

Retail Shopping and Service in Chillicothe

The bulk of the work was accomplished by the following students...

- Jackie Sensue (team leader)
- Ryan Hoffner
- Sada Frye

It must be noted that these students are not survey or retail specialists. They are communications and management majors. They were invited to be a part of the study because of their reliability, interpersonal skills and maturity. The only thing they gain from their work is knowledge about the process and 4 quarter hours of credit.

These students were particularly helpful since all are long-time residents of the area. Ryan and Sada are currently employed in the retail and service sector and have lived in Ross County their entire lives. Jackie is currently a resident of Chillicothe but has roots in Scioto County. Since the counties south of Chillicothe were estimated to be of particular interest to the project, Jackie's insights were especially useful.

The project's primary goal is to better define the so-called "catchment" area for retail and service organizations in Chillicothe. There has been a lot of talk about Chillicothe being a key retail and service hub for Southern Ohio. The plan is to gather facts and data to better define the service area for Chillicothe.

Ohio University Chillicothe recently established an office to gather, manage and report economic data that may impact the Chillicothe area. These findings will be reported to that entity and its director, Dr. Sharestani. This information would then be available to anyone seeking facts and data about the Chillicothe "catchment" area.

The Chillicothe-Ross Chamber of Commerce agreed to assist making contacts.

From this experience, the students were expected to develop their skills and knowledge in Critical thinking; Interviewing; Project management and Creativity.

The initial phase of the study was to interview community leaders (who may have interest and or insight into the study's topic). We found these folks eager to discuss the topic and help in any way they could. They thought that the study had merit and were very interested in learning the results.

We had hoped that some facts/data would have currently existed and that we could begin the project with at least some statistical information. The people we interviewed were not able to provide the existing data we had anticipated. They did offer assistance and gave us a few ideas for how we might proceed. We did enjoy meeting and talking with these community leaders.

We also conducted an internet and library search to see what other communities have done in this regard. We also asked the Chamber of Commerce Director to see what sort of data other communities were using to characterize their community's service area. We were very surprised to find little useful information. It seems other communities are largely depending on rhetorical comments to support their beliefs about service area.

We did find one website that was particularly helpful. The University of Wisconsin-Extension (www.uwex.edu/ces/cced) has a website that directly addresses the questions we had hoped to address. After reading the material (see attached) we realized that there were at least 3 ways to reasonably quantify (with some degree of certainty) what a service area would be...

- ❑ Obtain sales information from a sample of area retailers.
- ❑ Conduct a license tag survey.
- ❑ Use the "Gravity" model as described on the Wisconsin website.

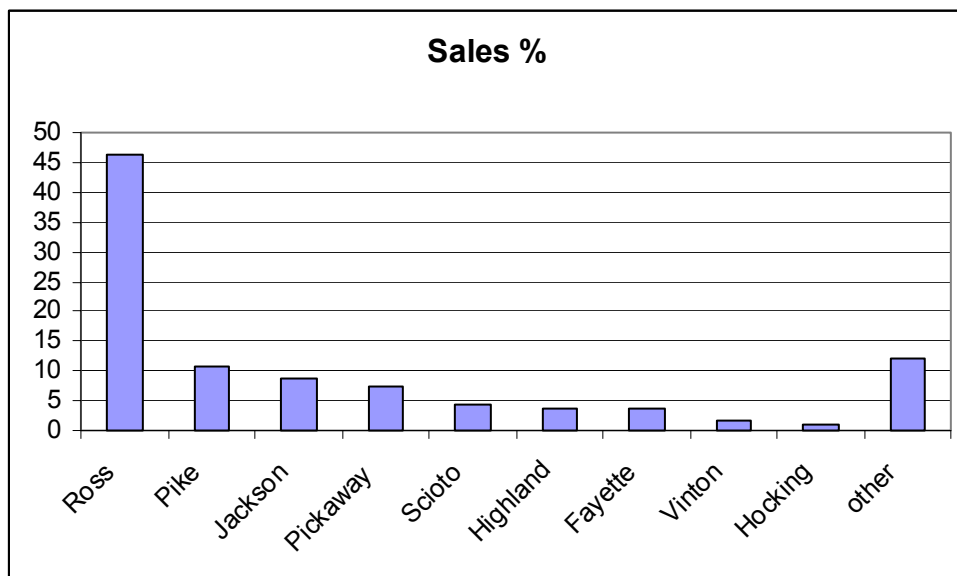
Of the three approaches, the sales information approach offers the greatest potential... If, the retailers and service providers actually have the data and...are willing to share that data. This was the focus of first phase of our information collection process.

