



PLANNING FOR BUSINESS EXPANSION

EXPANSION

IN

PROGRESS



ABOUT THE SOLUTION CENTER

The Main Street Solution Center is a free access portal to resources for communities and organizations working to revitalize and strengthen their local economies. The Solution Center's curated resources are designed to help guide and inspire local leaders and advocates as they navigate the complexities of downtown and neighborhood business district revitalization and economic growth.

ABOUT THE PARTNERSHIP

This Main Street Solution Center publication was underwritten by Michigan Main Street and Main Street Iowa. Their generous support demonstrates a shared vision and ongoing commitment to freely share knowledge, experience, tools, and best practices to fuel revitalization and economic growth in their own communities, and in locales spanning the nation.



ABOUT THE CREATORS

Leigh Young, AICP is Senior Main Street Specialist with Michigan Main Street and a driving force behind the creation of the Main Street Solution Center. Her deep passion for planning, placemaking, community engagement, and sustainable urban development is evident in her work to advance the cause for revitalization and economic development in downtown and neighborhood business districts across Michigan.

Jay Schlinsog, CMSM is the owner of Downtown Professionals Network (DPN), a Franklin, TN-based firm specializing in innovative, market-driven downtown and business district revitalization and economic development solutions. He brings more than thirty years of experience gained while serving as chief executive with chamber and district management organizations, and through his work with communities and organizations across the United States.

Ben Muldrow is a partner at Arnett Muldrow & Associates, a consultancy renowned for its creative approach to economic development, branding, and marketing strategies for small towns and cities across the nation. He brings an innovative mindset and a deep understanding of the unique dynamics of community branding to each engagement, blending traditional community values with modern marketing techniques to help communities and districts unlock their potential.

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BUSINESS EXPANSION PLANNING

Experience has shown that time and resources directed to retaining and growing existing businesses and supporting entrepreneurs is a winning economic development strategy. Efforts to retain businesses, and tools and resources that help businesses grow, can build confidence and heighten the appeal of your district as a place to relocate, expand, start a business, or invest.

Most business development experts agree that the process for expanding a business should closely resemble the process for starting a business, which typically begins with research to identify and profile the opportunity. Your organization can play a valuable role in gathering, tracking, and maintaining secondary and primary data that identify and support expansion opportunities.

SECONDARY DATA

Demographics

Demographics data from the U.S. Census Bureau and subscription or fee-based sources like Esri, Claritas, and others can provide a good starting point for evaluating expansion possibilities. Information can be helpful in assessing:

- How demographic trends, such as population, age, household income, and other variables, may inform a business's price points, product offerings, marketing, and prospects for growth.
- How changes in daytime population affect commerce, business operations, and the district's way of life.
- How changes in age, diversity, and other population traits could affect demand for products and services, menu items, amenities, etc.
- How education and employment levels might impact a business's staffing and hiring operations, future growth, and the cost of doing business.



POPULATION	5 Minutes	10 Minutes	20 Minutes
2010 Total	14,399	33,486	136,801
2020 Total	15,871	38,558	147,072
2022 Estimate	16,299	39,198	148,542
2027 Projection	16,655	39,921	150,588
Growth (2022-27)	2.2%	1.8%	1.4%
Projected State Population Growth (2022-27)			-0.2%



2022 DAYTIME POP	5 Minutes	10 Minutes	20 Minutes
Total Daytime Population	19,005	39,103	132,375
Workers	10,765	19,662	59,381
Residents	8,240	19,441	72,994
Daytime Change	16.6%	-0.2%	-10.9%



HOUSEHOLDS	5 Minutes	10 Minutes	20 Minutes
2010 Total	5,980	12,947	51,255
2020 Total	6,885	15,498	56,711
2022 Estimate	7,033	15,806	57,541
2027 Projection	7,222	16,196	58,711
Growth (2022-27)	2.7%	2.5%	2.0%
Projected State Households Growth (2022-27)			0.3%



MEDIAN HH INCOME	5 Minutes	10 Minutes	20 Minutes
2022 Estimate	\$62,828	\$78,836	\$91,154
2027 Projection	\$70,603	\$89,770	\$103,275
Growth (2022-27)	12.4%	13.9%	13.3%
2022 State Median HH: \$63,818		2022-27 Growth: 18.7%	



Psychographics

Psychographics – the psychological and cognitive attributes of a consumer that reveal their beliefs, values, and goals – can be used in conjunction with demographics to better position businesses for growth and expansion by providing an understanding of consumer behaviors and preferences. Consumer segmentation systems from Esri, Claritas, and others can offer insights useful for:

- Gauging the potential response of customers to new or expanded business concepts and features such as menu items, products, services, amenities, price points, merchandising techniques, etc.
- Creating or fine-tuning messaging, marketing, and advertising strategies to expand market reach (capture additional customers) or increase market share (capture additional sales) from targeted customers based on shared media preferences and lifestyle traits.

