

**PLAINFIELD CO-OP**

**PLAINFIELD, VERMONT**

**AN ANALYSIS OF PRESENT PERFORMANCE  
AND EVALUATION OF PROPOSED STORE  
EXPANSION & RELOCATION OPPORTUNITIES**

**A Market Study Conducted by:**

**Debbie Suassuna  
Location Research Consultant  
PMB 513  
PO Box 5000  
Rancho Santa Fe, CA 92067**

**May 2018**

## **DISCLAIMER**

All information provided, and any conclusions and recommendations made, as part of this market study are provided in good faith based upon the experience and judgment of the consultant. However, it should be understood that the client remains responsible for the accuracy of all information provided to CDS Consulting Co-op, all decisions made, and all actions or inactions that result from this work.

## **RECOMMENDED FURTHER RESEARCH**

If any of the store actions contemplated in this study are carried out, it is strongly recommended that a Customer Address and Transaction (CAT) survey be conducted at the store(s) within the first 6 - 12 months after the action is completed. The purpose of this follow-up research would be to define the store's trade area, and determine its sales penetration levels throughout the trade area, so that its performance can be evaluated against the results of this market study. Such a comparison will enable the identification of any problem areas in the trade area, relative to the new store's customer acceptance, sales penetration rates, and capture rates.

## I. INTRODUCTION

Plainfield Co-op operates a co-op food store at 153 Main Street in Plainfield, Vermont. The store occupies 4,400 square feet of total space within a 2-story building, of which approximately 1,200 square feet is sales area. Plainfield Co-op's sales for 2017 (calendar year) were \$1,160,000, which represented a 4% increase over 2016 calendar year sales. In order to promote sales growth for the co-op (thus ensuring the co-op's financial stability and success) and to better-serve its customers, co-op management has commissioned this market study in order to evaluate the sales potential for the expansion of the existing store, as well as the possible relocation of the existing store to a larger facility along US Route 2.

The remainder of this report summarizes the results of a market study conducted in the Plainfield area within the past few weeks. Specifically, Section II summarizes the conclusions and recommendations emanating from this study. Section III presents the results of the sales forecast analysis, on which the findings and conclusions have been based. Section IV reviews the trade area served by Plainfield Co-op (as defined by the CAT Survey data), as well as its sales performance levels within its trade area. Section V presents an evaluation of the facility, site, and location characteristics for the proposed on-site store expansion and the proposed relocation site. Section VI looks at the competitive environment within the study area. Finally, Section VII reviews the methodology employed in carrying out the objectives of the study.

## II. KEY FINDINGS AND CONCLUSIONS/RECOMMENDATIONS

This study of the Plainfield, Vermont market area has resulted in a number of findings and conclusions. This section will summarize those findings that have the most significance for Plainfield Co-op, as well as our recommended course of action given those findings.

### Key Findings:

- Plainfield Co-op achieved an annual sales volume of \$1,160,000 (2017 calendar year) in 1,200 square feet of sales area, resulting in a sales per square foot performance level of \$967 versus the Co-op database average of \$1,569 in 2017.
- Plainfield Co-op serves a relatively large-sized trade area in terms of geography (extending between 4 and 21 straight-line miles), from which 91% of its sales originate.
- The trade area contains a population base of only 11,200 persons that reside in households, which is substantially lower than the Co-op database store average of 92,000 persons. In general, the demographic composition of its trade area is fairly comparable to the Co-op database average with respect to most of the key demographic variables that positively influence co-op sales performance levels (e.g., college-education levels, persons employed in an arts/design/entertainment/sports/media, life/physical/social science, education-, or health-related occupation, and per capita income levels).
- The competitive environment faced by Plainfield Co-op is relatively strong, as there is a much larger food co-op located near its trade area (i.e., Hunger Mountain Co-op in Montpelier). Hunger Mountain Co-op has a much larger selection of merchandise and specialty/service departments than Plainfield Co-op (and its trade area encompasses most of Plainfield Co-op's trade area), thus resulting in a strong impact on the sales performance of Plainfield Co-op.
- This market study evaluates the sales potential for the proposed on-site expansion of Plainfield Co-op from 1,200 to 1,860 square feet of sales area. But given the possibility that the proposed store expansion may not provide the co-op with the financial stability that it is seeking, co-op management has also requested that this study evaluate the sales potential for the possible relocation of its existing store to a larger facility along US Route 2 (at the recommended store size based on sales potential).

Conclusions/Recommendations:

- The very modest trade area population size and strong competitive influence from Hunger Mountain Co-op, in particular, will likely limit Plainfield Co-op’s ability to become more than a convenience-oriented food co-op for the residents of its trade area. Furthermore, while there is more sales potential that could be realized by Plainfield Co-op, the existing store’s limited parking capacity and lack of visibility from a major roadway will continue to impede its ability to capture most of this sales potential.
- The sales forecast for the proposed on-site expansion of Plainfield Co-op is as follows:

**Annual Sales Forecasts**

<u>Year of Operation</u>	<u>On-Site Store Expansion</u>
First Year (2022)	\$1.61 million
Second Year (2023)	\$1.73 million
Third Year (2024)	\$1.78 million
Fourth Year (2025)	\$1.82 million

- In developing the sales forecast for the proposed store expansion, it is assumed that the co-op will add a self-serve hot/cold foods bar, significantly expand its selection of grab and go foods, and increase the size of its self-serve coffee bar. While the store expansion may not necessarily broaden the co-op’s customer base, it would enable the co-op to benefit from the strong demand for and sales growth associated with fresh/prepared foods, thus resulting in higher sales. However, as mentioned previously, higher sales for Plainfield Co-op will continue to be hampered by its limited parking capacity and its lack of visibility from a major roadway.
- As an alternative, co-op management could relocate the existing store to an even larger facility along US Route 2 (with improved parking capacity, as well as good visibility from this well-travelled roadway) in order to realize more of the available sales potential within the market area. It is recommended that the proposed store relocation have about 3,000 square feet of sales area, as a store of this size will have sufficient space to provide for a deli/café that would enable Plainfield Co-op to more fully benefit from the strong demand (and sales growth) associated with fresh/prepared foods. While the sales area of the existing store could be

expanded to about 2,400 square feet (assuming that the upper level is converted into a deli/café), the existing store's limited parking capacity and lack of visibility from a major roadway will impede its ability to achieve the same sales as a new store located along (and visible from) US Route 2.