We contacted a sampling of large and unique retailers (the ones we hoped would have the data and would show the largest service area). The managers in these stores agreed to meet and discuss the project, however, these very busy people were not able to help as much as we had hoped. Most of these folks were "operations" oriented. The "bigger picture" people were in their corporate office. Without it being said, there was probably some reluctance to share sales information (even though we went to great lengths to assure confidentiality).

We were able to obtain sales data from three major retailers and have three others "working on it" (unlikely will amount to anything). We estimate that these large and unique operations represent the largest and most consistent level of "reach". We realize that a limited amount of shoppers (from an even greater distance) will buy in Chillicothe in order to find extremely unique and rare services or for other more personal and disparate reasons.

Following is the data acquired from those stores. This information certainly supports the concept that Chillicothe is a regional shopping center. All but Scioto are contiguous counties. It is not surprising that Scioto would be a significant source of shoppers because of the ease of access via route 23 (4 lanes). We were a little surprised that the Pickaway number was so high because of its proximity to Lancaster and Columbus.

Fayette	3.7
Highland	3.8
Hocking	1
Jackson	8.8
Pickaway	7.5
Pike	10.8
Ross	46.3
Scioto	4.2
Vinton	1.8
Other	12.1



In our research we discovered a market analysis tool named “Reilly’s Law of Retail Gravitation”. There is a formula involved (see attachment) but, more important is the theory behind the principle. This theory gave us a model to better explain our thoughts. Simply stated, each community will have a given amount of “retail pull/gravity” based on the size of its population (the bigger the community the bigger the attraction). Competing communities will try to attract customers with the size of the community and proximity largely driving those decisions (along with the quality of the roads and quality of retailers and service providers). For example, it is clear why folks from Jackson are naturally attracted to Chillicothe (it is bigger, has more stores, has relatively easy access and there are no other significant communities pulling against Chillicothe). Shoppers from Scioto

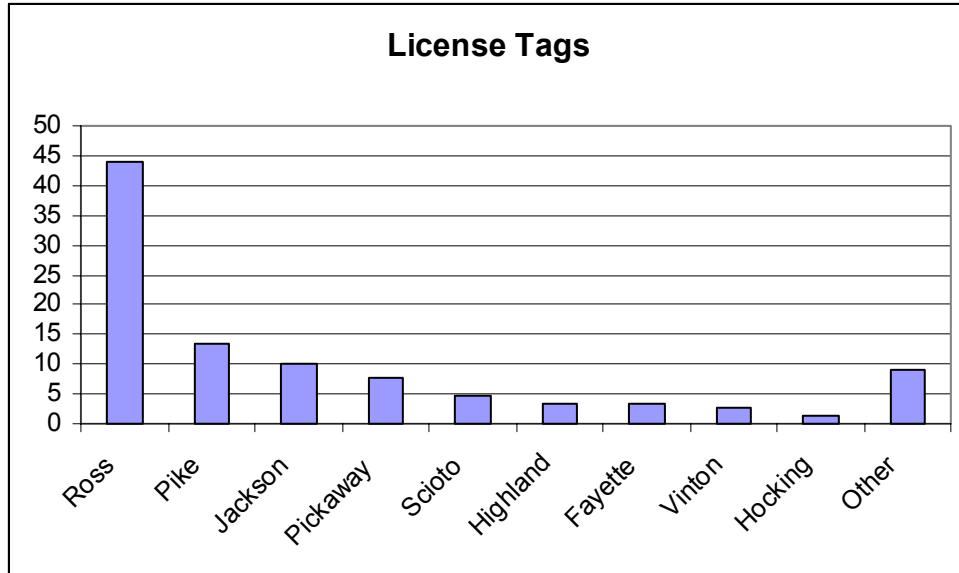
County are pulled by both Chillicothe and Ashland (both have good access so the quality of shopping and service options are critical).

