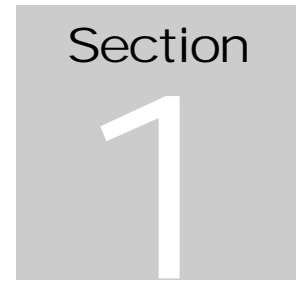


# Size and Shape of Downtown Milwaukee's Destination Trade Areas



*Section 1 analyzes the extent and shape of Downtown Milwaukee's destination trade areas. The trade area boundaries defined here will serve as the basis for additional analyses throughout this report.*

A trade area is the geographic region that generates the majority of customers for a given business or business district. Depending on the business category, Downtown Milwaukee has a variety of trade areas that depend on a variety of factors including its critical mass and mix of existing businesses, commuting patterns of downtown employees, convenience and accessibility, and its proximity to competition. Examining these factors provides insight into the size and shape of potential trade areas for the Downtown Study Area.

Each individual retail and service business in Downtown Milwaukee has a unique trade area. The unique trade area for an establishment will depend on factors ranging from the type of business, to the variety of products and services sold. However, several general categories of businesses have different relative levels of consumer drawing power. Certain business types will not attract customers from a great distance, while other categories have the potential to draw customers from throughout a region:

- *Convenience Businesses* – These businesses sell goods and services that consumers purchase with minimal effort and often at the most accessible store. Convenience goods are characterized by relatively low costs and frequent purchases; gasoline and groceries are the most obvious examples. The size of the Downtown Study Area and the nature of convenience shopping patterns will greatly influence the number and variety of potential convenience trade areas for downtown businesses. For example, the trade area for a convenience business located in the Third Ward will differ significantly from that of a convenience business located near Schlitz Park. *Given the number of potential convenience trade areas for downtown businesses, this analysis does not attempt to create an overall convenience trade area for Downtown Milwaukee. Businesses focusing on convenience goods and services should consider their potential trade area on a case-by-case basis.*
- *Destination Businesses* – Destination businesses offer goods and services that consumers typically purchase after comparing price, quality, and brands. Automobiles, furniture, and appliances are examples of destination goods. *Destination-type businesses are the primary focus of this trade area analysis.*
- *Intermediate Businesses* – Intermediate businesses sell goods and services having characteristics of both destination and convenience purchases. While consumers will spend some time comparison-shopping, the amount of time doing so is typically minimal and the purchase is usually made close to home. Examples of intermediate goods and services are drugs, hardware items, banking, and dry cleaning. *Given the potential drawing power of these businesses, intermediate-type establishments are considered in the trade area analysis, but to a lesser extent than destination businesses.*

In recognizing the drawing power of different business types, the following factors are considered when defining the size and shape of Downtown Milwaukee's destination trade areas:

- *Current drawing power of businesses and attractions in the Downtown Study Area* – The drawing power of downtown businesses and other traffic generators (i.e. cultural facilities) provides insight into the distance that local and regional residents will travel.
- *Commuting patterns and residences of employees working in the Downtown Study Area* – Downtown employees represent a captive consumer segment for large portions of each workday. However, research suggests that the spending impact from downtown employees is limited for many retail categories if these employees reside adjacent to superior shopping opportunities<sup>1</sup>.
- *Location and size of competing commercial centers* – Other shopping opportunities surrounding Downtown Milwaukee impact the shopping habits of local and regional residents.

## Drawing Power of Existing Businesses

As part of the trade area analysis, actual customer street addresses from a sample of representative Downtown Study Area businesses were used to examine the potential drawing power of the Study Area. While the individual businesses are not identified to maintain their confidentiality, these businesses focus primarily on destination-type goods. However, several of the sample establishments are considered intermediate-type businesses. Information from each business was mapped and analyzed using Geographic Information Systems (GIS). Map 1.1 shows a sample map of customer origins.

