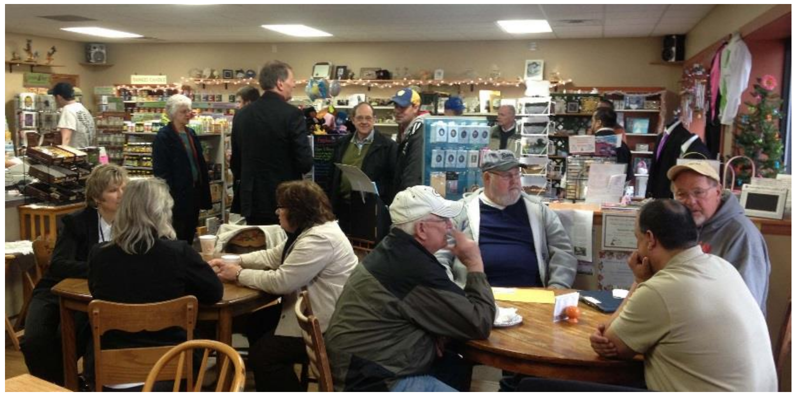
Ladysmith Retail Recruitment: Target Sector Strategies

Based on the conclusions of the 2014 market analysis, there are a number of business types that may have the potential to be successful in downtown Ladysmith. However, each of these businesses requires a unique local customer base and location/space characteristics, and some businesses have the potential to complement existing businesses, potentially increasing overall customer activity and foot traffic in downtown.



This document provides a further profile of specific business types that were recommended for further analysis and consideration for downtown Ladysmith through the market analysis or as a result of public input. While it is important to recognize that for many business types, a well-managed business can be successful in many locations, identifying and targeting specific sectors which are clearly undersupplied in the local market, or which enjoy defined local support can significantly increase the likelihood of success of these businesses, maximizing local efforts to revitalize downtown.

Information provided in this report includes market trends, target demographic information, space and location needs for each type of business identified as a potential recruitment target. While each of these sectors will be discussed as separate and distinct business types, it is important to remember that locally owned business models are increasingly reliant on combining multiple goods and services which cater to a similar audience to build a customer base. Examples might include a coffee shop/bookstore/meeting facility or a bike shop/fitness studio/repair center. This information, together with information on the Ladysmith economy and other local opportunities such as the façade grant program, should be provided to potential business owners that have knowledge or interest in these business types, as well as made available to the local population to empower local residents to approach potential businesses with relevant information. Recruiting a task force of local business owners and leaders will also create a strong image of the community as a supportive destination for small businesses.

A critical limitation of retail supply and demand data in Ladysmith is the impact of Walmart on local spending. While Walmart attracts a significant amount of sales in a wide variety of categories, these sales are all categorized as general merchandise. So actual demand gaps for clothing, sporting goods and electronics may be significantly smaller than those shown in the analysis once these sales are accounted for. However, Walmart also attracts large numbers of customers into Ladysmith from a significantly larger regional area than individual stores are likely to do, and finding ways to market to this audience for supplementary goods (such as restaurants, services and non-Walmart line items such as furnishings) can actually result in greater overall demand than the figures suggest. Studies suggest that certain businesses benefit more significantly from Walmart traffic than others, with the most frequent recipients of additional traffic being eating and drinking establishments (especially fast food or quick casual), services such as hair care, massage and pet care, and gift shops, office supply, second hand/antique shops and pet stores. Other businesses offering common items to those sold at Walmart can benefit by offering a wide variety of more niche selection to attract shoppers unable to find specific goods at Walmart.

Guide to using this document:

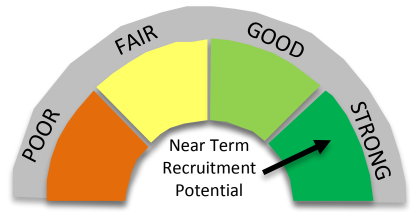
- The document is divided into retail and service business types. For each business type, key facts are provided to illustrate the size and nature of demand within the community, as well as to illustrate the size and type of space that would be best suited to each opportunity. The industry trends and opportunities discussion provides additional narrative regarding specific opportunities, partnerships and competition within the local market that may not be evident in the data alone. It also provides additional information on broader market trends which may impact the ability of a new business to be successful in Ladysmith. Taken together, the economic data and local market information can help Ladysmith Main Street and/or individual business owners assess the potential for success in Ladysmith.

