

Market Analysis

This chapter examines the existing and potential market for businesses on Main Street in downtown Norway. The market analysis asks, “Who currently shops here, and why; and who could be shopping here and how could we entice them?”

To address this question we looked at the demographics, income, and spending patterns of people in downtown Norway’s trade area; the geographic area from which most people come here to shop. This gives us clues about potential demand for goods and services. As part of the *Trade Area Analysis*, we also looked at the current supply of goods and services by analyzing data provided by the ESRI Business Information Solutions (see Appendix D for details on their methodology). To get an even better understanding of supply, we did our own inventory of how Main Street buildings are used and these findings are presented in the *Main Street Space Utilization* section.

Further, with the help of Norway Downtown Revitalization (NDR) volunteers we asked current customers of downtown businesses about their observations of Main Street and their opinions on how things could be improved. We asked nearby residents and visitors from away. The *Customer Opinions* section details what we found. Further, with NDR assistance, we asked the opinions of downtown business owners and analyzed responses in the *Business Owner Opinions* section.

Overview

The consumer market for goods and services offered in downtown Norway has been changing over the past several years in two important ways.

Smaller Market Share

First of all, the market has become smaller in light of increased competition from nearby retail centers and strings retail stores along strips of busy roads near Norway. Fifty years ago, downtown Norway was virtually the only choice for shopping among residents for miles around. Today, consumers have a wealth of choices, not only by jumping in their cars and driving to out-of-town stores, but also

through catalogues and internet shopping. The competition faced by downtown Norway stores is fierce and, like most Maine downtowns, their market has been losing ground.

The 1995 Market Analysis cautioned that Norway was transforming from a Community Retail Center to a Neighborhood Retail Center. Today, we are apt to confirm that the trend has continued and that downtown Norway is more characteristic of a Neighborhood Retail Center. The region's Community Retail Center is now on the Route 26 strip where Wal-Mart and Hannaford are located.

According to the Urban Land Institute's standard classification of retail centers, a community retail center typically provides for the sale both of convenience goods and of a range of comparison goods, including soft lines (apparel, fabrics, etc.) and hard lines (furniture, appliances, etc.). The community center makes a greater variety of merchandise available in sizes, styles, colors, and prices than a neighborhood center could attempt to do. It is built around the co-anchors of a supermarket and a discount department store or a variety store. Its typical size is between 120,000 and 200,000 square feet. Because of its size and mix of stores, its trade area is larger than, and often encompasses, the smaller neighborhood centers. Typically, it needs a trade area of at least 20,000 people and may range up to 100,000 people or more.

A neighborhood retail center typically provides for the sale of convenience goods and personal services for the day-to-day living needs of the immediate area. A neighborhood center usually has a grocery store as a principal tenant. Neighborhood centers range in size from 30,000 to 100,000 square feet. They typically need a trade area of at least 7,000 or 8,000 for a small center and up to 15,000 to 20,000 people for larger ones.

Although downtown Norway doesn't have an anchor grocery store characteristic of many Neighborhood Retail Centers, it has a lot going for it including two large employers, Stephens Memorial Hospital and Norway Savings Bank; the post office and town hall; and several residential neighborhoods in proximity to the downtown.

A Higher Percentage of Visitors

The second way in which downtown Norway's market has been steadily changing is due the decrease in the number of stores that provide day-to-day needs for local people: groceries, prescription drugs, hardware, and personal services. The downtown space utilization inventory that we conducted suggests that a much higher percentage of downtown businesses cater to people from farther away. Area

residents today shop for day-to-day needs in downtown less than they used to. As a consequence, a higher percentage of downtown shoppers are from farther away. It's not that there are more visitors shopping downtown, but fewer residents shopping in downtown.

Trade Area Analysis

Norway's primary trade area consists of residents of Norway and the immediate surrounding towns. Generally, a retail center's primary trade area is defined as that geographic area from which 70% of the shoppers come from.

For the purposes of the 1995 downtown study, based on customer survey data, the primary trade area was defined as residents of Norway, Paris, Harrison, Waterford, and Stoneham. Consultants at the time found that 12,720 people lived in those municipalities and roughly 74% of people interviewed on the sidewalk on an October day in downtown Norway were from those towns. Recent sidewalk interviews found that about 76% of downtown shoppers were from Norway, South Paris, Oxford, Harrison, and West Paris.

Five-Mile Trade Area Demographics and Spending

This year, with the availability of new information technology we defined the primary trade area as the area within 5 miles of downtown Norway (as the crow flies). See the map to the right which depicts a 2-mile ring, a 5-mile ring, and a 12-mile ring from downtown Norway. We analyzed data based on each of the

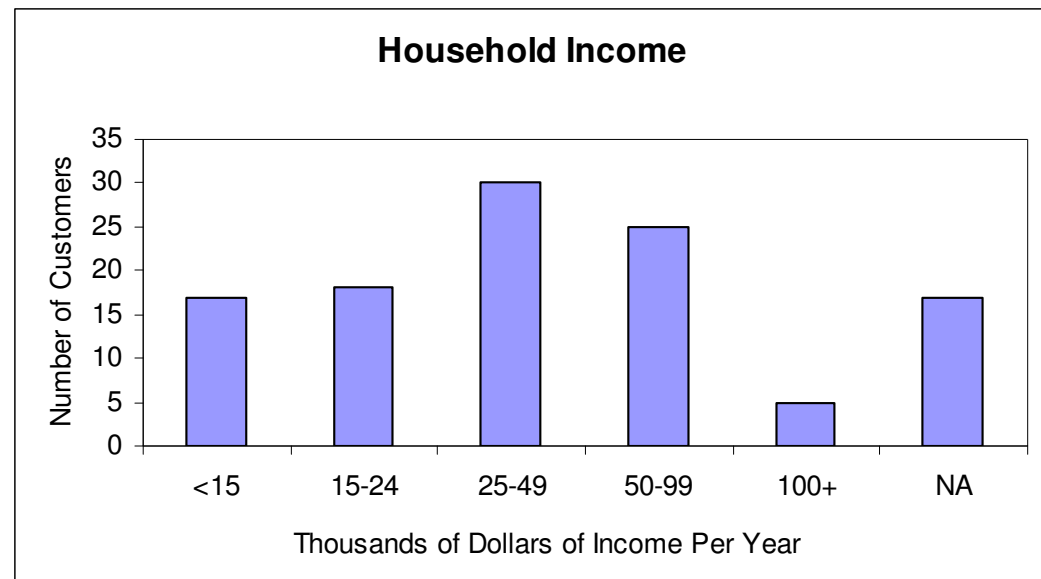


three rings but find the 5-mile analysis most useful. See Appendix D for details on the methodology of analyzing the “Retail Market Place” in this way for downtown Norway.

