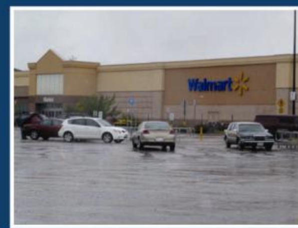
Downtown

Ringling Riverfront



Route 12 Corridor

Route 33 Corridor

South Boulevard Corridor

Baraboo Retail Market Analysis

A Study of Business Retention, Expansion and Recruitment Opportunities

2011

UW Extension
University of Wisconsin–Extension

Baraboo Economic
Development Commission

TABLE OF CONTENTS

Executive Summary

The Baraboo Retail Market Analysis is a community-led research effort that examines business retention, expansion and recruitment opportunities in the retail sector. The analysis was completed in 2011 as a resource to guide the Baraboo Economic Development Commission (BEDC) and business leaders representing each of five distinct retail districts: Downtown, Ringling Riverfront, South Boulevard Corridor, the Route 12 Corridor, and the Route 33 Corridor (east side). The analysis also serves as a resource for existing and prospective entrepreneurs, site selectors, and others seeking a comprehensive analysis to support business decisions.

The following are some of the insights on the Baraboo retail market identified in this analysis:

- Baraboo has a Convenience Trade Area with a population of almost 30,000 and a Destination Trade Area with a population of almost 93,000. The community also serves both commuters and non-locals, including a significant number of tourists and visitors. See section 2.

- Demographic trends in the trade areas (compared to the state of Wisconsin) indicate that Baraboo has a moderately growing population, slightly lower per capita and household incomes, lower levels of college graduation, and higher levels of retail, construction, and public administration occupations. See section 3.

- Baraboo's regional attractions, aesthetic appeal, natural resources, and location can help position the community as an alternative as well as a complement to the Wisconsin Dells (a destination with significant tourist influx). See section 4.

- Downtown Baraboo has a higher concentration of businesses in certain retail categories including art dealers, book, gift, personal care services and fitness centers, specialty food, and used merchandise/antiques. These businesses provide potential themes that can help downtown become a retail destination. Downtown Baraboo has a lower concentration in retail categories such as beauty salons, general merchandise, grocery, hardware, home furnishing, optical goods, shoe, sporting goods, and woman's clothing. These categories may signal the need for further analysis. See section 5.

- Baraboo's retailers are currently challenged by changes in consumer behavior, competition from online sales and an increased business operating costs. Important issues noted by business operators that will impact their future success include Highway 12 improvements, marketing of the Baraboo area to outsiders, state of the economy and taxes, and business restrictions. See section 6.

- Household consumer spending potential in the trade areas is lower than the U.S. average in all categories. Using the ESRI Spending Potential Index (whereby U.S. = 100), the indices for the Destination Trade Area ranges from apparel (lowest at 61) to health care (highest at 96). See section 7.

- Estimates provided by ESRI for combined retail, food and drink sales indicate that supply (estimated sales) is 27 percent higher than demand (resident spending potential) for both the Convenience and Destination Trade Areas. This underscores the importance of the tourist market to local businesses. See section 7.

The market analysis concludes with preliminary retail development strategies based on the input of 25 business and community leaders serving on the study team. Their ideas were based on a review of data collected in this market analysis coupled with their insight and perspectives on the community. Strategies are presented in Section 8 as follows:

A. Establish a Retail Retention/Expansion and Recruitment Process – a 12 step process that establishes operating principles for an effective retail development program.

Supported by B, C and D

B. Opportunities by Retail Category – interpretation of market analysis data to identify retail opportunities including full-service restaurants, food stores, specialized clothing stores, outdoor recreation stores, and miscellaneous retail categories.
C. Opportunities by District and Location – recommendations of business placement and clustering including: downtown as a place for specialty retail, dining and entertainment in the historic and cultural center; and Ringling Riverfront as a place for specialty retail, residential, public open-space, dining and entertainment.
D. Opportunities to Improve Marketing - recommendations related to increasing market capture through promotion, branding, and tourism development.

These strategies are evolving and serve as work-in-progress. Additional input from users of this market analysis is requested and strongly encouraged.

Send additional input to:

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Section 1

Introduction

This section provides background information on the Baraboo Retail Market Analysis including its purpose and goals, study components, business districts, and the study team. Selected strengths and weaknesses of the local business districts, as reported by study team members at the launched of this study, are also presented.

Purpose and Goals of Study

The purpose of this market analysis is to provide the Baraboo Economic Development Commission (BEDC) and other business and community leaders with objective information to guide retail development efforts in Baraboo and its business districts. The study assembles market information to support business retention, expansion and recruitment efforts. This information can be used to identify retail gaps in the community and to fill empty and new commercial space. The study also develops strategies for each district to help them establish a position in the market that is clearly defined and complementary to other districts.
Specific goals for retail development in Baraboo include the following:

1. Increase access to retail and service businesses that improve quality of life for residents and visitors.

2. Improve profitability of existing businesses through increased penetration of the regional retail market.

3. Minimize retail vacancy and encourage in-fill development that supports wise land use and retail-density in the distinct districts.

4. For the downtown district, build on its unique character, distinctive architecture, and its role as the physical and cultural center of the community.

5. Build cooperation among business leaders in the five districts.

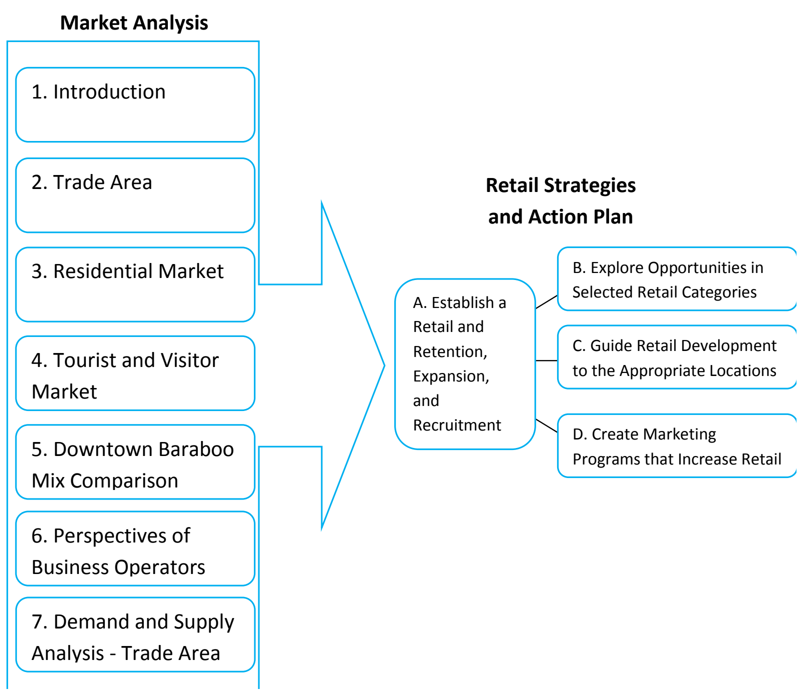
6. Develop retail as one among numerous economic development strategies, linked to tourism, outdoor recreation, entertainment, and the cultural arts.

This study provides information to guide retail development at the community level. While it does not attempt to provide business-level marketing advice, it can be used to help business operators understand market characteristics in their efforts to reach new customers.

Study Components

Tasks involved in this market analysis, as described in individual sections of this report, are listed and illustrated in the diagram below:

- Trade Area (Section 2) – analysis of the Convenience Trade Area, Destination Trade Area, non-local market segments (including tourists) and commuters
- Resident Market (Section 3) – analysis of demographics, lifestyles, and spending potential
- Tourist and Visitor Market (Section 4) –analysis of attractions and purpose of visit
- Downtown Business Mix Comparison (Section 5) – a comparison of downtown Baraboo to downtowns in peer communities
- Perspectives of Business Operators (Section 6) – survey of a sample of local business operators regarding ways to strengthen the retail heath of the community
- Demand and Supply Analysis of Trade Area Residents (Section 7) – analysis of the spending potential of local residents by business category
- Retail Strategies and Action Plan (Section 8) – strategies developed by the study group that build on the data collected as well as the study team's knowledge of the local market



Study Team

This study was completed collaboratively with a local study team working with University of Wisconsin-Extension. The study team provided local insight and was instrumental in developing locally-relevant conclusions from the data collected. Participants are listed below.

Core Study Group leading effort:

- Sandy Anderson
- Musa Ayar
- Deb Bauer
- Gene Dalhoff
- John Kessenich
- Liz Nevers
- Mike Palm
- Walt Smith

Others Assisting in the Research:

- Heath Anderson
- Gaila Gilliland
- Kevin Grohskopf
- Lori Halverson
- Buddy Huffaker
- Christine Kortbein
- Cindy McVenus
- Steve Schmelzer
- Bekah Stelling
- Nancy Thompson
- Todd Wickus

Consultants Engaged in the Study

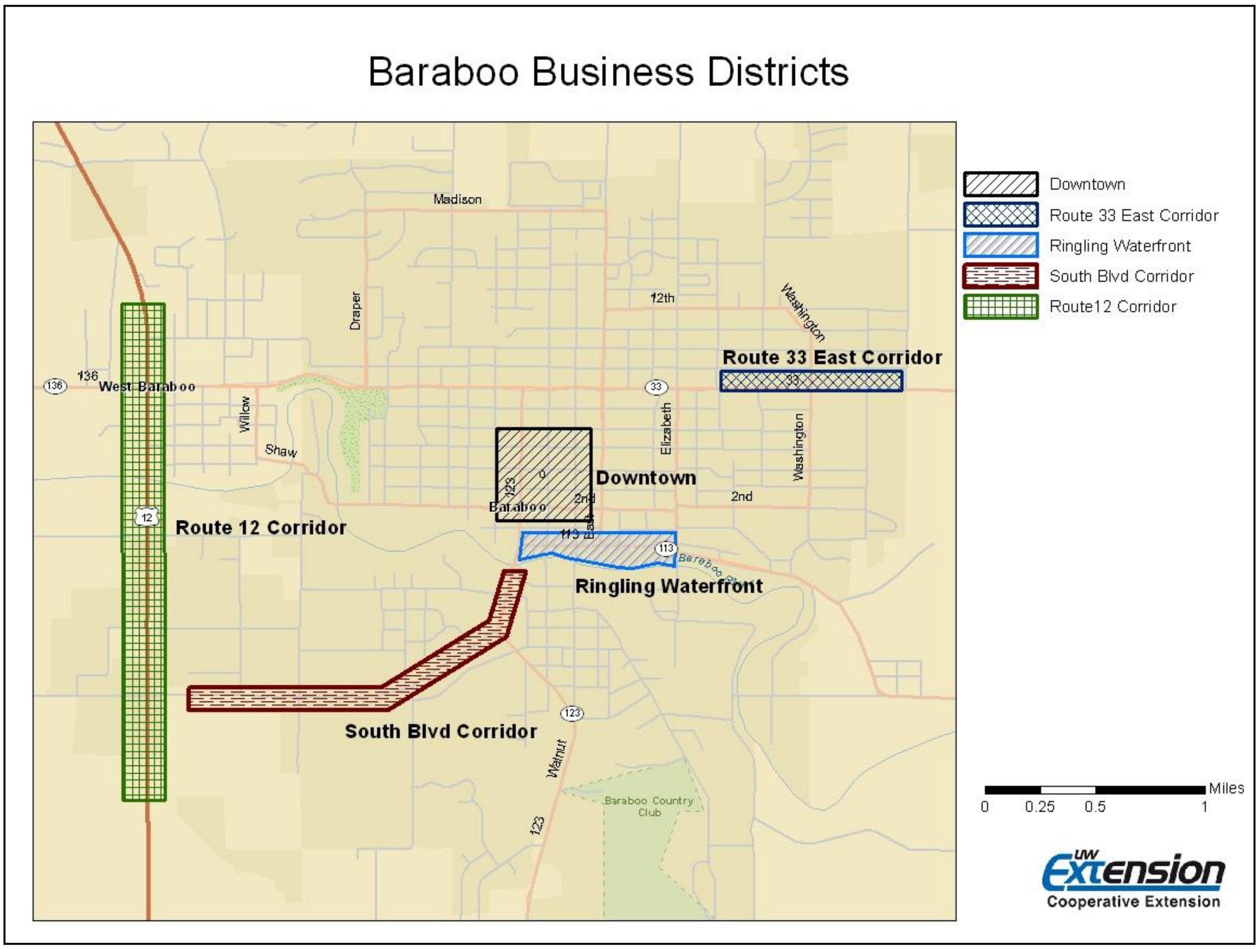
- David Scheler, Diversified Tactics & Strategies (guidance on tourism development)
- Deborah Ersland, Redevelopment Resources (guidance on retail strategy development)

University of Wisconsin-Extension Research Participants

- Jenny Erickson – Community Development Educator, University of Wisconsin-Extension/Sauk County
- Bill Ryan – Community Business Development Educator, University of Wisconsin-Extension/Center for Community & Economic Development
- Angie Tackaberry – graduate student at the University of Wisconsin-Madison
- Jangik Jin –PhD student at the University of Wisconsin-Madison
- Glenn Halstead - graduate student at the University of Wisconsin-Madison
- Robert Rodriguez – undergraduate student at the University of Wisconsin-Oshkosh

Business Districts Studied

The purpose of this analysis is to help the Baraboo Economic Development Commission (BEDC) and business leaders in each of five distinct retail districts understand potential business opportunities and support business retention, expansion and recruitment efforts. These districts are illustrated in the following map:



The following are short descriptions of each business district. Also provided is a brief summary of some of the perceived strengths and weaknesses of these districts as reported by study participants during a focus group session at the beginning of the market analysis process. Perceived strengths and weaknesses of each district are unedited and randomly presented.

Downtown

The Downtown district represents the traditional and central business district of the community. It is located between Broadway and Ash Street and 2nd and 5th Avenue. County and city government offices including the courthouse are downtown making this area a hub for legal, insurance, real estate and other professional services. Downtown has a number of independent retail stores that serve both convenience and destination shoppers. It is also the home to a number of restaurants, bars and coffee shops. Its historical character is anchored by the Al. Ringling Theatre. According to the Wisconsin Department of Transportation, annual average daily traffic volume in 2008 in this district was between 9,000 and 15,000 vehicles per day. Perceived strengths and weaknesses of the district as reported by focus group participants are presented below:

Strengths:

- Convenience
- Variety of retail and business
- Culture – Al. Ringling, Summer concerts
- Dining
- Public social services
- Parking
- Historic buildings
- Unified merchants group
- Al. Ringling Theatre
- Density of businesses and employees
- Banks
- Courthouse and Square
- Professional services
- Unique stores: music, kitchen, drug, furniture, other stores
- Antique shops
- Garden Party, Jen's and Little Village
- Grainery
- Hair salons
- Fitness centers
- Year-long activities and fairs
- Walkable
- Long-term stores

Weaknesses:

- Perception of inconvenient parking (4)
- Unaware of downtown (2)
- No major grocery store (2)
- Undeveloped river
- Store hours
- Distance from Hwy. 12
- Inconsistent/no uniform store hours
- Shortage of staple items
- No family clothing
- No deli or fine restaurant
- Lodging
- Some poorly maintained buildings

Ringling Riverfront

The Ringling Riverfront is a half-mile long redevelopment area located four blocks south of the Courthouse Square in Baraboo. It follows both sides of the Baraboo River between Water Street and Lynn Street from Broadway to the Circus World Museum complex. Its river frontage provides character and theme for a mixed-use redevelopment with open public spaces and trails. According to the Wisconsin Department of Transportation, annual average daily traffic volume in 2008 in this district was between 5,000 and 6,000 vehicles per day. Perceived strengths and weaknesses of the district as reported by focus group participants are presented below:

Strengths:
- Circus World Museum (4)
- Ice Age Trail/Riverwalk (2)
- Riverfront property (2)
- Location has potential
- Primed and ready
- Near downtown
- A few salvageable historic buildings
- Vacant land
- City ownership
- Exciting redevelopment potential

Weaknesses:
- Some blighted/shabby properties (2)
- No retail there yet
- Lack of promotion of river for recreation
- Have not reached critical mass for development
- Off most traveled corridor
- Seasonality in traffic
- Distance from Hwy 12
- No lodging (major hotel)
- Parking

South Boulevard Corridor

This 1.3 mile South Boulevard corridor serves as a primary entry way to downtown from Highway 12. The largest store in this corridor is Farm & Fleet. Other uses include service businesses and light manufacturing. Retail uses are limited and mixed at this time. The corridor has high traffic volume and opportunity to connect retail activity downtown with the Route 12 Corridor. According to the Wisconsin Department of Transportation, annual average daily traffic volume in 2008 in this district was between 10,000 and 13,000 vehicles per day. Road improvements are planned for 2014-2015. Perceived strengths and weaknesses of the district as reported by focus group participants are presented below:

Strengths:
- Gateway to downtown (3)
- High traffic area (2)
- Main entry into Devil's Lake
- Large population base
- Vacant land for development
- Proximity to Devil's Lake
- Interesting business
- Building/construction business concentration
- Gateway to Farm & Fleet/Wal-Mart/Menards
- Mostly transportation route

Weaknesses:
- Rough road/Condition of street (4)
- No sidewalks (2)
- Question it being eclectic
- Old business area
- Visual quality
- Mostly transportation route
- Ugly
- Not inviting
- No neighborhood feel
- Visibility issues

The Route 12 Corridor

This 1.6 mile corridor contains most of Baraboo's national chain retail and is anchored on the south by Menards (Mine Road) and in the north by the Clarion Hotel and Convention Center and the Best Western Baraboo Inn (Berkley Boulevard). In between are a few strip retail centers, some fast food restaurants, and a large manufacturer. Just beyond the north end of the district are a number of lodging establishments. Three of the community's four grocery stores are located in this corridor. The corridor will be bypassed with the eventual rerouting of U.S. 12, but will remain the most visible and prominent retail district for travelers through the area. According to the Wisconsin Department of Transportation, annual average daily traffic volume in 2008 in this district was between 14,000 and 20,000 vehicles per day. Perceived strengths and weaknesses of the district as reported by focus group participants are presented below:

Strengths:
- Volume of traffic (2)
- Easy access by car (2)
- By-pass will increase visibility of corridor (2)
- Streetscape
- Development opportunities
- Regional shopping area
- Lots of parking

Weaknesses:
- If we don't develop a unique entry to community, Hwy. 12 could be a weakness
- Access to some businesses
- Heavy traffic
- Cost of doing business (rent)
- No neighborhood feel
- By-pass influence
- Spotty development

The Route 33 Corridor (east side)

This half-mile mile corridor stretches along Ringling Boulevard (State Route 33) from Jefferson Street to Taft Avenue. The corridor has underutilized retail space affording many opportunities and a limited number of businesses including restaurants, a grocery store, bank branches and lodging establishments. The corridor has moderate traffic volume and accommodates travelers accessing the interstate to the east. According to the Wisconsin Department of Transportation, annual average daily traffic volume in 2008 in this district was between 11,000 and 15,000 vehicles per day. Perceived strengths and weaknesses of the district as reported by focus group participants are presented below:

Strengths:
- Traffic flow/High traffic count (2)
- Proximity to hospital and clinic (health care niche opportunity)
- Proximity to new housing development
- Gateway for Interstate
- Available buildings
- Viking Store/gas, etc.
- County fairgrounds (underutilized)
- Easy access by car
- Availability of stores
- Restaurants
- Future development of the 120 acre Jackson Property
- Most new residential development with be near the east side.

