BUSINESS MIX

ACROSS ALL CSAS, QUESTIONNAIRE RESPONDENTS RATED FAMILY ENTERTAINMENT VENUES AND FITNESS AND RECREATION AS HIGHLY DESIRABLE

Measuring the disparity between existing businesses currently in neighborhood commercial corridors and the types of business local stakeholders would like to see can be helpful in identifying potential business types to attract. While identifying which businesses are desired by local stakeholders is an indicator of market demand, it is worth noting that all of the business types (with the sole exception of Bars & Night Clubs) that MCR asked about in its Customer Questionnaire, had a positive desirability score. This means that local stakeholders desire more of almost all types business; some just more than others.

This chapter describes the businesses desired within each of the ten Commercial Study Areas (CSAs) and compares them with what businesses already exist within each of the five Target Areas (TAs). Additionally, it also compares Detroit's per capita business mix to those of several other cities.

/GLOSSARY TERM/

Target Area (TA): a defined geographic area in which ProsperUS Detroit concentrates its programming.

/GLOSSARY TERM/

Commercial Study Area (CSA): a portion of one or more commercial corridors located within a Target Area; where Customer Questionnaires and Structure Surveys were administered.

Desired Businesses

Customer Questionnaire respondents were asked to rate the desirability of various business types on a scale of 1 to 5 with 5 being "most desired" and 1 being "not at all desired." Table BM1 shows the average desirability of business types across all ten CSAs and all of the CSAs combined.

Across all CSAs, questionnaire respondents rated Family Entertainment Venues and Fitness & Recreation as highly desirable. These two business types were the highest ranked in all CSAs except for the Lower Eastside, which ranked Grocery Stores and Sit-Down Restaurants as their top priorities. Music, Book & Electronics Stores and Healthcare & Caregiving Facilities also ranked highly. More summary of desirability trends across the various TAs can be found throughout this chapter.

TABLE BM1. Average Desirability of Business Types

Business Type	All CSAs Combined	Cody Rouge CSAs	Grandmont Rosedale CSA	Lower Eastside CSAs	North End CSAs	Southwest CSAs
Auto Dealer & Repair Shops	3.36	3.31	3.54	3.40	3.50	3.17
Banks & Credit Unions	3.66	3.26	3.78	3.41	3.85	3.60
Bars & Night Clubs	2.54	2.49	2.46	2.57	2.82	2.38
Beauty & Grooming Services	3.53	3.39	3.40	3.56	3.77	3.34
Car Washes	3.17	3.08	3.22	3.14	3.14	3.11
Clothing & Apparel	4.04	4.30	3.84	4.20	3.93	4.10
Convenience Stores	3.53	3.23	3.40	3.41	3.88	3.46
Discount Supply Stores	3.76	3.68	3.82	3.71	3.86	3.56
Family Entertainment Venues	4.34	4.40	4.33	4.26	4.44	4.36
Fitness & Recreation	4.36	4.23	4.37	4.36	4.35	4.27
Grocery Stores	4.10	3.88	3.84	4.38	4.33	3.75
Hardware, Home Goods & Appliances	3.88	4.10	4.07	4.06	3.62	3.72
Healthcare & Caregiving Facilities	4.30	4.20	4.25	4.21	4.35	4.34
Laundromat & Dry Cleaners	3.9	3.67	3.59	4.02	4.17	3.61
Legal & Accounting Services	3.79	3.69	3.91	3.82	3.76	3.76
Music, Book & Electronics Stores	4.20	4.27	4.24	4.22	4.30	4.16
Sit-Down Restaurants	4.05	3.92	4.24	4.48	4.22	3.48
Take-Out or Drive Thru Restaurants	3.43	3.23	3.30	3.81	3.00	3.92

/GLOSSARY TERM/

Per Capita Quotient (PCQ): a measure of a region's commercial specialization relative to a larger geographic unit based on population size and not geographic size.