In 2003 (the most recent year for which data is available for the purposes of this trade area analysis), 10,793 people lived within five miles of Downtown Norway. The area contained 4,522 households. The median disposable income for the trade area was \$25,611 and the per capita income was \$17,722. Over 75% of all homes in the area are single-family dwellings. The average home value in the area, \$120,000 - \$130,000 is considerably lower than the national average and the average age of residents is higher than the national average.

The graph to the right shows reported household incomes of over 100 area residents interviewed while shopping in downtown Norway over the past six months.

In 2003, about \$146 million worth of retail goods and services were sold within five miles of downtown Norway, the primary trade area. Based on spending characteristics of this population, it is estimated that trade area residents spent about \$88 million on retail goods and services. Of course, many of those expenditures were made in places other than in the trade area, and much of the spending IN the trade area was done by people from outside the area. Generally speaking, however, the area took in much more money than was available by area residents, a common characteristic of a “retail center.” Today, no downtown retail center can maintain viability based solely on the spending of local residents and clearly downtown Norway is “pulling” in spending from people other than locals.



Norway Trade Area Unmet Retail Demand

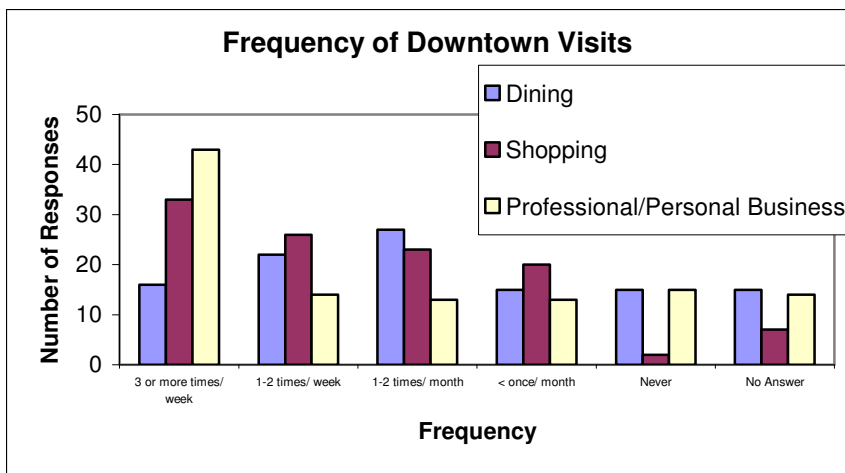
	Retail Supply	Retail Potential	Demand Factor	Excess Potential
General merchandise (not dept.)	\$4,623,705	\$14,530,223	44	\$6,393,298
Full service restaurants	\$3,955,104	\$8,527,104	37	\$3,155,028
Non-store retailers	\$181,646	\$2,841,020	88	\$2,500,098
Gasoline stations	\$2,051,847	\$4,318,308	36	\$1,554,591
Furniture stores	\$186,441	\$969,786	68	\$659,454
Special food services	\$0	\$337,769	100	\$337,769
Electronics and appliances	\$355,352	\$770,993	37	\$285,267
Sports/hobby/music instruments	\$1,153,688	\$1,415,880	16	\$226,541
Lawn and garden equipment	\$266,729	\$513,149	32	\$164,208
Used merchandise	\$212,082	\$416,738	32	\$133,356
Books/magazines/music	\$129,318	\$295,329	39	\$115,178
Shoe stores	\$0	\$105,835	100	\$105,835
Specialty food stores	\$19,062	\$88,411	64	\$56,583

The table to the left details those categories of spending where retail potential of the trade area is greater than the amount of retail supplied in the area. For instance, looking at the second to last line of the table we see that there is not a single shoe store (New Balance is not categorized as a shoe store) within five miles of downtown Norway (no “retail supply”) yet trade area residents typically spend \$105,835 per year on shoes. Hence this table gives some indication of what types of new stores might be most viable in this trade area. Area residents, for instance, typically spend \$6 million more per year on general merchandise than is sold in the area, and \$3 million more on restaurants than is sold by area restaurants.

Customer Habits

In addition to looking at quantitative data regarding demographics and spending within five miles of downtown Norway, we also interviewed 149 people on the streets of downtown Norway from November, 2003 through early June, 2004. See Appendix A for the specific methods used to survey customers and for text of actual surveys used. Thirty-two of the people surveyed were “visitors” and 117 were “residents;” that is, they identified themselves as living locally. Among locals, 41% of those interviewed actually lived in the Town of Norway and 12% of those interviewed worked in Norway.

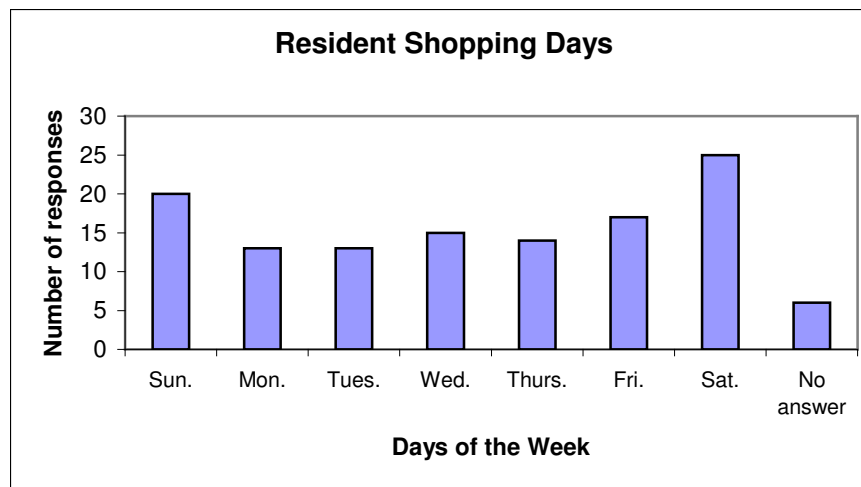
Few residents reported visiting downtown Norway to eat out 3 or more times per week, while several come to shop 3 or more times per week. In fact, “shopping” was the main reason for being downtown given by 30% of the residents interviewed and 35% of the visitors.



Among residents surveyed, it appears that people shop at all times of day – morning, afternoon, and after 5 PM. The survey asked what times people typically shop and answers were spread pretty evenly across all hours of the day.