- The sales forecast for the proposed relocation of the co-op to US Route 2 in Plainfield is as follows:

#### **Annual Sales Forecasts**

<u>Year of Operation</u>	<u>Store Relocation to US Route 2</u>
First Year (2022)	\$2.52 million
Second Year (2023)	\$2.72 million
Third Year (2024)	\$2.79 million
Fourth Year (2025)	\$2.86 million

- In developing the sales forecast for the proposed store relocation, it is assumed that the co-op will add to/strengthen its perishables departments by expanding the size of its produce department and deli department (in particular). More specifically, the deli department will feature a large selection of fresh/prepared foods, including sandwiches and breakfast items made-to-order (or other food items deemed appropriate by co-op management), a self-serve hot/cold foods bar, a wide selection of grab and go foods, a juice/smoothie bar, an expanded self-serve coffee bar, and an indoor/outdoor seating area. This would be particularly well-suited for both the co-op's existing customer base (i.e., local residents who shop the co-op for convenience), as well as prospective shoppers travelling along US Route 2 that are more likely to purchase food items/beverages for immediate consumption. While the overall sales potential for Plainfield Co-op will continue to be limited by the much lower-than-average trade area population base and strong competitive influence from Hunger Mountain Co-op, the proposed store relocation will benefit from a much larger facility size relative to the existing store's size, as well as higher awareness levels given its highly visible location along a well-travelled roadway (i.e., US Route 2). As a result, the co-op will be able to increase its customer counts and customer basket sizes/transaction amounts, thus translating into significantly higher sales performance levels throughout its trade area.

- Furthermore, regardless of whether the co-op expands the size of its existing store or relocates its store to US Route 2, it should have classroom space in order to offer nutritional classes or other classes that would demonstrate how the co-op supports the community (which could be held in the existing store's space should co-op management decide to relocate its retail store to US Route 2 while maintaining ownership of the existing store/building). The co-op should also sponsor store events and outreach programs in order to raise awareness of the co-op and its new/larger store.

It must be remembered that the sales forecasts presented within this report are based on an assumed sales area size of about 1,860 square feet for the proposed store expansion or approximately 3,000 square feet for the proposed store relocation. They are based on the concept of a food co-op in the normal sense of the term, with an emphasis on natural, organic, and locally-produced merchandise. They are based on a program of sales promotion and advertising that will permeate the trade area on a regular basis, in order to convey information about the store, its location, and its product mix. They are based on an overall image of quality merchandise and knowledgeable customer service, provided in a facility that conveys an environment of ambiance, intimacy and community. Finally, they assume a level of store management that is knowledgeable and experienced, with a significant amount of market and marketing savvy.

### III. SALES FORECAST ANALYSIS

While there is no definitive open date for the proposed store expansion or proposed store relocation, it is presumed for now that the new/larger store will open in 2021, thus making 2022 the first full year of operation. Also, because it will take some trade area residents a little while to become familiar with the new/larger store and adjust their shopping habits, the store is not expected to reach its mature sales level until the second year of operation. Therefore, the sales forecasts for the proposed on-site expansion or proposed relocation of Plainfield Co-op would be:

#### Annual Sales Forecasts

<u>Year of Operation</u>	<u>On-Site Store Expansion</u>	<u>Store Relocation to US Route 2</u>
First-Year (2022)	\$1.61 million	\$2.52 million
Second-Year (2023)	\$1.73 million	\$2.72 million
Third-Year (2024)	\$1.78 million	\$2.79 million
Fourth-Year (2025)	\$1.82 million	\$2.86 million

It is highly recommended that in the near-term (i.e., prior to the opening of either the store expansion or store relocation in 2021), co-op management should purchase fresh/prepared foods wholesale from Hunger Mountain Co-op and sell these products out of its existing store in its present condition. This should allow the co-op to generate some additional sales from fresh/prepared foods without incurring the costs associated with increased labor or kitchen upgrades/improvements. In any event, the proposed expansion of the existing store from 1,200 square feet of sales area to approximately 1,860 square feet should enable the co-op to add a self-serve hot/cold foods bar, to increase its selection grab and go foods, and to expand its self-serve coffee bar and its produce department, thus strengthening its fresh/prepared foods offering which will result in higher sales (as shown in the preceding table) and in a better customer shopping experience. Higher sales potential for the proposed store expansion would continue to be restricted by the modest trade area population base and strong competitive influence from Hunger Mountain Co-op (whose trade area encompasses nearly all of Plainfield Co-op's trade area), as well as the limited parking capacity and lack of visibility of the existing co-op from a major roadway.



In order for Plainfield Co-op to overcome the parking limitations and visibility concerns associated with its existing store and realize more of the available sales potential within the market area, co-op management could relocate its store to a larger facility along US Route 2 in Plainfield. This would allow the co-op to more fully expand its deli/prepared foods department so that it can include a full-service deli department with some food items made-to-order (e.g., sandwiches, breakfast food items, or other items deemed appropriate by co-op management), a larger grab & go foods section, a self-serve hot/cold foods bar, a juice/smoothie bar, an expanded self-serve coffee bar, and an indoor/outdoor seating area. The right mix of fresh/prepared foods will appeal to the more traditional co-op customer's (i.e., primarily older, more affluent, with higher education levels) demand for local, healthy, upscale/gourmet foods, as well as to the less affluent/more price-conscious co-op customer's demand for a healthy, affordable alternative to restaurant meals. To the extent that Plainfield Co-op is better able to respond to the increased demand for perishables and prepared foods, it will help to bolster the co-op's position with respect to customer satisfaction and will result in higher sales. In the event that the store is relocated to US Route 2, co-op management should consider opening the store earlier in the morning in order to capture sales from morning commuters who are on their way to work. The store relocation's highly visible/prominent location along US Route 2 should enable the co-op to broaden its customer base, thus translating into both higher customer amounts, as well as higher transaction amounts (due to the increased product offering). Regardless of which option co-op management pursues (i.e., an on-site store expansion or store relocation to US Route 2), the increased fresh/prepared foods offering at Plainfield Co-op will allow the co-op to benefit from the strong demand and sales growth associated with fresh/prepared foods, thus resulting in higher sales.

