RECOMMENDATION

THAT Council receive Report DCS 19-18 Downtown Retail Gap Analysis;

AND THAT the Retail Gap Analysis for the Downtown be approved in principle to guide future downtown marketing and business attraction initiatives in partnership with the Business Improvement Association.

EXECUTIVE SUMMARY

The purpose of this report is provide an overview of the Downtown Retail Gap Analysis and to seek approval in principle for the opportunities and next steps contained therein. If approved, the study will be incorporated into future Departmental Business Plans for both the Town and the Business Improvement Association.

BACKGROUND

The 2018 Business Plan and Budget included $2,000 in funding to support Downtown Revitalization initiatives and these were identified to be completed in conjunction with the Business Improvement Association (BIA). 2018 was a year of transition for the BIA; however, staff identified the priority of conducting a formal retail gap analysis for the downtown and obtained quotations for the analysis in the fourth quarter. The 360 Collective were retained to complete the analysis.

The 360 Collective is a consulting firm that offers market research, urban planning and retail consulting services. They have three decades of global experience as strategists, marketers, planners, researchers, brokers and retailers serving traditional and non-traditional retail sectors, communities, development and real estate. They develop strategies for:

- Business Districts
- Farmers Markets
- Food Service
- Municipal
- Public Markets
- Real Estate
The primary project objective was to identify the retail offerings that are missing in the Downtown Tillsonburg marketplace.

The methodology for the Retail Gap Analysis was:

- A Market Profile of Tillsonburg and area;
- A Socio-Economic Profile of Tillsonburg and area;
- A Retail Supply Inventory;
- A Retail Visitation Profile;
- A Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis; and,
- Next Steps.

The Market/Socio-Economic profiles were based on a 10 Minute Walk Time, a 5 Minute Drive Time, the Town of Tillsonburg boundaries and a truncated 30 Minute Drive Time areas as shown below.
Some of the key findings from the analysis were:

- There is a growing population within a 10 minute walk of the Downtown;
- Downtown retailers benefit from a Daytime Working population of 4,751 people within 10 minutes of the Downtown and a combined worker population of 9,000 people when nearby industrial areas are included;
- The age profile skews towards senior categories with families that are aging in place, empty nesters, and retirees, but there are a growing number of young families living in the trade areas as well;
- The higher number of retirees and seniors corresponds with a high proportion of single person households. This is followed by a high proportion of empty nesters or two-person households;
- 14% of residents within a 10 minute walking distance of Downtown walk to work supporting the notion of people opting to live, work, and play in close proximity;
- Many expenditures by households in the 10-minute walking trade area and the 5-minute drive time trade area are lower than the average based primarily on lower average household incomes;
- Households in Tillsonburg spend a higher than average proportion of their budget on:
  - Home: both large and small purchases including grocery items and alcohol, cut flowers and home furnishings to appliances and outdoor supplies
  - Entertaining: going out for small snacks, cafes, socializing, personal care services, and gifts for others
  - Seniors: health care goods and services
- Vacancy is low (estimated at 2.5%);
- High proportion of services including professional and medical – provides a source of visitor traffic to other businesses in Downtown but does occupy some prime retail spaces
- Policies that have ensured offices and administrative offices to locate in Downtown have been successful at ensuring there is daytime traffic for the businesses.
- There are a few emerging ‘clusters’ of businesses – home décor for example but they have not located near to each other for ease of shopping.
- According to the Downtown BIA, hours of operation especially amongst independent retailers is a cause for some retail sales leakage. Other causes are the lack of some discount and value oriented retailers;
- Saturday is the biggest shopping day in Downtown and this is followed closely by weekday evening visitation;
- There is a fairly good visitation to the weekday restaurants and cafes primarily from the local area daytime workers.
The analysis includes an overview of the opportunities for the downtown as follows:

