A Report:

A RETAIL MARKET ANALYSIS
and
ACTION PLAN

presented to:
The Greater Meredith Program
and
The New Hampshire Main Street Center

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CHAPTER I
INTRODUCTION

This study was conducted to better understand market conditions and consumers in the Meredith area. Market data was collected and analyzed to develop recommendations for downtown and community economic revitalization efforts. The research presented in this report is intended to be used to assist existing businesses, prospective entrepreneurs, governmental officials, realtors, property owners, developers, educators, business counselors, and others in the community.

A. The Reconnaissance

DANTH's first assignment in Meredith was a reconnaissance on Dec 8-9, 2005 during which DANTH made a field visit to Meredith and some competitive shopping districts, met with local business people and reviewed available information.

DANTH's reconnaissance was initially predicated by the desire of the leadership of the Greater Meredith Program (GMP) to improve the strength and quality of the retailing within their program's district, especially along Main Street.
During the visit additional specific questions were posed about:

- The possibility of attracting national retail chains to the district?
- Other types of retail operations or niches that could make Meredith a more attractive and interesting place for shoppers?
- The importance of population density and commercial space characteristics in recruitment efforts?
- How to take advantage of all the affluent second-home owners in the area in recruitment efforts?
- The information the Greater Meredith Program needs to provide to retail tenant prospects?

DANTH submitted its report on the reconnaissance on Dec. 20, 2005. It detailed DANTH's observations about Meredith's retailing, which were based on the best data available at that time and identified several hypotheses about potential niche growth opportunities that could be more reliably assessed with the collection of additional information.

B. The Current Project

The GMP's leadership was particularly interested in determining the potential impacts of second-home owners on retail growth as discussed in DANTH's 2005 report. In February of 2006, DANTH submitted a proposal for a follow-up project to conduct a more in-depth market analysis and to develop an action plan based on that analysis. The major work elements of the proposal were:

- Analysis of existing businesses to identify existing niches and clusters

- An assessment of existing commercial spaces
- A Geographic Information System (GIS) analysis of the size and shape of the local resident trade areas.
- GIS analysis of the visitor market (place of origin).
- GIS analysis of primary residential neighborhoods of second home owners (place of origin).
- Demographic, lifestyle and spending analysis of trade area residents, second home owners and visitor market
- Niche Targeting: identifying existing niches that can be grown and new niches that have development potential.
- Recommended specific action steps for marketing each of the targeted niches
- Design a recruitment program to attract quality firms for each of the targeted niches
- Recommend public improvements that would strengthen Meredith's retailing
- Recommend feasible development projects that would support and stimulate retail growth in Meredith

Work on the project started in June, 2006.

The project team included N. David Milder, DANTH's president, and Bill Ryan, , a University of Wisconsin-Extension educator specializing in downtown economic revitalization. His work was performed specifically for DANTH. The University of Wisconsin-Extension was not associated with this study.

Together, Milder and Ryan have over 50 years of experience in the field of downtown revitalization. Mr. Milder is a specialist in niche-based downtown retail revitalization strategies, business recruitment and redevelopment. His publications include numerous books, monographs and articles, such as:

- Downtown Business Recruitment
- Niche Strategies for Downtown Revitalization
- Tools And Techniques For Financing Downtown Revitalization

Mr. Ryan is specializes in downtown economic revitalization and tourism business development. He is very adept at using ESRI's data sources and interpreting its Tapestry lifestyle data. His publications include:

- Downtown and Business District Market Analysis (On-line Toolbox)
- Tourism and Retail Development – a guidebook to help local retailers attract tourists to their businesses
- Let's Talk Business – a monthly e-newsletter for downtown and economic development leaders working to strengthen retail and service businesses in their community.

C. Objectives and Caveats

DANTH's primary objective was to produce a number of action recommendations that the GMP could implement that would be effective in stimulating retail growth in Meredith and strengthen its Main Street.

DANTH's second objective was to base these recommendations on the best possible information it could obtain. However, this objective requires some caveats. While the research effort reported in this document is certainly more in-depth and robust than DANTH was able to do on its reconnaissance, the current project had definite budgetary constraints and some types of information were not available from any source. For example, the Bureau of the Census has not issued any local data from the 2002 Economic Census about retail sales for Meredith and other communities of its size. Hard data on tourist and second-home owner retail spending also was not available. In both of these instances the DANTH project team devised ways of making estimates, which are plainly and frequently described as "ballpark" in the narrative below. The DANTH team acknowledges that these estimates are imperfect and should be treated with some caution, but feels that they are sufficiently accurate to be illuminating and capable of being action-guiding.

The DANTH team also has tried to creatively use less expensive research techniques, such as the analysis of the Tapestry lifestyle data to get at some of the information that opinion surveys are usually used to uncover.

The DANTH project team engaged very sparingly in "gap" analyses of Meredith's retail markets. Such research looks at the supply and demand sides of a trade area's retail market to discover where gaps or growth opportunities exist. Both members of the DANTH team have independently over the years developed great skepticism about the data that are available about the supply side. Further, the significance of the second homeowner and hotel guest market segments make gap analyses even more difficult to conduct in Meredith. While some work-arounds are possible, they are very time consuming and expensive and best applied for just a few types of stores or merchandise lines. The only gap analysis in this report covers the potential for attracting another supermarket to Meredith.

D. Acknowledgements

The DANTH team would like to especially thank Jeanie Forrester, the Main Street Program Manager, Rusty McLear, the proprietor of Meredith Lodging Properties and James Commerford, the Town Assessor for their strong support and assistance in this research effort. DANTH would also like to thank all of the other local businesspeople and town officials who met with us or otherwise helped our research effort.

CHAPTER II
MEREDITH'S RETAILING AND THE COMPETITION

A. Meredith's Shopping Nodes

The Town of Meredith has five shopping nodes:

- Olde Province Common, a strip center with about six stores along Rte 104. Among them are a 16,000 SF supermarket, Jackson Star, and a state liquor store
- Main Street with eight restaurants, 15 retail shops and 15 service operations. It has some attractive buildings and facades, nice scale and a good ambiance for walking. The Town Hall, Post Office and Library also anchor this node. Unfortunately, Main Street completely lacks visibility from the main traffic arteries, Routes 3 and 25, that pass nearby.
- The Shops At Meredith Place is the former location of a Harley-Davidson dealership that has been converted into commercial spaces suited for office, personal services or retail use. It is on Maple Street near the end of Main Street, close to the Historic Railway and Rte 3. It has a pylon sign to increase its visibility from Rte 3. Current tenants include Sylvan Learning Center and Curves, but much vacant space remains. It is walkable from the Main Street node, but a residential area intervenes so Main Street strollers may be unaware of it
- Mills Falls Marketplace, a 15 store center attached to the Mills Falls Hotel. It has many of the strongest retail operations in the area, a waterfall, and views of Lake Winnipesaukee. It is an easy walk to Main Street. A parking lot separates it from the sidewalk running along Rte 3.
- Meredith Shopping Center on Rte 25 near its intersection with Rte 3. This is the most heavily trafficked intersection in Meredith and among the most congested in the state. This strip center has a small movie theater, a Brooks Pharmacy and two fairly large vacant spaces of 10,000 SF and 12,000 SF.

Many other very important retail operations are located outside these nodes along the Rte 3 corridor. Among them are Aubuchon's Hardware, McDonald's, Hart's Turkey Farm, Burlwood Antique Center, Harley- Davidson, Ipolitio's Furniture and the NH League of Craftsmen. These tend to be "highway oriented" operations with large parking lots that are not designed to fit into a pedestrian friendly environment.

That said, it also should be noted that Meredith Shopping Center, Mills Fall Marketplace, and, to a lesser degree, the Shops at Meredith Place are all within reasonable walking distances of the Main Street node. Consequently, there is a potential for substantial pedestrian interaction and cross-shopping between these four nodes if a friendly and attractive pedestrian environment can be established.

B. The Current Retail Supply - Local

A recent focus group of Meredith residents convened by the Greater Meredith Program described what they liked best about shopping in Meredith in the following manner:

> "The diversity of shops, fun yet practical; you can get anything from a wedding gift to shoes. Lots of places to shop for Christmas gifts, quirky, wonderful things, special things at reasonable prices, loads of antique shops. Like the service (hate being ignored…in the small stores that doesn't happen). Shop owners know you and treat you well. Wide range of items, just have to know where to find it. Convenient. Quaint, antiques, special event clothing, diversity, sense of community, NH League of Arts & Crafts."[1]

On the other hand, participants disliked:

> "Lack of men's stores. Can't get socks or underwear or a tie. No where to get a sports jacket. No dime-store to pick up crafts or notions. Miss Ben Franklin, miss Sports Parafunalia. Miss the grocery store at Meredith Shopping Center…no choice. One grocery store which is expensive, has a bad parking lot. Only one pharmacy and its has poor customer service. Seniors need to have an accessible pharmacy.
>
> A feeling that the Town has forgotten the working people. Miss Grad's, Samaha's, Parafunalia. Have to travel out of town to get the price point for the working class women. Would like to purchase items for children at a more reasonable price but don't want a Wal-Mart."[2]

These reactions accurately reflect the scope and quality of Meredith's retail mix. The Census Bureau's 2004 Zip Code Business Patterns reported that Meredith, with a 2005 population of 6,615, had 54 retail establishments (see Table 1 below). In comparison Laconia, population 17,060, had 128; Gilford, population 7,510, had 26; Plymouth, population 6,204, had 58, and Tilton, population 3,636, had 82.[3] Among Meredith's retailers were:

- No men's stores or children's clothing stores
- One supermarket and one drugstore
- Two women's apparel shops
- Three sporting goods stores
- One bookstore
- Three used merchandise shops (very probably antique shops)
- Eight gift, novelty and souvenir stores (the largest category)

As the number of gift, novelty and souvenir stores suggests, much of the non-vehicle -related retailing and many of the restaurants in Meredith benefit significantly from tourists.

[1] Draft Report of the Greater Meredith Program's 9.28.06 Focus Group, p.1. Hereafter referred to as Focus Group Report
[2] ibid.
[3] Zip Code Business Patterns (NAICS) 2004. Tilton benefits enormously from its proximity to I-93.

Table 1. Meredith's Estimated Retail Sales in 2004 By Industry Code								
Industry Code	Description	Total Estabs	Merdith Retail Emps		NH sales$/ emp	Estimated Meredith Retail Sales		
			Low	High		Low	High	Avg
44----	**Retail trade**	54						
441110	New car dealers	1	20	49	$ 575,508	$ 11,510,158	$ 28,199,887	$ 19,855,022
441221	Motorcycle dealers	1	50	99	$ 374,161	$ 18,708,062	$ 37,041,962	$ 27,875,012
441222	Boat dealers	3	7	17	$ 233,667	$ 1,635,667	$ 3,972,333	$ 2,804,000
441310	Automotive parts & accessories stores	1	5	9	$ 132,096	$ 660,481	$ 1,188,865	$ 924,673
441320	Tire dealers	1	1	4	$ 180,642	$ 180,642	$ 722,568	$ 451,605
442110	Furniture stores	1	20	49	$ 213,746	$ 4,274,928	$ 10,473,573	$ 7,374,251
442210	Floor covering stores	1	1	4	$ 201,355	$ 201,355	$ 805,422	$ 503,389
443111	Household appliance stores	1	10	19	$ 275,274	$ 2,752,740	$ 5,230,206	$ 3,991,473
444130	Hardware stores	1	5	9	$ 118,958	$ 594,792	$ 1,070,625	$ 832,708
444190	Other building material dealers	3	3	12	$ 241,890	$ 725,669	$ 2,902,678	$ 1,814,174
444210	Outdoor power equipment stores	1	10	19	$ 194,549	$ 1,945,487	$ 3,696,425	$ 2,820,956
444220	Nursery, garden centers	1	1	4	$ 144,131	$ 144,131	$ 576,525	$ 360,328
445110	Supermarkets	1	50	99	$ 160,910	$ 8,045,524	$ 15,930,138	$ 11,987,831
445120	Convenience	1	1	4	$ 172,524	$ 172,524	$ 690,095	$ 431,309
445292	Confectionery &	1	1	4	No data			$ -
445310	Beer, wine, &	1	5	9	No data			$ -
446110	Pharmacies & drug stores	2	25	58	$ 189,066	$ 4,726,638	$ 10,965,799	$ 7,846,218
446191	Food (health) supplement stores	1	1	4	$ 170,620	$ 170,620	$ 682,480	$ 426,550
447110	Gas stations w. convenience	4	16	31	$ 264,989	$ 4,239,822	$ 8,214,655	$ 6,227,238
447190	Other gasoline stations	2	6	13	$ 288,648	$ 1,731,886	$ 3,752,419	$ 2,742,152
448120	Women's clothing	2	6	13	$ 99,728	$ 598,370	$ 1,296,469	$ 947,420
448150	Clothing	1	5	9	$ 72,176	$ 360,878	$ 649,580	$ 505,229
451110	Sporting goods	3	15	27	$ 123,174	$ 1,847,604	$ 3,325,688	$ 2,586,646
451211	Book stores	1	1	4	$ 122,990	$ 122,990	$ 491,960	$ 307,475
451220	Prerecorded music(CDs etc)	1	5	9	$ 161,830	$ 809,149	$ 1,456,468	$ 1,132,809
452990	All other general merchandise	2	10	18	$ 238,248	$ 2,382,477	$ 4,288,458	$ 3,335,467
453110	Florists	2	2	8	$ 52,174	$ 104,348	$ 417,391	$ 260,870
453220	Gift, novelty, & souvenir stores	8	48	104	No data			$ -
453310	Used	3	7	17	$ 77,433	$ 542,028	$ 1,316,354	$ 929,191
	Totals	**106**	**337**	**725**	**$ 5,080,485**	**$ 69,188,968**	**$ 149,359,023**	**$ 109,273,996**
	Restaurants							0
	Full-service restau	12	178	403	$ 35,317	$ 6,286,501	$ 14,232,921	$ 10,259,711
	Limited-service res	5	41	90	$ 52,479	$ 2,151,640	$ 4,723,113	$ 3,437,376
	Totals	**17**	**219**	**493**		**$ 8,438,141**	**$ 18,956,034**	**$ 13,697,088**
Source: US Bureau of the Census								

Men’s stores nationally are a diminishing breed. Few downtowns and even fewer Main Street type commercial areas have them, so it is not surprising that Meredith falls into this category.

There are a number of nationally and regionally known operations in Meredith, such as Aubuchon Hardware, Ben & Jerry’s, Brooks Pharmacy, Dunkin Donuts, Harley-Davidson, McDonalds, and Wickes Lumber. Most are focused on the tourist and local convenience markets. There are none selling apparel, furniture or home furnishings.

Changes in the retail mix are to be expected and they are often healthy. Consequently, it is not surprising that recent information provided by the Greater Meredith Program indicates some changes in the retail mix since 2004 census report. For example:

- There are now seven antique shops
- Two of the sporting goods shops have closed
- There are now four shops selling women’s apparel
- A shop selling crafted outdoor furniture has opened
- A new pizzeria and a new ice cream shop have opened.

Restaurants are usually discussed with retailing because there is usually a strong customer interaction between both types of operations. As also can be seen in Table 1, in 2004 there were 17 restaurants in Meredith; 12 were full-service and 5 were limited service.

Estimated Sales. Unfortunately, the Census Bureau has not released statistics on retail sales for Meredith for 2002 or later years. Consequently, DANTH has estimated sales for each of the NAICS categories presented in Table 1. [4] These estimates were made by using information on the sales per employee in each NAICS category for New Hampshire as reported by the 2002 Economic Census and the number of employees reported in each category in Meredith by the 2004 Zip Code Business Patterns. While this methodology is generally accepted, it is prudent to treat these estimates with discretion and see them as having more ball-park level reliability than the precision of their numbers might suggest.

Table 1 presents the following information:

- The NAICS code number
- The code description
- The number of firms reported in each code category
- The Business Patterns present the employment data in categories such as 1 to 4, 5 to 9, etc. Table 1 presents estimates for employment if the lowest numbers in each category are used and then if the highest numbers are utilized
- The sales/employee for each NAIC code
- Low and high estimates of NAICS category sales and then an estimate that averages them.

DANTH estimates that the 54 retail operations employed between 337 and 725 persons and had total sales between $69,188,968 and $149,359,023, with the average of the two being $109,273,996.

[4] NAICS = North American Industry Classification System.

The largest sales were accounted for by motorcycle dealers, car dealers, supermarkets, drugstores and furniture stores.

About 55% of the retail sales, $ 60,879,703, were by firms selling cars, motorcycles, boats, tires and gasoline. The strength of the estimated motorcycle sales strongly suggests that a substantial number of these customers come from beyond a normally defined trade area.

About $18,454,584 or 17% of the retail sales were in shops selling general merchandise, apparel, furniture and home furnishings and various miscellaneous retail products (GAFO), the kind of merchandise usually found in a large department store.

A general indication of the strength of these sales can be seen by comparing retail sales/resident for the state with retail sales/ Meredith resident: retail sales per Meredith resident is $18,387, compared to $16,370 for the state. Meredith's sales per resident is 12% higher than the state. This is likely due to the impact of second homeowners and hotel guests (not included in the local resident population).

Table 2. A Comparison of Retail Sales Per Establisment In Meredith and New Hampshire For Selected NAICS Categories

NAICS	Description	NH Average Sales/estab	Meredith Average Sales/estab	15 Min Spending Potential Index**	30 Min Spending Potential Index
445110	Supermarkets	$ 9,550,639	$ 11,987,831	116	100
442210	Floor covering stores	$ 1,023,214	$ 503,389	100	91
442100	Furniture stores	$ 1,793,019	$ 7,374,251	106	95
446110	Pharmacies/drug stores	$ 4,362,632	$ 7,846,218	124 and 145*	105 and 115*
453310	Used merchandise stores	$ 365,920	$ 309,730	…	…
451110	Sporting goods stores	$ 1,060,790	$ 862,215	91	78
448120	Women's clothing stores	$ 814,656	$ 473,710	72	65
722100	Restaurants: full service	$ 734,694	$ 854,694	108	96

"Non prescription and prescription drugs

Sources: US Bureau of the Ceensus, BLS, ESRI

** Indicator of consusmer spending potential compared to national average

Table 2. presents a comparison of average sales per establishment for seven NAICS categories in Meredith and the state of New Hampshire. It also presents Spending Potential Index (SPI) scores for merchandise related to these stores for consumers who live within 15 and 30 minute drive times of Meredith. A SPI score of 100 equals the national average.

The estimated supermarket sales are above the state average. This might be explained by the above average consumer spending potential for food for the home items (SPI=116) of residents living within a 15 minute drive of Meredith. It might also be explained by the significant number of second home owners who live within that drive shed.

The furniture store estimate is substantially above the state average. While local consumer expenditure potentials are above the state average, they cannot explain this kind of difference. The local second home owners might be another factor. However, given what has just been said and the sales of floor coverings stores discussed below, it seems wise to treat this estimate of furniture store sales in Meredith with extra caution.

In contrast to the furniture store sales, the floor covering store sales estimate is well below the state average, even though the local consumer spending potentials are on par with the national average (SPI=100).

The estimate of Meredith's drugstore sales is substantially above the state average. Here again, this might be explained by local consumers having a propensity to spend well above the national average for prescription (SPI= 145) and non-prescription drugs (SPI=124). As will be seen below, these strong sales are also consistent with the comparatively high median age of the population in Meredith's 15 minute drive shed.

The estimated sales of Meredith's used merchandise/antiques stores are below that for the state. One probable factor here is that the large Burlwood Antique Center, which has merchandise from 175 antiques dealers, is closed annually from November 1st through April 31st.

The information in Table 2 also strongly suggests that Meredith's sporting goods and women's apparel shops need a substantial infusion of tourist dollars to succeed:

- The estimated average sales of Meredith's sporting goods stores is below the state average by about 18%, while the Spending Potential Index (SPI) in the 15 minute drive shed is 91 and just 78 in the 30 minute drive shed
- The estimated average sales of Meredith's women's apparel stores is below the state average by about 41%. Here, the Spending Potential Indexes are very low, 72 and 65 in the 15 and 30 minutes drive sheds respectively.

The estimated sales of Meredith's full service restaurants are 16% higher than the state average. This reflects the impacts of tourists -- as well as local residents who spend above the national average (108) on dining out.

Retail Niches. Retail niches are geographic clusters of shops sharing some underlying commonality that can be used to market member businesses to consumers, property owners and developers and other businesses that might want to join the niche. Niches provide a large amount of choice within a limited range of goods and services. As a result, niches can serve as a destination, drawing shoppers from long distances. Many successful downtowns have several strong niches.

Table 3. Meredith's Estimated Retail Sales in 2004
By Retail Niche

Retail Niche	Total Estabs.	Estimated Meredith Retail Sales 2004 Low	High	Avg
Home & hearth	14	$ 11,285,478	$ 26,489,199	$ 18,887,339
Outdoor recreation	7	$ 22,191,333	$ 44,339,983	$ 33,265,658
Supermarkets, drugs, convenience	7	$ 13,115,306	$ 28,268,512	$ 20,691,909
Apparel	3	$ 959,248	$ 1,946,049	$ 1,452,649
Other comparison/tourist	12	$3,314,616+	$6,236,886+	4,775,751+
Food away from home	17	$ 8,438,141	$ 18,956,034	$ 13,697,088
Totals	60	$ 55,989,506	$119,999,777	$ 87,994,642

In Table 3, 60 retailers and restaurants have been grouped into five retail niches. It should be noted that businesses may belong to more than one niche, e.g., apparel stores can contribute to an outdoors sports niche. While the groupings are solid, the niche names presented in Table 3 are temporary and admittedly need more work to have promotional luster. Moreover, this analysis is built upon 2004 data from the Census Bureau and some changes have occurred since then. However, DANTH believes that the basic strengths of these niches persist and those that may have been weakened --e.g., outdoor recreation --still have the potential to revive and even expand beyond past levels, as will be explained in a later chapter. The apparel niche, on the other hand, with two more shops, seems to have become stronger.

The home and hearth niche includes the antique shops, florists, nursery and garden centers, outdoor power equipment, building materials dealers, appliance stores, floor cover shops and furniture stores. This niche has 14 retail operations and estimated annual sales of about $18.8 million.

The outdoor recreation niche includes the motorcycle dealers, boat dealers and sporting goods stores. This is the strongest niche, with seven establishments that in 2004 had annual sales estimated at roughly $33.2 million.

The convenience niche includes supermarkets, grocery stores, convenience markets and drug stores. It has seven shops and sales estimated at about $20.6 million annually. This may be especially important to the local resident market.

The apparel niche includes women's clothing and accessories shops.

The tourist niche includes bookstores, shops selling CDs and/or DVDs, general merchandise stores and gift novelty and souvenir shops

The restaurant or food away from home niche had 17 establishments with annual estimated sales of about $13.6 million in 2004.

The Action Plan portion of this report will detail how these niches can be grown.

C. The Current Retail Supply – Retail Competition

It is essential to get a realistic view of the competitive environment in which Meredith's retailers must operate. DANTH conducted a search to identify the competition by field visits and online searches on retail chain store locators. Travel distances and times were obtained from Google Map. The results are presented in Table 4 below.

1. Big Box Value Retailers. Big box value retailers are located in Gilford, Tilton, Plymouth, Concord, North Conway and Manchester. The research DANTH conducted in Rutland, VT, suggests that big box value retailers within a 30 minute drive have the potential to attract 2.5 visits per month per shopper and those within a 45 minute drive shed have the potential to attract about 0.94 visits per month per shopper.[5] There is a general correlation between the travel time to a big box and its ability to attract the

[5] DANTH, Inc, "An Updated Retail Marketing Strategy For Downtown Rutland," (Kew Gardens, NY: 1998) pp 37, p.17

Table 4. The Competitive Environment For Meredith's Retailers

	Town or City							
	Gilford	Laconia	Tilton	Plymouth	Concord	North Conway	Manchester	Not in NH
Miles away	9	11.4	18.2	15.2	39	43.4	59.8	
Travel Time (mins)	14	19	29	28	58	75	84	
<u>Big Box Retailers</u>								
Wal-Mart	√		√	√	√	√	√	
Target					√			
Home Depot			√		√			
Lowe's			√					
Bed, Bath & Beyond					√			
<u>Some Specialty Chains</u>								
LL Bean					√O	√O	√O	
Gap			√O		√	√O		
The Limited								
Victoria's Secret					√		√	
Chico's								√
Banana Republic			√O			√O		
Williams Sonoma								
Talbots					√	√O		
Coach			√O					
Sur la Table								√
<u>Supermarkets*</u>								
Hannaford	√			√				
Shaws	√	√	√					
<u>Outlet Center</u>			√			√		
<u>Regional Mall</u>					√		√	
*Supermarkets are only presented for locations within a 30 min drive						√ = store present		
Sources: Retail chain online store locators and Google Maps						O= outlet format		

consumer, though it is not an invariable one. This means that the big box value retailers in Gilford, Tilton, and Plymouth are most likely to impact on Meredith's market area.

