Goderich Business Improvement Area (BIA)

Initial Viability Review

Goderich Residents Survey 2008

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Final Report
BIA Survey Committee

DOWNTOWN GODERICH
BUSINESS IMPROVEMENT AREA

Message from the Chair

This report is the culmination of a tremendous amount of volunteer effort by the Goderich BIA Board of Management and in particular, the BIA Survey Committee. Special thanks to Survey Committee members: Michael Strickland - Chair, Robert Evans, Councillor Myles Murdock and Scott Young, as well as our funding partners: The Town of Goderich, HBDC, HEDM and OMAFRA, for making this project a reality.

It is our hope that the many findings outlined in this report will benefit all our BIA Members and will serve to strengthen the vitality and prosperity of the Downtown Business Area that Goderich residents avidly cherish and support.

It is with pleasure that I recognize the 2008 BIA Board of Management for their active role and support of this ambitious project:

Chair – Cheryl Dunn	Wuerth's Shoes
Vice-Chair – Michael Strickland	Dundee Private Investors Inc.
Larraine Baechler	Baechler Kitchens & Interiors
Bill Brittain	Winston's Men's Wear
Robert Evans	Amberley Properties Ltd.
Tom Fincher	Fincher's
Peter Lane	Chisholm TV & Stereo
Heather Lyons	Councillor
Myles Murdock	Councillor
Peter Shephard	Bank of Montreal
Dan Stringer	Rieck Pharma Plus
Sue Wilkinon	J's Bistro

Respectfully,

Cheryl Dunn
Chair Goderich BIA Board

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ACKNOWLEDGEMENTS

This report was prepared under the direction of the Goderich Business Improvement Area Board of Management. The BIA struck a committee to construct a survey, distribute and collate it, then analyze the results to uncover potential business opportunities in the Downtown Core.

BIA Survey Committee *members are:*
Michael Strickland – BIA Vice-Chair
Rob Evans – BIA Board Member
Myles Murdock – Town Councillor
Scott Young – Report Analyst

This report was a joint effort involving the valuable contributions and assistance of numerous individuals. Special thanks to previous BIA Manager Jan Hawley who helped start this important project.

Additional thanks to Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) consultant Gary Stephens and his able assistant Katherine Jacques for their advice and assistance.

The Management Board of the BIA wishes to express their appreciation of their funding partners: Community Development Partnership Committee, Huron Business Development Corporation, Huron Economic Development Matters, and Goderich Town Council.

With circulation to approximately 3400 households, particular thanks to the Goderich residents who took the time and effort to fill out and return over 900 surveys. This represents an impressive completion rate of approximately 27% (average mail response rates are as low as 5%[1]). Without this community participation, this project would never have been able to reach its goal.

Respectfully,

Scott Young

[1] Wimmer, Roger D. & Joseph R. Dominick. (2006). *Mass Media Research: An Introduction*. Belmont, California: Thomson Wadsworth. Pg. 196.

ASSUMPTIONS AND USE OF COMPARATIVE DATA

Comparative Data

Caution should be used when extrapolating information from this report and particularly when using data/information in isolation. Conclusions were based upon data from other established sources.

Self-Interest

If any of the Committee members found that a topic pertained directly to their own self-interest, they removed themselves from the discussions. This eliminated bias and ensured that all report recommendations were made in the best interest of the BIA and residents of Goderich.

Percentages

All percentages made in this report have been rounded up or down to the next nearest percentage. *Return on equity, the support multiple* and other figures pertaining to profitability are exceptions to this rule.

Lists

Enumerations are not an indication of ranking. All lists are ordered alphabetically unless otherwise noted. In the breakdown of categories of possible businesses as to “High Merit”, “Merit”, “Possible Merit”, and “Unlikely Merit”, businesses are arranged within the grouping alphabetically.

EXECUTIVE SUMMARY

METHODOLOGY

The 2008 Residents Survey provided the Goderich BIA with over 900 detailed responses containing recommendations for new businesses and developments in the downtown area. Survey suggestions were then narrowed to a list of 20 possibilities:

Bakery	Butcher	Bulk foodstuffs
Children's/youth clothing store	Condominium development	Convenience store
Discount clothing	Family restaurant	Flea market
Furniture/appliances	Grocery store	Hotel
Housewares	Foot and leather repair	Local history store
Men's clothing	Music store	Office supply/computer store
Performing arts centre	Women's clothing	

SUMMARY OF CHOICES

The Committee reviewed the list of 20 using information gathered from Stats Canada, Industry Canada, Financial Performance Indicators of Canadian Business, personal interviews, and other resources cited herein. A support multiple[2] was also determined based on the trade area information of Downtown Goderich. This analysis enabled the Committee to reduce the list to 10 businesses for further examination in the Initial Viability Review.

INITIAL VIABILITY ANALYSIS

Each business opportunity was categorized into one of four categories: High Merit, Merit, Possible Merit and Unlikely Merit.

[2] Please refer to the glossary for a full definition

A. HIGH MERIT

BUTCHER

A butcher shows strong potential for success with a demand response rate of 41% (the second highest demanded business) and a support multiple of 1.5[3]. The lack of local competition, an aging population and the trend to healthier eating further enhances this prospect. The industry suffers from a lack of trained butchers. This is an obstacle for starting up such a business.

CONDOMINIUM

This has become a popular recommendation in the survey, and in Canada as a whole, where condominium ownership has increased 37% through 2001-2006[4]. Many survey responses requested new senior living accommodations in the 2008 Residential Survey, which a condominium perfectly suits. Convenience would be an asset since tenants would have access to almost all of their needs within the Downtown. With a new development focus of high density residential living in the downtown area, this is a perfect opportunity to satisfy both the Town's Official Plan and the Goderich area population.

PERFORMING ARTS CENTRE

Spending in town would receive a major boost with the addition of such a facility. In fact, the economic impact from $1 of theatre sales results in an additional $7 spent in the community[5]. This would likely spark even further development within the Downtown. However, there is much competition around Goderich that could cause lower box office sales than anticipated. The consumer spending in the Downtown as a result would far outweigh the lower box office sales. The increased tourism would also be a huge benefit for all businesses in the area.

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[3] Young, Scott. 2008. *Theoretical Capacity and Analysis.*
[4] LeVasseur, Sandrine, Devine MacKay and Willa Rea. 2008. Housing and Shelter Costs, 2006 Census. Statistics Canada Catalogue no. 97-554-XIE2006001. Ottawa. http://www.statcan.ca/bsolc/english/bsolc?catno=97-554-XIE2006001 (accessed July 9, 2008).
[5] The Huron County Planning and Development Department. *County of Huron Annual Tourism Report: 2007 Season in Review, 2008 Tourism Marketing Strategy*. May 2008. Ontario's West Coast, Huron County. Pg 7.

B. MERIT

BAKER

Respondents requested a bakery 11% of the time, placing it lower on the list of final businesses to examine. Goderich currently has a bakery in the core area, the support multiple is only 0.85, reducing the need for this type of business. However, bakeries can specialize in many different types of products, leaving the options wide open. A possibility would be to provide local restaurants and deli's with freshly baked products or services, similar to the proposal for a butcher. Conjoining efforts with another food store (a deli or grocery store) could be a way to increase prospects for success.

FOOTWEAR AND LEATHER REPAIR

This type of store requires less investment, but also returns less revenue. The older respondents from the survey requested this business the most, as well as the highest and lowest income groups. Due to the lower amounts of cash flow, a footwear and leather repair store would benefit the most by becoming an additional service in an already established business.

GROCERY STORE

This was the most requested business (73%) for the Downtown from survey respondents—consistent across all income and age groups. Many people in the Town miss the convenience of shopping downtown for groceries. However, starting an independent grocer in a rural town is difficult. Differentiating itself from the competition would be essential and a possible focus on prepared foods and local goods would fulfill this need. Food margins are low, but they also receive steady sales year round. This would benefit the Downtown with increased traffic, especially in the winter months.

HOTEL

Goderich has a substantial number of tourists to maintain a hotel in the summer months. However, in the winter months the number of travellers drops substantially. An industry professional has estimated that 80 rooms would be required for a hotel to be profitable. The question becomes one of sustainability over the winter months. A hotel developed Downtown would clearly boost local tourism and spending due to increased time spent in Goderich. However, to increase the likelihood of sustainability there needs to be an additional year round tourism draw, such as a performing arts centre.

C. POSSIBLE MERIT

BULK FOODSTUFFS

A few respondents recommended a bulk food store in the comment section of the survey. This would fulfill some of the need for a specialty store. The traffic required would have to be high throughout the year, causing a problem in the winter months. Adding this service to an existing store or allying with another business would increase its likelihood of success.

WOMEN'S CLOTHING STORE

Women requested this business 36% of the time placing it as the third most demanded business by women. With a support multiple of only 2.4, there is already a sufficient amount of women's clothing stores to negate the need for a new business. This business has high start-up costs and an 80% failure rate in the first five years. However, this could be a new draw to Goderich, similar to the draw Goderich residents have to London for clothing, as indicated in question 6 of the Survey. With the proper product selection and management, this business has potential.

D. UNLIKELY MERIT

MUSIC STORE

The demand rate for a music store was the lowest of the ten businesses with a request rate of 10%. The support multiple of only 0.7 also emphasizes there is not a strong need for this business. CD sales have been on the decline for quite some time and the previous music stores that have left the Goderich area are evidence of this. Revenues are quite low and it would be difficult to successfully run an entire music merchandise store. However, Goderich has an array of local talent that could use such a showcase. This would likely appeal to both residents and travellers. Perhaps a joint venture or more diversified product offering for an existing business would enhance its success.

