Section

7

Analysis of Retail Opportunities

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

Retail is often the most sought after commercial category among trade area residents. The results of the community survey conducted during the Sauk Prairie comprehensive planning process confirm the desirability of new retail establishments for the Sauk Prairie Area. When residents were asked to identify types of non-residential land uses they would like to see in the Sauk Prairie Area, 55% of the respondents identified small scale retail (second to only natural resource/conservation areas). Furthermore, 40.1% of the respondents also identified large scale retail as a desirable new land use.

Despite the desirability of new retail establishments, the development of new retailers is also one of the most challenging tasks for smaller communities. Accordingly, Section 7 seeks to analyze the Sauk Prairie trade area for expanded or new retail opportunities. A short list of retail store types was identified by the market analysis study committee. The short list is based on the previous steps in the market analysis process (such as survey findings and the business mix analysis). Specific business types analyzed in this section include:

- Appliance, Television, and Other Electronics Stores (NAICS 44311)
- Grocery/Specialty Food Stores (NAICS 4452)
- Women's Clothing (NAICS 44812)
- Musical Instrument Stores (NAICS 45114)
- Gift Stores (NAICS 45322)
- Art Dealers (NAICS 45392)
- Office Supplies and Stationery Stores (NAICS 45321)

Determining market potential requires an analysis of detailed market demand and supply for each store category. Demand refers to the amount of retail space (in square feet) that could be supported by consumers residing in the trade area, based on estimates of their spending potential. Supply refers to the actual square feet of retail space, sometimes called Gross Leasable Area (GLA), that currently exists in the trade area.

A comparison of demand and supply by store type can help identify gaps (i.e. demand exceeds supply). After considering other more qualitative market factors including how and where local residents shop, conclusions can be drawn regarding potential business categories worthy of business expansion or recruitment efforts. A flowchart describing this method and the qualitative considerations is presented in Figure 7.1. Additionally, a detailed explanation of the retail analysis process is available at http://www.uwex.edu/ces/cced/dma/9.html

Figure 7.2 presents estimates of local resident consumer demand by type of store (instead of type of product). The calculations include a distribution of general merchandise store demand (i.e. discount stores, “supercenters,” warehouse stores) among the specific store types. For example, shoe store demand includes sales in dedicated shoe stores (NAICS 44821) as well as sales in the shoe departments of general merchandise stores (including Wal-Mart). This is done to recognize the significance of general merchandise store sales in today’s retail sector.

The calculations are based on available secondary data from the U.S. Economic Census and the Urban Land Institute. Local trade area population and per capita income are used to localize the calculations for the trade area.

Results from these calculations are used in the detailed analysis of selected store categories that follows.

