



Trade Area Analysis

Section 3 analyzes the size and shape of the trade area for Monroe businesses. The trade area defines the boundaries that will serve as the basis for further analysis in this report.

The trade area is the geographic region that generates the majority of customers for Monroe retail and service businesses. The analysis realizes that different business types have different trade areas. That is, some businesses will draw customers from a greater distance than others. While communities often have multiple trade areas (primary, secondary, convenience, etc.), primary and secondary trade areas are defined for downtown Monroe. The decision to use a single trade area is based on the locations of regional retail centers to the northeast in Madison, and to the east in Janesville and Beloit. In general, the Monroe trade area is intended to mirror the overall market area for the community.

Local residents of the Monroe trade area provide the greatest spending potential for most business categories. For some convenience businesses, the primary trade area may represent 90 percent of its customers. For destination shopping businesses, the primary trade area may represent less than 50 percent of its customers.

In addition to local residents, tourists and visitors represent a sizable market segment for communities like Monroe. While many of these customers live outside of the primary trade area, they need to be recognized as an important market segment. Tourists and visitors are attracted to Monroe for events such as Cheese Days, the Balloon Rally, and the Green County Fair. Furthermore, visitors come to Monroe's historic Central Business District, the Tri-County Trail, Sugar River Trail, the Badger State Trail, and many other recreational activities in the region. To examine these market segments, this section summarizes an analysis of customer origins, drive times and other geographic boundaries that may influence the trade area.

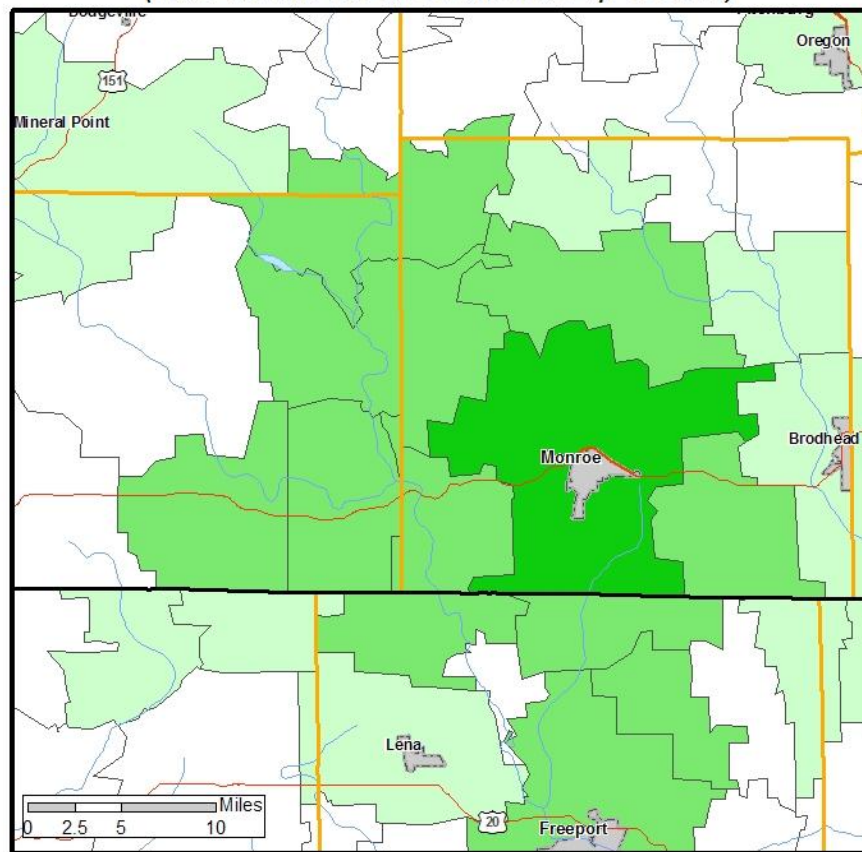
Customer Origins

For this analysis, actual customer zip codes were used to analyze the drawing power of Monroe businesses. These customer zip code lists were obtained from representative attractions and businesses including a mix of two local retailers and two regional service providers. Information from each business was analyzed and mapped using Geographic Information Systems (GIS).

Mapping customer zip codes provides one estimate of the overall “community” trade area. As previously mentioned, we must recognize that each business has a unique trade area. Furthermore, people residing in the trade area purchase certain goods and services outside the area. However, this method does have distinct advantages as it is based on actual customer data.