SUMMARY

The keys to success for any of these businesses to succeed are specialization, individual service, and hands on management. An independent business must provide a service that cannot be received anywhere else or there would be little reason for customers to shop there. There are no guarantees whether these businesses will succeed or fail, but the 2008 Residents Survey and this report have tried to highlight some of the success/failure factors. The people of Goderich clearly care about their Downtown, and hopefully some of the ideas highlighted in this report will be developed in the future.

SOURCE STUDIES AND REPORTS

The following reports were used as direction and reference in concerns to this project:

Date	Descriptor	Commissioned By
June 9, 2008	Town of Goderich Official Plan	Town of Goderich
June 5, 2008	Downtown Core Community Improvement Plan	Goderich BIA, Town of Goderich
May 2008	Annual Tourism Report	County of Huron
Apr, 2008	Residents Survey	Goderich BIA, OMAFRA, County of Huron
Sept 5, 2007	Residential and Industrial Land Comprehensive Review	Town of Goderich, Huron County Planning and Development Department
Mar, 2007	Business Development Opportunities	OMAFRA
Feb 13, 2007	Business Retention and Expansion	Town of Goderich, County of Huron, Goderich & District Chamber of Commerce, Goderich BIA, HBDC
Oct 26, 2006	County of Huron Housing Study	County of Huron
Mar 10, 2006	Havelock Residents Survey – Graphical Report	OMAFRA, Municipality of Marmora & Lake
Jan, 2006	Goderich BIA Strategic Plan	Goderich BIA
2006	Downtown Goderich Trade Area Report	OMAFRA
Oct, 2005	Resident Survey Final Report – Marmora Results	OMAFRA, Municipality of Marmora & Lake
2005	Ontario Provincial Policy Statement	Ministry of Municipal Affairs and Housing
1992	Community Survey	Goderich BIA

METHODOLOGY

In the 2008 Residential Survey, Town of Goderich respondents selected one or more businesses that they would like to see in the Downtown Area. They could choose from a list of 27 suggested businesses or fill out their own recommendation in a space provided. A total of 122 additional stores and services were mentioned by respondents, with 48 of those being deemed unique. From this, the Committee selected 75 business opportunities which then had to be narrowed to a manageable 15 to 20. To get on this short list, the Committee decided that the business opportunities should have at least a 10% demand rate from all respondents. Special consideration was given to businesses suggested in the comment section of the survey. From the comment section, the Committee included one leading idea for inclusion in analysis: a bulk foodstuffs type of store. Condo development was not directly asked in question 12, but it received a significant number of requests in questions related to development (questions 14 and 16) and in commentary sections (questions 12 and 27).

Accordingly, the committee considered opportunities based on uniqueness, suitability to the Downtown, and whether they would fulfill the needs and wants of the Downtown customer.

With this process in place, the 27 suggested businesses and development opportunities were reduced to 20 by eliminating those with a respondents' demand rate below 10%. The remaining 20 business opportunities included the following:

Bakery	Butcher	Bulk foodstuffs
Children's/youth clothing store	Condominium development	Convenience store
Discount clothing	Family restaurant	Flea market
Furniture/appliances	Grocery store	Hotel
Housewares	Foot and leather repair	Local history store
Men's clothing	Music store	Office supply/computer store
Performing arts centre	Women's clothing	

These 20 opportunities received further examination to create a top 10 list that would be analyzed more extensively in the Initial Viability Analysis section. Factors such as profitability, the support multiple, revenues, uniqueness, and other aspects all played a role in determining which business or development would receive further review.

Information from Stats Canada, Industry Canada, Financial Performance Indicators of Canadian Business, personal interviews, and other resources cited herein were used to analyze the recommendations based upon their likelihood of succeeding and in reference to the Goderich Trade Area Report[6].

[6] Ontario Ministry of Agriculture, Food and Rural Affairs. n.d. *Downtown Goderich Trade Area Report*. Ontario. Page 5.

SUMMARY OF CHOICES

The following are some of the key findings for the final list of 10 businesses (in no particular order) being examined in greater detail:

1. Baker

Although lower on the list of requested additional businesses at 11%, this is a unique business that could provide a great benefit to the Downtown even if it is run on a small scale. The average ROE is substantially high at 19.7%[7], but only 47% of the operating bakers in Ontario were profitable[8]. This type of business would benefit the most from being an additional service to a larger store to cut down on the costs but still being able to provide the Downtown community with its unique product.

2. Bulk Foodstuffs

Although only recommended a few times in the comment section, this business could fill in a few gaps that are evident from the consumer survey. It would be able to provide a food service that is affordable to many but still would be able to draw people to the Downtown for its offerings.

3. Butcher

Goderich can support 1.5 butchers/meat markets[9] based upon the trade area[10]– defined as roughly 30,000 people in the immediate area. A highly favourable 41% of survey respondents requested it in the *additional businesses* question. In 2005, 60% of all meat markets were able to produce a profit[11]. This compares well to other businesses.

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[7] Statistics Canada. n.d. *Financial Performance Indicators for Canadian Business*. Canada. 2004, 2005 and 2006.
[8] Industry Canada. 2008. *Performance Plus*.
[9] Young, Scott. 2008. *Theoretical Capacity and Analysis.*
[10] Refer to Glossary for further description
[11] Industry Canada. 2008. *Performance Plus*. http://www.ic.gc.ca/epic/site/pp-pp.nsf/en/home (accessed June 25, 2008).

4. Condominium

The survey indicates a strong demand for Downtown residential living and a condominium received the most recommendations. Even though it would appear that additional housing is not a concern for Goderich since the population has been relatively constant since 1996, the amount of households has increased roughly 2.7% over the same period[12]. There are other changes in housing needs as Goderich's population begins to age and single unit households become more popular. A condominium fits these changing trends and will be further considered for its merit Downtown.

5. Footwear and Leather Repair

Demand was adequate for a footwear and leather repair shop with 21% of all respondents recommending it. It has a substantial appeal as a new business for the Downtown because of the low costs required, but consistent ability to create revenue. In fact, 74% of all the current stores were earning a profit, and the businesses that suffer a net loss have the lowest average losses of all the listed stores at $9,600. However, two challenges arise from this business. The first involves the wording on the survey, which was titled "Shoemaker – Leather Shop." It is possible that people interpreted this as another shoe store due to the term 'shoemaker' which may result in a lower possible demand than previously believed. Secondly, Goderich can only hypothetically maintain 0.5 of a footwear and leather repair store[13]. However, the second issue can easily be fixed if a current store added a supplementary shoe and leather repair service in addition to their current offerings.

6. Grocery Store

The Goderich population alone can support 1.8 grocery stores[14]. This number rises to 6.9 when considering the trade area. The exceedingly high demand rate of 73% of respondents makes it clear that there is a demand for a grocery store Downtown. Grocery stores in Ontario (63%) are

[12] Statistics Canada. n.d. *Selected trend data for Goderich, 2006, 2001 and 1996 censuses*. http://www12.statcan.ca/english/census06/data/trends/Table_1.cfm?T=CSD&PRCODE=35&GeoCode=40028&GEOLVL=CSD (accessed July 10, 2008).
[13] Young, Scott. 2008. *Theoretical Capacity and Analysis.*
[14] Young, Scott. 2008. *Theoretical Capacity and Analysis.*

making a profit 3% higher than that of a butcher[15]. The average grocer has a relatively standard ROE of 9.2%[16]. The most important figure is the high demand by Goderich residents that will require further review of this type of business.

7. Hotel

Demand for a hotel was third highest with 29% of all respondents requesting it for the Downtown. Of the current hotels operating in Ontario, only 55% were producing a profit[17]. These profits are some of the highest of all the listed businesses. In contrast, it also has some of the highest net losses. Based on the trade area, Goderich can theoretically maintain 1.2 hotels[18]. However, the hotel industry is supported predominately by tourists and travellers. Considering Goderich experiences a remarkable number of travellers each year (depending on the method used it was an estimated 150,000[19]-430,000[20]), this presents a significant marketing opportunity. Additional analysis will be pursued because the benefits it can bring to the Downtown would be quite significant in comparison to other businesses.

8. Music Store

A music store has the lowest respondents' demand of the long list of businesses with 10%. In Ontario, 61% of music stores were earning a profit[21]. Even a significantly small store selling records, compact discs, or other musical merchandise has a potential for success. Goderich currently has no store that sells records, CDs, or other musical merchandise, except for an instrument store on The Square. Even if a record store could not support itself on its own due to the low support multiple, it may still make a great addition to a current store in operation.

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[15] Industry Canada. 2008. *Performance Plus*.
[16] Industry Canada. 2008. *Performance Plus*.
[17] Industry Canada. 2008. *Performance Plus*.
[18] Young, Scott. 2008. *Theoretical Capacity and Analysis.*
[19] McDonald, Kelly. *Personal Email*. August 11, 2008. Tourism Coordinator. Municipality of Kincardine.
[20] Marshall, Bob. 2008. *Tourist Information Centre Statistics, 2007*. Tourism Goderich.
[21] Industry Canada. 2008. *Performance Plus*.

