

Elroy Analysis of Resident Market

This section analyzes the size and shape of the resident convenience trade area for Elroy, including demographic, lifestyle and spending potential analysis.

Elroy Community Description

Elroy is a small city of 1,579 people that lies to the southwest of the Interstate 90/94 corridor in central Wisconsin.¹ Elroy is the focal point of hiking, biking and snowmobile trail use in the region, as a number of major recreation trails meet in the city. The '400' State Trail, Elroy-Sparta State Trail and the Juneau County Omaha Trail all begin or end in this quaint community. All trails are built on abandoned rail beds with the Elroy-Sparta Trail being the first 'Rails to Trails' project in the United States.

The Elroy Historical Museum in downtown Elroy depicts the early railroad days of Elroy along with other exhibits. The Elroy Commons, a downtown park built in 1991 where the original trail station stood, is the trail shop and information center, while the original train depot is now home to the Elroy Area Volunteer Fire Department. Elroy also features an Andrew Carnegie Library, which was dedicated March 4, 1908 and remodeled in 2000. On the outskirts of town is Schultz City Park which hosts the annual Elroy Fair and team sporting events and also features the municipal swimming pool.

As a result of the multi-use trails, a number of campgrounds, bed and breakfasts and restaurants are located near Elroy. Numerous services and businesses are located in Elroy including a grocery store, theater, jewelry store, gift shop, hardware store, pharmacy, train shop, medical and dental clinics, chiropractic service, auto supply and appliance store, auto service and an art gallery.

How Local Businesses Can Serve Trail Users

Multi-use trails provide community-wide and business specific economic development opportunities. Some examples of ways in which communities may take advantage of local trails include:

- Tailoring merchandise selections (i.e. deli providing 'snack packs' for visitors on the go)
- Local hotels and campgrounds providing free trail passes.
- Stocking items useful for customers who are away from home.
- Restaurants and cafes located along the trails may be 'discovered' by trail users.

Source: Let's Talk Business: How Local Businesses Can Serve Trail Users (Sep. 2006, No. 121)

¹ US Census, 2000.

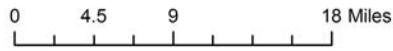
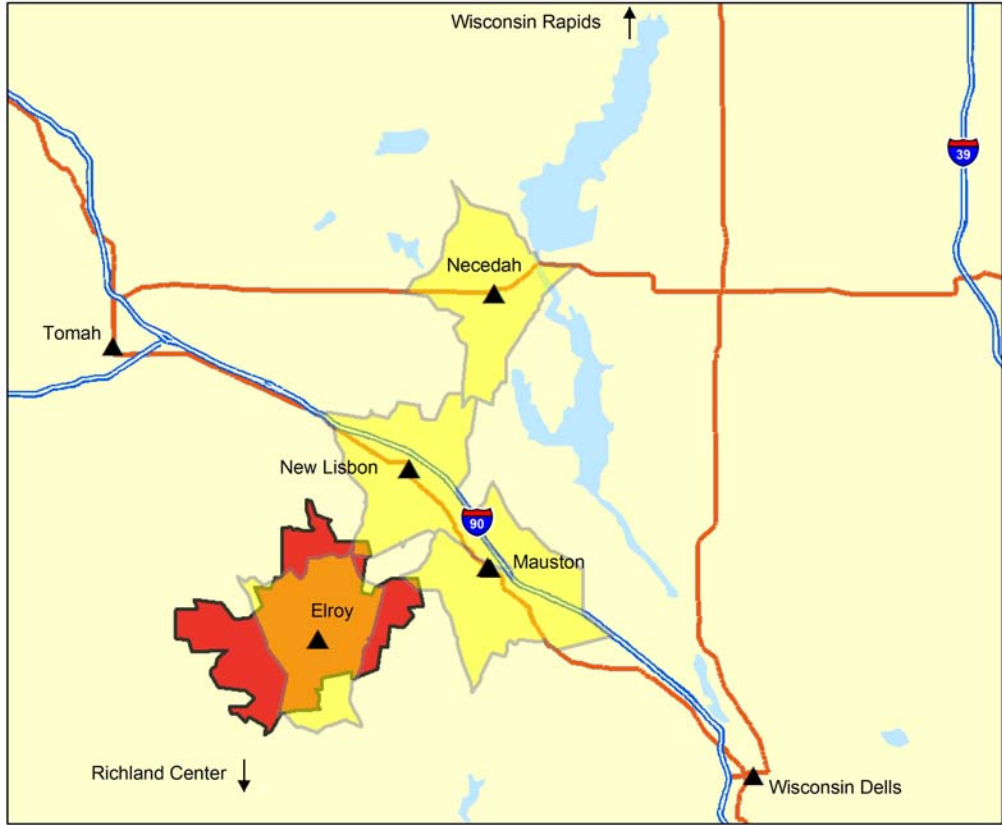
Elroy Convenience Trade Areas



