

Section 9

Conclusions and Recommendations

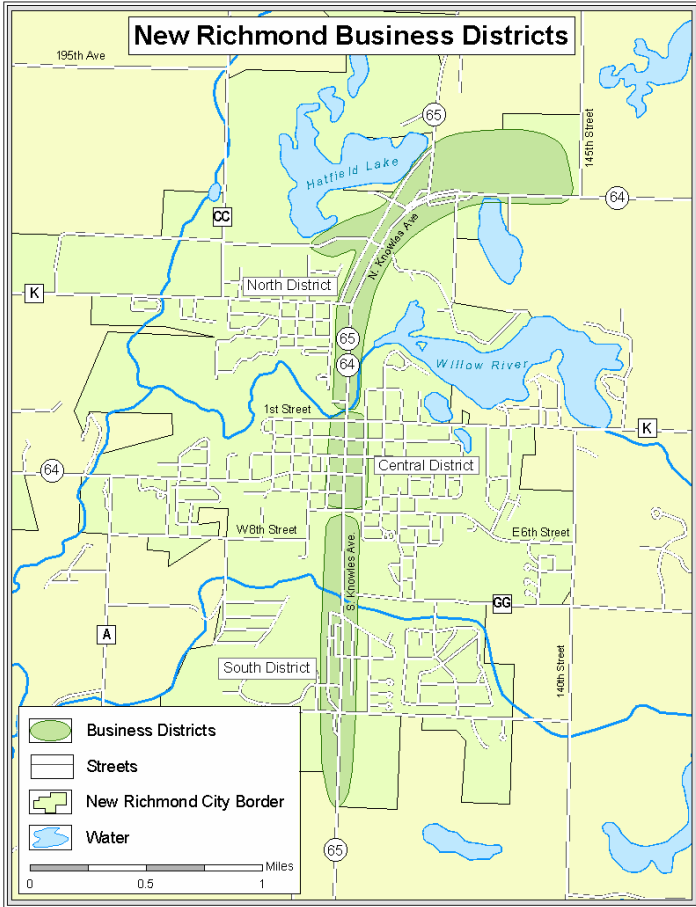
This section of the report provides an overview of the conclusions and recommendations from this study and other pertinent research. The reader is encouraged to; read all of the materials; conduct additional research; and, to draw their own conclusions, which may differ from those in this report.

Current Situation

The City of New Richmond is located in St. Croix County, the fastest growing county in Wisconsin. The City has a population of approximately 7,250 (2004 estimates) with 21,795 in its primary trade area and 42,153 in its primary and secondary trade area. Population is expected to continue to grow rapidly due to its proximity to the St. Paul/Minneapolis area.

The growing population of the area will be served by a new highway bypass to the north and west of New Richmond. This will benefit commuters to the Twin Cities. The new bypass will also create new commercial opportunities and challenges for the community. For reference purposes, the current zoning map for the City of New Richmond is included in Section 1.

Currently there are three business districts in New Richmond: north, central (downtown) and south. The New Richmond Business Districts map to the right displays the locations of these districts along the highway 64 and 65 corridors. As the downtown area has traditionally been the center



of commercial activity, and since a new highway bypass will likely result in less traffic downtown, an independent expert in downtown revitalization was hired to visit and examine the downtown area and identify current issues and opportunities facing this central business district.

In May of 2003 the New Richmond Area Chamber of Commerce & Visitors Bureau hired Professor Kent Robertson, Community Development Program, St. Cloud State University, to conduct a Downtown Report Card for New Richmond. The twelve-page report card focused primarily on the physical, design-related, and aesthetic features of downtown. His recommendations are presented below:

- Enhance the downtown's sense of place
- Make better use of the benches/planters
- Continue work on the design guidelines and increase financial incentives
- Create improved linkages between Glover Park and the river
- Take advantage of the area around the dam
- Make the alleys more inviting
- Insert more visible pedestrian crossings on South Knowles Avenue
- Add some color to the streetscape
- Look at the bypass as an opportunity
- Extend and unify retail business hours
- Promote the downtown