9. Performing Arts

This was somewhat lower on the demand list at 15%, but its ability to draw tourists and local residents Downtown could easily make the cost worthwhile. Current performing arts centres are profitable (72%)[22]. "The theatre industry standard indicates that approximately $8 associated money is spent on food, gas, accommodations and shopping for every $1 of the theatre tickets sales[23]." The support multiple shows that Goderich could maintain 1.2 of these facilities[24]. Performing arts sales have also been increasing greatly from 2004 to 2006 in Ontario. In fact, ticket sales increased 6.3% from 2004 to 2005 followed by a tremendous growth of 16.5% in 2006[25].

10. Women's Clothing

The fourth most popular business suggestion from survey question 14 was a women's clothing store, with a demand rate of 29%. Although there are currently women's clothing stores Downtown, Goderich can maintain roughly 2.4 of these stores[26]. On the down side, only 57% of the women's clothing stores currently operating in Ontario are turning a profit[27]. This business also has one of the highest returns on capital employed for 2006 at 10.8%[28]. Many comments mentioned that more variety in women's clothing should be offered Downtown and further research should be made to see if these requests can lead to a successful business.

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[22] Industry Canada. 2008. *Performance Plus*.

[23] The Huron County Planning and Development Department. *County of Huron Annual Tourism Report: 2007 Season in Review, 2008 Tourism Marketing Strategy*. May 2008. Ontario's West Coast, Huron County. Pg 7.

[24] Young, Scott. 2008. *Theoretical Capacity and Analysis.*

[25] Statistics Canada. n.d. *Financial Performance Indicators for Canadian Business*. Canada. 2004, 2005 and 2006.

[26] Young, Scott. 2008. *Theoretical Capacity and Analysis.*

[27] Industry Canada. 2008. *Performance Plus*.

[28] Statistics Canada. n.d. *Financial Performance Indicators for Canadian Business*. Canada. 2004, 2005 and 2006.

SUMMARY OF EXCLUDED CHOICES

The following is a list of the businesses that were excluded from the final list of 10 with a brief explanation:

11. Children's/Youth Clothing Store

This business ranked fifth on the demand list with 28%. The Goderich Downtown can only support 0.6 of this type of business, which is quite low[29]. The best option would be to have a pre-existing clothing store build a small children's/youth section in their store to reduce costs. Currently, children's clothing is available on The Square so a youth clothing store had to be removed from further analysis.

12. Convenience Store

A key aspect of this report is to find unique businesses to bring to the Downtown and for that main reason a convenience store simply does not fit. From observing the financials of a convenience store and with the previous sustainability of the former Triangle Discount it is likely that one could still be successful, but it will not be focused on in this report.

13. Discount Clothing Store

Ranking roughly in the middle of the list of 19 businesses, a discount clothing store is something that the Downtown already offers in a variety of options. For example, New Again, Salvation Army and The Bargain Shop all offer reduced prices in clothing. These stores should be filling this need already.

14. Local History Store

A local history store had a higher demand rate than a music store, which made our top 10. This is a more difficult business to analyze. There is very little information specific enough to a local history store that can be used as a comparison. A local history store would generally be specific

[29] Young, Scott. 2008. *Theoretical Capacity and Analysis.*

to tourists and could result in difficult times during the off seasons. For these reasons it was eliminated from further review.

15. Housewares

This suggestion suffers from a lack of comparable information. More importantly, stores are currently operating Downtown that meets this need. This is evident in the lower demand rate of 14%.

16. Flea Market Store

With such a successful flea market already the focus of the Downtown, this addition seems fairly redundant especially in consideration to the pawn shop already on The Square. With only a 14% demand rate, it may be that people are already fairly satisfied with the current flea market. Making this a specific store would only reduce the draw of the widely successful Downtown flea market currently in operation on weekends.

17. Office Supply/Computer Store

Ranking near the bottom of the demand list at 12%, this business suffers from a few challenges. There are already significant computer and office supply stores in Goderich. The addition of another computer or office supply store fails to bring further unique aspects to the Downtown. Two types of stores were asked in the question, further harming the results. An office supply store and computer store could be interpreted as two entirely different businesses and in that respect should have a higher demand rate than it received.

18. Men's Clothing Store

Demand for this type of business was adequate at 18.7%, but the Downtown can only maintain 1 male clothing store which is currently being fulfilled[30]. If another men's clothing store was added to the Downtown it is probable that only one would be able to succeed.

[30] Young, Scott. 2008. *Theoretical Capacity and Analysis.*

19. Family Restaurant

It was no surprise that the family restaurant ranked fairly low on the demand list at 13%. The Downtown currently has a considerable array of fine food establishments. Focusing on adding another restaurant seems redundant, especially with the recent rise of “chain” restaurants around Goderich in the past year. It is likely that a new restaurant may even be able to be quite successful, but as mentioned previously, the focus of this report is to identify unique business opportunities for the Downtown.

20. Furniture/Appliance Store

This description was fairly vague in the survey and could be interpreted as two different businesses similar to the office supply/computer store. For that reason, the low demand rate of 15% truly sticks out. Considering there is already an appliance store Downtown and a newly built furniture store in Goderich, this type of business fails on the uniqueness aspect as well.

INITIAL VIABILITY ANALYSIS

Merit System

This is a preliminary analysis of the selected business opportunities that could be successful in the Downtown. There are many other factors not contained in this report that can lead to the success or failure of a business. This is why the system chosen is not a recommendation for which businesses will succeed or fail. Instead, the merit system categorizes each business into one of four categories: High Merit, Merit, Possible Merit and Unlikely Merit. Each category is ranked as follows:

High Merit – This business has a high chance of being successful based on previous data or business initiatives. Demand for this business is large and it would create a new draw for both local residents and travellers from outside of town.

Merit – This business has a good chance of being successful if conditions are positive. The draw to the Downtown would be increased, but mostly from local residents.

Possible Merit – This business has potential for success, but key factors are holding it back. The draw to the Downtown may increase, but it may only bring in existing Downtown shoppers.

Unlikely Merit – This business has a low chance of success, possibly due to low demand or potentially low revenues.

A. HIGH MERIT

BUTCHER

Goderich does not have a dedicated butcher shop. With the trend to healthier eating, quality, convenience, and the size of the seniors market, this would appear to present a viable business opportunity. Other than our local grocery stores, the nearest competition would include The Beef Way (Kincardine 50 km), Metzger Meat Products (Hensall 40 km), and Stemmlers' Meat (Heidelburg 100 km).

From a discussion with a current industry professional, it appeared that Goderich would be able to maintain a butcher in the Downtown area. The major issue highlighted in this interview was the lack of a professionally-trained butcher to maintain such a storefront. The meat industry has moved to a larger operation style where each employee only needs to know a few types of cuts. A butcher must have a much wider knowledge of available cuts that requires extensive training and mentoring. Currently this type of training is nearly non-existent.

Start-up costs are high in comparison to other independent businesses. Reinvestment in the business through expansion and upgrades can also be large. Quality machinery is essential to maintain the rigorous health standards required for a butcher storefront, as well as being able to provide fair prices in comparison to grocery stores.

To run a successful butcher storefront in a town, it was estimated that one would need 20 feet of the store devoted to fresh pound meats and 16 square feet for frozen pound meats. In total, an estimated 1500 pounds of meats should be in the store available for the consumer to purchase. Dealing with such a highly perishable product emphasizes the need to have a good estimation of the amount of sales per day. To help keep sales steady year round, choosing a location near an existing food store would help increase traffic in the slower months.

Delivery to major grocery stores has become a challenge for independent butchers over the years. Most of these stores will only order their meats from the major corporations. However, there are many local restaurants that would likely be interested in a local distributer of high end meats.

The trend to healthier eating continues to rise in Canada, with a focus on organic foods[31]. This is a great opportunity for a butcher to showcase a healthier product in Goderich where variety is currently limited. Goderich is experiencing an increase in senior living where the required portions of meat are lower. A butcher would be able to sell a variety of single portions, making shopping easier for everyone.

With a support multiple of 1.5[32] and a demand response rate of 41% (the second highest demanded business) a butcher has potential for success. The lack of local competition only

[31] Berry, Ben. *Health and Wellness Trends for Canada and the World*. August 2007. Agriculture and Agri-Food Canada.
[32] Young, Scott. 2008. *Theoretical Capacity and Analysis.*

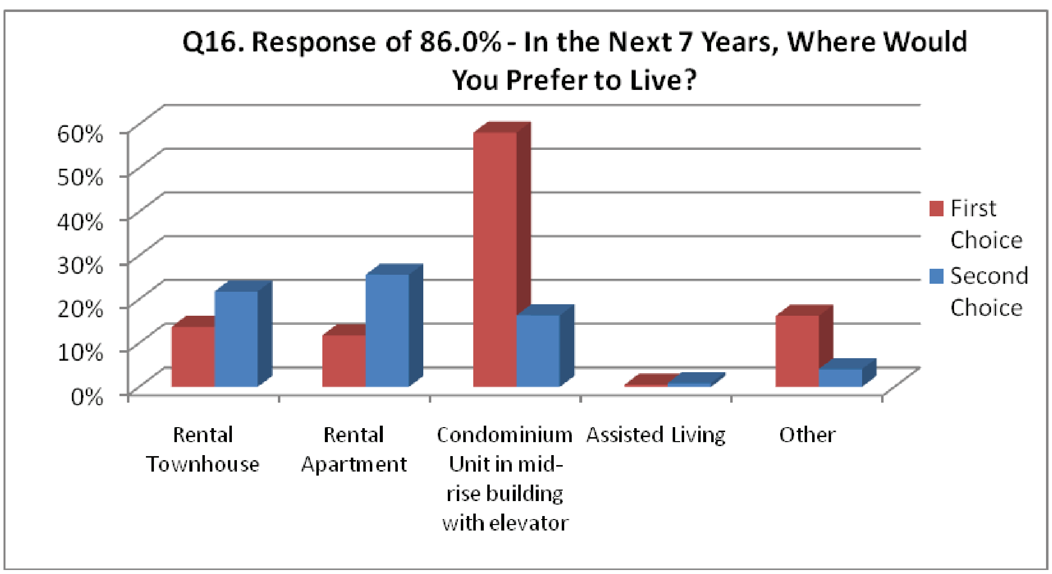
further emphasizes this prospect. The biggest obstacle is finding a qualified butcher who can operate such a business.

