
# Downtown Philomath Market Study & Business Development Action Plan

## Philomath, Oregon

## February 6, 2009

For Philomath
Downtown Association

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# Executive Summary

The goal of the Downtown Philomath Market Study and Business Development Action Plan is to develop a Plan that directly addresses Philomath's desire to have a strong and vital downtown. The approach was three-pronged and included a Retail Market Analysis, a Retail Development Strategy and a Business Development Action Plan. Findings of the market analysis indicate that downtown Philomath has a good foundation for promoting its significant business opportunities and implementing customized marketing strategies. The retail strategy and business development plans provide specific initiatives designed to meet these goals.

## Retail Market Analysis

Key findings of this market study include:

- The City of Philomath and the larger Philomath Market Area have grown at faster rates than Benton County and the State of Oregon. City and Market Area growth rates are projected to remain strong although slowing slightly.
- Median household income within the Market Area is high at $62,388. This figure surpasses median incomes in the City of Philomath, Benton County and the State.
- Within the Philomath Market Area, 32% of the population can be described as 'Exurbanites'. Their psychographic profile describes them as high-income, empty nester couples who enjoy leisure activities such as wine tasting, theater, boating and hiking. Their preferences include purchases for family and home, including home furnishings, gardening supplies, etc.
- Over 3,000 employees in more than 300 businesses operate within three miles of downtown Philomath.
- Currently, there is unmet demand for 256,938 square feet of retail within the Philomath Market Area. By 2018, an additional 166,666 square feet of retail can be supported based on population growth. Further, visitor spending will support another 54,353 square feet of retail space by 2018.
- Together, existing and future resident demand and visitor demand indicate support for an additional 477,957 square feet of retail space through 2018. How much demand Downtown Philomath can capture depends on property development, target marketing and general revitalization efforts.
- The Shopper Survey revealed that people who shop in downtown Philomath do so to support locally owned businesses and because of its convenient location.

## Retail Development Strategy

Whether targeting local or visiting shoppers, new or existing businesses or new residents, at the heart of downtown Philomath's success is its ability to offer a unique and welcoming environment. Toward achieving this goal, the following retail strategies are recommended:

- **Market Position:** Downtown Philomath must market itself as a 'product' by developing a unique message and identity to guide marketing, urban design, etc.
- **Business Mix and Targets:** Downtown Philomath's best business opportunities are for specialty retail, restaurants and entertainment-type businesses. Attraction of additional anchors – particularly restaurants – is crucially important.
- **Business Clustering:** Strategically locating businesses within the downtown will allow them to take advantage of each other's sales, customers and markets. Currently, the blocks with the best potential for business clustering include the north side of Main Street between 12th and 14th Streets and 13th Street from Main to College.
- **Property Development:** The Philomath Urban Renewal Agency and the Downtown Association should work together to target priority infill properties in the core downtown area for redevelopment. An inventory of these properties and other available real estate will be a key tool in recruiting business prospects and developers.

## Downtown Business Development Action Plan

The following actions address the key components of downtown success, ranging from a strong vision and quality product to specific targets and organized campaigns. Actions and next steps include:

- **Action 1. Package & Promote the Downtown Vision**
  - Prepare a package describing the vision for downtown; Promote to key stakeholders
- **Action 2. Prepare and Develop Your Real Estate Product**
  - Support the development of a property database
  - Contact and assist property owners of market-ready properties
  - Create info sheets providing key facts on priority sites
  - Identify priority sites and create a redevelopment gameplan
  - Create site-/property-specific business targets
  - Work to relocate ground floor office users in retail core
- **Action 3. Strengthen Existing Businesses**
  - Enhance existing business support efforts (store visits, mentoring, etc.)
  - Offer one-on-one marketing assistance visits
  - Package & promote resources in a "Downtown Business Toolbox"
- **Action 4. Business Recruitment**
  - Sales Package: create sales material and distribution channels, including websites and a blog
  - Marketing: maintain target list of existing and target businesses; develop short messages, such as electronic or hard copy postcards; develop targeted mailing campaigns; create postings on chamber of commerce and other community websites
  - Sales: canvass area business re: opening additional locations in Philomath, personalize sales packages for specific business targets, conduct a specialty retail campaign
  - Innovation: take innovative approaches to developing small businesses and supporting local entrepreneurs

# Introduction

At the heart of downtown Philomath area's long term success is its ability to offer residents, employees and visitors a unique and welcoming environment and shopping/entertainment experience unlike any they can find elsewhere. This document focuses on one of the four key elements of the City's Downtown Program – Economic Development.

The **specific purpose** of this project is to develop a Retail Business Development Action Plan that directly addresses Philomath's desire to have a strong and vital downtown. This retail market analysis and business development plan was prepared as part of the Next Steps Strategy for downtown developed in partnership with the Philomath Downtown Association.

## Downtown Program Approach

The Philomath Downtown Association (PDA) operates a Downtown Program that is organized according to the Main Street Approach. This approach focuses on four critical components for creating downtown vitality: Promotion/Identity-Building, Design/Physical Improvements, Economic Development and Organization.

1) Promotions/Identity-Building: Identify, develop and promote the image and promise of downtown by marketing its districts' unique characteristics to shoppers, investors, new businesses, and visitors; create an effective promotion strategy to forge this positive image; create an atmosphere of fun and activity.

2) Design/Physical Improvements: Capitalize on and improve downtown's physical assets; create an inviting atmosphere to convey a visual message about the comfort and vibrancy of downtown; increase the utility and user-friendly quality of downtown.

3) Economic Development: Support existing downtown businesses and recruit new businesses to respond to the current market, balance business mix, and provide amenity for downtown users and residents; convert unused space into productive property; sharpen the competitiveness of business enterprise.

4) Organization: Establish common goals for downtown's development, and build and organize consensus and cooperation among downtown stakeholders.

## Project Purpose

The purpose of this analysis is to:

- Provide a comprehensive assessment of potential market support for retail uses in the downtown Philomath commercial district.

- Create an accurate picture of Philomath's retail industry including the characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development in the downtown.

- Provide the City with a factual base for developing strategies to strengthen and diversify the downtown retail base and capture more consumer dollars in downtown Philomath.

- Recommend business development and marketing strategies to strengthen the downtown retail base.

## Project Methodology

In addition, Marketek conducted a community-wide resident survey of shopping preferences, a focus group of Philomath businesses, in-store visits, a community tour and numerous personal and telephone interviews with downtown businesses.

As part of this assignment, Marketek facilitated a working meeting with PDA leaders and community leaders to share preliminary findings and insights and a Business Development Workshop (Jan 22) for downtown Philomath economic development leaders to apply the results of this analysis.

The statistical retail market analysis includes an estimate of potential retail sales and supportable space within a ten-year time period from 2008-2018, which is a realistic projection period for retail development.

This report is organized into three principal sections:
1) Retail Market Analysis
2) Retail Development Strategy
3) Business Development Action Plan

# Retail Market Analysis

This section outlines downtown Philomath's key retail target markets and provides an estimate of existing and future support for retail space potential in the Philomath market area. A summary of opinion research, business focus group findings and in-store interviews is also included.

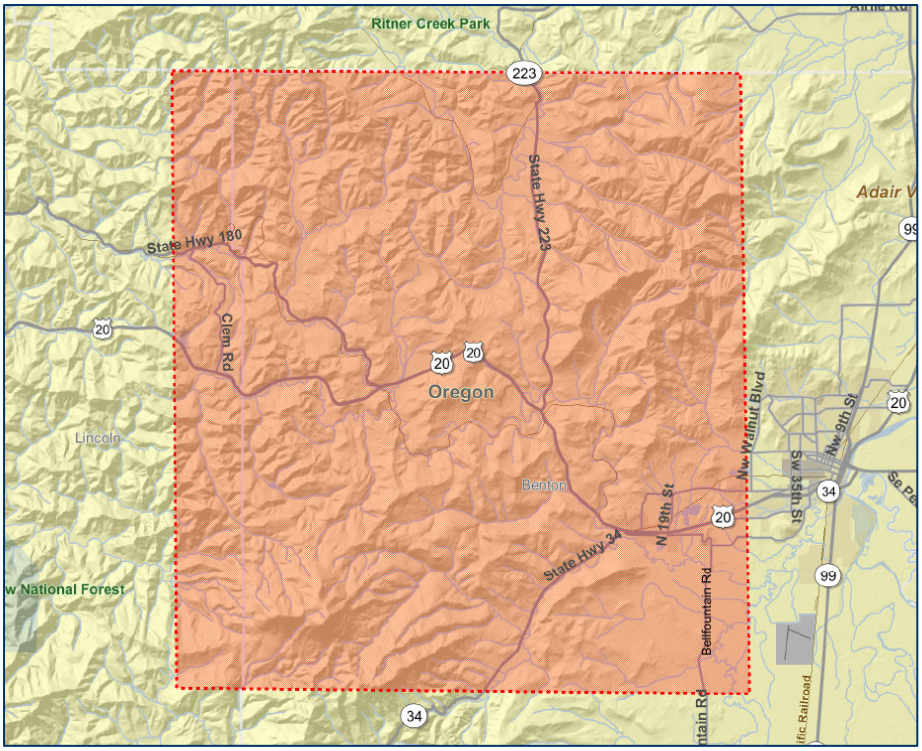
## TARGET MARKET ANALYSIS

Downtown Philomath has the potential to serve and to attract sales from local residents, area employees and visitors. This section depicts each customer group.

### Local Resident Market

Based upon the patronage of existing businesses, downtown Philomath's location within the region, its competitive assets and proposed redevelopment activity, the Philomath Market Area is defined as the approximate school district boundaries, as shown on the map below. For comparative purposes, demographic data are presented for the City of Philomath, Benton County and the State of Oregon.

### Philomath Market Area



As of 2008, population within the Philomath Market Area was estimated at 12,508 persons and 4,541 households (Exhibit 1). Since 2000, the Market Area saw relatively strong population and household growth, with average annual rates of 1.85% and 2.03% respective (or an average of 201 additional persons and 79 additional households per year). These rates surpassed those of Benton County and the State, but were just behind those of the City of Philomath. By 2013, the Market Area is expected to reach 13,396 persons and 4,883 households, representing a slight decline in growth rates from the 2000-2008 period.

**EXHIBIT 1**

**DEMOGRAPHIC & HOUSING SNAPSHOT**
**City of Philomath, Philomath Market Area, Benton County & Oregon**
**2008**

| Demographic Indicator | City of Philomath | Philomath Market Area | Benton County | State of Oregon |
|---|---|---|---|---|
| Population | | | | |
| 2008 (estimate) | 4,431 | 12,508 | 83,564 | 3,814,725 |
| 2013 (forecast) | 4,726 | 13,396 | 87,709 | 4,105,010 |
| Avg. Ann. % Change ('00 to '08) | 1.93% | 1.85% | 0.87% | 1.44% |
| Avg. Ann. % Change ('08 to '13) | 1.33% | 1.42% | 0.99% | 1.52% |
| Households | | | | |
| 2008 (estimate) | 1,565 | 4,541 | 32,945 | 1,484,798 |
| 2013 (forecast) | 1,676 | 4,883 | 34,791 | 1,598,922 |
| Avg. Ann. % Change ('00 to '08) | 2.03% | 2.03% | 1.16% | 1.42% |
| Avg. Ann. % Change ('08 to '13) | 1.42% | 1.51% | 1.12% | 1.54% |
| Average Household Size | 2.82 | 2.75 | 2.40 | 2.52 |
| Median Household Income | $53,774 | $62,388 | $54,544 | $53,474 |
| Median Age (Years) | 32.4 | 39.1 | 33.1 | 38.0 |
| Race | | | | |
| Percent White Alone | 91.1% | 92.4% | 87.0% | 84.1% |
| Percent Other Race/2+ Races | 8.9% | 7.6% | 13.0% | 15.9% |
| Percent Hispanic | 5.8% | 4.2% | 6.4% | 10.8% |
| Homeownership | 61.5% | 75.1% | 60.3% | 66.3% |
| Educational Attainment | | | | |
| Associate Degree | 10.1% | 8.6% | 7.7% | 7.4% |
| Four Year Degree or More | 34.4% | 42.7% | 50.3% | 27.4% |

Source: ESRI BIS

In the Market Area, household size averages 2.75 persons, indicating that households are slightly larger than in the County and State. Market Area households also earn more than those in the City, County and State, with median incomes of $62,388 compared to $53,000-$54,000 in the latter three geographies.

Median age in the Market Area is comparable to that statewide (39 and 38 years, respectively), but above that of the City of Philomath (32 years) and Benton County (33 years). In terms of race, the Market Area and City are less diverse than the County and State. Ninety-two percent (92%) of Market Area residents are white; Asians/Pacific Islanders constitute the largest minority at 3%. Hispanics make up 4% of Market Area population, compared to 6% of City and County population and 11% of State population. Detailed charts characterizing the Market Area population are provided in Appendix A.

## Employee Market

An estimated 322 businesses operate within a three-mile radius of downtown Philomath and employ 3,065 persons (Exhibit 2). The largest share (41%) of employees work in the services industry, followed by manufacturing (18%) and retail trade (17%).

**EXHIBIT 2**

**BUSINESSES AND EMPLOYMENT**
**1-Mile and 3-Mile Areas**
**2008**

| Industry | 1-Mile Area | | 3-Mile Area | |
|---|---|---|---|---|
| | Businesses | Employees | Businesses | Employees |
| | % | % | % | % |
| Agriculture & Mining | 3.4% | 3.5% | 5.0% | 4.3% |
| Construction | 6.1% | 4.2% | 8.7% | 4.2% |
| Manufacturing | 8.4% | 24.1% | 8.1% | 18.2% |
| Transportation | 4.5% | 6.3% | 4.0% | 3.9% |
| Communication | 0.6% | 5.3% | 0.3% | 2.6% |
| Electric/Gas/Water/Sanitary Services | 0.6% | 4.7% | 0.6% | 2.3% |
| Wholesale Trade | 3.4% | 2.6% | 4.7% | 2.9% |
| Retail Trade | 22.3% | 17.9% | 18.3% | 16.6% |
| Finance/Insurance/Real Estate | 7.3% | 3.3% | 8.1% | 2.8% |
| Services | 41.2% | 26.6% | 39.7% | 40.7% |
| Government | 2.2% | 1.5% | 2.2% | 1.5% |
| Other | 0.0% | 0.0% | 0.3% | 0.0% |
| Total Employment | 179 | 1,440 | 322 | 3,065 |

Note: Distance is measured from the intersection of 1620 Applegate Street, Philomath.

Source: ESRI BIS

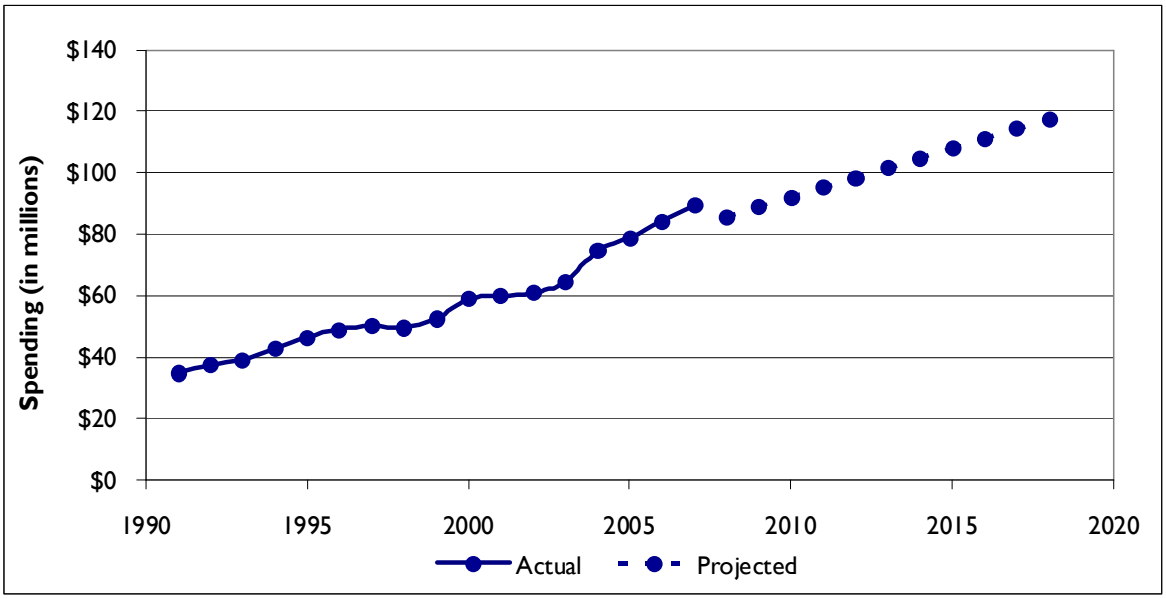
Employees working in and close to downtown are an important captive market for retail and service businesses, as they are in the area on a daily basis throughout the year and are in close proximity to retail, restaurant and service establishments. Market research conducted by the Building Owners and Managers Association of America demonstrates that office workers (as one segment of the workforce) spend between 10 and 15 percent of their expendable income at and near their places of work.