Figure 7.1 – Flowchart Detailing the Retail Opportunities Analysis

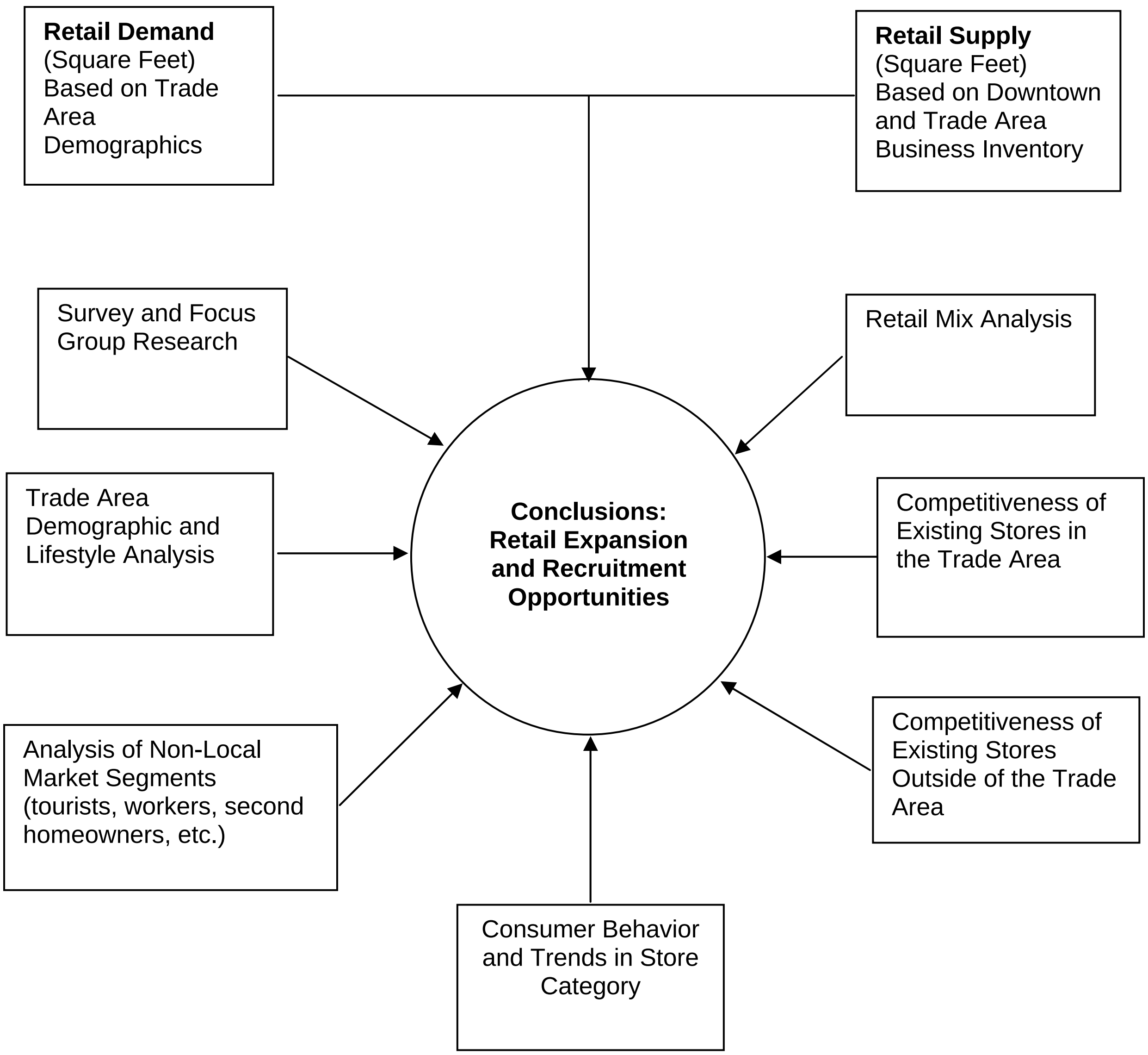

Figure 7.2 – Retail Demand Calculations

RETAIL DEMAND CALCULATOR - REPORT

		Trade Area Assumptions (1)			U.S. Per Capita Sales $ (2)			Trade Area Per Capita Sales $ (3)			Trade Area Total Sales Demand $ (4)			Trade Area
				Purchasing	Stores in NAICS	In General		Stores in NAICS	In General		Stores in NAICS	In General		Sq. Foot
NAICS	Industry Title	Trade Area	Population	Potential Index	Category	Merch Stores	Total	Category	Merch Stores	Total	Category	Merch Stores	Total$	Demand (5)
4413	Automotive Parts/Accessories/Tires Stores	C	19,065	104	140.21	24.51	164.72	145.67	25.46	171.13	2,777,150	485,377	3,262,527	20,415
44211	Furniture Stores	D	19,065	104	173.96	27.95	201.91	180.73	29.03	209.76	3,445,597	553,538	3,999,134	18,661
44221	Floor Covering Stores	D	19,065	104	63.27	3.26	66.52	65.73	3.38	69.11	1,253,155	64,479	1,317,634	4,681
44229	Other Home Furnishing Stores	D	19,065	104	81.21	91.62	172.82	84.37	95.18	179.55	1,608,448	1,814,652	3,423,100	14,874
44311	Appliance, Television, and Other Electronics Stores	D	19,065	104	218.95	111.11	330.05	227.46	115.43	342.90	4,336,618	2,200,736	6,537,354	17,851
44312	Computer and Software Stores	D	19,065	104	59.49	13.32	72.81	61.81	13.84	75.65	1,178,397	263,826	1,442,223	2,913
44313	Camera and Photographic Supplies Stores	D	19,065	104	10.78	8.07	18.85	11.20	8.38	19.58	213,614	159,765	373,380	940
4441	Building Material and Supplies Dealers	D	19,065	104	754.67	41.28	795.95	784.03	42.89	826.92	14,947,620	817,677	15,765,298	69,016
4442	Lawn and Garden Equipment and Supplies Stores	D	19,065	104	107.50	34.38	141.88	111.68	35.71	147.40	2,129,224	680,885	2,810,108	12,302
4451	Grocery Stores	C	19,065	104	1,441.92	393.77	1,835.70	1,498.03	409.09	1,907.13	28,560,003	7,799,387	36,359,390	102,841
445291	Baked Goods Stores	C	19,065	104	4.92	-	4.92	5.12	-	5.12	97,539	-	97,539	290
445292	Confectionery and Nut Stores	D	19,065	104	4.74	-	4.74	4.92	-	4.92	93,837	-	93,837	293
44531	Beer, Wine, and Liquor Stores	C	19,065	104	96.41	10.85	107.26	100.16	11.28	111.44	1,909,596	214,966	2,124,562	7,991
44611	Pharmacies and drug stores	C	19,065	104	540.42	105.21	645.63	561.45	109.31	670.75	10,703,950	2,083,923	12,787,873	36,285
44612	Cosmetics, Beauty Supplies, and Perfume Stores	D	19,065	104	23.27	57.39	80.66	24.18	59.62	83.80	460,911	1,136,707	1,597,618	4,821
44613	Optical Goods Stores	D	19,065	104	23.09	6.38	29.47	23.99	6.63	30.62	457,416	126,365	583,780	1,651
44619	Other Health and Personal Care Stores	D	19,065	104	39.11	-	39.11	40.64	-	40.64	774,731	-	774,731	2,191
44711	Gasoline Stations with Convenience Stores	C	19,065	104	647.81	-	647.81	673.01	-	673.01	12,831,008	-	12,831,008	10,502
44811	Men's Clothing Stores	D	19,065	104	27.54	84.13	111.67	28.61	87.40	116.01	545,507	1,666,309	2,211,816	9,656
44812	Women's Clothing Stores	D	19,065	104	108.69	161.69	270.38	112.92	167.98	280.90	2,152,826	3,202,585	5,355,411	19,051
44813	Children's and Infants' Clothing Stores	D	19,065	104	24.69	67.38	92.07	25.65	70.00	95.65	489,101	1,334,487	1,823,589	5,995
44814	Family Clothing Stores	D	19,065	104	215.64	-	215.64	224.03	-	224.03	4,271,114	-	4,271,114	15,541
44815	Clothing Accessories Stores	D	19,065	104	9.67	-	9.67	10.05	-	10.05	191,559	-	191,559	766
44819	Other Clothing Stores	D	19,065	104	31.05	-	31.05	32.25	-	32.25	614,905	-	614,905	2,460
44821	Shoe Stores	D	19,065	104	79.87	36.41	116.28	82.98	37.82	120.80	1,581,952	721,091	2,303,044	10,578
44831	Jewelry Stores	D	19,065	104	80.52	26.37	106.89	83.65	27.40	111.05	1,594,831	522,406	2,117,237	3,686
44832	Luggage and Leather Goods Stores	D	19,065	104	5.40	3.52	8.91	5.61	3.65	9.26	106,916	69,629	176,545	464
45111	Sporting Goods Stores	D	19,065	104	86.90	32.85	119.75	90.29	34.13	124.41	1,721,308	650,639	2,371,947	10,873
45112	Hobby, Toy, and Game Stores	D	19,065	104	63.87	50.42	114.29	66.35	52.38	118.74	1,264,972	998,718	2,263,690	9,231
45113	Sewing, Needlework, and Piece Goods Stores	D	19,065	104	13.52	7.98	21.50	14.04	8.29	22.34	267,710	158,123	425,834	4,628
45114	Musical Instrument and Supplies Stores	D	19,065	104	17.14	-	17.14	17.81	-	17.81	339,565	-	339,565	1,772
45121	Book Stores and News Dealers	D	19,065	104	53.38	8.95	62.34	55.46	9.30	64.76	1,057,333	177,354	1,234,687	7,611
45122	Prerecorded Tape, Compact Disc, and Record Stores	D	19,065	104	24.98	27.34	52.32	25.95	28.40	54.35	494,712	541,534	1,036,245	4,707
45311	Florists	C	19,065	104	22.91	-	22.91	23.80	-	23.80	453,826	-	453,826	1,986
45321	Office Supplies and Stationery Stores	D	19,065	104	71.60	30.93	102.53	74.38	32.13	106.52	1,418,112	612,623	2,030,736	8,289
45322	Gift, Novelty, and Souvenir Stores	D	19,065	104	54.25	-	54.25	56.36	-	56.36	1,074,583	-	1,074,583	5,629
45331	Used Merchandise Stores	D	19,065	104	27.06	-	27.06	28.11	-	28.11	535,913	-	535,913	5,359
45391	Pet and Pet Supplies Stores	D	19,065	104	26.50	21.78	48.28	27.53	22.62	50.15	524,863	431,314	956,177	5,054
45392	Art Dealers	D	19,065	104	15.13	-	15.13	15.72	-	15.72	299,695	-	299,695	919

