Section

7

# Analysis of Retail Opportunities

*This section of the report provides detailed information on consumer demand and supply (competition) for specific retail business categories. The purpose is to identify potential market opportunities for business expansion or recruitment.*

The categories selected for inclusion in this section were based on local research findings, professional knowledge of the study committee members, findings from downtown vision efforts, and preliminary conclusions drawn from local demographic and lifestyle data.

In this section, market conditions are assessed quantitatively using supply and demand[1] of retail space (square feet) as the measure. Supply and demand is also measured by "store type" so that the results are more useful in business expansion and recruitment efforts. Specific store categories are used to add precision to the analysis. Standardized categories using four and five digit codes from the North American Industry Classification System (NAICS) are used[2].

Supply refers to the actual square feet of retail space, sometimes called gross leasable area (GLA) that exists in the trade area[3]. Demand refers to the amount of retail space that could be supported by consumers residing in the trade area based on estimates of their spending potential. A comparison of supply and demand by store type can help identify gaps where demand clearly exceeds supply. After considering other market factors including how and where local residents shop, conclusions are drawn regarding potential business categories worthy of potential expansion or recruitment. These conclusions are not all-inclusive and it is recommended that careful consideration be given to all factors that influence the potential need for, and success of, a business enterprise.

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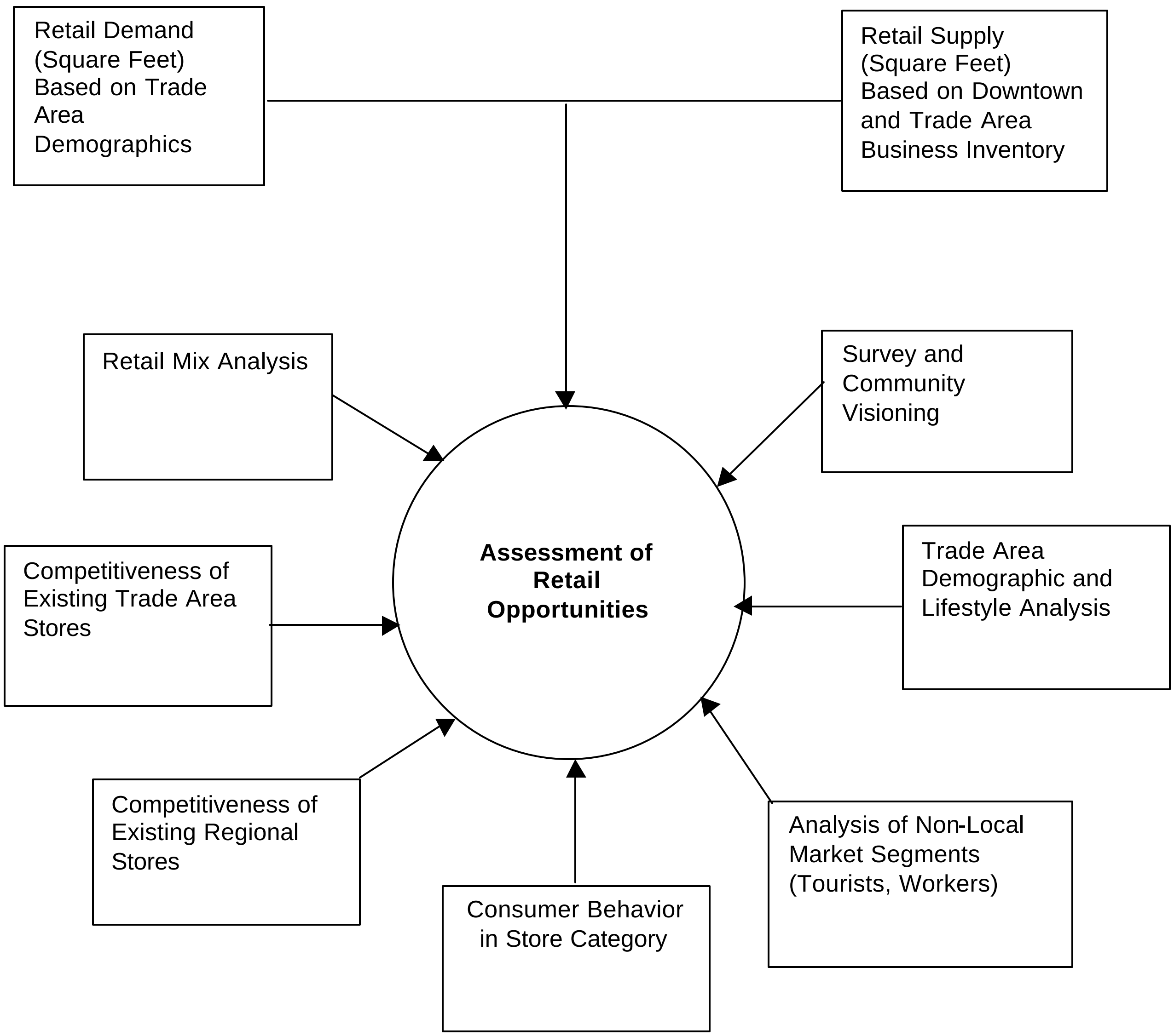
[1] Using the Economic Census, actual retail sales levels for the State can be used as a surrogate for consumer demand. The underlying assumption is that aggregate consumer demand at the state level is fairly well represented by the aggregate retail sales captured at the state level. This is a reasonable assumption in states that do not experience significant sales leakage to adjacent states. By dividing actual state sales by state population, state estimates of per capita consumer demand can be made. These state estimates can then be localized through an adjustment for per capita income differences.

[2] Another way to analyze the retail market is to estimate spending by product type. This data is not presented in this report.

[3] The current retail supply tables were based on estimated square footage and not on actual on-site measurements.