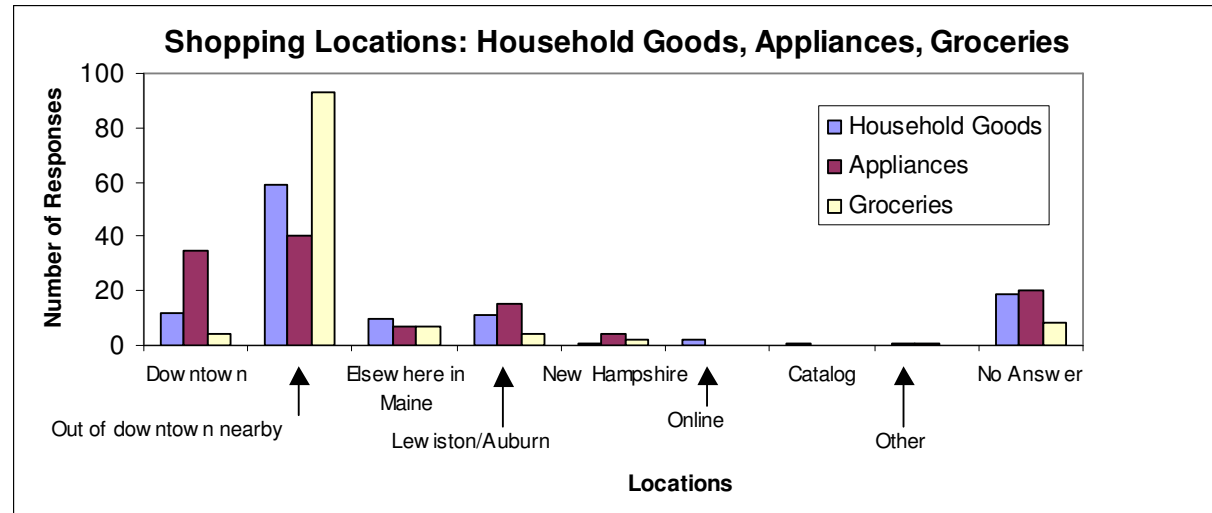
It also appears that more people shop on Saturday and Sunday than during the week; though there is no apparent preferred weekday.

About half of those surveyed said they would shop more on Sunday if more stores were open on Sunday. More than half would shop in the evening if more stores were open.

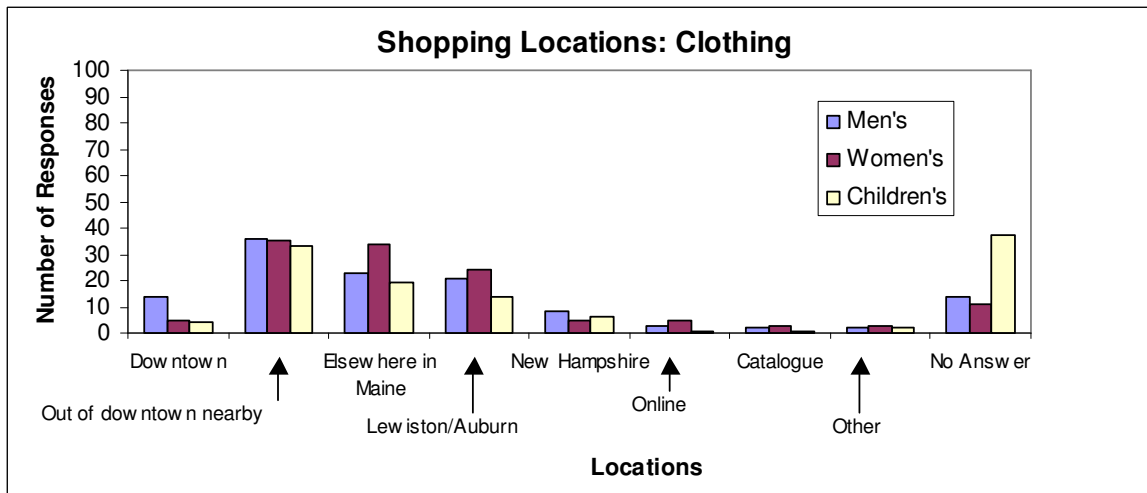


The survey also asked downtown customers about where they typically purchase goods and services.

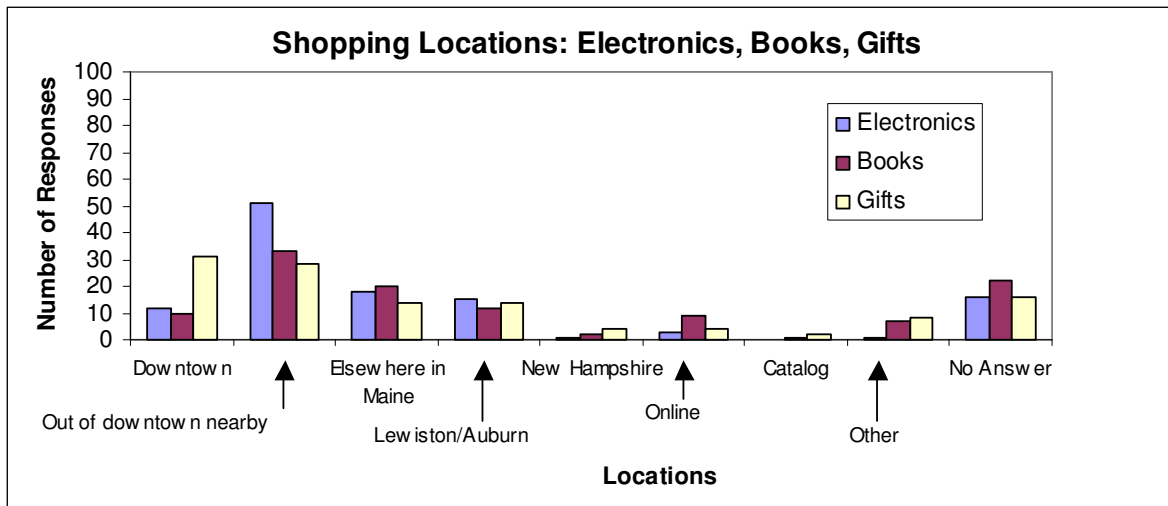
Clearly, downtown Norway faces its toughest competition from other retail stores outside of the downtown but nearby as shown in the graph to the right and the next two. For instance, most people buy groceries at Hannaford and household goods at Wal-Mart, both out on Route 26.