- The key facts included in the document are intended to illustrate the size of the local market in each sector, as well as the size of the opportunity. The total demand figure represents the total amount that trade area residents spend on goods of this type annually. The gap figure indicates ESRI's estimate of the amount of this demand which is not satisfied within the trade area, and may present an opportunity for additional business offerings. The average annual sales per business and average annual sales per household allow potential businesses to make educated decisions about the reality of supporting a sustainable business in the local economy, and to determine the number of customers that would realistically need to be attracted to generate sufficient local sales.

- Data sources: Sales per business – 2012 American Community Survey, Average Trade Area Spending – 2013 GIS Planning, Trade Area Demand Gap – 2014 ESRI

Retail Business Types

Women's Clothing – 2nd Hand



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
All Clothing: $6.3 million/ $4.3 million	1,000-3,000	• Highly visible space with storefront transparency. • Convenient parking, especially if consignment model is being used.	• Women of all ages.

Average Annual Sales Per Business (Rusk County): $84,000

Average Trade Area Spending Per Household/Year: $682

Industry Trends, Potential Clusters & Local Market Opportunities

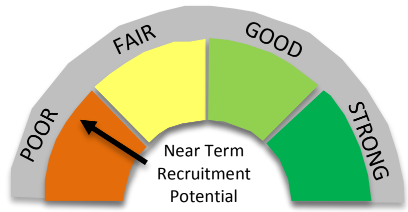
Spending on apparel has declined in recent years. Part of this decline is the result of a continued decrease in the cost of apparel items, as well as a shrinking demand for apparel among older adults who tend to replace items less frequently and represent an increasing percentage of the population. Despite this decline, women's apparel still makes up the largest portion of all apparel spending, especially if footwear and accessories are also included, which represent more frequent purchases than apparel alone.

Challenges faced by women's retailers include finding ways to cater to women across generations. This is a challenge for existing and new stores alike as the existing customer base ages and younger generations tend to spend less on individual clothing items. Second hand shops can avoid some of this by soliciting goods from a variety of age groups, offering something for everyone. Women's retailers also face an added challenge in that they are typically unable to supplement local market demand with online sales due to a limited inventory of individual pieces and the difficulty of managing inventory over two sales channels.

Recruitment Strategy

As with most businesses, a new second hand shop will most likely be started by an existing resident. While there are limited examples of apparel shops that have opened multiple locations, these businesses benefit from the presence of the shop owner, and opening additional locations is less successful than in other business types. There are also some examples of successful second hand shops run by non-profit organizations, which may be an option locally. This type of supporting network would be useful in supporting startup costs, but can also help provide a broader pipeline of inventory. Whereas a Ladysmith-based store may face limitations in securing second hand inventory from within the local market (a consignment model is highly unlikely to succeed), a storefront operated by a regional or nationally-based entity may be able to provide an inventory pipeline externally which provides a greater selection of goods that will appeal to the local population.

Book Store



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
Book, Periodical & Music: $700,000/ $640,000	1,000-1,500	• Highly visible location with transparent windows. • Meeting space • Benefits from clustering with libraries, civic buildings or similar businesses.	• Families, or seniors with grandchildren • Book clubs • Adults aged 45 to 64. • Individuals with a college education make up 57% of book sales.

Average Annual Sales Per Business (Rusk County): $240,000

Average Trade Area Spending Per Household/Year: $140

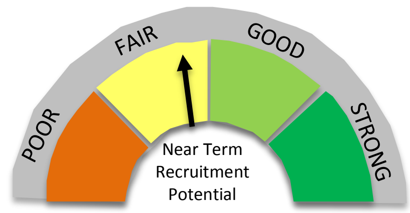
Industry Trends, Potential Clusters & Local Market Opportunities

Independently owned book stores have been declining for the past several decades, with 12% fewer stores in just the past eight years. The rise of e-books, popularity of traditional and alternative (i.e. Little Free) libraries and online sales have cut into the profitability of traditional bookstores. Few book stores are able to remain viable today selling only books, unless tied to a higher educational campus.

Recruitment Strategy

The most likely scenario for a book store opening in Ladysmith would incorporate a book store element into a coffee shop, or a coffee shop and bakery. Partnering with North Cedar College could also present opportunities, providing students with an off-campus 'third place'. A location near the theater, library or other civic buildings would be attractive for this type of business. The Tribeca GalleryCafe & Books in Watertown represents one successful business models which incorporates multiple retail offerings within a bookstore setting.

