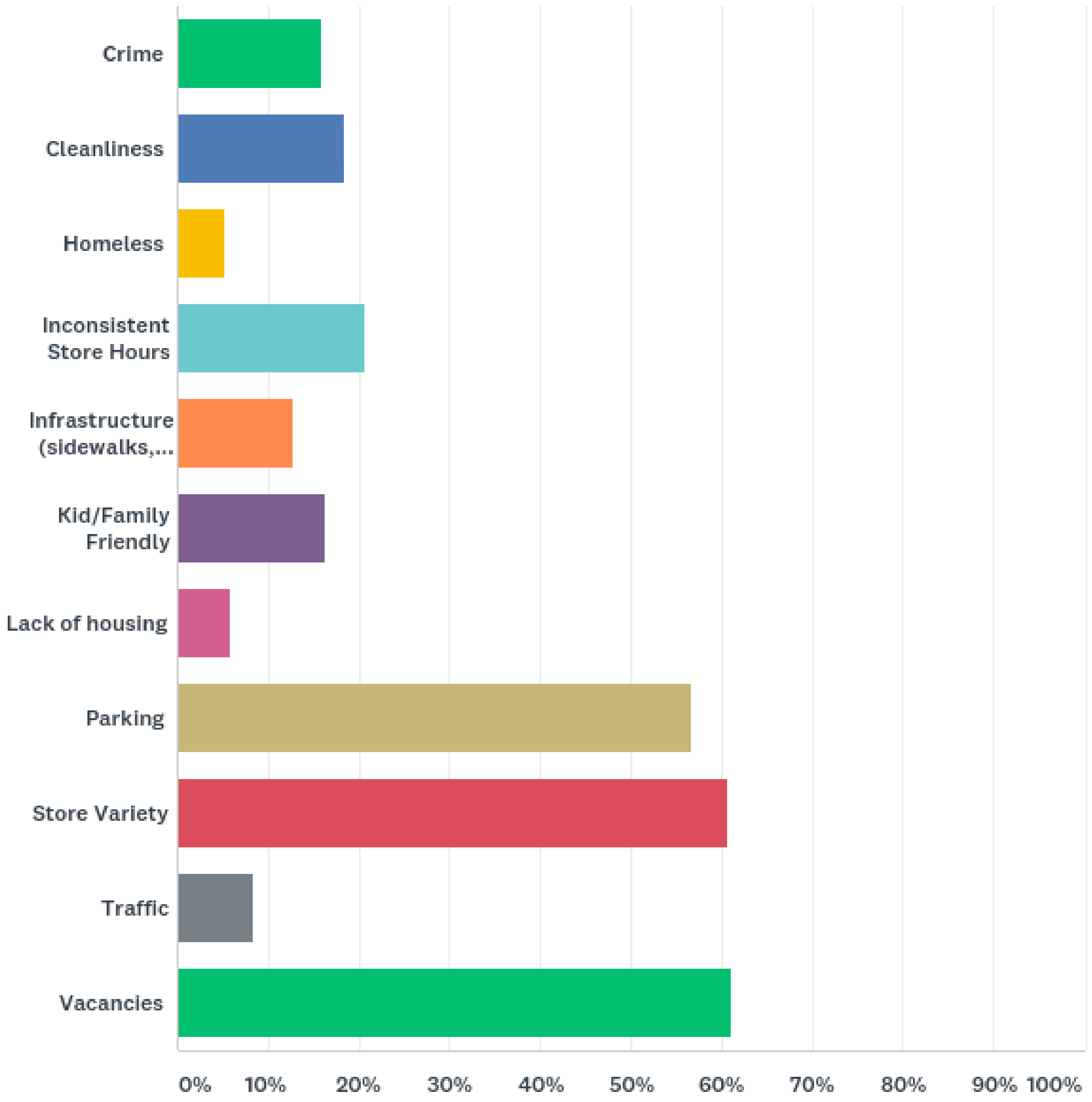
Community Vision and Engagement Inputs

438 Community Surveys Collected!!!

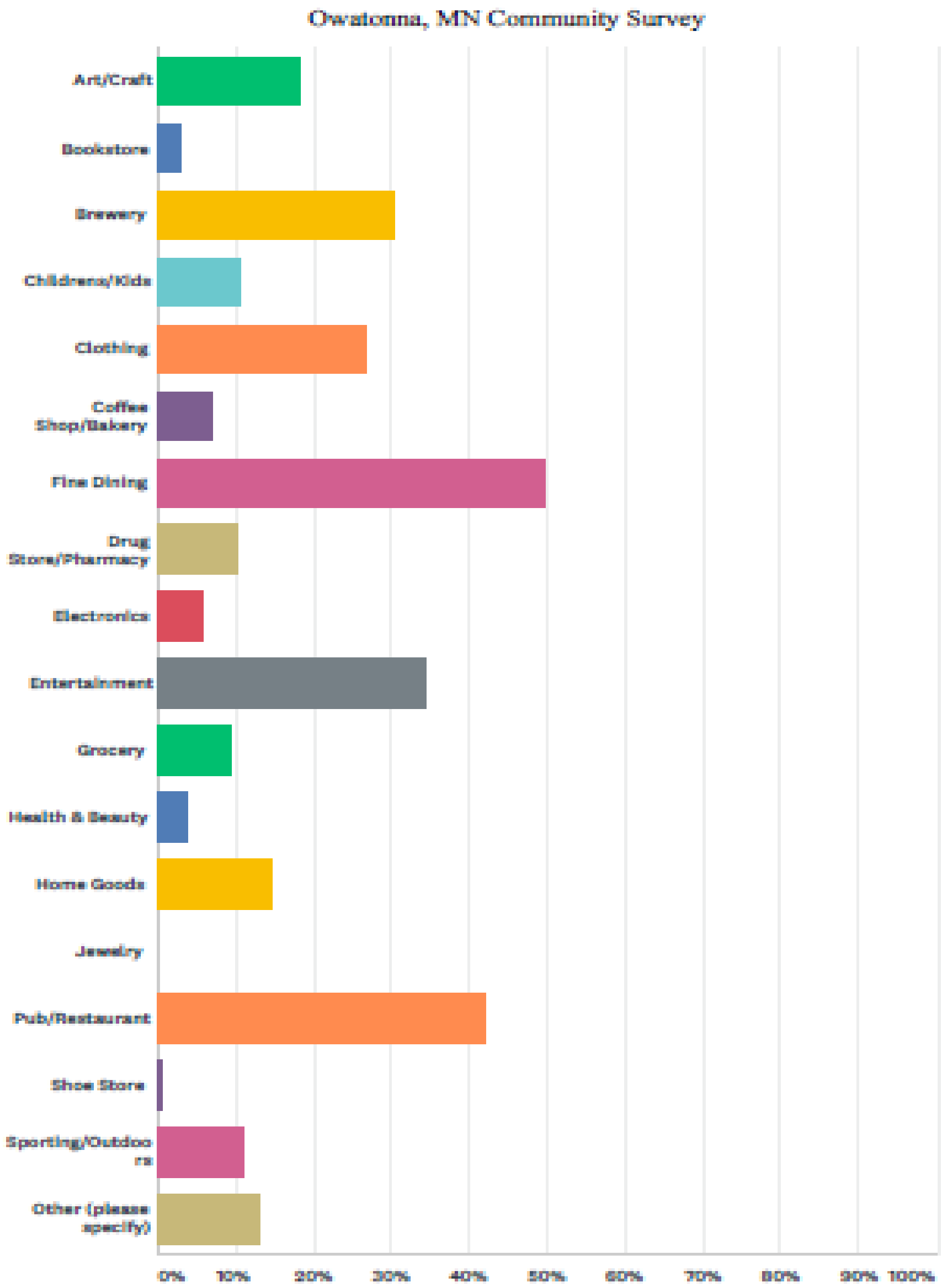
What 3 Words Come to Mind?



