



Ensuring a Vibrant Downtown Retail Destination

Meeting with Downtown Coordinating Committee and
Business Improvement District Board

June 23, 2016

Agenda

Three Roles

Local context experts

Oversight

Partnership

Today's Agenda

1. Present information. Invite your thoughts.
2. Present the proposed work plan
3. Work on strategy for survey distribution

Project Purpose

Understand the health of Downtown Madison's retail district, and its potential for change.

Identify potential creative public policy approaches to strengthen retail uses.

("Retail" means commercial goods and services broadly, and it also means stores that sell stuff.)

Project Basics

Downtown retail is important

- It is valued by Madison residents, and contributes to Madison as a destination
- It is critical in supporting additional growth in downtown housing

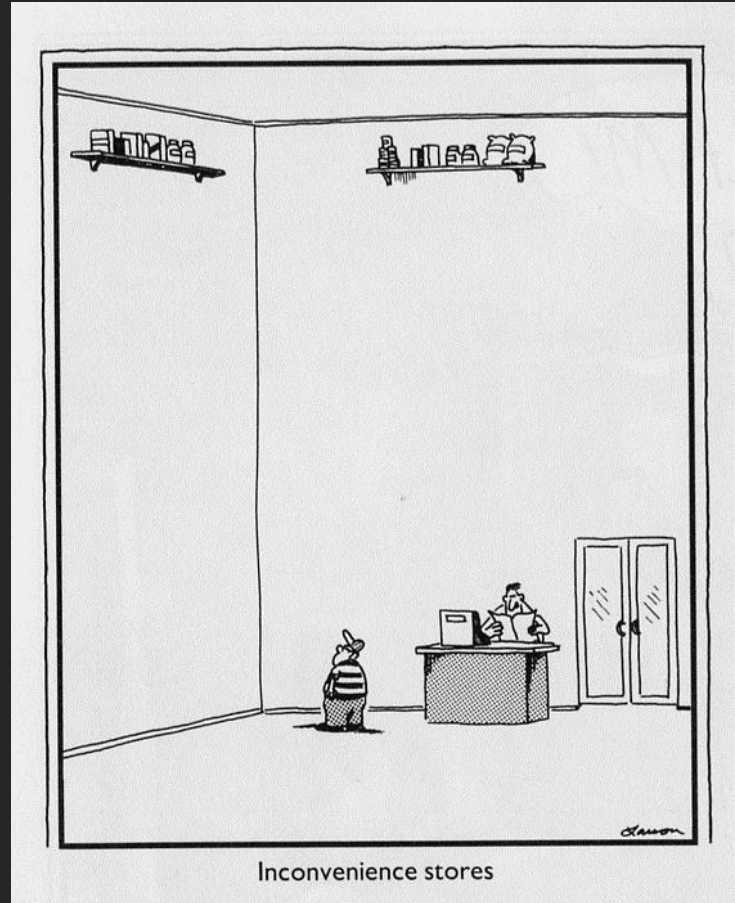
Geography is as shown on map

Study timeframe is 6 months.