Because of the long travel times involved, local consumers probably give "special trip" status to shopping in Concord, North Conway and Manchester. Shoppers are likely to go to these destinations only if the retailers they want to visit do not have closer stores. For example, a shopper who wants to go to a Target or a Bed, Bath & Beyond or a regional mall might be drawn to Concord despite the travel time, while someone who wanted to shop at a Wal-Mart would not.

The Wal-Mart in Gilford has the largest potential impact among the big box stores because it is only about 14 minutes away from Meredith and there also are Hannaford's and Shaw's supermarkets in that town. Supermarket shopping and Wal-Mart shopping seem to reinforce each other. Tilton, however, is very strong because, besides Wal-Mart, it also has a Home Depot and Lowe's as well as a Tanger Outlet Center. Tilton has become the equivalent of a large mall for value retailers -- it has so many of them that it can attract shoppers from a wide area. Plymouth, with a Wal-Mart and a Hannaford's, impacts on Meredith's market area to the northwest, constraining the ability of Meredith's merchants to penetrate that territory.

<u>a. The Shoppers They Attract</u>. Big boxes vary in their ability to attract different types of shoppers. About 14 percent of the annual household income In the United States is spent on what are called GAFO, comparison shoppers' goods or department store type merchandise. About half of that amount will be captured by "value retailers,"

which includes the big boxes such as Wal-Mart, Target, Home Depot, Lowe's, Barnes & Noble. etc., as well the factory outlets such as those at the Tanger Center in Tilton.

The big boxes typically attract customers who are primarily motivated by the need for or want of a low price for what they consider a quality product. Hence the description "value retailer." Many less affluent families have little choice but to prefer shopping in stores like Wal-Mart, K-Mart, etc. Wal-Mart, in turn, has become the retail colossus it is by focusing on households with incomes around $35,000. Further, these stores may be the only choices available to rural shoppers. But, over the years, many baby boomers have shifted from their shopping style of the 1980s that emphasized designer clothing and similar merchandise to one that often looks for bargains and good values. Such boomers like the big box value retailers. Target likes these boomers and has made them core customers.

Many other shoppers, however, do not like to go to the big box stores. These tend to be shoppers who are:

- Fairly to very affluent
- Very pressed for time, which often means more to them than money
- More concerned about service than cost
- Concerned about high fashion, style, design
- Annoyed by long check-out lines[6]
- Flummoxed by looking for the merchandise they want in a store that covers two or three acres and has 30 foot high ceilings packed to the gills with merchandise.

Their consumer behavior will be marginally influenced by the presence of a Wal-Mart, Target or Home Depot. For example, many downtown home and hearth niches, such as those in Englewood, NJ and Sheboygen Falls, WI, have survived the opening of Home Depots because of such shoppers.[7]

b. Going Head-to-Head With Meredith's Merchants The big box value retailers compete directly with many Meredith retailers. Home Depot and Lowe's can impact on home and hearth niches, especially for customers who are do-it-yourselfers. Both also do a lot of business with contractors and builders. Both have large garden centers, and strong departments for kitchen and bath fixtures, appliances, lighting , flooring and window treatments Target has made a name for itself in small appliances, table top goods and kitchenware, especially those designed by Michael Graves. Wal-Mart sells many home furnishings, though it is not one of its strongest areas.

None of the big boxes compete with Harley Davidson or the boat dealers. While they sell some sporting goods this is not usually a strong merchandise line for them. Exceptions are the specialized big boxes, such as Dick's Sporting Goods, which is located in Concord.

[6] Home Depot has tried smaller stores and self-checkouts to cope with this problem.
[7] http://downtown-curmudgeon.blogspot.com/2006/05/home-depots-and-home-and-hearth-niches.html

The Wal-Mart in Gilford does not have a grocery department, but it does have a pharmacy. Normally, consumers do not drive for 14 minutes for prescription drugs. The ability of the Wal-Mart pharmacy to win market share from the Brooks Pharmacy in Meredith is probably tied to how many Meredith residents usually shop at Wal-Mart for non-drug items and will probably also involve purchases of non-prescription drugs and other drugstore items.

Wal-Mart has exceptionally strong departments in children's clothing and toys, two merchandise lines not represented in Meredith's retail mix. Wal-Mart also has very strong departments in books, CDs and DVDs and the Wal-Marts surrounding Meredith are competing in the residential market with Meredith shops that sell this type of merchandise.

Wal-Mart also carries very modestly priced men's and women's apparel. It would be very difficult for a small independent operation in Meredith to compete with Wal-Mart for the same types of residential customers at similar price points.

Target has had considerable success in attracting middle-income female shoppers with its "cheap chic" apparel, i.e., selling moderately priced women's apparel designed by reputable fashion designers such as Isaac Mizrahi. However, Target is in Concord and not easy to get to.

For the past 18 months Wal-Mart has been trying to increase sales by attracting more upscale shoppers and "diversifying beyond its core-low income shoppers."[8] Its major thrust in this direction has been an attempt to make its women's apparel more fashion-conscious and apace with the latest trends. To attract more wealthy customers Wal-Mart has also strengthened its electronics departments with such hot items as $2,000 flat-screen TVs and started selling organic foods and 600-thread count cotton sheets.[9] To date, this program, with the exception of the electronics, has not gained much traction. Nevertheless it should be kept in mind that Wal-Mart, regardless of its public image, has a proven record of experimentation, innovation and persistence.

<u>2. Factory Outlets</u>. These shops are another form of value retailing. Recently, factory outlets have captured about $16 billion/yr in sales. That is a drop in the bucket compared to the revenues of the big box value retailers -- Wal-Mart alone had sales of $288 billion in 2004. Evidence suggests that the outlets may have peaked out. For example, the number of outlet centers crested in 1995 at 329 and was down to 225 in 2005. Similarly, their total GLA topped out in 2000 at 57.7 million SF, declining to 54.9 by 2005.

<u>a. Who They Attract</u>. Outlets are often put in locations that are either important tourist destinations (e.g., North Conway) or on major highways going to these destinations (e.g., Tilton). Tourists, be they day-trippers or on a week long vacations, are the major market for outlets. Many experts argue that retailers must sell unique merchandise, preferably local products, to capture tourist retail dollars, but outlets

[8] Anne D'innocenzio, AP Business Writer, "Wal-Mart tries to improve fashion trends," Nov. 11, 2006, downloaded from http://news.yahoo.com/s/ap/20061111/ap_on_bi_ge/wal_mart_apparel
[9] ibid

capitalize on well-known product brand names (e.g., Carter's) and retail chains (e.g., Eddie Bauer) that can be easily found in malls near their homes. They do so by offering one unique incentive -- the prospect of "prestigious bargains," i.e., low prices from these well respected, often status imbuing, manufacturers or retail chains.

The Tanger Outlet in Tilton can intercept tourists driving north on I-93 before they get to Meredith. The outlets in North Conway can capture expenditures of many tourists who might drive through Meredith on their way home. Accordingly, Meredith's merchants will need very unique merchandise, packaged in an irresistible shopping atmosphere, to wring more dollars from these tourists.

Outlets have some important limitations, especially for shoppers who are not tourists. They are not a low-cost substitute for a good shopping mall. Many outlets stores do not have the same range of merchandise that regular stores in the chain have.[10] Nor do they have the same merchandise -- the merchandise is usually made especially for the outlet chain. While the quality can still be good, it is not the same as that found in the regular stores. Moreover, the prices, while generally low, may not be any lower than the sales at the chain's regular stores.[11]

Fifty percent of the GAFO expenditures are captured by department stores, the "regular" formats of the national chains, -- two normal tenants of shopping malls -- and the small independent operators that often tenant Main Street type commercial areas and prestigious urban boutique enclaves. For residential shoppers in Meredith's 15 and 30 minute drive sheds who prefer shopping in these "non-value" retailers, the outlet centers at Tilton may be a temptation, since the closest shopping malls are in Concord and Manchester, both considerable distances away. However, there is a significant chance that they might find such a substitution unsatisfying because of inadequate selection, not quite the right quality of merchandise, disappointing prices or so-so service. It is one thing to shop an outlet for amusement as a tourist, another to shop when you really need something specific -- and, nationally, shopping trips have become much more "task" oriented over the past decade.

These "disappointed" shoppers will have unmet consumer demands.

b. Impact on Meredith Retailing. Retailer chains like to keep their outlets and regular stores 20 to 30 miles apart so the outlets will not cannibalize the regular stores' sales. This adds to the difficulty of Meredith recruiting the chains operating in the Tanger Outlet Center in Tilton.

The Tanger Outlet Center in Tilton has about 50 outlets, with 29 selling apparel:

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[10] This concerns store chains. A Brooks Brothers outlet will not have the same merchandise assortments that the Brooks Brothers has on Madison Avenue in Manhattan. Nor will its merchandise be of the same quality. But real manufacturer's outlets, e.g., Lenox, Mikasa, OshKoshB'gosh, may have a wider selection than found in the department stores "boutiques" that sell their brands. For a very good article on outlets see: "Outlet Stores: Where To Shop & How To Save Big Bucks," Consumer Reports, May 2006, pp. 19-24.

[11] Ibid. p.19

Banana Republic Factory Store, Bass, Big Dog Sportswear, Carter's, Coach Factory Outlet, Brooks Brothers Factory Store , Casual Male Big & Tall Outlet, Dressbarn, Eddie Bauer Outlet, Gap Outlet, J.Crew, J.Jill The Outlet, Jockey, Jones New York, L'eggs Hanes Bali Playtex, Lane Bryant Outlet, Levi's Outlet By Most, Liz Claiborne Outlet , Pac Sun , Polo Ralph Lauren Factory Store, rue21, Tommy Hilfiger Company Stores ,Van Heusen , Wilsons Leather Outlet, BootLegger's , Easy Spirit Outlet, Factory Brand Shoes, Nine West Outlet, Skechers and Stride Rite.

There are some for children (Carter's and Stride Rite), some for teens (Pac Sun and Skechers). Most are for "mature" shoppers, especially women: e.g., Banana Republic, Dressbarn, Brooks Brothers, Gap, J.Crew, J.Jill, Jones NY, Lane Bryant, Liz Claiborne, Ralph Lauren, Tommy Hilfiger, etc. Casual clothing dominates this retail scene and a lot of it can be worn on vacations.

The Tilton Tanger has five outlets in the home and hearth area: Hearth and Home, Kitchen Collection, Mesa Home Factory Store, Springmaid - Wamsutta Factory Stores, and Welcome Home. They sell a wide range of merchandise including sheets, fireplaces and related equipment, furniture, housewares and cutlery. Kitchen Collection was rated very highly by respondents to a Consumer Reports survey on outlets.[12]

North Conway may be a ride from Meredith, but for shoppers looking for home and hearth merchandise it has a cluster of highly regarded tabletop and cookware outlets that might trigger a drive: Reed & Barton Silversmiths as well as Corningware Revere and Pfaltzgraff, which also scored very highly in the Consumer Report outlet survey.[13]

LL Bean Outlet stores won the highest score in the Consumer Reports survey. They are located in Concord, North Conway and Manchester.[14]

3. Steeplegate Mall in Concord. This mall is anchored by Bon-Ton, JCPenny and Sears. All are aimed at middle market shoppers. For example, Bon-Ton looks for market areas where the annual median household income is between $42,000 and $45,000.[15] In the past decade Bon Ton has expanded significantly and last year purchased Carson Pirie Scott. JCPenny has also gone through a resurgence and is gaining a reputation for well-designed, fashion savvy apparel. In the past few years Sears acquired Land's End and K-Mart, but the health and direction of the retail chain remains uncertain.

The mall has some other tried and true traffic generators in Old Navy, Circuit City and the Gap. It also has three favorites of teenage shoppers: American Eagle Outfitters, Abercrombie & Fitch and PacSun.

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[12] ibid p.24
[13] ibid. p.24
[14] Outlet Stores: Where To Shop & How To Save Big Bucks," Consumer Reports, May 2006, pp. 19-24. p. 24
[15] 2006 Retail Tenant Directory, p.122

The inline stores are weak in the home and hearth area, but Sears still has a solid reputation for its appliances and tools, and Circuit City is a major national player in electronics.

The women's apparel area is fairly strong with: Abercrombie & Fitch, B. Moss, PacSun, Aeropostale, American Eagle Outfitters, Charlotte Russe, Coldwater Creek , Gap, Hot Topic, J Jill, Lane Bryant, Old Navy, Talbot's and Victoria's Secret.

DANTH's research in Rutland, VT, found that local shoppers who felt they could not meet a lot of their shopping needs in local stores would travel 45 to 75 minutes to shopping centers in Manchester, VT or Lebanon, NH to get the merchandise they wanted. Though these trips were only occasional, the retail expenditures per trip tended to be significant. If the residents in Meredith's trade areas are acting in a similar manner regarding Steeplegate Mall, then the mall is probably having an adverse impact on the ability of Meredith's merchants to sell apparel and home and hearth products to middle income trade area residents.

Steeplegate is probably having an inconsequential negative impact on the ability of Meredith retailers to capture sales from tourists.

4. Supermarkets. In small and medium-sized communities, supermarkets can have an enormous impact on the economic health of their central shopping districts. The Food Marketing Institute reports that in 2005, nationally, households averaged 2.1 supermarket shopping trips a week, making supermarkets very strong generators of downtown and Main Street retail customer traffic.[16] Contrary to the views of too many downtown retailers, DANTH's research in Rutland, VT, showed supermarket shoppers do not just put their groceries in their cars and drive back home: 62 percent also shop in other nearby shops.[17] Accordingly, competition that can weaken a downtown's supermarket is a very serious threat to other downtown retailers.

The Jackson Star supermarket on Rte 104 in Meredith reportedly has about 16,000 SF. Fourteen minutes away in Gilford are Hannaford and Shaw's supermarkets. DANTH was unable to determine the size of these two markets, but generally Hannaford's management prefers its stores to be between 45,000 SF and 55,000 SF, while Shaw's prefers theirs to be between 55,000 SF and 70,000 SF.

The sizes of the Gilford supermarkets allow them to have a strong competitive advantage in the range of products they can offer. Jackson Star has the competitive advantage of proximity. However, once people are in their cars, the difference between a 5-minute drive and a 14-minute drive often disappears. Supermarkets of this size are very dependent on winning over shoppers who live nearby and their survival is enhanced by strong customer service. The focus group convened by the Greater Meredith Program indicated some displeasure with the local supermarket.

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[16] Information downloaded from http://www.fmi.org/facts_figs/keyfacts/grocerydept.htm.
[17] DANTH, Inc, An Updated Retail Marketing Strategy For Downtown Rutland, (Kew Gardens, NY: 1998) pp 37, p.114

5. What's Missing? It is often very useful to look at a community's competitive environment to determine the types of retailing that are absent. These "holes" in the array of retail shops that trade area residents can chose from sometimes indicate possible opportunities for future growth -- if not always in terms of specific retail chains to recruit, then in terms of the types of merchandise shops might offer.

There are two types of shops that appear to be missing from Meredith's competitive environment:

- Many higher end shops such as Williams Sonoma, Sur la Table, Waterworks, Bose, Bang & Olufsen, Anthropologie, Chico's, Ann Taylor, Armani Exchange, Burberry, Balducci's/Sutton Place/Hay Day, Dean and Deluca, etc. Many of these chains are not located anywhere in New Hampshire.
- The regular formats of many chains having outlets in the area that aim at the upper middle income market such as Banana Republic, Coach, Eddie Bauer, etc.

The viability and characteristics of these possible growth opportunities depends on the existence of sufficient consumer demand within Meredith's trade areas and the availability of appropriate commercial spaces. These issues will be addressed in later chapters.

CHAPTER III
HOTEL GUEST AND SECOND-HOME OWNER MARKETS

A. Introduction

Meredith is located on nationally renown Lake Winnipesaukee in the Lakes Region of New Hampshire, an area filled with many other strong tourist attractions. It is also on highways that many tourists use on their trips to White Mountain destinations. Meredith is less than a three hour drive from Boston, MA, and many other dense population centers. Consequently, Meredith has become a prime tourist destination and many local businesses benefit from the dollars spent by these visitors.

Table 5. Tourists In New Hampshire By Season 1999-2001 (in milions)

Season	Count 1	Count 2	Average
summer	10	10.4	10.2
fall	6.7	6.9	6.8
spring	5.25	4.26	4.8
winter	3.92	4.26	4.1

Source: Lakes region Planning Commission, Lakes Region Tourism Profile, January 2oo2, p.10

One frequent problem with tourist-dependent businesses, especially in the retail and hospitality industries, is "seasonality." As can be seen in Table 5, the flow of tourists in the winter months falls by about 60 percent from the summer levels, while in the spring months the drop is about 50 percent and in the fall months there is about a one-third decline. Such fluctuations in customer traffic can stress many small marginal businesses and is unattractive to most strong retail chains.

Meredith's tourist retail customers can be divided into three main groups: hotel guests, second-home owners, and visitors who are just passing through town or day-tripping. This chapter focuses on the hotel guests and the second-home owners.

There are four hotels and one bed and breakfast in Meredith that have a combined total of 167 guest rooms. DANTH estimates that they account for about 73,000 "hotel guest days" annually.[18]

Working with the Town Assessor, the DANTH project team identified a total of 1,141 second-home owners in Meredith. Additional second home owners reside in nearby towns that are also in Meredith's trade areas, but because of the unavailability of data about them they were excluded from this analysis.

B. Methodology

The best way to obtain information about both hotel quests and second home owners is through the use of a well-designed and carefully implemented opinion

[18] One guest staying one night = one hotel guest day. The calculations for this estimate are presented later in this chapter in Table 10.

survey that has sufficient respondents to enable statistically significant analyses of the data obtained. Such surveys are not amateurishly designed, do not use back-of-the-envelope developed questionnaires and do not employ untrained and unsupervised people to conduct the field or telephone interviews. As a result, these professional surveys are usually relatively expensive and well beyond the budget of this project.

Instead, the DANTH project team is relying heavily on a research design that has the following components:

- Information was obtained about the addresses of the primary residences of both the hotel guests and the second home owners
- This information was then coded and sent to ESRI Business Information Solutions and analyzed to provide, in separate reports, summary information about the neighborhoods (census block groups) the hotel guests and second home owners live in.[19] Such information included estimates of median income, educational levels, employment, home values, etc.
- In addition, to facilitate a lifestyle and spending analysis, Community Tapestry™ data was purchased from ESRI. Tapestry classified these addresses using 65 demographic and behaviorally distinct segments. The segments were based on types of neighborhoods (urban, suburban, rural); the residents' socio-economic status (age, income, occupation, type and value of residence); and their buying behaviors and preferences.
- Tapestry's buying behaviors and preferences are based on extremely large national surveys. Sophisticated statistical techniques are used to combine all of the different kinds of data and produce the distinct market segments.

Lifestyle analyses are frequently used by market researchers who want survey-like results, but without the associated costs. Many retail chains also use lifestyle data to analyze the neighborhoods that their customers live in. It is one reason that some ask for the customer's zip code.

<u>1. Hotel Guests</u>. Hotels guests were identified using registration records for selected lodging properties in Meredith. Starting with a database of 17,277 address records for guests in 2005- 2006, the following were deleted:

- Records with no street address, but only a post office box or rural delivery addresses. These guests could not be accurately geo-coded to place or residence.
- Records with a home address in the communities of Meredith, Center Harbor, Laconia, New Hampton, Sanbornton, Belmont and Gilford. These guests were excluded as they are residents of the area.

[19] Copies of these reports, in Excel .xls file format, are being submitted to the client with this report.

The remaining 15,511 usable customer address records were submitted to ESRI Business Information Solutions for demographic and lifestyle profiling.

Second -Home Owners. Second-home owners were identified using current property tax records for the Town of Meredith, NH. Starting with a database of 4,919 address records for owners of real estate in Meredith in 2006, the following were deleted:

- Records with a home address in the communities of Meredith, Center Harbor, Laconia, New Hampton, Sanbornton, Belmont and Gilford. These owners were excluded as they are likely permanent residents of the area.
- Records of property classified as apartments (typically rental property).
- Records of property classified as vacant (AC LAND IMP, RES ACLNDV, RES WFLNDV, and RES ACLNUD in the Town database).
- Records of Dockominiums
- Records of Trailers and Mobile Homes
- Records of multiple units owned by same realty firm. These are likely to be rental units.
- Records of property with Equalized Values below $250,000. According to the Meredith Assessor's Office, properties with a greater value are more likely to be second homes.

The remaining 1,141 usable customer address records are assumed to reflect the targeted second homeowner market segment of interest in this analysis. These records were submitted to ESRI Business Information Solutions for geographic, demographic and lifestyle profiling.

C. Where They Come From

There is a remarkable degree of overlap between the residential areas that Meredith's hotel guests and second homeowners come from.

1. Hotel Guests. Map 1 below shows where the 15,511 hotel guests live across the USA. Each point represents one hotel guest registrant. While the densest concentration of hotels guests is in the Northeast Corridor (Washington, DC to Portland, ME), Meredith's lodging properties attract customers from throughout the country. This is illustrated by the concentration of points as far away as Florida and California.

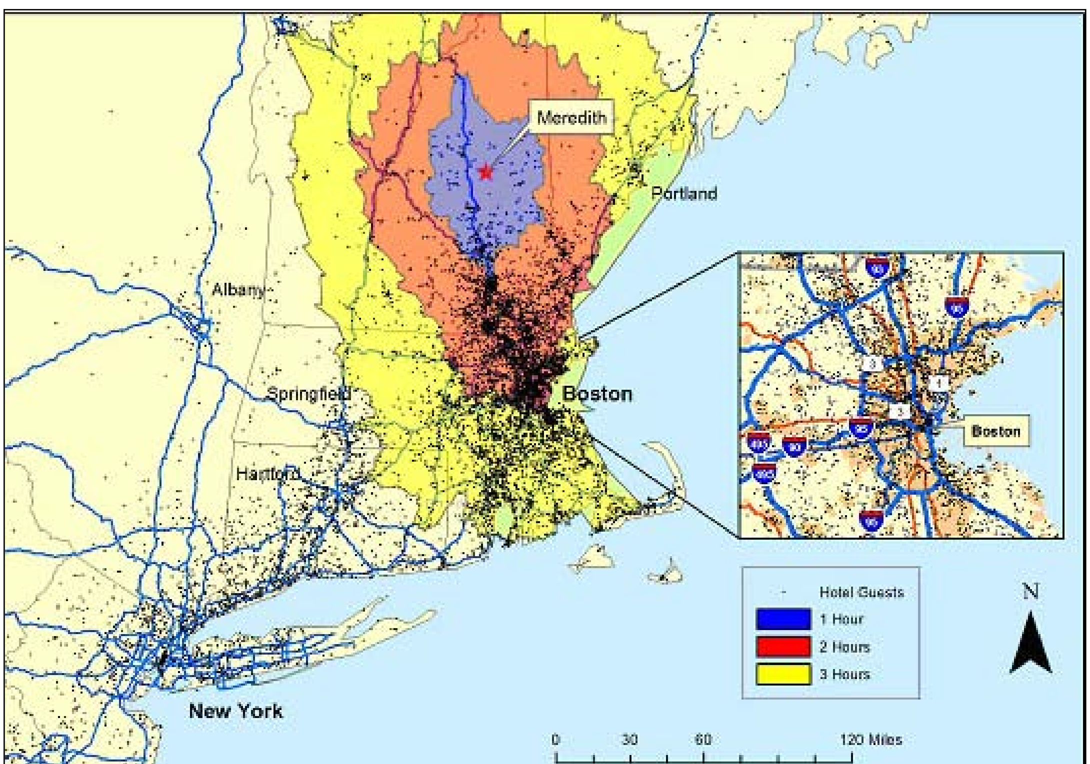
On Map 2, drive-time bands were overlaid to illustrate one, two and three hour distances from Meredith. The insert map illustrates a wide distribution of customer addresses from throughout the Boston metropolitan area.

