

# Summary of Conclusions, Opportunities and Challenges

## Section

# 7

*Section 7 summarizes the conclusions from the previous sections. Additional organizational and learning strategies are also discussed.*

## **Section 1 – Introduction and Background**

In addition to the Downtown Cross Plains Mission Statement, Cross Plains should recognize the importance of the National Trust Main Street Center's Four-Point Approach™ to downtown revitalization. While Cross Plains is not an officially designated Main Street community, the four following principles remain important to the future success of Downtown Cross Plains.

*Organization* – Cross Plains will need to develop a strong organization of downtown stakeholders, advocates and volunteers that has the capacity to revitalize the community's downtown and commercial areas. A strong organization will also be necessary to disseminate the information contained in this market analysis.

*Promotion* – Considering promotion in the context of market analysis will help to improve existing events and develop new opportunities that brand Cross Plains within the greater Madison area and beyond. Greater promotional efforts can also help to establish the community as a shopping destination for both local and non-local consumer segments.

*Design* – The future economic success of Downtown Cross Plains is inherently connected to its physical appearance. In recognizing the link between economics and physical design, this market analysis builds on the design considerations presented in the *Cross Plains Downtown Revitalization Plan*, as well as other physical development challenges commonly found in small downtowns.

*Economic Restructuring* – Economic restructuring is the primary focus of this market analysis. The market analysis will help to prepare Cross Plains to proactively address issues related to the dynamic economic landscape of the region and identify realistic retail/commercial business retention, expansion, and recruitment opportunities.

The market analysis was conducted in the context of a dynamic market environment. Several potential or anticipated changes could affect local demand conditions. The most relevant of these changes is the impending improvements to Highway 14. A bypass or construction of a four-lane thoroughfare could dramatically impact the economics and physical appearance of Downtown Cross Plains. The changes to Highway 14, combined with other unanticipated changes to the community, suggest that this market analysis be updated on a consistent basis.

While this market analysis focuses on retail and restaurant opportunities, a larger mixture of uses is vital to the future success of Downtown Cross Plains. While a full assessment of service, residential and entertainment facilities is beyond the scope of this analysis, these additional uses could bring additional residents, shoppers and employees to Downtown Cross Plains. *As the revitalization of Downtown Cross Plains continues, these types of uses should be further evaluated and considered for inclusion in future economic restructuring activities.*

## Section 2 – Regional Economic Position and Overview

- Cross Plains' geographic location places it a position of potential competitive advantage. Cross Plains is at the intersection of Madison's urban fringe and agricultural and recreational lands to the west. This unique location provides access to world-class research at the University of Wisconsin, a highly-educated workforce, urban amenities, recreational opportunities, and a growing ag-bio industry. Cross Plains could build upon existing regional economic and workforce development efforts that build on these regional advantages. Two particular efforts include Jobs With a Future (<http://www.jobswithafuture.org/>), and the Wisconsin Consortium on Bio-Based Industries (<http://bioeconomy.wi.gov/>). Economic development partnerships with neighboring communities may also provide opportunities for pooling resources and promoting common interests.
- Cross Plains experiences a significant exchange of commuters. An estimated 4,400 workers travel through the community to places of employment in the City of Madison, City of Middleton, and Town of Middleton. Additional commuters likely travel through the community to other employment destinations in Dane County. Capturing dollars from these commuters is an opportunity for many Cross Plains businesses. Strategies for capturing commuter spending are examined in Section 5.
- Dane County has experienced significant growth in the number of proprietors and in proprietor's income. The growing number of entrepreneurs could provide opportunities for Cross Plains, but local economic development resources will be needed to support these individuals.
- Historical and projected population trends for Dane County show a growing region that will add new consumers over the next 25 years. When coupled with increasing incomes and low unemployment, the region is positioned to have growing consumer demand in the coming decades. The growth of the area could provide both local and non-local opportunities for Cross Plains businesses.
- Several key industries rank highly in terms of employment, total earnings, total income and location quotients. These categories include professional and technical services, insurance and finance, plastic manufacturing, ag-related industries, and commercial printing. *These industries and other categories that rank highly in multiple measures of industry size suggest their overall importance to the region. Cross Plains may want to consider how the local economy could build on these regional sectors through industry expansion and retention initiatives.*
- Several Dane County industries with large location quotients also show significant concentrations in surrounding counties. Specific industries with regional concentrations include plastics, printing, and ag-related industries. *These regional concentrations could provide core industries for developing local industry cluster initiatives or working with statewide cluster programs for these industries.*
- In 2004, Dane County showed an estimated surplus of \$783 million in retail sales. While this figure is subject to the caveats previously noted in this section, this surplus shows the power of Dane County as a retail destination.
- In 2004, tourism contributed \$1 billion dollars and an equivalent of 27,865 full time jobs to the Dane economy. The county ranks second in the state in total tourist dollars earned, due in large part to visitors to the Madison area. However, the number and variety of outdoor activities in Dane County and along Highway 14 to the west provide an opportunity for businesses in Downtown Cross Plains. In particular, downtown businesses should seek to maximize their position relative to Black Earth Creek and promote marketing activities that association Cross Plains with regional tourist activities.