Four samples of customer origins are shown on the following maps. Maps 3.1 and 3.3 show samples of customer origins for businesses with a local customer market. Maps 3.2 and 3.4 provide samples for businesses focusing on the regional market.

**Map 1 - Business #1 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)**



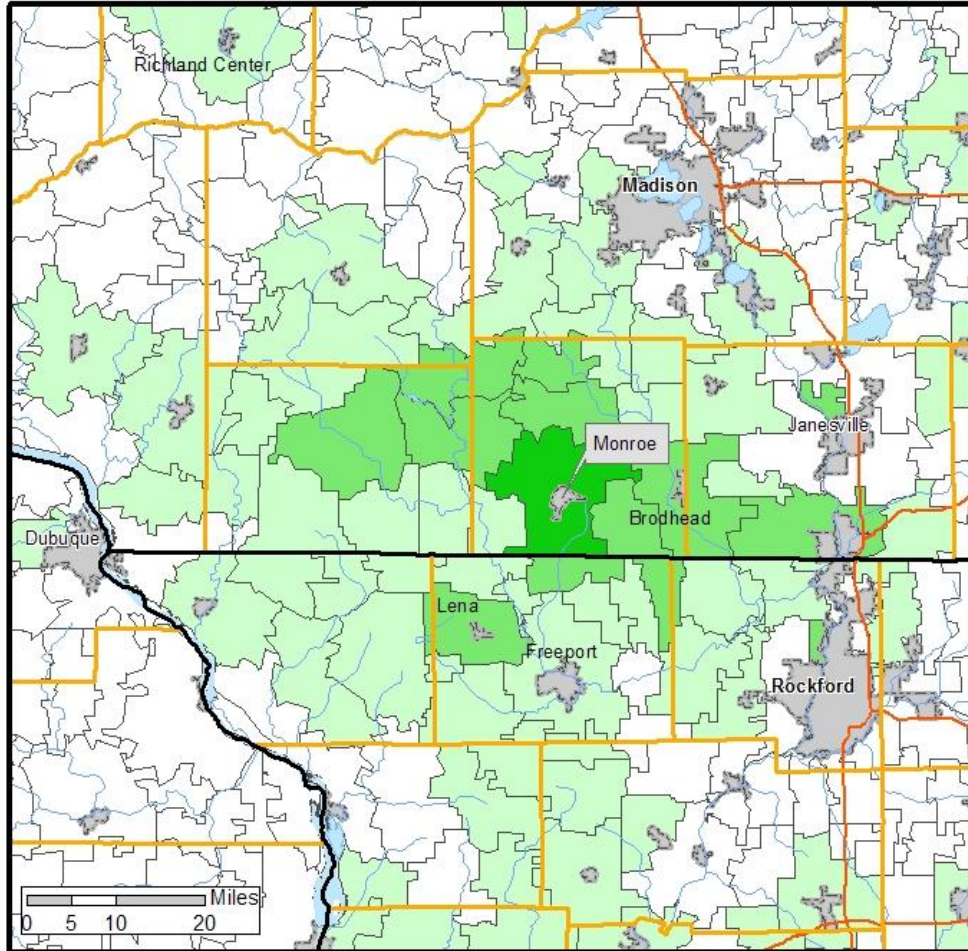
**Customers by Zip Code*
(Percent of Total)**

- 10.1% to 61.5%
- 1.1% to 10.0%
- 1.0% or Less
- No Customer Data
- Community
- County Boundary
- Limited Access Highway
- Highway

* N = 248 customers
** 53566 Zip Code (Monroe) = 61.29%



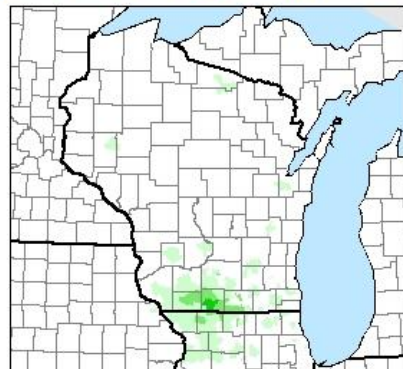
**Map 2 - Business #2 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)**



