Downtown Salem Retail Market Study: Interim Report

Prepared for

Salem Redevelopment Authority
Downtown Retail Market Study Working Group

By

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Executive Summary

To advance efforts to revitalize downtown Salem as a vibrant year- round retail destination, the Salem Redevelopment Authority retained Karl Seidman Consulting Services, ConsultEcon, Inc. and the Institute of Regional Development to complete a Downtown Retail Plan. This report presents results from an analysis of the downtown customer base and downtown business mix and their implications for the downtown retail development strategy.

<u>Customer Base (Demand Side) Analysis</u>

Downtown Salem has four customer segments (trade area residents, downtown workers, Salem State college students and visitors) whose combined size, income and spending patterns define the downtown's market potential. **Trade area residents are the largest market segment with $1.3 billion in restaurant and retail spending—88% of total spending by all four segments. Visitors are the second largest market spending $124 million annually or 9% of total spending and 12% of restaurants spending**. Salem State College students spend an estimated $37 million annually with food the largest component. Downtown workers account for an estimated $8 million in annual spending.

Downtown Salem's trade area includes Beverly, Danvers, Marblehead, Peabody, Salem, and Swampscott with a 2006 estimated population of 193,711 and 78,955 households. It is older and higher income than both Essex County and Boston MSA with a median age of 40.5 and median income of $63,459. Over 40% of households have an income above $75,000. Small households are prevalent with 63% of households having one or two people. Trade area households spend $2.2 billion annually on non-shelter and transportation items, with the largest demand for groceries ($324 million), eating out ($264 million), entertainment ($191 million), and clothing and accessories ($157 million).

An estimated 6,171 workers are located downtown—about one third of Salem employment. Assuming the average worker spends $25 per week downtown ($1,300 per year), the total annual spending potential is just over $8 million. The bulk of this spending is probably for food and beverages at downtown restaurants. Since 25% of downtown workers are Salem residents and close to 75% likely live in the trade area, downtown workers may only add $2 million to the downtown retail market beyond trade area residents.

In the fall of 2005, 10,073 students enrolled in Salem State College during the regular, 9-month academic year of which 2,306 lived in Salem. Another 6,659 students enrolled in summer sessions. Annual spending by these students is projected at $36.5 million with food (grocery store and restaurants purchases) constituting 71% of the total. Students living in Salem—the mostly likely to shop and eat downtown—account for 20% of total Salem State student spending.

Salem's diverse visitor attractions include witch-themed venues, maritime history, a major museum and other historic destinations that draw 700,000 tourists (and 1 million total visitors) each year. The four attractions with the highest annual attendance are the Salem Maritime Historic Site (650,000), the Salem Witch Museum (400,000), the Peabody Essex Museum (250,000) and the House of Seven Gables (120,000). The trends in annual visitors to the National Maritime Site and its seasonality indicate that Salem has the potential to increase its tourism base and the retail market supported by visitors. Annual visitation was consistently close to 800,000 from 1998 to 2002 but dropped to 600,000 to 650,000 visitors in 2003 and 2005. Over 40% of visits occur in October and July but visitation drops considerably in May, June and September; each of these months has less than half the visitation in July.

Salem visitors are a $124 million annual market (net of transportation spending). They spend $35.6 at restaurants, $18 million shopping, $22.7 million in attraction admissions, and $41.9 million for lodging. The combined visitor spending on restaurants, groceries, shopping and attractions ($76.3 million) is 1.7 times the combined spending by downtown workers and Salem State College students.

Customer Survey Results

A telephone survey of 360 trade area households was conducted in February to better understand residents' current use and perceptions of downtown Salem and identify promising ways to expand downtown shopping by area residents. Key survey findings include:

- **Residents shop and dine downtown regularly**—59% of survey respondents go downtown at least several times per month to purchase goods or services.
- **Downtown is most competitive for restaurants and gifts and craft stores.** It is the primary destination among 59% of respondents for dining destination and among 35% to shop for gifts and crafts.
- **North Shore/Liberty Tree Malls are, by far, the primary shopping destination** for all other goods and services**.** For 76% of respondents, these malls are the primary place to buy clothing.
- **Salem is cited second most often as the primary shopping destination** albeit for a small share of shoppers.
- **60% of respondents rated downtown good or excellent for 9 of 15 characteristics** with the quality and selection of restaurants receiving the highest ratings, followed by the attractiveness of public spaces, storefronts and store interiors.
- **Parking availability and traffic received the worst ratings** with over 70% of respondents viewing these features as fair or poor.
- **Residents cited more diverse shopping options, improved traffic and parking, and expanded arts and cultural offerings** as mostly likely to increase their downtown patronage.

Business Mix and Vacancy (Supply Side) Analysis

There are 348 establishments occupying approximately 822,000 square feet of ground floor space in downtown Salem. Retailers are the largest economic sector with 107 stores (31% of all establishments) and 206,000 square feet (25% of total space). Accommodation and Food Services (primarily restaurants) is the second largest sector, accounting for 62 establishments and 16% of ground floor space followed by Arts, Entertainment and Recreation uses which occupy 105,000 square feet, or 13% of downtown space.

Downtown Salem has a large number of restaurants (56) and attractions (15), reflecting the large tourism market. The largest retailer cluster is gift and souvenir stores (45), which partly reflect Salem's tourist market. Eighteen sell primarily "witch-related" merchandise with the other 27 catering to a more diverse market. Other retail categories with many stores are food and beverage stores (14), clothing and accessory stores (14), and sporting good, hobby and book stores (10). Three types of businesses exhibit geographic clustering:

- Most visitor attractions and souvenir stores are located either at Pickering Wharf or along Essex Street
- Almost half of downtown clothing stores are located in the Museum Place Mall and nearby on Essex Street
- Three knitting, quilting, and needlework stores are in adjacent spaces on Front Street

Downtown Salem contains stores in most retail categories and with a strong orientation toward comparison goods as opposed to convenience retail. However, the absence of a large cluster of stores (and large stores) in most categories (other than restaurants and gift and craft stores) limits downtown's ability to be a major shopping destination for most products. Salem does have a diverse range of stores and this overall retail mix can create a destination through its unique experience and one-of-a-kind shops.

There are 28 vacant ground floor spaces in downtown Salem with approximately 63,000 square feet or 8% of the total ground floor space. Vacant space refers to space that is not occupied by a business or under agreement to lease. Vacant space is dispersed throughout the downtown, but there are several vacancies in and near the Museum Place mall. Another five vacant spaces exist on New Derby Street and the adjacent block on Washington Street. Their visibility and interruption of retail continuity make there two areas priorities for re-leasing. All vacant units are below 5,000 square feet and half are less than 2,000 square feet. Thus, downtown Salem has suitable spaces to attract diverse business types, including those needing mid-size spaces. However, it lacks large spaces to accommodate stores that require large spaces such as supermarkets, furniture stores, discount stores and most "big box" single category stores.

Sales Gap Analysis

A sales gap analysis was used to identify store types with unmet market demand by comparing consumer spending to store sales for the entire trade area across myriad store types. Sales exceeded spending for almost all store categories, with the exception of eight store types. Six of these stores would benefit downtown by expanding an existing retail cluster, creating shopping linkages or filling gaps in downtown mix: Specialty Food; Shoes, Jewelry, Luggage, Leather Goods; Sew/Needlework/Piece Goods; Clothing & Accessories; and Used Merchandise. Downtown Salem could support a medium-sized store in most of these categories by capturing less than 20% of the estimated sales gap.

Key Findings and Implications

Major findings from the demand and supply side analysis include:

- Trade area residents are the largest market for downtown, but Salem must gain market share from competing retail centers to significantly expand its retail base.
- Visitors are the second key downtown market and present a strong growth opportunity through expanding visitation in May, June and September.
- Downtown Salem is best positioned to grow its retail and service base in two areas: (1) dining and entertainment that builds on its current strength as a dinning

destination; and (2) niche comparison goods that emphasize unique stores and expand downtown's current position in gifts and crafts, clothing, specialty foods, and hobby, books and music.

- An expanded variety of stores, more arts and cultural activities and expanded parking options are key improvements to generate expanded downtown shopping among local residents.

A three part strategy is recommended to make downtown Salem a vibrant year-round retail, dining and cultural destination that includes

- **A Retail Development Strategy** to establish downtown Salem as the North Shore's premier dining and entertainment destination and diversify downtown retail niche-oriented stores that create a unique shopping experience.
- **A Market Development Strategy** to strengthen Salem's market share among trade area residents, students and downtown workers and initiatives to increase Salem's tourist visits in the spring and fall, particularly in May, June and September. This strategy includes expanding the downtown residential retail market by continuing city zoning and development policies that foster downtown mixed use and housing development.
- **An Experience Enhancement Strategy** to improve downtown's attractiveness and appeal to pedestrians and help visitors better navigate downtown Salem and locate convenient parking.

Introduction

Under the leadership of Mayor Kimberley Driscoll, private and public sector stakeholders have been working to implement a vision to revitalize downtown Salem as vibrant year-round retail destination. To advance this vision, the team of Karl Seidman Consulting Services, ConsultEcon, Inc. and the Institute of Regional Development were hired by the Salem Redevelopment Authority to complete a Downtown Retail Plan for Salem. This study builds on significant other downtown initiatives including redevelopment and reuse of several downtown buildings for housing and retail space, introduction of seasonal exhibit and work space for artists, a new summer ferry service to downtown Boston, a storefront improvement program, and holding a public forum to develop a shared vision for downtown Salem.

This report presents results from the first study phases (an analysis of the downtown market and customer base and an analysis of the downtown business mix and space), discusses the implications of these analyses and recommends directions for the downtown retail development strategy. A second phase formulated an action plan to strengthen downtown Salem's retail base, which is presented in a separate report. This report is organized in six sections:

- Section 1 delineates the downtown trade area.
- Section 2 summarizes the demand side analysis, including demographic characteristics, spending potential for trade area residents and the market size and spending for other customer segments, including downtown workers, visitors and students, and customer telephone survey results.
- Section 3 presents the supply side analysis including the existing downtown business mix, vacancies, key spatial and business-type clusters and downtown's strengths and weaknesses versus competing retail areas.
- Section 4 presents a sales gap analysis that compares estimated consumer expenditures and trade sales for different retail store categories and analyzes potential to support new retail space from a growth in downtown market share and tourism
- Section 5 summarizes the key findings and their implications for downtown retail development, and recommends specific strategy directions.

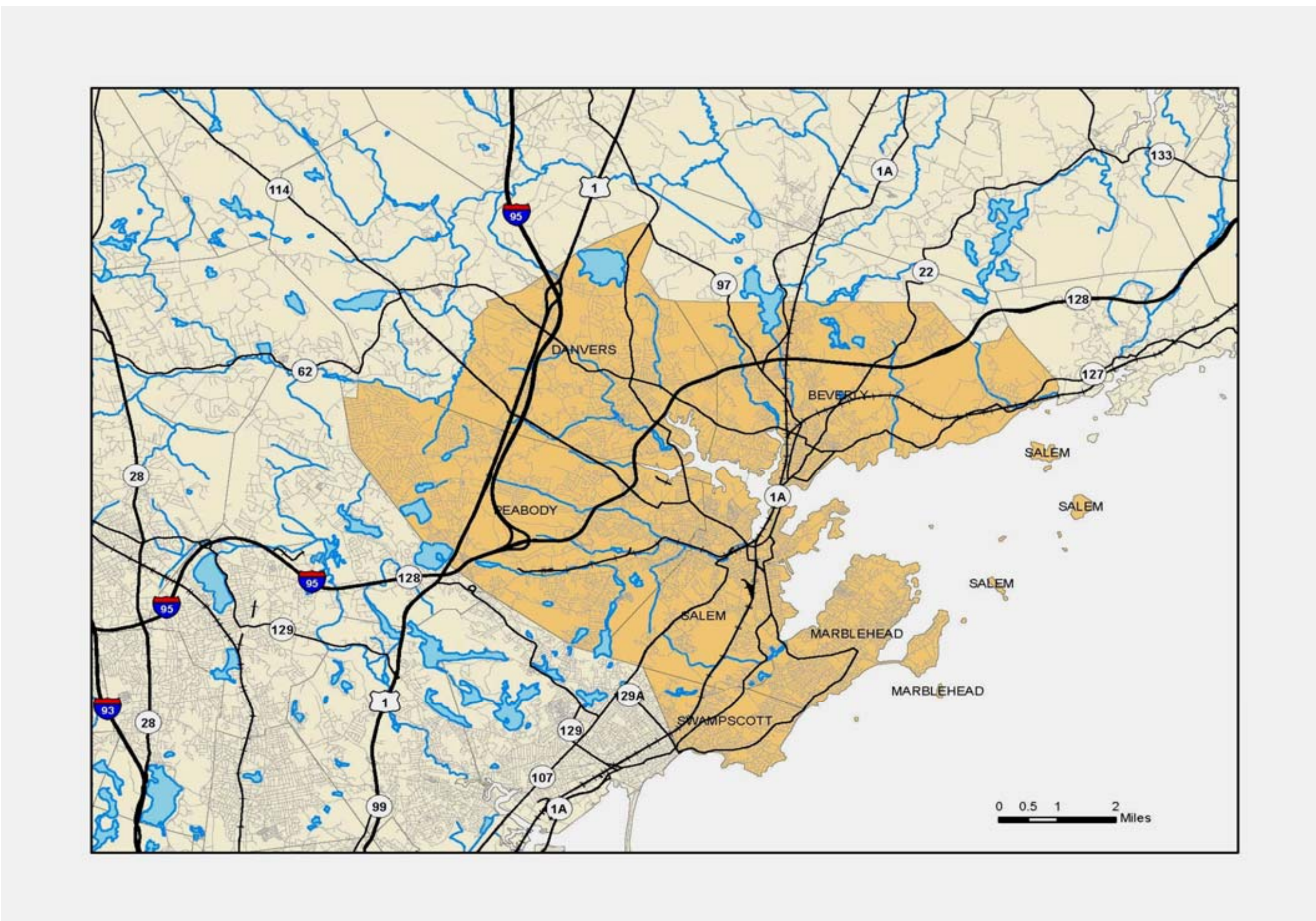
Downtown Salem has four distinct customer segments (trade area residents, downtown workers, Salem State college students and visitors) whose combined size, income and spending patterns define the downtown's market potential. Trade area residents (net of the downtown worker and student component of this spending) are by far the largest market segment. They represent a $1.3 billion restaurant and retail market and account for 88% of total spending by all four segments. Visitors are the second largest market, spending $124 million annually or 9% of total spending, but are an important market for restaurants where they represent an estimated 12% of spending. Salem State students are the third largest market with $37 million in annual spending with food the largest component. Finally, downtown workers account for an estimated $8 million in annual spending.

