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Introduction

The following is a market analysis and strategic program for downtown Fennville, Michigan. This effort was prepared by The Chesapeake Group, Inc. under contract to the Downtown Development Authority and the City of Fennville. The effort included significant primary data derived from field reconnaissance, face-to-face interviews with major stakeholders, telephone surveys of current residents and potential consumers, and a mailed questionnaire to business owners and operators. In addition, computer models for non-residential activity, based on United States Census of Business information, were used to compare the community to other areas having certain similar characteristics in other sections of the United States. Other secondary sources of information was employed.

Estimates of demand found in this assessment are considered conservative in nature, tending to understate rather than overstate opportunities. They represent only TCG's opinion based on the presented information and experiences. It is noted that success of any geographic area, collection of activity, or individual components is dependent upon other factors as well as marketability. Some of those other factors are management practices, financial feasibility, regulations and collective cooperation.

The comparative assessment and demand analysis indicates that the following is or will be marketable in Fennville.

- ✓ 4,000 to 5,000 square feet of additional supermarket space.
- ✓ Auto service space (TBA) expansion of about 1,500 square feet.
- ✓ About 4,000 square feet of home furnishings space.
- ✓ Potentially additional food service space beyond that associated with the expanding Mexican supermarket and restaurant operation.
- ✓ Medical offices & facilities.
- ✓ Other professional offices.
- ✓ Activities which appeal to younger households and growth in an effort to develop a long-term relationship with future generations of shoppers. One possible opportunity is to pursue a children's museum in downtown.
- ✓ Higher education activity or institution. Initially this could involve a limited number of classes at a temporary location associated with an extension of a community college, college, or university, but could evolve to a permanent building, buildings, or space.

There are a number of significant suggestions and recommendations put forth in the strategic program. These include, but are not limited to:

- ✓ Expansion or new "tenant" activity or users in the following arenas being sought first to increase critical mass.

- ✓ Continuation of the perception of a main street area and an atmosphere conducive to increasing visitor based activity, through blending new space with the current character.
- ✓ Assisting with a smooth transition of business ownership by developing an entrepreneurial and apprenticeship program.
- ✓ Fostering the provision for some industrial growth opportunity outside of downtown.
- ✓ Fostering the expansion of additional quality housing in Fennville or surrounding areas.
- ✓ Fostering further investment in existing businesses through enhancing linkages to resources, conducting an annual survey of all businesses in the community, and enhanced marketing to the community. The latter efforts should be directed toward new residents, repeat customers and senior citizens.
- ✓ The development of new and expanded events that will assist with both market penetration and expansion of markets.
- ✓ Development of a recruitment effort that will involve both paid staff and volunteers from the business community and elected officials.
- ✓ Enhancing the effectiveness of organized business interests. This implies both enhanced coordination of business interests, such as the DDA and Chamber, and increased commitment of resources to establish some dedicated paid professional person-power.

In this market analysis and strategic suggestions names of specific businesses, education institutions or others are mentioned. These names are used simply to indicate a certain type of operation. Their inclusion represents neither an endorsement by The Chesapeake Group nor any indication of interest on their part.

TCG believes that this report can be instrumental in efforts to undertake economic enhancement in Fennville that is sensitive to the needs of businesses and residential community interests. The suggestions are based upon sustainable economic development principals. We recognize that economic development is a dynamic and evolving process and commitment.

Interview Synopsis

The following is a synopsis of information conveyed or gleaned through the “stakeholder” or “critical actor” interviews. It is noted that the information does not necessarily reflect the attitudes or opinions of The Chesapeake Group with respect to downtown Fennville, but of those interviewed.

- ✓ There is tremendous optimism about the future of downtown Fennville that is shared by many. There is hope that there will be more small unique businesses in the future than there are at present and that the area will cater to visitors; those from Saugatuck, Douglas, etc.; and local residents.
- ✓ The Fennville area continues to be rural in character, although it is growing. The nature of agriculture in the area has changed over the years. Former fruit farms have been replaced by other agricultural production.
- ✓ While growth in the residential area population in the Fennville area is anticipated; to a large extent, traditional suburban growth (quarter, third, and slightly larger acre lots) are not anticipated. New development is expected at more rural densities, such as one unit per five acres.
- ✓ Changes in surrounding area populations are reported to be happening. Existing units are being bought as second homes and retirement homes.
- ✓ Much concern was expressed for the condition of the school system. Standardized test performances have not been strong. However, it was the consensus that since the hiring of the current school superintendent, that conditions were improving. New facilities are deemed to be needed as well to increase the area’s attractiveness to traditional families.
- ✓ Within certain blocks of downtown, parking is perceived as being an issue. This is particularly true in the block containing the hardware, food store, pharmacy and medical facilities. Some perceive that the solution is to move employees of that area to another location, freeing up interior block parking for patrons.
- ✓ The area has in general suffered over the past few years, with only a few businesses reportedly seeing growth in sales or revenues. The trend was deemed to be reflective of Michigan’s economic problems and loss of employment opportunities or jobs in the nearby Holland-Zeeland area. This area is identified as being where many have worked in the recent past and do work at present.
- ✓ Concern was expressed for the current conditions of some downtown structures, while others were felt to be extremely well maintained.

- ✓ There are significant signs of reinvestment in downtown, including construction of a new and expanded Hispanic supermarket and Mexican restaurant, opening of three new businesses, renovations of a few structures, and additional planned expansion of one business. Yet, all but one of these changes would not have likely occurred without “subsidies”, either by the City/DDA or private benefactors. The subsidies are largely in terms of rent “forgiveness” or rent levels that are too low to generate returns to the property owners (City and private). In one case, the City is directly participating in the investment process. In the other case, where no subsidy is involved, there are likely to be code violations which could impact viability.

(It is noted that it should not be assumed that these policies associated with rent “forgiveness” or “subsidies” are not good. They seek long-term investment return over the short-term. It is noted that the private development industry in major shopping centers has often employed similar strategies to attract anchors and stimulate new business development.)

- ✓ It is noted that long-term successful businesses within the downtown, to a large extent, are those that have served a convenience function. The specialty and general supermarkets, hardware operation, drugstore, insurance agency, and auto services are all examples.
- ✓ Many of the non-convenience operations are struggling. This may have been historically true as well.
- ✓ There are a number of attractions in the area, including the winery, water, and festivals that draw significant numbers of people successfully to areas immediately around downtown Fennville.

Business Survey

There are several surveys that were conducted as part of this analysis to generate critical information and a new data base not found elsewhere. One of those was a survey of current business operations within the study area.

The businesses were identified and contacted through the combined efforts of the Fennville Downtown Development Authority and The Chesapeake Group. About 50% of all the businesses situated in Fennville and nearby responded to the survey. The following is a synopsis of the salient findings.

Characteristics

A large majority (86%) of the individuals completing the survey were the owners of the establishments within the study area, while 11% work in a management position. Another small 3% classified themselves as “other”, including “corporate officers” and bookkeepers.

Table 1 – Respondent’s Position*

Position	%
Owner	86
Manager	11
Other	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The managers and other employees have been employed by the businesses for periods of time ranging from less than one year to longer than twenty years. As shown in Table 2, a majority of 63% of the employees has been with the establishments for ten years or more. On the average, the employees have worked for the area businesses for slightly less than thirteen years.

Table 2 – Managers’ Tenure with Business*

Tenure	%
Less Than 1 Year	5
1 To 2 Years	11
3 To 4 Years	16
5 To 9 Years	5
10 To 19 Years	21
20 Years Or More	42
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

As found in Table 3, about two-thirds (64%) of the employees have held their current position for a minimum of five years. On average, the employees have held their current position for approximately eleven years.

Table 3 – Employees Have Held Current Position*

Tenure in Current Position	%
Less Than 1 Year	10
1 To 2 Years	16
3 To 4 Years	10
5 To 9 Years	11
10 To 19 Years	16
20 Years Or More	37
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

While not generally recognized as a major factor in the closure of businesses in established neighborhoods and communities, many business establishments in fact shut down not as a result of market factors, but because they were independently owned or franchised, and the owner retired or was unable to operate the business any longer. There were no succession plans or “lineage” for the establishment. No other family member was available or chose to continue the operation. Thus, age is an important factor in assessing the potential for reinvestment in a commercial community. As shown in the table below, 15% of the owners are sixty years of age or older. An additional 35% are between fifty and fifty-nine.

Table 4 – Owners’ Age*

Owners’ Age	%
Less Than 30	3
30 To 49	47
50 To 59	35
60 Or Older	15
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

A minority of 30% of the owners at or nearing retirement age have not yet identified individuals to take over or continue the operation, while 39% have. An additional 31% reported uncertainty.

Table 5 – For Those 60 or Over, Has A Future Operator Been Identified*

Identified Future Operator	%
Yes	39
Uncertain	31
No	30
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

As shown in the following table, 54% of the businesses have been located in the area for twenty years or longer. About 14% of the establishments have been operating in the community for less than five years. It is estimated that the typical business has been serving the community on an average of approximately fifteen years.

Table 6 – Length of Time Located in the Fennville Area*

Length	%
Less Than 1 Year	2
1 To 2 Years	5
3 To 4 Years	7
5 To 9 Years	10
10 To 19 Years	22
20 Years Or More	54
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

There is a reasonable correlation between tenure in the area and the amount of time at the current location. The implication is that there has been a relatively small or infrequent movement from the time the business opened until the present day. The average tenure at their current location is approximately ten and one-half years.

Table 7 – Length of Time Located at This Specific Location*

Length	%
Less Than 1 Year	2
1 To 2 Years	7
3 To 4 Years	7
5 To 9 Years	10
10 To 19 Years	25
20 Years Or More	49
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The information contained in the chart below indicates that the businesses took multiple factors into account when selecting their locations. The most important consideration related to the vehicular traffic and access followed by the fact that they either purchased or inherited the business.

Table 8 – Primary Factors in Selecting Current Location*

Factors	%
Vehicular Traffic Volume or Access	30
Inherited or Purchased Business	24
Opportunity to Purchase	19
Proximity to Residential Activity	14
Character of Buildings and Area	14
Proximity to the Home	13
Opportunity to Rent	10
Pedestrian Traffic Volume	5
Proximity to Other Businesses	5
Other Reasons	19

*Developed by The Chesapeake Group, Inc., 2004.

Importantly, a majority of 75% of all businesses reported that their location had met their expectations, while 5% expressed disappointment. Those businesses that expressed disappointment cited difficulties related to the economy, in general; a lack of support from area residents; and competition from outlying stores and malls.

Table 9 – Location Met Expectations*

Met Expectations	%
Yes	75
Uncertain	20
No	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The survey generated additional information on the characteristics of the business community. A majority of 80% of the businesses owned the building that housed their establishment, while 20% are renters. The size of the operations ranged from a small office of 400 square feet to uses of 52,000 square feet. It is estimated that the average (mean) commercial establishment consisted of roughly 7,800 square feet. The average establishment occupies roughly 85% of the building that houses their operation.

Table 10 – Own or Rent*

Own or Rent	%
Own	80
Rent	20
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Those businesses that rented their space were asked if they had an interest in purchasing the property. As shown below, a minority of 14% expressed an interest in acquiring the property, while 29% were uncertain. Over one-half (57%) lacked an interest in acquiring the property.

Table 11 - Interested in Purchasing Building*

Interested in Purchasing	%
Yes	14
Uncertain	29
No	57
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Almost one-half (45%) of the property owners reported that there exists an outstanding debt on the property, while 10% were uncertain. About 45% reported that the property was debt free as shown in Table 12.

Table 12 - Outstanding Debt on the Building*

Outstanding Debt	%
Yes	45
Uncertain	10
No	45
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The survey also indicated a general lack of interest on the part of property owners in selling their property. As found in Table 13, only 4% of the property owners indicated an interest in selling their property.

Table 13 - Plan on Selling the Property*

Plan on Selling	%
Yes	4
Uncertain	25
No	71
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The types of businesses most often responding to the survey were retail establishments, professional services, followed by agriculture, wineries and forestry related establishments. A listing of the types of businesses is provided below. The 7% reported as "Other" include laundry facilities, recreational rental, and photographic studios and galleries.

Table 14 – Nature of the Business*

Type Of Business	%
Retail	26
Professional Services	21
Agriculture, Wineries, Forestry	14
Manufacturing	12
Food Establishment, Eating Drinking Places	12
General Construction or Other Contracting	12
Personal Services	7
Auto Service or Dealership	7
Real Estate	7
Insurance	5
Financial Institution	5
Retail Related Services	5
Hotel, Motel, Inn, Other Transient Service Facility	5
Other Consulting Services	5
Other	7

*Developed by The Chesapeake Group, Inc., 2004.

The following table provides information on employees that work throughout the year. The employment levels range from a single person to fifty employees. As detailed in the table, 77% of the establishments represent small businesses with one to ten employees. The average number of year-round employees per responding business is roughly eight.

Table 15 – Number of Year Round Employees (Including Owner)*

Number Of Year Round Employees	%
1 To 2	25
3 To 5	33
6 To 10	19
11 To 20	17
21 To 30	3
31 To 50	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

All but 7% of the surveyed firms reported having full-time employees all year. About two-thirds (68%) employ between one and five full-time workers. On average, the number of full-time employees per business is approximately six people.

Table 16 – Number of Full-Time Employees (Including Owner)*

Number Of Full-Time Employees	%
0	7
1 To 2	44
3 To 5	24
6 To 10	8
11 To 20	15
21 To 50	2
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About two-thirds (64%) of the businesses utilize part-time help. Those firms with part-time help maintain an average part-time employment level of slightly more than five persons. Additionally 21% reported that they hire people to work on a seasonal basis. The number of seasonal workers per establishment range from a single individual to seventy-five. Those businesses that do use seasonal help employ an average of fifteen seasonal workers per business

Table 17 – Number of Part-Time Employees*

Number Of Part-Time Employees	%
0	36
1 To 2	31
3 To 5	25
6 To 10	3
11 Or More	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About two-thirds (68%) of the businesses reported that most of their employees reside within Fennville; while 24% reported that the majority of their employees live elsewhere within the County.

Table 18 – Employees' Residence*

Residence	%
Fennville	68
Elsewhere in the County	24
Other Areas Outside the County	8
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Attitudes, Opinions & Trends

As shown in Table 19, only two in ten (19%) of the firms reported that they have experienced difficulties in attracting qualified employees. A number of these employers pointed out that they did not feel that they were in a position to offer competitive wages and benefits. Others attributed the problem to the fact that they were too far away from a major metropolitan area and, therefore, there was a shortage of qualified applicants.

Table 19 – Problems Attracting Labor or Employees *

Problems	%
Yes	19
No	81
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Collectively the businesses gave mixed reports on their level of sales and revenues during the past few years. More than one-third (38%) indicated that their sales had been up over the last several years, while 20% reported that revenues had been down. Approximately one-third (37%) reported that sales had been relatively stable.

Table 20 – Sales or Revenue Trends Over the Past Two or Three Years *

Sales / Revenues	%
Up	38
Down	20
About The Same	37
Uncertain	5
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Those businesses reporting a decline or lack of growth most often attributed the situation to the economy, in general. Others related the economy of the auto industry and the loss of manufacturing jobs within the state. Additional comments included:

- The perception that Fennville is a “bedroom community” and new residents, in particular, do not frequent or shop in downtown.
- The community lacks any organized promotional or marketing campaigns or programs.
- Sales tend to go up or down on a seasonal basis.