The trade area is the geographic region that generates the majority of customers for Elroy community retail and service businesses. The analysis realizes that different business types have different trade areas. That is, some businesses will draw customers from a greater distance than others. In general, each convenience trade area is intended to mirror the overall market area for the community. This resident trade area does not reflect the geographic origin of second homeowners or tourists.

For this analysis, we have constructed a primary or Convenience Trade Area for the community of Elroy (ECTA). The convenience trade area is defined as the area within which all “convenience shopping” needs (groceries, gasoline, hardware) are satisfied by the community. To define this area a ten minute drive time analysis was used and it was determined that the corresponding zip code, 53929, portrayed the convenience trade area for Elroy. The total population of this zip code is 3,458 which is the number used for the following demographic and lifestyle analysis sections.



Elroy Convenience Trade Area



-  Elroy Convenience Trade Area
-  10 Minute Drive Time



Resident Demographics

The demographic and lifestyle characteristics of these trade area residents provide valuable information for analyzing local spending potential, purchasing preferences and marketing strategies.

To assist in understanding the tastes and preferences of regional consumers, the following tables compare demographic traits for the Elroy Convenience Trade Area (ECTA), the state of Wisconsin and the United States. Comparing demographics within each of these geographic areas helps to differentiate local consumers and may identify potential customer niches. Demographic and lifestyle characteristics are derived from a variety of public and private datasets, including ESRI Business Information Solutions (ESRI BIS) and the 2000 U.S. Census. The most current demographic information is used whenever possible and the figures produced by these sources may differ from other published estimates. Note that the demographics for each geographic area are not mutually exclusive.

Population Trends

Population is the basis for quantifying market size and growth trends, both of which are used to measure consumer demand.

	Elroy Convenience Trade Area	Wisconsin	USA
2000 Total Population	2,974	5,363,675	281,421,906
2007 Total Population	3,458	5,687,426	306,348,230
2012 Total Population	3,540	5,902,771	325,526,398
2007 - 2012 Annual Rate	0.47%	0.75%	1.22%

Source: ESRI Business Information Solutions

- Over the coming years the population of the ECTA is projected to grow at a low rate (between 2007 and 2012 the ECTA is projected to grow by 82 residents).
- Population has been growing and is expected to continue to grow at a modest pace slightly above the state rate.

Housing Units – 2007

Occupancy rates reveal the percentage of housing units that were occupied during a given year, while housing tenure characterizes the differences between owner-occupied and renter-occupied housing units. These figures are useful in analyzing the potential for a variety of different home-related products and services.

	Elroy Convenience Trade Area	Wisconsin	USA
2007 Housing Units	1,413	2,547,427	128,035,492
Owner Occupied Housing Units	65.4%	62.6%	61.3%
Renter Occupied Housing Units	21.3%	26.5%	28.8%
Vacant Housing Units	13.3%	10.9%	9.9%

Source: ESRI Business Information Solutions Note: Vacant housing units include 2nd-home inventory.

- The ECTA has a high percentage of owner occupied housing units and a larger percentage of vacant housing units.
- The ratio of owners to renters exceeds the state and U.S. averages.

Per Capita Income Trends

	Elroy Convenience Trade Area	Wisconsin	USA
2000	\$17,138	\$21,271	\$21,587
2007	\$21,027	\$27,589	\$27,916
2012	\$24,693	\$33,489	\$33,873

Source: ESRI Business Information Solutions

- The ECTA has a lower per capita income than Wisconsin and the U.S.
- Percent growth in per capita income in Elroy is significantly lower than Wisconsin and the U.S.