While each business has a unique trade area, two general patterns emerged as a result of the analysis:

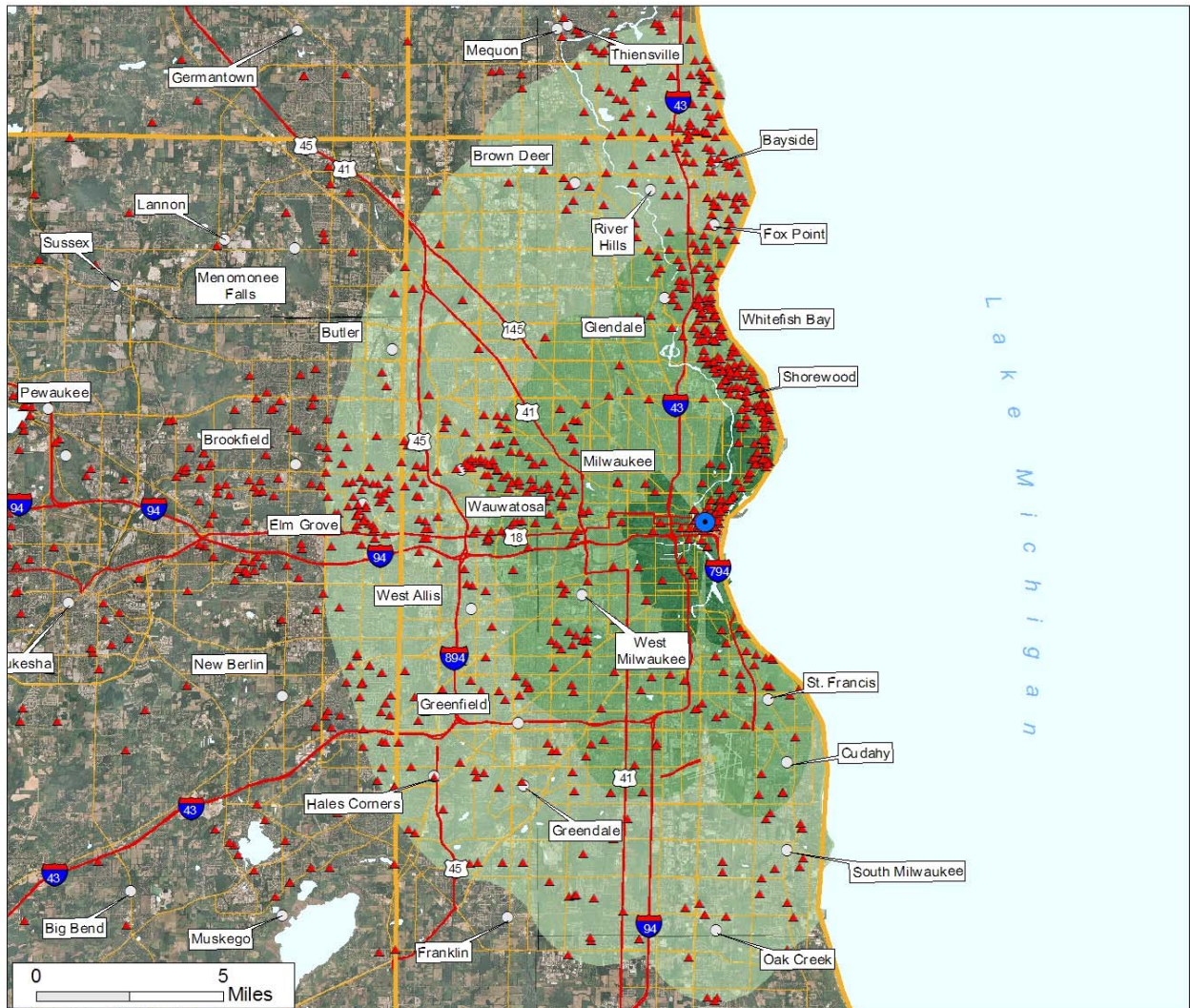
- Most businesses tended to generate 50 percent of their customers within a five-mile distance of their location in the Downtown Milwaukee Study Area;
- Most businesses generated a sizeable amount of customers from more affluent areas such as Wauwatosa, Milwaukee's Eastside, and the North Shore. In contrast, a limited number of customers originated from the less affluent Northwest portion of Milwaukee. The contrasting distribution of customers may be driven by a variety of factors. First, many of the destination retailers currently located in Downtown Milwaukee are targeted towards more affluent consumers. Furthermore, the Northwest portion of Milwaukee has a large relative concentration of households without a car (see Map 2.3). While these residents have access to public transportation, increased travel friction may be a limiting factor to residents considering downtown as a shopping destination. *As more diverse retail options develop in Downtown Milwaukee, opportunities for reaching consumers in Northwest Milwaukee could increase. Other marketing efforts could also aid in expanding customer penetration into these areas.*

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<sup>1</sup> International Council of Shopping Centers. *Office Worker Retail Spending Patterns*. ICSC, 2004.