### Section 3 – Size and Shape of the Trade Area

Using customer data from existing Cross Plains businesses, drive times around surrounding communities, and other geographic considerations, both a primary and secondary trade area were constructed for Cross Plains. The primary trade area is based on the geographic area that tended to generate 75 percent of the customers for Cross Plains businesses. The secondary trade area recognizes the areas that typically generated an additional 15 percent of customers. Several key observations include:

- The secondary trade area acknowledges that unique, destination-type businesses can draw a portion of their customers from greater distances. Specifically, the secondary trade area recognizes that unique businesses in Cross Plains could have the potential to reach consumers in the western portion of the Madison urban core.
- The primary trade area is partially based on those areas that may provide the best opportunities for capturing convenience-based shopping opportunities. The primary trade area recognizes the proximity and size of shopping opportunities in Middleton, and the availability of convenience goods and services in Sauk City, Mount Horeb, Verona and Waunakee. While the communities of Black Earth and Mazomanie are included in the primary trade area, readers should note that these communities also offer a limited selection of convenience goods and services.
- Highway 14 creates connectivity and accessibility among communities such as Arena, Mazomanie, Black Earth, Cross Plains and Middleton. Highway 14 is also a conduit for commuters traveling to and from work in the Madison area. *The primary trade area recognizes the western connections created by Highway 14 among Cross Plains, Black Earth and Mazomanie, while also recognizing that Highway 14 provides proximity to shopping areas in Middleton and Madison to the east.*

### Section 4 – Demographic and Lifestyle Characteristics

- Both the primary and secondary trade areas are part of a dynamic, growing region. The primary trade area is projected to add 900 residents between 2000 and 2009, while the secondary trade area is projected to add 27,000 residents. Coupled with these population changes is a high mobility rate in the secondary trade area, and a somewhat average mobility rate in the primary trade area. The changing nature of the primary and secondary trade area have several implications for local businesses:
  1. The continued growth of the trade areas and region suggests that demographics and new business opportunities will need to be evaluated on a regular basis.
  2. The projected population growth may bring contrasting tastes and shopping preferences among new and long-term residents. In particular, many new residents may be attracted to the small town ambience offered by Cross Plains, while maintaining their desires for the services and selection found in larger shopping districts. *Business owners will need to be aware of these different preferences and be prepared to adapt to the needs of new consumer groups.*
  3. The mobility rates in the two trade areas suggest a high rate of population turnover. *Reaching new residents will require consistent outreach by businesses and regular marketing of the community.*
- The percentage and number of owner-occupied housing units is an important consumer segment. Over 74 percent of the housing units in the primary trade area (74.3%) are classified as owner-occupied, compared to just 62.3% in the State and 57.0% in Dane County. Within the secondary trade area, 59.3% of the housing units are owner occupied. While this home ownership rate is smaller than the primary trade area, this figure corresponds to 40,775 individual owner-occupied housing units. *As home ownership directly correlates with expenditures for home furnishings, interior*

*design, home improvement, appliances, hardware and garden centers, the number of homeowners in the trade area may have a favorable impact on these product categories.*