On May 30, 2003 the New Richmond Chamber hosted a meeting of the Wisconsin Downtown Action Council (WDAC). After a downtown walking tour and a presentation about the City of New Richmond growth development patterns, the WDAC participants were asked to provide their observations of New Richmond's current situation and potential. Many of the comments are captured in the following:

- Need to keep local traffic downtown, but not truck traffic. Carefully participate in bypass planning so that the downtown isn't lost.
- Opportunity to better serve residents and commuters by changing store hours
- Opportunity to more fully utilize the river downtown
- Opportunities to improve the appearance of buildings (including historic structures often hidden behind facades)
- Opportunities to improve pedestrian friendliness
- Opportunities for additional dining and entertainment
- Opportunities for additional home furnishings/supplies/decorating businesses.

Business Mix Comparison

A business mix comparison of the New Richmond zip code area and seven other comparable communities in the Midwest was conducted to identify major differences in the types and number of establishments. The comparison resulted in the following findings:

- New Richmond has close to the median number of retail business as compared to the seven comparable communities.
- New Richmond has fewer service businesses than a majority of the seven comparable communities, exceeding only Monticello, MN and Winfield, IL.
- The retail-to-service ratio for New Richmond's business community (119/88 or 1.35) is relatively higher than the average of the seven communities' retail-to-service ratio (124/105 or 1.18).
- Retail categories under-served in New Richmond that exist (or are more abundant) in the comparison communities include: antiques/used merchandise, gift shops, department

Demographic and Customer Characteristics

Based on the primary and secondary trade areas that have need defined, demographic and customer characteristics (lifestyles) were analyzed using U.S. Census data and data purchased from CACI (now ESRIbuss.com). Comparisons with the Twin Cities metro area and the state of Wisconsin were made. Findings are presented below:

- The New Richmond primary trade area includes the zip code areas of 54017, 54025, and 54026 within a drive time of less than 10 minutes and a 2000 population of 18,465.
- The primary and secondary trade area includes an area within a 15-minute drive time and a 2000 population of 36,160 with a five-year projected growth rate of 15.25%.
- The average household size in the primary trade area is 2.63 and in the secondary trade area it is 2.61. This is higher than the average for the Twin Cities MSA and the State of Wisconsin.
- The growth rate of households in Wisconsin is 5.28% and 12.6% in the Twin Cities MSA. This compares to New Richmond's household growth rate for the primary trade area of 19.6% and 16.8% for the secondary trade area, further revealing market growth opportunities.
- The New Richmond primary trade area population is slightly younger than the Twin Cities MSA and the State of Wisconsin
- New Richmond has a larger population of married couple families than do both the Twin Cities and Wisconsin. The New Richmond primary and secondary market has more family households over non-family households.
- New Richmond has a larger percentage of single family detached housing units than do both the Twin Cities MSA and the State of Wisconsin (74.6% versus 60.2% and 65.3%, respectively).
- The New Richmond primary trade area is estimated to have a higher percentage of households in the middle income range than the Twin Cities and Wisconsin.
- New Richmond has a high percentage of people who have attained a high school diploma and those with some college; 67% for the primary trade area and 66.9% for the secondary and primary trade area. This compares to 60.3% for the Twin Cities MSA and 60.9 for the State of Wisconsin.
- In the primary and secondary trade area, 37% of the residents work in blue-collar professions.
- There is also a comparatively high concentration of jobs in agriculture, construction, and manufacturing of non-durable and durable goods.
- Two main consumer groups comprise 86% of the people in the primary trade area.
 - Consumer Type 7A: Middle America
4,118 Households (58%) of the New Richmond Primary Trade Area
 - Consumer Type 2B: Baby Boomers with Children
1,989 Households (28%) of the New Richmond Primary Trade Area

