<u>Item #6A</u>:

Village President Underwood

IBC - Evaluation Of Downtown Long Grove Presentation

01/09/15

ILLINOIS BUSINESS CONSULTING
www.ibc.illinois.edu

Village of Long Grove

Business District Revival

December 13, 2014
6:00-7:00pm (CST)
Long Grove Village Hall

THE VILLAGE OF LONG GROVE

Agenda

IBC and Team Overview	3
Project Scope	5
Analysis & Recommendations	9
Socializing	10
Dining	16
Entertainment	21
Shopping	29
Appendix	36

Illinois Business Consulting

The Nation's Largest Fee-Based Student-Run Consulting Firm

Student Run • **Project Based** • **Company Focused** • **University Sponsored**

- 250 to 300 students per-year
- Students are peer-selected
- 1 in 5 acceptance rate
- The University's top talent

- 75 projects last year
- 1,200+ projects since 1996
- 12-14 week semester-long engagements
- 800+ student work hours per project

- Over 500 clients since 1996 including:
  - Fortune 500 Multinationals
  - Government Agencies
  - Non-Profit Organizations
  - Start-ups

- Operates under the College of Business
- Access to the research and expertise of U of I
- Professional guidance and oversight
- Client owns all intellectual property & deliverables

Team Introduction

Iavor Entchev
Senior Manager
Accountancy

Sam Quinn
Project Manager
Accountancy and Finance

Adam Lawal
Senior Consultant
Accountancy

Abhay Shah
Consultant
Accountancy and Finance

Tyler Matteson
Consultant
MBA and Master of Architecture

Kristin Lyman
Consultant
Communications and Public Relations

Kevin Huang
Consultant
Accountancy

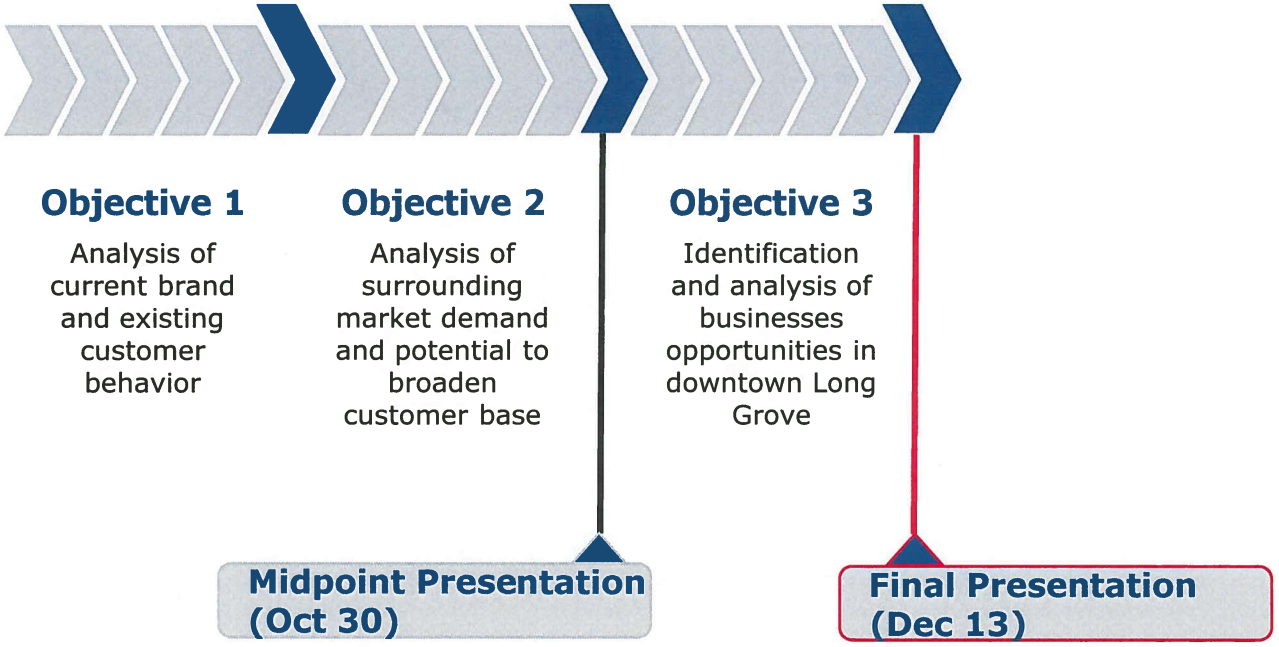
Ryan Seong
Consultant
Accountancy

Sriram Katragadda
Consultant
General Engineering

Project Scope

What can the Village of Long Grove do to stimulate its downtown business district?

