

April 18, 2023

Co-op Management
Plainfield Co-op
153 Main Street
Plainfield, VT 05667

Reference: In-Office Sales Forecast Updates

To Co-op Management:

As requested, I have completed in-office sales forecast updates for the expansion of the existing Plainfield Co-op store, as well as the possible relocation of the existing store to a larger facility along US Route 2. Specifically, this 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. And given the possibility that the proposed store expansion may not provide the co-op with adequate financial stability, this study also evaluates the sales potential for the proposed relocation of its existing store to a hypothetical store location (and not a specific building/address) along US Route 2 that would provide for about 3,000 square feet of sales area. And given the significant amount of time that has elapsed since the original market study (in May 2018), an updated Customer Address and Transaction (CAT) Survey was completed at the existing store in order to incorporate more recent sales performance data into this study. The remainder of this letter will summarize the results of the CAT survey data analysis and sales forecast updates. It's important to note that the results presented in this letter do not address the profitability of either the store expansion or store relocation. The financial feasibility/pro-forma analysis of both options will be addressed in the work performed by Don Moffitt.

CAT Survey Data Analysis

Based on the CAT survey data collected in February 2023, it appears that the trade area for Plainfield Co-op 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 to include part of Danville. 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 96% of the co-op's total sales, of which 80% originates from the communities of Plainfield and Marshfield (i.e., census block groups 500239540002 and 500239540003). Please refer to the Sales Distribution map and Trade Area Sales & Demographic Summary table attached to this letter.

The current trade area for Plainfield Co-op is essentially the same as the trade area from the previous study (May 2018). The only difference is that census block group geography was used for the current trade area analysis versus the census tract geography that was used for the previous trade area analysis (this allowed for a more detailed analysis of the co-op's sales distribution as census tracts are comprised of one or more block groups). Lastly, the proportion of the co-op's total sales that is generated in the current trade area

is slightly higher than that of the previous trade area (i.e., 96% for the current trade area versus 91% for the previous trade area).

Sales Forecast Analyses

While there is no definitive open date for either the proposed store expansion or proposed store relocation, it is presumed for now that the new/larger store will open in 2025, thus making 2026 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 annual sales forecasts for the proposed on-site expansion or proposed relocation of Plainfield Co-op would be:

**Annual Sales Forecasts
Plainfield Co-op**

<u>Year of Operation</u>	<u>On-Site Store Expansion</u>	<u>Store Relocation to US Route 2</u>
First Year (2026)	\$1.32 million	\$2.23 million
Second Year (2027)	\$1.42 million	\$2.39 million
Third Year (2028)	\$1.45 million	\$2.44 million
Fourth Year (2029)	\$1.48 million	\$2.49 million

In developing the sales forecast update for the proposed store expansion, it is assumed that the co-op will significantly expand its selection of grab and go foods (including some hot foods that can be displayed in a warming oven) and will offer more clean/conventional foods (i.e., foods that do not contain high fructose corn syrup, artificial ingredients, etc.) which are still considered healthy foods but are typically more affordable than pure natural and organic foods. And while the store expansion may not necessarily broaden the co-op’s customer base, it will enable the co-op to benefit from the increased demand for fresh/prepared foods, thus contributing to higher sales. However, overall sales for the store expansion will continue to be hampered by its limited parking capacity, its lack of visibility from a major roadway (hampering awareness of the co-op), as well as its low trade area population level and the strong competitive influence from Hunger Mountain. Hunger Mountain has a much larger selection of merchandise 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.

In order for Plainfield Co-op to overcome the parking limitations and visibility concerns associated with the location of its existing store and as such, 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/near Plainfield. This would allow the co-op to more fully expand its prepared foods department (including indoor seating), its produce department, and its meat department (including meat substitutes), in particular. The proposed store relocation to a highly visible/prominent location along US Route 2 should enable the co-op to broaden its customer base and its much larger size should translate into higher transaction amounts (due to its increased product offering). And while the store relocation will enable the co-op to eliminate (or significantly reduce) any parking and visibility/access/awareness issues, higher sales would still be hampered by its low trade area population level and the competitive influence from Hunger Mountain. In addition,

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Plainfield Co-op's sales performance is also impacted by other food store competitors (e.g., from Plainfield Hardware and General Store, Fox Market and Bar, Marshfield Village Store), but not to the same extent as the much larger sized Hunger Mountain. Nevertheless, if Plainfield Co-op were to acquire one of these nearby food store competitors for its store relocation on Route 2 (e.g., Plainfield Hardware and General Store), it would eliminate one of its competitors, and as a result, the sales for the store relocation would be somewhat higher than the projected sales volume presented in this letter.

Co-op management has also expressed its concern regarding the potential closure of Main Street bridge from April through September of 2028. Should this occur, sales at the existing store location are expected to decline by between -12% and -17%. This estimate is based on an analysis of the co-op's sales distribution as determined by the CAT Survey data collected during February 2023.