Interestingly, many people buy appliances in downtown Norway due in large part to the presence of Western Auto.



Downtown Norway is definitely at a loss when it comes to the clothing market. More people appear to buy their clothes out of town nearby, in Lewiston/Auburn, and elsewhere in Maine than in downtown Norway. A bright spot is that a number of customers reported buying men's clothes downtown, attributable to Pikes.



Taking a look at where people buy specialty items such as electronics, books and gifts, we see the effects of out of town competition but not as much as with some other goods. For instance, downtown Norway appears to be competing on par for gift shoppers.

Customer Opinions

In addition to analyzing customer habits, we also asked customers their opinions of downtown Norway. When asked “What comes to mind when you think of downtown Norway?”, residents had a mixed response. Many people noted Norway’s small town, friendly atmosphere. However, an equal number of people noted that “what comes to mind” is the vacant buildings downtown.

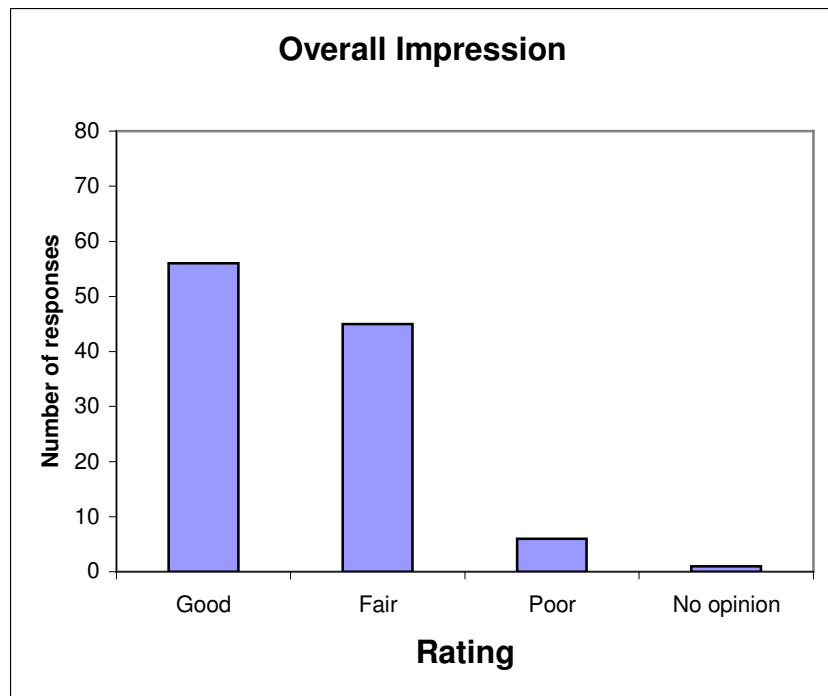
When asked, “What do you like most about Norway?”, most of the responses indicated that they liked something about the atmosphere of downtown. These responses included descriptions such as “quaint”, “small town”, “country”, “nice”, “tranquil”, and several people noted the downtown’s character and hometown feel. While most of the responses made a reference to atmosphere, people also like that “it’s a friendly place with nice people,” that sort of response. Another popular response was that the downtown is walkable and convenient.

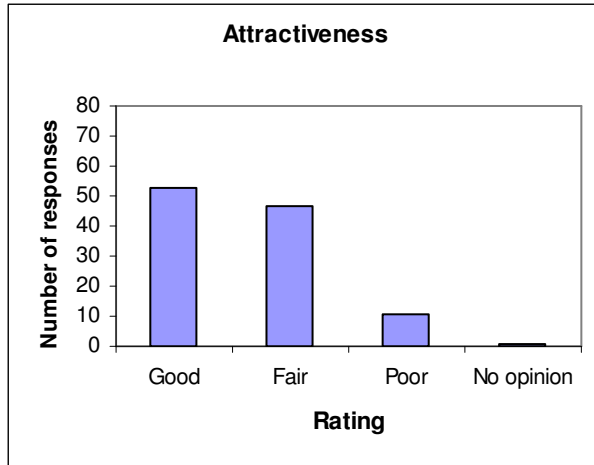
The surveys also asked what people like the least about Norway. Most people indicated that they do not like the vacant buildings and the lack of stores. Additionally, there is a perceived problem with parking and traffic patterns, and several people mentioned that Norway appears “rundown.”

When asked what types of businesses and services residents would like to see more of in downtown Norway, respondents overwhelmingly indicated that they would like to have more clothing stores. Many people specified “women’s clothing.” There was some mention of children’s clothing, but little mention of men’s clothing. Second and third to clothing stores were places to eat, including lunch and dinner restaurants, and more shops in general. Desired shops specifically mentioned included discount and department stores, and specialty stores such as gift shops. Several residents also mentioned that they’d like a coffee shop and/or a café.

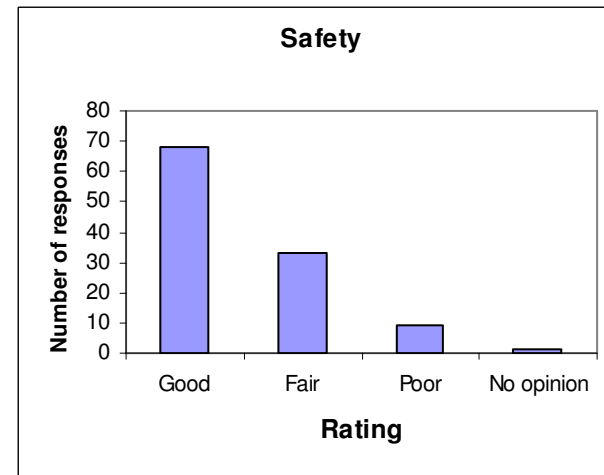
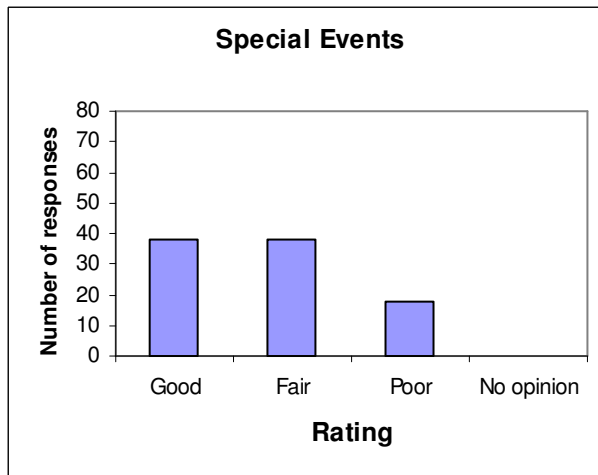
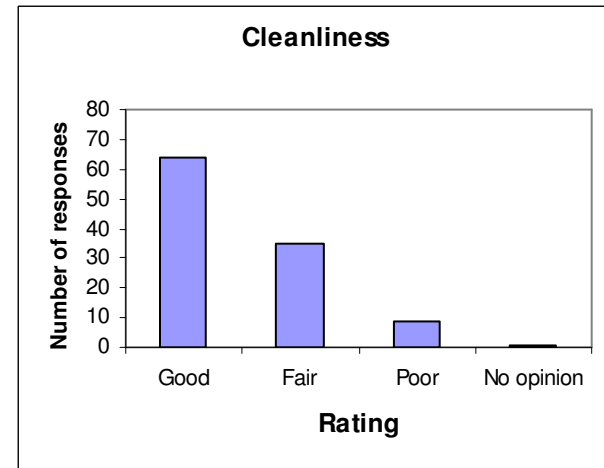
Almost all of the surveyed residents read either the *Advertiser Democrat*, or the *Lewiston Sun Journal*, or both. The next most widely read paper is the *Portland Press Herald*. Few people indicated that they notice ads in the Portland paper, however. The three most popular radio stations among residents are 92.7 WOXS, 107.5 WTHT– Frank, and 90.1 WMPR. The most popular television station among residents is Channel 6, NBC. The next two popular TV channels are 13, CBS and 8, ABC.

