Retail Market Analysis And Marketing Recommendations

WATERBURY, VERMONT
May 2013

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1.0 Introduction and Background

Waterbury is a vibrant community of 6,900 residents in the heart of Vermont. The community encompasses Waterbury Village, Colbyville, and Waterbury Center. While companies such as Green Mountain Coffee Roasters and Ben and Jerry's put Waterbury "on the map" with visitors, the area has much more to offer to residents and visitors alike. Convenient from everywhere, the community has become a thriving dining and nighttime destination for the region and boasts a healthy retail and residential environment as well.

Waterbury also has a rich history that extends hundreds of years. Since its original charter in 1763 and first permanent settler in 1783, the community has grown significantly thanks to improvements in access. In 1849, the Central Vermont Railroad opened in Waterbury providing the first big opportunity for growth. Later, in 1960, Interstate 89 opened which once again increased the accessibility of Waterbury and led to growth in business and population.

Through its history, Waterbury has also faced many challenges that have helped to define the community. The flood of 1927 devastated many parts of Vermont including Waterbury. As a part of the rebuilding, the Army Corps of Engineers built the Little River Dam in 1938 to create the Waterbury Reservoir. In addition to providing flood control for the area, the reservoir offered the community with a new resource for outdoor recreation. More recently, Tropical Storm Irene once again brought devastation to Waterbury and while the storm certainly increased the need for rebuilding, the community has for years been focused on revitalization (or positive growth) and cultivating a sense of place.

Revitalizing Waterbury (RW) has been a contributor to the renaissance of the downtown since its inception in 1991. As a part of their post-Irene efforts, Revitalizing Waterbury commissioned this retail market study of the community to examine opportunities to enhance the retail offerings downtown, better market to customers to retain existing businesses, and explore new initiatives to enhance the business environment of the community.

No retail study is complete without a thorough understanding of "on the ground" realities facing a local market. To help understand the market realities of Waterbury, the retail market study began with a series of stakeholder interviews and roundtable work sessions. These interviews and roundtables involved over seventy people including Revitalizing Waterbury board members, Town and Village officials, merchants, property owners, and other stakeholders. In addition to the interviews, thirty seven retailers throughout the community conducted a zip code survey of customers held in September of 2012. The zip code research led to a market definition study and a sales and retail leakage analysis for the area. Altogether, this information was then used to craft a series of recommendations to continue the successes of the Waterbury community.

This report would not have been possible were it not for the participation of Waterbury citizens and businesses who took time out to track customers, share their opinions, and provide feedback on the project. Special thanks go to Jeanne Kirby for coordinating interviews, collecting surveys, and providing important guidance and background throughout the process.

2.0 Retail Market Study

This section of the report presents the findings of the retail market research for Waterbury and sets the stage for further analysis that can be used to recruit business, help existing businesses target customers, and implement the accompanying marketing and recruitment strategy in chapter three of this report. The goal of this retail market study is to show community stakeholders and potential investors how to capitalize on potential retail trade and to leverage investments that will sustain the Waterbury community.

Chapter 2 is divided into five sections:

Section 2.1 details the ideas and opinions provided by stakeholders during a series of community input sessions. These sessions included both stakeholder roundtables and one-on-one interviews.

Section 2.2 describes the market definition based on zip code survey work completed by businesses in the community. It also provides insight into Waterbury's trade area demographics and presents market data related to Waterbury's primary and secondary trade areas.

Section 2.3 provides demographic profiles of Waterbury's primary and secondary trade areas. This section also presents a more detailed market segmentation using PRIZM® Lifestage characteristics. (PRIZM® is a product of Nielsen Claritas.)

Section 2.4 presents the retail market analysis that shows the amount of retail sales "leaking" from Waterbury's primary and secondary trade areas. This information is based on the most recent data available and is a reliable source for understanding overall market patterns. This section concludes with some key opportunities for retail that could be used to both enhance existing businesses and recruit additional businesses to the Waterbury community.

Section 2.5 summarizes Waterbury's current retail environment, and describes market characteristics and trends that form the basis of the recommendations presented in Chapter 3.

2.1 Community Input

On the week of September 5, 2012, Arnett Muldrow & Associates conducted a series of stakeholder roundtables and one-on-one interviews with a variety of community stakeholders, including community retailers, young business owners, and economic development, tourism, and hospitality professionals. Over the course of the three days, over seventy individuals participated in this initial input session.

2.1.1 Strengths

Interviewees cited many community strengths, such as:

- Charming atmosphere;
- Variety of shopping opportunities;
- GMCR and Ben and Jerry's put Waterbury "on the map" with visitors;
- Convenient to everywhere – great interstate access;
- Central location between Montpelier, Stowe, Mad River Valley, and Burlington;
- Dining and nighttime destination for the region;
- Connected food network;
- New diversity in the community; and
- A community with depth of personality, tenacity, can-do attitude and positive outlook.

2.1.2 Opportunities

Interviewees also described a number of opportunities the community currently enjoys, including:

- To create "One Waterbury" not Waterbury Village, Waterbury Center, *etc.*;
- Advertise more in Stowe to attract more visitors;
- Continue to connect the dots between dining, farms, value added agriculture, agritourism and food as a whole;
- Capture young professionals;
- Reuse of the State Complex;
- Build on the arts and the creative economy; and
- Become a recreation destination as opposed to a recreation pass through.

2.1.3 Challenges

At the same time, interviewees explained that the community faces several challenges, including:

- Dealing with Tropical Storm Irene, loss of state office workers;
- Lack of a cohesive image for the whole community (Village, Center, *etc.*);
- Visitors are not turning from I89 toward the village;
- Lack of signing indicated where the historic village is;
- Waterbury Village has no "main attraction" to get visitors from Ben and Jerry's and Cold Hollow to come;
- Hard to find commercial space; and
- Some "old time" thinking.

2.1.4 Needs and Wants

Interviewees were asked what they would like to see in the community, and they responded with the following needs and wants:

- Co-op model to bring in types of retail needed in Waterbury – "Hip" General Store;
- Business hours to mesh with when people are in town;
- More housing options;
- More accommodation options;
- Need to have clear roles and objectives – must be implementation oriented; and
- Need to continue to realize the potential of all the hard work already completed and continue the momentum in moving forward.

2.1.5 Memorable Quotes

Throughout the input process, several memorable quotes were stated by the Interviewees and include:

- The diversity is creating a "New Vermont" that recognizes and honors the people from here;
- There is "magic' in Waterbury; and
- Route 100 is a Temptation Alley or Road Buffett in that it is a place to travel and experience a variety of offerings.

2.1.6 Conclusion

This input provides a foundation from which to better understand the market data gathered during the study and helps round out the information gleaned from the data shown in section 2.2 below. Overall, interviewees had a very positive image of the Waterbury community and the progress the community has made pre- and post-Irene. The interviewees generally felt that the community has been well equipped to deal with challenges, in particular Tropical Storm Irene, and has come out stronger than ever.

2.2 Market Definition

Unlike radial and drive time studies that use arbitrarily chosen boundaries for customer trade zones, the market definition exercise for Waterbury is based on zip code survey work completed by cooperating merchants. Zip code surveys have their own limitations, as a zip code geography can be fairly large and stretch beyond typical market boundaries. However, it is the only technique that correlates clearly with customer traffic collected by merchants. Recorded zip codes are used to define primary and secondary trade areas, which are then analyzed in terms of demographics and economic activity.

Thirty-seven local community retail businesses graciously participated in the zip code survey of their customers in September 2012. Of the thirty-seven businesses, sixteen were located in the Waterbury Village, eight in the 89 Interchange area, ten on route 100/Waterbury Center, one on Route 2 West and one in North Moretown. Merchants were provided with a form to record customer zip codes and asked to keep the log for all customers during a ten-day period.

2.2.1 Zip Code Results

The results of the zip code survey are presented in Figure 1 and summarized as follows:

- In all, area businesses recorded 4,944 individual customer visits from 1,206 unique American zip codes representing forty-eight states, the District of Columbia, two U.S. territories and eighteen foreign countries.
- The 05676 zip code, which includes Waterbury Village and most of Duxbury, had the most visits of any zip codes with 24% of customers coming from this geographic area. The Waterbury Center zip code of 05677 was second, with 12% of customer visits. Together, customers from the Waterbury and Waterbury zip codes account for over one third of all visits during the survey period.
- Visitors from the neighboring zip codes Stowe 05672, Waitsfield 05673, Richmond 05477, Barre 05641, Moretown 05660, Montpelier 05602 and Morrisville 05661 accounted for between 1% and 7% individually and 22% collectively. Customers from nearby Chittenden County comprised 6% of visits. In total, these neighboring zip codes and Chittenden County accounted for 28% of visits.
- Customers from the rest of Vermont accounted for 4% of visits. Many of these customers were regional in nature so only a portion of these might be considered "visitors" in the traditional sense that they do not rely on Waterbury as a regular destination for shopping.
- Visitors from outside the State of Vermont accounted for approximately 32% of the overall visits. Visitors from New York and Massachusetts led the way each accounting for 4% of the total visits, while residents of other U.S. States, the District of Columbia and U.S. territories came in at 21%. Foreign visitors (those coming from outside the U.S.) accounted for the remaining 3%.
- Another way to look at the results is to break them out by county. The zip code methodology can vary when used to record counties of residence, as zip codes sometimes cross county lines. However, a rough and ready look at the results is intriguing, with 49% of visits coming from Washington County residents, 9% and 6% from residents of the Lamoille and Chittenden Counties respectively, 4% from residents of other Vermont counties, and the remaining 32% of recorded customers coming from outside Vermont.