Meat Market



Key Facts

Trade Area Demand (Total/Gap)	**Average Square Feet Required**	**Location/Space Criteria**	**Target Demographic**
All Specialty Food: $550,000 $200,000	2,500-3,500	• Strong preference for downtown, although processing facilities require loading & preparation areas. • Cooler/Freezer • Benefits from proximity to farmers market, bakery, grocery or other complementary goods.	• Hunters • Individuals with post-high school education • Older adults • Visitors

Average Annual Sales Per Business (Rusk County): $925,000

Average Trade Area Spending Per Household/Year: $50

Industry Trends, Potential Clusters & Local Market Opportunities

American's consumer 19 more pounds of red meat today than 30 years ago. During this time, local grocers have dramatically expanded the selection of meats available, but the focus has primarily been on processed and low-cost selections. Meat markets, offering custom processing, unique products and quality cuts, have also grown as increased consumption has led to customer growth at all levels. Still, these local meat markets perform best in areas with limited competition and require sufficient population density. Meat markets attract customers of all income groupings, with meat markets opening and thriving in highly educated affluent markets and also in areas with higher poverty rates.

A meat market represents a potential recruitment sector for Ladysmith in that there is limited competition within the region as well as a variety of local producers which could be used to stock the store, offering unique local products. Northstar Bison in Conrath and Sheldon Meat Wholesale are both local producers without significant retail components.

Recruitment Strategy

Although franchise models are available, a new meat market in Ladysmith will likely be opened by either a regional butcher interested in opening their own business, or as a second or third location for an existing regional entity. Business models such as Louie's Finer Meats in Cumberland highlight the potential for online sales to significantly supplement walk in traffic. Combining local processing and locally produced meats with traditional offerings could create a viable model in Ladysmith. Establishing business partnerships (i.e. with local restaurants, or with a farmers' market booth as an initial market entry) can help support the business during the startup phase.

Sporting Goods

Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
Sporting Goods, Hobby & Musical Instrument: $3.4 million/ $1.8 million	11,000 for general sporting goods 5,000 for specialty shop (i.e. bicycle)	• Convenient access to recreation amenities. Bonus if customers can test goods on site. • Show room and repair/storage area separate. • On site parking if tours are led from store.	• Hunting & fishing predominantly male over age 35. • Cycling predominantly male baby boomers or women 18-24. • Hiking/Wildlife viewing all ages and genders.

Average Annual Sales Per Business (Rusk County): $251,000

Average Trade Area Spending Per Household/Year: $170

Industry Trends, Potential Clusters & Local Market Opportunities

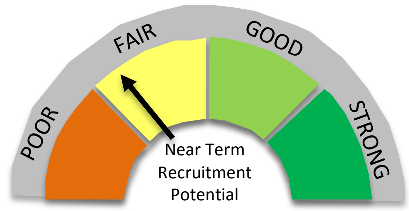
Silent sports are a popular and growing recreational activity, and Rusk County is centrally located relative to many popular recreational destinations in northern Wisconsin. The area features many forested areas as well as lakes and rivers, and is working to establish a broader trail network for traditional and off-road biking. Christie Mountain also attracts skiers and snowboarders to the region.

Ladysmith businesses will be at a competitive disadvantage to other regional stores because of its location relative to popular tourism destinations. Although significant through-traffic is present along Highway 8 in Ladysmith, most recreation tourists are stopping in Rice Lake or the Rhinelander area, and are likely to purchase additional gear and supplies as part of these stops. Local destinations that are in close proximity to Ladysmith do not necessarily require visitors to pass through the community (including Christie Mountain and outfitter drop points), limiting the potential for these individuals to frequent relevant businesses in Ladysmith. Additionally, stores such as Walmart carry a significant supply of staple type sporting gear, requiring local businesses to focus on niche offerings or service as a differentiator.