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>RATIONALE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food and Beverage</strong></td>
<td></td>
</tr>
<tr>
<td>• No further major grocery stores or LCBO</td>
<td>• Specialty food can complement the existing grocery stores such as Metro and Walmart</td>
</tr>
<tr>
<td>• Potential for specialty food stores (e.g., Goodness Me)</td>
<td>• They can provide a link in the customer journey similar to the function and location of Bulk Barn</td>
</tr>
<tr>
<td>• Ensure Walmart carries enough value oriented food items</td>
<td>• Should be paired with additional functions such as catering, prepared food as take away, and home meal replacement</td>
</tr>
<tr>
<td><strong>Health and Pharmacy</strong></td>
<td></td>
</tr>
<tr>
<td>• Health related goods and services will always be in high demand and can shift</td>
<td>• In an older community such as Tillsonburg, health care is a major household expenditure from prescriptions, over the counter medicine, health supplies, optical stores, health supplements, naturalpaths, etc.</td>
</tr>
<tr>
<td>• There may not be a need for a large pharmacy but smaller unique health stores, optical stores, etc, could be warranted</td>
<td></td>
</tr>
<tr>
<td><strong>Furniture and Home Furnishings</strong></td>
<td></td>
</tr>
<tr>
<td>• Focus should be on retaining existing furniture, home furnishings type stores and allow for more modern home furnishings stores to establish themselves (e.g., Saturday Afternoons) or art galleries</td>
<td>• There are several furniture stores in Downtown</td>
</tr>
<tr>
<td>• Craft or hobby oriented home furnishings such as custom made Mennonite furniture</td>
<td>• Focus on retention of existing stores and ensure they maintain a modern, current offering</td>
</tr>
<tr>
<td></td>
<td>• There is a potential to combine hobby and craft expertise of Tillsonburg with furniture and home furnishings making</td>
</tr>
<tr>
<td><strong>Electronics</strong></td>
<td></td>
</tr>
<tr>
<td>• Focus on retention of existing stores including the ability to order online and pick up in store</td>
<td>• Electronic stores are becoming showrooms for the latest technology</td>
</tr>
<tr>
<td></td>
<td>• Stores need to be able to offer the ability for consumers to order online and then pick up in store as a way of not only providing increased convenience to local residents but for increased shopping</td>
</tr>
<tr>
<td><strong>RECOMMENDATION</strong></td>
<td><strong>RATIONALE</strong></td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------</td>
</tr>
</tbody>
</table>
| Clothing and Accessories | • Focus on retention of existing clothing, jewellery, and accessories stores  
  • Any new retailer should have a narrow and deep focus (concentrate on one or two lines or offerings and carry a deep assortment in for each one)  
  • Focus on craft, handmade items | • There is limited growth not only in Tillsonburg but across North America for clothing and accessory related retail  
  • Similar to home furnishings, there is an opportunity to combine craft and hobby skill sets with clothing lines – such as knitted sweaters, custom leather bags (where some of the manufacturing is done on site)  
  • Create opportunities for local craft, hobby, entrepreneurs to hone their skills |
| Leisure Retail | • Focus on retention of existing gift and book stores  
  • Increase the number of craft and hobby related stores including supplies as well as production is: workshops  
  • Have places such as knitting cafes, children/adult art schools, art cafes, book store cafes, etc.)  
  • Locate craft supplies together (sewing, leather handwork, knitting, art supplies, DIY stores)  
  • Add learning programs to retailers such as singing, piano, art, story writing/story telling | |
| General Merchandise | • No additional discount oriented stores | • There are ample discount general merchandise stores  
  • New stores would only spread the sales around |
| Home Improvement | • No major new home improvement stores  
  • Could be co-located better across the City | • Ample selection of home improvement type stores in Tillsonburg |
| **RECOMMENDATION** | **RATIONALE** |
| Eating Establishments | • Need to replace or add to the number of places for socialization and eating - cafes, coffee places, and other food/socialization places in Downtown  
  • More sit down, casual restaurants that are higher quality  
  • Dinner theatre options  
  • Include more eating establishments with entertainment | • Food is the glue that holds the community together  
  • There are good food options at present but the strategy should focus on where there are gaps in the food service mix  
  • Local residents do not spend high amounts on eating out but will spend it on “in between” activities  
  • There is a lack of casual and better quality restaurants in Tillsonburg (probably losing market share to other communities) |
| Night Time Economy | • Monitor the change in demographic toward young families to be able to provide a timely response to their needs e.g., bowling alley, dinertime needs, ice cream shops open after soccer games etc. | • As a community changes so too do their needs. It’s important to watch this change and to be able to plan a response. Some businesses already have a weeknight later evening business profile that other businesses can piggy back off. See Next Steps for further comments.
CONSULTATION/COMMUNICATION

The Retail Gap Analysis was presented to the Development Committee at their February 12, 2019 and March 21, 2019 meetings along with a summary of the report’s recommendations and actions that are already underway.

The draft report was circulated to the Chair and Executive Director of the Downtown Business Improvement Association and their comments were reviewed and incorporated into the final report. The BIA Board of Management received the report at their March 21 meeting and passed the following resolution at their April 25th, 2019 meeting:

*Moved by: M. Rosehart and Seconded by: D. Gilvesy and resolved that the BIA Board of Management adopts the Downtown Tillsonburg Gap Analysis Report and further that the ED and EMC report back to the board on an implementation plan for next steps during balance of 2019; and add 2-3 strategic imperatives to the 2020 work plan.*

It has been suggested that the Town, BIA and Tillsonburg District Real Estate board could work together to achieve the various aspects recommended as opportunities or next steps within the report. If approved, this will be explored further.

FINANCIAL IMPACT/FUNDING SOURCE

There are no financial impacts related to this report. If the report is approved, there could be minor financial impacts related to implementing the report but these would be brought forward in future departmental and/or BIA Business Plans.

COMMUNITY STRATEGIC PLAN

1. Excellence in Local Government
   - Demonstrate strong leadership in Town initiatives
   - Streamline communication and effectively collaborate within local government
   - Demonstrate accountability

2. Economic Sustainability
   - Support new and existing businesses and provide a variety of employment opportunities
   - Provide diverse retail services in the downtown core
   - Provide appropriate education and training opportunities in line with Tillsonburg’s economy

3. Demographic Balance
   - Make Tillsonburg an attractive place to live for youth and young professionals
   - Provide opportunities for families to thrive
   - Support the aging population and an active senior citizenship

4. Culture and Community
   - Promote Tillsonburg as a unique and welcoming community
☐ Provide a variety of leisure and cultural opportunities to suit all interests
☐ Improve mobility and promote environmentally sustainable living
Report Approval Details

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>Report DCS 19-18 Downtown Retail Gap Analysis.docx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attachments:</td>
<td>- Retail_Gap_Analysis-F(Feb6,19).pptx</td>
</tr>
<tr>
<td></td>
<td>- Retail_Gap_Analysis-Implementation_Planning(070819).docx</td>
</tr>
<tr>
<td>Final Approval Date:</td>
<td>Jul 2, 2019</td>
</tr>
</tbody>
</table>

This report and all of its attachments were approved and signed as outlined below:

David Calder - Jul 2, 2019 - 9:35 AM