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## **South Umpqua Region Workshop: Putting Your Market Analysis to Work Downtown - *Let's Go!***

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**For Micro Enterprise Development &  
Learning (MEDAL)  
Umpqua Community Development  
Corporation**



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# Table of Contents

Part I: Get the Facts! .....	1
Part II: Ready for Company?.....	3
Part III: Business Development – <i>Getting Ready!</i> .....	6
Part IV: Business Development – <i>Get to Work!</i> .....	11

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## Part I: Get the Facts!

### A. Review Key Findings of the Downtown Market Analysis

Sound market information will provide the needed “ammunition” to successfully focus on these key strategies:

- ❑ Maintain Downtown as a vital mixed-use district, with retail and office uses, housing, government, cultural facilities and other uses contributing to a vibrant community center.
- ❑ Encourage entrepreneurship. 's niche will continue to be independent businesses, but they need a quality environment in which to thrive.
- ❑ Manage Downtown professionally, the same way a shopping center does, with an attractive mix of customer (market)-driven businesses presented in an attractive environment.

*The ultimate purpose of a market analysis is to identify business opportunities in your community or business district and then to promote those opportunities to existing and prospective businesses.*

### Top Facts for Promoting Downtown

- 1.
- 2.
- 3.

## B. Identifying Priority Businesses is an Art and a Science

No magic formula will give you THE answer to the question: *What businesses can Downtown support?* Instead, a summary picture of the factors most critical to business success will help you draw conclusions. The greater the number of market conditions that a particular business opportunity meets, the stronger the likelihood that the business will succeed.

Is the merchandise or service a viable opportunity based upon:

\_\_\_\_ Neighborhood/Shopper Survey?

\_\_\_\_ Area Worker Survey?

\_\_\_\_ Business Owner Survey?

\_\_\_\_ Primary Lifestyle Groups: Interests, Spending Preference?

\_\_\_\_ Excess Demand Identified?

\_\_\_\_ Complements or Strengthens Existing Business Cluster or Business Base?

\_\_\_\_ Fits in with 's Market Position?

\_\_\_\_ Business Development Team Enthusiasm and Confidence in Business Opportunity?

## Part II: Ready for Company?

### A. Downtown Vacant Property Assessment

So you've got a beautiful streetscape, fantastic market opportunity, a great location, directional signage, the marketing package, now *where are you going to locate all those great business prospects?* The worksheet below is designed to help you think through what properties are *really* ready for business tenants and which need some minor or major work!

Location of Property \_\_\_\_\_

Size of Space \_\_\_\_\_

Rate the following features of the property from 1 to 5, with 5 being Excellent and 1 being Poor.

Physical Condition	_____
Physical Appearance	_____
Location	_____
Accessibility (pedestrian)	_____
Availability of Parking	_____
Visibility	_____
Relationship with & influence by neighbor businesses	_____
Owner attitude and involvement	_____
TOTAL SCORE	_____ <b>(40 possible points)</b>

### Draw Your Conclusions

Which vacant properties are most marketable? Are there inappropriate uses? Are there properties needing extensive remodeling or that should be subdivided for tenants? Are there properties that should be condemned? What are the priorities for leasing? What is the game plan for working with the property owner to get properties ready to show?

## B. Business Clustering

In the same way that the physical environment and business anchors can reveal a great deal about pedestrian or shopper patterns, so too can clusters of businesses in the . All of these factors together will significantly influence the location of future businesses.

### Principles

Clustering is a long-established economic development tactic that groups businesses together in such a way as to enable them to benefit from each other's customers and sales. All successful shopping centers use clustering techniques. Business clusters may be a grouping of similar businesses serving a target market with a variety of choices, such as having a number of jewelry stores or antique stores located within the downtown. This is often called a *competitive cluster*.

The *complementary cluster* includes businesses offering different products or services but appealing to the same customer profile or niche. For example, a home furnishing cluster serving newly forming households may include a wide variety of businesses—lighting fixtures, framing, home accessories, wall paper, paint store, appliances, etc.

*Compatible clusters* are the most common. They offer a variety of merchandise and are based upon a “one-stop” shopping concept.

Knowing the current mix of businesses and cluster patterns will help the Team guide new businesses to the optimal Downtown location. Clustering businesses that share customers or have complementary goods will strengthen the perception of downtown as a “shopping center.”

### Assumption

The Business Development Team or Economic Restructuring Committee has conducted a physical assessment and a property assessment. Priority properties and business anchors have also been identified.

## Best Business Locations

For any vacancies or undeveloped properties, identify the most appropriate business to recruit to that location and why. List below.