Recruitment Strategy

Working with an existing outfitter or tour guide to operate out of a storefront location and expand operations to include sales and service is one potential strategy. A partnership with an area lodging establishment, or the ability to utilize the historic hotel structure to host retreat groups could also help supplement store sales and attract customers to the business. Many sporting goods establishments are able to take advantage of regional or national grants and programs to provide educational or discounted goods to youth or disadvantaged markets (i.e. Recycle a bicycle) that can also expand the market. There may be an opportunity to support a local shop catering to underserved but popular local markets such as fishing

Local Foods/Locally Produced Goods



Key Facts

Trade Area Demand (Total/Gap)	**Average Square Feet Required**	**Location/Space Criteria**	**Target Demographic**
Specialty Food: $550,000/ $200,000	1,500	• High visibility • May partner with visitor center or Chamber office to increase traffic and as marketing partnership. • May incorporate commercial kitchen (for classes or workshops)	• Educated individuals • Visitors • Businesses (i.e. gift baskets)

Average Annual Sales Per Business (Rusk County): $175,000

Average Trade Area Spending Per Household/Year: $52

Industry Trends, Potential Clusters & Local Market Opportunities

Local and fresh food sales have been growing consistently over the past several decades for many of the same reasons as the expansion of health and fitness facilities. Additionally, grants and marketing dollars by local food entities such as the Milk Marketing Board and others have increased awareness and the public profile of locally grown/produced food items.

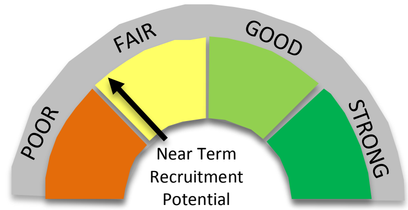
Despite the strong growth rate, there are inherent challenges in working in the local foods arena. These include a largely perishable inventory which requires high sales volumes and the need to negotiate with a wide variety of local producers, not all of whom may have reliable distribution schedules, resulting in shortages or inventory swings.

Recruitment Strategy

As with several other business types profiled in this document, it is unlikely that a standalone local foods outlet would be successful in Ladysmith. Because both Gordy's and Walmart do offer fresh food, including some local selections, a substantial portion of customer traffic is likely to be seasonal. This more limited permanent customer base makes it difficult for a storefront facility to attract sufficient year round sales to be viable.

Many smaller local-food-oriented businesses are operated for the benefit of tourists as part of an existing destination (either a tourist destination, or a visitor center or Chamber office), are coordinated with a local foods partner (such as a kitchen incubator), or in a larger scale as part of a natural food or coop grocery business. A longstanding coop business already exists in Rice Lake which includes members from the Ladysmith trade area, making this a less viable option for downtown Ladysmith. It is recommended that Ladysmith continue to work with existing businesses to carry and highlight locally produced goods, and to feature these businesses at the visitor center and in online marketing. If adequately promoted, one or more local businesses may be encouraged to create an internal local products ‘store’ to serve as an outlet for these items.

Candy/Snack Shop



Key Facts

Trade Area Demand (Total/Gap)	**Average Square Feet Required**	**Location/Space Criteria**	**Target Demographic**
Specialty Food To Go: $600,000/ $395,000	800-1,700	• Cooler/Freezer space • Preparation area	• Visitors/Tourists • Businesses (i.e. gift baskets) • Customers with dietary limitations.

Average Annual Sales Per Business (Rusk County): $525,000

Average Trade Area Spending Per Household/Year: $37

Industry Trends, Potential Clusters & Local Market Opportunities

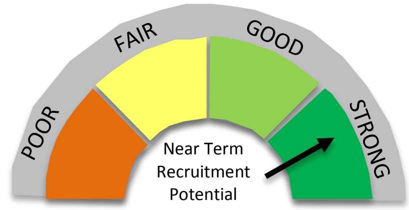
With the exception of businesses located in heavily trafficked tourist areas, most confectionery's (i.e. fudge, candy, popcorn) shops incorporate a significant amount (as much as 50% or more) of wholesale and online retail sales into their business model. In order to generate product at a sufficient level to support a strorefront business, businesses will need to make a significant capital investment for professional kitchen and packaging equipment.

Recruitment Strategy

Because of the high startup costs and limited local market demand, desirable recruitment targets will include existing businesses with a desire to expand operations. Local research into wholesale or online retail businesses operating in the region can help identify potential businesses, as can a campaign to identify and approach relevant businesses at Ladysmith or other regional farmers markets about expanding into a storefront space. Because Ladysmith already has five establishments offering ice cream, it may be possible for an existing business to incubate a candy outlet as part of the transition to a full time storefront.