Map 1.1 – Sample Customer Origin Map

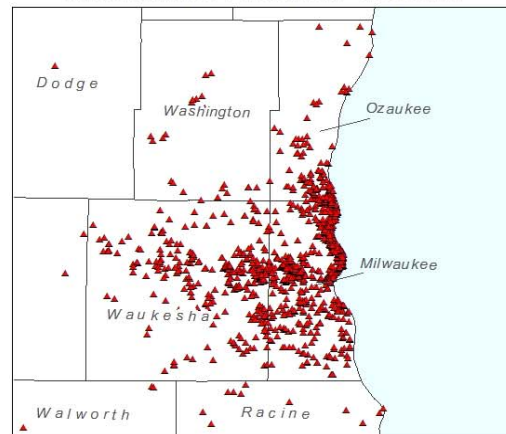
## Business #1 Customer Origins by Street Address



- Customer Origin
- 25% or Less of Customer Origins
- 26% to 50% of Customer Origins
- 51% to 75% of Customer Origins
- County Boundary
- Limited Access Highway
- Other Major Highway
- Community
- Business Location



### Southeastern Wisconsin Overview



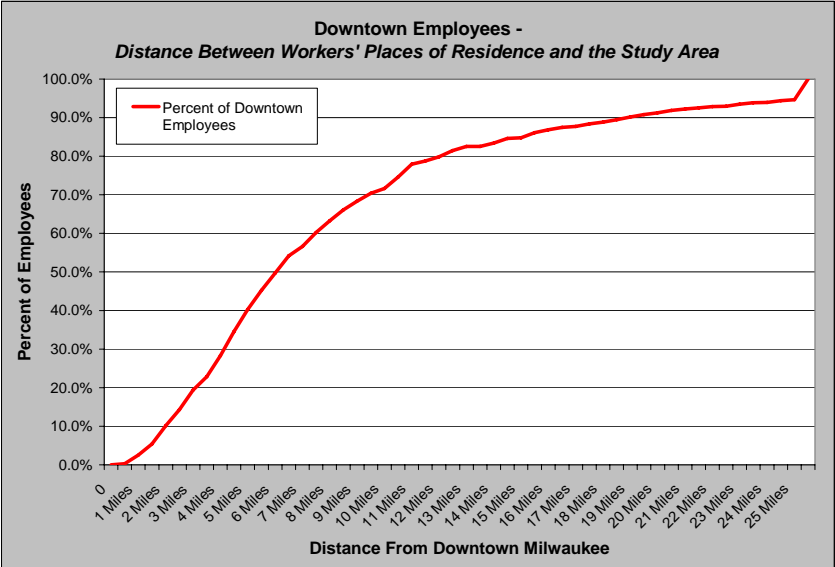
# Employee Origins

In the year 2000, U.S. Census Bureau estimates showed that 78,000 employees worked in the Downtown Study Area<sup>2</sup>. Examining where these employees reside provides insight into the Downtown Study Area’s geographic influence on the regional labor market and potential shopping patterns of this consumer segment. Map 1.2 depicts the places of residences for Downtown workers throughout the Milwaukee metro area. Many of these workers live in the City of Milwaukee and other nearby communities such as Shorewood, Whitefish Bay, and Wauwatosa. Concentrations of Study Area employees are also located around Brookfield, Mequon, Glendale, and Franklin. Aggregating employee residences by county shows that approximately 73 percent of Study Area workers live in Milwaukee County, while an additional 20 percent reside in Waukesha, Ozaukee, Washington, or Racine counties.

