

Necedah Analysis of Resident Market

Section 3

This section analyzes the size and shape of the resident convenience trade area for Necedah including demographic, lifestyle and spending potential data of residents for the Necedah Convenience Trade Area. The trade area defines the boundaries that will serve as the basis for further analysis in this report.

Necedah Community Description

The Village of Necedah and its 888 residents provide an entrance to the recreational opportunities provided by the Necedah National Wildlife Refuge.¹ This 43,656-acre refuge was established in 1939 as a refuge and breeding ground for migratory birds and other wildlife. It provides habitat for threatened, endangered and rare species such as the Karner blue butterfly, massasauga rattlesnake, Blanding's turtle and gray wolf but it is most famous for the protection and restoration of whooping cranes. Each September the Village holds the Whooping Crane Festival to celebrate the reintroduction of the whooping crane into the Wildlife Refuge, bringing in visitors from around the world.

The Village is also located at the southern end of Petenwell Lake which is the second largest lake in Wisconsin. Hunting and year round fishing, along with bird and wildlife observing, are the major attractions for visitors to the region. Necedah has opportunities to expand and incorporate the natural resources surrounding the community.

Necedah has its own golf course and small airport. Area businesses include a deli, gift shops, antique store, and various restaurants. New to the area is the ethanol plant, one of the most efficient in the nation, and a grocery store which is currently under construction.



¹ US Census, 2000.

Necedah Convenience Trade Area

The trade area is the geographic region that generates the majority of customers for Necedah 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.

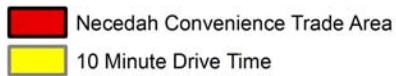
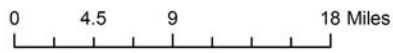
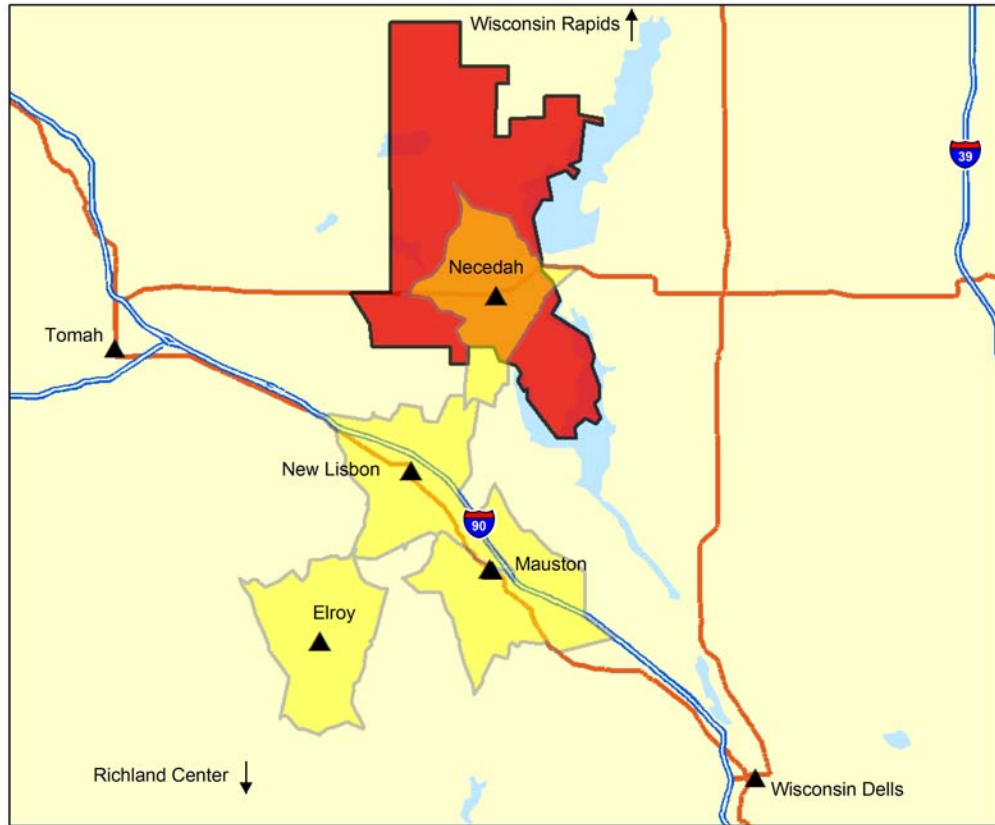
For this analysis, we have constructed a primary or Convenience Trade Area for the community of Necedah (NCTA). The convenience trade area is defined as the area within which all “convenience shopping” needs (groceries, gasoline, hardware) are satisfied by the community. To define this area a ten minute drive time analysis was used and it was determined that the corresponding zip code, 54646, portrayed the convenience trade area for Necedah.

