Downtown Beloit Association

Analysis of Growth and Development

2012-2013

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I. Executive Summary

The Downtown Beloit Association (DBA) is a collaboration of property owners, business people, and community volunteers who have jointly committed to the mission of revitalizing and managing Beloit's Central Business District. Downtown Beloit is home to the international headquarters for Regal Beloit, as well as home-grown restaurants and cafes, boutiques and bookstores, live theater, museums and art galleries. Over 140 businesses, both large and small, call Downtown Beloit home. The purpose of this report is to collect economic data from these businesses in order to create a baseline, allowing the DBA to analyze long-term growth in Downtown Beloit in an effort to continue the dynamic success of revitalization efforts following Beloit's designation from the Wisconsin Main Street Program in 1987.

Beginning in February of 2013, Belmark Associates created and conducted a survey which was administered to all current downtown businesses by phone or online. During the next few weeks, sixty responses were collected from a variety of downtown businesses. The survey was designed to capture a snapshot of the current economic climate within the group, and was created with brevity in mind to increase the incentive to respond. Respondents had the option to decline answering any of the seven core questions, which can be found in Appendix A. Two additional questions were included that were for reference purposes only. The purpose of this survey was to collect baseline responses from each of the business, allowing the DBA to compare these results over time.

By analyzing economic data from downtown businesses, the DBA can best allocate its resources in order to continue improving Beloit's Central Business District. Each of the seven questions fell into one of three variable categories:

I. **Job Growth** examines both the number of employees as well as hours worked by both full and part-time workers and offers comparison between companies.

II. **Customer Traffic** examines Downtown Beloit's daily customer traffic through the daily traffic count as well as the average dollar amount spent by a customer in a single transaction.

III. **Advertising** examines the types of advertising used by DBA businesses. The section also details the habits of each business regarding customer and transaction tracking.

II. Job Growth Information

As previously mentioned, the aim of the Downtown Beloit Association is to continue to revitalize and improve Beloit's Central Business District. An increase in employment is intuitively perceived as a positive measure of growth within a city. By determining a 2013 baseline, the DBA can compare this information with future data to assess job growth over time. Pertinent tables and graphs can be found in Appendix B.

As referenced in Figure 2, the average number of full time workers is just under 11, with a significantly smaller median of 2. This pattern is also seen with part time workers, just on a smaller scale. The average suggests that companies employ roughly 5 part-time workers, but the median number of part time workers is 3. This is explained by the high concentration of small downtown businesses. A little over 67% of companies have a total of ten employees or less, and a mere 6.8% of companies have over 50 full and part-time employees. The two major outliers are Blackhawk Bank, with 176 total employees, 136 of which are full-time, and First National Bank & Trust Co., which employs 120 full time and 15 part-time workers. These two data points skew the average, suggesting that the median is more representative.

Previous employment data was scarce, but we found that 27 companies also responded to an employment survey conducted in 2009. In 2009, the total employee count was 266, with an average of 9.85 employees per company. The same set of companies reported 398 total jobs in 2013, an almost 50% increase with a new mean of 14.74 employees per company. Within the 60 businesses that responded, there were a ***total of 1,231 employees***, averaging 20.5 employees per business.

Follow up questions focused on the number of hours worked by full and part-time employees. Of the 54 respondents who answered, the average full time worker has a work week of roughly 40 hours (40.35), and an almost identical median (40.00). This suggests that employees work approximately the same hours regardless of the size of the company. We can come to the same conclusion regarding part-time workers, who on average worked 19.39 hours, with a median of 20.