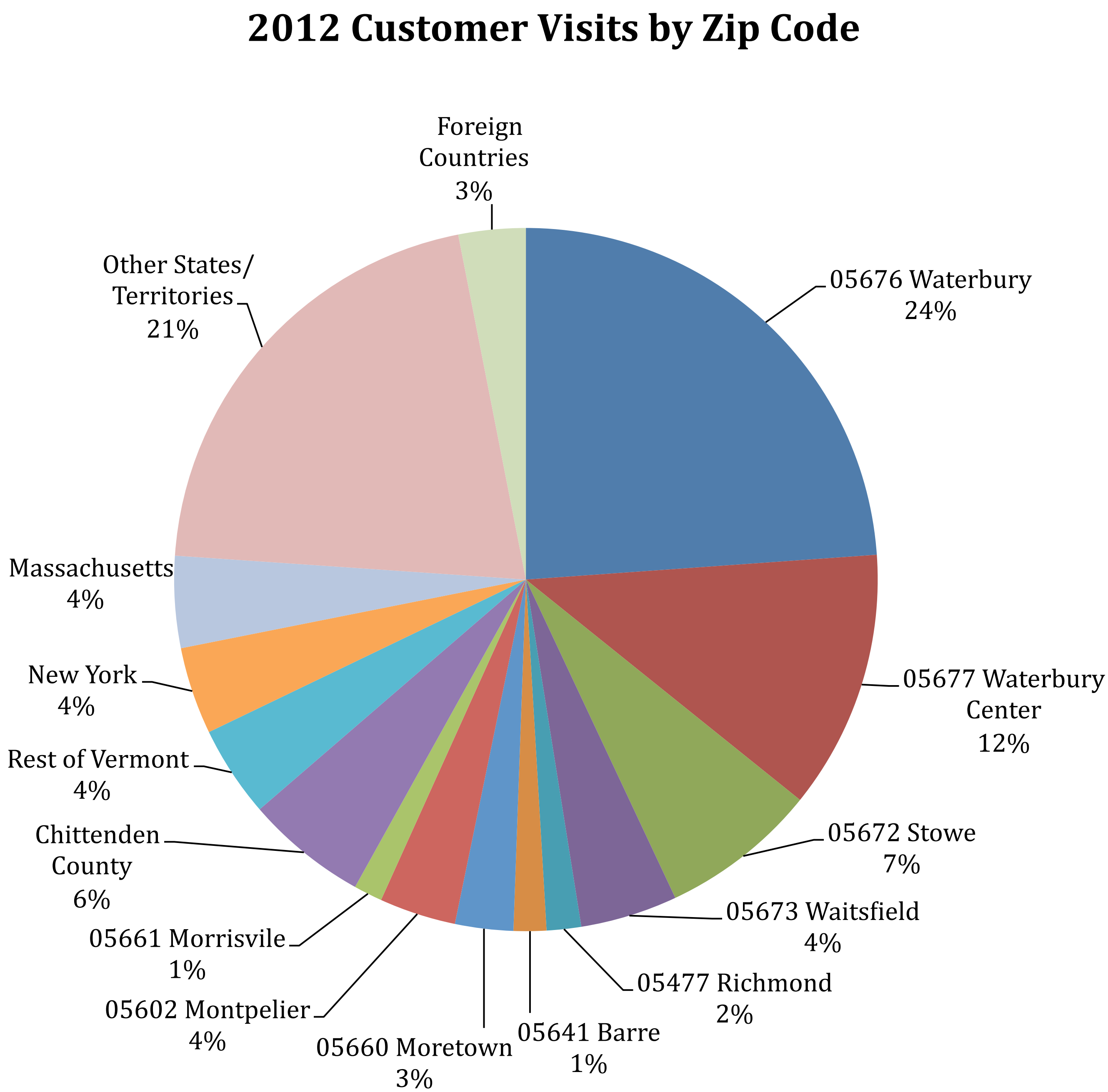


Figure 1: Customer Visits to Participating Businesses by Zip Code.

Zip code survey results by merchant are displayed in Figure 2. This chart indicates a wide variation between surveyed results, from a high of 625 to a low of ten recorded visits. The survey results showed a median of 104 and a mean of 141 recorded visits. One of the implications of the survey results is that the survey results are slightly skewed in the direction of a handful of participating businesses. Nonetheless, the zip code data collected during the survey reflects local trade patterns.

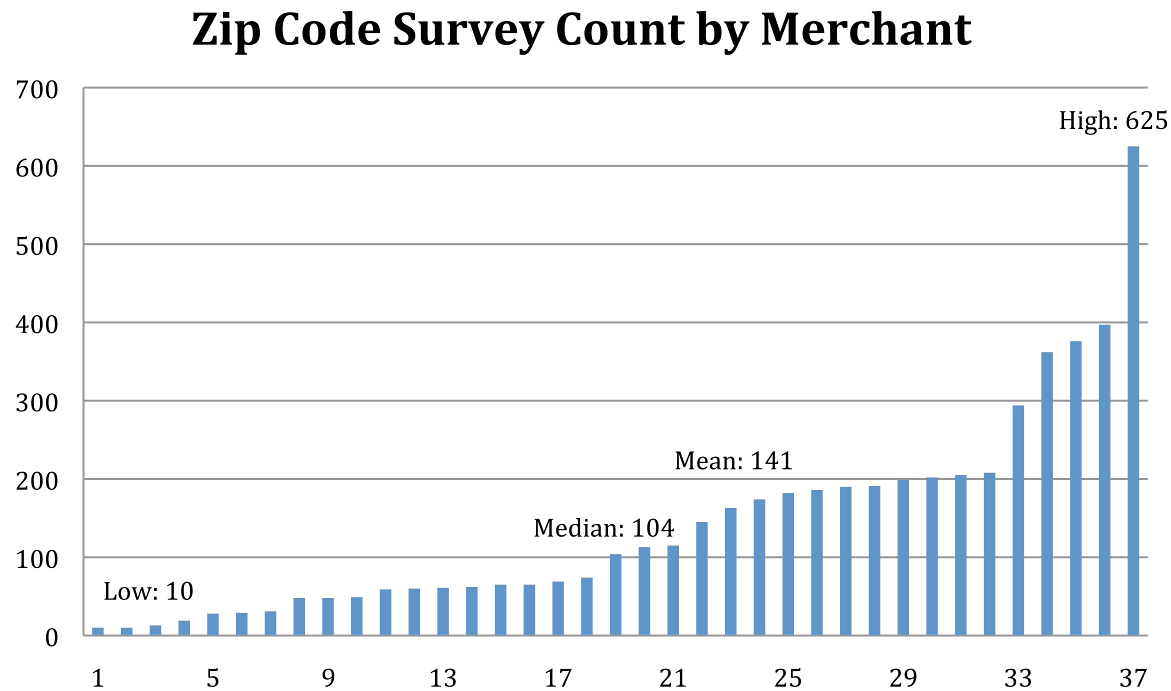


Figure 2: Zip Code Survey Count by Merchant.

2.2.2 Information by Business

The preceding information examined how the stores did in aggregate when all results are combined into one "pot" of figures. This section looks at the results by retail store to determine if there are any anomalous figures that emerge with particular stores. To protect the confidentiality of the individual store results, the names of the stores are not included in the charts. The red bar indicates the overall percentage visits for all participating businesses.

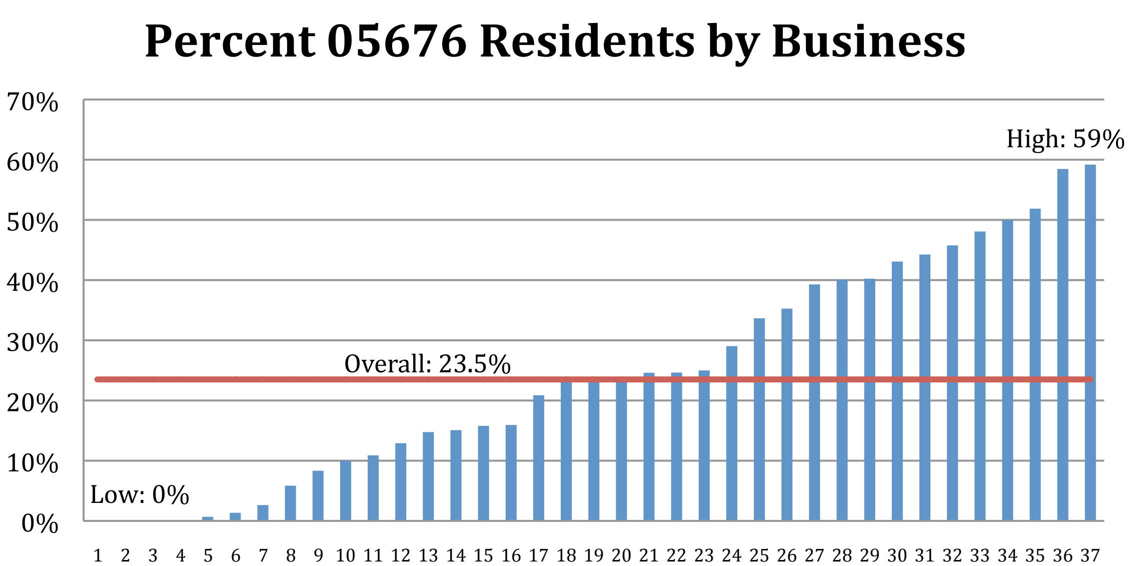


Figure 3: Percentage of Customer Visits by Business for 05676

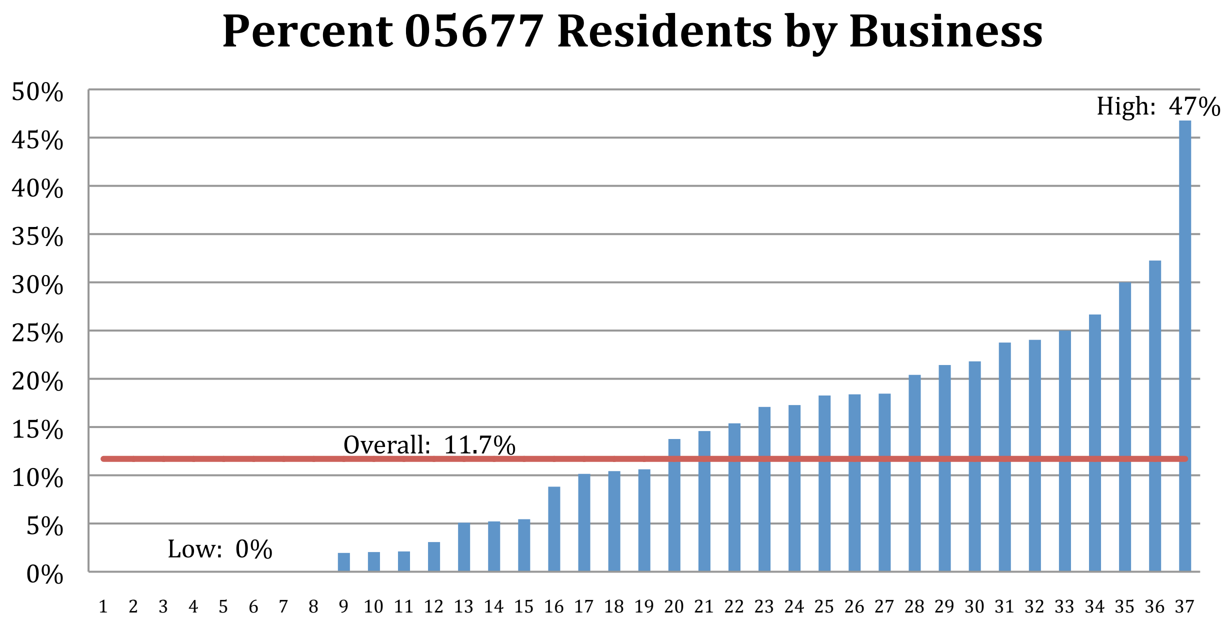


Figure 4: Percentage of Customer Visits by Business for 05677

Figure 3 and 4 indicate the number of visits per store from the 05676 and 05677 zip codes respectively. Overall, 05676 residents had more shoppers in the participating shops than residents of 05677 (23.5% overall compared with 11.7%). This is a bit misleading as the 05676 zip code is over twice the size of the 05677 zip code.

More telling is the wide variety of businesses that cater to a local market, a regional market, or mostly to visitors to the area (Illustrated in Figure 5 below). In each case there were four businesses where the number of visits from the immediate local area is zero and another ten businesses below the average of 35.2%. On the other end of the spectrum fifteen businesses had over half of their customer base originate in one of the two Waterbury zip codes.

The conclusion here is that no singular marketing strategy will serve all businesses equally. A shop local campaign is likely to benefit some businesses more than others while a tourism/visitor campaign will benefit others. The "sweet spot" will be a marketing effort that resonates both with visitors and locals.