- Family households are the dominant household type in the Cross Plains primary trade area (74.1% of households). Most of these family households are married-couple families both with and without children. The secondary trade area has a smaller percentage of family households (61.6%), but remains above the Dane County average of 58.1%. These families will be a key market segment for many local businesses. One particular household category to note is the number of family households with children. The busy lifestyles of these households place a premium on convenience. Furthermore, households with children are often seeking establishments with a family-friendly atmosphere. *These two factors become even more important when considering the split nature of the Middleton-Cross Plains school district and easy access to shopping in Middleton and Madison.*
- In 2004, over 20 percent of the residents in both the primary and secondary trade areas were over the age of 55. These consumers comprise a key market segment that often has access to large amounts of disposable income. Furthermore, as the area's Baby Boomers age over the coming decades, this size of this consumer segment will also continue to increase. Marketing strategies for reaching this consumer segment include:
  1. *Providing Detailed Information about Products* – These consumers have time to research products and want the best value for their money.
  2. *Stressing Customer Service* – Older consumers are more likely to develop personal ties to local businesses.
  3. *Providing Proper Signage* – The United States Sign Council has recommended that most signs need to be 30 percent larger for proper legibility.
  4. *Offering Nearby Parking and Pedestrian Access* – Access will be a key for older customers as their ability to drive and walk diminishes with age.
- Household incomes in the primary and secondary trade area are above both the State and Dane County average household incomes. Specifically, average household incomes in the primary trade area are 17.5 percent above the State average, while household incomes in the secondary trade area are 28 percent above. These incomes should have a favorable impact on local consumer demand. *However, reaching higher income households in the secondary trade area will require developing additional destination retail opportunities and creating a marketing plan.*
- The three Community Tapestry categories of *Green Acres; Up and Coming Families; and Main Street USA* comprise 94 percent of the primary trade area's households. *While these Tapestry categories have a wide variety purchasing preferences, these three also tend to enjoy home improvement and do-it-yourself projects.* Many of these households also have children and subsequently spend money on fast food, children's clothing, sporting equipment and other child-related products. *The detailed information on these Tapestry segments should be made available to existing and prospective businesses.*

## Section 5 – Analysis of Retail Opportunities

Downtown Cross Plains is part of a changing, highly competitive retail market. The analysis of resident retail demand in the primary trade area shows a number of possible gaps in local supply and demand. While these categories should not be completely discounted in their potential, access to regional shopping opportunities in Madison and Middleton likely will preclude the development of all of these retail categories. The magnitude of the regional competition, combined with existing assets and consumer segments available to Cross Plains suggests a niche-based approach to retail development. *Three specific niches that could provide initial potential include home improvement and décor; outdoor recreation and day-trip tourism; and commuters. These niches could build on the existing market strengths present in Cross Plains. If these niches are pursued, an effective niche development and marketing plan will need to be developed. While UW-Extension can assist in developing this plan, it will require local efforts to be effectively implemented.*

Similar to many small communities, Downtown Cross Plains faces several physical layout challenges. In particular, developing retail continuity, promoting consistent building heights, developing gateways, providing access to parking could help to enhance the economic prospects of the downtown. However, Cross Plains should have realistic expectations about the impact of physical design. The community needs to balance physical appearance with the wants, needs and desires of potential downtown users.

Addressing physical layout challenges and effective use of niches as a development strategy will require communication and organization within the Cross Plains business community. Attending to physical layout challenges will require input from property, building and business owners. Furthermore, business owners within a potential niche often oppose its creation for the fear of increased competition. Promoting the benefits of niches to existing business owners can aid in overcoming these fears and allow the niche to develop. *Organizing the local business community to address issues and promote common goals will likely require additional economic development capacity in Cross Plains.*

While the preceding analysis employed current market information and trends, Cross Plains is located in a dynamic regional economy. In responding to regional and local changes, current and future retail opportunities will need to be assessed on a regular basis. UW-Extension can assist with providing some assistance, but local economic developments efforts will also be required to maintain market information. *The creation of a local economic development organization could provide one method for adding local capacity and furthering the economic development goals of Cross Plains.*

## Section 6 – Analysis of Restaurant Opportunities

Determining the success of a restaurant goes beyond the market. The success of an individual restaurant depends greatly on its operator and its concept. Accordingly, this analysis identifies restaurant concepts that may have some chance of success within the trade areas. Given the demographics, consumer preferences and intense competition present in the region, several concepts were deemed the most compatible with Cross Plains' primary consumer segments. Again, the identification of these concepts does not substitute for a full feasibility study. Potential operators will need to conduct an independent and detailed analysis. Further analysis of the restaurant market should be conducted in a collaborative effort with existing and prospective restaurant industry professionals.