Recommendation: ***High Merit***

Summary Observations: The larger stores can be difficult to shop in for many seniors. A butcher that deals with customers more personally and provides smaller portions could make shopping an easier and more enjoyable task. To increase the chances of success the Committee recommends becoming a source of supply for local restaurants and hotels. Value-added services such as local delivery would also improve prospects.

CONDOMINIUM

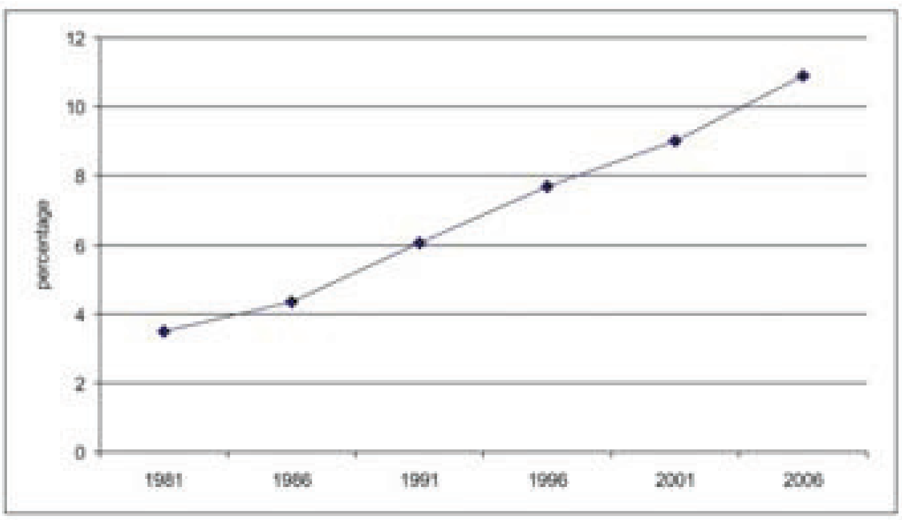
Condominiums come in various prices and styles–from affordable town houses to luxurious high rise buildings. The concept behind condominiums is that each unit is owned by an individual, but common elements such as the elevator or hallway are owned jointly by all residents of the condominium (for a more detailed explanation please refer to the Glossary). Goderich has not yet seen development of any condos, but there is an obvious demand from its residents.



Source: 2008 Residential Survey

Condominium living has been increasing across Canada at impressive rates. The 2006 census revealed an increase in ownership of 37% from five years prior, resulting in a quarter of the growth in owned Canadian households[33]. The two major age groups assisting with this growth are the young and old. The younger age group (aged 34 and under) accounted for 25% of all condominium owners with a mortgage, making them the fastest growing market for condominium households with a mortgage[34]. Conversely, the fastest growing group without a mortgage are those aged 75 and up, accounting for a proportion of 14%[35]. This is interesting in terms of Goderich's demographics because the median age has increased from 40.2 to 45.6 through 1996 to 2006[36]. This clearly emphasizes the aging population, but also highlights a key market for a condominium within Goderich.

Percentage of owner households living in a condominium, 1981 to 2006



Source: LeVasseur, Sandrine, Devine MacKay and Willa Rea. 2008: pp 16.

As people age they tend to enjoy a more comfortable living style. This can result in many seniors moving out of their old multi-story houses and into a single floor living unit. This is precisely why Goderich is such a prime location for a condo. Seniors in Goderich comprise

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[33] LeVasseur, Sandrine, Devine MacKay and Willa Rea. 2008. Housing and Shelter Costs, 2006 Census. Statistics Canada Catalogue no. 97-554-XIE2006001. Ottawa. http://www.statcan.ca/bsolc/english/bsolc?catno=97-554-XIE2006001 (accessed July 9, 2008).

[34] Ibid.

[35] Ibid.

[36] Statistics Canada. n.d. Selected trend data for Goderich, 2006, 2001 and 1996 censuses. http://www12.statcan.ca/english/census06/data/trends/Table_1.cfm?T=CSD&PRCODE=35&GeoCode=40028&GEOLVL=CSD (accessed July 8, 2008).

22% of the population, compared to 14% in Ontario[37]. This is a remarkable gap that is expected to continue over the next 20 years, further increasing the need for senior housing[38]. Although not the high density desired for the Downtown Core, the success of the Martha Street semi-detached residences helps underline the need for both senior and condo housing.

Over 20% of seniors who responded to question 27 of the 2008 Residential Survey had requested a new form of affordable living. With proper awareness and information, many seniors may find a condominium is the best form of living to suit their needs. One of the main strengths of this form of household growth is that an aging population has increased financial stability and independence[39]. This results in more single-person households.

Goderich is a perfect location for a condominium development with key locations near the waterfront or the Downtown. The convenience of being close to the Downtown would interest many residents who consistently visit the core area every day/week. They would be able to do their daily shopping, enjoy the park, access the library, and take advantage of many other important services. The Town of Goderich has even implemented reduced parking requirements for residential developments downtown. Multiple-unit housing can also be located above or behind non-residential uses fronting The Court House Square, and at street level and above, in other areas in the Core. There is now a demand by residents and the town for a condominium. With the recent financial incentives created in the Downtown Core Community Improvement Plan, this is a great opportunity to pursue.

Recommendation: ***High Merit***

Summary Observations: The Committee infers that condos are a necessary requirement for Goderich to maintain its senior population, especially with the aging demographic.

[37] Statistics Canada. 2007. *Goderich, Ontario* (table). *2006 Community Profiles*. 2006 Census. Statistics Canada Catalogue no. 92-591-XWE.
[38] Tim Welch Consulting and Lapointe Consulting Inc. *A Housing Strategy for The County of Huron.*
[39] Canadian Mortgage and Housing Corporation. 2006 Census Housing Series: Issue 1 – Demographics and Housing Construction. pp 2.

PERFORMING ARTS

A new performing arts centre could create a large draw to Goderich and the Downtown. It has been reported that for every $1 spent on theatre ticket sales another $7 is spent in the community on shopping, food, accommodation and other purchases[40]. The Goderich Little Theatre had box office sales of $68,028 in 2007, which resulted in associated sales of $476,196 in the community from an attendance of only 4,451[41]. These figures help emphasize that there is a well-established demand for theatre in Goderich. With the addition of a professional theatre to complement the current local productions, there would be more variety for the viewer and a larger presence of the arts in Goderich.

As previously mentioned in the hotel section, plans were in motion to create a new performing arts centre next to the Livery. This would have been a major capital project, costing an estimated $4 to $4.5 million[42], but the economic benefit for the entire town would be immense.

Performing Arts Spending in Canada in 2001 by Hill Strategies Research stated that the average household spends roughly $69 a year on live performing arts[43]. In comparison to Goderich's household count of 3,255, this produces roughly $225,000 worth of spending. The Livery achieved sales of $68,000 last year meaning that residents of Goderich must be doing a lot of travelling out of town to attend theatre because this accounts for less than 1/3 of their total spending on performing arts.

Theatre is generally considered a break-even business. From discussions with Linda Smith, Chair of the Victoria Playhouse Board in Petrolia (pop. 5222), one of the most difficult ideas to get across is that it must be recognized that, like all public institutions, theatre requires governmental support. With municipal support, Victoria Playhouse must sell an average of 70% of their tickets in their 425 seat venue to break-even.

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[40] The Huron County Planning and Development Department. *County of Huron Annual Tourism Report: 2007 Season in Review, 2008 Tourism Marketing Strategy*. May 2008. Ontario's West Coast, Huron County. Pg 7.
[41] Ibid. Pg 8.
[42] Hayter, Vic. Personal Interview. July 15, 2008.
[43] Hill Strategies Research Inc. *Performing Arts Spending in Canada in 2001*. April 2004. Research series on the arts, Vol. 2 No. 3. http://www.arts.on.ca/Asset421.aspx?method=1 (accessed August 12, 2008).

The Victoria Playhouse is funded in part by their municipality and the town as a whole benefits from the presence of the theatre. Businesses have commented that without the theatre in the summer they would not be able to survive. Business hours reflect those of the theatre, allowing visitors to shop in town before and after a performance. The Survey highlighted that store hours are a problem in Downtown Goderich. Similar store hours may be easier to implement if a Goderich theatre had a similar lure.

The Victoria Playhouse draws an estimated 70% of their box office from out of town (London, Chatham, Windsor, and surrounding towns). In the winter months this number is much smaller as travelling is more difficult. Goderich could increase its tourism draw significantly in the summer months with more elaborate performing arts. For the winter months, which receive more local audiences, Goderich could host amateur theatre. This would allow both amateur and professional theatre to co-exist, while promoting the arts year-round.