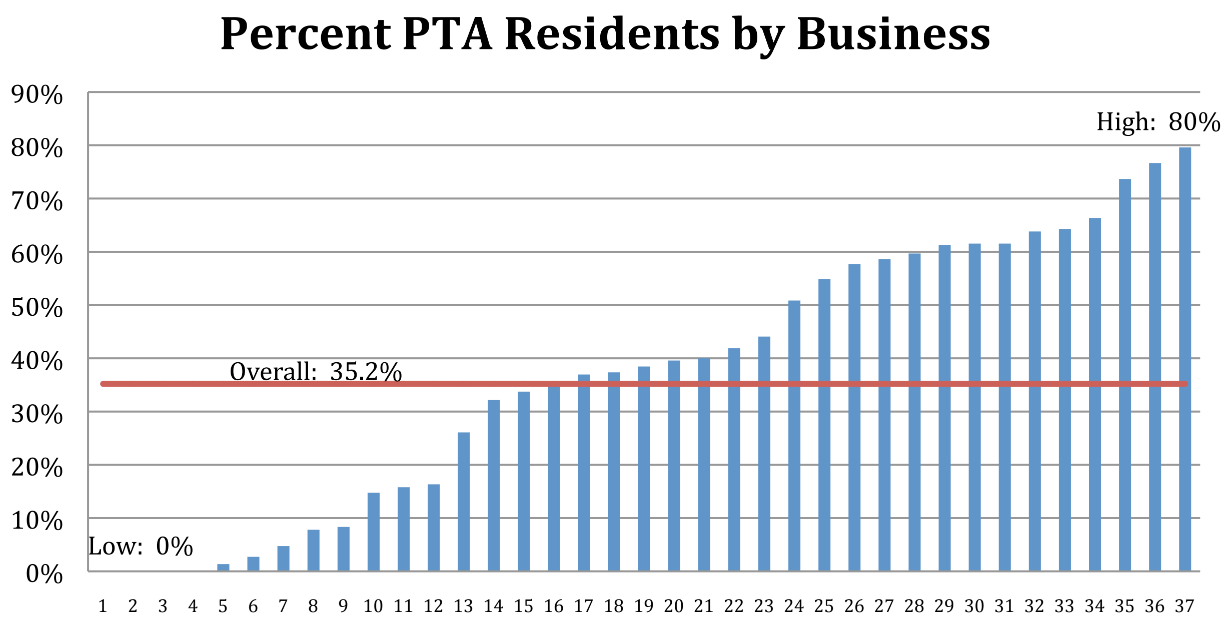


Figure 5: Percentage of Customer Visits by Business for 05676

2.2.3 Trade Area Definition

Although the number of visits provides an overall view of customer origin, a more accurate way to evaluate customer loyalty is to frame customer visits in the context of the population of each zip code. This method corrects for zip codes that have exceedingly large or small populations that might skew the market penetration data. The primary trade area (PTA) is the geography where the most loyal and frequent customers to community businesses reside. The secondary trade area represents an area where area businesses can rely on customers, but to a lesser degree.

Table 1 shows customer visits per thousand residents, showing an index allows for an equal comparison of market penetration per zip code. It shows customer visits per thousand people for each of the highest representative visits to the Waterbury community in 2012.

Zip Code	Area	Population	Visits	Visits/1000 Pop
05677	Waterbury Center	2,242	579	258.25
05676	Waterbury	4,685	1,161	247.81
05673	Waitsfield	2,650	217	81.89
05672	Stowe	4,447	352	79.15
05660	Moretown	1,789	130	72.67
05477	Richmond	4,626	77	16.65
05602	Montpelier	11,935	171	14.33
05661	Morrisville	5,584	64	11.46
05641	Barre	16,686	73	4.37
	Chittenden County	158,556	272	1.72

Table 1: Customer visits per 1,000 population.

Determining the primary and secondary trade areas can sometimes be more "art" than science. At times, significant breaks in customer visits are not obvious. In the case of Waterbury, the division is clear. With approximately 250 visits per thousand residents, Waterbury Center 05677 and Waterbury Village 05676 emerge as the "most loyal" zip codes for area businesses and are thus identified as the primary trade area.

Three zip codes, Waitsfield 05673, Stowe 05672, and Moretown 05660, comprise the secondary trade area. Even though customers from these areas are still very loyal to Waterbury businesses, their visits per thousand residents are significantly less than found in Waterbury Center and Waterbury Village and thus are relegated to the secondary trade area.

Figures 6 display the extent of the primary and secondary trade areas for Waterbury. The primary trade area is shaded in green while the secondary trade area is shaded orange.

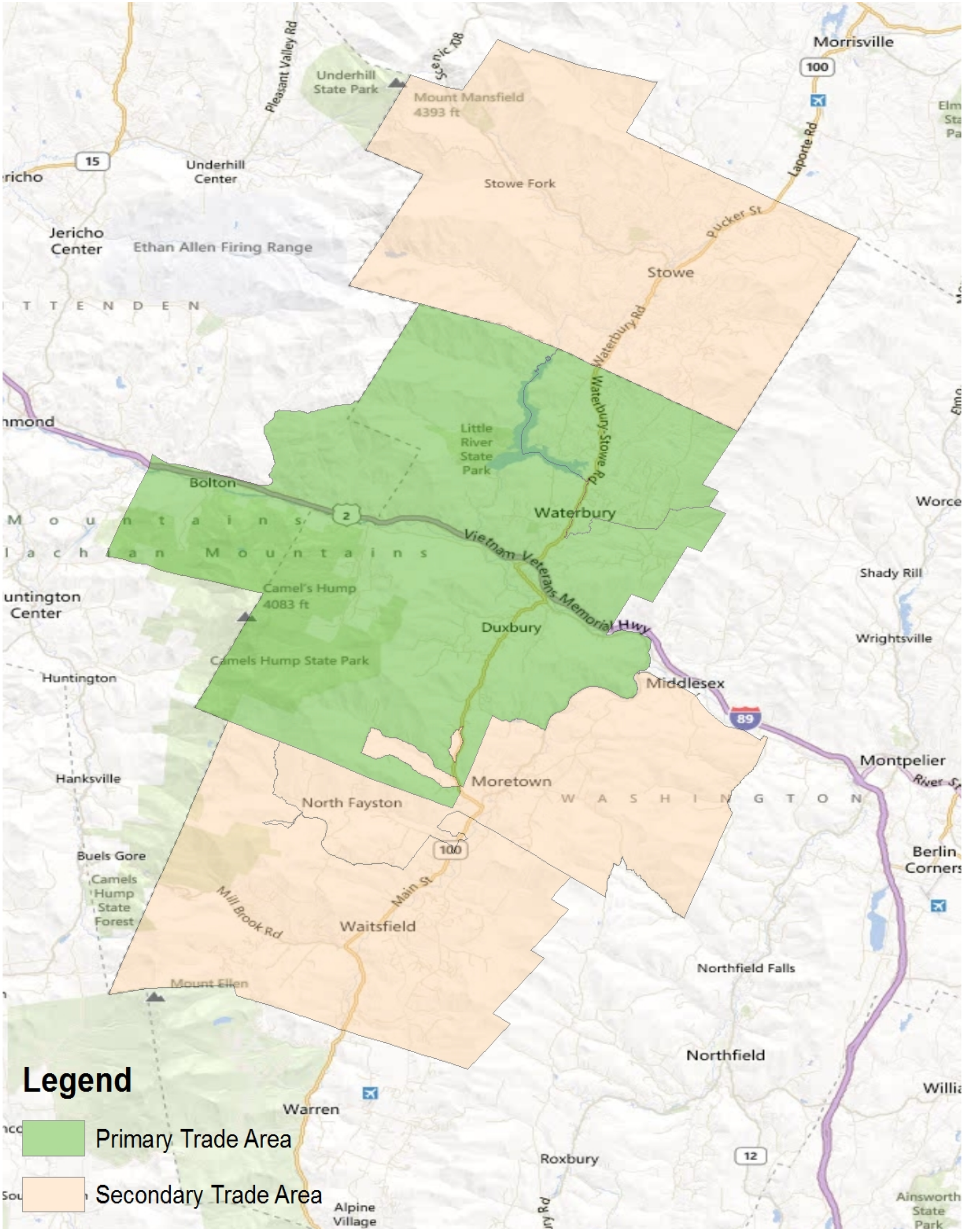


Figure 6: Waterbury Trade Areas.

2.3 Trade Area Demographics and Market Segmentation

2.3.1 Waterbury Primary Trade Area Demographics

In 2013, the population for Waterbury's primary trade area is estimated to be 6,927. The population is expected to grow to 6,949 by 2018, a growth rate of 0.32%. The median household income for the primary trade area is $60,584. This income level exceeds that of Vermont at $50,495 and the United States at $49,297. (Source: Nielsen Claritas, Inc.)

Primary Trade Area Population	
2000 Census	6,645
2010 Census	6,904
2013 Estimated	6,927
2018 Projected	6,949
Percent Growth	
2000-2010	3.90%
2010-2013 Estimated	0.33%
2013-2018 Projected	0.32%

Table 2: Primary Trade Area Demographics.

2.3.2 Waterbury Secondary Trade Area Demographics

In 2013, the population for Waterbury's secondary trade area is estimated to be 8,886. The population is expected to grow to 9,110 by 2018 for a growth rate of 2.52%, significantly higher than the primary trade area. The median household income for the secondary trade area is $63,910, slightly higher than the primary trade area. (Source: Nielsen Claritas, Inc.)

Secondary Trade Area Population	
2000 Census	8,463
2010 Census	8,716
2013 Estimated	8,886
2018 Projected	9,110
Percent Growth	
2000-2010	2.99%
2010-2013 Estimated	1.95%
2013-2018 Projected	2.52%

Table 3: Secondary Trade Area Demographics.

2.3.3 Market Segmentation

Market segmentation is a way to summarize demographic information into easy-to understand categories. The market segmentation illustrated for Waterbury's primary trade area uses Claritas PRIZM® data. PRIZM® defines every U.S. household in terms of sixty-six demographic and behavioral types to help determine lifestyles, purchasing behaviors, and preferences of the customer base.

2.3.4 PRIZM Lifestage Segmentation

In the case of Waterbury, the primary trade area's share of the PRIZM Lifestage categories is heavily skewed to "Younger Years" categorizing 59% of the households (as shown in blue in Figure 7). "Family Life" (in red) and "Older Years" (in green) categorize 18% and 23% of households respectively. Within each Lifestage category, darker shades represent higher socioeconomic status, while paler shades represent lower status. Waterbury has approximately equal shares of households with high, medium, and low socioeconomic status.

Descriptions and predicted characteristics of the most common segments in Waterbury are included in Table 4. Columns include Lifestage, segment category, a count of households in the primary trade area that fall into each category, as well as predicted household characteristics, which include income, age, composition, housing tenure, educational attainment, employment, and race.

