MARKET DECISIONS
Research & Planning

Market Analysis
Downtown Skowhegan Revitalization Study

Prepared for:

The Town of Skowhegan
and
The Downtown Business Association

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SECTION I. INTRODUCTION

The Town of Skowhegan is located at the intersection of Routes 201 and 2 in Somerset County. Skowhegan is the county seat and historically served as the retail and service center for a large geographic area extending northward toward the Canadian border. Downtown Skowhegan is located adjacent to the Kennebec River, where the major traffic routes cross the river.

As with many older downtowns, downtown Skowhegan has seen its economic role change over the years. Initially, commercial uses began to expand north and south of downtown along Route 201. The 1970's saw the construction of two suburban style shopping centers on the northern fringe of the community adjacent to Route 201. These centers included a large supermarket, discount department stores, and a number of smaller convenience and comparison goods stores. With this, downtown's role as the retail center of the Town and region was reduced. In the past year, this pattern was further reinforced with the construction of a WAL-MART on the northern edge of the community.

In spite of these changes, downtown has continued to function as a retail and service center, although in a very different role. A number of long-term retail establishments remain in downtown. In addition, new retail and service uses have located in the area, changing the business mix. With the Somerset County Courthouse located on the edge of downtown, the downtown continues to serve as the legal center for the region.

This market analysis was conducted to collect basic information about downtown Skowhegan and its economic role as part of a larger effort to revitalize downtown Skowhegan. The market analysis identifies the market or trade area from which Skowhegan businesses draw their customers. It looks at the characteristics of the population of that trade area and the retail spending potential generated by that population. The analysis looks at the current utilization of downtown and its economic role. As part of the analysis, downtown customers and trade area consumers were interviewed about their shopping habits and attitudes toward downtown Skowhegan and the findings are included in the market analysis. Finally, the analysis identifies the market supports that may be able to be drawn upon to support downtown revitalization activities.

SECTION II. EXECUTIVE SUMMARY

A. *The Skowhegan Trade Area*

Skowhegan functions as the retail and service center for a 14-town primary trade area, including Skowhegan, Norridgewock, Madison, Anson, Canaan, Cornville, Solon, Embden, Bingham, Moscow, Pleasant Ridge, Athens, Harmony, and Brighton. Skowhegan businesses typically draw 75% to 80% of their customers from this area. It appears that a number of downtown businesses rely even more heavily on this trade area for their customer base than do the Skowhegan shopping centers. While businesses involved in the sales of comparison goods draw quite uniformly from different parts of the trade area, the draw of customers from the Norridgewock, Madison, Anson part of the trade area is limited in terms of convenience goods.

In addition to the Primary Trade Area, Skowhegan draws an additional group of customers from a large, but sparsely settled, Secondary Trade Area extending northerly along Route 201 to the Canadian border.

B. *Characteristics of the Trade Area*

The Skowhegan Primary Trade Area has approximately 28,100 residents and has experienced slow growth over the past 15 years. The Secondary Trade Area has approximately 1,400 year-round residents.

Income within the trade area is relatively low. The estimated median household income in 1994 was only $25,750. In 1990, the U.S. Census reported that the median income of the trade area was only 80% of statewide median. The large percentage of households with lower incomes restricts the retail spending potential of the trade area population.

While the number of jobs in the Skowhegan area grew over the last ten years, this growth was primarily in nonmanufacturing positions. As of December 1994, over 10% of the resident labor force was unemployed, a level significantly higher than the statewide average.

C. *Retail Expenditure Potential*

The residents of the trade area, together with seasonal residents and tourists, generate significant retail spending potential, some of which is already captured by Skowhegan businesses.

- **Convenience Goods Potential** - The trade area generates in excess of $60,000,000 per year in retail potential for convenience goods (groceries, health and beauty aids, prescription drugs, hardware, etc.), much of it from supermarket sales. This category offers limited market supports for downtown revitalization.

- **Comparison Goods Potential** - The trade area generates $32,000,000 to $35,000,000 of retail sales potential for comparison goods (apparel, furniture, jewelry, gifts, etc.). While much of this potential is absorbed by department stores and other general merchandise stores, it also provides the market supports for specialty stores.

- **Restaurant Potential** - The trade area generates approximately $17,000,000 to $18,000,000 in spending potential in restaurants, bars, and similar establishments.

- **Bus Tourist Potential** - The 8,000 to 9,000 bus tourists who stop in Skowhegan generate $100,000 to $120,000 in retail spending potential on retail purchases such as gifts, souvenirs, and sundries.

D. Characteristics of Downtown Skowhegan

Downtown Skowhegan contains approximately 160,000 square feet of first floor space, of which approximately half is used for retail purposes. The majority of the retail space (60%) is used for comparison goods, while just over 30% is used by convenience goods stores, with the balance in food and beverage.

Downtown Skowhegan currently fills three distinct but interrelated economic roles:

- The downtown serves as a convenience retail and service center for residents of Skowhegan and other nearby portions of the trade area. The area offers a wide range of goods and services to meet the daily needs of people who live or work in reasonably close proximity to downtown Skowhegan. This sector includes the drug and hardware stores, video stores, beauty and barber shops, cleaners, banks, etc.

- The downtown also serves as a comparison goods retail center. Approximately ⅔ of downtown retail space is devoted to the types of merchandise for which people tend to comparison shop, including apparel, gifts, jewelry, etc.

- In addition to these roles, the Town in general and downtown specifically serves as the legal center of Somerset County as the result of it being the county seat. This results in a large number of law offices being located in and around downtown.

E. Existing Shopping Patterns

While consumers in the Skowhegan Trade Area report doing most of their shopping for day-to-day needs with trade area merchants, a significant group reports travelling out of the trade area for certain types of comparison goods. This is most common for apparel and shoes, but also occurs for other specialty goods.

It appears that prior to the opening of the Skowhegan WAL-MART in the fall of 1994, approximately 25% of the comparison goods potential was leaking out to other retail centers. Undoubtedly, the new WAL-MART is capturing a percentage of these sales. However, the impact of the new store is not yet clear. Much of the leakage appeared to be in specialty store areas rather than in the general merchandise category.

F. Market Supports for Downtown Revitalization

Realistically, the market supports for a revitalized retail district in downtown Skowhegan are limited. At the same time, there are selected opportunities that can be used to support downtown activities.

- **Convenience Goods** - The market supports offered by convenience goods are quite limited. Large scale grocery operations are not compatible with downtown. The market is probably saturated in terms of hardware and drug stores. There do appear to be some limited opportunities in specialty foods and in fresh bakery goods. At the same time, it is important to recognize that retaining the existing convenience goods stores is important to the downtown.

- **Comparison Goods** - The market analysis suggests that there is considerable leakage of comparison goods spending potential out of the Skowhegan Trade Area. A major component of this leakage is in the apparel area. While this is a very competitive market segment and the success of independents is spotty, market supports exist for the establishment of additional apparel stores in Skowhegan, primarily in the areas of women's and children's clothes. While the new WAL-MART will provide competition in this area, careful positioning should allow one or more small apparel stores to succeed. In addition to general apparel, specialty clothing such as uniforms or bridal/formal wear could provide additional market supports.

  The available offerings in a number of other merchandise areas are limited. These provide opportunities for supporting downtown revitalization and include:

  - good quality radio, TV, and electronics
  - sporting goods
  - books and magazines
  - toys, hobbies, and games
  - cards and stationery
  - arts and crafts supplies
  - crafts and gifts

  Given the competitive environment, capitalizing on these opportunities will require a well-run operation with creative marketing.