On the supply side, downtown Salem has a diverse business base with over 100,000 square feet each in restaurants, retail, arts, entertainment and recreation and personal and other services. Its strong concentrations are in restaurants and gift, craft and souvenir stores; these categories have most establishments and are the strongest destination for trade area customers. There are significant ground floor vacancies downtown with 41 spaces and 115,000 vacant square feet.

Trade Area Definition

The downtown Salem trade area was defined through meeting with a diverse group of downtown retailers and reviewing data on their customer base. Its geography includes areas from which retailers have a sizable share of regular customers who shop downtown on a weekly or near-weekly basis. Based on this information, Downtown Salem has a trade area that includes six communities: Beverly, Danvers, Marblehead, Peabody, Salem, and Swampscott. A map of the downtown trade area is presented in Figure 1.

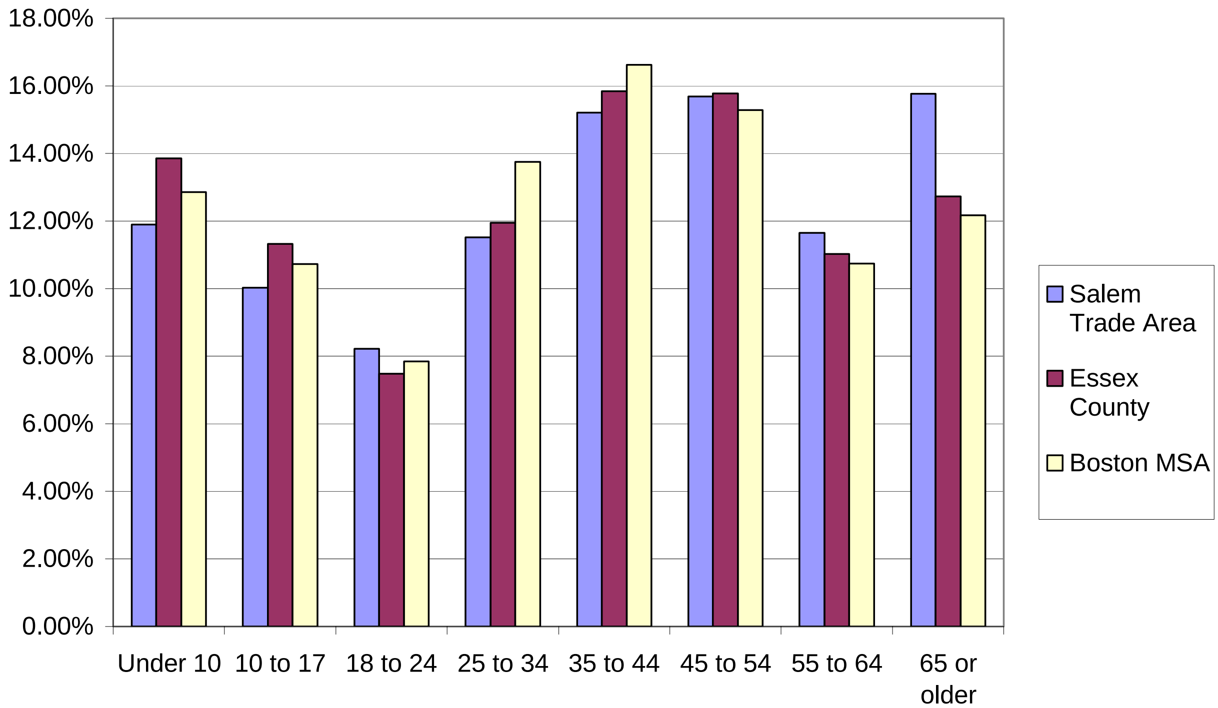
Figure 1
Downtown Salem Trade Area



Demand Side Analysis

Downtown Salem has four distinct customer segments: trade area residents, downtown workers, students at Salem State College and visitors. There is considerable overlap in the first three segments as many downtown workers and students also live in the trade area. It is important to understand the relative size of each market segment to inform strategy formulation and marketing priorities. However, the total market size and its support for different retail uses must not be overestimated by double counting spending by trade residents who are also downtown workers and students. To avoid this problem, we estimated the relative size of each market segment but subtracted the student and downtown worker demand from trade area residents spending when quantifying total demand.

Figure 2. Age Distribution, Salem Trade Area, Essex County and Boston MSA



Trade Area Residential Market[1]

The trade area has a 2006 estimated population of 193,711 with 78,955 households and is older and higher income than both Essex County and Boston MSA. Key demographic characteristics of the trade area include:

- Predominantly white (91%) and non-Hispanic (94%)
- Irish, Italian and English are the primary ancestry groups, at 18%, 13% and 9%, respectively.

[1] Current demographic data on the trade area population is from estimates purchased from the Claritas. This data is compared to 2005 data for Essex County and the Boston MSA from the US Census American Community Survey. All 2000 data is from the US Census of Population and Housing.

- An older population with a median age of 40.5 above 38.7 for Essex County and 37.9 for the Boston MSA.
- Its largest age cohorts are 45 to 54 (16% of total population) and 35 to 44 (15%), but these shares are low relative to the county and region, while the trade area has a higher share of residents above 55 (see Figure 2).
- Small households are prevalent with 63% of households having one or two people. There are over 5,000 more married couples without children than those with children.
- Trade area households are relatively high income with a median income of $63,459 (versus $57,164 for Essex County and $62,068 for the Boston MSA). Moreover, 41% of trade area households have an income above $75,000 compared to 38% for Essex County. (See Figure 3).
- Lower educational attainment than the Boston MSA with 34% of households over 35 having a bachelor's degree versus 41% for the metro region.

The trade area's population and number of households have been increasing since 1990 with growth rates slightly higher since 2000. Population and number of households increased at average annual levels of 728 and 516 during the 1990s; according to Claritas estimates, annual population growth has averaged 885 since 2000 as the number of households grew by 553 on average over the past six years.

The prosperity of downtown Salem's trade area is confirmed by an analysis of its largest consumer segments under the Claritas PRISM segmentation system that divides households into 66 different segments based on socioeconomic and lifestyle characteristics. Over half of trade area households (54%) are in thirteen PRISM segments that comprise three fairly affluent social groups ("The Affluentials", "2nd City Society" and "Elite Suburbs") with median incomes of $69,000, $75,000 and $106,000, respectively. These groups have lifestyle and consumption preferences that include health foods, consumer electronics, expensive clothes, digital and wireless technology, cultural media, casual-dining restaurants, upscale retailers, foreign travel and luxury cars. The large number of these households in the trade area indicates that downtown Salem can grow its retail market partly by expanding retail, dining and entertainment that will appeal to upscale consumers.

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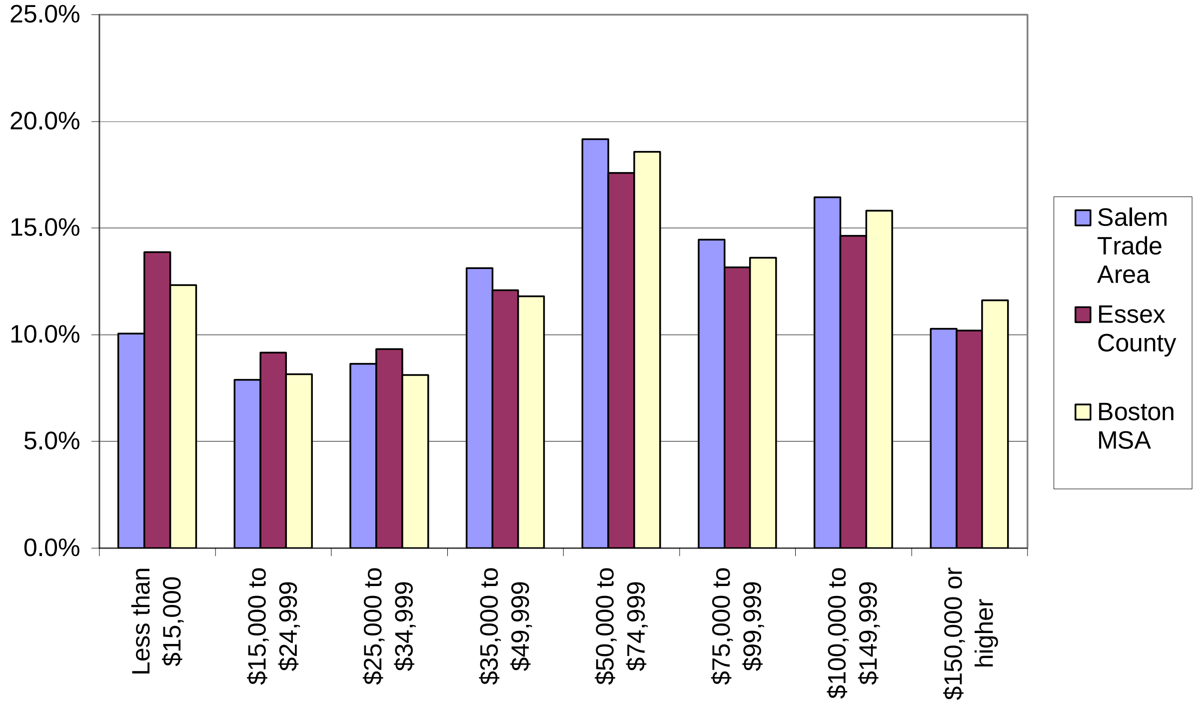
Figure 3. Households by Income, Salem Trade Area, Essex County. Boston MSA



Retail demand across major product and service categories for trade area households is summarized in Table 1. These estimates are based on the number of households in the trade area and average annual expenditures for Boston metropolitan households from the Consumer Expenditure Survey[2]. Total consumer demand is estimated at $4.2 billion with $2.2 billion non-shelter and transportation spending. The largest demand is for food at $588 million—with $324 million spent on groceries and $264 million spent eating out. The next most important retail demand segments are entertainment at $191 million, clothing and accessories at $157 million and furniture and home furnishings at $136 million.

[2] Expenditure figures were from the 2004 to 2005 survey and were increased by the change in the Boston metro consumer price index from 2005 to 2006 (3.1%) to account for inflation.

Table 1
Estimated 2006 Trade Area Spending By Product or Service Category

Spending Category	Annual Spending Per Household	Total Trade Area Spending
Total Expenditures	$53,281	$4,206,805,224
Shelter and Utilities	$16,635	$1,313,431,032
Transportation	$8,852	$698,922,767
Non-Shelter and Transportation Spending	$27,794	$2,194,451,426
Food at Home	$4,100	$323,738,160
Food Away From Home (Restaurants)	$3,348	$264,314,258
Alcoholic Beverages	$860	$67,889,773
Housekeeping Supplies	$647	$51,120,836
Furniture and Home Furnishings	$1,722	$135,942,350
Apparel and Accessories	$1,989	$157,025,625
Healthcare	$2,705	$213,600,436
Entertainment	$2,420	$191,051,914
Personal Care Products and Services	$609	$48,108,940
Reading	$201	$15,873,508
Education	$1,798	$141,966,143
Tobacco Products and Smoking Supplies	$296	$23,362,548
Miscellaneous	$618	$48,760,160

Source: Karl Seidman Consulting Service from Claritas and Bureau of Labor Statistics data

Downtown Residents. A small but important part of the trade area market is households living downtown. These residents are more likely to shop downtown, especially for convenience goods, and add 24 hour activity to the downtown that reinforces nighttime dining, entertainment and retail activity. In the past several years, downtown Salem has benefited from a downtown housing boom, with the development of 391 new housing units, including 126 condominiums and 265 rental units. This new downtown housing equals 24% of the housing units in the primary downtown census tract in 2000 and increased Salem's total 2000 housing stock by 2%. Beyond expanding the market for downtown shops, restaurants and service businesses, residential development has fueled investment to renovate and upgrade ground floor retail space in under-utilized buildings.

Downtown Worker Market

Salem establishments employ people living inside and outside the city. Based on 2005 data from the Massachusetts Department of Employment and Training, the average monthly employment in Salem was 18,243. These employees represent a market opportunity for downtown businesses, especially employees based in the downtown area that may frequent restaurants and retail stores at lunchtime or after work.

Based on information collected by the City of Salem and for this study, it is estimated that large establishments (i.e., those that employ more than 50 employees) account for 4,391 workers in the downtown area. In addition, it is assumed that 356 downtown businesses, which were identified in the business inventory conducted for this study, have an average of 5 employees.[3] This assumption yields an estimate of 1,780 downtown workers at small businesses. Based on these large and small businesses, a total of 6,171 workers are estimated in the downtown area. Downtown workers then represent about one third of all Salem employment. If each downtown worker spends an average of $25 per week ($1,300 per year), the total spending potential is just over $8 million annually. The majority of this spending is likely for food and beverages at downtown restaurants.

It should be noted that there are several large employers, namely North Shore Medical Center (4,800 employees) and Salem State College (1,400 employees), which account for a significant part of the workforce in Salem. These establishments are located at a distance from the downtown and are not included in downtown worker counts.

Table 2
Estimated Number of Downtown Workers and Spending Potential

Estimated Number of Downtown Workers from Large Establishments	4,391
Number of Other Downtown Establishments from Business Inventory	361
Average Number of Workers per Other Downtown Establishment 1/	5
Estimated Number of Workers from Business Inventory	1,780
Total Estimated Number of Downtown Workers	6,171
Estimated Average Downtown Worker Spending per Week	$25
Total Annual Estimated Downtown Worker Spending Potential	**$8,022,300**
Spending by Non-Trade Area Residents Working Downtown (assumed 75%)	**$2,005,575**

1/ Assumption. Not including large employers. Source: ConsultEcon, Inc.

In evaluating the market demand from downtown workers, it is useful to estimate the portion of spending by workers who reside outside of Salem and the downtown trade area to avoid double counting of people who live and work in Salem. Based on data provided by four large employers, 25% of people working in Salem are also Salem residents. If this holds for all workers, 75 percent of employees reside outside the city. However, the percentage of workers who reside in all five downtown trade area communities is undoubtedly larger—probably close to 75%[4]. Thus, based on $8 million in annual spending, downtown workers may only add $2 million to the downtown retail market beyond trade area residents. Table 2 summarizes the spending potential estimates for downtown workers.

[3] Not including large employers analyzed separately.
[4] 87% of the respondents to the telephone survey have a household member who works in downtown Salem

<u>Salem State College Student Market</u>

In the fall of 2005, 10,073 students enrolled in Salem State College during the regular, 9-month academic year.[5] In addition, 6,659 students enrolled in summer sessions. Those living in Salem during their enrollment are likely to have the strongest spending patterns in the downtown area. There were 2,306 non-summer enrolled students that lived in Salem. These students include those living in dorms on campus, living off campus, or living at home. Table 3 summarizes the estimated annual spending on food and non-food items by Salem State College students living in Salem and those living outside Salem. Annual student spending is projected at $36.5 million with food (both grocery store and restaurants purchases) constituting 71% of the total. Students living in Salem—perhaps the mostly likely to shop and eat downtown—account for 20% of total Salem State student spending. While sizable, the student market is small compared to trade area residents and visitors. Consequently, a larger gain in market share among students is needed to achieve significant gains for downtown businesses. For example, if downtown gains an additional 20% of spending among students living in Salem and 10% of non-resident student spending, retail and restaurant sales would increase by $4.43 million. This is equivalent to a 7% increase in downtown visitor spending and a .25% increase in downtown spending by trade area residents. The following sections detail the data and assumptions used in calculating student spending for non-food and non-food items.