Q2 The top 3 issues facing downtown are:



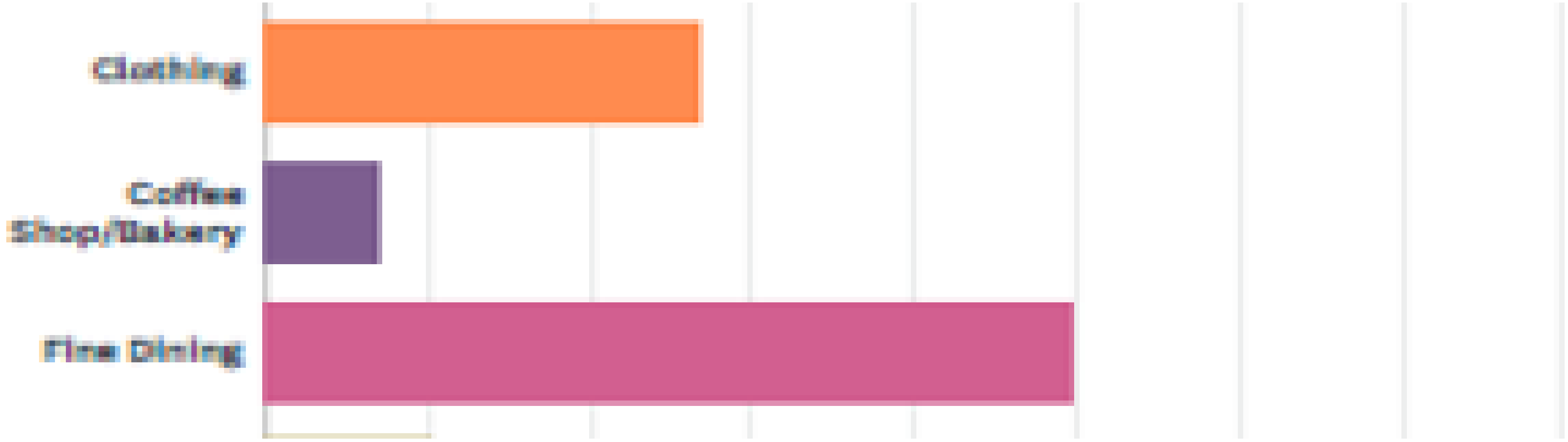
What businesses do you most commonly visit?



Other:

- Community Center
- Men's Clothing
- Gift Shops

What would you like to see in downtown?



Group Exercise

- Develop 5 key take-away points from the survey that provide insight into potential transformation strategies
- Using your “cheat sheet” highlight potential transformation strategies and/or key 4 point activities based on those central themes.

Summary of Survey

- Community understands the historic and architecture significance. Senses that it is tired & boring
- Vacancies and Store Variety are lacking
- Restaurants are primary driver; albeit Ace Hardware was tops
- More food, fine-dining; pub/restaurants are most desirable
- Saturday evenings could be logical for longer store hours.
- About 25% of respondents would live in the downtown and/or are unsure.

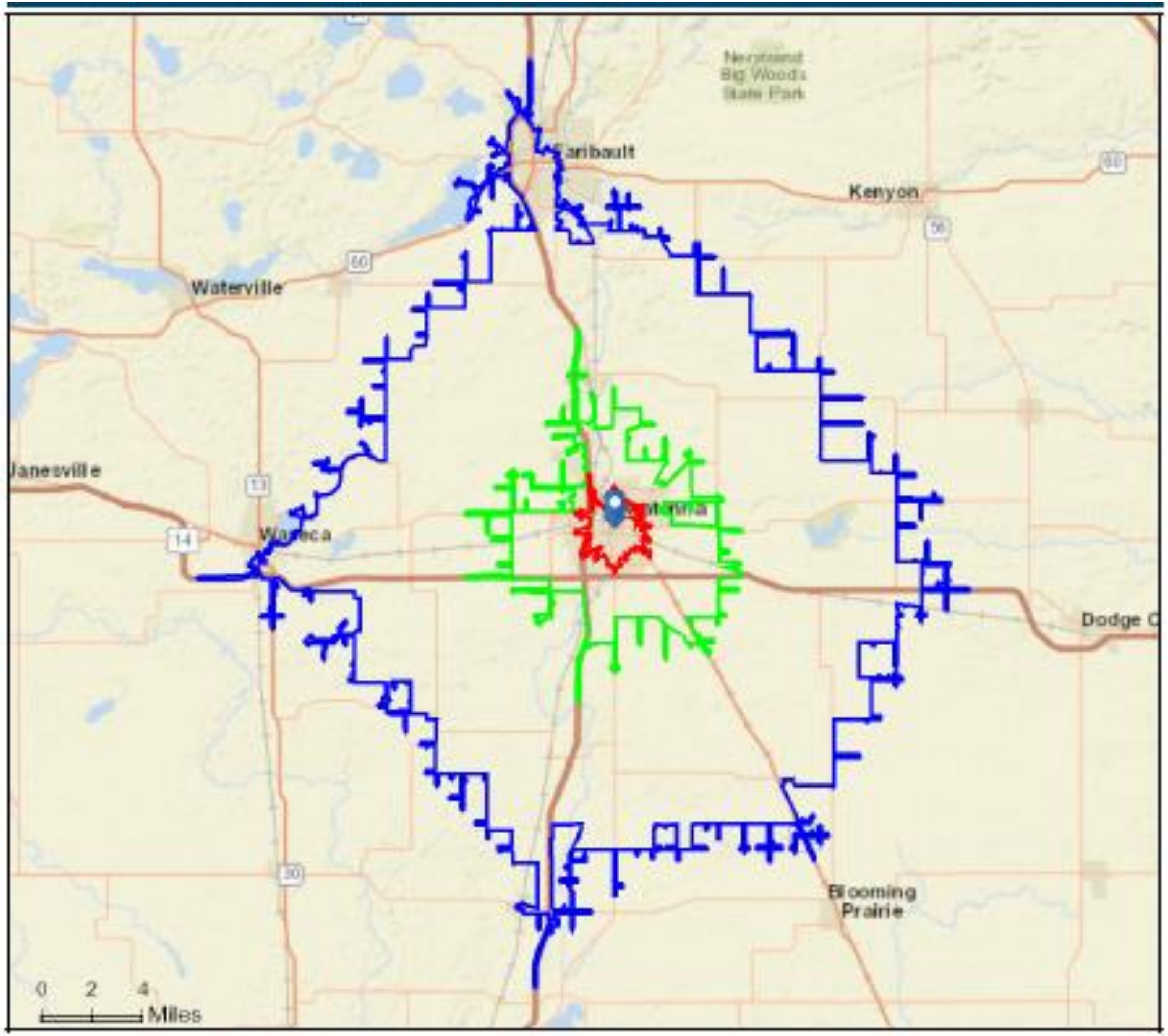
Summary of Survey

- Community understands the historic and architecture significance. Senses that it is tired & boring (Design – Placemaking critical)
- Vacancies and Store Variety are lacking (Entrepreneurship – EV)
- Restaurants are primary driver (Food/Dining); albeit Ace Hardware was tops (Convenience)
- More food, fine-dining; pub/restaurants are most desirable (Food/Dining)
- Saturday evenings could be logical for longer store hours. (EV, Promotions)
- About 25% of respondents would live in the downtown and/or are unsure. (Residents/Workers)