- **Bus Tourists** - Skowhegan's role as a lunch stop for bus tours brings additional spending potential into the community. While the total potential is small ($100,000 to $120,000), it does represent something of a special market. Spending of this group is focused on souvenirs, gifts, limited apparel, and daily needs (toiletries, prepared food, tobacco products, etc.)

- **Restaurants** - During 1993, restaurants in the Skowhegan Economic Summary Area had total sales of $14.5 million. This represents about 85% of the estimated sales potential. This suggests that there are limited opportunities for new or expanded restaurants within the downtown. One area that might offer sufficient supports is for a downtown coffee shop/family restaurant.

SECTION III. THE SKOWHEGAN TRADE AREA

A. *Identification of the Trade Area*

The Primary Trade Area (PTA) of a retail or business center is the contiguous area from which 70% to 80% of the center's trade originates. The population of the PTA travels to the center regularly and frequently for goods and services. A business center may also command a secondary market area. The Secondary Trade Area (STA) is the next closest area, from which another 5% to 10% of the center's trade originates. The population of the STA is less reliant on the center for goods and services.

The boundaries of the market area are shaped by transportation routes, by natural barriers such as water bodies, and by the locations and comparative sizes of competing centers. Trade areas also vary by the mix of stores or services within a center. For example, "convenience goods" stores (stores that supply daily or routine needs, such as groceries, pharmaceuticals, and hardwares) typically command smaller market areas--but penetrate them more deeply--than "comparison goods" stores (stores that sell big ticket or specialty items, or items for which consumers may do comparison shopping, such as apparel, jewelry, and furniture).

Market Decisions, Inc., used a variety of techniques to identify the trade area for businesses located in Skowhegan. These included:

1. License Plate Survey

Town staff conducted a license plate survey of customers using the K-Mart Shopping Center and the Skowhegan Village Shopping Center at various times over a three-day period. The registration numbers were matched against motor vehicle records to determine the home towns of the customers.

2. Customer Spotting in Downtown Businesses

A number of downtown businesses collected information about their customers over a one-week period. This included information on the customer's place of residence and work if their trip to downtown was work related.

3. Customer Survey

One hundred thirty-nine downtown customers were interviewed over a two-day period (Friday and Saturday). This included information on their place of residence and reason for being in downtown.

4. Business Survey

As part of a mail survey of downtown businesses, owners provided information on the perceived trade area for their business.

Based upon this information, Market Decisions identifies the Skowhegan Primary Trade Area as consisting of the following communities:

- Skowhegan
- Norridgewock
- Madison/East Madison
- Anson/North Anson
- Canaan
- Cornville
- Solon
- Embden
- Bingham
- Moscow
- Pleasant Ridge Plantation
- Athens
- Harmony
- Brighton

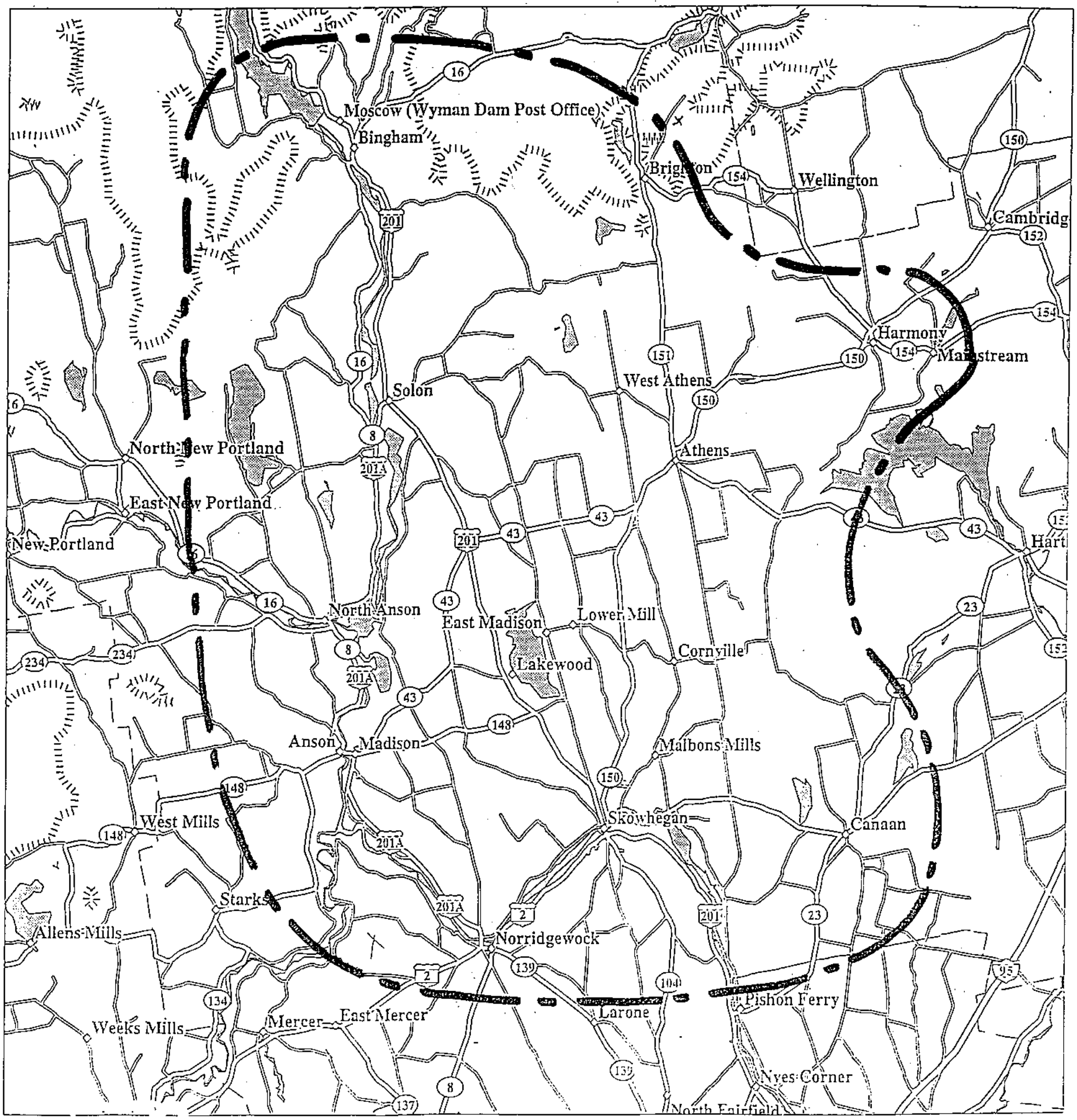
While the trade area for individual Skowhegan businesses varies, Skowhegan as a business unit draws 75% to 80% of its customers from within this 14-town Primary Trade Area (see Figure 1). It appears that a number of downtown businesses rely even more heavily on this trade area for their customer base than do the Skowhegan shopping centers.

Market Decisions identifies the Skowhegan Secondary Trade Area (STA) as extending northerly along Route 201 to the Canadian border. This area includes:

- Caratunk
- The Forks
- Jackman
- Moose River
- West Forks
- Dennistown Plantation

While customers from this area may not patronize Skowhegan businesses as frequently as residents of the PTA, the residents of this area rely on Skowhegan businesses for many of their needs.

