Telephone Survey

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

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

Market Penetration

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

Table 27 – The Frequency of Shopping Trips*

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

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

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

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

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

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

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

Table 29 – The Frequency of Trips to Downtown Fennville*

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

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

Synergism

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

Table 30 – Purpose of the Trip*

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

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

Attitudes & Opinions

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

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

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

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

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

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

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

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

Select Demographics

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

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

Table 31 - Number of Household Members*

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

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

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

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

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

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

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

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

Table 33 – Age of Most Senior Household Member*

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

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

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

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

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

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

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

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

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

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

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

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

Table 36 – Total Household Income*

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

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

Spending

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

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

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

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

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

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

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

Table 38 – Frequency Lunch Is Consumed Outside the Home*

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

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

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

Table 39 - Whether Lunch Trip Is Generally Work Related*

Whether Work Related	%
Yes	17
No	83
Total	100

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

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

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

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

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

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

Table 41 – Frequency Dinner Is Consumed Outside the Home*

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

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

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

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

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

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

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

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

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

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

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

Table 44 – Sports In Which Household Member Participates*

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

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

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

Table 45 – Events Which Household Member Attends*

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

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

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

Table 46 – Number of Personal Vehicles Owned or Leased*

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

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

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

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

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

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

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

Table 48 – Whether Household Owns or Rents*

Own/Rent	%
Own	90
Rent	10
Total	100

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

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

Table 49 – Number of Years Living At the Address*

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

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

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

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

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

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

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

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

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

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

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

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

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

*Developed by The Chesapeake Group, Inc., 2004

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

Implications

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

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