MACRO TRENDS IN RETAIL

MADISON, WI / JUNE 23, 2016

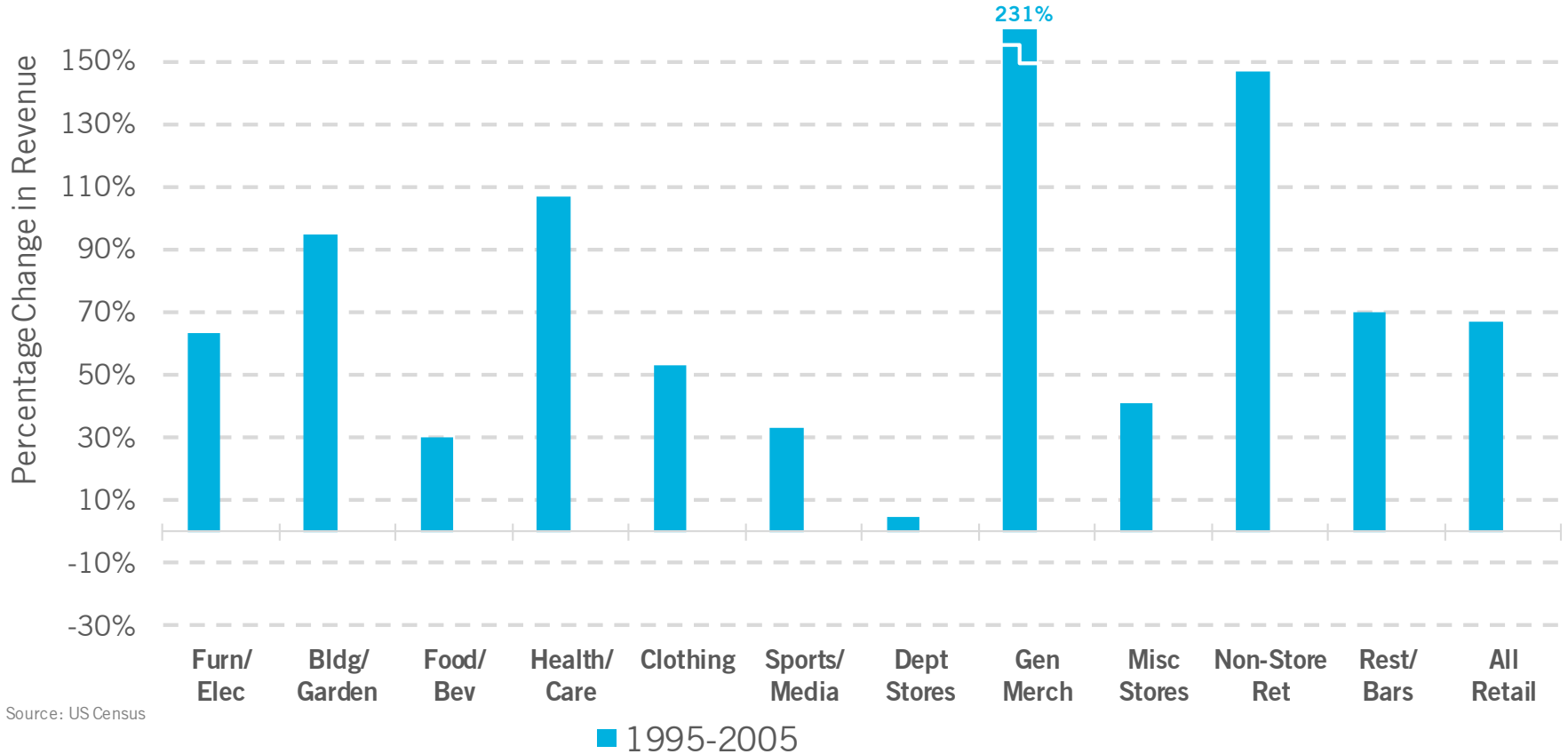


TOPICS

- Overview
- E-Commerce
- Demographics
- Transportation
- Culture
- Takeaways

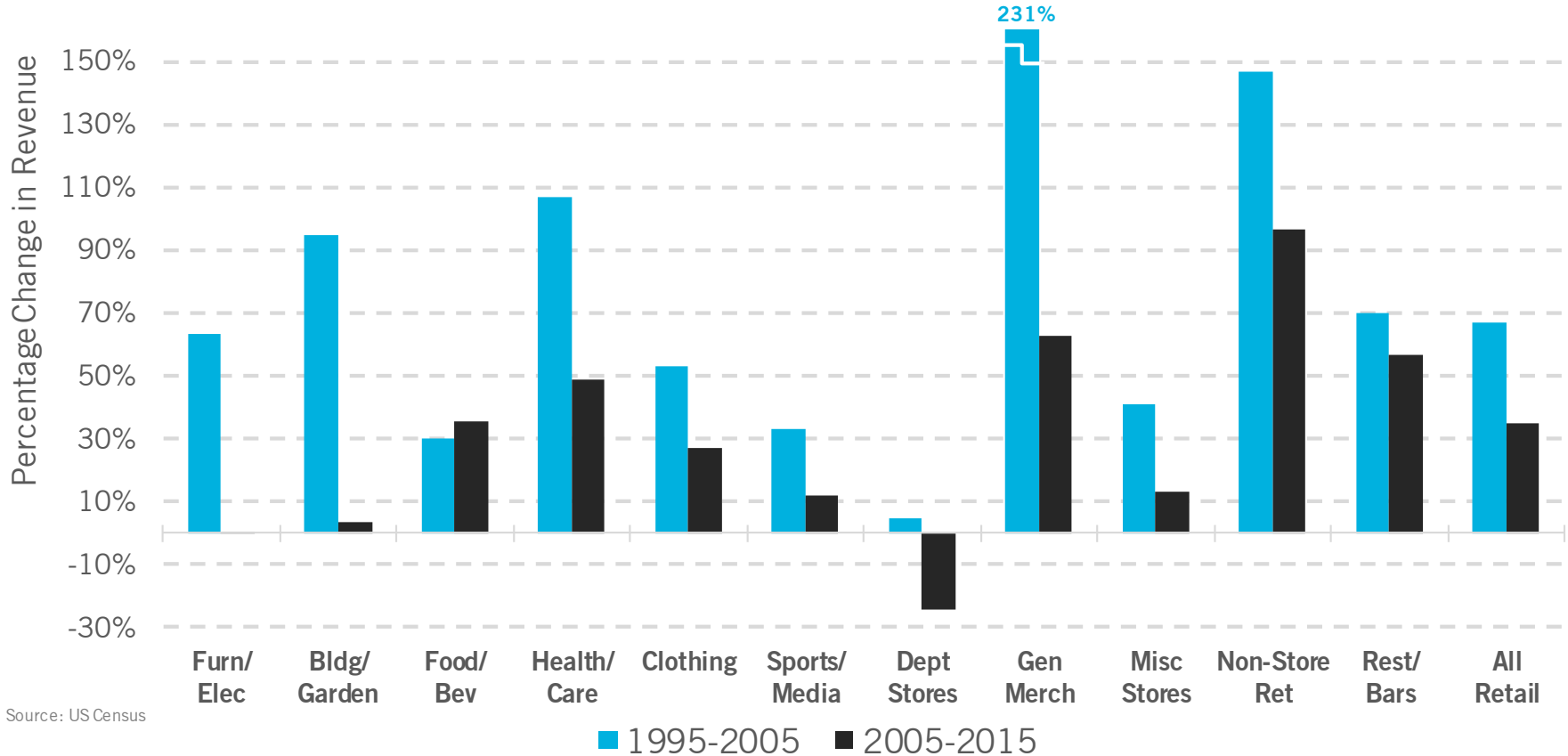
OVERVIEW

US REVENUE GROWTH BY RETAIL CATEGORY



Source: US Census