Market Data Inputs

- Key Components for Review
  - Existing Business Mix
  - Community Assets and Anchors
  - Trade Area Analysis
  - Sales Leakage
  - Psychographics
  - Demographics

Trade Area Delineation Drive Times: 5, 10, and 20 min



Some demographic characteristics – (See Attached Report)

- Population size
- Population trends
- Number of households
- Household trends (e.g., smaller or larger)
- Median HH income and benchmarks
- Median age and benchmarks
- Median age trends
- Households with children at home
- Homeownership rates
- Educational attainment
- Race and ethnicity and trends
- Psychographic segmentation (“Community Tapestry”)

Demographics Notes

KEY FACTS

11,285
Population

36.6
Median Age

2.4
Average Household Size

$55,866
Median Household Income

EDUCATION

6%
No High School Diploma

36%
High School Graduate

33%
Some College

24%
Bachelor's/Grad/Prof Degree

BUSINESS

655
Total Businesses

12,676
Total Employees

EMPLOYMENT

White Collar 55%

Blue Collar 29%

Services 16%

5.2%
Unemployment Rate

INCOME

$55,866
Median Household Income

$28,347
Per Capita Income

$92,137
Median Net Worth

Households By Income

The largest group: $50,000 - $74,999 (24.3%)

The smallest group: $200,000+ (2.5%)

Indicator	Value	Difference
<$15,000	9.8%	+1.5%
$15,000 - $24,999	7.8%	+1.2%
$25,000 - $34,999	8.6%	+1.5%
$35,000 - $49,999	15.8%	+2.7%
$50,000 - $74,999	24.3%	+1.7%
$75,000 - $99,999	15.6%	-2.6%
$100,000 - $149,999	12.8%	-2.0%
$150,000 - $199,999	2.8%	-2.8%
$200,000+	2.5%	-1.2%

Bars show deviation from Steele County

Some psychographic characteristics

What is Psychographics?

Psychographics is the study of personality, values, opinions, attitudes, interests, and lifestyles. Psychographic studies of individuals or communities can be valuable in the fields of marketing, demographics, opinion research, prediction, and social research in general. They can be contrasted with demographic variables (such as age and gender), behavioral variables (such as usage rate or loyalty), and organizational demographics variables (sometimes called firmographic variables), such as industry, number of employees, and functional area.

When a relatively complete profile of a person or group's psychographic make-up is constructed, this is called a "psychographic profile". Psychographic profiles are used in market segmentation as well as in advertising. Some categories of psychographic factors used in market segmentation include:

- activity, interest, opinion (AIOs)
- attitudes
- values
- behavior

Psychographic Profiles

		2017 Households		2017 U.S. Households		
			Cumulative		Cumulative	
Rank	Tapestry Segment	Percent	Percent	Percent	Percent	Index
1	Rustbelt Traditions (5D)	45.5%	45.5%	2.2%	2.2%	2061
2	Traditional Living (12B)	25.9%	71.4%	1.9%	4.1%	1,332
3	Set to Impress (11D)	10.7%	82.1%	1.4%	5.5%	770
4	Salt of the Earth (6B)	6.9%	89.0%	2.9%	8.4%	240
5	Green Acres (6A)	6.3%	95.3%	3.2%	11.6%	198
	Subtotal	**95.3%**		**11.6%**		

LifeMode Group: GenXurban

Rustbelt Traditions

5D

Households: 2,685,000

Average Household Size: 2.46

Median Age: 38.4

Median Household Income: $49,000

WHO ARE WE?

The backbone of older industrial cities in states surrounding the Great Lakes, *Rustbelt Traditions* residents are a mix of married-couple families and singles living in older developments of single-family homes. While varied, the work force is primarily white collar, with a higher concentration of skilled workers in manufacturing, retail trade, and health care. *Rustbelt Traditions* represents a large market of stable, hard-working consumers with modest incomes but above average net worth (Index 111). Family oriented, they value time spent at home. Most have lived, worked, and played in the same area for years.

OUR NEIGHBORHOOD

- Almost half (46%) of the households are married-couple families, similar to the US (48%), most without children (also similar to the US); the slightly higher proportion of singles (Index 105) reflects the aging of the population.
- Average household size is slightly lower at 2.46.
- They are movers, slightly more mobile than the US population (Index 109), but almost half of householders (46%) moved into their current homes before 2000.
- Most residents live in modest, single-family homes in older neighborhoods built in the 1950s (Index 218).
- Nearly three quarters own their homes; over half of households have mortgages.
- A large and growing market, *Rustbelt Traditions* residents are located in the dense urban fringe of metropolitan areas throughout the Midwest and South.
- Most households have two or more vehicles available.

SOCIOECONOMIC TRAITS

- Most have graduated from high school or spent some time at a college or university.
- Unemployment below the US at 8%; labor force participation slightly higher than the US at 67%.
- While most income derived from wages and salaries, nearly 30% of households collecting Social Security and nearly 20% drawing income from retirement accounts.
- Family-oriented consumers who value time spent at home.
- Most lived, worked, and played in the same area for years.
- Budget aware shoppers that favor American-made products.
- Read newspapers, especially the Sunday editions.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

5D

LifeMode Group: GenXurban

Rustbelt Traditions

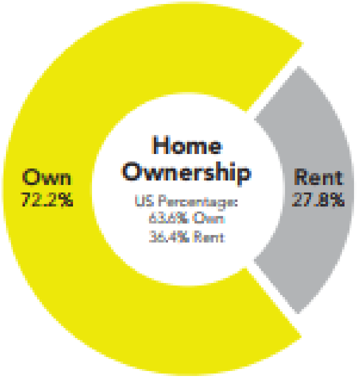
TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- Residents take advantage of convenience stores for fueling up and picking up incidentals.
- Watching television is a common pastime; many households have more than four TVs.
- Favorite programming ranges from ESPN, Animal Planet, and AMC to children's shows on Nickelodeon and Cartoon Network.
- Residents are connected; entertainment activities like online gaming dominate their Internet usage.
- Favorite family restaurants include Applebee's, Outback Steakhouse, and Texas Roadhouse.
- Radio dials are typically tuned to classic rock stations.

HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.



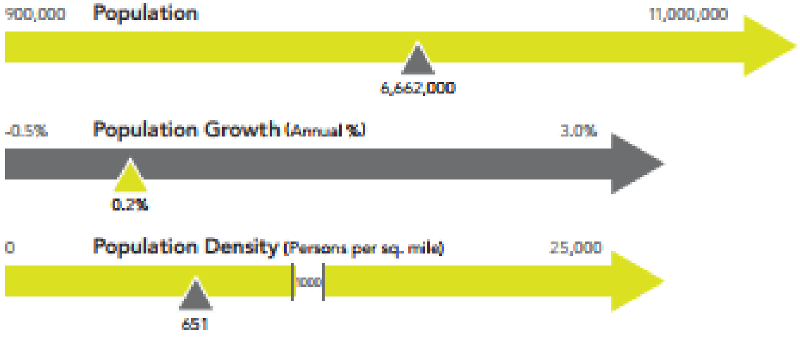
Typical Housing:
Single Family

Median Value:
$118,000

US Median: $177,000

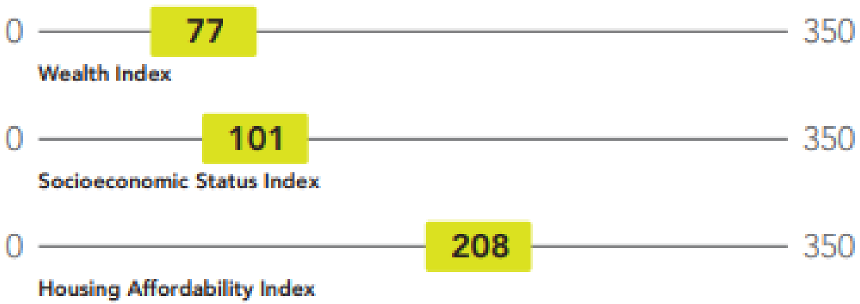
POPULATION CHARACTERISTICS

Total population, average annual population change since Census 2010, and average density (population per square mile) are displayed for the market relative to the size and change among all Tapestry markets. Data estimated by Esri.