## Visitor Market

The visitor market is another potential influence for downtown Philomath's business base. The Benton County visitor market – which includes Philomath – has witnessed a strong rise in travel spending over the past sixteen years, growing from $34.8 million in 1991 to $89.3 million in 2007 (Exhibit 3). By 2018, visitor spending is expected to increase by $31.8 million to reach $117.5 million.

**EXHIBIT 3**

**TOTAL VISITOR SPENDING**
**Benton County**
**1991-2018**




Source: Dean Runyan Associates; Marketek, Inc.

In the immediate Philomath area are several significant visitor attractions which provide the opportunity for capturing additional retail, restaurant and entertainment spending by this market. Visitor counts for area facilities and attractions appear in Exhibit 4 on the following page.

| EXHIBIT 4<br><br>SNAPSHOT OF VISITOR ATTRACTIONS<br>Philomath, Oregon Area | |
|---|---|
| **Attraction/Market** | **Visitor or User Counts/Market Size** |
| Frolic Rodeo | 9,000 in 2008; 25 vendors |
| Benton County Historical Society Museum | 6,106 visitors in 2008; 30 groups |
| Holiday Craft Fair | 500 attendees; 54 vendors |
| Gathering Together Farm/Restaurant | 300 to 600 visitors per day |
| Scout Lodge | Opened fall 2008; 180 person capacity; multiple events scheduled in 2009 |
| Open Studio | 320 visitors in 2008 |
| State Highway 34 | 5,000 to 10,000 AADT (annual average daily traffic) |

Source: Marketek, 2009; Oregon Department of Transportation, 2007

## COMMUNITY INPUT

Community input gathered for this project included a Community Forum on Downtown in October, a shopper survey, business focus group, a PDA survey of businesses and multiple business interviews and meetings with PDA leaders.

### Opinion Research

An electronic shopper survey was completed by the community during the months of October and November 2008. Surveys were posted on the City website and publicized through the local newspaper and flyers to businesses. The survey results are fully detailed in Appendix B with highlights below.

Philomath Shopper Survey Highlights:

- Two hundred ninety-two (292) people participated in the survey.
- One hundred thirty-one (45%) reported doing most of their non-grocery shopping in the Portland and Eugene metro areas, while 34% and 32% do most of their non-grocery shopping in Downtown Corvallis and the Heritage Mall in Albany respectively.

- By far, the most common reasons influencing shopping choice were the availability of a wide selection of goods and price-levels, cited by 66% and 60% of respondents respectively.
- When people chose to shop in Philomath, their primary reasons were the convenient location and the ability to support local businesses, expressed by 67% and 59% of participants respectively. The major deterrents to shopping in Philomath were the poor selection of goods/services and the high prices mentioned by 73% and 61% of respondents. Limited hours and a poor appearance of stores were also frequently cited.
- The kinds of merchandise most frequently cited as being needed in Philomath were sporting goods, electronics, music & CDs, books and toys and hobbies.
- Seventy percent of respondents felt that Philomath lacks a good bakery, and another fifty-eight percent felt pharmaceutical services are missing.
- Regarding leisure/entertainments services, about eighty percent cited the need for more restaurants. The most frequently cited types of restaurant and cuisine were a steakhouse/grille (61%) and family style (60%) restaurants.
- Thirty-four percent felt Philomath lacked a hotel/motel. Of these respondents, thirty-eight percent responded they would not use the hotel very often, and about a quarter said they would have guests stay 3 to 4 times per year.
- Philomath shoppers mentioned they would like their town to exude a "small-town feel" but feel that it should be kept cleaner, with nicer storefronts, develop a theme, and overall, be friendlier and inviting to visitors.

## Business Focus Groups and In-Store Interviews

During October 2008, Marketek conducted a focus group of downtown Philomath businesses together with in-store visits to over 20 downtown businesses and approximately eight business owner interviews. Discussion focused on downtown's key assets and opportunities for expanding the commercial business base, the status of and outlook for doing business in Philomath and Philomath's perception and position in the marketplace.

Key themes of this community outreach follow:

- The core downtown area is Main Street from 8th to 13th Streets with the heart being 13th & Main Streets
- Business is generally 'good' with many destination businesses drawing from well beyond Philomath
- Wineries are a growing part of the area's economic base with potential to attract more visitors to the area
- Civic anchors are all located on Applegate
- Among the key downtown business anchors are the Furniture Restoration store and quilt shop

- Philomath is a 'tale of two cities'--outwardly 'conservative' but also reportedly high propensity of high income families; need to overcome the perception of being 'cheap'
- More dining variety is sorely needed
- A higher quality grocery is needed and would be supported
- Active risk-takers in town are already involved; not a lot of new money moving in
- Hard for individual businesses to see the bigger picture of a downtown district

## RETAIL DEMAND POTENTIAL

Marketek estimated potential demand for additional retail and restaurant space in the Philomath Market Area from two sources. The first, "existing demand," is demand for retail goods by current market area households that is not being met inside of the market area. The second, "future demand," is demand for retail space based on projected household growth within the market area over the next ten years. Finally, Marketek estimated potential demand for retail space based on projected increases in visitor spending.

### Existing Retail Demand

Retail MarketPlace data prepared by ESRI Business Information Solutions weighs estimated retail sales against estimated demand to help gauge how well a defined market area is currently meeting its retail potential. Retail 'supply' is based on estimates of actual retail sales using the Census of Retail Trade and a variety of other business and government databases. Retail 'demand' represents the expected amount spent by market area residents for various retail goods and services, based upon consumer expenditure patterns derived from the U.S. Consumer Expenditure Survey.

When estimated retail demand exceeds supply, a leakage presumably occurs, causing consumers to look outside of the market area for retail goods and services. A surplus, conversely, suggests that supply exceeds demand and that certain business categories are importing sales from shoppers who live outside the market area. It is important to note that the data only reflects potential spending from resident shoppers and does not include spending from visitors and employees working but not living in the market area.

In reality, the consumer marketplace is quite fluid. Even if goods are locally available, priced appropriately and of good quality, local shoppers will always do a certain amount of shopping away from home, including catalogue and Internet purchases. However, the leakage/surplus factor provides a reasonable indication of the availability of goods in the local market.

Exhibit 5 shows a leakage in all ten retail categories, with the largest leakages occurring in general merchandise ($14.8 million), groceries ($11.7 million) and restaurants ($10.5 million). Using sales per square foot standards provided by the Urban Land Institute, the

$63.9 million in sales potential leaking from the Philomath Market Area translates into 256,938 square feet of potential supportable retail space. If downtown Philomath were to capture 25% of sales leakage, this would translate into potential support for an additional 64,234 square feet of retail space in Philomath.

**EXHIBIT 5**

**EXISTING RETAIL BALANCE**
**Philomath Market Area**
**2008**

| Merchandise Category | Demand/ Spending Potential | Supply/ Retail Sales | Leakage (or Surplus) | Target Sales ($/SF)* | Potential Space |
|---|---|---|---|---|---|
| **Shoppers Goods** | | | | | |
| Apparel | $5,732,211 | $626,740 | $5,105,471 | $209 | 24,428 |
| Home Furnishings | $4,747,662 | $1,166,299 | $3,581,363 | $199 | 17,997 |
| Electronics & Appliances | $5,103,451 | $73,592 | $5,029,859 | $199 | 25,276 |
| Home Improvement & Gardening | $4,354,546 | $964,063 | $3,390,483 | $216 | 15,697 |
| Sporting Goods, Hobbies, Books & Music | $3,255,738 | $766,919 | $2,488,819 | $216 | 11,522 |
| General Merchandise | $15,620,620 | $814,817 | $14,805,803 | $216 | 68,545 |
| Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.) | $3,442,427 | $1,342,086 | $2,100,341 | $216 | 9,724 |
| **Convenience Goods** | | | | | |
| Grocery | $27,565,567 | $15,894,930 | $11,670,637 | $395 | 29,546 |
| Health & Personal Care | $5,391,204 | $244,378 | $5,146,826 | $365 | 14,101 |
| **Restaurants** | $20,214,733 | $9,667,795 | $10,546,938 | $263 | 40,102 |
| **Total Leakage** | | | | | **$63,866,540** |
| **Estimated Supportable Square Footage** | | | | | **256,938** |

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Source: ESRI BIS; Marketek, Inc.

## Future Retail Demand

The methodology for estimating statistical market support for retail space in the Philomath Retail Market Area applies expenditure potential[1] by type of merchandise to market area population figures in order to obtain potential sales volume for trade area residents. Potential sales are divided among five merchandise and service categories: shopper's goods, convenience goods, restaurants, entertainment and personal services. Note that gas and auto-related sales and service are not included as these are not retail sales typically desired

[1] Consumer spending is estimated from the Bureau of Labor Statistics' Consumer Expenditure (CEX) Surveys. The CEX surveys have been used for over a century to provide data to study consumer spending and its effect on gross domestic product.

in downtown business districts. The types of goods and services within several of these categories are provided in Appendix C. For instance, "apparel" includes women's apparel, men's apparel, children's apparel, footwear, watches and jewelry.

Exhibit 6 depicts potential retail sales for the Retail Market Area for the 2008-2018 time frame. Estimates of sales per square foot of store space derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers* are used to convert adjusted potential sales to supportable space estimates. For example, in the case of apparel, potential sales of $10.7 million in 2008 at sales per square foot of $209 will support 51,135 square feet devoted to this type of merchandise.

**EXHIBIT 6**

**RETAIL EXPENDITURE POTENTIAL**
**Philomath Market Area**
**2008-2018**

| Merchandise or Service Category | Per Household Expenditure | Target Sales ($/SF)* | 2008 Retail Potential | | 2013 Retail Potential | | 2018 Retail Potential | |
|---|---|---|---|---|---|---|---|---|
| | | | Sales (in mil $) | Space (SF) | Sales (in mil $) | Space (SF) | Sales (in mil $) | Space (SF) |
| Apparel | $2,354 | $209 | $10.7 | 51,135 | $11.5 | 54,986 | $12.4 | 59,128 |
| Home Furnishings | $1,811 | $199 | $8.2 | 41,315 | $8.8 | 44,426 | $9.5 | 47,772 |
| Home Improvement | $1,422 | $140 | $6.5 | 46,124 | $6.9 | 49,598 | $7.5 | 53,334 |
| Misc. Specialty Retail | $2,354 | $216 | $10.7 | 49,484 | $11.5 | 53,211 | $12.4 | 57,218 |
| **Shoppers Goods** | | | **$36.1** | **188,058** | **$38.8** | **202,221** | **$41.7** | **217,451** |
| Grocery | $6,778 | $390 | $30.8 | 78,919 | $33.1 | 84,863 | $35.6 | 91,254 |
| Health/Personal Care | $1,189 | $365 | $5.4 | 14,792 | $5.8 | 15,906 | $6.2 | 17,104 |
| **Convenience Goods** | | | **$36.2** | **93,711** | **$38.9** | **100,769** | **$41.8** | **108,358** |
| **Restaurants** | $4,107 | $263 | **$18.6** | **70,910** | **$20.1** | **76,251** | **$21.6** | **81,994** |
| **Entertainment** | $512 | $90 | **$2.3** | **25,856** | **$2.5** | **27,804** | **$2.7** | **29,898** |
| **Personal Services** | $1,097 | $151 | **$5.0** | **32,999** | **$5.4** | **35,484** | **$5.8** | **38,156** |
| **Total** | | | **$98.2** | **411,535** | **$105.6** | **442,529** | **$113.5** | **475,857** |
| **Five Year Net Gain** | | | | | $7.4 | 30,994 | $8.0 | 33,329 |

* Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

Exhibit 6 shows that in 2008 there is the potential for approximately 411,535 square feet of retail space based on potential expenditures of residents who reside in the Market Area. That is, Market Area residents have the potential to generate sales demand that will support 411,535 square feet of retail space. However, these potential expenditures by residents may occur outside of the trade area if desirable goods and services are not available locally.

Exhibit 6 also conveys the same analysis for 2013 and 2018. By 2013, potential Market Area sales of $105.6 million will support 442,529 square feet of retail space, growing to $113.5 million by 2018 with 475,857 square feet in retail space potential. The anticipated increase in sales potential from 2008 to 2018 translates into a potential total of 64,323 square feet of supportable new retail space in the Philomath Market Area over the next ten years. If downtown Philomath sought to capture half of this increase in demand, it would translate into 32,161 square feet of new retail space in the Town.

## Visitor Demand

Dean Runyan Associates tourism data for Oregon, national visitor spending patterns and Marketek's understanding of the local visitor market were used to establish the distribution of visitor spending among four key categories: retail, grocery, restaurants and entertainment/recreation. Exhibit 7 depicts the distribution of projected visitor spending by commodity purchased for 2008, 2013 and 2018. Spending is then converted to space demand using industry standards provided by the Urban Land Institute. The net gain in square footage space demand for growth in visitor spending is calculated for the 2008-2013 and 2013-2018 time frames and appears in the last row. By 2018, visitor spending will generate demand for an additional 54,353 square feet of retail space countywide.

**EXHIBIT 7**

**RETAIL POTENTIAL BASED ON VISITOR EXPENDITURE**
**Benton County**
**2008-2018**

| Retail Category | Target Sales ($/SF) | 2008 | | 2013 | | 2018 | |
|---|---|---|---|---|---|---|---|
| | | Spending (in millions) | Space (SF) | Spending (in millions) | Space (SF) | Spending (in millions) | Space (SF) |
| Retail | $216 | $10.3 | 47,616 | $12.2 | 56,439 | $14.1 | 65,262 |
| Grocery | $390 | $6.9 | 17,581 | $8.1 | 20,839 | $9.4 | 24,097 |
| Restaurants | $263 | $21.4 | 81,473 | $25.4 | 96,569 | $29.4 | 111,665 |
| **Total** | | **$38.6** | **146,671** | **$45.7** | **173,847** | **$52.9** | **201,024** |
| **Five Year Net Gain** | | | | **$7.1** | **27,176** | **$7.1** | **27,176** |

Note: This analysis assumes Retail spending makes up 12% of visitor spending, Groceries make up 8% and Restaurants make up 25%. The remaining 55% of spending is in Accomodations (17%), Entertainment/ Recreation (13%) and Ground Transportation (25%).

Source: Dean Runyan Associates, Marketek, Inc.

Downtown Philomath has the potential to offer a critical mass of unique shopping and dining experiences that are highly attractive to the visitor market, although the Philomath Market Area remains a small part of Benton County's tourist market. If Philomath captures 10% of the growth in Benton County's visitor demand an additional 5,435 square feet of new retail space can be supported by 2018.

## Demand Summary

Exhibit 8 provides a summary of total potential supportable retail space in downtown Philomath over the next ten years. Existing sales leakage together with anticipated growth in market demand from residents and visitors results in potential demand for 326,696 square feet of retail, restaurant, entertainment and service space development by 2018.

**EXHIBIT 8**

**RETAIL EXPENDITURE POTENTIAL**
**Philomath Market Area**
**2008-2018**

| Merchandise/ Service Category | 2008 Existing Unmet Demand (SF) | 2018 Market Area Demand (SF) | 2018 Visitor Demand (SF) | 2008-2018 Total Potential Supportable Space (SF) |
|---|---|---|---|---|
| **Shoppers Goods** | | | | |
| Apparel | 24,428 | 7,992 | NA | 32,421 |
| Home Furnishings | 43,272 | 6,457 | NA | 49,730 |
| Home Improvement | 15,697 | 7,209 | NA | 22,906 |
| Misc. Specialty Retail | 89,791 | 7,734 | 1,765 | 99,290 |
| **Subtotal** | **173,189** | **29,393** | **1,765** | **204,347** |
| **Convenience Goods** | | | | |
| Grocery | 29,546 | 12,335 | 652 | 42,532 |
| Health/Personal Care | 14,101 | 2,312 | NA | 16,413 |
| **Subtotal** | **43,647** | **14,647** | **652** | **58,945** |
| **Restaurants** | 40,102 | 11,083 | 3,019 | 54,205 |
| **Entertainment** | NA | 4,041 | NA | 4,041 |
| **Personal Services** | NA | 5,158 | NA | 5,158 |
| **Total** | **256,938** | **64,323** | **5,435** | **326,696** |

Source: ESRI; Urban Land Institute; Marketek, Inc.