It is recommended that the new/larger store offer a product mix with approximately 25% clean/conventional foods in order to continue providing some more affordable food options to trade area residents, while also allowing the co-op to maintain its high-quality image. Co-op management should also emphasize the value of shopping in its bulk foods department by adding ample signage in its store that highlights the benefits of shopping in bulk (e.g., less expensive, purchase only what you need, better for the environment, etc.).

Finally, it should be noted that the proposed store relocation site represents a hypothetical store and not an actual building. As such, its sales forecast is based on certain assumptions

regarding its facility and site characteristics. These assumptions include that the proposed store will have about 3,000 square feet of sales area; that the co-op and its signage would be easily visible to prospective shoppers driving along US Route 2; that there will be at least 29 "co-op only", off-street parking spaces (preferably 38 spaces); and that ingress/egress of the co-op's parking lot will be relatively unimpeded. Once a specific site has been identified for the proposed store relocation, its sales forecast must be updated if the actual facility/site characteristics differ from the above assumptions in order to obtain a more accurate sales projection for the proposed store relocation.

The sales forecasts for the proposed on-site expansion and store relocation are based on the following assumptions:

- The proposed new/larger store will have a sales area of about 1,860 square feet (store expansion) or 3,000 square feet (store relocation);
- In particular, both the proposed on-site store expansion and store relocation will feature an expanded produce department, a self-serve hot/cold foods bar, a greater selection of grab and go foods, and a larger self-serve coffee bar. In addition, the proposed store relocation will have a juice/smoothie bar, some foods made-to-order (e.g., sandwiches, breakfast items, or other items deemed appropriate by co-op management), and indoor/outdoor seating. Lastly, the co-op will have classroom/meeting space which could be maintained at its current location should the co-op retain ownership of the building after relocating its retail store to US Route 2.
- It is assumed that the competitive environment will remain unchanged throughout the forecast period with the possible exception of the opening of Granite City Grocery in Barre—although this co-op is expected to have a negligible impact on Plainfield Co-op as the co-op's sales are already limited from the Barre area due to the impact of other food stores (including Hunger Mountain Co-op);
- Growth in the natural food market at-large has historically been occurring at a rate of between 5% and 10% per year. However, sales for natural foods co-ops have slowed recently; therefore, a 2%-3% annual growth rate has been assumed throughout the forecast period; and
- Store maturity is expected to occur by the second year of operation for the proposed store.

#### IV. TRADE AREA CHARACTERISTICS

A food co-op trade area is generally defined as that area, closest to the store, within which the store obtains the majority of its volume. Further, it is defined as the geographic area within which the store has its highest levels of sales per capita. In short, it is the geographic area within which shoppers tend to gravitate toward a retail focal point in order to satisfy most, if not all, of their food shopping needs. Based on the CAT survey data gathered in March 2018, it appears that the trade area for Plainfield Co-op includes the northeastern portion of Washington County and a small portion of central Caledonia County. Specifically, the trade area extends about 4 straight-line miles to the south; approximately 5 straight-lines to the east; between 6 and 8 straight-line miles to the west; about 15 straight-line miles to the north; and approximately 21 straight-line miles to the northeast along US Route 2 up to, but not including, the community of St. Johnsbury. In addition, it should be noted that the trade area for Plainfield Co-op is almost entirely contained within the trade area for Hunger Mountain Co-op. Finally, the trade area for Plainfield Co-op accounts for 91% of the co-op's total sales, of which 81% originates from the community of Plainfield (i.e., census tract 9540.00).

Plainfield Co-op's trade area is shaped by several factors:

- The appeal of food co-ops is generally defined as much in terms of demographic characteristics as it is with respect to its convenience of location. As such, their trade areas are typically defined on the basis of where there are concentrations of demographically in-profile customers, rather than just geographic convenience.
- Trade areas are often defined in terms of patterns of access (such as major highways) or barriers (geographic, psychological/social, or man-made).
- Finally, a food co-op's trade area is often defined by the presence – or absence – of directly competitive units.

Within the trade area, there reside an estimated 11,200 persons which reside in households, which is lower than the trade area population levels of all but one co-op within the Co-op database. Among the trade area residents for Plainfield Co-op, 44% are located equally, or more convenient to another co-op (i.e., Hunger Mountain Co-op, Buffalo Mountain Food Co-op, and Adamant Co-op). In 2017, Plainfield Co-op achieved a sales per capita level of \$94 in its trade area. This means that, on an average per-capita basis, each and every household-based resident in the trade area spends an average of \$94 per year at

Plainfield Co-op. Relative to all other comparable-sized natural foods co-ops for which this type of data exists, this level of sales per capita (\$94) is slightly higher than the average trade area sales per capita level (\$90). Since sales per capita levels are inversely-related to trade area population levels, it would be expected that Plainfield Co-op's sales per capita level would be much higher than the average of \$90 given its very low trade area population level (i.e., only 11,200 persons that reside in households which is lower than the trade area population levels of all but one co-op within the Co-op database). Based on the CAT Survey data, it appears that Plainfield Co-op achieves its highest sales per capita level within Plainfield (i.e., census tract 9540.00). Conversely, sales per capita levels are lowest in the southwestern (i.e., census tract 9550.00) and northeastern (i.e., census tract 9576.00) peripheries of the trade area due to the competitive influence from (primarily) Hunger Mountain Co-op and increased distance away from the co-op, respectively.