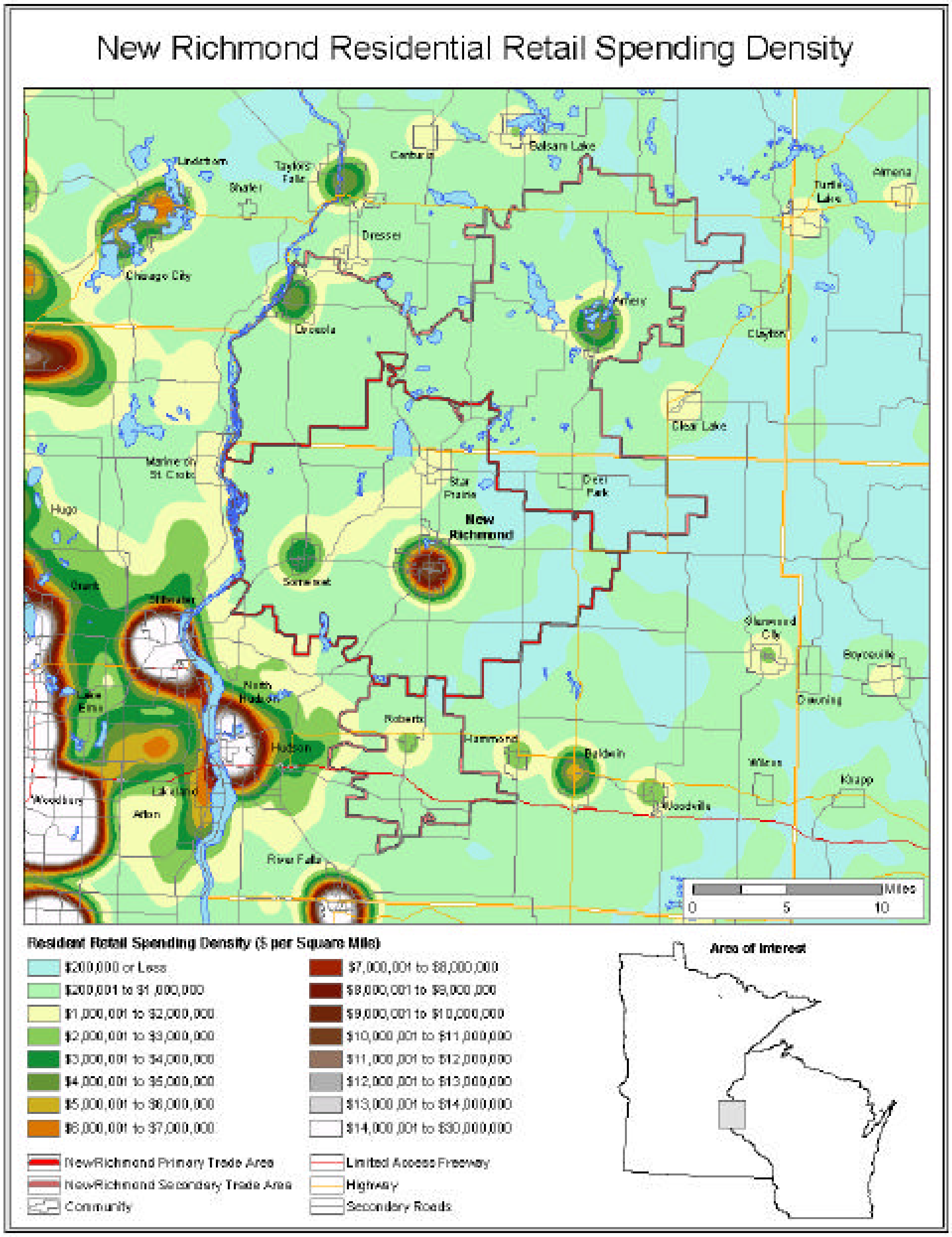
Appendix A and Appendix B provide data that was used in calculating demand for the store types in this section. The data in these tables can also be used to study other store categories (not included in this report) on an as-needed basis.

The following flowchart summarizes the retail analysis process. As previously stated, retail demand and supply are based on square footage by retail store type. These figures are represented in the top two boxes. However, the analysis requires a number of other more qualitative factors as well. These additional considerations include the retail mix analysis, surveys and community visioning, consumer behavior, lifestyle data and the other points contained in the boxes below. Combining this information will lead to a conclusion about possible business recruitment or expansion.



## New Richmond Area Retail Spending Potential

The following map shows the resident retail spending potential in and around the New Richmond trade area. Demand is represented as retail spending dollars per square mile. The potential is calculating using year 2000 census block populations, per capita income and annual retail spending potential. The map shows that the New Richmond's spending potential is fairly significant and centralized in the primary and secondary trade areas. Nevertheless, it is small compared to the Hudson area and areas further west toward the Twin Cities.



## Book Stores

This industry comprises establishments primarily engaged in retailing new books, newspapers, magazines, and other periodicals.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Book Store** |
| NAICS Code: | 451211 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 186,927,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 36.19 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 34.51 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 1,286,087 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 161.16 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **7,980** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Book Store Category**: | | | |
| None | | | |
| Total Current Supply | | **0** | |
| **Competitors in other Store Categories:** | | | |
| Pamida | New Richmond | - | paperbacks |
| Econo Foods | New Richmond | - | paperbacks |

**Book Stores:  Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors.  The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: Three of the four focus groups listed a bookstore, requesting both new and used books, as a desired retail store for New Richmond.  All of the requested services and products were put together on one wish list and over 30 business owners and residents were asked to prioritize the list.  A bookstore ranked second on the overall prioritized list with 17 votes, compared to 26 votes for the number one choice, a home improvement store.
- **Retail mix in zip code areas of comparable communities:** The New Richmond zip code has no bookstores. While three of the comparable community zip codes have no bookstores as well, the other four communities have between one and three bookstores.
- **Demand from non-residents**:  Three segments of non-resident consumers are available to local businesses:  leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**:  Over the last few years, independent bookstores have faced stiff competition from national book superstores such as Barnes and Noble and Border's whose 30,000 sq. ft. stores contain over 175,000 book titles and more than 30,000 CDs.  Independent bookstores have been able to maintain their market share in 2003 through the use of new strategies such as the Book Sense marketing program.  Internet book sales by Amazon.com and BarnesandNoble.com have changed the way customers shop for books and the way that bookstores reach their customers and make sales.
- **Quality of existing competitors**:  No existing stores in this category.
- **Competition from outside the trade area**:  Significant big-box competition exists in the Minneapolis – St. Paul metropolitan area including Woodbury (25 miles to the southwest).
- **Competition from other types of stores in the primary trade area**:  Limited to convenience store book purchases.
- **Lifestyle and purchasing potential information**:  Consumers in category 7A (58% of the trade area) tend to purchase less books overall, but do purchase romance, bible/religious, children's books and own encyclopedias.  Consumers in category 2B (28% of the trade area) tend to purchase science fiction, self-help, bible/religious, children's books and own encyclopedia's.

**Conclusion:  Book Stores**

Based on demand, supply and other market considerations, there would appear to be market support for the expansion or recruitment of a new business in this retail category.  Careful consideration should be given to the advantages and disadvantages of products, pricing from branded franchise stores and the possibility of locating a store within a store.  Possible types of book stores include Christian and half-priced book stores.