III. Consumer Traffic Information

Consumer traffic questions aimed to determine 1. the quantity of customer traffic, how many people entered each business on a daily basis, and 2. consumption, the amount an average customer spends on a purchase. High foot traffic is often thought of as an indicator of success because it is intuitively appealing that an increase in customers equates to an increase in sales. Relevant tables and graphs regarding consumer traffic can be found in Appendix C. Many of the same patterns uncovered in the job growth data emerged within consumer traffic. Despite the fact that the average daily traffic, defined as the average number of customers who enter a place of business during a business day, is around 57 people, the median is only 20 customers. Once again, this is explained by the high concentration of small businesses within Beloit's downtown district. As shown in Figure 3, over half of the businesses surveyed have less than 25 people enter daily, and only 11% have more than 150. First National Bank & Trust Co. is the major outlier with over 600 reported customers daily. It should also be noted that this survey was administered in the late winter months. Semi-annual or quarterly analysis may suggest seasonal differences in daily traffic.

The second subset of questions focused on the amount spent in a single transaction. Of the 36 businesses who responded, the average amount is just over $70 ($71.60), with a significantly lower median of $24.30. Nearly 80% of respondents said that a customer spends less than $100 per transaction, with 41% falling below $25 per transaction. Due to the lack of categorization of businesses, it is difficult to extrapolate the meaning behind these results as the outliers in this case are businesses which collect on a monthly basis, College Inn Apartments and Farmers Insurance. These data points skew our results and impede true understanding of the data. For further explanatory power, we removed those businesses which answered, but do not have paying customers as well as College Inn Apartments and Farmers Insurance. In other words, those who suggested their average transaction was zero were removed along with the two major outliers mentioned above. The results of this can be found in Table 7. The new average is $54 with a median of $30; the reason for the remaining difference between these values is once again the large number of relatively small businesses whose transactions average out to less than $100 per customer.

IV. Advertising Information

This survey was conducted in order to establish a 2013 baseline, allowing the DBA to best allocate their resources in order to continue to revitalize and improve Beloit's Central Business District. The importance of efficient advertising is simple; successful advertising and marketing leads to higher revenues, which in turn lead to business growth. While advertising methods tell us something about these businesses in the short-term, it is the long term comparison that will shed the most light on the relationship between methods of advertising and business growth. With this information, a trend of successful advertising may appear which could be replicated on a larger scale. Also, a long term analysis may identify a movement away from traditional advertising and towards new media. Appendix D contains a breakdown of how advertising categories are defined, what percentage of respondents are currently investing in advertising, and in what way they advertise.

Figure 5 shows that nearly 25% of businesses do not advertise in any way. Some of this can be attributed to non-profit organizations, which have strict regulations regarding advertising, but out of the 13 businesses who do not advertise, only 4 are non-profit organizations. This analysis suggests that there is an opportunity to increase business growth through advertising. Currently, almost 40% of businesses are using both traditional and non-traditional/new media advertising, while 20% solely rely on traditional marketing. A long term analysis is necessary to determine the relationship between types of advertising and business growth.

The effects of advertising are captured through an increase in customers and therefore sales. Customer tracking allows businesses to learn about their customer base and helps gain access to the best advertising method to reach their target market. For this reason, a second dimension was added which questioned businesses about their customer tracking habits. What we discovered was that only about 60% of companies currently track their customers in some capacity. This suggests that the DBA has the opportunity to improve customer and transaction records in order to better understand trends in customer base and sales and gain insight into effective planning of future projects. A clear relationship between advertising and consumer traffic does not emerge within the data, but a classification of business types and a large sample may assist in uncovering these patterns.

V. Conclusion and Recommendations

As has been already stated, the purpose of this report is to collect economic data from downtown businesses in order to analyze long-term growth in Downtown Beloit and pinpoint where the DBA can best allocate their resources in order to continue improving Beloit's Central Business District. Although future data collection and analysis is necessary to begin to observe long term patterns in the data, we can come to a few conclusions. First, the Downtown Beloit Association is made up of mostly small businesses, with only 6.8% of businesses employing more than 50 people. We also can conclude that during the survey period, the daily consumer traffic was relatively low, with more than 50% of businesses responding that they have less than 25 customers daily. Of those customers, most spend less than $50 in a single transaction. The most surprising is the lack of customer tracking and advertising, with only 60% of businesses keeping track of their customer's transactions and almost 25% of companies currently not using any type of advertisements.

