

DISCUSSION HAND-OUT

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# ECONOMIC ANALYSIS and MARKET STRATEGY

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# WORKBOOK (3-RING BINDER) SUPPLEMENTAL MATERIALS

Appendix A. Market Parameters	[A.1 – A.8]
Appendix B. Import and Export	[B.1 – B.6]
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[Workbook – Appendix H]

## MARKET ANALYSIS VISITOR IMPORT

- Regional Approach – The analysis involves a regional approach with the City of Beckley as the heart and center of gravity for the Southern WV market [H.2].
- Visitor import is a critical component of retail sales and business revenues. Growth in revenues will depend on growing both the resident or local population base, and visitor traffic.

City of Beckley, Prosperity	40%
Balance of Raleigh County	30%
Subtotal Raleigh County	70%
From Beyond the County	30%
Total Trade Area	100%

## MARKET ANALYSIS VISITOR IMPORT

- Retail Trade – Among non-residents coming to the City of Beckley each day, an estimated 30,900 are shopping at the retail establishments. There is an opportunity to increase this by another +8,700 [B.5].
- Traveler Accommodations – Among non-residents coming to the City each day, an estimated 26,400 are enjoying the city’s restaurants and eating establishments. They might also be staying at some of the hotels. Overall, there is an opportunity to increase this by another +18,600 [B.5].
- Arts, Entertainment, Recreation – The City certainly has high import for arts, entertainment, and recreation, but it is more than offset by export and leakage out of the market. There is an opportunity to offset leakage in this category by nearly 4,300 visitors each day [B.5].

## MARKET ANALYSIS ARTS, ENTERTAINMENT, RECREATION

- The Economic Census reports that among all Arts, Entertainment, and Recreation establishments throughout the state, the average establishment generates revenues of nearly \$2.0 million. In comparison, average revenues are just \$700,000+ for establishments in Raleigh County [F.1].
- Based on the same Economic Census data, expenditures on Arts, Entertainment, and Recreation imply a per capita annual expenditure of almost \$750 for the state, but only \$260 for Raleigh County [F.1].
- Based on the same Economic Census data, the state is capturing 3.7% of resident’s income for Arts, Entertainment, and Recreation venues. In comparison, Raleigh County is only capturing 1.3% of the expenditure potential – leaving plenty of room for growth and improvement [F.1].

## MARKET ANALYSIS SUPPLY-DEMAND MODELS

- We searched for one good standard in the state and chose Kanawha County (including the City of Charleston.) It is not intended to be a “comparable,” but rather a metropolitan market that sets the bar a little higher for Raleigh County [H.3].
- Similarly sized, rural counties (“comparables”) are not very challenging as comparisons [H.3].

## MARKET ANALYSIS SUPPLY-DEMAND MODELS

- We conducted two distinct supply-demand and gap models based on five *measures*:
  1. Establishments/Capita
  2. Sales/Capita
  3. Sales/Establishment
  4. Market Share
  5. Jobs/Capita
- Most of the *measures* reflect adjustments for market differences in income and population size.
- Assuming a pro-growth policy, the City of Beckley should collaborate with adjacent jurisdictions; collectively strive to narrow the market gaps; compete head-on with Charleston; and strive to excel above other small, rural counties in the state. This particularly applies to categories where the standards are exceeding Raleigh County on 4 or 5 of the *measures*.

# MARKET STRATEGY

## ARTS, ENTERTAINMENT, RECREATION

- Model “Hit Rates”. An example: if the standard is outperforming Raleigh County on 4 out of 5 measures, then the hit rate is 80%.

5 / 5 measures	Hit Rate = 100%
4 / 5 measures	Hit Rate = 80%
3 / 5 measures	Hit Rate = 60%
2 / 5 measures	Hit Rate = 40%

- Raleigh County compared to Kanawha County ONLY [G.1 – G.22]

RALEIGH COUNTY	Model Results (Hit rate for “gap”)
<b>1. Arts, Entertainment, Recreation</b>	<b>80%</b>
2. Restaurants, Drinking Places	80%
3. Hotel Accommodations	40%
4. Motion Pictures, Video Exhibition	0%

# VISITOR IMPORT

## THE SUMMIT

- The Summit – For just one *national* event, the new facility is expected to attract 40,000 boy scouts, 20,000 visitors, and 800 volunteers for 5 days in the summer of 2013. Spread out over 365 days, this represents an average daily gain of less than 1,000 in population, leaving plenty of gap and opportunity for more events [B.6].
- The Summit – An *international* event is also planned for 2017 that will draw even more visitors. Is the City of Beckley fully prepared?
- According to the New River Gorge Regional Economic Development Authority, Summit leaders are very interested in ensuring that the Raleigh County Airport is improved [H.1].