Map 2 depicts a large concentration, 33%, of hotel guests residing in the one to two hour band around Meredith. Another 23% reside in the two to three hour band around Meredith. Approximately 41% reside three or more hours away. A distribution of hotel guests by drive-time is presented in Table 6 below.

MAP 1. Hotel Guests by U.S. Origins

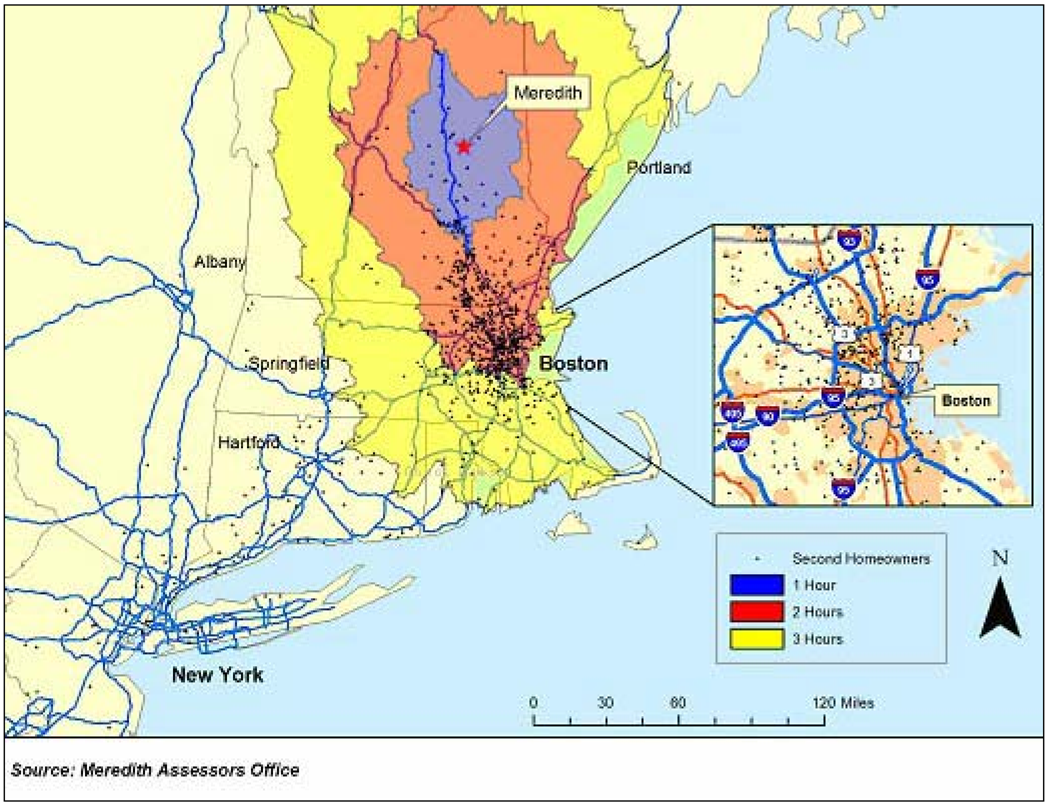
Source: Meredith Lodging Properties

MAP 2. Hotel Guests by Drive-Time



Source: Meredith Lodging Properties

MAP 3. Second - Home Owners by Drive-Time



- Massachusetts generated the largest number of hotels guests, 38%, followed by New Hampshire,15%, Connecticut 8%, and New York 7%
- The Boston regional area (CBSA) generated 34% of hotel guests, followed by the New York area, 8%, and the Providence area 7% (see Table 6 below)
- Many hotel guests have permanent residences in southern New Hampshire counties such as Hillsborough and Rockingham and Boston area counties including Middlesex, Essex and Norfolk (see Table 6).

2. Second-Home Owners. To identify place of origin, the 1,141 second homeowner permanent addresses were mapped to the street level using Geographic Information Systems (GIS) software. Map 3 was created illustrating specific addresses as points. Drive-time bands were then overlaid to illustrate one, two and three hour distances from Meredith.

The map reflects a large concentration, 54%, of second homeowners residing in the one to two hour band around Meredith. Many of these people live in Boston and its north-suburban communities.

It is a rule-of-thumb in most major urban areas across the nation that desirable second-home locations must be within a three-hour drive of the owner's primary residence; about 75% of Meredith's second home owners live within a three hour drive of their primary residence. A distribution of second homeowners by drive time is presented at the bottom of Table 6.

Table 6. Where Hotel Guests and Second- Home Owners Come From

Hotel Guests			Second Home Owners		
Top 10 CBSAs*	Count	Percent	**Top 10 CBSAs***	Count	Percent
Boston-Cambridge, M (14460)**	5,302	34.2%	Boston-Cambridge, M (14460)**	599	52.5%
New York-No N.J.-LI (35620) **	1,174	7.6%	Manchester-Nashua,N (31700) **	103	9.0%
Providence-New Bedf (39300) **	1,133	7.3%	Concord, NH (18180) **	50	4.4%
Manchester-Nashua,N (31700) **	963	6.2%	New York-No N.J.-LI (35620) **	42	3.7%
Worcester, MA (49340) **	549	3.5%	Worcester, MA (49340) **	34	3.0%
Hartford-WHart-EHar (25540) **	451	2.9%	Hartford-WHart-EHar (25540) **	28	2.5%
Bridgeport-Stamford (14860) **	324	2.1%	Providence-New Bedf (39300) **	27	2.4%
Concord, NH (18180) **	313	2.0%	Lebanon, NH-VT (30100)	18	1.6%
Philadelphia-Camden (37980)	308	2.0%	Washington-Arlingto (47900)	16	1.4%
New Haven-Milford,C (35300)	294	1.9%	Bridgeport-Stamford (14860) **	15	1.3%
Totals	10,811	69.7%	Totals	932	81.8%
Top 10 Counties	Count	Percent	**Top 10 Counties**	Count	Percent
Middlesex, MA (25017) **	1,873	12.1%	Middlesex, MA (25017) **	313	27.4%
Essex, MA (25009) **	970	6.3%	Hillsborough, NH (33011) **	103	9.0%
Hillsborough, NH (33011) **	963	6.2%	Essex, MA (25009) **	88	7.7%
Norfolk, MA (25021) **	795	5.1%	Norfolk, MA (25021) **	82	7.2%
Rockingham, NH (33015) **	629	4.1%	Rockingham, NH (33015) **	65	5.7%
Plymouth, MA (25023) **	550	3.5%	Merrimack, NH (33013)	50	4.4%
Worcester, MA (25027) **	549	3.5%	Worcester, MA (25027) **	34	3.0%
Bristol, MA (25005)	404	2.6%	Plymouth, MA (25023) **	22	1.9%
Providence, RI (44007)	340	2.2%	Suffolk, MA (25025) **	21	1.8%
Suffolk, MA (25025) **	329	2.1%	Hartford, CT (09003)	18	1.6%
	7,402	48%	Totals	796	69.7%
*Core Based Statistical Area is the official term for a functional region based around an urban center of at least 10,000 people			**Locations on both second home owner and hotel guests lists		
Travel Times			**Travel Times**		
Travel Time	Count	Percent	Travel Time	Count	Percent
0-1 hour	370	2.4%	0-1 hour	64	5.6%
1-2 hour	5,096	32.9%	1-2 hour	621	54.4%
2-3 hour	3,622	23.4%	2-3 hour	175	15.3%
Over 3 hrs	6,423	41.3%	Over 3 hrs	281	24.7%
All	15,511	100.00%	All	1141	100.0%

Geo-coding services from ESRI Business Information Solutions were purchased to analyze the place of origin of each of the 1,141 second homeowners in the database. Key findings include:

- Massachusetts has the largest number of Meredith's second homeowners, 51%, followed by New Hampshire, 23%, Connecticut, 6% and Florida 4%.
- The Boston area generated 53% of second homeowners, followed by the Manchester-Nashua area 9%.
- Many second homeowners have permanent residences in Boston area counties including Middlesex, Essex and Norfolk (see Table 6) and southern New Hampshire counties such as Hillsborough and Rockingham.

3. The Similarities. As can be seen in Table 6, there are many similarities between the hotel guest and second home owners in terms of where they have their primary residences:

- About 66% of the hotel guests and around 79% of the second-home owners live in the same eight regional areas (CBSAs)
- Close to 43% of the hotel guests and around 57% of the second-home owners live in the same eight counties
- Approximately 59% of the hotel guests and about 75% of the second-home owners live within a three hour drive of Meredith.

These finding suggest that hotel guests who come to know and admire the area, have ample financial resources, and live within a three hour drive of Meredith may be good prospects for becoming second home owners in Meredith.

D. Education and Income Characteristics of Their Primary Residential Areas

Table 7. Hotel Guests and 2nd Home Owners: Income and Education Levels

	2nd Home Owners	Hotel Guests
Median HH Income	$ 92,116	$ 77,743
College Grad or More	47.10%	39.00%

Meredith's hotel guests and second home buyers come from residential areas with residents that are relatively affluent and well-educated. As can be seen in Table 7, second-home owners live in areas where the estimated median household income in 2006 is $92,116 and where about 47% of the residents have at least one college degree. Hotel guests live in areas where the estimated median household income in 2006 is $77,743 and 39% of the residents have at least one college degree. In comparison, within a 15 minute drive of Main Street in Meredith the estimated median 2006 household income is $55,703 and about 31% of the residents have at least one college degree.

The median equalized value of Meredith's second homes is about $443,000; the average is about $612,000. Well-above average annual incomes are required to afford such second homes.

E. Lifestyle Characteristics

Table 8. Hotel Guests and Second-Home Owners Top Ten Tapestry Lifestyle Segments						
Tapestry Segment	Hotel Guests			Home Owners		
	Rank	Count	Percent	Rank	Count	Percent
6 Sophisticated Squires	1	1,335	8.6	5	91	8
10 Pleasant-Ville	2	1,239	8	7	66	5.8
2 Suburban Splendor	3	1,085	7	1	136	11.9
5 Wealthy Seaboard Subu	4	1,070	6.9	3	114	10
24 Main Street, USA	5	940	6.1	10	33	2.9
3 Connoisseurs	6	829	5.3	2	128	11.2
13 In Style	7	786	5.1	9	41	3.6
7 Exurbanites	8	755	4.9	8	60	5.3
1 Top Rung	9	698	4.5	4	91	8
9 Urban Chic	10	522	3.4	6	78	6.8
Totals		9,259	59.8		838	73.5

1. Tapestry Segments. Table 8 shows the top ten household Tapestry categories that were found in the primary residential neighborhoods of the hotel guests and the second-home owners. It is significant that out of 65 possible categories these ten were shared, though each of the categories had a different ranking among the hotel guests and second home owners. These Tapestry lifestyle segments covered 59.8% of the hotel guests and 73.5% of the second home owners. This finding again suggests a significant overlap between these two groups.

The following are descriptions (as written by ESRI Business Information Systems) of the Tapestry categories presented in Table 8:[20]

- *Segment 06: Sophisticated Squires*
  Sophisticated Squires residents enjoy cultured country living in newer home developments with low density and a median home value of $244,500. These urban escapees are primarily married-couple families, educated, and well employed. They prefer to commute to maintain their semi-rural lifestyle. The median age is 37.4 years. They do their own lawn and landscaping work as well as home improvement and remodeling projects such as installing carpet or hardwood floors and interior painting. They like to barbeque on their gas grills and make bread with their bread-making machines. This is the top market for owning three or more vehicles. Vehicles of choice are minivans and full-sized SUVs. Family activities include playing volleyball, bicycling, playing board games and cards, zoo, and attending soccer and baseball games.

- *Segment 10: Pleasant-Ville*
  Prosperous domesticity distinguishes the settled homes of Pleasant-Ville neighborhoods. Most residents live in single-family homes with a median value of $326,500; approximately half were built in the 1950s and 1960s. Located primarily in the Northeast and California, these households are headed by middle-aged residents, some nearing early retirement. The median age is 39.4 years. Approximately 40 percent of households

[20] *Source: ESRI, http://www.esribis.com/pdfs/ctsegments.pdf*)

include children. Home remodeling is a priority for residents who live in older homes. Shopping choices are eclectic, ranging from upscale department stores to warehouse or club stores. Sports fanatics, they attend ball games, listen to sports programs and games on the radio, and watch a variety of sports on TV.

- *Segment 02: Suburban Splendor*
  These successful suburbanites are the epitome of upward mobility, just a couple of rungs below the top, situated in growing neighborhoods of affluent homes with a median value of $408,100. Most households are composed of two-income, married-couple families with or without children. The population is well educated and well employed, with a median age of 40.5 years. Home improvement and remodeling are a main focus of Suburban Splendor residents. Their homes feature the latest amenities and reflect the latest in home design. Residents travel extensively in the United States and overseas for business and pleasure. Leisure activities include physical fitness, reading, visiting museums, or attending the theater. This market is proactive in tracking investments, financial planning, and holding life insurance policies.

- *Segment 05: Wealthy Seaboard Suburbs*
  Wealthy Seaboard Suburbs neighborhoods are established quarters of affluence located in coastal metropolitan areas, primarily along the California, New York, New Jersey, and New England coasts. Neighborhoods are older and slow to change, with a median home value that exceeds $444,600. Households consist of married-couple families. Approximately half of employed persons are in management and professional occupations. The median age is 41.7 years. Residents enjoy traveling and shopping. They prefer to shop at Lord & Taylor, Macy's, and Nordstrom as well as Costco Wholesale, their favorite club store. They also purchase many items online or by phone. Residents take nice vacations, traveling in the United States and abroad. Europe; Hawaii; Atlantic City, New Jersey; Las Vegas, Nevada; and Disneyland are popular destinations. Leisure activities include going to the beach, skiing, ice skating, and attending theater performances.

- *Segment 24: Main Street, USA*
  Main Street, USA neighborhoods are a mix of single-family homes and multiunit dwellings, found in the suburbs of smaller metropolitan cities, mainly in the Northeast, West, and Midwest. This market is similar to the U.S. when comparing household type, age, race, educational attainment, housing type, occupation, industry, and household income type distributions. The median age of 36.3 years matches the U.S. median. The median household income is a comfortable $51,200. Home homeownership is at 66 percent and the median home value is $190,200. Active members of the community, residents participate in local civic issues and work as volunteers. They take care of their lawns and gardens, and work on small home projects. They enjoy going to the beach and visiting theme parks, as well as playing chess, going bowling or ice skating, and participating in aerobics.

- *Segment 03: Connoisseurs*
  Second in wealth to Top Rung but first for conspicuous consumption, Connoisseurs residents are well educated and somewhat older, with a median age of 45.4 years. Although residents appear closer to retirement than child rearing age, many of these married couples have children who still live at home. Their neighborhoods tend to be older bastions of affluence where the median home value is $664,500. Growth in these neighborhoods is slow. Residents spend money for nice homes, cars, clothes, and vacations. Exercise is a priority; they work out weekly at a club or other facility, ski, play golf, snorkel, play tennis, practice yoga, and jog. Active in the community, they work for political candidates, write or visit elected officials, and participate in local civic issues.

- *Segment 13: In Style*
  In Style residents live in affluent neighborhoods of metropolitan areas. More suburban than urban, they nevertheless embrace an urban lifestyle. Townhome ownership is more than double that of the national level; however, more than half of the households live in traditional single-family homes. Labor force participation is high, and professional couples predominate. The median household income is $67,800. Nearly one-third of these households include children. The median age is 39.3 years. In Style residents are computer savvy; they use the Internet daily to research information, track investments, or shop. They own a diverse investment portfolio, contribute to retirement savings plans, and hold long-term care and life insurance policies. They enjoy going to the beach, snorkeling, playing golf, casino gambling, and domestic travel.

- *Segment 07: Exurbanites*
  Open areas with affluence define these neighborhoods. Empty nesters comprise 40 percent of these households; married couples with children occupy 32 percent. Half of the householders are between the ages of 45 and 64 years. The median age is 43.6 years. Approximately half of those who work hold professional or managerial positions. The median home value is approximately $255,900; the median household income is $83,200. Financial health is a priority for the Exurbanites market; they consult with financial planners and track their investments online. They own a diverse investment portfolio and hold long-term care and substantial life insurance policies. Residents work on their homes, lawns, and gardens. Leisure activities include boating, hiking, kayaking, playing Frisbee, photography, and bird-watching. Many are members of fraternal orders and participate in civic activities.

- *Segment 01: Top Rung*
  Top Rung is the wealthiest consumer market, representing less than one percent of all U.S. households. The median household income of $179,000 is three and one-half times that of the national median, and the median net worth of $556,400 is more than five times that of the national level. The median home value is approximately $1,014,600. These educated residents are in their peak earning years, 45–64, in married-couple households, with or without children. The median age is 42.3 years. With the purchasing power to indulge any choice, Top Rung residents travel in style, both domestically and overseas. This is the top market for owning or leasing a luxury car; residents favor new imported vehicles, especially convertibles. Avid readers, these residents find time to read two or more daily newspapers and countless books.

- *Segment 09: Urban Chic*
  Urban Chic residents are well-educated professionals living an urban, exclusive lifestyle. Most own expensive single-family homes with a median value of $633,000. Married couple families and singles comprise most of these households. The median age is 41.4 years. Urban Chic residents travel extensively, visit museums, attend dance performances, play golf, and go hiking. They use the Internet frequently to trade or track investments or to buy concert and sports tickets, clothes, flowers, and books. They appreciate a good cup of coffee while reading a book or newspaper and prefer to listen to classical music, all-talk, or public radio programs. Civic minded, many residents would probably volunteer in their communities.

2. Consumer Behavior Based on Tapestry Segments. Market potential data from ESRI Business Information Solutions combines Tapestry data with survey research from Mediamark Research Inc. (MRI). A Market Potential Index (MPI) is provided from ESRI that measures the potential for a product, service or activity in a Tapestry segment. The MPI is a comparison of the percent of

Table 9. Market Potential Behaviors of Hotel Guests and Second- Home Owners

Product, Service or Activity	Hotel Guests MPI	2nd Home Owners MPI	Both MPI 120 or +	Product, Service or Activity	Hotel Guests MPI	2nd Home Owners MPI	Both MPI 120 or +
Books:				**Activities and Hobbies:**			
Bought book in last 12 months	119	123		Did birdwatching in the last 12 months	115	113	
Apparel:				Played board games	123	124	√
Bought men's casual slacks	133	139	√	Cook for fun last 12 months	120	125	√
Bought men's necktie	141	148	√	Played a musical instrument in the last 12 months	122	129	√
Bought women's casual slacks in last 12 months	128	132	√	Did painting/drawing in the past 12 months2	111	113	
Bought women's suit in last 12 months	118	126		Did photography in the past 12 months	137	145	√
Bought women's dress in last 12 months	106	108		Did woodworking in the past 12 months	104	104	
Bought athletic apparel in last 12 months	136	146	√	**Cosmetics:**			
Cameras:				Used complexion care products	100	99	
Bought any camera in last 12 months	117	119		**Pets:**			
Computers:				Owns a pet	112	114	
Spent $3000+ on home PC	143	157	√	**Dining Out:**			
Purchased $500+ on software past 12 months	142	153	√	Restaurants - McDonalds in past 6 months	100	99	
Home Goods and Furnishings:				Restaurants - Friendly's in past 6 months	151	147	√
Purchased household furnishing in past 12 mo	114	116		Restaurants - Cheesecake Factory in past 6 mo	170	187	√
Purchased bedding/bath goods past 12 months	104	104		**Retail Stores:**			
Purchased cooking/serving products last 12 mo	109	110		Ordered from LL Bean in past 12 months	170	186	√
Purchased table setting in last 12 months	120	124	√	Ordered from Land's End in past 12 months	180	202	√
Outdoor Goods for Home:				Purchased from Target in past 3 months	119	119	
Purchased lawn or porch furniture past 12 months	122	125	√	Purchased from Wal-Mart in past 3 months	81	76	
Have a garden	135	140	√	Purchased from Macy's in past 3 months	194	211	√
Coffee:				Purchased from Nordstrom in past 3 months	217	253	√
Used Starbucks coffee past 6 months	168	184	√	**Outdoor Activities:**			
Health and Fitness:				Participate in aerobics	132	138	√
Exercise at home 2+ times per week	119	122		Participate in mountain biking	137	139	√
Diet control for weight control	113	115		Participate in power boating	111	113	
Use vitamin supplement	114	118		Participate in canoeing/kayaking	124	132	√
Home Improvements:				Participate in fresh water fishing	82	79	
Any home improvement in last 12 months	128	131	√	Participate in golf	134	143	√
Internet Purchases:				Participate in horseback riding	112	116	
Ordered anything on the Internet in last 12 mo	146	155	√	Participate in hunting with a rifle	61	60	
Purchased from Ebay in last 12 months	125	134	√	Participate in jogging/running	131	142	√
Entertainment:				Participate in swimming	126	131	√
Went to bar/nightclub in past 12 months	104	104		Participate in tennis	150	168	√
Went to dance performance in the last 12 months	144	160	√	Participate in walking for exercise	123	128	√
Dined out last 12 months	121	125	√	Participate in yoga	145	157	√
Attended movies in the last 6 months	115	117		Participate in downhill skiing	162	183	√
Went to a museum in the last 12 months	161	179	√	**Toys/Games:**			
Went to live theater in the last 12 months	157	169	√	Bought children's toy/game in past 12 months	109	108	
				Bought child education toy in past 12 months	115	116	
				Flowers:			
				Spent over $100 at flower shops in last 6 months	148	167	√
Source: ESRI Tapestry Profiles. MPI = Market Potential Index							

households or population in the area, by Tapestry segment, to the percent of households or population in the United States, by segment. An index of 100 is the U.S. average.

To analyze consumer behavior patterns of hotel guests and second home owners, a selection of potential purchases and activities were identified. For each, a MPI specific to each Tapestry segment was assembled (See Appendix). An overall weighted MPI was then calculated based on the number of hotel guests and second home owners in each of the top ten Tapestry segments. Results of this analysis are shown in Table 9.

Of the 67 sample items listed in Table 9, there are only five on which residents in the neighborhoods that the hotel guests and/or second home owners have their primary residences score below the national average. Both come from residential areas where folks are not likely to engage in hunting with a rifle or freshwater fishing. Both also come from areas where residents are not likely to be Wal-Mart shoppers (MPIs= 81 and 76 respectively).[21]

On all of the other items, the hotel guests and second-home owners come from areas where residents are either above the national average (MPI =100+) or significantly above the national average (MPI=120+). The latter is indicated in Table 9 by items having a check mark in the columns titled "Both MPI 120 or +." The analysis will continue by focusing on these high scoring items:

- Both of Meredith's main tourist retail segments have a strong propensity to buy apparel, especially men's casual slacks, ties, women's casual slacks, and athletic apparel. Demand for men's apparel is noteworthy
- Both spend a good deal of money on computers and software. How Meredith's merchants might capture these expenditures is problematical. A shop offering "Geek Squad" type services is probably more likely to succeed than one actually selling computer products. Hotel guests and second home owners also do a lot of purchasing on the Internet and have a high use of EBay, a propensity that Meredith's merchants might benefit from if they use the Internet for sales off-season and customer cultivation
- Both are well above average in doing home improvements, having gardens and buying lawn or porch furniture. They prefer the latest amenities that reflect the latest in home design. Gardening, landscaping, decorating and home improvement items are valued. They are also more likely to buy table settings.
- Both really like entertainment activities such as dance performances (MPIs =144 and 160), dining out, going to a museum (MPIs =161 and 179), and attending live theater (MPIs =157 and 169). The strength of the "cultural" activities is noteworthy. By providing venues for such activities Meredith might hold these tourists for longer and more frequent visits, which would have strong positive benefits for local retailers
- Both are avid hobbyists liking board games, cooking, playing a musical instrument and especially photography (MPIs= 137 and 145). The cooking hobby has retail and promotional implications. Locally crafted wooden board games, such as those sold by the students at Berea College (KY), might be a successful merchandise line for Meredith's merchants[22]

[21] MPI scores for the hotel guest and the second home owners reported below will use this format, where respectively means the first score is for the hotel guests and the second is for the second home owners

[22] The two largest residential Tapestry segments in Meredith's 15-minute drive shed, that account for about 68% of the households, score very highly on working with wood (MPIs = 164 and 120). This suggests that finding local craftsmen to make such products is feasible.