Businesses reporting increased sales most often attributed their success to:

- Continued residential growth in the area.
- Increased sales efforts, including aggressive marketing and advertising.
- Repeat customers as a result of quality service.
- Improved management techniques.

When asked to identify the location of their most significant competition, a majority of 63% of the respondents identified the local area, 13% the State, 15% the region, and 15% the nation.

Table 21 – Location of Major Competition*

Location	%
Local	63
Statewide	13
Region or Midwest Area	15
Nationwide	15
World Wide	3

*Developed by The Chesapeake Group, Inc., 2004.

Specify changes that businesses would like to see implemented within the area by the Fennville, the County, or the State that would directly benefit their business were identified. Their responses, in order of priority, included:

- Continued Downtown development, including “higher standards for the physical appearance of businesses” (storefronts).
- Coordinated and effective marketing and promotional campaigns to attract tourists and patrons. Specific ideas included, common advertising, marketing campaigns, festivals, concerts, and Chamber of Commerce programs.
- Continued residential growth, new residents.
- Improvements to the school system.
- Tax relief for small businesses.
- Incentives for building improvements.
- The containment of insurance costs.
- Changes or improvements to government regulations that impact local industry such as restrictions on the interstate shipment of wine and mail order or internet purchases of pharmacy products.
- Improvements to the State highway, and
- Improved cell phone service and coverage.

Complementary businesses, services, and products that should be attracted or developed that would directly benefit establishments were identified. An almost equal number of respondents suggested:

- Additional and more diversified retail establishments. Specific suggestions included clothing, shoes, fabrics, and crafts.
- Manufacturing facilities that both provide jobs and augment the tax base.
- New restaurants ranging from fast food to upscale, finer foods.

A fewer number of respondents suggested:

- New entertainment and recreational facilities; movies, bowling, skating, and swimming.
- Home improvement centers, building supplies, and hardware stores.
- Businesses that support agriculture and promote the preservation of farming and farm land.
- Establishments that cater to tourists.
- A local newspaper.
- Medical offices.
- Art stores along with community activities connected to the arts.
- Antiques.
- Printing and photography services.

The businesses were asked to select from a variety of issues or those challenges that most impacted their ability to “grow” their business within the area. While only 19% had earlier indicated difficulty in attracting labor, 31% feel that finding qualified employees was their biggest challenge. Marketing and promotions was the second most often identified challenge. The “Others” category included: problems related to downtown parking, infrastructure issues connected to utilities and water, insurance costs, and the cost of handicapped accessibility requirements, and school district issues.

Table 22 – Challenges of Growing Their Business*

Challenges	%
Finding Qualified Employees	31
Marketing or Promotion	25
Cost of Materials	22
Lack of Complementary Activity	22
Transportation or Accessibility	21
Telecommunications Infrastructure	21
Level of Competition	16
Business Community	13
Laws and Regulations	13
Availability of Resources	6
Other Infrastructure	4
Others	14

*Developed by The Chesapeake Group, Inc., 2004.

Whether a result of healthy sales or other reasons, there are a number of businesses that need to expand their physical facilities in the near future. The survey revealed that 38% feel the need to expand their physical facilities in the near future. While a majority of 62% did not anticipate a change, no one expressed a need to contract their facilities.

As shown in Table 23, 13% of those establishments that require or desire physical change feel that their current location would not be able to accommodate such a change while 27% were uncertain. Additionally, all of those businesses who feel that their current location would not accommodate the necessary expansion reported that they did not have a second store or location within Fennville.

Table 23 – Need to Expand Or Contract*

Anticipated Change	%
No Change	62
Expand	38
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Table 24 – Able to Make Change At Current Location, *

Able To Make Change	%
Yes	60
No	13
Uncertain	27
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

One-quarter (26%) of the businesses indicated that they were receptive to public sector involvement in the form of technical or financial assistance. Another one-third (34%) expressed uncertainty.

Table 25 – Interested in Financing or Technical Assistance*

Interested	%
Yes	26
No	40
Uncertain	34
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Finally and irrespective of the type of investment, 19% of the surveyed businesses reported that they had “definite” plans for new “investments and improvements” within the next year or so. About one-half (49%) were uncertain as to new “investments and improvements”.

Table 26 – Have Definite Plans For New Improvements*

Plans	%
Yes	19
No	32
Uncertain	49
Total	100%

*Developed by The Chesapeake Group, Inc., 2004.

Implications

The following are implications from the survey of businesses.

- ✓ Many operators are likely to retire within the next ten years, while a reasonable proportion have not identified anyone to take over the business.
- ✓ The lack of marketing and human and fiscal support for promotion and marketing is believed to have hindered business activity.

Comparative Assessment

As part of the market analysis for Fennville City, a comparative assessment was performed as one of two primary analyses used to identify business “gaps” and opportunities. The identified business gaps defined through this process may or may not be appropriate for Fennville City because of the nature of operations, scale, or other factors.

Methodology

This part of the analysis required comparing the larger Allegan County business structure to that associated with counties that are “similar”. In determining communities for which the comparison can be made, the following criteria were used:

- ✓ The population size and household numbers had to be similar to those associated with Allegan County, since demand for goods and services are ultimately dependent largely upon the size of the market served.
- ✓ The most recent reported annual median household incomes for both the selected counties and Allegan County were comparable.
- ✓ The counties were all in close proximity to recreational bodies of water such as lakes and rivers.
- ✓ Transportation access had to be somewhat similar.

Based on the criteria, a total of eight counties throughout the country were identified for which the comparison in economic structure was made. These eight counties are:

Cape May, NJ
DeSoto, MS
Fond du Lac, WI
Kankakee, IL

La Porte, IN
Ontario, NY
Skagit, WA
Windham, CT

It is noted that all population and household estimates upon which the comparisons are made were derived from the same source for comparability. That source was the 2000 U.S. Census Bureau data. Also for consistency purposes, a single source was employed to define the business structure and activity within all nine counties. That source was the United States Census Bureau’s 2001 County Business Patterns.

The North American Industry Classification System (NAICS) was introduced in 1997 as a more effective business classification system that identifies and groups establishments according to the activities in which they are primarily engaged. It replaces the older Standard Industry Classification (SIC) coding system that was first employed in 1938. NAICS identifies and groups 1,170 different types of “industries” or establishments into twenty major industry sectors ranging from Agriculture (Sector 11) to Public Administration (Sector 92). This analysis examined and extracted data from all twenty of these sectors for all nine counties. These twenty sectors are:

- ✓ Agriculture, Forestry, Fishing and Hunting (Sector 11): Crop and animal production, forestry and logging, fishing, hunting, trapping, support activities for agriculture and forestry.
- ✓ Mining (Sector 21): oil and gas extraction, mining, support activities for mining.
- ✓ Utilities (Sector 22): power generation, transmission, and distribution, water, sewage, and other systems.
- ✓ Construction (Sector 23): building, developing, general contracting, heavy construction, special trade contractors.
- ✓ Manufacturing (Sector 31-33): food, beverage and tobacco product, textile and textile product mills, apparel, leather and allied products, wood product, paper, printing and related support activities, petroleum and coal products, chemicals, plastics and rubber products, nonmetallic mineral products, primary metals, fabricated metal products, machinery, computer and electronic products, electronic equipment, appliances, and components, transportation equipment, furniture and related products.
- ✓ Wholesale Trade (Sector 42): durable and nondurable goods.
- ✓ Retail Trade (Sector 44-45): Motor vehicle and parts, furniture and home furnishings, electronics and appliances, building material and garden equipment and supplies, grocery and beverage, health and personal care, gasoline stations, clothing and accessories, sports, hobby, books and music, general merchandise and miscellaneous store retailers.
- ✓ Transportation and Warehousing (Sector 48-49): air, rail, water, and truck transportation, transit and ground passenger transportation, pipeline transportation, scenic and sightseeing transportation, support activities for transportation, postal service, couriers and messengers, warehousing and storage.
- ✓ Information (Sector 51): Publishing, motion picture and sound recording and exhibition, broadcasting and telecommunications, information services and data processing.
- ✓ Finance and Insurance (Sector 52): Monetary authorities, credit intermediation, securities, commodities, insurance, funds, trusts, and other financial vehicles.
- ✓ Real Estate, Rental and Leasing (Sector 53): Real estate, rental centers and leasing services.
- ✓ Professional, Scientific and Technical Services (Sector 54): Lawyers, accountants, engineers, computer services, veterinary services, etc.
- ✓ Management of Companies and Enterprises (Sector 55): Management, holding companies, corporate and regional offices.
- ✓ Administrative and Support, Waste Management and Remediation Services (Sector 56): Administrative and facilities support services, employment and business support services, travel arrangements, investigative and security systems and other business services.
- ✓ Educational Services (Sector 61): Public sector schools, business, technical, trade schools and instruction.

- ✓ Health Care and Social Assistance (Sector 62): Ambulatory health care services, hospitals, nursing and residential care facilities and social assistance.
- ✓ Arts, Entertainment, and Recreation (Sector 71): Performing arts, spectator sports, museums, historical sites, amusement, gambling and recreation industries.
- ✓ Accommodation and Food Services (Sector 72): Accommodations, food service and drinking places.
- ✓ Other Services (Sector 81): Repair and maintenance, personal and laundry services, and religious, grant making, civic and professional organizations.
- ✓ Public Administration (Sector 92): executive, legislative, and other general government support, justice, public order, and safety activities, administration of human resource programs, administration of environmental quality programs, administration of housing programs, urban planning, and community development, administration of economic programs, space research and technology, national security and international affairs

Under-represented Industries

Under-represented “industries” were then defined as those where Allegan County had a lesser number of businesses than at least five other counties. Thus, the number of businesses in Allegan County compared to the other communities was below what might be expected.

It is also noted that in some cases, the differences are great, or no businesses in the under-served categories were identified in Allegan County. Once again, under-representation does not mean that the identified categories of businesses are desirable for any part of Fennville City.

The following are the “industries” or businesses identified as being under-represented in Allegan County. About 83 are identified. Highlighted, in gray, are retail and service operations that may be appropriate uses.

Type of Business
Water Sewer & Pipeline Construction
Painting and Wall Covering Contractors
Carpentry Contractors
Floor Laying and Other Floor Contractors
Structural Steel Erection Contractors
Iron and Steel Mills
Dental Laboratories
Lumber, Plywood, Millwork & Wood Panel Wholesalers
Office Equipment Wholesalers
Computer and Computer Peripheral Equipment and Software Wholesalers

Type of Business
Electrical Apparatus & Equip., Wiring Supplies, and Construction Mat'l Wholesalers
Plumbing and Heating Equipment and Supplies (Hydronics) Wholesalers
Industrial Supplies Wholesalers
Industrial & Personal Service Paper Wholesalers
General Line Grocery Wholesalers
Flower, Nursery Stock, and Florists' Supplies Wholesalers
Paint, Varnish, and Supplies Wholesalers
Motorcycle Dealers
Tire Dealers
Furniture Stores
Floor Covering Stores
Household Appliance Stores
Radio, Television & Other Electronic Stores
Paint and Wallpaper Stores
Meat Markets
Baked Goods Stores
Confectionary & Nut Stores
Beer, Wine, and Liquor Stores
Cosmetics, Beauty Supplies & Perfume Stores
Optical Goods Stores
Men's Clothing Stores
Women's Clothing Stores
Clothing Accessories Stores
Shoe Stores
Jewelry Stores
Sporting Goods Stores
Hobby, Toy & Game Stores
Sewing, Needlework & Piece Goods Store
Book Stores
Prerecorded Tape, CD, & Record Stores
Department Stores
Office Supplies & Stationary Stores
Used Merchandise Stores
Pet and Pet Supplies Stores
Vending Machine Operators
Used Household & Office Goods Moving
Limousine Service
Motion Picture Theaters (except Drive-Ins)

Type of Business
Cable & other Program Distribution
Savings Institutions
Consumer Lending
Real Estate Credit
Offices of Real Estate Agents and Brokers
Residential Property Managers
Nonresidential Property Managers
Offices of Real Estate Appraisers
Video Tape & Disc Rental
Offices of Lawyers
Offices of Certified Public Accountants
Engineering Services
Custom Computer Programming Services
Photography Studios, Portrait
Temporary Help Services
Janitorial Services
Sports and Recreation Instruction
Offices of Physicians (Except Mental Health)
Offices of Dentists
Offices of Optometrists
Offices of Physical, Occupational and Speech Therapists, and Audiologists
Offices of Podiatrists
Medical Laboratories
Home Health Care Services
Child & Youth Services
Services for Elderly & Disabled Persons
Child Day Care Services
Independent Artists, Writers & Performers
Limited Service Restaurants
Snack & Nonalcoholic Beverage Bars
Mobile Food Services
Drinking Places (Alcoholic Beverages)
Appliance Repair & Maintenance
Reupholstery and Furniture Repair
Cemeteries and Crematories

There are several “clusters” of activity identified upon which downtown Fennville could focus, resulting in enhanced “critical mass”. These include medical, professional and other offices. From a retail perspective, home improvement activity is a reasonable cluster. In both cases, Fennville could take advantage of its central county location, relative to the County seat, and affordability compared to coastal communities. The third area would be general merchandise retail. However, the gap in such businesses is not uncommon in Michigan because of the dominance of Meijer’s.

Over-represented Industries

Over-represented “industries” were then defined as those where Allegan County had a greater number of businesses than at least five other counties. Thus, the number of businesses in Allegan County compared to the other communities was above what might be expected.

It is also noted that in some cases, the differences are great, or no businesses in the over-served categories were identified anywhere except Allegan County. Once again, over-representation does not mean that the identified categories of businesses are detrimental to any part of Fennville City. In fact, it could mean that the area has a niche dominance that might further be pursued.

The following are the “industries” or businesses identified as being over-represented in Allegan County. About 80 are identified.