ESRI INDEXES

Esri developed three indexes to display average household wealth, socioeconomic status, and housing affordability for the market relative to US standards.



LifeMode Group: Hometown

Traditional Living

12B

Households: 2,369,000

Average Household Size: 2.50

Median Age: 34.8

Median Household Income: $37,000

WHO ARE WE?

Residents in this segment live primarily in low-density, settled neighborhoods in the Midwest. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market—beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

TAPESTRY SEGMENTATION
esri.com/tapestry

OUR NEIGHBORHOOD

- Married couples are the dominant household type, but fewer than expected from the younger age profile and fewer with children (Index 79); however, there are higher proportions of single-parent (Index 146) and single-person households (Index 112).
- Average household size is slightly lower at 2.50.
- Homes are primarily single family or duplexes in older neighborhoods, built before 1940 (Index 183).
- Most neighborhoods are located in lower-density urban clusters of metro areas throughout the Midwest and South.
- Average commuting time to work is slightly shorter (Index 88).
- Households have one or two vehicles.

SOCIOECONOMIC TRAITS

- Over 70% have completed high school or some college.
- Unemployment is higher at 10.9% (Index 127); labor force participation is also a bit higher at 64.6%.
- Over three quarters of households derive income from wages and salaries, augmented by Supplemental Security Income (Index 122) and public assistance (Index 149).
- Cost-conscious consumers that are comfortable with brand loyalty, unless the price is too high.
- Connected and comfortable with the Internet, they are more likely to participate in online gaming or to access dating websites.
- TV is seen as the most trusted media.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Hometown

12B Traditional Living

TAPESTRY SEGMENTATION
esri.com/tapestry

MARKET PROFILE (Consumer preferences are estimated from data by GfK MRI)

- They shop for groceries at discount stores such as Walmart supercenters; Kmart is also a favorite for apparel and sundry household and personal care products.
- Convenience stores are commonly used for fuel or picking up incidentals like lottery tickets.
- They tend to carry credit card balances, have student loans, and pay bills in person.
- Half of households have abandoned landlines for cell phones only.
- They watch their favorite channels including QVC, CMT, and Game Show Network.
- They're fast food devotees.
- They enjoy outdoor activities such as camping and taking trips to the zoo.

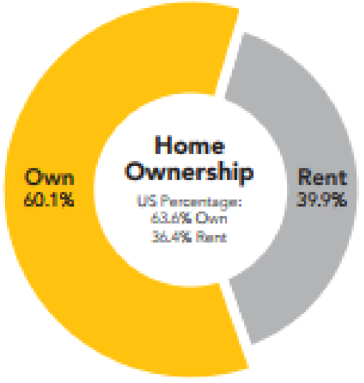
HOUSING

Median home value is displayed for markets that are primarily owner occupied; average rent is shown for renter-occupied markets. Tenure and home value are estimated by Esri. Housing type and average rent are from the Census Bureau's American Community Survey.

Typical Housing:
Single Family

Median Value:
$79,000

US Median: $177,000



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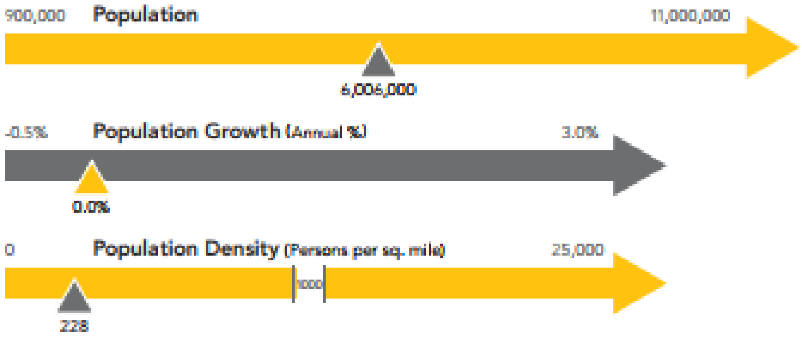

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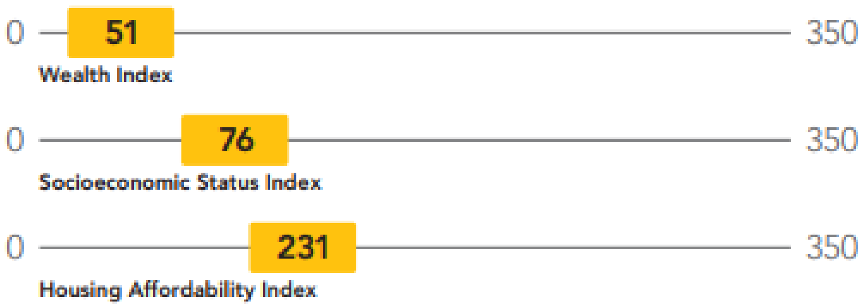


Downtown business characteristics (See attached Report)

- Business inventory
- Number of businesses
- Business clusters
  - Retail (by category)
  - Restaurant
  - Lodging
  - Professional
  - Manufacturing
- Number of downtown workers

Sales void analysis – (See attached report)

- Total buying power
- Total sales capture
- Buying power by retail category
- Sales capture by retail category
- Sales leakage by retail category
- Major competitors

Retail Leakage and Surplus-- Defined

From Esri:

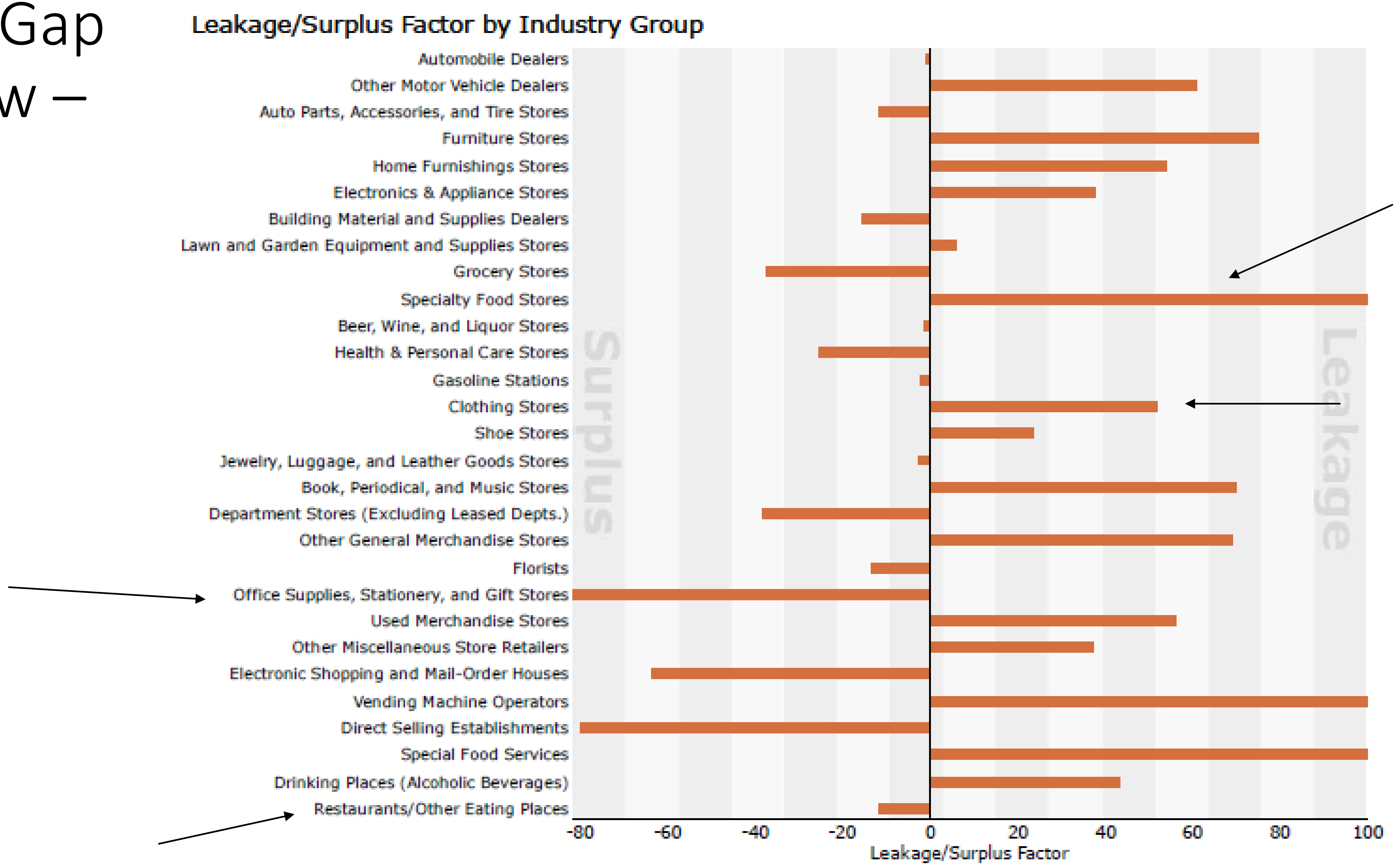
What does the Leakage/Surplus Factor in the Retail Marketplace database mean?

The Leakage/Surplus Factor in the Retail MarketPlace database measures the balance between the volume of retail sales (supply) generated by retail businesses and the volume of retail potential (demand) produced by household spending on retail goods within the same industry.

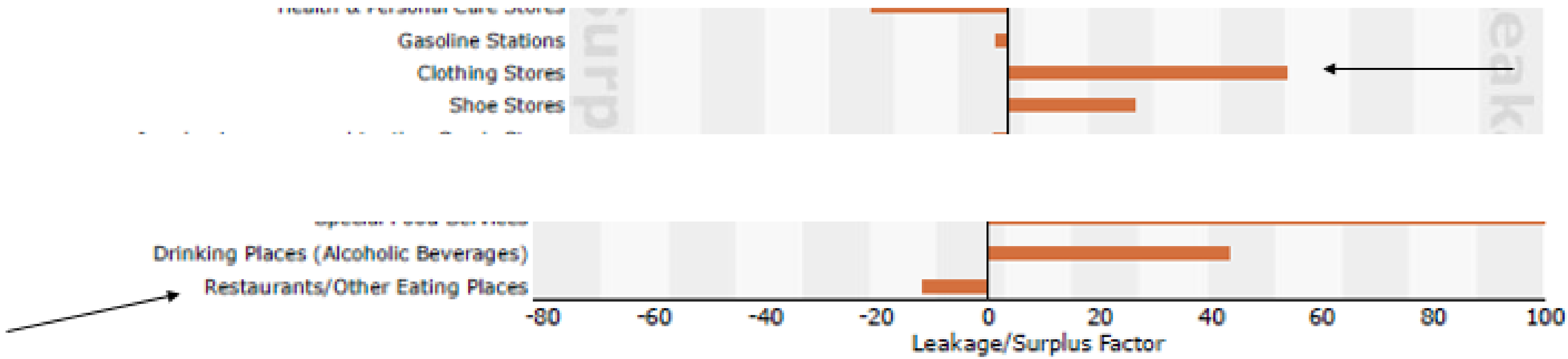
Leakage in an area represents a condition where demand exceeds supply. In other words, retailers outside the market area are fulfilling the demand for retail products; therefore, demand is "leaking" out of the trade area. Such a condition highlights an opportunity for new retailers to enter the trade area or for existing retailers to extend their marketing outreach to accommodate the excess demand.

Surplus in an area represents a condition where supply exceeds the area's demand. Retailers are attracting shoppers that reside outside the trade area. The "surplus" is in market supply. Brand positioning and product mix are key differentiators in these types of markets.