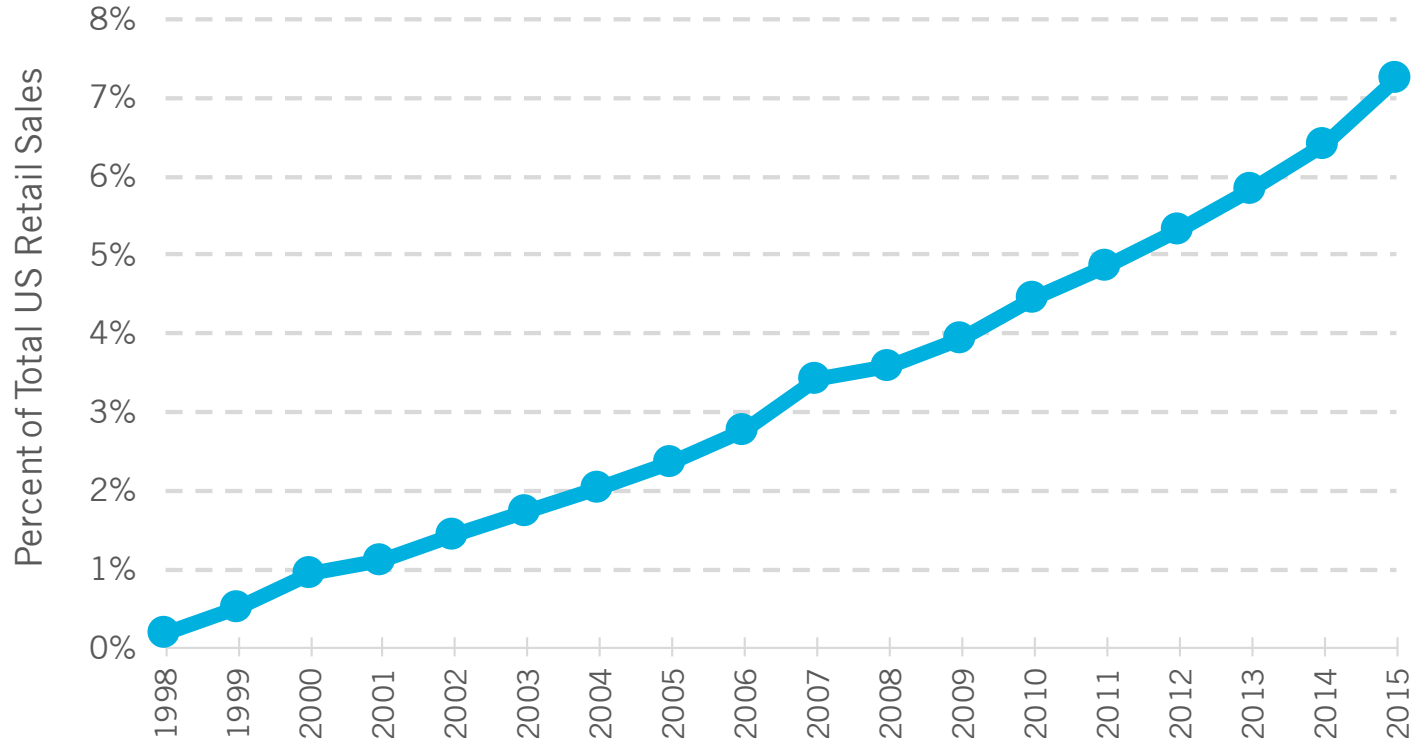
US REVENUE GROWTH BY RETAIL CATEGORY



Source: US Census

E-COMMERCE

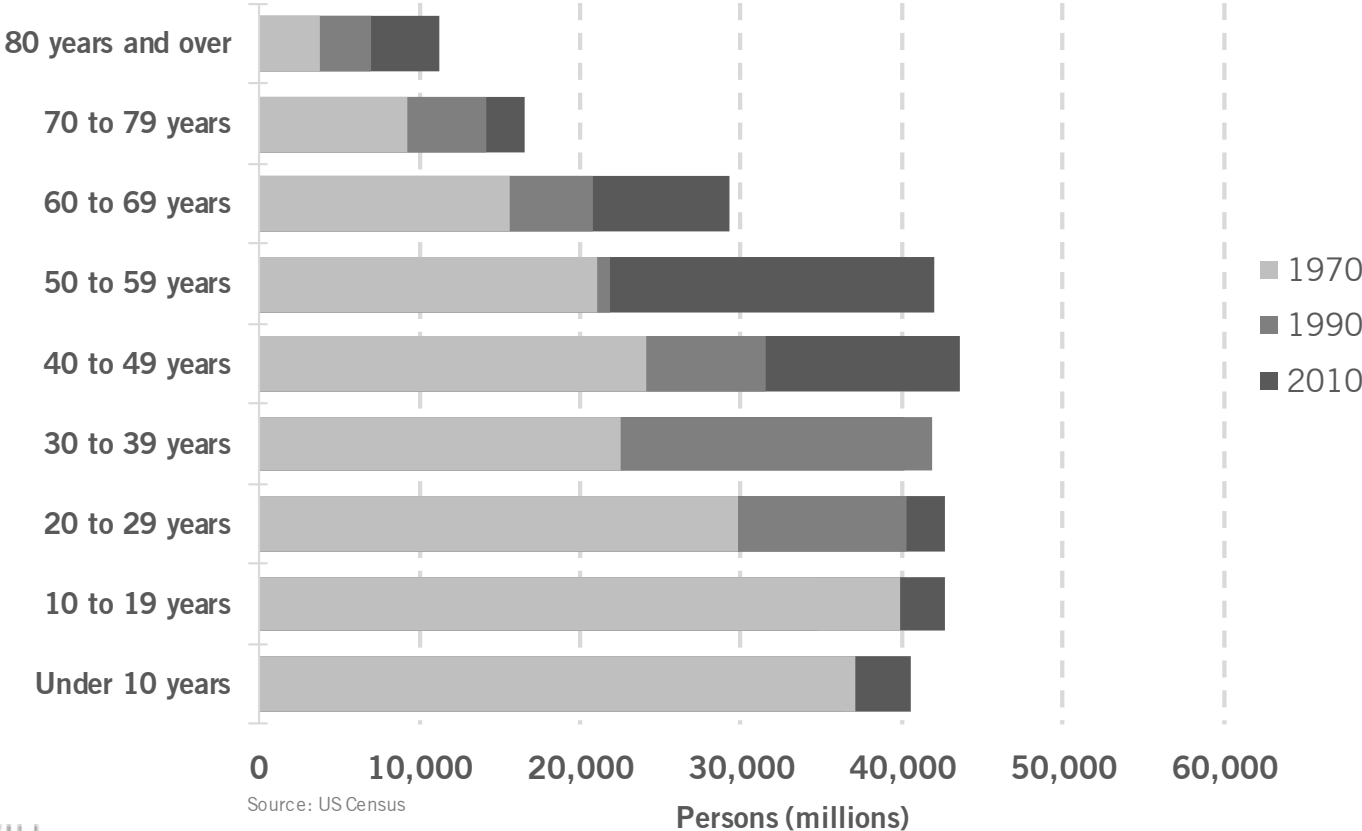
GROWTH IN E-COMMERCE



Source: US Census

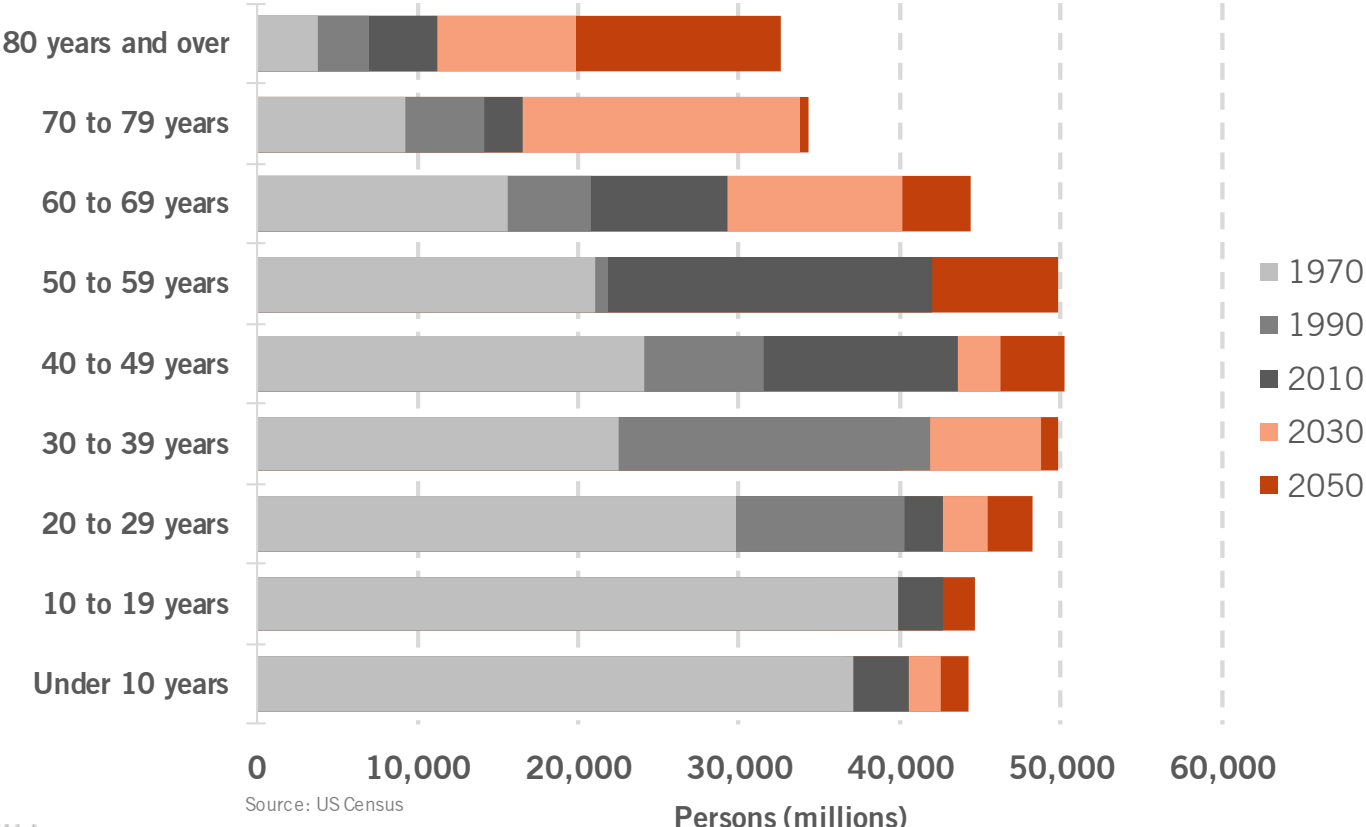
DEMOGRAPHIC TRENDS

US POPULATION BY AGE GROUP