Figure 1
Skowhegan Primary Trade Area



While residents of the Skowhegan Trade Area represent the vast majority of the market supports for Skowhegan businesses, the trade area analysis identified some other information that is of use in understanding the market environment:

1) Skowhegan businesses currently draw a limited number of customers from the communities to the South, including Fairfield, Oakland, Waterville, Smithfield, etc. While this is not surprising, it does establish an important market limit.

2) The ability of Skowhegan businesses to draw customers from the Norridgewock area appears to vary widely, suggesting that the competitive environment may differ for various types of goods and services.

3) Communities on the fringe of the Skowhegan Trade Area such as New Portland to the West and Hartland and St. Albans to the East contribute some customers to Skowhegan businesses but in relatively small numbers.

4) The customer base for downtown businesses includes other Skowhegan businesses and people who work in or near downtown Skowhegan. While the importance of this sector of the market varies from business to business, 20% to 40% of a number of businesses' customers are drawn from other businesses, people who work in downtown, or people who stop in downtown on their way to or from work.

B. Characteristics of the Primary Trade Area Population

This section describes the demographic characteristics and trends of the trade area:

1. Population and Household Change

During the 1980's, the Skowhegan Primary Trade Area experienced growth. The population of the trade area grew by 11.3% from 24,189 residents in 1980 to 26,914 in 1990. During this same period, the number of households residing in the trade area increased by 21.2%. This rate of growth exceeded the growth rate for the State of Maine during the 1980's.

Since 1990, the Skowhegan Primary Trade Area has continued to see some population growth. Claritas, Inc., a national firm that does demographic projections, estimates that the population of the trade area as of mid 1994 was almost 28,000, an increase of 3.6% since 1990. Market Decisions estimates that the January 1, 1994 population of the trade area was approximately 28,100 based upon building activity since 1990.

2. Age Distribution

The age characteristics of the trade area population are quite similar to that of the State of Maine (see Table 1). The trade area has a slightly higher percentage of children under 18 and older residents (55+ years).

Table 1
Characteristics of the Skowhegan Primary Trade Area - 1990

	Skowhegan Trade Area	State of Maine	Somerset County	Oxford County
Age				
- under 18 years	27.1%	25.2%	27.4%	26.4%
- 18 to 24 years	9.1%	10.1%	8.8%	7.6%
- 25 to 34 years	15.1%	16.7%	15.7%	15.9%
- 35 to 44 years	15.0%	15.7%	15.3%	15.0%
- 45 to 54 years	10.6%	10.2%	10.6%	10.4%
- 55 to 64 years	9.3%	8.8%	9.1%	9.6%
- 65 to 74 years	7.7%	7.5%	7.3%	8.5%
- 75 years and older	6.1%	5.8%	5.7%	6.5%
Median Age	34.2 years	33.9 years	33.8 years	35.0 years
Education (25 years & older)				
- less than high school graduate	28.8%	21.1%	28.1%	23.1%
- high school graduate	42.8%	37.1%	43.9%	44.4%
- some college, no degree	12.3%	16.1%	12.4%	13.7%
- associate degree	5.6%	6.9%	5.2%	6.0%
- bachelor's degree	7.6%	12.7%	7.3%	8.5%
- graduate/professional degree	3.0%	6.1%	3.2%	4.2%
Labor Force Participation (16 and over)				
- in labor force	60.8%	65.6%	62.5%	61.7%
- employed in civilian	55.4%	60.0%	57.3%	56.1%
- unemployed	5.3%	4.3%	5.1%	8.9%
Occupation				
- managerial/professional	18.4%	24.6%	18.3%	19.2%
- tech/sales/administrative support	23.5%	28.6%	23.2%	24.8%
- service occupations	14.3%	14.0%	14.5%	14.0%
- farming/forestry/fishing	3.7%	2.8%	3.8%	3.8%
- precision/craft/repair	14.6%	13.4%	14.7%	16.1%
- operator/fabricator/laborer	25.5%	16.6%	25.4%	22.0%
Household Income - 1989				
- <$15,000	33.9%	24.9%	32.1%	28.8%
- $15,000 to $24,999	21.9%	19.7%	22.2%	22.1%
- $25,000 to $34,999	16.8%	17.8%	17.5%	18.4%
- $35,000 to $49,999	14.4%	19.3%	15.6%	17.2%
- $50,000 to $74,999	10.1%	12.8%	9.6%	10.2%
- $75,000 and up	2.9%	5.5%	3.0%	3.3%
Median	$22,074	$27,854	$22,829	$24,535

Source: 1990 U.S. Census

3. Educational Level

Over 70% of the adult population (25+ years) are high school graduates (see Table 1), a somewhat lower percentage than the State as a whole. Just over 10% of trade area adults are college graduates compared to almost 19% statewide and almost 13% in Oxford County.

4. Labor Force Participation

A smaller portion of the trade area's population that is 16 years or older is in the labor force than is true statewide. In 1990, the percent of this population that was unemployed was higher than the statewide average.

5. Occupational Status

The work force in the Skowhegan Primary Trade Area has a higher percentage of blue collar workers (40.1%) than is true statewide (30.0%). At the same time, the percentage of the population employed in managerial, professional, technical, sales and administrative support occupations is somewhat lower than the statewide average.

6. Household Income

The median household income of residents of the Skowhegan Primary Trade Area in 1989 was $22,074, or less than 79% of the statewide median (see Table 1). This was driven by over a third of the area's households having incomes of less than $15,000. Claritas, Inc., estimates that the median household income for the trade area has increased to approximately $25,750 in 1994.

C. Characteristics of the Secondary Trade Area

The Skowhegan Secondary Trade Area, while encompassing a large geographic area along Route 201, has a limited population base. The 1990 Census reported a year-round population for the area of approximately 1,400 residents. Household incomes in the Secondary Trade Area are relatively low with over 36% of households having 1989 incomes of less than $15,000. The 1989 median household income for the approximately 550 households was around $22,400, slightly higher than that of the Primary Trade Area (see Table 2).

Table 2
Household Income Distribution - 1989
Skowhegan Secondary Trade Area

< $15,000	36.5%
$15,000 to $24,999	18.3%
$25,000 to $34,999	16.0%
$35,000 to $49,999	20.0%
$50,000 to $74,999	6.6%
$75,000 and up	2.6%

D. Employment Trends

Employment bears a direct relationship to retail potential since it is the jobs in a region that generate much of the income available for retail spending. The Skowhegan Labor Market Area (LMA), as defined by the state prior to 1993, includes the Skowhegan Primary and Secondary Trade Areas as well as the Pittsfield/Palmyra area. Between 1985 and 1992, nonfarm wage and salary employment within the LMA grew by approximately 2,000 jobs, or an increase of 13.3%. Manufacturing employment remained virtually constant, while nonmanufacturing employment grew by over 22%. In 1993, the state redefined the Skowhegan LMA to remove the Pittsfield/Palmyra area. The currently defined Skowhegan LMA closely matches the Skowhegan Primary and Secondary Trade Areas. In 1993, there were approximately 10,250 jobs in the LMA split approximately ⅓ in manufacturing and ⅔ in nonmanufacturing. The Skowhegan LMA has experienced high unemployment levels, with over 10% of the resident labor force unemployed as of December 1994. This is significantly higher than the statewide level.