The Trade Area Sales & Demographic Summary table for Plainfield Co-op attached to this report illustrates the sales per capita, total sales, population, and key demographic characteristics for the trade area, at the census tract level. The census tract numbers listed on the tables correspond to the census tracts shown on the trade area map attached at the end of this report. The key demographic characteristics listed on the table are those that have been found to be most closely associated with strong sales performance levels for co-op food stores. In general, the higher the levels of these demographic characteristics – singly, and more importantly in concert - the higher the sales per capita levels tend to be.

## V. FACILITY, SITE, AND LOCATION CHARACTERISTICS

This section will put forth an evaluation of the facility, site, and location characteristics of the proposed on-site expansion of the existing store. In addition, it will discuss the recommended facility, site, and location characteristics for the proposed store relocation site along US Route 2 in Plainfield.

**Proposed On-Site Expansion of Plainfield Co-op Store.** The existing store occupies a free-standing, 2-story building located on the northern side of Main Street (a 2-lane road with on street parking), just east of US Route 2 (a 2-lane road) in downtown Plainfield.

Facility Characteristics. Currently, the facility of the existing store is 4,400 square feet of total space with about 2,200 square feet on each level. In addition, there is about 1,200 square feet of sales area (all on the ground level). Based on preliminary information, it is assumed that an addition will be constructed on northern side of the facility resulting in an expansion of the sales area from 1,200 square feet to approximately 1,860 square feet. There is an unpaved, off-street parking lot for the co-op located on the eastern side of the facility and it is expected that the entrance for the co-op will continue to be located at the southeastern corner the facility. Overall, the facility for the proposed store expansion is rated moderately favorable as the market could support a larger store size (larger than 1,860 square feet of sales area), while still recognizing the fact that Plainfield Co-op will likely always represent a convenience-oriented food store (i.e., co-op customers will need to continue to supplement their weekly grocery purchases at other, larger food stores).

Site Characteristics. Visibility of the co-op from Main Street is obstructed primarily by the municipal building that is located immediately south of the co-op (and fronting Main Street). As previously mentioned, the co-op has an unpaved, off-street parking lot that provides for only 9 parking spaces. Typically, a food co-op with 1,200 square feet of sales area that is located in a rural area (where most customers arrive at the co-op via their cars) requires about 12-15 parking spaces for both co-op customers and staff—or about 18-24 parking spaces for the proposed on-site store expansion. Therefore, parking capacity does not appear to be adequate for the both the existing store and the proposed on-site store expansion. Ingress/egress of the co-op's parking lot is provided by one ingress-only access point and one egress-only access point along Main Street and is relatively unimpeded based on field observations. However, access from Main Street to

US Route 2 is somewhat challenging given the difficulty in seeing oncoming traffic along US Route 2. Overall, the site characteristics for the existing store are weak given the lack of visibility of the co-op from a major roadway, the limited parking capacity for the co-op, and the challenges associated with accessing US Route 2 (particularly during peak commute times).

## **PROPOSED RELOCATION SITE**

**Vicinity of US Route 2/Main Street.** At the request of co-op management, a “hypothetical store” for the relocation of the existing store was identified along US Route 2 in Plainfield. A store located along this roadway would benefit from its assumed prominent/highly visible location along a well-travelled roadway, as well as the good northeast/southwest accessibility provided by this roadway (in fact, it probably would have been more beneficial for the vibrancy of the Village of Plainfield if it was developed along this well-travelled roadway—similar to that of Danville—rather than along Main Street with no visibility from US Route 2 and challenging access from Main Street to US Route 2). Once a specific site has been identified by co-op management, its facility, site, and location characteristics should be evaluated. However, for the purposes of this study, a discussion of the recommended facility, site, and location characteristics for the proposed site will be presented at the end of this section.

**Location Characteristics.** Given the proposed relocation site’s proximity to the existing store, it is expected to serve the same trade area. With respect to population density, the trade area contains only 11,200 persons that reside in households which is substantially lower than the Co-op database average of 92,000 persons. In addition, the demographic composition of its trade area is fairly comparable to the Co-op database average with respect to most of the key demographic variables that positively influence co-op sales performance levels (e.g., college-education levels, persons employed in an arts/design/entertainment/sports/media, life/physical/social science, education-, or health-related occupation, and per capita income levels). In terms of accessibility, US Route 2 provides good northeast/southwest access for the co-op, while east/west access is more limited. In terms of retail synergy, Plainfield Co-op is considered to be weak as there is little retail activity in its vicinity (most of the retail activity is located along US Route 2). Overall, the location characteristics for Plainfield Co-op are considered weak, as the trade area

population base is quite small, retail synergy is weak, and access is more local-than-regional.

Recommended Facility, Site, and Location Considerations. There are three primary types of characteristics to evaluate when looking at potential food store locations. The first of these has to do with the facility itself, and includes such things as size (gross and sales area), layout on the site (relative to frontage streets, parking, adjacent tenants, etc.), condition, etc. The size of a food store is something that needs to be evaluated in terms of the sales potential that is available, the size and configuration of the site, and the format to be implemented. Generally speaking, a food store sales area accounts for about 60 - 65% of a store's gross size; for example, a 4,800 square foot store would typically have a sales area of about 3,000 square feet.

As to layout on the site, a grocery store facility can benefit from adjacent tenants – especially those types of tenants that appeal to the same customer profile. Tenants such as bookstores, yoga studios, bike stores, coffee shops, office supply stores, specialty bakeries or bagel shops, and other types of somewhat upscale specialty stores represent co-tenants that appeal to the same customer demographic characteristics as food co-ops, and therefore make desirable co-tenants. On the other hand, there are certain types of tenants that, while they may produce a certain amount of synergy, should not be situated too close to the food store. Sit-down restaurants, movie theaters, physical fitness clubs, or other large retail tenants that have high parking requirements tend to usurp food store parking spaces if they are situated too close to the food store customer entrance.