The absorption and distribution of retail demand into the marketplace is a highly dynamic and fluid process, influenced by factors ranging from the timing and availability of quality space and existing business anchors to district marketing and incentives. All 'smart' shopping districts or centers strive to offer the marketplace a diversity of quality businesses, including specialty goods which are so prevalent in today's consumer market.

If downtown Philomath sought to capture a third (33%) of overall demand, it would translate to an additional 108,900 square feet of retail space over the next ten years. Philomath's success in capturing this opportunity will be strongly influenced by a number of factors, including the commitment to quality new development in downtown, property redevelopment, aggressive marketing and strong management of the downtown business district. In an effort to put these demand estimates into context, Appendix C provides the median sizes of several types of businesses that may be appropriate for downtown.

# Retail Development Strategy

At the heart of downtown Philomath's long term success is its ability to offer businesses, residents and visitors a unique and welcoming environment unlike any they can find elsewhere. The following recommended retail strategies are provided for downtown Philomath related to:

1) Market Position
2) Business Mix and Targets
3) Business Clustering
4) Property Development

## MARKET POSITION

Downtown Philomath must view itself as a 'product' and market itself to compete with other nearby shopping centers and business districts. It is beyond the scope of this project to suggest a brand identity, though marketing themes and taglines suggested in the community input are highly valuable. Developing a common message and identity will provide guidance for downtown's marketing, urban design elements, signage, advertising, marketing collateral, website, etc. In general, downtown Philomath should promote itself as the true heart of the community—a unique and special destination for shoppers and businesses. A sample market position statement focused on market advantages follows:

> *Downtown Philomath is an historic mixed-use business district with one-of-a-kind specialty shopping, casual dining, local business owners and hometown service. It is the heart of Philomath where friends and family gather together and enjoy a sense of community.*

## BUSINESS MIX AND TARGETS

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, cultural, financial and government services, entertainment, housing and personal services. Downtown Philomath already exists as a mixed-use center bringing residents, businesses and employees together for many purposes though the retail base is highly limited. A critical goal over the next five years and longer will be to increase the number of retail businesses in the core downtown area and maintain ground floor space for retail businesses.

The results of the statistical market analysis as well as the opinion research indicate that Philomath has ample opportunity to grow its retail base and fill niches and voids in the local

marketplace. Identifying the most appropriate business mix for Philomath, as earlier noted, is a function of demographics and lifestyle characteristics, spending potential, survey research, the existing business base and retail trends.

Success will be achieved in downtown Philomath with business owners dedicated to:

- Providing a good quality product at a fair price
- Providing exceptional customer service
- Responding to the changing needs of both trade area customers and visitors
- Aggressively marketing to these target customer groups
- Offering multiple, complementary product lines
- Filling specific, unique niches
- Having focus, imagination and a deep desire to meet the needs of the customer

Downtown Philomath's best business opportunities are for specialty retail, restaurants and entertainment-type businesses. Attraction of additional anchors—particularly restaurants—is critically important. The following list of business and merchandise opportunities (Exhibit 9) can be supported based upon the market analysis. They support the goal of concentrating on specialty goods, and were identified as priorities by shoppers and business owners. The significant expansion of the Philomath area housing market in recent years calls attention to the need for more home furnishings products and services of all kinds. Combinations of the goods and services as well as many others that have unique appeal to area markets should be considered for business development efforts.

To provide downtown Philomath stakeholders with an understanding of what a successful business mix might be, Appendix D profiles three successful Oregon downtowns--Gresham, Troutdale and McMinnville. It is of interest to note the highly diverse and unique business mix of these prominent downtowns that have been actively working over a decade or more to strengthen their business base with retail, restaurant, entertainment and service tenants.

| EXHIBIT 9<br>TARGET BUSINESS OPPORTUNITIES<br>Downtown Philomath | | |
|---|---|---|
| Merchandise | Bike shop<br>Florist<br>Unique, casual apparel & accessories for all ages<br>Shoes<br>Bookstore/cards/music<br>Bed & bath linens/accessories<br>Kitchen accessories shop<br>Garden shop<br>Sporting good<br>More quality consignment (children) | Art & craft supplies<br>Jewelry<br>Lighting<br>Home accessories<br>Unique gifts<br>Photography studio<br>Pet supplies<br>Fabric/knit shop |
| Restaurants/Food | Bakery<br>Grocery/drugstore items<br>Steakhouse/seafood<br>Health food store/natural food<br>Specialty/green grocery: wines, fresh meats/cheese, baked goods<br>(aka Gathering Place) | Sit down breakfast/lunch<br>Ethnic—Italian, Thai<br>Family dining<br>Tea/juice bar |
| Entertainment | Live entertainment/music @ restaurant, pub, coffee house<br>Community Art/Performance Center | |
| Personal care | Vision care<br>Naturopathic/homeopathic/alternative health<br>Tailoring/alterations<br>Dry cleaner/laundry<br>Dental care | |
| Other needs/ services | DVD rental<br>Daycare<br>RV service<br>Lodging—Bed & Breakfast | |

## BUSINESS CLUSTERING

Downtown Philomath's success in capturing new and expanding retail development and its long term viability as a business district will be strongly influenced by a number of factors, including the ability to locate retail and related businesses in the downtown core. A critical success factor for downtown development is the creation of a critical mass of complementary businesses that benefit from each other's sales, customers and markets. The primary vehicle for developing unified groups of stores and businesses is clustering –

creating mutual advantages in terms of pedestrian flow and shared markets between businesses.

Clustering, a management tool used extensively by shopping centers, involves strategically locating businesses within a downtown or business district to take advantage of relationships between nearby businesses. To implement a clustering strategy, it is important to understand existing assets or clusters, to know where building vacancies exist and to identify and actively target businesses to suitable locations. Clustering strategies include locating businesses near compatible businesses, complementary businesses, competitive businesses, or traffic generators.

Successful clustering is dependent on having the appropriate mix of businesses that generate market synergies and an uninterrupted grouping of retail businesses that draw customers to and *through* the entire business district. Clustering businesses that share customers or that have complementary goods will strengthen downtown's market position. Restaurants can be located as entertainment anchors throughout the district with sensitivity to avoiding conflicts with neighboring businesses that may be seeking to serve a different market segment.

Because downtown Philomath has so few retail businesses, it is important that it build upon its strongest blocks and existing retail anchors. At present, the north side of Main Street between 12th and 14th Streets represents the area with the greatest potential for business clustering (Cluster A). See the basemap on page 21 provided by DLA, Inc. landscape architects. The greatest physical unity exists in these blocks with contiguous buildings many with restored facades. In addition strong business anchors include the Quilt Shop and Furniture Restoration. The new Gateway Gallery is an asset to the area and offers excellent cross-marketing potential. These businesses together with Solar Summit and Heritage House Parts form the beginning of a home furnishings/improvement cluster in the downtown and could be 'cross promoted.'

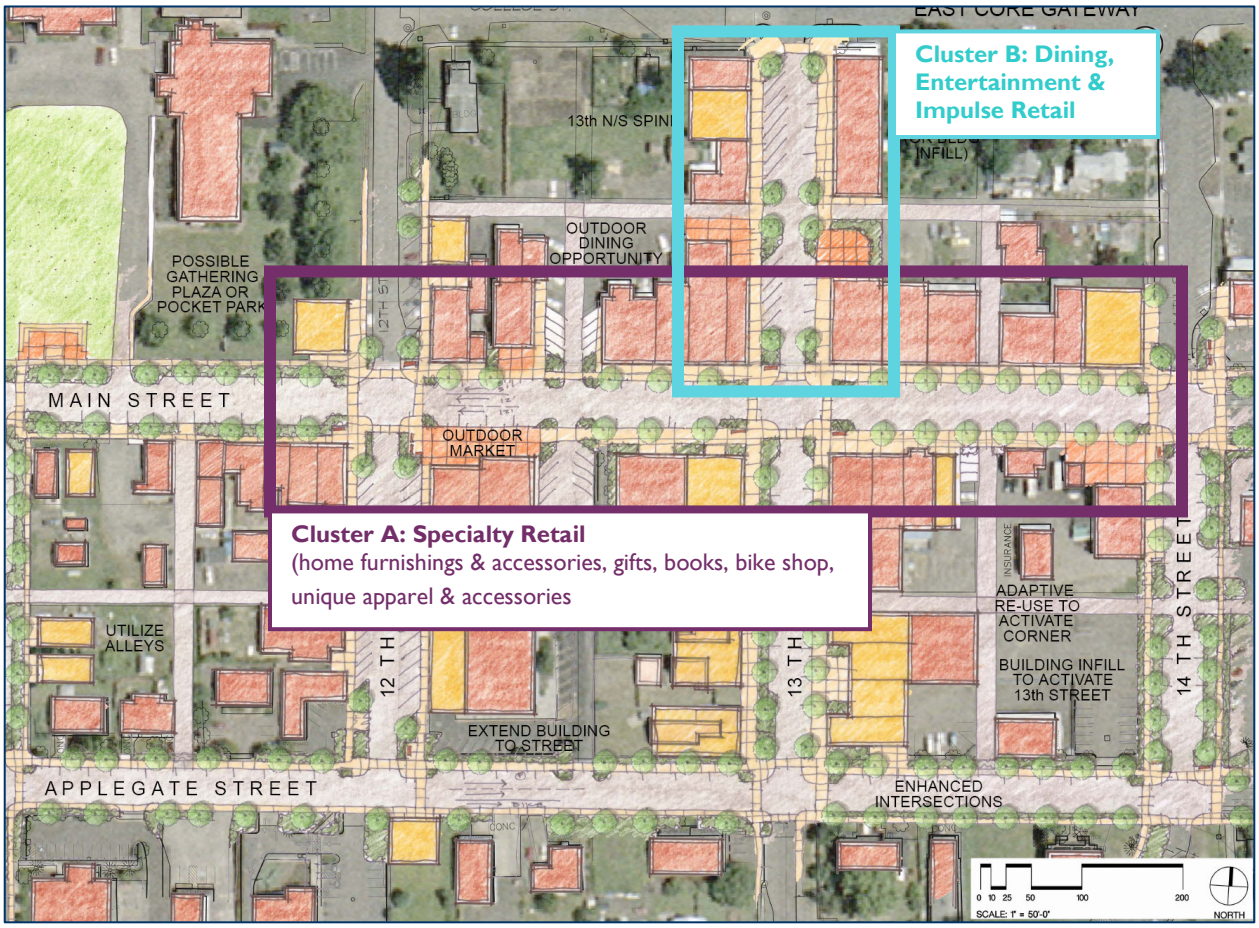
Any number of specialty businesses with appeal to a similar target market would do well in these blocks ranging from books and gifts to home décor and unique apparel. The Surf Shop is another retail anchor but with limited connectivity to nearby businesses. A bike shop would be a good complement to this business.

A second potential cluster area (Cluster B) is 13th Street from Main Street to College. This block offers physical unity with a completed streetscape and Heritage House Parts and the Office Copier/Copy store. Sunrise Bakery has the potential to be a destination business but serves mainly as a wholesale enterprise. The Odd Fellow Building adds historic interest and the adjacent vacant lot has

strong infill potential. In general, the block has limited traffic and has a quiet, friendly feel. It is easy to imagine one or more restaurants with outdoor dining and specialty shops.

The streetscape improvements, flower baskets and renovated facades on many buildings in both of these cluster areas on Main and 13th no doubt contribute to the positive pedestrian environment in that area. Pedestrian activity should be encouraged/enhanced throughout this core area as delineated in the map below. Over time, the downtown retail/restaurant core area will spread out to include more blocks. This guideline is directly linked to marketing and clustering and speaks to the need to *call out* in all possible ways what the retail focus is in downtown Philomath through good building design, signage, landscaping and traffic calming endeavors.

### Downtown Philomath Retail Clusters



## PROPERTY DEVELOPMENT

One of the best strategies for recruiting business prospects and developers is to be able to provide an inventory of available real estate (properties and lots), and better yet, be in the position to bring key properties to the table. The goal in Property Development strategies is twofold--to stimulate interest and action toward property improvements and to enhance the appearance and condition of downtown Philomath properties to attract quality tenants. Ideally, the City of Philomath Urban Renewal Agency with the help of the Philomath Downtown Association will target priority infill properties in the core downtown area for redevelopment. The concept map identifies a number of catalytic infill sites that are prime redevelopment opportunities (shown in yellow). Urban renewal agencies have a broad spectrum of property redevelopment tools to spur revitalization of downtown districts.

# Downtown Business Development Action Plan

Successful implementation of downtown Philomath's business development program requires strong coordination, consistent communication and commitment to a vision for a more cohesive downtown. The steps outlined below assuming that a collaborative team will work together on the downtown commercial base including the City of Philomath, Urban Renewal Agency, the Chamber of Commerce and the Philomath Downtown Association, which will spearhead the process. However, the team should also include a range of individuals from realtors and property owners to business owners and marketing professionals.

Downtown Philomath's Business Development Action Plan addresses all the key components of success from a strong vision and quality product to specific targets and organized campaigns to generate results. The plan is organized similar to a Downtown Program Workplan with target actions, strategies and next steps/tasks.

## ACTION 1: PACKAGE & PROMOTE THE DOWNTOWN VISION

Newcomers to Philomath – developers, investors and business prospects – need to be reassured that there is a strong vision and game plan for downtown's long term success. Much groundwork has been laid recently (2008-09) with the market analysis, concept plan and public outreach/downtown forum in the past. Next steps include:

- **Package Vision**. Create a summary vision – a visual aid, map or a one page synopsis – of the future of downtown Philomath over the next 10 years: market position, business mix, key redevelopment projects and significant changes. Call out the catalytic projects underway or planned. Using a one-piece visual map format with the data will help reduce confusion and quickly introduce a prospective business or developer to the opportunities available. A map can visually communicate the context of the larger area – highlighting the core area. It can be front and back and include the DLA concept drawing as well as photos of redeveloped Main Street properties.

- **Share and promote the downtown vision** with all stakeholders and influencers—brokers, property owners, and business owners. Organize small and large group presentations of the findings of the recent planning efforts and the top three goals for 2009-2010.

## ACTION 2:
## PREPARE AND DEVELOP YOUR REAL ESTATE PRODUCT

**Downtown Philomath's overriding challenge for business attraction and expansion** is the limited amount of built retail space available for occupancy in the core retail area, particularly of a suitable size. Quality business tenants need attractive, appropriately sized commercial properties in the right location for attracting customers. Specialty shops generally seek small square footages – from 500 to 3,000 square feet (SF). Become thoroughly knowledgeable about and actively promote what real estate product downtown Philomath has to offer.

- **Property Database.** Support the development of a property database, focusing in the near term on the three block core.
- **Market-ready Properties**. Determine what properties are 'ready' for tenants. Within core area, contact property owners of vacant buildings/sites to discern plans, availability, willingness to make improvements. Identify and provide assistance ranging from help in posting For Lease signs and cleaning up to façade improvement assistance to generally make properties more marketable.
- **Property/Building Profiles.** Create a one-page information sheet for top priority, prime downtown sites and buildings including square footage, lease/sale terms, store fronts/parking, photos, target business types for each property. Put links on the City's and PDA's websites showing "Commercial Properties Available."
- **Property Redevelopment.** To significantly influence the retail mix the City and PDA must identify priority sites for redevelopment or new infill development and create a gameplan for moving ahead. The Downtown Concept Plan identifies five key infill/redevelopment sites in the core area. Actively explore and evaluate each site for 'readiness' and timing in terms of development or improvements.