Table 3
Estimated Salem State College Student Spending

Student Residency	Non-Food Spending	Food Spending	Combined Spending
Salem	$2.3 million	$5.5 million	$7.8 million
Outside Salem	$8.8 million	$19.9 million	$28.7 million
Total	$11.1 million	$25.4 million	$36.5 million

<u>Non-food Spending.</u> Based on the estimated 9-month student budget prepared by Salem State College's Office of Financial Aid, students spend $900 ($100 per month) for personal/ miscellaneous spending, which covers shopping, personal services, and entertainment. Applying this $100 monthly spending figure to the 10,073 academic year students and 6,659 summer session students yields a total student retail market of $11.1 million[6]. However, the vast majority of this market, $8.8 million is from students who live outside of Salem and for whom a limited portion of this spending is likely to occur in downtown Salem.

The stronger downtown market potential is for the enrolled students that live in Salem—an estimated non-food retail market of $2.3 million. This includes $2.1 million among the college's fall enrollment that lives in Salem and $0.2 million in spending by 542 summer enrollment students living in Salem. Some of this spending already occurs in downtown Salem, but there is potential to increase the capture of this demand, especially since downtown retailers report that students now constitute a very small share of their customers.

[5] Information on Salem State College enrollment was provided by the Office of Administration and Finance.
[6] Summer enrollment spending is estimated at $25 per week for 12 weeks.

Food Spending. The Office of Financial Aid estimates the food (board) cost for dorm residents to be $288 per month. The current meal plan requires students to contribute to the Clipper Card, a pre-paid debit card that uses "dining dollars" for use in campus dining rooms and "flex dollars" for use at on and off-campus merchants. Few downtown merchants have signed up for the program, yet higher merchant participation has the potential to expand Salem State College student spending on food and other items in the downtown. The number of students living on campus during the school year is 1,449, resulting in total food spending potential of $3.8 million. Summer session students in dorms (91) add another $0.1 million in spending potential for a total of $3.9 million.

The estimated food budget for students at home is $180 per month and for off-campus students $280 per month. Data provided by Salem State College do not make the distinction between students living at home and in an apartment. It is assumed that 75 percent of off-campus undergraduate students and 25 percent of graduate students are living at home. The "at home" food spending potential of 5,000 regular term students is $8.1 million, and of 3,033 summer students, is $1.6 million. The food spending potential of 3,598 other off-campus regular students is $9.1 million, and of 3,195 off-campus summer students is $2.7 million. The total food spending potential for off-campus students therefore is $21.5 million. Currently, there is some spending on food in the downtown by students. An estimated $1.6 of this off-campus food spending is by students living in Salem.[7]

Visitor Market

This section provides an overview of tourism in Salem and estimated spending attributed to visitors to Salem by visitor type.

Overview of Tourism in Salem. According to the North of Boston Convention and Visitors' Bureau, there were 2.7 million visitors to Essex County in 2003, the most recent year for which information is available. Of the 34 towns in Essex County, Salem has one of the most well-developed tourist economies. Destination Salem, Salem's Office of Tourism and Cultural Affairs, estimates that there are typically 700,000 tourists[8] (out of 1 million total visitors) visiting Salem annually, which would account for over 25 percent of the annual tourists to Essex County.

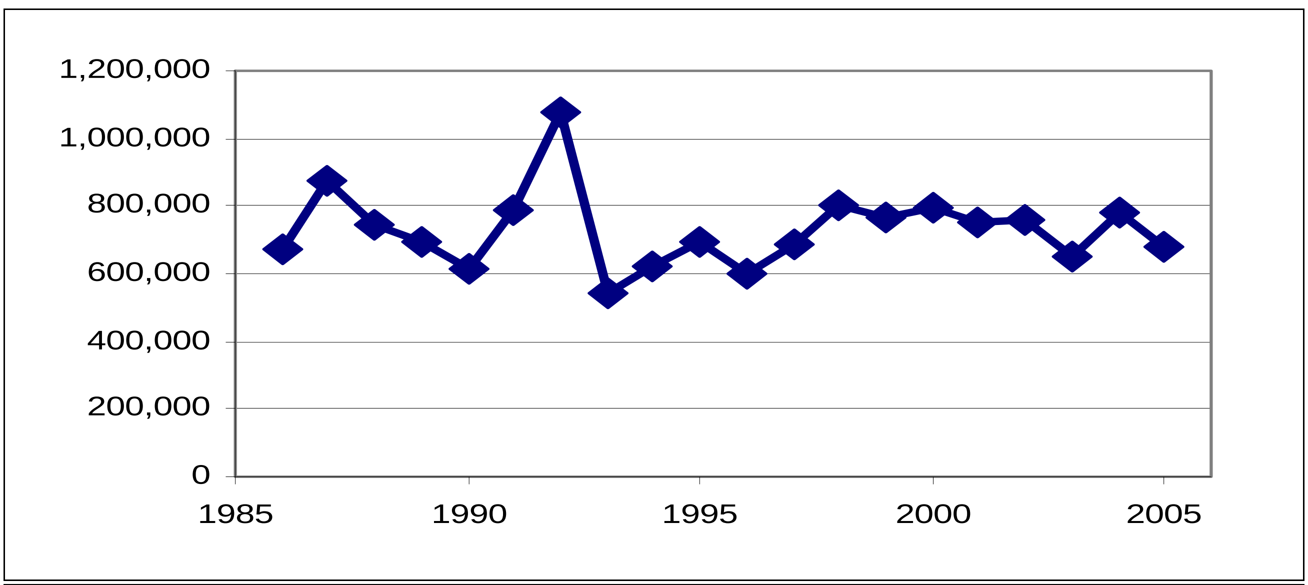
Salem has diverse visitor attractions that include witch-themed venues, maritime history, a major museum and other historic destinations. Its historic location of witch trials in the 17th century has made it a destination for travelers in October. Among several witch-themed attractions, the Salem Witch Museum is the most popular, drawing some 400,000 visitors annually, according to Destination Salem. In addition to witch-themed attractions, several attractions highlight other aspects of Salem's history and culture. The National Park Service operates the Salem Maritime National Historic Site and a regional visitors' center, which serves as one of the primary visitors' centers for the Essex National Heritage Area. The House of Seven Gables, the Peabody Essex Museum, Salem Trolley, and Salem Pirate Museum are all

[7] The college reports 2,306 students living in Salem and 1,449 living on campus; the difference of 847 are assumed to live off campus with 75% at home and 25% in apartments and spending the average budgets cited in the text.
[8] The definition of a tourist is a person on a day or overnight trip that travels more than 50 miles from their residence. Other visitors to Salem are from nearby locations that do not meet the definition of a tourist.

attractions that contribute to Salem's popularity as a visitor destination in Essex County and Massachusetts.

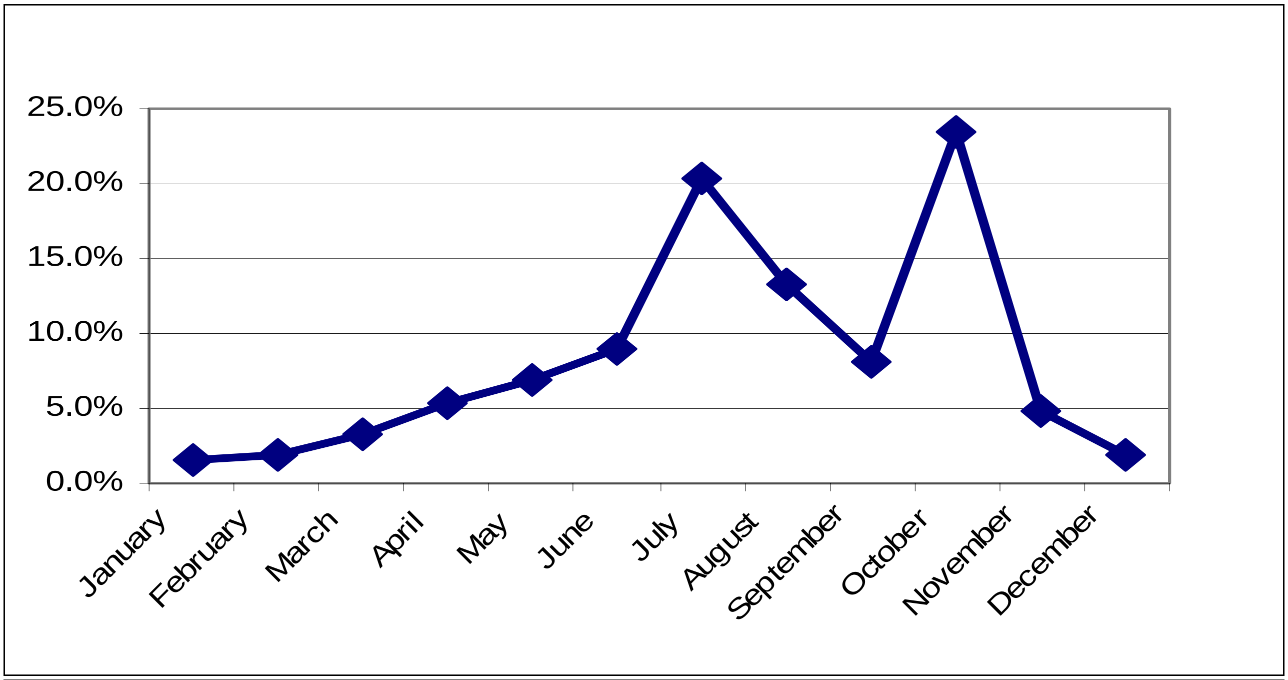
A list of the selected attractions and typical annual attendance at each appears in Appendix 1. The four attractions with the highest annual attendance are the Salem Maritime Historic Site (650,000), the Salem Witch Museum (400,000), the Peabody Essex Museum (250,000) and the House of Seven Gables (120,000). As the most popular attraction and one for which detailed visitation data exists, it is informative to analyze the visitation patterns at the Salem Maritime Historic Site. Figure 4 depicts the historic annual attendance at the site. Annual visitation was consistently close to 800,000 from 1998 to 2002 but dropped to 600,000 to 650,000 visitors in 2003 and 2005. Data in Figure 5 show the seasonality of visitation to the Salem Maritime Historic Site. October is the most popular month to visit Salem, followed by July. These two months account for over 40% of annual visits to the National Maritime site. The strength of October is based on the concentration of and popularity of the witch-themed attractions. Visitation drops considerably in May, June and September, with each of these months achieving less than half the visitation in July.

Figure 4
Number of Recreational Visits to
Salem Maritime National Historic Site, 1986 to 2005



Source: National Park Service, and ConsultEcon, Inc.

Figure 5
Percent of Annual Recreation Visits per Month
at the Salem Maritime National Historic Site,
5-Year (2001-2005) Average



Source: National Park Service, and ConsultEcon, Inc.

The trends in annual visitation to the National Maritime site and its seasonality indicate that Salem has the potential to increase its tourism base and the retail market provided by visitors. Based on visitor levels achieved before the decline in 2003 and 2005, Salem should be able to achieve a sustained level of 800,000 tourist visits. Moreover, the large drop in tourist visits during June and September—months with favorable weather and strong statewide tourism activity[9]—indicate that Salem could expand tourism by gaining more consistent visitation in the late spring and early fall.

Visitor Spending. A study of the economic impacts of visitors to the Essex National Heritage Area provides information on tourist demographic traits and data to better estimate tourist spending in Salem.[10] The visitor characteristics presented in this report are appropriate because of the concentration of heritage sites in Salem. Generally, heritage travelers are older, more affluent, and better educated than the average tourist. In addition, they tend to spend more and stay longer, making them an attractive market segment. Based on interviews with attractions

[9] Massachusetts June hotel tax revenues exceeded those for July while September revenues exceeded those for October during FY2003 to FY2005. Massachusetts Office of Travel and Tourism Rooms Occupancy Tax Collections by Month, FY2003 to FY2005.
[10] Stynes, D. and Sun, Y. (2004) Essex National Heritage Area; Visitor Characteristics and Economic Impacts. Department of Parks, Recreation and Tourism Resources. Michigan State University. Of the 348 surveys collected at Essex National Heritage Area sites, 210 surveys, or 60 percent of the total, were collected at three attractions in Salem: the NPS visitor center, Peabody Essex Museum, and House of Seven Gables.

and tourism industry people, October visitors tend to have characteristics reflective of the overall population. Enhancing the year-round heritage audience is a desirable strategy.

The following visitor definitions are used in the heritage area report when estimating visitor spending and are applied for the purposes of estimating tourist spending in this study:

- **Local-day trip**: Day visitors who reside in Essex County. Day visitors with zip-codes beginning in 018xx and 019xx are included in this category.
- **Non-local day trips**: Day visitors from outside the region, not staying overnight in the area. This includes visitors on extended trips who spend part of a day visiting the area.
- **Hotel**: Overnight visitors staying in hotels, motels, or bed and breakfast establishments in the region.
- **Other Overnight**: Other overnight visitors including campers and visitors staying with friends or relatives in the region.

Based on data in the heritage area report, local day trip visitors represent 9 percent of the total visitors, non-local day trips are 36 percent of all visitors, hotel visitors are 46 percent of the total, and other overnight equal 8 percent of all visitors.[11] Hotel overnight visitors stay an average of 2.3 nights while other overnight visitors are estimated to average 2 nights.

Table 4 provides estimates of spending per person per night by visitor type. This table is adapted from the heritage area report and figures are adjusted for inflation.

Table 4
Spending in $ per Person per Night* for Essex National Heritage Areas visitors, 2007

Category	Local day visitor	Non-local day visitors	Hotel	Other Overnight
Lodging	$0.00	$0.00	$38.94	$4.70
Restaurants	$5.23	$15.76	$26.54	$8.89
Groceries	$0.67	$1.71	$4.35	$3.73
Gas	$1.83	$2.62	$6.25	$4.62
Other transportation expenses	$0.27	$2.20	$4.73	$1.84
Admissions	$4.53	$10.33	$16.03	$9.79
Shopping	$6.58	$7.72	$12.78	$6.77
Total	**$19.12**	**$40.33**	**$109.63**	**$40.33**

* Inflation-adjusted estimates from 2003 report.
Source: Michigan State University, Bureau of Labor Statistics, and ConsultEcon, Inc.