Victoria Playhouse has revenue over $1 million for an entire year. Many of these sales rely on presales and group discounts. These high sales are achieved through their five professional summer shows. Each show draws in roughly 7,200 patrons over its entire run of 3 weeks. One show alone draws in more attendance than theatre in Goderich for an entire year. The shows are co-productions with the Kincardine Bluewater Summer Playhouse. This helps reduce costs and benefits the actors with longer performances. Jennifer Webb of Bluewater Theatre expressed interest in working with Goderich in the future for a similar venture.

The Bluewater Summer Playhouse can hold a maximum of 180 seats if completely packed, identical to the Livery's theatre style capacity. The Bluewater Summer Playhouse hosts professional theatre in the summer months but cannot sustain it in the winter months, except for few special events. They draw roughly 40% of their audience locally and 60% from out of town. Visitors from out of town tend to buy tickets on a whim if they are in Kincardine for a few days, rather than planning a trip specifically for theatre. Goderich receives more than double the amount of travellers compared to Kincardine (based on tourist centre utilization), but both towns have the same theatre capacity. This could imply that there is a larger market available for performing arts in Goderich compared to the current offerings.

Jennifer Webb felt that the majority of their audience consisted of retirees. For a show to sell out or do exceptionally well, it required an additional draw from the middle aged crowd. Goderich has a large amount of senior residents that would likely enjoy the addition of professional theatre throughout the summer. However, one of the main reductions in attendance is when a major town event is being held. Petrolia is a smaller town and limits their draws to the Victoria Playhouse theatre and their oil field exhibit, allowing theatre to play a major role in their community. Goderich has many major events throughout the summer, such as Kinsmen Summerfest and the Celtic festival, which may take away from theatre.

The Blyth Festival is expecting roughly $423,000 in ticket sales this year[44]. This equates to an estimated $2,961,000 in associated spending for the area. These sales are generated from just under three months of performing in the summer (82 performances). The Huron Country Playhouse received $1,756,472 in box office sales, which equated to an economic impact of $14,051,776 in 2007. These statistics make Goderich's $68,028 in box office sales pale in comparison. Goderich is a large tourist destination already and should be able to compete on a similar scale.

Box office sales are not a guarantee even for the popular theatres. Much of the ticket sales revolve around what production is being shown. People prefer to watch theatre that is relevant to them or that they are familiar with. Becoming involved in the previously mentioned co-productions with the surrounding municipalities would be a great way to receive top quality productions that cater to the area.

Goderich could certainly use a boost to its theatre, but the type of boost is up for debate. Should a new performing arts centre be built in coexistence with the Livery? Should professional theatre take centre stage during the summer months at the Livery and move amateur theatre to the winter? A new performance arts centre is a huge investment, especially when Goderich is already surrounded by major theatrical competition. A lot of the success of a new performing arts centre would surround the abilities of the artistic director. This professional would be able to find a direction in the arts that Goderich should take, while not mimicking the productions of competing theatres.

[44] Blyth Festival Budget. *2007 Financial Profile with 2008 Budget*.

Spending in town would receive a major increase with such an investment. This could help spark further development within the Downtown. Of note, the Victoria Playhouse started on a budget of $40,000 in 1992 and has blossomed to revenues of over $1 million. Success may not occur immediately, it may even take years to work towards. However, if Goderich focused more of its efforts on such a venture the economic impact would be enormous and felt for years to come.

Recommendation: ***High Merit***

Summary Observations: It is acknowledged that formal and tangible encouragement of the Arts is an essential component of a vibrant community. It is acknowledged further that Goderich already has a keen and talented nucleus of performing arts participants. When the cultural and economic impact of the development of a Downtown Performing Arts Theatre is examined, one can hardly escape the conclusion that there is High Merit in Goderich pursuing the addition of a dedicated Performing Arts Venue in an available Downtown Core location. This community development would not only add to the enjoyment of residents and visitors, it would also serve as a major economic spark to revitalize the Downtown, strengthen existing Downtown businesses, and attract more compatible and unique business opportunities, all of which would benefit from the highly significant and documented boost which results from such an initiative.

Planners and government leaders recognize that Culture is now an economic pillar for sustainable communities[45]. When combined with Goderich's exceptional recreational and medical facilities, as well as our existing unique natural and heritage assets, the addition of a Downtown Performing Arts Theatre would complete our public infrastructure strengths and likely attract matching new and complimentary private sector investments as well.

[45] Ministry of Municipal Affairs and Housing. *Provincial Policy Statement*. 2005. Ontario. Page 13 – Long-Term Economic Prosperity.

B. MERIT

BAKER

Respondents requested a bakery 11% of the time. This placed it lower on the list of final businesses to examine. Since we currently have a bakery in the core area and the support multiple is only 0.85, this negates the need for this type of business.

However, bakeries can specialize in a wide variety of products and services that could be varied enough to allow another bakery. Last year in the United States, the top three items by sales were 38% for cakes[46], bread 18%[47], and 12% for cookies[48]. The bakery in town currently offers all of these services in more or less the same proportions, lowering the potential of this business opportunity.

A possibility would be to create an in-store bakery to accompany an already existing location. As food prices continue to increase, many independent bakeries have begun to feel the pressure. Some in-store bakers have benefitted from this because people are making fewer trips to food stores, but having everything located in one store enhances the convenience of shopping[49]. If a grocery store was established in the Downtown, a bakery would be a great option to add to their services. Although many in-store bakeries are established simply to increase foot traffic and do not rely on profits[50], it would allow shopping to be convenient while offering a fresh and unique product line. Many bakers have begun to increase their current offerings by adding deli and cafe additions, such as sandwiches and coffee. This allows them to expand their business while satisfying the consumer even more[51]. An in-store bakery does not have to be limited to a grocery store. The question is what other business could a bakery be linked to?

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[46] Henstock, Heather. *2007 Retail Bakery Survey*. Jun 21, 2007. Modern Baking. http://modern-baking.com/retail_baking/mb_imp_17133/ (accessed July 21, 2008).
[47] Henstock, Heather. *In-store bakeries jump economic hurdles*. Jun 1, 2008. Modern Baking. http://modern-baking.com/supermarket_baking/instore_bakeriesjump_economic/ (accessed July 21, 2008).
[48] Henstock, Heather. *2007 Retail Bakery Survey*.
[49] Modern Baking. *In-store bread sales recover*. March 1, 2008. Modern Baking. http://modern-baking.com/supermarket_baking/instore_bread_sales/ (accessed July 21, 2008).
[50] Canada Business. *Starting a Bakery*. March 20, 2008. Canada Business. http://www.canadabusiness.ca/servlet/ContentServer?cid=1102419629767&lang=en&pagename=CBSC_SK%2Fdisplay&c=GuideHowto (accessed July 22, 2008)
[51] Henstock, Heather. *2007 Retail Bakery Survey*.

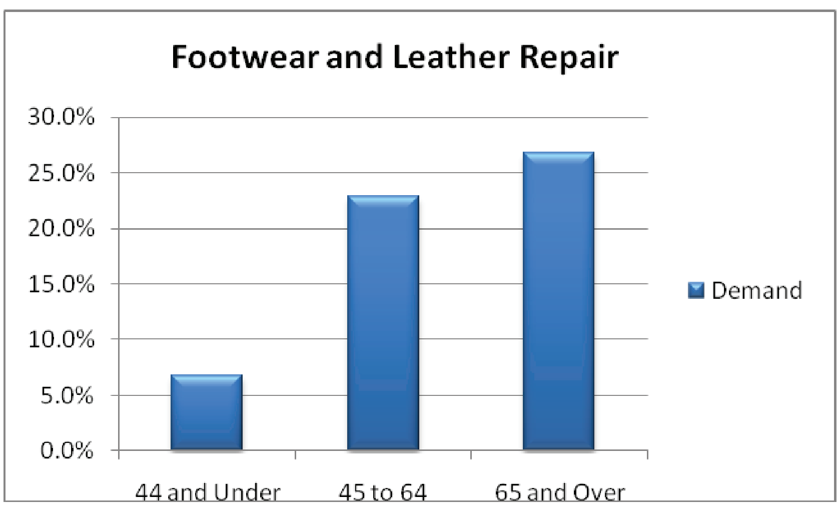
For further information about starting a bakery, visit the Canadian Business website in the reference section below[52].

Recommendation: ***Merit***

Summary Observations: The Committee feels that a Bakery could be a welcome addition and might increase its prospects for success if it conjoined as part of another food-vending retailer (grocery store, bulk foods or a deli/restaurant) and/or if it served as a source of supply for local restaurants and hotels.

FOOTWEAR AND LEATHER REPAIR

This is a very low cost business to begin, but it has relatively stable profit. Of the bottom 50% of all Ontario shoe and leather repair stores, the average revenue produced was roughly $50,000 with profits of $11,100 in 2004[53]. Average revenue is quite low for this type of business. This would provide a niche service for locals and those in the surrounding area. Survey results indicate that 23% aged 45 to 64, and 27% aged 65 and over, had requested a footwear and leather repair store for the Downtown. In contrast, only 7% of respondents in the 44 and under age group made the same request. This narrows the target market significantly and shows that the older the population has the greater demand for this type of business.



Source: 2008 Residential Survey

[52]http://www.canadabusiness.ca/servlet/ContentServer?cid=1102419629767&lang=en&pagename=CBSC_SK%2Fdisplay&c=GuideHowto

[53] Industry Canada. 2008. *Performance Plus*.