Type of Business
Soil Preparation, Planting & Cultivating
Water Supply & Irrigation Systems
Land Subdivision & Land Development
Single Family Housing Construction
Manufacturing & Industrial Building Construction
Commercial & Institutional Building Construction
Bridge & Tunnel Construction
Power Communication Transmission Line Construction
Plumbing, Heating & AC Contractors
Electrical Contractors
Tile, Marble, Terrazzo & Mosaic Contractors
Concrete Contractors
Excavation Contractors
Other Animal Food Manufacturing
Non-chocolate Confectionery Manufacturing
Fruit & Vegetable Canning
Women's and Girls' Cut and Sew Apparel Contractors
Sawmills
Reconstituted Wood Product Manufacturing
Wood Container & Pallet Manufacturing
Glass Product Manufacturing Made of Purchased Glass
Ready-Mix Concrete Manufacturing
Metal Stamping
Hardware Manufacturing
Machine Shops

Type of Business
Metal Coating, Engraving & Allied Services
Electroplating, Plating, Polish, Anodize, Coloring
Fluid Power Valve & Hose Fitting Manufacturing
Fabricated Pipe & Pipe Fitting Manufacturing
Plastics & Rubber Industry Machinery Manufacturing
Industrial Mold Manufacturing
Special Die, Tool, Die Set & Fixture Manufacturing
Cutting Tool & Machine Tool Accessory Manufacturing
Conveyor & Conveying Equipment Manufacturing
Gasoline Engine and Engine Parts Manufacturing
Motor Vehicle Metal Stamping
Boat Building
Office Furniture (Except Wood) Manufacturing
Automobile and Other Motor Vehicle Wholesalers
Furniture Wholesalers
Construction & Mining (Except Petroleum) Equipment Wholesalers
Farm & Garden Machinery & Equipment Wholesalers
Industrial Machinery & Equipment Wholesalers
Drugs & Druggists' Sundries Wholesalers
Meat & Meat Product Wholesalers
Livestock Wholesalers
Plastics Materials & Basic Forms, Shapes Wholesalers
Boat Dealers
Hardware Stores
Nursery & Garden Centers
Grocery (Except Convenience) Stores
Convenience Stores
Art Dealers
Manufactured (Mobile) Home Dealers
Liquefied Petroleum Gas (Bottled Gas) Dealers
General Freight, Trucking, Local
General Freight, Trucking, Long Distance
Pipeline Transportation of Natural Gas
Freight Transportation Arrangement
Lessors of Non-Residential (Except Mini-warehouses) Property
Truck, Utility Trailer & RV Rental & Leasing
Consumer Electronics & Appliance Rental

Type of Business
Tax Preparation Services
Payroll Services
Building Inspection Services
Other Scientific & Technical Consulting Services
Commercial Photography
Veterinary Services
Facilities Support Services
Solid Waste Landfill
Residential Mental Retardation Facilities
Homes for the Elderly
Golf Courses & Country Clubs
Bowling Centers
Bed & Breakfast Inns
Caterers
Automotive Exhaust System Repair
Automotive Oil Change and Lubrication Shops
Commercial Equip. (Except Auto & Electronic) Repair and Maintenance
Coin Operated Laundries & Drycleaners

Telephone Survey

The market is the driving force behind economic viability, whether it be commercial or service opportunity. Commercial opportunity is dependent upon the ability of the consumer to make purchases that result in the generation of revenues and sales. The information obtained in this survey is important to estimating demand.

In an effort to understand the market opportunities, a telephone survey of households within the Fennville area was conducted. All segments of the population responded. The following is a synopsis of this survey's findings.

Market Penetration

Information was generated on how often households generally went out to shop for food or any other retail commodity and how often they came to Downtown Fennville. As found in Table 27, 82% of the households indicated that they went shopping at a frequency of at least once each week irrespective of the location.

Table 27 – The Frequency of Shopping Trips*

Frequency of Trips	%
More Than Once / Week	38
About Once / Week	44
Few Times / Month	12
Twice / Month	3
Once / Month	2
Less Often	1
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

One of the primary factors in defining long-term economic viability of a commercial area or composite of commercial activity is market penetration. Market penetration is defined as the share of households that conduct business in an area with regular frequency. Two-thirds (65%) reported that they or a member of their household visited Downtown Fennville in order to shop, eat or drink, obtain professional or medical services or conduct other business, at least occasionally.

Table 28 - Whether Respondents Make Purchases, Obtain Service or Conduct Business in Downtown Fennville*

Frequent Downtown Fennville	%
Yes	65
No	29
Uncertain	6
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About eight of ten households that do utilize downtown establishments visit the area with a frequency of at least once each week. Thus, market penetration for the immediate area is estimated to be only about 52%. For a typical community like Fennville, it should be around 75%.

Table 29 – The Frequency of Trips to Downtown Fennville*

Frequency of Trips	%
More Than Once / Week	55
About Once / Week	25
Few Times / Month	7
Twice / Month	1
Once / Month	6
Less Often	6
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Synergism

Viability of most commercial areas is dependent upon synergism, or the sharing of patronage. This entails going to more than one type of business and making multiple “stops” whether within one center or in more than one location and whether by foot or vehicle. Those households that do visit and utilize Downtown Fennville establishments do so for a variety of reasons. Eight of ten that do visit the downtown indicated that they visit the area to shop. Over 40% visit the area in order to frequent a downtown eating or drinking establishment. The “other” category includes visitors to the library along with those individuals who reported that they attended school in the general area.

Table 30 – Purpose of the Trip*

Purpose	%
Shop	80
Eat /Drink	42
Obtain Government Service	25
Professional Service	23
Visit Family or Friends	22
Personal Service	17
Work	14
Obtain Financial Services	3
Other	11

*Developed by The Chesapeake Group, Inc., 2004.

Attitudes & Opinions

When those households that were familiar with the area were asked what they liked most about the downtown the most popular response was that it was close to home and convenient and, therefore, required less gasoline. Other observations included:

- The people, both on the street and within the businesses, are friendly.
- As a small town it is easy to get around in, plus it has a comfortable atmosphere.
- It is home town and people know one another.

- Downtown has a nice variety of shops. Respondents indicated that they liked; Alexander's Drug Store, the food store, Blue Goose Café, Dickinson's True Value, the restaurants, along with the Post Office and the Library.
- A number of respondents expressed satisfaction with the storefront improvements taking place.
- There is minimal traffic congestion and adequate parking.
- It is generally well maintained and clean.

These same households were asked to make suggestions for changes within the area which would increase the level of their patronage and visits. Their responses, in order of frequency, are presented below:

- Expanded retail variety, including an additional supermarket with greater variety.
- More variety in restaurants and eateries, including fast food, fine dining, "kid friendly" establishments, and restaurants with later hours.
- Continued physical improvement; the modernization of the area.
- Entertainment facilities and activities such as a movie theater or music in the park.
- A new medical center, health clinic.
- Additional parking.

Those households that had indicated that they did not frequent Downtown Fennville were asked to identify the most significant reasons that discouraged them from using the area. Respondents most often indicated that they shopped elsewhere (Holland or South Haven) because; it was closer to home or work, had better variety, was cheaper, or simply had become accustomed to shopping there. Other respondents felt that the downtown offered limited variety while others complained that prices tended to be higher than elsewhere.

When asked what changes or new businesses would attract them to the area, the following items were identified:

- Larger more modern grocery stores.
- Medical offices and services.
- Specialty shops such fresh seafood, baked goods, and a butcher.
- Additional restaurants.
- Larger stores such as a Meijer or Wal Mart.

Select Demographics

In addition to the commercial utilization patterns that impact market potential, data was also obtained on demographic and lifestyle characteristics that impact demand and spending patterns.

About two in ten (22%) households consist of a single person. Almost one-half (47%) contain two people; and 20% contain four or more members. The average household consists of 2.41 members.

Table 31 - Number of Household Members*

Number	%
1	22
2	47
3	11
4	11
5	6
6 Or More	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The presence of pre-school age children within households has a significant impact on many aspects of families, including shopping patterns, incomes and the ability to purchase goods and services. About two in ten households contain a child six years of age or younger. More than one in ten (12%) contain more than one child six years of age or younger.

Table 32 - Number of Household Members Pre-School Age*

Number Younger Than Six	%
0	83
1	5
2	11
3 Or More	1
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The presence of seniors within the household, like youngsters, impacts the family units' employment patterns and spending levels. In about one-half (57%) of the households, the most senior member was 60 years old or older. In some cases these individuals lived with younger household members. The average age of the most senior household member within the surveyed households is estimated to be about 60.

It is noted that telephone surveying generally attracts a disproportionate share of seniors because, young households with young children have a tendency to be under-represented. This reported information has not been adjusted for any biases. However, when employed in the forecasting demand, adjustments are made.

Employment trends and patterns are also significant factors in demand. They impact not just the ability to purchase goods and services through income generation, but also such factors as times, frequencies and locations of purchases. About four in ten (41%) indicated that no one within the household was employed on a full-time basis, reflective of the number of seniors. About one-third (31%) of the households contained one member with a full-time job. About one-fourth (23%) have two or more members working on a full-time basis.

Table 33 – Age of Most Senior Household Member*

Age	%
21 To 29	1
30 To 39	8
40 To 49	15
50 To 59	29
60 To 69	21
70 Or Older	26
Total	100

*Developed By The Chesapeake Group, Inc., 2004.

Table 34 - Number of Household Members Employed Full-Time*

Number Full-Time	%
0	41
1	36
2	28
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About one-fourth (27%) of the households have someone working on a part-time basis, as found in Table 35 to the right.

The survey also revealed that 15% of the households contained a member who desired employment or a change in employment and was actively seeking a job or new job.

Household incomes represent the dominant factor impacting the ability of one group to purchase goods and services as previously noted. The diversity of incomes within the households is detailed below. On average, the households reported annual incomes of approximately \$55,800. About one-fourth (28%) have annual incomes above \$70,000.

Table 35 - Number of Household Members Employed Part-Time*

Number Part-Time	%
0	73
1	21
2	6
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Table 36 – Total Household Income*

Income Category	%
Less Than \$29,000	12
\$30,000 To \$39,999	20
\$40,000 To \$49,999	16
\$50,000 To \$59,999	20
\$60,000 To \$69,999	4
\$70,000 To \$99,999	20
\$100,000 Or More	8
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Spending

There are essentially three commodities upon which households spend most of their incomes and assets over time. These are food, transportation, and housing. The type and variety of each commodity often changes with income and other fiscal resources.

“Open” and “closed-ended” questions were employed. These included such questions as how often they shopped for various merchandise, and specific spending information, such as the amount generally spent at supermarkets. The information is used in modeling when combined with industry averages and other salient data.

Food purchased for home consumption is generally purchased at supermarkets or other facilities that have a supermarket component, such as Wal*Mart or Meijer. The surveyed households report a range of weekly grocery expenditures. About one-fourth, 26%, spends less than \$50 in a normal week on groceries. On the other hand, 20% spend more than \$100 per week on groceries and related merchandise. It is estimated that the typical household spends just over \$71 each week on groceries.

Table 37 – Average Amount Spent on Groceries and Related Merchandise Per Week*

Amount Spent	%
Less Than \$30	11
\$30 To \$49.99	15
\$50 To \$74.99	36
\$75 To \$99.99	18
\$100 To \$124.99	15
\$125 To \$149.99	2
\$150 Or More	3
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Other food spending is also associated with lunch and dinner trips as well as select entertainment activity. These essentially reflect spending related to meals purchased and consumed outside of the home. As revealed below, 50% of the respondents eat lunch out at the rate of at least once each week.

Table 38 – Frequency Lunch Is Consumed Outside the Home*

Frequency	%
Few Times / Week	25
Once / Week	25
Twice / Month	11
Once / Month	10
4 To 9 Times / Year	1
Few Times / Year	2
Less Often or Never	26
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The relationship between lunch trips and employment is important particularly if the employment is not in close proximity to the home. Consistent with the number of people not working on a full-time basis, only 17% of the lunch trips are work related.

Table 39 - Whether Lunch Trip Is Generally Work Related*

Whether Work Related	%
Yes	17
No	83
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

There are relationships between meal costs and spending and the level of service provided at food service establishments. Full-service restaurants were the preferred choice for lunch for 63% of the households. About one-third (31%) indicated that they preferred fast food establishments. "All you can eat" buffets include various oriental food service establishments.

The Blue Goose Café on Main Street, Fennville was easily the most popular restaurant for lunch on the part of the respondents. Other popular restaurants identified include: Bob Evans Farms Restaurant and Taco Bell in Holland; Kalico Kitchen in Douglas; Burger King, China King Buffet and Wendy's in Holland; Bob's Big Boy and Clementine's in South Haven; Subway and Su Casa both on Main Street in Fennville.

Table 40 - Type of Establishment Most Often Associated With Lunch*

Type Of Establishment	%
Full-Service Restaurant	63
Fast Food Operation	31
All You Can Eat Buffet	14
Cafeteria	4
Other	7

The households tended to have dinner outside the home just about as frequently as they go out to lunch. About one-half (49%) reported that they eat dinner outside of their homes about once each week.

Table 41 – Frequency Dinner Is Consumed Outside the Home*

Frequency	%
Few Times / Week	28
Once / Week	21
Twice / Month	14
Once / Month	12
4 To 9 Times / Year	4
Few Times / Year	3
Less Often or Never	18
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Full-service restaurants are easily the most popular choice for the evening meal outside of the home. The identified restaurants frequented include: the Blue Goose Café; Clementine's in South Haven; Pizza Hut, Applebee's, and Russ's Restaurant in Holland; the inn and Su Casa in Fennville; and Kalico Kitchen and Everyday People Café in Douglas.

Table 42 - Type of Establishment Most Often Associated With Dinner*

Type of Establishment	%
Full-Service Restaurant	87
Fast Food Operation	8
All You Can Eat Buffet	6
Other	5

*Developed by The Chesapeake Group, Inc., 2004.

Certain entertainment activity generally involves food and beverage consumption, including and sporting events and activities. As shown in Table 43, 29% of the households contain a member who goes to the movies as often as once a month, while 36% report that they never go out to the movies.

Table 43 – Frequency Household Members Go Out to the Movies*

Frequency	%
Once / Week	3
Twice / Month	12
Once / Month	14
4 To 9 Times / Year	5
Few Times / Year	6
Once / Year	3
Less Often	21
Never	36
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Sporting activity, both as an observer and participant, is an important component of household entertainment, leisure, and recreation often blended with retail and other commercial activity. The survey results indicate that some of the more popular sporting activities relate to water. The following two tables provide information on activities in which at least one household member attends either as a participant or observer.

Table 44 – Sports In Which Household Member Participates*

Sport	%
Swimming	50
Bicycling	39
Fishing	38
Golf	31
Sailing / Boating	24
Baseball / Softball	22
Hunting	21
Soccer	14
Basketball	13
Tennis	10
Billiards / Pool	10
Skiing	8
Bowling	8
Skating	6
Racquetball / Handball	4
Auto Racing	4

*Developed by The Chesapeake Group, Inc., 2004.

Concerts and craft shows were two of the more popular events or activities reported by the surveyed households. The “Other” category includes air shows, lawn and garden shows, rodeos, recreational vehicle shows, parades, and the theater or plays.

Table 45 – Events Which Household Member Attends*

Event	%
Concerts	57
Craft Shows	53
Art Shows	44
Sporting Events	39
Collectable Shows	30
Auto, Historic Auto Shows	17
Sporting, Hunting, Fishing Shows	5
Antique Shows	6
Boat Shows	4
Garage Sales	4
Computer Shows	1
Other	8

*Developed by The Chesapeake Group, Inc., 2004.

Transportation is the second major household expenditure reviewed. Only a small number of households (5%) do not own or lease a private vehicle, while 67% have two or more vehicles. Some of these not owning a private vehicle have access to a business vehicle. On average, each household within the area owns or leases 1.95 vehicles.

Table 46 – Number of Personal Vehicles Owned or Leased*

Number Owned/Leased	%
0	5
1	28
2	42
3	17
4 Or More	8
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The age of vehicles typically impacts the size or existence of loan payments and the amount spent on maintenance. In general, vehicles older than five years have lesser loan payments than newer vehicles, but greater maintenance costs. As shown in the table to the right, 75% of the vehicles within the surveyed households are five years old or older.

Table 47 – Number of Personal Vehicles Five Years of Age or Older*

Number Five Years Or +	%
0	25
1	42
2	24
3 Or More	9
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

Spending on housing over time, the third major commodity for household spending, is dependent upon a number of factors. One of those factors is the ownership pattern. In general, mortgages have a tendency to increase at a slower pace, if at all, than do payments for rent. A significant majority (90%) of the households owned rather than rent their residences.