[11] Data are rounded so percentages do not total 100 percent.

Table 5 uses the total visitor estimates for Salem and the estimated spending patterns to derive an estimate of the total visitor spending by category and by type of visitor for those visitors who spend one or more days in Salem. Based on these estimates, visitors to Salem represent a $138.7 million annual market with significant spending on lodging, restaurants, attractions and shopping as follows:

- $35.6 million in annual spending at restaurants
- $18.0 million in spending on shopping
- $22.7 million in attraction admissions; and
- $41.9 million in lodging expenditures

Salem's visitor market exceeds the combined market potential of downtown worker and Salem State student markets. At $76.3 million, the combined visitor spending on restaurants, shopping and attractions in is 1.7 times the combined estimated spending by downtown workers and students.

Table 5
Total Estimated Salem Visitor Spending by Category and Type of Visitor[12]

Category	Local day visitor	Non-local day visitors	Hotel	Other Overnight	Total
Lodging	$0	$0	$41,197,187	$751,834	$41,949,021
Restaurants	$470,484	$5,673,998	$28,080,705	$1,422,219	$35,647,406
Groceries	$60,617	$614,624	$4,602,783	$597,082	$5,875,106
Gas	$164,934	$941,672	$6,616,242	$738,677	$8,461,525
Other transportation expenses	$24,670	$790,835	$5,008,789	$294,468	$6,118,763
Admissions	$407,753	$3,720,169	$16,961,111	$1,566,321	$22,655,353
Shopping	$592,069	$2,778,497	$13,522,488	$1,082,641	$17,975,695
Total	**$1,720,525**	**$14,519,796**	**$115,989,305**	**$6,453,243**	**$138,682,868**

Source: Michigan State University, and ConsultEcon, Inc.

[12] This includes spending in Salem and in other Essex County locations.

Visitor data presented in this section highlight three opportunities for downtown retail businesses. First, there is a large existing tourist spending potential. Second, spending per capita has the potential to increase over time if the business mix is appropriate for the characteristics of Salem's visitor market. Third, enhanced Salem retailing has the potential to augment the attractiveness of Salem as a visitor destination, thus increasing visitation to Salem and length of stay while visiting. These benefits would go to retail and restaurant businesses as well as Salem's many attractions.

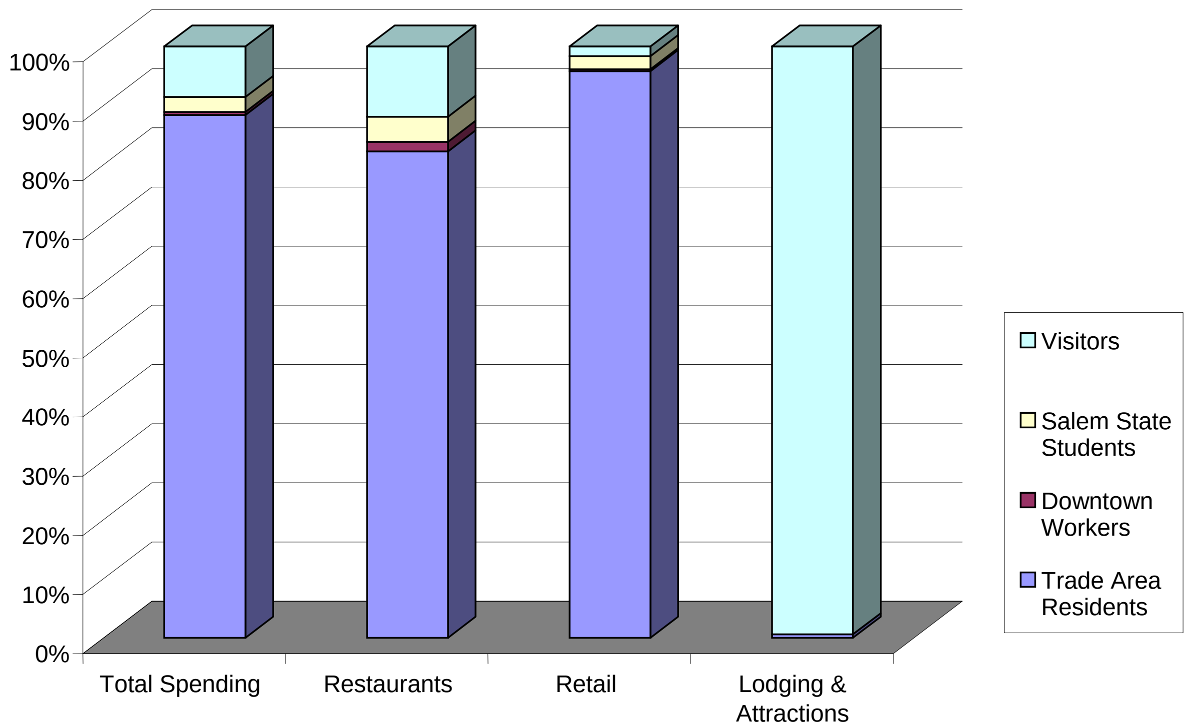
Comparison of Customer Market Segments. The relative size and share of downtown's four market segments are summarized in Table 6 and Figure 6. These data show the enormous market potential of trade area residents, which, net of the downtown worker and student component of this spending, represent a $1.3 billion restaurant and retail market and accounts for 88% of total spending by all four segments. Visitors are the second largest market, spending $124 million annually or 9% of total spending, but account for an estimated 12% of restaurant spending. The larger sizes of these markets make them key targets to support the growth of downtown Salem's retail base.

Table 6
Comparison of Spending by Downtown Salem Customer Groups (in $ million)

	Trade Area Residents	**Downtown Workers**	**Salem State Students**	**Visitors**	**Total, All Segments**
Total Spending*	1,282.6	8.1	36.5	124.1	1,451.30
Restaurants	246.7	4.9	12.7	35.6	264.30
Retail	1,035.9	3.2	23.8	18.0	1,080.90
Lodging & Attractions	0.4	0.0	0.0	64.6	65.00

*Excludes shelter, transportation, healthcare and education for residents; and transportation for visitors. Downtown worker spending estimated at 60% restaurants/40% retail. Student retail spending is all non-food spending plus 50% of food spending. Trade area resident spending is net of downtown workers and students to avoid double counting.

Figure 6. Spending by Customer Segment



Customer Survey Results

A random telephone survey of 360 trade area households was conducted in February to better understand residents' current use and perceptions of downtown Salem and identify changes that are most likely to expand downtown shopping among area residents. The survey results indicate that downtown Salem is a frequent shopping and dining destination, its greatest strengths are in restaurants and gifts and crafts stores, and its strongest competition is the North Shore and Liberty Tree malls. This section summarizes the survey results in three categories: resident shopping patterns, evaluation of Downtown Salem and options to improve downtown and shopping.[13] The complete telephone survey report is included in Appendix 4.

Resident Shopping Patterns. Most trade area residents visit downtown Salem regularly, primarily to shop or dine. Over 44% of respondents had visited downtown within the past week and 75% had visited within three months. Nineteen percent of respondents had never visited downtown Salem (distance, parking and traffic were the most common reasons cited for not coming to downtown). Over half (59%) of respondents come to downtown Salem at least several times per month to purchase goods or services with 26% coming at least several times per week. The most common reasons for downtown trips are:

- 35% come to dine

[13] Results are presented for the entire sample since no significant differences in responses by age, income, gender and community were found by the Institute for Regional Development researchers.

- 26% come for shopping
- 14% come for services such as banking, health care, city offices and the Post Office
- 9% visit the Peabody Essex Museum
- 9% go downtown to work

In terms of when residents shop, Saturday is the most common shopping day (39%) followed by Monday (12%) and Friday (11%). Only 4% of respondents are most likely to shop on Sunday. The most come time of day for residents to shop is the afternoon (44%) followed by morning (27%) and the lunch hour (10%). Less than 7% of respondents cited evening at the most likely time to shop. However, 32% of respondents indicated a preference for downtown stores to expand their evening hours (6 PM to 9 PM).

Table 7
Percent of Respondents Reporting Downtown Salem and North Shore/Liberty Tree Mall as their Primary Shopping Destination

Product\Service	Percent Indicating Downtown Salem	Percent Indicating North Shore or Liberty Tree Mall
Movie Theater	26%	52%
Clothing	7%	76%
Home Furnishings	11%	37%
Appliances	15%	54%
Sporting Goods/Hobby Supplies	9%	52%
Books	26%	44%
Music/Tapes/CDs	14%	44%
Gifts and Crafts	35%	34%
Dining Out	59%	16%

Source: Institute for Regional Development Downtown Salem Telephone Survey

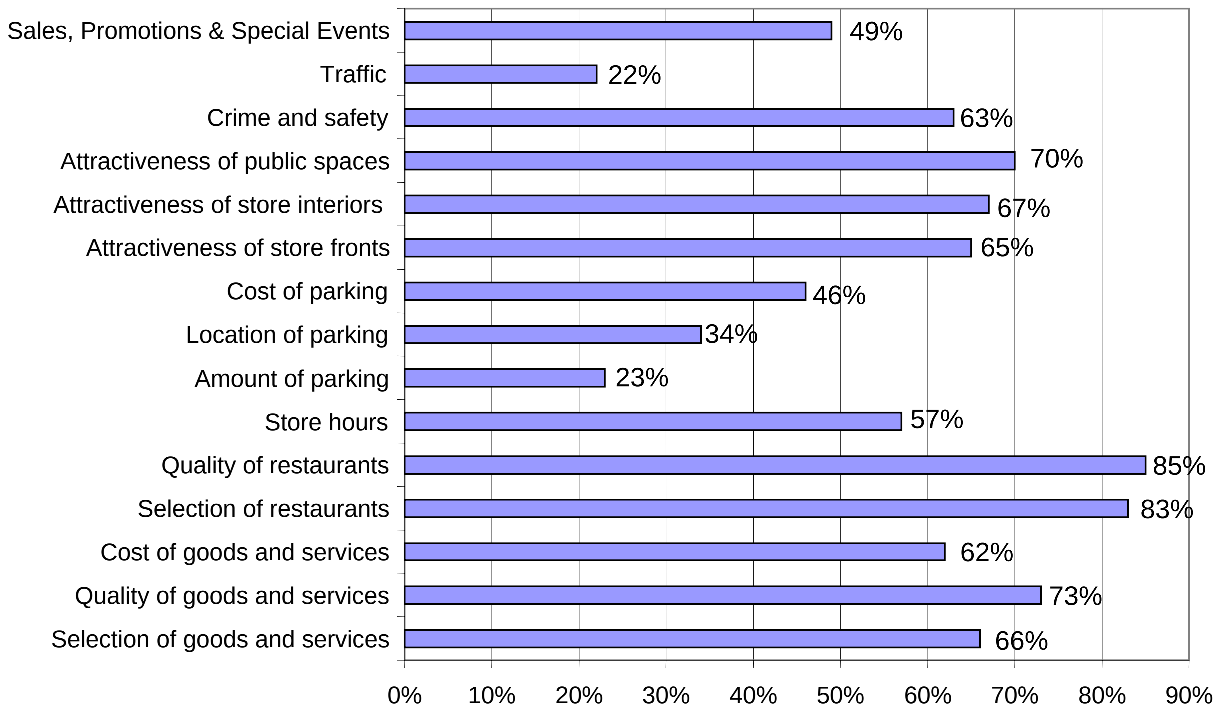
Residents were surveyed on their primary shopping destination for different goods and services. Table 7 summarizes these results. Several conclusions emerge from these results:

- **Downtown Salem is most competitive for restaurants and gifts and craft stores,** for which it is the primary destination among trade area residents. Downtown's strongest market share is for restaurants—59% of respondents cite it as their primary dining destination compared to 16% for North Shore/Liberty Tree malls (the second ranked dining destination). Downtown Salem is essentially even with malls as respondents' primary place to buy gifts and crafts.
- **North Shore/Liberty Tree Malls are the primary destinations for all other goods** and downtown Salem's main competition. These malls dominate clothing shopping, as they are the primary destination for 76% of respondents.
- **Despite low percentages as the primary shopping destination for most goods, downtown Salem is still the second most popular shopping destination.** Downtown Salem ranks 2nd as the primary shopping destination for movies, clothing,

home furnishing, appliances, sporting goods/hobby supplies, books, and music. Its position as the second ranked destination is best for movies and books.

User Evaluation of Downtown Salem. When asked to rate downtown for 15 characteristics, trade area consumers were most positive about the quality and selection of restaurants and least positive about traffic and parking (see Figure 7). For most areas (9 of 15),

Figure 7. Percent of Respondents Rating Downtown Excellent or Good



over 60% of respondents rated downtown as good or excellent. Over 80% of respondents rated the quality and selection of restaurants as good or excellent. Physical attractiveness is another downtown strength: 70% rated the attractiveness of public spaces good or excellent and close to two-thirds viewed the attractiveness of storefronts or interiors as good or excellent. Although downtown fared poorly for the amount, location and cost of parking, overall parking supply was viewed the worst with 72% of respondents rating it fair or poor.[14] Traffic fared even worse: 74% of respondents reported traffic conditions to be fair or poor.

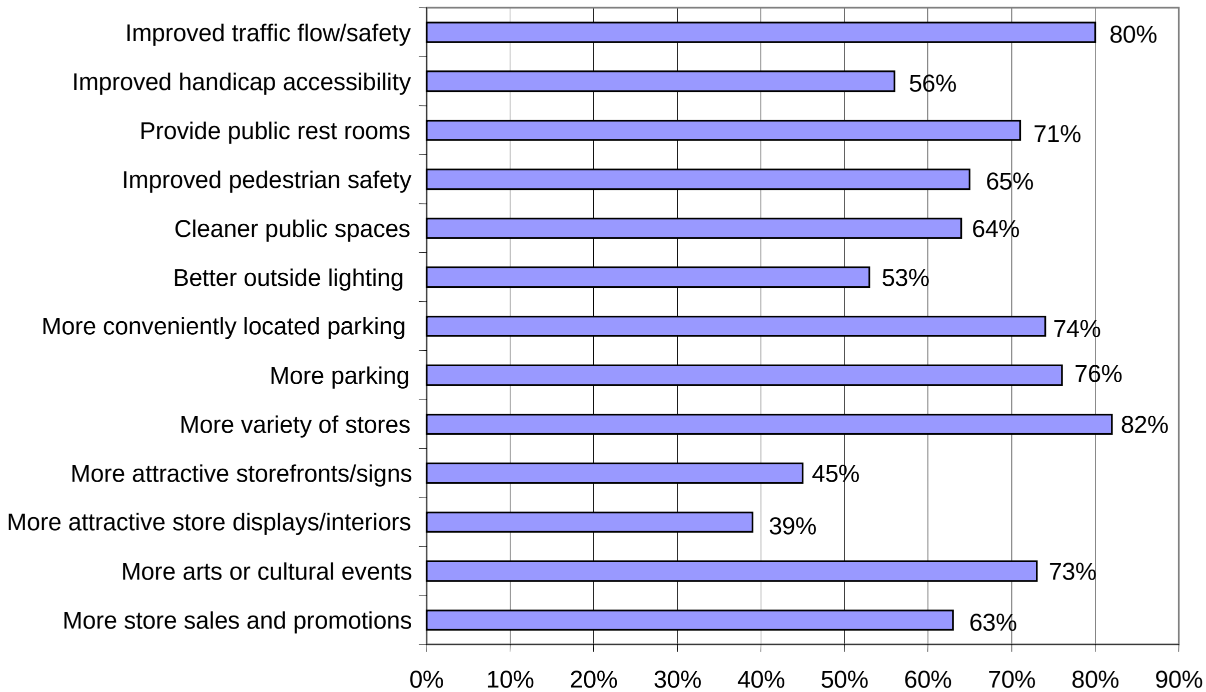
Improving Downtown and Expanding Shopping. Residents cited more diverse shopping options, improved traffic and parking, and expanded arts and cultural offerings as mostly likely to increase their downtown patronage (See Figure 8). For the following 6 of the 13 improvements presented in the survey, over 70% of respondents indicated that the improvement was likely to increase their downtown visits and shopping:

- More variety of stores (82%)
- Improved traffic flow/safety (80%)

[14] 22% rated the amount of parking good, 1% rated it excellent and 5% did not respond or didn't know.