Notes

1. This section summarizes trade area characteristics from the Trade Area Assumptions worksheet. It identifies for each business category the most fitting trade area (C-convenience, D-destination or O-other). The population for these trade areas is also tion summa Next, it presents the trade area's "purchasing potential index" (PPI). PPI is calculated as the trade area's per capita income divided by the U.S. per B45capita income. PPI can also be obtained from reports produced by private marketing data firms.

2. This section calculates U.S. per capita retail spending in each store category. This includes spending in the particular NAICS store category plus spending in applicable departments (product lines) of general merchandise stores. Spending data is basesection c 2002 U.S. Economic Census. Per capita spending is based on a 2002 U.S. population of 287,941,000.

3. This section adjusts per capita spending as reported in section 2 by multiplying it by the PPI from section 1.

4. This section calculates trade area demand (in dollars) by store category. Here, trade area population listed in section 1 is multiplied by per capita sales from section 3.

5. This section calculates trade area demand in terms of square feet. It divides total sales in step 4 by typical sales per square foot in that store category. Sales per square foot data is available from the publication Dollars and Cents of Shopping Ceion calculate Urban Land Institute, Washington, DC.

Appliance, TV, and Other Electronics Stores (NAICS 44311)

This industry comprises establishments primarily engaged in retailing one of the following: (1) retailing an array of new household-type appliances and consumer-type electronic products, such as radios, televisions, and computers; (2) specializing in retailing a single line of new consumer-type electronic products (except computers); and (3) retailing these new products in combination with repair services.

Consumer Behavior and Trends in Store Category

Larger ticket appliance and electronic purchases are typically driven by comparison shopping. Accordingly, stores with a large selection or multiple stores in the same community are usually necessary. The exceptions are purchases of less expensive items (such as toasters), those appliance/electronic stores serving a specific consumer niche, or established stores with regional recognition (i.e. Kennedy-Hahn in Waunakee).