The sales forecast updates for the proposed store 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 and a greater selection of grab and go foods (including some hot grab and go foods displayed in a warming oven) and clean/conventional foods; although there will be a much wider selection of these foods, as well as more produce and meat/meat substitutes at the store relocation due to its much larger assumed size). In addition, the proposed store relocation will have some indoor (and possibly outdoor) seating.
- It is assumed that the competitive environment will remain unchanged throughout the forecast period.
- A 2% annual growth rate has been assumed throughout the forecast period.
- The new/larger is expected to reach its mature level of sales by its second year of operation.

I hope this information is helpful in your planning efforts. Please feel free to contact me if you have any questions regarding this analysis.

Sincerely yours,

Debbie Suassuna
Location Research Consultant

Attachments



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	6,808
Mature Sales per Sales Area Sq Ft	\$692	\$893	\$1,456
<u>Key Variables</u>			
Total Population	10,849	10,849	99,691
Group Quarters Population	25	25	4,634
Total Population in Households	10,824	10,824	95,057
% In-Profile Occupations	18%	18%	19%
% Work at Home	12%	12%	9%
% College Graduate	42%	42%	44%
% Non-Family Households	36%	36%	44%
Per Capita Income	\$36,808	\$36,808	\$41,329
% Annual Population Growth	0.0%	0.0%	0.5%
<u>Mature Sales</u>			
Trade Area Sales per Capita	\$114.00	\$94.92	\$81.35
Trade Area Sales	\$1,233,936	\$1,027,363	\$7,733,065
% Trade Area Sales	96%	96%	80%
Sales from Beyond Trade Area	\$52,831	\$43,987	\$2,177,020
% Sales from Beyond Trade Area	4%	4%	20%
Total Sales	\$1,286,767	\$1,071,350	\$9,910,085
<u>Final Sales Forecast</u>			
2026 Total First-Year Sales	\$1,323,196 *		
2027 Total Second-Year Sales	\$1,420,695 *		
2028 Total Third-Year Sales	\$1,449,109 *		
2029 Total Fourth-Year Sales	\$1,478,091 *		

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

Future Annual Sales Growth of =	2% (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 US 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	6,808
Mature Sales per Sales Area Sq Ft	\$722	\$893	\$1,456
<u>Key Variables</u>			
Total Population	10,849	10,849	99,691
Group Quarters Population	25	25	4,634
Total Population in Households	10,824	10,824	95,057
% In-Profile Occupations	18%	18%	19%
% Work at Home	12%	12%	9%
% College Graduate	42%	42%	44%
% Non-Family Households	36%	36%	44%
Per Capita Income	\$36,808	\$36,808	\$41,329
% Annual Population Growth	0.0%	0.0%	0.5%
<u>Mature Sales</u>			
Trade Area Sales per Capita	\$176.00	\$94.92	\$81.35
Trade Area Sales	\$1,905,024	\$1,027,363	\$7,733,065
% Trade Area Sales	88%	96%	80%
Sales from Beyond Trade Area	\$259,776	\$43,987	\$2,177,020
% Sales from Beyond Trade Area	12%	4%	20%
Total Sales	\$2,164,800	\$1,071,350	\$9,910,085
<u>Final Sales Forecast</u>			
2026 Total First-Year Sales	\$2,226,087 *		
2027 Total Second-Year Sales	\$2,390,114 *		
2028 Total Third-Year Sales	\$2,437,916 *		
2029 Total Fourth-Year Sales	\$2,486,675 *		