- More parking (76%)
- More conveniently located parking (74%)
- More arts or cultural events (73%)
- Provide public restrooms (71%)

Figure 8. Percent of Respondents More Likely to Shop Downtown for Different Improvements



Customers also were surveyed about what type of arts and entertainment events and what kind of stores would attract them downtown. Clothing and gift/specialty stores were cited by 48% and 36%, respectively, as the most likely to increase downtown shopping. However, arts and entertainment attractions had greater appeal; over half of respondents reported that they would come downtown more often for all but one option (lecture and readings by notable authors). Arts and entertainment offerings that would attract the highest share of respondents to downtown are:

- Live music (68%)
- Street festivals (68%)
- Galleries and visual arts (64%)

Supply Side Analysis

This section reviews existing establishments in downtown Salem and provides analysis of the retail business mix and vacancies. Data were collected through a visual inventory of downtown Salem during February 2007 and reflect conditions at that time. Individual establishment characteristics, including square footage and type (as well as vacancy where applicable), were input to a database for further analysis. These were geo-coded and maps were created for analytical and presentation purposes.

<u>Profile of Business Mix</u>

There are a total of 348 establishments occupying ground floor space in downtown Salem.[15] Table 8 summarizes downtown establishments by major sector under the North American Industry Classification System (NAICS). Retail businesses, which number 107, are the largest economic sector downtown and account for 31% percent of all establishments. There is approximately 822,000 square feet of space downtown, of which 25 percent, or 206,000 square feet, is occupied by retail establishments—making retail the largest use of downtown ground floor space. Accommodation and Food Services (primarily restaurants) is the second largest sector, accounting for 62 establishments and 16 percent of ground floor space. Arts, Entertainment and Recreation uses, which includes the Peabody Essex Museum, the National Park Service and other attractions, is the third largest occupant of downtown space at 105,000 square feet, or 13 percent. Figures 9 and 10 show the distribution of downtown retail businesses by store type by both number of businesses and square feet.

<u>Major Business Concentrations.</u> When taken together, retail businesses, restaurants, visitor attractions, and personal services occupy over 60 percent of ground floor space in downtown Salem. Salem has a large number of restaurants (56) and attractions (15), reflecting the large tourism market. Full service restaurants (37) and limited service restaurants (19) also serve downtown workers, Salem residents, and residents of surrounding towns. The largest number (57) of retail businesses in Salem fall into the Miscellaneous Store category, which include florists (3), office supply and stationary stores (2), gift and souvenir stores (45), antique stores (3), and pet stores (2). As with restaurants and attractions, the large number of gift and souvenir stores partly reflects Salem's tourist market. Eighteen of the gift and souvenir stores sell primarily "witch-related" merchandise. However, there are 27 gift and souvenir stores that do not cater exclusively to tourists and which, according to the telephone survey, constitute an important shop destination for trade area residents. Other major retail categories include food and beverage stores (14), clothing and accessory stores (14), and sporting good, hobby and book stores (10). There are a large number of specialty food stores, particularly focused on chocolate and sweets. A majority of clothing stores fall into the "other" category, which indicates that they do not focus on clothing for only men, women or children. There are four bookstores and three stores related to knitting, quilting, and needlework, which are clustered together on Front Street. Overall, downtown Salem has a diverse mix of retail stores and is not dominated by any one store type.

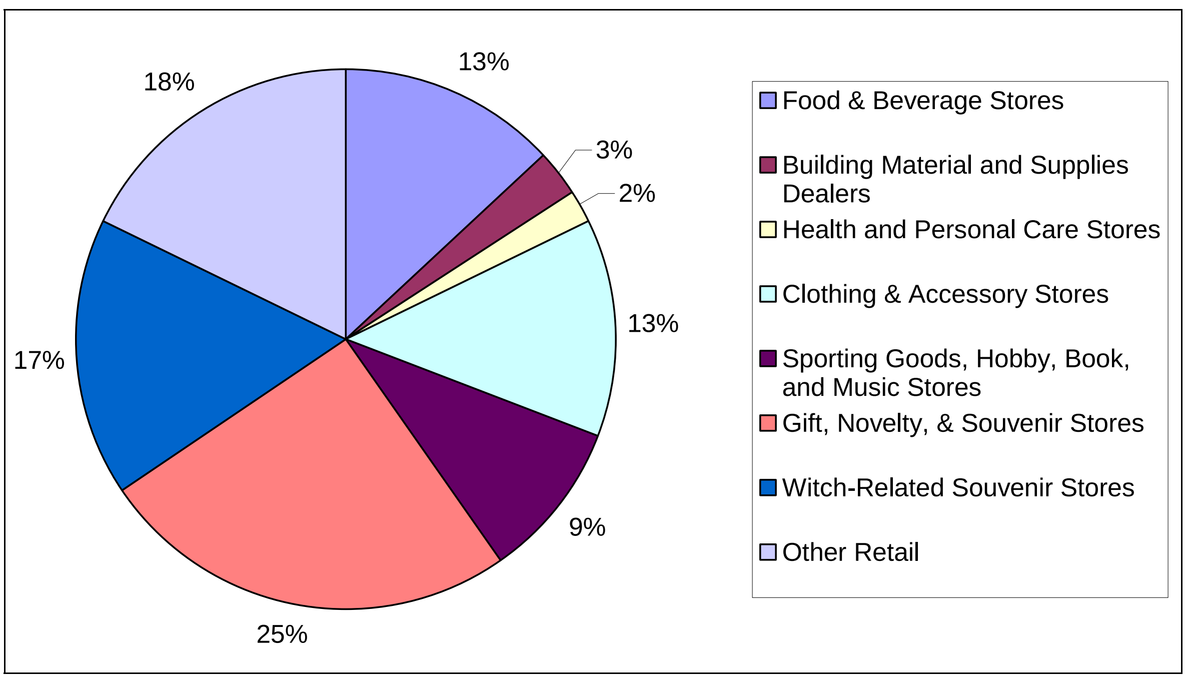
[15] For the purposes of this study, the boundaries of downtown Salem are defined as the area that is zoned as the central development district by the City of Salem.

Table 8
Number of Establishments by NAICS Category
and Estimated Square Feet of Space in Downtown Salem

Category	NAICS (2 digits)	Number of Establishments	Estimated Square Feet 1/	Percent of Total Square Feet
Retail	44-45	107	205,642	25.0%
Accomodation and Food Services	72	62	134,396	16.3%
Arts, Entertainment, and Recreation	71	15	104,964	12.8%
Other Services	81	47	103,383	12.6%
Vacant	n/a	28	63,284	7.7%
Finance and Insurance	52	17	61,938	7.5%
Professional Services	54	31	45,810	5.6%
Information	51	8	31,740	3.9%
Health Care and Social Assistance	62	11	27,763	3.4%
Public Administration	92	5	16,812	2.0%
Real Estate	53	7	10,003	1.2%
Administrative	56	5	9,839	1.2%
Educational Services	61	4	4,505	0.5%
Management of Companies	55	1	1,951	0.2%
Total		**348**	**822,029**	100.0%

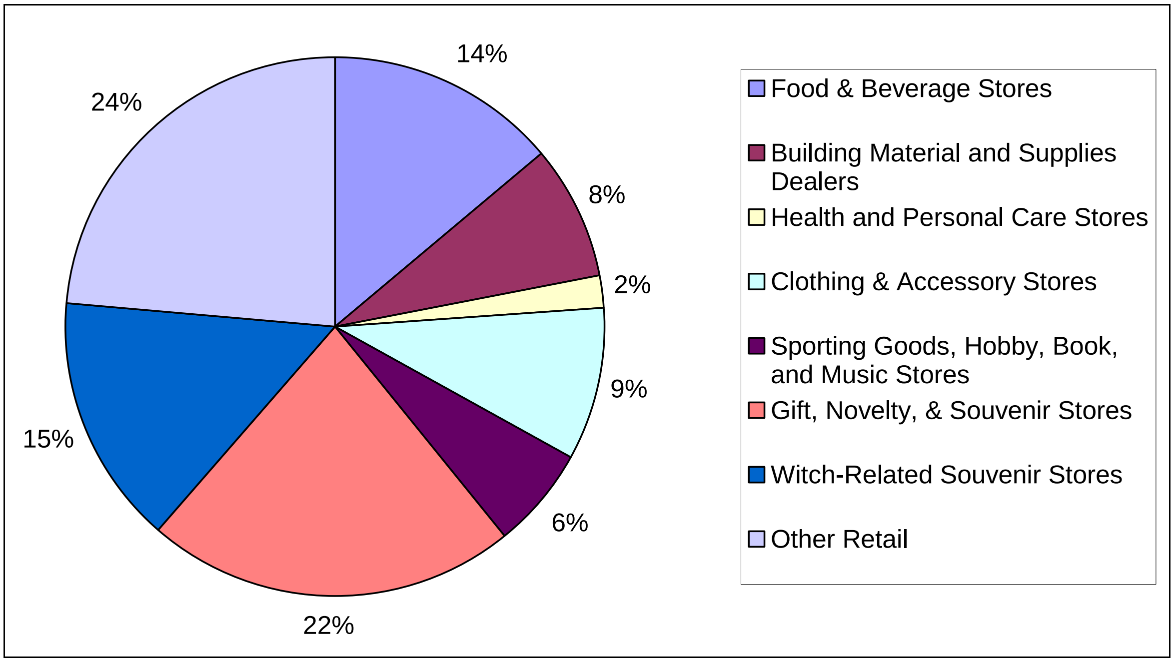
1/ Estimates are for ground floor establishments only.
Souce: City of Salem Assessor, and ConsultEcon, Inc.

Figure 9
Distribution of Retail Stores in Downtown Salem by Store Type
(Total = 107 stores)



Source: ConsultEcon, Inc.

Figure 10
Distribution of Downtown Salem Retail Space by Store Type
(Total = 822,029 square feet)



Source: ConsultEcon, Inc.

Geographic Distribution of Business Clusters. Generally, there is little evidence that retail businesses in similar categories cluster together, except in the case of museums and attractions, gift and souvenir stores, and clothing stores. Most visitor attractions and souvenir stores are located either at Pickering Wharf or along Essex Street (see Maps 1 and 2.) Although there are clothing stores throughout downtown, approximately half are located in the Museum Place Mall and nearby on Essex Street (see Map 3). Consequently, this area might be developed into a clothing district, perhaps incorporating the Army-Navy store on Washington and Essex Street and the children's clothing store around the corner on Washington Street. There are food and beverage stores located on Essex Street and in Pickering Wharf, but their pattern is more dispersed than for either attractions and souvenir shops or clothing and accessory stores (see Map 4.) Restaurants in Salem tend to be clustered along Washington Street and in and around Pickering Wharf. (See Map 5.) Sports, Hobby and Book stores are dispersed throughout the downtown area with the exception of the three knitting, quilting, and needlework stores on Front Street (see Map 6).

Linked Stores and Services. There is evidence of several linkages among downtown businesses that help attract visitors and shoppers to downtown Salem. The most obvious linkage is among business that cater to tourists that patronize restaurants, attractions, and souvenir stores on the same trip and, for overnight visitors, stay at the two downtown hotels. Although attractions and souvenir stores cater primarily to the tourist market, restaurants appeal to a wider array of market segments. Salem's large restaurant cluster draws most of its customers from the surrounding towns and makes downtown the primary local destination for dining. The large restaurant cluster creates the opportunity to better link dining with shopping and entertainment.

Shopping for clothing, shoes, and jewelry is often combined in a single trip. Salem has a few stores in this category, but the concentration is not big enough to draw a large number of shoppers. In particular, there is an absence of multiple clothing stores that serve the same type of customer (e.g., women's clothing, men's clothing, teenagers, etc.) More clothing stores and ones targeted to specific customer niches would strengthen this category.

Specialty food stores also provide opportunities for retail linkages. With the recent additions of a bakery and tea store, this is an emerging retail cluster, which could be strengthened with additional specialty food stores with products like health foods, meats, fish, cheeses, and wine.

Customer Base. The presence of large resident and visitor markets is an asset for Salem retailers, but many downtown stores appear to have focused on one of these segments. A challenge for downtown retailers is to have crossover appeal to tourists and trade area residents. The shopping purpose for people shopping in their local area is typically different than for tourists, and there are differences in the demographic profile of Salem's trade area residents and some tourists (although heritage-oriented tourists fit the large segment of higher income and well-educated trade area residents). Nonetheless, retailers may be able to find products that do appeal to both groups of customers (e.g., crafts) and/or combine product lines that serve local residents with some oriented to tourists (e.g., candy and specialty foods).

Convenience versus Comparison Goods. Salem's downtown district stores are primarily selling comparison goods with limited neighborhood-serving convenience retail. The comparison goods focus is an advantage since it provides downtown with the potential to draw shoppers from a larger area; consumers will rarely travel far for convenience items. There is only one pharmacy and a handful of convenience food stores and liquor stores in the downtown. Stores selling convenience goods are often in direct competition with one another because they offer similar products. The goal in this category is to locate such stores to provide service, but also to foster their success by avoiding over-competition, which then leaves space for destination and other retail categories.