Economic Characteristics

- Personal income in St. Croix County has grown from an index of 100 in 1990 to 206 in 2000. This represents a 106% gain over the decade. This compares to a 70% gain for both Wisconsin and the U.S.
- St Croix has experienced significant growth in manufacturing (from 26.9% to 31.0%), the largest sector in the County. This is opposite of the state trend that indicates a statewide decline in manufacturing (currently at 25.7%).
- The service sector has grown significantly (from 19.0 to 21.3%).
- Construction has grown significantly and is higher than the state percentage.
- Preliminary 2000 Census data show that 1385 New Richmond residents commute to work sites outside of St. Croix County. This represents 43 percent of the New Richmond

employed workforce age 16 or older. The majority of the commuters (1151) travel to Minnesota. The remaining 234 commute to other counties in Wisconsin.

- Small communities with large employers often have a significant daytime population made up of commuters. These in-commuters offer the retail and service businesses in a community an additional market opportunity to generate sales.

Local Consumer Attitudes

The following conclusions were drawn from two focus group sessions conducted in the spring of 2003. They included a new resident group and a long-time resident group.

- Both focus groups expressed similar shopping schedule preferences.
- Decision factors when making purchases included mainly price and selection. Convenience was repeatedly mentioned as dictating shopping habits.
- Grocery stores were the most frequently visited places in New Richmond. Both consumer groups reported frequent visits to New Richmond grocery retailers. However, members of both groups frequented these stores with great reluctance.
- Both new and long-time residents reported convenience and location as being key appeals. Local ownership and service were also appealing factors.
- Opportunities for improvement were plentiful. Both focus groups had multiple stories of bad experiences to share. Many issues included the factors of price, selection, and customer service.
- To encourage more shopping in New Richmond, respondents requested more selection, service, and additional stores. A concentration of stores seemed to be more attractive than individual, isolated establishments.
- A wide variety of stores were suggested as needed additions to New Richmond. The lack of clothing and home improvement products in New Richmond came up repeatedly.
- Both groups had ideas for a business district focus. New Residents were interested in capitalizing on New Richmond's history. Long-time residents expressed the desire to improve the appearance of the downtown through additional amenities. These included hanging baskets, symbolic flags, and outdoor dining.
- The long-time residents indicated that they do not eat at New Richmond restaurants. On rare occasion they reported purchasing take-out food and consuming it at home. New Residents ate out more frequently, but the majority of the meals were consumed outside New Richmond.
- Lunch and dinner were the meals most frequently purchased outside of town. Eating was often part of a shopping trip.
- Good food, variety, and quality were mentioned as reasons for leaving New Richmond to eat.
- Favorite restaurants outside of New Richmond included Green Mill (Hudson), Perkin's (Hudson), Champ's Americana (Woodbury), and Applebee's (Hudson, Oak Park Heights).
- Clothing stores were frequent destinations of trips outside of New Richmond. Discount stores were also mentioned repeatedly. Price and selection were important, but tax-free clothes shopping in Minnesota did not seem to be a big decision factor.
- Price and selection were the main reasons for shopping outside of New Richmond. Long-time residents shared bad New Richmond shopping experiences that encouraged them to shop elsewhere.
- Both groups felt that less traffic would use downtown New Richmond streets after a by-pass is built. This could be bad for local convenience stores. More businesses were expected to locate along the by-pass route.

Analysis of Retail Opportunities

Following are some of the retail opportunities that were examined as part of this study. This is not a comprehensive list of all of the retail opportunities that may be available. Please refer to the extensive comments and information in the report that substantiates these conclusions.

Retail Store Categories

Book Stores - Based on demand, supply and other market considerations, there appears to be market support for the expansion or recruitment of a new business in this retail category. One possibility is locating a store within a store. Possible types of book stores include Christian and half-priced book stores.

Building Materials - Based on demand, supply and other market considerations, it appears that market demand (square foot) has been satisfied. However, local consumers have expressed a desire to have a one-stop shopping for home improvement products. Existing businesses have an opportunity to capture demand through product line expansion, selection, hours and service.