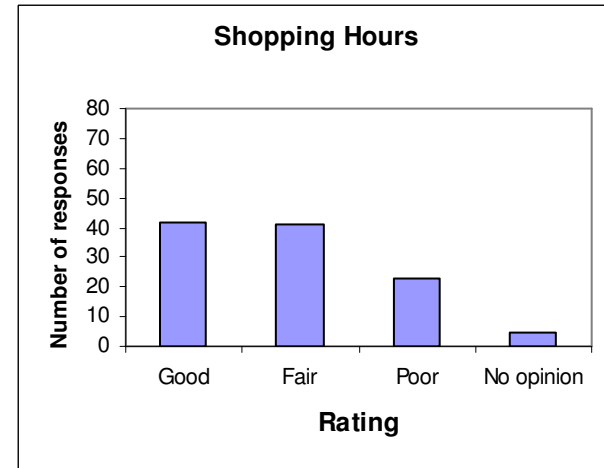
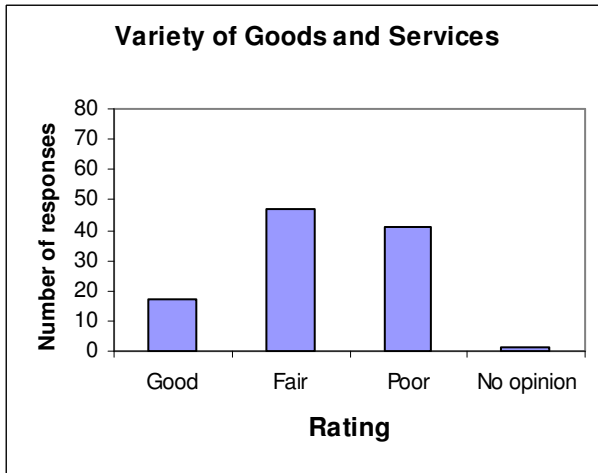
Residents were asked to rate the downtown as Good, Fair, Poor, or No Opinion on the following: attractiveness; cleanliness; parking convenience; traffic flow; shopping hours; friendliness of sales people; safety; variety of goods and services; prices of goods and services; quality of goods and services; special events; easy to get around; and overall impression. Many of these categories received ratings of Good or Fair from most of the residents, with the exception of “Variety of Goods and Services,” which received the most Fair and Poor ratings, and Traffic Flow and Parking Convenience, both of which also received Poor ratings.

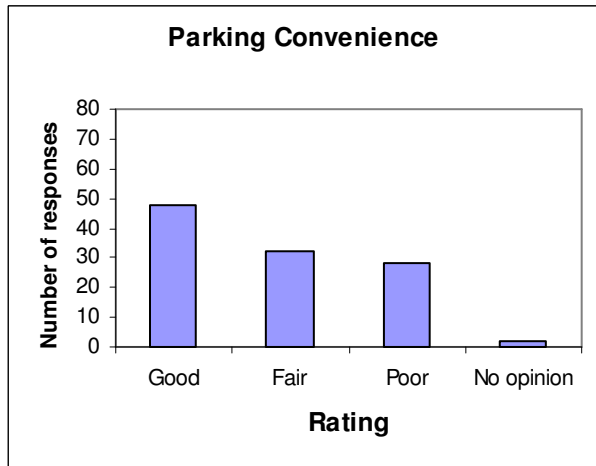
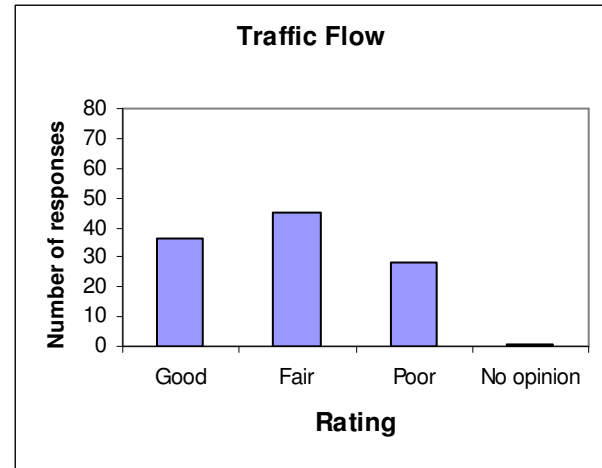
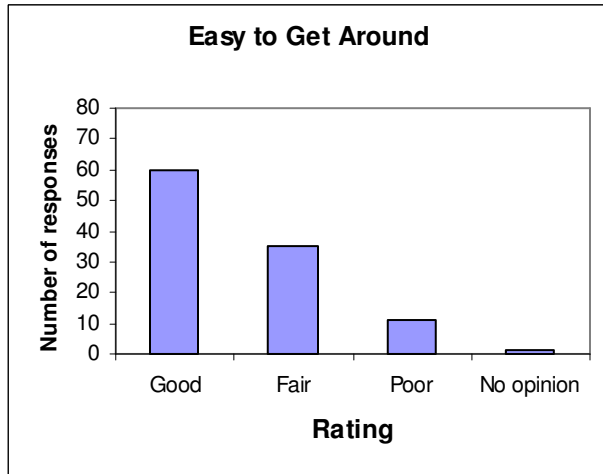




The graphs on this and the next two pages represent opinions of residents interviewed.