The second set of characteristics to be evaluated involves the site itself, relative to visibility, ingress/egress, and parking. Visibility should be as good as possible, in both distance and direction. That is, the store (or at a minimum its exterior signage) should be visible from as many directions as possible, and from as far away as possible. This is especially important with respect to the major access routes by which prospective shoppers would arrive at the store, for two primary reasons. First, it has been found that over 16% of the American population moves (changes residence) every year. Second, research has found that, upon moving to a new community, the average food shopper selects his/her new food store within just a few weeks of making their move. Taking these two findings into account, it is evident that a store's visibility is an important factor in determining whether it is included in – or excluded from – such consideration.

Another element of site characteristics is ingress/egress – the ease or difficulty with which shoppers can enter or leave the food store site. In this instance, consideration should be given to the position and orientation of major drive lanes in the food store parking lot; the number of entry/exit points; the type of traffic controls that exist to facilitate entry to or exit from the site; speed limits along frontage streets; the presence or absence of medians, left-turn lanes, and deceleration lanes; congestion along major frontage streets; and any other factors that either facilitate or hamper shoppers in their efforts to enter or leave the food store site.

Parking is another site characteristic that is very important to a food store. There are two aspects of parking to be reviewed: configuration and capacity. As to configuration, food store shoppers typically prefer to park within about 300 – 350 feet from the front door of the food store, and within sight of it. Drive lanes between rows of parking should be perpendicular, rather than parallel, to the food store façade. Parking capacity likewise is an important consideration. Numerous food store parking studies have demonstrated that ideal food store parking, especially for a rural or suburban-type store, can require up to 8 spaces per 1,000 square feet of food store GLA (gross leasable area), while parking for an urban-type store in a densely-settled market (where many people walk to, or use public transportation to get to the store) requires only 4 spaces per 1,000 square feet of food store GLA. This many spaces provides for employees as well as shoppers. As a practical matter, most food stores are considered to have adequate parking if they have at least 6 parking spaces per 1,000 square feet of food store GLA (or 29 parking spaces for a 4,800 square foot co-op). Obviously, the greater the ratio of parking spaces to store size, the better (within reason).

The third set of characteristics involves the location of the food store (which is different from the site). In this context, the word location is a marketing term, whereas the word site refers to physical characteristics in a real estate sense. Location characteristics to be evaluated include population density (and proximity of the store to it), demographic characteristics of the trade area population (and the extent to which the trade area is in-profile), trade area accessibility (the ease or difficulty with which trade area consumers can find and get to and from the store), nearby retail concentrations (and the extent to which they provide beneficial synergy), barriers (such as rivers, cemeteries, freeways, railroads, industrial corridors, etc.), and so forth.



## VI. COMPETITIVE ENVIRONMENT

Natural Foods competitors are defined as those stores that have a similar type of merchandise mix as Plainfield Co-op, and whose primary appeal is toward a similar type of customer clientele. Natural Foods competitors would include large-format stores such as Whole Foods, Earth Fare, Sprouts, Natural Grocers, Fresh Thyme, etc.; small-format stores; as well as other food co-ops.

Other Key competitors, on the other hand, are defined as food stores that, as part of their merchandise mix, carry certain products (or groups of products) that may compete directly with the type of merchandise that is carried by Plainfield Co-op. Key competitors include hybrid stores (i.e., Trader Joe's, The Fresh Market, etc.) which offer conventional items combined with an abundant selection of earth-friendly, all-natural and organic products; as well as conventional supermarkets (e.g., Shaw's, Hannaford, Price Chopper, etc.) and warehouse clubs (e.g., Costco, Sam's Club, BJ's Wholesale Club) whose primary thrust is more conventional in nature. Within the conventional supermarket group, there tend to be three levels of competition. The strong ones tend to be stores that carry natural and organic food in a "store within a store" concept, which usually constitutes about 1,500 square feet or more of sales area space. Medium conventional supermarkets generally have a selection of natural and organic food scattered throughout the sales area, in 4-foot, 8-foot or 12-foot sections in their related gondolas. For example, along the juice aisle there may be the usual selection of V-8, Hawaiian Punch, Cranapple, HI-C, etc., but there will also be a 4-foot section of Knudsen's and perhaps a 4-foot section of Hansen's natural/organic juices. Further, these sections are generally identified with some type of shelf talker or hanging banner. The weakest level of conventional competition consists of those supermarkets that carry a minimal amount of natural food, in which it is generally integrated with the conventional merchandise without any specific product identification.

The competitive environment faced by Plainfield Co-op is relatively strong, as there is currently one much larger food co-op (i.e., Hunger Mountain Co-op) located about 7.5 straight-line miles southwest of Plainfield Co-op. More specifically, Hunger Mountain Co-op operates an 11,500 square foot (sales area) store in downtown Montpelier. Given that this store has a much larger selection of merchandise and specialty/service departments than Plainfield Co-op (and its trade area encompasses most of Plainfield Co-op's trade area), its impact on the sales performance of Plainfield Co-op is very strong. In addition,

Adamant Co-op operates a store with about 750 square feet of sales area approximately 5 straight-line miles northwest of Plainfield Co-op. However, its small size and poor access will limit its competitive influence on Plainfield Co-op (and further, its competitive influence would be largely overshadowed by Hunger Mountain Co-op's impact on Plainfield Co-op). Buffalo Mountain Food Co-op operates a 2,000 square foot (sales area) store approximately 16 straight-line miles north of Plainfield Co-op; however, its distant location limits its competitive influence on Plainfield Co-op. Finally, Granite City Grocery may open a food co-op in Barre, Vermont in future years. Should this co-op open, its impact on Plainfield Co-op is expected to be negligible, as Plainfield Co-op's sales from the Barre area is already limited by the competitive influence of Hunger Mountain Co-op, as well as several other food store competitors.