## MARKET ANALYSIS

### ARTS, ENTERTAINMENT, RECREATION

- Based on an inventory of existing visitor amenities, the Beckley area seems to offer a good mix of recreation, entertainment, and arts venues [E.1 – E.5].
- Extreme adventure sports are the acclaimed attractions, including canopy adventures (zip-lining, rappelling, obstacle courses); water adventures (water rafting, canoe/kayaking); biking; and motorsports (including racing.)
- Equestrian and fishing recreational opportunities are scattered among individual resorts.
- Most of the recreational opportunities are located proximate to the New River Gorge National River area.
- A website or page is needed that lists all the local amenities and attractions along with their website links. Membership should not be a requirement for the listing service.

## MARKET ANALYSIS

### ARTS, ENTERTAINMENT, RECREATION

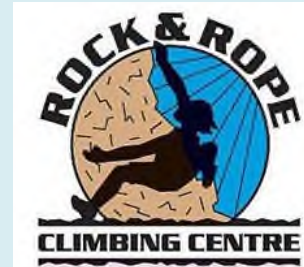
- Almost every resort and significant visitor destination offers outdoor live music and entertainment. There is a good mix of choices among theater, music, and entertainment services.
- In the City of Beckley indoor/outdoor venues are needed as additional attractions, especially to serve recreation enthusiasts during inclement weather and stays in the city.
- New venues must be of a high caliber to meet the high-expectations of modern, technologically savvy, and fickle visitors.
- There appear to be few special events in the city aside from the Appalachian Arts & Crafts Fair and Taste of Appalachia-Beckley Renaissance. Additional events could help to extend the visitor season.
- Tamarack has a regional draw but its location does not benefit downtown Beckley. Road linkages are also challenging for drawing visitors into downtown Beckley from Interstate 77.

# MARKET STRATEGY

## ARTS, ENTERTAINMENT, RECREATION

### Entertainment

- Resort Hotel, Water Park, Bounce House
- Children's Discovery Center
- High-Tech Simulation Arcade, Gyroscopes
- Themed Restaurants (like Nascar, Legoland)



### Recreation

- Wildlife Habitat & Zoo, Game Ranch
- Indoor Archery Range, Training Center
- Indoor Rock Wall Climbing Center
- Hot Air Balloons; Skydiving at Airport
- Downtown Festival Competitions



### Hospitality

- Bed & Breakfasts

# MARKET STRATEGY

## CANOPY and WATER ADVENTURES



# MARKET STRATEGY THINKING OUTSIDE OF THE BOX



[Workbook – Appendix G]

## MARKET STRATEGY RETAIL

- Raleigh County compared to Kanawha County only [G.1 – G.22]

RALEIGH COUNTY	Model Results (Hit rate for "gap")
1. Food & Beverage, Grocery Stores	100%
2. Clothing, Accessories, Jewelry	100%
3. Furniture, Appliance Stores	80%
4. Automotive Repair, Maintenance	80%
5. Health, Personal Care Stores	60%
6. Warehouse Clubs, Discount Stores	20%
7. Building Materials Stores	20%
8. Sporting Goods Stores	0%



# MARKET STRATEGY DOWNTOWN MERCHANTS (step 1.)

## Downtown Merchants

- Wine & Cheese Boutique
- Vinegar & Oil Boutique
- Beef Jerky, Exotic Meats
- Home Microbrewery Supplies
- Apricot Lane Soaps & Candles
- Toys, Air Balloon, Magic Novelty
- Sports Memorabilia, Trophies
- Equestrian Livery
- Organic Grocery Store, Vitamins

## Services – Health Care

- Physicians, Dentists, Chiropractors
- Sports, Occupational Therapy



# MARKET STRATEGY DOWNTOWN FESTIVALS (step 2.)

## Family Festivals Ideas

- Air Balloons, Music
- Races, Triathlons (YMCA)
- Silent Bicycle Rides
- Urban Obstacle Courses
- Fitness Competitions
- Vintage Car Shows



# MARKET STRATEGY DOWNTOWN EVENTS (step 2.)

## Family Festivals

- Air Balloon Festival
- Races, Triathlons
- Obstacle Courses
- Fitness Competitions
- Vintage Car Shows



[Workbook – Appendix G]

# MARKET STRATEGY HEALTH CARE and SERVICES

- Raleigh County compared to KANAWHA COUNTY only [G.1 – G.22]

Health Care and Services	Model Results (Hit rate for "gap")
1. Physicians, Dentists, Chiropractors	100%
2. Funeral Homes and Services	80%
3. Physical, Occupational, Speech Therapists	80%
4. Nursing Care Facilities, Assisted Living	60%
-- Hospitals, Outpatient Care Centers	0% (no gap)
-- Offices of Physicians	0% (no gap)
-- Diagnostic Laboratories	0% (no gap)
-- Home Health Care Services	0% (no gap)

## MARKET STRATEGY BUSINESS PARKS

- Raleigh County compared to KANAWHA COUNTY only [G.1 – G.22]