Desired vs. Existing Businesses

While local desirability suggests market demand, it is does not guarantee a favorable business climate for a potential entrepreneur. For instance, neighborhood economic developers and entrepreneurs need to consider surrounding competition. In order to measure the strength of market competition, MCR calculated the number of businesses in each of the TAs and then compared that to the number of businesses citywide. In order to account for differences in the geographic size, MCR calculated this comparison on a per capita basis. For the purposes of this analysis, MCR calls this comparison between the Target Area and the rest of Detroit a "Per Capita Quotient (PCQ)."

The result is an analysis that shows when an area has more or less businesses per capita than what is "normal" for Detroit. Table BM2 shows the Per Capita Quotient for all five TAs. A Per Capita Quotient of 1 suggests that the area has the same amount of businesses, per capita, as other neighborhoods in Detroit. A Per Capita Quotient of 2 means that the area has twice as many of that business type, per capita, than what is normal citywide.

In addition to calculating a Per Capita Quotient for various business types in each TA, MCR calculated the number of businesses in each TA by geographic size, compared to the total number of businesses, by type, citywide. For the purposes of this analysis, MCR calls this comparison a "Location Quotient (LQ)" and this analysis can be found in the Appendix. In other words, the LQ shows when a TA has a higher concentration of a particular business type than other neighborhoods in Detroit.

When calculating the PCQ and LQ for each Target Area, MCR used business data collected by Hoover's Inc., a subsidiary of the Dunn & Bradstreet Corporation. For the purpose of this analysis, MCR refers to this data set simply as "Hoover's."

Comparing the average business type desirability with the Per Capita Quotient reveals market gaps and surpluses within the ProsperUS TAs. This can help both entrepreneurs and local economic developers alike. When viewed together, certain trends emerge about how local stakeholders interact with the goods and services surrounding them. MCR grouped these trends by the following categories.

Faith Lutheran Church near Jefferson Ave. Religious, Civic & Similar was the most prevalent business type found among all of the CSAs. **PHOTO COURTESY OF JEFFERSON EAST INCORPORATED**

TABLE BM2. Per Capita Quotients for all Target Areas*

Business Type	Cody Rouge PCQ	Grandmont Rosedale PCQ	Lower Eastside PCQ	North End PCQ	Southwest PCQ
Auto Dealer & Repair Shops	1.66	0.80	0.62	0.42	1.15
Banks & Credit Unions	0.20	0.83	0.76	1.81	0.73
Bars & Night Clubs	0.97	0.58	0.35	0.53	1.24
Beauty & Grooming Services	1.06	1.72	1.00	0.65	0.49
Car Washes	1.69	1.42	0.29	0.00	0.84
Clothing & Apparel	0.62	1.39	0.66	1.63	0.50
Convenience Stores	1.25	0.70	1.15	1.10	0.95
Discount Supply Stores	0.92	0.32	0.66	1.65	1.44
Drug Stores & Pharmacies	0.68	1.11	1.10	1.16	0.66
Family Entertainment	0.41	0.29	1.54	0.85	0.34
Fitness & Recreation	0.60	2.22	1.17	1.16	0.84
Gas Stations	1.01	1.06	1.01	1.03	1.10
Grocery Stores	0.86	1.00	0.57	0.73	1.19
Hardware, Home Goods & Appliances	1.68	0.98	0.72	0.86	1.22
Healthcare & Caregiving Facilities	0.44	0.92	0.87	1.70	0.38
Laundromat & Dry Cleaners	0.34	2.83	1.30	0.78	0.94
Legal & Accounting Services	0.19	0.70	0.27	0.61	0.16
Music, Book & Electronics Stores	0.87	0.91	1.21	0.50	0.95
Sit-Down Restaurants	0.66	0.80	0.41	0.89	1.10
Take-Out or Drive-Thru Restaurants	1.16	0.53	0.75	0.87	0.90

*Hoover's business database, Fall 2014

/GLOSSARY TERM/

Location Quotient (LQ): a measure of a region's commercial specialization relative to a larger geographic unit.