- **Cross Match Property to Business Target.** Work to match vacant spaces to specific store types and tenants.
- **Targets.** Create site-specific business location targets for Main Street and 13th Street as more information is gleaned about property opportunities and business status.
- **Ground Floor Space.** Begin talking with office-type users on ground floors of the core retail area to encourage relocation to sites out of the core retail area or in second-floor locations. Gain permission to market their space if they are willing to relocate.

## ACTION 3:
## STRENGTHEN EXISTING BUSINESS

Businesses are more challenged than ever before to be smart, efficient, focused and marketable. Helping existing downtown businesses succeed is a critical step in the business development process. Most often, Main Street businesses want and need help with marketing and merchandising, finance, systems improvements, tenant and façade improvements, business location/expansion and staying on top of marketplace trends and opportunities.

A key weakness of small independent businesses, including many observed in downtown Philomath, is their inattention to overall image and visual appeal. Store image and identity includes signage, storefronts appearance, window displays, store merchandising, lighting and other elements that collectively send customers a strong impression about business quality and offerings.

As the PDA seeks to address key business needs and connect businesses to resources and services, it should focus on the following top small business issues: Image and Identity, Finance, Marketing and Promotion.

- Continue and **enhance all existing efforts** with a range of formats and programs from one-on-one in-store assistance and mentoring to business recognition programs and financial assistance.

- Offer one-on-one **marketing assistance visits** with e-market/business expert on merchandising, merchandise-mix, pricing, and target marketing. Create matching grant technical assistance program for free or with commitment from business to follow through.


- **Package and promote** all of the resources and benefits available to downtown Philomath businesses, perhaps as part of a Downtown Program's "Downtown Business Toolbox."

## ACTION 4:
## BUSINESS RECRUITMENT

Downtown Philomath will need to work hard and smart to encourage quality businesses to locate there over other established or newer shopping centers. Business development efforts should emphasize unique, locally-owned businesses but also carefully target regional 'chain-lets' that offer credibility and/or the ability to draw a broad middle income market (when property is available).

Business Recruitment involves two strategic efforts, Marketing and Sales. Marketing without follow-up and personal meetings with businesses, brokers and developers is not an aggressive program.

Important to both efforts is clear understanding of:

- Product – what do we have to offer?
- Audience – who are we targeting?
- Benefit – compelling reason why a business will want to be located here.

The preceding actions are critical in defining the product. Based on the property inventory, further narrowing of specific targets will help to focus marketing and sales efforts on those targets that provide the most opportunity for the available property. Business targets are identified in Section 2, but will need matching to available space. The benefit is highlighted Target Markets.

The following outlines three steps for implementing a Business Recruitment program:

1) Sales Package
2) Marketing
3) Sales

### Sales Package

Create sales material and distribution channels. Appendix E shares a simple one page marketing tool highlighting the market data. This page should be augmented with property sheets, a business resource/incentive guide and information on PDA and the Philomath community. It should be available in a simple folder/package for a proposed business seeking a location or for pitching a proposed location to a business.

- **Use existing websites to promote sales info** – update the PDA and the City websites with the Market Analysis and Downtown Concept Plan and eventually a property database, information on business/developer incentives and related.

- **Add a blog and RSS feed to website** – which will help drive businesses to the website and track information. Report on the blog regarding downtown developments. Also add a "sign-up" for news.

## Marketing

Marketing is all about creating awareness of the opportunity. The goal is to have consistent, frequent and meaningful messages to the target audience that demonstrate why they should consider a location.

- **Lists** – the first step is to create and maintain a target list. The list should include all existing businesses (who may have opportunity to expand) and all target businesses. Create the database list using the following sources and "information gathering" tactics:

  - Existing businesses in the Philomath area.
  - Existing businesses in Corvallis and Benton County that could consider a location in downtown Philomath. Often adding a new location for a small, existing, well known, successful business, is the best way for the business to expand.
  - Guerilla tactics include searching other successful downtowns for unique stores that fit Philomath, best to within a half day drive so owners can check on the store.
  - Real Estate Brokers – build relationship so brokers trust sharing their information and knowledge of potential business leads.
  - When properties for key sites/locations become available first work with local brokers to determine best method and source for developing marketing list.

- **Electronic postcards or hard copy postcards** – with a good list, messaging can be easy by using electronic postcards. Keep messages short, simple and newsworthy – push them to website for more information. Electronic email services such as Vertical Response, www.verticalresponse.com are excellent resources or an email post card program can be easily designed and implemented by firms experienced in email campaigns.

- **Launch the marketing campaign** – Once the property database is uploaded; use this as opportunity to "launch" the marketing efforts. If the list has not been confirmed for email distribution, launch with hard copy postcards, 6 x 9. Postcard templates can printed a at low cost using same image as folder, leaving back side blank to add specific messages for each mailing. First postcard announces the downtown Philomath database and drives contacts to website for sign-up of news or market prospectus.

- **General Campaigns** – postcards send messages of new developments, events, new market information, new property available.

- **Targeted Campaigns** – Further mailings can focus on specific targets. Select 2-3 target clusters, such as restaurants, home furnishings, based on available properties and those businesses most desired by the community. Create a 3-4 piece series of postcards promoting the desire for this type of business that is missing in the retail mix, the property, some market data, and assistance available. Note: These campaigns should only be implemented when there is a property match or potential of property match coming on the market.

- **Posting on directory and association websites** – post property sites and businesses "desired" on other websites, such as local chambers and community websites.

## Sales

Sales is the personal, one-on-one follow-up to marketing and cold calling. Use the flyer or sales packet as speaking piece and leave-behind.

- **Canvass existing, recognized businesses** in the Philomath area to determine potential interest in an additional location. Second, if there is interest find out facility size, configuration and any specific requirements they might have. Put them on mailing list/database for follow-up. The meeting should determine interest, specific needs and timeline.

- **Canvass unique businesses** in Benton County and surrounding "close-in" areas regarding an additional location.

- **Targeted Sales** – Focus on the 2-3 targets selected for target marketing campaigns. After the mailing series begin to schedule meetings with companies on the target list. Customize packets for target presentation, i.e., grocery, drug stores, apparel, etc. Personalize each packet with information that demonstrates the business would be successful in the downtown location – market data, property sheets.

- **Implement a Sample Specialty Retail campaign** such as the one outlined in the Appendix F.

## Innovative Approaches

Rural communities can be extremely creative in encouraging entrepreneurs and developing successful local start-up companies through mentorship and technical support. Two popular concepts, Enterprise Facilitation and Economic Gardening, are based upon the experience of small towns that their best chances for growth are by seeding and supporting local entrepreneurs, youth included. See Appendix G for examples of two rural Oregon

communities that have successfully used this economic development approach: Enterprise and Baker City.

Another 'out of the box' initiative was recently employed by the City of Independence when they created a youth retail incubator on Main Street focused on Bed and Bath product. See the agreement outlined for this program in Appendix H.

## IMPLEMENTING THE PLAN

Implementation of the downtown retail business development plan is dependent upon a commitment to downtown as a priority economic development goal, an organized, proactive local business development team, and management by one or more qualified staff with strong sales and marketing skills.

Successful downtown business development programs for small towns and large cities alike have the following key *organizational* elements in common:

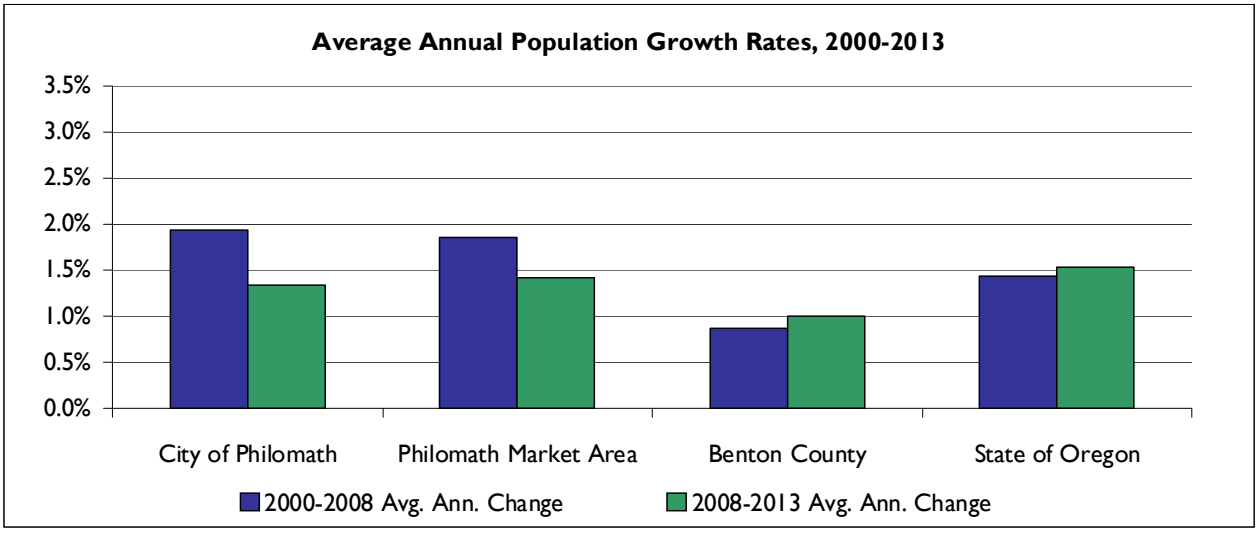
- Public-private partnership where goals, responsibilities, commitment and funding are shared through a unified game plan and common vision.

- A clear delivery system for ongoing market education, target marketing and sales. Among the stakeholders involved are the City, Chamber, developers, established businesses, residents, lenders, entrepreneurs, schools and major employers. The PDA is well organized with most of these constituents involved. Keep the 'net cast wide' in the process of ongoing recruitment of key influencers to focus on downtown's success.

The capacity to follow-through on work plans is well established. The most creative marketing and sales efforts will not succeed without continuous follow-through and systematic adjustment to the market and business targets, which are in constant motion.

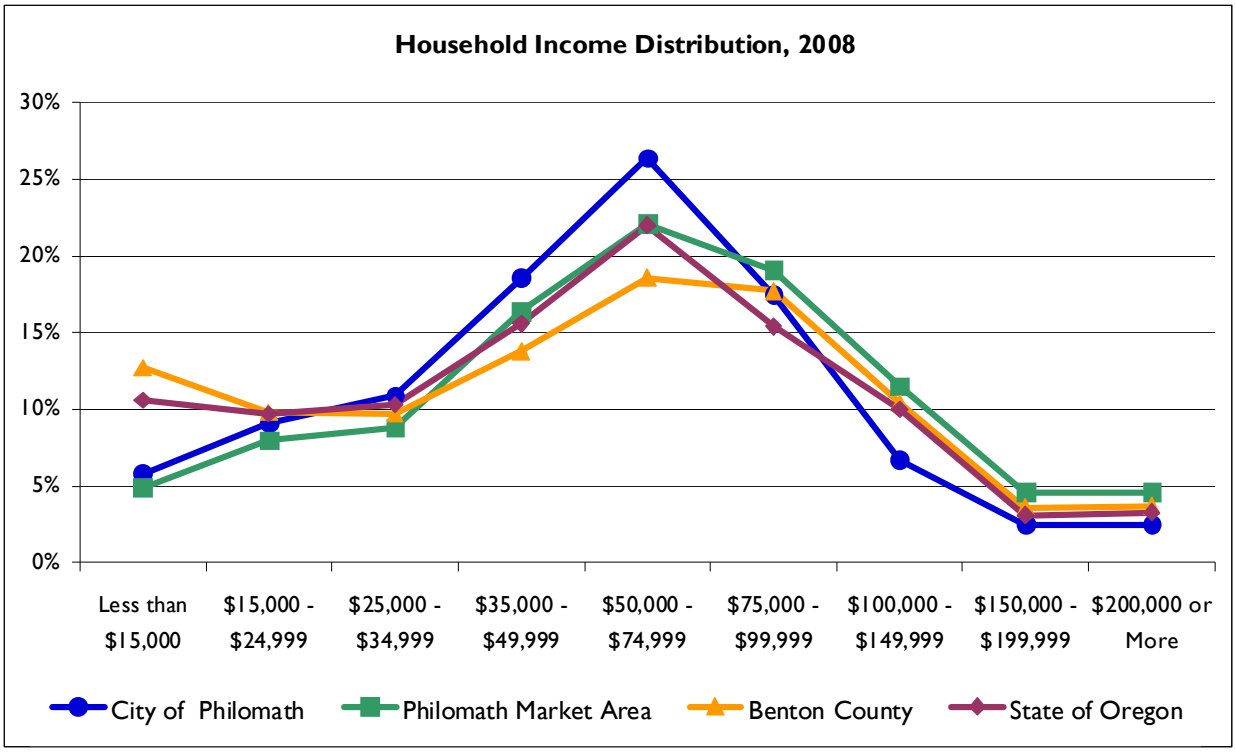
# Appendix A: Market Area Demographic Data

| POPULATION & HOUSEHOLD GROWTH<br>City of Philomath, Philomath Market Area, Benton County & State of Oregon<br>2000-2013 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Geographic Area | | Avg. Ann. Change 2000-2008 | | | Avg. Ann. Change 2008-2013 | | |
| | 2000 | 2008 (Estimate) | Number | Percent | 2013 (Forecast) | Number | Percent |
| **City of Philomath** | | | | | | | |
| Population | 3,838 | 4,431 | 74 | 1.93% | 4,726 | 59 | 1.33% |
| Households | 1,346 | 1,565 | 27 | 2.03% | 1,676 | 22 | 1.42% |
| Avg. Household Size | 2.85 | 2.82 | -0.004 | | 2.81 | -0.002 | |
| **Philomath Market Area** | | | | | | | |
| Population | 10,897 | 12,508 | 201 | 1.85% | 13,396 | 178 | 1.42% |
| Households | 3,907 | 4,541 | 79 | 2.03% | 4,883 | 68 | 1.51% |
| Avg. Household Size | 2.78 | 2.75 | -0.004 | | 2.74 | -0.002 | |
| **Benton County** | | | | | | | |
| Population | 78,153 | 83,564 | 676 | 0.87% | 87,709 | 829 | 0.99% |
| Households | 30,145 | 32,945 | 350 | 1.16% | 34,791 | 369 | 1.12% |
| Avg. Household Size | 2.43 | 2.40 | -0.004 | | 2.39 | -0.002 | |
| **State of Oregon** | | | | | | | |
| Population | 3,421,399 | 3,814,725 | 49,166 | 1.44% | 4,105,010 | 58,057 | 1.52% |
| Households | 1,333,723 | 1,484,798 | 18,884 | 1.42% | 1,598,922 | 22,825 | 1.54% |
| Avg. Household Size | 2.51 | 2.52 | 0.001 | | 2.52 | 0.000 | |