Recommendations

This survey serves as a baseline, and in the future it should be replicated and expanded to include more quantitative data, if possible, due to the ease of analysis that comes with numerological and closed ended questions. Of course, we would like to collect data from all of our downtown businesses in order to get a more realistic picture of growth over time. Many businesses do not feel comfortable with sharing financial information, but any access the DBA could gain increases awareness, and could culminate in projects which aim to help those that are currently struggling.

Also, categorizing businesses into groups (such as retail, industrial, etc.) would allow for more specific analysis and would aid in uncovering patterns within subgroups of businesses. With this information the DBA could tailor specific plans to each subgroup based on data from those companies alone. Another suggestion is to duplicate this study quarterly or semi-annually, as it is very likely that seasonal effects on foot traffic exist because of the concentration of summer events such as the Farmers' Market.

Appendix A: Question Bank

1. How many employees currently work for your company?
    a. Full Time
    b. Part Time
2. What is the average number of hours worked by an employee?
    a. Full Time
    b. Part Time
3. On average, how many people enter your place of business in a day?
4. How many hours are you open per week?
5. What is the average amount paid by a customer?
6. Do you track your customers in any way? If so, how?
7. How do you advertise your business?

Appendix B: Job Growth

Table 1: Employee Count Descriptive Statistics

	Total Respondents	Mean	St. Dev	Median
Full Time Employees	58	10.40	25.15	2.00
Part Time Employees	53	4.91	7.36	3.00