Although a shoe and leather repair store may not produce large amounts of revenue, it provides a unique and convenient service. Footwear and leather repair is such a niche market that the gross margin average is 65% for the industry[54], further emphasizing that people are willing to travel and pay high prices for this service. The two major expenses are labour and rent. This suggests the possibility of merging with another store or simply renting out a very small area to do business. People are coming for the unique service--not necessarily the appearance of the store front.

The demand was greatest among those with the least and the largest incomes. The largest incomes prefer more expensive footwear that they prefer to repair. The low income earners prefer this business because it is more affordable to repair than to buy new.

With all the survey data and information from Stats Canada, shoe and leather repair appears to be a specialty business that may be successful in Downtown Goderich. The main requirement is having a professional with a good reputation that can provide this type of service. In Goderich, word of mouth is a significant motivation for shopping at a particular business. Being able to build a reputation and create a core consumer base would be vital. Clear demand, low expenses, and high gross margins bode well for a footwear and leather repair store.

Recommendation: ***Merit***

Summary Observations: The small space required would help lower overhead and reduce start up costs. The unique qualities of a footwear and leather repair shop would be a great draw for the trade area on its own or as an addition to another existing business.

GROCERY STORE

Goderich currently contains two large supermarkets located on the outskirts of town. This requires the majority of shoppers to have access to transportation to buy their groceries. This can make shopping a difficult affair, especially for the senior population where transportation is not always easily accessible.

[54] Industry Canada. 2008. *Performance Plus*.

Remarkable survey results of 73% indicate that respondents desire a Downtown grocery store. This was unanimous across all income and age groups.

The key to a successful Downtown grocery store is to differentiate itself from the competition. Ward Hanlon, of the Canadian Federation of Independent Grocers, remarked that the large chain grocers are making it difficult for an independent grocer to open in a rural area. He continued to explain that most of the independent stores are trying to take a different approach than their competition by offering their customers something uniquely independent. One way to create a unique grocery store would be to highlight prepared foods as a major item. Stats Canada has reported that from 1998 to 2004 "sales of deli, salad bar and prepared foods for take-out grew 6.6% per year[55]." One might infer that a focus on prepared foods and creating a healthy take-out alternative may capture the consumer's interest. This idea, in combination with a prepared meats and baker section of the store (please refer to their individual sections), could create a one stop shop for all their dinner needs.

The Survey showed that one of the main reasons for shopping Downtown was the convenience – i.e. close to home. A grocery store Downtown is a great way to enhance on this shopping motivation. This location would result in less required transportation and likely increased trips to the grocery store. If the prepared foods service is pursued, it would further enhance convenience to the shopper.

Another main draw for a local grocery store would be to purchase locally produced goods and services. The success of our farmers' market indicates that an opportunity exists for the sale of fresh and locally grown goods. Unlike the farmer's market, local goods would be available all year.

Creating a customer loyalty program to support those who continue to shop at the Downtown location could be an additional service to benefit the shopper. Similar programs have proven successful at ensuring continued business for independent grocers[56].

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[55] Dubé, Guillaume. 2006. *Canadian Retailers Competing for the Consumer's Food Dollar*. Statistics Canada Catalogue no. 11-621-MIE2006038. Ottawa. http://www.statcan.ca/bsolc/english/bsolc?catno=11-621-MIE2006038#formatdisp (accessed July 15, 2008). Pg 6
[56] Greco, Susan. June 2001. *The Best Little Grocery Store in America*. Inc. http://www.inc.com/magazine/20010601/22701.html (accessed July 16, 2008).

A grocery store benefits from reliable sales year round[57]. Many retailers suffer severe fluctuations by season or rely heavily on holiday sales for the majority of their revenue. This would be favourable for Goderich since it is predominately a tourist town that relies heavily on tourist sales in the summer. However, the net profit margin is quite low at 1%[58], so successful management of expenses is essential.

Overcoming the competition for a new grocery store would be challenging now that many general merchandise stores are now carrying food essentials. Giant Tiger is moving near the Downtown area, which will carry both general goods and food, cashing in on the 'one-stop shop' market. The selling point for many of these general merchandise stores is their lower prices. A new grocery store should focus on quality and selection instead of pricing to successfully compete. The general merchandise expansion is an issue for grocers across Canada and many food retailers have begun to carry more diversified products. This has allowed the food sales market to increase their profits 14.6% from 2000 to 2004 compared to 12.0% in the general merchandise market[59].

An investment into more building construction has allowed Canadian grocers to maintain their sales[60]. This should be considered for future locations, as expansion will be vital. It has been reported that the average American grocery store earns from $8 to $10 per square foot[61]. Based on these figures, a location would have to be chosen that provides enough room to maintain healthy revenues and opportunity for expansion.

Recommendation: ***Merit***

Summary Observations: The committee feels that by specializing in the high levels of individual service (special foods, natural products, prepared foods, high end products) a grocery store would distinguish itself from the competition. A possible alignment with another food store could be an option, along with a local delivery service. A grocery store on this scale would require a larger store front. Currently there are a number of vacant lots and locations for a new

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[57] Dubé, Guillaume. *Canadian Retailers Competing for the Consumer's Food Dollar*. Pg. 10
[58] Greco, Susan. *The Best Little Grocery Store in America*.
[59] Dubé, Guillaume. *Canadian Retailers Competing for the Consumer's Food Dollar*. Pg. 7
[60] Dubé, Guillaume. *Canadian Retailers Competing for the Consumer's Food Dollar*. Pg 6
[61] Greco, Susan. *The Best Little Grocery Store in America*.

building in the Downtown. By focusing on specialization, individual service and hands on management, a grocery store will increase its prospects for success.

HOTEL

Goderich's main tourist draw is other Canadians, making up 88% of all travellers[62]. More than one third of all overnight trips (97 million nights) by these Canadians were spent in commercial accommodation in 2004[63]. Hotels were the number one choice for accommodation in 2003, increasing 4% from the previous year to 45% of all nights spent in commercial accommodation[64]. Motel visits dropped 5.3% during the same period, totalling only 11% of all commercial accommodation nights. Goderich currently has one small hotel with 35 rooms and three small motels, but it is missing a medium-sized hotel with a conference centre.

A few years ago Goderich was close to receiving a mid-sized hotel with 80 rooms, six stories high. This would have also included a much needed conference centre. This project was spearheaded by an industry professional, who currently owns and operates two other medium sized hotels. Larger hotels tend to have higher rates per room than smaller hotels and in turn rely more on revenues earned from accommodation. Medium-sized hotels earn an estimated 57% of their revenues from accommodations, while small hotels only earn 27% from their rooms[65]. After a study by the professional was conducted it was concluded that the hotel could not support itself from accommodation alone. The occupancy rate would have been 50%, much lower than the 62% industry average for medium-sized hotels[66]. The only way a hotel could survive was with the construction of a performing arts centre or large addition to the Livery. This is largely due to the drop in visitors that Goderich incurs during the winter months. The volume of travellers visiting Goderich during summer helps offset this, but something that

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[62] Marshall, Bob. *Tourist Information Centre Statistics, 2007*.

[63] Statistics Canada. 2006. *Canadian Travel Survey: Domestic Travel, 2004*. Statistics Canada Catalogue no. 87-212-XIE. Ottawa. Version updated December 6. Ottawa. http://www.statcan.ca/cgi-bin/downpub/listpub.cgi?catno=87-212-XIE2004000. (accessed July 8, 2008). Pg. 20.

[64] Ibid.

[65] Levesque, Gaston. 2003. *Cross-sectional analyses of performance and structure for Canada's hotel industry.* Statistics Canada Catalogue no. 63-016-XPB. http://www.statcan.ca.remote.libproxy.wlu.ca/english/research/63F0002XIE/63F0002XIB2003043.pdf (accessed July 16, 2008). Pg. 12.

[66] Levesque, Gaston. *Cross-sectional analyses of performance and structure for Canada's hotel industry. Pg. 2.*

will boost the draw in the slower months was deemed necessary. Plans were then abandoned since no additional tourist draw was established[67].

After reviewing this analysis, it is clear that Goderich can maintain a hotel Downtown if it can boost the tourism in the slower months. Goderich has seen a fairly stable level of tourists over the past 5 years, but is experiencing a small drop in 2008[68]. As of June 2008, visitors to Goderich have fallen 5.1% from the same period of the previous year.

With a new hotel built in Goderich, people would have an even better reason to extend their stay in Goderich and continue experiencing the shops and services that are offered. Local business would experience a great boost since "an overnight visitor spends three times that of a day visitor[69]." It would also give more options to the business people who must make overnight stays in Goderich. With two large industries in Goderich, Sifto and Volvo, and countless other businesses, the demand for a business style hotel may be even higher than the Survey has demonstrated.