Community Grocery Store

Necedah will soon have its own local grocery store. Local grocery and convenience stores provide many benefits to a community:

- Surrounding residents and communities contain large untapped purchasing power.
- May help offset rising gas prices.
- Offer competitive pricing.
- Better produce and meat selections than large chain stores.
- Provide purchasing opportunity for recreational visitors away from home.

Necedah Convenience Trade Area



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 Necedah Convenience Trade Area (NCTA), 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 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.

| | Necedah Convenience Trade Area | Wisconsin | USA |
|-------------------------|---|------------------|-------------|
| 2000 Total Population | 3,658 | 5,363,675 | 281,421,906 |
| 2007 Total Population | 4,281 | 5,687,426 | 306,348,230 |
| 2012 Total Population | 4,522 | 5,902,771 | 325,526,398 |
| 2007 - 2012 Annual Rate | 1.10% | 0.75% | 1.22% |

Source: ESRI Business Information Solutions

- Over the years the population of NCTA is projected to grow at a rate of 1.1%, a higher rate than Wisconsin.
- Between 2007 and 2012 NCTA is projected to grow by 241 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.

| | Necedah Convenience Trade Area | Wisconsin | USA |
|-------------------------------|---|------------------|-------------|
| 2007 Housing Units | 2,396 | 2,547,427 | 128,035,492 |
| Owner Occupied Housing Units | 54.3% | 62.6% | 61.3% |
| Renter Occupied Housing Units | 12.2% | 26.5% | 28.8% |
| Vacant Housing Units | 33.5% | 10.9% | 9.9% |

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

- Compared to the other areas, NCTA has a high percentage of vacant housing units (33.5%). Many of these are likely recreational homes.
- The ratio of owner to renters exceeds the state and U.S. averages.

Per Capita Income Trends

| | Necedah Convenience Trade Area | Wisconsin | USA |
|------|---|------------------|------------|
| 2000 | \$16,032 | \$21,271 | \$21,587 |
| 2007 | \$18,732 | \$27,589 | \$27,916 |
| 2012 | \$21,726 | \$33,489 | \$33,873 |

Source: ESRI Business Information Solutions

- NCTA has a lower per capita income than Wisconsin and the U.S. The per capita income is projected to grow, but stay lower than Wisconsin and the U.S.
- Percent growth in per capita income in the ECTA 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.

| | Necedah Convenience Trade Area | Wisconsin | USA |
|---------|---|------------------|-------------|
| Total | 4,281 | 5,687,426 | 306,348,230 |
| 0 - 4 | 6.5% | 6.5% | 6.9% |
| 5 - 9 | 6.1% | 6.1% | 6.5% |
| 10 - 14 | 7.0% | 6.4% | 6.8% |
| 15 - 19 | 5.9% | 7.3% | 7.1% |
| 20 - 24 | 6.1% | 7.9% | 7.0% |
| 25 - 34 | 8.6% | 12.0% | 13.2% |
| 35 - 44 | 14.6% | 14.2% | 14.4% |
| 45 - 54 | 14.7% | 15.7% | 14.6% |
| 55 - 64 | 13.6% | 10.9% | 10.8% |
| 65 - 74 | 10.8% | 6.3% | 6.3% |
| 75 - 84 | 4.4% | 4.5% | 4.4% |
| 85+ | 1.6% | 2.2% | 1.9% |
| 18+ | 76.5% | 76.8% | 75.6% |

Source: ESRI Business Information Solutions

- 45% of residents are over the age of 45 in NCTA, compared to 40% in Wisconsin and 38% for the U.S.

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.

| | Necedah Convenience Trade Area | Wisconsin | USA |
|--------------------------|--------------------------------------|-----------|-------------|
| Household Income Base | 1,594 | 2,270,243 | 115,335,842 |
| < \$15,000 | 13.0% | 9.5% | 12.0% |
| \$15,000 - \$24,999 | 14.4% | 9.6% | 9.9% |
| \$25,000 - \$34,999 | 16.1% | 10.5% | 10.3% |
| \$35,000 - \$49,999 | 19.9% | 15.5% | 14.7% |
| \$50,000 - \$74,999 | 21.1% | 22.5% | 19.5% |
| \$75,000 - \$99,999 | 8.6% | 14.3% | 12.8% |
| \$100,000 - \$149,999 | 4.3% | 12.3% | 12.3% |
| \$150,000 - \$199,999 | 1.2% | 3.1% | 4.2% |
| \$200,000 + | 1.4% | 2.7% | 4.2% |
| Average Household Income | \$48,715 | \$68,215 | \$73,126 |

Source: ESRI Business Information Solutions

- 63.3% of NCTA residents have a household income of less than \$50,000, compared to 45.1% for Wisconsin and 46.9% in the United States.
- The average household income in the ECTA is approximately 29% lower than Wisconsin and 34% lower than the U.S.