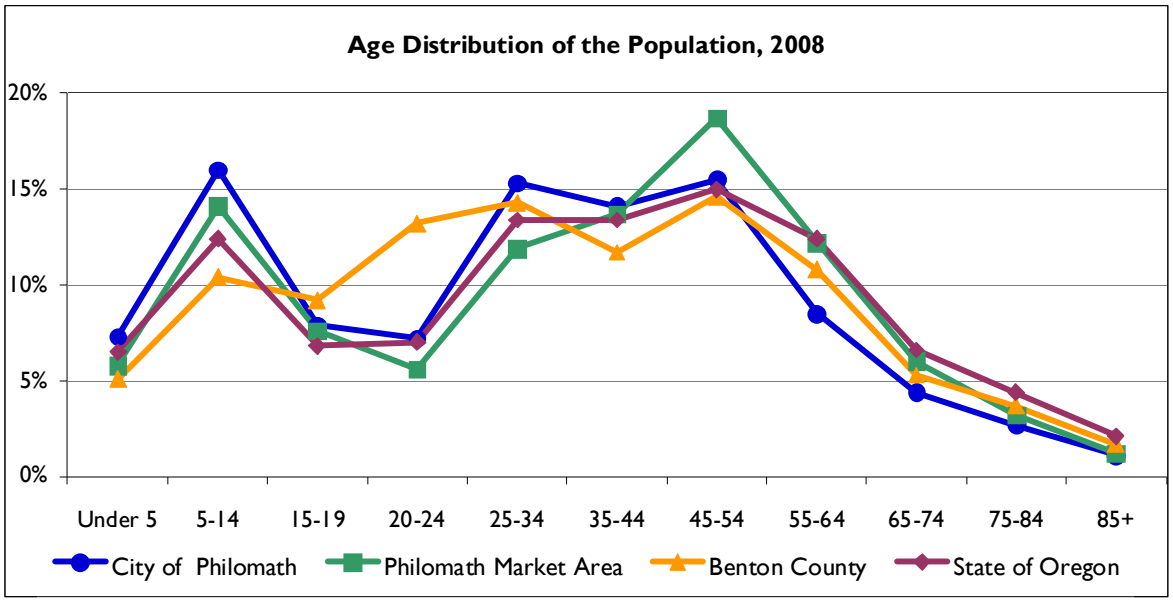

Source: ESRI BIS

| HOUSEHOLD INCOME<br>City of Philomath, Philomath Market Area, Benton County & Oregon<br>2008 | | | | |
|---|---|---|---|---|
| Income | City of Philomath | Philomath Market Area | Benton County | State of Oregon |
| Less than $15,000 | 5.8% | 4.9% | 12.7% | 10.6% |
| $15,000 - $24,999 | 9.1% | 8.0% | 9.8% | 9.7% |
| $25,000 - $34,999 | 10.9% | 8.8% | 9.7% | 10.3% |
| $35,000 - $49,999 | 18.6% | 16.4% | 13.8% | 15.6% |
| $50,000 - $74,999 | 26.4% | 22.1% | 18.6% | 22.0% |
| $75,000 - $99,999 | 17.5% | 19.1% | 17.7% | 15.4% |
| $100,000 - $149,999 | 6.7% | 11.5% | 10.4% | 10.0% |
| $150,000 - $199,999 | 2.5% | 4.6% | 3.6% | 3.1% |
| $200,000 or More | 2.5% | 4.6% | 3.7% | 3.3% |
| Total | 1,565 | 4,541 | 32,945 | 1,484,798 |
| Median Household Income | $53,774 | $62,388 | $54,544 | $53,474 |



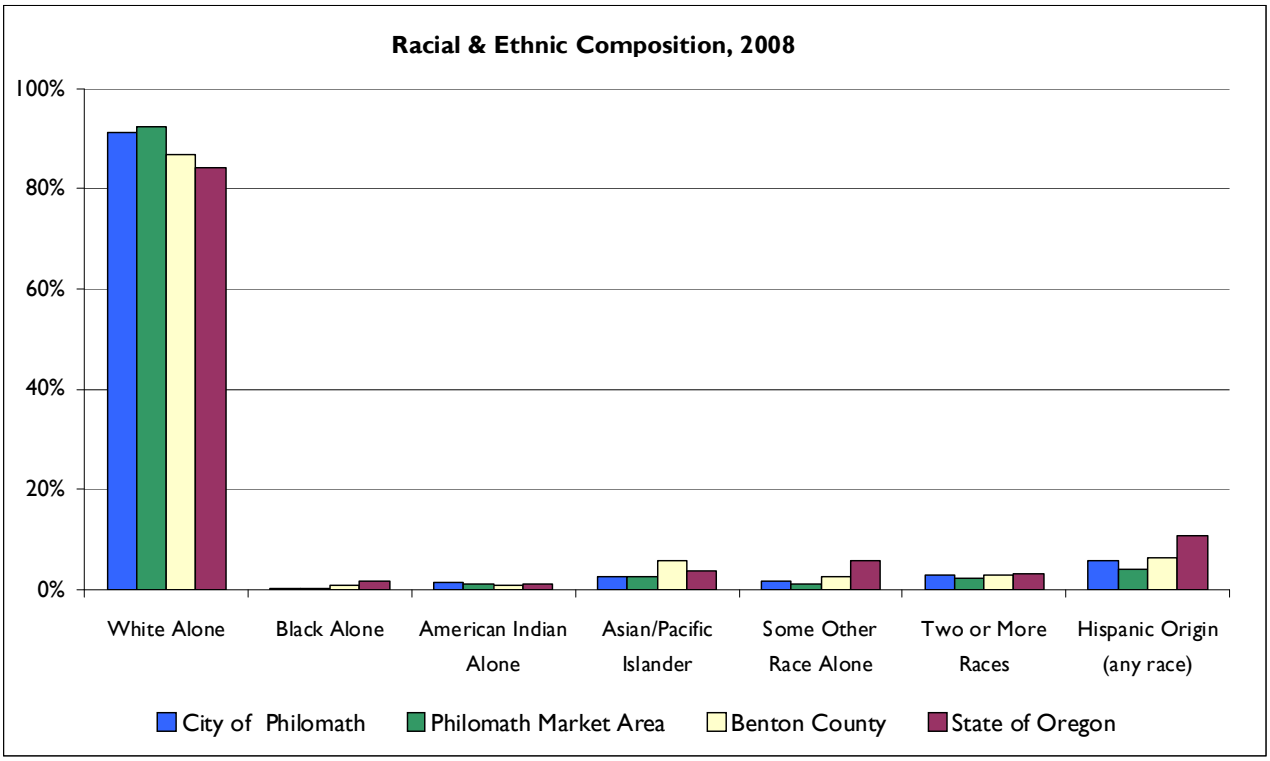

Source: ESRI BIS

| POPULATION BY AGE<br>City of Philomath, Philomath Market Area, Benton County & Oregon<br>2008 | | | | |
|---|---|---|---|---|
| Age Category | City of Philomath | Philomath Market Area | Benton County | State of Oregon |
| Under 5 | 7.3% | 5.8% | 5.1% | 6.5% |
| 5-14 | 16.0% | 14.1% | 10.4% | 12.4% |
| 15-19 | 7.9% | 7.6% | 9.2% | 6.8% |
| 20-24 | 7.2% | 5.6% | 13.2% | 7.0% |
| 25-34 | 15.3% | 11.9% | 14.3% | 13.4% |
| 35-44 | 14.1% | 13.7% | 11.7% | 13.4% |
| 45-54 | 15.5% | 18.7% | 14.6% | 15.0% |
| 55-64 | 8.5% | 12.2% | 10.8% | 12.4% |
| 65-74 | 4.4% | 6.0% | 5.3% | 6.6% |
| 75-84 | 2.7% | 3.2% | 3.7% | 4.4% |
| 85+ | 1.1% | 1.2% | 1.7% | 2.1% |
| Total | 4,431 | 12,508 | 83,564 | 3,814,725 |
| Median Age | 32.4 | 39.1 | 33.1 | 38.0 |




Source: ESRI BIS

| RACIAL & ETHNIC COMPOSITION<br>City of Philomath, Philomath Market Area, Benton County & Oregon<br>2008 | | | | |
|---|---|---|---|---|
| Race/Ethnicity | City of Philomath | Philomath Market Area | Benton County | State of Oregon |
| White Alone | 91.1% | 92.4% | 87.0% | 84.1% |
| Black Alone | 0.3% | 0.3% | 0.9% | 1.7% |
| American Indian Alone | 1.5% | 1.1% | 0.8% | 1.3% |
| Asian/Pacific Islander | 2.7% | 2.5% | 5.9% | 3.9% |
| Some Other Race Alone | 1.6% | 1.3% | 2.6% | 5.7% |
| Two or More Races | 2.8% | 2.4% | 2.8% | 3.3% |
| Hispanic Origin (any race) | 5.8% | 4.2% | 6.4% | 10.8% |
| Total | 4,431 | 12,508 | 83,564 | 3,814,725 |




Source: ESRI BIS

## Community Tapestry Segments

Recognizing that people who share the same demographic characteristics may have widely divergent interests and shopping preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics as well as other determinants of consumer behavior.

Market area households have been grouped into Tapestry market segments. The market segments within the Philomath Market Area are identified and summarized in the chart on the following page. While the characteristics of each market segment vary, households within the Market Area tend to family households consisting of married couples with or without children. There is a mix of homeownership and rental housing, although homeownership predominates. Incomes range – "Aspiring Young Families" and "Rural Resort Dwellers" have modest incomes with medians at or below the national median. Other segments – "Suburban Splendor," "Exurbanites," and "In Style" – have incomes well above the national median. Top market segments include "Exurbanites," "Aspiring Young Families," "In Style" and "Green Acres."

| TAPESTRY MARKET SEGMENTS<br>Philomath Market Area<br>2008 | | | | | | |
|---|---|---|---|---|---|---|
| Market Segment | | % of Hholds | Hhold Type | Median Age | Median Income | Consumer Preferences & Purchases |
| 1 | Exurbanites | 31.6% | Married couples | 45 | $88,195 | Empty nester couples who spend time working in their garden or decorating their homes. Enjoy domestic wine, attending the theater and outdoor activities such as boating and hiking. |
| 2 | Aspiring Young Families | 22.7% | Family Mix | 31 | $50,392 | Live in start up homes or town homes, nearly half are renters, spend their discretionary income on their children and homes. Enjoy eating out, movies, and playing sports. |
| 3 | In Style | 9.4% | Married couples without children | 40 | $72,112 | Well-educated professional couples who may live in the suburbs but enjoy the amenities of the city. They travel frequently for business and pleasure, own mutual funds and contribute to 401-K accounts. Enjoy dining out and shopping at stores such as Anne Taylor and Nordstrom. |
| 4 | Green Acres | 8.9% | Married couples | 41 | $63,922 | Blue collar families w/ children 6-17 living in pastoral settings. These do-it-yourselfers are not afraid to tackle home improvement projects and enjoy watching football and NASCAR and going hunting and hiking. |
| 5 | Enterprising Professionals | 8.7% | Singles/ Married couples | 34 | $69,960 | These young, educated, working professionals change cities frequently, moving where jobs are located. They prefer to rent, rely on cell phones, PCs and the Internet and love to travel. |
| 6 | Main Street, USA | 8.6% | Family Mix | 37 | $55,144 | These fairly well-educated consumers tend to purchase software, savings certificates, home improvement iterms and prescription medication. Civic-minded, they often attend public meetings and work as volunteers. |
| 7 | Salt of the Earth | 6.1% | Married couples | 41 | $50,538 | Families with a rural or small town lifestyle who take on small home projects and vehicle maintenance. They frequently own a truck, motorcycle and two or more pets. Leisure activities include hunting and fishing. |
| 8 | Suburban Splendor | 3.1% | Married couples | 41 | $129,931 | Families in growing neighborhoods who own large, luxurious homes and hire contractors and maintenance workers. They devote free time to travel, fitness and trips to museums or the theater. |
| 9 | Rural Resort Dwellers | 0.9% | Married couples | 47 | $47,311 | Enjoy simple life and consumer tastes describe these residents. Own domestic 4-wheel drive trucks. Lifestyle includes baking and home cooked meals, as well as participation in local civic issues. They go hunting, fishing and listen to country music. |
| **Total Households** | | **100.0%** | | | | |

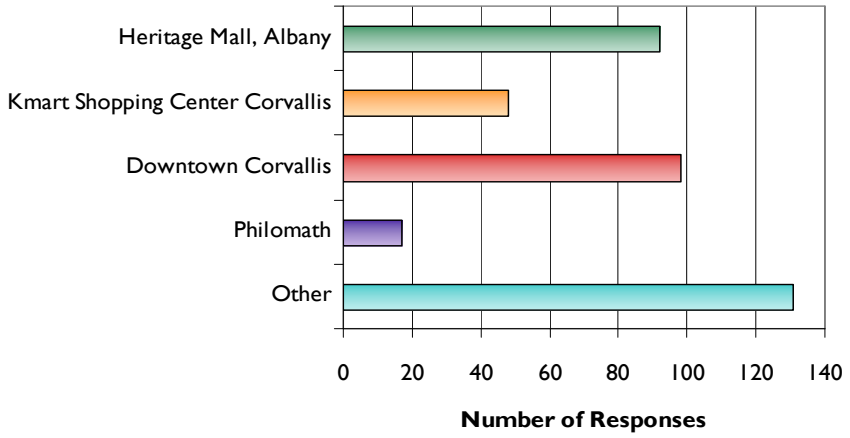
Source: ESRI BIS

# Appendix B: Shopper Survey Results

## Section 1: Shopping Habits

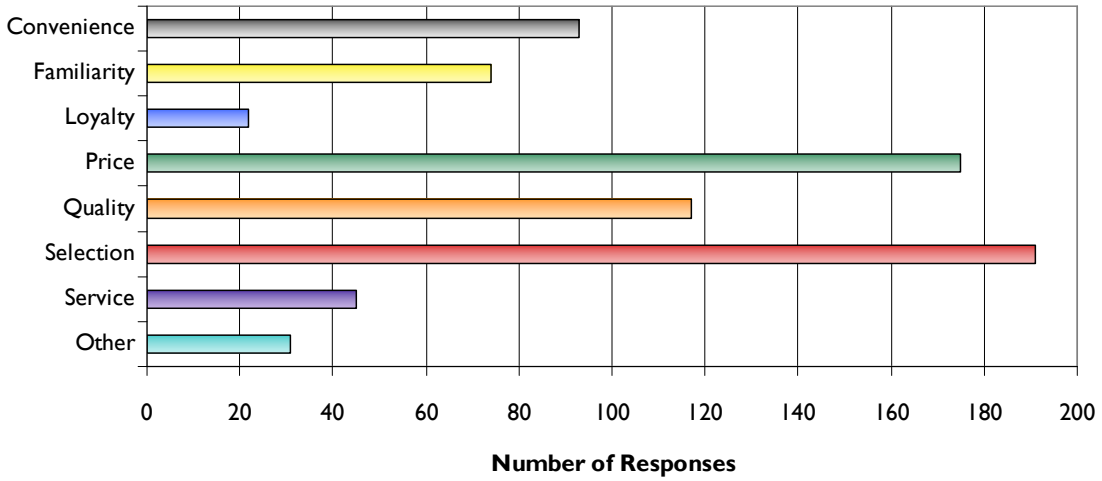
**1. Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (290 respondents)**

- About 45% of the respondents (131) marked "Other" citing areas such as Eugene and Portland.
- About 34% (17 respondents) primarily shop in Downtown Corvallis.
- Another 92 respondents (32%) marked Heritage Mall in Albany as their primary non-grocery shopping destination.




**2. What are the primary reasons for shopping where you do? (Please select your top 3 reasons). (290 respondents)**

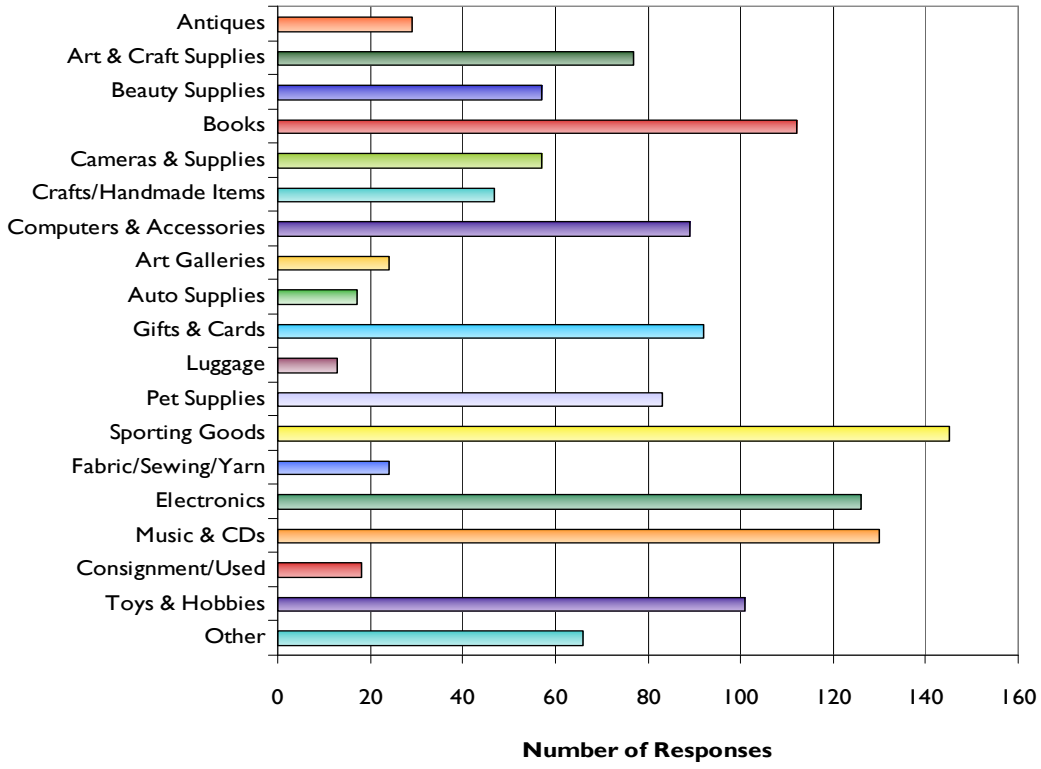
- The most common reasons motivating shopping location are selection, selected by 66% of respondents, and price, selected by 60% of respondents.
- Other popular factors behind shopping location include quality (40%), convenience (32%) and familiarity (26%).