Source: US Census

US POPULATION BY AGE GROUP

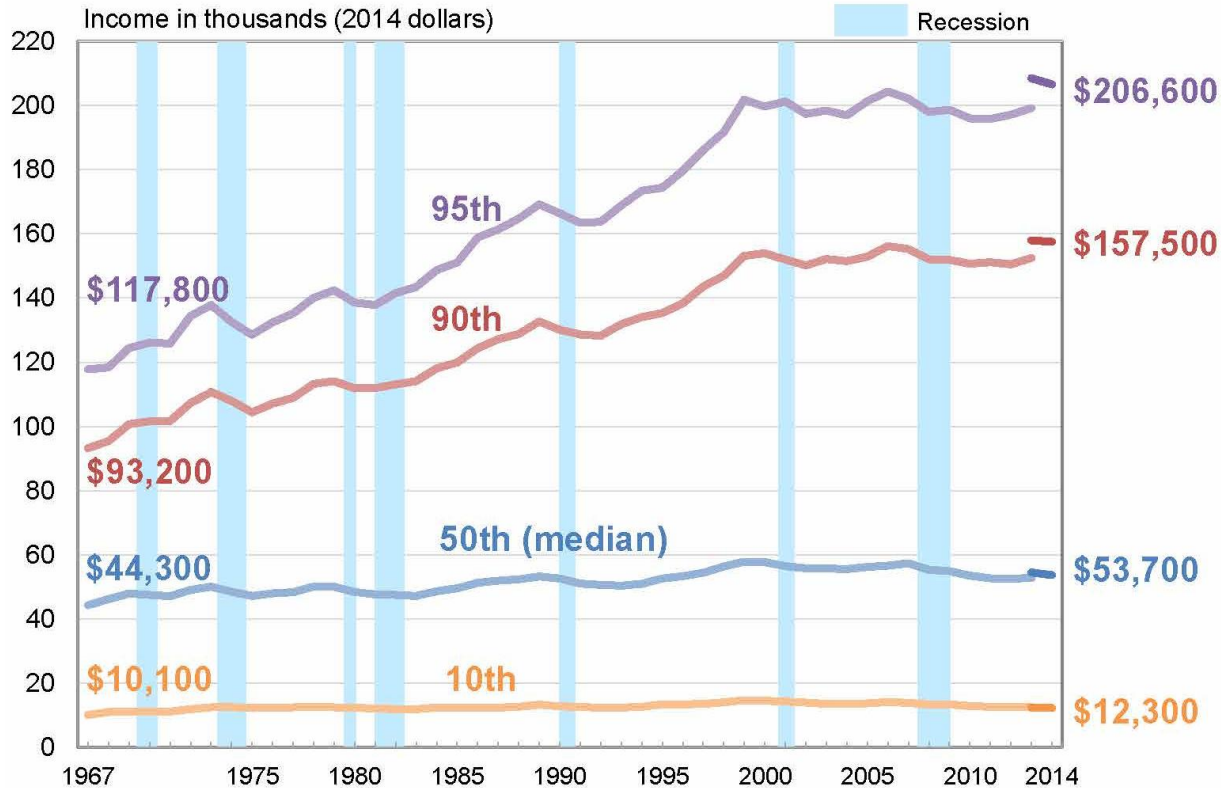


AGING POPULATION MEANS...

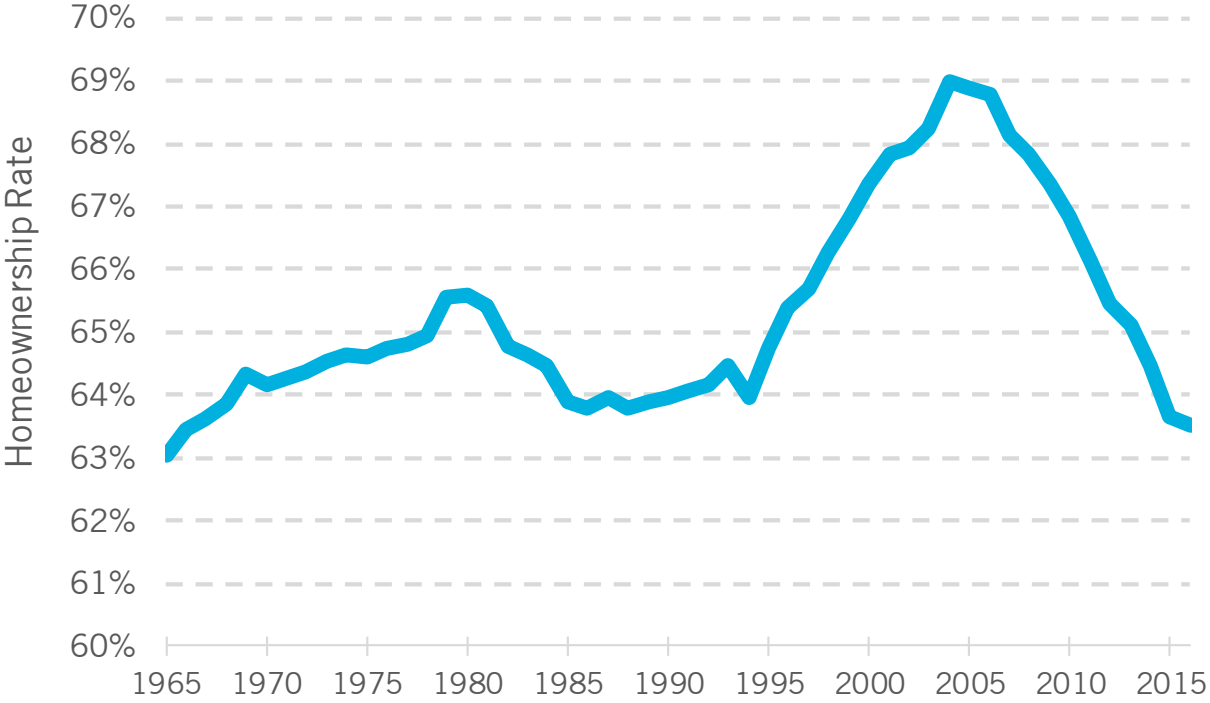
- Less consumer spending
- Different mix of stores
- Different shopping experience demanded
- Different locations needed
- Smaller homes