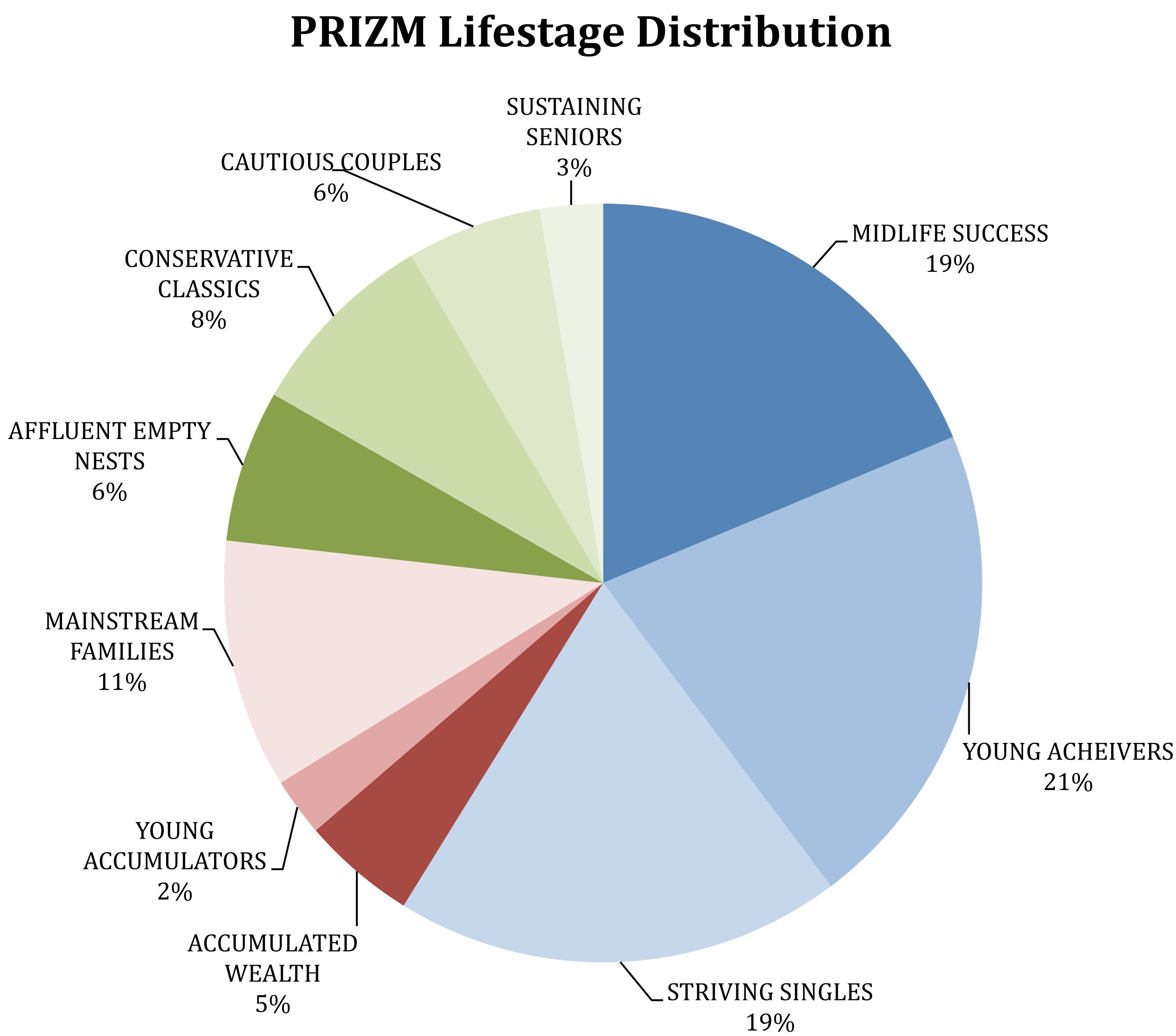


Figure 7: Primary Trade Area PRIZM Lifestage Segmentation (Source: Nielsen Claritas, Inc.).

Primary Trade Area										
Lifestage	Name	HHs	Pct.	Pred. Inc.	Pred. Age	Pred. HH Composition	Pred. Tenure	Pred. Education	Pred. Employment	Pred. Race
Midlife Success	God's Country	296	9.92%	Upscale	45-64	HH w/o Kids	Mostly Owners	Graduate Plus	Management	White, Asian, Mix
Midlife Success	Country Casuals	216	7.24%	Upscale	45-64	HH w/o Kids	Mostly Owners	College Graduate	Management	White
Midlife Success	Mayberry-ville	45	1.51%	Upper-Mid	45-64	HH w/o Kids	Mostly Owners	High School Grad	BC, Service, Mix	White
Young Achievers	Greenbelt Sports	626	20.98%	Upper-Mid	45-64	HH w/o Kids	Mostly Owners	College Graduate	WC, Mix	White, Asian, Mix
Striving Singles	Blue Highways	254	8.51%	Lower-Mid	45-64	HH w/o Kids	Homeowners	High School Grad	BC, Service, Mix	White
Striving Singles	Young and Rustic	309	10.36%	Lower-Mid	<55	HH w/o Kids	Renters	Some College	WC, Service, Mix	White, Black, Mix
Striving Singles	Crossroad Villagers	5	0.17%	Downscale	45-64	HH w/o Kids	Homeowners	High School Grad	WC, Service, Mix	White, Black, Mix
Accumulated Wealth	Country Squires	145	4.86%	Upscale	35-54	HH w/ Kids	Mostly Owners	Graduate Plus	Management	White, Asian, Mix
Young Accumulators	Fast-Track Families	74	2.48%	Upscale	35-54	HH w/ Kids	Mostly Owners	College Graduate	Management	White
Mainstream Families	Big Sky Families	211	7.07%	Upper-Mid	<55	HH w/ Kids	Mostly Owners	Some College	BC, Service, Mix	White
Mainstream Families	Shotguns and Pickups	105	3.52%	Lower-Mid	25-44	HH w/ Kids	Mostly Owners	High School Grad	BC, Service, Mix	White, Black, Mix
Sustaining Families	Bedrock America	7	0.23%	Downscale	<55	HH w/ Kids	Mix, Renters	High School Grad	WC, Service, Mix	White, Black, Hispanic, Mix
Affluent Empty Nests	Big Fish, Small Pond	193	6.47%	Upscale	55+	HH w/o Kids	Homeowners	Graduate Plus	WC, Mix	White
Conservative Classics	Traditional Times	247	8.28%	Upper-Mid	55+	HH w/o Kids	Homeowners	Some College	WC, Mix	White
Cautious Couples	Simple Pleasures	95	3.18%	Lower-Mid	65+	HH w/o Kids	Homeowners	High School Grad	Mostly Retired	White
Cautious Couples	Heartlanders	76	2.55%	Lower-Mid	55+	HH w/o Kids	Mostly Owners	High School Grad	WC, Mix	White
Sustaining Seniors	Golden Ponds	17	0.57%	Downscale	65+	HH w/o Kids	Mostly Owners	Some High School	Mostly Retired	White
Sustaining Seniors	Back Country Folks	63	2.11%	Downscale	65+	Mostly w/o Kids	Mostly Owners	Some High School	Mostly Retired	White, Black, Mix

Table 4: Detailed PRIZM Market Segments for Waterbury (Source: Nielsen Claritas, Inc.).

Each of the detailed descriptions below is provided by and paraphrased from Nielsen Claritas, Inc. descriptions of their PRIZM Lifestyle Segmentation data. The rounded percentage of households in the primary trade area and the rounded index to the United States is shown next to each description.

Younger Years

God's Country
10% of Households in the Waterbury primary trade area, Index to United States: 665
When city dwellers and suburbanites began moving to the country in the 1970s, God's Country emerged as the most affluent of the nation's exurban lifestyles. Today, wealthier communities exist in the hinterlands, but God's Country remains a haven for upscale couples in spacious homes. Typically college educated Baby Boomers, these Americans try to maintain a balanced lifestyle between high power jobs and laid back leisure.

Country Casuals
7% of Households in the Waterbury primary trade area, Index to United States: 468
There's a laid-back atmosphere in Country Casuals, a collection of older, upscale households that have started to empty-nest. Most households boast two earners who have well-paying management jobs or own small businesses. Today these Baby-Boom couples have the disposable income to enjoy traveling, owning timeshares, and going out to eat.

Mayberry-ville
2% of Households in the Waterbury primary trade area, Index to United States: 63
Like the old Andy Griffith Show set in a quaint picturesque berg, Mayberry-ville harks back to an old-fashioned way of life. In these small towns, upper-middle-class couples like to fish and hunt during the day, and stay home and watch TV at night. With lucrative blue-collar jobs and moderately priced housing, residents use their discretionary cash to purchase boats, campers, motorcycles, and pickup trucks.

Greenbelt Sports
21% of Households in the Waterbury primary trade area, Index to United States: 1517
A segment of upscale exurban couples, Greenbelt Sports is known for its active lifestyle. Most of these older residents are married, college-educated, and own new homes. And few segments have higher rates for pursuing outdoor activities such as skiing, canoeing, backpacking, boating, and mountain biking.

Blue Highways
9% of Households in the Waterbury primary trade area, Index to United States: 510
On maps, blue highways are often two-lane roads that wind through remote stretches of the American landscape. Among lifestyles, Blue Highways is the standout for lower-middle-class residents who live in isolated towns and farmsteads. Here, Boomer men like to hunt and fish; the women enjoy sewing and crafts, and everyone looks forward to going out to a country music concert.

Young and Rustic
10% of Households in the Waterbury primary trade area, Index to United States: 557
Young & Rustic is composed of middle age, restless singles. These folks tend to be lower-middle-income, high school-educated, and live in tiny apartments in the nation's exurban towns. With their service industry jobs and modest incomes, these folks still try to fashion fast-paced lifestyles centered on sports, cars, and dating.

Crossroad Villagers
0.5% of Households in the Waterbury primary trade area, Index to United States: 8.4
With a population of white-collar couples and families, Crossroads Villagers is a classic rural lifestyle. Residents are high school-educated, with downscale incomes and modest housing; one-quarter live in mobile homes. And there's an air of self-reliance in these households as Crossroads Villagers help put food on the table through fishing, gardening, and hunting.

Family Life

Country Squires
5% of Households in the Waterbury primary trade area, Index to United States: 265
The wealthiest residents in exurban America live in Country Squires, an oasis for affluent Baby Boomers who've fled the city for the charms of small-town living. In their bucolic communities noted for their recently built homes on sprawling properties, the families of executives live in six-figure comfort. Country Squires enjoy country club sports like golf, tennis, and swimming as well as skiing, boating, and biking.

Fast-Track Families
2% of Households in the Waterbury primary trade area, Index to United States: 150
With their upscale incomes, numerous children, and spacious homes, Fast-Track Families are in their prime acquisition years. These middle-aged parents have the disposable income and educated sensibility to want the best for their children. They buy the latest technology with impunity: new computers, DVD players, home theater systems, and video games. They take advantage of their rustic locales by camping, boating, and fishing.

Big Sky Families
7% of Households in the Waterbury primary trade area, Index to United States: 378
Scattered in placid towns across the American heartland, Big Sky Families is a segment of middle age rural families who have turned high school educations and blue-collar jobs into busy, upper-middle-class lifestyles. Residents enjoy baseball, basketball, and volleyball, as well as fishing, hunting, and horseback riding. To entertain their sprawling families, they buy virtually every piece of sporting equipment on the market.

Shotguns and Pickups
4% of Households in the Waterbury primary trade area, Index to United States: 224
The segment known as Shotguns & Pickups came by its moniker honestly: it scores near the top of all lifestyles for owning hunting rifles and pickup trucks. These Americans tend to be young, working-class couples with large families, living in small homes and manufactured housing. Nearly a third of residents live in mobile homes, more than anywhere else in the nation.

Bedrock America
0.5% of Households in the Waterbury primary trade area, Index to United States: 14
Bedrock America consists of economically challenged families in small, isolated towns located throughout the nation's heartland. With modest educations, sprawling families, and service jobs, many of these residents struggle to make ends meet. One quarter live in mobile homes. One in three haven't finished high school. Rich in scenery, Bedrock America is a haven for fishing, hunting, hiking, and camping.

Mature Years

Big Fish, Small Pond
6% of Households in the Waterbury primary trade area, Index to United States: 299
Older, upper-class, college-educated professionals, the members of Big Fish, Small Pond are often among the leading citizens of their small-town communities. These upscale, empty-nesting couples enjoy the trappings of success, including belonging to country clubs, maintaining large investment portfolios, and spending freely on computer technology.

Traditional Times
8% of Households in the Waterbury primary trade area, Index to United States: 305
Traditional Times is the kind of lifestyle where small-town couples nearing retirement are beginning to enjoy their first empty-nest years. Typically in their fifties and sixties, these upper-middle-class Americans pursue a kind of granola-and-grits lifestyle. On their coffee tables are magazines with titles like Country Living and Country Home. But they're big travelers, especially in recreational vehicles and campers.