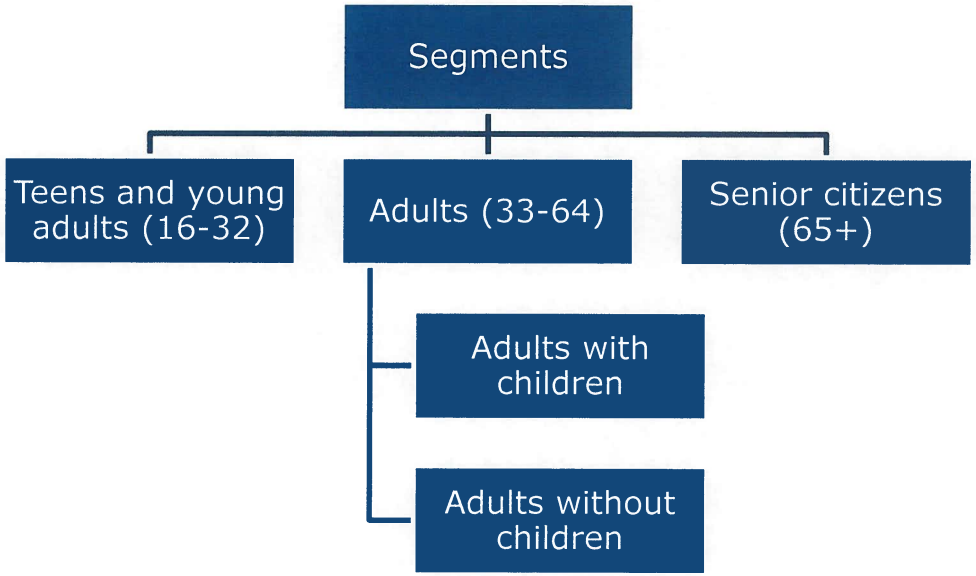
Methodology:



Success of this initiative will be measured by increased foot traffic, more businesses open, and higher sales tax revenue in downtown Long Grove

Survey: Understanding the Market

- Goal
  1. Understand consumers' current view of Long Grove
  2. Understand what consumers' want in Long Grove



Each segment further divided into 3 locations:

Long Grove residents + 10 mi.

10-25 mi.

25+ mi.

Free Response Word Cloud

Lessons Learned

Long Grove's current brand is desired by many

- Residents want business owners to capitalize on this brand and expand product offerings
- Greater variety and flexibility needed in product offerings

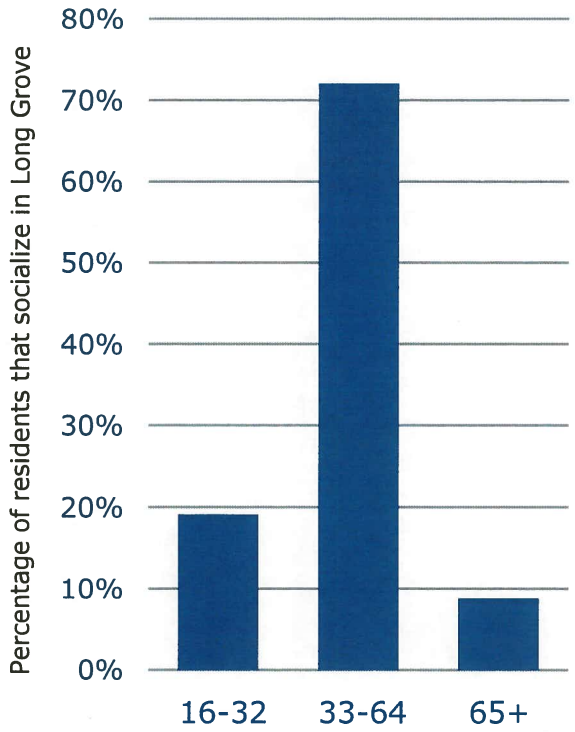
New products must be done "the Long Grove way"

Analysis & Recommendations

Socializing

Socializing: Current vs. Desired Trends Among Different Age Demographics

What do you typically do in historic downtown Long Grove? - Socializing



16 – 32: 6 responses

33 – 64: 49 responses

65+: 13 responses

Age Group	Socializing scale of Preference
16-32	3.1
33-64	3.4
65+	3.8

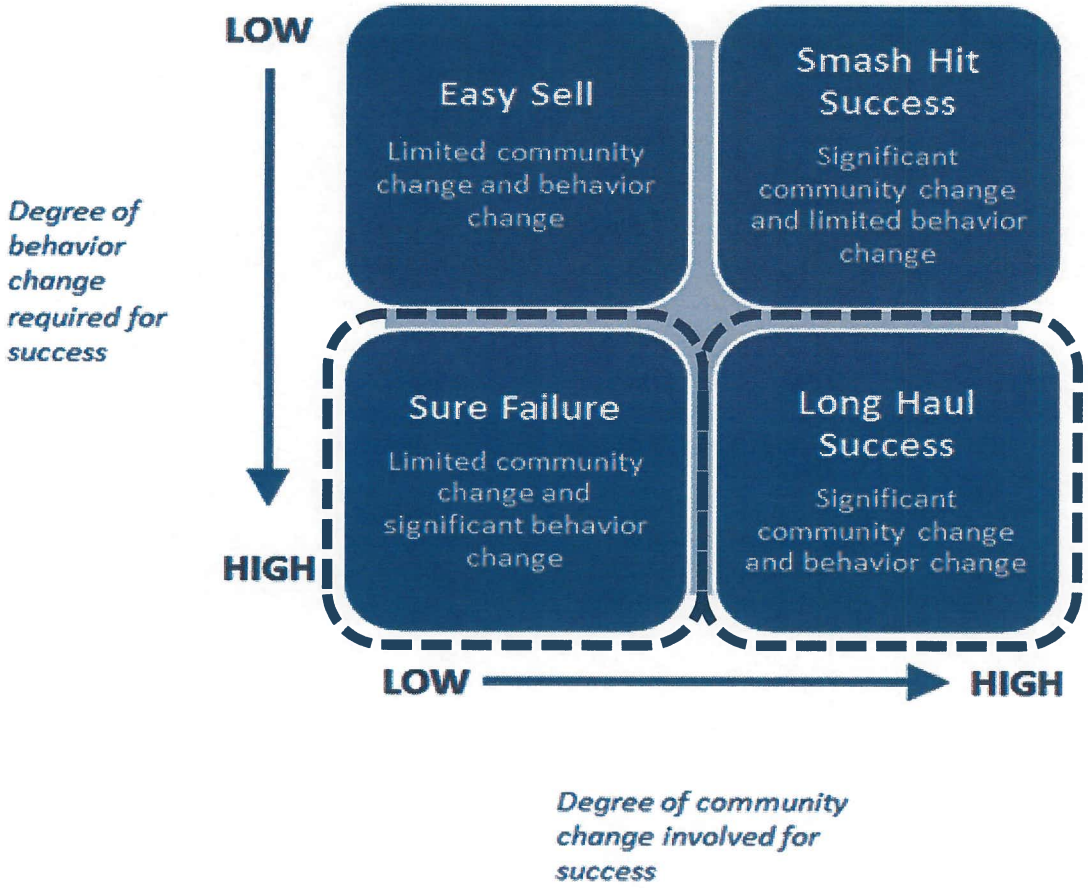
What would you like to see more of in Long Grove?