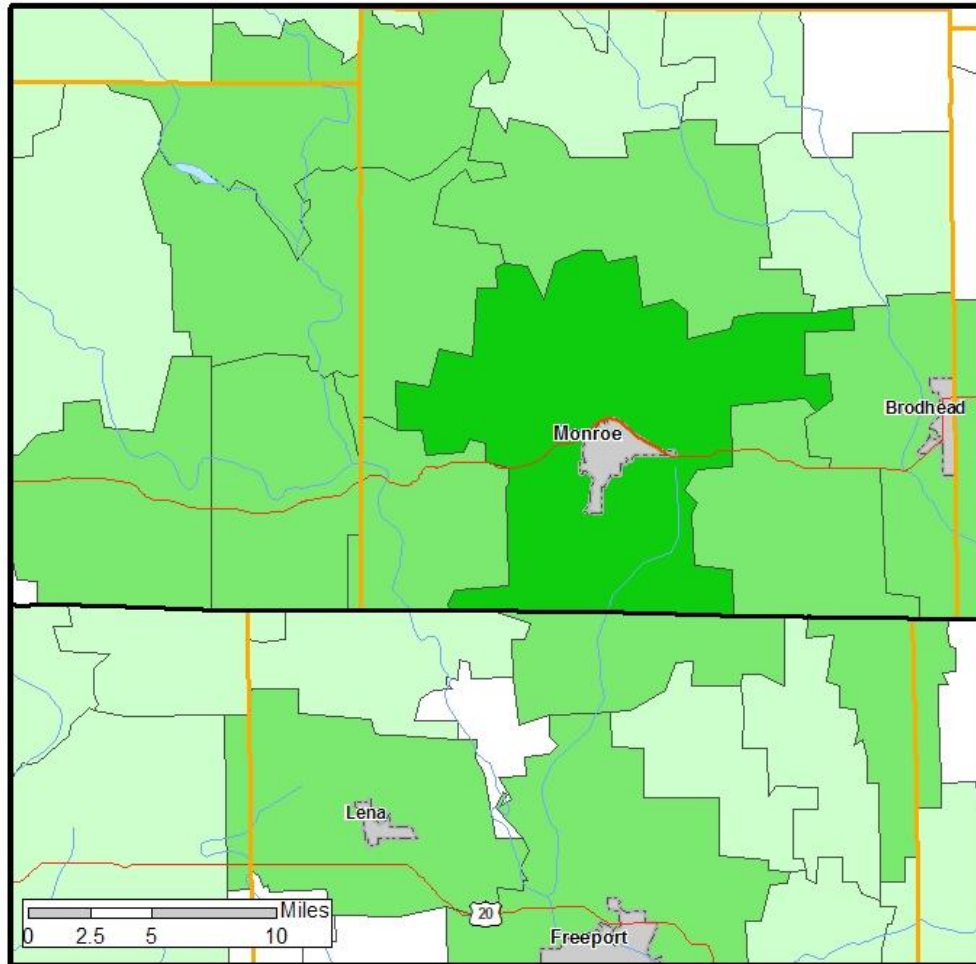
**Customers by Zip Code*
(Percent of Total)**

- 10.1% to 34.5%
- 1.1% to 10.0%
- 1.0% or Less
- No Customer Data
- County Boundary
- Limited Acces Highway
- Highway
- Community