Recommendation: ***Merit***

Summary Observations: When comparing Goderich to similar sized shoreline towns, such as Kincardine, and when considering the lack of existing hotel/motel rooms within town limits, the addition of a mid-sized hotel should be viable in Goderich. If a hotel were to be developed within the downtown business area, the economic "spin-off" would be immediate and dramatic for all downtown merchants and property owners. With high tourist traffic in the summer months, numerous weddings and celebrations, significant sporting draws year-round, and two major international industries in town, the addition of a mid-sized executive style hotel with conference and banquet facilities should rate 'High Merit.' A recent study by an experienced hotel developer indicated an additional year-round tourist draw, such as a Performing Arts Centre, would be necessary to increase the likelihood of an 80-room hotel being viable. For this reason, the Committee rates the prospect of a new hotel development within the Downtown area as having 'Merit,' and is definitely worthy of further investigation; the town

[67] Hayter, Vic. Personal Interview. July 15, 2008.
[68] Marshall, Bob. *Tourist Information Centre Statistics, 2007*.
[69] Brooks, Rogers. *Tourism Assessment & Suggestions*. Nelson, British Columbia. February, 2006.

is seriously investigating the addition of a performing arts centre to meet the need for a cultural tourism economic driver.

C. POSSIBLE MERIT

BULK FOODSTUFFS

Respondents recommended a bulk food store a few times in the comment section of the survey. This would fulfill some of the need for a specialty food store.

A current bulk food store owner stated that the most important decision made for this type of business is the location, keeping in mind that start-up costs are mid-range. A bulk foodstuffs business must be in a high traffic area, preferably where another food store is situated. This could create a hurdle since there are no other major food retailers currently on The Square (particularly a grocery store). Margins are already low for this store and the drop in traffic during the winter months could be problematic.

While the demand rate is not overwhelming, this is a potential business opportunity in the Core that is specialized for the Goderich demographic. Franchising is also an option.

Recommendation: ***Possible Merit***

Summary Observations: The Committee feels that a bulk food store could be a welcome addition to the downtown. Since the focus is on food a higher amount of traffic would be required and it could increase its chance of success by allying with another business to reduce costs.

WOMEN'S CLOTHING

Starting a women's clothing store can be a daunting effort for many entrepreneurs. Within the first five years 80% of all clothing stores fail "due to poor management, tough competition from department and discount stores, and poor evaluation of fashion trends[70]." The store owner must be clear who they are selling their merchandise to. A few

[70] Canada Business. *Starting a Retail Clothing Store*. January 28, 2008. Canada Business. http://www.canadabusiness.ca/servlet/ContentServer?pagename=CBSC_SK/display&c=GuideHowto&cid=1102419629706&lang=en (accessed July 24, 2008)

recommendations were made for a maternity and plus size women's store in the Survey. These suggestions were small in comparison to the amount of times a women's clothing store was demanded as a whole. A women's clothing store was requested by 29% of all respondents and 36% of women placing it as the fourth highest demanded business suggestion overall and third by women. Respondents also indicated that one of the main reasons they tend to shop out of town is for clothing. People will tend to shop where the most options for apparel exist, which is a trip to London for most Goderich residents. Roughly half of Goderich women still tend to shop in town for their clothing needs (53%).

High demand alone is not enough to support another women's clothing store on The Square. With competition already existing in the Downtown, the mall, and at Wal-Mart, it must be determined what type of female the store will be targeting to differentiate itself. One of the biggest mistakes an apparel store can make is mimicking the big-box and mall store merchandise. People shop in smaller, independent apparel stores for their variety and different styles as well as their one-on-one service[71]. The question for a potential store owner must be asked, "what apparel can you provide that can't be found easily elsewhere[72]?" If the same clothes are available at a more convenient location then there is no reason for them to be shopping at your store. The Survey showed that the third and fourth main reasons for shopping Downtown were unique products and service, respectively, behind *supporting local businesses* and *close to home*. It is essential that both the owner and employees maintain customer friendly attitudes that cannot be found in the larger stores. They must emphasize the diverse product line that will draw customers to both the clothing store and the Downtown.

In 2001, former clothing store owner and Oklahoma State University merchandising Professor, Nancy Stanforth, recommended having at least $250,000 before considering opening a clothing store[73]. That figure has likely increased significantly over the past 7 years, but it was also a high estimate for its time. Debbie Allen, an industry speaker and owner of a women's

[71] Tiffany, Laura. *How to Start a Clothing Store.* February 22, 2001. Entrepreneur.com. http://www.entrepreneur.com/startingabusiness/businessideas/startupkits/article37944.html (accessed July 24, 2008). Pg. 1
[72] Ibid. Pg. 2
[73] Ibid. Pg. 3

clothing store, felt $200,000 would be enough to start out in an averaged sized business of 1,200 to 1,500 square feet in 2001[74]. This all implies start-up costs are likely to be high.

Pricing for merchandise tends to vary in the apparel industry with "mark-ups (based on cost) of 43 to 67%, or by margins (based on selling price) of 30 to 40%[75]." A general rule for sales "is that rent should be kept between 5 and 6 percent of your total sales[76]." This will help keep a solid target of sales and avoid a surprising setback of rent expense in the future.

Women's clothing stores in Canada have increased their ROE 4.6% from 2004 to 2006[77]. Their net profits have also increased nearly a full percent over the same period[78]. Based on the Downtown trade area, Goderich can support 2.4 women's clothing stores[79]. Goderich already has three women's clothing stores in town, meaning another of the same type of business could be risky. More important pieces still need to be decided by the potential owner that can make or break the business: which styles of clothing to sell, which females to target, the store layout and more. In summary, even as the third most demanded business by females, the stiff competition and large investment required are large hurdles, but they can still be overcome.

Recommendation: ***Possible Merit***

Summary Observations: Goderich already has more women's clothing stores than the support multiple. The addition of another women's clothing store could be a challenge, but if the store differentiates its product enough from the current offerings and finds the correct target market its prospects of success will increase.

[74] Ibid. Pg. 3
[75] Canada Business. *Starting a Retail Clothing Store*.
[76] Tiffany, Laura. *How to Start a Clothing Store.*
[77] Statistics Canada. n.d. *Financial Performance Indicators for Canadian Business*. Canada. 2004, 2005 and 2006.
[78] Ibid.
[79] Young, Scott. 2008. *Theoretical Capacity and Analysis*

D. UNLIKELY MERIT

MUSIC STORE

Goderich has been without a dedicated music store for some time. This is likely due to numerous changes in the music industry that has made this business much more difficult, especially for independent retailers.

Big Box stores, making up over 50% of all music sales (Wal-Mart makes up 27% of all music sales alone), have been able to undercut music retailers with their exceptionally low prices[80]. This has led to specialized music retailers expanding into markets such as DVD (HMV reported 40% of its revenues stemmed from DVD sales in 2004) and videogame sales to survive[81]. However, the DVD market is beginning to face similar problems that the music industry has suffered with lower sales and stiff competition[82].

A new music store would have to offer the type of products that cannot be found everywhere else, especially in the Big Box stores which sell primarily from the top 100 music charts. "It has been reported that 2/3 of people shopping in record stores leave without finding what they were looking for[83]." This can be frustrating for many customers and cause them to stop shopping at a music specialty store entirely.

Although CD sales may be decreasing, sales of vintage vinyl and music DVDs have been on the rise[84]. From 2006 to 2007, vinyl record shipments in America increased 36% and are expected to increase another 30% for 2008[85]. Vinyl records are a staple product for nostalgia and the typical buyers range from retirees, middle aged, and even the younger adults in their

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[80] Stein-Sacks, Shelley. *The Canadian Independent Music Industry An Examination of Distribution and Access*. September 2006. Department of Canadian Heritage. http://www.pch.gc.ca/pc-ch/pubs/music_industry/tdm_e.cfm (accessed August 6, 2008).
[81] Ibid.
[82] Ibid.
[83] [83] Stein-Sacks, Shelley. *The Canadian Independent Music Industry An Examination of Distribution and Access*.
[84] Quill, Greg. *There's life in record stores yet*. July 14, 2007. Thestar.com. http://www.thestar.com/entertainment/article/235328 (accessed August 6, 2008).
[85] Sanderson, David. *Vinyl revival.* July 25, 2008. The Vancouver Sun. http://www.canada.com/vancouversun/news/arts/story.html?id=5c9e05bd-55a0-47f5-806b-36784db1f541 (accessed August 7, 2008).

20s and 30s[86]. Goderich's median age has been increasing over the years and this could be a great market to tap into.

Starting a store that sold only music merchandise would be a risky venture in Goderich. The demand rate for a music store was quite low from the Residents Survey (10%). The support multiple of only 0.7 also emphasizes there is not a strong need for this business. The lower half of the music retailer industry has an extremely high gross margin just over 60% compared to under 35% for the upper half[87] (Big Box stores have even lower margins). This would be a major obstacle to overcome, particularly because price was rated the third most popular reason for not shopping downtown.

Recommendation: ***Unlikely Merit***

Summary Observations: This could be an interesting type of business if it was used to showcase the array of local talent. With a proper distribution and display of their material it would be a great platform for local residents and tourists to discover what the Goderich area has to offer for musical talent. If used in this style, the music store would make a great adjunct to an arts centre.

[86] Ibid.
[87] Statistics Canada. n.d. *Financial Performance Indicators for Canadian Business*. Canada. 2004, 2005 and 2006.

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GLOSSARY

Ibid
Latin term meaning in the same book, chapter, page, etc.

Medium Hotel
Stats Canada defines a medium hotel as having between 50 and 199 rooms.

Return on Equity
Commonly referred to as its short form, ROE, it measures the ability of a business to create profits in terms of each dollar of its net assets (assets minus liabilities). In other words, it identifies how well a business puts to use its investment dollars to create additional earnings.