US HOUSEHOLD INCOME BY PERCENTILE 1967-2014



US HOMEOWNERSHIP 1965-2016



Source: US Census

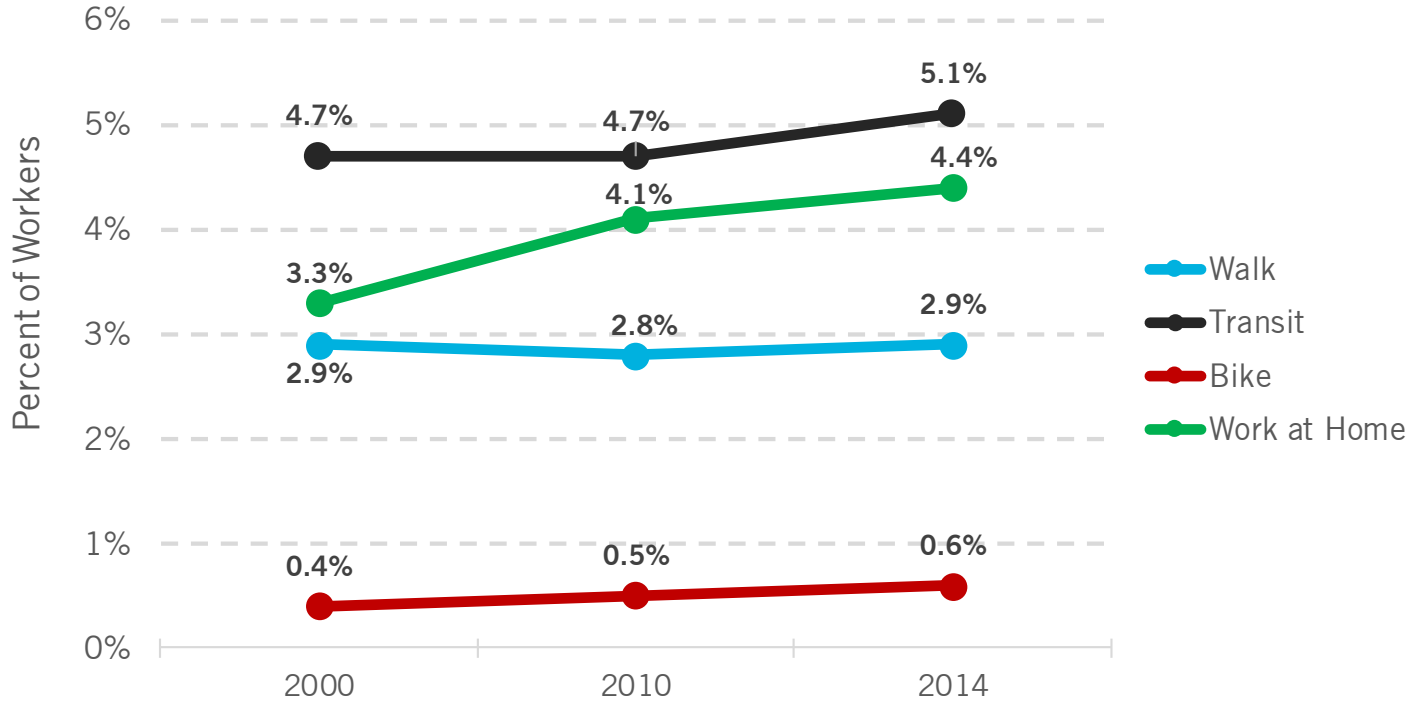
MORE LONG-TERM RENTERS MEANS...

- More apartments (i.e., smaller homes)
- Less DIY mentality
- More urban living (if you can afford it)
- More frequent shopping trips
- Smaller stores (or stores within stores)



TRANSPORTATION TRENDS

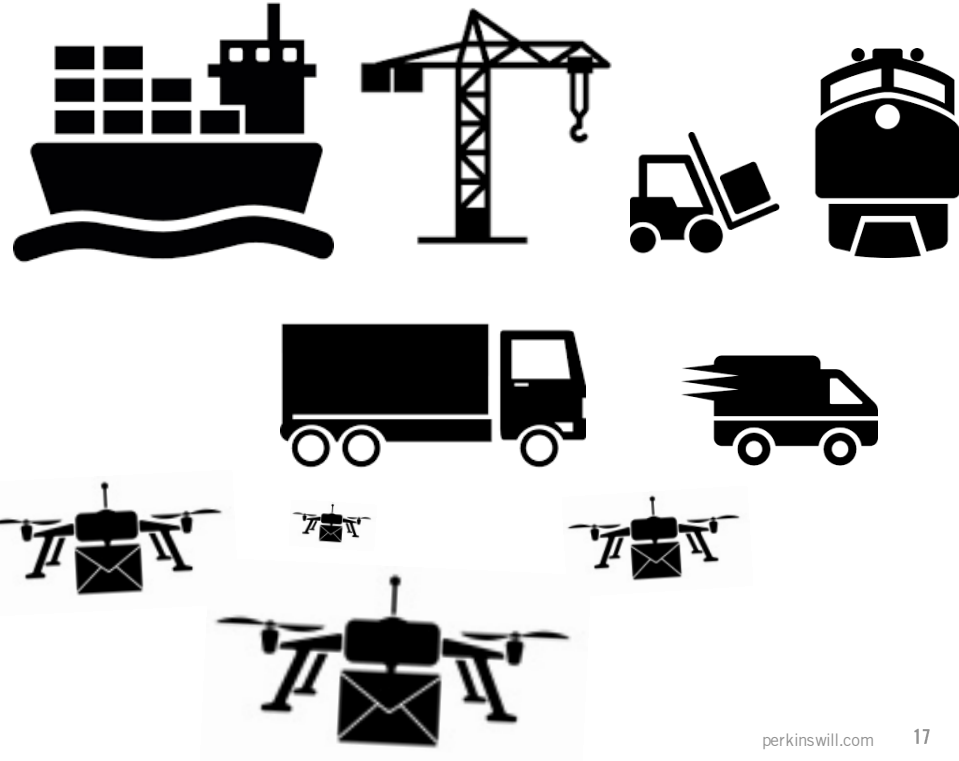
US COMMUTING BY ALTERNATIVE MODES



Source: US Census

ADVANCES IN LOGISTICS

- Inland Ports
- Just-In-Time (JIT) Techniques
- Panama Canal Expansion
- Drones



CULTURAL TRENDS

SHARING ECONOMY/ BIG DATA

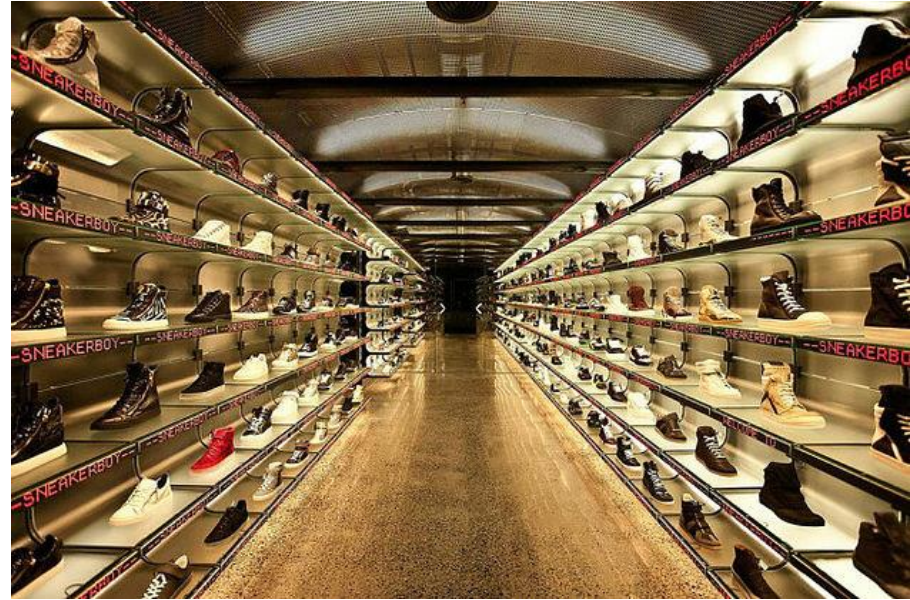
- Cheaper goods and services
- New ways to earn and save money
- Stronger communities
- Less need for private storage
- Technology driven

craigslist



EXPERIENTIAL RETAIL

- Consumers go shopping with more information than ever before
- Despite growth in E-Commerce, purchase decisions are still made in stores
- Shoppers respond to positive experiences
- The more senses satisfied the better: touch, smell, sight, sound, and taste
- Counterbalances the virtual experience



TAKEAWAYS

FUTURE OF RETAIL

- Changing demographics will alter store formats and locations (e.g., less driving and more wellness)
- Less growth in “High Consumption” age cohorts will result in fierce competition among retailers (i.e., more innovation – think locally sourced, organic, raw)
- E-Commerce will force certain goods out of stores altogether (e.g., video rental, books, music, etc.)