Weaknesses:
- Lack of activity at fairgrounds (2)
- Nothing big to draw
- If we don't develop a unique entry to community, Hwy. 33 could be a weakness
- Lack of current activity
- Distance from Hwy. 12
- Lack of curb appeal
- Need housing and community development
- Lost businesses
- No neighborhood feel
- Empty stores look bad

Section 2

Trade Area

This section analyzes the extent and shape of Baraboo's trade areas. The trade area boundaries defined here will serve as the basis for additional analyses throughout this report.

Baraboo, Wisconsin is located in south central Wisconsin, 40 miles northwest of Madison and approximately halfway between Milwaukee and La Crosse. The Baraboo area is served by US Highway 12 and State Highways 113, 33, 136 and 123. The area can be reached from Interstates 90/94 via US Highway 12 (9 miles) or State Trunk Highway 33 (13 miles).

The trade areas that Baraboo retail businesses serve are influenced by regional shopping in neighboring communities. The following map illustrates the location of Baraboo relative to the large concentration of shopping centers in Madison as well as the distribution of Wal-Mart stores in region.

Baraboo Region and Selected Retail Destinations

A trade area is the geographic area from which a community generates the majority of its customers. Knowing the size and shape of each trade area is extremely important because its boundaries allow for measurement of the number of potential customers, their demographics, and their spending potential. Each individual business in Baraboo has a unique trade area. The distinct trade area for an establishment will depend on factors ranging from the type of business to the variety of products and services sold. Certain business types will only attract local customers, while other categories have the potential to draw customers from a broader region. For purposes of this analysis, two types of trade areas are examined: a convenience trade area; and a destination trade area.

A convenience trade area is based on the purchase of products and services needed on a regular basis, such as gasoline, groceries, and hair care. Because these purchases are relatively frequent, people usually find it more convenient to buy these products and services from businesses located close to their home or workplace. A grocery store's trade area can often be used to represent a community's convenience trade area.

A destination trade area is based on the purchase of "major" products and services, such as appliances or furniture, or of products and services that are distinctive in a way, such as deeply discounted products and services. People are willing to travel longer distances to do comparison shopping and purchase these kinds of items. A large discount department store's trade area can often be used to represent a community's destination trade area.

In addition to differing by types of goods and services, a business district differs in the types of customers who shop there. Three common market segments are:

1. Local residents within the trade area. As they reside locally year-round, they provide the majority of spending potential for most businesses.

2. Daytime employees including those who may live in the trade area and others who commute from other communities. They have the potential to make purchases within the trade area during the workday.

3. Non-locals/visitors can offer a large amount of spending potential. While they are not permanent residents, tourists and other visitors shop while visiting the area.

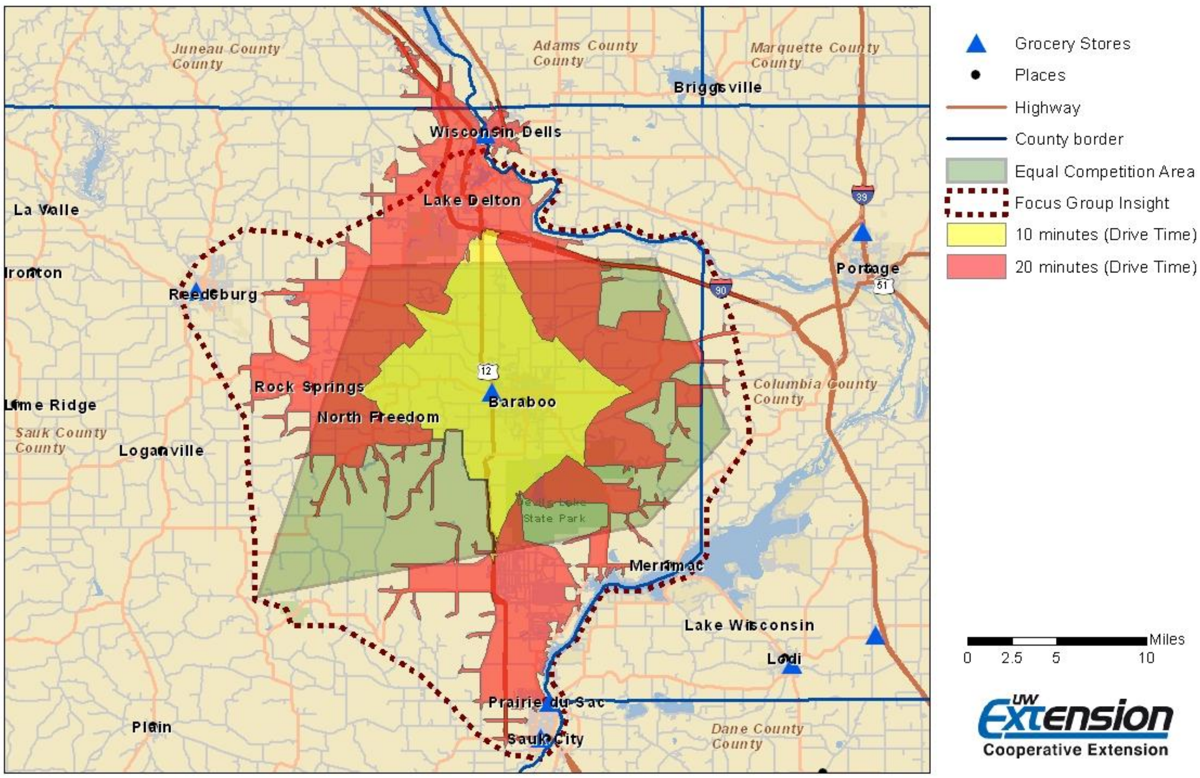
The maps on the following pages illustrate Baraboo's local resident trade areas based on store locations, drive-times, and input from the study group.

Convenience Trade Area

A Convenience Trade Area map for Baraboo was created using the following information:

- The locations of retail grocery stores
- Insight from the focus group to create a boundary line
- Calculated travel times along streets to grocery stores
- An equal competition area showing "as-the-crow-flies" distances

Exhibit 2.1 Convenience Trade Area Map

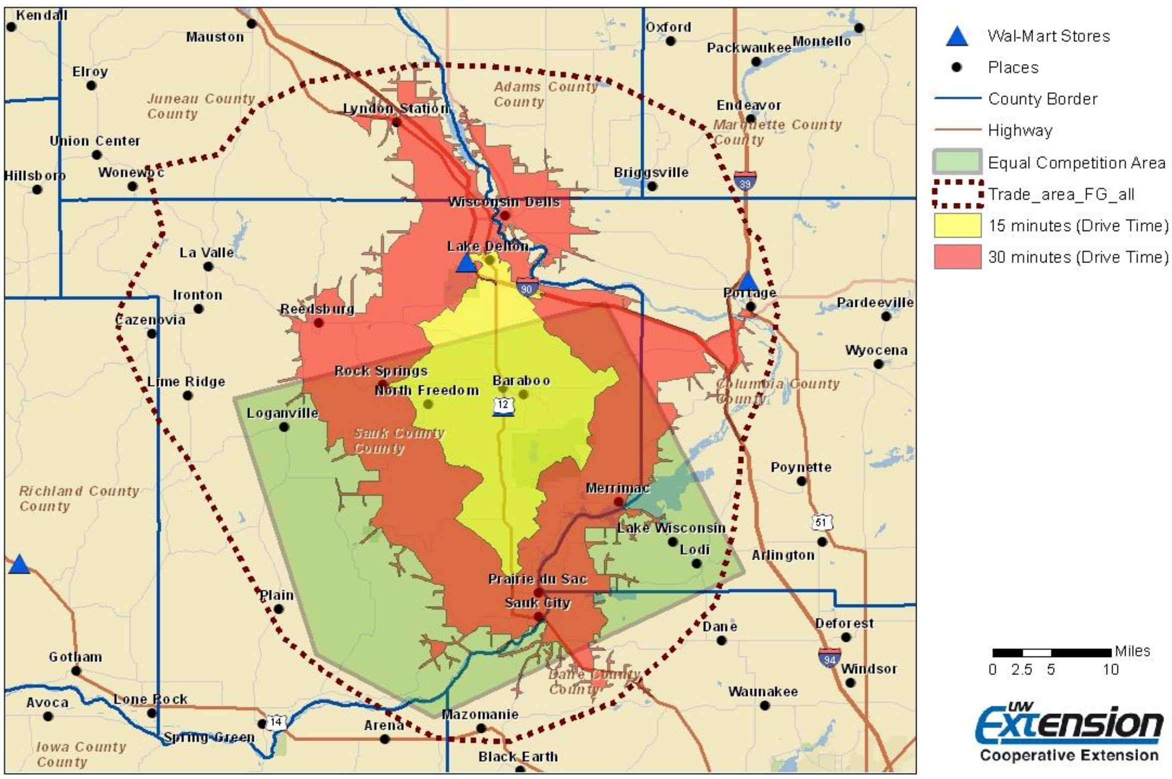


Destination Trade Area

The following map was created for the Destination Trade Area by using the following information and guidelines:

- Locations of general merchandise stores
- Insight from the focus group to create a boundary line
- Calculated travel times along streets to Wal-Mart stores
- An equal competition area showing “as-the-crow-flies” distances

Exhibit 2.2 Destination Trade Area Map



Commuter Market

Another important geographic trend to analyze is the commuter market; both the incoming and outgoing markets for Baraboo. Employees residing outside of the City of Baraboo who spend weekdays working within the area represent a market segment that should be acknowledged as a source of potential external dollars coming into the community. Conversely, Baraboo residents whom work outside of the area could be viewed as a segment potentially leaking local dollars to other jurisdictions (if they shop where they work and not where they live). It is important to acknowledge these patterns and the potential opportunities that may exist to keep local money circulating within the City of Baraboo.

A 2009 Job Count on inflows and outflows of workers illustrates the following information:

- 1,798 people both lived and worked in the City of Baraboo
- Approximately 7,500 people lived outside of the city and commuted in to work
- Almost 3,800 workers resided within city boundaries but worked elsewhere.

Data was also collected from 2002-2009 at the county level, and detailed the below information:

- Nearly half, 49 percent, of employed Baraboo residents worked in Sauk County
- Almost 10 percent worked in Dane County
- The majority of the rest worked in eight other Wisconsin counties

Conversely, when examining the same time period's sample of Baraboo workers, the following is learned:

- Slightly over half, 51 percent, resided within Sauk County
- Over 16 percent commuted from Dane County
- Approximately 11 percent commuted from Columbia County

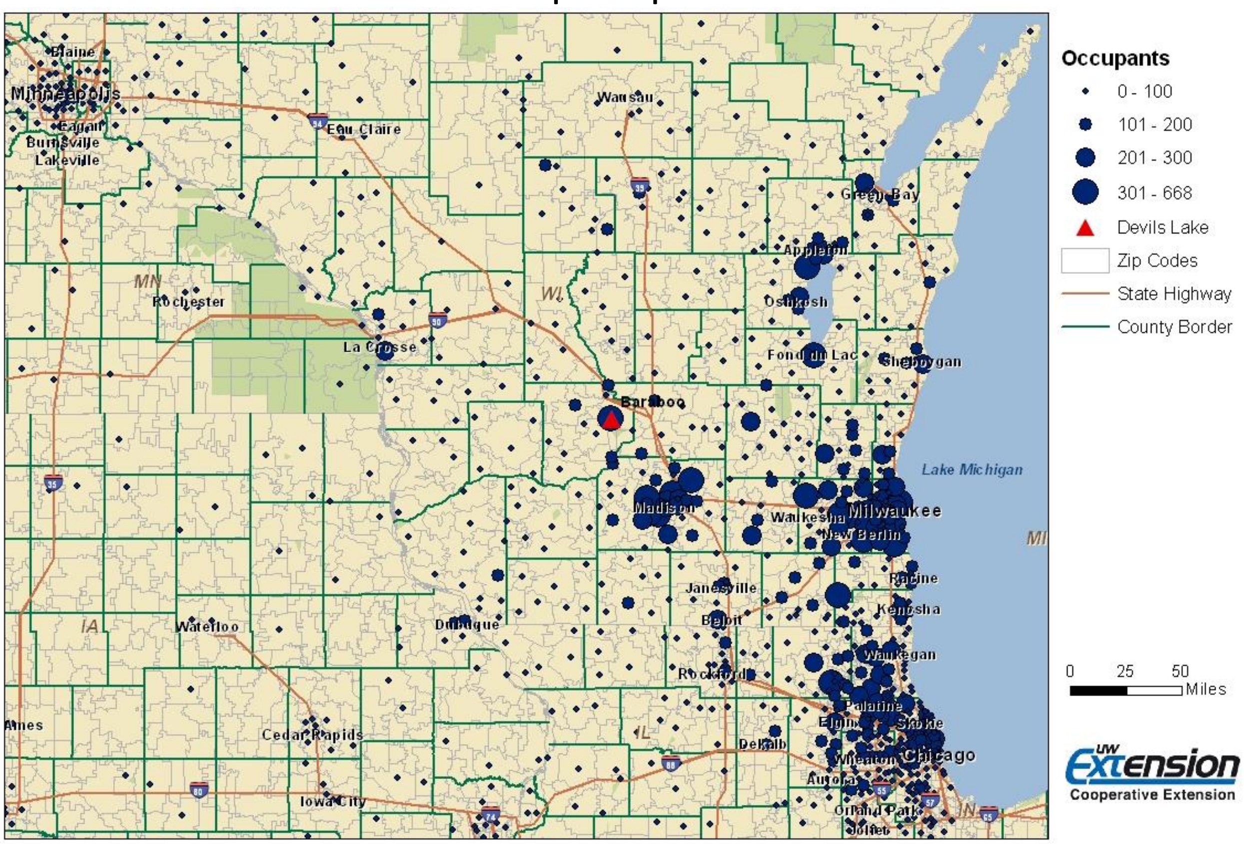
Both the city and county level figures provide a sense of commuter patterns demonstrating the amount of workers entering and leaving both the city and county on a daily basis. The data is important to consider when analyzing comprehensive marketing strategies.

Non Local and Visitor Markets

Customer zip codes from tourist and destination sites were collected to pinpoint general geographic origins of Baraboo area customers. This analysis allows relationships among customers to be examined (areas of high and low percentage, directional nature of customers, contiguous vs. fractured origin patterns, etc.). Defining a trade area for tourists poses special challenges because tourist origins can be widely distributed and a single trade area does not fully represent where these customers are coming from. Instead, tourists can be clustered into multiple trade areas to better represent the geographic pockets where they are concentrated.

The following map illustrating the origin of Devil's Lake State Park campers is an example of the type of origination point of visitor maps that were created for various destination sites. Information from the state park was mapped and analyzed using Geographic Information Systems (GIS).

Exhibit 2.3 2010 Devil's Lake State Park Campers Map



Business specific mapping was completed for the following sample businesses, organizations, or attractions, with descriptive findings:

- Devil's Lake State Park-The park draws customers from the large urban centers of Chicago, Milwaukee, and Minneapolis/St. Paul as well as many smaller locales within the state of Wisconsin.

- Art Faire on the Square-The pattern of customer origins for this event shows the art fair serves a convenience trade area. The majority of customers came from six surrounding zip codes.

- The Grainery Whole Foods & Supplements-Due to the unique product offerings and widely dispersed customer base, this specialized grocery store exists as a destination site.

- St. Clare Hospital Radiation Oncology-This health care facility receives clients from a fifty mile radius, resulting in its distinction as a destination site.

- Mid-Continent Railway Museum-The museum draws both local and non-local visitors.