RETAIL

Several interesting trends among retail businesses (Clothing & Apparel; Discount Supply Stores; and Hardware, Home Goods & Appliances) emerged. According to Hoover's, the Lower Eastside is underserved in these retail businesses with a PCQ of 0.72 or lower in each retail business type. As expected, questionnaire respondents indicated a relatively high desirability for each of these business types with an average desirability of 3.71 or higher.

Notably, Cody Rouge has a high concentration of Hardware, Home Goods & Appliance businesses with a PCQ of 1.68. However, questionnaire respondents still indicated a high desirability for these businesses with an average desirability of 4.1, indicating that they want greater amounts or a greater diversity of Hardware, Home Goods & Appliance businesses. A closer inspection reveals that many of these existing stores selling hardware and home goods in Cody Rouge are wholesale hardware, paint, flooring, and general material providers, potentially catering to large-scale customers more likely to be in the professional construction trade. On the opposite end of the spectrum, the North End has a low prevalence of Hardware, Home Goods & Appliance stores with a PCQ of 0.86 and an average desirability of 3.62.

With an average desirability of 4.3, Clothing & Apparel is one of the most desired business types in Cody Rouge. Clothing & Apparel has a PCQ of 0.62 in Cody Rouge supporting the need for more of this business type.

/FACT/

When measured on a per capita basis, Detroit has twice as many Bars and Night Clubs than Flint, but only a third as many as Ferndale or Cleveland.

Grandmont Rosedale has significantly fewer Discount Supply Stores (a.k.a. dollar stores) with a PCQ of 0.32. Individuals who completed the Customer Questionnaire identified an average desirability of 3.82 for Discount Supply Stores indicating a significant gap in demand and existing businesses. Conversely, the Southwest TA has substantially more Discount Supply Stores than other neighborhoods in Detroit with a PCQ of 1.44. Questionnaire respondents in the Southwest CSAs rated Discount Supply Stores as having an average desirability of 3.56, the lowest across all CSAs. It is worth noting that Grandmont Rosedale has the highest median income of all TAs, and Southwest the lowest. This may suggest that the prevalence of Discount Supply Stores is correlated to income, but further study is required to confirm this hypothesis.

FOOD

Food businesses (Convenience Stores; Gas Stations; Grocery Stores; Sit-Down Restaurants; and Take-Out or Drive-Thru Restaurants) vary heavily in both their desirability and existing business numbers within the TAs.

Southwest has the highest numbers, per capita, of all types of food businesses with a PCQ of 0.90 or greater in every food business type. Many of these businesses are ethnic food stores or restaurants, which potentially reflects the immigrant population of the TA. Accordingly, all food business types were of lower desirability than other types of businesses; presumably due to the number that already exist. The Southwest TA has the most Grocery Stores and Sit-Down Restaurants out of all other TAs and desired Grocery Stores and Sit-Down Restaurants the least with average desirability ratings of 3.75 and 3.48 respectively.

Cody Rouge has a high number of Take-Out or Drive-Thru Restaurants as well as Convenience Stores; but only has 66% of the Sit-Down Restaurants that other Detroit neighborhoods enjoy, per capita. This helps explain why Sit-Down Restaurants were the most desired food-related business among Customer Questionnaire respondents in Cody Rouge with an average desirability rating of 3.92.

Grandmont Rosedale has fewer Convenience Stores and Take-Out or Drive-Thru Restaurants than other neighborhoods citywide and the lowest out of all ProsperUS TAs, with a PCQ of 0.70 or lower. Grandmont Rosedale has 80% of the Sit-Down Restaurants, per capita, than other neighborhoods citywide and had the second-highest average desirability for restaurants with a rating of 4.24.