Age – 2007

Expenditures and consumer preferences change with age. Accordingly, retail, service and restaurants often target certain age segments.

	Elroy Convenience Trade Area	Wisconsin	USA
Total	3,458	5,687,426	306,348,230
0 - 4	5.6%	6.5%	6.9%
5 - 9	5.1%	6.1%	6.5%
10 - 14	5.6%	6.4%	6.8%
15 - 19	5.9%	7.3%	7.1%
20 - 24	6.4%	7.9%	7.0%
25 - 34	9.3%	12.0%	13.2%
35 - 44	11.5%	14.2%	14.4%
45 - 54	15.0%	15.7%	14.6%
55 - 64	9.6%	10.9%	10.8%
65 - 74	8.4%	6.3%	6.3%
75 - 84	8.5%	4.5%	4.4%
85+	9.2%	2.2%	1.9%
18+	79.8%	76.8%	75.6%

Source: ESRI Business Information Solutions

- 51% of residents are over the age of 45 in ECTA, compared to 40% in Wisconsin and 38% for the U.S.
- 26% of the ECTA residents are over the age of 65, compared to 13% in Wisconsin and 12.6% in the United States.

Household Income – 2007

Retailers are often interested in the median or average household income in a trade area or seek a minimum number of households within a certain income range.

	Elroy Convenience Trade Area	Wisconsin	USA
Household Income Base	1,225	2,270,243	115,335,842
< \$15,000	13.8%	9.5%	12.0%
\$15,000 - \$24,999	11.1%	9.6%	9.9%
\$25,000 - \$34,999	14.1%	10.5%	10.3%
\$35,000 - \$49,999	16.3%	15.5%	14.7%
\$50,000 - \$74,999	23.9%	22.5%	19.5%
\$75,000 - \$99,999	11.6%	14.3%	12.8%
\$100,000 - \$149,999	6.7%	12.3%	12.3%
\$150,000 - \$199,999	1.3%	3.1%	4.2%
\$200,000 +	1.1%	2.7%	4.2%
Average Household Income	\$54,079	\$68,215	\$73,126

Source: ESRI Business Information Solutions

- 55.3% of ECTA residents have a household income of less than \$50,000, compared to 45.1% in Wisconsin and 46.9% in the United States.
- The average household income in the ECTA is approximately 21% lower than Wisconsin and 27% lower than the U.S.

Educational Attainment (Population 25+) - 2000

	Elroy Convenience Trade Area	Wisconsin	USA
Total	2,004	3,475,878	182,211,639
Less than 9th Grade	7.2%	5.4%	7.5%
9th - 12th Grade, No Diploma	11.6%	9.6%	12.1%
High School Graduate	42.4%	34.6%	28.6%
Some College, No Degree	19.4%	20.6%	21.0%
Associate Degree	6.6%	7.5%	6.3%
Bachelor's Degree	8.8%	15.3%	15.5%
Master's/Prof/Doctorate Degree	4.0%	7.2%	8.9%

Source: ESRI Business Information Solutions

- ECTA has a lower percentage of Bachelor's Degrees than the state and US, but is even with the US in percentage of people with an Associate Degree and with some college.

Employment Occupation (Population 16+) – 2007

The type of employment in a community is sometimes related to market demand for certain products and services.

	Elroy Convenience Trade Area	Wisconsin	USA
Total	1,518	2,863,687	141,590,232
White Collar	46.4%	58.0%	60.2%
Management/Business/Financial	13.9%	13.4%	13.6%
Professional	13.6%	20.3%	21.3%
Sales	8.2%	11.0%	11.5%
Administrative Support	10.7%	13.3%	13.8%
Services	16.9%	14.9%	16.5%
Blue Collar	36.8%	27.1%	23.3%
Farming/Forestry/Fishing	1.4%	0.7%	0.6%
Construction/Extraction	5.1%	5.7%	6.6%
Installation/Maintenance/Repair	4.9%	4.0%	3.9%
Production	16.6%	10.0%	6.3%
Transportation/Material Moving	8.8%	6.7%	5.9%

Source: ESRI Business Information Solutions

- White collar employment accounts for almost 47% of local employment in ECTA, but is a smaller percentage than the U.S.
- The percentage of ECTA residents employed in production is greater than the U.S.