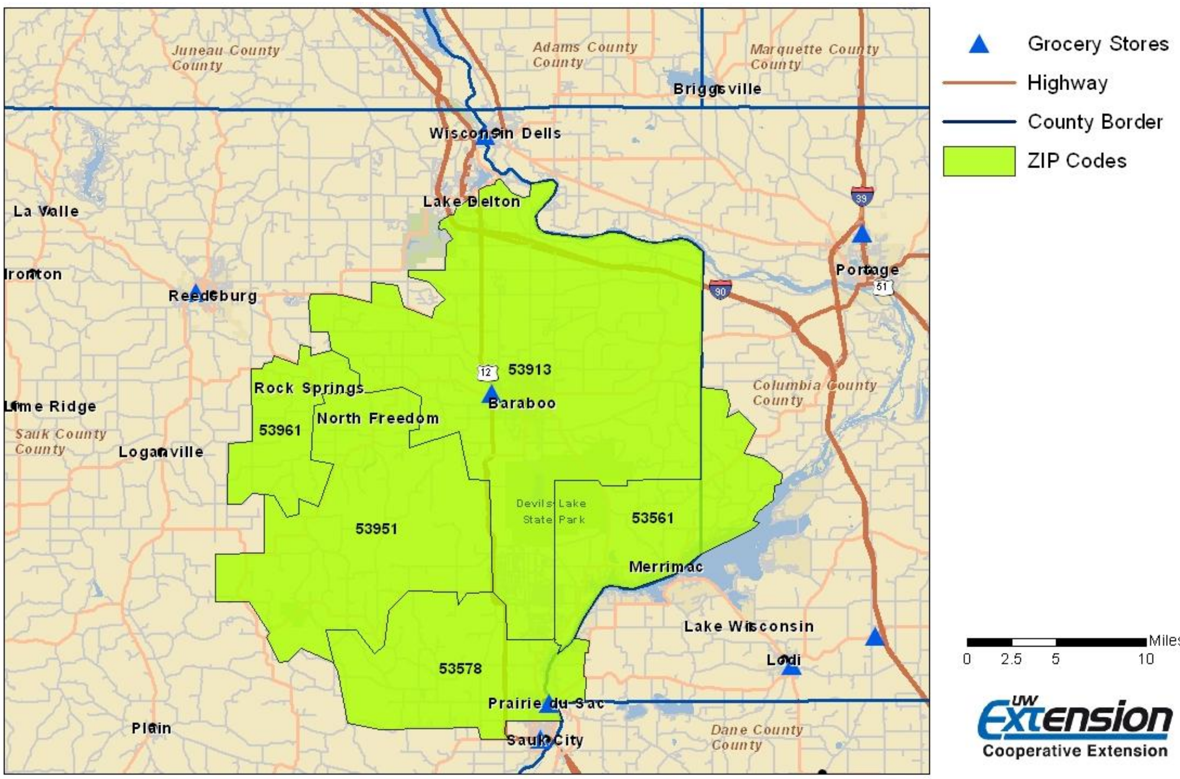
- Al. Ringling Theater-The theater also draws customers from a variety of locales, appealing to both residents and non-locals.

Conclusions

The Baraboo trade areas reflect the potential convenience and destination drawing power of Baraboo's business districts. However, they do not reflect the exact trade areas of individual businesses. Furthermore, the trade areas reflect future potential, not simply what is captured today. The boundaries of these trade areas are fluid in nature. Specifically, customers within these trade areas will travel to other shopping destinations, while customers from outside the trade areas may shop at Baraboo businesses.

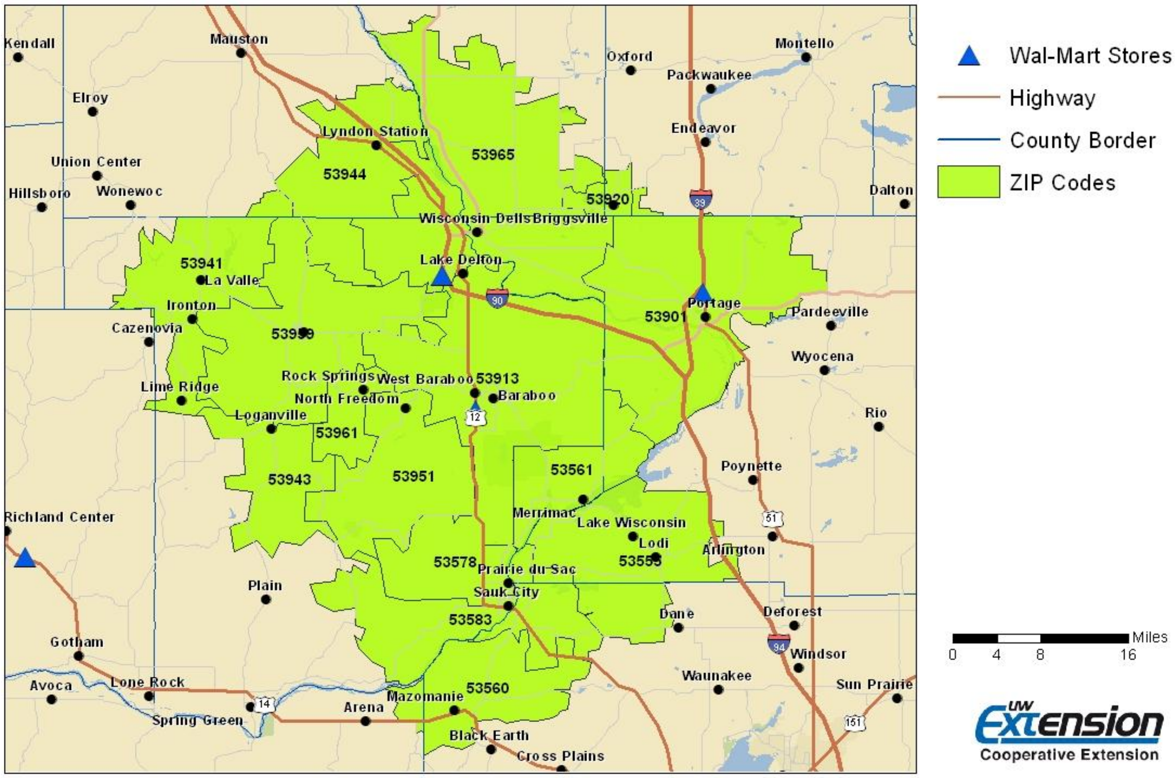
1. Based on previously listed mapping criteria to create a Convenience Trade Area, the following zip codes were identified as being in the geographic area. This area has a population of almost 30,000 (see Section 3).

Exhibit 2.4 Convenience Trade Area



2. Based on previously listed mapping criteria to create a Destination Trade Area, the following zip codes were identified as being in the geographic area. This area has a population of almost 93,000 (see Section 3).

Exhibit 2.5 Destination Trade Area



3. In addition to these traditional trade areas, Baraboo also serves both commuters and non-locals, including visitors. Due to a substantial number of commuting workers from neighboring jurisdictions and the number of tourist sites in the area attracting visitors from near and far, it is important to consider these two additional trade areas when analyzing Baraboo's entire market.

Section 3

Resident Market

The demographic and lifestyle characteristics of trade area residents provide valuable information for a market analysis. This section will provide information on demographic and lifestyle data.

Demographic Analysis

To assist in understanding the characteristics of residents, data was gathered from the Baraboo Convenience Trade Area, the Baraboo Destination Trade Area, and the state of Wisconsin. Comparing demographics of each of these geographic areas helps to differentiate local consumers and may identify potential customer niches.

Demographic characteristics are derived from public and private datasets, including Environmental Systems Research Institute Business Information Solutions (ESRI BIS) and the 2000 Decennial Census. The demographics for each geographic area are not mutually exclusive.

Population

Population data helps quantify both current market size and future market growth, both of which are used to measure consumer demand. Population is defined as all persons living in a geographic area. The City of Baraboo's 2010 population is 14,275. However, the Convenience and Destination Trade Areas have respective populations of 29,897 and 92,552 respectively. Projected growth for the Convenience Trade Area and the Destination Trade Area are 0.57 percent and 0.58 percent, respectively. Both of these rates are somewhat more than the projected rate for the state of Wisconsin population, which is 0.47 percent, reflecting the area's dynamic nature.

Exhibit 3.1 Population

	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
2000 Total Population	27,281	84,279	5,363,675
2000 Group Quarters	445	2,116	155,958
2010 Total Population	29,897	92,552	5,741,617
2015 Total Population	30,752	95,273	5,877,143
2010 - 2015 Annual Rate	0.57%	0.58%	0.47%

Source: ESRI Market Profile Report

Per-Capita Income and Household Income

Household income can be an indicator of the spending power of residents. Household income positively correlates with retail expenditures in many product categories. Some retailers may also target specific income ranges based on their target market segment.

Median household income for the Convenience Trade Area and Destination Trade Area is $54,151 and $54,287, respectively, which is slightly less than the state average of $55,895. The average per capita incomes for both trade areas are also slightly less than the state average per capita income. Despite this, both the Baraboo Convenience Area, at 54.5 percent, and the Baraboo Destination Area, at 53.4 percent, has a higher percentage of household incomes in the $25,000 to $75,000 range than the state average, which is 44.7 percent.

Exhibit 3.2 Household Income

Household Income	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
2000	$42,242	$42,763	$43,849
2010	$54,151	$54,287	$55,895
2015 (Projected)	$60,946	$61,429	$63,391

Source: ESRI Market Profile Report

Exhibit 3.3 Per Capita Income

Per Capita Income	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
2000	$20,561	$20,351	$21,271
2010	$25,537	$25,199	$26,503
2015 (Projected)	$29,263	$28,972	$30,547

Source: ESRI Market Profile Report

Age Profile – 2010 Data

Age often affects a person’s tastes and preferences. Understanding the population age distribution helps businesses effectively address the needs of the market. Accordingly, retail, service, and restaurants often target certain age groups. The following table presents age data.

Exhibit 3.4 Age Profile

	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
Total	29,897	92,552	5,741,617
Age 0 - 4	6.4%	6.2%	6.4%
Age 5 - 9	6.3%	6.2%	6.4%
Age 10 – 14	6.3%	6.3%	6.4%
Age 15 – 19	6.5%	6.3%	7.1%
Age 20 – 24	6.0%	6.0%	7.2%
Age 25 – 34	11.7%	11.7%	12.7%
Age 35 – 44	13.8%	13.4%	13.0%
Age 45 – 54	15.6%	16.0%	15.2%
Age 55 – 64	13.3%	13.3%	12.2%
Age 65 -74	7.3%	7.6%	6.8%
Age 75 - 84	4.4%	4.8%	4.4%
Age 85+	2.4%	2.4%	2.2%
Age 18 +	77.7%	77.5%	76.8%

Source: ESRI Market Profile Report

Both the Baraboo Convenience Area and the Baraboo Destination Area have a large percentage of their population in the age range of 25 – 74 years old, with approximately 62 percent of the populations in both areas belonging to this age range.

Race/Ethnicity - 2010

Spending patterns often differ with ethnicity. Effective market segmentation based on ethnic groups must be authentic and accurate. Understanding the ethnic distribution of a population is the first step to meeting the needs of different ethnic groups.

In terms of diversity, the populations of both the Baraboo Convenience Area and the Baraboo Destination Area are less diverse than the state average. The percent of residents living in the Baraboo Convenience Area who identify as White Alone is 95.5, percent and is 95.6 percent in the Baraboo Destination Area, while the state average is 87 percent. The largest minority population group is Hispanic Origin. Specialty stores and restaurants catering to that group have opened in the area in the past few years.

Exhibit 3.5 Race/Ethnicity

	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
Total	29,897	92,552	5,741,617
White Alone	95.5%	95.6%	87.0%
Black Alone	0.6%	0.9%	5.8%
American Indian Alone	1.1%	1.2%	1.0%
Asian/Pacific Islander Alone	0.6%	0.5%	2.1%
Some Other Race Alone	1.2%	0.9%	2.4%
Two or More Races	1.0%	1.0%	1.7%
Hispanic Origin	3.4%	2.7%	5.5%
Diversity Index	14.8	13.3	31.8

Source: ESRI Market Profile Report

Education – 2010 (Population 25+ years old by Educational Attainment)

Education can be an indicator of the socio-economic status of an area. Not only do education levels affect income, they also impact consumer tastes and preferences.

The Baraboo Convenience Area and the Baraboo Destination Area have a slightly lower percentage of residents who have an Associate degree or higher (33.7 percent in the Baraboo Convenience Area, 30.7 percent and the Baraboo Destination Area, and 35.9 in Wisconsin).

Exhibit 3.6 Educational Attainment

	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
Total	20,470	63,978	3,825,131
Less than 9th Grade	3.2%	3.5%	3.6%
9th-12th Grade, No Diploma	7.1%	7.2%	6.7%
High School Graduate	35.3%	37.6%	34.2%
Some College, No Degree	20.6%	21.1%	20.0%
Associate Degree	9.5%	9.8%	9.3%
Bachelor's Degree	16.6%	14.1%	17.3%
Master's/Prof/Doctorate	7.6%	6.8%	9.0%

Source: ESRI Market Profile Report

Occupations

Occupation concentrations of white-collar, blue-collar, or service workers are used as another gauge of a market's spending patterns.

In terms of manufacturing, both the Baraboo Convenience Area, at 13.2 percent, and the Baraboo Destination Area, at 14 percent, have lower percentages of workers in manufacturing than the state average, which is 16.5 percent. The trade areas have higher percentages of workers in the retail trade and construction fields than the state average, as well as in public administration occupations. The reason for the greater percentage of public administration workers could be related to the fact that Baraboo is the county seat.

Exhibit 3.7 Occupations

	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	State of Wisconsin
Total	16,142	47,648	2,730,342
White Collar	55.5%	54.9%	59.2%
Management/Business/Financial	13.0%	13.8%	13.5%
Professional	19.5%	17.7%	21.6%
Sales	11.9%	11.1%	10.9%
Administrative Support	11.1%	12.3%	13.3%
Services	21.0%	19.0%	16.3%
Blue Collar	23.4%	26.1%	24.5%
Farming/Forestry/Fishing	1.3%	1.4%	1.1%
Construction/Extraction	5.2%	5.8%	4.3%
Installation/Maintenance/Repair	3.8%	4.1%	3.5%
Production	7.4%	8.3%	9.3%
Transportation/Material Moving	5.8%	6.5%	6.3%

Source: ESRI Market Profile Report

Exhibit 3.8 Employment Occupations – 2010 NAICS Business Summary

	Baraboo Convenience Trade Area	Baraboo Destination Trade Area	Wisconsin State Average
Total	16,142	47,648	2,730,342
Agriculture/Mining	3.4%	3.7%	2.6%
Construction	6.1%	7.0%	5.2%
Manufacturing	13.2%	14.0%	16.5%
Wholesale Trade	4.0%	3.2%	3.2%
Retail Trade	13.2%	12.9%	11.7%
Transportation/Utilities	3.4%	3.7%	4.1%
Information	1.5%	1.4%	1.9%
Finance/Insurance/Real Estate	4.7%	5.1%	6.5%
Services	46.0%	44.4%	44.6%
Public Administration	4.6%	4.6%	3.7%

Source: ESRI Market Profile Report

Lifestyles

The Baraboo Trade Area resident lifestyles can also be studied using lifestyle segmentation information. Lifestyle segmentation systems examine the buying habits and preferences of consumers in a geographic area. One lifestyle segmentation system is Tapestry™, by ESRI Business Information Solutions. Consumers are classified into 65 demographic and behaviorally distinct segments. The segments are based on type of neighborhood (urban, suburban, rural); the residents' socioeconomic status (age, income, occupation, type and value of residence); and their buying behaviors. Tapestry Segmentation can help identify the best markets, find the most profitable consumer types, tailor marketing messages, and define product and service preferences.

The top three lifestyle tapestry segments in the Baraboo Convenience area are: "Green Acres," at 27.3 percent, "Midlife Junction," at 15.6 percent, and "Crossroads," at 13.0 percent. Below are descriptions on these three lifestyle tapestry segments, as described by ESRI:

Green Acres

The majority of households in Green Acres neighborhoods (71 percent) are married couples with and without children. Educated and hard-working, more than one-fourth of Green Acres residents hold a bachelor's or graduate degree; more than half have attended college. Although Green Acres neighborhoods are located throughout the country, they are found primarily in the Midwest and South, with the highest concentrations in Michigan, Ohio, and Pennsylvania. Country living describes the lifestyle of Green Acres residents. Green Acres residents are more likely than other segments to ride their mountain bikes and go fishing, canoeing, and kayaking. Other sample characteristics relevant to Baraboo are listed below:

- This group likes the outdoors including kayaking and canoeing, especially ties to an established event (i.e. Galena, IL outdoor event tied with their fall wine tasting event)
- Many are pet owners
- Businesses needed: sporting goods store; pet supply store; home improvement store; garden centers; fabric store; clothing stores for both dress and casual wear
- Restaurants frequented: Olive Garden

Midlife Junction

Midlife Junction residents' median age is 41.5 years; nearly 20 percent are aged 65 years or older. A third of the Midlife Junction households receive Social Security. Although scattered in suburbs across the country, these Midlife Junction neighborhoods are found more frequently in the South and Midwest. Midlife Junction residents live quiet, settled lives as they move from child-rearing into retirement. To finance their retirement, they own certificates of deposit, savings bonds, and IRAs. Other sample characteristics relevant to Baraboo are listed below:

- This group travels and the area sees many in this lifestyle type in the fall

- Current events cater to this group (Fall Art Tour, Fall Faire on the Square, Mid-Continent Railway Fall Train Rides)
- Businesses needed: Financial planning services; sporting goods store and other outdoor activities (crosses with Green Acres lifestyle)
- Restaurants frequented: Full service; specialty

Crossroads

Crossroads neighborhoods are growing communities in small towns in the South, Midwest, and West. Married couples with and without children and single parents are the primary household types in these areas. Crossroads residents' median household income is somewhat below the U.S. median. Crossroads residents' home ownership is 74 percent and the median home value is much lower than the U.S. median. More than half of the housing is mobile homes; 36 percent are single-family dwellings. Most were built after 1969. Crossroads households budget for what they buy and choose selectively where to spend their money. They shop at discount department stores such as Wal-Mart. Crossroads residents watch NASCAR racing and other sports on TV. Typically, they own a satellite dish or subscribe to cable. Other sample characteristics relevant to Baraboo are listed below:

- Children are the focus of their lives; this group will spend money as long as it's on their kids; they tend to live paycheck to paycheck
- Family activities; sponsor a children's event downtown that would draw parents
- Businesses needed: Discount stores; children's products and children's clothing stores
- Restaurants frequented: Ponderosa, buffet-type all-you-can-eat

Conclusions

Based on the demographic, lifestyle, and spending data in the Baraboo trade areas, a number of conclusions can be drawn:

1. Demographic trends in the trade areas (compared to the state of Wisconsin) indicate that Baraboo has:

    - A moderately growing population, growing at a faster rate than the state
    - Slightly lower home values
    - Slightly lower per capita and household incomes
    - A slightly higher percentage of household income in the $25,000 to $75,000 range
    - Limited ethnic diversity
    - Higher level of high school graduation
    - Lower level of college graduation
    - High level of retail, construction, and public administration occupations

2. Most of the households in the Baraboo trade areas are described by the ESRI Tapestry segmentation system in the following categories:

    - *Green Acres*- Green Acres residents tend to be married couples with and without children, who are hardworking and live primarily in the Midwest and South. These residents prefer living a country lifestyle and enjoying outdoor recreation.