*** 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 =	2% (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%

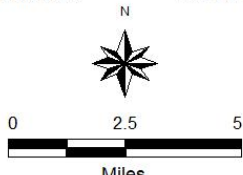
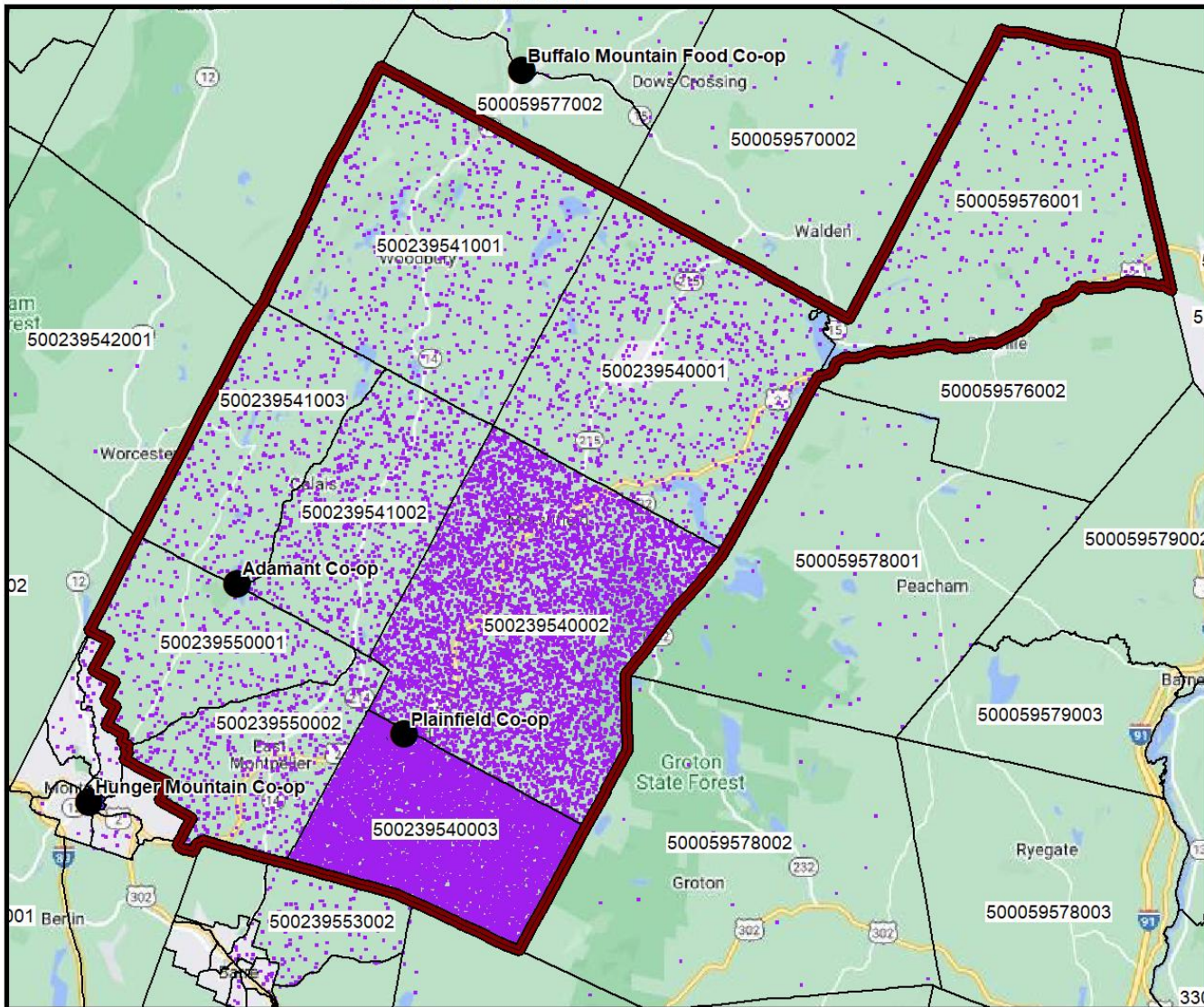
Plainfield Co-op Sales Distribution

Legend

-  Custom Boundary
-  Existing Co-op Stores
-  Hybrid Competitor
-  Natural Foods Competitor
-  Block Groups

2023 VT_Plainfield
CAT Survey
1 Dot = \$50

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

G2G 240-002

Print Date: 10 March 2023

Data Source:

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Trade Area Sales & Demographic Summary

Plainfield Co-op

153 Main Street

Plainfield, VT

Trade Area Demographics

Block Group	Drive Dist	2022 Pop	Group Qtrs	2022 Pop in HH	% In-Profile Occ	% College Grad	% Work at Home	% Non Family HH	2022 Per Capita Income	2022 Sales per Capita	2022 Sales	Capt Rate
500239540003	3.4	1,213	20	1,193	18%	49%	11%	44%	\$37,426	\$462.87	\$552,203	51.5%
500239550002	4.6	1,525	0	1,525	19%	43%	10%	37%	\$37,769	\$16.32	\$24,882	2.3%
500239540002	6.1	1,618	0	1,618	19%	39%	16%	30%	\$34,856	\$186.12	\$301,140	28.1%
500239541002	6.7	822	0	822	18%	45%	12%	20%	\$38,184	\$43.82	\$36,022	3.4%
500239550001	8.0	1,001	0	1,001	32%	64%	12%	40%	\$46,988	\$13.73	\$13,743	1.3%
500239541003	11.2	896	0	896	10%	54%	11%	36%	\$39,866	\$16.56	\$14,836	1.4%
500239540001	15.3	1,474	5	1,469	10%	37%	11%	31%	\$26,660	\$28.81	\$42,321	4.0%
500239541001	15.9	906	0	906	16%	31%	10%	33%	\$38,979	\$32.58	\$29,515	2.8%
500059576001	28.3	1,394	0	1,394	20%	30%	9%	42%	\$36,720	\$9.11	\$12,701	1.2%
Trade Area Totals:		10,849	25	10,824	18%	42%	12%	36%	\$36,808	\$94.92	\$ 1,027,363	95.9%
											2022 Beyond-the-Trade Area Sales Volume:	\$ 43,987 4.1%
											2022 Total Sales Volume:	\$ 1,071,350 100.0%