To further illustrate the geographic influence of Downtown Milwaukee, Chart 1.1 summarizes the distances between the Study Area and downtown workers’ places of residence. Almost 60 percent of downtown workers live more than five miles from the Downtown Study Area. Approximately 30 percent live more than ten miles away. These travel distances show the influence of Downtown Milwaukee on the regional economy. *However, these commuting distances and the employee origins shown on Map 1.2 suggest that many employees have a range of shopping opportunities near their residences.*

Specifically, many of these employees reside near large commercial districts such as Blue Mound Road in Brookfield, Mayfair Mall and Mayfair Road in Wauwatosa, Bayshore Town Center in Glendale, and the Southridge Shopping Center commercial district along South 76<sup>th</sup> Street in Greendale. More distant employees also reside adjacent to growing retail concentrations in Delafield and Grafton. Accordingly, employees living at greater distances will likely have a more limited influence on the destination trade areas. *However, targeted strategies that accommodate the needs of downtown workers could aid in capturing the large spending potential represented by these more distant Study Area employees.* The Study Area employee consumer segment will be examined further in Section 5 of this analysis.

**Chart 1.1 – Downtown Employees by Distance to Residence**

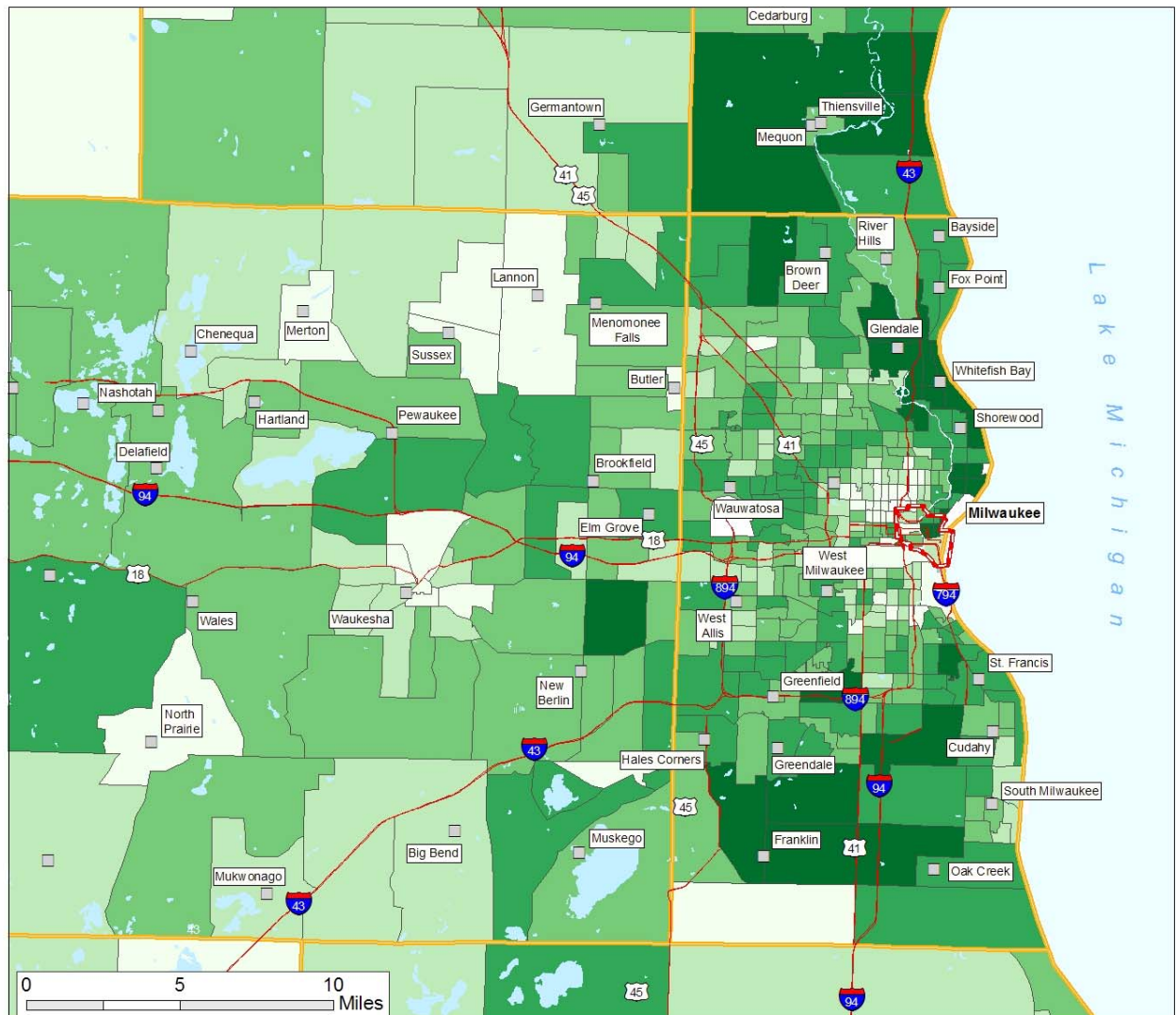


Source: Census Transportation Planning Package and University of Wisconsin-Extension