    - *Midlife Junction* – Median Junction residents prefer to live in quiet, settled areas, as they transition from the child-rearing phase of life into retirement. Most depend on social security, IRAs, and other savings for livelihood.

    - *Crossroads* – Crossroads residents are married couples with or without children with a high level of home ownership rate. These residents are on a budget and are selective regarding their consumer goods.

3. Based on consumer behavior and purchasing patterns of the Baraboo trade areas, residents have lower purchasing potential per household than the U.S. (as discussed in Section 7).

Section 4

Tourism and Visitor Market

The City of Baraboo is uniquely positioned to build on the tourism sector as part of a retail development strategy. This section contains information gathered on local and regional attractions, and describes the size and significance of the tourism and visitor market in Baraboo. Core elements of tourism development are presented as adapted from an April 2011 report provided by David Scheler, Diversified Tactics and Strategies (DTS).

The Benefits of Tourism

The benefits of capturing visitor spending in smaller cities such as Baraboo, Wisconsin, can help sustain and help grow many local businesses such as restaurants, some service businesses and retailers. This in turn can also create a higher-quality selection of goods and services for local residents. As a consequence of attracting tourism, more money is earned within the community and can then be retained and re-spent within the community—a win-win situation for businesses and residents alike.

Area Attractions

Baraboo has a critical mass of regional tourism attractions. Section two of this document contains maps of the destination trade area as well as tourist origin for selected Baraboo area attractions demonstrating the drawing power of the attractions across the state and region. The following is a list of major Baraboo area attractions including a brief description and the approximate number of annual visitors.

- **Devil's Lake State Park:** *Wisconsin's Most Popular State Park celebrating its 100th year.* (1.8 million annual visitors)
- **Ho-Chunk Gaming:** *A hotel and full-service casino with 24-hour slot machines, bingo, blackjack and other games.*
- **Devil's Head Resort and Convention Center**: *Mountain resort amenities for Midwest family reunions, business conferences, winter ski vacations, golf vacations, weddings, and summer escapes.* (135,000 annual visitors)
- **Circus World Museum**: *Aerialists, magic shows, elephants, clowns and a collection of historic circus wagons* (65,000 annual visitors)
- **Mid-Continent Railway Museum**: A*n outdoor living history museum and operating railroad recreating, preserving, and interpreting the small town/short line way of life.*
- **International Crane Foundation**: *The International Crane Foundation maintains a collection of 15 species of captive cranes, which allows pursuit of two vital techniques for crane preservation: captive breeding and reintroduction into the wild.*
- **Aldo Leopold Foundation/Shack:** *The Leopold Center garnered more LEED points than any other building in the United States, making it the "greenest" building in the US. The Center fosters land ethics through the legacy of Aldo Leopold.* (10,000 annual visitors)
- **Cascade Mountain:** *The 460-foot ski hill offers 34 trails, four terrain parks, and two half pipes.* (170,000 annual visitors)

Along with the region's strengths and opportunities, numerous threats and weaknesses need to be addressed. Baraboo in and of itself may not have the financial wherewithal and independent brand recognition to afford the significant investment required for in-depth market penetration as a stand-alone destination in comparison to Wisconsin Dells (see below). However, compared to many Wisconsin communities of a similar population, Baraboo is uniquely positioned to benefit from further promotion as an overnight destination for travelers, and has the potential to capture more of the local and regional tourism economy given the volume of travelers to the Dells and other area attractions. As the volume of travelers increases in Baraboo, an analysis would need to be conducted to determine lodging supply and demand as well as the most appropriate types of lodging for the Baraboo market.

It should be noted that with so much to see and do in the Baraboo area, travelers may have motivation to spend one to two nights in Baraboo. Based on information used in the Wisconsin Department of Tourism's 2009 study, *The Economic Impact of Traveler Expenditures on Wisconsin*, conducted by Davidson-Peterson and Associates, overnight lodging patrons in resort areas spend significantly more on a per-person per-day basis than those using alternative lodging options. Statewide, visitors using hotels, motels, resorts and B&Bs account for over one-half (51%) of total visitor spending in all expenditure categories while day trips accounted for less than a tenth (7%).

The City of Baraboo is located 12 miles south of the Wisconsin Dells, *The Waterpark Capital of the World®,* and with nearly three million visitors to the Dells in 2010 it is an obvious source of potential visitors to the Baraboo area. To better understand the size and scope of the Wisconsin Dells tourist market a portion of the *2010 Economic Impact of Expenditures by Travelers on the Wisconsin Dells Area* report developed by Davidson-Peterson Associates is summarized below:

> The Wisconsin Dells area captured $1.06 billion in traveler expenditures in 2010. Nearly half of this influx (48%) occurred during the summer with 15 percent in the fall, 16 percent in the winter, and 21 percent in the spring. This total represents an increase of nearly three percent from 2009 figures.
>
> Nearly three-quarters (74%) of this money was spent by travelers staying overnight in hotels/resorts/motel and B&Bs. Half of the Wisconsin Dells Area total estimated travel expenditures were spent on shopping and food; 19% on lodging; 23% on recreation (in order of spending: wagering, events, sports, historic, liquor, sightseeing, and 8% on ground transportation.

Baraboo and its retail business community can position itself to serve as an alternative as well as a complement to segments of the Dells' significant tourist influx, to the numerous visitors drawn by other regional attractions, and to those enjoying the area's natural resources, particularly those visiting anchor attractions offered by nearby state parks and State Historical Society sites.

Tourism Activity Sets

The Baraboo area offers a variety of tourism related activities. The Wisconsin Department of Tourism has determined common linkages between different types of activities by surveying Wisconsin tourists on their spending and recreational behaviors. These activity sets may inform local retailers of potential or growing markets. Below are the activity sets relevant to tourism and recreation in Baraboo and the surrounding area:

- People who like <u>gambling</u> also like fishing, downhill skiing, dining, historic sites, indoor water parks, and nightlife.
- People who like <u>water parks</u> also like walking/hiking, zoos, dining and gambling.
- People who like <u>camping</u> also like hiking, fishing, biking, boating, hunting and cross country skiing.
- People who like <u>parks/forests</u> also like historic sites, museums, sightseeing, shopping, dining.
- People who like <u>music/arts/theater</u> also liked fairs/festivals, dining, museums.

Communities that Capture Visitor Spending

For a community to effectively capture visitor spending, it must balance natural, historic and cultural resources with the right mix of manufactured attractions including retail. An article in Urban Land provides ideas from successful retail centers located in major North American resort communities. These ideas may be relevant to downtown Baraboo.

Successful tourist-based retail centers have some similar characteristics. They typically:

- provide an intimate, distinct atmosphere and a strong pedestrian character;
- offer an experience and increase the lifestyle appeal of the community;
- have distinctive and consistent design (perhaps based on a historic theme);
- offer a variety of eating and drinking places that create a social ambiance;
- lack traditional anchor tenants;
- include logo or merchandise shops with commemorative or iconic appeal; and
- offer ongoing special events and activities.

Finding the right mix of businesses to complement these retail centers is difficult as tourism and retail are both sensitive to changing consumer, economic and social trends. The following six principles can help identify the right mix of services, facilities and tenants in a tourist-based retail center:

The Retail Center Should Build on the Attributes of the Surrounding Area

Tourism destinations depend on the special attributes of their locations. These attributes might include unique natural attractions such as a spectacular river or lake front setting. They can also include unique historic and cultural characteristics of the community. The retail center should build on these special attributes to achieve a unified and authentic theme that complements the surrounding area.

Have a Year-Round and Diverse Appeal

Successful tourism related retailers appeal to more than one market segment. They look at the various types of visitors by season to identify opportunities to increase year-round sales. For example, a shop that sells and services bicycles in the summer may be able to sell ski equipment in the winter. Successful retailers also try to appeal to a diverse mix of customers including overnight visitors, day trippers, conference attendees, local residents and employees.

Cluster Retail Near Town Center

The appeal of tourism-based retail is increased when a wide variety of shops are clustered around each other and near local services. Local services can include visitor information, post office, library, medical center, banks, realtors, conference and lodging facilities. These services provide spin-off for local retailers and build a sense of community.

Retail Mix

The mix of retail, restaurants and entertainment should reflect the needs and interests of the primary market segments. Today's tourist destinations provide a variety of retail and services beyond souvenirs and fast food. Examples of specialty retailers found in resort communities include: cheese, skin and health care, jewelry, lifestyle apparel, golf/sports/outdoor equipment, novelty gifts, antiques, home accessories, restaurants, coffee shop, high-tech entertainment, bakery products/cookies, chocolates/candy, heritage/ethnic gifts, art gallery, crafts, t-shirts and clothing, gourmet foods, books, photography, factory outlet products, Christmas items, flowers, toys, wildlife art, cards, liquor and wines and perfumes/soaps. In addition, general merchandise stores that sell drugs, groceries, hardware and convenience items are also important in servicing visitors.

The Right Products

Many resort retailers sell products related to health, wellness and feeling good. Such products include small indulgences such as specialty coffees, ice cream, cookies and chocolate, toys as well as outdoor accessories such as sunglasses, sweaters and footwear. Locally produced products are also appealing to tourists. Retailers should adjust their merchandise seasonally and carry products that also appeal to the local resident market.

Appearance of the Retail District

Appearance of the retail district can strengthen the area's identity and sales. Consistency in signage, shop fronts and merchandising can be achieved through the following:

- landscaping (and street-scaping) to clearly define the retail area;
- building size;
- pedestrian orientation;
- signs and icons reflecting local cultural, natural, recreational or historical features;
- mobile kiosks;
- colorful storefronts/facades with inviting window displays, entrances, awnings, umbrellas, banners and signage; and
- outdoor entertainment.

Retailers should try to stimulate impulse shopping, even for things that the visitor could buy back home. However, it is important not to look too commercial.

Ingredients of an Outstanding Destination (National Extension Tourism Conference, 2000)
Presented by Rodger Brooks, Destination Development

1. Pedestrian-friendly, intimate setting
2. Locals have to want to hang out there too
3. First impression-a great community and downtown gateway, locate where it looks the best
4. Give shopping districts names
5. Good wayfinding-signage program that matches marketing, also for pedestrians
6. Create gathering places
7. Women account for 80 percent of spending
8. Convenient long term parking
9. Widen sidewalks, narrow streets, good cross walks-lots of greenery
10. Aim for 10 food places, 10 retail shops, and 10 places open after 6 pm in three lineal blocks
11. Consistent hours and days, open late
12. People are drawn to experiences-not cities
13. Activities after 6 pm (70 percent of spending is after 6 pm)
14. Curb appeal-great signage, invitations not rejections-we will be open…
15. Public restrooms
16. Create community branding, development and marketing action plan

Businesses that Capture Visitor Spending

To help understand what types of businesses may appeal to Baraboo's visitor market, research findings from a market study for the Rhinelander, Wisconsin Main Street Program was used. In this study, eight vibrant tourism-oriented downtowns were studied to understand their business mix and overall downtown dynamics. These communities included: Brainerd, MN; Fergus Falls, MN; Gaylord, MI; Petoskey, MI; Traverse City, MI; Galena, IL; Lake Geneva, WI; and Sturgeon Bay, WI. Downtown leaders from each community were asked to identify businesses that make significant contributions to downtown vitality. Interviews were conducted with owners and/or managers from each of these "key" businesses and short case studies were prepared for inclusion in the Innovative Downtown Business Database. The key businesses identified can be grouped into one of five broad categories. These groups are presented below.

Destination Restaurant

Many of the communities studied had one or more large destination restaurants as key generators of downtown visitation. These restaurants typically have large seating areas split into different rooms with a more intimate feel. Most are in the middle ($12 - $25) price range for dinner entrées and feature live music one or more times per week.

Unique/Regional Gift Store

Many of the businesses studied were gift stores that offer unique, quality products that are not found in large retail stores. These product offerings are highlighted by items that reflect local/regional culture, such as cherries and wine in Sturgeon Bay, Wisconsin, and Swiss-themed products in Gaylord, Michigan. Notable store characteristics are attention to detail, quality products, and superior customer service. Many of the retailers interviewed stressed the need to differentiate themselves from both discount retailers, and from one another.

Downtown "Hangout" or Gathering Place

Downtown hangouts are businesses that provide a place where local residents socialize in a "public living room." Many of these establishments are coffee shops, often featuring an outdoor sidewalk or courtyard seating during appropriate weather and offering baked goods that are produced locally. Some coffee shops are integrated or co-located with other businesses, such as book stores. These businesses facilitate downtown vibrancy by providing a place where people gather, and increase foot traffic on the street and in nearby establishments.

Entertainment

Theaters complement other downtown businesses by drawing crowds of people who then visit nearby establishments. They also promote downtown living by providing residents with easily accessible entertainment options. The State Theatre in Traverse City, MI, and Fergus Theatre in Fergus Falls, MN are examples. They do not compete directly with large movie theatres that show mainstream Hollywood films, but rather feature independent and foreign films, live music and theatre productions, special events (high school film, art exhibitions, film series), and occasionally second-releases of Hollywood Films.

Hospitality/Lodging

Two hotels were identified in this study: Stone Harbor Resort in Sturgeon Bay, WI, and Stafford's Perry Hotel, in Petoskey, MI. Each is locally owned and operated. Both provide a steady stream of visitors that patronize other nearby establishments day and night. They also host large meetings, conferences, weddings, and other events that regularly draw additional traffic. Integrated restaurant/bar/grill elements in each hotel serve as an additional draw. It is important to note that both facilities occupy lakefront property, providing a connection between the commercial district and the water.

Operating Characteristics

A number of operating characteristics contribute to the uniqueness and appeal of these key downtown businesses. These are presented below:

- Locally owned and operated - All of the businesses studied are locally owned and operated. Five of the twenty-five businesses have more than one location, either within the same city or region.
- Located in historic buildings - Sixty percent of the businesses surveyed are located in buildings listed on national or local historic registries. A number of businesses in recently

renovated buildings indicated that after historical restorations were complete, business significantly improved.

- Place-based - In addition to locations in preserved historic structures, successful downtown businesses often feature, complement, and build on local or regional culture.
- Active in downtown business community - Owners and managers organize or participate in community events and charities, and work directly with other businesses in their community. Participation in downtown community activities is critical to the success of the individual businesses and to the overall downtown.
- In order to co-exist successfully with large chain affiliated businesses, these innovative businesses have adopted and developed techniques to further distinguish themselves.
- Customer Service - By focusing on personal customer service, the establishments have built a positive reputation and created repeat customers.
- Quality Products and Services - Rather than focusing on low prices, these businesses focus on offering quality products at reasonable prices. Small businesses cannot compete directly with large retailers on price but by offering superior quality products, they can create their own niche.
- Unique Product Offerings - Retail establishments have an especially difficult time competing with large store competitors that offer the same products. Businesses in this study offered unique products to distinguish themselves from large retailers – as well as from one another.

Downtowns in tourism communities can attract visitors by including destination restaurants, gift shops, gathering places, entertainment and lodging facilities in the business mix. The successful businesses studied are distinctly different from the chains, build on local character and the environment, and are engaged in the community. They provide an authentic experience for the visitor and reason to come downtown.

* from article by Joshua Clements published in the University of Wisconsin newsletter: Community Economics. http://www.uwex.edu/ces/cced/downtowns/ltb/index.cfm

Importance of Branding

The Baraboo area already has a wealth of popular attractions. However, it is imperative to the overall success of the City of Baraboo's business community that the Baraboo area's rich mix of amenities and attractions is perceived by the traveler as part of the Baraboo brand. Currently, many of the Baraboo area's tourism attractions have, to some extent, been annexed by the Wisconsin Dells tourism industry. This is particularly evidenced on internet listings for the attractions and the Wisconsin Dells' website. This is ultimately a benefit, given the Dells' substantial popularity and marketing budget, rather than a competitive threat. As Baraboo develops its "curb appeal" and lodging infrastructure it can become a stronger destination in and of itself.

The Wisconsin Department of Transportation provides financial assistance with signage through their TOPS and SIS tourism signage programs, which should become extremely important with the development of the bypass around Baraboo. Developing strong brand recognition through public relations efforts, a solid marketing campaign and additional major events will help Baraboo.

Publicity/Advertising

If Baraboo's business community wants to benefit from increased tourism activity, it would be most beneficial for the retail community to have Baraboo become a central point of access to the numerous area attractions. These attractions are already extremely well-publicized both as stand-alone destinations and through the marketing power of Wisconsin Dells and the Wisconsin Department of Tourism.

Baraboo needs to consider positioning itself as a key overnight destination in order to maximize the benefits of travel to the area attractions. In supporting this growth through increased travel volume, increased retail business will follow. However, in order for the retail community to maximize the benefits from this potential for growth, Baraboo needs the added marketing exposure to draw in more travelers to the community.

In order for a destination to become included in the "consideration set" of possible places to visit and stay overnight, the destination must first be identified as an option: this is the job of marketing and public relations. Once this is accomplished, ease of locating planning information is critical to the overall success.

Conclusions

In order for the Baraboo retail business community to maximize its growth from tourism, a visitor marketing plan should be created that builds on the city's attractions, aesthetic appeal, and retail product offerings. The plan should also explore Baraboo's potential to become a more recognized overnight destination.

1. Baraboo and its retail business community can position itself to serve as an alternative as well as a complement to segments of the Dells' significant tourist influx, to the numerous visitors drawn by other regional attractions, and to those enjoying the area's natural resources.