Educational Attainment (Population 25+) - 2000

| | Necedah Convenience Trade Area | Wisconsin | USA |
|--------------------------------|--------------------------------------|-----------|-------------|
| Total | 2,462 | 3,475,878 | 182,211,639 |
| Less than 9th Grade | 6.8% | 5.4% | 7.5% |
| 9th - 12th Grade, No Diploma | 16.5% | 9.6% | 12.1% |
| High School Graduate | 43.5% | 34.6% | 28.6% |
| Some College, No Degree | 19.7% | 20.6% | 21.0% |
| Associate Degree | 4.9% | 7.5% | 6.3% |
| Bachelor's Degree | 6.4% | 15.3% | 15.5% |
| Master's/Prof/Doctorate Degree | 2.2% | 7.2% | 8.9% |

Source: ESRI Business Information Solutions

- NCTA has a higher percentage of people who have finished high school, as the highest education level, compared to the other areas.

Employment Occupation (Population 16+) – 2007

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

| | Necedah Convenience Trade Area | Wisconsin | USA |
|---------------------------------|--------------------------------------|-----------|-------------|
| Total | 1,745 | 2,863,687 | 141,590,232 |
| White Collar | 42.2% | 58.0% | 60.2% |
| Management/Business/Financial | 9.9% | 13.4% | 13.6% |
| Professional | 12.4% | 20.3% | 21.3% |
| Sales | 8.8% | 11.0% | 11.5% |
| Administrative Support | 11.2% | 13.3% | 13.8% |
| Services | 19.8% | 14.9% | 16.5% |
| Blue Collar | 38.0% | 27.1% | 23.3% |
| Farming/Forestry/Fishing | 1.5% | 0.7% | 0.6% |
| Construction/Extraction | 8.0% | 5.7% | 6.6% |
| Installation/Maintenance/Repair | 4.6% | 4.0% | 3.9% |
| Production | 13.9% | 10.0% | 6.3% |
| Transportation/Material Moving | 9.9% | 6.7% | 5.9% |

Source: ESRI Business Information Solutions

- White collar employment accounts for almost 42% of local employment in NCTA and blue collar for 38% of employment.
- Compared to the U.S., a greater percentage of NCTA residents are employed in production and services.

Employment Occupations – NAICS Business Summary

| | Necedah Convenience Trade Area | Wisconsin | USA |
|-------------------------------|--------------------------------------|-----------|-------|
| Agriculture/Mining | 4.9% | 2.5% | 1.7% |
| Construction | 9.6% | 6.9% | 8.0% |
| Manufacturing | 20.8% | 17.7% | 10.7% |
| Wholesale Trade | 2.5% | 3.5% | 3.4% |
| Retail Trade | 11.3% | 12.4% | 11.6% |
| Transportation/Utilities | 6.1% | 4.2% | 4.9% |
| Information | 0.6% | 1.7% | 2.3% |
| Finance/Insurance/Real Estate | 3.2% | 6.6% | 7.4% |
| Services | 37.2% | 41.2% | 45.1% |
| Public Administration | 3.7% | 3.3% | 4.8% |