## Building Materials Stores (see description in first paragraph)

This industry group comprises establishments primarily engaged in retailing new building materials and supplies. It includes home centers, paint and wallpaper, hardware and other building material dealers.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Building Materials** |
| NAICS Code: | 4441 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | 4,417,322,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 855.30 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 815.54 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 30,391,868 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | (Home Depot) |
| J Estimates Sales per Square Foot | $ 369.35 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **82,285** |
| | |

** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot. Home Depot and Wal-Mart generate a high dollar sales volume per square foot and when applied to our calculations this results in a conservative square foot demand.*

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| Business Name | Location | Sq. Ft. | Comments |
|---|---|---|---|
| **Competitors in this Building Materials Store Category**. | | | |
| Farm and Home | New Richmond | 40,000 | Variety of hardware products/pet supplies/some home improvement items such as paint, wallpaper but in limited selection. |
| UBC | New Richmond | 20,000 | Handles lumber, along with limited selection of windows, shingles, cabinetry, countertops. Does not carry any paint supplies. |
| Ace Hardware | Somerset | 10,000 | General hardware |
| Other Building Materials | Varies | 15,000 | Floor covering, wallpaper, etc. |
| Total Current Supply | | **85,000** | |
| **Competitors in other Store Categories:** | | | |
| Pamida | New Richmond | - | Some hardware and paints |

**Building Materials:  Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors.  The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**:  New and long time residence focus groups both stated that convenience and location played a key factor in their shopping behavior.  The focus groups also felt that New Richmond needs better competitive prices, selection and in some cases better customer service.  Home improvement stores ranked first on the prioritized wish list.  All focus groups shopped at these kinds of stores and wished for the convenience of having more selection in New Richmond.
- **Retail mix in zip code areas of comparable communities:**  The New Richmond zip code has four building materials/hardware stores.  Most of the comparable community zip codes have at least five building materials stores and at least one hardware store.
- **Demand from non-residents**:  Three segments of non-resident consumers are available to local businesses:  leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**:  Both new and long time resident focus groups indicated that price, selection and convenience were major factors in their shopping habits.
- **Quality of existing competitors**:  Both new and long time resident focus groups indicated they shop out of New Richmond due to prices and selection.
- **Competition from outside the trade area**:  Both the new and long time resident focus groups stated that they go to outside communities, normally within 25-40 minute drive, which host a cluster of large building and department stores.
- **Competition from other types of stores in the primary trade area**:  Limited.
- **Lifestyle and purchasing potential information**:  Based on the Demographic & Lifestyle data of New Richmond residents, household budget priorities are home-oriented including improvement, lawn and garden, home furnishings and improvements.  Consumers in category 7A (58% of the trade area) and 2B (28% of the trade area) tend to spend a lot on paint, wall coverings, lighting, home remodeling, and all categories of tools.

**Conclusion:  Building Materials**

Based on demand, supply and other market considerations, it appears that market demand (square foot) has been satisfied in the primary and secondary trade area.  However, local consumers (through focus groups) have expressed a desire to have a one-stop shopping destination for home improvement shopping.  Existing businesses have an opportunity to capture consumer demand through product line expansion/selection and service.

## Department Stores (Apparel Type)

This industry comprises establishments known as department stores primarily engaged in retailing a wide range of the following new products with no one merchandise line predominating: apparel, furniture and home furnishings; and selected additional items, such as toiletries, cosmetics, and jewelry. Discount department stores are not included here.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Department Store** |
| NAICS Code: | 4521 less 4521102 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 1,172,000,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 226.93 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 216.38 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 8,063,544 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | (Apparel type) |
| J Estimates Sales per Square Foot | $ 142.31 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **56,662** |
| | |

** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.*

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Department Store-Apparel: Category**: | | | |
| none | | | |
| Total Current Supply | | **0** | |
| **Competitors in other Store Categories:** | | | |
| Pamida | New Richmond | - | Offers a limited line of clothing for the whole family, but not of a department store quality or the selection. |

**Department (Apparel): Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: Both the New and Long time resident focus groups responded that they would like to stay local for their shopping in this area, but feel too limited by their lack of options to do so. Business owners and residents ranked the need for this type of retail business in third place on the prioritized wish list of products and services,.
- **Retail mix in zip code areas of comparable communities:** The New Richmond zip code has one discount department store, but not an apparel department store. Three of the comparable community zip codes have one or less discount or apparel department store. However, the other four communities have at least two discount or apparel department stores.
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**: Department stores currently represent 18% of the retail market. Many consumers have turned to discount stores for their shopping needs because they offer similar items at a lower price. Many experts suggest that department stores must differentiate themselves from each other by getting out of the middle and promoting themselves as either a high-end store or discount store.
- **Quality of existing competitors**: No stores of this type at this time.
- **Competition from outside the trade area**: Department stores located in Stillwater, and the outlets at Woodbury, currently draw business out of the primary trade area.
- **Competition from other types of stores in the primary trade area**: None. Existing stores do not offer the quality or selection of apparel that one would expect from a true department store.
- **Lifestyle and purchasing potential information**: Consumers in category 7A (58% of the trade area) tend to purchase an average amount of men, women, and children's apparel, as well as footwear where they tend to buy women and children's boots. Consumers in category 2B (28% of the trade area) tend to purchase an above average amount of apparel, particularly children's outerwear and men's neckties. They also buy an above average amount of footwear, particularly dress shoes.

**Conclusion: 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 Stores

This industry comprises establishments known as discount department stores primarily engaged in retailing a wide range of the following new products with no one merchandise line predominating: apparel, furniture, appliances and home furnishings; and selected additional items, such as paint, hardware, toiletries, cosmetics, photographic equipment, jewelry, toys, and sporting goods.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Discount Dept Store** |
| NAICS Code: | 4521102 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 4,136,711,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 800.97 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 763.73 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 28,461,220 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | (Wal-Mart) |
| J Estimates Sales per Square Foot | $ 333.75 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **85,277** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot. Home Depot and Wal-Mart generate a high dollar sales volume per square foot and when applied to our calculations this results in a conservative square foot demand.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Discount Department Store Category** | | | |
| Pamida | New Richmond | 30,000 | More limited selection than a full-size ShopKo. |
| Alco | Amery | 25,000 | Similar to a Pamida store |
| | | | |
| | Total Current Supply | **55,000** | |
| **Competitors in other Store Categories:** | | | |
| New Richmond Outlet | New Richmond | - | |