- Both segments value self-enrichment – books, newspapers, and educational experiences.
- Both are average in their patronage of McDonald's, but they are more likely eat at Friendly's (MPIs = 151 and 147) and they especially like the Cheesecake Factory (MPIs =170 and 187). Recruiting a Cheesecake Factory to Meredith is probably unlikely, but it does provide an interesting benchmark for Meredith's restaurant operators to keep in mind
- Both are very keen on buying the type of casual and outdoor clothing featured by LL Bean (MPIs = 170 and 186) and Land's End (MPIs = 180 and 202). This indicates the type of casual apparel that Meredith's merchants might want to offer if they decide to expand their apparel offerings. But, with LL Bean's strong catalogue and online sales channels as well as their outlets accessible to shoppers willing to make "special trips," there may not be much room in the marketplace for Meredith's merchants
- Both enthusiastically shop in department stores such as Macy's (MPIs = 194 and 211) and particularly Nordstrom's (MPIs =217 and 253). Target with MPIs of 119 and 119, just below our MPI threshold of 120, is also popular with these visitors. With department stores in a recent resurgence because of their fashions and service, and Target succeeding with its "cheap chic" clothing, this may indicate that the hotel guests and second homeowners place a high priority on stylish and well designed products. The popularity of Nordstrom's also indicates that the hotel guests and second home owners are not put off by relatively upscale price points
- Both like to engage in a myriad of individual and quiet athletic activities such as aerobics, mountain biking, canoeing, golf, jogging, swimming, tennis, walking, yoga and downhill skiing. All of these activities are associated with specific clothing and equipment and suggest a substantial demand for these products, which are often sold in sporting goods stores.
- Wellness products and services/activities that focus on exercise/physical fitness are valued. Also items that support diet and nutrition management.

A definite overall picture emerges from the analysis of the ESRI data of Meredith's hotel guests and second home owners. They are:

- Relatively affluent and well-educated
- Willing to spend more on retail and dining out than the average American - and at higher price points
- More Nordstrom-type shoppers than Wal-Mart shoppers, though they also appreciate LL Bean and Land's End
- Looking for stylish and well-designed products
- Appreciative of indulgences such as gourmet coffee and flowers
- Avidly looking for cultural activities
- Extremely active in all sorts of recreational activities

F. Estimates of Retail Expenditure Potentials

A critical question is how much money can the hotel guests and second-home owners be expected to spend in Meredith's shops and eateries? Unfortunately, it is one that is not easily answered in any definitive manner. Instead, the DANTH project team has worked to produce ballpark estimates that the team believes can provide a reliable dimensioning of their potential impacts on Meredith.

Table 10. Estimated Retail Expenditures Of Hotel Guests

Hotel Guest Days Estimate				
#of days		365		
# Hotel rooms		167		
Avg persons per room		2		
Occupancy Rate/Year		0.6		
Total Hotel Guest Days		73,146		
Reported traveler spending in NH 1998*				
Eating and drinking	$	782,000,000		
Retail stores	$	600,000,000		
Ratio of food to retail	$1.30 for eating for every $1.00 for retail			
Estimated Hotel Guest Retail Expenditures				
		Estimate 1		Estimate 2
Possible food $s/day**	$	50	$	60
Estmated total $s in eateries	$	3,657,300	$	4,388,760
Est. retail $/day/guest	$	38	$	46
Est. total hotel guest retail $s	$	2,805,149	$	3,366,179
Est of total GAFO sales		15.2%		18.2%
*Institute for New hampshire Studies, 1999				
**Based on DANTH's meals in Meredith				

1. Hotel Guests. DANTH estimates that hotel guests potentially spend between $50 and $60 a day on food and between $38 and $46 per day on retail items (see Table 10). The food per day cost estimate was based on the meals the DANTH team paid for and a review of eatery menus during two field visits to Meredith. The estimated daily retail expenditure was calculated based upon a ratio between tourist spending in New Hampshire for "eating and drinking," $1.30, and in retail stores, $1.00 (see Table 10).

Given 365 days in a year and 167 guest rooms in Meredith's lodging establishments and assuming two persons per room and an annual occupancy rate of 60%, DANTH estimates that, annually, Meredith benefits from a total of 73,146 hotel guest days (see Table 10). Multiplying the total guest days by the estimated daily food and retail expenditures yields estimates of between

$3,657,300 and $4,388,760 potentially spent by hotel guests in Meredith's restaurants and between $2,805,149 and $3,366,179 potentially spent by them in the retail shops.

DANTH estimates that the hotel guests account for between 32% and 37% of all annual restaurant sales in Meredith and between 15% and 18% of all sales in GAFO-type retail shops.

2. Second-Home Owners. Table 11 presents some ballpark estimates of the potential retail spending power of Meredith's second-homeowners. Two scenarios are provided: the first is based on data from the Bureau of Labor Statistics (BLS) for all households having annual incomes over $100,000; the

Table 11. Ball Park Estimates of Second Home Owners' Consumer Expenditure Potentials for Selected Products

A. Some Estimated Consumer Expenditure Potentials For Households With Incomes Over $100,00 Per Year For Two and Three Month Time Periods					
	HH/yr	HH 2 mo	All HH 2mo	HH 3 mo	All HH 3mo
Food for the home	$ 10,733	$ 1,789	$ 2,041,063	$ 2,683	$ 3,061,588
Food away from home	$ 5,299	$ 883	$ 1,007,695	$ 1,325	$ 1,511,540
HH furnishings	$ 4,304	$ 717	$ 818,479	$ 1,076	$ 1,227,716
Apparel	$ 4,253	$ 709	$ 808,780	$ 1,063	$ 1,213,168
Entertainment	$ 4,932	$ 822	$ 937,904	$ 1,233	$ 1,406,853
Total	$ 29,521	$ 4,920	$ 5,613,921	$ 7,380	$ 8,420,865
B. Some Estimated Consumer Expenditure Potentials For Households With Incomes Over $150,00 Per Year for Two and Three Month Time Periods					
	HH/yr	HH 2 mo	All HH 2mo	HH 3 mo	All HH 3mo
Food for the home	$ 12,555	$ 2,093	$ 2,387,547	$ 3,139	$ 3,581,314
Food away from home	$ 6,715	$ 1,119	$ 1,276,972	$ 1,679	$ 1,915,454
HH furnishings	$ 5,767	$ 961	$ 1,096,693	$ 1,442	$ 1,645,037
Apparel	$ 5,502	$ 917	$ 1,046,299	$ 1,376	$ 1,569,446
Entertainment	$ 6,570	$ 1,095	$ 1,249,397	$ 1,643	$ 1,874,093
Total	$ 37,109	$ 6,185	$ 7,056,909	$ 9,277	$ 10,585,342
Source: Bureau of Labor Statistics, Consumer Expenditure Survey 2004					

other is based on the same information, except it is for all households with annual incomes over $150,000 (the highest income bracket used by in the BLS report).

The table's first column lists five types of consumer expenditures. The second presents BLS's findings about how much a typical household in the relevant income bracket spends annually for these goods and services. Since the typical second-home owner only spends part of the time in Meredith, the third column adjusts this figure for an assumed two month time period for staying in Meredith, with the fourth column giving a total for all 1,141 second-home owners. The fifth and sixth columns repeat the type of information provided in columns three and four, but the estimates are based on a three month total stay.

Constructing the table in this manner recognizes the lack of hard information on how much time second-home owners spend in Meredith each year and their average household incomes. Regarding their incomes, while ESRI provided the median household income (about $92,000) for the neighborhoods where the second home owners have their primary residences, the values of their second-homes suggest that their incomes are well above that figure.

The lowest estimates are based on information about all households with annual incomes of $100,000+ adjusted for a two month total stay in Meredith; the highest will be based on information about all households with annual incomes of $150,000+ adjusted for a three month total stay. This results in the following ranges for the annual expenditure potential estimates (see Table 12):

- Food for the home is between $2,041,063 and $3,581,314
- Food away from the home is between $1,007,695 and $1,915, 454
- Household furnishings is between $818,479 and $$1,645037
- Apparel is between $808,780 and $1,569,446
- Entertainment is between $937,904 and $1,874,093.

It is impossible to determine with any detail how much of these expenditure potentials Meredith's merchants can capture, given that they are not only competing against the New Hampshire retailers described in Chapter II, but also those that are close to the second-home owner's primary residence and/or workplace.

The amount of money that the second home owners might spend in Meredith's shops is also strongly influenced by the range of shops Meredith has and the merchandise, ambience and customer services they offer.

Based on experience in other communities, the DANTH project team believes it is likely that Meredith's merchants selling food for the home products to second home owners now probably have a capture rate between 60% and 80%, those operating restaurants and entertainment-type establishments probably have capture rates between 40% and 60%, while those selling apparel and home furnishings are likely to be in the 20% to 40% range.

Table 12 depicts how much Meredith's merchant's sales would be at various capture rates for two scenarios: one based on information for all households having incomes of $100,000+ and total stays in Meredith of two months, the other based on information for all households having incomes of $150,000+ and total stays in Meredith of three months.

The lowest estimates are based on information about households with annual incomes of $100,000+ adjusted for a two month total stay in Meredith and the lowest capture rate for that item as mentioned above. The highest will be based

Table 12. Estimated Potential Retail Sales For Meredith's Merchants For Selected Products From Second - Home Owners At Various Capture Rates

A: Based on households with incomes above $100,000 and a 2 month time period					
	Potential Expenditures	20% Capture Rate	40% Capture Rate	60% Capture Rate	80% Capture Rate
Food for the home	$ 2,041,063	$ 408,213	$ 816,425	$ 1,224,638	$ 1,632,850
Food away from home	$ 1,007,695	$ 201,539	$ 403,078	$ 604,617	$ 806,156
HH furnishings	$ 818,479	$ 163,696	$ 327,392	$ 491,087	$ 654,783
Apparel	$ 808,780	$ 161,756	$ 323,512	$ 485,268	$ 647,024
Entertainment	$ 937,904	$ 187,581	$ 375,162	$ 562,742	$ 750,323
Total	$ 5,613,921	$ 1,122,784	$ 2,245,569	$ 3,368,353	$ 4,491,137
B: Based on households with incomes above $150,000 and a 3 month time period					
	Potential Expenditures	20% Capture Rate	40% Capture Rate	60% Capture Rate	80% Capture Rate
Food for the home	$ 3,581,314	$ 716,263	$ 1,432,526	$ 2,148,788	$ 2,865,051
Food away from home	$ 1,915,454	$ 383,091	$ 766,182	$ 1,149,272	$ 1,532,363
HH furnishings	$ 1,645,037	$ 329,007	$ 658,015	$ 987,022	$ 1,316,029
Apparel	$ 1,569,446	$ 313,889	$ 627,778	$ 941,667	$ 1,255,556
Entertainment	$ 1,874,093	$ 374,819	$ 749,637	$ 1,124,456	$ 1,499,274
Total	$ 10,585,342	$ 2,117,068	$ 4,234,137	$ 6,351,205	$ 8,468,274

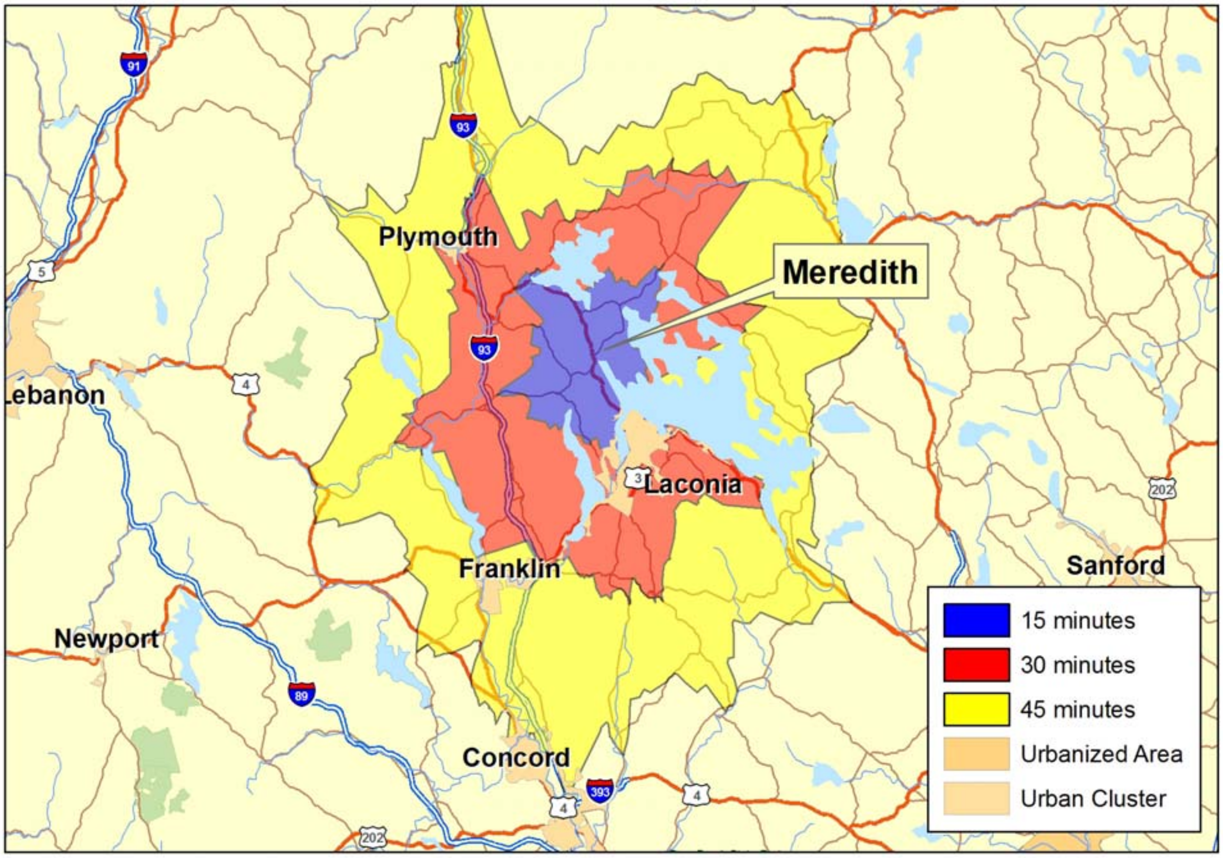
on information about households with annual incomes of $150,000+ adjusted for a three month total stay and the highest capture for that item as mentioned above. This results in the following ranges for the annual expenditure potential estimates that Meredith's merchants might capture:

- Food for the home is between $1,224,638 and $2,865,051. This would account for between 10% and 24% of the total sales for groceries in Meredith
- Food away from the home is between $403,078 and $1,149,272. This would account for between 3% and 8% of Meredith's restaurant sales
- Household furnishings are between $163,696 and $658,015. This would account for between 1% and 6% of Meredith's household furnishings sales
- Apparel is between $161,756 and $627,778. This would account for between 11% and 43% of Meredith's apparel sales
- Entertainment is between $375,162 and $1,124,456.

CHAPTER IV
RESIDENTIAL MARKETS

MAP 3

Resident Trade Area
15, 30 and 45-Minute Drive Sheds Around Meredith, NH



A. Meredith's Drive Sheds

A key concept used frequently in this report, especially in the analyses of Meredith's competition and its market areas, is the drive shed (see Map 3). Drive sheds are areas from which people can travel by car to a destination within a specified period of time. For example: Meredith's 15-minute residential drive shed is the area from which residents can drive to the center of its commercial area in 15 minutes or less. Such drive sheds are often used to define the potential retail trade areas of shopping malls, downtown commercial districts and Main Street shopping corridors.

In the analysis that follows, attention will be focused on:

- Meredith's 15-minute drive shed, which the DANTH team sees as the primary market area for groceries, drugstore items, and other convenience goods and services. The residents in this drive shed also have a significant impact on the sales of comparison shopping goods, not because of their total purchasing power, but because they are the most frequent visitors to Meredith's commercial nodes

- Meredith's 30-minute drive shed, which DANTH believes is the primary market area for most comparison shoppers goods
- Meredith's 45-minute drive shed DANTH sees as the primary market area for strong retail and entertainment niches, niches that function as destination shopping centers, such as the antiques niche in Waynesville, OH, the wedding niche in Rutland, VT and the home and hearth niches in Englewood, NJ and Sheboygan Falls, WI .

The drive times used to define the sheds for convenience and comparison shoppers' goods are longer than those DANTH typically uses in more suburban and urban settings. The decisions to use the 15 and 30-minute drive times were based on:

- DANTH's analysis of Meredith's competitive environment and how far a significant number of residents reportedly were traveling for groceries and comparison shoppers goods.
- DANTH's field interviews and survey research in Rutland, VT and other more remote communities. [23]

B. Drive Shed Demographic Characteristics

1. Population. As can be seen in Table 13, Meredith's 15-minute drive shed does not have a very dense population. The estimated 2006 population of 13,721 may be sufficient to attract and sustain some food markets, drugstores, video rental stores and other convenience retail chains. It is also large enough to attract some fast food chains. The resident population alone is not large enough to interest retail chains selling comparison goods such as apparel, furniture and home furnishings.

The estimated 2006 population in the 30-minute drive shed is 68,967. Many retail chains would be attracted by this population size, but probably be concerned about the size of the area over which it is dispersed. The estimated 2006 population in the 45-minute shed is 130,270.

All drive sheds have healthy projected population growth rates. The expected growth rates for household formation are even stronger. The strongest growth rates are expected in the 15-minute shed. This growth indicates a spine of future demand for more housing units and the furnishings and decorations that would fill them.

[23] Unfortunately computer-readable merchant customer lists were not available to the project team.

Table 13. Basic Demographics for Meredith's 15, 30 and 45 Minute Drive Sheds

Demographics	Drive Sheds		
	15 minutes	30 minutes	45 minutes
2006 Total Population	13,721	68,967	130,270
2011 Total Population	14,877	73,944	140,341
2006 - 2011 Annual Growth Rate	1.6%	1.4%	1.5%
2006 Households	6,000	27,858	52,611
2011 Households	6,574	30,239	57,307
2006 - 2011 Annual Growth Rate	1.8%	1.7%	1.7%
2006 Housing Units	11,041	41,063	74,992
2006 Owner Occupied Housing Units	41.0%	47.8%	49.9%
2006 Renter Occupied Housing Units	11.2%	18.6%	18.7%
Vacant Housing Units	47.7%	33.6%	31.4%
Median home value 2006	$248,112	$209,261	$201,469
2006 Household Income Base	5,999	27,858	52,612
< $15,000	7.9%	9.40%	9.50%
$15,000 - $24,999	8.5%	9.70%	9.90%
$25,000 - $34,999	11.4%	11.70%	11.60%
$35,000 - $49,999	17.5%	16.90%	16.70%
$50,000 - $74,999	19.5%	21.80%	22.60%
$75,000 - $99,999	12.8%	13.40%	13.30%
$100,000 - $149,999	13.0%	10.9%	11.0%
$150,000 - $199,999	3.9%	2.8%	2.5%
$200,000 +	5.6%	3.4%	2.8%
2006 Average Household Income	$78,473	$68,723	$66,596
Median HH Income 2006	$55,703	$52,046	$51,944
Median HH Income 2011	$66,291	$61,969	$61,426
Total	13,721	68,968	130,269
White Alone	97.7%	97.1%	97.3%
Black Alone	0.2%	0.3%	0.3%
Hispanic Origin	0.8%	1.0%	1.0%
Diversity Index	5.9	7.7	7.2
Total	9,116	42,796	80,490
Less than 9th Grade	3.7%	4.0%	4.4%
9th - 12th Grade, No Diploma	6.0%	9.2%	9.6%
High School Graduate	30.1%	31.7%	32.3%
Some College, No Degree	23.0%	21.6%	21.1%
Associate Degree	6.6%	7.6%	8.1%
Bachelor's Degree	19.4%	16.7%	16.0%
Master's/Prof/Doctorate Degree	11.1%	9.2%	8.4%
Median Age 2000	43.7	39.3	39.3
Median Age 2006	47	42.1	42
Median Age 2011	49.6	44.3	43.9
Population over 65*	18.1%	15.2%	14.6%
Sources: ESRI and US Bureau of the Census	* 11.9 of NH's population is 65+		

2. Housing Values. The estimated median value of owner-occupied homes in the 15-minute shed in 2006 is $248,112. This is slightly above the median home value of $240,100 for the state and substantially above that for the USA, $167,500. The median home values in the 30 and 45-minute sheds are substantially lower, 16% and 19% respectively, than those in the 15-minute shed.

3.Income. The estimated median household income in the 15-minute drive shed is $55,703, which is slightly below the figure for New Hampshire, $56,768, but well above that for the USA, $46,242. The median household incomes in the other two drive sheds are about seven percent lower than in the 15-minute shed. Indicators of wealth (median household income, median home values, and per capita income) all decrease as one moves further away from Meredith.

4. Education. About 31% of the residents over 25 years of age in the 15-minute drive shed have a bachelors or higher degree. This is just below the level for the state, 31.8%, but above the national figure of 27.2%. The educational attainment levels in the 30 and 45-minute drive sheds are about 16% below that of the 15-minute shed.

5. Age. The median ages for the three drive sheds are 47.0, 42.1 and 42.0 (see Table 13). These are above the state (39.5) and national (36.4) figures. The drive shed's median age is 18% above that of the state and 29% above that of the nation.

Looked at in another way, the 15-minute drive shed has about 18% of its population in the 65+ age bracket; comparable figures for the state and nation are 11.9% and 12.1%.

This bolus of seniors is unusually strong and is probably having a significant impact on Meredith's retail structure.

C. Drive Shed Consumer Expenditure Potentials

Consumer spending potential data for 2005 for the Meredith trade areas is presented in the Table 14. Displayed are the expected amounts spent on a variety of goods and services by households that reside in the 15, 30 and 45 minute drive sheds. Expenditures are shown by broad budget categories that are not mutually exclusive. Spending by second homeowners and visitors (including hotel guests) are not included in these figures. These figures reflect demand and not necessarily where dollars are spent.

1 Apparel. As can be seen in Table 14 below, residents in the 15-minute drive shed have lower Spending Potential Index scores than the national averages for men's, women's and children's apparel as well as watches and jewelry. The scores for women's apparel (SPI=72) and footwear (SPI=43) are particularly low. The SPI scores in the 30 and 45-minute drive sheds are even lower. Many real estate developers and national retailers look closely at such

Table 14. Residential Consumer Expenditure Potentials By Drive Shed

Goods and Services	15 Minute		30 Minute		45 Minute	
	SPI	Total	SPI	Total	SPI	Total
Apparel	76	$12,377,004	69	$52,102,241	67	$95,254,968
Men's	82	$2,536,021	74	$10,603,743	71	$19,352,864
Women's	72	$4,016,592	65	$16,753,018	62	$30,522,865
Children's	88	$2,356,549	80	$9,928,451	78	$18,302,050
Footwear	43	$1,273,443	38	$5,304,893	37	$9,700,688
Watches & Jewelry	97	$1,090,512	90	$4,703,626	88	$8,612,649
Computers Home Use						
Computers & hardware	105	$1,421,605	95	$5,988,675	92	$10,957,161
Software and Accessories	103	$195,042	94	$828,058	91	$1,512,844
Entertainment & Recreation	115	$22,828,816	100	$92,062,109	97	$168,707,258
Fees and Admissions	98	$3,596,678	92	$15,535,528	89	$28,518,941
Membership Fees for Clubs (2)	104	$1,019,738	95	$4,327,231	92	$7,917,483
Fees for Participant Sports, excl. Trips	105	$716,132	95	$3,002,931	92	$5,485,373
Admission to Movie/Theatre/Opera/Ballet	94	$834,413	89	$3,661,961	86	$6,701,718
Admission to Sporting Events, excl. Trips	98	$335,578	92	$1,460,661	89	$2,685,988
Fees for Recreational Lessons	91	$690,817	87	$3,082,744	86	$5,728,379
TV/Video/Sound Equipment	109	$7,169,479	97	$29,498,721	94	$53,834,608
Community Antenna or Cable Television	116	$4,177,801	101	$16,795,875	97	$30,591,890
Color Televisions	102	$775,734	93	$3,275,304	90	$5,998,506
VCRs, Video Cameras, and DVD Players	106	$254,148	95	$1,061,268	92	$1,949,195
Video Cassettes and DVDs	107	$333,904	97	$1,395,983	94	$2,550,867
Video Game Hardware and Software	100	$213,206	93	$925,800	90	$1,696,485
Satellite Dishes	125	$16,435	104	$63,511	101	$116,787
Rental of Video Cassettes and DVDs	100	$370,605	93	$1,601,030	90	$2,925,474
Sound Equipment (3)	98	$990,965	90	$4,224,355	87	$7,723,041
Rental and Repair of TV/Sound Equipment	102	$36,681	94	$155,595	90	$282,363
Pets	141	$3,511,267	118	$13,595,973	114	$24,962,166
Toys and Games	110	$1,290,063	98	$5,345,100	95	$9,833,852
Recreational Vehicles and Fees (4)	148	$3,639,461	117	$13,282,699	114	$24,461,806
Sports/Recreation/Exercise Equipment (5)	91	$1,226,360	78	$4,925,363	76	$9,046,750
Photo Equipment and Supplies (6)	108	$919,774	98	$3,841,527	95	$7,041,867
Reading (7)	112	$1,475,734	99	$6,037,198	96	$11,007,268
Food at Home	116	$34,133,690	100	$136,521,590	95	$412,508,431
Food Away from Home	108	$21,566,504	96	$89,268,549	93	$163,149,811
Health						
Nonprescription Drugs	124	$849,145	105	$3,328,632	101	$6,041,223
Prescription Drugs	145	$4,946,622	115	$18,230,912	110	$32,866,980
Eyeglasses and Contact Lenses	121	$622,241	104	$2,477,757	100	$4,529,488
Health Insurance	133	$14,391,943	109	$54,750,465	105	$99,360,940
Household Furnishings						
Household Textiles (11)	108	$864,016	96	$3,558,278	93	$6,512,438
Furniture	106	$3,953,319	95	$16,365,127	92	$30,039,436
Floor Coverings	100	$503,543	91	$2,125,728	88	$3,911,884
Major Appliances (12)	122	$2,082,342	103	$8,158,867	100	$14,931,850
Housewares (13)	95	$586,449	82	$2,339,665	79	$4,280,665
Small Appliances	118	$263,086	102	$1,054,021	98	$1,924,920
Luggage	97	$59,361	90	$257,068	88	$471,702
Telephones and Accessories	43	$142,643	39	$603,426	37	$1,101,402
Household Operations						
Lawn and Garden (14)	140	$3,634,541	112	$13,558,766	109	$24,789,195
Housekeeping Supplies (15)	118	$5,340,347	102	$21,306,135	98	$38,926,621
Sources: Bureau of Labor Statistics, ESRI estimates						

numbers when they are deciding where to locate their next projects and new stores.