Department Store-Apparel - Based on demand, supply and other market considerations, there appears to be market support for the expansion or recruitment of a business in this retail category. Based on focus group findings, the need appears to exist for a business that can serve the trade area with brand name clothing and shoes.

Discount Department Store - Based on demand, supply and other market considerations, there appears to be market support for additional square feet in this category.

Drug Store - Based on demand, supply and other market considerations, there appears to be market support for additional square feet in this retail category. Opportunities exist for a business that can serve the trade area with increased medical and health care products and services.

Food-Grocery Store - Based on demand, supply and other market considerations, the market appears to be slightly underserved in this retail category. Focus group discussions pointed to the need for a butcher-meat market/gourmet foods selection.

Furniture Stores - Based on demand, supply and other market considerations, including the growth of new households, there appears to be market support for greater diversity of product line in this retail category.

Gift, Novelty, Souvenir Stores - Based on demand, supply and other market considerations, there appears to be market support for the recruitment of new, unique businesses that could contribute to the creation of a specialty shopping destination, especially in the downtown area.

Hobby, Toy, Game Stores - Based on demand, supply and other market considerations, there would appear to be market support for the expansion and/or recruitment in this retail category. Existing stores appear to offer enough products to keep a considerable portion of the market purchases in the trade area. However, based on products available outside of the trade area, it appears that product lines could be enhanced to increase the market share captured locally.

Office Supply Store - Based on demand, supply and other market considerations, there appears to be market support for the expansion or recruitment of a business in this retail category.

Sporting Goods Stores - Based on demand, supply and other market considerations, there appears to be significant market support for the expansion or recruitment of a business in this retail category. A specialty sporting goods store (with niche focus) appears to offer market potential.

Overall Niche Strategies

Niche strategies can help New Richmond's business districts compete in the regional retail environment. A niche is a specialization that allows a business district(s) to gain dominance in certain categories of the retail market. Communities can benefit from an expanded trade area as their specialization often draws customers from more distant communities. Once a niche is established, other businesses are often attracted to the community as they are interested in selling to the same targeted consumer segments.

Based on the study group's review of secondary data, focus group results, and detailed demand and supply analyses, three niches could be expanded in the community:

- **Goods, Services and Materials for New Homeowners** – The trade area will continue to grow rapidly in both the number of new homes and new neighborhoods. The community could develop a niche related to the high demand for building materials/supplies, lawn/garden products, furnishings and home décor products and services.
- **Convenience Items to Enhance Local Quality of Life** – Trade area residents lead busy lives and an increasing number commute to work. The community could develop a niche around convenience items for these residents so that they do not have to travel 25-miles for day-to-day necessities. Products and services to make life more convenient might include basic apparel, health and medical products, specialty foods, books, etc.
- **Convenience Items to Capture Thru-Commuter Spending** – Many residents of communities north and northeast of New Richmond travel through this community to their work. New Richmond can strengthen its niche in becoming a convenient stop for commuters either to or from work. Convenience items can include a wide range of retail, take-out foods and services.

Analysis of Restaurant Opportunities

According to a report prepared by Doug Kennedy and Bill Way of the University of Wisconsin-Stout Department of Hospitality and Tourism, there appears to be market support for new restaurant operations in the community

According to Kennedy and Way, there continues to be a lack of branded foodservice concepts except for several players in the quick service segment. Nearby Hudson appears to be attracting new restaurant concepts from the fast casual and casual dining segments. First, Hudson is larger and second, it is on the freeway.

New Richmond appears to be a "price sensitive" market, and this may limit its appeal to the more expensive "casual dinner house" concepts. Although the Applebee's menu is priced at the low end of the "branded dinner house" segment, its prices are higher than the local "full service" restaurants. Based on this observation, other than additional "branded quick service" restaurants (such as KFC or Taco Bell), the New Richmond market seems ready for a "branded fast casual" restaurant (such as Culver's or Chipotle Grill). However, the rapidly increasing population, and results of focus group surveys (noted below), may be indicative of the need and desire for a destination or casual dinnerhouse restaurant.