Demand and Supply Data

Data quantifying and projecting demand and supply for different business types or merchandise lines, like information contained in Claritas' Retail Market Power (RMP) reports, can be used to assess growth and expansion strategies by depicting the sales surplus or sales gaps (leakage) that exist in the marketplace. The information provides a good starting point for:

- Tracking overall sales volumes and retail trends.
- Identifying market strengths, retail clusters, and possibilities for complementary business types, products, and uses.
- Detecting gaps in the business mix and possible business repositioning, expansion, and recruitment opportunities.

Demographics are interesting, even invaluable...
but **NOT VERY PREDICTIVE.**




PSYCHOGRAPHICS OR LIFESTYLE DATA

Defining people by their **INTERESTS, HOBBIES**, how they spend their time, their social orientation, and so on.
MUCH MORE INTERESTING.

Two men might be demographic twins:

DEMOGRAPHIC	
AGE	= AGE
INCOME	= INCOME
ETHNICITY	= ETHNICITY
MARRIED	= MARRIED
2 KIDS	= 2 KIDS
ADDRESS	= ADDRESS

PSYCHOGRAPHICS

<ul style="list-style-type: none"> - Staunch Republican - Enjoys Country Music - Ideal vacation: fishing in Alaska 	  	<ul style="list-style-type: none"> - Loyal Democrat - Loves Grunge Music - Idea of fun: skiing in the Pacific Cascades
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SALES GAP FACTORS | DOWNTOWN IOWA FALLS DRIVE TIMES

Category—Factor	5 Minutes	10 Minutes	20 Minutes
Motor Vehicle and Parts Dealers	37.4	31.0	21.5
Furniture and Home Furnishings Stores	(37.4)	(45.8)	(54.2)
Electronics and Appliance Stores	19.5	9.5	(1.0)
Building Materials, Garden & Supply	45.4	36.8	27.1
Food and Beverage Stores	31.1	20.6	12.5
Health and Personal Care Stores	(23.9)	(6.5)	16.6
Gasoline Stations	(24.1)	24.1	59.8
Clothing and Clothing Accessories	(56.5)	(62.9)	(69.2)
Sporting Goods, Hobby, Book, Music	11.7	1.5	(9.1)
General Merchandise Stores	36.7	28.3	19.8
Miscellaneous Store Retailers	(10.2)	(20.2)	(30.4)
Nonstore Retailers	(61.0)	(67.1)	(71.9)
Food Services and Drinking Places	(24.9)	(31.2)	(35.4)

Source: Claritas Market Power® 2023 | Retail Stores Gap | Calculations by DPN



PRIMARY DATA

Primary data – information gathered from local sources and consumers – can be used to augment secondary data, to dig deeper, and to gauge consumer demand for different business types, products, and services. Methods for gathering primary data often involve consumer surveys designed to quantify demand, gauge appeal, and profile the target audience for preferred business types that show potential for growth and expansion.

Survey results point to retail and eating & drinking establishments that could be candidates for expansion or recruitment.

We care about what you think.

Answer this quick survey to let us know what matters to you and how we can continue to make Lafayette better!
 → surveymonkey.com/fr/lafayette

Source: 2023 Downtown LaFayette Consumer Survey.

Eating and Drinking
35 percent
 Selected Casual Dining Eatery as one of their top choices.

Retail Establishments
36 percent
 Selected Variety/General Store as one of their top choices.

Top Five Selections

Casual Dining Eatery	31%
Ice Cream & Sweets Shop	28%
Steakhouse	
Breakfast/Lunch Café	
Buffet-style Family Restaurant	

Retail Establishments

Variety/General Store	
Women's Clothing	
Bakery	
Butcher/Meat Market	
Home Goods/Outdoors	

OPPORTUNITIES AHEAD

EATING & DRINKING PLACES

Top 4 prospects for expansion and recruitment as determined by survey respondents' top choices.

Pizzeria and Grill	Steakhouse	Deli/Sandwich Shop	Brewpub
Top Choice: 24.7%	Top Choice: 19.6%	Top Choice: 18.7%	Top Choice: 13.0%
Top Features:	Top Features:	Top Features:	Top Features:
Variety of fresh toppings	Quality-cut steaks	Made-to-order sandwiches	Live entertainment
Open for lunch	Soup and salad bar	Daily lunch specials	State/Regional beverages
Paninis and subs	Gourmet burgers	Grab-and-go food items	Pub-style food options
Pasta dishes	Fish and seafood entrees	Healthy, fresh options	Outdoor seating
Pizza by the slice	Poultry entrees	Pizza by the slice	Games and activities
Survey Demo: Age	Survey Demo: Age	Survey Demo: Age	Survey Demo: Age
25 to 44: 31%	25 to 44: 35%	25 to 44: 47%	25 to 44: 58%
45 to 64: 31%	45 to 64: 39%	45 to 64: 31%	45 to 64: 18%
Survey Demo: HH \$\$	Survey Demo: HH \$\$	Survey Demo: HH \$\$	Survey Demo: HH \$\$
\$50K to \$100K: 38%	\$50K to \$100K: 32%	\$50K to \$100K: 29%	\$50K to \$100K: 37%
\$100K to \$150K: 22%	\$100K to \$150K: 25%	\$100K to \$150K: 20%	\$100K to \$150K: 26%
\$150K or greater: 16%	\$150K or greater: 23%	\$150K or greater: 25%	\$150K or greater: 29%