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	
This NAICS Category (Appliance, Television and Other Electronics)	$4,336,618
General Merchandise Stores	$2,200,736
Total	$6,537,354 or 17,851 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Appliance, Television and Other Electronics) Radio Shack	1,500 sq ft
General Merchandise Stores (Departments Selling This Product Line): Ace Hardware	Eliminating this product line
Total	1,500 sq ft

Source: Local Business Inventory

Survey and Focus Group Findings

Appliance, television and other electronics stores were not widely noted as a desirable new business on either the business owner’s survey or the community survey.

Trade Area Demographic and Lifestyle Findings

The three largest Community Tapestry lifestyle categories vary in their electronics and appliance purchases. The Main Street USA consumer segment (32.4% of trade area households) own or purchase appliances at rates similar to the national average. The Green Acres segment (27.0% of trade area households), have above average ownership or purchasing rates for household appliances, electronics, computers and video games. The Rural Resort Dweller lifestyle segment (15% of households) purchase or own most household appliances, electronics and video games at below average rates. While the purchasing propensity of the largest lifestyle segments are mixed, the trade area’s above average percentage of owner-occupied housing and projected growth rate should have a positive impact on this retail category.

Analysis of Non-Local Market Segments

Unless a specialty product niche is developed, demand from tourists, commuters and day-trippers likely would be limited.

Retail Mix Analysis

The retail mix analysis shows that appliance and electronics stores are somewhat common in other comparable communities.

Competitiveness of Existing Stores in Trade Area

None are present in the trade area.

Competitiveness of Existing Stores Outside of the Trade Area

Both Madison and Baraboo provide considerable competition for appliances and electronics. Several national retailers in Baraboo (such as Menards) sell varying selections of home appliances and consumer electronics. Madison's West Side includes competition from Best Buy, Circuit City, the Maytag Store, Sears, Brothers Main and other established appliance and electronics stores.

Conclusions

While there is notable consumer demand in the Sauk Prairie trade area, the competition present in Madison and Baraboo provides somewhat of a barrier for the appliance and electronics store category. The demand could provide a secondary opportunity for the expansion of an existing store.

Grocery/Specialty Food Stores (NAICS 4452)

The grocery store industry group comprises establishments primarily engaged in retailing a general line of food products. The specialty food stores category comprises establishments primarily engaged in retailing specialized lines of food. Specialty food stores include meat markets, fish and seafood markets, fruit and vegetable markets and other specialty food stores (bakeries and confectioneries/nut stores).

Consumer Behavior and Trends in Store Category

Two trends impacting the Sauk Prairie market are the increasing sizes of grocery stores and the popularity of the Wal-Mart Superstore concept (located in Baraboo). While grocery stores averaged 10,000 sq ft in the early 1970's, the national average is now upwards of 50,000 sq ft. While this figure is an average, it reflects consumer's desires for expanded product selections and the need to increase size to accommodate the thin profit margins found in most grocery stores (around 1% of gross sales).

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	
This NAICS Category (Grocery Stores/ Specialty Food Stores)	$28,560,003
General Merchandise Stores	$7,799,387
Total	$ 36,359,390 or 102,841 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Grocery Stores/Specialty Food Stores)	
Piggly Wiggly	24,000 sq ft
Sentry	22,500 sq ft
La Mexicana	3,000 sq ft
Wyttenbach's	2,000 sq ft
Carr Valley	750 sq ft
General Merchandise Stores (Departments Selling This Product Line):	
N/A	N/A
Total	52,250 sq ft

Source: Local Business Inventory – Figures are estimates

Survey and Focus Group Findings

The desires for expanded grocery shopping opportunities were expressed in both the business owner's survey and the community survey.

Trade Area Demographic and Lifestyle Findings

Community Tapestry data show that the three largest Community Tapestry lifestyle categories are somewhat average in their weekly grocery purchases. More specifically, the three largest categories do not significantly deviate from the average U.S. household in their weekly expenditures on groceries.

While the Hispanic population only comprises 2.4% of the Sauk Prairie trade area, this growing consumer segment is having an impact on the local grocery market. The National Grocers Association reports that ethnic customers have a number of purchasing propensities that grocery stores can tap. While La Mexicana currently serves many of these needs, this consumer segment could provide additional product niches for other grocery stores in the trade area.

Analysis of Non-Local Market Segments

Tourists, campers and second home owners provide some additional demand for trade area grocery stores. The commuter consumer segment also provides an opportunity to serve the convenience needs of these travelers. Ready-to-eat meals and other convenient offerings may provide opportunities for reaching these time-strapped consumers.

Retail Mix Analysis

One or two specialty food stores are found in most comparable communities. However, a comparison of Sauk Prairie's business mix does not suggest a gap in either the grocery store or specialty foods retail categories.

Competitiveness of Existing Stores in Trade Area

The trade area's existing grocery stores have a somewhat limited selection in most specialty food categories (produce, seafood, bakery, etc.). La Mexicana has an expanded ethnic product mix.

Competitiveness of Existing Stores Outside of the Trade Area

Considerable grocery store competition exists in Baraboo and Madison. The Wal-Mart Supercenter in Baraboo and large grocery stores in Madison (such as Woodman's, Copps and Cub) all provide competition from both price and product selection perspectives. Madison also provides competition from a number of specialty food markets on the West Side (such as Brennan's).