Table 48 – Whether Household Owns or Rents*

Own/Rent	%
Own	90
Rent	10
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The majority of the households (60%) lived in their homes for ten years or longer. About one-half (47%) have resided at their current address for twenty years or longer. It is estimated that, on the average, the households have resided at their current address for slightly longer than 14 years.

Table 49 – Number of Years Living At the Address*

Number of Years	%
Two Or Less	12
3 Or 4	12
5 To 9	16
10 To 19	13
20 Or More	47
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

About one-fourth (28%) reported that they no longer have a monthly mortgage or rent payment. This finding is consistent with the degree of home ownership, the noted age of some of the interviewed households, and the extended tenure detailed. The average monthly housing cost for those households with a monthly rent or mortgage payment is estimated to be approximately \$830.

Table 50 – Amount Spent on Rent or Mortgage Per Month*

Rent / Mortgage	%
None	28
Less Than \$500	21
\$500 To \$749	16
\$750 To \$874	8
\$875 To \$999	5
\$1,000 To \$1,249	12
\$1,250 To \$1,499	6
\$1,500 Or More	4
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The telephone survey also generated information on the frequency of the purchase of common household items. As detailed below, 15% of the households reported that they shopped at a pharmacy or drugstore at a rate of once each week or more often, and 41% do so at least a couple of times per month.

Table 51 – The Frequency of Shopping at Pharmacies or Drugstores*

Frequency	%
More Than Once / Week	4
About Once / Week	11
Few Times / Month	15
Twice / Month	11
Once / Month	31
Less Often	28
Total	100

*Developed by The Chesapeake Group, Inc., 2004.

The following table provides additional information of common household purchases. It is noted that 44% purchased health and beauty aids at a frequency of a few times each month, indicating that they make, at least some, of these purchases at establishments other than pharmacies.

Table 52 - Frequency of Purchases of Selected Household Items (In %)*

Product	Once/Week	Few/Mon	Once/Mon	Few/Year	Less Oft	Never	Total
Health Care/Beauty Aids	14	30	31	14	7	4	100
Cards & Magazines	5	20	28	22	14	11	100
Women's Clothes	2	14	16	43	23	2	100
Children's Clothes	-	10	7	10	15	58	100
Auto Supplies	3	4	9	28	26	30	100

*Developed by The Chesapeake Group, Inc., 2004

Finally, the survey asked respondents to identify the establishment where they made the majority of their clothing purchases. The most popular store was Kohl's Department Store, followed by Wal*Mart (both of which are located in Holland). Other reported stores, all of which are situated in Holland, include: JC Penny's, Younkers, Sears, Meijer's, Target, Old Navy, and Christopher & Banks.

Implications

The following are just some of the implications. Most of the implications are associated with demand and the forecast for it that follows.

- ✓ There is a strong senior market.
- ✓ Market penetration for those living in and around Fennville is low and can be increased.
- ✓ Consumers desire an enhanced supermarket and expanded medical and professional services.

Demand Forecast

Demand for retail goods and related commercial services for any business or collective businesses in any geographic area is based on the various markets' abilities to purchase goods and services. As previously noted, the primary data source used to define spending patterns for commercial demand was the telephone survey. The following represents a review of demand for market generated commercial activity for Fennville.

It is noted that there are two potential primary sources of demand, residents of the general area and "visitors" or non-residents of the area. It is noted that suggestions made for business activity will be based upon residentially generated demand, with demand from visitor sources considered later. No business will be suggested that is largely or totally dependent upon demand generated from visitors to the area, although they can successfully and significantly sometimes buoy sales for those that service the residents.

Residential Markets

There are essentially three potential residential markets for retail goods and related services. These are:

- ✓ The primary market, composed of residents living in and immediately around the general Fennville area.
- ✓ The secondary market, composed of residents living in other parts of Allegan County.
- ✓ The tertiary market, composed of those living primarily in Ottawa County, with its strong employment linkages in the Fennville area.

The following estimates of the demand for retail goods and related services are considered to be conservative in nature, likely to understate supportable space. They are based on conservative growth assumptions.

Retail goods and related services sales generated by primary market residents are estimated at about \$22.9 million for 2005. The primary market sales are expected to increase to \$24.6 million by 2010, due primarily to anticipated growth in area households around the City. The sales are again expected to increase significantly to roughly \$26.4 million by 2015.

Aggregate retail sales figures represent a compilation of sales associated with ten major categories. The ten major categories of retail goods and related services are:

- ✓ Food, such as groceries and related merchandise generally purchased for home preparation or consumption.
- ✓ Eating and drinking, consisting of prepared food and beverages generally consumed on the premises or carried to another location.
- ✓ General merchandise, including variety stores, department stores and large value oriented retail operators.
- ✓ Furniture and accessories, including appliances and home furnishings.
- ✓ Transportation and utilities, including the sale of new and used automotive and other personal vehicles and parts and basic utilities for the home.

- ✓ Drugstores, including those specializing in health and beauty aids or pharmaceuticals.
- ✓ Apparel and accessories.
- ✓ Hardware and building materials, including traditional hardware stores and garden and home improvement centers.
- ✓ Auto services, including gasoline and vehicle repair.
- ✓ Miscellaneous, which includes a plethora of retail goods and services ranging from florists to paper goods.

Some operations fall into more than one category. For example, many of the general merchandisers associated with the “big box stores” have added more or less traditional supermarket components to their operations.

Table 53 contains the estimated retail sales and related services revenues generated by the primary market for the major categories for the years of 2005, 2010, and 2015. The aggregate sales and category figures are based on the spending information obtained from the telephone survey. For example, if a person generally goes out to lunch three times per week at McDonalds; based on an average per meal cost of \$5, the total spent per year by that person is estimated to be about \$750. If all residents have identical patterns, the total is determined by multiplying the number of people by \$750.

Table 53 – Estimated Primary Market Generated Retail & Related Services Sales for Select Years*

Category	2005	2010	2015
Food	\$3,525,000	\$3,791,000	\$4,058,000
Eat/Drink	2,291,000	2,464,000	2,638,000
General Merchandise	2,231,000	2,400,000	2,569,000
Furniture	366,000	394,000	422,000
Transportation & Utilities	6,674,000	7,179,000	7,684,000
Drugstore	934,000	1,004,000	1,075,000
Apparel	909,000	977,000	1,046,000
Hardware	2,646,000	2,846,000	3,046,000
Vehicle Service	1,206,000	1,297,000	1,389,000
Miscellaneous	2,106,000	2,265,000	2,424,000
TOTAL	\$22,887,000	\$24,619,000	\$26,350,000

*Developed by The Chesapeake Group, Inc., 2004.

There are sub-categories, generally associated with particular types of businesses, found within each retail goods and related services category. While not necessarily the largest in terms of sales, the miscellaneous category contains more sub-categories or types of establishments than any other major retail goods and related services category.

It is noted that irrespective of the strength, location, mass, or other factors, no commercial area or community is able to attract all of the sales generated in a market. In all communities, dollars are spent in locations not associated with the home or home market. As examples, people employed at other than home locations often spend resources at or near their place of employment. Others make visits and spend money with relatives and friends living elsewhere and others take vacations, resulting in still other spending.

Retail and related services sub-category sales for the primary market are found in Table 54 on Page 33.

Table 54 – Estimated Primary Market Generated Retail & Related Services Sales for Select Years by Sub-category*

Sub-category	2005	2010	2015
Food	\$3,525,000	\$3,791,000	\$4,058,000
Supermarkets	2,943,375	3,165,485	3,388,430
Independents	282,000	303,280	324,640
Bakeries	77,550	83,402	89,276
Dairies	45,825	49,283	52,754
Others	176,250	189,550	202,900
Eat/Drink	2,291,000	2,464,000	2,638,000
General Merchandise	2,231,000	2,400,000	2,569,000
Dept. Stores	814,315	876,000	937,685
Variety Stores	160,632	172,800	184,968
Jewelry	153,939	165,600	177,261
Sporting Goods/Toys	243,179	261,600	280,021
Discount Dept.	812,084	873,600	935,116
Antiques, etc.	11,155	12,000	12,845
Others	35,696	38,400	41,104
Furniture	366,000	394,000	422,000
Furniture	86,376	92,984	99,592
Home Furnishings	127,368	137,112	146,856
Store/Office Equip.	79,788	85,892	91,996
Music Instr./Suppl.	15,738	16,942	18,146
Radios, TV, etc.	56,730	61,070	65,410
Transportation & Utilities	6,674,000	7,179,000	7,684,000
New/Used Vehicles	2,335,900	2,512,650	2,689,400
Tires, Batt., Prts.	2,943,234	3,165,939	3,388,644
Marine Sales/Rentals	353,722	380,487	407,252
Auto/Truck Rentals	1,041,144	1,119,924	1,198,704
Drugstore	934,000	1,004,000	1,075,000
Apparel	909,000	977,000	1,046,000
Men's and Boy's	119,079	127,987	137,026
Women's and Girl's	301,788	324,364	347,272
Infants	19,089	20,517	21,966
Family	252,702	271,606	290,788
Shoes	189,981	204,193	218,614
Jeans/Leather	3,636	3,908	4,184
Tailors/Uniforms	16,362	17,586	18,828
Others	6,363	6,839	7,322
Hardware	2,646,000	2,846,000	3,046,000
Hardware	1,280,664	1,377,464	1,474,264
Lawn/Seed/Fertil.	50,274	54,074	57,874
Others	1,315,062	1,414,462	1,513,862
Vehicle Service	1,206,000	1,297,000	1,389,000
Gasoline	410,040	440,980	472,260
Garage, Repairs	795,960	856,020	916,740
Miscellaneous	2,106,000	2,265,000	2,424,000
Advert. Signs, etc.	33,696	36,240	38,784
Barber/Beauty shop	128,466	138,165	147,864
Book Stores	96,876	104,190	111,504
Bowling	48,438	52,095	55,752
Cig./Tobacco Dealer	14,742	15,855	16,968
Dent./Physician Lab	84,240	90,600	96,960
Florist/Nurseries	157,950	169,875	181,800
Laundry, Dry Clean	71,604	77,010	82,416
Optical Goods/Opt.	50,544	54,360	58,176
Photo Sup./Photog.	145,314	156,285	167,256
Printing	170,586	183,465	196,344
Paper/Paper Prod.	90,558	97,395	104,232
Gifts/Cards/Novel.	301,158	323,895	346,632
Newsstands	16,848	18,120	19,392
Video Rent/Sales	273,780	294,450	315,120
Others	421,200	453,000	484,800
TOTAL	\$22,888,000	\$24,617,000	\$26,351,000

*Developed by The Chesapeake Group, Inc., 2004.

Secondary market sales for Fennville are estimated to be roughly \$892.6 million for 2005. Secondary market sales are expected to increase to about \$960.1 million by 2010. An additional increase to \$1 million is expected by 2015. Sub-category retail and related services sales estimates for the secondary market are found on Page 35.

Table 55 - Estimated Secondary Market Generated Retail and Related Services Sales by Major Category*

Category	2005	2010	2015
Food	\$137,462,000	\$147,860,000	\$158,257,000
Eat/Drink	89,350,000	96,109,000	102,867,000
General Merchandise	87,030,000	93,613,000	100,195,000
Furniture	14,282,000	15,362,000	16,442,000
Transportation & Utilities	260,286,000	279,974,000	299,662,000
Drugstore	36,419,000	39,173,000	41,928,000
Apparel	35,437,000	38,117,000	40,798,000
Hardware	103,186,000	110,991,000	118,796,000
Vehicle Service	47,041,000	50,599,000	54,157,000
Miscellaneous	82,120,000	88,332,000	94,543,000
TOTAL	\$892,612,000	\$960,129,000	\$1,027,646,000

*Developed by The Chesapeake Group, Inc., 2004.

Tertiary market sales for Fennville are estimated to be roughly \$2.8 billion for 2005. Secondary market sales are expected to increase to about \$3.0 billion by 2010. An additional increase to \$3.2 billion is expected by 2015. Sub-category retail and related services sales estimates for the secondary market are found in Table 58 on Page 36.

Table 56 - Estimated Tertiary Market Generated Retail and Related Services Sales by Major Category*

Category	2005	2010	2015
Food	\$244,465,000	\$262,957,000	\$281,448,000
Eat/Drink	241,378,000	259,636,000	277,894,000
General Merchandise	504,087,000	542,217,000	580,346,000
Furniture	177,104,000	190,500,000	203,896,000
Transportation & Utilities	745,465,000	801,853,000	858,239,000
Drugstore	114,514,000	123,176,000	131,838,000
Apparel	83,360,000	89,665,000	95,970,000
Hardware	324,457,000	348,999,000	373,541,000
Vehicle Service	147,914,000	159,103,000	170,291,000
Miscellaneous	223,976,000	240,918,000	257,860,000
TOTAL	\$2,806,722,000	\$3,019,023,000	\$3,231,323,000

*Developed by The Chesapeake Group, Inc., 2004.

Anticipated increases in future retail and related services sales are important to defining economic opportunity. Real growth in sales, or sales excluding inflation, is associated with changes in the market. All sales estimates exclude inflation. Increases reflect positive market changes and increases that are relatively greater than other areas represent one area growing or changing at a different pace than others.

Table 57 - Estimated Secondary Market Generated Retail and Related Services Sales by Major Category by Sub-category*

Sub-category	2005	2010	2015
Food	\$137,462,000	\$147,860,000	\$158,257,000
Supermarkets	114,780,770	123,463,100	132,144,595
Independents	10,996,960	11,828,800	12,660,560
Bakeries	3,024,164	3,252,920	3,481,654
Dairies	1,787,006	1,922,180	2,057,341
Others	6,873,100	7,393,000	7,912,850
Eat/Drink	89,350,000	96,109,000	102,867,000
General Merchandise	87,030,000	93,613,000	100,195,000
Dept. Stores	31,765,950	34,168,745	36,571,175
Variety Stores	6,266,160	6,740,136	7,214,040
Jewelry	6,005,070	6,459,297	6,913,455
Sporting Goods/Toys	9,486,270	10,203,817	10,921,255
Discount Dept.	31,678,920	34,075,132	36,470,980
Antiques, etc.	435,150	468,065	500,975
Others	1,392,480	1,497,808	1,603,120
Furniture	14,282,000	15,362,000	16,442,000
Furniture	3,370,552	3,625,432	3,880,312
Home Furnishings	4,970,136	5,345,976	5,721,816
Store/Office Equip.	3,113,476	3,348,916	3,584,356
Music Instr./Suppl.	614,126	660,566	707,006
Radios, TV, etc.	2,213,710	2,381,110	2,548,510
Transportation & Utilities	260,286,000	279,974,000	299,662,000
New/Used Vehicles	91,100,100	97,990,900	104,881,700
Tires, Batt., Prts.	114,786,126	123,468,534	132,150,942
Marine Sales/Rentals	13,795,158	14,838,622	15,882,086
Auto/Truck Rentals	40,604,616	43,675,944	46,747,272
Drugstore	36,419,000	39,173,000	41,928,000
Apparel	35,437,000	38,117,000	40,798,000
Men's and Boy's	4,642,247	4,993,327	5,344,538
Women's and Girl's	11,765,084	12,654,844	13,544,936
Infants	744,177	800,457	856,758
Family	9,851,486	10,596,526	11,341,844
Shoes	7,406,333	7,966,453	8,526,782
Jeans/Leather	141,748	152,468	163,192
Tailors/Uniforms	637,866	686,106	734,364
Others	248,059	266,819	285,586
Hardware	103,186,000	110,991,000	118,796,000
Hardware	49,942,024	53,719,644	57,497,264
Lawn/Seed/Fertil.	1,960,534	2,108,829	2,257,124
Others	51,283,442	55,162,527	59,041,612
Vehicle Service	47,041,000	50,599,000	54,157,000
Gasoline	15,993,940	17,203,660	18,413,380
Garage, Repairs	31,047,060	33,395,340	35,743,620
Miscellaneous	82,120,000	88,332,000	94,543,000
Advert. Signs, etc.	1,313,920	1,413,312	1,512,688
Barber/Beauty shop	5,009,320	5,388,252	5,767,123
Book Stores	3,777,520	4,063,272	4,348,978
Bowling	1,888,760	2,031,636	2,174,489
Cig./Tobacco Dealer	574,840	618,324	661,801
Dent./Physician Lab	3,284,800	3,533,280	3,781,720
Florist/Nurseries	6,159,000	6,624,900	7,090,725
Laundry, Dry Clean	2,792,080	3,003,288	3,214,462
Optical Goods/Opt.	1,970,880	2,119,968	2,269,032
Photo Sup./Photog.	5,666,280	6,094,908	6,523,467
Printing	6,651,720	7,154,892	7,657,983
Paper/Paper Prod.	3,531,160	3,798,276	4,065,349
Gifts/Cards/Novel.	11,743,160	12,631,476	13,519,649
Newsstands	656,960	706,656	756,344
Video Rent/Sales	10,675,600	11,483,160	12,290,590
Others	16,424,000	17,666,400	18,908,600
TOTAL	\$892,613,000	\$960,130,000	\$1,027,645,000

*Developed by The Chesapeake Group, Inc., 2004.