* N = 1,282 customers
 ** 53566 Zip Code (Monroe) = 34.32%



**Map 3 - Business #3 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)**

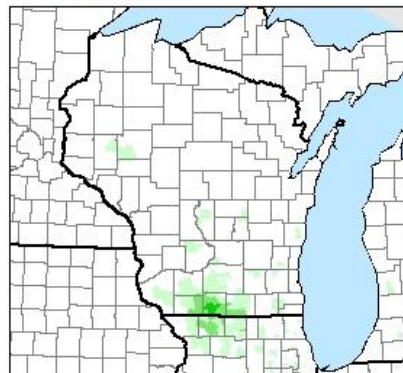


Monroe Primary and Secondary Trade Areas

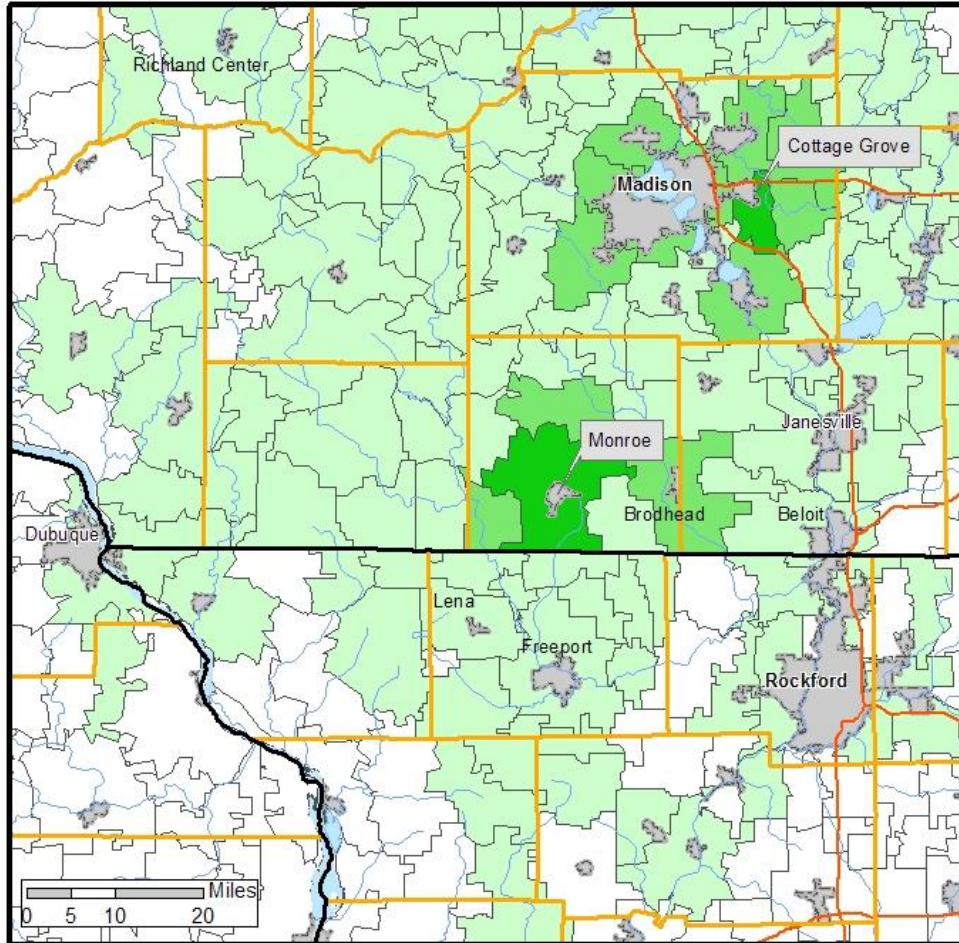
-  County Boundary
-  State Boundaries
-  Limited Access Highway
-  Highway
-  Community

* N = 429 customers

** 53566 Zip Code (Monroe) = 30.54%



**Map 4 - Business #4 Customer Origins by Zip Code
(As Percent of All Customer Zip Codes)**



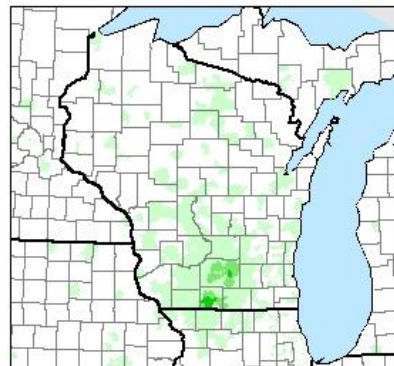
**Customers by Zip Code*
(Percent of Total)**

- 10.1% to 27%
- 1.1% to 10.0%
- 1.0% or Less
- No Customer Data
- Community
- County Boundary
- Limited Access Highway
- Highway

