

# ELON MARKET PLACE SNAPSHOT



Prepared by the NC Main Street & Rural Planning Center Staff

The purpose of the snapshot is to give Elon baseline information for a better understanding of its current market. To do this the NC Main Street and Rural Planning Center Staff studied the retail marketplace within 5,10 and15 minute drive times to downtown Elon as well as demographics and tapestry segmentations which are segments based on socioeconomic and demographic compositions within the U.S.

The retail leakage and surplus analysis (or Gap Analysis) examines the quantitative aspects of the community's retail opportunities and a guide to understanding retail opportunities. This is only the first step in understanding market potential. By looking at the supply (retail sales) and the demand (retail potential) we can:

- ◆ Understand how well the retail needs of local residents are being met
- ◆ Uncover unmet demand and possible opportunities
- ◆ Understand the strengths and weaknesses of the local retail sector
- ◆ Measure the difference between actual and potential retail sales

For Elon we focused on where there is the most opportunity for capturing additional sales. While there is retail surplus in all three drive times the data indicates that in specific retail categories there is opportunity, due to demand, to capture \$24 million in potential sales within the 5 minute drive time of downtown Elon. Consumers are spending these dollars outside the 5 minute drive time of downtown Elon. This is known as "Retail Leakage" referred to as Leakage throughout the report.

**Retail Leakage** indicates an unmet demand in the trade area. This indicates the possibility the community can support additional retail for that business type. Residents within specific rings, drive times or zip codes (primary trade areas) are purchasing products outside of these trade areas. Therefore there is opportunity to capture these dollars within the downtown district from the identified trade areas. (Leakage is shown as a positive value in green when reviewing the actual ESRI data.)

**Retail Surplus** means the community's trade area is capturing the local market plus attracting non-local shoppers. Surplus doesn't mean that the community can't support additional businesses, but that the community has possibly developed strong clusters of retail including eating and drinking establishments that have broad geographical appeal. (Surplus is shown as a negative value in red when reviewing the ESRI data.)

Before drawing conclusions about potential business expansion or recruitment opportunities, qualitative considerations, such as additional sources should be more closely studied. This could be additional information from ESRI data or sources that the county or regional economic development office may have. This report is based on the data collected and should serve as the starting point for your Economic Vitality committee.

**Disclaimer:** This report was prepared by the NC Main Street and Rural Planning Center. Information contained in the report is primarily from ESRI On-Line Business Analysis. Every effort is made to ensure that the information contained within is accurate, however, no warranty is made about the accuracy of this report by the NC Main Street and Rural Planning Center or its sources.