Table 58 - Estimated Tertiary Market Generated Retail and Related Services Sales by Major Category by Sub-category*

Sub-category	2005	2010	2015
Food	\$244,465,000	\$262,957,000	\$281,448,000
Supermarkets	204,128,275	219,569,095	235,009,080
Independents	19,557,200	21,036,560	22,515,840
Bakeries	5,378,230	5,785,054	6,191,856
Dairies	3,178,045	3,418,441	3,658,824
Others	12,223,250	13,147,850	14,072,400
Eat/Drink	241,378,000	259,636,000	277,894,000
General Merchandise	504,087,000	542,217,000	580,346,000
Dept. Stores	183,991,755	197,909,205	211,826,290
Variety Stores	36,294,264	39,039,624	41,784,912
Jewelry	34,782,003	37,412,973	40,043,874
Sporting Goods/Toys	54,945,483	59,101,653	63,257,714
Discount Dept.	183,487,668	197,366,988	211,245,944
Antiques, etc.	2,520,435	2,711,085	2,901,730
Others	8,065,392	8,675,472	9,285,536
Furniture	177,104,000	190,500,000	203,896,000
Furniture	41,796,544	44,958,000	48,119,456
Home Furnishings	61,632,192	66,294,000	70,955,808
Store/Office Equip.	38,608,672	41,529,000	44,449,328
Music Instr./Suppl.	7,615,472	8,191,500	8,767,528
Radios, TV, etc.	27,451,120	29,527,500	31,603,880
Transportation & Utilities	745,465,000	801,853,000	858,239,000
New/Used Vehicles	260,912,750	280,648,550	300,383,650
Tires, Batt., Prts.	328,750,065	353,617,173	378,483,399
Marine Sales/Rentals	39,509,645	42,498,209	45,486,667
Auto/Truck Rentals	116,292,540	125,089,068	133,885,284
Drugstore	114,514,000	123,176,000	131,838,000
Apparel	83,360,000	89,665,000	95,970,000
Men's and Boy's	10,920,160	11,746,115	12,572,070
Women's and Girl's	27,675,520	29,768,780	31,862,040
Infants	1,750,560	1,882,965	2,015,370
Family	23,174,080	24,926,870	26,679,660
Shoes	17,422,240	18,739,985	20,057,730
Jeans/Leather	333,440	358,660	383,880
Tailors/Uniforms	1,500,480	1,613,970	1,727,460
Others	583,520	627,655	671,790
Hardware	324,457,000	348,999,000	373,541,000
Hardware	157,037,188	168,915,516	180,793,844
Lawn/Seed/Fertil.	6,164,683	6,630,981	7,097,279
Others	161,255,129	173,452,503	185,649,877
Vehicle Service	147,914,000	159,103,000	170,291,000
Gasoline	50,290,760	54,095,020	57,898,940
Garage, Repairs	97,623,240	105,007,980	112,392,060
Miscellaneous	223,976,000	240,918,000	257,860,000
Advert. Signs, etc.	3,583,616	3,854,688	4,125,760
Barber/Beauty shop	13,662,536	14,695,998	15,729,460
Book Stores	10,302,896	11,082,228	11,861,560
Bowling	5,151,448	5,541,114	5,930,780
Cig./Tobacco Dealer	1,567,832	1,686,426	1,805,020
Dent./Physician Lab	8,959,040	9,636,720	10,314,400
Florist/Nurseries	16,798,200	18,068,850	19,339,500
Laundry, Dry Clean	7,615,184	8,191,212	8,767,240
Optical Goods/Opt.	5,375,424	5,782,032	6,188,640
Photo Sup./Photog.	15,454,344	16,623,342	17,792,340
Printing	18,142,056	19,514,358	20,886,660
Paper/Paper Prod.	9,630,968	10,359,474	11,087,980
Gifts/Cards/Novel.	32,028,568	34,451,274	36,873,980
Newsstands	1,791,808	1,927,344	2,062,880
Video Rent/Sales	29,116,880	31,319,340	33,521,800
Others	44,795,200	48,183,600	51,572,000
TOTAL	\$2,806,720,000	\$3,019,024,000	\$3,231,323,000

*Developed by The Chesapeake Group, Inc., 2004.

Critical to defining opportunities for all commercial activity is the amount of space that can be supported. Retail and related services sales are converted to supportable space through the application of sales productivity levels. A sales productivity level is the level of sales per square foot at which it is assumed that the business will generate sufficient dollar revenue to cover all costs of operation as well as provide a reasonable return on investment for the ownership or operating entity.

As might be expected, sales productivity levels vary, sometimes greatly, for each sub-category, type of business operation, or store-type. The productivity levels vary from very low figures for bowling centers, with sales or revenues of significantly less than \$100 per square foot, to hundreds or even thousands of dollars for other users. Dividing the amount of sales by appropriate sales productivity levels results in estimates of supportable space.

As found in Table 59, the primary market households are expected to be capable of supporting a total of around 67,000 square feet of retail and related services space in 2005 irrespective of the location of that space. This amount is expected to increase to about 72,000 square feet by 2015. The two largest categories are hardware and vehicular related sales and parts.

Table 59 - Primary Market Supportable Space by Category for Selected Years*

Category	2005	2010	2015
Food	6,584	7,080	7,580
Eat/Drink	5,728	6,160	6,595
General Merchandise	7,278	7,829	8,380
Furniture	1,150	1,237	1,326
Transportation & Utilities	19,421	20,890	22,360
Drugstore	1,868	2,008	2,150
Apparel	2,829	3,040	3,255
Hardware	11,249	12,098	12,948
Vehicle Service	2,936	3,157	3,382
Miscellaneous	8,134	8,750	9,362
TOTAL	67,177	72,249	77,338

*Developed by The Chesapeake Group, Inc., 2004.

Table 60 contains the estimates of supportable space by major category for the secondary market. Supportable space in 2005 is estimated at 2.6 million square feet and is expected to rise to 3 million square feet by 2015. The sub-category primary and secondary market information is found in Tables 61 and 62 on Pages 38 and 39.

Table 60 - Secondary Market Supportable Space by Category for Selected Years*

Category	2005	2010	2015
Food	256,718	276,136	295,554
Eat/Drink	223,375	240,273	257,168
General Merchandise	283,884	305,358	326,826
Furniture	44,847	48,238	51,629
Transportation & Utilities	757,396	814,686	871,976
Drugstore	72,838	78,346	83,856
Apparel	110,270	118,609	126,951
Hardware	438,641	471,820	504,999
Vehicle Service	114,520	123,183	131,844
Miscellaneous	317,175	341,166	365,155
TOTAL	2,619,664	2,817,815	3,015,958

*Developed by The Chesapeake Group, Inc., 2004.

Table 61 - Primary Market Supportable Space by Category for Selected Years*

Sub-category	2005	2010	2015
Food	6,584	7,080	7,580
Supermarkets	4,989	5,365	5,743
Independents	705	758	812
Bakeries	259	278	298
Dairies	127	137	147
Others	504	542	580
Eat/Drink	5,728	6,160	6,595
General Merchandise	7,278	7,829	8,380
Dept. Stores	2,714	2,920	3,126
Variety Stores	618	665	711
Jewelry	217	233	250
Sporting Goods/Toys	811	872	933
Discount Dept.	2,707	2,912	3,117
Antiques, etc.	49	52	56
Others	162	175	187
Furniture	1,150	1,237	1,326
Furniture	279	300	321
Home Furnishings	364	392	420
Store/Office Equip.	266	286	307
Music Instr./Suppl.	79	85	91
Radios, TV, etc.	162	174	187
Transportation & Utilities	19,421	20,890	22,360
New/Used Vehicles	5,840	6,282	6,724
Tires, Batt., Prts.	9,811	10,553	11,295
Marine Sales/Rentals	956	1,028	1,101
Auto/Truck Rentals	2,814	3,027	3,240
Drugstore	1,868	2,008	2,150
Apparel	2,829	3,040	3,255
Men's and Boy's	298	320	343
Women's and Girl's	816	877	939
Infants	64	68	73
Family	842	905	969
Shoes	691	743	795
Jeans/Leather	12	13	14
Tailors/Uniforms	82	88	94
Others	24	26	28
Hardware	11,249	12,098	12,948
Hardware	5,123	5,510	5,897
Lawn/Seed/Fertil.	148	159	170
Others	5,978	6,429	6,881
Vehicle Service	2,936	3,157	3,382
Gasoline	283	304	326
Garage, Repairs	2,653	2,853	3,056
Miscellaneous	8,134	8,750	9,362
Advert. Signs, etc.	123	132	141
Barber/Beauty shop	642	691	739
Book Stores	262	282	301
Bowling	484	521	558
Cig./Tobacco Dealer	29	32	34
Dent./Physician Lab	259	279	298
Florist/Nurseries	372	400	428
Laundry, Dry Clean	239	257	275
Optical Goods/Opt.	144	155	166
Photo Sup./Photog.	415	447	478
Printing	620	667	714
Paper/Paper Prod.	453	487	521
Gifts/Cards/Novel.	1,004	1,080	1,155
Newsstands	34	36	39
Video Rent/Sales	1,369	1,472	1,576
Others	1,685	1,812	1,939
TOTAL	67,177	72,249	77,338

*Developed by The Chesapeake Group, Inc., 2004.

Table 62 - Secondary Market Supportable Space by Sub-category for Selected Years*

Sub-category	2005	2010	2015
Food	256,718	276,136	295,554
Supermarkets	194,544	209,259	223,974
Independents	27,492	29,572	31,651
Bakeries	10,081	10,843	11,606
Dairies	4,964	5,339	5,715
Others	19,637	21,123	22,608
Eat/Drink	223,375	240,273	257,168
General Merchandise	283,884	305,358	326,826
Dept. Stores	105,887	113,896	121,904
Variety Stores	24,101	25,924	27,746
Jewelry	8,458	9,098	9,737
Sporting Goods/Toys	31,621	34,013	36,404
Discount Dept.	105,596	113,584	121,570
Antiques, etc.	1,892	2,035	2,178
Others	6,329	6,808	7,287
Furniture	44,847	48,238	51,629
Furniture	10,873	11,695	12,517
Home Furnishings	14,200	15,274	16,348
Store/Office Equip.	10,378	11,163	11,948
Music Instr./Suppl.	3,071	3,303	3,535
Radios, TV, etc.	6,325	6,803	7,281
Transportation & Utilities	757,396	814,686	871,976
New/Used Vehicles	227,750	244,977	262,204
Tires, Batt., Prts.	382,620	411,562	440,503
Marine Sales/Rentals	37,284	40,104	42,925
Auto/Truck Rentals	109,742	118,043	126,344
Drugstore	72,838	78,346	83,856
Apparel	110,270	118,609	126,951
Men's and Boy's	11,606	12,483	13,361
Women's and Girl's	31,798	34,202	36,608
Infants	2,481	2,668	2,856
Family	32,838	35,322	37,806
Shoes	26,932	28,969	31,006
Jeans/Leather	472	508	544
Tailors/Uniforms	3,189	3,431	3,672
Others	954	1,026	1,098
Hardware	438,641	471,820	504,999
Hardware	199,768	214,879	229,989
Lawn/Seed/Fertil.	5,766	6,202	6,639
Others	233,107	250,739	268,371
Vehicle Service	114,520	123,183	131,844
Gasoline	11,030	11,865	12,699
Garage, Repairs	103,490	111,318	119,145
Miscellaneous	317,175	341,166	365,155
Advert. Signs, etc.	4,778	5,139	5,501
Barber/Beauty shop	25,047	26,941	28,836
Book Stores	10,210	10,982	11,754
Bowling	18,888	20,316	21,745
Cig./Tobacco Dealer	1,150	1,237	1,324
Dent./Physician Lab	10,107	10,872	11,636
Florist/Nurseries	14,492	15,588	16,684
Laundry, Dry Clean	9,307	10,011	10,715
Optical Goods/Opt.	5,631	6,057	6,483
Photo Sup./Photog.	16,189	17,414	18,638
Printing	24,188	26,018	27,847
Paper/Paper Prod.	17,656	18,991	20,327
Gifts/Cards/Novel.	39,144	42,105	45,065
Newsstands	1,314	1,413	1,513
Video Rent/Sales	53,378	57,416	61,453
Others	65,696	70,666	75,634
TOTAL	2,619,664	2,817,815	3,015,958

*Developed by The Chesapeake Group, Inc., 2004.

Table 63 contains the estimates of supportable space by major category for the tertiary market. Supportable space in 2005 is estimated at 8.5 million square feet. This is expected to grow to about 9.2 million by 2010, and to 9.8 million by 2015. The sub-category tertiary market information is found in Table 65 on Page 41.

Table 63 - Tertiary Market Supportable Space by Category for Selected Years*

Category	2005	2010	2015
Food	456,552	491,087	525,620
Eat/Drink	603,445	649,090	694,735
General Merchandise	1,644,285	1,768,660	1,893,034
Furniture	556,125	598,189	640,254
Transportation & Utilities	2,169,203	2,333,284	2,497,359
Drugstore	229,028	246,352	263,676
Apparel	259,392	279,013	298,632
Hardware	1,379,258	1,483,585	1,587,912
Vehicle Service	360,094	387,334	414,570
Miscellaneous	865,065	930,500	995,936
TOTAL	8,522,447	9,167,094	9,811,728

*Developed by The Chesapeake Group, Inc., 2004.

Growth represents opportunities. Table 64 contains the growth in space associated with the primary market by major category for 2005 to 2010 and 2005 to 2015. In total, about 10,000 square feet of new space are expected to be supportable by the primary market between 2005 and 2015. This represents a growth of about 1,000 square feet per year.