Vacancy

Potential Businesses for Location

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## Considerations for Retail Locations

- Locate businesses in such a way as to create circular pedestrian movement
- Locate auto-dependent businesses at ends of blocks or transition points
- Group stores appealing to the same sub-market
- Cluster businesses of competing goods, but not necessarily side by side
- Minimize breaks of un-pedestrian storefronts in pro-pedestrian blocks
- Scatter food/restaurant businesses
- Use secondary (non retail) locations for office/service businesses
- Other (fill in) \_\_\_\_\_

## Part III: Business Development—Getting Ready!

### Purpose

1. Business and job retention
2. Business enhancement and expansion
3. Business recruitment

### Objectives and Assumptions

- Maintain and develop Downtown as a mixed-used, multiple purpose center – office, shopping, residential, entertainment, government, institutions, etc.
- Strengthen the businesses and the business mix to enable Downtown to compete successfully as a commercial center.
- Create a pedestrian-oriented district through the strategic location of businesses.

### Steps in the Business Development Process

1. Identify and package 's assets and resources: *What makes Downtown special?*
2. Identify and package 's market opportunities: *What do you have to offer?*
3. Develop and train your business development team.
4. Establish clear objectives.
5. Develop your marketing materials
6. Promote the opportunities and assets to achieve your objectives.
7. Celebrate the successful location of businesses to !

### Keys to Success

- Community readiness
- Organized, pro-active team: attitude and ability to sell
- Follow-through

## **A. Organizing Your Recruitment/Business Development Team**

### **Candidates**

- Established business owners
- Bankers
- Real estate professionals
- Chamber of commerce/development organization
- Property owners
- Elected officials

### **Selection Criteria**

- Availability of time
- Dependability
- Positivism and salesmanship regarding
- Professionalism
- Contacts with businesses serving select market segments (tourists, minorities, etc.)

### **Responsibilities**

General responsibilities of the recruitment committee involve collecting necessary information, gaining complete knowledge of the cluster plan and concept, helping generate leads, contacting and assisting prospects, communicating needs for technical assistance. Typical assignments for the group as a whole are:

- Maintaining a current inventory of available space, condition, lease rate and terms, special features, listing agent and telephone number and other pertinent factors.
- Identifying prospects through visitations to other nearby towns or neighborhoods, contact with referral sources, communication with local businesses. A schedule of field trips to other communities should be developed to identify successful businesses that may want to expand.
- Developing and updating a professional recruitment package is a critical marketing activity. Dealing with "structural changes" that need to be addressed like modifying zoning ordinances

## B. Preparing the Recruitment Package

The most essential marketing tool for commercial development is a recruitment package. Similar to the information that a chamber or industrial development group might share with business prospects, Downtown must create its own marketing materials that are both professional in appearance and thorough in their contents.

Because of the depth and variety of information desired, the package will not be generated overnight, but rather develop over time. Data sheets and other elements will also be regularly updated as new information becomes available. Creating a professional appearance may mean investing in a new logo and coordinating folders, business cards for members of the committee and matching notepads. However, the focus should be on a simple, attractive presentation with the *appropriate* information. Below are listed the most important elements of the recruitment package.

1. Letter of introduction that promotes the benefits of a Downtown location from the mayor or a committee chair person or director.
2. Information about available properties such as, location, size, rent, lease terms, etc.
3. List of existing Downtown businesses and map
4. Market data from the market analysis. One basic sheet would include demographic, income and other economic data. Several interchangeable information sheets may be prepared for businesses emphasizing a type of merchandise.
5. Retail sales trends in the category of business of interest to a given prospect.
6. Small scale cluster plan map or overall development plan.
7. Brochure about Downtown and schedule of events, if available.
8. Press coverage about Downtown revitalization or business success stories.
9. Information about location incentives--financial, tax credits, available technical assistance, etc.
10. Quotes and testimonials from satisfied Downtown businesses.
11. A list of the "Ten Best Reasons to Locate in Downtown!"

All of this information should be compiled in a nice quality presentation folder and include the business cards of the key contacts.

## **C. Market Factors: *Strengths and Opportunities***

Examples of information that can be used to "show off" Downtown and trade area include:

- Results of target market surveys: Downtown workers, local shoppers, visitors
- State or regional economic outlooks
- Retail sales trends from Census of Retail Trade or from sales tax
- Auto and pedestrian traffic counts
- Available parking
- Dollar investment in Downtown -- public and private
- Dollar impact of tourism, convention/meeting activity
- Market opportunities identified by sales leakage/gap studies
- List of businesses wanted
- Quality space available
- Reinvestment of public and private dollars in the business district
- Business owner survey results showing economic health or increased sales
- Comparison of rent rates in Downtown and other locations
- Major infrastructure or other development projects recently completed or underway
- Office and residential development, expansion, vacancy rates
- Number and types of businesses opened in the last year