Figure 1: Total Number of Employees

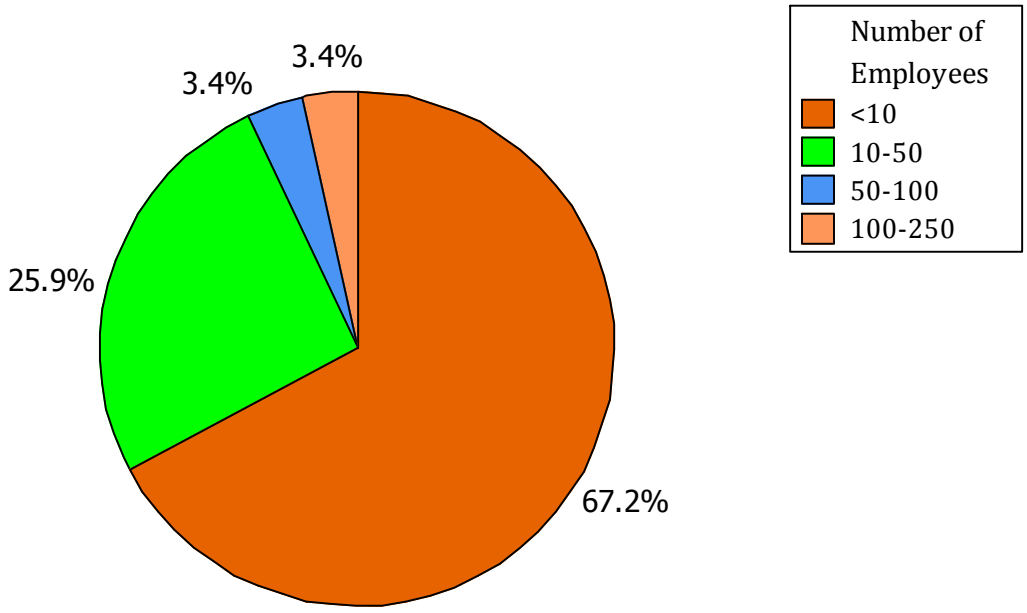


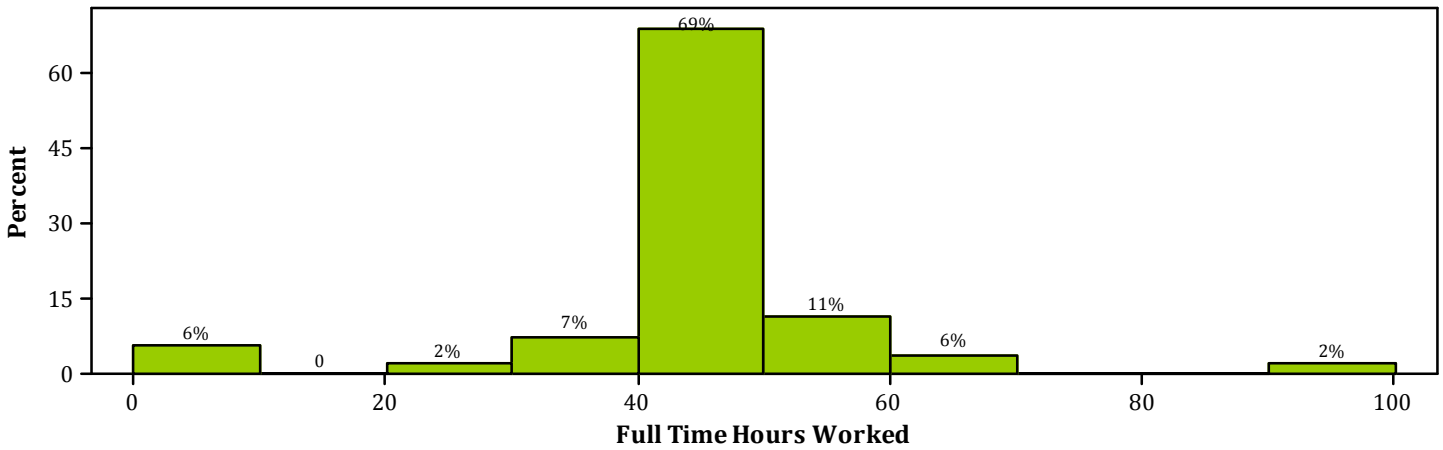
Table 2: Breakdown of Total Employee Categories

	Count	Percent
Less than 10	39	67.24
10-50	15	25.86
50-100	2	3.45
100-250	2	3.45
Total:	58	