1 – Most preferred
10 – Least preferred

Long Grove has an opportunity to provide socializing establishments that residents have shown interest in

Source: Long Grove Survey, October 2014

Change versus behavior alteration

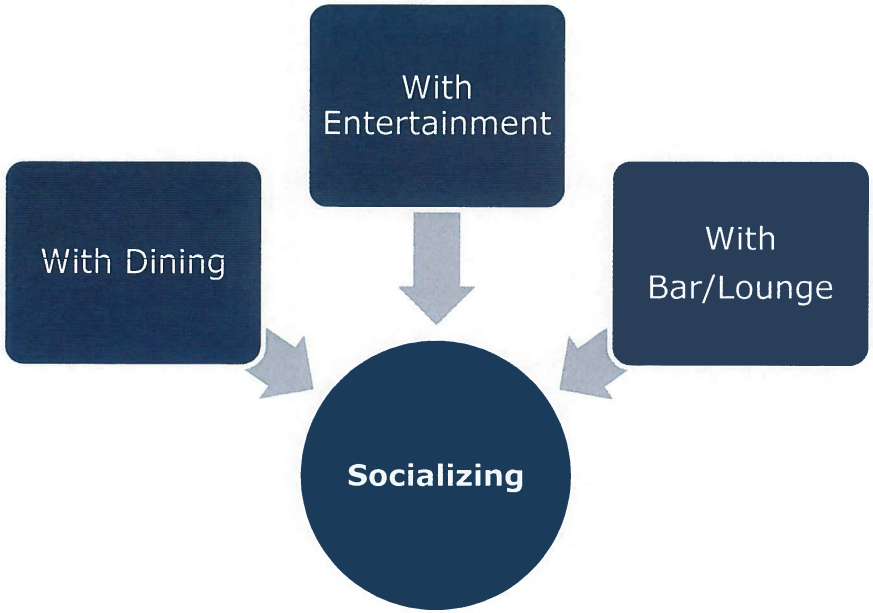


Long Grove should leverage significant community change in the socializing category to shift its current status into the "Long Haul Success" region

Gourville, John T. "Eager Sellers and Stony Buyers: Understanding the Psychology of New-Product Adoption" *Harvard Business Review* 84, no. 6 (June 2006)

Socializing Establishment Recommendation

Three types of socializing establishment



With Dining
High-end or casual dining restaurant/bistro with a social lounge can capitalize on Long Grove's higher disposable income.

With Entertainment
Comedy clubs, jazz and music performances, local talent concert, and galleria integrate socializing and destination events.

With Bar/Lounge
Casual or rustic style with a modern twist honors Long Grove's brand image, while embracing the modern life-style.

Long Grove would benefit from the casual nightlife qualities brought by a boutique bar or lounge

Source: IBC Survey

Survey Support

Open Responses

"Restaurant/bar scene is biggest gripe…there is maybe one choice with poor atmosphere"

"I would love to see L.G. be somewhere local people, neighbors and friends have a place"

"We would just stop for a drink and then go to another community"

"If the downtown area was made more youth friendly, then residents would be drawn there"

"Long Grove would benefit from high end…"

Desired Qualities

- Boutique
- Local feel
- Rustic Modern
- Medium-high end

Although surrounding communities are dynamic and open to commercial development, Long Grove can offer a unique social experience through its existing brand

Source: IBC Survey

Socializing Rationale

Strengths	Weaknesses
• Unique experience • Support collaboration between exisiting businesses • Opportunity to integrate functions	• Ingress and egress • Does not attract all age demographics • Must stay open later

Opportunities	Threats
• Meet consumer demand • Improve local economy • Attract a new demographic	• Existing chains may dilute brand image • Start-up costs • Competition from surrounding towns • Resident and political resistence

A casual bar or lounge may mitigate many of the risks that accompany the introduction of a socializing establishment