### **Presentation: *Keep it Simple!***

- Avoid paragraphs – use bullets and short phrases
- Easy to read graphs and charts showing trend information
- Testimonial quotes from Downtown business owners and economic development professionals

## **D. Enticing New Business: *Incentives and Assistance***

- Historic district tax incentives
- Available small business assistance, training, workshops
- Available market information
- Financial incentives
- Design assistance
- Public relations assistance in downtown newsletter and local press
- Special tax districts
- Introductory utility rate breaks/energy conservation assistance/loans
- Lease negotiation assistance
- Public safety programs and features
- Litter patrol programs
- Parking programs for customers/employees
- One-stop permitting service
- Business association/network functions
- Assistance from the downtown program manager

### **Presentation: *Keep it Simple!***

- One page list of program/assistance descriptions with contact name, address and telephone number
- Comprehensive brochures – use sparingly

## **Part IV: Business Development—Get to Work!**

### **A. Prospecting For/Qualifying New Businesses**

#### **Four Options for Expanding the Business Base**

1. Expand existing businesses by helping them take advantage of the opportunities identified in the market study.
2. Recruit established businesses from within the trade area to relocate or add a new operation.
3. Recruit established businesses from other cities, outside the trade area.
4. Recruit entrepreneurs to develop businesses targeting market opportunities.

#### **Generating Business Leads**

Developing and maintaining a pool of new business leads requires tapping the community and professional connections of each committee member. The most valuable resource for the recruitment team is the local network of business contacts. Professionals in the following categories are often excellent sources of information about new and expanding small businesses.

- Commercial lending officers/bankers
- Media reps./ad sales persons for print, radio and TV
- Business brokers
- Merchandise sales representatives in the region
- CPAs and attorneys
- Business organization reps: Chamber of Commerce, Clackamas Small Business Development Center (SBDC), Rotary

#### **Qualifying Prospects**

Quality not Quantity!



## Prospect Information Sheet (Cont'd)

Business Preparedness:

Previous Business Ownership?	Yes	No
Business Plan Completed?	Yes	No
Market Research Completed?	Yes	No
Cash flow Projections Available?	Yes	No
Financial Assistance Requested?	Yes	No
Personal Investment?	Yes	No
Relationship w/ Banker, CPA, etc.?	Yes	No

Comments: \_\_\_\_\_

\_\_\_\_\_

### Activity

Property Shown: \_\_\_\_\_ Date \_\_\_\_\_ Terms \_\_\_\_\_

Comments: \_\_\_\_\_

Sales Strategies/Next Steps: \_\_\_\_\_

\_\_\_\_\_

### Follow-up

Date: \_\_\_\_\_ Contact: \_\_\_\_\_

Comments: \_\_\_\_\_

### C. Business Prospect Tracking Form

Your business development team's efforts will ultimately be judged by vacancies filled. To succeed at this effort, the team will need to organize and categorize the calls you receive and the calls you make for business reallocations. Below is a simple system for prioritizing your work with businesses. Don't forget the important underlying assumption is that the target business is worth pursuing, i.e., is a strong potential or established business, which has the market, the capital and the management skills to succeed.

- HOT           Actively searching for space to relocate/expand; keep on top of them!
- WARM       Interested, checking out locations; will make move in next 6 months to year
- COOL       Not interested at this time; put on mailing list

**HOT LEADS**

Business/Contact Name & Number	Follow-up Activity	Responsible Party
_____	_____	_____
_____	_____	_____

**WARM LEADS**

Business/Contact Name & Number	Follow-up Activity	Responsible Party
_____	_____	_____
_____	_____	_____

**COOL LEADS**

Business/Contact Name & Number	Follow-up Activity	Responsible Party
_____	_____	_____
_____	_____	_____

**The Tracking Form should be reviewed at each and every meeting of recruitment team.**

## D. The Selling Process

Marketing generally precedes "selling." Its purpose is to create awareness and generate interest. Some typical marketing tools used by business recruitment programs are:

- Letter of introduction with marketing factsheet to decision-maker
- Follow-up call to set an appointment
- Personal visit
- Third party contact
- Tour of Downtown and the community by "movers and shakers"
- Mail articles and publicity about Downtown events and businesses
- Letter from an existing business owner, local leaders, etc.

The traditional selling process can be applied to commercial recruitment as easily as to cell phones or insurance. The primary steps of a sales call are outlined below:

1. **Objective:** Define what you'd like to accomplish. EX: raise awareness about , set an appointment to visit , etc.
2. **Opener:** Work to gain the attention and interest of the prospect. This may be through sharing an enticing benefit such as recent new businesses or investments or facts about the market area.
3. **Qualifying Questions:** The purpose is to draw out their interests and needs so that you can better respond. The questions should be casual and begin in a fact-finding mode like, "How long have you been at this location?" or "Tell me about your customer base. Age? Location? Lifestyle?" Then the questions can begin to point at what the prospect really wants. "What would be the ideal amount of space for your business? What would you change about your present situation if you could?"
4. **Features & Benefits:** What are the important factors you'd like a prospect to know about Downtown ? Here you might share information about 's transportation access, business and

individual customer base, etc. Ask yourself to answer from the business' point of view, "How will locating to Downtown benefit me?" The specifics will be unique to each business.