Restaurant Business Types

Pizza



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
All Limited Service Restaurants: $7.4 million/ $4.6 million	800-4,000 depending on model	• Convenient location and parking (for take out) • Central location (for delivery) • Cooler/Freezer • Proximity to gathering areas (i.e. schools, recreation fields) a positive since families are frequent visitors.	• All demographics

Average Annual Sales Per Business (Rusk County): $138,000

Average Trade Area Spending Per Household/Year: $826
(limited service restaurant total)

Industry Trends, Potential Clusters & Local Market Opportunities

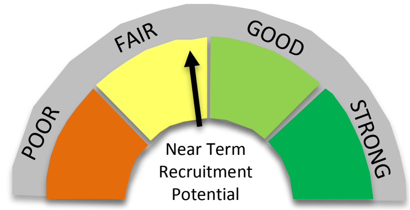
Pizza benefits from being a food product that is consumed by virtually all demographics and age groups, although younger demographics and family households are certainly prime customers. The ability to incorporate a wide variety of dietary preferences into a single food offering and quick preparation time with limited equipment also makes pizza a fairly inexpensive startup option relative to other food businesses. Pizza restaurants come in a variety of forms, ranging from traditional restaurants to buffet style businesses and to go/delivery only models. While restaurant formats attract all types of demographics, and compete with other restaurants for dining dollars, the potential for carry out and delivery options significantly expands the potential market. According to PMQ magazine, 45% of pizza is ordered for carry out, 36% for delivery, and 20% for dine-in.

Recruitment Strategy
Because of the popularity of Grandpa's Pizza, it is unlikely that Ladysmith can support an additional full service pizza restaurant. Buffet style pizza restaurants rely on high traffic volumes to keep product fresh and appetizing, and is especially appealing to lunchtime crowds. Because of the nature and location of employment in Ladysmith, it is unlikely that this type of business would be highly successful, with the exception of pizza offerings in convenience retailers. Carry out, including take and bake options, as well as delivery offer a more realistic option for the Ladysmith market. These types of businesses would require less overhead in real estate costs, and could be more flexible to meet market demand. Although Grandpa's also offers delivery and carry out options, it does not offer a take and bake option, and a new business could offer carry

out and delivery options of different pizza style, take and bake options, or pizza and sandwiches or other complementary menu items.

Within this context, there are a number of potential franchise models which could be successful, the pizza business is friendly to independent chains (comprising 52% of pizza business), and regional brands such as Kid's Korner in Rice Lake. Given the demographics in Ladysmith, the potential for take and bake establishments to access food stamp dollars can be equally impactful. Although this practice is currently under review, estimates are that an average of 10-25% and up to 40% of Papa Murphy's sales at individual establishments are from food stamps.

Brew Pub



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
All Full Service Restaurants: $5.3 million/ None All Drinking Places: $870,000/ None	4,000-4,500	• Visibility • Commercial kitchen (hood and vent) • Loading (especially if distribution model) • Cooler/Freezer area • Brewing space	• Varies by model. Brew pubs tend to offer family friendly foods while tap houses or distribution models cater to adults only. • Visitors, employees

Average Annual Sales Per Business (Rusk County): $235,000

Average Trade Area Spending Per Household/Year: $834 (full service restaurant total)

Industry Trends, Potential Clusters & Local Market Opportunities

The microbrew industry as a whole is expanding significantly across the country, and especially so in beer-heritage rich Wisconsin. The typical micro-brew customer is a middle-income professional between 30 and 50 years old. Ladysmith currently has 2,450 employed individuals within this age range. Additionally, more than 15,000 room nights annually at local hotels provide additional opportunities to attract traveling business professionals and tourists which are likely to fall within this demographic.

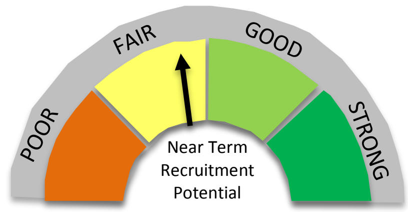
There are a wide variety of business types that fall into the category commonly thought of as brew pubs. Some businesses are modeled on traditional restaurant concepts, offering a full service restaurant with an onsite brewery, or simply a full service restaurant specializing in offering a wide selection of craft beer options. Tap house models focus on locally produced beer, typically in small batches, which is sold exclusively on site. These businesses may also have a limited food menu. The third model is microbreweries, or brew pubs which also offer beer for distribution. The three models vary greatly in the cost of overhead and the amount of sales which would need to be generated locally. A restaurant typically employs more staff and has significantly more overhead while also requiring a consistent volume of regular customers. A tap room has significantly less hours and staffing requirements, and may be able to turn a profit by selling only a few dozen growlers per weekend day. A distribution brewery would require significantly more space, including loading facilities, but would rely less on the local market than other models.

