

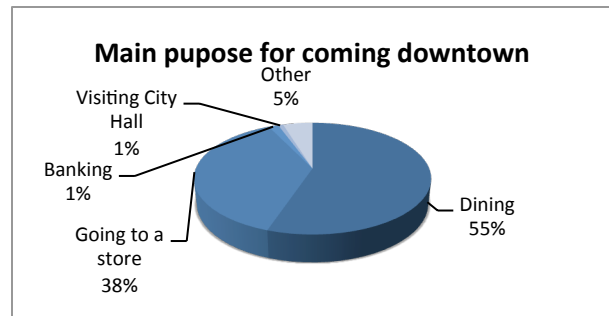
Midway Market Study: Retailer tip sheet

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.

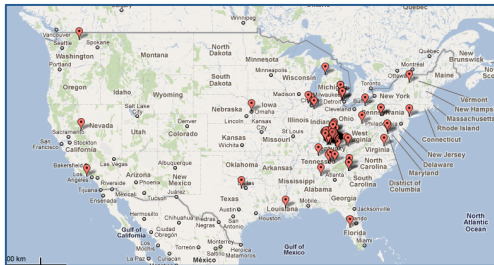


Customers. An on-street survey of Midway shoppers conducted in April 2011 indicates the most common reason for coming downtown is dining (55%). Perceptions of downtown are generally quite high and respondents place a high value on “quaint atmosphere,” “small-town” feel, and they highly value Midway’s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

However, *visitors* are slightly more likely to come downtown first for retail shopping and second for dining. About 35%-50% of respondents living within 20-minute drive area report making recent purchases in downtown Midway, including pharmacy, arts and collectibles, greeting cards, and post office.



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 some specialty items and some convenience items. In the immediate Midway area (5-min. drive), most consumer spending for apparel, general merchandise, furniture, health & personal care, home furnishings, home & garden, and flowers goes elsewhere – much of it likely to “big-box” stores and supermarkets. Groceries show a better

local capture rate than other categories. There are regional (20-min. drive area) sales voids for a few items (such as electronics); these sales have likely migrated online.

Performance. A survey of businesses to gather gross sales, rents, and other performance benchmarks yielded only a handful of responses – too few to report meaningful aggregate findings. 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 retailers is a good way to coordinate shopping and dining nights or tourism incentives. (This group may include – or coordinate with – restaurateurs.)
- **Cross-promote to restaurants.** Provide a dining guide to shoppers, encouraging them to have lunch or dinner in Midway, or an incentive to come back on another occasion. (Restaurants should do the same for retailers.)
- **Turn one-time customers into permanent customers.** For some retailers, there are opportunities to turn one-time customers into repeat customers by maintaining regular contact and knowing their customers’ tastes, gift habits, and preferences. Retailers can call or email their customers with photos when appropriate apparel or gift items come in throughout the year.
- **Get customers to write online reviews.** Many visitors scout out their activities using any of several online tools. Few Midway retailers or restaurants are represented on Facebook, TripAdvisor, Yelp, or other social websites. Set up listings and encourage customers to write online reviews.
- **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.
- **Make sure display windows are lighted and visible from across the street.** Even when retailers are not open in the evenings, it is important that diners on the south side of East Main can see that there are retail stores across the street and across the tracks.
- **Test alternative distribution channels.** Using common online commerce portals (e.g., eBay, Etsy, Amazon, test a web-based retail channel. The goal should be to generate an *incremental* increase in gross sales, which can help sustain a businesses through slower periods.
- **Work with restaurants to organize dining-shopping nights.** Midway businesses can seed new visitor groups by reaching 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 retail sales from the night.