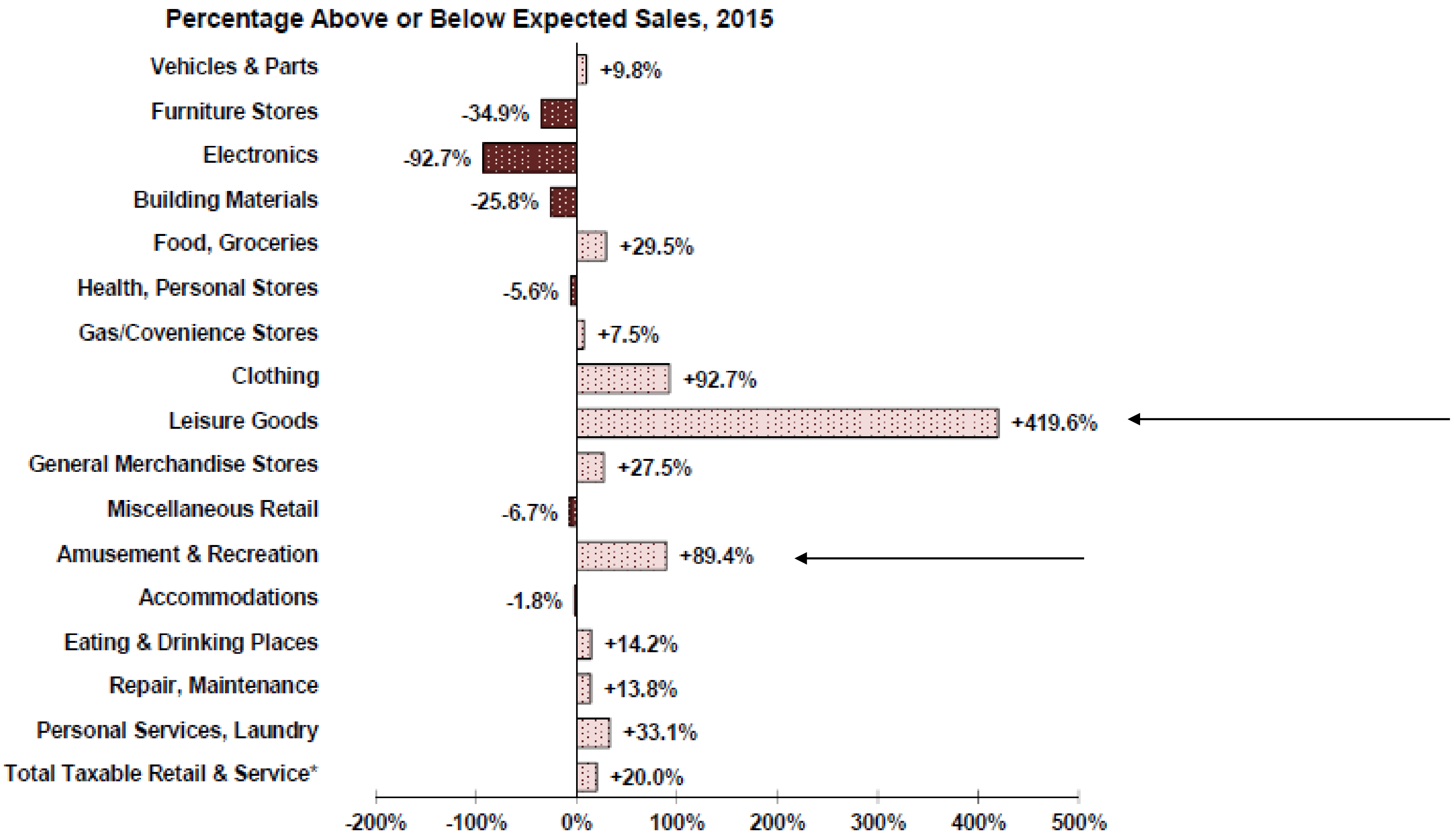
Sales Gap Review – 5 min



Sales Gap – 5 min Trade Area



From Your 2015 Retail Trade Analysis – U of MN



Group Exercise

- Develop 5 key take-away points from the market data that provide insight into potential transformation strategies
- Using your “cheat sheet” highlight potential transformation strategies and/or key 4 point activities based on those central themes.

Market Summary

- Downtown has an undiscovered group of small scale producers: chocolate/candy, rug, bakery, hats, brewery, Josten's
- Massive growth in leisure and recreation spending
- Small surplus on restaurants, but more growth potential based on national trends
- Downtown housing unit growth could help to recapture leakage in specialty food areas.
- Psychographics suggest consumer markets with brand and local shopping loyalties, price point sensitivity, family-oriented, and outdoor recreation focused.
- Strong surpluses (5 min)combined with large leakage (20min) in gifts, office supplies, etc demonstrates convenience presence in downtown.

Market Summary

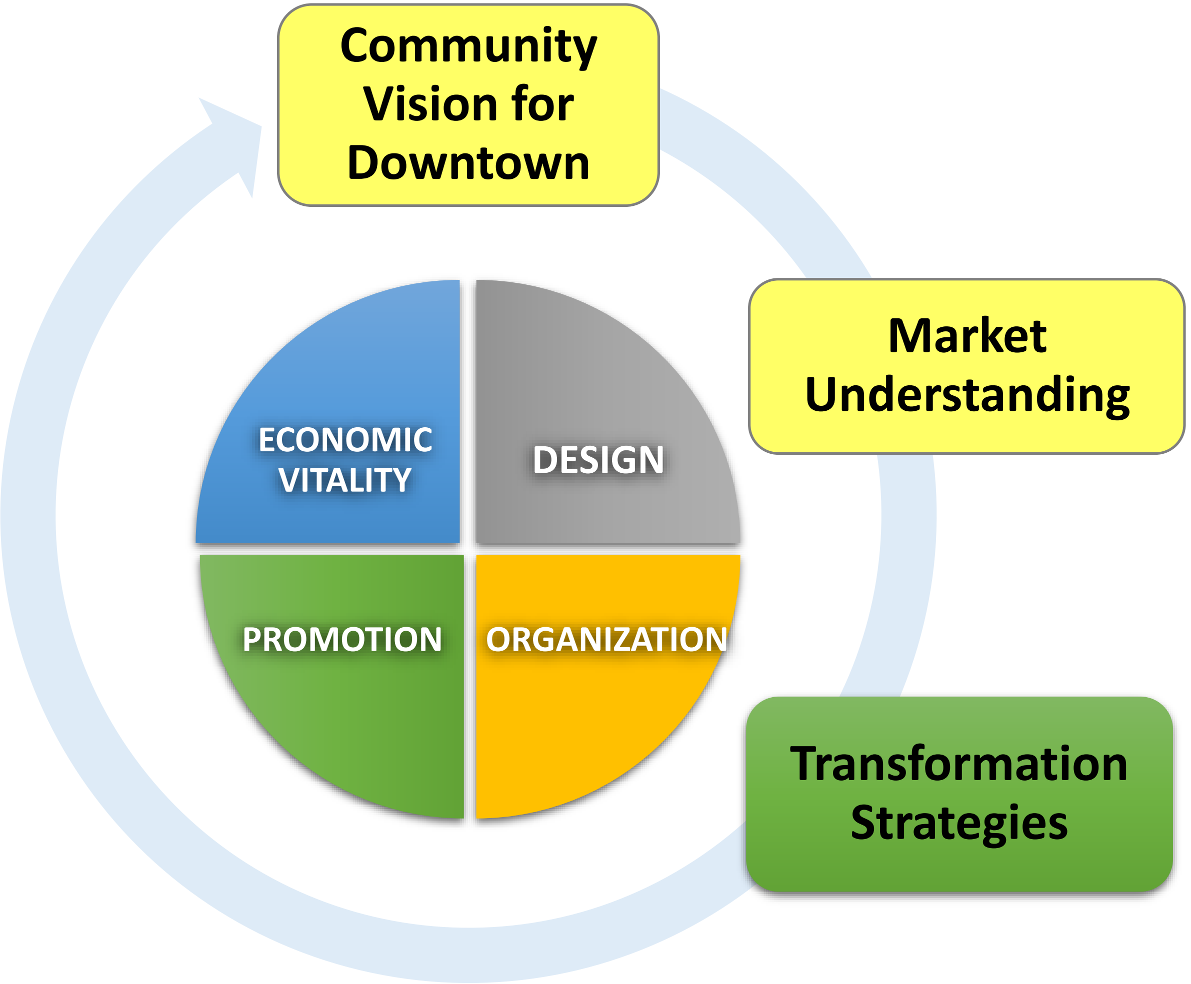
- Downtown has an undiscovered group of small scale producers: chocolate/candy, rug, bakery, hats, brewery, Josten's (Small-Scale Production)
- Massive growth in leisure and recreation spending (Recreation)
- Small surplus on restaurants, but more growth potential based on national trends (Food/Dining)
- Downtown housing unit growth could help to recapture leakage in specialty food areas. (Residents)
- Psychographics suggest consumer markets with brand and local shopping loyalties, price point sensitivity, family-oriented, and outdoor recreation focused. (Convenience; Recreation)
- Strong surpluses (5 min)combined with large leakage (20min) in gifts, office supplies, etc demonstrates convenience presence in downtown. (Convenience/Residents)

Bringing it All Together – Group Exercise

- Using Your “Cheat Sheet”- Discuss Potential Transformation Strategies – Provide One Primary and One Stretch

Recommended Transformation Strategies for Consideration

1. *Dining and Entertainment*
2. *Workers and Residents*
3. *Health and Recreation (Stretch)*
4. *Small Scale Production (Stretch)*