The apparel potential expenditures total about $12.3 million in the 15-minute shed, $52 million in the 30-minute shed and $95 million in the 45-minute shed. The largest amounts are for women's apparel. These expenditure potentials are relatively weak. Nevertheless they are not negligible and any Meredith merchants selling apparel must compete to capture a share of these dollars. Meredith's shops do not have to win huge market shares to succeed, especially if these revenues are combined with sales to hotel guests and second-home owners.

It is worth noting that while the SPI scores for men's apparel are higher than those for women's apparel, the actual expenditure potentials for the women are significantly higher.

There certainly are residential customers out there for apparel, but most are not the kind of spenders that will incite many entrepreneurs to open apparel shops.

2. Computers. The SPI scores for computer equipment and software in the 15-minute drive shed are above the national average, but the expenditure potentials are rather modest. The SPI scores in the 30 and 45-minute drives sheds are below the national average.

Here again, there are residential customers out there, but not the kind of spenders that will spur many entrepreneurs to open shops.

3. Entertainment and Recreation. Among these products and services the SPI scores are mostly above the national averages, but three of the highest, spending for recreational vehicles (148) and satellite dishes (125) and cable TV, are hard to translate into potential impacts on Meredith's retail base.

Spending for pets have high SPI scores in all three drives sheds, 141,118 and 114 respectively, and the aggregate amounts are significant, about $3.5 million, $13.5 million and $24.9 million respectively.

SPI scores for admissions to movies, theater, opera, ballet and sporting events are below the national averages in all drive sheds. This might be a function of fewer opportunities in more rural areas.

SPI scores for expenditures for color televisions, VCRs, video cameras, DVD players, video cassettes and DVDs are above the national averages (102, 106,107) in the 15-minute shed, but below them in the other sheds.

Toys and games, photo equipment and reading have above national SPI scores in the 15-minute shed, but not in the other two.

Expenditures for sporting goods equipment are below the national norm in all three drive sheds, with SPIs of 91, 78 and 76.

4. Food. As mentioned in Chapter II, the SPIs in the 15-minute drive shed for food for the home (116) and food away from home (108) are above the national averages and involve substantial expenditures of about $34 million and $21 million respectively.

A strong restaurant niche in Meredith would have the ability to capture diners coming from the 30 and 45-minute drive sheds. In these areas residents may spend below the national averages for eating out, but their aggregate expenditures constitute a nice revenue pie for Meredith's restaurant owners to slice into.

5. Health. Probably reflecting the strong presence of senior citizens, almost all of the SPI scores in all three drive sheds for nonprescription and prescription drugs, eye ware and health insurance are above the national norms.

6. Household Furnishings. The SPI scores for household textiles (108), furniture (106), major appliances (122) and small appliances (118) in the 15-minute shed are all above average. Household textiles (includes bathroom linens, bedroom linens, kitchen linens, dining room linens, other linens, curtains, draperies, slipcovers, decorative pillows, and materials for slipcovers and curtains) that are unique and locally crafted can also penetrate the tourist market.

Target, Wal-Mart, Best Buy, Circuit City, Home Depot and Lowe's are strong on appliances, big and/or small. A few high customer service oriented independent operations targeting affluent, time-pressured customers can compete successfully with the big value retailers on appliances; most other independents cannot.

7. Household Operations. Lawn and Garden expenditures include those for lawn and garden supplies, equipment and care service, indoor plants, fresh flowers, and repair/rental of lawn and garden equipment. The SPI scores in all three drive sheds are above the national average, especially in the 15-minute shed (SPI=140).

Housekeeping supplies includes laundry detergents, cleaning products, toilet tissue, paper towels, napkins, paper/plastic/foil products, stationery, gift-wrapping supplies, postage, and delivery services. Most of these products can be found in supermarkets and drugstores. The SPI scores in the 15-minute shed (118) and the 30-minute shed (102) are above the national average.

D. Drive Shed Lifestyle Characteristics

The DANTH project team conducted a lifestyle analysis based on ESRI Tapestry data. ESRI found that four lifestyle segments were among the top five in all three drive sheds. ESRI's descriptions of the segments are:

- *Rural Resort Dwellers:*

15 min shed 3,042 households; 30 min shed 6,207 households; 45 min shed 15,302 households

They live in rural non-farm areas throughout the United States. Approximately 40 percent are married with no children living at home. They are older than most Tapestry segments, with a median age of 46 years. Half of the householders are 55 or older. There is little diversity in these communities; residents are predominantly white. Although retirement officially looms for many Rural Resort Dwellers residents, most still work. Their median household income is $43,400. With a higher than average presence of 65 or older, income from retirement and Social Security benefits is common. Nineteen percent are self-employed, nearly twice the national level. More than half have attended college or hold a degree, comparable to the U.S. educational level. Their median net worth is $95,300. Most own their homes. Typical of areas with rustic appeal, the housing inventory features single-family homes and mobile homes. The median home value of $155,000 is slightly above the national figure. A significant inventory of seasonal housing is available in these communities.

Modest living and simple consumer tastes describe Rural Resort Dwellers residents.[24] Gardening tools and equipment are an integral part of maintaining their properties. Home improvements are common projects in this market segment. Their simple living also includes baking and home-cooked meals. Many households have pets, particularly dogs. The rural settings mean higher than average numbers of riding lawn mowers and satellite dishes. In addition, many households own multiple vehicles, and they much prefer domestic over import. Four-wheel drive trucks are popular. Rural Resort Dwellers residents actively participate in local civic issues. They read magazines related to fishing, hunting, and home improvement; listen to country music; go hunting; and zoom around in powerboats.

With the aging population, general health care and prescription medications for age-related issues take on a significant role and so do financial and retirement-related matters.

- *Midlife Junction*:

  15 min shed 1,093 households; 30 min shed 4,299 households; 45 min shed 5,463 households

  Phasing out of their child rearing years, Midlife Junction residents are approaching retirement. The median age is 40 years, and nearly one-fifth of the residents are 65 years or older. Their household types are mixed: married couples with and without children and single persons. Most residents are white.

  Most Midlife Junction residents are still working, although their labor force participation rate is below average, under 62 percent. Nearly one-third of the households are now drawing Social Security benefits. Although their median household income of $43,000 is below the U.S. median, their median net worth of $109,000 is not much different from the U.S. median of $100,000. Their education level is also comparable to that of the U.S level.

  Midlife Junction communities are found in the suburbs across the country. Two-thirds of the households own their homes, usually a single-family home. Their median home value of $122,000 is lower than the U.S. median by about $24,000. The remaining households have opted for apartment living in multiunit buildings of varying styles and sizes.

[24] Italic emphasis was added by DANTH.

As Midlife Junction residents pass from child rearing into retirement, they live quiet, settled lives. They have been planning and saving for their retirement and actively participating in IRA or 401(k) accounts. *They spend their money carefully and do not succumb to fads.*[25] Midlife Junction households enjoy dining out at full-service restaurants, particularly on weekends, and take advantage of the convenience of fast-food restaurants. They enjoy tending to their gardens. They prefer domestic cars over foreign cars. Politically, they tend to lean toward the conservative side. They are comfortable making purchases by phone or over the Internet. Comfortable with computer technology, they use e-mail to communicate with friends and families and navigate the Internet at home or at work. Midlife Junction households subscribe to cable and watch television at a higher rate than the average American. They also like reading newspapers and books. *Mindful of their expenses, they search for bargains at Wal-Mart, Kmart, and JCPenney*.[26]

- *Main Street USA*
  15 min shed 644 households; 30 min shed 2,598 households; 45 min shed 5,192 households

Residents of *Main Street, USA* earn a comfortable median household income of $50,400, with income mainly derived from wages (80 percent of households). One-fourth of the households receive Social Security benefits. Their median net worth is $114,500. *Main Street, USA* residents primarily work in services and manufacturing industries, with another 30 percent employed in professional and management occupations. Almost one-fifth of *Main Street, USA* residents have earned a bachelor's or graduate degree, while 30 percent have some college credits.

Main Street, USA has a mix of single-family homes and multiunit dwellings, similar to the U.S housing composition. Almost two-thirds of the housing was built before 1970. Approximately 64 percent of householders own homes with a median home value of $165,000.

Residents of *Main Street, USA* are active members of their communities, taking part in fund-raisers and volunteer pro- grams. They take day trips to the beach, theme parks, or the zoo and occasionally go on domestic vacations. For evening leisure time, *they enjoy dinner and a movie or play billiards at their favorite bar. Applebee's, Outback Steakhouse, and Red Lobster are their favorite family restaurants.*[27] Many residents prefer to cook at home and play board games or rent a movie. They use the Internet to play games or search for employment, but shopping online is growing in popularity. If they do not have access at home, they may access the Internet at work, school, or the public library. They rely extensively on the Yellow Pages to find restaurants, stores, contractors, and more. Because *Main Street, USA* homes are older, householders invest in small home remodeling and improvement projects. *Residents are more likely to complete work by themselves than hire an outside contractor. To complete the job, they purchase tools and supplies from Home Depot or Lowe's.*[28] Residents maintain their gardens by planting new bulbs, fertilizing their lawns, and using insecticide regularly.

- *Green Acres*
  15 min shed 233 households; 30 min shed 2,356 households; 45 min shed 6,712 households

[25] Italic emphasis added by DANTH.
[26] Italic emphasis added by DANTH.
[27] Italic emphasis added by DANTH.
[28] Italic emphasis added by DANTH.

> The labor force of *Green Acres* is college educated and hardworking. More than half has completed some college or a degree program. Labor force participation is approximately 70 percent, with employment concentrated in skilled labor and farming occupations in agriculture, manufacturing, or construction industries. More than 12 percent of households earn income from self-employment ventures. Their median household income is $61,000 with a median net worth of more than $130,000.
>
> A little bit country, *Green Acres* residents live in pastoral settings of developing suburban fringe areas. Development has been consistent—single-family homes. With the exception of a few mobile homes and some seasonal housing, more than 90 percent of the housing inventory are owner occupied, single-family dwellings. (Homeownership is also consistent in *Green Acres*.) These newer homes carry a median value of $168,000.
>
> Country living describes the lifestyle of *Green Acres* residents. *They are do-it-yourselfers, maintaining and remodeling their homes with paint, decks and patios, and spas.*[29] Of course, they own all the necessary power tools to accomplish their projects including power saws, drill presses, and welders. Gardening, especially vegetables, is also a priority, again with the right tools—tillers, tractors, riding mowers, edgers, and even separate home freezers for the harvest. Leisure in *Green Acres* includes hiking, backpacking, hunting, and bicycling. They also own motorcycles, watch motorcycle events on TV, and read motorcycle magazines. Accommodating the country lifestyle, many households employ satellite dishes in lieu of cable TV. Favorite channels include Home & Garden Television, ESPN, and the Speed Channel. They listen to news–talk radio and read fishing, hunting, and boating magazines. Living in the country does not preclude connection to the rest of world. *Green Acres* residents own and use PCs, probably purchased by catalog. They own a variety of software packages including education software for their children. *They also use the Internet, primarily to purchase consumer goods, such as videos, clothing, and CDs, or to track investments*.[30]

Table 15 below is similar to Table 9 which was constructed using Tapestry's Marketing Potential Index (MPI) scores to indicate the purchasing and recreational behaviors of the hotel guests and second home-owners. In Table 15, below, the MPI scores are displayed for each of the four largest lifestyle segments that account for most households in all three drive sheds, then summary scores are provided for each drive shed. The summary scores are weighted averages.

These four Tapestry segments account for 83.5% of the households in the 15-minute shed, 62.7% in the 30-minute shed and 62.2% in the 45-minute shed.

Reading through the ESRI descriptions of the four largest residential Tapestry segments reveals a picture of residents who are middle income, very active and very cautious about how they spend their money. "Walking wallets" they are not. DANTH estimates the median household incomes of the these four Tapestry

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[29] Italic emphasis added by DANTH.
[30] Italic emphasis added by DANTH.

Table 15. MPI Scores of Largest Residental Tapestry Segments

	Tapestry Segments				Drive Sheds		
	31 Rural resort dwellers	33 Midlife junction	24 Main Street	17 Green Acres	15 Min	30 Min	45 mln
Percent of Households in Drive Sheds					**Totals. 31,33,24 & 17**		
15 Minute Drive Shed, with total of 6,000 hhs	50.7%	18.2%	10.7%	3.9%	83.5%		
30 Minute Drive Shed with total of 27,858 hhs	29.5%	15.4%	9.3%	8.5%		62.7%	
45 Minute Drive Shed with total of 52,611 hhs	29.1%	10.4%	9.9%	12.8%			62.2%
Product, Service or Activity	**MPIs**						
Bought book in last yr	100	96	103	108	100	101	101
Apparel:							
Bought men's casual slacks	81	106	90	126	90	95	96
Bought men's necktie	96	98	107	113	99	100	102
Bought women's casual slacks last yr	108	124	99	134	112	114	115
Bought women's suit in last yr	81	105	61	94	84	86	85
Bought women's dress in last yr	110	94	86	100	103	101	101
Bought athletic apparel in last yr	53	99	99	93	71	77	76
Cameras:							
Bought any camera in last yr	79	91	103	101	86	88	89
Computers:							
Spent $3000+ on home PC	141	76	85	118	119	114	116
Purchased $500+ on software past yr	77	38	94	107	72	74	79
Home Goods and Furnishings:							
Purchased household furnishing in past 12 mo	95	85	104	109	95	96	98
Purchased bedding/bath goods past yr	98	97	99	102	98	98	99
Purchased cooking/serving products last 12 m	103	92	103	108	101	101	102
Purchased table setting in last yr	87	113	105	101	96	98	97
bought appliance past yr	84	98	104	113	91	94	95
Outdoor Goods for Home:							
Purchased lawn/porch furniture past yr	95	86	128	112	98	100	102
Have a garden	119	103	115	133	116	116	119
Coffee:							
Used Starbucks coffee past 6 mos	65	80	84	101	72	76	78
Health and Fitness:							
Exercise at home 2+ times per week	91	103	104	112	96	99	99
Diet control for weight control	110	117	95	104	109	109	108
Use vitamin supplement	116	116	103	106	114	113	112
Have health insurance	100	100	98	112	100	101	102
Home Improvements:							
Any home improvement in last yr	109	115	91	128	109	110	111
Internet Purchases:							
Ordered anything on the Internet in last 12 mo	83	96	95	128	89	94	96
Purchased from Ebay in last yr	69	92	88	121	79	85	87
Entertainment:							
Went to bar/nightclub in past yr	101	99	99	104	100	101	101
Went to dance performance in the last yr	68	94	92	102	78	83	83
Dined out last yr	119	112	102	119	115	115	115
Attended movies in the last 6 mos	67	58	121	118	74	80	85
Went to a museum in the last yr	99	87	110	118	99	100	103
Went to live theater in the last yr	90	105	96	118	95	98	99
bought book in last yr	100	96	103	108	100	101	101
Activities and Hobbies:							
Did birdwatching in the last yr	238	139	119	144	197	183	183
Played board games	86	88	114	117	91	95	97
Cook for fun last yr	113	96	100	96	107	105	105
Played a musical instrument last yr	75	102	93	113	85	89	90
Did painting/drawing in the past yr2	119	117	104	105	116	114	113
Did photography in the past yr	111	103	100	117	108	108	109
Did woodworking in the past yr	164	120	109	167	148	145	149

Table 15 continues on next page

	31 Rural resort dwellers	33 Midlife junction	24 Main Street	17 Green Acres	15 Min	30 Min	45 mln
Cosmetics:							
Used complexion care products	86	101	97	91	91	92	91
Pets:							
Owns a pet	126	103	101	134	118	118	120
Dining Out:							
Restaurants - McDonalds in past 6 mos	102	97	105	105	101	102	102
Restaurants - Friendly's in past 6 mos	96	64	160	88	97	97	99
Restaurants - Cheesecake Factory in past 6 m	41	26	78	64	44	46	49
Retail Stores:							
Ordered from LL Bean in past yr	197	120	90	127	163	153	153
Ordered from Land's End in past yr	153	137	86	127	140	136	134
Purchased from Target in past 3 mos	54	95	102	105	71	78	79
Purchased from Wal-Mart in past 3 mos	117	115	96	110	114	112	112
Purchased from Macy's in past 3 mos	45	34	82	42	47	47	48
Purchased from Nordstrom in past 3 mos	43	45	102	63	52	55	57
Outdoor Activities:							
Participate in aerobics	69	84	111	97	79	83	84
Participate in mountain biking	78	70	123	177	87	96	104
Participate in power boating	196	179	83	139	175	167	163
Participate in canoeing/kayaking	223	91	87	132	173	158	161
Participate in fresh water fishing	162	127	92	123	144	138	137
Participate in golf	80	111	104	130	92	98	99
Participate in horseback riding	80	62	90	162	81	88	95
Participate in hunting with a rifle	214	101	75	157	169	158	161
Participate in jogging/running	51	88	90	109	67	74	75
Participate in swimming	108	99	104	124	106	107	109
Participate in tennis	188	107	103	81	154	141	139
Participate in walking for exercise	112	119	95	124	112	113	113
Participate in yoga	49	106	109	81	71	76	75
Participate in downhill skiing	91	79	94	129	91	94	97
Toys/Games:							
Bought children's toy/game in past yr	93	102	103	114	97	100	100
Bought child education toy in past yr	107	86	103	119	102	103	105
Source: ESRI Business Information Solutions, Tapestry CD							

segments average between $55,000 and $58,800 in the three drive sheds, well below those of the hotel guest and second home owners.

They are very interested in all sorts of recreational activities and in improving their homes. They are do-it-yourselfers and careful shoppers looking for value purchases that maximize both quality and price. The "modest living and simple consumer tastes" of the Rural Resort Dwellers seems to apply to the other segments as well. The information displayed in Table 15 amplifies on this picture.

1. Apparel. These core residential lifestyle segments were above the national average in how many households bought women's slacks and dresses in all drive sheds. Apparently, their purchasing frequency is above average, while their expenditures for women's apparel is below. They are below average in how

many bought men's casual slacks. They are significantly below average in how many bought sporting goods apparel

2. Computers. Residents in these segments in all drive sheds bought computers at an above average rate, but are well below average in their purchasing of software.

3. Home Goods, Furnishings and Improvements. They are 9% to 11% above average in all drive sheds in terms of how many did home improvements over the past year. They are below average in the rate they purchased home furnishings products, with the exception of cooking and serving products where they are just slightly above average in all drive sheds.

The MPIs for purchasing lawn or porch furniture in the past year are 98, 100 and 102 in the three drive sheds. They are 15% to 16% above average in all drive sheds in having gardens. This probably correlates with the above average lawn and garden expenditure potentials found in all of the drive sheds, as shown in Table 14.

4. Health and Fitness. They are just 1% to 4% below average in how often they exercise at home in the three drive sheds. They are 8% to 9% above average in all three drive sheds in using dieting to control their weight and 12% to 14% above average in their use of vitamin supplements. They are about average in all three drive sheds in having health insurance.

5. Internet Purchases. These residents in all three drive sheds are below average in ordering anything on the Internet or using EBay, with the residents in the 15-minute shed having the lowest MPI scores (89 and 79).

6. Entertainment. The Tapestry segments residents in all three drive sheds are 15% above average in dining out. This combined with the above average expenditure potential reported in Table 14 suggests a strong local market for Meredith's restaurants.

They are about average in going to bars and night clubs and buying books.

They are well below average in going to dance performances and movies. They were 1% to 5% below average in the three drive sheds in going to the legitimate theater. Their MPI scores for going to a museum ranged from 99 to 103. Overall, they appear to be average culture buffs. This finding combined with the below average expenditure potentials for cultural events reported in Table 14 probably means that these drive shed residents will attend such events when admissions are free or low cost.

7. Activities and Hobbies. Scores for bird-watching are almost twice the national average in all three drive sheds (197, 183 and 183) and the Rural Resort

Dwellers scored an MPI of 238. Woodworking is another activity reaching high MPI scores in all three drive sheds (148,145 and 149), and with the Green Acres segment scoring 167 and the Rural Resort Dwellers scoring 164.

Other activities that had above average scores in all three drive sheds were painting and drawing, photography and cooking.

8. Pets. The three drive sheds are 18% to 20% above average in pet ownership. The Green Acres and Rural Resort Dwellers segments have MPI scores on pet ownership of 134 and 128 respectively.

This finding combined with the above average expenditure potential for pets shown in Table 14 indicate strong demand for pet store type products. According to Google Map, the closest pet store is in Laconia.

9. Where They Dine Out. In contrast to the hotel guests and second-home owners, the year-round residents in the four core tapestry segments are not Cheesecake Factory habitués; the MPIs for the four Tapestry segments and the three drive sheds are all under 79, with most under 49. They are about average in dining at McDonald's and slightly under average in dining at Friendly's.

10. Retail Stores. Except for the Main Street Tapestry segment, the MPI scores for ordering from LL Bean and Land's End are significantly above average. The Rural Resort Dwellers, the largest Tapestry segment in all three drive sheds, has especially strong scores; 197 for LL Bean and 153 for Land's End in the 15-minute shed. The scores across all segments in the 15-minute shed are also somewhat stronger than those in the 30 and 45-minute sheds.

While LL Bean and Land's End are not known for "everyday low prices," they do have strong reputations for providing value, having reasonable prices and offering merchandise with a distinctive country casual style.

The MPI scores for shopping at Wal-Mart ranges from 12% to 14% above average in the three drive sheds. The Rural Resort Dwellers and the Midlife Junction segments had scores of 117 and 115.

The residents in the three drive sheds are not Target Shoppers, with MPI scores that are 21% to 29% below the national average. They also are neither Macy's shoppers nor Nordstrom Shoppers, with the MPI scores in all three drive sheds ranging from 43% to 53% below the national norm.

Except for LL Bean and Land's End, Meredith's drive shed residents prefer quite different stores than Meredith's hotel guests and second-home owners.

11. Outdoor Activities. It is in this area that the MPI scores begin to reach the cluster of high scores that were seen in the hotel guests' and second-home owners' scores. Power boating has MPI scores ranging from 163 to 175 in all three drive sheds, with the highest being in the 15-minute shed. Canoeing and

kayaking, fresh water fishing, hunting with a rifle and tennis also have high MPI scores in all drive sheds. Again, the Rural Resort Dwellers are the highest among the Tapestry groups.