Table 3: Downtown Employment Data

Employees	Count	Percent
Full Time	951	77.25
Part Time	280	22.75
Total	1231	

Figure 2: Full and Part Time Hours Worked



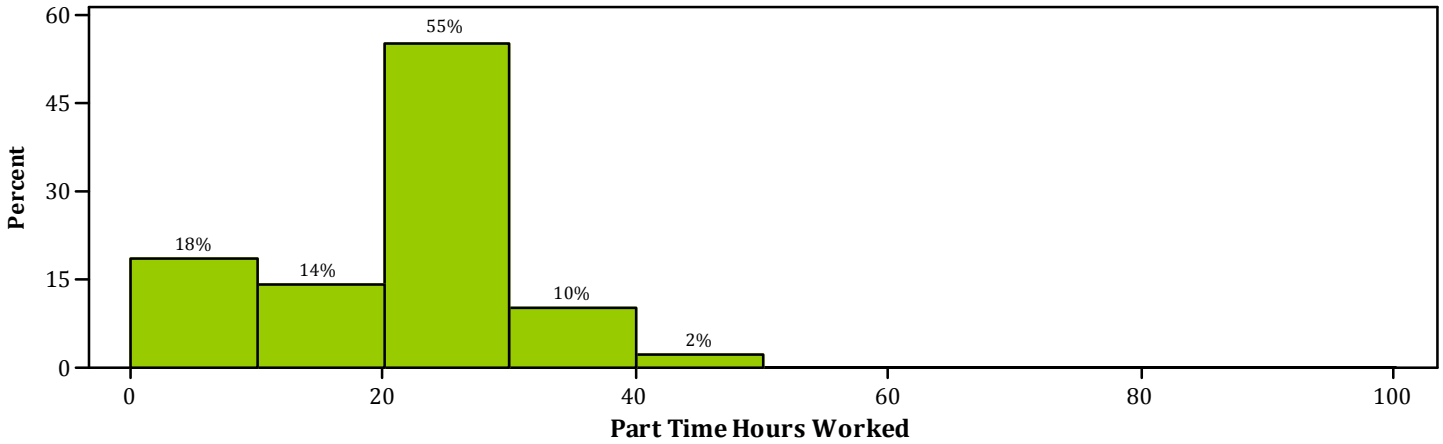


Table 3: Descriptive Statistics Hours Worked

	Total Respondents	Mean	St. Dev	Median
FT Hours Worked	54	40.35	12.92	40.00
PT Hours Worked	49	19.39	10.01	20.00