We were surprised to see the number of shoppers from Pickaway County although they are close to the significant gravitational pull of Columbus and Lancaster. Our theory is that route 23 congestion (north of Chillicothe) is a serious barrier to shoppers going to Columbus (either from Chillicothe or Circleville). We believe that “south of Columbus” shoppers are and will continue to seek options for shopping in Columbus (bodes well for Chillicothe).

While route 23 congestion helps the “gravity” of Chillicothe, the growing ease of moving west via route 35 helps the pull of Washington Court House (outlet mall) and the west side of Dayton (Fairfield Mall). As previously mentioned, the pull of Ashland should also be considered with the significant Scioto county population.

The next phase of work was to conduct a license tag survey. We decided to sample 1000 vehicles on Bridge Street during the afternoon on a typical winter weekend. We expected this to fairly assess “shopping reach” (certainly a holiday weekend or very comfortable summer weekend may demonstrate even longer “reach”). The chart below shows very similar information to the preceding sales chart.

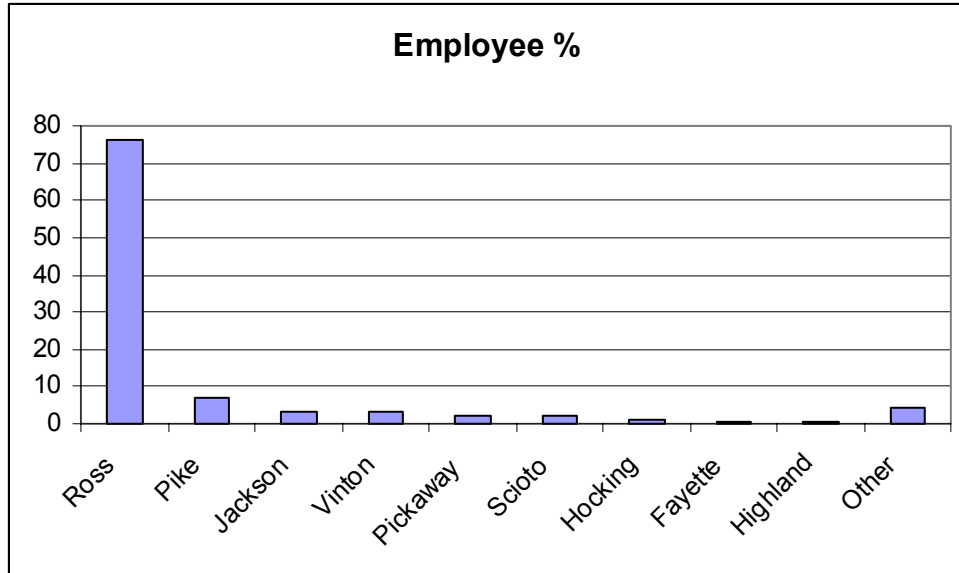
	<i>Sales%</i>	<i>License %</i>
Fayette	3.7	3.4
Highland	3.8	3.5
Hocking	1	1.4
Jackson	8.8	10.1
Pickaway	7.5	7.8
Pike	10.8	13.4
Ross	46.3	43.8
Scioto	4.2	4.8
Vinton	1.8	2.8
Other	12.1	9.0



We were pleased to see the similarity in numbers comparing sales % to the license plate survey. The simple process took very little time and could easily be replicated in future studies.

In one of our initial interviews, a Chamber of Commerce member suggested we tabulate the home-counties for a sample group of major employers in Chillicothe. The assumption is that people will shop where they work (particularly if the shopping location is convenient and the retail and service organizations offer unique and/or quality products). We were very fortunate to obtain employee data from three of the largest employers in the area (3,763 employees).