* N = 19,672 customers

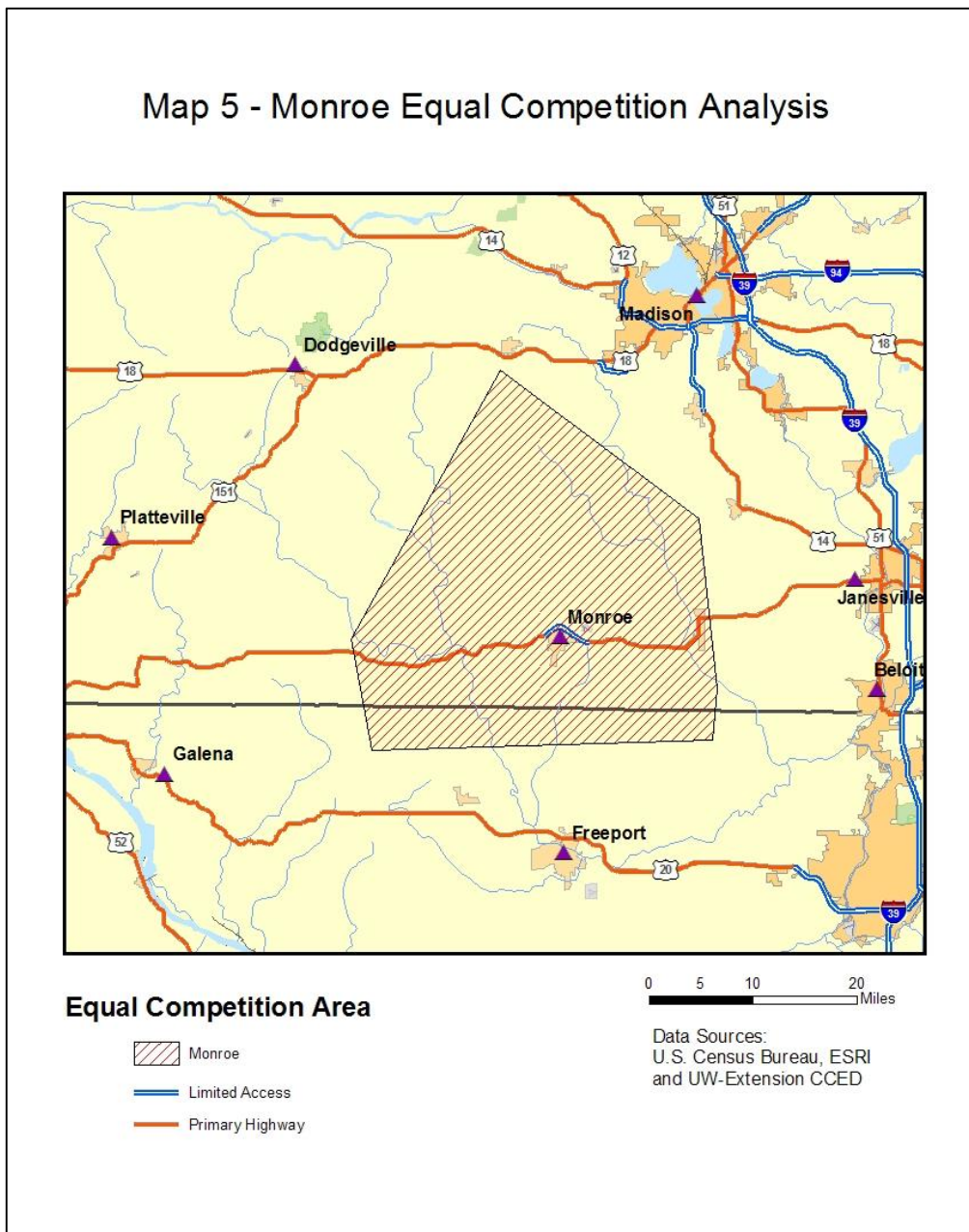
** 53566 Zip Code (Monroe) = 26.79%

53527 Zip Code (Cottage Grove) = 15.79%



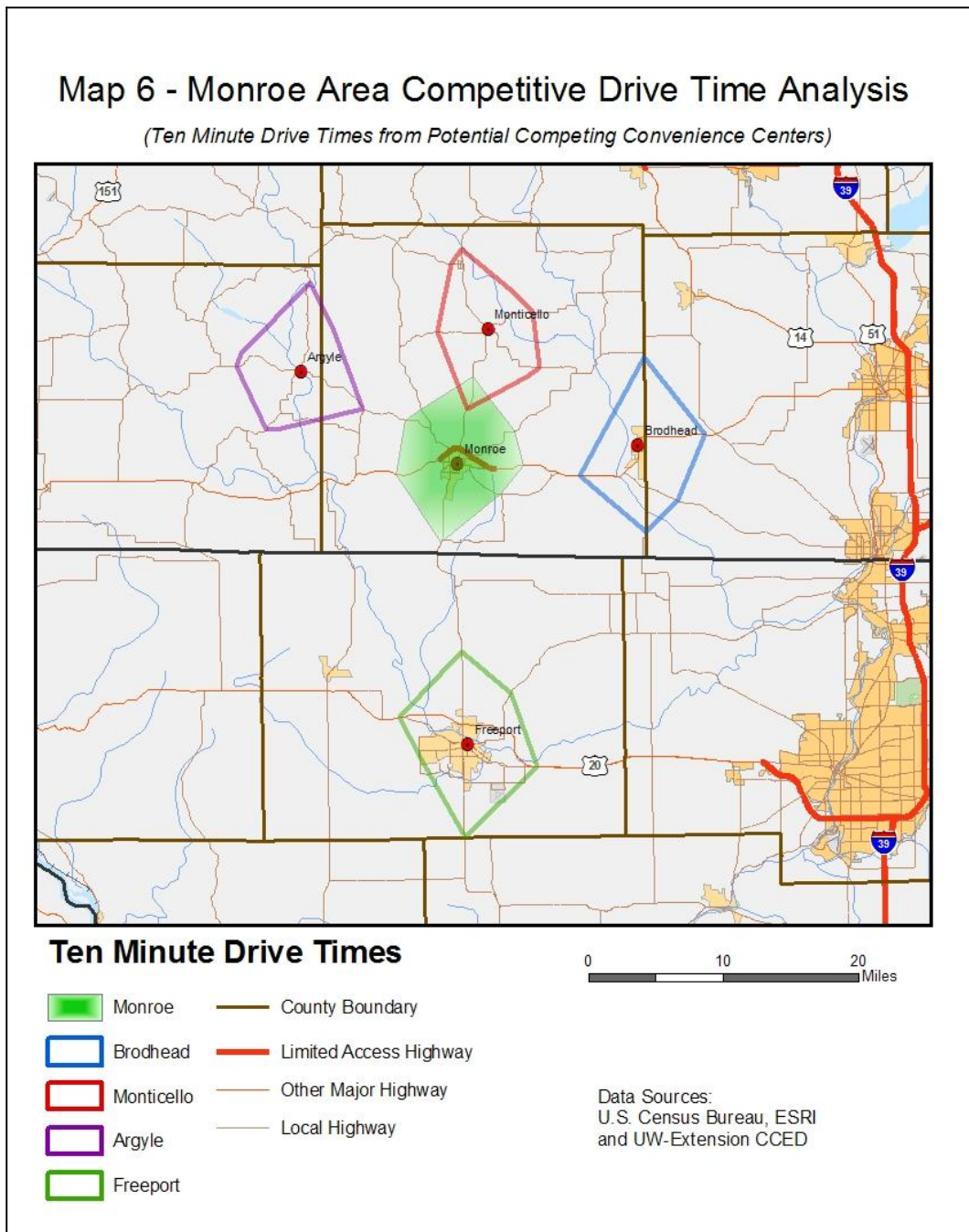
Equal Competition

Equal competition or Thiessen polygons represent the area in which the travel distance to the subject community (in this case, Monroe) is shorter than to other competing markets. This is done by drawing a line at the midpoint between Monroe and the surrounding communities. For this analysis, equal competition polygons were created around Monroe and its major regional competitors: Madison, Janesville, Beloit, Dodgeville, Platteville, Galena (Illinois) and Freeport (Illinois). The polygon associated with Monroe is shown on Map 3.3 and includes the communities of Argyle, Monticello, and Brodhead, as well as more rural area surrounding Monroe and reaching into Illinois. Residents of this area are closer to Monroe than other regional competitors, and therefore they represent an important customer segment for local businesses.