Appendix C: Consumer Traffic

Figure 3: Daily Consumer Traffic

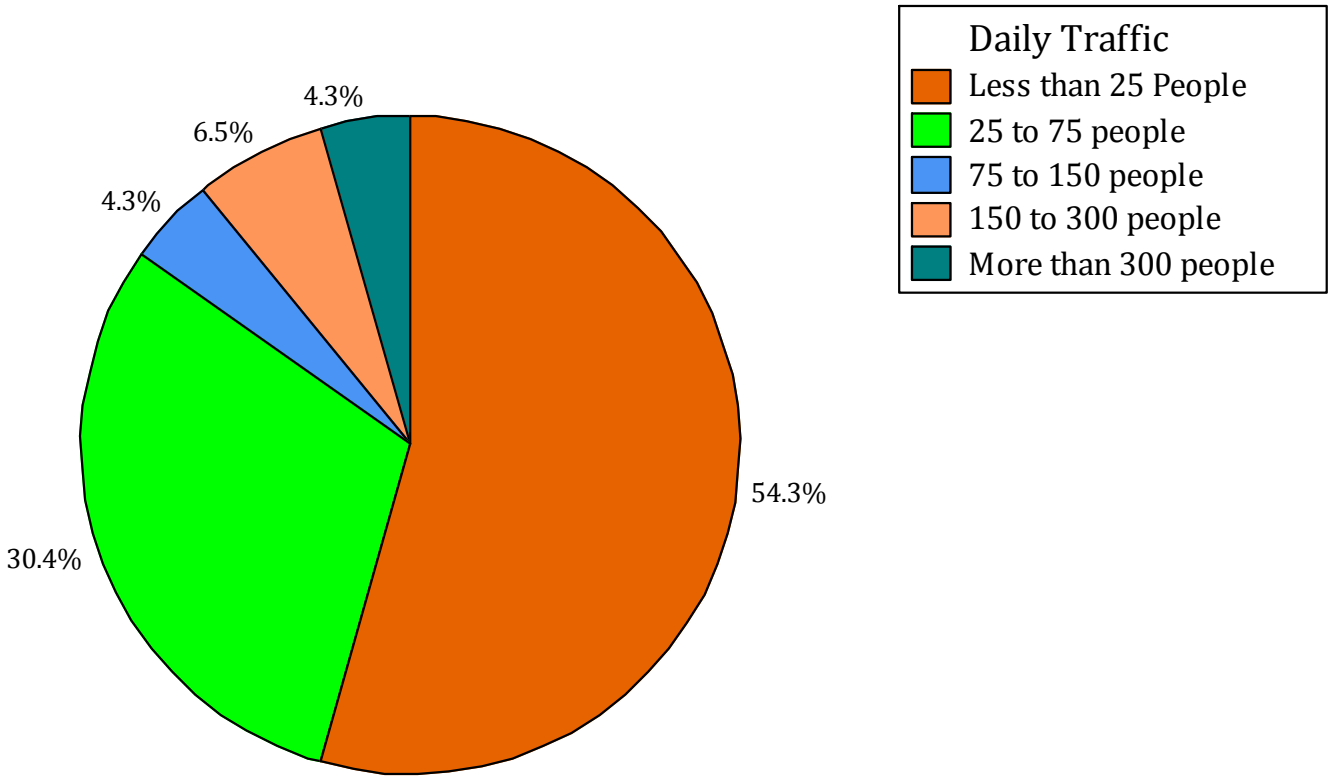


Table 4: Daily Consumer Traffic Descriptive Statistics

	Total Respondents	Mean	St. Dev	Median
Average Daily Traffic	47	57.3	112.1	20.0

Table 5: Breakdown of Consumer Traffic Categories

Consumers	Count	Percent
<25	25	54.35
25-75	14	30.43
75-150	2	4.35
150-300	3	6.52
300+	2	4.35
N=	46	

Figure 4: Average Amount Spent per Transaction

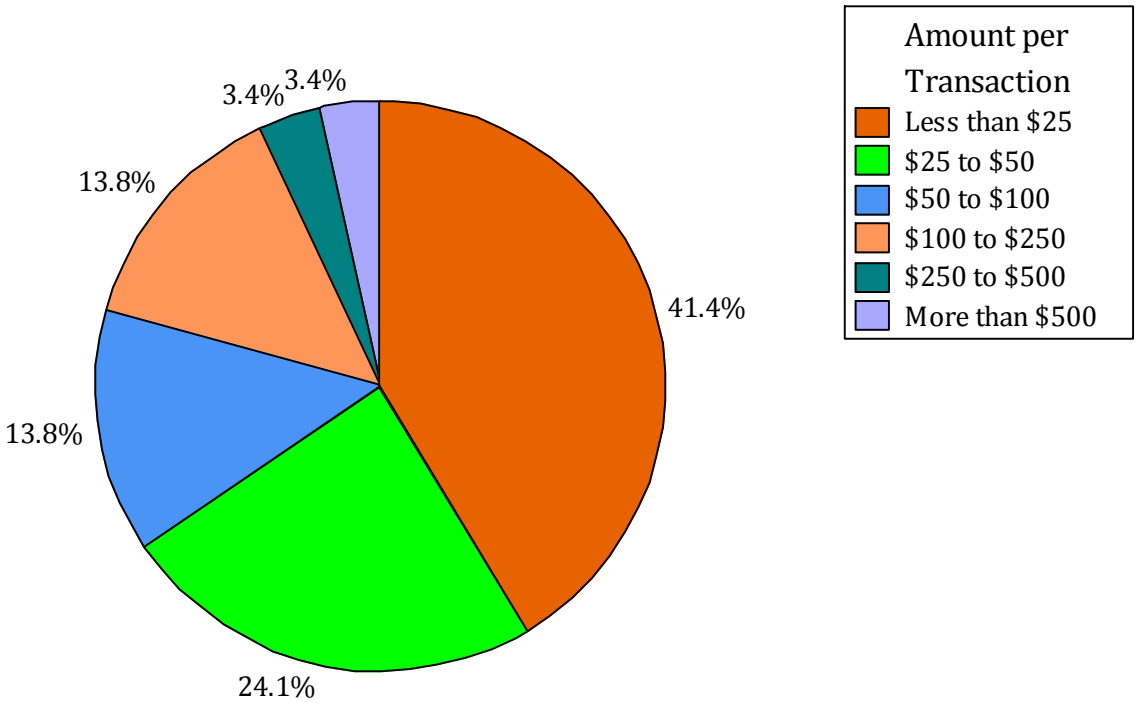


Table 6: Initial Average Amount Spent Descriptive Statistics

	Count	Mean	St Dev	Minimum	Median	Maximum
AVG amount spent	60	71.6	131.3	0.0	24.3	600

Table 7: Adjusted Average Amount Spent Descriptive Statistics

	Count	Percent	Mean	St Dev	Minimum	Median	Maximum
AVG amount spent	27	100	54.7	61.2	2.3	30.0	250.0

Table 8: Breakdown of Average Amount Spent per Transaction Categories

Amount Spent	Count	Percent
<25	12	41.38
25-50	7	24.14
50-100	4	13.79
100-250	4	13.79
250-500	1	3.45
500+	1	3.45
N=	29	