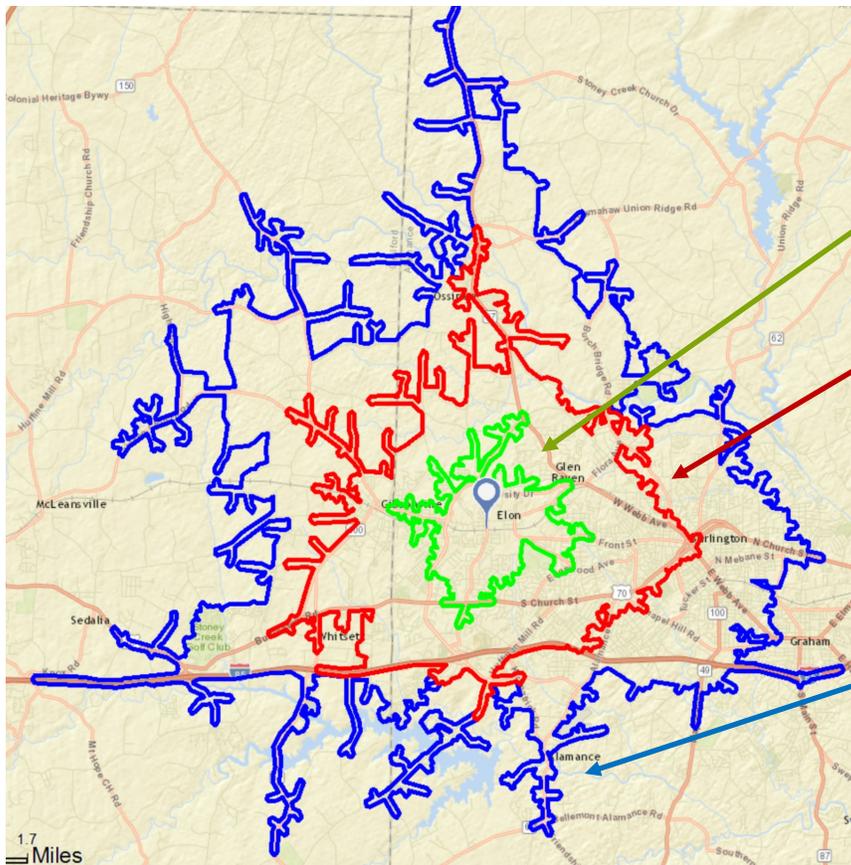
\*\*Photos from Town of Elon

## Target Area Profile for this Snapshot:

Five minute, 10 minute and 15 minute drive times to downtown Elon

## Resources for information:

- ESRI On-Line Reports for Business, Demographics, Tapestry: <http://www.esri.com/>
- Quick Facts, NC : <http://www.census.gov/quickfacts/table/>



Green represents 5 minute drive time, which encompasses downtown Elon.

Red line represents 10 minute drive time to downtown Elon encompassing, Church St., part of Huffman Mill Road, Whitsett, Glen Raven, Ossipee, and Gibsonville.

Blue line represents 15 minute drive time to downtown Elon encompassing all of above plus sections of Burlington, Alamance, Stoney Creek Golf Club.

**Table 1. Summary Demographics and Retail Leakage for 5 Minute Drive Time to Downtown Elon**

2015 Population	10,990			
2015 Households	3,396			
2015 Median Household Income	\$48,370			
2015 Avg. HH Income	\$80,549			
2015 Median Disposable income	\$38,153			
Median Age	25.5			
Industry	Leakage in \$	*Capture rate 15%	Sales/SF	**S/F Needed
Electronic & Appliance Stores	\$4,261,219	\$639,182.85	\$400	2557
Bldg. Materials, Garden Equip. & Supply	\$5,731,281	\$859,692.15	\$400	3439
Specialty Food Stores	\$4,068,833	\$610,324.95	\$400	1526
Health & Personal Care Stores	\$3,633,690	\$545,053.50	\$400	1363
Clothing & Clothing Accessories	\$1,398,866	\$209,829.90	\$400	525
General Merchandise	\$3,346,550	\$501,982.50	\$400	1255
<b>TOTAL</b>	<b>\$ 22,440,439</b>	<b>\$3,366,066</b>		<b>8,415</b>

**Table 2. Shown in Drive Time for 5, 15 & 25 Minutes**

	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap Surplus/Leakage (surplus is shown in red)
5 Minutes	\$145,265,784	\$ 176,358,900	(\$31,093,116)
10 Minutes	\$ 597,791,640	\$ 1,229,461,946	(\$560,661,400)
15 Minutes	\$ 992,819,575	\$ 1,844,439,728	(\$851,620,153)

Demand estimates the expected amount spent by consumers at retail establishments. Supply estimates sales to consumers by establishments. The Leakage/Surplus Factor presents a snapshot of retail opportunity. While there is a substantial amount of surplus within all three drive times to downtown Elon (shown in Table 2) there is opportunity within specific retail categories for growth as shown in Table 1. The Primary Trade Areas for Elon are in the 5,10, and 15 minute drive times, but its in the five minute drive time where there is opportunity to capture retail leakage within specific retail categories. The above retail categories shows the leakage along with an estimated capture rate. Estimated capture of 15% is an estimate of what retail businesses could possibly capture in sales. The \$400 in sales per square foot is a broad estimate based on current retail surveys from Elon and similar Main Street programs. \* In the above table the capture rate, sales per square foot, and amount of square feet needed in order to support that amount of retail should not be used for expansion or recruiting purposes without further due diligence. \*\*S/F need refers to the total number of square feet needed if sales per square feet are at \$400.

## Business Summary & Demographic Information

Tables 3 shows business summaries from the ESRI data for all three drive times. We use the NAICS (North American Industry Classification System) as it is the more commonly used business code. Table 3 also includes total employees, total residential population, number of households, employee/residential ratio, median age and median disposable income.

Table 4 demonstrates three particular business categories where retail leakage occurs either in all three drive times or the 5 and 10 minute drive times. The largest opportunity to consider for downtown Elon is the Specialty Food Store category where a combined total of leakage is over \$14 million. Capturing 15% of the \$14 million would equate to \$2+ million in sales. An additional notable is the Building Materials & Supplies category in the 5 minute drive time. ESRI combines Building Materials and Lawn & Garden Supplies. Within that category they break it down into Building Materials & Supplies and Lawn & Garden Equipment & Supplies. In the five minute drive time there is over \$5 million in retail leakage for Building Materials & Supplies. This category could include any and all supplies needed for construction, but consider more niche for the five minute drive time; possibly the "Do-It-Yourself" home owner or the Elon student who may need paint or other hardware type of items. A smaller "boutique" style hardware store may fit nicely into the downtown mix. This smaller store could include the Lawn & Garden Supplies as well. There are smaller hardware franchises that could be considered.