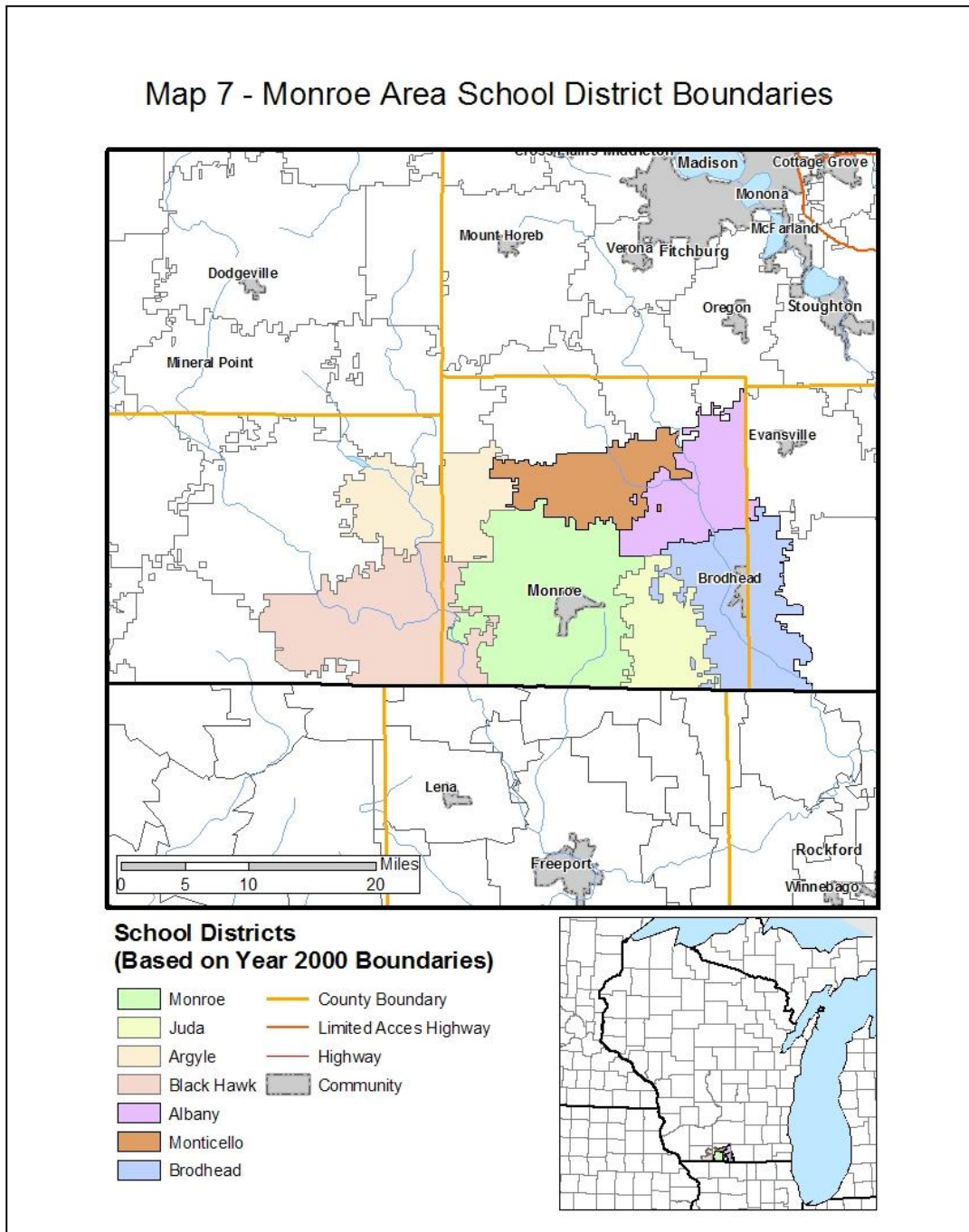
Drive Time Analysis

Analyzing drive times around Monroe is useful in evaluating the market for those goods and services purchased on the basis of convenience (i.e. groceries). Analyzing drive times around Monroe relative to surrounding communities determines those areas closest to Monroe and the most likely origins of convenience-seeking customers. Map 3.4 shows ten-minute drive times around Monroe and several surrounding communities. Within this drive time, Monroe is somewhat isolated from other competing communities. Only Monticello and Orangeville (Illinois) show partial overlap. While this analysis cannot predict shopping preferences for individuals, it does show that Monroe has at least the geographic potential to capture much of the convenience market segment.



School District Boundaries

School district boundaries provide an additional method for examining people traveling into and out of the Monroe area. Parents of students within the district travel into Monroe when shuttling their children to school or when attending school functions. Accordingly, these people associated with the school district have an inherent attachment to the area and provide a potential customer segment for area businesses. The district boundaries are shown on Map 3.5 and the City of Lake Monroe along with the surrounding rural areas.



Conclusion – Size and Shape of Trade Area

The primary and secondary trade areas for Monroe were created based on:

- Customer zip code data
- Equal competition area
- Drive time analysis
- School district boundaries

Upon analysis of the preceding maps and data, the trade area shown in Map 3.8 (following page) was constructed. This trade area recognizes the surrounding competition, especially from Madison to the north-east, from Beloit to the east, and from Rockford to the south-east. This trade area will be used in the remainder of the study and is comprised of the zip codes listed below.