Dining

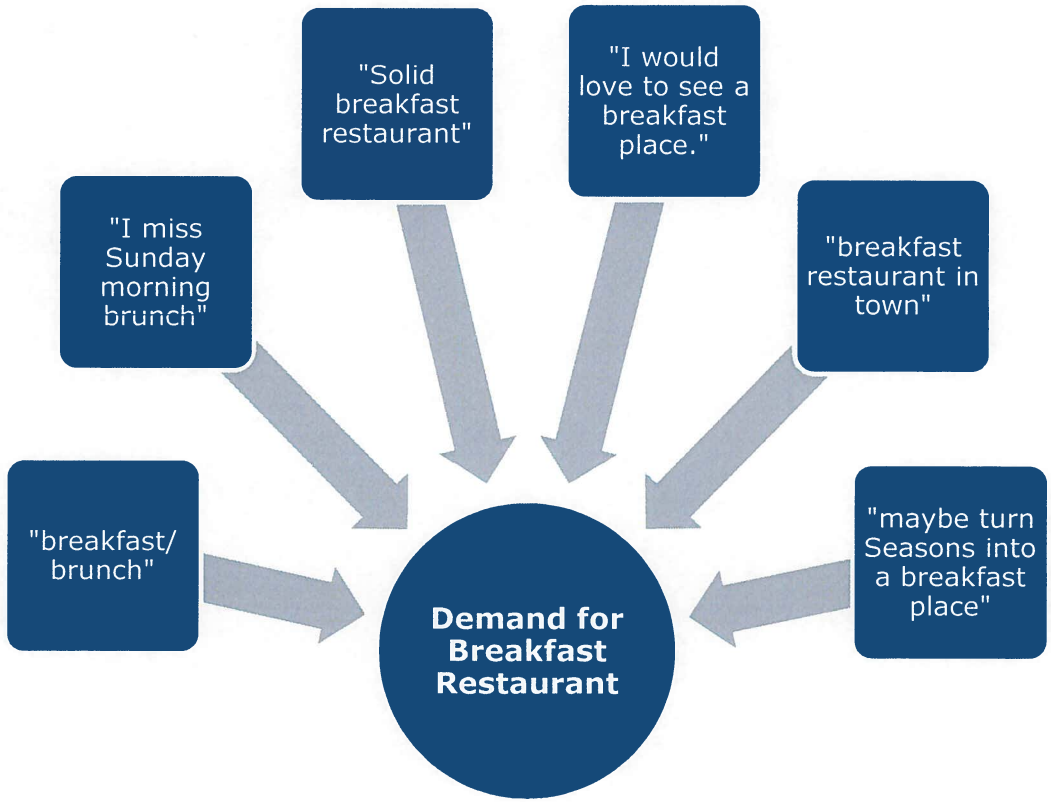
Strong Demand for More Dining & a Breakfast Place in Long Grove

What would you like to see more of in Long Grove?- Dining

Age Group	Dining scale of Preference
16-32	3.7
33-64	2.4
65+	2.2

1- Most preferred
10- Least preferred

Quotes From Survey Respondents



Long Grove should cater to the wants of the people by attracting a breakfast restaurant like Walker Bros.

Source: Survey

Restaurant Category Recommendation: Breakfast Restaurant

WALKER BROS.

The Original Pancake House

Has been serving North Suburbs of Chicago for over 50 years and currently has 6 locations

Famous for its Apple pancake, thick sliced bacon, and freshly squeezed juices

Walker Bros. will complement current restaurant options in Long Grove and it's rustic and local appearance blends well with Long Grove's brand

A breakfast restaurant like Walker Bros. has a great potential to be an immediate success in Long Grove compared to other restaurant categories

Source: Walker Bros.

Opportunities and Threats Impacting Walker Bro's Success in Long Grove

Opportunities

- Increasing popularity as restaurant breakfasts accounted for over 60% of restaurant traffic growth in last 5 years
- No competition for Walker Bros. as there is no other breakfast restaurant in Long Grove
- Walker Bros. has a rustic and local appearance that fits with Long Grove's brand
- High median household income of $191,522

Threats

- Profit cannibalization as there are other Walker Bros. locations in Arlington Heights and Lincolnshire
- Economic downturn usually lowers customer spending on restaurants

The opportunities for Walker Bro's. success in Long Grove significantly outweigh the threats

Source: Bain Consulting, Census Bureau, Hoover's

Other Restaurant Options Considered

Variety of Ethnic Dining

- Caution as ethnic restaurants may not fit with Long Grove's current brand

Fine Dining

- There is a significant family population in Long Grove and fine dining restaurants are not usually geared towards family

Casual Dining

- Casual dining options already exist in Long Grove and adding more could adversely affect existing casual dining restaurants

Fast Casual Dining

- Quick eat-and-run style does not fit into Long Grove's cozy, relaxed atmosphere

These other restaurant options could potentially be successful in Long Grove; however, there seems to be a stronger demand for breakfast dining in Long Grove