## Section 2: Shopping Needs in Philomath

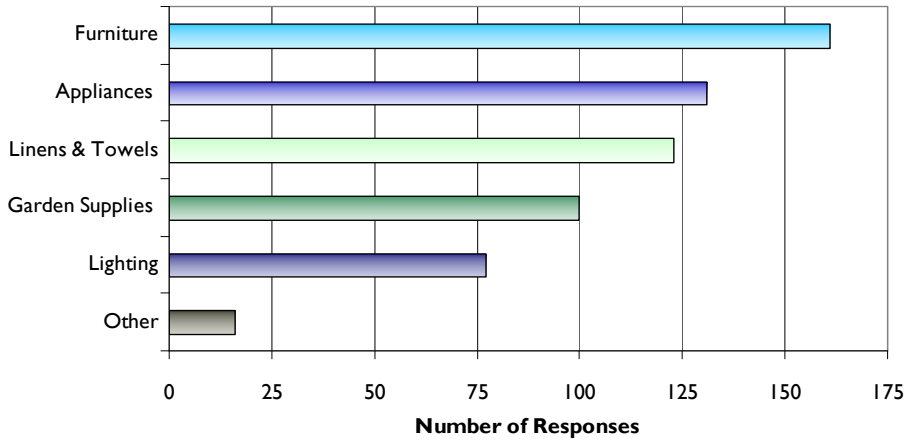
**3. What types of SPECIALTY MERCHANDISE do you think we are missing or need more of in Philomath? (Check all that apply.) (274 respondents)**

- Music and CDs (47%) and sporting goods (53%) are felt to be lacking in Philomath.
- Other top specialty merchandise shopping needs in Philomath include toys and hobbies (37%), electronics (46%), books (41%), pet supplies (30%), and gift and cards (34%).



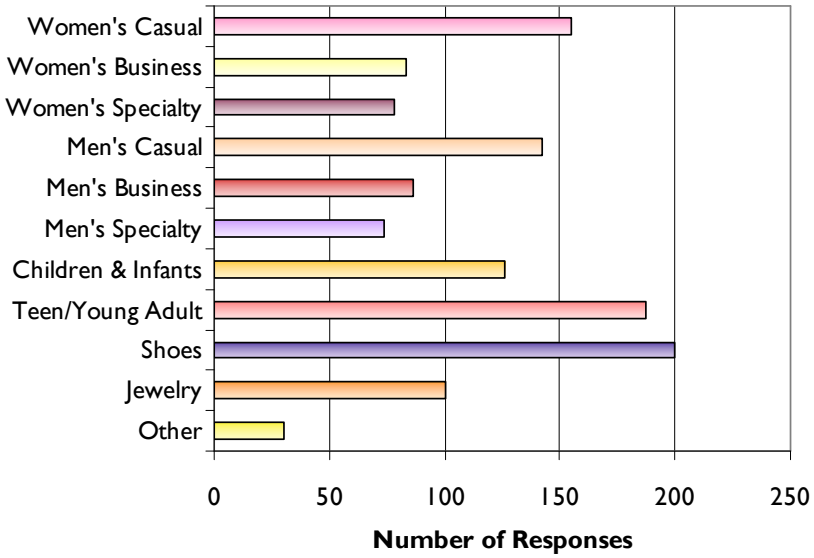

**4. What kinds of HOUSEHOLD FURNISHINGS do you think we are missing or need more of in Philomath? (Check all that apply.) (247 respondents)**

- Sixty-five percent (65%) of respondents checked furniture as missing or lacking in Philomath, followed by appliances (53%), linens and towels (50%) and garden supplies (41%).

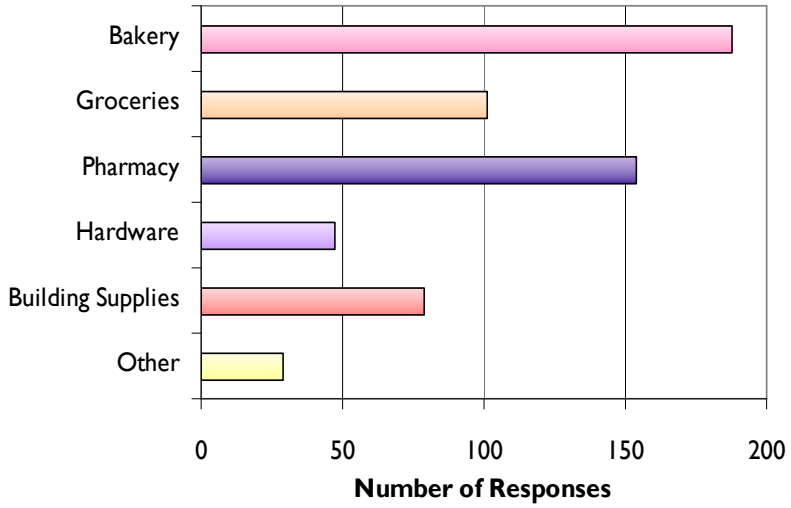


**5. What kind of APPAREL do you think we are missing or need more of in Philomath? (Check all that apply.) (264 respondents)**

- Shoes are the number one apparel item listed by respondents as missing or lacking in Philomath (76%).
- Other top responses include teen/young adult (71%), women's casual (59%), men's casual (54%) and apparel for children and infants (48%).




**6. What kinds of CONVENIENCE MERCHANDISE do you think we are missing or need more of in Philomath? (Check all that apply.) (269 respondents)**




- A bakery tops this list, with 70% of respondents selecting it bakeries as missing or lacking in Philomath.
- More than half (58%) of respondents identified a pharmacy as missing/lacking and about forty percent felt there is a lack of groceries.
- Building supplies were also mentioned and selected by respondents as lacking in Philomath.

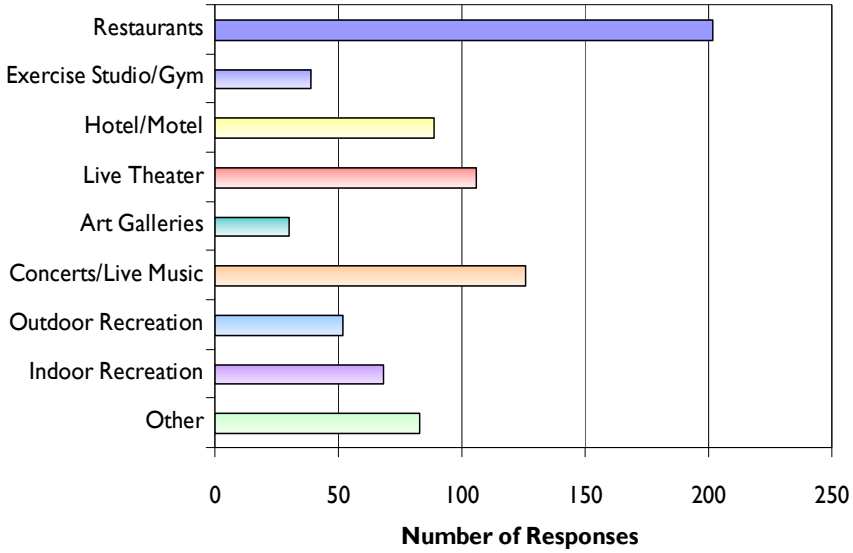
**7. Some of the above merchandise may be available locally. Please explain why you may not be buying these products in Philomath if you are aware of them. (158 respondents)**

- The reasons most frequently cited for not shopping in Philomath is a lack of selection, high prices, and low quality prevalent in local stores.
- Other responses included inconvenient store hours as a reason to not shop in Philomath, and inconvenient location.
- Several respondents mentioned a need for discount stores such as a Ross Dress for Less.

## Section 3: Services in Philomath

**8. What kinds of LEISURE/ENTERTAINMENT services do you think we are missing or need more of in Philomath? (Check all that apply.) (260 respondents)**

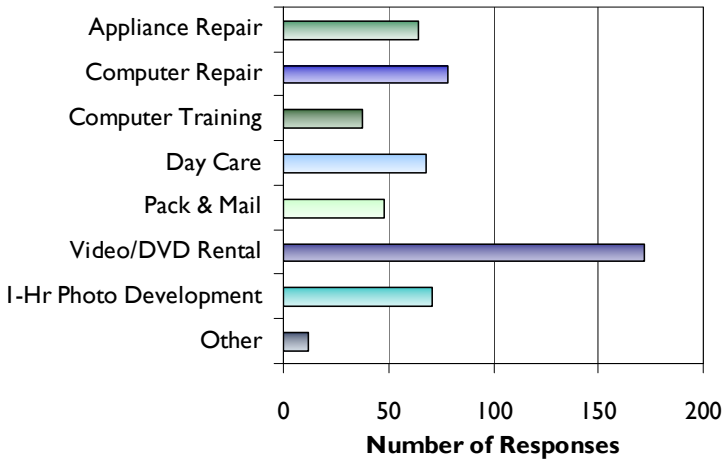
- The most popular type of leisure/entertainment service need in Philomath is restaurants (78% of respondents).
- Thirty-three percent (49%) of respondents selected concerts and live music.
- Forty-one percent (41%) of respondents selected live theater.
- Thirty-four percent (34%) of respondents marked hotel/motel.




**9. If you checked HOTEL above, help us understand how often you, your family or your business (if applicable) would have guests stay in a new Philomath motel/hotel, if one were developed? (125 respondents)**

- Thirty-eight percent (38%) responded that they would not use the hotel very often.
- 36 respondents (29%) stated they would have guests stay in the hotel 1 to2 times a year, and 25% (31 respondents) would have guests stay 3 to 4 times a year.

**10. What kinds of GENERAL SERVICES do you think we are missing or need more of in Philomath? (Check all that apply.) (234 respondents)**



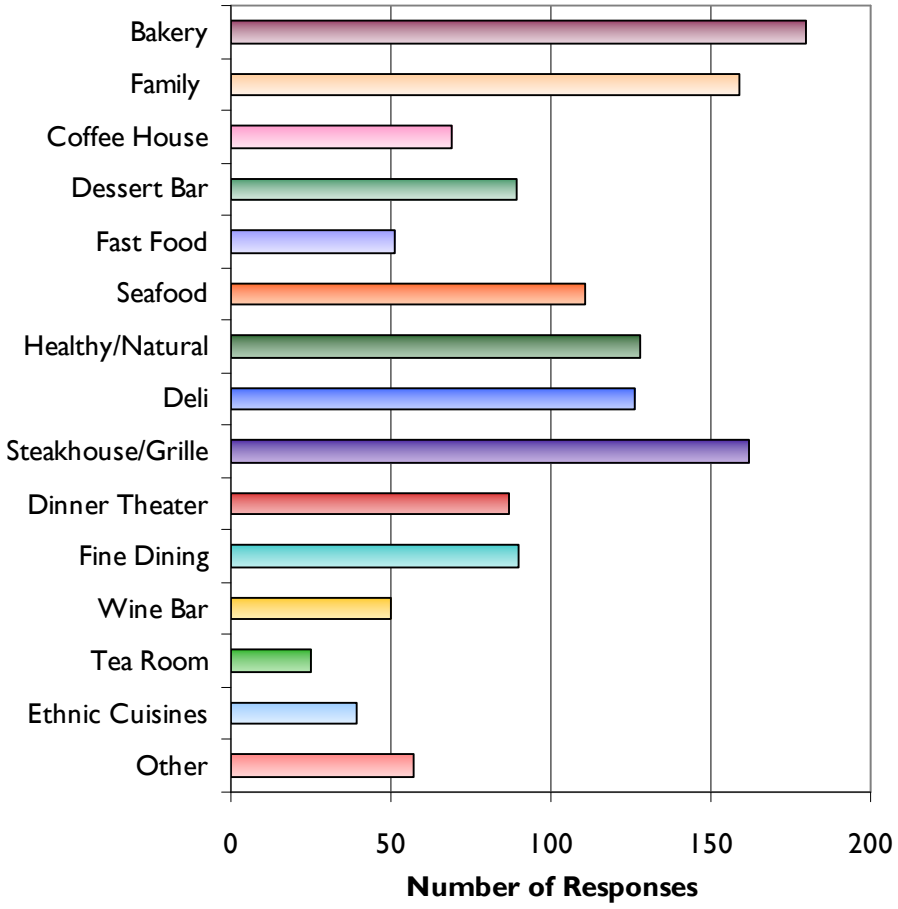

- The most frequently selected type of general service is video and dvd rental (74%), followed far behind by 1-hour photo development (30%) and day care (29%).
- Other responses included appliance repair (27%) and pack and mail (21%).

**11. What kinds of PERSONAL SERVICES do you think we are missing or need more of in Philomath? (Check all that apply.) (168 respondents)**

- Of all the respondents that answered this question, 58% (98 respondents) selected day spa and 49% (83 respondents) selected dry cleaner/laundry services.
- Thirty-five percent (35%/59 respondents) selected tailoring and alterations services.

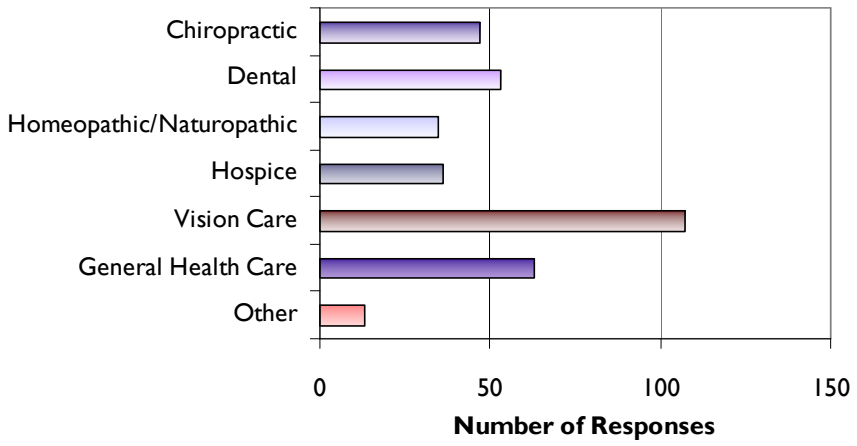
**12. In your opinion, what types of RESTAURANTS AND CUISINES do you think we are missing or need more of in Philomath? (Check all that apply.) (267 respondents)**

- The most popular restaurants and cuisines identified as lacking in Philomath are a bakery (67%), steakhouse and grille (61%), and family style restaurants (60%).
- Other popular choices are seafood (42%), healthy and natural food (48%) and deli (47%).
- Thirty-three percent (33%) of respondents selected dinner theater and another thirty-four percent selected fine dining.
- Those who responded in the "Other" category to specify types of ethnic cuisines mentioned a lack of Italian, Indian, Chinese and Japanese cuisine.



**13. What HEALTH SERVICES do you think we are missing or need more of in Philomath? (Check all that apply.) (157 respondents)**

- The top health service selected by respondents was vision care (68% of respondents).
- Other top choices include general health care (40%) and dental care (34%).




**14. Some of these services may be available locally. Please explain why you may or may not choose Philomath providers, if you are aware of their services. (66 respondents)**

- The number one reason for not using local service providers is a lack of selection and high prices, especially in terms of medical care and dining options.
- Other reasons cited for not choosing local providers were poor quality of services, and that there are alternatives available in Corvallis close by and in one trip.

**15. What are the best times for you to shop during the week (Monday to Friday)? (265 respondents)**

- Sixty-nine percent (69%) of respondents said after 5:00 p.m. is the best time for them to shop during the week.
- Thirty-one percent (31%) of respondents said 8:30 a.m. to 5:00 p.m. is the best time for them to shop during the week.

**16. What are the best times for you to shop on the weekend? (264 respondents)**

- The most popular shopping time was Saturday afternoon, selected by 48% of respondents (126 respondents).
- Twenty-six percent chose Saturday morning (68 respondents) and thirteen percent chose Sunday afternoon (33 respondents) as the best times to shop.
- Fourteen percent (14%/37 respondents) selected "other," of which most chose Sunday morning, or any time.