53566 – Monroe (Primary)

53522 – Browntown (Secondary)

53550 – Juda (Secondary)

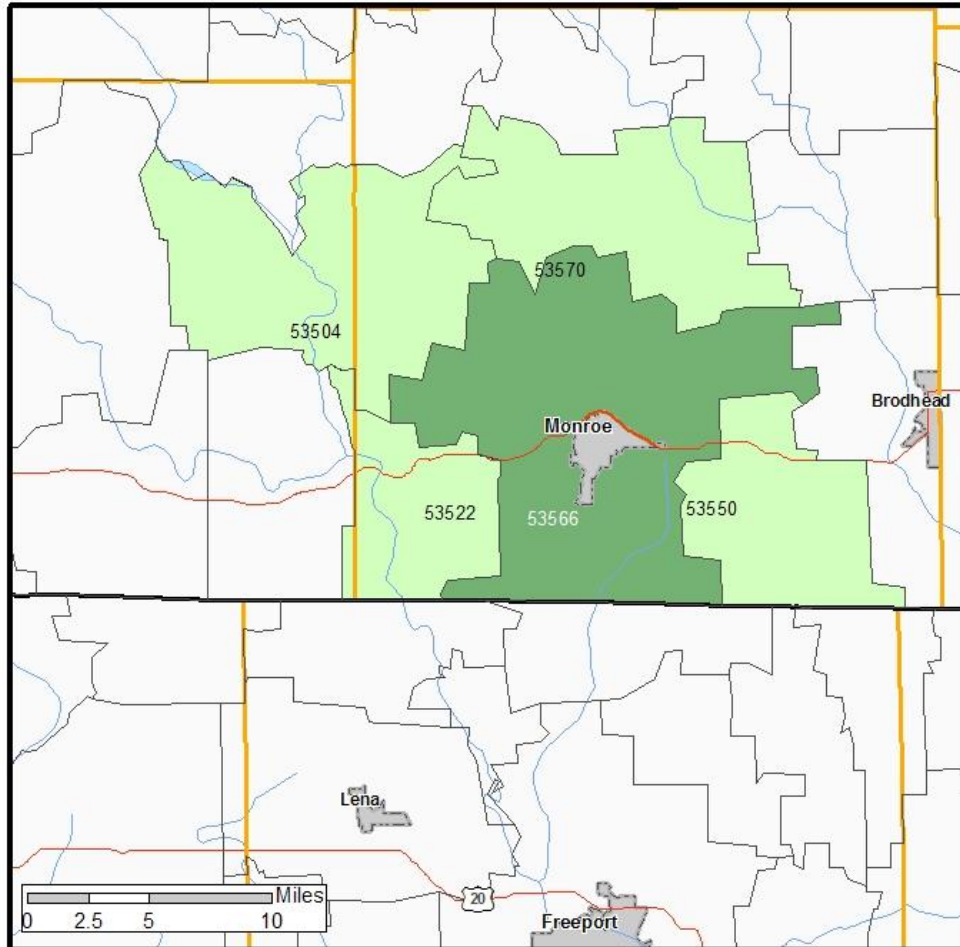
53504 – Argyle (Secondary)

53570 – Monticello (Secondary)

The primary trade area is located in southern Green County while the secondary trade area includes small portions of western Rock County, eastern Lafayette County, and northern Stephenson County, Illinois. When evaluating the trade area, a number of factors should be considered:

- These trade areas recognize the proximity of the large commercial centers to the north-east in Madison, the east in Beloit, and the south-east in Rockford.
- The trade area approximates those areas that may provide the best opportunities for capturing convenience-based shopping opportunities.
- Certain businesses in the Monroe trade area draw from a much larger distance than the community trade area. These destination businesses may include the community's automobile dealerships and various tourist attractions. *Accordingly, unique destination-type businesses may want to consider a broader market when assessing market opportunities.*

Map 8 - Monroe Primary and Secondary Trade Area



Monroe Primary and Secondary Trade Areas

- Primary Trade Area
- Secondary Trade Area
- County Boundary
- State Boundaries
- Limited Access Highway
- Highway
- Community