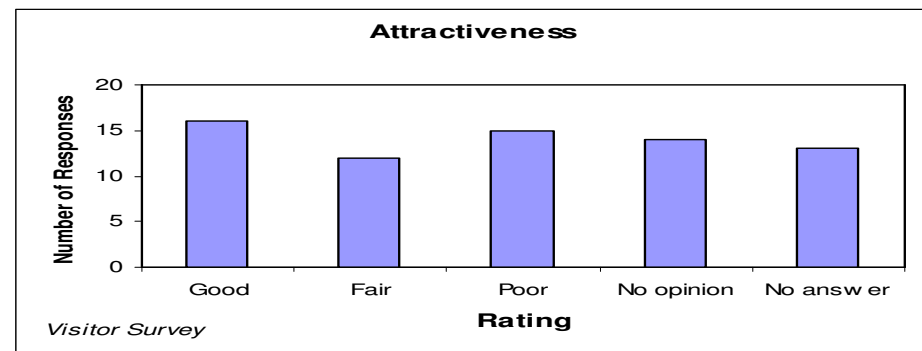
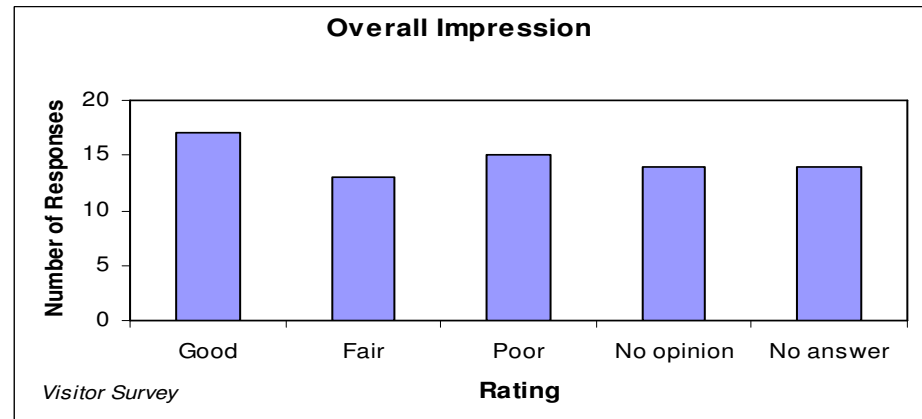






Visitors to Norway were also asked their opinions and in some cases they differed from resident opinions. Visitor opinions are represented in the three graphs to the right.

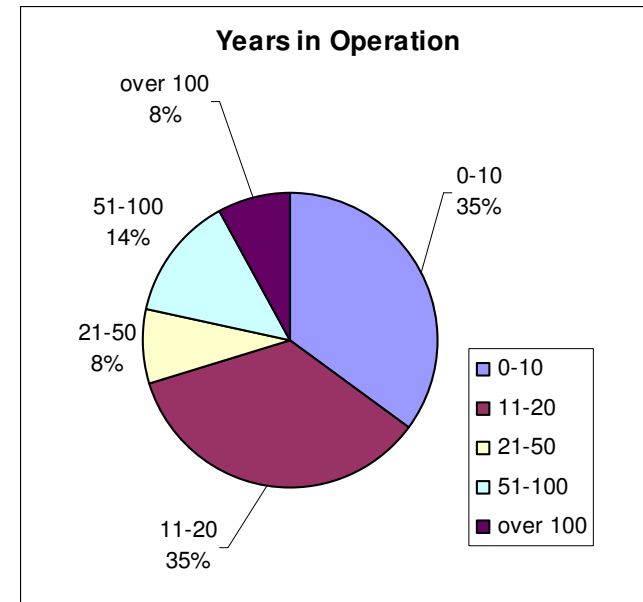
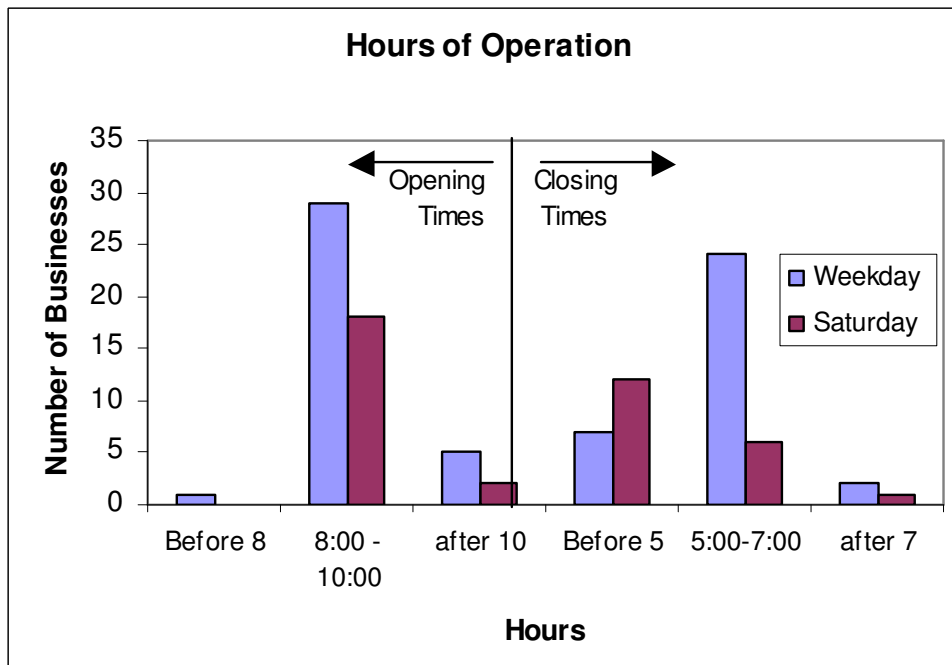
Visitors seem to have a less favorable overall impression of Norway than do residents, and they seem to find it less attractive than do residents, although visitors think Norway has a better variety of goods and services than do residents.