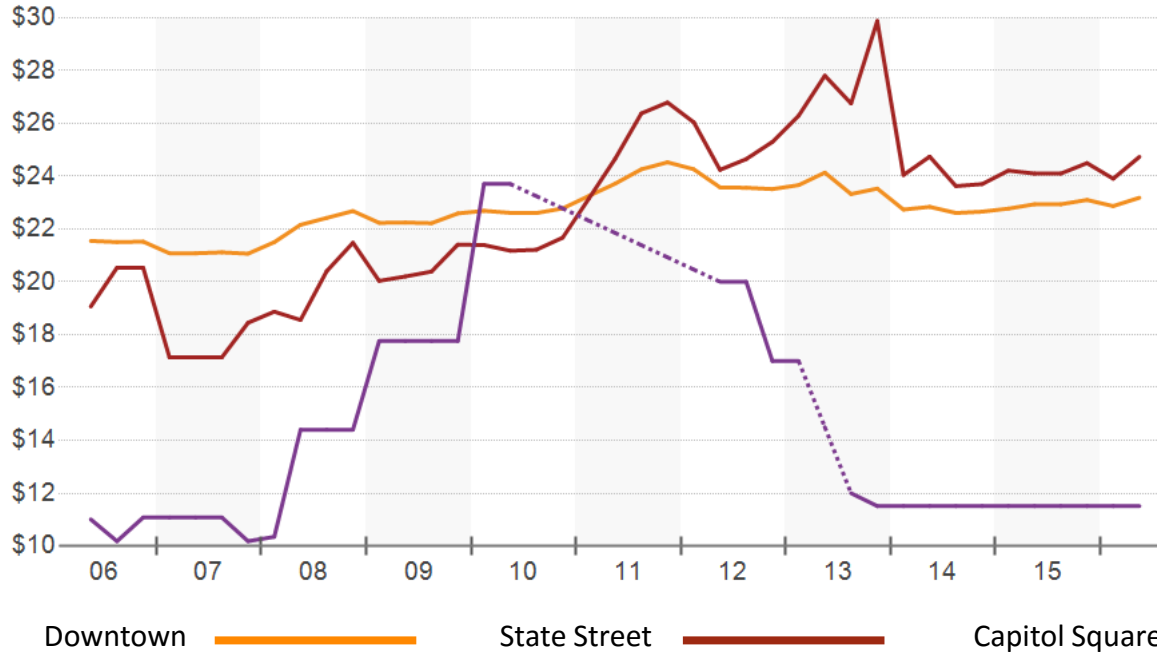
FUTURE OF RETAIL

- Bricks and mortar stores will not go away, though retailers will have to adapt to the Internet-age (e.g., pop-up stores, food trucks, smaller store footprints)
- Big chains will need to adapt by segmenting their markets through advanced logistics and Internet marketing (e.g., rapid product turnover)

Initial Observations

Madison

Rents



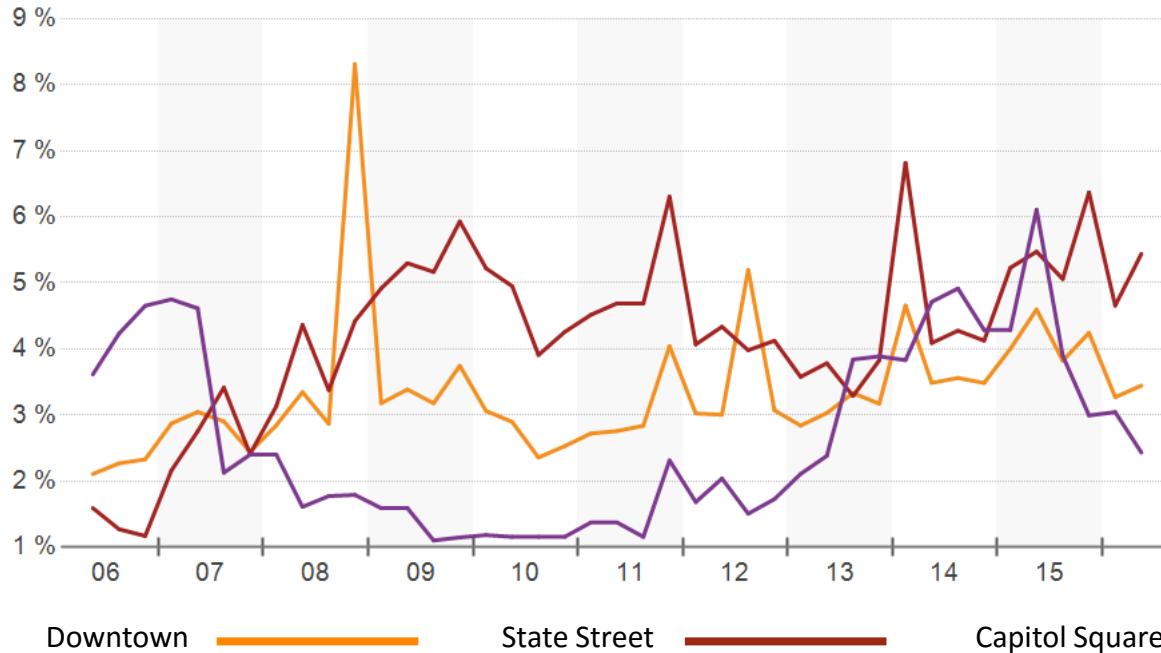
Observations

Rents may support new development

Conflicting information on whether rents are rising

Capitol Square trend line is based on limited data

Vacancies



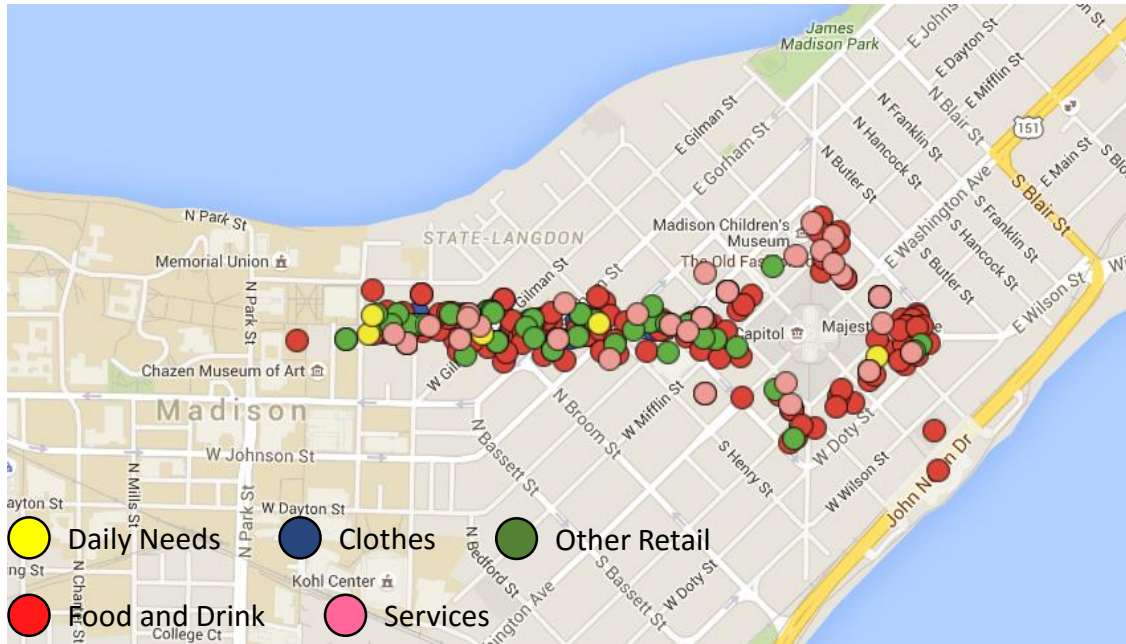
Observations

Vacancy rates are low. (Nationwide, retail vacancies are at 7.9%.)