BUSINESS PARKS	Model Results (Hit rate for "gap")
1. Professional Services	100%
2. Finances and Insurance Companies	100%
3. Administrative Support, Waste Mgmt.	100%
-- Educational Services	0% (no gap)
-- Wholesale Trade	0% (no gap)
-- Manufacturing	0% (no gap)
-- Commercial, Industrial Machinery	0% (no gap)
-- Information Services	-- (no data)

## MARKET STRATEGY ALL CATEGORIES

- Raleigh County compared to ALL 8 STANDARDS and WV [F.2 – F.7]

RALEIGH COUNTY	Model Results (Hit rate for "gap")
<b>1. Educational Services</b>	<b>94.1%</b>
<b>2. Arts, Entertainment, Recreation</b>	<b>85.7%</b>
<b>3. Information, Motion Pictures</b>	<b>78.6%</b>
<b>4. Professional, Scientific, Technical</b>	<b>71.4%</b>
5. Real Estate	68.2%
6. Manufacturing	51.9%
7. Administrative Support, Waste Mngmt.	40.5%
8. Retail Trade (incl. Auto Dealerships)	35.6%
9. Health Care, Social Assistance	27.6%
10. Wholesale Trade	2.7%

## MARKET ANALYSIS MARKET PARAMETERS

- Population – The State of Virginia forecasts that population for the City of Beckley will decline long-term, but modest growth (+100/year) refutes this. Our forecasts reflect modest growth assumptions. [A.1].
- Per Capita Income – The City of Beckley has a higher per capita income than the state average, but Raleigh County’s income profile is lower. Kanawha County with Charleston has an income that is higher than the state and all of the other standards [A.2].
- Commuting – Workers in Raleigh County do not have a higher than average propensity for driving longer for jobs [A.4].
- Educational Attainment – Even with its good choices for education in Beckley, adults in Raleigh County do not have an exceptionally high level of college attainment [A.4].

## MARKET ANALYSIS SENIORS

- Seniors – Raleigh County is similar to the standards on the basis of seniors as a share of total population. Raleigh County does not have a larger share of seniors than the state average, but it still needs to keep up by adding senior amenities [A.5].
- Seniors – Evidence is clear for growth in the senior population for Raleigh County [A.6]. The population is aging state-wide and nationally, and Raleigh County is in-step with these trends.
- Compared to prior generations, seniors are generally:
  - Living longer and more active later in life
  - Working later in life (especially during recessions)
  - Like everyone, spending more on dining out
  - Demanding more quality of life amenities
  - More mobile when choosing where to retire
  - Becoming dissatisfied with conventional senior housing formats
  - More likely to be in multi-generational households

## MARKET ANALYSIS VISITOR IMPORT - OVERVIEW

- Retail Trade – Raleigh County has good import relative to Kanawha County. City centers should always have higher import, so the result for Beckley is not exceptional [B.1].
- Hotel Accommodations and Food Services – Again, Raleigh County has good import relative to Kanawha County [B.2].
- Arts, Entertainment, Recreation – Less data is available to conduct a solid analysis, but in general Raleigh County is not keeping pace with Kanawha on off-setting export with import [B.3].
- Health Care, Social Assistance – Raleigh County is generally on-par with Kanawha County [B.4].
- Other Categories – All categories have been closely studied as part of a more detailed supply-demand and gap analysis.

## MARKET ANALYSIS RETAIL TRENDS

- Retail Recovery – All signs point to a good recovery of retail sales trends since the recent recession [C.1 – C.4, C.6], and full recovery is expected over the next few years.
- Retail Productivity – Retail categories with the highest sales per square foot will also generate the highest revenues for the City of Beckley. Hardline categories, big-ticket items, jewelry, food services, and drug stores are among the top performers [C.5].

## ECONOMIC ANALYSIS EMPLOYMENT

- Unemployment Rates – Unemployment in Raleigh County is currently tracking below state and national averages, but it is still high compared to pre-recessionary levels [D.1, D.2].
- Labor Force – Part of Raleigh County’s low unemployment can be attributed to the fact that a disproportionately high share of the workforce population is not in the labor pool. They may be unemployed but not actively seeking work [D.3].
- In Raleigh County, some of the top employers are national retailers [E.6]; medical and health care systems [E.7]; and non-manufacturing professional companies [E.8].

## ECONOMIC ANALYSIS EMPLOYMENT

### Employer’s Industry

- Compared to the state and the Kanawha County standards, Entertainment Services is among Raleigh County’s best economic strengths [D.7], and could be leveraged for additional growth [D.5 – D.7]
- Also for Raleigh County, the Information industry sector seems to be under-represented and could be a market gap.

### Employee’s Occupation

- Compared to the state and Kanawha County, occupations in a) Food Preparation and Serving; and b) Personal Care are among Raleigh County’s best economic strengths. [D.11].
- Also for Raleigh County, occupations in a) Healthcare Support; and b) Managerial, Executive positions seem to be under-represented and could be market gaps.
- These hypotheses are all tested in greater detail in the supply-demand and gap models.