There are also a few conventional grocery stores located near the co-op's trade area that are worth noting: Shaw's, Hannaford, Price Chopper, and Walmart. Shaw's and Hannaford typically feature a separate section or aisle of natural foods in their stores. Price Chopper and Walmart have some natural/organic food integrated with their conventional merchandise, usually without any product identification. In summary, the competitive environment faced by Plainfield Co-op is relatively strong, as there is a much larger food co-op located near its trade area (i.e., Hunger Mountain Co-op). Hunger Mountain Co-op not only benefits from a much larger store size than Plainfield Co-op, but also benefits from its location within a larger community with stronger retail synergy which attracts more prospective co-op shoppers to the Montpelier area.

## VII. STUDY METHODOLOGY

There were several activities carried out as part of this study. The first such activity involved identifying the extent of the trade area served by the existing store. In order to determine this, the store gathered sales transaction and customer address data for about 700 randomly-chosen shoppers during a representative, several day period of time during March 2018. For each shopper represented in the data, his/her transaction amount and address was gathered. The next step was to process the customer data and calculate the sales per capita levels that exist within each census tract in the trade area for the existing store. In order to do this, each customer address was geocoded to the census tract in which it is located. Then the transaction amounts for each census tract were aggregated, and subsequently divided by the total transactions reported for all survey respondents, in order to derive each census tract's percentage of the total (also called its capture rate).

The capture rate percentages were then applied against the store's 2017 annual sales volume, in order to determine the estimated annual sales that are derived from shoppers in each census tract. This census tract annual sales volume, when divided by the estimated current household-based population for the census tract, yielded an estimated average sales per capita level for each census tract in the relevant market area. This data was then used to refine the definition of the co-op's trade area. A table summarizing this data, called "Trade Area Sales & Demographic Summary" is attached at the conclusion of this report, along with a two-page description of the columns on the table.

The next step was to conduct fieldwork in the relevant market area, which occurred during May 2018. There were several purposes for this fieldwork:

- To identify and evaluate all relevant competitors within the study area;
- To define and observe the patterns of access that exist within the study area;
- To review first-hand the geographic and demographic characteristics of the study area;
- To evaluate general levels of retail synergy that exist near the store/relocation site and throughout the study area; and
- To provide sales forecasts for the proposed store expansion and relocation site.

Upon completion of the fieldwork, all primary and secondary data were reviewed and analyzed. This included a review of the trade area definition in light of the fieldwork observations, a review of the competitive environment, and forecasting the sales for the proposed new/larger store. In order to develop the sales forecast, a proprietary database of co-op food store sales penetration levels was used, and the trade area performance levels of analogous co-op food stores were reviewed. This database contains trade area definitions, capture rates, and sales penetration levels for approximately 100 co-op food stores across the U.S. These database stores represent many different regions of the country, market area sizes, location types, facility sizes, merchandising images, operational practices and market area demographic characteristics. For each of the analogous database stores, trade area sales per capita rates were studied and adjusted on the basis of relevant differences between the database stores and the proposed store, in order to determine the estimated levels of sales penetration likely to be achieved by the proposed store. More specifically, after determining the anticipated trade area to be served by the proposed store, the population and demographic characteristics for each census tract in the proposed trade area were assembled. Then, using analogous information from other co-ops in the proprietary database, an estimated sales per capita rate was projected for each census tract. This rate, when multiplied by each tract's population, would result in an estimate of the sales dollars to be derived from each trade area census tract. Then, after summing these census tract sales for the defined trade area, the level of sales that would likely be achieved from beyond the trade area was determined. The total of trade area and beyond-trade-area sales would constitute the total sales forecast for the proposed new/larger store. The basic premise of an "Analog"-based sales projection is that census tracts in a proposed store's trade area that have similar demographic/competitive/situational characteristics as census tracts in an existing store's trade area should yield similar sales levels. Therefore, the sales projection for a new store is based on the actual sales performance of existing stores, and not secondary data such as estimated natural/organic foods expenditure potential. Once the sales forecast analyses were completed, this report summarizing the key findings and conclusions, as well as the recommended course of action, was prepared.

## DESCRIPTION OF COLUMNS IN TRADE AREA DEMOGRAPHIC SUMMARY TABLE

**CENSUS TRACT:** The census tract as defined by the U.S. Government in 2017.

**DRIVE DIST:** The driving distance (in miles) from the population center of the census tract to the site/store.

**2017 POP:** The total population in the census tract in 2017.

**GROUP QTRS:** The number of persons in the census tract that reside in group quarters (such as nursing homes, hospitals, prisons or other institutions); in general these persons do not shop for food at home.

**2017 POP IN HH:** The population in the census tract in 2017 that resides in households (i.e., the total population less those living in group quarters).

**% IN-PROFILE OCC:** The percentage of the workforce in the census tract that is engaged in educational, health diagnosing/treating, arts/design/entertainment/sports/media, and life/physical/social science occupations (defined in terms of Bureau of the Census employment categories).