<sup>2</sup> Study area employee figures are examined in Section 5

Map 1.2 – Place of Residence for Downtown Study Area Employees

### Census Tract of Residence for Employees Working in Downtown Milwaukee



**Number of Downtown Employees by Census Tract of Residence (2000)\***



\*There were an estimated 78,005 employees working in the Downtown Study Area in 2000

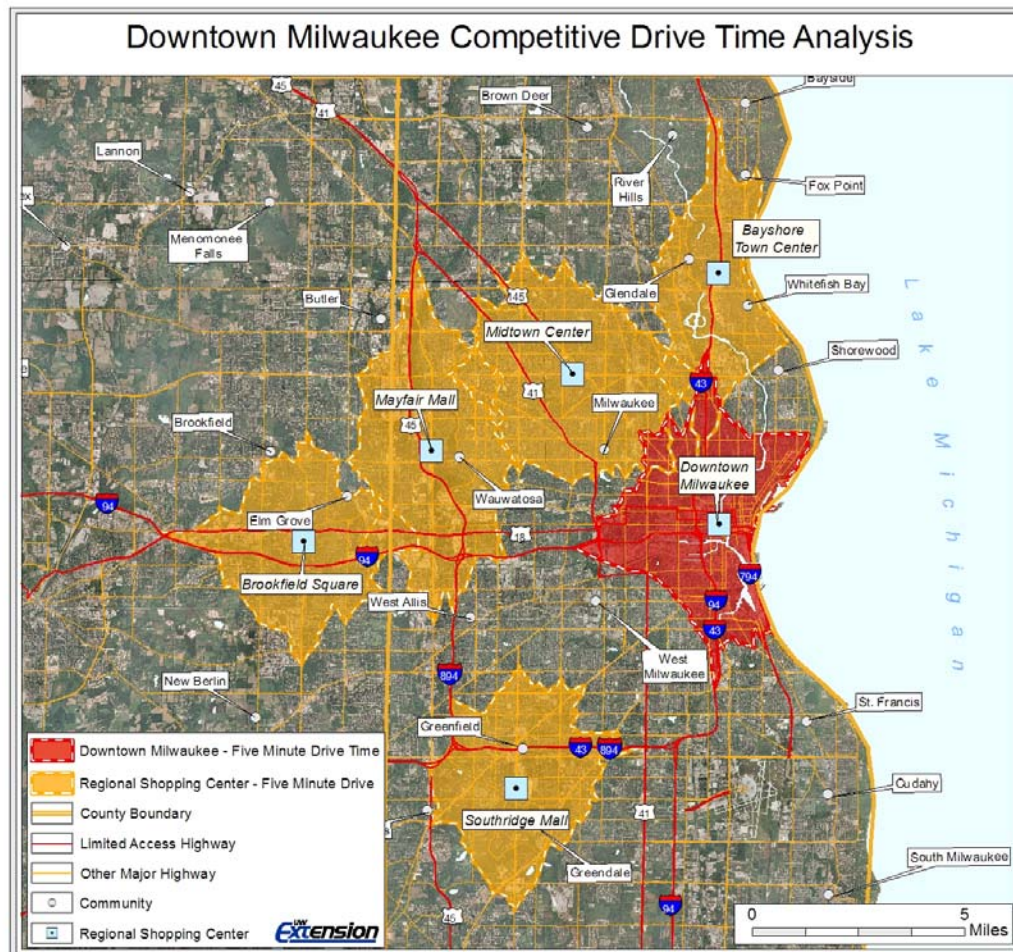


## Drive Time Analysis

Drive time analysis is used to analyze Downtown Milwaukee's geographic separation from surrounding regional and super-regional shopping opportunities. These regional and super-regional shopping centers include Mayfair Mall, Brookfield Square/Blue Mound Road, Southridge Mall, and Bayshore Town Center. While not a regional shopping center, Midtown Center is also used in the analysis due to its geographic proximity, its size (485,000 sq ft) and the relative absence of another concentrated retail center to the northwest of the Study Area.

