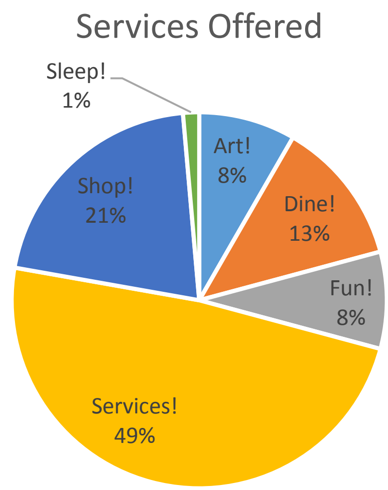
DOWNTOWN BELOIT ASSOCIATION
BUSINESS DEVELOPMENT SURVEY REPORT
2016

In order to identify economic trends and better serve downtown businesses and property owners, the Downtown Beloit Association conducts an annual business survey. In 2016, the survey resulted in 60 responses, or just under 40 percent of businesses. In total, these businesses represent 987 full-time and 685 part-time employees, 23 percent of total downtown employment. This is slightly fewer surveys that were collected in 2015, although the sample was representative of the overall business mix.

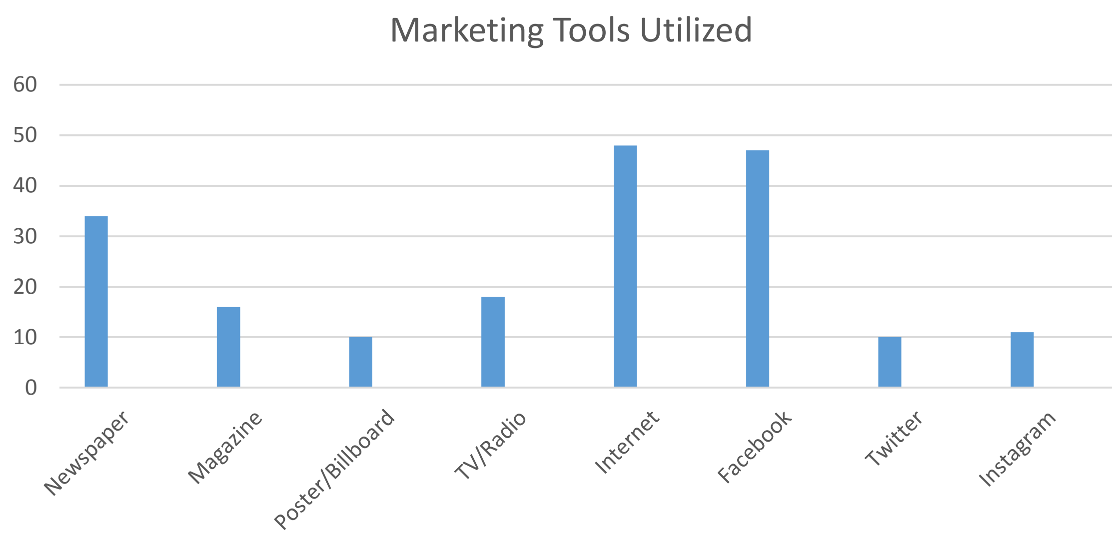
Respondent businesses represent a diverse group of business types, and also include veteran and new businesses. On average, businesses have been in existence for 32 years, and in their current location for 16. However, this number is skewed by several long-standing downtown businesses, and a full 12 percent have been in business for 5 years or less, and 17 percent for 6-10 years. The type of services offered at each business is represented in the chart at right. This sample is virtually identical to the overall mix of businesses, with shopping overrepresented slightly (shopping represents 14% of overall businesses) and arts slightly underrepresented.



In addition to the size, type and longevity of business, respondents were also asked to provide their business hours. As an increasingly popular weekend or business travel destination, providing sufficient dining and shopping activities for visitors is important. The following table indicates the number and type of businesses which are open during critical non-weekday periods.