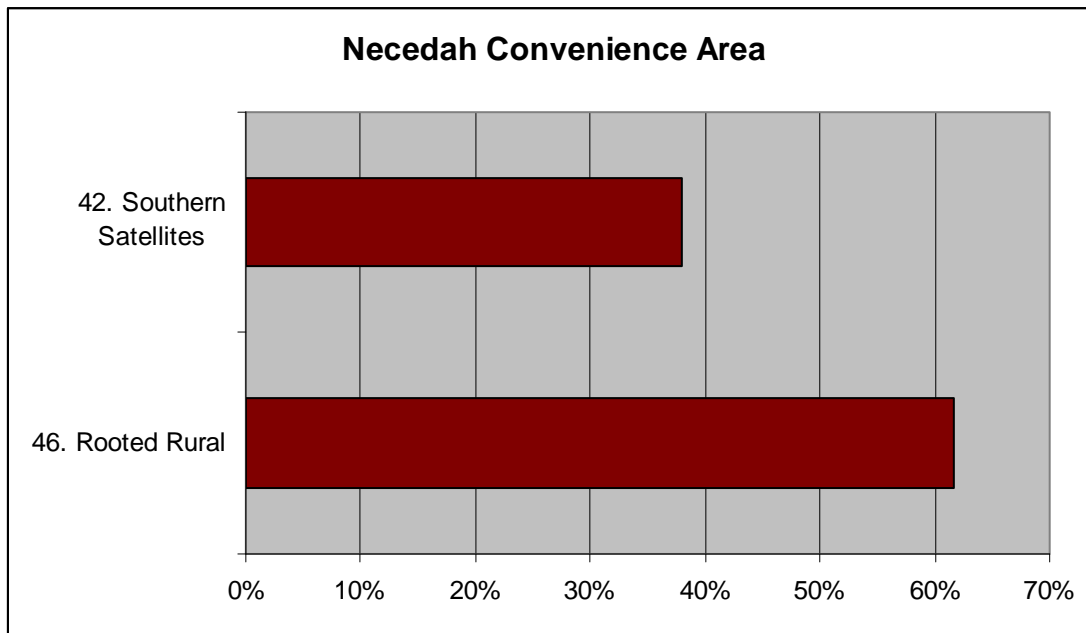
Source: ESRI Business Information Solutions

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

Lifestyle Analysis

The Necedah 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 C. Note that the income and home values in these descriptions are from a 2006 ESRI staff paper (Community Tapestry – Fabric of America's Neighborhoods).



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.

Southern Satellites: Southern Satellites neighborhoods are rural settlements found primarily in the South, with employment chiefly in the manufacturing and service industries. Married-couple families dominate this market. The median age is 37.1 years, and the median household income is \$37,700. Most housing is newer, single-family dwellings or mobile homes with a median value of \$81,400, occupied by owners. Residents enjoy country living. They listen to gospel and country music on the radio and attend country music concerts. They participate in fishing, hunting, and auto racing. Favorite TV stations are CMT and Outdoor Life Network. Satellite dishes are popular in these rural locations. Households own older, domestic vehicles, particularly trucks and two-door sedans. Residents invest time in vegetable gardening, and households are likely to own riding mowers, garden tractors, and tillers.

Consumer Spending Potential of Residents

Consumer spending potential data for 2007 for the Necedah 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.

| | Necedah Convenience Trade Area | | WI | USA |
|---|--------------------------------|-----------------------|------------|------------|
| | <u>SPI</u> | <u>Total Spending</u> | <u>SPI</u> | <u>SPI</u> |
| Apparel and Services | 57 | \$2,489,480 | 84 | 100 |
| Men's | 60 | \$472,027 | 87 | 100 |
| Women's | 54 | \$833,558 | 82 | 100 |
| Children's | 68 | \$474,492 | 89 | 100 |
| Footwear | 51 | \$413,437 | 74 | 100 |
| Watches & Jewelry | 52 | \$165,059 | 92 | 100 |
| Apparel Products and Services | 55 | \$130,907 | 100 | 100 |
| Computer | | | | |
| Computers and Hardware for Home Use | 59 | \$207,475 | 94 | 100 |
| Software and Accessories for Home Use | 52 | \$24,684 | 93 | 100 |
| Entertainment & Recreation | 70 | \$3,802,830 | 94 | 100 |
| Fees and Admissions | 50 | \$481,271 | 92 | 100 |
| Membership Fees for Clubs | 52 | \$132,456 | 93 | 100 |
| Fees for Participant Sports, excl. Trips | 52 | \$94,549 | 93 | 100 |
| Admission to Movie/Theatre/Opera/Ballet | 45 | \$106,920 | 92 | 100 |
| Admission to Sporting Events, excl. Trips | 52 | \$47,795 | 95 | 100 |
| Fees for Recreational Lessons | 48 | \$99,551 | 91 | 100 |
| TV/Video/Sound Equipment | 67 | \$1,235,693 | 94 | 100 |
| Community Antenna or Cable Television | 72 | \$769,928 | 95 | 100 |
| Color Televisions | 56 | \$122,890 | 92 | 100 |
| VCRs, Video Cameras, and DVD Players | 67 | \$41,288 | 95 | 100 |
| Video Cassettes and DVDs | 68 | \$65,494 | 95 | 100 |
| Video Game Hardware and Software | 65 | \$34,097 | 95 | 100 |
| Satellite Dishes | 76 | \$1,863 | 90 | 100 |
| Rental of Video Cassettes and DVDs | 61 | \$57,753 | 95 | 100 |
| Sound Equipment | 54 | \$136,865 | 93 | 100 |
| Rental and Repair of TV/Sound Equipment | 60 | \$5,515 | 94 | 100 |
| Pets | 86 | \$603,526 | 96 | 100 |
| Toys and Games | 71 | \$205,113 | 96 | 100 |
| Recreational Vehicles and Fees | 94 | \$678,903 | 94 | 100 |
| Sports/Recreation/Exercise Equipment | 69 | \$253,538 | 85 | 100 |
| Photo Equipment and Supplies | 64 | \$139,342 | 96 | 100 |
| Reading | 61 | \$205,444 | 95 | 100 |