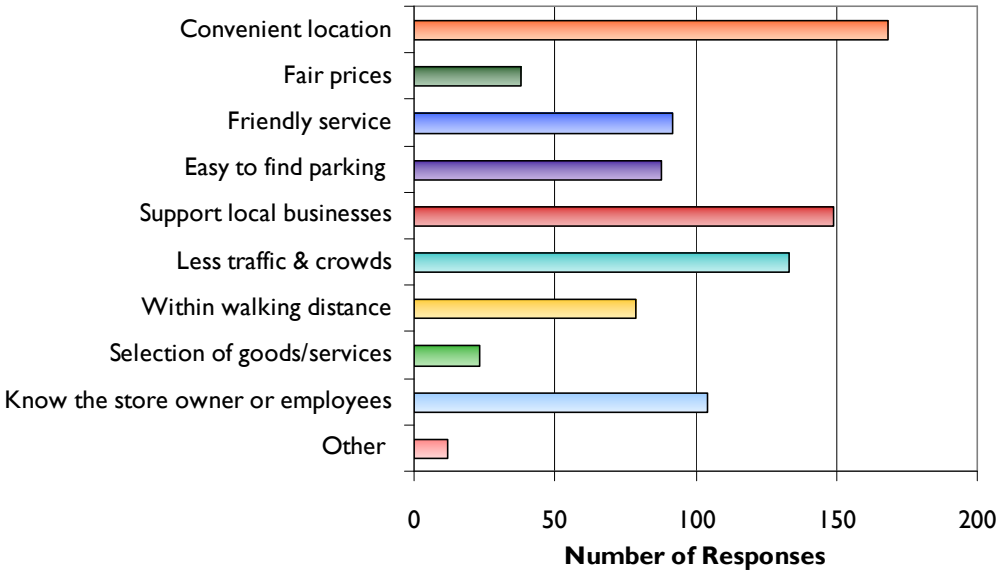
## Section 4: Shopping and Doing Business in Philomath

**17. What types of merchandise or services do you currently purchase in Philomath? (173 respondents)**

- The most popular service used in downtown Philomath is groceries, listed by 91 respondents. Other popular types of merchandise and services include gas (44), the hardware store (41) and eating at local restaurants (26).
- Other top responses include the auto parts (24), fast food (24), local healthcare – including doctor, dental and veterinarian visits (15), banking/finance (13), and coffee or tea (10).
- It should be noted that many respondents mentioned doing grocery shopping in Philomath as "emergency times," and that Gathering Together was a great place to buy produce (included in the "groceries" count).

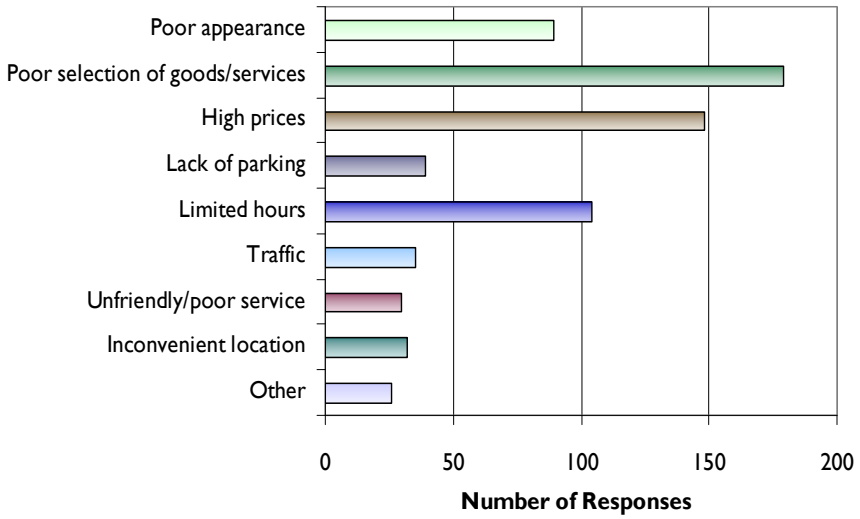
**18. Currently, what are the major ADVANTAGES of shopping or doing personal errands in Philomath? (Please check the top 3.) (251 respondents)**

- The biggest advantage to shopping or doing personal errands in Philomath the convenient location, which was selected by 67% of respondents.
- Other top reasons include supporting local businesses (59% of respondents), less traffic & crowds (53%), knowing the store owners and employees (41%) and the friendly service (37%).



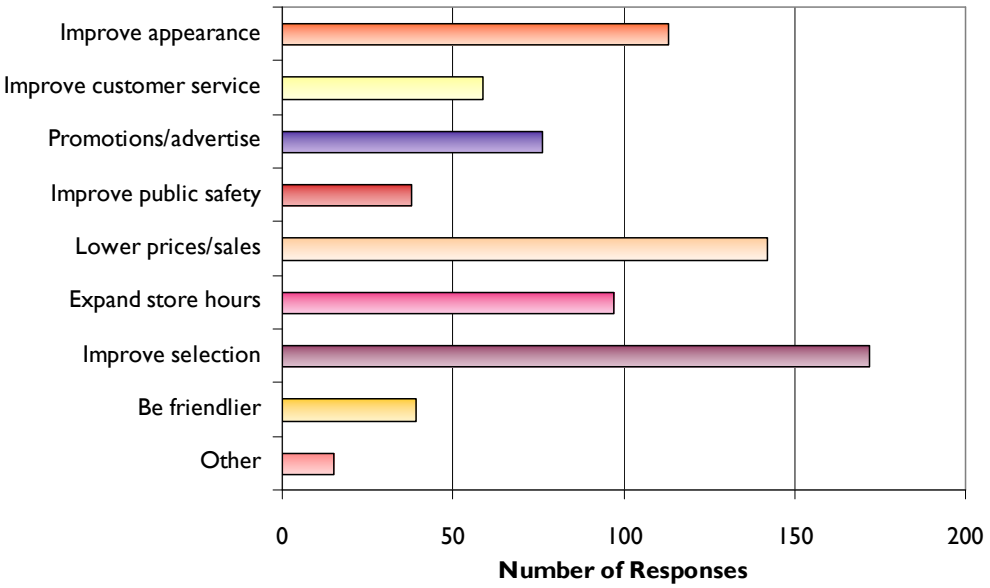
**19. Currently, what are the major DISADVANTAGES of shopping or doing personal errands in Philomath? (Please check the top 3.) (244 respondents)**

- Seventy-three percent (73%) of respondents selected "poor selection of goods/services" as a major disadvantage to shopping or doing errands in downtown.
- Other major disadvantages are high prices (61%), limited hours (43%), and poor appearance (36%).




**20. What can Philomath merchants do to improve their stores? (235 respondents)**

- The number one way merchants can improve their stores is by improving selection, which was checked by 73% of respondents.
- Lower prices and sales (60%), improved appearance (48%) and expanded store hours (41%) were other top ways for merchants to improve their stores.



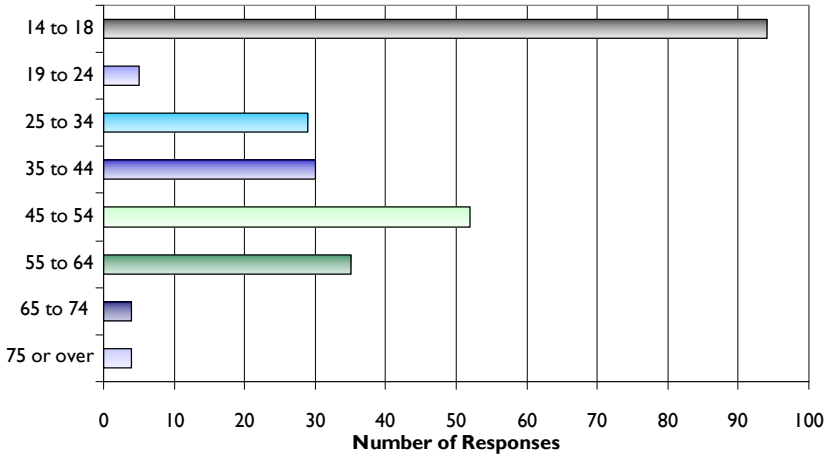
**21. What identity or image would you like to see Philomath develop for itself as a unique business, shopping and entertainment district? (149 respondents)**

- Fourteen percent of respondents (21) mentioned that they would like Philomath to be kept cleaner and with nicer storefronts.
- Nine percent mentioned that Philomath should exude a "small-town feel," and another nine percent mentioned a need for more stores.
- Eight percent of respondents said Philomath needs to be friendlier to visitors, and become more vibrant.
- Other popular responses include diversity (4 respondents), casual dining (6), rustic heritage of logging (11), and to become more upscale (3).

## Section 5: General Information

**22. Please check your age. (253 respondents)**

- The highest share of respondents (37%) is in the 14 to 18 year age category.
- Twenty-one percent (21%) of respondents are in the 45 to 54 age category and 14% are in the 55 to 64 age category.




**23. Please tell us your home zip code. (229 respondents)**

- Eighty-two percent of respondents (189) live in the 97370 zip code.
- Another six percent each lived in 97330 and 97333.
- The rest of the respondents, with five or less persons each, live in 97326, 97373, 97324, 97470, 97223, 97361, 97456 and 97348.

**24. Please share any other comments below. (79 respondents)**

- "We have so much potential! It would be nice to draw in some of the visitors that travel through on their way to the coast."
- "The electrical and phone wires ruin appearance. Underground wires would be ideal."
- "I think that Philomath is an OK place to live, it's just missing some things that would make it better such as a movie theater and more places to eat, and basically things to entertain people."

- "There may be possibilities of attracting more out-of-town money by better utilizing the blocks between the couplet. Having visible parking accessible from both highway directions can be more inviting to travelers to stop in."
- "We have services available that many of our community members don't even know exist…the pool is underutilized."
- "With all the vacant buildings in Philomath, it looks like a ghost town. It is embarrassing."
- Attract entertainment opportunities like unique (McMenamin's) movie/theatre, tea/juice bar for teens/youth, Improve bike lanes and skate park – Corvallis skate park is crowded most times, parents come with kids and could walk around or shop while their kids skate.

# Appendix C: Retail Demand Analysis Supplemental Charts

| SUMMARY OF MERCHANDISE AND SERVICE CATEGORIES | |
|---|---|
| Merchandise/Service Category | Types of Goods/Services |
| Apparel | Women's Apparel, Men's Apparel, Children's, Footwear, Watches & Jewelry |
| Home Furnishings | Furniture, Floor Coverings, Major and Small Appliances, Household Textiles, Floor Coverings, PC Software and Hardware, Housewares, Dinnerware, Telephones |
| Home Improvement | Maintenance and Remodeling Materials, Lawn & Garden |
| Misc. Specialty Retail | Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Video Cassettes & Games, TV/VCR/Cameras, Audio Equipment, Luggage, Eyeglasses |
| Groceries | Food at Home, Nonalcoholic Beverages at Home, Alcoholic Beverages, Smoking Products |
| Restaurants | Food Away From Home, Alcoholic Beverages |
| Entertainment | Admission to Movie/Theater/Opera/Ballet, Recreational Lessons, Participation in Clubs |
| Personal Services | Shoe Repair, Video Rental, Laundry & Dry Cleaning, Alterations, Clothing Rental & Storage, Watch & Jewelry Repair, Photo Processing & Supplies, Child Care |

Source: ESRI BIS

| TYPICAL SIZE OF SELECTED BUSINESSES | | | | |
|---|---|---|---|---|
| Merchandise or Service Category/Business | Median | National | Local Chain | Independent |
| Specialty Retail | | | | |
| Appliances | 5,956 | 6,292 | 5,911 | ~ |
| Art Gallery | 1,802 | ~ | 1,802 | 1,907 |
| Arts/Crafts Supplies | 8,928 | 20,957 | ~ | 3,070 |
| Beauty Supplies | 1,807 | 1,634 | 2,450 | 1,829 |
| Bike Shop | 3,440 | ~ | ~ | 2,596 |
| Bookstore | 10,093 | 23,000 | 9,990 | 2,740 |
| Cameras | 2,000 | 2,000 | ~ | ~ |
| Children's Wear | 3,913 | 4,879 | 3,054 | 2,105 |
| Family Shoe Store | 4,000 | 4,113 | 5,100 | 2,460 |
| Family Wear | 8,000 | 8,500 | 3,474 | 5,132 |
| Gift/Cards | 4,200 | 4,900 | 3,780 | 1,653 |
| Hardware | 13,200 | 13,900 | ~ | ~ |
| Home Accessories | 7,595 | 10,215 | 5,365 | 2,462 |
| Jewelry | 1,500 | 1,610 | 1,968 | 1,200 |
| Luggage | 2,500 | 2,499 | ~ | ~ |
| Men's Clothing Store | 3,500 | 4,319 | 3,065 | 2,750 |
| Pet Supplies | 7,995 | 17,600 | 3,201 | 3,200 |
| Record/Tapes | 4,464 | 6,178 | ~ | 2,017 |
| Sporting Goods | 8,465 | 22,000 | 4,980 | 2,995 |
| Toys | 7,855 | 12,000 | ~ | 3,344 |
| Women's Ready to Wear | 4,400 | 4,503 | 3,960 | 2,145 |
| Convenience | | | | |
| Drugstore/Pharmacy | 10,920 | 10,860 | 16,668 | 4,977 |
| Supermarket | 50,420 | 49,071 | 51,495 | 23,300 |
| Bakery | 1,990 | 4,000 | ~ | 1,700 |
| Gourmet Grocery | 18,000 | ~ | ~ | ~ |
| Wine/Liquor | 3,440 | ~ | 6,237 | 2,920 |
| Personal Services | | | | |
| Day Spa | 2,875 | ~ | 2,563 | 3,060 |
| Women's Hair Salon | 1,400 | 1,450 | 1,250 | 1,361 |
| Nail Salon | 1,200 | ~ | 1,200 | 1,200 |
| Picture Framing | 1,600 | 1,703 | ~ | 1,588 |
| Health Club | 10,249 | 9,548 | 5,508 | 10,249 |
| Mail/Packaging/Photocopying | 1,278 | 1,240 | ~ | 1,236 |
| Tailor/Alteration | 950 | ~ | 900 | 1,035 |
| Video Rental | 6,000 | 6,333 | 4,240 | 4,733 |
| Shoe Repair | 855 | ~ | ~ | 795 |
| Drycleaners | 1,800 | ~ | 1,800 | 1,649 |
| Film Processing | 1,252 | 1,600 | 1,304 | 1,150 |
| Day Care | 4,000 | ~ | ~ | 3,901 |
| Laundry | 2,114 | ~ | 2,150 | 1,955 |
| Restaurants | | | | |
| Restaurant with Liquor | 5,204 | 6,669 | 5,600 | 3,362 |
| Restaurant without Liquor | 3,581 | 6,500 | 3,025 | 2,625 |
| Bar/Cocktail Lounge | 3,821 | ~ | ~ | 3,821 |
| Ice Cream Parlor | 1,137 | 1,144 | 1,137 | 1,116 |
| Coffee/Tea | 1,578 | 1,650 | 1,624 | 1,400 |
| Entertainment | | | | |
| Cinema | 35,022 | 37,161 | 35,022 | 21,250 |

Source: Urban Land Institute, "Dollars and Cents of Shopping Centers"