Stores selling comparison goods tend to cluster together because their market draw is greater if they are located near one another. Categories that offer comparison shopping in Salem include antique stores, restaurants, clothing stores, specialty food stores, and sewing, needlework and piece good stores. With the exception of restaurants and gift stores, there are not a sufficient number and variety of stores in most comparison categories for downtown to be a strong comparison shopping destination. However, Salem does have a diverse range of stores and this overall retail mix can create a destination through its unique experience and one-of-a-kind shops.

Missing Store Categories. Downtown Salem contains stores in most retail categories with the exception of big ticket durable goods items, including furniture, appliances, and electronics. Since these stores sell comparison goods, they either locate near several similar stores or have a large store that offers many choices. These store categories are increasingly dominated by "big box" retailers and super stores. Thus, excepting specialty lines and antiques, these may be difficult to attract or sustain in downtown Salem.

Vacant Space

There are 28 vacant ground floor spaces in downtown Salem that represent approximately 63,000 square feet, or 8% of the total ground floor space. Seasonal space and stores under construction account for about 8,900 square feet. Table 9 shows the remaining available space by unit size. Vacant spaces are dispersed throughout the downtown. All vacant spaces are below 5,000 square feet and half are less than 2,000 square feet. This allows Salem to attract a range of store types that need small- to medium-sized spaces. However, the downtown lacks large spaces to accommodate stores such as supermarkets, furniture stores, discount stores and most "big box" single category stores.

Table 9
Number of Vacant Stores by Amount of Space

Square Feet	Number of Vacant Stores	Total Estimated Space	Average Space Per Store
less than 1,000	1	900	900
1,000 to 1,999	7	11,990	1,713
2,000 to 2,999	4	9,633	2,408
3,000 to 5,000	4	15,091	3,773
Subtotal	**16**	**37,614**	**2,351**
Not Available	7	22,596	3,228
Seasonal	5	3,074	615
Total	**28**	**63,284**	**2,260**

Source: City of Salem Assessor, The Drumlin Group, and ConsultEcon, Inc.

Vacant spaces are dispersed throughout the city, although there are two clusters of vacancy that provide an opportunity for targeted retail development. Map 7 displays the location of vacant spaces in parcels in downtown Salem.

The first cluster is along Essex Street and includes vacant storefronts on the pedestrian mall and in Museum Place Mall. Along with offices and other buildings without ground floor retail, vacant store fronts contribute to the sporadic retail frontage that characterizes Essex Street. Moreover, some stores located in Museum Place mall that have windows and doors to Essex Street do not utilize this frontage to provide direct store access. The design and configuration of spaces along Essex Street are important determinants of its success as a pedestrian retail mall.

The second cluster is located east of Washington Street along New Derby Street, including the highly visible intersection and extending to Derby Street. While Artist's Row is vacant only seasonally, surrounding parcels contain a concentration of vacant spaces that are modest in size relative to other available spaces. Given the presence of Artist's Row, there may be an opportunity to create year-round gallery space for artists that would reinforce the existing seasonal cluster. Regardless of the type of store targeted, there is sufficient vacant space in this area to attract a cluster of linked stores or stores that offer comparison goods.

Comparison with Other Shopping Centers

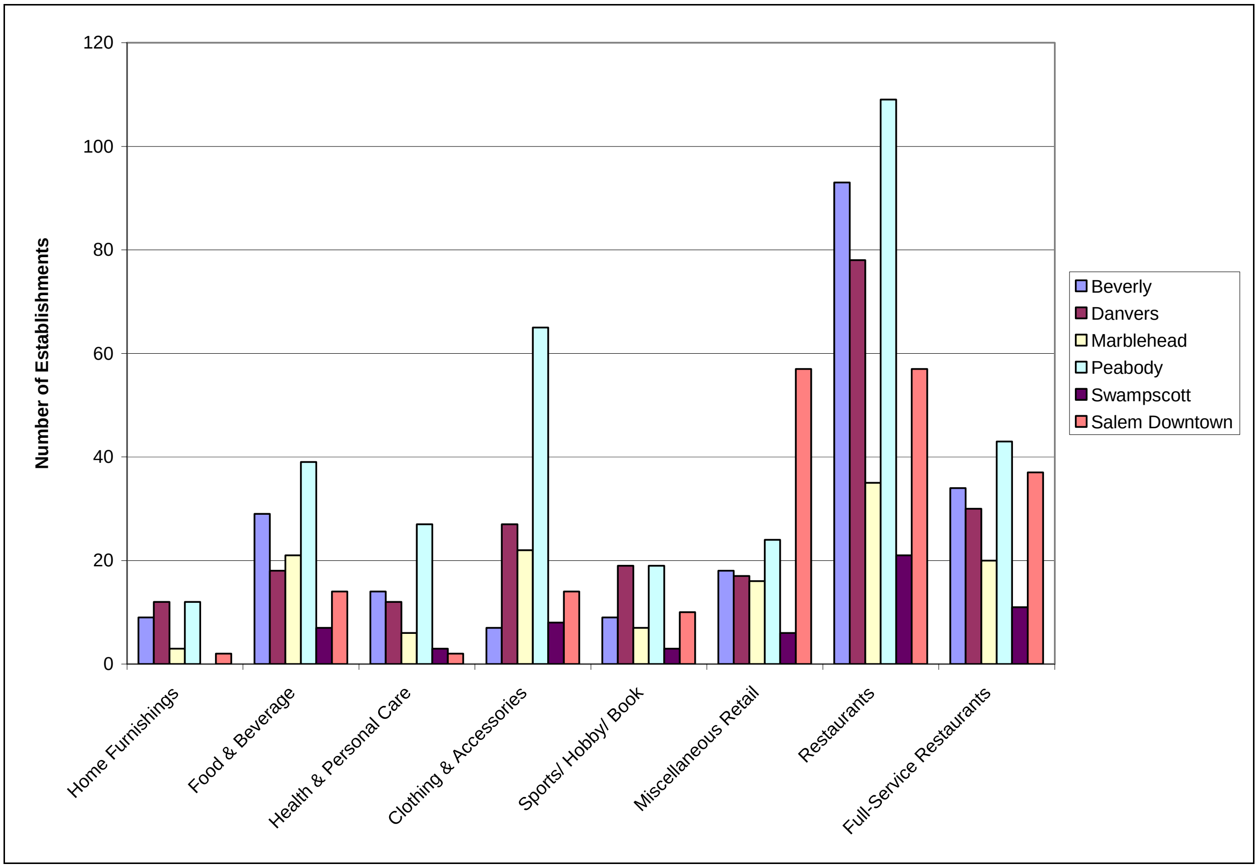
Salem's downtown area contains a high number of full-service restaurants and gift and souvenir stores when compared to the business mix in other towns and malls in the trade area. Data in Figure 11 compares the mix of retail establishments and restaurants for five towns (not including Salem as a whole) in the trade area with downtown Salem. The numbers for Danvers and Peabody include major indoor shopping malls.

A large majority of shoppers in the trade area use the Liberty Tree Mall or North Shore Mall. These malls are approximately 857,000 and 1.7 million square feet, respectively. While an indoor shopping mall's retail and service mix may not be appropriate for downtown Salem, it is useful to understand Salem's competitive position vis-à-vis these two destinations. Data in Figure 12 show the number of retail stores (not including anchors and other retail) in downtown Salem versus Liberty Tree Mall and North Shore Mall.

Large anchor stores as well as the overall retail mix are responsible for drawing consumers to malls. Liberty Tree Mall has ten anchor stores, including department and "big box" stores; North Shore Mall has four anchors. Salem does not have the retail space to accommodate large anchor stores. However, Salem's restaurants can act as anchors (visitor draws) because they create a unique purpose to visit the downtown and people typically spend one or more hours at a restaurant. In addition, visitor attractions are downtown anchors. While the reason for visiting Salem's attractions is for entertainment, many visitors will combine shopping and dinning with an attraction visit.

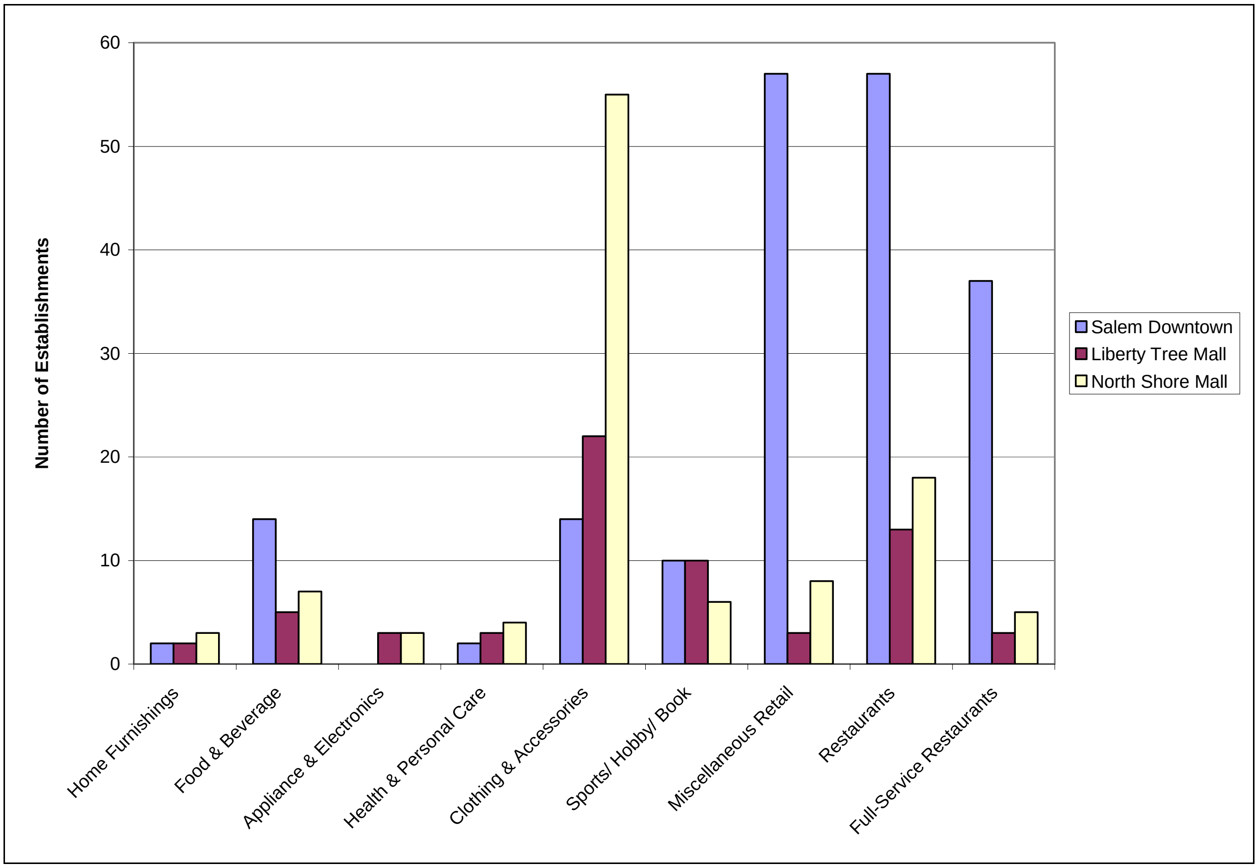
Liberty Tree Mall and North Shore Mall have several categories of stores that are represented by retail businesses in Salem. The primary difference is that the malls have more in each category, especially for comparison goods like clothing, shoes, jewelry, and home furnishings. Salem can create a critical mass of retailing if these categories are bolstered.

Figure 11
Number of Retail Establishments by Store Type
in Downtown Salem and Trade Area Towns



Source: Bureau of Labor Statistics, Karl F. Seidman Consulting Services, and ConsultEcon, Inc.

Figure 12
Number of Retail Establishments by Store Type
in Downtown Salem, Liberty Tree Mall, and North Shore Mall



Note: Does not include personal services, other retail, entertainment, and department stores.
Source: Simon Property Group, Inc., and ConsultEcon, Inc.

Conclusion

Salem has a sufficient critical mass of retailing opportunities to serve existing customers better and attract new resident and tourist spending. These opportunities are exemplified by existing retail space that exceeds 200,000 square feet, over 50 restaurants totaling more than 130,000 square feet, and over 60,000 square feet of vacant space. A key opportunity is to expand its strong position as a restaurant destination and add entertainment options to become a major dining and entertainment destination.

In addition, while Salem does not have a strong opportunity to be a primary comparison shopping destination that competes against area malls, the downtown can specialize in retail niches and in becoming a shopping destination that offers a unique experience and one-of-a-kind shops. Three promising areas for build stronger specialty retail niches are gift and craft stores, unique clothing stores and specialty foods. This experience can attract a wide variety of resident and tourist market segments and is compatible with the current retail mix.

Sales Gap Analysis

Downtown Salem's retail base serves several communities and competes for customers within a dense retail environment with many small and large shopping centers and several downtown shopping districts. Since downtown Salem constitutes a minority of the trade area retail space in every store category, a sales gap analysis for downtown Salem alone is not very informative--it will show a large sales gap across every type of store. Consequently, we have approached the sales gap analysis in two other ways. First, Claritas estimates of total retail spending and sales for the entire trade area were used to evaluate the existence of a sales gap for store types in the entire trade area. Second, the amount of additional retail space that can be supported by gaining market share for key downtown Salem retail clusters and expanding tourist visits was estimated. The premise for this second analysis is that much of the growth in downtown Salem's retail sales must come from gaining market share from other stores and retail centers on the North Shore.

Results from the trade area sales gap analysis are summarized in Table 10. Data is presented for store categories that either fit downtown's existing retail mix or extend its mix and can be accommodated by the existing building stock. Thus, stores such as gasoline stations and motor vehicles parts that do not fit downtown Salem's character and supermarkets and general merchandise stores that require very large spaces are omitted. The full sales gap data is included in Appendix 3. For most store types, the estimated trade area sales exceed spending. This result indicates that the trade area is heavily served by retailers in these categories and is likely drawing customers from outside the trade area. Both the overlapping nature of trade areas for different sites and the regional draw for the North Shore Mall and Liberty Tree Mall contribute to sales exceeding demand for most store types. Nonetheless, a sizable estimated sales gap (i.e., demand exceeds existing store sales) exists for eight store types (indicated in bold). Six of these categories are a good fit for downtown Salem and would either expand an existing retail cluster, create linkages to current stores or fill gaps in downtown mix.