Table 64 - Primary Market Change in Supportable Space for Selected Time Periods*

Category	2005	2005-2010	2005-2015
Food	6,584	499	995
Eat/Drink	5,728	433	868
General Merchandise	7,278	551	1,103
Furniture	1,150	87	173
Transportation & Utilities	19,421	1,469	2,940
Drugstore	1,868	142	282
Apparel	2,829	215	427
Hardware	11,249	850	1,700
Vehicle Service	2,936	221	446
Miscellaneous	8,134	614	1,231
TOTAL	67,177	5,081	10,165

*Developed by The Chesapeake Group, Inc., 2004.

The change in primary market supportable space for sub-categories is found in Table 66 on Page 42.

Table 65 - Tertiary Market Supportable Space by Sub-category for Selected Years*

Sub-category	2005	2010	2015
Food	456,552	491,087	525,620
Supermarkets	345,980	372,151	398,320
Independents	48,893	52,591	56,290
Bakeries	17,927	19,284	20,640
Dairies	8,828	9,496	10,163
Others	34,924	37,565	40,207
Eat/Drink	603,445	649,090	694,735
General Merchandise	1,644,285	1,768,660	1,893,034
Dept. Stores	613,306	659,697	706,088
Variety Stores	139,593	150,152	160,711
Jewelry	48,989	52,694	56,400
Sporting Goods/Toys	183,152	197,006	210,859
Discount Dept.	611,626	657,890	704,153
Antiques, etc.	10,958	11,787	12,616
Others	36,661	39,434	42,207
Furniture	556,125	598,189	640,254
Furniture	134,828	145,026	155,224
Home Furnishings	176,092	189,411	202,731
Store/Office Equip.	128,696	138,430	148,164
Music Instr./Suppl.	38,077	40,958	43,838
Radios, TV, etc.	78,432	84,364	90,297
Transportation & Utilities	2,169,203	2,333,284	2,497,359
New/Used Vehicles	652,282	701,621	750,959
Tires, Batt., Prts.	1,095,834	1,178,724	1,261,611
Marine Sales/Rentals	106,783	114,860	122,937
Auto/Truck Rentals	314,304	338,079	361,852
Drugstore	229,028	246,352	263,676
Apparel	259,392	279,013	298,632
Men's and Boy's	27,300	29,365	31,430
Women's and Girl's	74,799	80,456	86,114
Infants	5,835	6,277	6,718
Family	77,247	83,090	88,932
Shoes	63,354	68,145	72,937
Jeans/Leather	1,111	1,196	1,280
Tailors/Uniforms	7,502	8,070	8,637
Others	2,244	2,414	2,584
Hardware	1,379,258	1,483,585	1,587,912
Hardware	628,149	675,662	723,175
Lawn/Seed/Fertil.	18,131	19,503	20,874
Others	732,978	788,420	843,863
Vehicle Service	360,094	387,334	414,570
Gasoline	34,683	37,307	39,930
Garage, Repairs	325,411	350,027	374,640
Miscellaneous	865,065	930,500	995,936
Advert. Signs, etc.	13,031	14,017	15,003
Barber/Beauty shop	68,313	73,480	78,647
Book Stores	27,846	29,952	32,058
Bowling	51,514	55,411	59,308
Cig./Tobacco Dealer	3,136	3,373	3,610
Dent./Physician Lab	27,566	29,651	31,737
Florist/Nurseries	39,525	42,515	45,505
Laundry, Dry Clean	25,384	27,304	29,224
Optical Goods/Opt.	15,358	16,520	17,682
Photo Sup./Photog.	44,155	47,495	50,835
Printing	65,971	70,961	75,951
Paper/Paper Prod.	48,155	51,797	55,440
Gifts/Cards/Novel.	106,762	114,838	122,913
Newsstands	3,584	3,855	4,126
Video Rent/Sales	145,584	156,597	167,609
Others	179,181	192,734	206,288
TOTAL	8,522,447	9,167,094	9,811,728

*Developed by The Chesapeake Group, Inc., 2004.

Table 66 - Primary Market Change in Supportable Space for Selected Time Periods by Sub-category*

Sub-category	2005	2005-2010	2005-2015
Food	6,584	499	995
Supermarkets	4,989	378	754
Independents	705	53	107
Bakeries	259	20	39
Dairies	127	10	19
Others	504	38	76
Eat/Drink	5,728	433	868
General Merchandise	7,278	551	1,103
Dept. Stores	2,714	206	411
Variety Stores	618	47	94
Jewelry	217	16	33
Sporting Goods/Toys	811	61	123
Discount Dept.	2,707	205	410
Antiques, etc.	49	4	7
Others	162	12	25
Furniture	1,150	87	173
Furniture	279	21	42
Home Furnishings	364	28	55
Store/Office Equip.	266	20	40
Music Instr./Suppl.	79	6	12
Radios, TV, etc.	162	12	24
Transportation & Utilities	19,421	1,469	2,940
New/Used Vehicles	5,840	442	884
Tires, Batt., Prts.	9,811	742	1,485
Marine Sales/Rentals	956	72	145
Auto/Truck Rentals	2,814	213	426
Drugstore	1,868	142	282
Apparel	2,829	215	427
Men's and Boy's	298	23	45
Women's and Girl's	816	62	123
Infants	64	5	10
Family	842	64	127
Shoes	691	52	104
Jeans/Leather	12	1	2
Tailors/Uniforms	82	6	12
Others	24	2	4
Hardware	11,249	850	1,700
Hardware	5,123	387	774
Lawn/Seed/Fertil.	148	11	22
Others	5,978	452	904
Vehicle Service	2,936	221	446
Gasoline	283	21	43
Garage, Repairs	2,653	200	403
Miscellaneous	8,134	614	1,231
Advert. Signs, etc.	123	9	19
Barber/Beauty shop	642	48	97
Book Stores	262	20	40
Bowling	484	37	73
Cig./Tobacco Dealer	29	2	4
Dent./Physician Lab	259	20	39
Florist/Nurseries	372	28	56
Laundry, Dry Clean	239	18	36
Optical Goods/Opt.	144	11	22
Photo Sup./Photog.	415	31	63
Printing	620	47	94
Paper/Paper Prod.	453	34	69
Gifts/Cards/Novel.	1,004	76	152
Newsstands	34	3	5
Video Rent/Sales	1,369	103	207
Others	1,685	127	255
TOTAL	67,177	5,081	10,165

*Developed by The Chesapeake Group, Inc., 2004.

Table 67 contains the growth in space associated with the secondary market by major retail and related service category for the selected time frames of 2005 to 2015. It is noted that this substantially larger market is expected to be able to support an additional 396,000 square feet of space irrespective of the location of the space (home, away, etc.)

Table 67 - Estimated 2005 & Change in Secondary Market Supportable Space by Category for Fennville*

Category	2005	2005-2010	2005-2015
Food	256,718	19,419	38,836
Eat/Drink	223,375	16,895	33,793
General Merchandise	283,884	21,473	42,948
Furniture	44,847	3,391	6,786
Transportation & Utilities	757,396	57,289	114,579
Drugstore	72,838	5,510	11,018
Apparel	110,270	8,340	16,680
Hardware	438,641	33,178	66,357
Vehicle Service	114,520	8,662	17,324
Miscellaneous	317,175	23,994	47,981
TOTAL	2,619,664	198,151	396,302

*Developed by The Chesapeake Group, Inc., 2004.

Similar information on the tertiary market is found in the table 68 that follows. About 1.3 million additional square feet of space will be supportable over the next ten years from this market segment.

Table 68 - Estimated 2005 & Change in Tertiary Market Supportable Space by Category for Fennville*

Category	2005	2005-2010	2005-2015
Food	456,552	34,533	69,067
Eat/Drink	603,445	45,645	91,290
General Merchandise	1,644,285	124,373	248,747
Furniture	556,125	42,064	84,129
Transportation & Utilities	2,169,203	164,079	328,157
Drugstore	229,028	17,324	34,648
Apparel	259,392	19,619	39,242
Hardware	1,379,258	104,327	208,655
Vehicle Service	360,094	27,237	54,474
Miscellaneous	865,065	65,436	130,864
TOTAL	8,522,447	644,637	1,289,273

*Developed by The Chesapeake Group, Inc., 2004.

The associated sub-category estimates for the secondary and tertiary markets are found in Tables 69 and 70 that follow.

Table 69 - Secondary Market Change in Supportable Space by Sub-category for Selected Time Periods*

Sub-category	2005	2005-2010	2005-2015
Food	256,718	19,419	38,836
Supermarkets	194,544	14,716	29,430
Independents	27,492	2,080	4,159
Bakeries	10,081	763	1,525
Dairies	4,964	375	751
Others	19,637	1,485	2,971
Eat/Drink	223,375	16,895	33,793
General Merchandise	283,884	21,473	42,948
Dept. Stores	105,887	8,009	16,019
Variety Stores	24,101	1,823	3,646
Jewelry	8,458	640	1,280
Sporting Goods/Toys	31,621	2,392	4,784
Discount Dept.	105,596	7,987	15,975
Antiques, etc.	1,892	143	286
Others	6,329	479	958
Furniture	44,847	3,391	6,786
Furniture	10,873	822	1,645
Home Furnishings	14,200	1,074	2,149
Store/Office Equip.	10,378	785	1,570
Music Instr./Suppl.	3,071	232	465
Radios, TV, etc.	6,325	478	957
Transportation & Utilities	757,396	57,289	114,579
New/Used Vehicles	227,750	17,227	34,454
Tires, Batt., Prts.	382,620	28,941	57,883
Marine Sales/Rentals	37,284	2,820	5,640
Auto/Truck Rentals	109,742	8,301	16,602
Drugstore	72,838	5,510	11,018
Apparel	110,270	8,340	16,680
Men's and Boy's	11,606	878	1,756
Women's and Girl's	31,798	2,405	4,810
Infants	2,481	188	375
Family	32,838	2,483	4,968
Shoes	26,932	2,037	4,074
Jeans/Leather	472	36	71
Tailors/Uniforms	3,189	241	482
Others	954	72	144
Hardware	438,641	33,178	66,357
Hardware	199,768	15,110	30,221
Lawn/Seed/Fertil.	5,766	436	872
Others	233,107	17,632	35,264
Vehicle Service	114,520	8,662	17,324
Gasoline	11,030	834	1,669
Garage, Repairs	103,490	7,828	15,655
Miscellaneous	317,175	23,994	47,981
Advert. Signs, etc.	4,778	361	723
Barber/Beauty shop	25,047	1,895	3,789
Book Stores	10,210	772	1,544
Bowling	18,888	1,429	2,857
Cig./Tobacco Dealer	1,150	87	174
Dent./Physician Lab	10,107	765	1,529
Florist/Nurseries	14,492	1,096	2,192
Laundry, Dry Clean	9,307	704	1,408
Optical Goods/Opt.	5,631	426	852
Photo Sup./Photog.	16,189	1,225	2,449
Printing	24,188	1,830	3,659
Paper/Paper Prod.	17,656	1,336	2,671
Gifts/Cards/Novel.	39,144	2,961	5,922
Newsstands	1,314	99	199
Video Rent/Sales	53,378	4,038	8,075
Others	65,696	4,970	9,938
TOTAL	2,619,664	198,151	396,302

*Developed by The Chesapeake Group, Inc., 2004.

Table 70 - Change in Tertiary Market Supportable Space by Sub-category for Select Time Periods*

Sub-category	2005	2005-2010	2005-2015
Food	456,552	34,533	69,067
Supermarkets	345,980	26,169	52,340
Independents	48,893	3,698	7,397
Bakeries	17,927	1,356	2,712
Dairies	8,828	668	1,335
Others	34,924	2,642	5,283
Eat/Drink	603,445	45,645	91,290
General Merchandise	1,644,285	124,373	248,747
Dept. Stores	613,306	46,390	92,781
Variety Stores	139,593	10,559	21,118
Jewelry	48,989	3,705	7,411
Sporting Goods/Toys	183,152	13,854	27,707
Discount Dept.	611,626	46,263	92,526
Antiques, etc.	10,958	829	1,658
Others	36,661	2,773	5,546
Furniture	556,125	42,064	84,129
Furniture	134,828	10,198	20,396
Home Furnishings	176,092	13,319	26,639
Store/Office Equip.	128,696	9,734	19,469
Music Instr./Suppl.	38,077	2,880	5,760
Radios, TV, etc.	78,432	5,933	11,865
Transportation & Utilities	2,169,203	164,079	328,157
New/Used Vehicles	652,282	49,339	98,677
Tires, Batt., Prts.	1,095,834	82,889	165,778
Marine Sales/Rentals	106,783	8,077	16,154
Auto/Truck Rentals	314,304	23,774	47,548
Drugstore	229,028	17,324	34,648
Apparel	259,392	19,619	39,242
Men's and Boy's	27,300	2,065	4,130
Women's and Girl's	74,799	5,657	11,316
Infants	5,835	441	883
Family	77,247	5,843	11,686
Shoes	63,354	4,792	9,584
Jeans/Leather	1,111	84	168
Tailors/Uniforms	7,502	567	1,135
Others	2,244	170	340
Hardware	1,379,258	104,327	208,655
Hardware	628,149	47,513	95,027
Lawn/Seed/Fertil.	18,131	1,371	2,743
Others	732,978	55,443	110,885
Vehicle Service	360,094	27,237	54,474
Gasoline	34,683	2,623	5,247
Garage, Repairs	325,411	24,614	49,227
Miscellaneous	865,065	65,436	130,864
Advert. Signs, etc.	13,031	986	1,971
Barber/Beauty shop	68,313	5,167	10,334
Book Stores	27,846	2,106	4,212
Bowling	51,514	3,897	7,793
Cig./Tobacco Dealer	3,136	237	474
Dent./Physician Lab	27,566	2,085	4,170
Florist/Nurseries	39,525	2,990	5,979
Laundry, Dry Clean	25,384	1,920	3,840
Optical Goods/Opt.	15,358	1,162	2,323
Photo Sup./Photog.	44,155	3,340	6,680
Printing	65,971	4,990	9,980
Paper/Paper Prod.	48,155	3,643	7,285
Gifts/Cards/Novel.	106,762	8,076	16,151
Newsstands	3,584	271	542
Video Rent/Sales	145,584	11,012	22,024
Others	179,181	13,554	27,106
TOTAL	8,522,447	644,637	1,289,273

*Developed by The Chesapeake Group, Inc., 2004.

One of the primary reasons for performing a demand analysis is to identify business activity that will enhance the quality and viability of the community and not cause additional stress. By definition, sales and space derived from growth are not associated with any current business since they do not exist at present, but will exist in a year or two from now or at another future time. However, this does not imply that all new growth should result in new space or be “allocated” to new space. Some sales increases could be used to bolster revenues of existing operations and space.

Market Penetration

A second factor that is important in determining suggested space for Fennville is the penetration level within markets. As previously defined, market penetration is basically the proportion of a market that utilizes the area for whatever purposes on a regular basis. It is a function of the proportion of the market that comes and the frequency of the trips.

Market penetration levels are typically higher in primary markets than in secondary or tertiary markets as is the case in Fennville. Yet, because of the greater scale of the secondary and tertiary markets, penetration levels can be very low or even miniscule, but the derived supportable space can be greater than that which accrues from the primary market.