Employment Occupations – NAICS Business Summary

	Elroy Convenience Trade Area	Wisconsin	USA
Agriculture/Mining	6.8%	2.5%	1.7%
Construction	6.6%	6.9%	8.0%
Manufacturing	22.9%	17.7%	10.7%
Wholesale Trade	3.0%	3.5%	3.4%
Retail Trade	11.9%	12.4%	11.6%
Transportation/Utilities	5.7%	4.2%	4.9%
Information	0.7%	1.7%	2.3%
Finance/Insurance/Real Estate	4.0%	6.6%	7.4%
Services	33.3%	41.2%	45.1%
Public Administration	5.1%	3.3%	4.8%

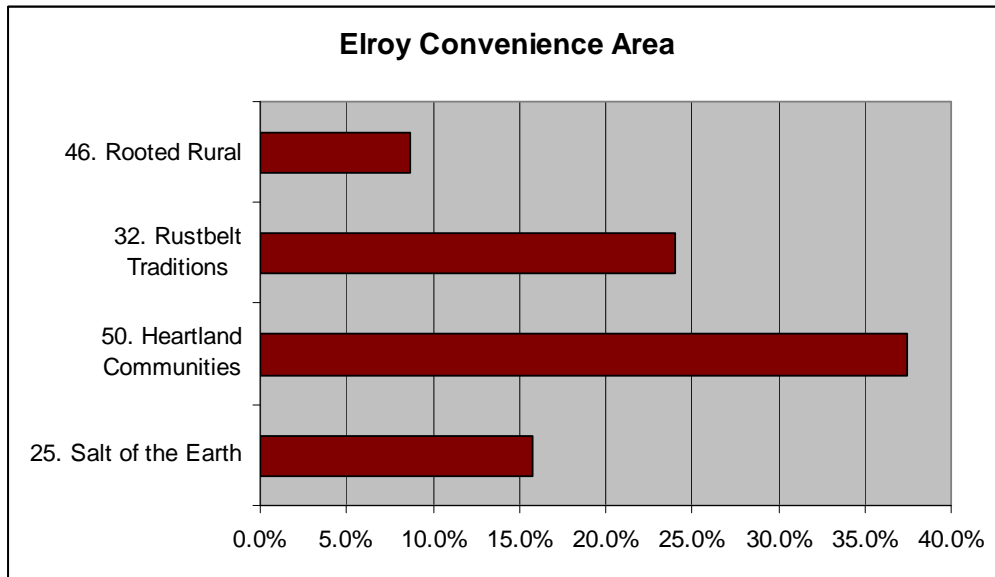
Source: ESRI Business Information Solutions

- Services stands out as a major category of local employment for ECTA.
- Compared to the United States, ECTA has a higher percentage of people employed in manufacturing.

Lifestyle Analysis

The Elroy Convenience Trade Area resident lifestyles can also be studied using lifestyle segmentation information. Lifestyle segmentation systems examine the buying habits and preferences of consumers in a geographic area. One lifestyle segmentation system is Tapestry™, by ESRI Business Information Solutions. Consumers are classified into 65 demographic and behaviorally distinct segments. The segments are based on type of neighborhood (urban, suburban, rural); the residents' socioeconomic status (age, income, occupation, type and value of residence); and their buying behaviors.

A snapshot of the lifestyle characteristics and preferences for these national segments as described by ESRI are presented below, and a more complete description can be found in Appendix A. Note that the income and home values in these descriptions are from a 2006 ESRI staff paper (Community Tapestry – Fabric of America's Neighborhoods).



Heartland Communities: Neighborhoods are preferred by approximately six million people. These neighborhoods can be found primarily in small towns in the Midwest and South. More than 75 percent of the households are single-family dwellings with a median home value of \$74,400. Most homes are older, built before 1960. The median age is 41.3 years; nearly one-third of the householders are aged 65 years or older. The distinctly country lifestyle of these residents is reflected in their interest in hunting, fishing, woodworking, playing bingo, and listening to country music. In addition to working on home improvement projects, they are avid gardeners and read gardening magazines. They participate in civic activities and take an interest in local politics. Residents order items from catalogs, QVC, and Avon sales representatives.