Table 10
Trade Area Sales Gap Analysis

Store Category	Estimated Spending	Estimated Retail Sales	Gap/(Surplus)
Furniture	51,893,530	51,670,707	222,823
Home Furnishing	44,717,997	101,007,612	(56,289,615)
Appliance, TV, Electronics	63,104,487	116,795,131	(53,690,644)
Computers & Software	17,414,562	21,398,360	(3,983,798)
Camera and Photo Supplies	**3,603,730**	**1,838,142**	**1,765,588**
Convenience	**19,012,736**	**10,715,802**	**8,296,934**
Specialty Food	**12,930,907**	**10,585,650**	**2,345,257**
Beer, Wine & Liquor	27,318,623	59,111,515	(31,792,892)
Pharmacies & Drug	130,955,372	229,527,973	(98,572,601)
Cosmetics, Beauty Supply, Perfume	5,330,002	9,816,279	(4,486,277)
Optical Goods	6,707,781	16,063,826	(4,486,277)
Clothing*	174,817,507	270,313,956	(104,596,239)
Clothing Accessories	**3,159,104**	**1,812,248**	**1,346,856**
Shoes	**28,864,600**	**14,307,990**	**7,100,371**
Jewelry, Luggage and Leather Goods	**28,864,600**	**26,274,637**	**1,999,419**
Sporting Goods	22,267,843	28,104,448	(5,836,605)
Hobby, Toy & Game	14,210,676	16,801,633	(2,590,957)
Sew/Needlework/Piece Goods	**3,202,996**	**1,579,930**	**1,633,066**
Musical Instruments	4,337,286	6,766,631	(2,429,345)
Books, Periodicals & Music	21,185,087	23,515,772	(2330,685)
Florists	6,912,613	9,984,358	(3,071,745)
Office Supplies & Stationary	21,834,003	32,562,403	(10,728,400)
Gift, Novelty, Souvenirs	16,914,346	17,945,722	1,031,426
Used Merchandise	**8,165,588**	**2,487,031**	**5,678,557**
Restaurants & Drinking Places	354,234,735	393,950,163	(39,715,428)

*A large sales surplus was estimated for all types of clothing store

Table 11 summarizes the number of square feet that can be supported by the sales gap for five store categories for which data were available based on median store sales and the median size store.[16] These figures show that downtown Salem needs to gain less than a quarter of the estimated sales gap to support a typical store for any of these five store types and in two cases needs to capture less than 10% of the gap. Market conditions and the good fit with downtown's current retail mix suggest an opportunity to expand downtown stores in these five categories along with clothing accessories.

[16] Median sales and median store size is stores in community shopping centers from *2006 Dollars and Cents of Shopping Centers*, Urban Land Institute

Table 11
Supportable Space and Store Sizes for Selected Stores with a Sales Gap

Store Type	Supportable Square Feet	Median Store Size	Share of Gap to Support One Store
Convenience	32,794	2,085	6.4%
Specialty Food	12,215	2,300	18.8%
Shoes	40,807	3,300	8.1%
Jewelry, Luggage, Leather Goods	6,209	1,450	23.4%
Sew/Needlework/Piece Goods	16,836	2,800	16.6%

Given the heavily saturated market and competitive retail environment, expanding downtown Salem's retail base requires both increasing the number of visitors and gaining greater market share. Table 12 presents estimates for downtown Salem's current market share for major store groups based on the square footage of space in each category.[17] Downtown Salem has modest market share below 4% for all categories except Gift, Novelty & Souvenir Shops (43%) and Restaurants (7%).

Table 12
Estimated Market Share for Downtown Salem by Store Category

Store Category	Estimated Sales	Estimated Demand*	Estimated Market Share
Food and Beverage Stores	$8,054,964	$419,702,010	1.9%
Building Material and Supplies Dealers	$2,173,683	$375,722,527	0.6%
Home Furnishings	$957,673	$96,611,527	1.0%
Health and Personal Care Stores	$1,574,600	$152,625,798	1.0%
Clothing and Accessory Stores	$6,678,547	$179,163,414	3.7%
Sporting Goods, Hobby, Book, and Music Stores	$1,995,257	$67,812,432	2.9%
Gift, Novelty, and Souvenir Stores	$11,704,350	$27,344,523	42.8%
Total Clothing, Sporting Goods and Gift, Novelty	$20,378,154	$274,320,369	7.4%
Restaurants	$28,858,533	$389,411,685	7.4%

Source: Karl Seidman Consulting Services *Claritas figures for trade area demand plus estimated tourist spending with tourist retail spending split among three categories: 60% for gifts, novelties, & souvenirs, 25% for clothing % accessories. 15% for sporting goods, hobby, books and music

[17] Current downtown sales were estimated by multiplying the amount of pace in category by median sales for comparable stores in Community Shopping Centers using data from *2006 Dollars and Cents of Shopping Centers*, Urban Land Institute

To gauge how much new retail space downtown Salem may be able to add, an estimate was made for the amount of retail space that could be supported by increasing annual tourist visits by 100,000 visitors and increasing downtown market share. The market share increase was assumed to be 25% in the four categories where downtown has a base of stores but low market share: Restaurants; Sporting Goods; Hobby, Book, and Music Stores; Clothing & Accessory Stores; and Food and Beverage Stores; and 10% for Gift, Novelty, & Souvenir Stores, for which downtown now has an estimated 43% market share. Based on this projected sales growth and median sales per square foot for each store type, downtown Salem could support the following amounts of new store space:

- 7,450 square feet of food and beverage stores
- 9,235 square feet of clothing and accessory stores
- 4,072 square feet of sporting goods, hobby, book, and music stores
- 6.076 square feet of gift, novelty, and souvenir stores
- 36,418 square feet of restaurants.

This totals 63,251 square feet of new retail and restaurant space, which exceeds the current downtown available vacant space. This also indicates that ground-floor storefronts that are currently taken up by professional services or non-retail uses could be relocated to other floors.

Findings and Implications for Retail Strategy

Several key findings emerge from the above analysis of downtown customer segments, customer survey results and assessment of downtown retail mix and vacancies. Key findings and implications for downtown Salem's retail development strategy include:

- Trade area residents are by far the largest market for downtown Salem and need to be a key focus for future market development. With strong competition and a very high density of existing stores, Salem must gain market share from competing retail centers and stores to significant expand its retail base.
- The demographics of trade area households, including a concentration of higher income households, households without children, and more mature residents provide are advantages in attracting retailers, especially ones oriented to the growing baby boom population and are well-aligned with downtown's strengths in restaurants and craft and gift stores.
- Visitors represent downtown's second largest market and present a strong growth opportunity through expanding visitation in May, June and September. An expanded event calendar and promoting downtown as dining and shopping destination (along with its cultural and historic attractions) will help grow the visitor market.
- Although Salem State College students represent a much smaller market than tourists, they spend over $35 million annually on food and retail items and are not currently an important segment for downtown retailers. However, there are opportunities to expand their downtown patronage for food and entertainment spending.
- Despite a dense retail environment and strong competition, downtown Salem is performing reasonably well and well positioned to become a stronger shopping, dining and entertainment destination. Almost 60% of trade area residents regularly shop downtown. Downtown is the primary trade area destination for dining and

shopping for gifts and crafts and cited second most often as the primary destination for most other retail goods. It also has a diverse retail mix with at least ten stores in four major retail categories.

- Customers rate downtown positively in many attributes including the quality and selection of restaurants, physical attractiveness and quality and selection of goods.
- Parking and traffic are the areas for which downtown is rated most poorly and the greatest impediments that resident cites to shopping downtown.
- More variety of stores, increased arts and cultural activities and expanding parking options are changes that are most likely improvements to expand downtown shopping among local residents.
- Based on the survey, residents have the strongest desire for more downtown clothing stores, live music, street festivals and galleries and visual arts exhibits.
- With high density of retail establishments and two large regional malls, trade area sales exceed demand for most retail categories. However, a sales gap indicating an under served market exists for several types of stores: convenience and specialty foods, clothing accessories, shoe stores, jewelry, luggage and leather goods, sew/needlework/piece goods and used merchandise.
- Downtown Salem is best positioned to grow its retail and service base in two areas: (1) dining and entertainment that builds on its current strength as a dining destination; and (2) niche comparison goods that emphasize unique stores and expand downtown's current stores in gifts and crafts, clothing, specialty foods, and hobby, books and music.

Based on these findings and market analysis results, a three-part strategy is recommended to make downtown Salem a vibrant year-round retail, dining and cultural destination:

Retail Development Strategy

- Establish downtown Salem as the North Shore's premier dining and entertainment destination by expanding restaurants, cultural and entertainment offerings. This will include working with property owners to attract more restaurants and arts and entertainment-related businesses, work with existing theaters, restaurants and drinking establishments to expand entertainment offerings, and expanding downtown entertainment festivals and events.
- Diversify downtown retail base with niche-oriented stores that create a unique shopping experience that differentiates Salem from existing shopping centers and malls. Key segments to target are specialty foods, clothing and accessory stores, gift and crafts and antique stores. This would include working with property owners to attract and lease to such stores at targeted locations, recruiting successful stores to open a branch in downtown Salem. This could also include efforts to establish more continuous retail storefronts and create identifiable districts, perhaps beginning with a clothing district around the Museum Place Mall and Essex Street.

Market Development Strategy

- Undertake an aggressive marketing and promotion campaign to strengthen Salem's market share among trade area residents, students and downtown workers. The campaign would have an overall theme but incorporate several tactics and components, including dining and shopping and dining and entertainment promotions, joint merchant advertising, targeted marketing materials and an expanded events calendar to attract people to the downtown.

- Expand the downtown residential retail market by continuing city zoning and development policies that foster downtown mixed use and housing development. Key policies include allowances for higher density projects, requirements for active ground floor uses such as shops and restaurants, conducting studies to resolve planning, market and development issues for key properties, and parking requirements that reflect reduced reliance on auto transportation among downtown residents.
- Increase Salem's tourist visits through initiatives to draw more visitors in the spring and fall, particularly in May, June and September. This will involve coordinated marketing and events among key attractions and with the North of Boston CVB and more promotion of Salem for shopping, dining and entertainment as part of the visitor package.
- Build the student market through enlisting more merchants in the student card program and directing marketing and promotions oriented to students.

Experience Enhancement Strategy

- Implement the planned downtown signage program to help visitors better navigate downtown Salem, reduce congestion and direct them to different destinations and districts.
- Increase awareness of parking locations, identify options to expand parking supply and offer parking discounts to shoppers.
- Improve downtown's attractiveness and appeal to pedestrians through establishing alternative window displays to address visual "dead space", eclectic signage and public art, lighting and other design elements to enhance downtown Salem's special character. The Essex Street Mall is a priority area for these improvements.

Appendix 1
Selected Salem Visitor Attractions Ranked by Attendance

Name and Location	Typical Annual Attendance	Adult Price	Description
Salem Maritime National Historic Site 174 Derby St.	650,000	Free; $5.00 for guided tour	Operated by the National Park Service, this heritage attraction presents the maritime history of colonial Salem, representing the importance of the seafaring economy at the time. It offers free self-guided tours as well as guided tours for a fee. The site incorporates harbor wharfs, a tall ship, and several historic buildings. Open daily 9 am to 5 pm year round.
National Park Service Regional Visitor Center 2 New Liberty St.	n/a	Free	This visitor center provides a free orientation film on the history of Salem and Essex County, as well as exhibits and information about the Essex National Heritage Area. Open daily 9 am to 5 pm year round.
Salem Witch Museum Washington Square	400,000	$7.50	A popular attraction that features exhibits on witchcraft and the 1692 Salem witch trials. Gift shop and group tours. Open 10 am to 5 pm daily. Open 10 am to 7 pm in July and August. Open extended hours in October.
Peabody Essex Museum East India Square	250,000	$13.00 (Salem residents admitted for free.)	The Peabody Essex Museum's collections exceed 2.4 million works of art and culture in over 30 galleries. Peabody Essex collections also encompass twenty-four historic buildings, including four National Historic Landmarks, five National Register buildings, and the only complete Qing Dynasty house located outside China. In 2003, a $125 million expansion project provided more than 250,000 square feet of new and renovated facilities, including a new 110,000 square foot wing. The project unified and integrated the Museum's campus of 24 historic properties and gardens, created a new urban park, and performance and education centers. Open daily 10 am to 5 pm.
House of Seven Gables 54 Turner St.	120,000	$12.00	Built in 1668, House of the Seven Gables is the oldest surviving 17th century wooden mansion in New England. Includes guided tour, gift shop, museum, research and rare book library, and educational programs for students. Five additional historic structures and gardens are located on site. The entire complex is a national historic district on The National Register of Historic Places. Open 10 am to 5 pm, November through January. Open until 7 pm, July through October. Open to 11 pm, weekends in October.
Stephen Phillips House 34 Chestnut St.	4,900	Free (donations accepted)	Federal-style mansion that is open for tours, featuring collection of furniture, porcelain, carpets, and antiques. Open Saturday before Memorial Day to end of October: Mon-Sat, 10 am to 4:30 pm. Tours every

			hour and half hour.
Name and Location	**Typical Annual Attendance**	**Adult Price**	**Description**
Cry Innocent Old Town Hall 32 Derby Square	n/a	$8.00	Live re-enactment of witchcraft trial. Open summer: Fri-Tues, 11:30, 1:30 & 3:00. (No 11:30 on Sun); Open Sept/Early Nov: Sat-Sun, 1:30 & 3:00; Open Oct: 1st Sat through Halloween, multiple shows most days.
Dracula's Castle 90 Lafayette St.	n/a		Haunted house attraction.
The Griffen Theatre 7 Lynde St.	n/a	$7.00	"Legends of Salem" is a multi-media show that features the famous Salem witchcraft trials in the 17th Century. Open 10 am to 5 pm daily with extended hours in October. Theatre capacity is 62.
North Shore Children's Museum 209R Essex St.	n/a	$4.50 (Adults free.)	The North Shore Children's Museum, affiliated with the Salem YMCA, was created for kids of all ages to create, learn and explore. Includes play area, climb on structures, and learn to cook in the kitchen/dining area. Older children learn about marine life, can take home themed arts and crafts projects, and have access to educational computers. Open Mon.-Fri., 9 am to 2 pm, Sat. 9 am to 5 pm. Closed Sundays.
Pirate Museum 274 Derby St.	n/a	$6.00	Museum dedicated to telling the story of New England pirates. Includes exhibits, artifacts, and recreations. Gift shop. Open every day April through November 10 am to 5 pm and some evenings during October. Combination ticket with Witch History Museum and Witch Dungeon Museum.
Salem State College Center for the Arts 352 Lafayette St.	n/a	Varies	The Center for Creative and Performing Arts provides diverse cultural events in theatre, dance, music, creative writing and art open to the community. Nearly one hundred events are produced each year. Located outside of downtown Salem.
Salem Wax Museum 288 Derby St.	n/a	$6.00	Wax museum focusing on Salem witch trials and including other notable Salem figures. Open April to June, 10 am to 6 pm; July & August, 10 am to 9 pm; September, 10 am to 6 pm; October, extended hours; November & December: 10 am to 5 pm; and, January to March, 11 am to 4 pm. Combination ticket with Salem Witch Village.
Salem Willows Park 161 Fourth Ave.	n/a	Free	Family amusement park by the ocean that is 5 minutes from downtown Salem. Includes kiddie rides, restaurants, picnic grounds, pier, and beaches. Open April to October. Mon-Sat: 10 am to 11 pm, Sun: 11 am to 11 pm.