While each shopping center's drawing power will vary by its size and tenant mix, five-minute drive times were constructed to determine the geographic separation of these malls from Downtown Milwaukee. Within a five-minute drive time, the Downtown Study Area is somewhat distanced from these regional shopping opportunities (Map 1.3). However, Mayfair Mall has an upscale tenant mix that includes a growing number of "first-in-Wisconsin" retailers such as Crate and Barrel and Restoration Hardware. Furthermore, Bayshore Town Center has recently been renovated to upgrade its tenant mix and improve its regional appeal. These two malls, along with the large competition presented by the Brookfield Square/Blue Mound Road commercial district, provide sizeable competition for shoppers residing in northern and western Milwaukee County, southern Ozaukee County, and eastern Waukesha County. While the Downtown Study Area is more isolated from regional shopping centers to the south, a wide variety of small-to-medium shopping destinations are located throughout communities to the south and southwest of Downtown Milwaukee. Many of these centers are aging, but they still present competition for a number of destination/intermediate goods and services.

Map 1.3 – Regional Drive Time Analysis

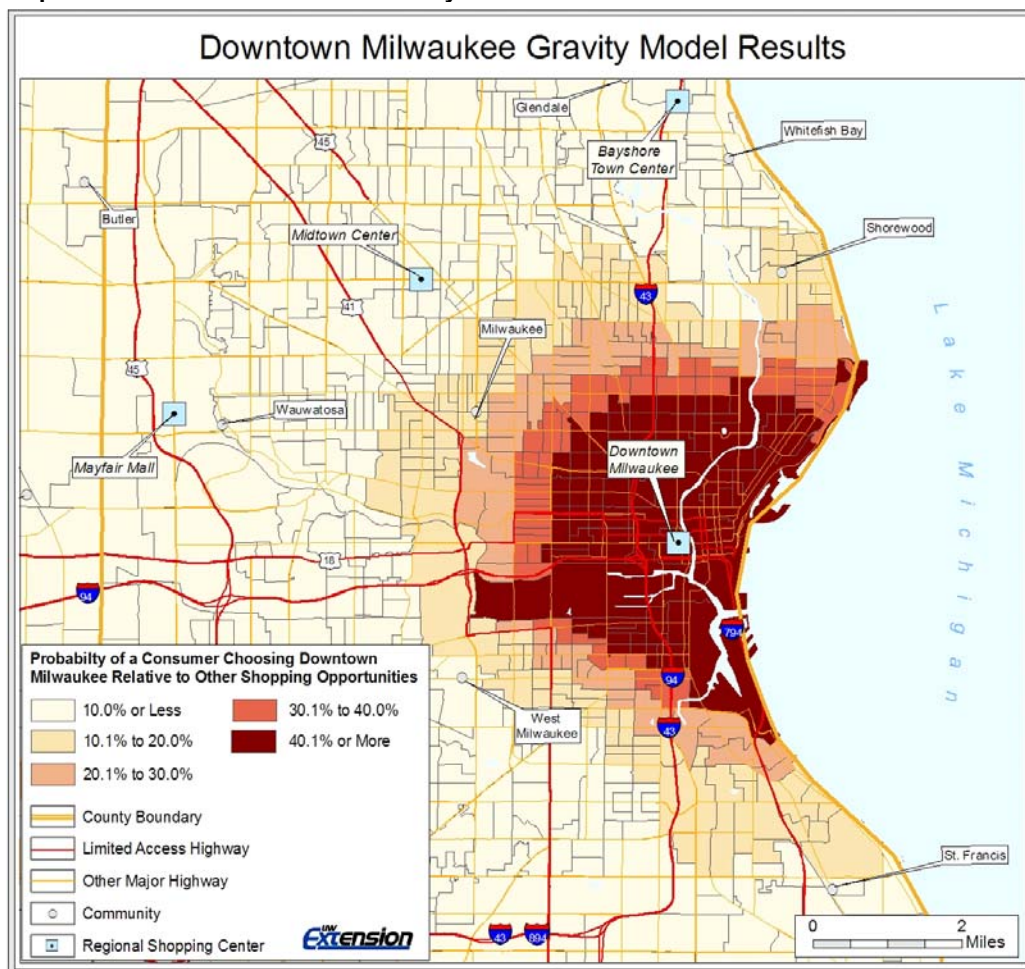


## Gravity Modeling

Gravity modeling provides an additional method for examining competition and potential shopping patterns around the Downtown Study Area. While a detailed discussion of gravity modeling is beyond the scope of this analysis, a gravity model attempts to predict the probability that a consumer will shop at a given commercial center. The model accounts for the distribution and attractiveness of competing shopping districts, along with distance a consumer will have to travel to each commercial area. *For this analysis, estimates of retail sales for existing retail concentrations are used as a proxy for a shopping district's attractiveness<sup>3</sup>.*