2. Finding the right mix of businesses to complement retail centers is difficult as tourism and retail are both sensitive to changing consumer, economic and social trends. The following six principles can help identify the right mix of services, facilities and tenants in a tourist-based retail center:

    - The Retail Center Should Build on the Attributes of the Surrounding Area
    - Have a Year-Round and Diverse Appeal
    - Cluster Retail Near Town Center
    - Retail Mix
    - The Right Products
    - Appearance of the Retail District

3. It is important to foster successful and attractive businesses to create and maintain a vibrant downtown. Based on an analysis of dynamic tourism-oriented downtowns, the following categories of businesses were identified as being significant contributors to downtown vitality:

    - Destination Restaurant
    - Unique/Regional Gift Store
    - Downtown "Hangout" or Gathering Place
    - Entertainment
    - Hospitality/Lodging

Section 5

Downtown Business Mix Comparison

This section compares the mix of businesses in downtown Baraboo with that of similar size communities in Wisconsin. Comparisons are also made with selected peer communities that serve similar market segments as downtown Baraboo. These comparisons represent one approach useful in identifying potential business opportunities for the downtown district.

Downtown Baraboo

While downtown Baraboo is only one of five business districts studied in this market analysis, for many it represents the central place in the community from both a social and economic perspective. Once the primary retail center of the community, the uses of downtown buildings have changed from primarily retail to a variety of specialty retail, services, dining and entertainment.

Downtown Baraboo is a vibrant and attractive central business district. It has:

- over 100 businesses
- over 600 employees
- a Business Improvement District (BID) representing the core district (within the .5-mile ring)
- commercial buildings within the BID assessed at approximately $31M
- combined property taxes in 2010 in the BID of approximately $700,000.

In this section we examine the current business mix in the area formed by a half-mile radius around the middle of downtown Baraboo. A business inventory was completed by a study subcommittee to describe commercial activity within this geographic area (see following page).

The downtown Baraboo inventory is then compared to other communities as one approach in identifying potential business opportunities for the downtown district.

Downtown Baraboo Retail and Service Business Inventory

Downtown	Ameriprise Financial	Pete's Glass
First Presbyterian Church	Specially Hers	Recycled Sally's
Turning Point Studio	Ardyth's Sew-N-Shoppe	Raven House
Massage Therapy	Jen's Alpine Cafe	Just Betty's
Rural Insurance	Glacier Paint & Decorating	Thredz Fashion
Greenwood Appraisal	Hill's Gallery and Gifts	Mama Mia's Pizza
Badger Insurance	Coffee Bean Connection	Bananaboat Ad/Graphics
Children Services Society of WI	Supreme Awards	Mike's Barber Shop
Projected Planning Financial planning	Hair on the Square	Bekah Kate's
Ash Street Law Office	CenturyLink	Sand County Contracting
Café of Life Health Center	City of Baraboo, Police and Fire	All Wisconsin Mortgage
Cenex Gas Station	Zachs Tap	Tech Monkeys
It's All About You Yoga	Thompson's Jewelry	Back Door Antiques
Baraboo Office Supply	Wells Fargo Bank NA	Upscale Boutique LLC
Presbyterian Church	Jerry's Hallmark	The Grainery
Herman's Machine Shop	Corner Drug Store	Baraboo Music
Kruse Motor Sales, Ltd.	k. walter vintage	The Downtowner Bar
Hatz Investments	Nichols Philipp Legal & Mediation Services	Beckman Promotions
Chucks Tire	Topham Photography	Spin Shack
Schwarz Insurance	Von Klaus Winery	Spa Serenity
Johnsen Insurance	Village Booksmith	Square Market
Premo & Premo	Amber Moon	LifeLine Books
Midwest Labor	Oak Street Antiques and Yarn	Tangles Salon
Edward Jones	Kut Hut	Total Design Salon
McGann's Furniture	Baraboo Broadcasting Co.	Touch of Your Life Massage Therapy
Nordic Group	Elite Bakery	Downtown Family Dental of Baraboo
Nature Conservancy	Garden Party Cafe & Interlude Lounge	Karobyx Promotion Sales
Recover Health	Green Room Gifts	H&R Block
Fresh Start Legal Services	Very Wild Flowers	Middle Earth Pizza
Baraboo Range Preservation	Little Art Shoppe	Sauk County Courthouse & West Square Bldg.
Wells Fargo drive up Bank	Boardman, Quale, Hartmann	
United First Methodist Church	Don Rick Insurance	
Smith Oil & A.J's Brakes and Repair	Harry Machtan Realty	
Imperial Multimedia	National Tax Service	**Ringling Riverfront**
Fit With Me Fitness Studio	Vodak's Radio Shack	Sonsalla Tax & Insurance services
Kwik Wash Laundry	Christina Beam Photography	Napa Auto Parts
Town & Country Cleaners	Farmers Insurance	ARO Behavioral Services
Baraboo Public Library	Baraboo Perfect Home Sales and Rentals	Deppe Enterprises
Elks Club	Sam's Barber Shop	R&M Body Shop
Gavin Bros. Auctioneer	Knead a Rubb Massage	The Sewing Room
Conway & Seefeld Attorneys	The Jug Saloon	Towns & Associates
Baraboo District Ambulance	Open Road Tattoo	Parker Bros. Used Appliances
Cinderfellas Hair Salon	Poor Richards Saloon	This That and Everything Re-SaleShop
Land Title Service	Oak Street Market	Riverside Rental
Fan Faire Costume & Dance	Curves Fitness	Brazilian Jiu-Jitsu Academy
International Clown Hall of Fame	Badger Dry Cleaners	Gem City Saloon
Jerry's Cash Register	Baraboo School District Administration Office	Sun Shades Window Tinting
Smith CPA, LLC	Masonic Temple	Panache Academy of Beauty
Specially Hers II	Baraboo National Drive up Bank	Bravo Dance Studio
The Memory Bank	Wegner CPA	Lake States Railway Historical Society
Gem City Candy	Tracey Financial Services	Next Gear Spin & Fitness
Pemberton & Englund	Krueger & Hernandez Attorneys	Baraboo Arts Banquet Hall
Just for Kicks	VFW Post	Snap Fitness
Monks Bar & Grill	American Legion Hall	Circus World Museum
Just Imagine Toys	Baraboo Surplus Store	Inspirations By Boots
Square Tavern	Cross, Jenks, Mercer & Maffei Attorneys	Raven House
Al Ringling Theatre	Curves Fitness	Just Betty's
Sauk County Art Assoc.	Baraboo National Bank	Thredz Fashion
Martinez & Ruby, LLP	Sauk County Abstract and Title	Mama Mia's Pizza
RE/MAX Grand	Area Wide Appliance	Bananaboat Ad/Graphics
Screnock & Screnock	Ploetz Furniture	Mike's Barber Shop
Little Village Cafe	Rejuvenations	Bekah Kate's
Next Level Communications	Viney and Viney	Sand County Contracting
Elite Self Defense	Burkhalter Travel & Cruise	All Wisconsin Mortgage
Cornerstone Gallery	McGann Furniture	Tech Monkeys
Attic Correctional Services	The Service Company	Back Door Antiques
Birdie's Cafe	South Central Education Association	Upscale Boutique LLC

Comparison to Downtowns in Similar Size Wisconsin Communities

The first comparison group represents all Wisconsin communities (39 cities and villages) with populations between 10,000 and 25,000. The average number of businesses per downtown in these communities was calculated in a UW-Extension study and is presented in Table 5.1. Communities in this group include:

Baraboo	Beaver Dam	Cedarburg	Chippewa Falls
Cudahy	De Pere	Fitchburg	Fort Atkinson
Germantown	Glendale	Grafton	Hartford
Kaukauna	Little Chute	Marinette	Marshfield
Menasha	Menomonie	Mequon	Merrill
Middleton	Monroe	Muskego	Neenah
Oconomowoc	Onalaska	Pleasant Prairie	Plover
Port Washington	River Falls	South Milwaukee	Stevens Point
Stoughton	Sun Prairie	Two Rivers	Watertown
Waupun	Whitewater	Wisconsin Rapids	

Note: The results for Baraboo were also included in the cumulative data from the 39 Wisconsin communities. The data for Antigo, Fort Atkinson, and Watertown are also included in the cumulative data for both the seven peer communities and the 39 Wisconsin communities.

Comparison to Selected Peer Communities

The study subcommittee also identified seven “peer communities” that have relatively vibrant downtowns and share market characteristics similar to those of Baraboo. Like Baraboo, many of these are “Micropolitan Statistical Area” communities as defined by the United States Office of Management and Budget. Micropolitan Statistical Area communities are urban areas in the United States based around a core city or town with a population of 10,000 to 49,999. The average number of businesses, by category, in these seven downtowns is also provided in Exhibit 5.1.

Antigo, WI

Antigo is a city of 8,560 people, and is located in northeastern Wisconsin. Antigo is known for its agriculture, lumber and manufacturing industries. It is a nationally recognized cheese producer and manufactures most of the National Basketball Associations’ hardwood flooring. It is also considered the gateway to Wisconsin’s Northwoods. The city has a historic downtown, which is currently developing new ways to bring in new businesses. In April of 2011, the City had approved plans to construct a new office building to house Wittenberg Wireless and other outside businesses as part of their revitalization plan for the downtown.

Burlington, IA
Burlington is a city of 25,663 people, and is located in the southeast corner of Iowa on the Mississippi River. The city is a transportation and manufacturing center for the area, and is also known for its beautiful bluffs along the river. Their downtown is known for its historical buildings and its abundance of church spires that appear on its skyline. The Burlington downtown features a riverfront farmers' market and summertime live music.

Carlsbad, NM
Carlsbad is a city of 26,138 people. Located in the southeast corner of New Mexico, the city is situated in the Chihuahuan Desert near the Guadalupe Mountains and Carlsbad Caverns. Their downtown features a museum and art center, a historical walking tour, fall festival and farmers market promoted by their Main Street program. The program provides funding for activities to maintain and improve downtown such as façade improvements, new street signs, and a clean-up effort to attract both tourists and residents to their downtown area.

Fort Atkinson, WI
Fort Atkinson is a city of 11,621 people located in southeastern Wisconsin. The city is known for the original military fort, as well as its Indian effigy mounds. Their vibrant downtown features many buildings on the National Register of Historic Places, and features many shops, restaurants, and recreation opportunities as well as a newly constructed Riverwalk along the Rock River. Fort Atkinson has a diverse commercial mix in their downtown, making it attractive for both out-of-town visitors and local residents.

Granbury, TX
Granbury is a city of 5,718 and is located in the center of Texas. The city is known for its historic Granbury Opera House, as well as being the home and resting place of Davy Crockett's wife Elizabeth. The Granbury historic downtown consists of over 50 shops, two live theaters and a drive-in movie theater and many recreational opportunities along Lake Granbury. The city has gone to great lengths to preserve their unique sense of place and history, and has received many awards on their redevelopment of their courthouse square. The city has recently constructed a large conference center along the boardwalk in downtown Granbury that draws in many weddings, receptions and business events to the downtown.

Watertown, WI
Watertown is a city of 21,598 and is located in southeast Wisconsin along the Rock River between Madison and Milwaukee. The city is known as home to the first Kindergarten class as well as the Octagon House Museum. Their downtown features historical and diverse mix of museums, shops, and restaurants. Downtown Watertown benefits from having a Main Street program which, along with their day to day downtown assistance, plans large events such as the Fall Festival, Maxwell Street Days and the annual Street Dance to bolster economic activity.

Waynesville, OH
Waynesville is a village of 2,550 people located in the southwest corner of Ohio and is known for being the "Antiques Capital of the Midwest". The look of Waynesville's downtown has been

preserved by the adoption of a historic preservation district, ensuring the character of the downtown is maintained. Over 60 antique and specialty shops, make it a unique place to shop and dine, or take a walking tour of historic "Old Main Street". The downtown also features art galleries, museums, and is home to the annual Ohio Sauerkraut Festival attracting over 450 vendors and 350,000 visitors.

Comparison Analysis

For purposes of this study, retail and service business categories that are typically found on street levels of downtowns were used for the comparison. For each of the comparison groups ("Wisconsin Average" and the "Peer Cities Average"), data from InfoUSA was used to identify the average number of businesses by NAICS code (five digit) within one-half mile of the center of their respective downtowns. This information was then compared to actual data collected for Baraboo's downtown. The results of the comparison are presented in the exhibit that follows.

Important Notes about the Comparison

1. In some cases, a particular business may offer products or services that fall under multiple NAICS codes. For this analysis, it is listed under one primary code. For example, a business may be listed as a furniture store but also sell home furnishings.

2. Baraboo is on the lower end of the population range of the "Wisconsin Average" group that was studied. Accordingly, many of the communities included in the comparison data may have a larger market to support downtown retail.

3. While the raw data may indicate opportunity for a business type within a half mile of the downtown, other businesses serving those needs may already exist in the Baraboo area outside of the downtown. This could then nullify the opportunity for a new business in that category.

4. As with any statistical sources, there may be inaccuracies in the number of businesses attributed to a specific NAICS code for any given community.

5. The business mix analysis only measures a count of establishments and does not offer more useful information such as sales or square feet of space. Further, it does not attempt to measure the competitiveness of the businesses included in the comparison.

Exhibit 5.1 Baraboo Downtown Business Mix Comparison

NAICS	Name	Downtown Baraboo	Wisconsin Average*	Peer Cities Average
72210000	Full-service restaurants	4	9.85	11.00
81211200	Beauty salons	4	7.13	6.00
72240000	Drinking places (alcoholic beverages)	6	6.36	4.71
45322000	Gift, novelty, & souvenir stores	6	2.49	5.86
81111000	Automotive mechanical & electrical repair	1	2.31	3.29
71390000	Other amusement (bowling, golf, fitness)	3	2.18	1.29
45330000	Used merchandise stores	6	2.10	4.43
44710000	Gasoline stations	2	1.54	2.43
81211100	Barber shops	3	1.54	1.71
45310000	Florists	1	1.49	1.29
44831000	Jewelry stores	1	1.46	1.57
45111000	Sporting goods stores	1	1.41	0.71
44510000	Grocery stores	0	1.38	1.43
54192000	Photographic services	2	1.38	1.29
72220000	Limited-service eating places	2	1.38	0.86
44311000	Appliance, television, & other electronics stores	1	1.33	1.00
44419000	Specialized building material dealers	0	1.10	0.57
44130000	Automotive parts, accessories, & tire stores	1	1.08	2.14
44520000	Specialty food stores	5	1.03	0.71
44611000	Pharmacies & drug stores	1	0.97	1.29
44812000	Women's clothing stores	1	0.95	1.57
45200000	General merchandise stores	0	0.92	0.71
81211300	Nail salons	1	0.90	1.43
44220000	Home furnishings stores	0	0.79	1.00
45121000	Book stores	3	0.77	1.00
81232000	Dry cleaning & laundry (except coin-operated)	1	0.74	0.71
44210000	Furniture stores	2	0.72	1.43
45112000	Hobby, toy, & game stores	1	0.72	1.14
44819000	Specialized clothing stores (dress, etc.)	1	0.64	0.57
44112000	Used car dealers	1	0.62	1.29
44530000	Beer, wine, & liquor stores	1	0.62	1.00
45392000	Art dealers	2	0.56	0.71
44312000	Computer & software stores	0	0.54	0.86
81291000	Pet care (except veterinary) services	0	0.54	0.43
81141000	Home/garden equipment & appliance repair	1	0.46	0.14
45321000	Office supplies & stationery stores	2	0.44	0.71
44821000	Shoe stores	0	0.41	0.29
44413000	Hardware stores	0	0.38	0.29
45391000	Pet & pet supplies stores	0	0.38	0.43
44420000	Lawn & garden equipment & supplies stores	0	0.36	0.14
45114000	Musical instrument & supplies stores	1	0.36	0.29
44619000	Other health care (vitamin, medical equip)	0	0.33	0.71
45113000	Sewing, needlework, & piece goods stores	1	0.33	0.43
51213000	Motion picture & video exhibition	1	0.31	0.29
44412000	Paint & wallpaper stores	1	0.28	0.14
44613000	Optical goods stores	0	0.26	0.29
44815000	Clothing accessories stores	0	0.26	0.00
44811000	Men's clothing stores	0	0.23	0.14
44813000	Children's & infants' clothing stores	1	0.23	0.14
81143000	Footwear & leather goods repair	0	0.18	0.29
44612000	Cosmetics, beauty supplies, perfume stores	0	0.15	0.14
44814000	Family clothing stores	0	0.15	0.29
53230000	General rental centers	0	0.15	0.57
45122000	Tape, compact disc, & record stores	1	0.13	0.29
81219000	Other personal care services(tattoos, spas, piercing)	3	0.10	0.14
53222000	Formal wear & costume rental	2	0.08	0.00

*Wisconsin. Cities/Villages with 10,000-25,000 Population. Average of 39 Downtowns. Data source: Retail and Service Business Mix Analysis of Wisconsin's Downtowns by Bill Ryan, Beverly Stencel, and Jangik Jin, September 2010. University of Wisconsin-Extension

Conclusions

The following conclusions about downtown Baraboo's business mix can be drawn from this data. Special attention was given to those business categories that are most suitable for downtown storefront location and that were found in many of the comparison downtowns.

1. Downtown Baraboo has a higher concentration of businesses in certain categories as listed alphabetically below. The clustering of these and related businesses (current and future) may provide an opportunity to create a downtown market niche. Accordingly, while downtown Baraboo may appear to have an adequate supply of these businesses, they provide potential themes that can help build downtown Baraboo as a retail destination.

    - Art dealers
    - Book stores
    - Gift, novelty & souvenir stores
    - Other personal care services and fitness
    - Specialty food stores
    - Used merchandise stores

2. Downtown Baraboo has a lower concentration (or no businesses at all) in the categories listed alphabetically below. The potential market gap in these categories may signal the need for further analysis to more accurately assess market demand and supply conditions in these categories.