**Table 3. Summary for all 3 Drive Times**

Data for All Retail Businesses in Area	5 minute	10 minute	15 minute
Total Businesses	268	1,816	3,577
Total Employees	4,914	25,006	47,850
Total Residential Population	10,990	40,820	78,004
Total Number of Households	3,396	16,386	31,462
Employee/Residential Ratio	45/1	61/1	6/11
Median Age	25.5	39	38
Median Disposable Income	\$38,153	\$36,209	\$32,082
Avg. HH Income *( ) notes yr. 2020	\$80,549 (*\$90,383)	\$67,450 (\$75,383)	\$57,854 (\$64,912)
Median HH Income	\$48,370 (*\$56,367)	\$45,610 (\$52,775)	\$40,031 (\$46,305)

**Table 4.**

Drive Time	Business Type	Demand	Supply	Leakage	Est. Capture 15%	Sales P/SF	S/F Required
5 minutes	Specialty Food Stores	\$4.7+	\$704,286	\$4,068,833.00	\$610,324.95	\$400	1526
10 minutes	Specialty Food Stores	\$19.7+	\$12.5+	\$7,231,334.00	\$1,084,700	\$400	2712
15 minutes	Specialty Food Stores	\$33.1+	\$30.2+	\$2,937,297.00	\$440,594.55	\$400	1101
5 minutes	Building Materials & Supplies	\$5.8+	\$ 586,400	\$5,216,631.00	\$782,494.65	\$400	1956
5 minutes	Lawn/Garden Equip.&Supplies	\$ 663,327	\$ -	\$663,327.00	\$99,499	\$400	249
10 minutes	Lawn/Garden Equip.&Supplies	\$2.75+	\$ 828,219	\$1,928,819.00	\$289,322.85	\$400	723

### Race & Ethnicity: Tables 5, 6 & 7

**Table 5.**

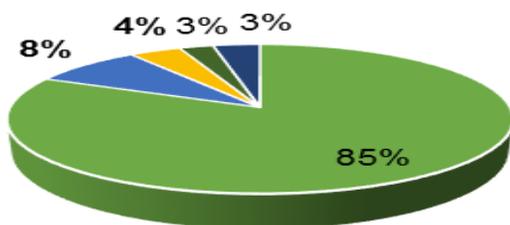
5 Minute Dr. Time	Population	Percent
White Alone	9,346	85%
Black Alone	957	8.70%
Hispanic Origin (Any Race)	446	4.10%
Asian Alone	289	2.6%
Other	397	3.6%

**Table 6.**

10 Minute Dr. Time	Population	Percent
White Alone	31,893	78.10%
Black Alone	5,478	13.40%
Hispanic Origin (Any Race)	2,910	7.10%
Asian Alone	1,014	2.50%
Some other race alone	1,462	3.60%
Other	973	2.40%

**Table 7.**

15 Minute Dr. Time	Population	Percent
White Alone	51,354	65.80%
Black Alone	17,207	22.00%
Hispanic Origin (Any Race)	9,586	12.30%
Some other race alone	5,377	6.90%
Two or more races	1,872	2.40%
Asian	1,737	2.20%
Other	458	0.60%



**Race & Ethnicity: 5 Minute Drive Time to Downtown Elon**

## Business Survey Information

Downtown Elon businesses were asked to participate in a business survey in order for to gather additional data. While not as many respondents as we would like to have seen previous data, from a survey conducted by the Town of Elon, served as additional support for this study.