**Discount Department: Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: All four focus groups shopped at various discount department stores outside of the New Richmond area and they emphasized their wish for this type of shopping opportunity in New Richmond. They would prefer to shop locally. The discount department store category ranked in sixth place on the prioritized wish list. The Business focus group seemed to favor the location of a big box store in New Richmond and felt it would "bring additional business to area stores and restaurants." The Government focus group thought that many local dollars were lost to discount stores in neighboring communities. Both the New and Long Time Residents groups listed discount stores as a top priority.
- **Retail mix in zip code areas of comparable communities:** See Department Stores – Apparel Type
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**: Many consumers have turned to discount stores for their shopping needs because they offer similar items at a lower price. The combining of general merchandise and groceries into a "superstore" has been successful in many rural and suburban communities.
- **Quality of existing competitors**: Only one discount store with limited space and inventory exists in the New Richmond (two in the trade area).
- **Competition from outside the trade area**: Significant big-box competition exists in Hudson (Wal-Mart and Target), Stillwater (Wal-Mart and Target) and the Minneapolis – St. Paul metropolitan area including Woodbury (25 miles to the southwest).
- **Competition from other types of stores in the primary trade area**: Limited.
- **Lifestyle and purchasing potential information**: See Department Stores – Apparel Type

**Conclusion: 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 Stores

This industry comprises establishments known as pharmacies and drug stores engaged in retailing prescription or nonprescription drugs and medicines.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Drug Store** |
| NAICS Code: | 44611 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 1,646,621,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 318.83 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 20,628 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 1.006 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 320.83 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 21,729 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 6,971,371 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 247.29 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **28,191** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Drug Store Category**: | | | |
| Econo Foods Pharmacy | New Richmond | 2,500 | A drug dispensing area of about 2,000 sq. ft. and one store row of over-the-counter medication and medical related products. Estimated of total space does not include area devoted to other beauty aid products such as shampoo etc. This would add about 1,000 square feet. |
| Pamida Pharmacy | New Richmond | 2,500 | A drug dispensing area of about 2,000 sq. ft and about 2 rows of over-the-counter medication and medical related products. Space estimate does not include area devoted to other beauty aid products such as shampoo etc. This would add about 1,000 square feet. |
| | Total Current Supply | **5,000** | |

**Drug Stores: Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: New Richmond has two pharmacies located within larger stores (grocery & department). Focus groups referenced the lack of free standing drug store and the products and services that one would provide. A full service drug store ranked fifth on the prioritized wish list.
- **Retail mix in zip code areas of comparable communities:** The New Richmond zip code lags behind its comparable communities with only two drug stores co-branded within other stores, while most of the comparable community zip codes have between two and four drug stores.
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**: In 2002, traditional chain drugstores accounted for 40.1% of retail pharmacy sales, independents 20.2%, mail order 18.4%, supermarkets 11.9%, and mass merchants 9.5%. Chain drug stores typically locate in supermarkets and strip malls. They find that customers like the familiarity they have with the floor plan and the ample parking nearby. Independent community pharmacies tend to be located on or near the main thoroughfare downtown, however some are also located in strip malls outside of town. Customers appreciate the service they receive and the pharmacies commitment to the community.
- **Quality of existing competitors**: No free standing store of this type at this time.
- **Competition from outside the trade area**: Not applicable given the convenience nature of drug store purchases.
- **Competition from other types of stores in the primary trade area**: None
- **Lifestyle and purchasing potential information**: Consumers in category 7A (58% of the trade area) tend to buy medicine for arthritis, backache, and heartburn at discount stores. Consumers in category 2B (28% of the trade area) tend to buy medicine for backache, cough, fever, flu, headache, and sore throat at supermarkets.

**Conclusion: 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 Stores

This industry comprises establishments generally known as supermarkets and grocery stores primarily engaged in retailing a general line of food, such as canned and frozen foods; fresh fruits and vegetables; and fresh and prepared meats, fish, and poultry. Included in this industry are delicatessen-type establishments primarily engaged in retailing a general line of food.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Food-Grocery** |
| NAICS Code: | 44511 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 7,163,345,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 1,387.00 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 1,322.52 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 49,284,937 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 371.79 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **132,561** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Food-Grocery Store Category**. | | | |
| Econo Foods | New Richmond | 36,000 | Insufficient and dated space |
| County Market | New Richmond | 40,000 | Brand new facility in August 2003 |
| Econo Foods | Somerset | 25,000 | |
| Super Valu | Amery | 25,000 | |
| | Total Current Supply | **126,000** | |
| **Competitors in other Store Categories:** | | | |
| | | - | |

## Food-Grocery Stores:  Other Market Considerations, Conclusion and Recommendations

Differences in retail space demand and supply need to be analyzed in context of other market factors.  The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**:  Grocery shopping was the number one type of store frequented in New Richmond by all four focus groups.  Every focus group also expressed a desire for a better selection of groceries locally.  They wished for a fresher and broader selection of produce, and expressed the need for a butcher/meat market/gourmet foods selection.  (Butcher/meat market ranked 4$^{th}$ in the prioritized with list).  Although all groups discussed their mutual frustration shopping for groceries, the need for a grocery store did not rank high on the prioritized wish list.  This was due to the scheduled opening of the new County Market store in August 2003, an event that was anticipated by all participants.
- **Retail mix in zip code areas of comparable communities:**  The New Richmond zip code has two food/grocery stores, consistent with most of the comparable community zip codes, which have between two and five food/grocery stores.
- **Demand from non-residents**:  Three segments of non-resident consumers are available to local businesses:  leisure travelers from the Twin Cities driving to nearby cabins and northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**:  A 2001 survey among independent grocers showed that 64% of owners feel that Super Centers such as Wal-Mart are their biggest threat, while 27% feel Supermarket chains pose the biggest threat.   In the same survey, independent grocers felt that customer service, product variety, convenience, and quality were the areas in which they are most competitive with larger chains.  Wal-Mart has “defined its niche and has staked out a very clear position for itself as the low-price grocery offering.”
- **Quality of existing competitors**:  The New Richmond Econo Foods store is quite old, outdated and crowded.  The current New Richmond Super Valu store is being replaced with the new County Market store.  A small new Econo Foods store is located in Somerset and a small, older Super Valu store is located in Amery
- **Competition from outside the trade area**:  Significant grocery competition exists in the Stillwater and Hudson areas.
- **Competition from other types of stores in the primary trade area**:  Local convenience stores offer the usual gas station/convenience store fare:  beverages, bread, candies, chips, donuts, etc.
- **Lifestyle and purchasing potential information**:  Consumers in category 7A (58% of the trade area) tend to shop at grocery stores weekdays and spend under $100 each visit.  Consumers in category 2B (28% of the trade area) tend to shop at grocery stores with their children, and often spend over $100 each visit.