Recruitment Strategy

Because additional demand has been identified both for full service restaurants and for businesses offering a wider selection of beer and wine options, a full service brew pub (either with a self-brewed label or not) may be a potential opportunity for Ladysmith. As is evident by the current retail sales trends, which illustrate that more than half of existing restaurant spending in the trade area is due to travelers and workers rather than permanent residents, this type of business would attract significant spending from beyond the local market, including overnight and pass-through visitor activity, and could also participate in limited carry out sales to further expand the customer base. This type of establishment would also not compete with existing businesses which offer a specific type of cuisine, nor with the Ladysmith Family Restaurant, which does not serve alcohol.

The most important recruitment consideration for a brew pub is the ability to secure a knowledgeable and experienced brewer, as well as potentially a restaurant partner, in the case of a pub offering a house brew. Because brewing equipment is expensive, and it requires a longer startup period to open an onsite brewery (both due to construction schedules and the time required to brew startup batches), this is one of the most expensive ways to satisfy this need, and the skills of both the brewery and restaurateur are equally vital to the success of the business. Although many former home brewers are able to make the transition to large scale brewing (such as is required for a tap house), they are typically underqualified to operate a larger restaurant facility and will need a partner. Fortunately, there are a multitude of good and bad case studies for operating a successful brew pub. Scratch Town Brewing in Ord, Nebraska is an example of a brewery and limited food operation which has been successful in a small, rural Nebraska community, and there are numerous examples of Pub & Grill businesses that specialize in a wide selection of craft beers and a full menu. As one example, the Black Bear Pub and Grille in Stone Lake caters to a similar demographic to that found in Ladysmith and has a loyal following.

Coffee Shop



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
All Limited Service Restaurants: $600,000/ $395,000	1,200	• Convenient to or co-located with foot traffic destinations. • Convenient parking. • Meeting space. • Drive through window may increase sales.	• Adults aged 18 and over • Full service coffee shops also attract youth markets. • Different markets served at varying times of day (commuters, social gatherings, remote workers, youth)

Average Sales Per Business: $165,000

Average Trade Area Spending Per Household/Year: $87.50 (all coffee)

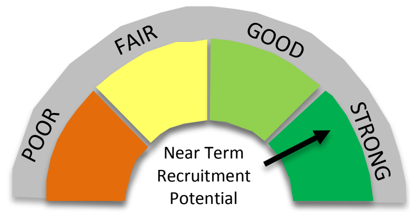
Industry Trends, Potential Clusters & Local Market Opportunities

Coffee shops, even compared to other retail business models, require long hours, serving both early morning commuters and night owls. The most successful coffee shops thrive by being customer's home away from home. They benefit from customers waiting for services (i.e. tire changes), conducting multiple errands, working remotely and generally socializing. Most independent coffee shops offer community meeting spaces, which attract local groups for business meetings in a less sterile environment.

Recruitment Strategy

In order to minimize the likelihood of sole proprietor burnout, it may be desirable to pair a coffee shop with an associated business, whether as part of a book store, music venue or even a bike shop or tap house. Blue Dog Cycles in Viroqua has created a Blue Dog Brew corner within its store and serves as a neighborhood gathering spot. The Barriques chain of stores, based in Madison, features both coffee and beer/wine, catering to morning as well as evening populations. The potential to partner with books or other soft goods retail is discussed previously in this document. The theater café space, which was formerly a coffee shop, represents one potentially viable location, although a facility on Highway 8 could also attract pass-through and commuter traffic during morning hours. In these instances, the partner business will likely be the driver due to the greater complexity associated with operating bike shops or music venues as compared to coffee shops.