SECTION IV. RETAIL EXPENDITURE POTENTIAL

The residents of the trade area, together with seasonal residents and tourists, generate significant retail spending potential, some of which is already captured by Skowhegan businesses. This section estimates the retail expenditures generated by these market segments for various types of goods.

A. Year-Round Convenience Goods Spending Potential

Convenience goods shopping involves the purchase of retail goods such as groceries, prescription drugs, sundries, hardware, and personal services such as laundry and dry cleaning, barber shops, and beauty parlors that are required to meet day-to-day needs.

These types of purchases typically account for a significant share of an average household's out-of-pocket expenses on a regular basis. The retail potential for convenience goods generated by the trade area population is estimated to exceed $60 million a year. While the majority of this potential is in grocery stores sales, it also supports a wide range of store types.

Since much convenience goods shopping now occurs in the neighborhood or community shopping center, this category offers limited additional market supports for downtown revitalization. There are a few areas in which some potential may exist:

- **Bakery items** - We project that residents of the trade area spend approximately $2.5 million a year on fresh bakery products. While a major portion of these expenditures is captured by in-store supermarket bakeries, a significant percentage of these sales occurs in bakeries.

- **Specialty food items** - It is difficult to isolate the spending done on specialty foods, including health foods, prepared foods, better quality meats, and similar items. There is typically adequate market support in a trade area of Skowhegan's size to support more than one specialty food store.

B. Year-Round Comparison Goods Spending Potential

Comparison goods are those items that consumers purchase from time to time and for which they typically shop around. They include apparel, shoes, home furnishings, appliances, electronics, hobby and sports equipment, toys, jewelry, and the like. Households typically spend 11% to 12% of their gross income on these types of items. This results in the following broad estimates of comparison goods potential:

• Primary Trade Area	$30,500,000 to $33,300,000
• Secondary Trade Area	$1,500,000 to $1,700,000

Taken together, the total Skowhegan Trade Area generates approximately $32,000,000 to $35,000,000 of annual retail spending potential for comparison goods.

To understand the potential market supports for downtown revitalization, we've estimated the retail spending potential for certain categories of comparison goods:

• Women's apparel	$6,500,000
• Girls' apparel	1,000,000
• Boys' apparel	750,000
• Infants' apparel	700,000
• Footwear	1,900,000
• Sewing goods	200,000
• Furniture and home furnishings	4,000,000

•	Carpeting	1,000,000
•	Jewelry	1,800,000
•	Toys and hobby supplies	1,400,000
•	Sporting goods	1,000,000
•	Pet supplies	350,000
•	Books and magazines	1,150,000
•	Flowers and plants	675,000

It is important to recognize that many of these categories of merchandise are sold in a wide range of stores, including supermarkets, general merchandise stores such as department stores, discount department stores, and warehouse clubs as well as in stores dealing in a specific line of merchandise (i.e., clothing store or jewelry store).

C. *Restaurant Potential*

One of the largest categories of household expenditures is prepared food and beverages purchased away from home. This is a broad category that includes purchases in regular and fast-food restaurants, takeouts, cafeterias in the work place, and other establishments that serve food for compensation. We estimate that residents of the Skowhegan Trade Area spend approximately $20,000,000 each year on food and beverage purchases. Of this amount, we estimate that 85% to 90% ($17,000,000 to $18,000,000) is spent in restaurants, bars, and similar establishments. Of this spending potential, we estimate that it is distributed as follows among various types of establishments:

•	Fast-food and takeouts	$7,000,000
•	Family restaurants and coffee shops	6,000,000
•	Quality and specialty restaurants	4,000,000

D. *Visitor Expenditure Potential*

Three groups of visitors potentially contribute to the retail spending potential in Skowhegan: bus tourists, regular tourists, and seasonal residents.

1. Bus Tourists

Skowhegan serves as a lunch stop for tour buses traveling between New England and Quebec. During a typical year, 8,000 to 10,000 bus tourists eat in downtown Skowhegan. While limited current information is available on tourist spending, we estimate that the typical tourist spends approximately $12/day on retail purchases, including gifts and souvenirs. This translates into $100,000 to $120,000 of potential spending from the bus tourist population.

2. Other Tourists

Route 201 serves as a major route for tourists traveling between New England and

Quebec. While a substantial volume of tourists use this route, it is not possible to quantify the magnitude of this potential.

3. Seasonal Residents

The Skowhegan Primary and Secondary Trade Areas contain approximately 2,280 seasonal or recreational homes. These have the potential for increasing the population of the trade area by 20% to 25% at certain times of the year. No reliable information is available on the utilization of these units, but their occupants contribute to the retail potential available to Skowhegan businesses.

SECTION V. CHARACTERISTICS OF DOWNTOWN SKOWHEGAN

This section analyzes the current utilization of downtown Skowhegan and its economic role in the marketplace.

A. Current Space Utilization

The core of downtown Skowhegan, including the main retail district, includes almost 100,000 square feet of first floor space (see Table 3). Of this area, approximately ⅔ is occupied by retail uses. The fringe of downtown includes an additional 60,000 square feet of first floor area. Usage of this space is much different than in the core, with only ¼ used for retail purposes, 30% used for services, and much of the space used for other purposes.

The downtown area contains almost 80,000 square feet of space used for retail purposes. This space is divided between convenience retail and comparison retail uses (see Table 4). Almost 25,000 square feet, or 31% of the occupied retail space, is used by convenience goods stores, including three hardware stores and a drug store. Approximately 47,000 square feet, or almost 60% of the retail space, is devoted to a wide range of comparison goods. Over 7,000 square feet, or almost 10% of the occupied first floor retail space, is devoted to food and beverage service.

B. Downtown's Current Economic Role

Downtown Skowhegan currently fills three distinct but interrelated economic roles:

- The downtown serves as a convenience retail and service center for residents of Skowhegan and other nearby portions of the trade area. The area offers a wide range of goods and services to meet the daily needs of people who live or work in reasonably close proximity to downtown Skowhegan. This sector includes the drug and hardware stores, video stores, beauty and barber shops, cleaners, banks, etc.

Table 3
First Floor Space Utilization
Downtown Skowhegan

Area	Total Floor Space	Vacant Space	% Vacant	Occupied Space	Occupied Retail	% Retail	Occupied Service	% Service	Occupied Other	% Other
Area 1 Downtown Core										
- Triangle block (Water, Madison, Russell)	35,318 SF	3,350 SF	9.5%	31,968 SF	22,443 SF	70.2%	9,525 SF	29.8%	0	0
- West side of Madison (Bridge to Elm)	14,381 SF	0	0	14,381 SF	8,992 SF	62.5%	5,389 SF	37.5%	0	0
- South side of Water (Court to Bridge)	37,567 SF	0	0	37,567 SF	24,964 SF	66.5%	10,767 SF	28.7%	1,836 SF	4.9%
- North side of Russell	11,577 SF	1,680 SF	14.5%	9,897 SF	7,107 SF	71.8%	2,790 SF	28.2%	0	0
TOTAL AREA 1	98,843 SF	5,030 SF	5.1%	93,813 SF	63,506 SF	67.7%	28,471 SF	30.3%	1,836 SF	2.0%
Area 2 Downtown Fringe										
- South side of Water East of Court	16,076 SF	2,392 SF	14.9%	13,684 SF	4,027 SF	29.4%	3,958 SF	28.9%	5,699 SF	41.6%
- North side of Water East to P.O.	16,704 SF	0	0	16,704 SF	2,195 SF	13.1%	5,046 SF	30.2%	9,463 SF	56.7%
- Elm/Madison/Pleasant	26,552 SF	0*	0	26,552 SF	8,835 SF	33.3%	7,831 SF	29.5%	9,886 SF	37.2%
TOTAL AREA 2	59,332 SF	2,392 SF*	4.0%*	56,940 SF	15,057 SF	26.4%	16,835 SF	29.6%	25,048 SF	44.0%
TOTAL DOWNTOWN Area 1 and Area 2	158,175 SF	7,422 SF*	4.7%*	150,753 SF	78,563 SF	52.1%	45,306 SF	30.1%	26,884 SF	17.8%

*Assumes Skowhegan Savings Operations Center as occupied.