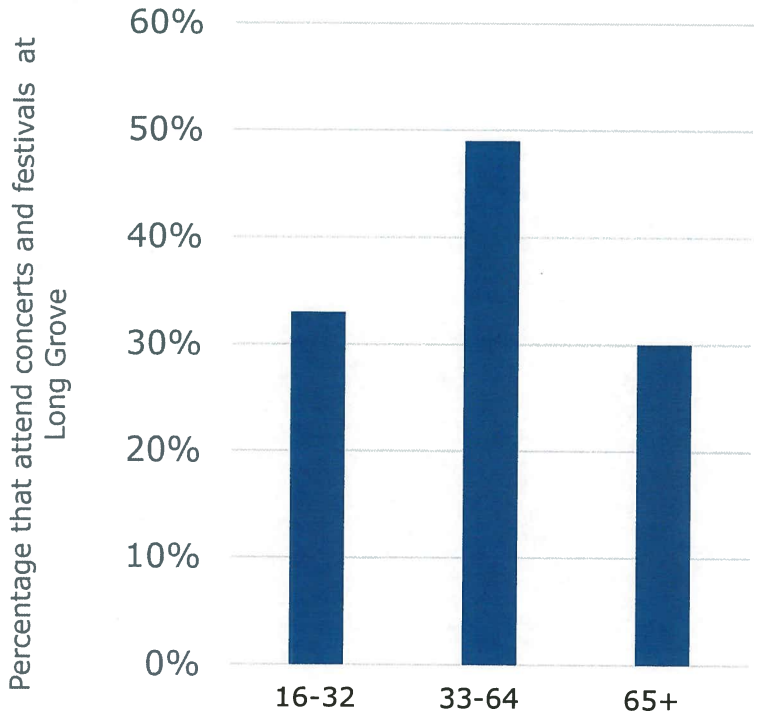
Source: Foodservicewarehouse

Entertainment

- Concerts and Festivals
- Movie Theaters

Concerts & Festivals – Survey Results

What do you typically do in historic downtown Long Grove?-Festivals



16-32: 71 responses

33-64: 234 responses

65+: 46 responses

What would you like to see more of in Long Grove? – Concerts & Festivals

Age Group	Concerts and Festivals scale of Preference	Overall Ranking
16-32	2.6	1
33-64	4.1	3
65+	3.8	3

16-32: 63 responses

33-64: 209 responses

65+: 40 responses

1- Most preferred
10- Least preferred

Long Grove residents currently attend festivals and want to continue attending festivals

Source: Long Grove Survey, October 2014

Concerts & Festivals – Preferences

Festival Preferences	Quotes From Survey
Currently Too Similar	• "they are all the exact same " • "festivals are the exact same." • "same event year after year fest after fest"
Higher Quality Vendors	• "lack [...] representation by quality service providers." • "they lack a high-end feel" • "there was nothing exciting there at all" • "nothing to even showcase local restaurants"
Healthier Food Selection	• "would like to see a better, healthier selection of foods at festivals" • "less junk/greasy/fried foods and sweets" • "fest[s] are nothing more than friend carnival food"
Concert Setting	• "band not playing times we [they] were told on the phone • "love the live music at the Tavern and Chatterbox"

Source: Long Grove Survey, October 2014

Concerts & Festivals – Desired Traits & Features

Creative Ideas

- More innovation with existing festivals
  - Apple
  - Chocolate
  - Strawberry

High-End Feel

- Wine tastings
- Craft beer tastings

Healthier Selection

- Specialty drink sales
  - Coffee
  - Tea
  - Smoothie
- Organic goods sales

Concerts

- Locals
- Professionals

The survey results indicated that consumers demand these traits to improve festival quality and experience

Source: Long Grove Survey, October 2014

Concerts & Festivals – Analysis

Wine & Brew Tastings

Pros

- New generation of wine buyers
- Healthful benefits
- Product innovation success (craft beers)
- Attract a new market

Cons

- Vulnerable to growing conditions
- Shifts in consumer tastes
- Local competition
- Age appropriateness

Healthy Food Selection

Pros

- Rise of organics
- Coffee & tea shops gaining popularity
- Demands for healthy food options
- Low competition

Cons

- Food safety issues
- Raw ingredient costs
- Industry concentration

Concerts

Pros

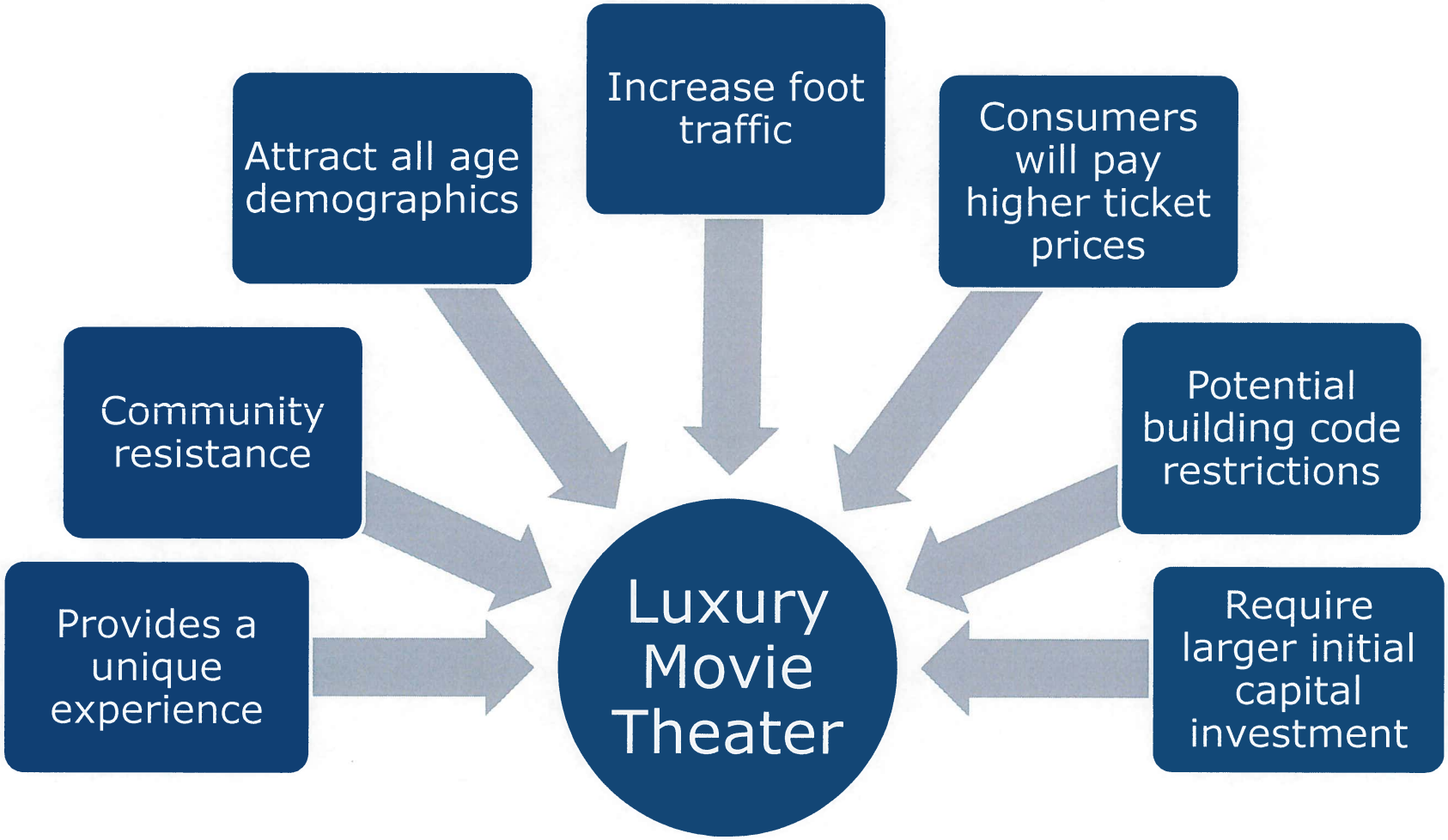
- Popularity
- Industry network
- High demand for concert setting