The survey captures local consumer preferences for specific menu items, products, services, amenities, and other features that could point to opportunities for existing businesses to expand, to add complementary products or services, or to alter their business model to fill gaps in the market.



Business surveys can be used to identify and prioritize tools and resources to support businesses and to stimulate business growth and expansion activities.

Q: Of the following, which pose the greatest challenge to sustaining or growing your business?

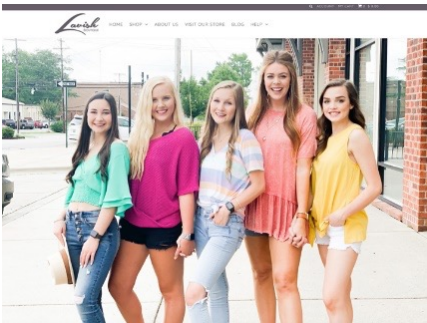
Business Challenges	Percent
Hiring and/or retaining quality employees	30.8%
Growing my customer base and/or capturing tourists	26.9%
Complying with county, state, and/or federal regulations	17.9%
Accessing capital for business improvements/expansion	12.8%
Complying with local licensing/regulatory requirements	11.5%

Most frequent responses shown. More than one selection per respondent allowed.

Q: Which of the following types of technical assistance and incentives, if available, would you be most likely to use?

Technical Assistance and Incentives	Percent
Low interest building improvement loans	33.3%
Low-interest loans for business expansion	30.4%
Free or low-cost building improvement design services	23.2%
Help to market your building or space	18.8%
Help on basic business start-up and operations topics	13.0%
One-on-one business counseling or coaching	7.2%
Help to create a succession plan or to sell your business	5.8%

Most frequent responses shown. More than one selection per respondent allowed.



Data showing a gap in the market was supported by local consumer survey findings demonstrating high demand for a coffeehouse in downtown Jasper, AL. The “supporting numbers” proved valuable to the owners of a women’s fashions boutique and its expansion to house Lavish Coffee Bar - a popular downtown attraction.

Lavish Boutique flourishes, expands in Alabama

By Nancy King Dennis
Alabama Retail Association
November 23, 2018



While that trip and the suggestion made at the town-hall meeting gave the Beatys the idea, “Main Street gave us the supporting numbers to tell us that the coffee shop would work,” Dustin said.

Mike Putman, executive director of Main Street Jasper, verified, “The reason this coffee shop is here is because of our market analysis.”



HINTS AND TIPS TO GET STARTED

The process often outlined for businesses contemplating expansion closely resembles the business startup process. Similarly, tools and resources designed to support entrepreneurs and to attract new businesses will often, somewhat naturally, translate to efforts to support growing businesses and to promote expansion opportunities.

- **Check** with local libraries, university extension offices, utility providers, SBDC, regional and state economic development organizations, and others to determine if access to data and reports from sources like Esri, Claritas, and other subscription and fee-based data sources might already be available.
- **Design local consumer survey questionnaires** to verify possible gaps in the business mix and to gather input on additional businesses, menu items, products, and services that are lacking in the area. Businesses may also be surveyed to identify and prioritize tools and resources to support their growth and expansion.
- **Share market information** with existing businesses, especially those who might have opportunities to fill product and service gaps by offering complementary products or services, by expanding their market reach and capture, or by altering the underlying business concept.
- **Maintain data** on district occupancy trends, building sales, leasing costs, etc., along with a current list of properties and spaces available for sale or lease, to help refer new and expanding business candidates and property developers to appropriate locations.

ADDITIONAL RESOURCES

Recognizing some of the different forms and routes by which growth and expansion might occur through a business' various growth phases can also be helpful to understanding how Main Street and district management organizations can most effectively support businesses and promote expansion opportunities. The following resources provide valuable insights and reinforce the vital role business growth and expansion activities play as part of broader community entrepreneurial ecosystem and business development strategies.

[Business Expansion | Inc.](#)

[When to Expand Your Business – Business Expansion Tips | by Kelly Hillock, Quickbridge](#)

[How to Expand a Business: 10 Tips to Help Your Business Grow | Nerdwallet](#)