Based on the conducted survey, the penetration level for the primary area is only just over 50%. The penetration within the secondary market is but a fraction of this, while the anticipated proportion in the tertiary market is even lower, essentially associated with occasional visitors to the area. Ultimately, potential space is derived by applying penetration levels to the total supportable sales and space associated with the market.

Thus, while the primary market demand in 2005 and the growth between 2005 and 2015 is very small at just over 67,000 square feet and 10,000 square feet respectively, sales for existing businesses or new activity can be boosted by increasing market penetration to a level that might be considered normal. This would facilitate either new or healthier 15,000 square feet to 20,000 square feet than at present.

Some additional penetration within primarily the secondary market would be possible as well as capture of sales from growth within that market.

Residential Market Retail Implications

The opportunities presented by the demand forecast for Fennville are limited but relatively clear from a retail perspective. From a strategic standpoint, the greatest opportunities are:

- ✓ 4,000 to 5,000 square feet of additional supermarket space.
- ✓ Auto service space (TBA) expansion of about 1,500 square feet.
- ✓ About 4,000 square feet of Home furnishings space.
- ✓ Possibility of adding potentially additional food service space beyond that associated with the expanded Mexican supermarket and food service operation.

Non-Residential Demand

Visitor activity in Fennville plays an important role in its economic structure and is therefore an important component of demand, albeit not one that can be depended upon to support year-round business activity. Thus and in a sense, it provides the opportunity to create additional revenues for businesses that effectively serve the primary, secondary and tertiary residential markets.

Fennville activity and opportunities must be placed within the context of industry-wide and Michigan trends. Unfortunately, much published information deal with trends through 2001 and not the “post 9-11” era. While many of the short-term trends are negative for the industry in total, they are not negative for trends made by automobile and those within a few hundred miles of home. Both are likely associated with visitors to the Fennville area.

Trends in Expenditures

As would be expected, there was a marked a decrease in travel expenditures in the United States for several consecutive years since 2000. For example, between 2000 and 2001, travel expenditures decreased by \$29.2 billion or 5.14%. Broken down into domestic versus international travel, domestic spending decreased at a lesser rate or by \$19.2 billion or roughly 3.92%; while International spending decreased by about 12.7% or \$10.1 billion. While since 2001 the declines have lessened or increases have occurred but at insufficient levels to reach former 2000 levels, similar patterns exist until at least the beginning of 2004.

In 2000, Michigan’s travel generated expenditures totaled \$12.8 billion, or about 2.3% of the United States total of \$568 billion. In 2001, however, Michigan’s expenditures fell to \$12.1 billion. Yet and because of the overall decline in the country, the relative proportion of spending in Michigan remained roughly constant. In other words, Michigan faired no better or worse than the country in total.

U.S. Travel Generated Expenditures

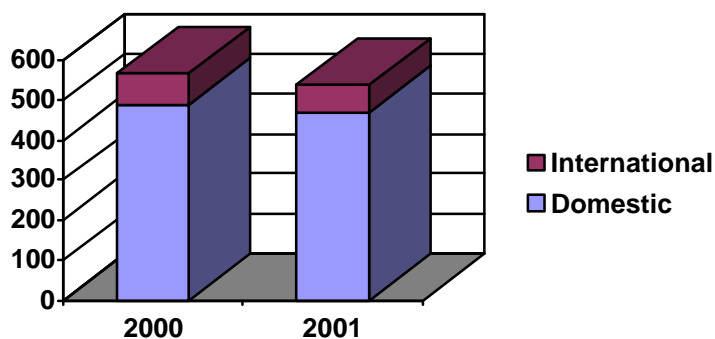


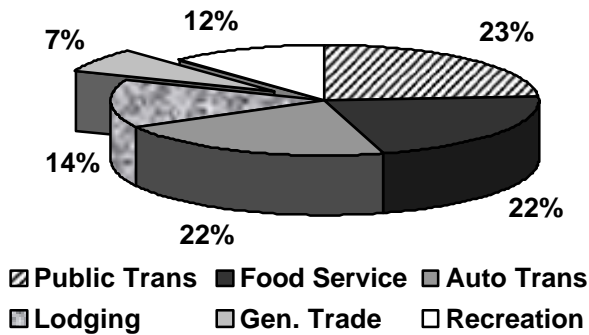
Table 71 – Example of Michigan and United States Travel Generated Expenditures (in billions)*

Jurisdictions	2000	2001
Michigan	\$12.8	\$12.1
United States	\$567.9	\$538.7

*Developed by The Chesapeake Group, Inc., 2004.

From 2000 to 2001, travel generated expenditures in Michigan declined by 5.3%, for a loss of \$676.7 million. This loss is slightly larger than the loss for the country in general. However,

2001 Domestic Travel Generated Expenditures by Industry



domestic spending fared better while international spending in Michigan suffered the most and significantly more than for the country in general. Of the state loss, \$126.5 million was due to the 16.5% decrease in international travel generated expenditures, whereas \$550.2 million resulted from the 4.6% decline in domestic travel generated expenditures.

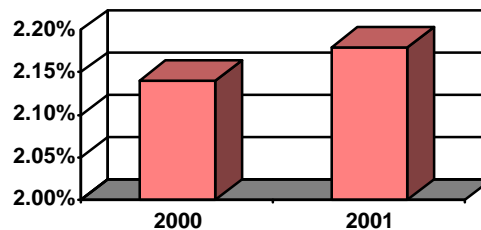
On the domestic side of travel generated expenditures, the largest portion was for public transportation.

Public transportation (air, etc.) comprised 23.8% or a total of about \$2.7 billion of Michigan total travel generated expenditures. Also comprising significant portions of Michigan's travel generated expenditures were the food service and auto transportation industries. Food service spending, inclusive of restaurants, was estimated at \$2.5 billion; and auto transportation accounted for virtually the same proportion and dollar amount as food service. Entertainment and recreation (11.9%) and general trade (7.0%) associated with retail are significant but lesser in magnitude.

Employment Trends

Tourism spending and related employment or linked. Using the same years as examples because it is the most complete reported years from a data perspective, 2001 saw 7,469,000 jobs generated as a result of travel generated spending in the country. Those jobs were equal to about 5.7% of the total labor force of 131,600,000. However, in 2000, 7.1% of the labor force was associated with travel generated spending. Thus, while the economy in general, as we know took a dip; employment in this industry was hit harder. Furthermore, there is every indication that employment associated with this industry has not expanded at the rate of other industries through the beginning of 2004 and is not likely to in the foreseeable future as a result of airline problems.

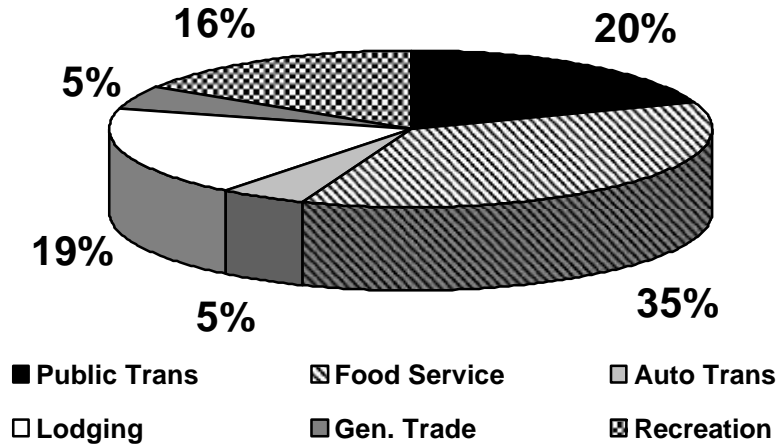
Michigan as a Percent of U.S. Travel Generated Employment



As with spending, Michigan fared better than the country in general. In 2000, travel generated employment in Michigan accounted for 162,100 jobs, or 2.14% of the total travel generated labor force in the country. For 2001, there was a decrease of only 3%, leaving Michigan with 2.18 percent of the total United States labor force in the industry.

Over the period of 2000 to 2001, Michigan travel generated employment decreased resulting in a loss of approximately 4,900 jobs. More specifically, international travel generated employment declined by 800 jobs, or a loss of 8.24%; whereas domestic travel generated employment decreased by 4,100 jobs for a 2.69% loss.

2001 Domestic Travel Generated Employment by Industry

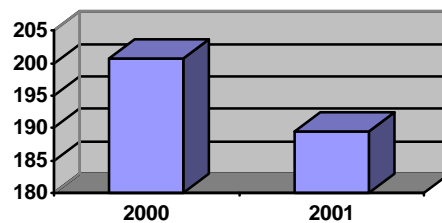


Unlike the spending areas, the domestic segment of travel generated employment is dominated by food service. Food service comprised 34.9% of Michigan's total travel

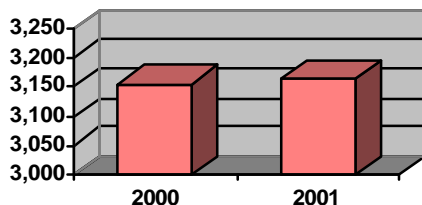
generated employment, with 51,800 workers. Behind food service, the three most significant portions of Michigan's travel generated employment were the public transportation (18.8%), lodging (17.9%), and entertainment/recreation (15.5%), thus differing significantly from the country. Those three categories respectively accounted for 27,900, 26,500, and 23,000 jobs in Michigan.

As a result of the changes in employment, there were also changes in payroll. Yet, there is also an important positive side to the changes that did occur. Total Michigan travel generated payroll decreased by \$1.5 million from 2000 to 2001, reflecting a 0.04% change. That overall decrease is due to the \$11.2 million decrease in international travel related payroll. Importantly, the decline disguises the fact that domestic travel generated payroll increased by \$9.7 million. Overall, Michigan's domestic travel generated payroll increased by 0.3%,

Michigan International Travel Generated Payroll (millions)



Michigan Domestic Travel Generated Payroll (millions)



while its international travel generated payroll fell by 5.58%.

It is further noted that Michigan ranks:

- ✓ 13th of all states in terms of domestic travel expenditures.
- ✓ 12th in terms of payroll.
- ✓ 16th in terms of employment.

Visitors in Allegan County & Fennville Impact

Visitors to Allegan County have been important to the economic structure of the county. The impact is very apparent in the coastal areas as well as inland. In the area of Fennville, there are numerous assets that attract visitors. These include but are not necessarily limited to those that follow.

- ✓ Lakes.
- ✓ River.
- ✓ Heavily wood open and preserved nature areas.
- ✓ Migratory bird resting areas.
- ✓ Hunting and fishing opportunities.
- ✓ Winery.
- ✓ Short distance to Lake Michigan
- ✓ State parks.

The above have been and will continue to be the backbone of the visitor based activity. Importantly though, there is every indication that, with the exception of hunting, many of the “visitors” to the area are from areas already associated with the defined primary, secondary, and tertiary markets. The primary market includes both full and part-time residents.

It is estimated that Allegan County attracts about 2% of the spending in Michigan from outside of the previously defined residential markets and a total of slightly less than 750,000 full or part person days. Thus and in total, expenditures from this segment of the market are estimated at about \$256 million annually. Of this:

- ✓ \$56 million will be spent on food services, including restaurants.
- ✓ \$18 million will be spent on retail and related services.
- ✓ \$31 million on recreation/entertainment.

Throughout the county, the following supportable space is associated with these visitors.

- ✓ 140,000 square feet of restaurant and other foods service space, including those situated in hotels, banquet halls, fast food operations, etc.
- ✓ 90,000 square feet of general merchandise space.
- ✓ 207,000 square feet of entertainment facilities, including movie theaters, theaters, bowling centers, etc.

It is anticipated that much of this space will continue to be captured by those currently in operation in Saugatuck, Douglas, Fennville and other locations. While no growth is seen in the short-term, TCG estimates that this market segment can contribute to stabilization and growth of potential food service operations and, in particular, could lead to more diversification, including small independents or franchises and an additional fast food operation.

Strategic Program

As previously defined and based on the comparative assessment and demand forecasts, The opportunities presented for retail activity for Fennville are limited but relatively clear at this time. From a strategic standpoint, the greatest opportunities are:

- ✓ 4,000 to 5,000 square feet of additional supermarket space.
- ✓ Auto service space (TBA) expansion of about 1,500 square feet.
- ✓ About 4,000 square feet of Home furnishings space.
- ✓ Possibility of adding potentially additional food service space beyond that associated with the expanded Mexican supermarket and food service operation.

However, the opportunities for Fennville and the downtown, beyond the retail function, are significant as defined through the comparative assessment. When couple with the retail opportunities, Fennville's economic future can be secured, providing for increased return on investment, increased services to residents, and increased local jurisdiction revenues.

However, in order to secure that future, Fennville must continue to be pro-active in the economic development arena. The following is a designed program for Fennville that is comprehensive in nature, but is based upon available resources. While all elements are important, it is recognized that not all are likely to be pursued completely. Yet, Fennville should try to proceed with all elements to maximize its potential.

Goals

The strategic program is based on a set of goals established. These goals follow.

- A. Set as a priority the enhancement of economic vitality of the community that results in increased employment, tax base, and services for the residents.
- B. In further developing the focus for future activity, Fennville should maximize its assets. These assets include the central location within the county, their character as a traditional "main Street" area, the atmosphere and the surrounding character of the community, and its competitive real estate price/lease advantage of commercial relative to lakefront communities.
- C. To enhance current sales and revenues, marketing efforts should focus upon increasing the penetration level within the primary market, or residents of the immediate area, from its current level of 56% to 15% to 80%. This will result in as much as a 50% increase in sales and revenues generated from the residents. Increased penetration of the secondary market is feasible as well and should be pursued.
- D. Create a sustainable environment for retail by developing non-retail synergistic activity. It is further suggested that the initial focus be on increasing non-retail critical mass.

- E. Attract increased revenue and sales from visitors to the area.
- F. Assure a transition of ownership for existing businesses to avoid the loss of activity from retirements.

Recommendations

Based on the six goals, the desire to achieve them, Fennville's resources, and the ability to take advantage of the presented opportunities, the following suggestions are made.

(1) Expansion or new "tenant" activity or users in the following non-retail arenas should be sought:

- ✓ Medical offices & facilities.
- ✓ Other professional offices.
- ✓ Activities with appeal to younger households in an effort to develop a long-term relationship with future generations of shoppers. One fundamentally sound suggestion is to pursue a children's museum in downtown.
- ✓ Higher education activity or institution. Initially this could involve a limited number of classes at a temporary location associated with an extension of a community college, college, or university, but could evolve to a permanent building or buildings or space.

It is recognized that in some cases previous attempts have been made to recruit/attract some of these activities to the community, or, some cases, like activity existed in the past. Because success was not previously achieved, either in the attraction/recruitment process or operation of a business or activity, does not mean that it should not be pursued again. Marketability exists with the potential benefits accruing to all parties.

The following are some potential colleges/universities that might be contacted in the process.

Westwood College is a successful organization of nationally accredited post-secondary learning institutions that offers hands-on, career-focused educational programs. Their primary goal is to prepare students for rewarding jobs in high-demand careers. As opportunities are recognized in high-demand career fields, Westwood develops new programs with the cooperation of industry leaders. These programs are designed to meet the needs of their students, graduates, and employers. At Westwood you can earn an associate degree in as little as 17 months or a bachelor degree (where offered) in less than three years. Westwood College of Technology Campus Locations include Atlanta, Chicago, Dallas/Fort Worth, Denver, Houston and Southern California areas.