### Conclusions from the Business Surveys:

- ◆ Average rental rate reported was \$1,849 these rates ranged from \$1,500 to \$2,500 a month.
- ◆ Annual retail rental rate, based on limited number returned surveys is \$14.00 per square foot.
- ◆ When the Town of Elon conducted their own Business Surveys their surveys indicated that 50% of Elon's businesses rented and 50% owned their property; average rent was \$1,912.25.
- ◆ Average square feet for retail sales area is 1,057
- ◆ Average annual sales per square feet based on limited data is \$426.00.
- ◆ Based on limited data average sales to rent is nearly 5% the highest reported was 7% of sales going to rent and lowest 2%
- ◆ Not enough data was given to provide non-retail rental rates. Most reported they owned their space.
- ◆ Average years in business for retailers/non-retail: 15/16
- ◆ Average number of fulltime employees for retail/non-retail: 3/2
- ◆ Average number of part time employees retail/non-retail 2/2
- ◆ Why people did business with them: convenience, customer service, price, selection and variety and the most often cited reason was reputation.
- ◆ Primary customers: Elon Students most often cited followed by local regional resident, then tourists.
- ◆ When asked what types of business they believed would enhance their business: burger joint, deli and a General Store type of business.
- ◆ Two stated they market on-line; only one was true retail stating 2% of their sales is made on-line.
- ◆ When asked "What plans do you have for your business within next 1-2 years?" Answers given were: Business expansion, start and or complete building renovation, increase marketing, increase number of employees, sell business and close business within one to two years
- ◆ Business hours varied from 7:30 a.m. to 10 p.m. or even 12 a.m. and 8:30 to 5: 00 p.m.
- ◆ Social media, including Facebook, email, website and word of mouth were cited for how businesses marketed themselves

## Student Survey Information

The Town of Elon also conducted a Student and Non-Student Consumer Survey. Students were asked in May 2016 "How can the town of Elon improve to keep students from going to Burlington, Greensboro and Raleigh?" Hundreds of answers were given from the students. Below are the most common answers with Grocery and Additional Restaurants/Food Choices the number one answers; in order of highest number of same responses from Elon Students:

- ◆ Grocery Stores: most cited they would like small store and walkable from campus. \*Burlington Co-op type of store given as an example.
- ◆ Additional Restaurants & Food/beverage choices: the answers varied and included Chipotle, Smoothie/Juice Bar, Chinese, Pasta Place, Brewery/food/pub, brunch place, 24 hour dining, a local bakery (Maxie B's in Greensboro cited as an example), donuts, more coffee places
- ◆ Pharmacy. This response came up several times. Some cited specific name brands such as: Walgreen/CVS which would include some convenience food items. (A Five-Below store was cited as an example.)

## Student Information Continued

- ◆ Clothing. More affordable style clothing for students.
- ◆ Bike Shop.
- ◆ Outdoor Dining (more of).
- ◆ Entertainment venues such as: movies, bowling, laser tag.
- ◆ Urgent care. \*While only one gave this it's noted here as we expect other students may feel the same. While Elon offers on campus student health facility they cited they didn't always "like" to go to the health center and would prefer an outside care facility they could walk to instead or in addition to on campus care.

## Consumer Survey Responses:

The Consumer Survey results shared similarities with the students when they were asked what types of businesses and amenities would they like to have downtown. There were over 200 responses, but the most common responses are below in order of most often cited:

- ◆ Restaurants/Food (over 68 times): these were not as specific, but included, health food, smoothie/juice bar, Chinese, Mexican, locally owned, chains and non-chains.
- ◆ Grocery store (over 61 times).
- ◆ Pharmacy & Locally owned businesses were tied at the number three spot as to business types wanted.
- ◆ Coffee & Clothing stores were tied with over 11. Followed by: Convenience store and a destination bakery like a Maxie B's. A "real" bakery.
- ◆ Other business types cited several times: bike shop, hardware, dry cleaners, home décor, art gallery, boutique, gifts, crafts, furniture.
- ◆ Additional amenities: Green space, parks, more seating downtown, more art, walking/bike/running trails, more outside dining.
- ◆ Parking cites as an issue, but only five times out of the 254 responses.

There were also over 172 Consumer responses to the question of what type of Cultural or Recreational Events would you like to see downtown. In order of the most often cited:

- ◆ Music events. Whether concerts or the summer series folks want more music. Some even cited more variety and music offered more year round not just the summer series.
- ◆ Family events. More of these! Some cited they loved the Farmer's Market and would like to see it year round and offering more variety. Also, family events celebrating more cultures and even community picnics and outdoor movies.
- ◆ Food trucks, Art hops, Gatherings to discuss policies and politics and Town/Gown activities were additional responses.

All survey results have been summarized. To see a full report of the survey results contact the Town of Elon.

## Tapestry Segmentations

Tapestry Segmentations: These provide a detailed description of America's neighborhoods. U.S. residential areas are divided into 67 distinctive segments based on their socioeconomic and demographic composition, then further classifies the segments into LifeMode and Urbanization Groups. Each drive time has numerous LifeMode groups for a total of 100%. The summaries on this page and page 7 are considered the largest percentage within each drive time for each Tapestry Segmentation giving a minimalistic snapshot of the largest segmentation by percentage in each drive time. By looking into the more detailed information, downtown Elon can get a sense of who their customer is and insight into how to market to and what types of products to possibly add to existing inventory or even diving deeper into each Tapestry Segment's LifeMode and Urbanization Group there may be an entirely new business that could be added based on the tapestries within these drive times. (Source: <http://doc.arcgis.com/en/esri-demographics/data/tapestry-segmentation>.)