Bakery



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
All Specialty Food: $550,000/ $200,000	1,000-1,500 for take out 2,000-2,500 for dine in	• Loading • Preparation area • Commercial kitchen	• Families • Educated households • Businesses (catering/wholesale)

Average Annual Sales Per Business (Rusk County): $275,000

Average Trade Area Spending Per Household/Year: $37

Industry Trends, Potential Clusters & Local Market Opportunities

Although fresh and local food are increasingly popular purchase items in today's economy, the traditional bakery model which focuses on a single revenue stream (sale of baked goods daily) is limiting the number of successful bakeries opening in today's market. Exceptions include bakeries which provide goods for restaurants and grocery sales, custom bakers of items such as cakes or cookies to order, or bakeries in higher density locations which can offer complementary goods (i.e. soup bar at lunch).

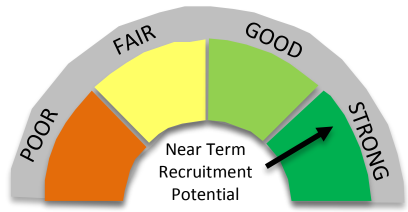
Ashland Baking Company is a good model for a locally-based bakery with a popular storefront presence (offering limited coffee and soups in addition to bread) which supports itself in large part from regional distribution. Its goods are available for retail purchase in 12 outlets in three states (focusing on natural food and coop stores), and also used in seven restaurants in the Ashland and Bayfield area.

Recruitment Strategy

Although the Toad House and Walmart both offer bakery items, neither offers custom service or consistent fresh product similar to a bakery. Competition regionally is limited to Perkins, Mamma D's and Norske Nook in Rice Lake (pies & cookies), and the Ovens of Harmony in Philips, creating opportunity for additional businesses that can fill this gap. If locally based, a bakery would be most likely to succeed in downtown Ladysmith if it were incorporated into a full service restaurant (i.e. a restaurant with a small deli or dessert case), or as part of a coffee shop or other model which offers complementary products. Experienced bakers could also potentially use Ladysmith's central location to service a large geographic area with locally made baked goods.

Service Business Types

Pet Grooming/Supply



Key Facts

Trade Area Demand (Total/Gap)	**Average Square Feet Required**	**Location/Space Criteria**	**Target Demographic**
All Miscellaneous Retail Stores: $1.8 million/ None	500-1,000 square feet depending on services provided. 5,000 square feet or more for training facility.	• Training space a plus • Adjacent parking for mobile vehicles • Adequate plumbing for grooming activities	• Pet owners of all ages & demographics.

Average Annual Sales Per Business (Rusk County): $42,000 for training/grooming, $210,000 for stores

Average Trade Area Spending Per Household/Year: $52

Industry Trends, Potential Clusters & Local Market Opportunities

Pets are a growing industry segment nationally. Within the local market, the aging population represents a potential growth opportunity, as grooming activities may be physically difficult for older pet owners. Combining grooming, training and pet supply services for dogs, cats and other animals creates a sustainable business model. According to franchise establishment information for the pet supply space, a minimum of 35 dogs per month is required to support a mobile facility. Doubling this amount, or introducing comparable sales volumes from product sales, would be sufficient to support a storefront.

Many retail/service businesses are exploring the potential to package services into convenient monthly payments. This strategy helps manage cash flow for the business, but also benefits households with fixed income by serving as an insurance plan and budgeted cost.

Recruitment Strategy

It may be necessary to offer in home delivery and on call services, either as a complement to or as a first step towards a storefront entity. This strategy, while longer term, will help establish a client base prior to hiring additional employees and opening a permanent storefront location. Individuals currently employed in this area and operating out of their homes may be a recruitment target, or operators in nearby communities willing to expand mobile service as an initial expansion step. Partnerships with existing kennels, breeders and veterinarians will also be important in growing a local customer base, and adjacent or co-located facilities would be beneficial.

Fitness Centers/Karate/Yoga

Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
Unknown – not associated with sales tax.	2,000-3,000 square feet	• Large open floorplan • Privacy from street for class space • Changing/locker rooms a bonus	• Varies by type. Fitness studio models exist which serve all demographics, ranging from youth classes to senior fitness.

Average Annual Sales Per Business (Rusk County):$75,000

Average Trade Area Spending Per Household/Year: $415 (all personal care), $24 fitness only

Industry Trends, Potential Clusters & Local Market Opportunities

Health and wellness spending are increasing nationally, driven by baby boomer spending. As this generation ages, they are motivated to counter the effects of aging, and also have greater free time post-retirement to pursue recreational opportunities. Nationwide, 25% of fitness center members are aged 55 or older, and this segment has been the fastest growing segment of the market since 1998.