Cons

- Competition for consumer Spending
- Competition for talent
- 3rd party expenditures

Long Grove should reference these trends when making a decision to authorize a new vendor

Movie Theater - Recommendation



A luxury movie theater will be able to satisfy the consumer demand in Long Grove, however it will have high start-up costs

Movie Theater Trends in Long Grove

What would you like to see more of in Long Grove?- Movie Theater

Age Group	Concerts and Festivals scale of Preference	Overall Ranking
16-32	4.1	4
33-64	5.7	5
65+	5.5	5

16-32: 67 responses

33-64: 233 responses

65+: 46 responses

1- Most preferred
10- Least preferred

Movie Theater Preferences	Quotes From Survey
Niche	•"It(movie theater) needs to be niche", "it should be a smaller theater"
Open Later	•"I wish there were more movie theater[s] open past 6 PM"
Types of Movies	•"showing indie films", "foreign films"

Although Long Grove may not be able to accommodate a large movie theatre, residents have shown interest in a smaller luxury movie theater that suits Long Grove's brand

Source: Long Grove Survey, October 2014

Drive-in and Luxury Movie Theater Comparison

Drive-in Movie Theater

Pros

- Low startup costs
- Dual function
- Few barriers to entry

Cons

- Seasonal
- Niche market
- Space restrictions

Luxury Movie Theater

Pros

- Year round
- Consumer can spend more

Cons

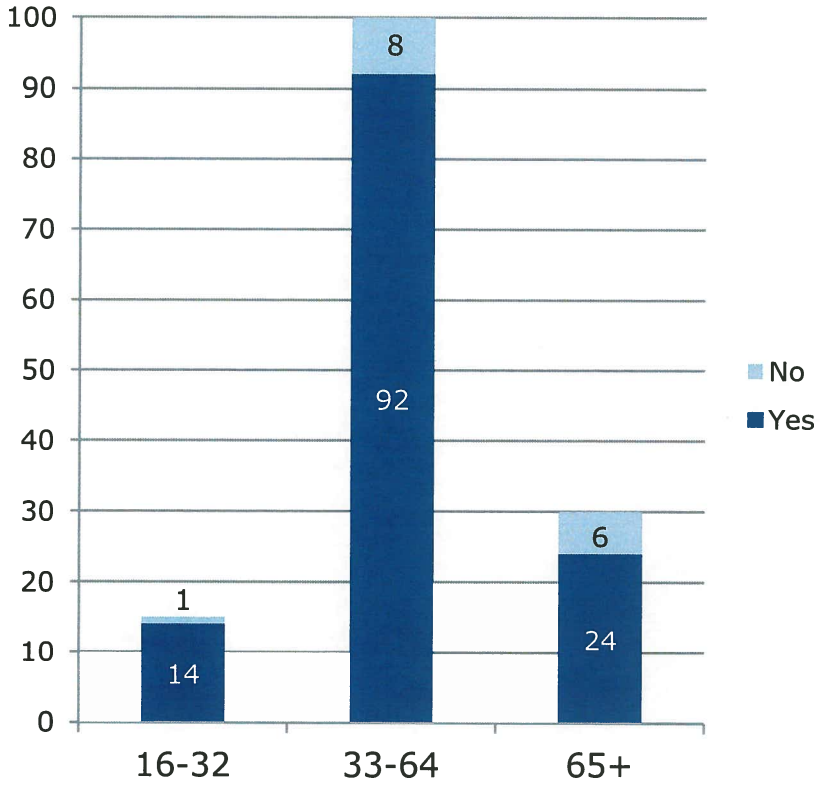
- High startup costs
- Building code restrictions

Drive-in movie theaters will have low startup costs however, luxury movie theaters will be operational year round