Given the lifestyle of "modest living and simple consumer tastes" that seems to characterize most year round residents in Meredith's drive sheds, the question is how can these activities be turned into active demand for the equipment and apparel that are related to these activities.

12. Toys and Games. Purchasing children's toys and games has MPI scores ranging between 97 and 100 in the three drive sheds. Purchasing educational toys has scores that are 2% to 5% above average in the three drive sheds

Table 16. Upper Income Residential Households and Their Consumer Expenditures By Drive Shed

	Drive Sheds		
	15 Min	30 Min	45 Min
All HHs	6,000	27,858	52,611
HHs $75k+* %	35.3%	30.5%	29.6%
N	2,118	8,497	15,573
HH furnrishings: $3,349/HH	$ 7,000,941	$ 28,090,057	$ 51,484,841
% of drive shed expenditures	83%	82%	81%
5% increase in capture rate		$ 1,806,821	$ 3,311,631
Apparel: $4253/HH	$ 9,006,353	$ 36,136,423	$ 66,232,615
% of drive shed expenditures	73%	69%	70%
5% increase in capture rate		$ 1,806,821	$ 3,311,631
Food at home:$4,734	$ 10,024,941	$ 40,223,330	$ 73,723,302
% of drive shed expenditures	29%	29%	18%
5% increase in capture rate	$ 501,247		
Food away from home: $4,308	$ 9,122,823	$ 36,603,741	$ 67,089,139
% of drive shed expenditures	42%	41%	41%
5% increase in capture rate		$ 1,830,187	$ 3,354,457
HHs $100k+ %	22.5%	17.1%	16.3%
N	1,350	4,764	8,576
HH furnrishings: $4,304/HH	$ 5,810,400	$ 20,503,042	$ 36,909,352
% of drive shed expenditures	69%	59%	58%
5% increase in capture rate		$ 1,025,152	$ 1,845,468
Apparel: $4253/HH	$ 5,741,550	$ 20,260,093	$ 36,471,997
% of drive shed expenditures	46%	39%	38%
5% increase in capture rate		$ 1,013,005	$ 1,823,600
Food at home:$4,734	$ 6,390,900	$ 22,552,776	$ 40,598,784
% of drive shed expenditures	19%	17%	10%
5% increase in capture rate	$ 319,545		
Food away from home: $5299	$ 7,153,650	$ 25,242,942	$ 45,442,067
% of drive shed expenditures	33%	28%	28%
5% increase in capture rate		$ 1,262,147	$ 2,272,103
* Number of $75k+ households is based on Census Bureau data and categories. Consumer expenditures are from BSL that uses the $70k+ category.			
Sources: BSL 2004 Conssumer Expenditure Survey; Bureau of the Census			

D. Higher Income Drive Shed Residents

As mentioned above, the household incomes of the Rural Resort Dwellers, Midlife Junction, Green Acres and Main Street,- USA Tapestry lifestyle segments are substantially lower than those of the hotel guests and second-home owners. As the income differentials suggest, the lifestyles of the "tourists" and the "residents" appear to be quite different. For example, DANTH conducted a correlation analysis of the MPI scores of the hotel guests, second-home owners and the four major residential Tapestry segments. The hotel guests had a very strong correlation of .93 with the second-home owners (1.00 is the highest possible positive result, -1.00 is the highest possible negative result). But, the four residential Tapestry segments had correlations ranging from .01, which signifies no relationship, to -.45, which indicates a fairly strong negative relationship, with the hotel guests and second-home owners.

To cater to all of these market segments, a retailer would need a very wide variety of both merchandise and price points -- something that the relatively small merchants that typify Meredith's retailing would be hard pressed to do in their own shops.[31]

However, as the information in Table 16 demonstrates, within the 15-minute drive shed there are 2,118 households with incomes of $75,000/yr or more and 1.350 households with annual incomes over $100,000. In the 30-minute shed, there are 8,479 households with incomes of $75,000/yr or more and 4,764 households with annual incomes over $100,000. These households have incomes that are in accord with the household incomes of the hotel guests and second-home owners.

While these high income households only account for modest percentages of all households in these drive sheds, their estimated consumer expenditures are disproportionately large. For example, the households with incomes of $100,000+/yr in the 15-minute shed represent about 23% of the total, but they spend the equivalent of about 69% of the total expenditures of drive shed residents for household furnishings; the equivalent of 46% of the expenditures for apparel, and about 33% of the amount spent in restaurants. Looking at the households with incomes of $75,000+/yr in the 15-minute shed, they represent about 35% of the total, but they completely dominant the expenditures of drive shed residents for household furnishings and apparel, accounting for 83% and 73% of the respective totals. They also account for about 29% of the food at home expenditures and about 42% of the amount spent in restaurants.

Many retail chains consider a store having sales of $1 million+/yr as a successful operation. That sales figure can be a useful yardstick for putting the retail expenditure potentials of these high income households in perspective. For

[31] However, LL Bean and Land's End get strong customer support from hotel guests, second home owners and the four residential Tapestry segments.

example, in the 15-minute drive shed, the expenditure potentials of the $75,000/yr households could support about seven shops selling home furnishings with annual sales of close to $1 million and about nine apparel shops with sales of about $1 million. In the 30-minute shed, they could support about 28 successful home furnishings shops and 36 apparel shops.

Meredith's merchants must be cognizant of how important local high income residents are in their pool of potential customers. With all the attention given to tourists, they might be overlooked.

If Meredith's merchants can penetrate deeper into the 30 and 45-minute drive sheds with even modest increases in their ability to capture the expenditures of high income shoppers, the results would be meaningful. For example, as shown in Table 16, just 5% increases in capture rates in the 30-minute shed among the $75,000+/yr households would lead to $1.8 million/yr in increased sales for home furnishings, a $1.8 million/yr in increased sales for apparel, and about a $2.2 million/yr increase in restaurant revenues.

There are 1.141 second home owners in Meredith. They are geographically close to Meredith's merchants, but only for part of the year. The local residential high income households are more numerous than the second home-owners, live in the area for most of the year, and have a much greater total local spending power. They also are likely to have many shared leisure activities and consumer behaviors with the second- home owners and hotel guests. However, many high income residents do not live that close to Meredith and they will need "special reasons" to visit and shop there.

The local high income residents also appear to have greater potential spending power than Meredith's hotel guests. For example, DANTH estimated in Chapter III that the hotel guests had the potential for annually spending between $3.7 and $4.4 million in Meredith's restaurants, while the comparable estimate for the local residents with incomes of $75,000+ is about $9.1 million.

Meredith's high income local residents, second-home owners and hotel guests share high incomes and are likely to share many consumer behavioral patterns. Meredith merchants, especially those selling comparison shoppers' goods, as well as restaurateurs who focus on these three market segments and know how to sell to them are likely to be successful. Having all three of these upscale market segments to target means that merchants have the opportunity to earn revenues that can justify significant assortments of high quality and fashionable merchandise -- which, in turn, will help increase their sales to these customers.

In Chapter II, it was noted that the two types of shops that appeared to be missing from Meredith's competitive environment were:

- Many higher end shops such as Williams Sonoma, Sur la Table, Waterworks, Bose, Bang & Olufsen, Anthropologie, Chico's, Ann

Taylor, Armani Exchange, Burberry, Balducci's/Sutton Place/Hay Day, Dean and Deluca, etc.
- The regular formats of many chains having outlets in the area that aim at the upper middle income market such as Banana Republic, Coach, Eddie Bauer, etc.

Many of Meredith's high income local residents, second-home owners and hotel guests are probably current or potential customers of these retailers. If there is little probability of attracting these retailers to Meredith, perhaps Meredith's current merchants might offer comparable merchandise in similarly attractive sales environments or new independent merchants can be attracted who can do so.

CHAPTER V
BRINGING THE MARKET ANALYSIS TOGETHER

The following conclusions and initial recommendations are provided to assist in the development of economic development strategies based on the market data. They are provided to help the users of this report draw their own conclusions and recommendations.

Information in this report provides a foundation for a comprehensive business retention, expansion and recruitment effort. Both web-based and hard copy materials can be developed from this information to help existing and prospective business operators and community leaders make more informed decisions.

Summary of Retail Demand by Market Segment

Table 17 summarizes the main findings of Chapters III and IV about the spending patterns and activities of Meredith's hotel guests, second-home owners, drive shed residents and high income drive shed residents. The following narrative will discuss these findings while weaving in the information about Meredith's competitive environment presented in Chapter II. This will provide a foundation for the action recommendations that follow in Chapter VI.

Table. 17. Market Analysis Summary Table

Goods, Services or Activities	Hotel Guests	2nd Home Owners	All Drive Shed Residents	Only High Income Drive Shed Residents
Apparel	High MPI scores for buying all apparel	High MPI scores for buying all apparel	Well below average expenditures for men's, women's and children's; below average frequency of purchase of men's apparel	$75k+ HHs account for about 70% of the expenditures in all 3 sheds
Athletic apparel	High MPI scores for buying athletic apparel	High MPI scores for buying athletic apparel	Below average in expenditures and frequency of purchase	No info
Home goods & furnishings	4% to 20% above average in frequency of purchase; high rate for home improvements	4% to 20% above average in frequency of purchase; high rate for home improvements	Above averages expenditures for appliances, HH textiles and furniture; below average in frequency of purchases	$75k+ HHs account for over 80% of the expenditures in all 3 sheds

Outdoor home goods	Well above average in having gardens and buying lawn furniture	Well above average in having gardens and buying lawn furniture	High expenditures on lawns and gardens; average for outdoor furniture	No info
Health & fitness	Above average in exercising, dieting and using vitamins	Above average in exercising, dieting and using vitamins	High % of seniors; above average expenditures for drugs, eyeglasses and health insurance; average in exercising; above in dieting and vitamins	No info
Entertainment	Well above average in going to museums, the live theater dance performances and movies	Well above average in going to museums, the live theater dance performances and movies	Below average admissions to movies, theater, opera; about average attendance	No info
Hobbies Pets	Above average in pet ownership	Above average in pet ownership	Above average pet ownership and expenditures on them, especially in the 15 min shed	No info
Bird watching	Above average	Above average	83% to 97% above average participation in the sheds	No info
Outdoor activities	Very active in most sports especially skiing, tennis and golf	Very active in most sports especially skiing, tennis and golf	Very active in many sports, especially power boating, canoeing and hunting with a rifle; but, expenditures for sports equipment in all drive sheds are below average	No info
Games and Toys	9% above average in buying kids games and toys; 15% above average in buying educational toys	8% above average in buying kids games and toys; 16% above average in buying educational toys	2% to 5% above average in buying educational toys in drive sheds; MPIs of 97, 100 and 100 for buying kids games and toys in drive sheds; toy expenditures 10% above average in 15 min shed.	No info

Food at Home	No info	Above average expenditures, but limited by length of stays	Above average expenditures in the relevant 15 min shed	$75k+ HHs account for about 29% of the expenditures in the 15 min shed
Eating Out	Above average rate in dining out; spend significant amounts daily while in Meredith	Above average rate in dining out, but limited by length of stays	Above average expenditures in 15 min shed; above average in frequency in all sheds.	$75k+ HHs account for about 42% of the expenditures in the 15 min shed

A. Apparel

Middle income demand for apparel in all drive sheds is comparatively weak and there are scads of big boxes, outlets and mall stores that are ready to handily absorb it. Meredith merchants trying to meet this demand will face strong competition.

The strongest demand for apparel comes from the upscale market segments: the hotel guests, second home owners and high income drive shed residents. Close-in are some of the high income residents and the second home owners and hotel guests; DANTH estimates their total expenditure potential at around $11 million/yr. The 30-minute shed adds additional high income residents and their additional spending potential within a reasonable drive time. Within the 30-minute drive shed, DANTH estimates the total expenditure potential for these three market segments is in excess of $39 million.

The strongest competition is from some of the outlets as well as the catalog and Internet operations of LL Bean, Land's End and Eddie Bauer. These competitors will not meet the needs of high income consumers who:

- Prefer shopping in "real" shops and boutiques
- Want very fashionable, chic clothing, e.g., from Armani, Ralph Lauren, Oxxford, Brioni, Calvin Klein, Rive Gauche, Prada, Richard Tyler, Jill Sander, etc.
- Appreciate and demand a lot of personal service

These high income market segments are also likely to supply the overwhelming proportion of market demand for athletic apparel.

There is a growth opportunity here.

B. Home Goods and Furnishings.

Hotel guests are above average in purchasing these items, but are likely to limit their acquisitions to merchandise that can be easily transported in their cars or easily and inexpensively shipped. Second home owners, especially those with new or rehabilitated homes, are likely to have a substantial need for these products and services.

Average drive shed residents score above average in home improvements, but below average in their frequency of purchasing home goods and furnishings.

Consumer expenditure potentials for appliances, household textiles, and furniture in the drive sheds are above the national average. DANTH estimates that over 80% of these expenditures in all three drive sheds are accounted for by households with annual incomes of $75,000+. Their expenditure potentials are about $7 million, $28 million and $51 million respectively in the three sheds. Added to this is the estimated $.65 million to $1.3 million annual potential expenditures of the second home owners -- which is probably a conservative estimate because there is no way of estimating the expenditures of the new second home owners, which are likely to be well above average.

Primary competition is provided by the big box value retailers in Tilton and Concord such as: Home Depot; Lowe's; Target; Bed, Bath & Beyond; Circuit City: Sears and Wal-Mart. Added to that are the five specialty outlets at Tanger in Tilton.

Purchases for these goods tend to be above average, often involving big ticket items. Consumers looking to maximize quality and low cost are often willing to travel longer distances to shop and many will do more comparison shopping than usual. However, many consumers, especially those with higher incomes, add time and convenience into their shopping decision-making equation -- the higher the income the more they feel time-pressured -- and saving time has become a key component of what they mean by convenience.

Meredith's competitors will not meet the needs of the high income shoppers who:

- Feel time-pressured. DANTH's research in other communities has consistently shown that merchants in the home and hearth niche who cultivate a high income, time-pressured clientele and then "service them to death," can deal handily with the types of competitors facing Meredith, no matter how close or how big they are
- Prefer shopping in "real" shops and boutiques
- Want very fashionable merchandise, e.g., from Thermidor, Bose, Bang & Olufsen, Thayer Coggin, Baker, Henredon, etc.
- Appreciate and demand a lot of personal service

One merchandise area where market segments with diverse incomes appear to have a robust demand is for outdoor home goods: the hotel guests and second home owners are above average in having gardens and purchasing lawn furniture; drive shed residents have above average expenditures for merchandise related to their lawns and gardens and for outdoor furniture.

There is a market opportunity to create and grow a strong niche here.

C. Health and Fitness.

The 15-minute drive shed has a high median age, 47, and a large percentage of residents in the 65+ age group. Expenditures for drugs are 24% above average, totaling about $5.8 million/yr. Most of these dollars, 60% to 80%, should be captured by local pharmacies. To put this information in some perspective, at sales of $300/SF and 60% and 80% capture rates, the local potential demand for just the prescription and non-prescription drugs could support between about 12,000 SF and 15,000 SF of drugstore space. Sales of other items normally found in drugstores such as surgical supplies, cosmetics, food and beverages would support additional space.

The hotel guests, second-home owners and residents in the 15-minute drive shed are above average in dieting, exercising at home and using vitamins. They are all good potential customers for a health food store.

The strongest competitors are the pharmacies in Gilford and Laconia, e.g., CVS and Wal-Mart. Meredith's pharmacy has the distinct advantages of proximity and convenience. DANTH's research in other communities has shown clearly that even independent pharmacies that offer high levels of service to seniors or that specialize, e.g. in compounding, can withstand any competitor of any size. That said, the competitive position of Wal-Mart's pharmacies will strengthen wherever it implements its new program of charging seniors $4 for many generic drugs.

D. Entertainment.

Based on their MPI scores, the hotel guests and second-home owners appear to be strong potential patrons of culturally oriented entertainments such as museums, live theater, dance performances and movies. Households in higher income brackets generally spend above average amounts on these entertainments.

The average residents of Meredith's trade areas are below average in paying for admissions, but above average in visiting these cultural venues. Free or low-cost concerts, plays and performances will probably attract their patronage.

Although relevant data are lacking, DANTH believes that the high income residents of the drive sheds will be similar to the hotel guests and the second home owners in their patronage of culturally oriented entertainment venues.

Such entertainment venues can draw well into the 30- and 45-minute drive sheds. Patrons often will dine near the entertainment venue.

This suggests a good market opportunity for economic growth in Meredith, one that also promises to improve the quality of life of most local residents.

E. Hobbies.

Residents have above average rates of pet ownership in all drive sheds and expenditures on pets are also above average in the 15-minute shed.

The hotel guests and second home owners are also above average in pet ownership.

Many owners buy special foods and toys for their pets, often from their pet groomers or from specialized shops that also offer an array of pet jewelry, collars, clothing and carrying cases.[32] Some might say that these products, which normally appeal to those with higher incomes, border on the outlandish. But, many of these “special” pet products represent “affordable luxuries” -- e.g., a dog’s raincoat costs about $120 in one well-known shop -- that can make good gifts and are easily transportable. A significant number of hotel guests, second-home owners and high income drive shed residents may be potential customers for such pet products.

Bird watching apparently is another avid pastime among drive shed residents. Hotel guests and second-home owners are also above average in bird watching. Benefits for Meredith’s retailers might be leveraged from this bird watching enthusiasm by:

- Organizing bird watching tours for tourists which might keep them in town longer. Such tours would also reinforce Meredith’s image as a fun and enlightened place. Special tours might bring in speaker-guides from Cornell’s Lab of Ornithology.
- Selling related merchandise such as binoculars, walking sticks and Peterson Field Guides
- Selling bird feeders, bird baths and bird houses, especially if crafted out of local woods by local artisans.

F. Outdoor Activities.

Participation in outdoor activities is both an indication of an individual’s lifestyle and a predicate for needing clothing and equipment related to those activities. Such needs shape potential customers for sporting goods stores. The participation rates of the hotel guests and the second home owners, as revealed by the Tapestry data, are far above average in a wide range of outdoor activities, especially skiing, tennis and golf. Given that they also have substantial incomes and are Nordstrom-type shoppers, it seems reasonable to conclude that they will spend commensurately on sports equipment and clothing.

[32] See, for example, Chic Doggie at http://chicdog.com/home.htm.

Drive shed residents are also avid outdoor persons. Their favorite activities are power boating, canoeing and hunting with a rifle. However, their expenditures for sports equipment are below the national average in all drive sheds.

G. Games and Toys.

In many well-educated, high income communities, parents -- especially those who will send their children to Montessori Schools --search for toys and games that are made from wood. Some toy stores, such as Wooden You Know in Maplewood, NJ, feature such wooden toys and games.[33] A lot of the sales are over the Internet to parents who look nationally for these toys and games. Many of the toys are purchased by grandparents. Meredith appears to have a lot of grandparents, which may be the reason why toy expenditure potentials in the 15-minute shed are 10% above the national average. The hotel guests and second home owners had MPI scores 8% and 16% above average for purchasing children's toys. Wooden toys and games, such as those crafted by the students at Berea College in Kentucky, are the kinds of items that tourists of all kinds might buy for their children, grandchildren, nieces and nephews (see Figure 1). They also are easy to throw in a car and inexpensive to package and ship. A good example of a small New England company that crafts wooden toys is Michael's Toys in Rutland, VT. It hand makes rocking, horses, cows, deer, moose, trucks & trains. Michael's also hand crafts wooden name signs and commercial signs and does country scene wood carvings and folk art.[34]

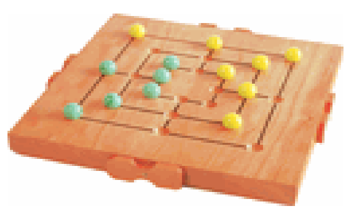

Figure 1. Wooden game made at Berea College

There are a lot of people living in or near Meredith that like to do woodworking. The MPI scores for woodworking in the three drive sheds are 148, 145 and 149 respectively. Some of these people are bound to be craftsmen able to make not only the wooden toys and games, but also wooden bird feeders and bird houses. The potential demand for locally crafted wood products has economic development implications besides their impact on local retailing. The craftsmen may also start new small companies.

H. Food At Home.

Local residents apparently like food, whether it is prepared at home or enjoyed in eateries. Expenditure potentials for food at home products by households in the 15-minute drive shed are 15% above the national average, totaling about $34.1 million/yr. If the expenditure potentials of the second home owners are included,

[33] Their website is http://www.woodenyouknowtoys.com/
[34] Michael's Toys website address is: http://michaelstoys.com/

the estimated total ranges between about $36.2 million and $37.7 million. Dividing the total expenditure potentials, adjusted for non-food supermarket expenditures, by the average sales/SF for supermarkets of $353.55 reveals that local demand can support a total of between 115,000 SF and 120, 000 SF of supermarket space in the drive shed.

The manager of Jackson Star reported that his store has about 16,000 SF of space. Jackson Star's biggest competitors, the Hannaford and Shaw's in Gilford, following their preferred format sizes, have an estimated total of between 101,000 SF and 125,000 SF. Together, they are between six and eight times larger and stronger than Meredith's supermarket. Accordingly, they have far more "gravity" and are able to attract more people from further distances. Their size and power effectively constrains the size of the Meredith supermarket's trade area -- unless it has strong advantages in unique products and customer service -- making it smaller than the 15-minute shed.

Table 18. Potential For New Supermarket Space in Meredith

	Estimate 1	Estimate 2
Food Expenitures		
Meredith HHs	$ 13,920,861	$ 13,920,861
2nd home owners	$ 2,041,063	$ 3,581,314
Subtotal	$ 15,961,924	$ 17,502,175
Estimated Non-Food Supermarket Expenditures*	$ 1,972,822	$ 2,163,190
Total Potential Supermarket Expenditures	$ 17,934,746	$ 19,665,365
Demand Supportable Supermarket Space (SF)	50,728	55,623
Existing Spermarket Space (SF)	16,000	16,000
Demand Supportable New Supermarket Space (SF)	34,728	39,623
* According to FMI, nationally this is about 11% of a of a supermarket's total sales		

As a result, in assessing the potential for attracting more supermarket space to Meredith, the DANTH team focused on the Town of Meredith instead of the 15-minute drive shed. Table 18 represents the key variables in the analysis:

- There are two estimates to accommodate the high and low estimates of the second home owners potential consumer expenditures (Estimates 1 and 2)
- The potential food at home expenditures of Meredith's residents and second home owners were totaled
- Then these figures were adjusted to add in potential non-food supermarket expenditures, which is displayed in the row titled Total Potential Supermarket Expenditures
- Total Potential Supermarket Expenditures were then divided by sales/SF of $353.55, to estimate how many square feet of supermarket space these expenditures could support: 50,728 SF for Estimate 1 and 55,623 SF for Estimate 2.

- The amount of existing supermarket space, 16,000 SF, was then subtracted, producing estimates for how much new supermarket space the potential demand in Meredith can support of between 34,728 SF and 39,626 SF. That is a ballpark estimate of the size of a new supermarket in Meredith that would have market feasibility
- The analysis also assumes that about 20% of Meredith's supermarket expenditures would still go outside of town, but would be neutralized by an equal amount spent by out-of-town shoppers in Meredith's supermarkets.
- The analysis makes no assumptions about the new market's ability to win market share from the existing supermarket.

While there is market support for a new supermarket in the 35,000 SF to 40,000 SF range in Meredith, issues remain regarding the willingness of quality chains to open supermarkets in this size range and the availability of a suitable site. Hannaford, for example prefers to open new stores having 45,000 SF to 55,000 SF, while Shaw's prefers new stores to be between 56,000 SF and 70,000 SF. DANTH estimates that a site of between 3.1 and 3.8 acres would be required to accommodate a new Hannaford market and its parking; between 3.9 and 4.8 acres would be required to accommodate a Shaw's market with its parking.

There is a growth opportunity here. The challenge is how to make it happen.

I. Food Away From Home.

Residents in all drive sheds dine out more frequently than the average American and in the 15-minute shed the expenditure potentials are also above average, totaling about $21.6 million/yr.

Meredith's hotel guests have a general trait of eating out with above average frequency, a trait that strengthens out of need when they are tourists. They potentially spend between $3.6 million and $4.4 million annually in restaurant while staying in Meredith.

Meredith's second home owners year round have an above average rate of eating out, with estimated potential expenditures while in Meredith of between $1 million and $1.9 million each year.