### Conclusion:  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

This industry comprises establishments primarily engaged in retailing new furniture, such as household furniture (e.g., baby furniture box springs and mattresses) and outdoor furniture; office furniture (except those sold in combination with office supplies and equipment); and/or furniture sold in combination with major appliances, home electronics, home furnishings, and/or floor covering.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Furniture** |
| NAICS Code: | 4421 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 736,673,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 142.64 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 136.01 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 5,068,426 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 141.84 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **35,733** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| Business Name | Location | Sq. Ft. | Comments |
|---|---|---|---|
| **Competitors in this Furniture Store Category** | | | |
| Beebe Furniture | New Richmond | 10,000 | Full line from bedding to tables to sofas |
| Slumberland | Amery | 30,000 | Includes outlet store |
| | | | |
| Total Current Supply | | **40,000** | |
| **Competitors in other Store Categories:** | | | |
| Cullen Furniture & Design and Liz Montello Designs | | - | Design services |
| LaVenture Inc | | | A lightly used but good consignment store |

**Furniture Stores: Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: Currently there is one independent furniture store in New Richmond and the lack of product choice in this area was mentioned by focus groups. Discussion also referred to the large number of new homes being built and the desire for more furniture selection locally.
- **Retail mix in zip code areas of comparable communities:** The New Richmond zip code has one furniture store, while most of the comparable community zip codes have between one and three furniture stores.
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category:** Competition from discount stores such as Target and Wal-Mart, as well as department stores like JC Penney and the Boston Store, have forced furniture stores to specialize in areas such as beds, office furniture, or high-end furniture. Like most independent retail stores, independent furniture stores must rely on superior customer service and perks, such as free delivery, to compete with national retailers. Another advantage of independent stores is that they may sell used furniture or have a shop to repair old furniture for their customers. A recent trend has shows that companies such as Ethan Allen and Thomasville have opened up stores around the country to sell directly to consumers instead of through other outlets such as department stores.
- **Quality of existing competitors**: The current furniture store is independently owned and has been operating in New Richmond for almost one hundred years.
- **Competition from outside the trade area**: Significant big-box competition exists in the Minneapolis – St. Paul metropolitan area including Woodbury (25 miles to the southwest). The Slumberland store in Amery also attracts many regional consumers.
- **Competition from other types of stores in the primary trade area**: None.
- **Lifestyle and purchasing potential information**: Consumers in category 7A (58% of the trade area) tend to purchase mattresses/box springs and living room furniture at outlet and other non-department stores. Consumers in category 2B (28% of the trade area) tend to purchase a lot of furniture, particularly bedroom furniture, living room furniture, and lamps at outlet, department, and other stores.

**Conclusion: 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

This industry comprises establishments primarily engaged in retailing new gifts, novelty merchandise, souvenirs, greeting cards, seasonal and holiday decorations, and curios.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Gift/Novelty/Souvenir** |
| NAICS Code: | 45322 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 248,109,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 48.04 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 20,628 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 1.006 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 48.34 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 21,729 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 1,050,430 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 126.70 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **8,291** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Gift, Novelty, Souvenir Store Category**: | | | |
| Cottage Collectables | New Richmond | 1,500 | |
| Well's Electric & Gifts | New Richmond | 500 | Gifts section within an appliance store |
| Hallmark Cards | New Richmond | 2,800 | |
| Total Current Supply | | **6,800** | |
| **Competitors in other Store Categories:** | | | |
| | | - | |

**Gift, Novelty, Souvenir:  Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors.  The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**:  Each focus group mentioned their desire for more product selection and variety as they discussed gift shops and destination stores.  The Business group specifically suggested that a destination store in the historic district (downtown) could be a good fit for New Richmond.  Long time residents included specialty stores in their list.  While gift and novelty stores did not rank in the top of the prioritized wish list, they did rank higher than grocery and furniture stores.
- **Retail mix in zip code areas of comparable communities:**  The New Richmond zip code has three gift stores. Half of the comparable community zip codes have between one and three gift stores, while the other half has between five and seven gift stores.
- **Demand from non-residents**:  Three segments of non-resident consumers are available to local businesses:  leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**:  Based on the uniqueness of gift shops in general, no research data was available to support a general overview.
- **Quality of existing competitors**:  The current three stores listed in this category are all quite good.  Additional stores would add diversity to the product lines already offered and encourage spillover shopping.
- **Competition from outside the trade area**:  Stillwater is recognized as an attractive destination for gift purchases due to its sense of place and mix of gift shops.
- **Competition from other types of stores in the primary trade area**:  Limited
- **Lifestyle and purchasing potential information**:  Consumers in category 7A (58% of the trade area) tend to spend an average amount on jewelry and flowers (examples of gifts). Consumers in category 2B (28% of the trade area) tend to spend a slightly above average amount on jewelry, and an average amount on flowers.

**Conclusion:  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 and Game Stores

This industry comprises establishments primarily engaged in retailing new toys, games, and hobby and craft supplies (except needlecraft).

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Hobby/Toy/Game** |
| NAICS Code: | 45112 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 205,783,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 39.84 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 37.99 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 1,415,819 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 183.33 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **7,723** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Hobby, Toy, Game Store Category** | | | |
| None | | | |
| | Total Current Supply | **0** | |
| **Competitors in other Store Categories:** | | | |
| Alco | Amery | - | Existing stores appear to offer enough product 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. |
| Pamida | New Richmond | - | |
| Chet's Drugstore | Amery | - | |
| Apple River Pharmacy | Amery | - | |
| Radio Shack | New Richmond | - | |
| Radio Shack | Amery | - | |
| Farm & Home | New Richmond | | |

**Hobby, Toy, Game: Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: Hobby and craft stores were mentioned in every focus group. While this category did not rank in the top of the priority wish list, it did rank solidly in the middle grouping of favored stores.
- **Retail mix in zip code areas of comparable communities:** Most of the comparable community zip codes have between zero and three hobby/toy/game stores while New Richmond has none.
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**: In 2001 76% of U.S. households reported having at least one member involved with a craft or hobby. These households are more likely to be married couples that have children, a higher income, and more education than those who do not participate in crafts or hobbies. Craft and Hobby stores continue to thrive because they hold a niche in the retail market that few other stores cover. The stores that may cover those niches partially, such as a Wal-Mart or Home Depot, do not have the product variety or the knowledgeable staff that a craft and hobby stores have. Hobby Town USA and Hobby Lobby have successfully applied the efficiencies of national chain stores to the hobby industry. National chains stores prefer to locate in strip malls and power centers. Toys R' Us maintains an extensive inventory selection and it is difficult for independent toy stores to compete. However, independent stores with a specific market niche or specialty, such as dolls or antique toys, have remained in business.
- **Quality of existing competitors**: No stores of this type at this time.
- **Competition from outside the trade area**: Significant big-box competition exists in the Minneapolis – St. Paul metropolitan area including Woodbury (25 miles to the southwest).
- **Competition from other types of stores in the primary trade area**: A number of area stores carry some product lines in this category as indicated in the Retail Supply table on page 7-20.
- **Lifestyle and purchasing potential information**: Consumers in category 7A (58% of the trade area) tend to purchase all categories of toys, particularly cars and trucks for their children. Consumers in category 2B (28% of the trade area) tend to purchase all categories of toys, particularly action figures and sports equipment for their children.