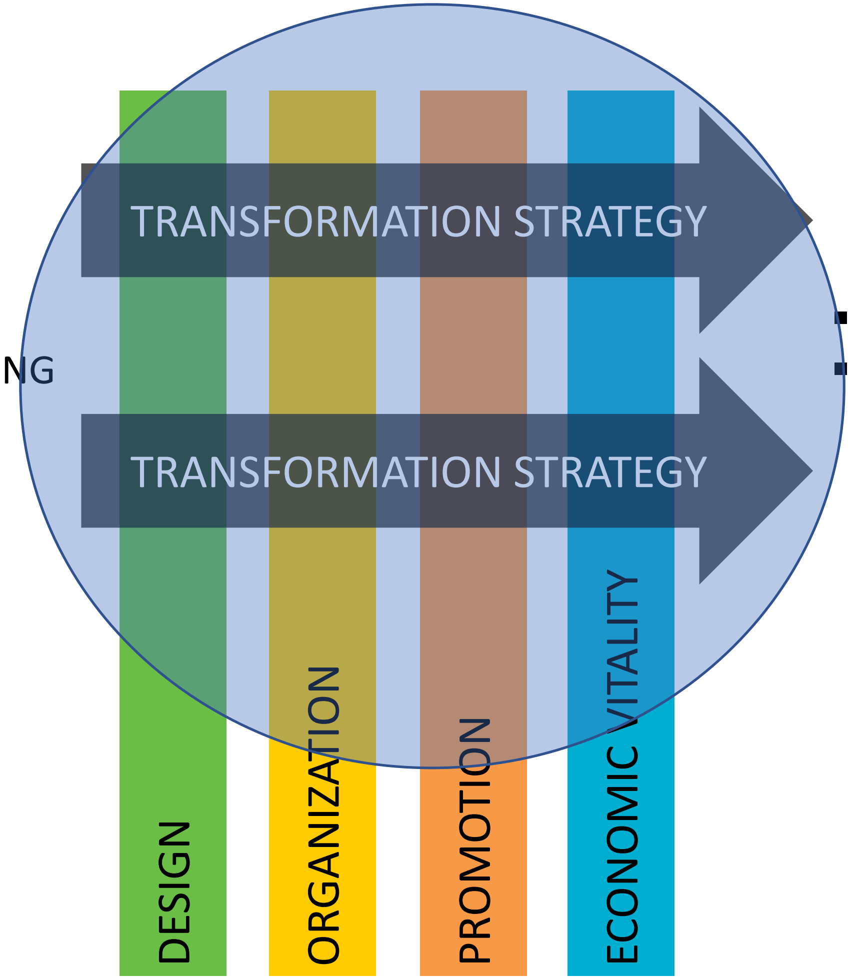


Questions/Comments?

THE MAIN STREET APPROACH

MAIN STREET AMERICA™

- COMMUNITY VISION
- MARKET UNDERSTANDING
- COMMUNITY ASSETS



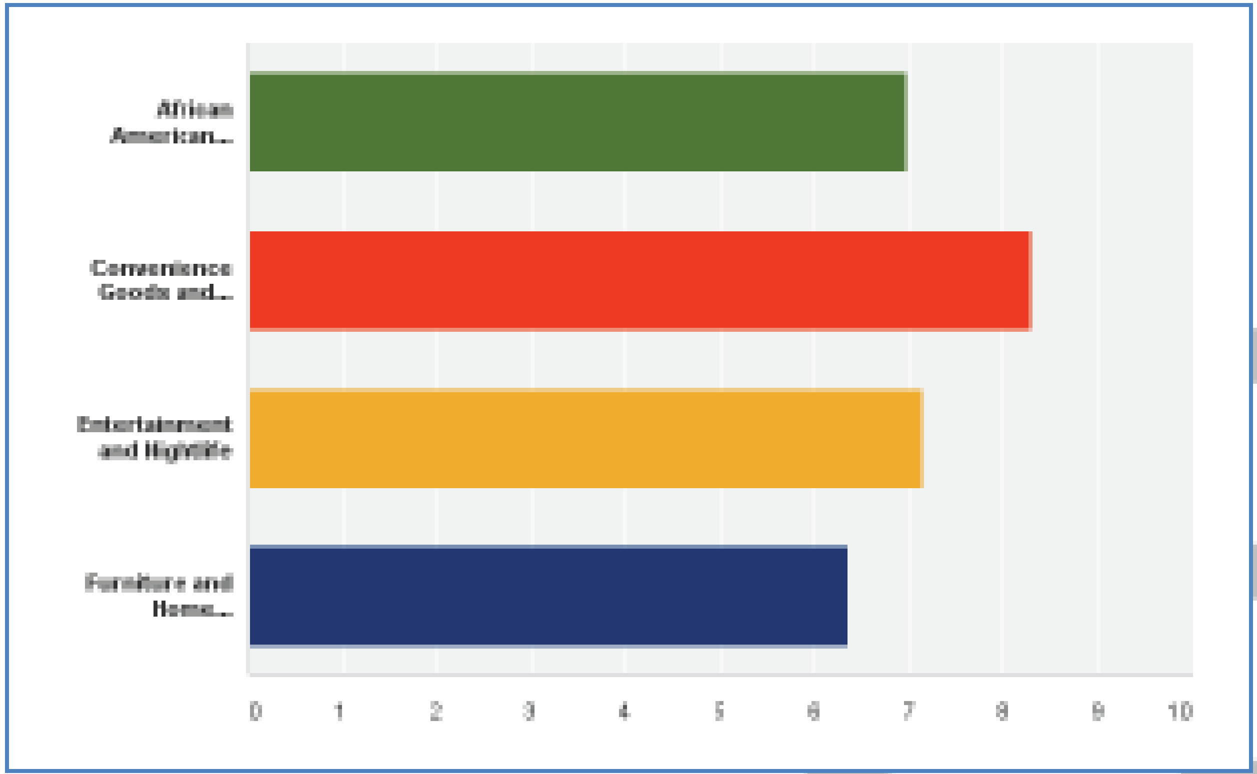
- QUANTITATIVE OUTCOMES
- QUALITATIVE OUTCOMES

Which strategies are a good fit?

Harder		Easier
Starting a new market	↔	Builds on existing cluster
Small potential market	↔	Large potential market
Many competitors	↔	Few competitors
Needs new buildings or infrastructure	↔	Uses existing buildings or infrastructure

How to Align on a Strategy

- Test the Market with Community Stakeholders
  - City Officials
  - Residents
  - Downtown/District Constituents
  - Volunteers
- Present the Findings from Market Data and Initial Survey Work
- Test the Waters via Vote