Together all of these segments represent an estimated potential expenditure potential between $26.2 million and $27.9 million/yr. This level of demand is sufficient to build a group of attractive eateries that can attract diners from the 30-minute shed that has about a $59.3 million expenditure potential for eating out. A really strong group of restaurants can even penetrate meaningfully into the 45-minute drive shed and capture some of its $163.1 million in potential expenditures in eateries.

Among the market segments under discussion there is a fragmentation in the type of restaurants they prefer. The hotel guest and second home owners are strong patrons of upscale tablecloth restaurants such as Cheesecake Factory, which local residents are not fond of. Local residents are about average in dining at McDonald’s and slightly under average in dining at Friendly’s. The Main Street-USA segment enjoys Applebee’s, Outback Steakhouse, and Red Lobster.

DANTH believes the size and nature of these markets presents growth possibilities.

CHAPTER VI
ACTION PLAN

The objective of the Action Plan is to suggest viable actions that can be taken by the Greater Meredith Program, the Township of Meredith and/or local business leaders to achieve the market retail growth potentials discussed above.

A. Urban Design Recommendations

From a strategic perspective, it is important that local retailers be able to capture as many sales as possible from existing customer traffic. Half the job -- getting potential shoppers into Meredith -- is already done. Often, urban design issues make it difficult for merchants to get these customers into their shops.

1. Main Street Is Invisible It is a simple truth that if people do not know about Meredith's Main Street, they are not apt to go there. The two members of the DANTH team made separate visits to Meredith. Their initial impressions were that Rte 3 was the "Main" commercial thoroughfare and both had to be shown where the real Main Street was. Field observations suggest that drivers along Rte 3 can easily miss Main Street. Drivers on Rte 25 heading west may see Main Street where it meets Rte 3, but many may not comprehend that what they see is the gateway to an important commercial node. They may see the "picture," but have no "caption" to explain it.

Figure 2. Wayfinding sign to Main Street, its shops and public institutions

Main Street has lots of eateries. Many tourists driving through Meredith are probably looking for a place to eat. Main Street's invisibility is definitely hurting its restaurants. People stopping to eat on Main Street also are likely to stroll and look into other shops, so the invisibility issue hurts other Main Street merchants as well.

The DANTH team looked for signage indicating Main Street's location and could only find the one shown in Figure 2. If other signs do exist, the fact that they were looked for and could not be found presents another dimension of the problem.

The existing sign did not really stand out. It did not say to passing motorists: "Take a look, there's something important here!" It did not say to local shoppers at the Meredith Shopping Center: "Hey, don't forget about us!"

Figure 3. Gaslamp District sign, San Diego, CA

Figure 4. Larimer Square sign, Denver, CO

Figure 5. Main Street gateway structures, Dunedin, FL

Figure 6. Gateway structure, Philadelphia's Chinatown

Recommendation 1: Improve the wayfinding to Main Street from Rte 3 and Rte 25, especially at the Rte 3 gateway

Many other commercial districts have similar problems of invisibility. For example:

- Leaders of San Diego's Gaslamp Quarter felt that it was not being noticed by the crowds attending events at a nearby sports stadium. To help corral these sports fans into the Quarter's restaurants and bars, local leaders put up the sign shown in Figure 3
- Larimer Square in Denver is a small commercial node filled with historic buildings, charming boutiques and popular restaurants, but it is one long block from the downtown's 16th Street pedestrian mall. To help lure pedestrians from the mall, Larimer Square's leaders put up the sign shown in Figure 4. The Larimer Square sign cleverly uses international symbols to indicate the types of businesses visitors can find there. That's very helpful.
- The intersection of Main Street and Rte 3 is Main Street's main gateway. Many downtown districts work hard to announce their gateways to let visitors know that they are entering their districts. Sometimes these involve gateway structures. Figure 5 shows what has been done at the gateway of the Main Street in Dunedin, FL. Figure 6 shows the gateway structure to Philadelphia's Chinatown.

No one on DANTH's team is either a graphics designer or architect, so it does not have the expertise to make a specific recommendation about wayfinding. The signs and gateway structures pictured above are meant to inform Meredith's decision-makers. However, the DANTH team's expertise in retailing does give it a firm foundation for saying that Main Street's invisibility is a serious problem, one that needs to be dealt with. The DANTH team also believes that rectifying this problem may be the simplest, quickest and most cost-effective way to increase the revenues of Main Street merchants.

2. Meredith's Retailing is Fragmented and Dispersed. Commercial districts work best when they are compact, multi-functional and pedestrian friendly. [35] Pedestrian activity increases the probability that visitors will enter more district shops and restaurants -- inviting them to use their cars is an invitation to leave the district. Compact districts have reduced walking distances between commercial destinations which encourages pedestrian trips and heightens pedestrian flows. Multi-functionality gives folks more reasons to visit. Heightened pedestrian flows help give visitors the feeling that there is something vital, exciting and attractive in the district. They also make people feel safer.

If visitors walk more they will pass more shops, probably enter more of them, and are likely to spend more money in Meredith.

[35] N. David Milder, "Crime and Downtown Revitalization," Urban Land, September 1987, pp. 16-19

As was noted at the beginning of Chapter II, Meredith has five commercial nodes. That evidences a level of commercial fragmentation and dispersion that can inhibit pedestrian activity, reduce the number of commercial destinations visitors will enter and lower the receipts of Meredith's merchants.

Recommendation 2: Create a core pedestrian-friendly area in Meredith

Successful commercial pedestrian cores share many of the following characteristics:

- Traffic on main arteries that is not too fast, with ample safe crossing points for pedestrians
- Design that is properly scaled allowing most residents to get to most services in ¼ mile (a walking distance of 1,320 feet)
- Intact town center with a pleasant main street containing a hearty, healthy set of stores
- Many public places for people to assemble, play and associate with others
- Streets and trails that are well linked,
- The town has a vision and decision makers are visionary, communicative, and forward thinking.[36]

Olde Province Common on Rte 104 is too far away to be integrated with the other nodes in a pedestrian-centric core. The distances between Main Street, the Marketplace at the Mills and the Meredith Shopping Center are not of a magnitude that should impede pedestrian traffic and cross-shopping. The distance from the Main Street node to the Shops at Meredith Place and the Winnipesaukee Scenic Railroad, an eight to ten minute walk, is more problematical, though possibly not insurmountable. Incorporating properties on the eastern side of Rte 3 from Rte 25 to Church Landing into the pedestrian core would also be very beneficial.

What is now stopping the Main Street, Marketplace and Meredith Shopping Center nodes from acting as one commercial core are Routes 3 and 25,with their traffic, car speeds, crossing points and the lack of sidewalks that pedestrians might perceive as appealing and safe.

The DANTH team has been informed that a major study is now underway that is aimed at calming traffic along the Rte 3 and Rte 25 highway corridors and making them more pedestrian friendly. That was very good news. Such a project could result in the creation of the pedestrian friendly core recommended above. That would be economically great for local retailers and improve the quality of life of the rest of the community.

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[36] See: Bill Ryan, "Economic Benefits of A Walkable Community," Let's talk Business, Issue 83, July 2003

B. Niche Recommendations

1. Some Preliminary Comments about Niches. Niches are marketing concepts and not defined by NAICS or other coding schemes. Most strong niches have firms from several NAICS categories. A wedding niche, for example, can include shops that sell gowns, shoes, flowers, rings, tuxedos, and wedding gifts as well as catering halls, limousine companies, printers and travel agents.

Firms can be in more than one niche. An apparel shop could be in an apparel niche as well as in a sports niche if it sells athletic apparel. Furthermore, a niche (e.g., restaurants) can be marketed on its own or as part of a more broadly defined niche (e.g., entertainment).

It is easier to grow an existing niche than to establish a new one. However, often existing niches are not organized, so they cannot act as a marketing unit.

Meredith has many established niches that can be organized and grown.

2. The High Income Niche. The market analysis showed that high income households -- be they hotel guests, second home owners or local residents -- provide most of the demand for apparel, sports equipment, furniture and home furnishings. They also account for substantial amounts of the potential spending in Meredith's eateries and for groceries. Most importantly, the analysis of the competitive environment strongly suggests that they may be the most under-served by retail establishments in the 45-minute drive shed.

Recommendation 3: Make Meredith a "lifestyle activity center" for persons in high income households

The use of the term "lifestyle activity center" is deliberate because it conveys that successfully attracting these high income shoppers depends greatly on getting them to play, dine, relax and amuse themselves in Meredith. While some of their shopping will be destination driven -- they want to go to distinct shops -- much of it will be ancillary to their participation in these non-shopping activities in Meredith. Furthermore, these upscale shoppers do not just buy merchandise, they often look for unique and amusing shopping experiences.

Establishing such a niche in Meredith would create a strong and unique attraction that can definitely capture market share in the 30 minute drive shed and, as it strengthens, probably penetrate well into the 45 minute shed.

This niche could include restaurants, spas, hair and nail salons, apparel shops, home furnishings shops, wine stores, specialty food stores, sporting goods stores, architects, interior designers, hotels, etc. -- any business operation that caters to a high income customer.

Meredith has a number assets on which to build such a center. It already has, as the market research has shown, a significant amount of upscale customer traffic. Lake Winnipesaukee and its waterfront, two golf courses, an appealing and walkable Main Street and some nice hotels, shops, restaurants and spas are solid attractions to build on.

Existing merchants can be in the niche by having appropriate merchandise and offering an extremely high level of customer service.

There are a number of improvements that would help attract more upscale visitors from the drive sheds and the rest of the nation and encourage them to stay longer:

- The pedestrian-friendly core area discussed above
- More cultural venues (see below)
- More informal entertainment opportunities (see below)

Some may question: "What about Meredith's average residents? Are they being overlooked?" DANTH's responses are:

- Many of the recommended improvements, such as more cultural and informal entertainment venues, will benefit everyone
- Many of the other recommendations for other niches below would improve the retailing available to the average Meredith resident
- Some average Meredith residents occasionally may be willing to pay a premium price for "products and services that possess higher levels of quality, taste and aspiration than other goods in the category but are not so expensive as to be out of reach.[37]
- Many successful merchants that feature luxury brands will have a fairly broad price range aimed at building demand among middle-income customers.

Recommendation 4: Meredith's business operators must learn to "pamper" these upscale customers.

A significant number of relatively small shops in the New York - New Jersey-Connecticut region have learned how to lucratively attract upscale shoppers. This is how one reporter explained their success:

> "They treat their customers like kings and queens. They send limos and greet clients by name, dispensing cappuccinos and elaborate gift wraps along with fashion advice. They send cards for birthdays and anniversaries, thank-you notes and flowers after large purchases. They

[37] Michael J. Silverstein and Neil Fiske, Trading Up: The New American Luxury, (Penguin, New York: 2003) pp. 316 , p.3

> know their clients' favorite baseball teams and, more to the point, their preferred designers. And on request, they let patrons shop after hours."[38]

Normal customer service is passé for these shoppers. The perfunctory, "Hi, how can I help you?" -- even with a smile -- is not enough. Nor is the occasional special order or home delivery. Pampering is now required; lots of personalized services on every visit to make the shopper feel special and cared for.

While providing limos is probably a bit much in Meredith, pampering customer service is an absolutely critical factor for merchants who want to be in this niche.

Recommendation 5: Meredith's business operators must stock the fashionable, well-designed merchandise that upscale customers look for.

Fashion and good design have become increasingly important in retail sales over the past decade as evidenced by: the successes of Apple, Target, and JC Penny; the resurgence of the department stores; the new fashionista thrust of Wal-Mart and the huge fashion concerns of the Hip Hoppers. Piling merchandise high and selling it cheap is a retail formula of diminishing power. This is especially true with regard to high income households.

Shopping in many of Meredith's stores, DANTH team members found that generally the merchandise, ranging from shoes to crafts, was targeting the middle market much more than the upper income shoppers. Much of the merchandise did not seem to match the incomes and lifestyles of the hotel guests and second home owners. This may be associated with merchant fears of asking higher price points. However, design and fashion-conscious shoppers are less concerned about price -- Apple customers are again a good example. The middle market orientation might result from the merchants' lack of awareness of the high income market potentials. Many merchants judge the market by who now walks into their shops; not by who has the most spending power: the top 20% of households in terms of income account for 60% of the nations retail expenditures. They are a small share of walk-in customers.

It must also be noted that not all merchants need to go more upscale to establish the retail portion of the high income lifestyle activity center. A cluster of about 10 shops and restaurants would be adequate. It could grow from there.

Making the Transition. To transition to more upscale shoppers, existing merchants will incur risk, yet need to have a critical mass of new merchandise. In-store boutiques may be one way of limiting risk, while establishing a viable beachhead in the new customer market.

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[38] Marcelle S. Fischler, "A Cappuccino With That $5,000 Suit?", New York Times, November 18, 2006.

Recommendation 6: Design and implement a special" formal" advertising campaign for this niche

Niches need to be advertised and promoted. Advertising provides both images and captions for the niche. In many communities there are strong niches that no one is aware of because there is no public image or description of it.

Figure 7 presents a template for a children's niche ad in the Bayonne Town Center (NJ). The niche has been named Kid's Row. The ad template facilitates the selling of ad space by the newspaper or magazine It also assures the newspaper or magazine will produce the desired ad.

Figure 7. Template for a niche printed ad

This ad template demonstrates a lot of the attributes of all good niche ads:

- There are the individual ads of each shop
- The center or core of the ad focuses on promoting the niche
- The niche is promoted by emphasizing a wide range of choice and convenience

Effective radio and cable niche ads functionally have the same attributes, but the individual store ads usually have to be rotated because of time constraints.

This approach to niche advertising can be used with all of the niches discussed in this report.

Adapting the Bayonne template for Meredith's lifestyle niche might involve:

- Replacing "Kids' Row" with a tag line like "Living the Good Life"
- Filling the boxes with ads from high end hotels, spas, restaurants, specialty food stores, jewelry shops, arts and crafts galleries, theater productions, concerts, marinas, golf courses, etc.

Recommendation 7: Identify and cultivate store and niche "apostles" who can be the engines of an effective word-of-mouth campaign

Word-of-mouth is a powerful marketing tool, especially among the high income households targeted by this niche. But, word-of-mouth "buzz" is often difficult to start.

One simple way is to be sure to ask satisfied customers to tell their friends about the store, restaurant, spa, etc. Hopefully, they will become apostles for the business in question when they return home -- be it in one of the drive sheds or elsewhere in the nation.

One of the reasons that Callaway was able to come from no where and become a major manufacturer of golf equipment and clothing was its success in getting its drivers in the hands of many well-known professional golfers. The lesson for Meredith merchants is that they should also be alert to identifying and then courting customers who are opinion leaders in their local communities or in the media . They can be politicians, entertainers, athletes, successful businessmen, etc. Everything should be done to ensure that an opinion leader's experience in a Meredith shop, restaurant or hotel is positive.

Meredith's business leaders, either individually or in concert, also may want to identify opinion leaders who are not current customers and then intentionally bring them to town, so they might be wowed and become apostles. For example, a huge proportion of Meredith's hotel guests come from a few counties around Boston. Travel reporters, both print and electronic, whose stories penetrate those counties, might be lured to Meredith and courted. So might the mayors of Lexington, Weston, Wellesley and Newton, MA.

3. The Entertainment Niche. While there has been a recent resurgence in downtowns and Main Street districts, they usually have not revived their roles as destination locations for comparison retail. The revitalization of their retail base has more frequently resulted from merchants being able to make sales to visitors drawn by other uses, such as a strong entertainment niche. A strong entertainment niche in Meredith would help local business operators by attracting more visitors --from the local drive sheds as well as elsewhere in the country -- and providing reasons for them to stay longer. It also would help imbue retailing with the entertainment element that many shoppers like.

Recommendation 8: Develop an entertainment niche that has strong formal and informal components

Formal Entertainments. Meredith now has a small movie theater. The new Community Center, which is about a mile north of the Rte 3-Rte 25 intersection, can be a venue for plays and concerts.

Apparently there is a strong possibility that a small theater company soon will move to Meredith, locating near the Rte 104 corridor. DANTH's research elsewhere suggests that it would draw substantial patronage from the 30-minute drive shed.

There also has been periodic discussion of creating an Archie Comics Museum.

These projects should be supported and encouraged.

Recommendation 9: Create an outdoor amphitheater on the lakefront

Figure 8. Amphitheater in Greenport, NY

Greenport, NY, a small resort community with a population 2,500, has built a waterfront amphitheater that is used for concerts, plays and similar events. It also provides an attractive place were visitors can just sit and appreciate the views of the water. (See Figure 8).

A similar facility in Meredith would provide a venue for performance events close to the recommended new pedestrian-friendly commercial core that also takes advantage of Meredith's greatest drawing card -- Lake Winnipesaukee.

Also, events staged in such a venue are likely to be free or have negligible admission fees.

Figure 9. People-watching and eating In Bryant Park, NYC

Figure 10. Chess table, 16th St Mall, Denver, CO

Figure 11. Slot car racing in Bayonne Town Center, NJ

<u>Informal Entertainments</u>. The term entertainment is used here in an un-conventional manner, because it is important to get beyond equating entertainment just with formal venues such as theaters, movies houses, concert halls, cabarets, museums, etc. In this report, entertainment will mean anything that amuses observers. People are entertained when they are amused or pleased by observing something -- most often, other people, but it can be works of art, animals, etc.

<u>Recommendation 10: Program Meredith's public spaces with opportunities for informal entertainments by providing necessary infrastructure and equipment</u>

Great public spaces provide opportunities for people to engage in activities that they enjoy and that also interest and amuse nearby people-watchers. Think of the ice skaters drawing the ever-present crowds above the rink in Rockefeller Center. Similarly, in Manhattan's Bryant Park, you'll find young men and women seated and watching each other and chess players, who always attract an audience. Greenport, NY, has used a carousel and waterfront location to create a wonderful public space where people can watch and be watched by other people. Other downtowns have fostered entertainment with facilities such as:

- A model boat pond
- A children's pony ride
- Tables where people can play chess, checkers, or dominoes (see Figure 10)
- A Wi-Fi hotspot to access and cruise the Internet on laptops
- A place to catch the sun — a favorite pastime for office workers and young tourists in the spring and summer (see Figure 9)
- Places to buy food and eat lunch alfresco
- Outdoor cafes for sipping coffee and eating snacks
- Slot car racing for kids (see Figure 11).

Visitors will “perform” if the opportunities are there. To sail a model boat, a suitable pond or pool is required. To sit in the sun and people watch requires an attractive place with benches and chairs to sit on. By programming its public spaces in this manner, Meredith will considerably strengthen its ability to entertain visitors.

Sometimes an informal entertainment requires special personnel. For example, local residents, hotel guest and second home owners are really into bird watching; birding tours for them of the Meredith area for would require a knowledgeable bird watcher.

Informal entertainments are usually public and free. When there are fees, e.g., to ride a carousel, they usually are affordable for most people.

Restaurants. As savvy restaurateurs know, dining in a restaurant also can be an entertainment, one where the diner has a definite performance role and can be amused by such things as:

- The presentation of the food
- The sommelier uncorking a wine bottle
- A fish being filleted
- Crepes suzette being flambéed at your table
- The behavior and attire of other diners.

Moreover, in many locations, such as Old Pasadena (CA), Manayunk (PA), Rutland (VT), restaurants have provided the foundation for attracting other types of entertainment operations.

Indications are that Meredith’s restaurants are relatively strong:

- They do a significant amount of business, close to $14 million/yr
- Sales per restaurant are well above the state average
- Hart’s Turkey Farm, Giuseppe’s, Mame’s and Sunshine and Pa’s get two diamonds in the AAA tour guide; Town Docks gets one diamond[39]
- The is strong demand from local residents of all incomes, hotel guests and second-home owners.

Strong restaurant niches can, with effective marketing and promotions, capture more dollars from their existing trade area, while expanding the boundaries of that trade area. Top restaurants are also essential for building the higher income niche.

On the down side, Meredith lacks highly rated restaurants, such as the Manor Dining Room in Holderness (four diamonds) and the Woodshed in Moultonborough (three diamonds). They are, respectively, about 12 and 15 minute drives from Meredith.

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[39] Camp is listed “fyi,” meaning it has been noted, but not yet rated.

Recommendation 11: Attract a high quality restaurant, featuring an appropriate cuisine, that is associated with a "trophy" executive chef

Such a restaurant is needed to facilitate the growth of Meredith's restaurant niche.

A restaurant featuring first-rate New England cuisine would fit in nicely with the local culture and be attractive to the "foodie" patrons among the hotel guests and second home owners, who would quickly become its apostles. Chef Jasper White, renown for his traditional New England dishes, for many years operated a very successful restaurant in Boston, Jasper's, that featured dishes like New England pan roasted lobster.[40] He, or someone comparable, might be brought in as executive chef or consultant to help establish a similar type of operation in Meredith.

Recommendation 12: Many Meredith restaurateurs should use The Cheesecake Factory's successful formula as a benchmark for their own operations

The Cheesecake Factory is very popular among second home owners and hotel guests. While it is highly improbable that the chain can be attracted to Meredith, its formula can be successfully adapted by local restaurateurs. The Cheesecake Factory formula has been described in the following manner:

> "Among its peers, The Cheesecake factory wins on taste, menu variety and portion size. These differences are based on real differences on the technical level, including foods made from scratch on the premises -- from high quality and fresh ingredients -- rather than outsourced , two menu changes per year, and an environment characterized by an upscale and contemporary design. These benefit layers support the emotional Wow! factor for which tourists and regulars alike will obligingly queue up for one to two hours." [41]

Recommendation 13: Try to attract a reasonably-priced steakhouse

Meredith might benefit from a reasonably-priced restaurant that is overtly a steakhouse and watering hole. The Sirloin Saloons in Vermont are examples of this type of operation. Such a restaurant would have broad market appeal and mesh nicely with the consumer tastes of most local residents.

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[40] He also authored a highly regarded cookbook on this cuisine: Jasper White's Cooking from New England: More Than 300 Traditional Contemporary Recipes

[41] Michael J. Silverstein and Neil Fiske, Trading Up: The New American Luxury, (Penguin, New York: 2003) pp. 316 , p.133

4. Supermarket, Drugs and Convenience Niche. As was shown in Chapter V, there is unmet consumer demand that can support a medium-sized supermarket in the 35,000 SF to 40,000 SF range.

Recommendation 14: Recruit a supermarket to a location either in Meredith's pedestrian core or abutting it.

Such a store, if located in Meredith's pedestrian core -- and designed to fit in -- would both make a lot of local shoppers happier and provide a very strong, year-round generator of customer traffic that would benefit nearby merchants. The determining issues for such a project are: a) Hannaford's or Shaw's willingness to open a market in that size range in Meredith, and b) the availability of a suitable site.

If attracting a medium-sized supermarket proves impractical, there may still be other promising opportunities on a somewhat smaller scale that emerge in the next few years. Shaw's and Star Markets were purchased last year by Supervalu, which has been experimenting with a number of high quality, smaller markets around the country: Farm Fresh in Virginia, Bristol Farms in Southern California and Sunflower Market in Indiana and Ohio. Sunflower is particularly of interest. Its stores are programmed to be the 10,000 SF to 13,000 SF range. They are "small-box, yet value-priced natural and organic stores" meant to strongly compete with Whole Foods.[42] If Supervalu goes national with Sunflower, Meredith may be able to attract one.

The establishment of Meredith as a high income lifestyle commercial center would help attract a quality supermarket chain.

Recommendation 15: If a supermarket proves to be unfeasible, then a serious effort should be made to recruit a smaller specialty food store featuring prime meats, fresh fish, quality produce and prepared foods

As mentioned in DANTH's 2005 report, in Garden City, NY, the Town Meat Market is very popular and very successful. It sells prime meats, game, fresh fish, a lot of prepared foods for take out, some specialty breads, and fruits and vegetables. It occupies a street level space of about 1,800 SF, with a similar amount in the basement that is used for storage and food preparation. A significant amount of its business is accounted for by phone orders that are delivered to the customers' homes. A similar operation could be supported in Meredith. Meredith's second home owners spend between \$1.2 million and \$2.8 million on food for the home. Such a shop would win substantial market share from the high income residents in the 15-minute drive shed and they spend

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[42] "Supervalu's Supermarket Strategy", Businessweek Online, January 25, 2006

annually about $10 million on groceries. DANTH estimates that it would take an investment of $500,000 to $600,000 to set up a similar shop in Meredith.[43]

5. Home and Hearth Niche. One of the competitive advantages of a downtown niche is convenience: it offers a lot of choices in a focused range of goods and services in one geographically compact, walkable area. The wedding niche in Rutland, for example, meant that a couple did not have to travel from Manchester to Burlington to make all of their wedding arrangements and purchases, but could do almost all of them in downtown Rutland. Similarly, when people become involved in projects to make their homes more attractive and more comfortable convenience can emerge as an important factor. Furthermore, these ventures often grow: painting a room can generate a need for new drapes, other window treatments, new carpeting, a new pillow, etc.