**Conclusion: 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 Stores

This industry comprises establishments primarily engaged in: retailing new stationery, school supplies, and office supplies; selling a combination of new office equipment, furniture, and supplies; and selling new office equipment, furniture, and supplies and new computers.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Office Supplies** |
| NAICS Code: | 45321 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 205,600,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 39.81 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 37.96 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 1,414,560 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 262.26 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **5,394** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Office Supply Store Category** | | | |
| None | | | |
| Total Current Supply | | **0** | |
| **Competitors in other Store Categories:** | | | |
| Pamida, Econo Foods, Super Valu | New Richmond, Somerset | - | These stores all have an aisle which has pens, papers, pencils, cartridges, school supplies, etc. |
| Printing Plus | New Richmond | - | Expanded its main line of business to include office supplies as well as offering UPS service. They offer any office supply that is needed through an office supply catalog source and maintains a supply of the items demanded the most. They offer competitive pricing and volume discounts on office supplies. They also provide free delivery of office supplies to businesses. |
| Freedom Press | Amery | - | Sells office supplies within the newspaper office. |

**Office Supply Stores: Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: Both the Government and Business focus groups noted the lack of a retail outlet in this category. The need for this kind of store ranked solidly in the middle of the overall prioritized wish list.
- **Retail mix in zip code areas of comparable communities:** The New Richmond zip code has no dedicated office supply stores. Of the comparable community zip codes, there is one that has two office supply stores, another that has one, and the rest have zero.
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside the trade area.
- **Consumer behavior in this retail category**: Currently, three office superstores operate over 3,000 stores nationwide: Staples 1,448, Office Depot 867, and OfficeMax 970. Office supply superstores offer computers and furniture in addition to the basic office supplies offered by traditional office supply stores. In addition, they sell to both individual consumers and corporations. These office supply stores prefer to locate in power centers or in the downtowns of major metropolitan areas. It is difficult for independent stationary, computer, and furniture stores to compete with their sizable buying power. In 2001, Staples introduced a smaller redesigned layout to its stores, the Dover format, which is 20,000 sq. ft. The Internet has been a successful selling tool for office supplies because it offers more product variety and convenience.
- **Quality of existing competitors**: No stores of this type at this time. Printing Plus has added office supplies to their product line of services. Supplies can be ordered from their catalogs with next day delivery. Some supplies are carried in house.
- **Competition from outside the trade area**: Significant big-box competition exists in the Minneapolis – St. Paul metropolitan area including Woodbury (25 miles to the southwest). A large chain store is located in Stillwater, MN.
- **Competition from other types of stores in the primary trade area**: Printing Plus is a long time business and has a strong reputation of providing very good service and meeting or beating competition prices.
- **Lifestyle and purchasing potential information**: Consumers in category 7A (58% of the trade area) tend to own fewer computers than average and spend less on computer peripherals than average. Consumers in category 2B (28% of the trade area) tend to own a lot more computers than average and spend considerably greater amount computer peripherals than average.

**Conclusion: 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

This industry comprises establishments primarily engaged in retailing new sporting goods, such as bicycles and bicycle parts; camping equipment; exercise and fitness equipment; athletic uniforms; specialty sports footwear; and sporting goods, equipment, and accessories.

### Retail Demand

Consumer expenditure demand represents the amount of annual spending of residents of the trade area in this store category. It was calculated as follows:

| **Consumer Demand Calculation** | |
|---|---|
| Store Category: | **Sporting Goods** |
| NAICS Code: | 45111 |
| Trade Area - Primary (P) or Primary & Secondary (P&S): | P&S |
| | |
| **Step 1: Calculate Statewide per Capita Spending** | |
| A 1997 US Census of Retail Trade Sales for State | $ 423,731,000 |
| B State Population (1997) | 5,164,635 |
| C = A/B = Estimated Statewide Per Capita Spending (1997) | $ 82.04 |
| | |
| **Step 2: Adjust for Differences in Trade Area Per Capita Income** | |
| D Trade Area Per Capita Income (2001) | $ 19,546 |
| E State Per Capita Income (2001) | $ 20,499 |
| F = D/E = Adjustment for Per Capita Income | 0.954 |
| G = C * F = Estimated Trade Area Per Capita Spending | $ 78.23 |
| | |
| **Step 3: Calculate Trade Area Store Demand in Dollars*** | |
| H Trade Area Population (2001) | 37,266 |
| I = G * H = Estimated Consumer Demand (for 2001 in 1997 dollars) | $ 2,915,336 |
| | |
| **Step 4: Calculate Trade Area Store Demand in Square Feet**** | |
| J Estimates Sales per Square Foot | $ 153.46 |
| K = I/J = Estimated Store Demand in Square Feet (2001) | **18,997** |
| | |
| ** Consumer expenditure demand represents the estimated amount of annual spending of residents of the primary trade area in this store category. **Based on Dollars & Cents of Shopping Centers, 1997, ULI, Washington, DC. 2002 data adjusted by .89 to reflect 1997 dollars. See www.bizstats.com/realworld.htm for 2002 Home Depot (home improvements) and Wal-Mart (Discount Dept Store) sales per square foot.* | |

### Retail Supply

Retail supply refers to the number and square feet of businesses in the trade area in this specific store category. They are listed below along with other types of stores that sell similar products.

| **Business Name** | **Location** | **Sq. Ft.** | **Comments** |
|---|---|---|---|
| **Competitors in this Sporting Goods Store Category**: | | | |
| Tread Mill | Somerset | 2,500 | Established for years, has good customer service, could use more variety of sporting shoes, currently draws from the primary trade area |
| Russell's Bike Shop | Star Prairie | 2,000 | Deals in bikes, outdoor sport equipment (canoeing, fishing, etc) |
| Total Current Supply | | **4,500** | |
| **Competitors in other Store Categories:** | | | |
| Pamida | New Richmond | - | A discount department store that carries some athletic shoe, clothing, and outdoor sporting equipment. The items are of a limited variety |
| Farm & Home | New Richmond | | Carries some products in this category. |

**Sporting Goods Stores: Other Market Considerations, Conclusion and Recommendations**

Differences in retail space demand and supply need to be analyzed in context of other market factors. The following are additional considerations that add to the analysis of this retail category.