Table 4
Space Utilization Analysis
Downtown Skowhegan

	Total Occupied Retail Space	Convenience Goods and Hardware	Comparison Goods	Food & Beverage
AREA 1 DOWNTOWN CORE				
- Triangle block	22,443 SF	5,684 SF	15,632 SF	1,127 SF
- West side of Madison	8,992 SF	0	2,909 SF	6,083 SF
- South side of Water (Bridge to Court)	24,964 SF	4,945 SF	20,019 SF	0
- North side of Russell	7,107 SF	5,193 SF	1,914 SF	0
Subtotal of Area 1	63,506 SF	15,822 SF (24.9%)	40,474 SF (63.7%)	7,210 SF (11.4%)
AREA 2 DOWNTOWN FRINGE				
- South side of Water east of Court	4,027 SF	0	4,027 SF	0
- North side of Water east of Court	2,195 SF	0	2,195 SF	0
- Elm/Madison/Pleasant	8,835 SF	8,835 SF	0	0
Subtotal Area 2	15,057 SF	8,835 SF (58.7%)	6,222 SF (41.3%)	0 (0.0%)
TOTAL DOWNTOWN AREA Area 1 and Area 2	78,563 SF	24,657 SF (31.4%)	46,696 SF (59.4%)	7,210 SF (9.2%)

- The downtown also serves as a comparison goods retail center. Approximately ⅔ of downtown retail space is devoted to the types of merchandise for which people tend to comparison shop, including apparel, gifts, jewelry, etc.

- In addition to these roles, the Town in general and downtown specifically serves as the legal center of Somerset County as the result of it being the county seat. This results in a large number of law offices being located in and around downtown.

C. *Downtown Business Survey*

Market Decisions prepared and mailed a survey to all business and service occupants in the downtown area of Skowhegan. The survey packet included a business reply envelope. All occupants in the area were mailed the questionnaire even though the survey was designed to look at retail and business patterns.

Approximately 40 businesses returned the survey. The responding businesses split approximately equally between retail and service.

1. Length of Downtown Location

Most of the businesses participating in the survey have been located in the downtown for ten years or more, while only a quarter had been in downtown or in business for less than five years.

2. Shopping Patterns

Most retail businesses reported doing the bulk of their business during normal daytime hours on weekdays. Saturday morning appears to be an important period for a number of businesses. Only a small group of businesses report any significant sales activity on Sundays or in the evening after 5:30 PM.

Approximately 20% of retail businesses in downtown report significant sales increases during the summer and fall season. The impact of tourists appears to be quite limited except for one or two businesses.

3. Tenure

Retail businesses that participated in the survey were approximately equally split between those who own their space and those who rent. Businesses that are renters report low space costs, typically between $2.50 and $4.00 per square foot plus utilities.

Among service businesses, the vast majority own their space. Among the few renters in the survey, space costs ranged between $3.00 and $4.00 per square foot plus utilities.

4. Business Trends

Among retail businesses participating in the survey, about half reported that their sales volume over the past three years had increased. About one-quarter of retail businesses report sales had stayed about the same, while ¼ reported declining sales.

Service businesses reported a similar pattern with just over half reporting increased revenues and a quarter reporting relatively constant revenues.

When asked about their sales over the next few years, most retail businesses thought their sales would increase while only 15% foresaw shrinking sales revenues. Service businesses were slightly more optimistic about their future revenues than were retailers.

5. Likelihood of Remaining in Downtown Skowhegan

Approximately ¾ of both the retail businesses and service businesses participating in the survey reported that it is very likely that the business will remain in downtown over the next three years. At the same time, approximately 15% reported that it is very unlikely that the business will remain in downtown for the next three years.

6. Downtown's Competition

When asked about their competition, most retailers identified other businesses within the local area (K-Mart, Rite Aid, Mr. Paperback, etc.). A number did note that stores in Waterville or mail order purchasing are significant competition for their business.

7. Desired Downtown Businesses

The questionnaire asked businesses to identify the one type of business that, if it were to locate in downtown, would help their business. Most responses fell either in the grocery store or apparel store categories, although the specific stores and scale of the responses did vary.

8. Relationship of the Courthouse to Downtown

Approximately ⅔ of the retail businesses reported that having the County Courthouse and related legal services located in downtown Skowhegan was not important to their business, while under 30% reported they are somewhat important. Among service businesses, ⅓ report that the Courthouse and legal services are very important for their business, while about ½ say they are not important to them.

SECTION VI. CUSTOMER PROFILE

To understand who currently uses downtown Skowhegan and for what purpose, Market Decisions conducted interviews with downtown customers on September 9-10, 1994. Interviewers intercepted customers at various locations throughout the downtown and completed a short interview with each customer. One hundred thirty-nine interviews were completed during the two days.

A. Place of Residence

Almost half of the customers reported living in Skowhegan. Another 36% live in other towns of the Skowhegan Primary Trade Area, while 2% live in the secondary trade area.

B. Work in Downtown

Approximately 28% of customers interviewed in downtown Skowhegan report working in the downtown area. Almost ⅔ of these people also report living in Skowhegan.

C. Pattern of Downtown Use

Prior to being interviewed, almost 60% of downtown users reported that they had been shopping or doing errands in downtown. One customer in five had come from home, while approximately 15% had come from work. Interestingly, only 6% of customers reported having been shopping outside of downtown immediately prior to being interviewed.

Among the group that reported they had been shopping or doing errands, they reported a broad pattern of use of downtown businesses. Almost 25% reported having come from Woolworth's.

After completing the interview, 44% reported that they were going to a store, office, or restaurant in downtown Skowhegan, while 27% were on their way home.

D. Planned vs. Impulse Trip to Downtown

Over 80% of downtown customers reported that their visit to downtown was a planned trip. Only 18% reported that they stopped on impulse as they were passing through. Among people who don't work in downtown, the level of impulse shopping was higher at 22%.

Among those who said that their trip to downtown was planned, 13% said they frequently stopped in downtown on impulse, while 56% said they sometimes stop on impulse. Younger people were more likely to report making an impulse stop in downtown.

E. Purposes for Visiting Downtown

Almost 80% of downtown users report routinely visiting downtown for shopping (see Table 5). Almost 90% of downtown workers routinely shop in downtown. Over half of the users interviewed also routinely do banking in downtown, attend special events, go to the post office, and use downtown's personal services. Just under half report patronizing restaurants and bars in the downtown.

F. Travel to Downtown

Approximately 80% of the downtown users who were interviewed came to downtown by car. Interestingly, almost one in five reported walking to downtown, including almost ¼ of those who work in the downtown and 16% of those who don't.