Home and hearth niches contain a very diverse set of business operations -- including any that help make a home attractive, comfortable and safe. Besides retailers, it can include plumbers, electricians, sanitation specialists, roofers, carpenters, architects, landscapers and landscape architects, etc. Meredith has a sizeable existing home and hearth niche containing at least 14 retail shops including a hardware store, a lumber yard, and two furniture shops. This niche also has about seven antiques stores, three arts and crafts shops, 29 construction firms and about six professional firms that provide services related to this niche.

The large number of firms means that many of the needs generated by making a home attractive, comfortable and safe can be met in Meredith. That, in turn, means that Meredith's home and hearth niche can provide local customers with a lot of convenience. Its size and breadth suggests that it has the power to penetrate the 30-minute drive shed and, with some strengthening, possibly the 45 minute shed. Meredith's scenic beauty, eateries, informal entertainments and core pedestrian area all would reinforce the ability of firms in this niche to attract customers from a fairly wide geographic area.

As noted frequently in earlier chapters, there is strong and broad market demand for home and hearth products and services: about $28 million are spent annually on home furnishings by residents in the 30-minute drive shed; second-home owners add to this an appreciable amount. Hotel guests and day-trippers are also good customer prospects for this niche's products that are easily transportable.

Recommendation 16: Devise and implement a strong marketing campaign for the Home and Hearth niche

[43] This estimate assumes that the operator would lease and not buy the commercial space needed.

For Meredith's merchants to benefit from this niche, shoppers in the 30-minute trade area must know about it and the advantages it offers them in terms of the variety and quality of the merchandise, shopping convenience and the attractiveness of the shopping environment. A strong marketing campaign is needed to project the niche's image and to make shoppers aware of its advantages, because currently this niche is unknown.

One way is through coop print ads in local newspapers and magazines using a template similar to the one presented above in Figure 7.

Another way is to produce a simple brochure containing a listings of all niche member firms, a simple map showing their locations, and a short editorial piece promoting the niche's advantages. If space allows, inserting information about local restaurants, ice cream shops, bakeries and candy shops also can be effective. The brochures can be distributed at the check-out counters in niche member shops. Antiques niches across the nation have been producing brochures of this sort for many years and distributing them in a similar fashion (see Figure 12).

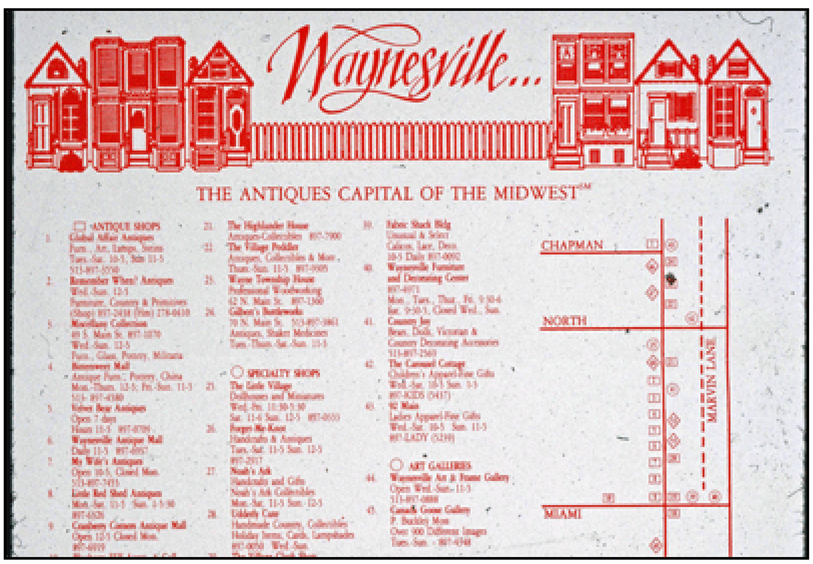

Figure 12. Part of Waynesville, OH, antiques niche brochure.

This advertising campaign will not only increase customer traffic, but also attract new business operators to Meredith.

<u>*Recommendation 17: At some point in the near future, serious thought should be given to building a Meredith Design Center*</u>

This building would provide the niche with a central physical presence and reinforce its image. It could have 10,000 SF to 15,000 SF ground floor retail space with one or two stories of office and showroom spaces above for interior designers, architects, mortgage finance companies, home security firms, real estate attorneys, etc. A live-work environment could also be created by having apartments on the third floor.

6. The Tourism Niche: General suggestions for increasing tourist market penetration: The tourist niche includes businesses offering goods and services that will be purchased by a significant number of tourists. Many businesses in this niche belong to other niches in this report such as restaurants and apparel shops. The following are general suggestions that should be considered in the business expansion and recruitment efforts for the stores serving tourists.

- Meredith should build upon its attributes that offer a unique and authentic theme. More locally created shops, restaurants, entertainment, museums, and other offerings, that provide an alternative to chain restaurants, multiplex cinemas, and the strip commercial development of American suburbs.
- Local authenticity of produces is important. New Hampshire/Vermont produced products are appealing to tourists. Shopping for unusual items is recognized as part of the recreational experience. Buying from the producer is especially appealing to the visitor.
- Capitalizing on tourism does not necessarily mean a loss of community character or identity. Even traditional retail businesses like a hardware stores can find numerous opportunities to sell to tourists.
- Build upon New Hampshire's tax-free shopping status.
- Factors that influence attitudes toward a shopping experience and the shop/purchase intention include:
    i. Beliefs about authenticity that make a souvenir genuine
    ii. Craft product features
    iii. Shopping value and perceived bargain
    iv. Past travel experiences
    v. Quality of store environment
    vi. How products fit into one's identity.
- Merchandise purchased in Meredith should provide a means of storing the memories and feelings from one's past experiences. Tourists may feel the need to bring some local flavor home from those distant experiences. Examples include maple syrup from Vermont, lobsters from Boston
- According to Robbin Halversson of the Mall of America, retailers selling to tourists should stock products that:
    i. Have an impulse appeal
    ii. Can be personalized
    iii. Are unique
    iv. Put a new twist on an old concept (e.g. jewelry with an Egyptian theme)
    v. Can travel easily (carry-on or suitcase)
    vi. Can be easily packed
    vii. Can be shipped if necessary

In addition to the above, various space and physical Improvements would help strengthen the environment for retail to flourish. These improvements would be especially important in capturing the second homeowner and hotel guest market segments:

- Additional retail space will be needed. Space should be added in character with the community. To the extent possible, the character of the Lakes Region should be reflected in retail space design and merchandise offerings.
- Successful tourist-based retail centers have some similar characteristics. They typically:
    - i. provide an intimate, distinct atmosphere and a strong pedestrian character;
    - ii. offer an experience and increase the lifestyle appeal of the community;
    - iii. have distinctive and consistent architectural design, (perhaps based on a historic theme);
    - iv. offer a variety of eating and drinking places that create a social ambiance;
    - v. lack traditional anchor tenants;
    - vi. include logo or merchandise shops with memorative or iconic appeal; and
    - vii. offer ongoing special events and activities.
- Tourism destinations depend on the special attributes of their locations. Meredith's attributes might its historic New England character and the beauty of Lake Winnipesauke . The retail center should build on these special attributes to achieve a unified and authentic theme that complements the surrounding area.
- The appeal of tourism-based retail is increased when a wide variety of shops are clustered around each other and near local services (as is the Inn at Mills Falls). New retail space should be linked to this cluster of commercial activity.
- The retail setting must be unlike those of competitors and recognizably different. Meredith's retailers should stimulate impulse shopping, even for things that the visitor could buy back home. However, it is important not to look too commercial. Consistency in signage, shopfronts and merchandising can be achieved through the following:
    - i. landscaping (and street-scaping) to clearly define the retail area;
    - ii. building size;
    - iii. pedestrian orientation;
    - iv. signs and icons reflecting local cultural, natural, recreational or historical features;
    - v. mobile kiosks;
    - vi. colorful storefronts with inviting window displays, entrances, awnings, umbrellas, and signage;
    - vii. outdoor entertainment.

- Retailers should create synergy with each other, and develop consistent marketing themes, promotions, displays and merchandising. Businesses should work together to promote each other and keep the shopper in town longer.

A sample of retail strategies that have been successful for a number of tourism-related businesses in the Midwest may be applicable to Meredith:

- Have a window show to grab the attention of pedestrians
- Use sidewalk displays
- Windows, windows, windows
- Appeal to the senses of sight, smell and sound
- Make shopping easy for parents
- Take a step back in time
- Offer an authentic experience
- Provide an entertaining and fun experience
- Give customers a hands-on experience
- Provide an educational experience
- Provide samples
- Offer convenience products to make visitor stays more enjoyable
- Personalize products
- Provide products that describe or reflect the local area
- Sell products that tie the visitor to the community
- Sell products that are made locally
- Stock items that the traveler may have forgotten
- Sell truly unique products
- Sell authentic products
- Sell products that display the name of your store
- Sell products that the visitors can take with them
- Offer free gift-wrapping
- Offer rentals
- Provide clean restrooms
- Provide repair services to visitors
- Provide special ordering capability
- Set hours of operation in relation to area attractions
- Post road maps
- Provide visitor information
- Teach employees about the area
- Deliver items to local hotels
- Offer shipping
- Guarantee your products and services
- Improve your out-of-town return policy
- Develop an Internet web site
- Develop and distribute an effective brochure
- Develop a mailing list
- Offer catalog sales
- Reach guests at local lodging facilities
- Reach tourists at their home via e-mail
- Use a sign-in book
- Sell items that complement, not duplicate, other stores in town
- Support local producers, artists and craftspeople
- Become a fond tradition for visitors
- Focus on building repeat business

Selected Sources on Tourist Retailing

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What Downtowns Should do to Make their CBDs More Visitor Friendly, Downtown Idea Exchange, March 15, 1999, pg. 1-2.

Yu, Hong, Tourist's Shopping Behavior, Iowa State University, April 2001

Kern, Cindy, The Shopping Traveler, Travel industry Association of America, 2000

Nelson, Linda, Taubman Centers and TIA Release First Ever Survey on U.S. Shopping and Travel Experiences, PRNewswire, April 26, 2001

8a. Tourist Niche: Some Specific Opportunities: Crafts and Performing Crafts. Crafts are very popular purchases with tourists. A national survey found that about 37% of tourists purchase crafts items on their trips.[44]

With Oglethorpe Fine Arts & Crafts, Annalee Dolls and the League of New Hampshire Craftsmen, crafts have a strong presence in Meredith.

DANTH's field observations found that in the shops offering crafts the merchandise and price points were targeted toward the tourists with comfortable incomes. Little was observed that might interest wealthier hotel guests and second home owners who have a lot more money and tend to spend commensurately more on crafts products and art. Crafts is one of the areas where the DANTH team believes that price ranges and product quality might profitably be extended upward, without the shops having to completely vacate their current market positioning.

Recommendation 18: Try to entice Annalee Dolls to relocate into Meredith's commercial core area, preferably on Main Street.

Annalee Dolls has a strong reputation and following. Its presence would enhance customer traffic on Main Street, especially if it had an eye-catching storefront. Its customers are likely to find the scale, ambience and restaurants on Main Street very attractive. Hotel guests, a short walk away, would be likely customers.

Recommendation 19: Create a wood crafts performance center on Main Street where visitors can watch skilled artisans hand-make birdhouses, bird feeders, toys and games, house signs, etc. from local woods.

[44] Travel Industry Association 2000 survey.

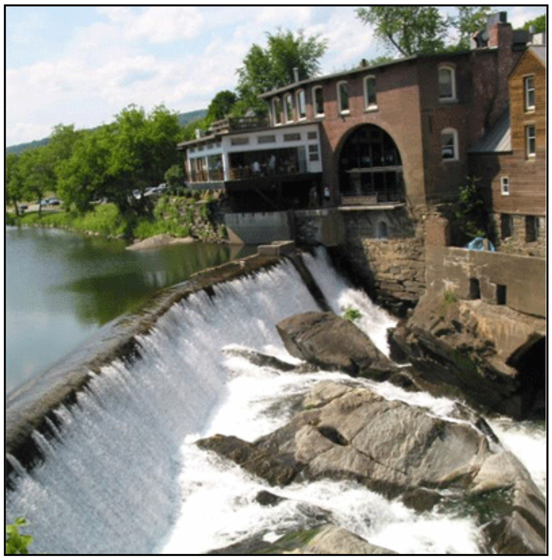

Figure 13. Simon Pierce's The Mill in Quechee, VT

The Simon Pearce retail store at The Mill in Quechee, Vermont, is perhaps the most brilliantly designed and executed retail project in the United States in an ex-urban location. It combines a superb site in an old mill located over a waterfall with a diverse range of household goods ranging from blown glass to ceramics and superb furniture. In addition, at this diverse destination you can watch glass being blown, ceramics being thrown and decorated, fabrics being woven and enjoy a meal in a three star restaurant that has attractive water views. The Simon Pearce store at Quechee is a strong destination and lots of people leave there with bags full of merchandise.

Duplicating The Mill in Meredith may be impossible, but it may be feasible to create an environment where artisans performing their crafts provide both entertainment and psychological inducements to make a purchase. It certainly should be possible to combine the "performance crafts" with dining and retailing in a compact, short-walk environment on Main Street. The wood crafts performance center could be accommodated in a 2,000 SF to 3,000 SF commercial space. There are a number of such locations on Main Street: a number of stores have been mentioned as possible redevelopment /rehabilitation sites and a few others are now under-utilized.

The available evidence strongly suggests that the market demand for the wooden crafts products mentioned above is sufficient to support a few local craftsmen.

While no one in Meredith now is doing this sort of crafts, there are a lot of local residents who enjoy woodworking and some should have the requisite skills.

Put together, the evidence suggests that the ingredients are there for a successful wood crafts performance center in Meredith. What is lacking is a chef with a recipe to make it happen. DANTH recommends that the GMP be the chef and implement the following program recipe:

- Identify a business location on Main Street where the owner is prepared to offer a reduced rent that would step back up to market rates in three years. The reasons the landlord should do it: a) it would be good for the community; b) getting a quality long-term tenant

- Create a group of local business advisors who are prepared to be friendly mentors and assist the new business with:
    - Obtaining adequate venture capital
    - Bookkeeping
    - Marketing
- Publicize the wood crafts performance center business opportunity within the 15-minute drive shed and solicit interested entrepreneur artisans
- Select the person(s) to do the project

8b. Tourist Niche: Some Specific Opportunities: Products for Pampered Pets. Every relevant market segment studied in this report -- local resident or tourist, moderate income or high income -- has a lot of pet owners.

Meredith is still too small to support a pet shop. Doggie Designs does "pet grooming and more."

Recommendation 20: An existing business, either in pet grooming or women's apparel, should offer a line of products for pampered pets, such as clothing, fancy collars and stylish traveling bags.

This merchandise line can be lucrative for one or two local shops, while creating a "buzz" that will add to Meredith's luster as an interesting place to shop.

The DANTH team believes that female tourists, buying on impulse, will be the biggest customers for these products. Accordingly, existing shops that have the following characteristics are most likely to be successful selling them:

- They are very close to the hotels
- They have a Main Street or Marketplace location where there is pedestrian traffic and an attractive storefront display window
- They sell very fashionable women's apparel.

The tourists are the "jump start" market segment -- a success with them will enable the merchant(s) selling the pampered pet products to penetrate the high income households in the 15- and 30-minute drive sheds.

7. Apparel Niche. Apparel is another niche where the DANTH team believes that price ranges and product quality can be extended profitably upward, without the shops having to completely vacate their current market positioning.

Recommendation 21: Meredith's apparel shops should focus more marketing attention on high income households living in the 30-minute drive shed.

The market analysis showed that the middle residential market offered local apparel merchants little opportunity for growth. Many of these merchants appear to be now focused on the tourist market. The remaining "untapped market" appears to be the high income residential market.

Recommendation 22: Merchants selling women's apparel should have computerized customer mailing lists which they use to invite shoppers to special promotional events such as sales, designer trunk shows and joint fashion shows.

The customer lists are essential if a merchant is to keep abreast of where his/her customers are coming from and they enable personalized communications that are more likely to spark a positive response.

8. Outdoor Recreation. Here, again, is a niche where the local middle residential market offers few growth opportunities. Nevertheless, the DANTH team believes that there is an opportunity to restore some recently diminished strength.

Recommendation 23: Make a strong effort to recruit a sporting goods store.

This recommendation is based upon the following considerations:

- Meredith's location -- especially with the lake, country side and golf courses -- is one that features opportunities to engage in outdoor recreational activities and that is an important reason why many visitors come to Meredith
- The market analysis showed that the hotel guests and second-home owners avidly participate in outdoor activities and spend above average amounts of money on athletic apparel and sports equipment
- It has been reported that the recent closings of some sporting goods shops was caused by the owners' desire to retire rather than a lack of customers.

C. Niche Business Recruitment.

The market research has indicated that national and regional chains with convenience-type operations have located in Meredith and are likely to do so in the future. However, when it comes to comparison shoppers' goods, prudence dictates that:

Recommendation 24: Meredith should rely on attracting and growing strong independent operators, not national or regional chains, to achieve growth.

That presents a strong challenge because, as any experienced real estate developer will report, recruiting good independent retailers is usually far more complex and four to five times as costly as recruiting a retail chain.

DANTH has conducted some research on this question that suggests that there may be a set of circumstances that make the recruitment of independent retailers a lot easier. In Englewood, NJ, for example, a number of people moved into town with backgrounds in the retail and apparel industries and within a few years they opened sophisticated and successful boutiques because they wanted to work close to their homes. In Maplewood, NJ, there has been a recent rash of retail openings by local well-educated residents with young children who wanted to work close to home. In both instances, business location decisions were being structured by quality of life considerations.

This finding is reinforced by the works of Richard Florida and Joel Kotkin which demonstrate that economic development now is being driven by a community's quality of life and its telecommunications infrastructure.[45] More and more knowledge workers are moving to where they will have the kind of lifestyle they want rather than where they think the best jobs will be. Many people are settling in ex-urban Valhallas, where they can "maximize their quality of life, a nostalgia for village or small-town values and easy access to modern telecommunications."[46] Given its geographic location, physical assets, broadband access and proven attractiveness to second-home owners and hotel guests, Meredith seems well-positioned to become a Valhalla.

Recommendation 25: Create a PR program to pique the interest of hotel guests and second home owners in opening a business in Meredith

These people will know Meredith and probably be well-educated and have significant financial resources. Many also will be skilled business people. Most importantly, it should be remembered that a high batting average is not needed for the recruitment program to succeed: if only one or two new quality businesses a year are gleaned from the thousands of hotels guests and second-home owners, Meredith's retail base will be strengthened considerably.

Recommendation 26: For the niches in Meredith with growth potential devise a recruitment campaign aimed at independent businesses now operating in the Boston-Cambridge (MA), Manchester (NH), Worcester (MA), Providence (RI) and Concord (NH)areas.

This tactic puts the focus on the geographic areas where the hotel guests and second home owners come from. Some of the quality business operators in these areas may want to follow their customers to Meredith on a seasonal basis. Others may be looking for a Valhalla environment to move to.

Recommendation 27: Talk to hotel guests and especially second-home owners to find out who the good retailers are back home and, if possible, solicit their help in contacting these business people.

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[45] Richard Florida, The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community and Everyday Life, New York, Basic Books, 2004; Joel Kotkin, The New Geography: How the Digital Revolution Is Reshaping the American Landscape, New York, Random House, 2001

[46] Joel Kotkin, The New Geography: How the Digital Revolution Is Reshaping the American Landscape, New York, Random House, 2001, p. 134

Doing this can build an invaluable network of contacts that makes the recruitment effort easier to do and more likely to succeed.

Recommendation 28: For the niches in Meredith with growth potential also devise a recruitment campaign aimed at independent businesses now operating in a geographic band defined by 30-minute and 60-minute drive times from Meredith.

To find quality independent retailers in Meredith's drive sheds the GMP first must find a pool of quality independent retailers who run successful, popular and attractive retail stores. To find retailers for this pool:

- The staff and board members of the GMP should write down the names of quality retail stores that they know within a 30- to 60-minute drive of Main Street. If the retailer is less than 30 minutes away, there is a potential problem of cannibalizing the existing store; if the retailer is more than 60 minutes away there are likely command and control issues until they learn how to scale up
- However, with restaurants, look first for strivers who are either already in Meredith's retail core or elsewhere in the 15-minute drive shed. Sometimes thriving restaurant owners will open another restaurant nearby, using another concept
- Ask the really good retailers in Meredith to make similar lists
- If you are targeting restaurants, look at ratings by Zagat's and the AAA and ExxonMobil tour guides
- Ask friends in other Main Street organizations within your target geographic area if they have any superior retailers who might want to "chain;" it's a smart move to offer reciprocal information and assistance
- Make a combined list of the identified retailers, prioritize them and then go visit them. On these trips first shop the stores and talk to customers.[47]
- Then contact the owners of the retail operations that evidence quality, strength and good management

C. Seasonality and the Internet.

1. The Seasonality Problem. Seasonality is a fact of life for most business operators in communities that benefit from a lot of tourism. Indeed, some tourist havens, like Bermuda, even close for a month or two during the off-season.

In tourist benefited communities some business operators will earn enough money during the high seasons to be able to vacation when customer traffic slows. This vacation time is often a major reason these retailers do what they do for a living.

[47] Much of the above is taken directly from: N. David Milder, Downtown Business Recruitment, Kew Gardens (NY), DANTH, Inc., 2005, pp.32-33

For less successful retailers, the off-season is an understandable challenge. There are a number of strategic responses they can utilize to improve their positions:

- During the high season increase revenues by getting more dollars per sale from existing customers
- During the high season increase revenues by winning new customers
- During the off season increase revenues by getting more dollars per sale from existing customers
- During the off season increase revenues by winning new customers

Many of the action recommendations presented above implement one or more of these strategic responses.

2. The Internet. The Internet is another powerful tool that Meredith's merchants can use to identify and cultivate customers and increase sales – especially during the off-season. The most powerful aspect of the Internet is that it frees local merchants from the constraints of local markets. With the Internet the potential customers for Meredith's shops are not confined to drive shed residents or guests at local hotels or people who own second homes in town – their customers can be anywhere in the world and at any time of the year.

Recommendation 29: Meredith's merchants should establish websites for their stores.

Retailers in small and medium-sized communities across the nation are benefiting significantly from their Internet operations. These website are being used successfully to sell such diverse merchandise as: antiques, apparel, electronics, arts works, wines, jewelry, pens, crafts products, old clothing, and old books. For example, in downtown Ithaca, NY, there are three used book stores that are doing 50 % of their business on the Internet. In Lynchburg, Va., the Beeswax Candle Company started three years ago by combining a website with a store located on the edge of the downtown. Growing revenues on their website have since impelled the firm to move into a larger downtown space.

The costs of having an Internet store have been lowering steadily. Microsoft will soon be unveiling a new service aimed at small businesses that will make e-commerce stores easy to setup and maintain as well as very affordable. Yahoo already is busy trying to get small merchants to open e-stores. There is also the opportunity for merchants to open E-Bay stores.

Instead of waiting for the their downtown's annual sidewalk sale, a growing number of small merchants are using E-Bay to sell off their excess merchandise at the end of each season. A new chain, iSold It, makes it easy for individuals and businesses to sell on E-Bay and is rapidly spreading across the nation.[48]

[48] See: http://www.i-soldit.com/index.asp . This is a franchise operation.

Hotel guests and second home owners are part-time or infrequent visitors to Meredith. Both groups spend a lot of money on computers and software, which is consistent with high internet use. Their high incomes and education levels also are consistent with high Internet use, as the Pew Internet usage surveys show.[49] Internet marketing provides an opportunity to cultivate these customers and garner sales from them when they are back at their primary residences in the "off-seasons." The Internet means merchants do not have to 'let go" of customers because they become geographically distant.

The Internet also makes Meredith a viable Valhalla location.

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[49] See: http://www.pewinternet.org/report_display.asp?r=63, the Pew Internet & American Life Project