- **Survey and focus group findings**: Both New and Long time residents focus groups want a larger variety in selection and sizes available in sporting accessories (clothing, shoes) and equipment in general. The New and Long time residents focus groups stated that they had to go out of town to a regional mall center to make such purchases and would much rather be able to buy the same products in town at a comparable cost. The focus groups also indicated that they would be willing to pay a "little" more, rather than have the inconvenience of driving to the regional malls.
- **Retail mix in zip code areas of comparable communities:** Seven communities were used for retail mix comparison and have retail in this category. All but 1 community have 3 or more in this retail category. The New Richmond zip code area has none, but the primary trade area defined in this market study currently has two retail businesses that fall within this category.
- **Demand from non-residents**: Three segments of non-resident consumers are available to local businesses: leisure travelers from the Twin Cities driving to northern WI, commuters heading west to large regional employers (i.e. Andersen or 3M) and employees who work in New Richmond but live outside of the trade area. The market potential is there for a retail business to draw from visitors and commuters as long as the business carries the name brands of clothing, shoes and equipment as that is available at the regional malls.
- **Consumer behavior in this retail category**: Most categories of sports have had small increases in purchases over the last few years, but bowling, camping, exercise, hockey, hunting, skiing and tennis have seen large increases in purchases over the last several years. However, football, golf, and wheel sports have seen substantial declines. In Wisconsin, a greater percentage of the population participants in hunting, mountain biking, fishing, boating, and dart throwing than the national as a whole. National Chains such as Sportmart and Dunham's prefer to build 35,000-45,000 sq. ft. "Big Box" stores in strip malls or power centers. Successful stores sell both sporting goods and apparel, and feature legible floor plans, well-stocked merchandise, and knowledgeable staff.
- **Quality of existing competitors**: The quality of the merchandise is high in existing stores in the same retail category, but not the variety of selection and sizing.
- **Competition from outside the trade area**: The feedback from the New and Long time residents focus groups indicated that they all go to the regional mall centers . Significant big-box competition exists in the Minneapolis – St. Paul metropolitan area including Woodbury (25 miles to the southwest).
- **Competition from other types of stores in the primary trade area**: The existing discount department store carries a small line of athletic shoes equipment and outdoor sports equipment but is it a limited line.
- **Lifestyle and purchasing potential information**: Based on the data in the Demographics & Customer Characteristics Section, 58% are Consumer Type 7A (Middle America) households and they spend their money camping equipment and outdoor hunting equipment. Their leisure activities hunting and fishing. 28% are Consumer Type 7B (Baby Boomers with Children and the data indicates that enjoy playing golf and bicycling. The data shows they spend their money on camping and exercise equipment. Sport activities are popular in the community and surrounding communities.

**Conclusion: Sporting Goods Stores**

Based on demand, supply and other market considerations, there would appear 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.

**Recommendation - 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.

# Appendix A - Calculation of Retail Sales Demand per Capita

**State of Wisconsin, 1997 Dollars**

***Based on the 1997 Economic Census, U.S. Census Bureau***

| NAICS | Description | Estab. | Sales $000 | Sales/Estab | $ Per Capita |
|---|---|---|---|---|---|
| 44-45 | Total Wisconsin Retail Trade | 21,717 | 50,520,463 | 2,326,309 | 9,782 |
| | | | | | |
| **441** | **Motor vehicle & parts dealers** | | | | |
| 44111 | New car dealers | 668 | 10,808,194 | 16,179,931 | 2,093 |
| 44112 | Used car dealers | 540 | 692,820 | 1,283,000 | 134 |
| 44121 | Recreational vehicle dealers | 81 | 171,432 | 2,116,444 | 33 |
| 44122 | Motorcycle, boat, and other motor vehicle dealers | 334 | 652,128 | 1,952,479 | 126 |
| 44131 | Automotive parts and accessories stores | 753 | 831,980 | 1,104,887 | 161 |
| 44132 | Tire dealers | 240 | 287,125 | 1,196,354 | 56 |
| **442** | **Furniture & home furnishings stores** | | | | |
| 44211 | Furniture stores | 537 | 736,673 | 1,371,831 | 143 |
| 44221 | Floor covering stores | 377 | 376,063 | 997,515 | 73 |
| 44229 | Other home furnishings stores | 308 | 163,854 | 531,994 | 32 |
| **443** | **Electronics & appliance stores** | | | | |
| 44311 | Appliance, television, and other electronics stores | 634 | 1,052,063 | 1,659,405 | 204 |
| 44312 | Computer and software stores | 198 | 261,211 | 1,319,247 | 51 |
| 44313 | Camera and photographic supplies stores | 38 | 23,801 | 626,342 | 5 |
| **444** | **Building material & garden equipment & supplies dealers** | | | | |
| 44411 | Home centers | 47 | *747,361* | 15,901,305 | 145 |
| 44412 | Paint and wallpaper stores | 179 | *207,667* | 1,160,149 | 40 |
| 44413 | Hardware stores | 440 | 433,376 | 984,945 | 84 |
| 44419 | Other building material dealers | 1,031 | 3,028,918 | 2,937,845 | 586 |
| 44421 | Outdoor power equipment stores | 136 | 113,798 | 836,750 | 22 |
| 44422 | Nursery and garden centers | 534 | 1,238,995 | 2,320,215 | 240 |
| **445** | **Food & beverage stores** | | | | |
| 44511 | Supermarkets & other grocers (ex convenience) | 1,209 | 7,163,345 | 5,925,017 | 1,387 |
| 44512 | Convenience stores | 201 | 125,130 | 622,537 | 24 |
| 4452 | Specialty food stores | 472 | 182,382 | 386,403 | 35 |
| 44531 | Beer, wine, and liquor stores | 490 | 359,298 | 733,261 | 70 |
| **446** | **Health & personal care stores** | | | | |
| 44611 | Pharmacies and drug stores | 724 | 1,646,621 | 2,274,338 | 319 |
| 44612 | Cosmetics, beauty supplies, and perfume stores | 108 | 55,619 | 514,991 | 11 |
| 44613 | Optical goods stores | 277 | 109,865 | 396,625 | 21 |
| 44619 | Other health and personal care stores | 239 | 92,124 | 385,456 | 18 |
| **447** | **Gasoline stations** | | | | |
| 44711 | Gasoline stations with convenience stores | 1,931 | 3,364,307 | 1,742,262 | 651 |
| 44719 | Other gasoline stations | 753 | 1,087,545 | 1,444,283 | 211 |
| **448** | **Clothing & clothing accessories stores** | | | | |
| 44811 | Men's clothing stores | 180 | 111,377 | 618,761 | 22 |
| 44812 | Women's clothing stores | 642 | 340,874 | 530,956 | 66 |
| 44813 | Children's and infants' clothing stores | 53 | 32,856 | 619,925 | 6 |
| 44814 | Family clothing stores | 298 | 441,492 | 1,481,517 | 85 |
| 44815 | Clothing accessories stores | 107 | 21,061 | 196,832 | 4 |
| 44819 | Other clothing stores | 209 | 104,617 | 500,560 | 20 |
| 44821 | Shoe stores | 524 | 323,280 | 616,947 | 63 |
| 44831 | Jewelry stores | 522 | 311,575 | 596,887 | 60 |
| 44832 | Luggage and leather goods stores | 25 | 10,186 | 407,440 | 2 |
| **451** | **Sporting goods, hobby, book, & music stores** | | | | |
| 45111 | Sporting goods stores | 610 | 423,731 | 694,641 | 82 |
| 45112 | Hobby, toy, and game stores | 244 | 205,783 | 843,373 | 40 |
| 45113 | Sewing, needlework, and piece goods stores | 147 | 56,140 | 381,905 | 11 |
| 45114 | Musical instrument and supplies stores | 84 | 83,366 | 992,452 | 16 |
| 45121 | Book stores and news dealers | 254 | 193,094 | 760,213 | 37 |
| 45122 | Prerecorded tape, CD, and record stores | 137 | 100,546 | 733,912 | 19 |
| **452** | **General merchandise stores** | | | | |
| 45211 | Department stores (ex. leased depts.) | 272 | 5,308,110 | 19,515,110 | 1,028 |
| 45291 | Warehouse clubs and superstores | 12 | *920,588* | 76,715,659 | 178 |
| 45299 | All other general merchandise stores | 336 | *563,584* | 1,677,334 | 109 |
| **453** | **Miscellaneous store retailers** | | | | |
| 45311 | Florists | 485 | 118,331 | 243,981 | 23 |
| 45321 | Office supplies and stationery stores | 105 | 205,600 | 1,958,095 | 40 |
| 45322 | Gift, novelty, and souvenir stores | 806 | 248,109 | 307,828 | 48 |
| 45331 | Used merchandise stores | 345 | 97,988 | 284,023 | 19 |