Out of all food-related businesses, Customer Questionnaire respondents in the North End most desired Grocery Stores with an average desirability rating of 4.33. Grocery Stores are the least represented food-related business in the North End with a PCQ of 0.73. Otherwise, the North End is either on par or slightly underserved when it comes to food-related businesses.

A coffee shop and cafe on the Lower Eastside is the exception to the rule in an area that has a shortage of places for residents to eat or buy food. **PHOTO COURTESY OF MICHIGAN COMMUNITY RESOURCES**

On the Lower Eastside, Sit-Down Restaurants were the most desired business type on the Customer Questionnaire with an average desirability rating of 4.48. The Lower Eastside is the only TA where the most desired business was not either Fitness & Recreation or Family Entertainment. Similarly, Grocery Stores were the second most desired with an average desirability rating of 4.38. The Lower Eastside is significantly underserved in both Sit-Down Restaurants (PCQ = 0.41) and Grocery Stores (PCQ = 0.57), the lowest PCQs across all TAs in both categories. This demonstrates a strong need and demand for both types of businesses in the Lower Eastside.

ENTERTAINMENT

Among entertainment businesses (Bars & Night Clubs; Family Entertainment Venues; Fitness & Recreation; and Music, Book & Electronics Stores), a significant gap exists between the existing number of businesses and the level of desirability. With the exception of Bars & Night Clubs, an average desirability of rating 4.2 or higher was found across all CSAs. Across all entertainment-related business types included in the Customer Questionnaire, Family Entertainment Venues and Fitness & Recreation were the most desired across all CSAs combined with an average desirability rating of 4.34 and 4.36 respectively.

Bars & Night Clubs have an average desirability rating of 2.54 across all CSAs with the highest average desirability in the North End CSAs at 2.82. This represents the least desired business type across all ten CSAs among all business types on the Customer Questionnaire. Currently, Southwest and Cody Rouge have a high prevalence of Bars & Night Clubs compared to other TAs with a PCQ of 1.24 and 0.97 respectively.

The Lower Eastside has the highest number of Family Entertainment Venues (PCQ = 1.54) and Music, Book & Electronics Stores (PCQ = 1.21). This is primarily due to the high number of marinas along the Detroit River, which were categorized as Family Entertainment Venues. However, Customer Questionnaire respondents indicated a high desirability for both types of businesses indicating that demand exists for both business types despite the existing amount within the Lower Eastside.

A shoe store in the Central Woodward CSA. The North End TA has 63% more Clothing & Apparel stores, per capita, than other neighborhoods in Detroit. **PHOTO COURTESY OF MICHIGAN COMMUNITY RESOURCES**

SERVICES

Among services (Auto Dealer & Repair Shops; Banks & Credit Unions; Beauty & Grooming Services; Car Washes; Healthcare & Caregiving Facilities; Laundromat & Dry Cleaners; and Legal & Accounting Services), Healthcare & Caregiving Facilities have the highest average desirability rating at 4.3 across all CSAs. With the exception of the North End, all TAs are underserved in Healthcare & Caregiving Facilities relative to the rest of the city. The prevalence of Healthcare & Caregiving Facilities in the North End is also potentially related to the existence of Henry Ford Hospital within the TA boundaries. Focus group participants in all Target Areas indicated a desire for a wider variety of high quality, professional healthcare options.

All TAs have a low number of Legal & Accounting Services with a PCQ of 0.70 or lower. Grandmont Rosedale indicated the highest desirability for this business type with an average desirability rating of 3.91.

With an average desirability rating of 3.17, Car Washes are the second least desirable business among all business types across all CSAs combined. Similarly, Auto Dealer & Repair Shops are the third least desirable with an average desirability rating across all CSAs of 3.36. Cody Rouge has a high concentration of both Car Washes and Auto Dealer & Repair Shops with a PCQ of 1.69 and 1.66 respectively.