Rustbelt Traditions: Rustbelt Traditions neighborhoods are the backbone of older, industrial cities in states bordering the Great Lakes. Most employed residents work in the service, manufacturing, and retail trade industries. Most residents own and live in modest single-family homes and have a median value of \$97,000. Households are primarily a mix of married-couple families, single-parent families, and singles that live alone. The median age is 35.9 years; the median household income is \$45,300. Residents prefer to use a credit union and invest in certificates of deposit. They use coupons regularly, especially at Sam's Club, work on home remodeling or improvement projects, and buy domestic.

Salt of the Earth: A rural or small-town lifestyle best describes the *Salt of the Earth* market. The median age is 40.4 years. Labor force participation is higher than the U.S. level, and unemployment is lower. Above-average numbers of employed residents work in the manufacturing, construction, mining, and agricultural industries. The median household income is \$48,800. Households are dominated by married-couple families who live in single-family dwellings, with homeownership at 86 percent. Twenty-eight percent of the households own three or more vehicles. Most homes own a truck; many own a motorcycle. Residents are settled, hardworking, and self-reliant, taking on small home projects as well as vehicle maintenance. Families often own two or more pets, usually dogs or cats. Residents enjoy fishing, hunting, target shooting, attending country music concerts, auto races, and flying kites.

Rooted Rural: Rooted Rural neighborhoods are located in rural areas throughout the country; however, more than three-fifths of the households are located in the South. Households are dominated by married-couple families, approximately one-third of whom already receive Social Security benefits. The median age is 41.0 years. Housing is predominantly single-family dwellings, with a strong presence of mobile homes and some seasonal housing. The median home value is \$89,900. Stable and settled, residents tend to move infrequently. They are do-it-yourselfers, constantly working on their homes, gardens, and vehicles. Many families have pets. Residents enjoy hunting, fishing, target shooting, boating, attending country music concerts, and listening to country music on the radio. Many households have a satellite dish; favorite stations include Outdoor Life Network and CMT.

Consumer Spending Potential of Residents

Consumer spending potential data for 2007 for the Elroy Convenience Trade Area is presented in the tables below. Displayed are the annual amounts spent on a variety of goods and services by households that reside in the trade area, regardless of where the goods or services were purchased. A spending potential index (SPI) is provided to compare household spending with the national averages (U.S. index = 100). Spending by visitors and nonresidents are not included in these figures.

	Elroy Convenience Trade Area		WI	USA
	<u>SPI</u>	<u>Total Spending</u>	<u>SPI</u>	<u>SPI</u>
Apparel and Services	64	\$2,164,775	84	100
Men's	67	\$407,598	87	100
Women's	63	\$741,034	82	100
Children's	72	\$389,217	89	100
Footwear	56	\$349,571	74	100
Watches & Jewelry	64	\$154,525	92	100
Apparel Products and Services	68	\$122,830	100	100
Computer				
Computers and Hardware for Home Use	70	\$186,869	94	100
Software and Accessories for Home Use	65	\$23,933	93	100
Entertainment & Recreation	76	\$3,183,406	94	100
Fees and Admissions	64	\$475,656	92	100
Membership Fees for Clubs	66	\$128,974	93	100
Fees for Participant Sports, excl. Trips	66	\$91,531	93	100
Admission to Movie/Theatre/Opera/Ballet	60	\$110,819	92	100
Admission to Sporting Events, excl. Trips	65	\$45,771	95	100
Fees for Recreational Lessons	62	\$98,561	91	100
TV/Video/Sound Equipment	76	\$1,090,141	94	100
Community Antenna or Cable Television	81	\$659,536	95	100
Color Televisions	68	\$113,989	92	100
VCRs, Video Cameras, and DVD Players	77	\$36,714	95	100
Video Cassettes and DVDs	76	\$56,675	95	100
Video Game Hardware and Software	73	\$29,361	95	100
Satellite Dishes	77	\$1,458	90	100
Rental of Video Cassettes and DVDs	73	\$53,508	95	100
Sound Equipment	69	\$133,725	93	100
Rental and Repair of TV/Sound Equipment	73	\$5,175	94	100
Pets	84	\$453,826	96	100
Toys and Games	80	\$176,894	96	100
Recreational Vehicles and Fees	84	\$466,106	94	100
Sports/Recreation/Exercise Equipment	70	\$197,895	85	100
Photo Equipment and Supplies	76	\$128,009	96	100
Reading	75	\$194,879	95	100