Potential concepts could include:

- *Family restaurant/casual dinnerhouse* - Based on the number of families and lifestyle consumer preferences in the primary trade area, a restaurant that caters to families with children may provide one opportunity for Cross Plains. A new family restaurant should have menu offerings that vary from existing restaurants in Cross Plains with a medium-low to medium price point. Offering convenient carryout (similar to Applebee's® Carside To Go) would help to serve the busy lifestyles of many of these families and capitalize on the growing popularity of fast-casual restaurants.
- *Brewpub or another restaurant that builds on the history of George Esser and the Cross Plains Brewery* – This restaurant concept could become an attraction for visitors and assist in creating a brand for the community. While brewpubs can have high start-up and operational costs, there are existing brewpub operators in the Madison area who have experience in operating this restaurant concept.
- *Coffee shop/bakery* – A coffee shop combined with a bakery could serve both local residents as well as commuters traveling to work in Madison. A coffee shop could have limited hours, or be coupled, with another retail establishment to increase sales. Given the traffic and accessibility issues, noted above, *this restaurant concept should be placed on the inbound side (South) of Highway 14 if it is pursued.*

### Other Considerations

- Cross Plains faces significant competition from the growing concentration of restaurants in nearby Middleton and Madison. In differentiating itself from these establishments, Cross Plains could capitalize on its local assets by offering unique dining settings along Black Earth Creek, or through other outdoor dining venues.
- Any new restaurants located in the Commercial Core District or the Bourbon Road District should remain focused on concepts that will enhance the character in these two districts. Consequently, quick service restaurants with drive-thru's are more appropriate for the West Gateway District or the East Gateway District.

## **Other Conclusions and Opportunities**

### **Community Learning for Economic Development**

The Market Analysis Study Group understands that economic development organizations exist within many Dane County communities. They further understand that there is considerable variability in the forms, approaches, and strategies taken by these organizations toward economic development. To inform the development its own economic development infrastructure and strategies, the Study Group recommends that the Village identify an ongoing delegation to meet with a number of communities in and outside Dane County to learn about the strategies and approaches they are taking toward economic development.

It is recommended that this initiative combine on-site visits, tours, on-site discussions with local economic development organizational leaders, and other strategies to provide the most complete picture of what works and what has not worked in host communities, in the area of economic development. Such an effort should consider as many facets and approaches to local economic development as possible. It is therefore recommended that this delegation be comprised of individuals who, together, represent a broad range of interests, experience and skills in local and even multi-community economic development.

It is finally recommended that this delegation, upon conclusion of its work prepare a report and set of recommendations for use in guiding the on-going development of economic infrastructure and strategy in Cross Plains.

### **Organizing for Economic Development**

This study identified both a need for, and the opportunity to, further develop the Village's economic development organizational infrastructure. This strategy is seen as essential in implementing many of the recommendations from this market analysis.

Communities with the organizational capacity to sustain a number of important and complimentary economic development activities are quite often successful in pursuit of their economic development objectives. These activities include:

- Economic development planning and implementation (including ongoing market Analysis);
- Business retention and expansion assistance and support;
- Localized technical assistance and education programs and activities;
- Event and festival development, coordination and management;
- Local leadership development for the business community;
- Networking and idea sharing;
- Business-to-business mentoring.

Presently, two Village organizations work in the area of economic development, the Cross Plains Business Association and the Economic Development Committee. While both organizations play an important role in connecting the business community with Village government, neither has broad responsibility for developing or sustaining the economic development activities described above. The importance of organizing within the Village, in ways that enable a sustained, focused economic development effort, cannot be overstated.

Specific strategy ideas discussed by the Market Analysis Study Group for pursuing this recommendation could include some combination of the following:

- re-engineering and expanding the scope and responsibilities of the two existing organizations;
- the establishment of a new organization such as a Chamber of Commerce;
- the creation of a Business Improvement District;
- the pursuit of a Wisconsin Main Street program membership;
- some other organizational configuration that incorporates existing and new organizational structures.

During its deliberations, the Market Analysis Study Group specifically discussed the need to create a Chamber of Commerce for Cross Plains. The Study Committee also expressed the need for continued community dialogue to determine the best organizational configuration for developing the Village's economic development potential, one that takes advantage of the potential synergies represented by these strategy ideas and others not yet identified.