Map 1.4 shows the results of the Downtown Milwaukee gravity analysis. Specifically, the map shows the probability (i.e. percent chance) that a consumer living in a given area will choose Downtown Milwaukee over another competing shopping district. As one would expect, residents living in areas closest to Downtown Milwaukee have the highest probability of shopping in the Study Area. *Note that a high probability does not necessarily mean that a shopper will choose Downtown Milwaukee over another shopping district. Conversely, a low probability does not restrict people from shopping in the Downtown Study Area. In fact, when combining the large number of areas suggesting low shopping probabilities, these areas will still contribute a notable number of customers to the Study Area.*

**Map 1.4 – Downtown Milwaukee Gravity Model Results**



<sup>3</sup> Shopping districts have many attributes that make them attractive to consumers. Common measures of attraction include retail sales, retail floor space, number of parking spaces, product pricing, tenant mix, etc.

## Conclusions

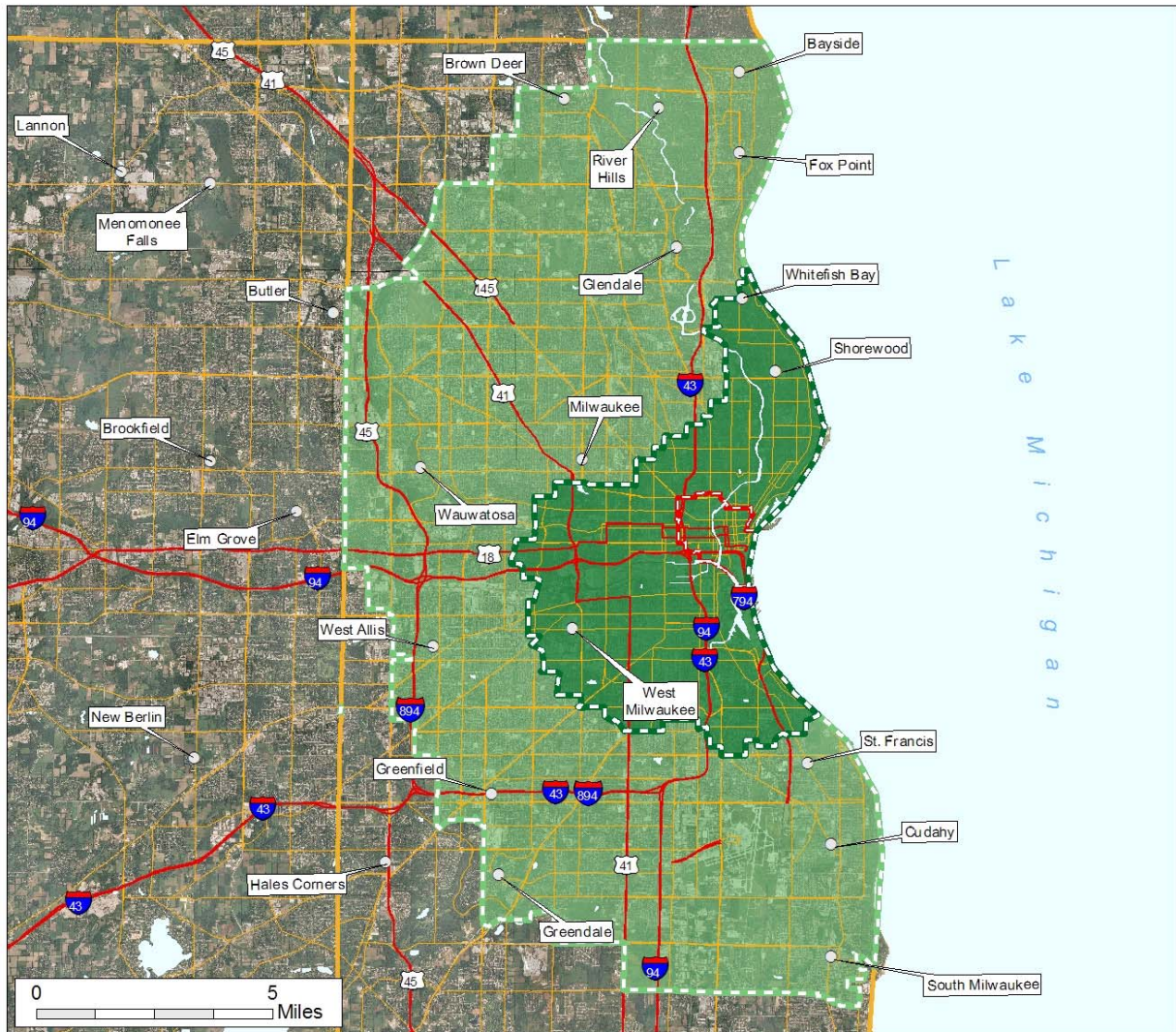
The preceding analyses present a wide range of factors that affect Downtown Milwaukee's trade areas and reiterate the complex task of defining an overall business district trade area. Using the analyses of existing customer origins, employee residences, drive times, and distribution of competing shopping districts, primary and secondary destination trade areas were constructed for Downtown Milwaukee. These trade areas are shown on Map 1.5 (following page) and will be used throughout the remainder of this study. Again, these trade areas reflect the drawing power of the overall Downtown Study Area; not the trade areas of individual businesses. *Furthermore, the boundaries of these trade areas are not rigid. Customers within these trade areas will travel to other commercial centers, while customers from outside the trade areas may patronize Downtown Milwaukee businesses. Prospective businesses that may have a unique draw may want to consider constructing their own individual trade area.*