Low vacancies are a sign of business district strength

Vacancies are low throughout downtown, but highest on State Street

Retail Mix



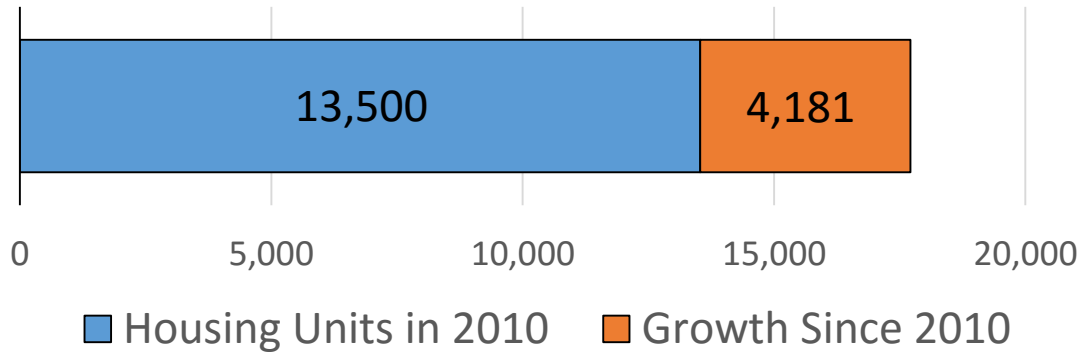
Observations

Food and Drink establishments match all other categories combined

Very little non-food/beverage retail on Capitol Square

“Clothes” category shows concentration at central to western State Street

Downtown Growth



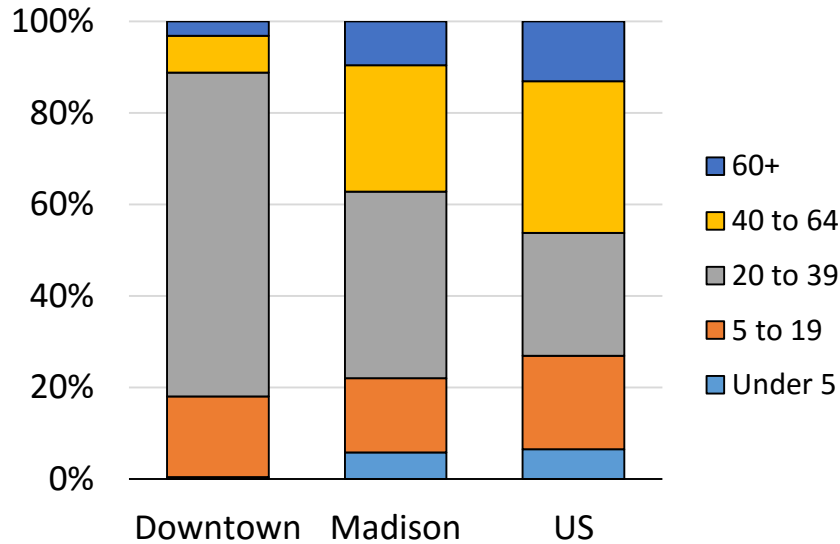
Observations

Percentage increase (>30%) is remarkable, changes downtown market dynamics

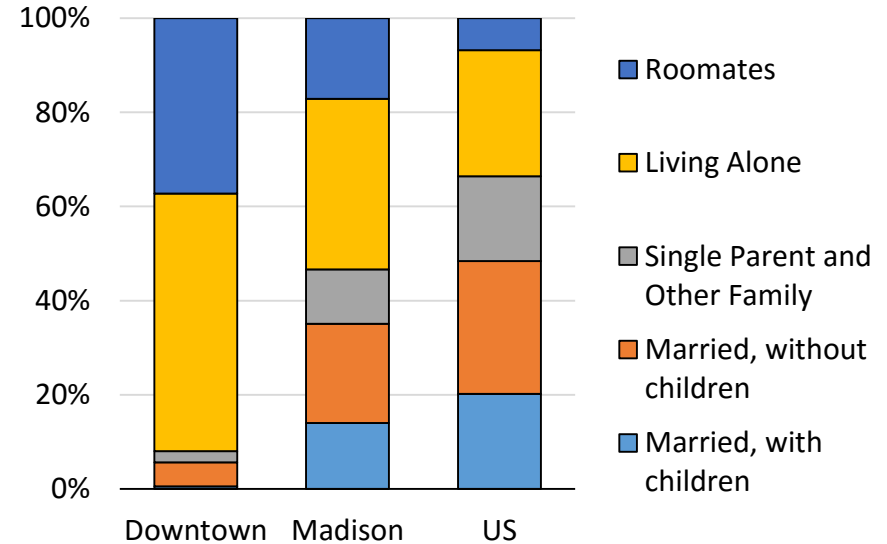
Unit count increase approaches threshold for supporting a neighborhood commercial center

Downtown Residents

Age

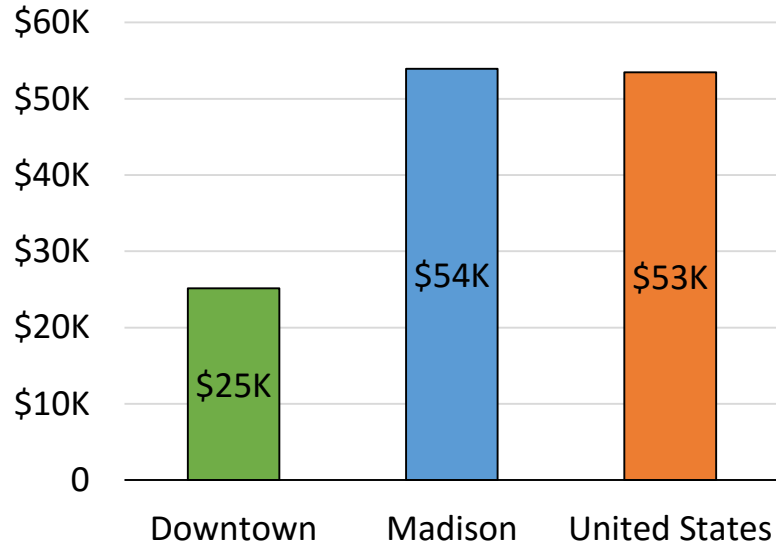


Household Composition



Downtown Residents

Household Income



Your Turn: Additional Observations

Exercise

Retail Vitality Scorecard

Project Work Plan

Project Work Plan

| | May | June | July | August | September | October |
|---------------------------------------|-----|--|---|---|--|---------------------------|
| | | Project Kickoff/ Information Gathering | Additional Information Gathering | Review Findings of Interim Reports | Review Policy and Strategy Recommendations | Present Final Report |
| Downtown Coordinating Committee | | X | | X | X | X |
| Madison Central BID Board | | X <i>Joint Meeting</i> | | X <i>Joint Meeting</i> | X <i>Joint Meeting</i> | X <i>Joint Meeting</i> |
| Deliverables | | | | | | |
| Project Start | | | Market Analysis, Retail Vitality Assessment, Case Studies | Policy and Strategy Recommendations | | Final Report |