**% COLLEGE GRAD:** The percentage of adult persons in the census tract with at least a four-year college degree.

**% WORK AT HOME:** The percentage of the workforce in the census tract that works at home.

**% NON FAMILY HH:** The percentage of the households in the census tract that are not occupied by families.

**2017 PER CAPITA INC:** The per capita income level for the census tract.

## GLOSSARY OF SELECTED TERMINOLOGY

<b>CAPTURE RATE:</b>	A number that represents the percentage of a store's sales base that is derived from a specifically-defined geographic area (a town, a county or a census tract).
<b>NATURAL FOODS COMPETITOR:</b>	A store that is similar to the study store in terms of its merchandise mix, its customer clientele, its image and its customer appeal.
<b>OTHER KEY COMPETITORS:</b>	A store that may carry <u>some</u> of the type of merchandise carried by the study store, but where the primary (or a significant) thrust is either with a different merchandise mix, a different customer clientele, a different image, and/or a different customer appeal.
<b>MARKET AREA:</b>	A term used to describe an overall area of influence, such as the "City/Town Market Area."
<b>MATURITY:</b>	That point in time when a new store has reached its forecasted level of sales; generally fairly soon (for the n <sup>th</sup> store in an existing market area) to several years (for a new store in a new market).
<b>SALES PENETRATION:</b>	A store's sales that are derived from a specific geographic area (such as a town, county, census tract or trade area) divided by the population of that geographic area; also called sales/capita or sales/person.
<b>SALES POTENTIAL/FORECAST:</b>	For a proposed store, given certain assumed facility, site, and location characteristics, the sales level it could be expected to achieve.
<b>TRADE AREA:</b>	The geographic area from which a retail store typically obtains at least 65%, and perhaps as much as 85%, of its sales.



## SALES FORECAST SUMMARY

### Proposed On-Site Expansion of Plainfield Co-op 153 Main Street Plainfield, VT

	Proposed Store Expansion	Plainfield Co-op Plainfield, VT	Co-op Database Store Average
Sales Area (Sq.Ft.)	1,860	1,200	6,419
Analog Sales per Selling Sq. Ft.	\$804	\$967	\$1,569
<b><u>Key Forecasting Variables</u></b>			
Total Population	11,240	11,240	97,393
Group Quarters Population	2	2	5,396
Total Population in Households	11,238	11,238	91,997
% In-Profile Occupations	18%	18%	19%
% Work at Home	10%	10%	6%
% College Graduate	38%	38%	41%
% Non-Family Households	33%	33%	43%
Per Capita Income	\$31,651	\$31,651	\$30,971
% Annual Population Growth	-0.4%	-0.4%	0.5%
% Pop More Convenient to other Co-op	44%	44%	15%
% Pop More Convenient to Large-Format Nat Foods Competitor	0%	0%	18%
% Pop More Convenient to Small-Format Nat Foods Competitor	0%	0%	18%
% Pop More Convenient to Hybrid Competitor	0%	0%	18%
% Pop More Convenient to Conventional Competitor	41%	41%	83%
<b><u>Analog Sales Forecast</u></b>			
Analog Trade Area Sales per Capita	\$121.25	\$94.03	\$90.86
Analog Trade Area Sales	\$1,362,608	\$1,056,737	\$8,358,727
% Trade Area Sales	91%	91%	85%
Analog Sales from Beyond Trade Area	\$133,120	\$103,238	\$1,714,801
% Sales from Beyond Trade Area	9%	9%	15%
Analog Total Sales	\$1,495,728	\$1,159,975	\$10,073,528
<b><u>Final Sales Forecast</u></b>			
2022 Total First-Year Sales	<b>\$1,607,665 *</b>		
2023 Total Second-Year Sales	<b>\$1,734,586 *</b>		
2024 Total Third-Year Sales	<b>\$1,777,951 *</b>		
2025 Total Fourth-Year Sales	<b>\$1,822,399 *</b>		

**\* This sales projection assumes the following:**

Future Annual Sales Growth of =	3% (Based on historical sales growth trends of existing co-op stores)
First-Year Maturity Impact of =	95%
Second-Year Maturity Impact of =	100%
Third-Year Maturity Impact of =	100%
Fourth-Year Maturity Impact of =	100%



## SALES FORECAST SUMMARY

### Proposed Store Relocation of Plainfield Co-op Route 2, Near Main Street Plainfield, VT

	Proposed Store Relocation	Plainfield Co-op Plainfield, VT	Co-op Database Store Average
Sales Area (Sq.Ft.)	3,000	1,200	6,419
Analog Sales per Selling Sq. Ft.	\$782	\$967	\$1,569
<b><u>Key Forecasting Variables</u></b>			
Total Population	11,240	11,240	97,393
Group Quarters Population	2	2	5,396
Total Population in Households	11,238	11,238	91,997
% In-Profile Occupations	18%	18%	19%
% Work at Home	10%	10%	6%
% College Graduate	38%	38%	41%
% Non-Family Households	33%	33%	43%
Per Capita Income	\$31,651	\$31,651	\$30,971
% Annual Population Growth	-0.4%	-0.4%	0.5%
% Pop More Convenient to other Co-op	44%	44%	15%
% Pop More Convenient to Large-Format Nat Foods Competitor	0%	0%	18%
% Pop More Convenient to Small-Format Nat Foods Competitor	0%	0%	18%
% Pop More Convenient to Hybrid Competitor	0%	0%	18%
% Pop More Convenient to Conventional Competitor	41%	41%	83%
<b><u>Analog Sales Forecast</u></b>			
Analog Trade Area Sales per Capita	\$172.15	\$94.03	\$90.86
Analog Trade Area Sales	\$1,934,622	\$1,056,737	\$8,358,727
% Trade Area Sales	83%	91%	85%
Analog Sales from Beyond Trade Area	\$410,374	\$103,238	\$1,714,801
% Sales from Beyond Trade Area	18%	9%	15%
Analog Total Sales	\$2,344,996	\$1,159,975	\$10,073,528
<b><u>Final Sales Forecast</u></b>			
2022 Total First-Year Sales	<b>\$2,520,490 *</b>		
2023 Total Second-Year Sales	<b>\$2,719,476 *</b>		
2024 Total Third-Year Sales	<b>\$2,787,463 *</b>		
2025 Total Fourth-Year Sales	<b>\$2,857,150 *</b>		






**\* This sales projection assumes the following:**

Site Characteristics =	Assumes that the proposed store will be visible from US Route 2; it will have at least 29 off-street, "co-op only" parking spaces for both co-op customers and staff; and ingress/egress of its parking lot will be relatively unimpeded.
Future Annual Sales Growth of =	3% (Based on historical sales growth trends of existing co-op stores)
First-Year Maturity Impact of =	95%
Second-Year Maturity Impact of =	100%
Third-Year Maturity Impact of =	100%
Fourth-Year Maturity Impact of =	100%