    - Beauty salons
    - Full service restaurants
    - General merchandise stores
    - Grocery stores
    - Hardware stores
    - Home furnishing stores
    - Optical goods stores
    - Pet care (other than veterinary) services and supplies
    - Shoe stores
    - Sporting goods
    - Woman's clothing stores

Section 6

Perspectives of Business Operators

This section analyzes information obtained from a business operator survey, created and distributed for the purposes of this market analysis. The survey was not scientific, and the sampling of opinions gathered were merely used in a directional nature to help contribute toward market analysis recommendations.

Survey Overview

A web-based business owner survey invited a sample of business owners to share their perspectives regarding the current and future economic health of the retail business districts. Selected business operators within the City of Baraboo were emailed invitations to participate in the online Zoomerang survey in April, 2011. Twenty-nine responses were received.

The survey was designed to gather background information from businesses on their needs and opportunities, business characteristics, and market and marketing data. The overall goal of these questions was to learn how to make Baraboo a more profitable place to do business. Survey questions covered the following topics:

- Background information on each business
- Biggest challenges facing businesses
- Programs to improve business
- Impact of community events on business
- Preferences for new business in the different business districts
- Prevailing issues with marketing, taxes, and business restrictions
- Aesthetic enhancements to improve the retail environment

The survey was based in part on the standardized business operator's survey developed by the Wisconsin Main Street program and previous business surveys implemented by University of Wisconsin-Extension. The survey was then modified by the study committee to reflect research questions specific to Baraboo.

During the month of April, 2011, 88 business operators were emailed an invitation to take part in the online Zoomerang business operator survey. Of the 88, 29 surveys were completed, and two were partially completed. All online survey responses went directly to UW-Extension and were kept confidential. The final rate of return for the survey was 33 percent.

Background Information on Respondents

Various questions were asked to better understand general characteristics of the business operators responding to the survey. These questions and responses are as follows:

<u>What best describes your business? (Q1)</u>
The majority of respondents (84 percent) characterized their business as "retail." The second most prevalent response was "service business" at 14 percent.

<u>Where is your location? (Q2)</u>
Nearly half of survey respondents operated businesses in the Downtown Baraboo district (45 percent). The distribution of survey response is as follows:

- Downtown-45%
- Ringling Riverfront-no respondents
- South Boulevard Corridor-no respondents
- The Route 12 Corridor-21%
- The Route 33 Corridor (east side)-7%
- Outside of City-21%
- Other areas in City-7%

<u>How long has your business been in operation? (Q3)</u>
The majority of businesses have been in operation for over 11 years, with 25 percent selecting the 11-20 year category and 46 percent selecting the over 20 year's category.

<u>Do you have any plans to change your business in the coming year? (Q10)</u>
31 percent of participants stated they planned to expand their business in the coming year; 7 percent intended to move locations and about 3 percent stated they would close. An additional 14 percent expressed hopes to see improvements in their business in the coming year.

Exhibit 6.1 Level of Business Activity

	Busiest	Slowest
January	2.0%	20.0%
February	5.1%	17.6%
March	4.1%	17.6%
April	4.1%	8.2%
May	4.1%	3.5%
June	11.2%	3.5%
July	16.3%	3.5%
August	15.3%	0.0%
September	9.2%	2.4%
October	9.2%	5.9%
November	9.2%	9.4%
December	10.2%	8.2%

<u>To the best of your knowledge, what are the three busiest and three slowest months of the year for this business? (Q5)</u>
Regarding busy times of operation, the most frequently selected month was July (16.3%), followed by August (15.3%), June (11.2%) and December (10.2%). This data suggests that retail activity is linked to the

summer and holiday shopping seasons. The slowest months were mainly the post-holiday winter months of January (20.0%), February (17.6%), and March (17.6%).

Do you own or rent your current location? (Q6)

55 percent were owners of their business location and 45 percent rented their space.

Is this your only location? If yes, please skip this question. If no, please include other business locations below. (Q7)

24% responded no to this question, with specific location descriptions ranging from thousands of other stores nationwide, to statewide branches, and one to two other locations.

What are the biggest challenges faced by your business in Baraboo today? Please select up to five responses. (Q8)

The most popularly selected responses dealt with changing consumer behavior patterns and the increased cost of business. 45 percent of respondents chose "changing consumer behavior" as one of up to five current business challenges, while "competition from online sales" and "larger chain stores pulling customers away from my business" each received 38 percent and 31 percent respondent votes, respectively. "Increased business operating costs, including payroll" was also selected by 38 percent of the participants.

Exhibit 6.2 Business Challenges

Challenge	Selection Percentage
Changing consumer behavior	45%
Competition from online sales	38%
Increased business operating costs, including payroll	38%
Larger chain stores pulling customers away from my business	31%
Property taxes	28%
Access to financing	24%
Rerouting of Highway 12	24%
Dollars leaving the community for shopping in Madison	21%
Attracting and retaining competent employees	17%
Geographic separation of various business districts	17%
Other, please specify	17%
Cost and availability of insurance	10%
City regulations and governmental red tape	10%
Lack of parking	10%
Infrastructure improvements	10%
Lack of events that bring tourists to Baraboo	7%
Dollars leaving the community for shopping in Wisconsin Dells	7%
Finding a location suitable for a new business or expansion	3%
Identifying unique business niche	3%
Lack of networking opportunities for local businesses	3%
Aesthetics of the community	3%
Lack of mentorship in helping new businesses to thrive	0%
Maintaining good suppliers	0%

<u>What issues are most important to the future prosperity of your business and to the overall level of retail activity in Baraboo? (Q23)</u>

Participants identified four main categories of issues important to the future prosperity and activity of their businesses. These issues included the Highway 12 improvements, marketing of Baraboo, taxes and the current state of the economy, and business restrictions. Specific grievances and suggestions are listed below:

<u>Highway 12 Improvements</u>

Respondents wished to be better informed on the exact construction dates and expected bypass completion date of Highway 12, and to be kept abreast of progress updates on the project. Having better signage guiding traffic from the new rerouted Highway 12 to the downtown was also suggested. The fact that the rerouting of traffic is taking traffic away from certain businesses was listed as a hindrance to prosperity and retail activity.

<u>Marketing</u>

Overall, respondents noted the need to enhance marketing efforts, both to locals and tourists, to encourage more people to frequent both the larger area and the downtown. Suggestions ranged from showcasing the natural beauty in and around Baraboo to regional and national markets, to improving infrastructure as a means of elevating civic pride and marketing the area as a “great place to live, work, and play.” The highway 136 area was said to be a destination center, with “nothing to bring people” out to this location. To encourage more people to come downtown, suggestions were made to “fix” South Boulevard and the Riverfront, as well as to encourage more general merchandise and non-specialty shops in the downtown. Encouraging a focus on arts and emphasizing the need to do more local shopping instead of Madison shopping were also suggested.

<u>Economy and Taxes</u>

Based on the responses of many participants, it appears that the economic downturn has been and still is an important concern for the Baraboo retail market. Participants reported that their business costs have increased due to the increase in fuel prices, and the compilation of these increases with decreases in consumer spending has hurt business. Conversely, one respondent noticed the increase in fuel prices has helped encourage Baraboo residents to spend money locally, the respondent hopes that this trend can be sustained if/when gas prices fall. Participants also suggested that tax cuts are needed to curtail the economic woes. One participant noted that both real estate and business improvement district (BID) taxes have gotten too high for small businesses in Baraboo. Overall, the need for consumer confidence and spending to improve was noted as an important issue for future prosperity and retail activity.

<u>Business restrictions</u>

Several suggestions were made to improve the business atmosphere in Baraboo. Making it easier to open a new business and to lessen restrictions on “building and property expansion” were suggested. Additionally, enforcing the two hour parking limit to ensure that customers have adequate parking in front of businesses was recommended. Eliminating county employees' parking was also proposed.

Rate the impact on your sales from the following events, either during or following the event (Q11)

Respondents were asked to rate the impact of various community events on their businesses and were to select "high impact," "medium impact," "low impact," "no impact," or "negative impact" for each event listed below. Most of the respondents selected low or no impact for a majority of the events. The selections of "high impact" and "medium impact" were combined to demonstrate the most favorably viewed community events for participating businesses. These percentages are listed below.

Exhibit 6.3 Community Event Impacts on Business

Event	Combined "high impact" and "medium impact" response percentage
Faire on the Square (Arts and Crafts)	25%
Summer Art Classic 3	25%
Downtown Baraboo Wine Walks	18%
Old Fashioned Festival	18%
Downtown Baraboo Christmas Light Parade	18%
Fall Art Tour	18%
Badger Steam & Gas Engine Show	15%
Very Merry Holiday Fair	15%
Shop 'Til You Drop 3	15%
Sauk County Fair	14%
Victorian Weekend in Downtown Baraboo	11%
Native American Artifact & Antique Show	8%
Baraboo River Rendezvous	8%
Paws for a Cause Dog Walk & Festival	7%
Fourth of July Fireworks	7%
American Cancer Society Relay for Life	4%
St Joseph Annual Festival	4%
Boo! Fest	4%
Annual Leopold Center Family Day	0%
Zoo Crew Day	0%
*Boo! Fest * 21% negative impact*	

What educational programs or technical assistance could be useful to the Baraboo business community in its efforts to increase retail activity? (Q9)

Participants recommended educational training opportunities both for local business owners and for local consumers. Program topics such as small business development, marketing strategies, an apprenticeship program, small business loans and grants, how to get tax breaks, social networking/social media advertising, and client retention were suggested. Additionally, the need for educating local consumers on the importance of buying local was put forth. Improving networking among local businesses and working together to implement joint promotions was recommended, as well as coming to communal consensus on Baraboo marketing and growth development plans.

<u>Please provide any ideas you may have to enhance aesthetics that would contribute to the retail environment downtown and in other Baraboo business districts. (Q24)</u>
Many of the suggestions to improve aesthetics dealt with landscaping and green space issues. Planting more trees and increasing setbacks for parking areas and businesses with perennial plant buffers was recommended. Taking proper care of existing trees, mowing the grass, and removing derelict buildings were specific suggestions for the West Side of Baraboo district. For Downtown Baraboo, removing "eyesore retail stores and bars" and adding parking to keep business owners and employees from parking on the square was suggested. Encouraging activities already in place in the Downtown for areas such as Hwy 136 (West Side?) was recommended as a means to improve the area.

Businesses to Enhance Retail Vitality

Participants were asked to select genres of business types that they believed would add to the retail vitality in the five main business districts in Baraboo. These five business districts were identified as Downtown Baraboo, the West Side of Baraboo and Highway 12 Corridor (Menards to Walgreens), the East Side of Baraboo (Fairgrounds/Highway 33), the Ringling Riverfront Area (Broadway to Circus World along the river), and South Boulevard (Highway 12 to Broadway Bridge). For each of these districts, participants were to select up to six business genres from a provided list. This list was compiled from the North American Industry Classification System (NAICS), and is listed below.

<u>What additional business types would add to the retail vitality in…? (Q12-Q21)</u>
The most selected response for all districts was "full-service restaurants." Other eating related establishments such as "limited-service eating places" and "drinking places (alcoholic beverages)" were popular in many of the districts as well. This indicates that participants see a lack of dining options within the city as a whole.

<u>*Downtown Baraboo*</u>
As noted above, "full-service restaurants" was a popular response for Downtown Baraboo, garnering 64 percent of participants' votes. This was followed by "clothing" with 50 percent and "grocery" with 43 percent. Participants provided some specific suggestions for restaurant types and other chain and local companies. In terms of restaurants, bar and grills such as the Great Dane Brew Pub, TGI Friday's, Buffalo Wild Wings and Blue Spoon Restaurant were mentioned. Coffee shops such as Starbucks and Barriques were also suggested, along with an ice cream

parlor or soda shop. For non-food related businesses, Orange Shoe, the North Face Outlet, Staples, Play It Again Sports, and Wildside Adventure Sports were suggested.

Exhibit 6.4 Suggested Business Types for Downtown Baraboo

Top Five Responses for Downtown Baraboo (Q12)	
Full-service restaurants	64%
Clothing	50%
Grocery	43%
General merchandise department store	29%
Home improvement, hardware and garden	29%
Pet & pet supplies	29%
Specialty food (bakery, meats, cheese, etc.)	29%
Sporting goods	29%

West Side of Baraboo

In addition to the popularly selected "full-service restaurants" category, participants also identified a need for a variety of consumer goods, such as appliances, books, and office supplies. Specific suggestions for the West Side included a Payless Shoe Store, large bookstore, Best Buy, Staples, and Kohls. Restaurants suggestions were also supplied and included Great Dane Brew Pub, Applebee's, the Olive Garden, Chili's, and Starbucks.

Exhibit 6.5 Suggested Business Types for the West Side of Baraboo

Top Five Responses for West Side of Baraboo and Highway 12 Corridor, Menards to Walgreens (Q14)	
Full-service restaurants	55%
Drinking places (alcoholic beverages)	32%
Appliance, television, computers, cameras	27%
Specialty food (bakery, meats, cheese, etc.)	27%
Beer, wine & liquor	23%
Books and music	23%
Office Supplies	23%
Pet & pet supplies	23%

East Side of Baraboo

The responses for the East Side of Baraboo were more widely dispersed than responses in other districts. The top three selections dealt with food service and retail, with "full-service restaurants" and "limited-service eating places" garnering 40 percent and 35 percent of participant votes, respectively, with "grocery" taking in 35 percent of participant votes. Specific suggestions provided leaned more toward stores like Hobby Lobby, Lowes, Costco, Kohls, and Best Buy. Food service suggestions included Jimmy Johns, Noodles & Company, and Starbucks.

Exhibit 6.6 Suggested Business Types for the East Side of Baraboo

Top Five Responses for East Side of Baraboo, Fairgrounds Highway 33 (Q16)	
Full-service restaurants	40%
Grocery	35%
Limited-service eating places	35%
Appliance, television, computers, cameras	30%
Home improvement, hardware, and garden	30%

Ringling Riverfront Area

80 percent of participants selected "full-service" restaurants as one of their six selections for the Ringling Riverfront Area. This was followed by "gift, art, novelty & souvenir" at 60 percent. "Other" was also a top selection with 28 percent, and these suggestions included several notations for boutique hotels and regular hotels, as well as antiques, a bicycle store, and a brewery. One participant noted that they were "not in favor of the river walk." Specific retail suggestions included Blue Spoon, Starbucks, Caribou Coffee, Great Dane Brew Pub, and Wildside. The general consensus was to enhance the areas aesthetics by encouraging more art, higher end lodging, and specialty dining.

Exhibit 6.7 Suggested Business Types for the Ringling Riverfront Area

Top Five Responses for Ringling Riverfront Area, Broadway to Circus World along river (Q18)	
Full-service restaurants	80%
Gift, art, novelty & souvenir	60%
Limited-service eating places	48%
Specialty food (bakery, meats, cheese, etc.)	36%
Other	28%

South Boulevard

Eating and drinking establishments were popular selections for the South Boulevard area. Other suggestions included: "general aesthetic improvements," "not a long-term viable location," "hotel or inn," and "I would like to enhance the home improvement theme we have now." In terms of specific retail suggestions, Days Inn, Comfort Suites, and Staples were suggested. Other participants used this opportunity to offer comments such as "we already have enough along that corridor," and "It's an ugly entrance to the downtown, but I'm not sure how you could improve it without gutting it all."

Exhibit 6.8 Suggested Business Types for South Boulevard

Top Five Responses for South Boulevard, Highway 12 to Broadway Bridge (Q20)	
Full-service restaurants	57%
Limited-service eating places	50%
Drinking places (alcoholic beverages)	29%
Other	29%
Grocery	21%
Office Supplies	21%

What additional restaurant choices would add to the vitality in Baraboo (taking the entire area into consideration, not just specific districts of the city)? (Q22)

Participants were asked to select up to six types of restaurants they believe would add Baraboo's vitality overall (no longer focusing solely on the specific business districts). Out of 33 options, the most highly selected restaurant type was "steakhouse" with 52 percent of respondent selection, followed by "brew pub" with 48 percent. Four options did not receive any votes; those being "donuts," "fast food," "Middle Eastern," and "pizza."

_Exhibit 6.9 Suggested Restaurants for Baraboo

Top Responses for Restaurant Choice	
Steakhouse	52%
Brew pub	48%
Deli	31%
Italian	31%
American	28%
Seafood	28%
**Note: 0% - Donuts, Fast Food, Middle Eastern, Pizza*	

Consumer Survey – a University of Wisconsin, Milwaukee Graduate Student Project

The following survey findings were obtained from the 2011 report: Baraboo Downtown & Riverfront-Promoting Commerce in Baraboo's Downtown and Riverfront corridors. The work was completed by Heath Anderson, a graduate student in Urban & Regional Planning & GIS at the University of Wisconsin, Milwaukee. It can be used to supplement the information that was generated from the business operators survey.

A consumer survey was created to gather insights from Baraboo residents regarding the Baraboo Downtown and Riverfront Area (BDR). The overall goal of the survey was to learn how current BDR residents and visitors perceive the area, and how to make the BDR a more attractive and enjoyable place.

- Identify uses that you would like to see incorporated into the BDR.
- Identify uses you feel are too prevalent in the BDR.
- How often do you visit the BDR?
- How would you rate the overall appearance of the BDR?

The consumer survey was made available online and advertised in the local paper. 71 online surveys were gathered during the time of availability. Online participants were asked to supply the following information after completing the survey: home zip code, age, gender, occupation, number in household, and annual income. The sample of survey participants who visited the BDR was approximately two-thirds female and one-third male. Most of the females fell in the range of 25 to 74 years of age, while the males had more age variety. Below are a sample of some of the findings gleaned from this survey:

- The majority of respondents, 57 percent, stated that they visited the BDR two or more times a week.
- Respondents generally felt that the overall appearance of the BDR was in good to fair condition
- Many of respondents wished to see eateries such as restaurants and cafes incorporated into the BDR
- Common responses to a question regarding issues with the Downtown was that it is "vacant and nothing in the BDR" and "prices are too high with not enough variation."