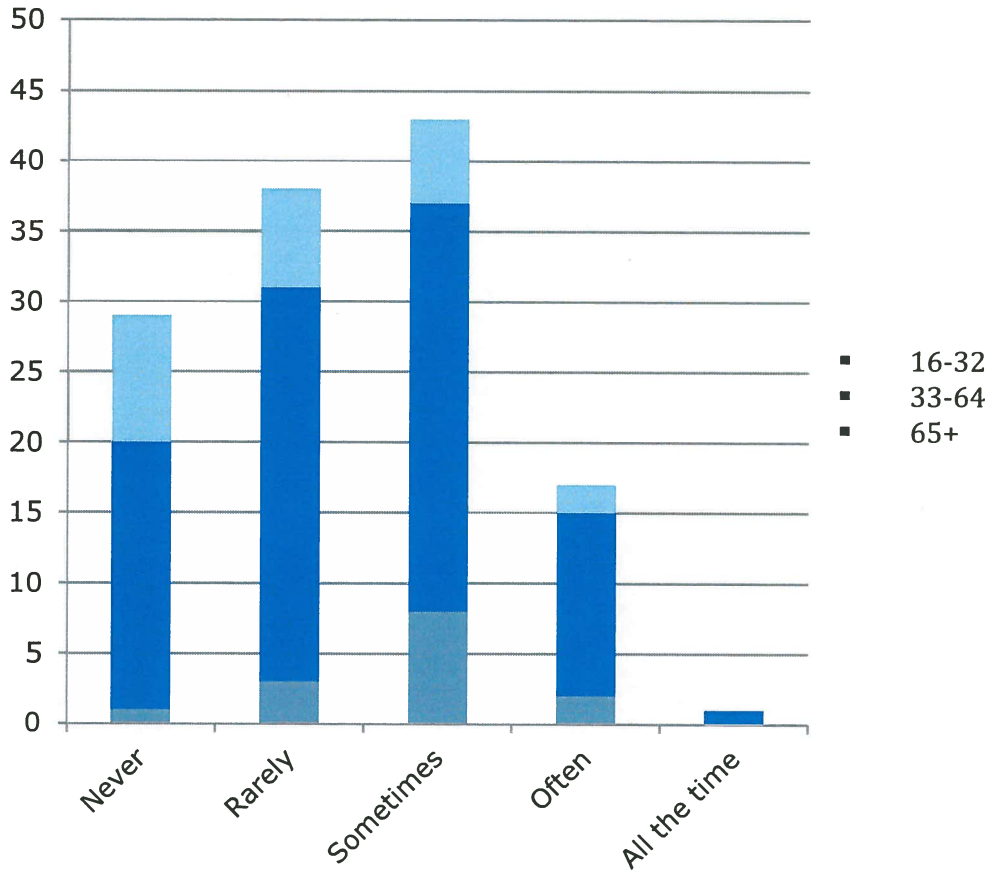
Shopping

- Healthy Foods
- Outdoor Goods

Specialty Health Food Evidence



Are you more concerned with maintaining a healthy diet and lifestyle than you were 5 years ago?



How often do you purchase food from a specialty health foods store?

Long Grove will benefit from a specialty health foods store as there is increasing interest for healthy shopping

Recommendations - Specialty Health Foods

Current market trends lean towards implementing more specialty health foods store for people's lifestyle preference

There is strong demand as indicated by residents who strive to become more health conscious

Long Grove should seek to have a specialty health foods store in downtown

Opening a specialty health foods store in Long Grove is a profitable opportunity

SWOT Analysis

Strengths

- Complementing the quintessential LG brand
- Promote a healthier community
- More intimate with the personal consumer
- Offer a greater variety

Weaknesses

- Competing retailers in adjacent suburbs
- Strong building ordinances
- Small population

Opportunities

- Loyal customers
- Expansion to adjacent suburbs
- Attracting new business in turn increases foot traffic
- Become premier shop in LG

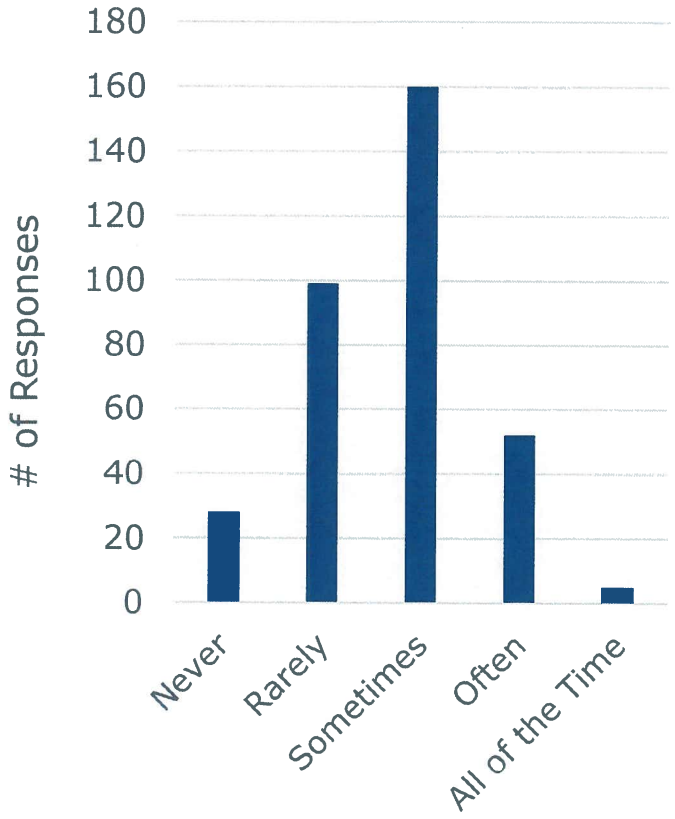
Threats

- Not receiving awareness from potential customers
- Time to build trust with community
- Fees & regulations do not promote sustainability