Table 5
Purposes for Routinely Visiting Downtown

	Total		Downtown Workers	
	#	%	#	%
For shopping	111	80%	35	90%
For banks	89	64%	31	79%
For special events	87	63%	30	77%
For Post Office business	78	56%	27	69%
For personal services	72	52%	20	51%
For eating out/bars	67	48%	22	56%
For City Hall business	44	32%	18	46%
For legal services	31	22%	9	23%

G. *Parking in Downtown*

Interestingly, almost ⅔ of the downtown users who participated in the survey who had driven to downtown reported parking on the street. This was particularly true for customers who do not work in downtown.

Among those who drove to downtown, almost one in six reported having a problem finding a space to park. This was significantly more of an issue with older customers.

H. *Typical Expenditure Downtown*

Among consumers who reported that they were coming from or going to a downtown business, the typical customer expected to spend approximately $10 during their visit to downtown. While almost one customer in four expected to spend less than $5, a quarter expected to spend between $20 and $50, while over 11% planned to spend more than $50.

I. *Characteristics of Downtown Users*

Participants in the downtown survey were split approximately 60% female and 40% male. Among customers who don't work downtown, almost ⅔ were female.

Downtown users are well distributed by age. Almost 30% of users are under 35 years of age, while 40% are between 35 and 54 years of age. Older consumers (55 years and up) comprise about 30% of downtown users.

The household income of downtown users mirrors that of the Skowhegan Trade Area. The reported median household income of downtown users is approximately $25,000. Almost 28% of the people interviewed reported household incomes of less than $15,000, while another 24% have incomes between $15,000 and $24,999. Approximately ¼ of downtown users have incomes between $25,000 and $34,999, while another ¼ have incomes over $35,000.

SECTION VII. CONSUMER OPINIONS

An understanding of the shopping patterns and attitudes of all consumers is important to developing a revitalization strategy for Skowhegan.

A. Study Approach

Market Decisions conducted telephone interviews with 100 households in the Skowhegan area. Each interview was conducted with the person who is most familiar with the household's overall shopping. Approximately half of the interviews were completed with people identified in the customer intercept survey in downtown Skowhegan. The balance was randomly selected from within the Skowhegan Trade Area.

Market Decisions designed the questionnaire to determine respondents' overall shopping patterns, their use of and attitudes toward downtown Skowhegan businesses, and their opinions of possible improvements in downtown Skowhegan.

This summary provides an overview of the key results of the survey. Detailed responses for each question are included in a separate technical report, together with appropriate cross tabulations.

B. General Shopping Patterns

The survey asked consumers about their current shopping patterns for five types of goods: 1) everyday items such as drug store items, hardware, and fill-in food, 2) electronic goods and small appliances, 3) clothes and shoes, 4) gifts and jewelry, and 5) sporting goods, hunting and fishing supplies, and toys and games. For each category, respondents were asked where they do the majority of their shopping for those kinds of items. A respondent could name up to two locations.

For the categories other than everyday items, 60% to 65% of respondents identified one or more Skowhegan locations as the place where they do the majority of shopping for that item (see Table 6). For everyday items this increased to 86% of respondents.

Table 6
Frequency of Mentioning
Principal Shopping Locations for
Various Types of Retail Goods

	Everyday Items	Electronics/ Small Appliances	Clothes/ Shoes	Gifts/ Jewelry	Sport/Toys/ Games
Skowhegan	(86%)	(61%)	(65%)	(63%)	(62%)
K-Mart Plaza	48%	36%	42%	18%	42%
Downtown Skowhegan	34%	17%	9%	36%	13%
Skowhegan Village/Ames	28%	29%	37%	19%	35%
Other Skowhegan	27%	6%	9%	7%	5%
Other Areas	(41%)	(55%)	(59%)	(63%)	(45%)
Madison	17%	10%	1%	--	5%
Waterville	13%	31%	42%	43%	25%
Pittsfield	2%	--	--	1%	--
Norridgewock	1%	--	--	1%	--
Farmington	1%	1%	2%	1%	2%
Mail Order	1%	1%	3%	4%	4%
Other	14%	25%	38%	26%	20%

1. Everyday Items

Skowhegan is over twice as likely to be mentioned as the place where shopping for everyday items occurs than other locations. Downtown Skowhegan was mentioned by over a ⅓ of respondents. Downtown has its strongest drawing power with residents of Skowhegan and is significantly lower in the other areas of the trade area. This reflects consumers' desire to do this type of shopping as close to home as possible and a range of shopping opportunities throughout the trade area. Interestingly, downtown does as well or better with younger shoppers than with older shoppers in this category.

2. Electronic Goods and Small Appliances

Consumers are almost equally likely to mention a location outside of Skowhegan as a Skowhegan location when it comes to purchasing electronics and small appliances. Almost ⅓ of respondents mentioned Waterville shopping locations while 20% mentioned Augusta, Bangor, or Portland locations. Only 17% of the consumers identified downtown Skowhegan as a place where they do much shopping for these types of goods. This is quite uniform among consumers in various parts of the trade area but varies with age as older consumers are much more likely to make these types of purchases downtown than are younger consumers.

3. Clothing and Shoes

Consumers are almost equally likely to mention a location outside of Skowhegan as a Skowhegan location when it comes to the purchase of clothes and shoes. Waterville is mentioned by 42% of consumers while Bangor or Portland are mentioned by almost ¼ of consumers. Less than one household in ten identified downtown Skowhegan as a place where they do the majority of their shopping for clothes and shoes. Interestingly, younger consumers appear more likely to purchase these type of items in downtown.

4. Gifts and Jewelry

Consumers within the trade area are equally likely to shop outside of Skowhegan as in Skowhegan for gifts and jewelry. In spite of this, downtown Skowhegan draws very strongly in this category with 36% of consumers identifying downtown as the place where they do the majority of their shopping for this type of merchandise. This is significantly stronger than other Skowhegan locations.

5. Sporting Goods, Hunting and Fishing Supplies, Toys and Games

Consumers are more likely to do the majority of their shopping for these types of items in Skowhegan than in other locations. This is true across the trade area. Downtown Skowhegan does relatively poorly in this category with only 13% of consumers identifying it as a major source of these items.

C. Downtown Shopping Expectations

Market Decisions asked consumers what they would expect to shop for in downtown Skowhegan. The most frequently mentioned category was prescription drugs and drug store items with 36% of households mentioning this. About ¼ of the respondents mentioned expecting to shop for tools/hardware and clothes in downtown.

Consumers also mentioned the following categories:

VCR tapes/movie rentals	16%
Greeting cards	13%
Crafts	11%
Food/groceries	11%
Gifts	9%
Office supplies	9%
Household items	8%
Everyday things	7%
Jewelry	5%
Shoes	5%
Health foods	5%
School supplies	4%
Toys	4%

D. Downtown Shopping Patterns

Market Decisions asked consumers about how much of their shopping for various categories of merchandise they did in downtown Skowhegan in the past year. The hardware, paint, and wallpaper category was the only merchandise group in which a majority (56%) of consumers who purchased those types of items reported doing half or more of their shopping in downtown Skowhegan (see Table 7). In two categories, gourmet and specialty foods and gifts and specialty items, just over ⅓ of consumers who purchased those items did a half or more of their shopping downtown. In a wide range of categories, 20% to 30% of consumers reported doing half or more of their shopping in downtown. These include: shoes; furniture and appliances; carpeting and floor coverings; TV, radio, and electronics; sporting goods; books; housewares and cooking equipment; toys and games; jewelry; and fabrics, crafts, and hobby supplies. Less than one consumer in five reported doing a significant percentage of their apparel shopping or purchases of records, tapes, and CDs in downtown Skowhegan.