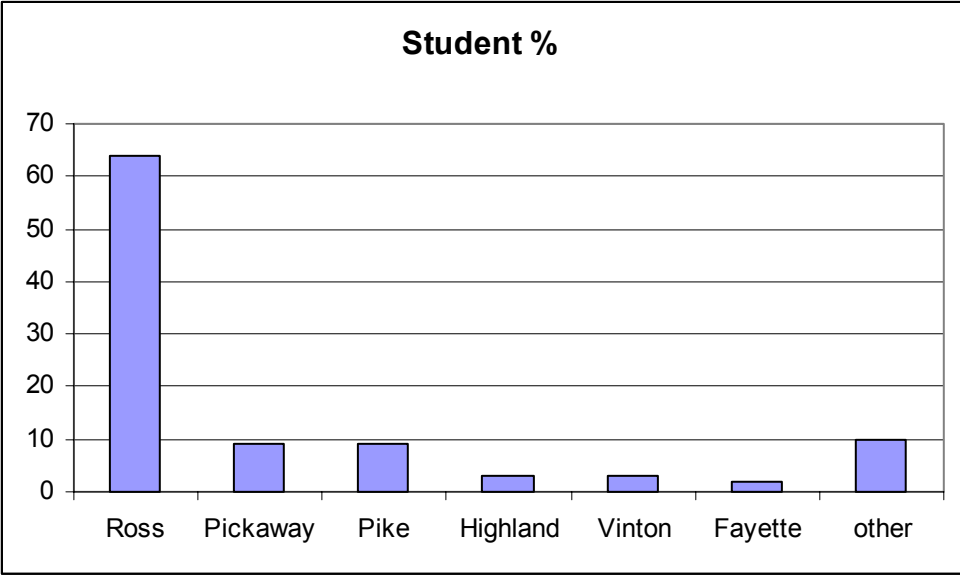
	<i>Sales %</i>	<i>License %</i>	<i>Employee%</i>
Fayette	3.7	3.4	.7
Highland	3.8	3.5	.4
Hocking	1	1.4	.9
Jackson	8.8	10.1	3.1
Pickaway	7.5	7.8	2.4
Pike	10.8	13.4	6.9
Ross	46.3	43.8	76.0
Scioto	4.2	4.8	2.4
Vinton	1.8	2.8	3.0
Other	12.1	9.0	4.2



The employee data suggests that people are willing to drive longer distances to shop than to work. The numbers also show that the counties that provide the largest % of shoppers are the same counties that supply employees. The only exception to this was Franklin County which provided 1.6% of employees surveyed. A commuting study by Ohio State University Extension Data Center (www.osuedc.org/profiles) showed 3528 employees per day entering Ross County from surrounding counties. That same study showed 5274 people leaving Ross County on a daily basis to work in nearby counties...however, all but 1407 travel to counties with fewer shopping and service options (giving Ross a theoretical net gain of 2121 potential shoppers each day from commuters).

We were provided home-county information for Ohio University Chillicothe students. Again, was another piece of data that might reasonably represent the reach of Chillicothe.

	<i>Sales %</i>	<i>License %</i>	<i>Employee%</i>	<i>Student%</i>
Fayette	3.7	3.4	.7	2
Highland	3.8	3.5	.4	3
Hocking	1	1.4	.9	
Jackson	8.8	10.1	3.1	
Pickaway	7.5	7.8	2.4	9
Pike	10.8	13.4	6.9	9
Ross	46.3	43.8	76.0	64
Scioto	4.2	4.8	2.4	
Vinton	1.8	2.8	3.0	3
Other	12.1	9.0	4.2	10



It was not surprising to see a limited number of students coming from Hocking, Jackson and Scioto counties since they are in close proximity to Hocking Tech, Ohio University Athens and Shawnee State. The student numbers certainly reinforce the idea that Chillicothe is a key provider of products and services for its immediate county neighbors.