Simple Pleasures
3% of Households in the Waterbury primary trade area, Index to United States: 147
With many of its residents over 65 years old, Simple Pleasures is mostly a retirement lifestyle: a neighborhood of lower-middle-class singles and couples living in modestly priced homes. Many are high school-educated seniors who held blue-collar jobs before their retirement. And a disproportionate number served in the military, so many residents are members of veterans clubs.

Heartlanders
3% of Households in the Waterbury primary trade area, Index to United States: 132
America was once a land of small middle-class towns, which can still be found today among Heartlanders. This widespread segment consists of older couples with white-collar jobs living in sturdy, unpretentious homes. In these communities of small families and empty-nesting couples, Heartlanders residents pursue a rustic lifestyle where hunting and fishing remain prime leisure activities along with cooking, sewing, camping, and boating.

Golden Ponds
1% of Households in the Waterbury primary trade area, Index to United States: 38
Golden Ponds is mostly a retirement lifestyle, dominated by downscale singles and couples over 65 years old. Found in small bucolic towns around the country, these high school-educated seniors live in small apartments on less than $35,000 a year; one in five resides in a nursing home. For these elderly residents, daily life is often a succession of sedentary activities such as reading, watching TV, playing bingo, and doing craft projects.

Back Country Folks
2% of Households in the Waterbury primary trade area, Index to United States: 95
Strewn among remote farm communities across the nation, Back Country Folks are a long way away from economic paradise. The residents tend to be poor, over 65 years old, and living in older, modest-sized homes and manufactured housing. Typically, life in this segment is a throwback to an earlier era when farming dominated the American landscape.

2.3.5 *Key Observations*

- A majority of households in the primary trade area enjoy outdoor activities including outdoor recreation. This reflects a strong opportunity to create Waterbury as an outdoor recreation destination as identified in the community input.
- Households in the primary trade area are relatively evenly split between high, medium, and low socioeconomic status.
- Fifty-nine percent of households are categorized into "Younger Years" which reflects the community's strong opportunity to capture young professionals as identified by the community.

2.4 Retail Market Analysis

Waterbury is a retail center serving the primary and secondary markets defined above. In this section the Waterbury market will be examined to identify potential opportunities for new or expanded stores by examining "retail leakage." This will allow the community to assess what kind of additional stores might be attracted to Waterbury and will help individual existing businesses understand how they might diversify product lines.

2.4.1 Retail Leakage in the Trade Areas

Retail leakage refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be "leaking." If a community is a major retail center with a variety of stores it will be "attracting" rather than "leaking" retail sales. Even large communities may see leakage in certain retail categories while some small communities may be attractors in categories. Waterbury is a strong "attracting" community in many retail categories.

Such an analysis is not an exact science. In some cases large outflow may indicate that money is being spent elsewhere (drug store purchases at a Wal-Mart or apparel purchases through the internet). It is important to note that this analysis accounts best for retail categories where households (rather than businesses) are essentially the only consumer groups. For example, lumberyards may have business sales that are not accounted for in consumer expenditures. Stores such as jewelry shops and clothing stores are more accurately analyzed using this technique.

The leakage study for Waterbury is a "snapshot" in time. Consequently, there are factors that point to this being a more conservative look at retail potential depending on what factors are examined. For example, population growth means that there will be more customers in the future resulting in greater demand for retail.

A second factor making this study more conservative is that the leakage study only examines the market demand of the geographies defined as the primary and secondary trade areas identified for Waterbury. The primary trade area data comes from the Waterbury Center 05677 and Waterbury Village 05676 zip codes. Waterbury's secondary trade area is comprised of the following zip codes: Waitsfield 05673, Stowe 05672, and Moretown 05660. A successful store model might capture from well beyond the defined primary and secondary trade geography and could foster a strong visitor market as well.

With these conservative factors in mind (meaning our numbers represent "minimum" potential and not "maximum" potential) the primary trade area selected store sales equaled $140 million. Consumers in the same area spent $118 million. Therefore, the primary trade area is gaining $22 million in sales annually.

The secondary trade area had store sales volume of $164 million and consumer expenditures of $160 million, meaning that this area is gaining sales of $4 million annually.

The combined trade area for Waterbury is an "attracting market" to the tune of $26 million each year.

2.4.2 Detailed Retail Market Opportunity Tables

Section 2.4.1 explores the retail trade patterns in aggregate, the tables on the following pages explore the individual retail categories where Waterbury is leaking and gaining sales in both the primary and secondary trade areas. This data **should** be used as an overall guide to retail market potential and **should not** substitute for detailed market research on the part of any business wishing to open in the area.

Please note that some categories are subsets of larger categories. The orange columns represent the consumer demand in the Waterbury trade areas. The blue columns represent the store sales for all retailers in the trade areas. The purple columns indicate the retail opportunity gaps and retail surpluses in each category. Red numbers indicate an inflow of dollars and black numbers indicate market leakage.

RMP Opportunity Gap - Retail Stores	PRIMARY TRADE AREA		
	Demand (Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Total Retail Sales Incl Eating and Drinking Places	117,955,887	139,725,660	(21,769,773)
Motor Vehicle and Parts Dealers-441	21,349,988	18,370,698	2,979,290
Automotive Dealers-4411	18,164,761	16,661,897	1,502,864
Other Motor Vehicle Dealers-4412	1,587,504	0	1,587,504
Automotive Parts/Accsrs, Tire Stores-4413	1,597,723	1,708,801	(111,078)
Furniture and Home Furnishings Stores-442	2,483,821	457,180	2,026,641
Furniture Stores-4421	1,357,707	283,328	1,074,379
Home Furnishing Stores-4422	1,126,114	173,852	952,262
Electronics and Appliance Stores-443	2,624,508	1,322,637	1,301,871
Appliances, TVs, Electronics Stores-44311	1,932,293	827,289	1,105,004
Household Appliances Stores-443111	461,064	0	461,064
Radio, Television, Electronics Stores-443112	1,471,229	827,289	643,940
Computer and Software Stores-44312	566,595	0	566,595
Camera and Photographic Equipment -44313	125,620	495,348	(369,728)
Building Material, Garden Equip Stores -444	11,424,270	15,289,505	(3,865,235)
Building Material and Supply Dealers-4441	10,319,754	10,250,768	68,986
Home Centers-44411	4,132,381	0	4,132,381
Paint and Wallpaper Stores-44412	256,016	145,841	110,175
Hardware Stores-44413	1,022,736	3,679,230	(2,656,494)
Other Building Materials Dealers-44419	4,908,621	6,425,697	(1,517,076)
Building Materials, Lumberyards-444191	1,959,821	2,512,448	(552,627)
Lawn, Garden Equipment, Supplies Stores-4442	1,104,516	5,038,737	(3,934,221)
Outdoor Power Equipment Stores-44421	188,669	737,360	(548,691)
Nursery and Garden Centers-44422	915,847	4,301,377	(3,385,530)
Food and Beverage Stores-445	14,916,884	33,092,208	(18,175,324)
Grocery Stores-4451	13,599,371	29,134,275	(15,534,904)
Supermarkets, Grocery (Ex Conv) Stores-44511	12,906,957	23,868,151	(10,961,194)
Convenience Stores-44512	692,414	5,266,124	(4,573,710)
Specialty Food Stores-4452	427,424	1,122,021	(694,597)
Beer, Wine and Liquor Stores-4453	890,089	2,835,912	(1,945,823)

RMP Opportunity Gap - Retail Stores 2010	PRIMARY TRADE AREA		
	Demand (Expenditures)	**Supply (Retail Sales)**	**Opportunity Gap/Surplus**
Health and Personal Care Stores-446	6,168,006	25,984,014	(19,816,008)
Pharmancies and Drug Stores-44611	5,292,039	25,064,569	(19,772,530)
Cosmetics, Beauty Supplies, Perfume Stores-44612	217,228	100,062	117,166
Optical Goods Stores-44613	265,526	0	265,526
Other Health and Personal Care Stores-44619	393,213	819,383	(426,170)
Gasoline Stations-447	11,481,109	21,123,518	(9,642,409)
Gasoline Stations With Conv Stores-44711	8,575,244	18,886,785	(10,311,541)
Other Gasoline Stations-44719	2,905,865	2,236,733	669,132
Clothing and Clothing Accessories Stores-448	5,698,646	101,179	5,597,467
Clothing Stores-4481	4,061,075	101,179	3,959,896
Men's Clothing Stores-44811	266,489	0	266,489
Women's Clothing Stores-44812	1,028,795	0	1,028,795
Childrens, Infants Clothing Stores-44813	218,879	0	218,879
Family Clothing Stores-44814	2,176,319	0	2,176,319
Clothing Accessories Stores-44815	99,321	0	99,321
Other Clothing Stores-44819	271,272	101,179	170,093
Shoe Stores-4482	758,767	0	758,767
Jewelry, Luggage, Leather Goods Stores-4483	878,804	0	878,804
Jewelry Stores-44831	812,479	0	812,479
Luggage and Leather Goods Stores-44832	66,325	0	66,325
Sporting Goods, Hobby, Book, Music Stores-451	2,431,797	2,396,536	35,261
Sportng Goods, Hobby, Musical Inst Stores-4511	1,696,848	922,313	774,535
Sporting Goods Stores-45111	886,187	586,557	299,630
Hobby, Toys and Games Stores-45112	540,936	335,756	205,180
Sew/Needlework/Piece Goods Stores-45113	120,565	0	120,565
Musical Instrument and Supplies Stores-45114	149,160	0	149,160
Book, Periodical and Music Stores-4512	734,949	1,474,223	(739,274)
Book Stores and News Dealers-45121	510,148	589,716	(79,568)
Book Stores-451211	483,697	589,716	(106,019)
News Dealers and Newsstands-451212	26,451	0	26,451
Prerecorded Tapes, CDs, Record Stores-45122	224,801	884,507	(659,706)
General Merchandise Stores-452	15,431,653	2,014,712	13,416,941
Department Stores Excl Leased Depts-4521	7,584,218	0	7,584,218
Other General Merchandise Stores-4529	7,847,435	2,014,712	5,832,723

RMP Opportunity Gap - Retail Stores 2010	**PRIMARY TRADE AREA**		
	Demand (Expenditures)	**Supply (Retail Sales)**	**Opportunity Gap/Surplus**
Miscellaneous Store Retailers-453	3,327,316	382,491	2,944,825
Florists-4531	242,308	47,136	195,172
Office Supplies, Stationery, Gift Stores-4532	1,291,297	191,035	1,100,262
Office Supplies and Stationery Stores-45321	741,784	0	741,784
Gift, Novelty and Souvenir Stores-45322	549,513	191,035	358,478
Used Merchandise Stores-4533	271,664	14,772	256,892
Other Miscellaneous Store Retailers-4539	1,522,047	129,548	1,392,499
Non-Store Retailers-454	8,779,076	0	8,779,076
Foodservice and Drinking Places-722	11,838,813	19,190,982	(7,352,169)
Full-Service Restaurants-7221	5,320,247	5,571,575	(251,328)
Limited-Service Eating Places-7222	5,003,670	11,559,867	(6,556,197)
Special Foodservices-7223	986,455	2,059,540	(1,073,085)
Drinking Places -Alcoholic Beverages-7224	528,441	0	528,441
GAFO *	29,961,722	6,483,279	23,478,443
General Merchandise Stores-452	15,431,653	2,014,712	13,416,941
Clothing and Clothing Accessories Stores-448	5,698,646	101,179	5,597,467
Furniture and Home Furnishings Stores-442	2,483,821	457,180	2,026,641
Electronics and Appliance Stores-443	2,624,508	1,322,637	1,301,871
Sporting Goods, Hobby, Book, Music Stores-451	2,431,797	2,396,536	35,261
Office Supplies, Stationery, Gift Stores-4532	1,291,297	191,035	1,100,262

Table 5: Retail Market Potential Opportunity Gap for the Primary Trade Area.