While no individual data set was used to construct Downtown Milwaukee's destination trade areas, the size and shape of these trade areas were informed by the results of the preceding analyses:

- The primary destination trade area partially considers those geographic areas that tended to generate 50 percent of the customers for existing Study Area businesses. The secondary destination trade area partly reflects the areas that produced an additional 25 percent of business patrons.
- As previously suggested, the primary destination trade area's extent to the northwest is somewhat limited as a result of the customer address analyses and the drive time analysis. Furthermore, the other analyses used in the trade area definition did not provide overwhelming evidence for extending the current boundary. *Consequently, the primary destination trade area boundary does not attempt to exclude lower income consumers, but rather reflects current market conditions. Future opportunities do exist to better serve customers living in neighborhoods northwest of the Downtown Study Area and to eventually extend the current primary destination trade area boundaries into this region.*
- The primary and secondary destination trade areas are partially based on the distribution of regional shopping destinations, and those areas that best segment Downtown Milwaukee from these competing commercial centers.
- The primary destination trade area includes those areas with a greater than 40 percent probability of generating customers for the Downtown Study Area.
- The primary and secondary destination trade areas are based on conservative estimates of the Downtown Study Area's drawing power. However, continued marketing efforts and the growing number of strong non-retail anchors present in Downtown Milwaukee, such as the Milwaukee Art Museum's Calatrava addition and Pier Wisconsin, should have a positive impact on the Study Area's ability to attract shoppers.
- The primary and secondary destination trade area boundaries recognize the regional shopping options available to more distant commuters who work in the Downtown Study Area.

**Map 1.5 – Primary and Secondary Destination Trade Area Boundaries**

### Downtown Milwaukee Primary and Secondary Destination Trade Areas



- Primary Destination Trade Area
- Secondary Destination Trade Area
- County Boundary
- Downtown Milwaukee Study Area
- Limited Access Highway
- Other Major Highway
- Community



#### Regional Overview