Survey: http://www.designwake.com/Heath/Baraboo_Survey.html

After analyzing the survey results, it is evident that the respondents are in favor of more variety among business uses in Downtown Baraboo. A larger variety of choices among restaurant types and food prices would be appreciated. Food is one of the largest drivers attracting people to an area, as seen in the parking analysis of Baraboo's Downtown and Riverfront; however, there are other items that warrant consideration when attempting to energize an area.

Conclusions

The following conclusions regarding participant responses can be drawn from analysis on the Baraboo Survey of Retail Operators:

1. The majority of respondents, 71 percent, had been in operation over 11 years. Over 30 percent of participants planned to expand their businesses in the coming year, while 14 percent expressed economic difficulty and hoped for improvements in the next year.

2. The biggest challenge to business success for participating Baraboo retail operators is changing consumer behavior, followed closely by competition from online sales and an increased business operating costs.

3. Important issues noted by participants that contribute to potential future success for Baraboo retail businesses include:

    - Highway 12 Improvements
    - Marketing of the Baraboo area to outsiders
    - State of the economy and taxes
    - Business restrictions

4. Overall, the most popularly selected type of business to add to each of the five Baraboo business districts was full-service restaurants. The top choices for each district are summarized below:

    - Downtown Baraboo – full service restaurants; clothing; grocery
    - West Side of Baraboo – full service restaurants; drinking places; appliance; television, computers, cameras; specialty food
    - East Side of Baraboo – full service restaurants; grocer; limited service eating places
    - Ringling Riverfront Area – full service restaurants; gift, art, novelty & souvenir
    - South Boulevard – full service restaurants; limited service eating places; drinking places
5. Top restaurant choices for the entire City of Baraboo included:

    - Steakhouse
    - Brew pub
    - Deli
    - Italian
    - American

Section 7

Demand and Supply Analysis – Trade Area Residents

This section uses demographic information to calculate resident spending potential for specific business categories for both the Convenience and Destination Trade Areas. Demand estimates calculated in this section can be compared with corresponding "supply" estimates (sales or square feet of existing space) to identify potential gaps in the market. For a more complete comparison, potential demand from non-locals (including tourists) can also be included.

Spending Patterns of Baraboo Households Compared to the U.S.

Spending is influenced by demographic, economic and geographic factors. Demographic and lifestyle characteristics of the two trade areas help describe the type of consumers residing in these areas, and their likely purchasing preferences and behaviors.[1] Compared to the state of Wisconsin, the data indicates that residents of both trade areas have lower home values, a growing elderly population, lower incomes, limited ethnic diversity, lower overall educational attainment, and a high proportion of service based employees**.**

As a general overview of consumer spending by trade area residents, it is helpful to compare local household spending with average U.S. household spending. One method to compare trade area spending with the U.S. is the Spending Potential Index (SPI). The SPI for selected product categories are listed in Exhibit 7.1.

Exhibit 7.1 – Spending Potential Index of Baraboo Households in 2010

	Convenience Trade Area SPI	Destination Trade Area SPI
Apparel and Services	61	61
Computers and Accessories	89	88
Entertainment and Recreation	92	92
Food at Home	90	90
Food Away from Home	89	88
Health Care	95	96
Household Furnishing and Equipment	78	78
Retail Goods	87	88
TV/Video/Audio	89	89
Source: ESRI Market Profile Report 2010		

[1] Note: For businesses categories with trade areas different than those identified in Section 2, demographic and lifestyle data can be assembled with assistance from a private data firm. Online services from providers like ESRI Business Information Solutions and Claritas can help define these trade areas and provide the associated data.

Consumer spending potential in the trade areas is lower than the U.S. average in all categories. The SPI index is lowest for apparel and highest for health care.

Sales Potential of Baraboo Trade Area Residents

Opportunities for business expansion and recruitment can be analyzed using estimates of sales potential (demand). These demand estimates can be generated using public and private secondary data sources. Consumer spending does not equal actual business revenue, but rather the potential revenue that trade area residents could generate. Non-resident demand from consumers traveling to or through the community is not included in these estimates.

Potential sales by business category in the trade area can be calculated as follows *(example presented for grocery store demand in the Convenience Trade Area):*

- U.S. sales per capita by business category based on the U.S. Economic Census *($1,631)*
- The ratio of local trade area per capita income to U.S. per capita income *($25,537/$26,739)*
- Trade area population *(29,897)*
- Multiplication of above figures is equal to the "Potential Sales in Trade Area" *($46 million for grocery stores)*
- Square foot demand for retail space *($46M/$479 per SF = 96,000 SF)*

The following tables (7.2 and 7.3) present the potential sales estimates for the trade areas. These estimates assume that everyone in each trade area only shops in that area; likewise it assumes no one from outside of the trade area shops in that area. Therefore, it does not take into consideration any surplus or leakage in or out of the trade area.

Also in the table is a column that estimates an equivalent number of square feet of retail shopping space that could be supported by the sales that have been calculated. These estimates can be used in a demand and supply analysis that measures potential (demand) vs. existing (supply) space by business category.

It should be noted that due to the large geography of the Destination Trade Area, some of the potential sales presented here would likely be captured by neighboring (and competing) trade areas including Madison, Wisconsin Dells and Portage.

Demand estimates are also complicated by the fact that store categories may not adequately reflect the breadth of sales. For instance, the category "general merchandise stores" includes Wal-Mart, which is nationally one of the largest grocers and one of the largest pharmacies, but which is reported as general merchandise. Thus, when using the following tables, it is important to consider the variety of projects that are sold by Wal-Mart and other large format stores as they complicate traditional store classifications.

Exhibit 7.2 Sales Potential of Baraboo Convenience Trade Area Residents in 2010

Convenience Trade Area Gap Analysis							
NAICS	Store Category	Potential Sales in Trade Area	Sq. Ft Demand	NAICS	Store Category	Potential Sales in Trade Area	Sq. Ft Demand
44111	New car dealers	64,379,429	-	45113	Sewing, needlework, & piece goods stor	410,803	2,947
44112	Used car dealers	7,559,686	-	45114	Musical instrument & supplies stores	558,077	-
44121	Recreational vehicle dealers	1,822,792	-	45121	Book Stores	1,729,865	7,500
44122	Motorcycle, boat, & other motor vehicle	4,565,153	-	45122	Tape, compact disc, & record stores	351,277	1,202
44130	Automotive parts, accessories, & tires	7,030,518	40,662	45200	General merchandise stores	54,177,316	387,285
44210	Furniture stores	5,558,105	10,400	45310	Florists	681,225	2,776
44220	Home furnishings stores	4,864,479	17,784	45321	Office supplies & stationery stores	2,176,499	10,756
44311	Appliance, television, & other electron	8,080,280	22,010	45322	Gift, novelty, & souvenir stores	1,697,226	9,290
44312	Computer & software stores	1,923,367	939	45330	Used merchandise stores	1,041,644	-
44313	Camera & photographic supplies stor	373,471	647	45391	Pet & pet supplies stores	1,113,013	4,736
44411	Home centers	12,632,835	32,504	45392	Art dealers	905,018	1,865
44412	Paint & wallpaper stores	951,979	-	51213	Motion picture & video exhibition	1,189,400	14,335
44413	Hardware stores	1,924,591	13,324	53210	Automotive equipment rental & leasing	4,309,956	-
44419	Specialized building material dealers	11,095,242	-	53222	Formal wear & costume rental	94,397	313
44420	Lawn & garden equipment & supplies	3,474,992	-	53223	Video tape & disc rental	884,369	5,339
44510	Grocery stores	46,043,594	96,086	53230	General rental centers	430,348	847
44520	Specialty food stores	1,751,682	8,195	54192	Photographic services	895,532	2,819
44530	Beer, wine, & liquor stores	3,586,490	9,051	71310	Amusement parks & arcades	1,298,828	16,354
44611	Pharmacies & drug stores	18,937,974	47,347	71390	Other amusement (bowling, golf, fitness)	6,036,719	-
44612	Cosmetics and beauty supplies	1,102,328	3,020	72210	Full-service restaurants	18,373,169	45,670
44613	Optical goods stores	772,371	2,172	72220	Limited-service eating places	17,450,172	51,300
44619	Other health care (vitamin, medical ec	1,412,336	-	72240	Drinking places (alcoholic beverages)	1,870,841	-
44710	Gasoline stations	42,310,600	32,022	81111	Automotive mechanical & electrical repai	4,772,182	-
44811	Men's clothing stores	822,026	3,156	81112	Automotive body, paint, interior, & glass	3,183,178	-
44812	Women's clothing stores	3,776,121	14,797	81119	Other automotive repair & maintenance	1,454,905	-
44813	Children's & infants' clothing stores	899,158	2,850	81141	Home/garden equipment & appliance re	391,474	-
44814	Family clothing stores	7,920,753	23,354	81142	Reupholstery & furniture repair	177,986	-
44815	Clothing accessories stores	598,171	1,703	81143	Footwear & leather goods repair	28,982	110
44819	Specialized clothing stores (dress, etc	1,128,521	3,358	81149	Personal goods repair (watch, boat, garn	844,079	-
44821	Shoe stores	2,511,568	10,115	81211	Barber shops, beauty salons, nail salons	3,637,589	16,464
44831	Jewelry stores	2,905,060	4,682	81219	Other personal care services	759,067	2,464
44832	Luggage & leather goods stores	182,843	619	81231	Coin-operated laundries & drycleaners	397,844	5,276
45111	Sporting goods stores	3,364,736	12,262	81232	Drycleaning & laundry (except coin-opera	853,664	5,771
45112	Hobby, toy, & game stores	1,539,412	6,688	81291	Pet care (except veterinary) services	341,782	-
				81292	Photofinishing	219,864	-
Calculations based on U.S. Economic Census (2007), ESRI Market Profile Report (2010), and Urban Land Institute shopping center sales data (2007)							
Calculations are provided for the study of economic concepts and should not be used as the sole determinant in business feasibility analysis.							

The following points should be considered when using these sales potential estimates:

- Data in this table (for the Convenience Trade Area) should be used for studying market demand for convenience shopping businesses like hardware, grocery, and drug stores as well as service businesses such as barber shops and beauty salons.
- These estimates are based on a Convenience Trade Area population of 30,000.
- Spending potential from non-residents including tourists are not captured in the above table.
- This data can be used with actual business information (sales estimates or square feet of space) to construct a preliminary “demand-supply analysis.”

Exhibit 7.3 Sales Potential of Baraboo Destination Trade Area Residents in 2010

Trade Area Gap Analysis							
NAICS	Store Category	Potential Sales in Trade Area	Sq. Ft Demand	NAICS	Store Category	Potential Sales in Trade Area	Sq. Ft Demand
44111	New car dealers	196,661,227	-	45113	Sewing, needlework, & piece goods stor	1,254,888	9,001
44112	Used car dealers	23,092,735	-	45114	Musical instrument & supplies stores	1,704,770	-
44121	Recreational vehicle dealers	5,568,123	-	45121	Book Stores	5,284,256	22,909
44122	Motorcycle, boat, & other motor vehicle	13,945,273	-	45122	Tape, compact disc, & record stores	1,073,053	3,672
44130	Automotive parts, accessories, & tires	21,476,275	124,212	45200	General merchandise stores	165,496,613	1,183,048
44210	Furniture stores	16,978,463	31,770	45310	Florists	2,080,951	8,479
44220	Home furnishings stores	14,859,627	54,326	45321	Office supplies & stationery stores	6,648,599	32,857
44311	Appliance, television, & other electron	24,683,006	67,233	45322	Gift, novelty, & souvenir stores	5,184,553	28,379
44312	Computer & software stores	5,875,350	2,868	45330	Used merchandise stores	3,181,933	-
44313	Camera & photographic supplies stor	1,140,850	1,976	45391	Pet & pet supplies stores	3,399,946	14,467
44411	Home centers	38,589,793	99,292	45392	Art dealers	2,764,578	5,698
44412	Paint & wallpaper stores	2,908,029	-	51213	Motion picture & video exhibition	3,633,285	43,790
44413	Hardware stores	5,879,088	40,703	53210	Automotive equipment rental & leasing	13,165,715	-
44419	Specialized building material dealers	33,892,875	-	53222	Formal wear & costume rental	288,358	956
44420	Lawn & garden equipment & supplies	10,615,132	-	53223	Video tape & disc rental	2,701,500	16,310
44510	Grocery stores	140,650,359	293,517	53230	General rental centers	1,314,592	2,587
44520	Specialty food stores	5,350,900	25,034	54192	Photographic services	2,735,600	8,611
44530	Beer, wine, & liquor stores	10,955,727	27,647	71310	Amusement parks & arcades	3,967,556	49,957
44611	Pharmacies & drug stores	57,850,236	144,633	71390	Other amusement (bowling, golf, fitness)	18,440,496	-
44612	Cosmetics and beauty supplies	3,367,305	9,225	72210	Full-service restaurants	56,124,916	139,508
44613	Optical goods stores	2,359,380	6,636	72220	Limited-service eating places	53,305,416	156,708
44619	Other health care (vitamin, medical eq	4,314,292	-	72240	Drinking places (alcoholic beverages)	5,714,897	-
44710	Gasoline stations	129,247,101	97,818	81111	Automotive mechanical & electrical repai	14,577,687	-
44811	Men's clothing stores	2,511,060	9,640	81112	Automotive body, paint, interior, & glass	9,723,722	-
44812	Women's clothing stores	11,534,999	45,200	81119	Other automotive repair & maintenance	4,444,329	-
44813	Children's & infants' clothing stores	2,746,677	8,705	81141	Home/garden equipment & appliance re	1,195,843	-
44814	Family clothing stores	24,195,695	71,341	81142	Reupholstery & furniture repair	543,696	-
44815	Clothing accessories stores	1,827,247	5,203	81143	Footwear & leather goods repair	88,533	335
44819	Specialized clothing stores (dress, etc	3,447,316	10,257	81149	Personal goods repair (watch, boat, garr	2,578,426	-
44821	Shoe stores	7,672,140	30,897	81211	Barber shops, beauty salons, nail salons	11,111,821	50,293
44831	Jewelry stores	8,874,149	14,301	81219	Other personal care services	2,318,740	7,527
44832	Luggage & leather goods stores	558,533	1,889	81231	Coin-operated laundries & drycleaners	1,215,303	16,116
45111	Sporting goods stores	10,278,330	37,457	81232	Drycleaning & laundry (except coin-opera	2,607,706	17,628
45112	Hobby, toy, & game stores	4,702,476	20,429	81291	Pet care (except veterinary) services	1,044,048	-
				81292	Photofinishing	671,622	-
Calculations based on U.S. Economic Census (2007), ESRI Market Profile Report (2010), and Urban Land Institute shopping center sales data (2007)							
Calculations are provided for the study of economic concepts and should not be used as the sole determinant in business feasibility analysis.							

The following points should be considered when using these sales potential estimates:

- Data in this table (for the Destination Trade Area) should be used for studying market demand for destination and comparison shopping businesses like furniture, apparel and jewelry stores.
- These estimates are based on a Destination Trade Area population of 93,000, more than three times the number in the Convenience Trade Area.
- Spending potential from non-residents including tourists are not captured in the above table.
- This data can be used with actual business information (sales estimates or square feet of space) to construct a preliminary “demand-supply analysis.”

Estimates of Overall Market Demand and Supply, ESRI

Estimates of demand and supply for retail trade (including food and drink) as developed by ESRI are presented in table 7.4. ESRI uses their own methodology to estimate demand and supply. For purposes of this market analysis, only aggregate retail demand and supply data are presented here.

The table indicates that retail supply (estimated sales) exceeds retail demand (estimated spending potential) in both the Baraboo Convenience Trade Area and the Baraboo Destination Trade Area. Additional detail, not shown in the table below, suggests that this surplus (sales greater than demand) occurs in many of the specific NAICS retail categories. The overall conclusion is that the Baraboo trade areas are capturing a significant amount of non-resident (tourists and others) spending.

Exhibit 7.4 Overall Estimates of Market Demand and Supply, 2010 by ESRI

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (Demand - Supply)
Convenience Trade Area:			
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	$300,661,008	$382,277,119	-$81,616,111
Total Retail Trade (NAICS 44-45)	$256,479,813	$317,620,130	-$61,140,317
Total Food & Drink (NAICS 722)	$44,181,195	$64,656,989	-$20,475,794
Destination Trade Area:			
Total Retail Trade and Food & Drink (NAICS 44-45, 722)	$916,297,041	$1,165,315,956	-$249,018,915
Total Retail Trade (NAICS 44-45)	$784,178,599	$942,770,114	-$158,591,515
Total Food & Drink (NAICS 722)	$132,118,442	$222,545,842	-$90,427,400
Source: ESRI Retail MarketPlace Profile, 2010			

Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars.

The following points should be considered when using these demand and supply estimates:

- The combined retail, food and drink data reported by ESRI indicates that supply (estimated sales) is 27 percent higher than demand (resident spending potential) for both the Convenience and Destination Trade Areas.
- The food and drink estimated sales surplus is even greater. In the Destination Trade Area, food and drink estimate sales are 68 percent higher resident spending potential.
- The importance of the tourist market to local businesses is significant.

Selected National Trends Effecting Retail Demand and Supply

Economic trends will have a significant impact on near-term retail development in the country, state and local trade areas. The following section describes contemporary trends in the retail industry as contributed by Deborah Ersland of Redevelopment Resources. Ms. Ersland is a real estate consultant hired to assist the Baraboo Market Analysis study team.

The economy of recent years has totally changed the face of retailing. For the majority of consumers, buying habits have dramatically shifted away from the “wants” to the “needs”, and from the higher price points to the affordable price points.

A good monitor of these trends is to look at which national retailers are opening the most new stores in 2011. The number next to each name is the total number of U.S. stores each retailer anticipates opening domestically sometime in 2011: Dollar General (625), Dunkin Donuts (350), Family Dollar (300), Quizno’s (300), CVS (275), Walgreens (225), Advance Auto Parts (200), Five Guys Burgers and Fries (200), GameStop (200), Uniglo-Casual clothes from Japan (200), Auto Zone (140), and Popeye’s (130). These retailers reflect affordable price points, or do-it-yourself such as Advance Auto Parts and Auto Zone.