Conclusions

The supply and demand analysis shows a notable demand gap within the Sauk Prairie trade area. The study committee also noted a gap in some products offered by existing grocery stores. These gaps may be best addressed through the expansion of existing grocery stores in the trade area.

Women's Clothing (NAICS 44812)

This industry comprises establishments primarily engaged in retailing a general line of new women's, misses'; and juniors' clothing, including maternity wear. These establishments may provide basic alterations, such as hemming, taking in or letting out seams, or lengthening or shortening sleeves.

Consumer Behavior and Trends in Store Category

According to the U.S. Census Bureau's Annual Retail Trade Survey, per capita sales in apparel stores decreased approximately 1.0% between 1992 and 2003 (after adjusting for inflation). The decrease is important not because consumers are spending less on apparel, but rather where people make apparel purchases. The decrease in spending reflects the growing share of apparel purchases made in department stores such as Target, Kohl's and Wal-Mart. Accordingly, a specialty consumer niche or a critical mass of apparel stores is usually necessary for women's apparel stores to exist in small downtowns.

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	
This NAICS Category (Women's Clothing Stores)	$2,152,826
General Merchandise Stores	$3,202,585
Total	$5,355,411 or 19,051 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Women's Clothing Stores)	
None	0 sq ft
General Merchandise Stores (Departments Selling This Product Line):	
Ace Hardware	500 sq ft
Ganser's	100 sq ft
Sauk Prairie Harley Davidson/Buell	800 sq ft
Total	1,400 sq ft

Source: Local Business Inventory

Survey and Focus Group Findings

The need for a women's clothing store was expressed in the business owner's survey. While the comprehensive planning survey did not specifically identify women's clothing, the desires for increased specialty retailers were identified by many survey respondents.

Trade Area Demographic and Lifestyle Findings

The three largest Community Tapestry lifestyle categories show average purchasing propensities for women's clothing. However, the purchasing propensities for specific women's clothing items (i.e. dress pants) vary within these Tapestry segments. Retailers currently selling women's clothing or businesses that are seeking to offer women's clothing should consider exploring these products listed by Community Tapestry.

Analysis of Non-Local Market Segments

Unless a unique consumer niche is developed, non-local market segments will provide a limited amount of demand for women's clothing stores.

Retail Mix Analysis

Dedicated women's clothing stores are not found in the Sauk Prairie area and are somewhat uncommon in most comparable communities. Several women's clothing stores are found in Downtown Stoughton and the Lake Geneva area has developed somewhat of niche with twelve establishments.

Competitiveness of Existing Stores in Trade Area

None present in trade area.

Competitiveness of Existing Stores Outside of the Trade Area (i.e. Baraboo)

Specially Her's in Baraboo has a specialty women's clothing mix selling mother-of-the-bride, wedding dresses, prom dresses, etc. Madison has an extensive mix of national and local women's clothing on the West Side. The recent development of Greenway Station in Middleton has enhanced this mix.

Conclusions

While the Sauk Prairie trade area demonstrates a demand gap of 19,000 sq ft, there is a lack of supporting anchor stores, appropriate retail mix, or comparison shopping opportunities. Women's clothing would have to be specialty focused or would need to be developed as a cluster or specialty niche for the Sauk Prairie area. A specialty focus could be developed related to the outdoor recreation amenities of the area.

Musical Instrument Stores (NAICS 45114)

This industry comprises establishments primarily engaged in retailing new musical instruments, sheet music, and related supplies; or retailing these new products in combination with musical instrument repair, rental, or music instruction.

Consumer Behavior and Trends in Store Category

Students and school instruments is one of Sauk Prairie's primary music consumer segments. According to the International Music Products Association (NAMM), one factor impacting the sales of school instruments is the rise of eBay. In 2002, eBay had $350 million in music products sales, which made it the nation's second or third largest music retailer. The ability of eBay to sell used musical instruments has supplanted a portion of new instrument rentals by traditional music stores.

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	*Square Feet*
This NAICS Category (Musical Instrument Stores)	$339,565
General Merchandise Stores	*N/A*
Total	$339,565 or 1,772 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Musical Instrument Stores)	N/A
General Merchandise Stores (Departments Selling This Product Line):	N/A
Total	0 sq ft

Source: Local Business Inventory

Survey and Focus Group Findings

Music instrument stores were not specifically noted in either the business owner's survey or the comprehensive planning survey.

Trade Area Demographic and Lifestyle Findings

The Study Committee reports that the Sauk Prairie School District is a draw for musically-oriented students.   In 2005, the Sauk Prairie School District reported approximately 2,600 enrolled students. While the school district boundaries are not the same as the trade area boundaries, these students do represent one consumer segment. Furthermore, student enrollment is projected to increase 900 to 1,000 students over the next 10 years. *Note that these enrollment figures are simply projections and their accuracy is yet to be determined*.

An overview of Community Tapestry data for the three largest consumer segments shows that trade area households tend to play musical instruments at rates somewhat similar to the U.S. average. The Main Street USA consumer segment (32.4% of trade area households) play musical instruments slightly less than the average household. The Green Acres segment (27.0% of trade area households), play musical instruments at a rate 13% above the national average. Households in the Rural Resort Dweller lifestyle segment (15% of households) play musical instruments less frequently (25% below the national average).