Appendix D: Advertising

Table 9: Breakdown of Customer Tracking

Track?	Count	Percent
0	19	39.58
1	29	60.42
N=	48	

Figure 5: Type of Advertising

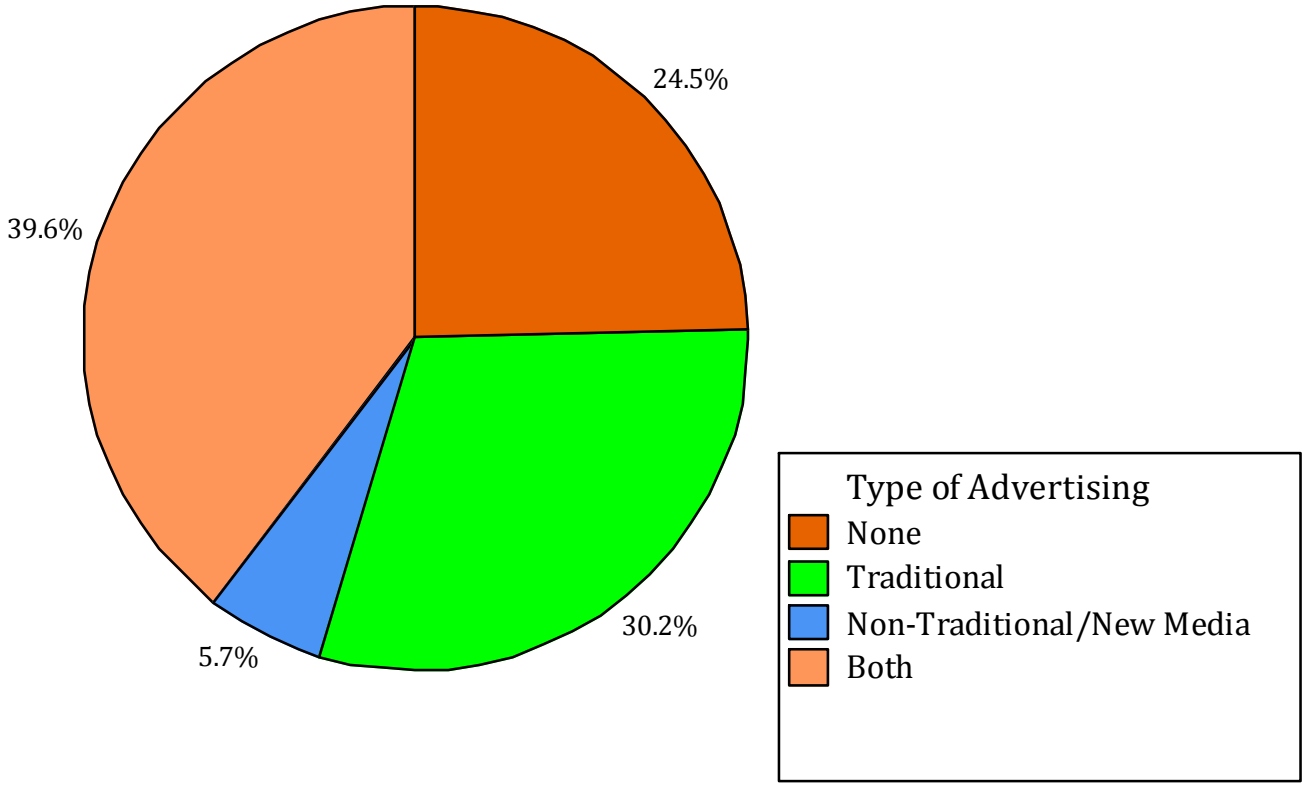


Table 10: Breakdown of Type of Advertising

Type	Count	Percent
None	13	24.53
Traditional	16	30.19
Non-Traditional/New Media	3	5.66
Both	21	39.62
N=	53	