Table 7
Percentage of Shopping
for Various Types of Goods Done
in Downtown Skowhegan

	All	More than half	About half	Less than half	Very little	None
Hardware, paint, & wallpaper (n=70)	31%	16%	9%	11%	17%	16%
Clothing (n=96)	7%	6%	6%	14%	26%	41%
Shoes (n=87)	14%	6%	5%	6%	11%	59%
Furniture & Appliances (n=40)	20%	3%	5%	--	8%	65%
Carpeting & floor covering (n=30)	13%	3%	7%	--	3%	73%
TV, radio, & electronics (n=39)	21%	--	5%	5%	5%	64%
Records, tapes, & CDs (n=57)	7%	--	5%	7%	7%	74%
Sporting goods (n=38)	13%	8%	5%	3%	5%	66%
Books (n=68)	7%	6%	9%	--	13%	65%
Housewares & cooking equipment (n=62)	15%	5%	10%	3%	10%	58%
Gourmet/specialty foods (n=31)	23%	3%	10%	6%	13%	45%
Toys & games (n=61)	11%	8%	5%	8%	18%	49%
Jewelry (n=59)	15%	--	7%	8%	7%	63%
Fabrics, crafts, & hobby supplies (n=50)	12%	2%	8%	20%	6%	52%
Gifts & specialty items (n=56)	7%	7%	21%	9%	20%	36%

E. *Perceptions of Finding Suitable Merchandise in Downtown Skowhegan*

Market Decisions asked consumers how sure they are that they would find various types of merchandise in downtown. While most respondents (83%) felt that they could find hardware, tools, and building supplies in downtown, only 21% thought that they could find an article of nice clothing such as a dress or suit. Over 60% of consumers expect to be able to find a special gift or jewelry in downtown, while about half feel that way about household items, appliances, and electronics items.

F. *Ability to Find Things to Purchase in the Skowhegan Area*

Approximately ⅔ of consumers reported that there are things they can't buy in the local Skowhegan area that they have to shop for out of the area. Almost half of this group reports that they go out of the Skowhegan area to shop for clothes, while almost 1 in 5 leave the area for shoes. Other items that consumers report going out of town for include:

Tools and hardware	11%
Food items and groceries	11%
Electronics	11%
Everyday things	8%
Discount items	8%
Music	6%
Cars	6%
Toys	6%
Sporting goods	6%
Crafts	5%
Gifts	5%

G. *Restaurant Use in Downtown*

Over half of the respondents report they have never eaten out for breakfast, lunch, or dinner in a restaurant in downtown Skowhegan in the past six months. On the other end of the scale, 12% of respondents reported eating breakfast or lunch in a downtown restaurant more than ten times in the past six months, while 12% reported eating out in a downtown restaurant more than ten times.

When asked how much of their eating out they do at downtown restaurants, just under half of the respondents indicated none. Approximately 30% do half or more of their "eating out" in a downtown establishment. This is reasonably consistent across the trade area and is highest among younger households.

H. Use of Downtown Services

The role of service businesses in downtown such as financial and legal services, barbers and beauty shops, and cleaners appears to vary from that of the retail stores. While most of the retail stores appear to serve the Skowhegan Trade Area, the focus of some service businesses appears to be much narrower. The service businesses appear to draw more heavily on residents of Skowhegan, and their use by residents of other communities is lower.

Respondents do report a relationship between visits to service businesses in downtown and shopping in downtown during that visit. Over half of the respondents report shopping in downtown when they come to use a service business. Interestingly, this relationship is strongest among residents of the outlying communities of the Skowhegan Trade Area.

I. Consumers' Perceptions of Downtown Skowhegan

The vast majority of consumers see downtown Skowhegan as clean (94%), safe (96%), and pleasant (95%). Almost ⅔ of consumers see it as an easy place to which to drive, but only 57% believe downtown has convenient parking.

The merchandise available in downtown receives mixed reviews. Over ⅓ of consumers see the merchandise as dated and 17% believe the merchandise in downtown is overpriced. On the positive side, over 80% of consumers associate downtown with good quality merchandise.

Consumers generally see downtown Skowhegan as well kept (86%), but only 61% describe it as a fun place to visit, while 34% describe downtown as dull.

Market Decisions asked consumers what they liked best about downtown Skowhegan. Its small-town atmosphere and easy accessibility were the two features most often mentioned. Respondents also noted the personal touch of downtown people or a particular store as other strengths of downtown.

Market Decisions also asked customers what keeps them from doing more of their shopping in downtown Skowhegan. Two issues emerged above all others. Four respondents in ten raised the variety of merchandise available in downtown vis-a-vis other locations as an impediment to shopping downtown. In addition, a number of consumers identified the lack of a specific type of store as a barrier. The store types mentioned include clothing (6%), grocery (2%), and crafts (1%). For the second concern, almost 30% of respondents raised concerns about the distance to downtown Skowhegan.

J. Possible Improvements to Downtown Skowhegan

Market Decisions asked consumers what type of store or service they would like to see added to downtown. Approximately 30% identified a good department store, while 15% mentioned a grocery store. Just over 10% mentioned a discount department store such as WAL-MART, while 7% suggested a sit-down restaurant. Other categories which were identified include:

Women's clothing store	5%
5 & 10 store	3%
Craft store	3%
Music store	3%
Fast food restaurant	3%
Specialty stores	2%
Maternity clothing store	1%
Furniture store	1%
Children's store	1%
Sporting goods store	1%
Book store	1%
Pharmacy	1%

Market Decisions also asked consumers what impact a change in traffic flow to make Madison Street two ways would have on their use of downtown. Approximately ¾ indicated they would continue to use downtown the same, while 19% said they would be more likely to use downtown. Only 6% of respondents said they would be less likely to use downtown if such a change were made.

K. *Participation in Other Skowhegan Activities*

Over half (58%) of the respondents in the survey reported attending the Skowhegan Fair in the past year. Given this event's popularity and visibility, it represents a sort of benchmark for measuring participation in downtown Skowhegan activities.

Over 40% of consumers reported they had attended a movie in Skowhegan during the past year. The rate of movie attendance was significantly higher among younger households.

Over ⅓ of respondents reported they had attended Moonlight Madness in the past year. Residents of Skowhegan reported much higher attendance (70%) compared to the outlying communities of the trade area (20%).

Only 17% of respondents reported buying things at the Farmers' Market in downtown Skowhegan in the past year. Use of the market is much higher among Skowhegan residents than residents of the outlying communities.

Over ¼ of respondents reported they came downtown to the Courthouse or to the courts in the past year. This pattern of use is spread throughout the Skowhegan Trade Area.

L. *Preferred Shopping Hours*

Market Decisions asked consumers how convenient various shopping times are for them. Saturday received the highest convenience rating, followed by late afternoons on weekdays and evenings. Mid-afternoon and lunch time rated somewhat lower in terms of convenience among shoppers.

M. Profile of Survey Participants

The 100 consumers who were interviewed appear to be reasonably representative of shoppers in the Skowhegan Trade Area. Almost 80% of the participants were female and one in five respondents works in the downtown area.