A specialty health foods store can capitalize on the strong Long Grove brand to carve out its own niche

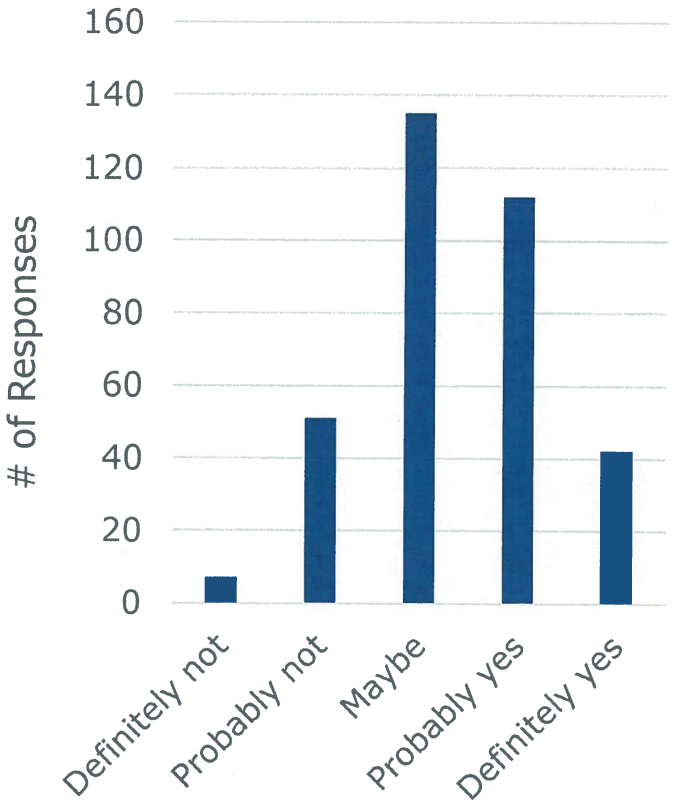
Outdoor Goods Store Trends in Long Grove Among Different Age Demographics

Do you shop at an outdoor goods store?



344 total respondents

Would you shop at an outdoor goods store?



344 total respondents

Currently residents in Long Grove do not go to outdoor style stores, however, they would patronize one if one was available in Long Grove

Source: Long Grove Survey, October 2014

Outdoor Goods Store - Recommendation

Chain Outdoor Goods Store

- A large chain outdoor goods/sports store
- A brand that is common yet not currently found in the neighboring communities

Pros

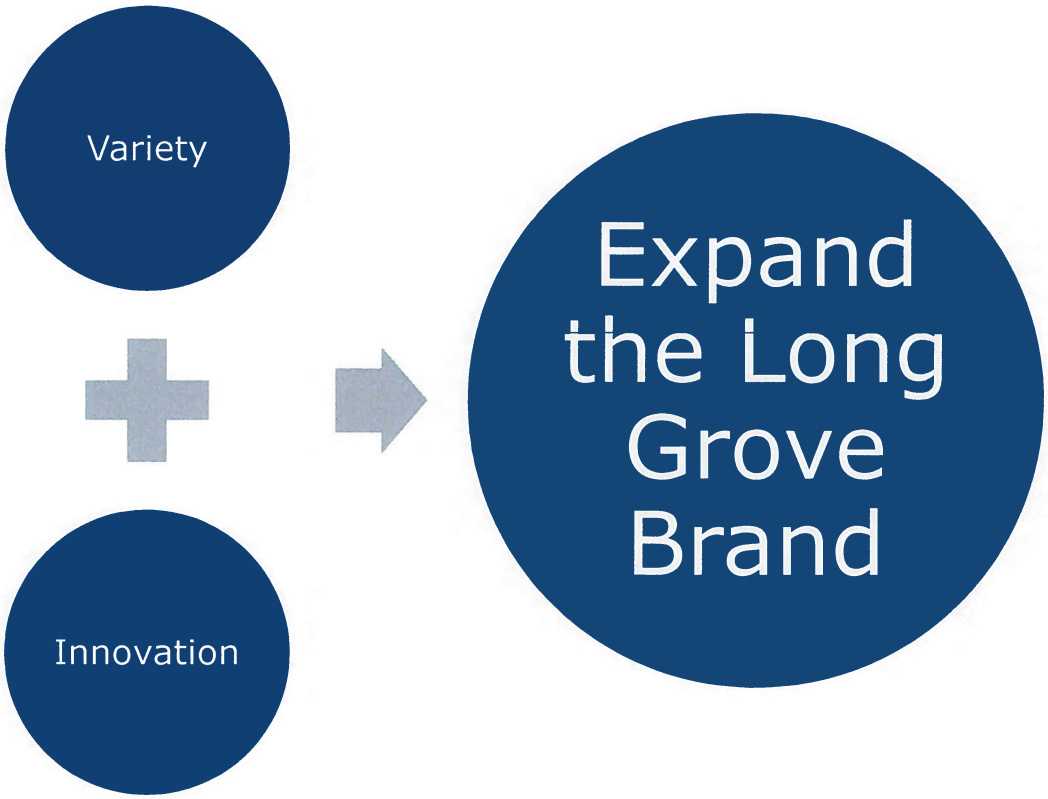
- Long term stability
- Will have large variety of products
- Increase foot traffic in Downtown district

Cons

- Community resistance
- High startup costs
- Competition from the surrounding towns

A chain outdoor goods/sports store would meet the demand in the community, however it does not fit with the image of Long Grove

Next Steps



- How can the expansion of Long Grove's brand be implemented?
- Where do business owners see challenges?