Business Owner Survey Results

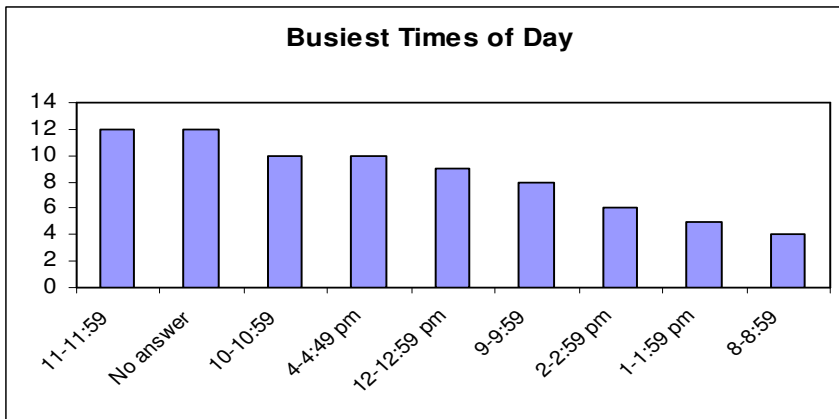
Those who own businesses on Main Street are “in the trenches.” Main Street merchants are typically very in touch with their customers and with shopping trends in general. Further, Main Street merchants have the most to gain and lose depending on the vitality of downtown Norway.

Downtown merchants were interviewed by Norway Downtown Revitalization volunteers in the spring of 2004. See Appendix B for detailed methodology and a copy of the survey.



Of the 38 businesses that responded to the survey, 62% are service businesses, and 30% are retail businesses. As the graph to the right shows, 70% of downtown businesses have been in operation for 20 years or less. On the other hand, 8% have been in operation for over 100 years.

As shown in the graph to the left, downtown businesses generally open between 8 and 10 AM, and close between 5 and 7 PM during the week. A few open later than 10:00 AM and a very few close after 7:00 PM.

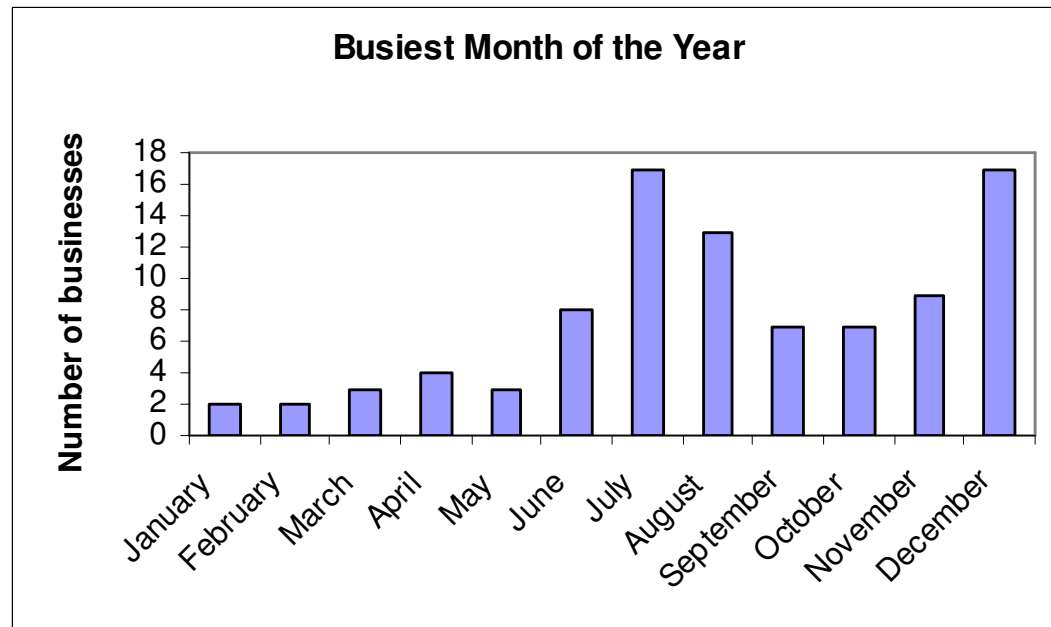


According to the business owner survey, about 66% of downtown business is from walk-in customers and 34% is by telephone. Very few downtown Norway businesses sell products and services via the internet or catalogues. Generally speaking, approximately 9% of customers at Norway’s downtown stores are under the age of 20; 32% are between 20 and 40; 38% are between 40 and 60; and 20% are over the age of 60.

Business owners report that 26% of their customers are from Norway, 45% are from the Oxford Hills area, 18% are from beyond Oxford Hills and 12% are seasonal and/or “from away.”

As shown in the graph above, between 10:00am and 12:00noon tend to be the busiest shopping times, with the 4:00pm – 5:00pm also quite busy.

As shown in the graph to the right, July and December are the busiest months of the year. According to reporting businesses, there is about a 33% increase in business during the busy season versus the off season.



Apart from Norway Savings Bank which provides by far the greatest number of jobs on Main Street, downtown Norway businesses provide approximately 135 full-time jobs, and 61 part-time jobs. The average commuting distance for employees to downtown businesses is about 14 miles.

Most downtown Norway businesses provide parking for their employees while customers park on the street. Parking does not appear to deter customers from shopping at these businesses.

Businesses in downtown Norway face a variety of challenges to doing business. As reported by business owners, these include economic forces, such as the retail market, and costs associated with doing business, such as updating technology and purchasing insurance. Marketing costs, and competition with other business also create challenges, as do government services, such as insufficient plowing in the winter, and poor crosswalks.

When asked about their plans for expansion, only 11% reported plans to expand and 29% said that they expect an increase in sales in future years. However, 54% of downtown business owners surveyed said that they plan improvements to their buildings in the near future.

Maine Discoveries Data (Maine Discoveries is gone but The Secret Garden is a similar type store)

The store “Maine Discoveries” collected detailed data on their customers from July, 2001 through December, 2003 and shared their results with us. The store sold gift items and furniture, all made in Maine.

According to their survey results, the busiest shopping days were Friday and Saturday; second busiest was Sunday; third busiest was Thursday; and the least busy shopping days at their store were Monday, Tuesday, and Wednesday. Their busiest season was from Memorial Day through Labor Day; second busiest was from Thanksgiving through Christmas; and the third busiest season was October.

They found that people from out-of-state spend considerably more than in-state residents. In the case of any given purchase over \$100, they calculated a 90% chance that the person was from out-of-state.