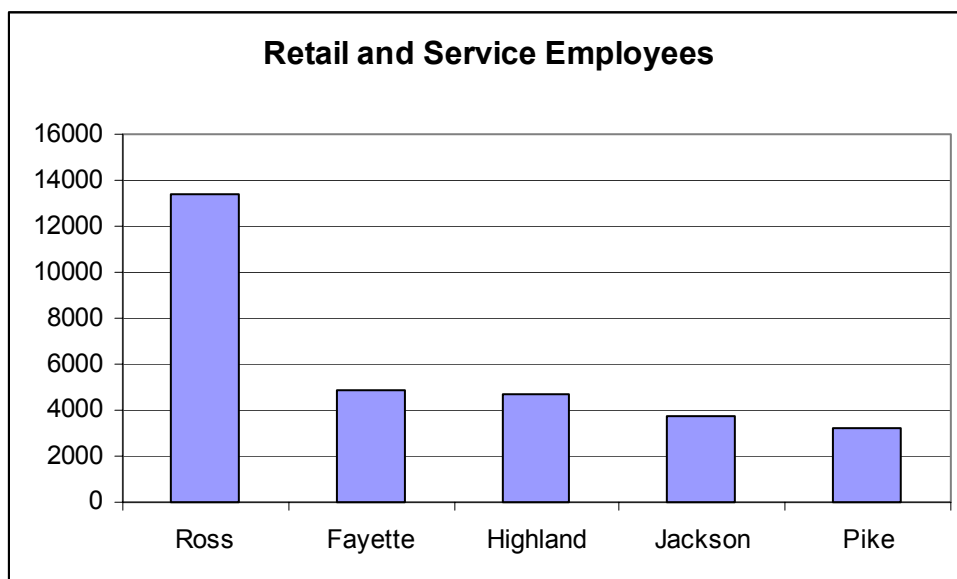
We were very fortunate to obtain customer information from a major service provider in Chillicothe. We thought it would be very interesting to compare a pure service provider with the retail sales data.

	<i>Sales %</i>	<i>License %</i>	<i>Employee%</i>	<i>Student%</i>	<i>*Service%</i>
Fayette	3.7	3.4	.7	2	
Highland	3.8	3.5	.4	3	
Hocking	1	1.4	.9		
Jackson	8.8	10.1	3.1		
Pickaway	7.5	7.8	2.4	9	
Pike	10.8	13.4	6.9	9	
Ross	46.3	43.8	76.0	64	
Scioto	4.2	4.8	2.4		
Vinton	1.8	2.8	3.0	3	
Other	12.1	9.0	4.2	10	

**still refining this data*

We spent considerable time talking with representatives from Travel and Tourism as well as Scioto Society (produces outdoor drama *Tecumseh*). Every summer *Tecumseh* brings in approximately 65,000 patrons with 80% of those patrons from outside Ross County and 34% spending the night at an area hotel/motel.

The latest retail sales information (U.S. Census Bureau. 1997 data) has Ross County at \$581.9 million per year. Unfortunately, we were not able to obtain comparative information from previous years. We were able to find current information for retail and service employees by county that allows a comparison of the years 1988 to 1997 (Ohio State University Extension Data Center. www.osuedc.org/profiles). The number of those employees in Ross County grew by 71% over that time period while contiguous county's employees grew by 48%. The difference in the growth rate suggests that retail and service growth in Ross County is significantly more favorable than surrounding counties. This makes sense with the retail trade going "corporate" versus "mom and pop" (local). These nationally based retailers are looking for locations where there is critical mass and synergy between outlets...the big will get bigger (as long as infrastructure supports a convenient and quality shopping experience).



Of course when you undertake a project, you set initial goals but always understanding that your greatest discovery may well be unanticipated. One of those "learnings" was the difference between local retailers and the national corporations who place the "big boxes" and franchise businesses. These national chains seemed to be very focused on their business model and less on the specific communities they serve (they add value to the community through jobs and the services/products they sell). Another factor that might contribute to this level of isolation is that when a "big box" comes into the community it competes with long-standing "mom and pop" operations that are intimately linked to the community and likely influential with local power brokers. They may have learned to "stick with their knitting" and stay out of local activities.

As we tie "loose ends" of this phase of the project, the information we have been able to obtain confirms Chillicothe's claim to be a regional shopping and service center. The estimated 50% of shoppers coming from surrounding counties proves Chillicothe to be an important service center for those less densely populated areas. It appears there is notable synergy and critical mass now developing (shopping, service and dining). Improvements

in route 35 (toward Jackson) should continue to make Chillicothe an attractive shopping option for folks in that direction, however, the improvements of 35 west of Chillicothe will make it easier for shoppers to flow west toward Dayton. The unpredictability of traffic flow (north on Chillicothe on route 23) will continue to deter shoppers from flowing north and provide an opportunity to serve shoppers who were previously inclined to shop in Columbus. Finally, it appears that Ashland (like Chillicothe) is developing critical mass (shopping) and will continue to be attractive to shoppers in and around Scioto County.

We are thankful to all of the people who shared their time and thoughts with us.

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