| | Necedah Convenience Trade Area | | WI | USA |
|--|-----------------------------------|-------------|----|-----|
| Food | 70 | \$9,440,626 | 94 | 100 |
| Food at Home | 73 | \$5,869,587 | 94 | 100 |
| Bakery and Cereal Products | 73 | \$838,873 | 94 | 100 |
| Meat, Poultry, Fish, and Eggs | 76 | \$1,590,894 | 93 | 100 |
| Dairy Products | 73 | \$644,166 | 94 | 100 |
| Fruit and Vegetables | 67 | \$938,598 | 92 | 100 |
| Snacks and Other Food at Home | 74 | \$1,857,056 | 95 | 100 |
| Food Away from Home | 66 | \$3,571,039 | 94 | 100 |
| Alcoholic Beverages | 57 | \$562,536 | 94 | 100 |
| Nonalcoholic Beverages at Home | 78 | \$541,946 | 94 | 100 |
| Financial | | | | |
| Investments | 33 | \$778,501 | 95 | 100 |
| Vehicle Loans | 86 | \$8,393,130 | 95 | 100 |
| Health | | | | |
| Nonprescription Drugs | 79 | \$153,452 | 96 | 100 |
| Prescription Drugs | 96 | \$883,159 | 98 | 100 |
| Eyeglasses and Contact Lenses | 74 | \$98,522 | 97 | 100 |
| Home | | | | |
| Mortgage Payment and Basics | 60 | \$8,280,860 | 92 | 100 |
| Maintenance and Remodeling Services | 63 | \$1,979,470 | 92 | 100 |
| Maintenance and Remodeling Materials | 91 | \$541,814 | 97 | 100 |
| Utilities, Fuel, and Public Services | 75 | \$5,251,507 | 95 | 100 |
| Household Furnishings and Equipment | | | | |
| Household Textiles | 62 | \$138,080 | 93 | 100 |
| Furniture | 58 | \$594,655 | 93 | 100 |
| Floor Coverings | 56 | \$80,132 | 91 | 100 |
| Major Appliances | 79 | \$368,836 | 94 | 100 |
| Housewares | 65 | \$108,889 | 88 | 100 |
| Small Appliances | 74 | \$43,190 | 95 | 100 |
| Luggage | 44 | \$7,199 | 92 | 100 |
| Telephones and Accessories | 63 | \$47,924 | 81 | 100 |
| Household Operations | | | | |
| Child Care | 46 | \$304,174 | 92 | 100 |
| Lawn and Garden | 93 | \$663,613 | 96 | 100 |
| Moving/Storage/Freight Express | 59 | \$50,179 | 91 | 100 |
| Housekeeping Supplies | 76 | \$935,088 | 95 | 100 |
| Insurance | | | | |
| Owners and Renters Insurance | 82 | \$622,845 | 96 | 100 |
| Vehicle Insurance | 74 | \$1,721,392 | 94 | 100 |
| Life/Other Insurance | 78 | \$797,679 | 96 | 100 |
| Health Insurance | 84 | \$2,626,975 | 97 | 100 |

| | Necedah Convenience Trade Area | | WI | USA |
|---------------------------------|--------------------------------|-------------|----|-----|
| Personal Care Products | 68 | \$512,414 | 94 | 100 |
| School Books and Supplies | 55 | \$105,018 | 99 | 100 |
| Smoking Products | 89 | \$684,944 | 99 | 100 |
| Transportation | | | | |
| Vehicle Purchases (Net Outlay) | 84 | \$7,699,325 | 95 | 100 |
| Gasoline and Motor Oil | 85 | \$2,748,233 | 95 | 100 |
| Vehicle Maintenance and Repairs | 71 | \$1,206,219 | 94 | 100 |
| Travel | | | | |
| Airline Fares | 48 | \$313,571 | 91 | 100 |
| Lodging on Trips | 61 | \$397,091 | 93 | 100 |
| Auto/Truck/Van Rental on Trips | 44 | \$30,789 | 91 | 100 |
| Food and Drink on Trips | 62 | \$467,126 | 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 Necedah 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:

- 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