RMP Opportunity Gap - Retail Stores 2010	SECONDARY TRADE AREA		
	Demand (Expenditures)	**Supply (Retail Sales)**	**Opportunity Gap/Surplus**
Total Retail Sales Incl Eating and Drinking Places	160,262,609	164,037,399	(3,774,790)
Motor Vehicle and Parts Dealers-441	28,400,147	3,697,352	24,702,795
Automotive Dealers-4411	23,955,369	393,588	23,561,781
Other Motor Vehicle Dealers-4412	2,264,402	2,651,721	(387,319)
Automotive Parts/Accsrs, Tire Stores-4413	2,180,376	652,043	1,528,333
Furniture and Home Furnishings Stores-442	3,457,158	3,464,615	(7,457)
Furniture Stores-4421	1,906,111	2,006,449	(100,338)
Home Furnishing Stores-4422	1,551,047	1,458,166	92,881
Electronics and Appliance Stores-443	3,589,033	6,158,802	(2,569,769)
Appliances, TVs, Electronics Stores-44311	2,643,074	4,962,930	(2,319,856)
Household Appliances Stores-443111	625,931	3,952,930	(3,326,999)
Radio, Television, Electronics Stores-443112	2,017,143	1,010,000	1,007,143
Computer and Software Stores-44312	776,356	1,195,872	(419,516)
Camera and Photographic Equipment Stores-44313	169,603	0	169,603
Building Material, Garden Equip Stores -444	15,681,260	19,128,851	(3,447,591)
Building Material and Supply Dealers-4441	14,135,482	17,286,899	(3,151,417)
Home Centers-44411	5,700,479	2,984,233	2,716,246
Paint and Wallpaper Stores-44412	349,964	0	349,964
Hardware Stores-44413	1,405,941	6,198,071	(4,792,130)
Other Building Materials Dealers-44419	6,679,098	8,104,595	(1,425,497)
Building Materials, Lumberyards-444191	2,671,164	3,168,898	(497,734)
Lawn, Garden Equipment, Supplies Stores-4442	1,545,778	1,841,952	(296,174)
Outdoor Power Equipment Stores-44421	268,941	1,035,443	(766,502)
Nursery and Garden Centers-44422	1,276,837	806,509	470,328
Food and Beverage Stores-445	20,134,913	40,231,922	(20,097,009)
Grocery Stores-4451	18,339,759	32,571,592	(14,231,833)
Supermarkets, Grocery (Ex Conv) Stores-44511	17,426,952	31,332,508	(13,905,556)
Convenience Stores-44512	912,807	1,239,084	(326,277)
Specialty Food Stores-4452	573,233	2,011,652	(1,438,419)
Beer, Wine and Liquor Stores-4453	1,221,921	5,648,678	(4,426,757)

RMP Opportunity Gap - Retail Stores 2010	SECONDARY TRADE AREA		
	Demand (Expenditures)	**Supply (Retail Sales)**	**Opportunity Gap/Surplus**
Health and Personal Care Stores-446	8,909,083	3,497,226	5,411,857
Pharmancies and Drug Stores-44611	7,662,482	2,566,935	5,095,547
Cosmetics, Beauty Supplies, Perfume Stores-44612	317,813	0	317,813
Optical Goods Stores-44613	359,971	0	359,971
Other Health and Personal Care Stores-44619	568,817	930,291	(361,474)
Gasoline Stations-447	15,500,632	30,752,290	(15,251,658)
Gasoline Stations With Conv Stores-44711	11,528,684	28,312,219	(16,783,535)
Other Gasoline Stations-44719	3,971,948	2,440,071	1,531,877
Clothing and Clothing Accessories Stores-448	7,673,966	10,420,355	(2,746,389)
Clothing Stores-4481	5,412,039	8,074,285	(2,662,246)
Men's Clothing Stores-44811	368,330	0	368,330
Women's Clothing Stores-44812	1,377,182	3,231,713	(1,854,531)
Childrens, Infants Clothing Stores-44813	265,165	0	265,165
Family Clothing Stores-44814	2,900,503	3,956,184	(1,055,681)
Clothing Accessories Stores-44815	134,870	0	134,870
Other Clothing Stores-44819	365,989	886,388	(520,399)
Shoe Stores-4482	991,349	413,586	577,763
Jewelry, Luggage, Leather Goods Stores-4483	1,270,578	1,932,484	(661,906)
Jewelry Stores-44831	1,180,151	1,932,484	(752,333)
Luggage and Leather Goods Stores-44832	90,427	0	90,427
Sporting Goods, Hobby, Book, Music Stores-451	3,302,324	11,898,577	(8,596,253)
Sportng Goods, Hobby, Musical Inst Stores-4511	2,288,378	9,554,530	(7,266,152)
Sporting Goods Stores-45111	1,188,751	7,400,090	(6,211,339)
Hobby, Toys and Games Stores-45112	727,578	825,767	(98,189)
Sew/Needlework/Piece Goods Stores-45113	164,707	333,388	(168,681)
Musical Instrument and Supplies Stores-45114	207,342	995,285	(787,943)
Book, Periodical and Music Stores-4512	1,013,946	2,344,047	(1,330,101)
Book Stores and News Dealers-45121	703,359	2,344,047	(1,640,688)
Book Stores-451211	668,143	2,344,047	(1,675,904)
News Dealers and Newsstands-451212	35,216	0	35,216
Prerecorded Tapes, CDs, Record Stores-45122	310,587	0	310,587
General Merchandise Stores-452	20,908,863	416,900	20,491,963
Department Stores Excl Leased Depts-4521	10,275,010	0	10,275,010
Other General Merchandise Stores-4529	10,633,853	416,900	10,216,953

RMP Opportunity Gap - Retail Stores 2010	SECONDARY TRADE AREA		
	Demand (Expenditures)	Supply (Retail Sales)	Opportunity Gap/Surplus
Miscellaneous Store Retailers-453	4,543,913	5,658,044	(1,114,131)
Florists-4531	330,683	628,164	(297,481)
Office Supplies, Stationery, Gift Stores-4532	1,764,251	2,031,696	(267,445)
Office Supplies and Stationery Stores-45321	1,018,809	0	1,018,809
Gift, Novelty and Souvenir Stores-45322	745,442	2,031,696	(1,286,254)
Used Merchandise Stores-4533	367,797	359,139	8,658
Other Miscellaneous Store Retailers-4539	2,081,182	2,639,045	(557,863)
Non-Store Retailers-454	12,165,262	1,392,114	10,773,148
Foodservice and Drinking Places-722	15,996,055	27,320,351	(11,324,296)
Full-Service Restaurants-7221	7,204,136	19,045,518	(11,841,382)
Limited-Service Eating Places-7222	6,740,996	4,638,761	2,102,235
Special Foodservices-7223	1,331,522	2,838,168	(1,506,646)
Drinking Places -Alcoholic Beverages-7224	719,401	797,904	(78,503)
GAFO *	40,695,595	34,390,945	6,304,650
General Merchandise Stores-452	20,908,863	416,900	20,491,963
Clothing and Clothing Accessories Stores-448	7,673,966	10,420,355	(2,746,389)
Furniture and Home Furnishings Stores-442	3,457,158	3,464,615	(7,457)
Electronics and Appliance Stores-443	3,589,033	6,158,802	(2,569,769)
Sporting Goods, Hobby, Book, Music Stores-451	3,302,324	11,898,577	(8,596,253)
Office Supplies, Stationery, Gift Stores-4532	1,764,251	2,031,696	(267,445)

Table 6: Retail Market Potential Opportunity Gap for the Secondary Trade Area.

2.4.3 Key Market Opportunities

The retail market potential for Waterbury combines many different facets of the data gathered above. Not simply a collection of numbers, retail markets depend on both quantitative and qualitative information. Moreover, just because there is retail market potential for a potential retail store type in no way ensures that success of that store type in the community. There are many reasons why a business might succeed or fail and the retail market is but one of those factors. However, this does provide a synopsis guide for the "best potential" retail opportunities in Waterbury. These market opportunities are as follows:

Dining
The primary trade area is currently doing very well in dining as it is gaining sales of over $7 million annually. Residents and visitors are flocking from outside the trade area to visit the dining establishments offered in Waterbury. While the area already has the critical mass necessary to define itself as a dining destination, there are still further opportunities to build on the existing food cluster and capture more of the regional market in this category.

Food-Related Retail
The primary trade area is gaining over $10 million annually in grocery store sales. This can, however, be seen as a challenge. The existing stores rely on a wider trade area than just Waterbury, Duxbury and Waterbury Center. Visitor traffic is thus crucial to keeping grocery store retailers open. These stores must therefore put in great effort to be successful. In Waterbury they are and this provides even further opportunity to leverage this market.

The specialty food store market is also particularly successful for Waterbury. This is a growing market throughout the United States and Waterbury is successfully capitalizing on this market but has the potential to even further leverage this in the future.

Clothing/Fashion/Accessories Cluster
Our extremely conservative estimate is that the primary trade area is leaking over $5.5 million annually in this category. This doesn't include the visitor, area growth or regional traffic. So there is an excellent opportunity to leverage this market in the future, especially for a specialty clothing store.

Furniture and Home Furnishings
Across the nation, the economic recession has put a damper on the home furnishings industry. However, in the primary trade area, there is still a $2 million leakage of sales. In the future, as the housing market stabilizes and sales of home goods increase to pre-recession levels, this category will provide an even greater opportunity to the Waterbury area especially to the downtown and Route 100 areas.

Sporting Goods
There exists an opportunity for existing stores to expand and capture more of the sales that are currently leaking. As the community grows and begins to cultivate itself as a recreation destination, this opportunity will only become greater.

General Merchandise
The current market is leaking over $13 million annually in this category. While this number is far away from the threshold of a Walmart, which requires a minimum of $60 million annually, it does present the opportunity for existing businesses to expand their product lines to capture some of leaking dollars. This is especially true with office supplies, gift and novelty items.

2.5 Overall Market Observations and Conclusions

The following conclusions are based on the retail leakage data illustrated above. These conclusions also underpin the marketing and recruitment recommendations that will follow in chapters three and four.

- Waterbury had tremendous participation in the zip code surveys used to build out the retail market data. The amount of participation achieved for a community this size is excellent and really speaks to the point that Waterbury businesses and stakeholders are ready to take things to the next level.
- On the whole, the market dynamics for Waterbury are complex. This is a good thing as Waterbury is not a one man show in retail. There are many different markets that are doing extremely well.
- The theory about visitor migration is true. Visitors show up more often in the Route 100 area than in the Village. Visitors are turning away from the Village as opposed to coming into the Village to explore the retail destinations.
- The area demographics are working in Waterbury's favor. In many areas in Vermont, the market is growing older and shrinking. In Waterbury, the market is much younger and is actually growing and the growth is expected to continue.
- The primary market has pent up demand that is not being met currently. Once again, the estimates provided previously are very conservative as they do not factor in growth, visitor and regional traffic, and the anticipated return of over 700 State of Vermont employees. There are areas in which the Waterbury market can grow to leverage and capture some of this pent up demand.
- The current market is evolving in a positive way. There is a lot of energy in the retail market as was seen and heard through the stakeholder input process.
- Strong visitor traffic is creating a unique atmosphere. There is a balance between visitors, regional traffic, and locals that helps businesses thrive while still maintaining a sense of authenticity. In moving forward, if businesses spend too much time marketing to visitors, the balance will be lost and the feel of authenticity will be lost.