# Appendix B - Estimates of Retail Sales per Square Foot GLA

**US Community Shopping Centers, Selected Store Categories**

***Based on the 1997 Dollars and Cents of Shopping Centers, Urban Land Institute***

| NAICS | Description | Median GLA | Median Sales/S.F | ULI Descriptions/Notes |
|---|---|---|---|---|
| | | | | |
| 44111 | New car dealers | | | |
| 44112 | Used car dealers | | | |
| 44121 | Recreational vehicle dealers | | | |
| 44122 | Motorcycle, boat, and other motor vehicle dealers | | | |
| 44131 | Automotive parts and accessories stores | 6,038 | 147.52 | Automotive (Tire/Battery) |
| 44132 | Tire dealers | | | |
| 44211 | Furniture stores | 7,471 | 141.84 | Furniture |
| 44221 | Floor covering stores | 2,545 | 88.04 | Floor Coverings |
| 44229 | Other home furnishings stores | 4,821 | 166.54 | Home accessories |
| 44311 | Appliance, television, and other electronics stores | 2,100 | 207.17 | Electronics |
| 44312 | Computer and software stores | 2,130 | 336.53 | Computer/Computer Software |
| 44313 | Camera and photographic supplies stores | 1,069 | 542.63 | See "Regional Centers" |
| 44411 | Home centers | | | |
| 44412 | Paint and wallpaper stores | 3,533 | 164.55 | Paint and Wallpaper |
| 44413 | Hardware stores | 7,857 | 121.08 | Hardware |
| 44419 | Other building material dealers | | | |
| 44421 | Outdoor power equipment stores | | | |
| 44422 | Nursery and garden centers | | | |
| 44511 | Supermarkets & other grocers (ex convenience) | 42,228 | 371.79 | Supermarket |
| 44512 | Convenience stores | | | |
| 4452 | Specialty food stores | 1,800 | 162.57 | Specialty Food |
| 44531 | Beer, wine, and liquor stores | 2,648 | 249.67 | Liquor/Wine |
| 44611 | Pharmacies and drug stores | 11,153 | 247.29 | Drug Store |
| 44612 | Cosmetics, beauty supplies, and perfume stores | 1,520 | 258.40 | Cosmetics/Beauty Supplies |
| 44613 | Optical goods stores | 1,487 | 156.74 | Eyeglasses-optician |
| 44619 | Other health and personal care stores | | | |
| 44711 | Gasoline stations with convenience stores | 2,508 | 339.01 | Service Station |
| 44719 | Other gasoline stations | | | |
| 44811 | Men's clothing stores | 3,082 | 182.61 | Men's Wear |
| 44812 | Women's clothing stores | 3,616 | 146.31 | Women's Ready to Wear |
| 44813 | Children's and infants' clothing stores | 2,665 | 142.98 | Children's Wear |
| 44814 | Family clothing stores | 5,775 | 186.50 | Family Wear |
| 44815 | Clothing accessories stores | | | |
| 44819 | Other clothing stores | | | |
| 44821 | Shoe stores | 3,150 | 158.81 | Family shoes |
| 44831 | Jewelry stores | 1,263 | 263.92 | Jewelry |
| 44832 | Luggage and leather goods stores | 2,398 | 198.82 | Luggage and Leather |
| 45111 | Sporting goods stores | 4,100 | 153.46 | Sporting Goods - General |
| 45112 | Hobby, toy, and game stores | 2,740 | 183.33 | Toys |
| 45113 | Sewing, needlework, and piece goods stores | 10,254 | 74.91 | Fabric shop |
| 45114 | Musical instrument and supplies stores | 2.992 | 159.68 | See "Regional Centers" |
| 45121 | Book stores and news dealers | 2,905 | 161.16 | Books |
| 45122 | Prerecorded tape, CD, and record stores | 2,900 | 163.04 | Records and Tapes |
| 45211 | Department stores (ex. leased depts.) | 73,500 | 142.31 | Discount Department Store |
| 45291 | Warehouse clubs and superstores | | | |
| 45299 | All other general merchandise stores | | | |
| 45311 | Florists | 1,600 | 149.82 | Flowers/Plant Store |
| 45321 | Office supplies and stationery stores | 23,003 | 262.26 | Office Supplies |
| 45322 | Gift, novelty, and souvenir stores | 3,000 | 126.70 | Cards and gifts |
| 45331 | Used merchandise stores | | | |
| 45391 | Pet and pet supplies stores | 2,933 | 122.48 | Pet Shop |
| 45392 | Art dealers | 1,605 | 154.79 | Art Gallery |