- 5. **Objections:** From experience you can identify concerns or issues a business might raise about being in . Identify them in advance and plan your response.
- 6. **Trial Close:** The idea of "Closing the Sale" may involve many steps, discussion of incentives, space available, etc. But, you can begin the process by asking about space needs, when they might expand/relocate, etc.

## E. New Business Prospect Planner

Type of business being recruited: \_\_\_\_\_

Person to see: \_\_\_\_\_

1. OBJECTIVE of this call (What do you want to accomplish?)

\_\_\_\_\_

2. OPENER (Get attention/gain interest)

\_\_\_\_\_

3. QUALIFYING QUESTIONS (Use open-ended questions)

\_\_\_\_\_

\_\_\_\_\_

4. FEATURES & BENEFITS

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5. OBJECTIONS you anticipate

Objection

Response

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6. TRIAL CLOSE (Identify some alternative closes)

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## **F. Sales Planner Worksheet**

1. Targeted Business Type and Description (Size, Customers, Business Complements ):

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2. Targeted Business Location(s):

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3. Members of Recruitment Team:

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4. Team Leader: \_\_\_\_\_

5. Needed Research/Information:  
\_\_\_\_\_

6. Prospecting Activities to Generate Business Leads:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Expected Outcomes:

Week 1: \_\_\_\_\_

Week 3: \_\_\_\_\_

Week 5: \_\_\_\_\_

Week 7: \_\_\_\_\_

## G. Sample Introductory Letter

January 2010

Ms. Linda Jones, President  
Lindy's Fashions  
100 Third Avenue  
Johnstown, USA

Dear Ms. Jones:

The Development Board of Neighborville, USA just received its completed retail market analysis. The results are extremely exciting and we thought you might be interested in the outstanding investment opportunity downtown Neighborville offers you.

The assessment concludes that the potential demand exists for over 36,000 square feet of apparel merchandise within our Greater Neighborville trade area. *Downtown specifically has the potential to capture over 8,000 square feet of additional apparel.*

This exciting potential together with the many other benefits of doing business downtown help make business expansion a real possibility. Downtown Neighborville hosts 2,300 workers daily. Retail vacancies are less than 5% compared to 15% at the local mall. Local tourism has grown 10% annually for the last three years.

I will call you in the next few days to talk with you further about the retail opportunities in Neighborville.

Sincerely,

Barbara Smith  
Director

## H. Putting Together an Action Plan

### Establishing Leasing Priorities

Because recruitment is a labor intensive and long term process, leasing priorities should be established that can generate quick, positive results and re-enforce the committee's effort. To do so, it is desirable to select a few goals that can be accomplished over a three month period of time. Several criteria or guidelines must be considered ranging from critical areas for development to building condition. The following worksheet will help your recruitment committee begin to organize and focus its activities.

1. Which cluster(s) can be most readily "developed" in the short run and why?

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2. Which are better able to be developed in the long run (3-5 years) and why?

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3. Based on the findings of the market analysis, list the top three businesses for recruitment. Beside each, write the cluster it falls into.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

4. List below the vacant buildings in these clusters and discuss their suitability for each business identified in number 3.

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5. What are the most critical spaces for lease? Consider visibility, pedestrian traffic, impact on surrounding businesses, etc.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

6. What buildings are in the best condition for "showing?"

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

7. Based on the above observations and conclusions, identify the top three leasing priorities below.

- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_

### **Recruitment Action Plan**

Time Period: \_\_\_\_\_

Major Objectives:

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

For each of the following activity categories, list the priority action steps that need to be taken in support of the above objectives. For each one, note the expected date of completion, the individual(s) responsible and resources required. Also, take credit for what's already been accomplished by writing in the progress made on any of the plan elements.

**Getting Organized/Market Research (List of properties, property owners, real estate agents, etc.)**

<u>Action Step</u>	<u>Target date</u>	<u>Person(s)</u>	<u>Resources Needed</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

Progress: \_\_\_\_\_

**Marketing Tactics**

<u>Action Step</u>	<u>Target date</u>	<u>Person(s)</u>	<u>Resources Needed</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

Progress: \_\_\_\_\_

**Prospecting/Recruiting**

<u>Action Step</u>	<u>Target date</u>	<u>Person(s)</u>	<u>Resources Needed</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

Progress: \_\_\_\_\_