Entrepreneur Magazine identified 10 franchise categories to watch in 2011. They were services that “people can’t afford to live without, such as child care and healthcare, or luxuries made more affordable through franchising, like fitness and spa services, these are businesses that kept growing right through the recession and show no signs of slowing.” They include: child care, fitness, eco-conscious businesses, health services, moving & storage, pets, sandwiches, senior care, spa services, and tutoring.

Other consumer and retail trends to consider:

1. Customers are more connected and in control. By 2015, technology will pervade our living and shopping experiences. Consumers will have even more instant access to comparison pricing, “deals of the day” websites, and of course the ability to shop the world on-line.
2. The future of retail is selling less of more. With expanded access, consumers will buy less of what’s “popular” and more of what “suits me”. Retailers that can figure out how to deliver what niche markets are looking for will reap the profits.
3. Retailers will need to allow their customers to purchase when and where they want to. That includes traditional in-store commerce, e-commerce, m-commerce (mobile), f-commerce (Facebook), s-commerce (social) and v-commerce (video enabled like YouTube).
4. Vintage retail (secondhand) will continue to be an emerging trend. Used will be huge, it is eco-conscious and affordable.
5. Retailers will define themselves more by the customers they serve, rather than the products they sell. Retailers will grow by positioning themselves as more than just purveyors of “stuff” but also as one-stop purveyors of lifestyles or need states.
6. Shopping centers of the future will shift with the demise of the anchor store as the main draw. The place becomes the destination. Consumers will be attracted to areas that offer the ultimate in simplification and convenience – a “pre-packaged total lifestyle experience” where busy consumers can shop, work, socialize, eat, be entertained and live.

Conclusions

Two general conclusions can be drawn from this section:

1. Household consumer spending potential in the trade areas is lower than the U.S. average in all categories. Using the ESRI Spending Potential Index (whereby U.S. = 100), the indices for the Destination Trade Area ranges from apparel (lowest at 61) to health care (highest at 96).

2. Alternative estimates provided by ESRI for combined retail, food and drink sales indicate that supply (estimated sales) is 27 percent higher than demand (resident spending potential) for both the Convenience and Destination Trade Areas. The food and drink estimated sales surplus is even greater. These estimates underscore the importance of the tourist market to local businesses.

Using Demand and Supply Data

The tables presented in this section (7.2 and 7.3) provide potential sales estimates for residents of the Convenience Trade Area (population of 30,000) and Destination Trade Area (population of 93,000). These estimates assume that everyone in each trade area only shops in that area; likewise it assumes no one from outside of the trade area shops in that area. Therefore, it does not take into consideration any surplus or leakage in or out of the trade area. This data can be used with actual business information (sales estimates or square feet of space) to construct a preliminary "demand-supply analysis."

It should be noted that due to the large geography of the Destination Trade Area, some of the potential sales presented here would likely be captured by neighboring (and competing) trade areas including Madison, Wisconsin Dells and Portage.

Section 8

Retail Strategies and Action Plan

The retail development strategies and action plan that follows were based on the input of 25 business and community leaders serving as study team participants in the Baraboo Retail Market Analysis. Their ideas were based on a review of data collected in this market analysis coupled with their insight and perspectives of the community.

A strategy development session was conducted in June, 2011 in which study team participants were asked to identify potential ideas around six themes: business retention, entrepreneurship, business recruitment, niche development, building/space use, and marketing. In addition two outside consultants, David Scheler of Diversified Tactics & Strategies development, and Deborah Ersland of Redevelopment Resources contributed their expertise. As a result, four interrelated strategies have been created to support retail development in Baraboo. These strategies are presented in the diagram and discussed on the following pages.

A. Establish a Retail Retention Expansion and Recruitment Process

B. Explore Opportunities in Selected Retail Categories

C. Guide Retail Development to the Most Appropriate Locations

D. Create Marketing Programs that Increase Retail Spending in Baraboo

Additional strategies to establish a retail retention, expansion and recruitment process are available in the *Downtown and Business District Market Analysis toolbox* at: http://fyi.uwex.edu/downtown-market-analysis/putting-your-research-to-work/business-recruitment/

A. Establish a Retail Retention/Expansion and Recruitment Process

Create a Retail Retention/Expansion and Recruitment process. A brief outline of steps as summarized by Deborah Ersland of Redevelopment Resources follows.

1. **Form a Business Retention/Expansion and Recruitment Committee:** The founding members of this group are extremely important for establishing the enthusiasm, momentum, professionalism and organization that will be needed. The initial impetus for forming this group may involve members of BEDC, Baraboo Area Chamber of Commerce, SBDC, BID, DBI, the CDA and others. The committee should represent a diverse group (i.e. accountants, attorneys, property owners, retailers, realtors) who can represent the community. They need to be problem solvers, and action oriented. This committee and process needs effective leadership to stay on track and organized. Carefully choose a committed and enthusiastic leader. Funding and in-kind services will be important to this committee.

2. **Draft a Work Plan:** The first step for this group is to start with an initial work plan. All initial steps should be listed and prioritized. These steps might include the following:
   - gather data about the community from this market analysis;
   - inventory the real estate in the various business districts, particularly the vacant or underutilized buildings;
   - meet with the property owners of these buildings to garner their support in the process;
   - outline all incentives for business development, create a simple sales package;
   - develop your prospect list, etc.

   Realistic timeframes need to be assigned to every step. The right committee member(s) need to be assigned to every step (match skills to tasks). Most importantly, involve the Baraboo community in your work and seek assistance, ideas and contacts through the process. This work plan should be reviewed, updated and modified as needed.

3. **Laying the Groundwork for Business Retention/Expansion:** Business Retention programs assist businesses to prevent their relocation, to help them survive in difficult times, and to help them create a retirement/succession plan. Retention programs typically involve partnerships among public and private organizations that assess the assets and opportunities of individual companies through period surveys, interviews and visitations. The purpose is to establish relationships between community businesses and economic developers to strengthen existing companies, establish early warning systems to flag at-risk businesses that require assistance, and ensure that public programs meet local business needs. Baraboo needs to concentrate efforts on ways to keep their healthy businesses strong and to provide necessary support to those that are not. This support might include technical assistance, workshops, speakers, connections and referrals on topics such as:
   - in store merchandising;
   - inventory control;
   - internet sales;

- financial planning;
- marketing;
- customer service;
- employee hiring/retention; and
- succession planning.

Programs that offer financing assistance, joint marketing, promotions or events to build traffic are also helpful.

4. **Lay the Groundwork for Business Recruitment:** Business recruitment involves selling your community in the right way, to the right parties.
   - use the market analysis to present data about Baraboo and its trade areas: size of trade areas, demographics, peer city comparisons, tourist characteristics, business operator perspectives, resident spending potential, etc.;
   - assemble other information such as available financial incentives, planned improvements, zoning and building code conditions or restrictions;
   - secure the cooperation of the building owners and the real estate brokers if the property is listed for sale or lease;
   - survey the business situation: look at the present businesses and why they are working, who are the "anchor" tenants, the previous failures or relocations. Identify all of the national retailers within and around the trade areas; and
   - study surrounding market areas for ideas on tenant types that may find Baraboo a good match.

   All of the data should be analyzed to identify trends or niches that seem apparent, and used to support your community profile and image. Develop a <u>simple</u> sales package that is interesting, informative, honest and current, one that describes Baraboo as a good place to do business.

5. **Strengthen Business and Retail Entrepreneurship:** Entrepreneurship initiatives are a vital component of economic and community development. In Baraboo, these initiatives might include:
   - creating entrepreneurship activities that showcase resources available to entrepreneurs;
   - building a network of entrepreneurs utilizing various media such as Facebook and Twitter;
   - identify local investors; provide marketing assistance for emerging entrepreneurs;
   - provide a single source for local, regional and statewide incentive data;
   - assist in the business development approval process;
   - identify and manage current and potential physical and virtual incubators;
   - develop a co-working arrangement with space to work, meet and connect with a professional creative community (i.e. Milwaukee's "Bucketworks"); and
   - consider housing and work space opportunities for artists/craftsmen.

6. **Design an Ideal Tenant Mix:** This requires using the information on Baraboo's targeted retail categories (see part 2 of this section) as well as where business in these categories should be physically placed (see part 3 of this section). Compare these categories with available real estate. Ideal businesses will blend with and enhance existing businesses, utilize the available vacant space wisely, create synergy and offer unique merchandise or style. It may be useful to first list your vacancies on paper. Create a lease plan of the business districts and insert all current businesses and note the anchor tenants. Identify the vacancies and acknowledge their size and relationships to other businesses. Test your ideas in the vacant spaces and see if the idea has merit.

7. **Identifying Prospective Tenants:** For each business category targeted:
   - research this category online;
   - purchase business lists;
   - utilize online telephone directories and city directories;
   - collect retail merchant lists from other communities;
   - look for frequent advertisers in local and regional newspapers;
   - see if there is a trade association for this retail or business category and advertise in their trade publications;
   - utilize national retail tenant directories;
   - visit other communities; and
   - network.

   Additionally, consider businesses that are currently operating out of homes, expansions of existing businesses, struggling businesses that might benefit from a more appropriate niche strategy, or current store managers that want to start their own business.

8. **Making Contact with Prospective Tenants:** The first contact one has with a prospective tenant is important. Whenever possible a personal contact is the best – whether in person or by phone. If the first contact must be via written correspondence, make sure it is well-written letter and ready to garner their attention. Be personal when making a contact, and impress them with your knowledge of their business. You need to express why you feel Baraboo would be an appropriate match for their business. Don't forget to talk about any incentives, and how your community is prepared and ready to assist a new business. Be patient with your contacts. Provide them with any other information they might need.

9. **Getting a Prospect to Say Yes:** It is important to make it very simple for the prospect to work with you. Be prepared to handle their objections, their concerns, and any obstacles that might come up. If they are concerned about financing improvements, take them to see the local banker. If they want outside dining but the zoning doesn't allow for it, help them work through the process with the City. If they object to some of the lease terms, assist in negotiating with the landlord. It's important to provide a single contact person responsible for keeping negotiations moving and follow-up on details.

10. **Retaining the Businesses You Recruit:** Your work is not complete once you have successfully found a new business for your community. It's important to generate a welcome for this business and make sure that they are settled in and operating according to their plans. Keep up contact with your business in both good times and bad. Involve the new business in community activities and organizations, and by all means, involve them in your future business recruitment efforts! They can speak about the process and what changes could be made to improve it.

11. **Develop Your Sales System:** During your business retention/recruitment process, you need to critique your work plan and update it based on the experience you have had. You want to create a repeatable sales process that will work again. Keep all your contact files and sales materials updated. Reevaluate your retention and recruitment criteria for the next situation and modify it as necessary. Don't forget to get whatever help you need from consultants, realtors, leasing agents, developers, bankers, Wisconsin Department of Development, UW-Extension, merchandising analysts, national demographic firms, etc.

12. **Maximize Your Success:** When you have been successful in recruiting a new business or expanding an existing one, all efforts and contributions should be recognized. Celebrate a grand opening with your new business, run a special ad announcing the new business or expansion in your local paper, get the local paper to run a feature article about the business recruitment/retention work and your success, speak at the Rotary, Lions, etc. about your accomplishments. After the "dust has settled" make sure you get testimonials from the new business, their landlord, from elected officials, other businesses, etc. that you can use in your next round of recruitment.

B. Explore Opportunities in Selected Retail Categories

The retail retention/expansion and recruitment committee should continue to explore retail categories with high potential for business success. Possible opportunities identified from the market analysis are presented below:

			Supported in Study:					
NAICS Code	**Category**	**Market Opportunities**	**Initial Focus Group**	**Resident Market**	**Tourist and Visitors**	**Downtown Bus. Mix**	**Business Survey**	
442	Furniture/Furnishings					X		
443	Electron/Appliance			X			X	
444	Building material and garden equip dealers	Garden store Hardware store	X	X		X	X	
445	Food and beverage stores	Grocery store Specialty food stores (local foods, meats, cheese, wine, etc.) Convenience store	X	X	X	X	X	
446	Health and personal care stores			X		X		
447	Gasoline stations				X			
448	Clothing and clothing accessories stores	Specialized clothing stores	X	X	X	X	X	
451	Sporting goods, hobby, book, and music stores	Outdoor recreation stores (bicycles, outdoors wear, etc.)		X	X	X	X	
452	General merchandise stores	Small household merchandise store	X	X		X	X	
453	Miscellaneous store retailers	Gift shops, incubator and galleries Office supply store Pet supply store	X	X	X	X	X	
722	Eating and Drinking Places	steakhouse, seafood, Italian, brew pub, deli Coffee shops and other “place-making” businesses (from ice cream to jazz bar) Fine dining and full-service restaurants	X	X	X	X	X	
812	Personal services					X		
	Other	Pop-up (second location) businesses such as outdoor recreation stores with rentals Lodging (small hotel, B&B or hostel)	X		X			

C. Guide Retail Development to the Most Appropriate Locations

Develop a retail placement plan with the City that offers recommendations for physical location of future retail development. Keep relevant leasing information current.

Develop a business mix and clustering strategy for each of the business districts. Identify opportunities that could form a retail cluster/niche in specific business districts such as:

District	Retail Niche or Cluster Strategy
Downtown/Courthouse Square	Specialty retail, dining and entertainment in Baraboo's historic and cultural center
Ringling Riverfront	Specialty retail, residential, public open-space, dining and entertainment
South Boulevard Corridor	Agricultural, home improvement, automotive service and sales
The Route 12 Corridor	National retail and hospitality
The Route 33 Gateway Corridor (east side)	Neighborhood retail and health care support

Identify and support the development of "high potential" retail building and parcels. Inventory retail space and develop relationships with retail property owners and real estate brokers.

Encourage retail businesses on first floor and services or residential housing (for a variety of income levels) upstairs. Maintain street-level retail uses at key locations downtown. Explore opportunities for businesses to co-locate.

Better utilize streets and sidewalks to support retail activity. Example action steps can include:
- More outdoor seating, racks on sidewalks, events on courthouse lawn.
- Encourage carts, stands and "pop-up" stores after re-examining ordinances.
- Encourage existing retailers to "spill" inventory out their front doors.
- Develop continuous uninterrupted storefronts downtown.
- Pedestrian friendly environments to help strengthen each district's "sense of place."
- Create convenient parking for customers downtown, ensuring that employees save parking spots for customers. Create maps/signage to help customers park.
- Utilize space around roundabouts on Hwy 12 and Hwy 33 with welcoming floral landscape design and signage.

Continue to improve building aesthetics. Example action steps can include:
- Involve local service groups in improving building facades (painting, etc.)
- Monitor weeds, trash, un-swept sidewalks, etc.
- Make vacant properties more appealing with window displays (educational, historical, or feature local businesses, industries, non-profits, etc.
- Retrofit old buildings for retail space. Divide large east side stores into smaller spaces or alternative uses (i.e. senior center).

D. Create Marketing Programs that Increase Retail Spending in Baraboo

Establish marketing programs that respond to the shift in consumer behaviors. Example action steps can include:

- Demonstrate to the potential consumer the economic benefits and value provided by doing business locally.
- Provide hours of operation that are sensitive to the needs of local residents including out-commuters who cannot shop locally on weekdays between 10AM and 6PM.
- Help potential customers (and businesses) understand the value of selecting products or services on the bases of local customer service and convenience.
- Encourage businesses to adjust their product mix to address consumer buying habits that have shifted away from the "wants" to the "needs" and from the higher price points to the affordable price points.
- Encourage businesses to meet consumer shopping needs in terms of selection, hours, value, etc.
- Help selected businesses develop an online presence to expand their sales beyond their physical building.
- Make placemaking and promotional changes for each district in advance of new consumer travel patterns resulting from the planned U.S. 12 bypass.

Create a unique brand for each retail business district. Example action steps can include:

- Utilize a marketing expert to more fully understand what is required to achieve a positive retail image for Baraboo.
- Develop a compelling message to distinguish Baraboo's unique opportunities that set it apart from other communities.
- Create a unique brand for each business district. For example, downtown Baraboo is home to local specialty shops and it is an ideal place for strolling.
- Develop branding and marketing for all local communities in the region including North Freedom, Merrimac, Reedsburg, Sauk Prairie, etc.
- Coordinate branding and logos.

Develop better cross-marketing campaigns among businesses. Example action steps can include:

- Continue to encourage ways for business owners to get to know other business owners.
- Establish a liaison to oversee and communicate activities and events of importance to all local retailers.
- Help businesses leverage these events and the potential customer traffic that can be generated.
- Facilitate collaboration among business and community leaders representing the different business districts.

- Facilitate collaboration with regional tourism entities.
- Use social media to connect businesses with businesses (as well as to potential consumers).
- Create a Highway 33 East District committee and a South Boulevard District committee.

Create a retail and tourism marketing program. Example action steps can include:

- Solicit ongoing feedback from tourists like Devil's Lake State Park campers (and other local area attractions) about what goods/services they would like to purchase.
- Create specialized events for tourists and residents (perhaps along riverfront).
- Implement system of consistent hours of operation and day(s) with evening hours. Make sure stores are open when tourists are in town (and when residents want to shop) and advertise it with common flags outside each door.
- Support future trail connections between Devil's Lake State Park, downtown and Mirror Lake State Park (Ice Age Trail).
- Develop programs to lengthen visitor stays in community.
- Provide and promote free downtown wireless internet.
- Improve the visitor experience through customer service training, signage, kiosks, and other methods.
- Support the Baraboo Chamber of Commerce in efforts to coordinate and implement a comprehensive tourism marketing campaign.

Next Steps-Refining the Strategies and Action Plan

Business and community leaders are asked to share additional ideas related to the strategies presented in this section. The study team seeks additional and creative responses to the following four questions:

A. What could be added to the Retail Retention/Expansion and Recruitment Process in Baraboo to ensure its success?

B. What high potential retail categories should be targeted?

C. What are the most appropriate locations for new retail and what are appropriate niches for each district?

D. What additional marketing ideas could be implemented to increase retail spending in each of Baraboo's business districts?

Send additional input to:

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