

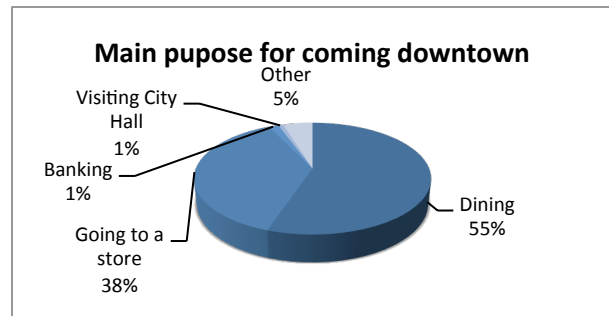
# Midway Market Study: Restaurateur tip sheet

This “tip sheet” offers some practical ideas derived from the recent Midway Market Study. The Market Study was conducted by the Community Land Use and Economics Group, LLC, for Midway Renaissance, Inc. We have aimed to provide downtown businesses with information they can use to both improve their enterprises and, in the process, attract new customers to Midway.

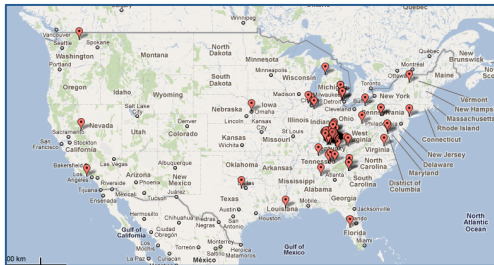


**Customers.** An on-street survey of Midway shoppers conducted in April 2011 indicates the most common reason for coming downtown is dining (55%). Perceptions of downtown are generally quite high and respondents place a high value on “quaint atmosphere,” “small-town” feel, and they highly value Midway’s restaurant cluster.

Locals are slightly more likely to come downtown first for dining and second for retail shopping. For visitors, the reverse is true. In fact, among a range of retail, service, and entertainment purchases, restaurant dining is the single thing that area residents (approx. 20-minute drive) most commonly report using in Midway.



**Trade area.** Midway’s trade area is national and regional. About 70% of customers come from the triangle that includes Louisville, Lexington, and Cincinnati. About 30% come from elsewhere in the country.



Retail sales void analyses have become less meaningful as many purchases have migrated online, but they are still relevant for restaurants. In the immediate Midway area (5-min. drive), consumer buying power for restaurant dining approximately equals local sales (\$1M to \$1.5M). For a larger, 20-min. drive area, there is an overall sales void of \$9M out of total buying power of \$84M. Midway should be able to capture a portion of these leaked sales.

**Performance.** A survey of businesses to gather gross sales, rents, and other performance benchmarks yielded only a handful of responses – too few to report aggregate findings for restaurants. In general, rents (i.e., not owner-occupied) for retail space in Midway ranged widely, from \$3.70 to \$22.00 per square foot. As a rule of thumb, rent should not exceed 10% of gross sales. (Some Midway businesses exceed this ratio.)

**Business hours:** Because different types of businesses function differently, all downtown businesses cannot have uniform hours. That said, the irregularity of hours in downtown Midway is extreme. All shoppers – area residents and tourists – expressed dissatisfaction with business hours. Tourists, especially, represent irretrievable potential sales if businesses are closed at the time of their visit.

**Strategies.** Downtown Midway should focus on two distinct and differentiated markets: *local consumers* and *Bluegrass visitors*. The first group is defined by geography and consumers are making choices among competing options. The latter group does not have geographic boundaries but it is subject to the volume of visitors who come to the region.

- ▶ “Local consumers” come from Midway itself and surrounding communities. For very nearby households, Midway satisfies some convenience purchases with pharmacy, grocery store, bank, and casual restaurants. For customers a bit farther away, Midway is a regional destination, especially for fine dining. The geographic draw for this set of customers ranges up to 20 minutes drive time.
- ▶ “Bluegrass visitors” come for attractions: the equestrian industry and associated events (esp. Keeneland), the Bourbon Trail, and, to a lesser extent, area vineyards. In addition to people traveling by car, a few organized motorcoach tours also bring visitors to Midway.

**To do.** The following activities can be implemented by Midway business owners themselves, even as Midway Renaissance, the Merchants Association, and the City rethink how downtown improvements, marketing, and economic development should be managed.

- **Organize a business coffee klatch.** Organizing activities for downtown as a whole – or even for a subset of businesses – will require some type of forum and leadership group. A coffee klatch of restaurateurs is a good way to coordinate shopping and dining nights or tourism incentives. (This group may include – or coordinate with – retailers.)
- **Coordinate with tour operators.** Observe the names on regional tour buses and establish a point of contact. Negotiate group dining packages that include a mark-up for the operator.
- **Cross-promote to retailers.** Provide a retail guide to diners, encouraging them to shop after lunch in Midway – or an incentive for evening diners to return during the day, when retailers are open. (Retailers should do the same for restaurants.)
- **Get customers to write online reviews.** Many visitors scout out their activities using any of several online tools. Few Midway restaurants are represented on Facebook, TripAdvisor, Yelp, or other social websites. Set up listings and encourage customers to write online reviews.
- **Offer a good-value, fixed-price menu on slow nights.** A lower-priced two or three-course meal can increase traffic from regional customers on slower nights.
- **Conversely, offer a fixed-price menu during equestrian seasons at a *higher price*.** During Keeneland and other equestrian tourism events, or on the busiest seasonal or holiday nights (when Midway restaurants are already doing their best business), try offering a high-end fixed-price menu to increase margins during peak periods.
- **Coordinate restaurant and retail hours during peak nights of peak seasons.** While we do not recommend trying to coordinate all downtown business hours, we do recommend using the coffee klatch to organize a handful of retailers to remain open through the restaurant closing time for peak nights during the peak seasons.
- **Organize shopping and dinner nights with local churches and charities.** In addition to attracting organized visitor groups (e.g., bus tours), the restaurateur “coffee klatch” can seed new visitor groups. Reach out to area churches and charities (20-minute drive area or more), inviting them to buy fixed-price group lunches and dinners in Midway. With dining as the initial attraction, retailers can then hold in-store “open-house” events, with later hours and refreshments. Build in an incentive for the charity to participate, such as contributing a portion of all ticket sales *and* a percentage of dining sales from the night. Similar group packages can be marketed to senior homes.