Maine Discoveries Visitors from Maine

Location	Zip	Count	Percentage
Norway	04268	742	16.04%
South Paris	04281	488	10.55%
Oxford	04270	443	9.58%
Harrison	04040	255	5.51%
Auburn	04210	274	5.92%
Portland + Greater Pt	4101	192	4.15%
Waterford	04088	139	3.01%
Bethel	04217	132	2.85%
Lewiston	04240	130	2.81%
West Paris	04289	108	2.34%
MISC		118	2.55%
Bridgton	04009	94	2.03%
Poland	04274	71	1.54%
Bryant Pond	04219	64	1.38%
Buckfield	04220	64	1.38%
Hebron	04238	64	1.38%
Otisfield	04270	59	1.28%
Paris	04271	52	1.12%
Naples	04055	51	1.10%
Mechanic Falls	04256	49	1.06%

Maine Discoveries Visitors from Out-of-State

<u># of Customers</u>	<u>State</u>	<u>%</u>
Northeast		
998	MA	12%
112	RI	1%
234	NH	3%
4297	ME	51%
46	VT	1%
271	CT	3%
260	NJ	3%
369	NY	4%
209	PA	2%
80%		
East Coast		
14	DE	
17	DC	
255	VA/MD/WV	
118	NC/SC	
48	GA	
308	FL	
33	TN	
7	MS	
15	KY	
815		10%

Main Street Space Utilization

Building by building, we analyzed how all floor space is being used on Main Street from Pleasant St. to Paris Street; the heart of the downtown. The inventory was conducted by examining tax records of each building and by visual inspection of some buildings. We took into account different uses on different floors and in different parts of each building. We did our best to assess vacancies. Norway’s tax assessor, Jodi Keniston, provided considerable assistance.

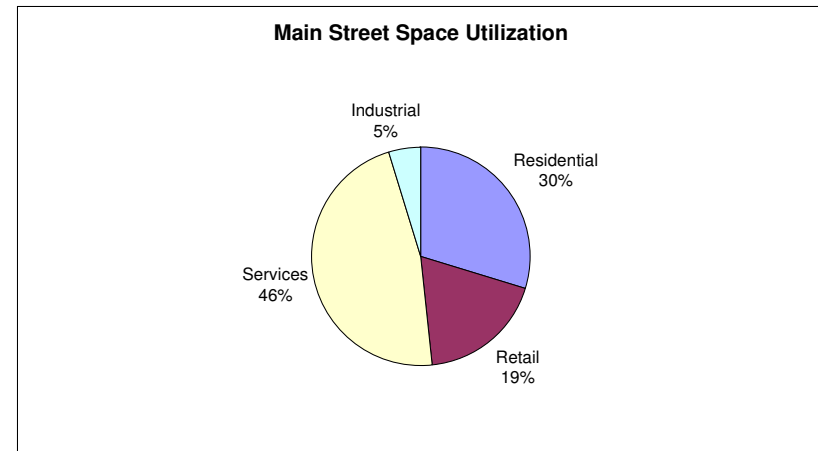
As the graph shows, Main Street Norway enjoys a healthy mix of business and residential uses. If the study area for this particular analysis included side streets, residential use would be an even higher percentage.

Main Street has a high percentage of service “activity” relative to most vibrant downtowns. Particularly prominent in downtown Norway are the banks and other service businesses that occupy office space, and civic buildings such as the school, library, and post office. Services that generate walk-in traffic such as the banks, civic buildings, and some non-profits generally add to a vibrant mix of downtown activities.

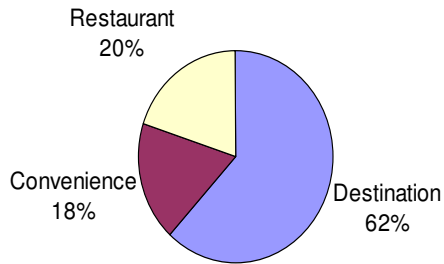
The backbone of downtown vitality is retail. Shopping is the main reason people come downtown and without a strong retail element, downtowns have a hard time maintaining character and vitality.

In Norway’s case, retail activity occupies about a fifth of all Main Street floor space. And it’s important to note that at the time of our study, 17% of that was vacant. It would be good for several reasons if a higher percentage of downtown building space was in active retail use.

Also, it would be good if there was a better balance among different types of retail. As the graph on the next page shows, about 62% of Main Street retail establishments are “destination retail.” These are stores to which people travel to for specific items. These stores



Retail Space Utilization



carry unique and specialty products and attract shoppers from wider distances than the immediate surroundings. Examples of destination retail stores on Main Street include New Balance, Western Auto, Pike's, and Woodman's, for instance.

Destination retail is good for a downtown because it attracts non-residents into the downtown. Today, few downtowns can survive without a large element of destination retail. However, Norway's destination retail segment has grown so large that it is beginning to crowd out convenience retail; the type of retail that residents tend to prefer. Convenience retail includes stores such as Cumberland Farms, the Fare Share Market, and the hardware stores (one of which became vacant right around the time of the study). Newberry's, which used to exist on Main Street, is a prime example of convenience retail and is certainly missed by many local residents.

A downtown space inventory was conducted as part of the 1995 downtown study and at that time, there was a better balance between destination retail and convenience retail in Norway's downtown. Whereas today, destination retail is about three times as prevalent as convenience retail, in 1995 there was an almost equal amount of each.

Another key distinction from 1995, today's vacancy rate is much greater. In 1995, the downtown vacancy rate was about 4%. Today, about 15% of the floor space on Main Street is vacant. As the

Building Use on Main Street and Vacancy Rates

Type of use	Total Square Feet	Percent Vacant
Residential	114,658	16%
Retail	71,585	17%
Services	180,809	13%
Industrial	17,990	0%
Total	385,042	15%

table shows, retail vacancies are about 17%. On Main Street today, some prominent storefronts and buildings lay fallow such as part of the Newberry's building next to New Balance, the Odd Fellows Hall (although this is soon to be occupied), most of the Opera House, and Aubuchon Hardware.

Specifically on Main Street, 30% of the space is residential and about 16% of that space appear to be vacant. These are mostly upper story apartments with a few single-family detached homes. On side streets and in the surrounding area, the percentage of residential use is even higher. These residents in the downtown provide a core market for downtown goods and services and provide a natural constituency for a safe and attractive downtown. However, while not analyzed in detail, anecdotal information suggests an imbalance of low income housing in the downtown. It appears that the residential mix could be improved if there was a more balanced spectrum of affordable housing, moderate housing, and upper-end housing available right in the downtown.

There is a modest amount of industrial activity on Main Street in the form of ~~newspaper printing and~~ warehousing. At 5% of total downtown use, this does not seriously detract from retail activity and provides beneficial employment in the downtown.

The above data is now out of date and needs to be collected every five to ten years.