### SUMMARIES FOR: Elon's Top Tapestries with 5 Minute Drive Time:

#### 1. Midlife Constants

**Represents 3,043,000 in US, Avg. HH Size 2.3 , Median Age 46, Median HH Income is \$48,000  
664 or 19.6% of Elon's population within 5 Minute Drive Time are in this Tapestry Segment &**

Senior Residents or reaching retirement with below average labor participation living outside central cities.

Above average net worth with a Lifestyle more country than urban

Generous, but not spend thrifts; 77% own their homes and 26% rent

Traditional, not trendy, opt for convenience & comfort, not cutting edge

Technology has its uses, but bells & whistles are a bother

Attentive to price, but not a expense of quality; prefers American made and natural products

Radio and newspapers media of choice after television

Prefers practical (domestic) vehicles like trucks & SUVs

Sociable, church going residents, belong to organizations, charitable work, fundraising, contributes to art & culture

DIY homebodies that spend on home improvements & gardening, leisure activities include reading, fishing, golf

#### 2. Savvy Suburbanites

**Represents 3,543,000 HH in U.S. Avg. HH Size 2.83, Median Age 44, Median HH Income: \$104,000  
651 or 19% of Elon's population within 5 Minute Drive Time fits this tapestry segment**

Well educated, well read and well capitalized; families include empty nesters & empty nest "wannabe's"

Located in older neighborhoods outside the urban core

91% owner occupied; 71 % mortgaged; low vacancy rate at 4%

48% college grads; 76% with some college education

Financially active using a number of resources for informed investing

They are foodies: enjoys good food and wine plus the amenities of the city's cultural events

Home remodeling & gardening are top priorities mostly DIY

Active pursuit of sports and exercise and physically fit

Extensive use of housekeeping and personal care services

**3. Soccer Mom:**

**Represents 3,327,000 in U.S. Avg. HH Size 3, Median Age, 36, Median HH Income: \$84,000**

**456 or 13.4% of Elon's population within 5 Minute Drive Time fit this tapestry segment.**

Affluent, family oriented market with country flavor preferring suburban periphery of metropolitan areas

Partial to new housing away from bustle of city, but close enough to commute to professional job centers & favor time-saving devices like banking online or housekeeping services

Mainly single family homes in newer neighborhoods 36% built in 1990's and 31% built in 2000's; Owner occupied with high rate of mortgage at 74%; median home value of \$226,000

Education: 37.7% college grads, 70% with some college; low unemployment at 5.9%; high labor force of 72%; 2 out of 3 HH include 2 workers

Connected: host of wireless devices from iPods to tablets anything enabling convenience; well insured, well invested; carrying higher debt level including 1st and 2nd mortgages and auto loans

Most HH own at least 2 vehicles, most popular minivans & SUVs

Family-oriented purchases & activities dominate, like 4+ TVs, movie purchases or rentals, children's apparel, toys, visits to parks or zoos

Outdoor activities and sports are characteristic of life in the suburban periphery, like bicycling, jogging, golfing, boating and target shooting

Home maintenance services are frequently contracted, but these families also like their gardens and own the tools for minor upkeep, like riding mowers and tillers

**4.Dorms to Diplomas:**

**Represents 589,000 in U.S. Avg. HH Size 2, Median Age, 21.5, Median HH Income: \$17,000**

**389 or 11.7% of Elon's population within 5 Minute Drive Time fit this tapestry segment.**

Mix of dorms, on-campus and off-campus housing cater to young renters; off-campus HH are commonly students living alone or with roommates; avg. HH size 2; 80% are apartments, many older homes in town have been converted into multifamily living units; only 1 in 10 homes are owner occupied

Many carry a balance on their credit card so they can buy what they want now; shopping trips sporadic & product preference still being established

First online generation having had lifelong use of computer, internet, cell phones & MP3 players

Enjoy going out to bars for drinks and maybe a game of billiards

With little experience cooking, fast food & frozen dinners are the "go-to" choices

Appearance & fashion preferences come from magazines; hair color & teeth whiteners are commonplace

Listen to latest music on mobile devices

Very active, participating in many sports, including yoga

Use a computer for just about everything including news, entertainment, shopping, blogging, social media, TV, movies and homework