Name and Location	**Typical Annual Attendance**	**Adult Price**	**Description**
Salem Witch Village 282 Derby St.	n/a	$5.50	Attraction focuses on Salem witch trials and witchcraft in general. Open April to June, 10 am to 6 pm; July & August, 10 am to 9 pm; September, 10 am to 6 pm; October, extended hours; November & December: 10 am to 5 pm; and, January to March, 11 am to 4 pm. Combination ticket with Salem Wax Museum.
Spellbound Museum 190 Essex St.	n/a	$10.00	Museum and tours, featuring supernatural curios and oddities. Open daily spring thru October. Winter hours by appointment.
Witch Dungeon Museum 16 Lynde St.	n/a	$6.00	Re-enactment of witch trial, including recreation of dungeon and gallows. Gift shop. Open 10 am to 5 pm every day, April through November and some evenings during October. Combination ticket with Pirate Museum and Witch History Museum.
Witch History Museum 197-201 Essex St.	n/a	$6.00	Live presentation that traces history of 1692 witch trials and tours story recreations. Gift shop. Open every day April through November 10 am to 5 pm and some evenings during October. Combination ticket with Pirate Museum and Witch Dungeon Museum.
The Witch House 310 Essex St.	n/a	$8.00	Home of Salem witch trial judge Jonathon Corwin. Owned and operated by the City of Salem's Parks and Recreation Department. Open March through November.

Source: Facilities profiled; Destination Salem; Salem Chamber of Commerce; American Association of Museums, *The Official Museum Directory 2007*, Volume 1; and ConsultEcon, Inc.

Appendix 2
Largest PRISM Segments in Downtown Salem Trade Area by Social Category

05 The Affluentials

The six segments in The Affluentials are one socioeconomic rung down from the Elite Suburbs-with a 25 percent drop in median income-but their residents still enjoy comfortable, suburban lifestyles. The median income in S2 is nearly $60,000, the median home value is about $200,000, and the mostly couples in this social group tend to have college degrees and white-collar jobs. Asian Americans make up an important minority in these predominantly white segments. As consumers, The Affluentials are big fans of health foods, computer equipment, consumer electronics and the full range of big-box retailers.

2006 Statistics:
US Households: 8,587,123
Median HH Income: $69,303

Segments in this group are:

	No of HHD	% of total HHD
08 Executive Suites	628	.80
14 New Empty Nests	3546	4.49
15 Pools & Patios	4409	5.58
17 Beltway Boomers	2686	3.40
18 Kids & Cul-de-sacs	1900	2.41
19 Home Sweet Home	3849	4.87
Total	17018	21.55

09 City Centers

The five segments in the C2 social group consist of a mix of Americans-old and young, homeowners and renters, families and singles-who've settled in the nation's satellite cities. What they share is a middle-class status, some college educations and a lifestyle heavy on leisure and recreation. The members of City Centers tend to be big fans of home-centered activities: computer surfing, video renting, TV viewing and playing games and musical instruments. Outside their homes, they go to movies, museums and bowling alleys at high rates.

2006 Statistics:
US Households: 8,178,757
Median HH Income: $44,663

Segments in this group are:

	No of HHD	% of total HHD
24 Up-and-Comers	3300	4.18
27 Middleburg Managers	4675	5.92
34 White Picket Fences	1793	2.27
35 Boomtown Singles	2502	3.17
41 Sunset City Blues	1470	1.86

Total	13740	17.4

04 Elite Suburbs

The most affluent suburban social group, Elite Suburbs is a world of six-figure incomes, post-graduate degrees, single-family homes and managerial and professional occupations. The segments here are predominantly white with significant concentrations of well-off Asian Americans. Befitting their lofty salaries, S1 members are big consumers **of large homes, expensive clothes, luxury cars and foreign travel. Despite representing a small portion of the U.S. population, they hold a large share of the nation's personal net worth**.

2006 Statistics:
US Households: 5,762,303
Median HH Income: $106,498

Segments in this group are:

	No of HHD	% of total HHD
01 Upper Crust	5293	6.7
02 Blue Blood Estates	2942	3.73
03 Movers & Shakers	3334	4.22
06 Winner's Circle	1623	2.06
Total	13192	16.71

08 2nd City Society

Among second-tier cities, Second City Society stands at the top of the heap, a social group consisting of the wealthiest families who live outside the nation's metropolitan core. The three segments in this group are dominated with married couples with children, college degrees, large homes, and executive jobs. Ethnically, the residents are predominantly white with above-average rates of Asian Americans**. In the marketplace, they spend big on digital and wireless technology, business and cultural media, casual-dining restaurants, upscale retailers, foreign travel and luxury cars.**

2006 Statistics:
US Households: 4,732,618
Median HH Income: $74,589

Segments in this group are:

	No of HHD	% of total HHD
10 Second City Elite	4046	5.12
12 Brite Lites, Li'l City	5783	7.32
13 Upward Bound	2275	2.88
Total	12104	15.32

06 Middleburbs

The five segments that comprise Middleburbs share a middle-class, suburban perspective, but there the similarity ends. Two groups are filled with very young residents, two are filled with seniors and one is middle-aged. In addition, S3 includes a mix of both, homeowners and renters as well as high school graduates and college alums. With good jobs and money in their jeans, **the members of Middleburbs tend to have plenty of discretionary income to visit nightclubs and casual-dining restaurants, shop at midscale department stores, buy dance and easy listening CDs by the dozen and travel across the U.S. and Canada.**

2006 Statistics:
US Households: 6,862,680
Median HH Income: $48,885

Segments in this group are:

	No of HHD	% of total HHD
21 Gray Power	4422	5.60
22 Young Influentials	2259	2.86
30 Suburban Sprawl	1568	1.99
36 Blue-Chip Blues	1109	1.40
39 Domestic Duos	561	.71
Total	9919	12.56

10 Micro-City Blues

Micro-City Blues was created via the predominantly downscale residents living in the affordable housing found throughout the nation's smaller cities. A diverse social group, these five segments contain a mix of old and young, singles and widowers, whites, African-Americans and Hispanics. Most of the workers hold blue-collar jobs-hence the name-and their marketplace behavior reflect the segments' varied lifestyles. This is one of the few social groups where consumers have a high index for video games and bingo, aerobic exercise and fishing, BET and the Country Music Network.

2006 Statistics:
US Households: 7,023,319
Median HH Income: $26,513

Segments in this group are:

	No of HHD	% of total HHD
47 City Startups	1308	1.66
53 Mobility Blues	2087	2.64
60 Park Bench Seniors	2838	3.59
62 Hometown Retired	650	.82
63 Family Thrifts	1400	1.77
Total	8283	10.48

Appendix 3
Detailed Sales Gaps Analysis for Downtown Salem Trade Area

Retail Stores	Demand (Consumer Expenditures)	Supply (Retail Sales)	Sales Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	3,468,616,307	4,551,696,373	(1,083,080,066)
Motor Vehicle and Parts Dealers-441	635,003,432	815,659,238	(180,655,806)
Automotive Dealers-4411	533,668,333	738,559,262	(204,890,929)
Other Motor Vehicle Dealers-4412	48,931,199	41,747,601	7,183,598
Automotive Parts/Accsrs, Tire Stores-4413	52,403,900	35,352,375	17,051,525
Furniture and Home Furnishings Stores-442	96,611,527	152,678,319	(56,066,792)
Furniture Stores-4421	51,893,530	51,670,707	222,823
Home Furnishing Stores-4422	44,717,997	101,007,612	(56,289,615)
Electronics and Appliance Stores-443	84,122,779	140,031,633	(55,908,854)
Appliances, TVs, Electronics Stores-44311	63,104,487	116,795,131	(53,690,644)
Household Appliances Stores-443111	14,370,552	24,575,679	(10,205,127)
Radio, Television, Electronics Stores-443112	48,733,935	92,219,452	(43,485,517)
Computer and Software Stores-44312	17,414,562	21,398,360	(3,983,798)
Camera and Photographic Equipment Stores-44313	3,603,730	1,838,142	1,765,588
Building Material, Garden Equip Stores -444	375,772,527	522,330,072	(146,557,545)
Building Material and Supply Dealers-4441	341,244,552	501,835,491	(160,590,939)
Home Centers-44411	132,843,365	193,722,505	(60,879,140)
Paint and Wallpaper Stores-44412	9,271,576	9,166,985	104,591
Hardware Stores-44413	25,960,461	35,713,002	(9,752,541)
Other Building Materials Dealers-44419	173,169,150	263,232,999	(90,063,849)
Building Materials, Lumberyards-444191	59,936,578	89,765,361	(29,828,783)
Lawn, Garden Equipment, Supplies Stores-4442	34,527,975	20,494,581	14,033,394
Outdoor Power Equipment Stores-44421	5,083,372	9,578,409	(4,495,037)
Nursery and Garden Centers-44422	29,444,603	10,916,172	18,528,431
Food and Beverage Stores-445	413,887,521	407,096,477	6,791,044
Grocery Stores-4451	373,637,991	337,399,312	36,238,679
Supermarkets, Grocery (Ex Conv) Stores-44511	354,625,255	326,683,510	27,941,745
Convenience Stores-44512	19,012,736	10,715,802	8,296,934
Specialty Food Stores-4452	12,930,907	10,585,650	2,345,257
Beer, Wine and Liquor Stores-4453	27,318,623	59,111,515	(31,792,892)
Health and Personal Care Stores-446	152,625,798	274,653,830	(122,028,032)
Pharmancies and Drug Stores-44611	130,955,372	229,527,973	(98,572,601)
Cosmetics, Beauty Supplies, Perfume Stores-44612	5,330,002	9,816,279	(4,486,277)
Optical Goods Stores-44613	6,703,781	16,063,826	(9,360,045)
Other Health and Personal Care Stores-44619	9,636,643	19,245,752	(9,609,109)
Gasoline Stations-447	345,355,166	234,799,114	110,556,052
Gasoline Stations With Conv Stores-44711	260,248,200	117,783,632	142,464,568
Other Gasoline Stations-44719	85,106,966	117,015,482	(31,908,516)

Clothing and Clothing Accessories Stores-448	174,817,507	270,313,956	(95,496,449)
Clothing Stores-4481	124,544,546	229,140,785	(104,596,239)
Men's Clothing Stores-44811	8,113,956	19,845,961	(11,732,005)
Women's Clothing Stores-44812	32,119,112	54,023,760	(21,904,648)
Childrens, Infants Clothing Stores-44813	6,383,454	23,137,085	(16,753,631)
Family Clothing Stores-44814	66,422,478	117,055,732	(50,633,254)
Clothing Accessories Stores-44815	3,159,104	1,812,248	1,346,856
Other Clothing Stores-44819	8,346,442	13,265,999	(4,919,557)
Shoe Stores-4482	21,408,361	14,307,990	7,100,371
Jewelry, Luggage, Leather Goods Stores-4483	28,864,600	26,865,181	1,999,419
Jewelry Stores-44831	26,758,158	26,247,637	510,521
Luggage and Leather Goods Stores-44832	2,106,442	617,544	1,488,898
Sporting Goods, Hobby, Book, Music Stores-451	65,204,888	76,759,414	(11,554,526)
Sportng Goods, Hobby, Musical Inst Stores-4511	44,019,801	53,243,642	(9,223,841)
Sporting Goods Stores-45111	22,267,843	28,104,448	(5,836,605)
Hobby, Toys and Games Stores-45112	14,210,676	16,801,633	(2,590,957)
Sew/Needlework/Piece Goods Stores-45113	3,203,996	1,570,930	1,633,066
Musical Instrument and Supplies Stores-45114	4,337,286	6,766,631	(2,429,345)
Book, Periodical and Music Stores-4512	21,185,087	23,515,772	(2,330,685)
Book Stores and News Dealers-45121	15,239,652	19,437,027	(4,197,375)
Book Stores-451211	14,394,325	17,739,691	(3,345,366)
News Dealers and Newsstands-451212	845,327	1,697,336	(852,009)
Prerecorded Tapes, CDs, Record Stores-45122	5,945,435	4,078,745	1,866,690
General Merchandise Stores-452	431,276,451	271,834,375	159,442,076
Department Stores Excl Leased Depts-4521	203,059,697	226,887,255	(23,827,558)
Other General Merchandise Stores-4529	228,216,754	44,947,120	183,269,634
Warehouse Clubs and Super Stores-45291	195,538,067	33,299,330	162,238,737
All Other General Merchandise Stores-45299	32,678,687	11,647,790	21,030,897
Miscellaneous Store Retailers-453	94,305,927	90,419,964	3,885,963
Florists-4531	6,912,613	9,984,358	(3,071,745)
Office Supplies, Stationery, Gift Stores-4532	38,748,349	50,508,175	(11,759,826)
Office Supplies and Stationery Stores-45321	21,834,003	32,562,403	(10,728,400)
Gift, Novelty and Souvenir Stores-45322	16,914,346	17,945,772	(1,031,426)
Used Merchandise Stores-4533	8,165,588	2,487,031	5,678,557
Other Miscellaneous Store Retailers-4539	40,479,377	27,440,400	13,038,977
Non-Store Retailers-454	245,398,049	901,169,818	(655,771,769)
Electronic Shopping, Mail-Order Houses-4541	150,209,022	744,726,795	(594,517,773)
Vending Machine Operators-4542	9,130,361	3,372,260	5,758,101
Direct Selling Establishments-4543	86,058,666	153,070,763	(67,012,097)
Foodservice and Drinking Places-722	354,234,735	393,950,163	(39,715,428)
Full-Service Restaurants-7221	160,203,608	192,468,815	(32,265,207)
Limited-Service Eating Places-7222	147,743,382	159,759,332	(12,015,950)
Special Foodservices-7223	29,488,126	40,611,899	(11,123,773)
Drinking Places -Alcoholic Beverages-7224	16,799,619	1,110,117	15,689,502

GAFO *	890,781,501	962,125,872	(71,344,371)
General Merchandise Stores-452	431,276,451	271,834,375	159,442,076
Clothing and Clothing Accessories Stores-448	174,817,507	270,313,956	(95,496,449)
Furniture and Home Furnishings Stores-442	96,611,527	152,678,319	(56,066,792)
Electronics and Appliance Stores-443	84,122,779	140,031,633	(55,908,854)
Sporting Goods, Hobby, Book, Music Stores-451	65,204,888	76,759,414	(11,554,526)
Office Supplies, Stationery, Gift Stores-4532	38,748,349	50,508,175	(11,759,826)

* GAFO (General merchandise, Apparel, Furniture and Other) represents sales at stores that sell merchandise normally sold in department stores. This category is not included in Total Retail Sales Including Eating and Drinking Places.

Source: Claritas