Fitness gyms and centers are typically a convenience business, with members living in close proximity to the facility they attend. Fitness facilities are also an example of a business model which is highly flexible by income and demographics, with 44 percent of current dues paying members reporting household incomes of $25,000 to $75,000 (Demand Media).

Recruitment Strategy

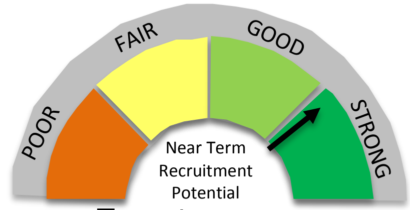
Youth sports and educational programs have been identified as a high priority for area residents. The newly opened dance studio serves a portion of this market, but other traditional offerings including karate and yoga studios, drop in fitness facilities or other fitness facilities are underrepresented in the community. The large and open nature of space in the creamery building, including the ample parking, makes this an ideal facility for this type of use. However, a wide variety of storefronts could be utilized for this type of facility at relatively low cost.

While Curves and Snap Fitness are two franchise models that are willing to consider smaller communities as a model, the costs of franchising may be burdensome for a startup business in a small market. Additionally, the recently added Self-Image Fitness Center, associated with the

Orthopedic & Spine Therapy Center most closely competes with these models, creating the most opportunity in the class and session-based revenue models.

Additionally, the AmericInn and other local hotels do not offer fitness facilities yet cater to professional as well as visitor traffic. Partnerships with local lodging facilities could provide an additional customer base for a new facility. An owner willing to pay for build out of a quality fitness facility may be able to supplement their income by offering the space for a fee to other trainers or fitness groups (i.e. mom & baby classes, meditation) which can utilize the space for classes during off peak hours.

Health Services: Chiropractic/Massage/Specialty Services



Key Facts

Trade Area Demand (Total/Gap)	Average Square Feet Required	Location/Space Criteria	Target Demographic
Unknown, not taxable sales.	1,000	• Convenient location • ADA accessible with easy parking • Office build out with waiting room	• Baby boomer and older adult populations (40% of chiropractic patients are over 51), especially women • Visitors • Working aged adults with high school education or greater.

Average Annual Sales Per Business (Rusk County): $250,000

Average Trade Area Spending Per Household/Year: $87

Industry Trends, Potential Clusters & Local Market Opportunities

The demand for both traditional and non-traditional medical services has steadily and significantly increased in recent years. The number of total health care professionals increased by 17.5% and chiropractors by 12.7% in the decade ending in 2002, and a similar rate of increase is anticipated through 2015. Increasingly, health insurance coverage is available for non-traditional medical and therapeutic services, including chiropractic and massage. Overall, the percentage of household spending dedicated to health care increases from 8% from ages 25-34 to 24% for households comprised of individuals over age 65 (a full 9% increase occurs from the 55-64 year age group and those over 65). An additional 16% of the local population, or more than 2,300 individuals in Rusk County will be entering this age bracket in the next ten years, pointing toward a significant increase in local spending ($18,000 additional dollars per year from this group alone), in addition to the current demand which is being lost to other markets.

Recruitment Strategy

Donohue Chiropractic and Ladysmith Chiropractic are already located in the community, although not in downtown. Additionally, Rusk County Memorial Hospital is a significant draw for medical specialists, although the Marshfield Clinic Dental Center and Dr. Erik Ostenso (optometrist) in downtown are frequent and familiar destinations for area residents. Other specialty health offerings in Ladysmith are limited to the Orthopedic & Spine Therapy center, with no facilities offering orthodontics, massage or other medical specialties.

Discussions with local doctors, dentists and other existing health care providers can help to identify individuals or businesses that are benefitting from significant local referrals from Ladysmith providers. These individuals may serve as a potential recruitment pool. Because of the relatively low cost of facility build out for this type of space, it is not uncommon for practitioners to open a storefront with only a limited appointment window. Although this is not ideal from a downtown foot traffic and vitality perspective, it can lead to more profitable properties and accommodate future increases in scheduling as conditions warrant. The impact of reduced operating hours on downtown can also be helped by encouraging this type of use to locate on the edge of downtown, keeping core properties open for more active storefront uses.