Analysis of Non-Local Market Segments

Non-local market segments would likely provide limited demand to a musical instrument retailer.

Retail Mix Analysis

Musical instrument stores are not found in the Sauk Prairie area or in any of the comparable communities analyzed in the business mix.

Competitiveness of Existing Stores in Trade Area

While music lessons are available in the Sauk Prairie area, there are no dedicated musical instrument retailers located in the primary trade area.

Competitiveness of Existing Stores Outside of the Trade Area

While Baraboo has one music store (Baraboo Music), the primary competition for musical instruments is found in Madison. Specifically, Ward-Brodt Music currently has a contract with the school district to provide musical instruments. Other notable Madison-area retailers include Forbes Meagher and Good-N-Loud Music.

Conclusions

A new musical instrument retailer would need to be cost-competitive with Madison-based stores, provide an exceptional level of local service, and offer quality lessons. Otherwise demand for a new dedicated musical instrument retailer is limited.

Gift Stores (NAICS 45322)

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

Consumer Behavior and Trends in Store Category

Consumer trends and behavior in the gift, novelty and souvenir stores constantly change and will vary by region. One change impacting downtown gift retailers is the rise of the Internet as a venue for increasing sales. Opportunities through e-commerce are no longer the realm of large national retailers. The capability of small retailers to sell on-line has increased with the popularity of e-commerce services such as e-Bay and Pay-Pal. The ability for local gift stores to supplement in-store sales with Internet retailing may provide an opportunity for local establishments.

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	*Square Feet*
This NAICS Category: (Gift Stores)	$1,074,583
General Merchandise Stores	N/A
Total	$1,074,583 or 5,629 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Gift Stores)	
Windowsill	800 sq ft
Décor and More	1200 sq ft
Goal Line Sports	700 sq ft
General Merchandise Stores (Departments Selling This Product Line):	
Ace Sauk Prairie (River’s Edge Crafts, cards and collectibles)	6,500 sq ft
Sauk Prairie Harley Davidson	500 sq ft
Ganser’s	1,000 sq ft
Total	10,700 sq ft

Source: Local Business Inventory

Survey and Focus Group Findings

The need for new gift stores was expressed several times in the business owner’s survey. While the comprehensive planning survey did not specifically identify gift stores, the desire for increased specialty retailers was identified by numerous survey respondents.

Trade Area Demographic and Lifestyle Findings

Purchasing preferences will vary among the trade area’s residents. These preferences will also vary season-to-season and year-to-year. Accordingly, it is difficult to generalize the gift purchasing propensities of local consumers. Nonetheless, an evaluation of the three largest Community Tapestry lifestyle segments shows a number of common interests among consumers in these households. In particular, all three of these lifestyle segments show a relative propensity for woodworking, bird watching and gardening.

Analysis of Non-Local Market Segments

Non-local demand could be significant for gift, novelty and souvenir stores. The Sauk Prairie area has a variety of events that draw significant people and outside dollars into the community. In September, the Wisconsin State Cow Chip Throw attracts and estimated 25,000 to 40,000 attendees. The eagle watching season (3-4 months in duration) providesd over $1 million in local economic impact in a six week period in 2003-04. Other attractions and events such as the Wisconsin River, the MDA Freedom Ride, and the Grape Stomp Festival bring visitors into the Sauk Prairie area. While the downtown impact of some of these events is somewhat limited, these events do provide some market potential.

Retail Mix Analysis

Gift stores are fairly common in most of the comparable communities. Several communities that are tourist destinations (i.e. Berlin and Lake Geneva) have a variety of gift stores. The relatively few gift stores found in the Sauk Prairie area compared to the other comparable communities may suggest a preliminary gap in the business mix.

Competitiveness of Existing Stores in Trade Area

Local gift stores have a range of product selections. Several florists and other non-gift dedicated retailers also sell a variety of gifts.

Competitiveness of Existing Stores Outside of the Trade Area (i.e. Baraboo)

The Sauk Prairie Area is surrounded by a number of communities having a strong mix of specialty gift stores. Baraboo, Madison, and Spring Green all have a notable mix of gift stores that provide competition for local and non-local dollars.

Conclusions

While local demand is limited to approximately 5,600 square feet of retail space, the gift, novelty and souvenir store is niche based and oriented towards shopping districts with a critical mass of establishments. The success of new gift stores in the Sauk Prairie area will depend on two key factors:

1. The development of a critical mass of gift store establishments through attracting several businesses in concert and placing these businesses in close proximity of each other.
   The placement of new gift stores within proximity of other new (or existing) gift establishments will assist in creating a critical mass or a destination for shoppers.

2. The creation of a unique product mix relative to other local shopping destinations and existing stores in the trade area. Expanding the local product mix in a manner that does not directly compete with niches developed by other neighboring communities will help the Sauk Prairie area to develop its own identity among consumers. The river and outdoor recreation opportunities provide a theme for merchandise selection.

Art Dealers (NAICS 45392)

This industry comprises establishments primarily engaged in retailing original and limited edition art works. Included in this industry are establishments primarily engaged in displaying works of art for retail sale in art galleries.