Johnson & Wales University is a world-class university, where students have an opportunity to pursue a career education in business, hospitality, culinary arts, or technology. Scores of majors and degree programs are offered at the undergraduate, graduate and doctoral level. Johnson & Wales' five domestic campuses are located in Providence, Rhode Island; Charleston, South Carolina; Norfolk, Virginia; North Miami, Florida; and Denver, Colorado. A Charlotte, North Carolina campus was scheduled to open in September, 2004. Unique features include a 4-day school week, the opportunity to earn 2 degrees (associate and baccalaureate) in four years, and hands-on training at University-owned, operated or partnership facilities or at worldwide co-op sites

Baker College is one of the most affordable colleges, public or private, in the State of Michigan. There is abundant financial assistance available for those who qualify, including state grants, federal grants, scholarships, work study, etc. Baker offers both undergraduate and graduate degree programs in certain sciences, administrative areas, human services, and engineering technology. Baker also has online programs.

General Motors University (GMU) has established a learning organization and culture for its employees across the entire enterprise. It has been designed to help GM's executive, management, technical and professional employees continuously improve their competitive performance. This drives overall success at GM, aligns the company's training investment with its business needs, and disseminates best practices and core values. Established in 1997, GM University is one of the largest corporate educational programs in the world. It currently has 16 functional colleges tied to GM's global processes that are charged with developing curricula tailored to the professional needs and unique challenges facing GM employees from a business sector, divisional or regional perspective. Most of the classes within GMU are lecture-based and in a traditional classroom format. But over the past couple years, the focus has been to move most of the training courses on-line. The 16 colleges within GMU are: Communications, Engineering, Finance, Health and Safety, Human Resources and Labor Relations, Information Systems and Services, Leadership, Legal, Marketing, Manufacturing, Order To Delivery, Planning, Public Policy, Quality, Worldwide Purchasing, and Sales, Service and Parts.

GMU uses three dedicated classroom facilities in the U.S. The main campus is located at the new GM global headquarters in Detroit's Renaissance Center with additional campuses being operated in Auburn Hills and Warren, Michigan. In addition, GMU relies on affiliated sites and local accommodations elsewhere.

The University of Maryland **University College (UMUC)** is the Open University of the State of Maryland and of the United States. The University in its entirety has but one focus, the educational needs of the non-traditional student. Online education makes it possible for students to attend class at any time of day, in any place they choose. Because students communicate with class online, they can complete their entire degree or certificate without setting foot in a classroom. If they decide to take *only* online courses, they can choose from 19 majors and 24 minors for your degree.

At the **University of Phoenix** more than 171,600 working professionals have earned their degrees since 1976,. The University is the nation's largest accredited university; with over 17,000 highly qualified instructors, 151 campuses, and Internet delivery worldwide.

Davenport University is the largest independent private university in Michigan and northern Indiana. Davenport University is an independent, non-profit, multi-location university offering master's degrees, bachelor's degrees, associate's degrees, diplomas, and certification programs in business, technology, health professions, and graduate studies (MBA).Davenport's MBA program allows one to choose from 10 specialties in Business, Health, & Technology, attend 7-week classes, starting 6-times a year. You can also earn your MBA partly or entirely online.

Thomas Cooley is an independent, graduate college of law fully accredited by the American Bar Association since 1978 and the North Central Association since 2001. Thomas Cooley has grown from a regional law school in Lansing, Michigan, to one of national stature. They are the nation's largest Juris Doctor program and most comprehensive accredited part-time legal education program. A fair and objective admission policy and tough, practical, professional legal education are combined. Locations include Lansing, Grand Rapids, and Rochester, Michigan.

Sanford-Brown Colleges, founded in 1866, are a group of private, career-oriented postsecondary learning institutions with five Midwest campuses- four in Missouri and one in Illinois. SBC offers highly focused, high quality, short-term, degree and certificate programs in information technology, business and healthcare

Katharine Gibbs provides its students with the technology, business or graphic design foundation for career growth. Career choices with the most potential-degrees in Computer Network Operations, Visual Communications, and Office Administration, as well as Certificate and Diploma programs. Programs speed employment as within two years you can earn a degree backed by practical hands on learning, professional internships and job placement services.

Western International University. With WIU's Business and Technology programs, working adults can work toward their Bachelor or Master degrees in as little as one night a week. Western International University (WIU) was founded in 1978 as a non-profit institution intent on focusing on the individual student. Students learn from instructors who hold advanced degrees in their respective fields and are extremely successful in the "real world." The majority of their students are working adults. They also offer courses via the Internet through WIU Interactive

Franklin University has nearly 8,000 globally-minded students at their campuses in Ohio and their well-established online courses and programs each year. Of Franklin's total enrollment, more than 500 are international students, representing more than 75 different countries around the world. The University provides undergraduate and graduate students, who often work full or part-time, both the breadth of knowledge and the career-focused applications required of a balanced education. Franklin University is designed for non-traditional students.

Remington College has 18 college campuses located throughout the United States. Remington College prepares students for careers in Business, Computers, Medicine or Criminal Justice. Locations are found throughout the country, including the Cleveland, Ohio area.

DeVry University offers career-oriented education, with locations throughout North America, ongoing career support, and regional accredited. Programs include Business management and technology. DeVry has been a leader in technology-grounded education since 1931.

Saginaw Valley State University provides academic and professional programs and services for its students and is recognized as among the finest teaching universities in the United States.

Strayer University provides higher education programs for working adults. Programs are in information technology, accounting and business. A degree can be completed quickly, gaining marketable skills and specialized knowledge through a six to 12-course certificate or diploma. Many of our programs also provide the background to prepare for professional certification in a wide variety of disciplines. Current undergraduate and graduate programs are available at 30 campuses in Georgia, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia and Washington, D.C., as well as online.

2. The expansion, attraction, recruitment and development of the activity will require new space. In an effort to maintain the character of the area, important to the continuation as its perception of a main street area and an atmosphere conducive to increasing visitor based activity, new space must blend wit the current character of downtown and its traditional main street feel. Thus, there are design considerations or guidelines that could be applied. These include, but are not necessarily limited to:

- ✓ Compatible materials on the exterior of buildings, predominantly brick application.
- ✓ Heights of new buildings, irrespective of the number floors, should be similar to existing buildings within the block or blocks where development is to occur or sought.
- ✓ Structures should be placed to continue like set backs or lack thereof in accordance with the street upon which they front.
- ✓ Sufficient parking, meeting codes, should be on–site. The parking should be apparent and visible from the main street” although not necessarily situated on the main street.
- ✓ Lot coverage, area and setback requirements should be flexible.

A primary site was selected by the client for redevelopment. That site is one of the key blocks in the heart of the downtown. Much of the site is currently cleared at present. Tow concepts are developed for the site. Both are simply concepts. The first concept to the right:

- ✓ Illustrates about a 60% increase in space;
- ✓ Depicts four smaller buildings;
- ✓ Has a landscaped buffer around the development to the rear and west end;
- ✓ Has two points of ingress and egress;



- ✓ Has parking visible from main street as well as structures across the street, where demand for parking at times exceeds the supply; and
- ✓ Has buildings that can front on both main street and off the parking either with one entrance or two separate entrances.

The second concept is somewhat similar to the first but:

- ✓ Depicts a larger critical mass, if assumed that both concepts consist of only one s-story structures (However, the initial concept could have two story structures with activity on each.);
- ✓ Has at least one structure that fronts only on the parking;
- ✓ Has three points of ingress and egress;
- ✓ Has less parking than the initial concept; and
- ✓ Has parking visible from main street as well as structures across the street, where demand for parking at times exceeds the supply.

Concept B



It is noted that surface parking could be expanded in either concept by utilization of additional land to the west of the defined development envelop, but within the same block.

3. In an effort to assist with a smooth transition of business ownership, given the current age composition, as well as with the desire of many in the area to foster additional development, including retail and service operations, an entrepreneurial and apprenticeship program should be developed. (It is noted, that if success is met with attracting cone of the higher education institutions, more or less “incubator and apprenticeship efforts could be linked to that institution.) The following is a brief description of the components of such a program.

- ✓ Recruitment of “new ownership” can be affected through community’s colleges, vocational and technical schools, and other colleges. Through the institutions students can be identified with potentially successful entrepreneurship profiles. Community recruitment speakers could also go out and stimulate interest, outlining the program and it’s benefits and requirements.
- ✓ Current owners can also identify current employees with potential. The process would include:
 - Internship – introduction and part-time work while attending school or training.
 - Apprenticeship – 1 to 3 years working and learning in the business.

- Purchase – with previous ownership staying on for 1 to 2 years.

Business “scholarships” could be arranged through cooperative partnerships with banks and other financial entities to sponsor the student apprenticeships, assist with financial planning, and procure resources for the purchase and financing of businesses.

Fennville’s economic viability will also depend upon continued market growth in the city and immediate surrounding areas. **4.** Fennville should seek to foster and facilitate quality housing in and around its immediate vicinity through the provision of utilities and the control of density. Additional quality housing, not just any housing is desirable and will have a positive impact on commercial viability.

5. The city should also foster the provision for some industrial growth opportunity outside of downtown. While the preference would be for such activity to occur within the city limits, due to other policies and difficulties, that may not be possible. If not possible then through influence at the county level and through provision of utilities, Fennville should foster such activity nearby.

As previously defined, Fennville is very fortunate in that both the public and private sector has an understanding that return on investment is both short and long-term. Sometimes short-term returns can be marginal or non-existent to achieve greater long-term returns. **6.** This implicit policy should continue as Fennville should seek to foster further investment in existing businesses. Additional resources can be brought to bear to assist existing operations by enhancing linkages to resources such as CDBG funds, state grant funds for mixed-use activity and other state efforts.

7. In addition, Fennville, either through the DDA, Chamber, or combination of both should conduct an annual survey of all businesses in the community. The survey should be conducted, if possible, peer-to-peer, using volunteers and in-person or face-to-face.

8. In addition to the above two efforts to continue fostering investment in existing business activity limited but coordinated direct marketing efforts should be developed. These efforts might include:

- ✓ Expansion of the current primary festival into wildlife art, crafts, and extension of its time.
- ✓ Development of a “welcome wagon” or information presentation packet to everyone who moves in to the general area, coordinated with Realtors, jurisdictions granting occupancy, or the utility companies. New residents might get a discount for the first six months to establish shopping patterns and allegiances.
- ✓ Development of a “rewards” program for frequent patrons of individual or collection of downtown operations. These could include discounts, something “free” after a number of visits, etc.
- ✓ Development of a “seniors” discount program or day of the week or time of the month (near the 3rd).
- ✓ Direct mail advertising (already being done by frame shop).

- ✓ The establishment of a “holiday bazaar”, featuring local artist, groups, perhaps with street performers. Sponsors could include schools, student clubs, financial institutions, merchants, major employers in Fennville, the County, and in other area (Holland/Zeeland, etc.)
- ✓ Expansion of or enhanced coordination with county event planning and the development of other events (potentially a fishing oriented event much like the hunting event).

9. Fennville also must develop its own recruitment effort. That effort would focus on attracting the previously defined activity. The proposed recruitment/marketing effort is essentially “tiered”. The recruitment efforts for those activities will be regional and national. On the other hand and in disseminating information and marketing, the recruitment effort is also local or includes the greater Grand Rapids-Holland area by definition. The following is suggested for the general recruitment effort.

- A. The calendar is developed. The calendar is based on the available human and fiscal resources. Quality and consistency is more important than quantity. It is assumed that for this and all other tasks, available resources will be limited.
- B. Marketing materials are developed, both professionally printed, in limited cases, and “in-house”.
- C. Contact lists are developed. (Much information is available through internet research).
- D. Contact methods are determined (may vary by season, etc.), but should include “cold call door knocking” within the local area to reach those who might want an additional location, and direct mail solicitation.
- E. Work load is determined (number of contacts per month, etc.) and assignments are made depending upon resources.
- F. A follow-up process is put into place, including phone calling after initial contact and additional mailings.

It is assumed that both volunteer and professional staff will be involved. It is suggested that an “ambassador” group, composed of existing elected officials, property owners and business owners be formed to assist professional staff with communications to those being sought. The solicitation of businesses should try to employ a combination of public relations, direct marketing, and some industry specific advertising. The following are the primary tools in the recruitment process.

1. Public Relations should be a key tool and employed whenever possible with regularity. Press releases will create awareness and could be targeted to publications within West Michigan, the Midwest and national professional “communities” for each targeted “business”.
2. Advertising is a broader message delivery method for building awareness within a wider audience. Distinguished from public relations by virtue of its paid status, exact timing, placement and message content is assured. While expensive, it potentially reaches the greatest number of potential entities.

Creating a promotional calendar, all marketing methods, including public relations, should be considered in the advertising plan so there is no waste of budget or efforts. By “calendar” planning, both the marketing budget and time commitments become manageable for implementation. .

Limited resources are likely to mean that Fennville efforts will require leveraging dollars and advertising, through joint advertising, “piggy-back” advertising with other private sector interests, seeking corporate sponsorship of ads, seeking state and county grants, and piggy-backing with quasi-public sector entities. “Piggybacking” might occur if a developer is seeking tenants for a site in the area, if an event is being held and promoted, if a store or merchandise line that is already in the area is running a promotion, etc.

3. Direct mail can be as simple as a postcard, letter with a brochure, or as fancy as a multi-piece envelope with enclosures, response cards, etc. It, along with door knocking, can be an extremely effective tool that can be spaced out over time in the recruitment program.
4. Promotional materials should be available to respond to inquiries, hand out at meetings and included with packages.

A simple, 4 x 9” tri-folded format brochure, fitting in standard racks and #10 business envelopes, is suggested as one piece because of its versatility. The contents of the brochure should emphasize the benefits of Fennville.

Additional promotional materials could include a presentation folder.

None of the above is or will be accomplished without a concerted effort. **10.** In order to achieve implementation of part or some of the recommendations or to increase downtown activity, taking advantage of the defined opportunities; Fennville must be sufficiently and effectively organized. This implies both enhanced coordination of business interests, such as the DDA and Chamber and increased commitment of resources to establish some dedicated paid professional personpower. This latter, a critical suggestions irrespective of economic development activity to be pursued, could come from potentially several sources or be handled in one or more of the following ways.

Circuit Rider. Employed in other communities for both planning and economic development activity and employed by Fennville at present in the code enforcement area, the circuit rider could be an employee of a government or an independent contractor.

Part-time City or DDA Employee. While much work has been defined, Fennville has a strong volunteer history and base that can supplement but not totally replaced paid professional staff. Thus, part-time is considered to be an affordable option. Such an employee would require some ability to coordinate volunteers to achieve success in effective utilization of resources.

Contractual Services. Some of the marketing efforts may require contracting services. However, an option would be to contract services with a private non or for-profit entity for all of the activity. While this is often felt to be too expensive, it generally is competitive in price or has less costly when all factors are taken into account.

Combination. As noted above some elements, may require contracting of services, particularly parts of the materials development for recruitment and grant writing; thus, a combination of the above could be employed.

8516 GREEN LANE, BALTIMORE, MARYLAND 21244, 410-265-1784/(FAX) 410-521-0480/TCGROUP@EROLS.COM