	Open after 6 pm	Open Saturday	Open Sunday
All Businesses	14 (23%)	27 (45%)	8 (13%)
Retail, Entertainment & Personal Services	3 (17%)	14 (78%)	1 (6%)
Dining	7 (78%)	8 (89%)	6 (67%)

Marketing is a common topic of conversation for downtown businesses. Currently, businesses use a wide variety of mediums to promote themselves. The most referenced marketing tools, along with the number of businesses reportedly utilizing each, is illustrated in the graph below. Social media is broken out into several categories due to the large number of users and changing face of the medium. This segment has continued to increase over the past year, with the number of businesses utilizing Facebook rising from 53 percent in 2015 to 78 percent in 2016. Other platforms such as Twitter and Instagram also gained popularity, rising from 10 and 8 percent respectively to 17 and 18 percent utilization today. A select few businesses also indicated that they are using LinkedIn, Pinterest or Snapchat, although these tools were much more sporadically utilized. It should also be noted that 11 businesses (18%) indicate that they do not currently have a social media account for their business. These businesses include a mix of old and new businesses, and also include a wide variety of business types, although professional services are over-represented in this group. New businesses are over-represented as users of alternate forms of social media, with 40 percent of businesses opening in the past 2 years on Instagram, versus only 3 businesses with longer tenure using this marketing platform.



The ability to find and retain quality employees is an issue faced by businesses in many industries and throughout Wisconsin. In the survey, 15 percent of downtown businesses identified this as a challenge facing their business, the third most frequently mentioned area of concern. In downtown Beloit, a majority of employers (65%) seek only experience and relevant soft skills and will train employees in house. An additional 25 percent require some type of special certification or licensing prior to hire, and the remaining 10 percent expect candidates to have the requisite degrees from higher educational institutions.

In addition to workforce, businesses were asked to identify any other challenges currently facing their business. The top responses included marketing and increasing foot traffic (25%), and a tie between burdensome costs or regulations and physical space or parking limitation (17% each). In 2016, parking specifically was mentioned by 9 businesses, although often in combination with one or more additional issues. Employee parking was specifically mentioned by half of those identifying parking as a challenge. Half of the restaurants surveyed identified parking as a concern. There was no difference in challenges faced by new businesses versus those with greater tenure, although as mentioned parking was the top concern for restaurants, while marketing and customer traffic was the top concern for shopping and service providers.

Although the relative importance of each item has shifted slightly, these issues were also the most frequently cited challenges in 2015. Parking was the top issue in 2015, mentioned by 20 percent of businesses, declining to 15 percent this year. Customer awareness has risen in importance (15% to 25%), and workforce recruitment/retention and cost/regulatory issues have also become areas of concern for businesses.

Looking to the future, nearly 60 percent of businesses do not anticipate any significant changes to staffing, products/services or space within the next five years. Five businesses anticipate physical expansions (plus one that would like to but is space constrained and one that plans to renovate for better functionality), and ten businesses anticipate expanding product or service lines, sometimes including additional market coverage and/or online sales. Five businesses anticipate expanding staff, while the remaining two would like to sell the business during that time period. Collectively, this represents a more positive business outlook than in 2015, based on the fact that more than twice as many businesses anticipate some type of growth or expansion in the next five years. Based on this feedback, it is not surprising that roughly the same percentage (32%) would appreciate assistance with signage or other property improvements related to the anticipated expansion. Several additional businesses indicated that they would be interested in these programs if they were available to tenants as well as property owners.

Forty percent of businesses indicated that they have previously attended a DBA meeting, including a majority of those with future expansion plans. For those that have not previously attended, one quarter indicated that the times do not work for them, 12 percent did not know about them, or thought that tenants were not welcome, and the remainder either did not respond, or indicated that they did not perceive value from attending. Topics of interest for those that currently attend meetings include parking, trash pickup and employee recruitment, while non-attendees are most interested in creating neighborhood networks (watch groups), and getting to know other business offerings. Many also indicated they do not know what is currently discussed. One business suggested creating a business mentor/mentee program downtown.

Given the limited first floor vacancy downtown, increasing upper floor utilization is one way to provide expansion opportunities for businesses downtown, and/or to increase local customer traffic. Six businesses indicated that the upper floor of their building was currently vacant or underutilized, with half of the spaces reported as completely vacant and the remainder primarily used for storage.