	Elroy Convenience Trade Area		WI	USA
Food	77	\$7,893,639	94	100
Food at Home	78	\$4,809,474	94	100
Bakery and Cereal Products	78	\$691,701	94	100
Meat, Poultry, Fish, and Eggs	79	\$1,272,161	93	100
Dairy Products	79	\$531,554	94	100
Fruit and Vegetables	74	\$789,822	92	100
Snacks and Other Food at Home	79	\$1,524,236	95	100
Food Away from Home	74	\$3,084,165	94	100
Alcoholic Beverages	69	\$526,188	94	100
Nonalcoholic Beverages at Home	81	\$432,406	94	100
Financial				
Investments	59	\$1,086,097	95	100
Vehicle Loans	84	\$6,349,802	95	100
Health				
Nonprescription Drugs	85	\$127,407	96	100
Prescription Drugs	100	\$705,416	98	100
Eyeglasses and Contact Lenses	83	\$84,087	97	100
Home				
Mortgage Payment and Basics	67	\$7,173,137	92	100
Maintenance and Remodeling Services	71	\$1,708,885	92	100
Maintenance and Remodeling Materials	89	\$406,664	97	100
Utilities, Fuel, and Public Services	81	\$4,345,317	95	100
Household Furnishings and Equipment				
Household Textiles	70	\$120,100	93	100
Furniture	67	\$526,790	93	100
Floor Coverings	67	\$74,759	91	100
Major Appliances	81	\$290,678	94	100
Housewares	70	\$89,555	88	100
Small Appliances	81	\$36,650	95	100
Luggage	62	\$7,801	92	100
Telephones and Accessories	67	\$38,853	81	100
Household Operations				
Child Care	60	\$309,645	92	100
Lawn and Garden	90	\$492,561	96	100
Moving/Storage/Freight Express	63	\$41,320	91	100
Housekeeping Supplies	82	\$777,456	95	100
Insurance				
Owners and Renters Insurance	85	\$498,572	96	100
Vehicle Insurance	78	\$1,398,205	94	100

	Elroy Convenience Trade Area		WI	USA
Life/Other Insurance	83	\$652,484	96	100
Health Insurance	90	\$2,176,234	97	100
Personal Care Products	75	\$436,323	94	100
School Books and Supplies	73	\$107,344	99	100
Smoking Products	93	\$552,494	99	100
Transportation				
Vehicle Purchases (Net Outlay)	83	\$5,871,572	95	100
Gasoline and Motor Oil	85	\$2,106,179	95	100
Vehicle Maintenance and Repairs	76	\$986,981	94	100
Travel				
Airline Fares	62	\$309,983	91	100
Lodging on Trips	71	\$356,634	93	100
Auto/Truck/Van Rental on Trips	59	\$31,406	91	100
Food and Drink on Trips	72	\$416,230	94	100

Data Note: The Spending Potential Index (SPI) is household-based and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: ESRI Business Information Solutions. Expenditure data are derived from the 2002, 2003 and 2004 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2007 and 2012

Based on consumer spending potential data, residents of the Elroy Convenience Trade Area have lower spending potential per household than the U.S. average (as reflected by the SPI figures that are less than 100). Example products and services that have relatively higher spending activity (but still less than the U.S. average) include:

- Community antenna or cable television
- Utilities, fuel, and public services
- Recreational vehicles and fees and loans
- Pets
- Smoking products
- Lawn care and housekeeping products
- Health related items including nonprescription drugs, prescription drugs, eye care
- Maintenance and remodeling materials
- Appliances
- Insurance including life, health, owners and renters insurance
- Vehicle purchase, gasoline and motor oil