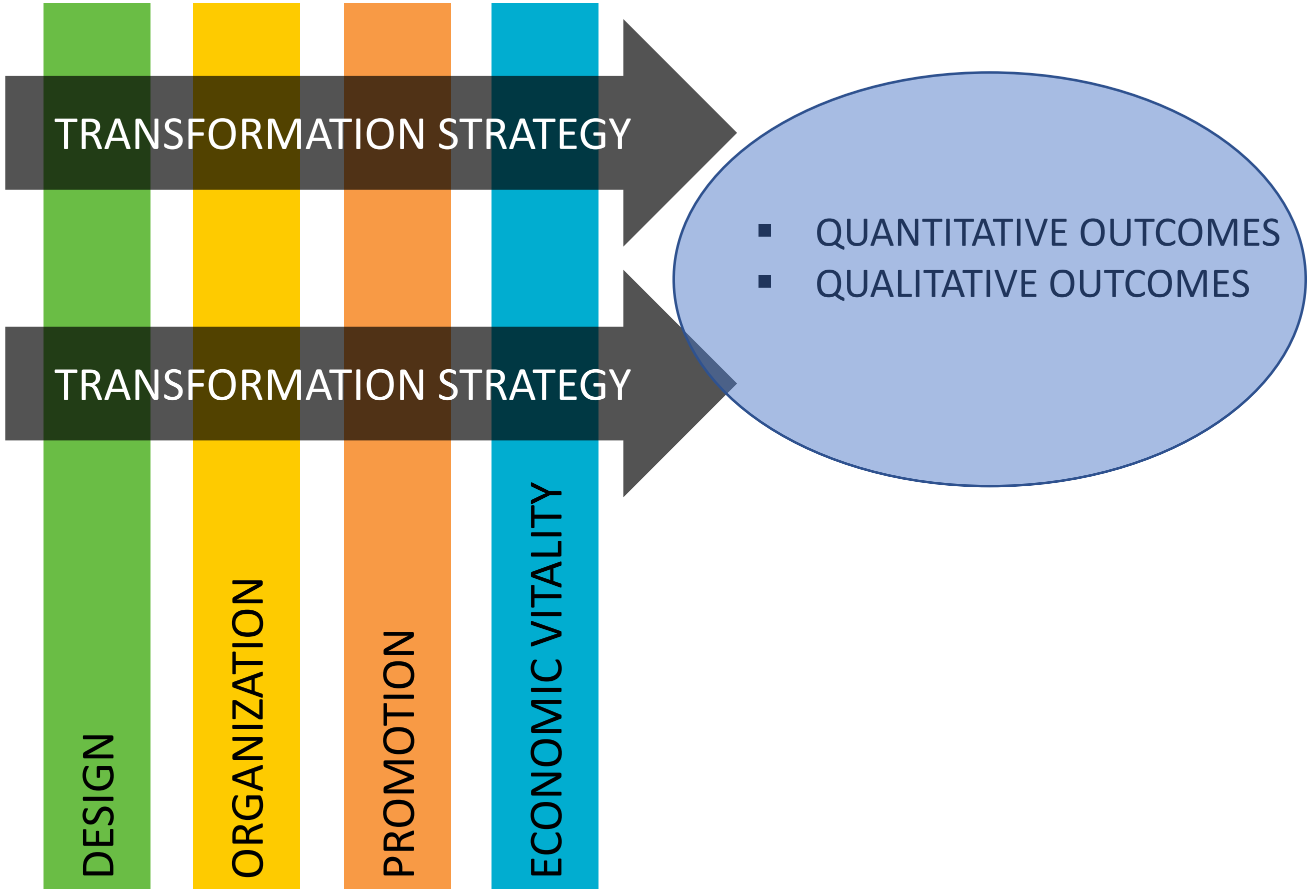


Question: Rank the four strategies on scale of 1 to 10.

THE MAIN STREET APPROACH

MAIN STREET AMERICA™

- COMMUNITY VISION
- MARKET UNDERSTANDING
- COMMUNITY ASSETS



Transformation Strategies

Work plans

Keys:

- **This is not throw everything away and start from scratch**
- **This is about transition…think of it as clearing up clutter (some things you keep, some things you hand down to others, and some things you discard)**

Thinking of it like "Closet Cleaning"

- What are you doing now that is a good match?
- What can you stop doing?
- What new should you start relative to your transformation strategies?
- What can you "give away?"

Proposed Transformation Strategy: ______________________________________

ECONOMIC VITALITY	PROMOTION & MARKETING	DESIGN	ORGANIZATION
Current Activities:	**Current Activities:**	**Current Activities:**	**Current Activities:**
Potential Activities: 1. 2. 3.	**Potential Activities:** 1. 2. 3.	**Potential Activities:** 1. 2. 3.	**Potential Activities:** 1. 2. 3.

Tupelo, MS - Implementation Plan				
TRANSFORMATION STRATEGIES	**ORGANIZATION**	**PROMOTION**	**DESIGN**	**ECONOMIC VITALITY**
Strategy: Kid-Friendly, Family Serving **Objectives/ Measurable Goals:** Overall: **Create a community environment conducive to the growth and expansion of kid-friendly, family serving retail and activities as part of growing a new market downtown.** Organization: **Facilitate and build partnerships and communication tools that facilitate the growth and expansion of the target market.** Promotions: **Create promotional events and marketing/image development tools and programs that promote the growth and expansion of the target market.** Design: **Develop both building and community space improvements that create the physical environment and space for the growth and expansion of the target market.** Economic Vitality: **Create financial tools, real estate development programs, and entrepreneurship development initiatives that lead to the growth and expansion of the target market.**	Action: Current Initiatives: 1. Partner Initiatives 1. Potential New Initiatives: 1. Review Membership for more Kid-Friendly Partners: e.g. TCT; Gumtree Art Gallery, Library, Schools, Parks and Rec, Healthworks', Civic Clubs, Corporate, Arena, CVB, CDF, PAL, TRA	Action: Current Initiatives: 1. Partner Initiative: 1. Potential New Initiatives: 1. Create a communications platform to promote existing kid-friendly activities (There are a ton!) 2. Do a "Where's Waldo" like activity with Elvis. 3. Create a Kids Activities Newsletter 4. Create Additional Promotion Partnerships - Tupelo Rocks; Health WorX, Local Art Teachers 5. Possible Event Ideas: Tupelo Rocks Kids Ping Pong Tournament; Dance Off; Yoga - Mommy & Me **6. Create an Alleycats Club - w/Newsletter; Decals, Downtown Discounts** 7. Possible New Events: "Princess Weekend" and Art Projects at the Gumtree Festival.	Action: Current Initiatives: 1. Alley Project (Tweak to bring more games and activities to be kid-friendly) 2. Refine current design review process with an eye toward kid-friendly amenities Partner Initiatives: 1. Potential New Initiatives: 1. Work with Sister Organization's to review kid-friendly downtown master plan. 2. Hardscape downtown out of the alley - Connect the dots to activities. **3. Increase Kid-friendly portions of the alleyways.**	Action: Current Initiatives: Partner Initiatives: 1. Potential New Initiatives: 1. Bathrooms in Fair Park 2. Housing Development (Create Incentives) 3. Secondary Sidewalk connections to downtown. **4. Children's Museum (School of Rock)** 5. Inventory of Current Retail Mix that Targets Kids/Families 6. Create Dual Space in Park for Staging Performances and Offering Movies in the Park. 7. Potential Businesses: Jail House Rock Café at the Old Jail; Children's Museum;

2018 Work Plan - Downtown Tupelo Main Street Association

Transformation Strategy: Kid-Friendly, Family-Serving

Project: Children's Museum - (School of Rock)

Lead Committee/Task Force: Economic Vitality

Event date or Project Completion date: August 2018 - July 2019 (Continuous)

Anticipated Results/Measures of Success: Completion of an Interactive Children's Museum focused on Music w/Studio for Recording.

Chair/Person Responsible:

Phone:

E-mail:

Project Team Members: ____________________

Tasks	*Responsibility/ Person or committee*	*Timetable*	*Cost*	*Revenue*	*Volunteer Hours*	*Staff Hours Needed*	*Progress/Completion/Comments Measurements of Success*
Study Other Like Type Museums Around the Country							
Identify Possible Sites							
Launch a Planning/Project Team							
Recruit Partners							
Conduct a Feasibility Analysis							
Based on Analysis - Establish Go/No-Go							
Identify Project Resources							

Measuring Progress

- Consider both Qualitative and Quantative
- Don’t forget the basics (vacancy rates, tax base, new businesses/jobs)
- Gear toward the Transformation Strategy(s)
- Create a baseline so you know where you have been
- Report out!
- Leverage for Advocacy and Resources

Developing Metrics for Transformation Strategies Eg. – Arts/Entertainment District

- (Qualitative)Conduct on-street surveys when you implement this strategy to establish a baseline of opinions/perceptions – then, conduct surveys one year, three years, and five years later, asking the same questions. Are more people patronizing the district for its entertainment-related businesses? Are their impressions and perceptions of the district improving?
  - Your surveys should include questions in four specific categories:
  - Attitudes and perceptions about the district
  - Current shopping habits
  - Additional products and services shoppers would like to be able to buy within the district
  - Demographic characteristics of those participating in the survey, including home zip code
- (Quantitative) Increase in number of attendees at an arts related event

Any Wrap-Up Questions…Thanks!

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National Main Street Center

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