Consumer Behavior and Trends in Store Category

Driven by home makeover and do-it-yourself shows, one of the primary trends in the art dealer retail category is the rising popularity of home decorating. According to *Art Business News*, many of these home decorators are budget-minded, young married couples who have a need to buy art for walls in new homes. It is predicted that many of these home decorators expect to buy more art and are likely to continue frequenting mass merchants and home furnishings and furniture stores for already-framed prints (*Art Business News*, August 2003).

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	*Square Feet*
This NAICS Category: (Art Dealers)	$299,695
General Merchandise Stores	*N/A*
Total	$299,695 or 919 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Art Dealers) Water Street Gallery	500 sq ft
General Merchandise Stores (Departments Selling This Product Line): None	N/A
Total	500 sq ft

Source: Local Business Inventory

Survey and Focus Group Findings

The need for new art dealers was not specified in the business owner's survey. While the comprehensive planning survey did not specifically identify the need for art dealers, the desire for increased specialty retailers was reported by survey respondents.

Trade Area Demographic and Lifestyle Findings

While the purchasing propensities for art are not specifically analyzed by Community Tapestry, several other local demographic categories will likely impact art dealers. The middle incomes of most trade area households suggest that the price points of art retailers will need to somewhat fit the needs of these consumers. Furthermore, the consumer trends noted above suggest that young married couples are a target demographic for art retailers. Within the Sauk Prairie trade area, 60.5% of the households are classified as married couple families. The percentage of households in this category is the highest among Sauk County, Dane County, and the State of Wisconsin. As the Sauk Prairie trade area continues to grow, this demographic segment may increase as well.

Analysis of Non-Local Market Segments

Similar to gift, novelty and souvenir stores, non-local demand could be notable for art dealers. The Sauk Prairie area has a variety of events that draw significant people and outside dollars into the community. In September, the Wisconsin State Cow Chip Throw attracts and estimated 25,000 to 40,000 attendees. The eagle watching season (3-4 months in duration) provides an estimated $1 million in local economic impact. Other attractions and events such as the Wisconsin River, the MDA Freedom Ride and the Grape Stomp Festival bring visitors into the Sauk Prairie area. The River Arts Center Gallery offers 5-8 shows per year drawing a few thousand people. While the downtown impact of some of these events is somewhat limited, these events do provide some market potential.

Retail Mix Analysis

There are two art dealers listed within the Sauk Prairie zip code areas, one of which is located in the downtown areas. In general, art dealers are not found in most comparable communities. Those communities that have art dealers, such as Fort Atkinson, Lake Geneva and Stoughton, tend to have multiple locations. The presence of multiple art dealers in these communities may suggest the need for a critical mass of establishments.

Competitiveness of Existing Stores in Trade Area

Existing stores in the Sauk Prairie Trade Area offer somewhat limited product mixes. While not specifically classified as an art dealer, Décor and More also provides a selection of framed art. The River Arts Center has several shows per year that also generate art sales.

Competitiveness of Existing Stores Outside of the Trade Area

As stops on the Fall Art Tour, Spring Green and Baraboo both have critical masses of artisans and art dealers. Madison also has a wide variety of art dealers, galleries, and events (such as the Art Fair on the Square and Art Fair off the Square). These communities and events provide day-trip opportunities for residents of the Sauk Prairie trade area.

Conclusions

If a complementary product mix can be developed, there may be some potential for the development of an art dealer niche. While Sauk Prairie businesses would face competition from other established art destinations and events, Sauk Prairie has some existing art attractions that could serve as a starting point (such as the River Arts Center) for developing this market segment. Attracting artists who can both showcase their products and show art in production may also add to the tourist appeal of the Sauk Prairie area.

Office Supplies and Stationery Stores (NAICS 45321)

This industry comprises establishments primarily engaged in one or more of the following: (1) retailing new stationery, school supplies, and office supplies; (2) selling a combination of new office equipment, furniture, and supplies; and (3) selling new office equipment, furniture, and supplies in combination with selling new computers.

Consumer Behavior and Trends in Store Category

The office supplies and stationery retail category includes significant competition from national big-box retailers such as Office Max, Staples and Office Depot. These national retailers have put increasing pressure on smaller independent establishments by providing lower prices, offering an extensive product mix (supplies, furniture, computers, etc) and establishing a presence on the Internet.

Supply and Demand Considerations

Demand – Sales and Square Feet	
Store Category	
This NAICS Category: (Office Supplies and Stationery Stores)	$1,418,112
General Merchandise Stores	$612,623
Total	$2,030,736 or 8,289 sq ft

Source: Retail Demand Calculator Worksheet

Supply - List of Current Businesses and Square Footage	
Store Category	*Square Feet*
This NAICS Category: (Office Supplies and Stationery Stores) Giegerich's Sons	920 sq ft
General Merchandise Stores (Departments Selling This Product Line): Ace Sauk Prairie Ganser's Variety	 200 sq ft 100 sq ft
Total	1,220 sq ft

Source: Local Business Inventory

Survey and Focus Group Findings

Office supplies stores and office support services were noted in the business owner survey. Office supply and stationery stores were not specifically noted in the consumer survey.