Information



Analysis



Strategies

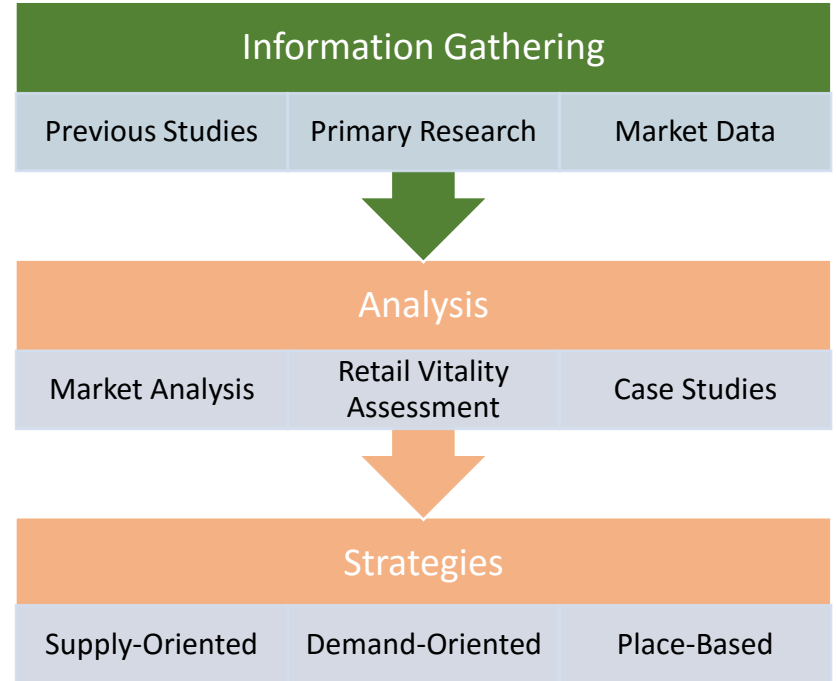


Final Report

Information Gathering

Rich Information Base

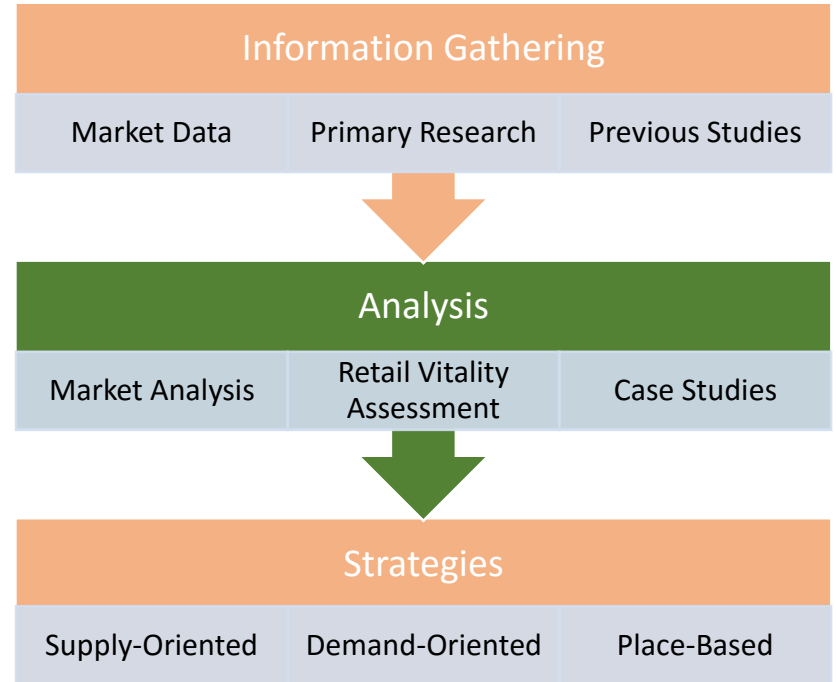
- Market Data
- Primary Research
 - Interviews
 - Focus Groups
 - Surveys
- Previous studies



Analysis

Three Complementary Analyses

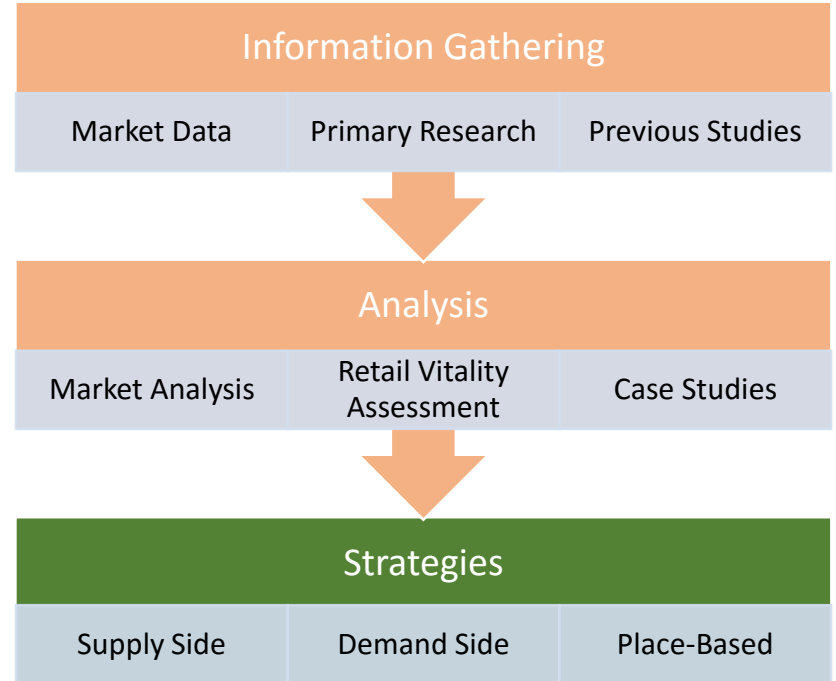
- Market Analysis
- Retail Vitality Assessment
- Case Studies



Strategies

Three Kinds of Strategies

- **Supply side.** “Shopping center” strategies
- **Demand side.** Sources of demand, growth opportunity
- **Place-based.** Improving the retail environment.



Shopper Surveys

Distribution

Getting the word out

Survey Distribution Strategies

Direct people to online surveys through:

- Emails from City officials
- Organizational communications/newsletters
- Media?

Street interviews

Invite businesses to host surveys

Next Meeting

Thursday August 18, 5:30 p.m.

Will review and discuss findings from:

- Market Analysis
- Retail Vitality Assessment
- Case Studies



Thank you!!