Trade Area
As defined by the Ontario Ministry of Agriculture, Food and Rural Affairs, the Goderich trade area "is the geographic area in which the majority of current and potential customers for Goderich's Downtown retail and service businesses reside[88]." Their method to define this area "was established by using the closest 75% of customers. The boundary of Goderich's trade area ...indicates that 75% of Downtown customers live within 30km of Downtown Goderich. This does not mean that people from outside that boundary never frequent Goodrich's Downtown but simply that the majority of the customers are likely drawn from this area."

Small Hotel
Stats Canada defines a small hotel as having less than 50 rooms.

Support Multiple
Refers to the number of this type of business that Goderich could support based on the Trade Area population and Industry Canada statistics. For example, if there are 504 hotels in Ontario (pop. 12,160,282) then there is roughly one hotel per 24,128 people. Goderich's Downtown trade area is most recently reported as 29,555 people, over 5,000 more people than the required 24,128 per hotel. Therefore, Goderich has a support multiple of 1.22 hotels. This is a general comparison to Ontario, and does not take into account Goderich's large amount of tourism.

[88] Ontario Ministry of Agriculture, Food and Rural Affairs. 2006. *Downtown Goderich Trade Area Report*. Ontario. Page 6.

Goderich Residents Survey 2008

Graphical Summary of Responses

August 21, 2008

GRAPHICAL SUMMARY TABLE OF CONTENTS

SECTION SUMMARY	PAGES
TOTAL	1-12
AGE	13-20
INCOME	21-28
COMMENTS	29-36

Question 1
How often do you visit the GODERICH DOWNTOWN BUSINESS AREA?

Total Summary	Page 1
Age Summary	Page 13
Income Summary	Page 21

Question 2
How often do you "VISIT" the GODERICH DOWNTOWN BUSINESS AREA for the following?

Total Summary	Page 1

Question 3
What are the top 3 reasons you choose "NOT TO SHOP" in the DOWNTOWN BUSINESS AREA?

Total Summary	Page 2
Age Summary	Page 13
Income Summary	Page 21
Comment Summary	Page 29

Question 4
What are the top 3 reasons you choose to "SHOP" in the DOWNTOWN BUSINESS AREA

Total Summary	Page 2 & 3
Age Summary	Page 13
Income Summary	Page 21
Comment Summary	Page 29

Question 5
What are the top 3 reasons you choose to "VISIT" the DOWNTWN BUSINESS AREA?

Total Summary	Page 3
Age Summary	Page 14
Income Summary	Page 22
Comment Summary	Page 30

Question 6
What is your PRIMARY shopping destination for each of the following?

Total Summary Page 4

Question 7
Select the TWO important reasons for making your purchase decision for EACH of the following goods and services.

Total Summary Page 4
Age Summary Page 14-17
Income Summary Page 22-25

Question 8
If you were to shop during extended hours, when would you most likely shop?

Total Summary Page 5
Age Summary Page 17
Income Summary Page 25
Comment Summary Page 30

Question 9
If you have any other comments regarding retails shopping and/or services in the DOWNTOWN BUSINESS AREA, please add them below.

Comment Summary Page 31

Question 10
In your opinion, is there a need for improvements to the appearance and safety of the DOWNTOWN BUSINESS AREA?

Total Summary Page 5

Question 11
If you answered YES to question 10, please rate the following.

Total Summary Page 5
Comment Summary Page 32

Question 12
What ADDITIONAL businesses or services do you think are needed in the DOWNTOWN BUSINESS AREA?

Total Summary Page 6
Age Summary Page 18
Income Summary Page 26
Comment Summary Page 32

Question 13
Using the scale provided, please rate the following aspects of the DOWNTOWN BUSINESS AREA.

Total Summary Page 6

Question 14
For each of the following developments, please rank in priority from 1 to 3, the location in Goderich where you feel each should be located, with 1 being your top choice.

Total Summary	Page 7
Comment Summary	Page 33

Question 15
What is your opinion about living in the DOWNTOWN BUSINESS AREA?

Total Summary	Page 8

Question 16
Within the next 7 years, in which of the following would you prefer to live, other than a single family residence?

Total Summary	Page 8
Comment Summary	Page 33

Question 17
Do you know someone who has moved from Goderich, or decided not to move to Goderich, because of a lack of a suitable or available condominium?

Total Summary	Page 8

Question 18
Do you know someone who would be interested in moving into a condominium, if they were available in Goderich?

Total Summary	Page 8

Question 19
If you answered YES to the previous question, please indicate how many households.

Comment Summary	Page 34

Question 20
What Downtown events have you attended in the past year?

Total Summary	Page 9
Comment Summary	Page 34

Question 21
How do you usually find out about LOCAL businesses or services?

Total Summary	Page 9

Question 22
Please indicate what you would most like to see developed or added to the community.

Total Summary	Page 10

Question 23
Why do you shop outside of the Town of Goderich?

Total Summary	Page 10
Age Summary	Page 19
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Question 24
How important do you think Heritage Buildings are to Goderich's character?

Total Summary	Page 11

Question 25
Should Town of Goderich taxpayers financially subsidize the heritage efforts of business and/or homeowners?

Total Summary	Page 11

Question 26
Do you and/or your partner plan to continue living/working in Goderich?

Total Summary	Page 11

Question 27
Please suggest any services or facilities for seniors that you feel are needed.

Comment Summary	Page 35

Question 28
Please suggest any services or facilities for youth that you feel are needed.

Comment Summary	Page 36

Question 29
What is your gender?

Total Summary	Page 11
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Question 30
What is your age?

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Question 31
How many people in total live in your household?

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Question 32
What is your annual household income?

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Question 33
Where do you work?

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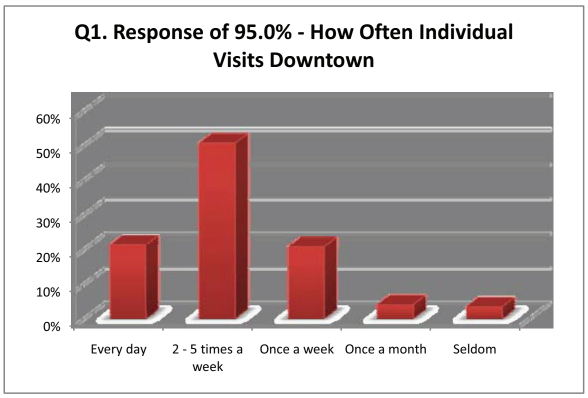
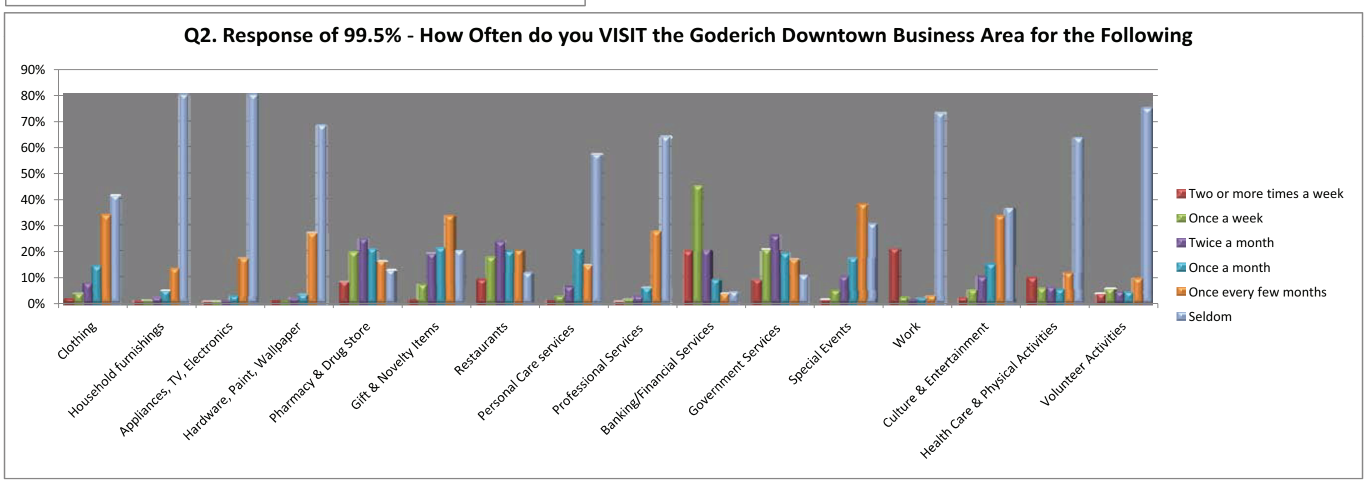
Discretion should be used when viewing an individual question; the included information should be viewed as an entire report.

Goderich BIA Residential Survey 2008

Total Summary - 916 Responses (100%)





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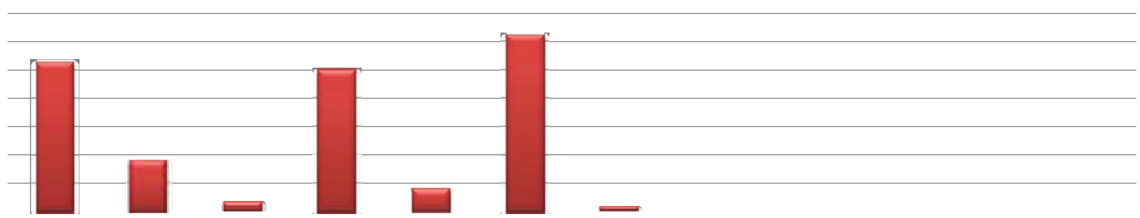

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