Trade Area Demographic and Lifestyle Findings

An overview of the three largest community tapestry segments shows that the two largest lifestyle categories (Main Street USA and Green Acres) tend to purchase office supplies at big-box type retailers or other mass merchandisers. The third largest lifestyle category, Rural Resort Dwellers, do not tend to purchase a large amount of office supplies. Furthermore, all three of the largest lifestyle segments tend to own computers at rates similar to the national average.

Analysis of Non-Local Market Segments

Non-local market segments will provide relatively little demand for this retail category.

Retail Mix Analysis

While office supply stores are found in several comparable communities, they are not necessarily common. The number of these stores in other communities is not enough to suggest a gap in the Sauk Prairie trade area.

Competitiveness of Existing Stores in Trade Area

No other stores in the trade area sell office supplies.

Competitiveness of Existing Stores Outside of the Trade Area (i.e. Baraboo)

Similar to the other retail categories analyzed in this section, Madison and Baraboo provide significant competition. Madison is home to national office supply retailers such as Office Max, Staples and Office Depot. Other big box and specialty stores in Madison and Baraboo serve many consumers and businesses in the trade area.

Conclusions

While there is a demand gap in the office supply category, the competition for these products provided by Madison businesses will likely preclude the establishment of a new Sauk Prairie Area retailer. However, there may be a smaller opportunity for a local business to offer a greater selection of office products and offer some office-related services such as copying and computer repair.

Conclusions

While many retail categories show notable supply and demand gaps, the Sauk Prairie Area faces significant competition from both Madison and the growing number of retail establishments in Baraboo. The following summary of conclusions recognizes the competition present in these areas and suggests secondary expansion/recruitment opportunities (unless an exceptional retailer or concept can be identified):

- While there is notable consumer demand in the Sauk Prairie trade area, the competition present in Madison and Baraboo provides an entry barrier for the appliance and electronics store category. The demand could provide a secondary opportunity for the expansion of an existing store.

- The supply and demand analysis of grocery stores/specialty food shows a notable demand gap within the Sauk Prairie trade area. The study committee also noted a product gap in some products offered by existing grocery stores. These gaps may be best addressed through the expansion of existing grocery stores in the trade area.

- While the Sauk Prairie trade area demonstrates a women's clothing demand gap of 19,000 sq ft, there is a lack of supporting anchor stores, retail mix, or comparison shopping opportunities. Women's clothing would have to be specialty focused or would need to be developed as a cluster or specialty niche for the Sauk Prairie area.

- A new musical instrument retailer would need to be cost-competitive with Madison-based stores, provide an exceptional level of local service and offer quality lessons. Otherwise demand for a new dedicated musical instrument retailer is limited.

- While there is a demand gap in the office supply category, the competition for these products provided by Madison businesses will likely preclude the establishment of a new Sauk Prairie Area retailer. However, there may be a smaller opportunity for a local business to offer a greater selection of office products and offer some office-related services.

In general, the most promising opportunities are classified as cluster-based or niche based development. Given the trade area demographics, the existing business mix and non-local consumer segments, the following conclusions are summarized:

- While local demand is limited to approximately 5,600 square feet of retail space, the gift, novelty and souvenir store is niche based and oriented towards those shopping districts with a critical mass of establishments. The success of new gift stores in the Sauk Prairie area will depend on two key factors:

    1. The development of a critical mass of gift store establishments through attracting several businesses in concert and placing these businesses in close proximity to each other.
       The placement of new gift stores within proximity of other new or existing gift establishments will assist in creating a critical mass and a destination for shoppers.

    2. The creation of a unique product mix relative to other local shopping destinations and existing stores in the trade area. Expanding the local product mix in a manner that does not directly compete with niches developed by other surrounding communities will help the Sauk Prairie area to develop its own identity with consumers. The river and area outdoor recreation opportunities provide a theme for merchandise selection.

- If a complementary product mix can be developed, there may be some potential for the development of an art dealer niche. While Sauk Prairie businesses would face competition from other established art destinations and events, Sauk Prairie has some existing art attractions that could serve as a starting point (such as the River Arts Center) for developing this market segment. Attracting artists who can both showcase their products and show art in production may also add to the tourist appeal of the Sauk Prairie area.

For niche based development to occur, business owners and business districts must overcome several challenges:

1. Sauk Prairie's business districts must seek to create a physical atmosphere that accommodates these niche opportunities. Developing this atmosphere could involve incorporating the unique assets present in the downtown areas (such as the Wisconsin River) and developing a brand for the Sauk Prairie area that would make it a regional shopping destination for these retail categories. These sentiments were echoed by many of the respondents to the community survey conducted through the comprehensive planning process.

2. Overcoming the lack of retail continuity present in Sauk Prairie's business districts will be necessary to create business cluster opportunities. Currently, retail is somewhat disjointed both in individual shopping districts and among all of the districts. For a critical mass of establishments to be created, businesses will need to be located in relative proximity of one another.

3. Coordination and cooperation among business owners. Business owners within a potential niche often oppose its creation for the fear of increased competition. Promoting the benefits of niches to existing business owners will aid in overcoming these fears and allow the niche to develop. Accordingly, these niches should not be publicly marketed until retailers agree to cooperate.