Excluding Healthcare & Caregiving Facilities and Banks & Credit Unions, the North End is underserved in all other services. Among these businesses, Laundromats & Dry Cleaners have the highest average desirability rating at 4.17. Banks & Credit Unions have a PCQ of 1.81, the highest PCQ in the North End. However, these are concentrated along Woodward and Grand Blvd and may not adequately serve the rest of the neighborhood. Banks & Credit Unions have an average desirability rating of 3.85 in the North End indicating a desire for more Banks & Credit Unions beyond these existing locations.

Cody Rouge seems to be underserved across several service-related business types. It is significantly underrepresented when it comes to Banks & Credit Unions (PCQ = 0.20) and Laundromat & Dry Cleaners (PCQ = 0.34).

Grandmont Rosedale has the most Beauty & Grooming Services, per capita, than all other TAs studied with a PCQ of 1.72. The Southwest TA has the lowest number of Beauty & Grooming Services, per capita, with a PCQ of 0.49, though Southwest questionnaire respondents desired more Beauty & Grooming Services the least out of all other TAs.

Comparing Other Cities

To provide greater context and allow for regional comparison of the strength of market competition, MCR calculated the number of businesses in several nearby cities and then normalized those values to those found in the City of Detroit. This calculation was performed on a per capita basis in order to account for differences in

TABLE BM3. Per Capita Quotient Comparison of Detroit to Other Cities*					
Business Type	Ferndale, MI	Dearborn, MI	Grand Rapids, MI	Flint, MI	Cleveland, OH
Accounting Services	1.45	1.66	0.33	0.44	3.09
Ambulatory Health Care Services	1.57	2.27	0.37	0.45	2.44
Amusement Parks & Arcades	4.89	2.05	0.39	1.01	3.03
Arts, Entertainment & Recreation Sector	2.54	1.02	0.36	0.71	2.82
Automobile Dealers	2.25	2.90	0.43	0.49	1.98
Automotive Repair & Maintenance Services	1.51	0.96	0.59	0.63	1.93
Banks & Credit Unions	1.30	2.12	0.23	0.37	4.45
Bars & Night Clubs	3.51	1.13	0.61	0.50	3.25
Beer, Wine & Liquor Stores	1.33	0.39	1.89	1.16	0.38
Business Services Sector	1.91	1.90	0.39	0.50	2.95
Clothing Stores	1.38	1.76	0.56	0.43	2.02
Consulting Services	1.30	1.43	0.37	0.80	2.66
Education & Training Services	1.12	0.91	0.47	0.61	2.19
Gas Stations	0.74	1.16	0.79	0.93	1.47
Grocery Stores & Supermarkets	0.99	1.27	0.85	0.62	1.84
Hair Care Services	1.85	1.13	0.52	0.60	2.20
Home Centers & Hardware Stores	-	0.57	0.33	0.46	2.37
Legal Services	0.51	1.51	0.34	0.45	4.28
Membership Organizations	0.99	0.86	0.42	0.58	2.27
Religious Organizations	0.82	0.29	0.73	0.57	1.68
Restaurants	1.75	1.53	0.40	0.58	2.73
Social Assistance	1.12	0.62	0.57	0.54	1.73
Wholesale Sector	3.21	2.53	0.25	0.45	3.16
*Hoover's business database, Fall 2014					

geographic size. Table BM3 presents the PCQs of five other cities, normalized to the Detroit PCQs. To better understand the chart is helpful to remember that the PCQ of Detroit is 1, thus a city with a PCQ of 2 would have a business concentration twice as high as the City of Detroit.

Overall, Grand Rapids had the lowest per capita concentration of business types compared to the City of Detroit and Cleveland had the highest per capita concentration of business types compared to the City of Detroit. Compared to other cities throughout the region, Detroit appears to have a lower concentration Amusement Parks & Arcades, Wholesale Sector businesses, Bars & Night Clubs, and Banks & Credit Unions. This suggests that Detroiters are underserved by these business types. Detroit appears to have a higher concentration of Religious Organizations, Social Assistance Providers, and Home Centers & Hardware Stores.

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