3.0 Marketing Waterbury: Recommendations

3.1 Background

Currently, Waterbury has a number of identity opportunities and challenges. It has several messages it sends to visitors and residents. For many years Waterbury has been known as the "Crossroads of Recreation." Revitalizing Waterbury uses the tagline "miracles happen" while the rest of Waterbury sends a variety of marketing messages including "gateway" terms and "The Best of Central Vermont." All of these messages are accompanied by a variety of graphic elements and colors—some of which are fairly consistent and others not.

In addition to the actual marketing of Waterbury, the community is known by a number of names because of the political divisions within it. These include Waterbury Village, Waterbury Town, and Waterbury Center. To the visitor (and sometimes even the resident) distinguishing between these geographies can be problematic. In the end, Waterbury itself represents a diverse geographic area that connects a charming historic downtown with a remarkable surrounding area full of recreational opportunities.

Waterbury has much to offer as a place to live and visit. It is an authentic community that is indeed a major hub in Vermont. Waterbury is home to some of Vermont's most iconic industries including Green Mountain Coffee Roasters and Ben and Jerry's Ice Cream. Newer ventures like the Alchemist Brewery are further contributing to Waterbury's role as a steward of many of the images associated with a genuine Vermont locale. Furthermore, Waterbury benefits from a dedicated group of volunteers through Revitalizing Waterbury and its partner organizations that work hard to ensure the success of the community. New organizations such as the Waterbury Area Development Corporation are being formed to further these efforts.

No better example exists of the strength of the community than the way it came together in the wake of the destruction of Tropical Storm Irene. The recovery from the storm showed that the community works together to help its neighbors in trying times and has a resilience that exemplifies what living in a small community is all about.

At this time where the community is re-emerging from the damage of Irene, a singular opportunity exists for Waterbury to seize control of its image and identity. To do so will take many partners and a cohesive strategy to brand Waterbury in an authentic way. The term community brand is often difficult to understand. A community brand is much more than a logo, a typeface, or a tagline; it is a promise a place makes with people. Unlike companies that have centralized control of their brand message, communities must have an identity system that is compelling enough to convince residents, stakeholders, and decision makers to "buy into" this identity. This is no small task, and Waterbury has risen to the occasion by vetting a series of recommendations for its brand identity.

The following components of the identity system are presented along with a series of recommendations for Waterbury to consider in implementing the system. There is not always a clear "roadmap" on implementing an identity system and the maturation of the system into a "brand" will take the efforts of many partners.

3.2 Brand Values

One of the important steps in establishing a brand is to understand the values for which it stands. Through the thoughtful input of well over one hundred stakeholders in a variety of themed focus groups, the following concepts emerged as core values for Waterbury:

- Waterbury is more than a place that people pass through getting from one place to another. It is actually a hub of activity that plays host to visitors from the region and around the world gathering together.
- Waterbury is a caring community. As the long time home of the state's mental institution Waterbury has been known as a place that looks after its neighbors and residents.
- Waterbury is authentic. While the community is very attractive, it is not a place that has been "veneered" into the perfect Vermont village. Quite the contrary, Waterbury is an active, vibrant, and functional community. It is home to active industries that are emblematic of Vermont.
- Waterbury is welcoming to new people and new ideas. In fact, many business owners in the community came to Waterbury from other places because they saw the energy of the community and wanted to be a part of it.
- Waterbury is not content to rest on its successes. The community is not "frozen in time" but rather continues to look at ways to improve while preserving what makes it unique.

3.3 Brand Attributes

Unlike brand values, brand attributes are more "technical" in nature. They are the tools that the graphic artist uses to construct the tools to market the community. For Waterbury the brand attributes are as follows:

- Typefaces: The main typeface for Waterbury combines a unique and bold script that is easily readable and designed to have a very long lifespan. This script is used only for the Waterbury name. A similar secondary script is used as a modifier alongside a more bold serif block typeface that allows for a bit more contemporary and assertive use.
- Colors: The colors for Waterbury include a series of eight very rich colors that range from a warm grey, blue, and plum to gold, terracotta, brick, and green. The colors are well saturated and designed to imply warmth and depth.
- Logo: The logo for Waterbury combines a "badge" that the Waterbury word type can be placed in along with an outline of the state of Vermont with bands radiating out of (or into) the location of Waterbury. The badge allows for a powerful placement technique on all marketing pieces. The Vermont state outline was used to connote the strong role Waterbury plays in keeping the iconic parts of Vermont to the forefront. The radiating bands imply that the community is both a gathering place and a place from which all things Vermont flow.
- Tagline: After careful consideration, the tagline "Uncommonly Vermont" is recommended for use in external (rather than local) marketing campaigns geared to drawing visitors and tourists to Waterbury. This versatile and distinctive tagline shows that Waterbury is paradoxically the

quintessential Vermont community, yet completely unique in that it is a functioning community that is built around businesses and not simply a tourism location. Rather than being used alone, the "Uncommonly Vermont" tagline should be used in a context where the chance to demonstrate what is "uncommon" about Waterbury can be showcased in a positive fashion. Ways to demonstrate this can be extrapolated from the following brand statement which can be used as a whole or in parts to demonstrate what is uncommon about Waterbury:

We are Waterbury

We are a place of uncommon ideas. Our innovations range from a small coffee roaster introducing the world to single serving warmth to ice cream scoops with funny names and strange flavors that became known all over the world. We are sculptors, artists, snowboard makers, chefs, farmers, and tea blenders connected to this place where your all-access pass is the passion you bring.

We are a place of uncommon energy. We are rethinking the way we power our businesses, homes, and buildings; exploring ways to have a bigger impact on our economy with a smaller footprint on the environment; and forging partnerships to become the greenest community in the Green Mountain State.

We are a place of uncommon welcome. Native Vermonters mix with newcomers that have discovered what a special place this is. They share a common purpose and a common belief – that this community will nurture our families, educate our children, and cultivate our friendships. We are an authentic place that is far from remote or isolated but at the very crossroads of life in the Green Mountain State.

We are a place of uncommon recreation. Our mountain bike trails, river walk, parks, and reservoir are unrivaled places to satisfy your greatest outdoor pursuits. Here, you can leave work and be on the slopes in less time than it takes to commute home in most places. Here, you can even engage in a friendly game of croquet in the dead of winter.

We are a place of uncommon connections. The food on the plates of our restaurants comes from the bounty of nearby farms and the beer in the glass at our pubs is brewed with a dose of magic just up the road. Food and farms make us a gathering place for people near and far who converge here to connect with one another and reconnect with what living in Vermont is all about.

We are a place of uncommon caring. Concern for our neighbors is built into our history as a place where those with challenging needs found help. Through a great flood we bound together with common purpose and brought our community back from devastation. Neighbors helping neighbors is simply part of who we are no matter how we found our way here.

We invite you to experience this place and feel the warmth of a genuine community. Savor our farm to table food; sip a glass of beer, a mug of coffee, or a cup of cider; travel our trails on foot or by bike; immerse yourself in our art; get a gift in our stores or food from our farms.

Experience our special place and our home: we are Waterbury, Uncommonly Vermont

These brand attributes above form the foundation of the brand itself and can be used to deploy a series of marketing recommendations that follow.

3.4 Brand Recommendations

3.4.1 SHORT TERM

A. Recommendation: Adopt the Brand Statement and Brand System

A brand statement is different from a mission statement. A brand statement is an explanation of a place that should resonate with local residents (most importantly), visitors, and investors. The brand statement for Waterbury explains its history, its present, and its outlook on the future. The brand statement is the foundation of the brand system that allows Waterbury to deploy a versatile set of tools to market the community to residents, visitors, investors, and those wishing to live in the community. The system must have meaning to the community.

A brand style guide is attached as a component to this report. It provides guidance on proper usage of the identity system, color specifications in RGB, CMYK and Pantone, a copyright release allowing the client to modify and use the system as needs evolve, and a simple licensing agreement should Revitalizing Waterbury wish to allow products with the logo to be developed and sold. Finally, a complete file system with all logos, ad templates, typefaces, and support graphics is included as part of the deliverables for this effort.

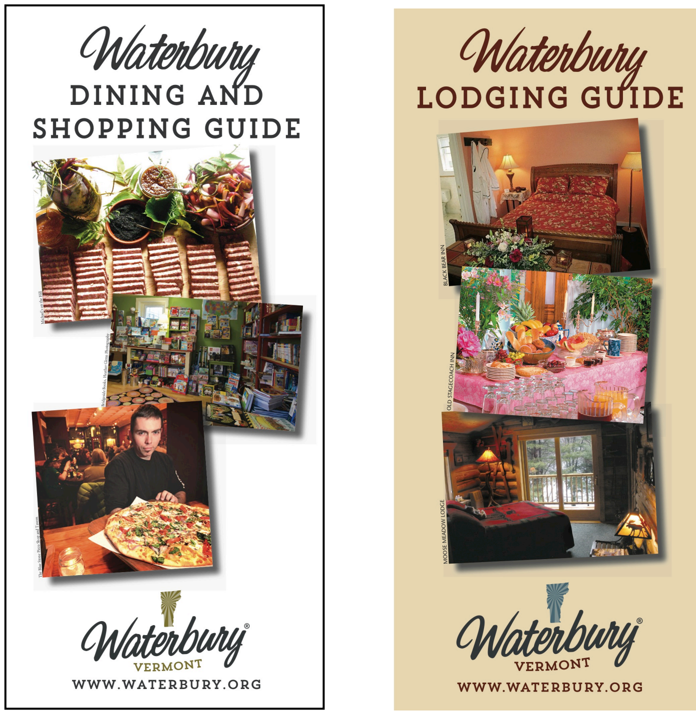
B. Recommendation: Host a brand launch event

Host a Waterbury brand "launch event" to celebrate the new Waterbury brand identity. This event can take many forms including a specific party/reception, coordination with an existing event such as the Waterbury Arts Fest, cooperation to showcase merchant offerings, or even a community-wide celebration. Many communities have taken the ad samples and enlarged them into posters to profile the brand campaign. Others have worked with local merchants to create branded items to sell (Cakes or cookies with the Waterbury brand). Many communities look for participants in brand launch events to have a small take away such as a magnet or window decal that will both allow the brand to be seen and shared.

C. Recommendation: Redesign Waterbury Collateral Pieces.

The brand identity for the destination (Waterbury) and the organizations are similar but have different and distinct uses. Revitalizing Waterbury should consider reinforcing the destination identity system through its own adoption of a new logo for the organization itself including letterhead, business cards, and ultimately a new web page design. The distinctive typefaces and color scheme will clearly show that Revitalizing Waterbury is promoting the destination of Waterbury. Additional logos for partner organizations can be developed using the same typefaces and color schemes. Each organization can maintain as unique an identity as it wishes yet remain "in the family." For example, the logo for the Waterbury Area Development Corporation is a bit more "businesslike" than that of the Waterbury Tourism Council.

In addition, the lodging guide and shopping and dining guide for Waterbury should also be redesigned to reflect the brand identity.



D. Recommendation: Use Brand Identity on Banners

The brand system has designed banners highlighting the 250th anniversary of Waterbury. These banners will be installed throughout the community as a way to showcase the overall brand and celebrate sestercentennial of the community. The banners are designed to be simple colors so as to create rhythm and consistency while accenting the uniqueness of the architecture of Waterbury.