# Appendix D: Profiles of Downtown Success

**Sample Downtown Business Mix**

| Downtown Gresham Businesses | | |
|---|---|---|
| **Restaurants** | | |
| Billiards N Bagels | Serrano's | M&M Restaurant & Lounge |
| Boccelli's Restaurant | Sugoy Teriyaki | Main Street Ale House |
| Bryant Station | Sunny Han's Wok & Grill | Musashi Japanese Rest. |
| Café Delirium | Gresham Inn | Selma's Bagels & Deli |
| Central Café | India Oven | Thai Orchard Restaurant |
| The Elbo Room | Jazzy Bagels | Wall Street Pizza |
| Gresham Farmer's Market | | |
| **Salons/Spas** | | |
| Alter Ego Salon | DuBois Salon/Rainforest Spa | Nails on 1st & Hair 2 |
| Body & Soul Day Spa | Hair by the Fountain | Pazazz Salon & Boutique |
| Brilliance Salon & Spa | The Mob Shop | Salon Ambiance |
| **Specialty Shops/Services** | | |
| Accents of Elegance | Allegri Wine Shop | Pup Scrub Pet Wash |
| Amiton Furniture | Bricker Brac | Springwater Jewelers |
| Dakota Book Exchange | Elegantly Funky | Stillwater's Christian Bookstore |
| Exclusive Pet Food | Feathered Nest | The Twisted Vine |
| Free Living | Gattozzi's | William & Sons Jewelers |
| Glass Butterfly | Gold Art | Second Options |
| Gresham Village Florist | Gromshop | Stamp Connection |
| Healthy Alternatives | La Estrella Furniture | Super Seams Alterations |
| Lil' Britches | The Mystic Pony | Toy Bear, Ltd. |
| Oregon Paint Ball | Present Tense | |
| **Downtown McMinnville Businesses** | | |
| **Restaurants** | | |
| Bistro Maison | Harvest Fresh Grocery/Deli | Primrose Tea Room |
| Cornerstone Coffee Roasters | Honest Chocolates | Red Fox Bakery |
| Cuvee Restaurant | K&F at Union Block Coffee | Sage Restaurant |
| Dutch Brothers Coffee | La Rambla Restaurant | Serendipity Ice Cream |
| Geraldi's Italian Eating Place | Luigi's Daughter | Thai Country Restaurant |
| Golden Valley Brewery/Rest. | Nick's Italian Café | Trask Resaurant |
| Haagenson's Catering & BBQ | Orchards Bistro | Wildwood Café |

| Downtown McMinnville Businesses (continued) | | |
|---|---|---|
| **Wine Cellars/Wineries** | | |
| Anthony Dell Cellars<br>Art of the Vine, Inc.<br>Cuerno Cellars<br>The Eyrie Vineyards | NW Wine Bar<br>Panther Creek Cellars<br>R. Stuart & Company | Stoller Vineyards<br>Walnut City Wineworks<br>Youngberg Hill Vineyards & Inn |
| **Salons/Spas** | | |
| Escape & Get Away Message<br>Outer Visions<br>Rhapsody…A Salon in the City | Sense of Style<br>Skin Sensations<br>Studio L | Twist Salon<br>Urbanbliss Salon & Spa |
| **Specialty Shops/Services** | | |
| Accessory Appeal<br>Boersma's Sewing Center<br>Copy Cats<br>Country Garden Nursery<br>Currents Gallery<br>Dowlen Artworks<br>Dustpan Alley<br>Eye of the Lady, Inc.<br>Found Objects<br>Granderson's<br>Habitat ReStore<br>Hawks World Gallery<br>Hidden Treasures Gallery | Hopscotch Toys & Games<br>Jack of All Beads<br>La Bella Casa<br>Lowe's<br>Mac Prescription Shop<br>Mac Sports<br>McMinnville Antique Gallery<br>The Merri Artist<br>Mes Amies<br>Oregon Stationers<br>Pacific Frame & Gallery<br>Pacific Reflex Signs<br>Poseyland Florist | Ranch Records<br>Red Berry<br>Rice Furniture & Appliances<br>Shutterbug<br>Snap 'N Scrap<br>Solemates Footwear<br>Third Street Books<br>Time Stop Photography<br>Timmreck & McNicol Jewelers<br>TJ's Printing<br>Tommy's Bicycle Shop<br>Tutto Bella<br>Valley Skate Surf Snow |
| **Entertainment/Clubs** | | |
| Crichter Studios<br>Evergreen Aviation Museum<br>Gallery Ballet<br>Gallery Theater | Instep Music<br>Masonic Hall<br>McMenamins – Hotel OR<br>McMinnville Grand Ballroom | Mountain Warrior Kung Fu<br>Movietime Video<br>Union Lodge |
| **Hotels** | | |
| A'Tuscan Estate B&B<br>Baker Street Inn | Red Lion Inn & Suites | Steiger Haus B&B |

| Downtown Troutdale Businesses | | |
|---|---|---|
| **Restaurants** | | |
| Ma-li Thai<br>McMenamins Edgefield<br>Rainbow's End Café | Stromboli's<br>Tad's Chicken 'n Dumplins<br>Taste of Village | The Koffee Pot<br>Troutdale General Store<br>Vicky's Country Secrets |
| **Antiques** | | |
| B. Frank Antiques<br>Green Door Antiques | Heaven Sent Antiques<br>Nostalgia Antiques | Troutdale Antique Mall |
| **Art Galleries** | | |
| Caswell Gallery & Studios<br>Columbia River Gallery | Copper Leaf<br>Gallery G | Yoshida's Fine Art Gallery |
| **Gift and Specialty** | | |
| Ambience<br>Art, Ink, Letters<br>Celebrate Me Home<br>Columbia River Jeweler<br>Columbia Winds Collectibles<br>Front Porch Originals | Gardeners' Holiday<br>Great Expressions<br>Jack's Snack 'n Tackle<br>Karate<br>Malcom Outfitters<br>Nitting Niche | On the Wire Billiards<br>Sandy River Cellers, Inc.<br>Simple Distractions<br>Straight to the Point II<br>Year Round Holiday Store |
| **Attractions/Lodging** | | |
| Glenn Otto Park<br>Harlow House Museum | Lewis & Clark State Park<br>Brickhaven Bed & Breakfast | Troutdale RR Depot Museum<br>McMenamins Edgefield |

# Appendix E: Sample Marketing Page

## Downtown Business Opportunities in Philomath, Oregon

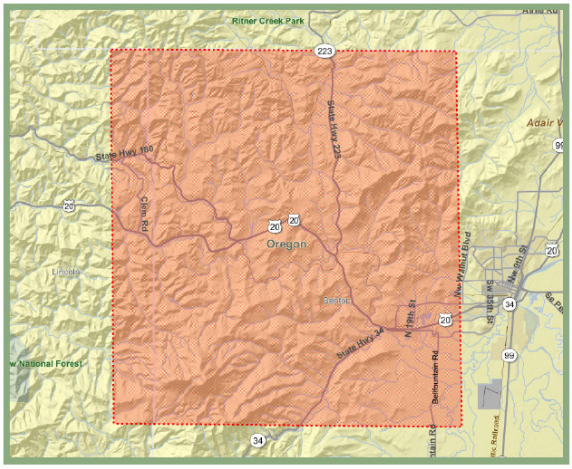

### Customer Profile:

Local resident market of over 4,500 households

Fifth of resident households have incomes of $100,000 or more

Employee market of 3,000 persons

Over 15,000 visitors per year




Retail Market Area

### Retail Potential:

Potential for 326,700 sf of new retail space in market area by 2018

### Top Prospects:

Miscellaneous Specialty Retail

Restaurants & Entertainment

Grocery & Personal Care

Home Furnishings & Accessories

Gifts & Books

### Contact:

Philomath Downtown Association
541.336.6227
www.philomathda.com
mail@philomathda.com

# Appendix F: Sample Specialty Retail Campaign

**Goal** — Identify and pursue specialty and independent retail compatible with the apparel, gifts, specialty niche merchandise targeted for Downtown Philomath.

**Audience** — Locally owned-operated shops not currently represented downtown, regional and other retailers that may be ready to expand into a new market, businesses with current downtown locations in model cities.

### Task 1. Contact specialty shops located elsewhere in Philomath.

- ❑ Identify local specialty shops that are located in on the edge of Philomath or in freestanding locations.
- ❑ Match available buildings that would best-fit businesses.
- ❑ Personally meet with them to present the vision for Downtown Philomath.
- ❑ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ❑ Add them to the database to receive newsletter and updates on downtown activities.

### Task 2. Contact specialty retailers currently located in model downtowns.

- ❑ Identify specialty retailers located in other nearby towns. (Corvallis, Albany, Salem, Eugene)
- ❑ Send a letter/market factsheet introducing the opportunities in Downtown Philomath; offer to personally meet with them to present the vision for Downtown Philomath; invite them to expand into the Philomath market.
- ❑ Place follow-up calls.
- ❑ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ❑ Add them to the database to receive newsletter and updates on downtown activities.

### Task 3. Contact manufacturers of specialty goods located in Philomath and the surrounding area.

- ❑ Identify local companies producing specialty or unique products in or nearby Philomath. (EX: Gathering Together, wineries, solar/green tech, etc.)
- ❑ Personally meet with them to present the vision for Downtown Philomath.
- ❑ Invite them to put a local outlet downtown or test for interest in an shared retail space.
- ❑ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ❑ Add them to the database to receive newsletter and updates on downtown activities.

# Appendix G: Strategies for Developing Local Entrepreneurs

Sirolli's perspective is similar to a highly regarded program known as **Economic Gardening** which was established by Chris Gibbons in Littleton, Colorado in the 1980s and continues to thrive. Gibbons acknowledges that his is a "high end" approach. To start, energetic leadership is critical to stir the pot and assure positive progress. The leadership is critical to supporting entrepreneurial energy. By a "high end" approach, Gibbons subscribes to investing in strong technology tools. Knowing what information needs to be accessed can pay huge dividends, but requires expertise in producing such products as targeted mailing lists or statistical demand for specific products. Gibbons does not believe in operating loan programs, which he considers ineffective in the long term. He places a premium on individual coaching of individuals who clearly possess creativity and a desire to have their business succeed. While Littleton does not necessarily qualify as a rural community, its practices have been proven successful in areas more similar to Tillamook. According to Gibbons, what's most important is the degree to which innovation in entrepreneurial activity is acceptable in any given area. If such activity is not encouraged, success is highly unlikely.

**Wallowa County Business Facilitation** As a direct result of a Sirolli Institute organizing initiative in 1999 and 2000, Wallowa County community leaders formed the Wallowa County Business Facilitation nonprofit organization. Their mission is *to assist people in transforming their passionate ideas into viable new or expanding businesses*. In particular, this grassroots organization is interested in promoting local entrepreneurship and innovation and assisting in the startup, improvement, or expansion of businesses in all sectors. It should be noted that part of the impetus for the program was the absence of an SBDC serving Wallowa County. Small businesses simply had no easily accessible assistance available.

The organization hired full-time Wallowa County-based business coach, Myron Fitzpatrick in January 2001. Mostly recently, the job has become three-quarters time due in part to a declining number of prospects after the initial onslaught of interest.

For free and in confidence, the business coach will help connect an entrepreneur with the resources and skills she (or he) may need to create a successful business. Over the last four years, 426 clients have been served resulting in 103 new jobs from 46 new businesses, 8 acquired and 12 expanded businesses. See Appendix D for complete details on the types of clients, assistance provided and results achieved. According to Myron, there are several guiding principles key to their success:

1. The <u>focus is on the individual</u> and their initiative, commitment and drive. *It is not about telling people what they should do. It is about helping people succeed at what they really want to do, with sound business management.* Myron never initiates contact with an individual.

2. The <u>individual entrepreneur must do the work</u>. Myron provides significant guidance and coaching and will package a business plan, but each individual is responsible for doing the homework. The coach spends up to 60 hours with each existing or aspiring entrepreneur and averages over 4 personal contacts or meetings.

3. A large supportive diverse board has also been important. Board members are encouraged to provide referrals with a target of 10 each. Many active members have surpassed this goal. Board members also help connect existing or prospective businesses to work space, capital, financial planning skills, marketing skills, and other resources as needed.
   Myron also makes regular referrals but again, does not call upon individuals. When the individual makes the call, he is better assured they want the help and are self-motivated.

4. An experienced, professional business manager with strong financial and general operations experience has helped ensure program success. Myron helped run both large and small companies in his career. His maturity and track record with the organization have undoubtedly been key to their success as well.

5. The program operates with minimal overhead. Office space is donated and facility/equipment needs are minimal.

The original fund requirements to participate in the Sirolli program were $65,000. This figure is reportedly well over $150,000 for groups wishing to work with Sirolli today. The Business Facilitation organization was sponsored by multiple partners including the Northeast Oregon Economic Development District (NEOEDD) serving Wallowa, Union, and Baker counties, and Wallowa Resources, a sustainable development nonprofit and local funders. Without local funding, it has proved difficult to sustain these projects, even with a record of outstanding and cost-effective results in turning people's ideas into viable businesses and significant annual wages.

Today, a principal funder of the Wallowa organization is the U.S. Department of Agriculture (USDA) Rural Services. USDA recently approved a two-year $140,000 grant award for the program's continuation.

A similar Sirolli-based program unfolded in Baker County, Baker Enterprise Growth Initiative (also known as BEGIN) also with considerable success.

Source: Marketek, 2006

# Appendix H: Sample Business Incubator Agreement

**Memorandum of Understanding and Support**
**Between**
**The Polk Help Achieving Lifelong Objectives (HALO) Program**
**And**
**The City of Independence Business Incubator**

The purpose of this agreement is to establish the initial terms and conditions of a cooperative partnership for mutual enhancement to the City of Independence Business Incubator and the Polk HALO Program. The Oregon Economic Development Department has designated the City of Independence as a rural, severely distressed community. Over one-third of the population is under the age of 18 indicating the essential need for development of this emerging workforce.

**Independence Business Incubator Mission:**

The Independence Incubator Program is a locally managed business assistance program and facility designed to stimulate economic growth by taking advantage of new business-related assets available in the community. Operating both within a managed facility and externally throughout the community, the Incubator Program nurtures entrepreneurship and new start-up businesses through business assistance programming ranging from below-market administrative assistance and support to business related educational services. Managed and administered by a 501 (c) 3 not-for-profit corporation, the Independence Incubator Program is a community benefit-based organization that enhances the quality of Life in the City of Independence and through new business opportunity assistance.

**Polk HALO Program Mission:**

The mission of the Polk HALO Program is to develop skills, strengths, talents and abilities of local youth in order to increase productivity and stimulate economic growth in Polk County.

In order to accomplish its mission, HALO prepares and empowers eligible young workers to take advantage of new and increasing job opportunities in high growth, high demand and economically vital sectors of the local region.

HALO administers and leverages services and support for low-income youth between the ages of 17-21 with barriers to employment and education. Services are designed and delivered in a manner that maintains focus on and is relevant to:

- Preparation for and entry into postsecondary educational opportunities
- Strong linkages between academic and occupational learning with a focus on manufacturing and other sectors based on local labor market data
- Preparation for and entry into unsubsidized employment opportunities, and
- Effective linkages with community organizations with strong employer connections

In specific, the cooperative partnership will achieve their shared vision to stimulate economic development by developing its human and organizational capital:

Human Capital Development

- Implement adult mentoring activities in entrepreneurship for youth in order to develop the skills necessary to create their own business plans
- Foster incubation of youth-run business plans
- Implement adult business mentoring activities in order to increase youth proficiency in the knowledge and skills necessary for long-term success in the workplace
- Establish on-the-job training opportunities for youth within the daily operations of the incubator office facilities
- Increase youth involvement in local opportunities that foster a sense of belonging in the community
- Capitalize on pool of local leaders and volunteers as key members of committees and events

Organizational Capital Development

- Catalyze business incubation within manufacturing clusters and other high-growth sectors through business liaison activities of HALO staff
- Engage in shared active networking with state, regional and local organizations
- Research and share pertinent local labor market analyses, particularly around high-growth, high-demand and high-wage sectors
- Create shared reception, classroom, training and meeting space
- Establish HALO as a tenant within the incubator building contingent on Federal WIA funding
- Facilitate HALO's entry into the incubator as a client for below-market administrative assistance to become a 501 (c) 3 not-for-profit organization
- Enhance stability of both entities through shared board development activities
- Pursue future funding sources which benefit both entities, focusing on transforming low-income youth into successful contributors to the local economy
- Maintain a strong partnership with Western Oregon University and Chemeketa Community College for capitalizing on industry-specific occupational skill building programs

In line with the best practices published by the National Business Incubation Association, both entities will focus on leveraging existing local human and organizational assets to their highest potential. It is in the interest of all parties to establish a long-term, sustained commitment of support.

Both parties agree that the duration of this support agreement will be from the date of signature by all parties. This agreement may be terminated or modified by mutual consent of all parties at any time. Any such termination or modification of this agreement shall be without prejudice to any obligations or liabilities of any of the parties already accrued prior to such termination.

Unless earlier terminated, this agreement will persist for a period of up to five years. All parties shall provide written notice of their intention to continue participation by July 1, of each funding year. Notices shall be sent to the attention of the designated Incubator Board Executive Director and the HALO Program Executive Director.