# Plainfield Food Co-op Sales Distribution

**Legend**


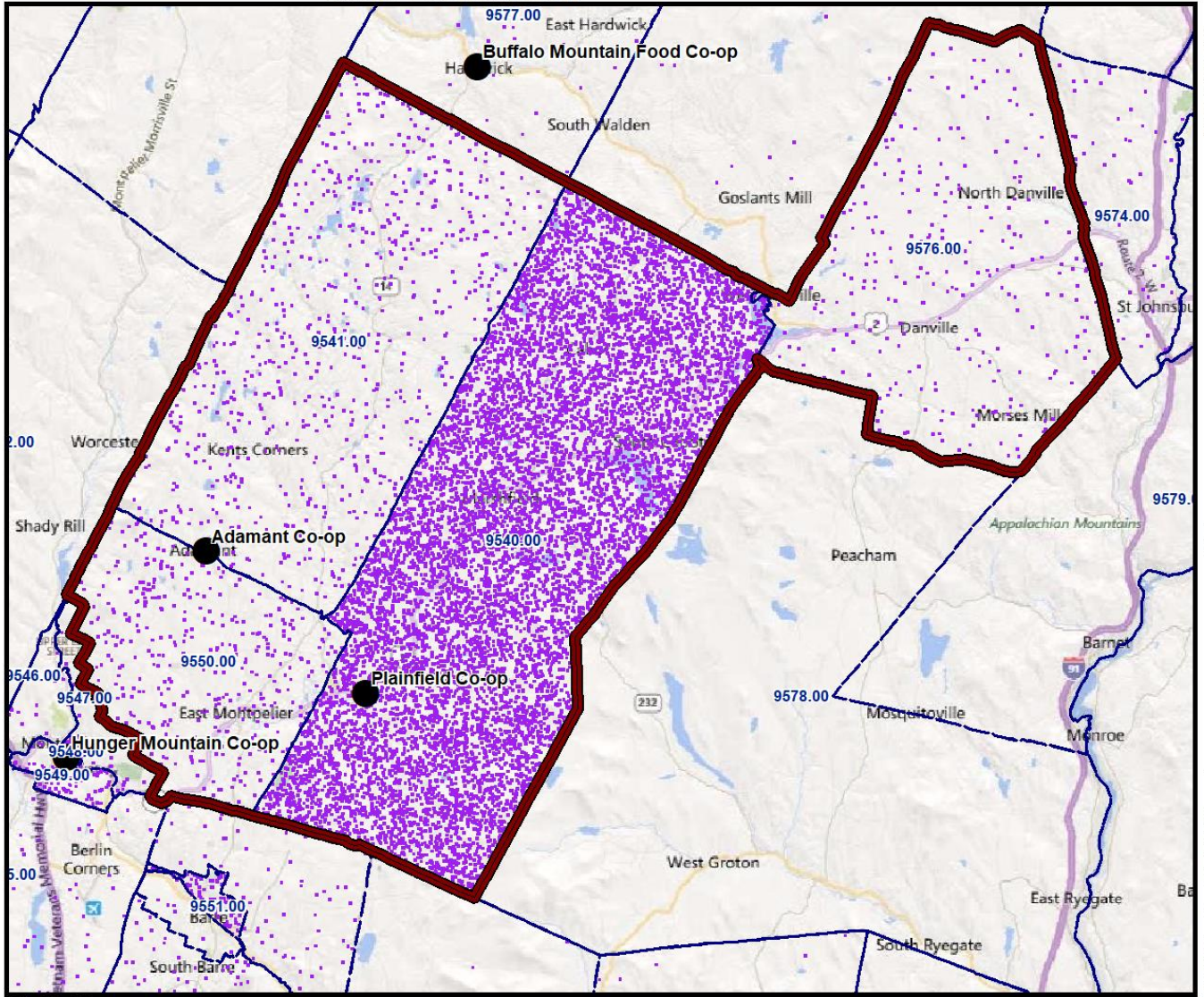
-  Custom Boundary
-  Existing Co-op Stores
-  Natural Foods Competitor
-  Hybrid Competitor
-  Census Tracts

2017 VT\_Plainfield  
CAT Survey  
1 Dot = \$100

Site Coordinates  
Longitude/X: -72.422685  
Latitude/Y: 44.277749



Miles

G2G 240-001

Print Date: 23 May 2018

Data Source:

© 2016 Cadberry Group LLC. All Rights Reserved.



# Trade Area Sales & Demographic Summary

## Plainfield Co-op

### 153 Main Street

### Plainfield, VT

#### Trade Area Demographics

Census Tract	Drive Dist	2017 Pop	Group Qtrs	2017 Pop in HH	% In-Profile Occ	% College Grad	% Work at Home	% Non Family HH	2017 Per Capita Income	2017 Sales per Capita	2017 Sales	Capt Rate	
9550.00	6.6	2,494	0	2,494	22%	48%	7%	31%	\$34,039	\$13.71	\$34,196	2.9%	
9540.00	8.0	4,180	2	4,178	15%	34%	10%	33%	\$29,356	\$223.66	\$934,453	80.6%	
9541.00	13.3	2,420	0	2,420	19%	42%	10%	36%	\$31,813	\$26.50	\$64,136	5.5%	
9576.00	25.5	2,146	0	2,146	15%	32%	14%	30%	\$33,161	\$11.16	\$23,952	2.1%	
<b>Trade Area Totals:</b>		11,240	2	11,238	18%	38%	10%	33%	\$31,651	\$94.03	\$ 1,056,737	91.1%	
											<b>2017 Beyond-the-Trade Area Sales Volume:</b>	\$ 103,238	8.9%
											<b>2017 Total Sales Volume:</b>	\$ 1,159,975	100.0%