E. Recommendation: Retain Marketing/Art Production Steward

The brand resources provided to Revitalizing Waterbury equip the organization and its partners with a host of tools to implement the brand. Volunteers and the director of Revitalizing Waterbury can use many of these tools right away. Other parts of the brand system will require art production and design (additional ads, signs, event posters, etc.). For these, we recommend hiring an "on call" graphic production specialist to serve Revitalizing Waterbury on an as needed basis. Keeping graphic elements consistent is imperative especially early in the implementation process.

F: Recommendation: Redo Websites

Both the Revitalizing Waterbury and the Waterbury Tourism Council websites serve specific purposes and both provide information of interest to visitors and residents. The two sites should look complementary and this redesign could also lead to the eventual redesign of the Town of Waterbury's website. The websites should link to one another and both websites should contemplate using social media tools and Google Analytics as a way to track visitor traffic and evaluate the success of marketing materials.

3.4.2 NEXT STEPS

G. Recommendation: Create Waterbury Branded Merchandise and Brand Extension.

It isn't necessary to roll out all new brand designs right away. However, as events look ahead to the future, they should consider using the color scheme and typeface in their logos as well. Over time, new products might be explored for a 2014 roll out such as window signs for stores and shopping bags. Later implementation might work with local businesses to develop their own merchandise with the brand alongside Revitalizing Waterbury.

H. Recommendation: Launch Individual Business Marketing

While there are frequently incentives available to recruit businesses and investors to a community, there are fewer opportunities to assist existing businesses. Furthermore, many independent businesses end up cutting marketing when the market takes a downturn. Revitalizing Waterbury should contemplate launching a matching grant program that would provide a direct way to alleviate the cost of advertising for Waterbury businesses, incent those that aren't marketing to begin the effort, and create a more coordinated image of Waterbury through deployment of the brand identity.

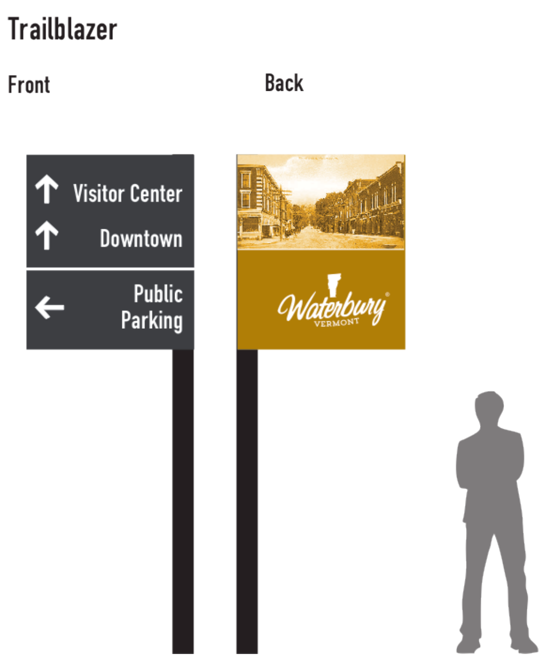
This technique also provides a more savvy way to deploy a marketing image than the traditional ad co-op program. Traditionally, if a community wanted to do cooperative advertising, a staff member of volunteers would go "hat-in-hand" to collect a share amount from participating businesses to appear in a cooperative ad that would include business card size ads arranged around some sort of logo or symbol. The result is the purchase of a full-page ad without the companion impact of purchasing such an ad. This alternative approach allows for Revitalizing Waterbury to create micro marketing grants to businesses that use the Waterbury brand concept and tagline. The pilot funding for the project should be five thousand dollars. The program would follow these steps and parameters:

- Revitalizing Waterbury, alongside its partners, issues a statement that a pilot marketing grant program is being launched (perhaps a meeting is held to present the program).
- The funding for the initial year would be limited so the program is a first come first serve effort (this will hopefully motivate participation).
- Businesses would get a fifty-fifty match of any marketing program that employs the Waterbury brand. Print ads would follow the templates provided by Revitalizing Waterbury, broadcast ads would use a simple tagline at the end of the ad "Waterbury, come at it from a different angle," web based ads would also include the brand identity.
- Revitalizing Waterbury would develop an administrative and reimbursement policy for the grant.
- The business is responsible for ensuring that a copy of the ad (or recording) is saved for the archive.

The program would need to be closely evaluated to determine its effectiveness and tweaked as it continues beyond the pilot year.

I. Recommendation: Begin Implementing Wayfinding Sign System

The wayfinding signs are likely to be a multi-year project with many different goals and objectives. Waterbury should pursue funding for wayfinding as a critical need to direct visitors to the village and to amenities throughout the community. The sign system designed as part of the branding package identifies primary and secondary trailblazers for vehicles, signs directing visitors to public parking, and pedestrian oriented signs. The pedestrian signs are designed to be casually implemented signs that direct visitors to additional shopping, dining, parks, and gathering spots in Waterbury.



J. Recommendation: Host an Annual Marketing Summit.

Each year, Revitalizing Waterbury and its partner organizations should host a marketing summit to share marketing initiatives, coordinate placement of marketing materials, and refine marketing as needed. This summit will allow each organization to clearly know their role in marketing Waterbury, explore stronger partnerships, and refine marketing material as needed. One approach for this summit would be to issue a request for proposals from media to provide competitive bids for ad placement.

3.4.3 ONGOING LONG-TERM

K. Recommendation: Continue Implementing Wayfinding Sign System

Waterbury's wayfinding system is likely to evolve with time, especially as major attractions and destinations come on line such as the new municipal complex. The signs should continue to be placed as funding permits.

L. Recommendation: Ongoing annual marketing summit.

The various community partners should continue to explore ways to refine and enhance the brand identity of the community through an annual marketing summit.

4.0 Recruiting to Waterbury: Recommendations

4.1 Background

The marketing conclusions in Chapter 2 of this report outline excellent opportunities for Waterbury to continue to grow its business base, enhance the village center, and expand development in key areas while preserving the landscape.

Waterbury is a community that is dependent on the local, regional, and visitor customer for its success. Unlike many Vermont communities, Waterbury benefits from a strong business base that also has a very strong customer recognition that associates good feelings with Vermont. Waterbury Village has a great opportunity to capture more visitors traveling the Route 100 corridor from Interstate 89 to Stowe.

From a local standpoint, Waterbury is a demographic anomaly in Vermont. The population skews younger, is growing and is relatively affluent. In many areas in Vermont, the market is growing older and shrinking. In Waterbury, the market is much younger and is actually growing and the growth is expected to continue in the future. This is a fundamental condition that will support additional retail.

While multi-year relocation of the State Office Complex dealt a severe blow to the local retail trade, the redevelopment of the area will bring employees back, which will further enhance Waterbury's market appeal. A challenge for Waterbury is simply having enough space that is ready for occupancy to accommodate future retail, office, and service industry growth. Again, the planned relocation of Town of Waterbury municipal services to the State Office Complex will open a "pressure valve" as currently occupied downtown buildings are vacated for commercial redevelopment.

The goal for this strategy is to create a strong recruitment plan grounded in the market realities, explore sites for development and redevelopment, and create catalyst projects that will foster interest from the private sector.

4.2 Recommendations

4.2.1 FIRST STEPS

A. Recommendation: Complete Downtown Master Plan

Waterbury has plans to create a downtown streetscape improvement project. As this project develops, it will enhance the appeal of the village as a retail and dining destination. Currently, downtown Waterbury has a number of locations that are vacant sites, properties that have developed in unusual patterns, some infill development that is more suburban in nature, and several buildings that warrant significant investment to make them commercially viable.

The community should commission a downtown master plan that will work with property owners on these key sites to identify appropriate redevelopment options for them. The sites should be tied together in an overall plan for downtown that shows how the village area can grow and develop over time, and address parking needs, while preserving the character of the community.

B. Recommendation: Explore Retail/Office Accelerator Project for Waterbury

Micro-enterprise represents a truly unique opportunity for Waterbury. The community is clearly attracting a creative class of entrepreneurs and has the proximity to Montpelier and Burlington to make it an ideal business location. Furthermore, the retail base in Waterbury could benefit from a catalyst project that collects some small retail into an incubator/accelerator project that has small places for co-working, artist studios, gallery space, and micro retail space.

C. Recommendation: Launch Retail Recruitment Package for Waterbury

Revitalizing Waterbury and the Waterbury Area Development Corporation should partner on a comprehensive retail recruitment package that uses the findings of the retail market study, identifies key retailers, and recruits them to key spots in the community. The community should concentrate its efforts on independent merchants, which requires a very “grass roots” recruitment process. Businesses with existing locations looking to expand are prime opportunities to grow in Waterbury.

A simple package that presents sites, incentives, market data, and the master plan for the community recommended in 4A above would be an excellent tool for this. Of course, online marketing is critical as well. Both Revitalizing Waterbury and the Waterbury Area Development Corporation should develop a clear protocol in how they each work together on recruitment efforts to provide a seamless process for investors.

D. Recommendation: Implement Pomegranate Public Gathering Art Installation

Pomegranate worked with Waterbury to identify a unique gathering place that would overlook the community, incorporate unique art, and have visibility from Interstate 89. This project could be a pilot project for ongoing art, public improvement projects that are both unique to Waterbury and contribute to the appeal of the community.

4.2.2 NEXT STEPS

E. Recommendation: Complete Streetscape Improvement in Downtown

The streetscape improvements to Main Street should be completed within the next couple of years and will incorporate improved crosswalks, sidewalks, and streets in the core of downtown Waterbury.

F. Recommendation: Begin Development of Municipal Complex

The Town Select Board, Village Trustees and Waterbury Library Commissioners have selected a firm to evaluate using Stanley and Wasson Halls at the Waterbury State Office Complex for a municipal complex for Waterbury that will include a new library, community-gathering place, and town hall. Meetings are underway to develop the program for this project.

G. Recommendation: Continue to Pursue Food Systems Development

Community members should continue working with the Mad River Food Hub to pursue a USDA grant for a food hub in Waterbury and foster stronger connections between area farms, consumers, and restaurants. Vermont is already the national leader in food systems and Waterbury's corporate and independent food producers combined with its role as a regional center for visitors make it the ideal location for a creative food venture to further deepen the connection with the secondary trade area.

H. Recommendation: Continue Recruitment Program for Waterbury

The partnership between Revitalizing Waterbury and the Waterbury Area Development Corporation should continue recruiting businesses to the community and documenting their successes.

4.2.3 ONGOING LONG/TERM

I. Recommendation: Explore Infill Opportunities Once Facilities Relocate to the Municipal Complex.

Once the municipal services relocate downtown, those buildings currently occupied will become prime sites for sensitive new development whether through the renovation of the existing buildings or replacement buildings. These represent excellent opportunities for expanding retail, restaurant, and office use space at the community core.

J. Recommendation: Explore Redevelopment Options for Suburban Style Uses in Downtown

Downtown Waterbury has several sites that were built in a more suburban style surrounded by parking. Over time, the community should take suggestions from the master plan and implement sensitive redevelopment to provide for greater density, a more rational parking arrangement downtown, and buildings that complement the historic character of the community.

5.0 Conclusion

Waterbury, Vermont is in a unique position as a community thriving amidst the adversity of Irene and a subsequent shift in state workers away from the office complex in town. However, the community has remained not only resilient, but also assertive in its efforts to remain a vibrant place.

New partnerships are emerging; entrepreneurs are bringing new ideas about energy, food, and recreation; the community is motivated and is cultivating a positive reputation. This plan is a key step in understanding the market conditions affecting Waterbury, developing a marketing strategy to improve those conditions, and making recommendations to implement that strategy.