Demographically, the survey participants closely reflect the characteristics of the residents of the Skowhegan Trade Area (see Table 8). The age distribution closely matches that of the trade area except of the population over 75 years old. Educationally, the survey respondents are a little better educated than the trade area population. Average household size of the survey respondents is a little larger than that for the trade area as a whole due to a smaller number of one-person households in the survey sample. The household income of survey participants closely matches that of the trade area, although higher income households are a little overrepresented.

Table 8
Comparison of
Survey Respondents to the
Population of the Skowhegan Trade Area

	Skowhegan Trade Area (1990)	Respondents (1994)
Age of Adult Population		
- 18 to 24 years	12.5%	8%
- 25 to 34 years	20.7%	19%
- 35 to 44 years	20.6%	23%
- 45 to 54 years	14.5%	17%
- 55 to 64 years	12.8%	16%
- 65 to 74 years	10.6%	13%
- 75 years and older	8.4%	3%
Education (25 years & older)	(1990)	(1994)
- less than high school graduate	28.8%	20%
- high school graduate	42.8%	44%
- some college, no degree	12.3%	}
- associate degree	5.6%	} 21%
- bachelor's degree	7.6%	8%
- graduate/professional degree	3.0%	7%
Average Household Size	(1990) 2.61	(1994) 2.82
Household Income - 1989 & 1993	(1989)	(1993)
- <$15,000	33.9%	31.0%
- $15,000 to $24,999	21.9%	21.8%
- $25,000 to $34,999	16.8%	16.1%
- $35,000 to $49,999	14.4%	11.5%
- $50,000 to $74,999	10.1%	13.8%
- $75,000 and up	2.9%	5.7%

SECTION VIII. IMPLICATIONS FOR THE REVITALIZATION PROGRAM

The objective of the market analysis is to identify market supports that can be used to provide the economic underpinning of Skowhegan's downtown revitalization effort. This section summarizes the implications of the market analysis for those efforts.

A. *Leakage of Sales Out of the Trade Area*

The market analysis suggests, in a number of ways, that there is a significant volume of retail sales potential that is generated within the Skowhegan Trade Area but which is not captured by merchants within the trade area. The result is a net outflow of dollars to businesses outside of the Skowhegan Trade Area.

The combined retail sales potential for comparison and convenience goods (not including grocery store and other food sales) generated by residents of the Skowhegan Trade Area is estimated to be in the range of $38,000,000 to $42,000,000 per year. For the twelve months from 10/1/93 to 9/30/94, general merchandise and other retail stores in the Skowhegan and Jackman Economic Summary Areas reported taxable sales of approximately $30,000,000. It is important to recognize that this period is prior to the opening of the new WAL-MART store in Skowhegan. While the retail potential figure and taxable sales figure are not directly comparable, it does suggest that approximately 25% of the trade area's sales potential in these categories was being lost to other areas. The new WAL-MART will potentially capture some of those dollars that have been leaking out of Skowhegan.

This pattern of leakage is supported by the consumer survey in which a substantial group of consumers living in the Skowhegan Trade Area reported travelling out of the trade area, especially when shopping for comparison goods such as apparel and specialty items.

B. *General Merchandise Stores vs. Specialty Stores*

During the twelve months between 10/1/93 and 9/30/94, taxable retail sales in general merchandise and "other retail" stores in the Skowhegan and Jackman Economic Summary Areas (which closely match the identified Skowhegan Trade Area) were just over $30,000,000. Of this amount, approximately 67.5% occurred in general merchandise stores and 32.5% occurred in "other retail" stores. General merchandise stores carry product lines generally carried in department stores such as apparel, furniture, household goods, and home furnishings. Other retail stores include specialty stores such as dry goods stores, jewelry stores, sporting goods stores, book stores, and the like. The percentage of sales captured by "other retail" stores in Skowhegan is somewhat lower than the statewide percentage, suggesting that this category of retailer is not capturing its fair share of the retail pie.

This conclusion is borne out somewhat by the consumer survey in which consumers report the need to travel out of the Skowhegan area to make certain types of purchases.

C. Competitive Shopping Areas

Consumers within the Skowhegan Trade Area have a range of shopping options available to them. In addition to downtown Skowhegan, these include:

- **The Madison Avenue Strip** - Route 201 north of downtown Skowhegan has developed into a suburban style shopping strip. In addition to the recently opened WAL-MART, this area contains two small strip shopping centers, one anchored by a K-Mart and Shop 'n Save Supermarket and the other anchored by an Ames Department Store. The area also contains a limited number of other comparison goods stores, including a Radio Shack and a paperback bookstore.

- **Downtown Madison** - Downtown Madison functions as a neighborhood/community shopping area with a wide range of convenience goods and services, including a small Shop 'n Save Supermarket, hardware stores, drug stores, and a number of local services. Comparison goods are limited to a small appliance store, a used book store, Reny's, and a home furnishings store. This shopping district does limit the market share captured by Skowhegan merchants from this portion of the trade area.

- **Waterville** - Waterville offers a range of shopping opportunities, including a large strip shopping center anchored by Penney's, a number of other shopping centers, and downtown Waterville. Taken as a unit, Waterville provides the strongest local competition for comparison goods sales. A significant percentage of consumers report shopping in Waterville for apparel and specialty goods.

- **Regional Shopping Centers** - In addition to local shopping districts, regional shopping centers in Bangor, Augusta, and Portland attract a percentage of consumers from the trade area. The draw of these locations is especially strong in the apparel, shoes, and electronic goods categories.

D. Market Supports for Downtown Revitalization

Realistically, the market supports for a revitalized retail district in downtown Skowhegan are limited. At the same time, there are selected opportunities that can be used to support downtown activities.

- **Convenience Goods** - The market supports offered by convenience goods are quite limited. Large scale grocery operations are not compatible with downtown. The market is probably saturated in terms of hardware and drug stores. There do appear to be some limited opportunities in specialty foods and in fresh bakery goods. At the same time, it is important to recognize that retaining the existing convenience goods stores is important to the downtown.

- **Comparison Goods** - The market analysis suggests that there is considerable leakage of comparison goods spending potential out of the Skowhegan Trade Area. A major component of this leakage is in the apparel area. While this is a very competitive market segment and the success of independents is spotty, market supports exist for the establishment of additional apparel stores in Skowhegan, primarily in the areas of women's and children's clothes. While the new WAL-MART will provide competition in this area, careful positioning should allow one or more small apparel stores to succeed. In addition to general apparel, specialty clothing such as uniforms or bridal/formal wear could provide additional market supports.

  The available offerings in a number of other merchandise areas is limited. These provide opportunities for supporting downtown revitalization and include:

  - good quality radio, TV, and electronics
  - sporting goods
  - books and magazines
  - toys, hobbies, and games
  - cards and stationery
  - arts and crafts supplies
  - crafts and gifts

  Given the competitive environment, capitalizing on these opportunities will require a well-run operation with creative marketing.

- **Bus Tourists** - Skowhegan's role as a lunch stop for bus tours brings additional spending potential into the community. While the total potential is small ($100,000 to $120,000), it does represent something of a special market. Spending of this group is focused on souvenirs, gifts, limited apparel, and daily needs (toiletries, prepared food, tobacco products, etc.).

- **Restaurants** - During 1993, restaurants in the Skowhegan Economic Summary Area had total sales of $14.5 million. This represents about 85% of the estimated sales potential. This suggests that there are limited opportunities for new or expanded restaurants within the downtown. One area that might offer sufficient supports is for a downtown coffee shop/family restaurant.