February 2007

The Strip District: A Retail Market Study

This market study and plan outline resulted from several meetings in early 2007 between contractor Randy Strothman and Neighbors in the Strip (NITS) staff. It is not intended to be a comprehensive detailed marketing plan, but rather a study of marketing data, challenges and potential solutions. This document was created by Randy Strothman to summarize the planning and strategy discussions with NITS staff and to supplement those with data, insights and suggestions.

This study includes data and conclusions from two 2006 studies: 1) a regional consumer attitude survey by Campos Inc and 2) a Market Analysis for the Strip Market Hall by Ted Spitzer of Market Ventures, Inc.

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neighbors in the strip

MAINSTREETS PITTSBURGH

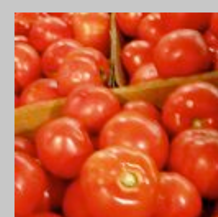
A. Situation & Challenges

For more than a century the Strip District was a rough and tumble wholesale warehouse and industrial district in the heart of Pittsburgh. Before that, in the early 19th century, the area headquartered many of Pittsburgh's flagship and innovative industries, including Andrew Carnegie's steel mills, Westinghouse and Alcoa.

Starting in the 1960s, it has evolved into a multi-faceted market place that includes 33% retail and 17% wholesale businesses. While it still retains some of its historic industrial qualities, the Strip District today has an underlying energy and metropolitan character that makes it a newer destination for young and old alike, from near and far.

The Strip exhibits both daytime and nighttime personalities, both of which draw consumers from the region and even the nation. One is supported by dozens of food specialty stores, retail shops and street vendors; the other by dozens of unique restaurants and nightclubs; wholesalers operate 24 hours a day, up to 7 days a week. With nearly 370 businesses, the Strip employs more than 15,000 people.

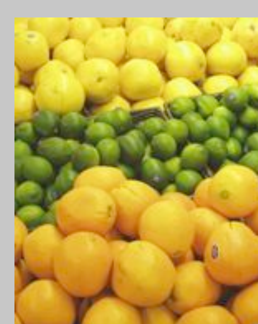
Centrally and strategically located, the Strip adjoins the Central Business District of Pittsburgh. At that juncture rises the new David Lawrence Convention Center; just west of the Center stretches the Cultural District of the region. Across the Allegheny River are major newer destinations on the North Shore: PNC Park, Heinz Field and the riverfront park; a new slots casino is projected to open in 2008. And, as part of a third renaissance for Pittsburgh since the 1950s, more than 1,500 units of housing are under construction or in development in the heart of downtown, in the Strip and on the nearby shores of the Allegheny.



Another key strategic asset for this unique section of Pittsburgh is **Neighbors in the Strip** (NITS), a community development-oriented 501(c)(3) corporation formed in 1999. This organization is highly organized, well-funded, goal-oriented and a leading participant in the URA's Mainstreets Pittsburgh program. The mission of NITS is "to promote economic development opportunities, while preserving the personality, integrity and character of the Strip."

This mixed use community faces important challenges for the future. Some are related to the evolving nature of the area: from wholesale and industrial... to consumer, office, entertainment and tourist activities. Also, the dense urban environment brings typical urban problems. A brief list of Strip district challenges—all of which are on the agenda of Neighbors in the Strip— includes:

- solving crime and related public safety issues
- creating a more pedestrian-friendly environment
- improving the streetscape and its amenities
- solving traffic congestion and parking issues
- opening public access to the river's edge
- connecting with Convention Center, CBD and North Shore activities
- reconciling older and newer property and land uses
- competing with suburban mall/retail park development and sprawl
- competing with newer urban malls and retail parks



B. Products, Services & Image of the Strip District

The Strip District provides a wide range of products and services. Listed by business type identified in a 2005 Community Technical Assistance Center (CTAC) survey, these include:

• Industry	144 businesses	24%
• Office	114 "	19%
• Retail Goods	80 "	13%
• Food & Beverage	77 "	13%
• Retail Service	51 "	8%
• Institutional	25 "	4%
• Other, Vacant or N/A	115 "	19%

While Industry, Office and Institutional businesses make up a substantial part of the Strip economy, the retail component of the Strip is the one targeted to the consuming public. With retail as the primary focus of this study, the following chart breaks down these businesses in the Mainstreets district:

THE RETAIL COMPONENT: 92 businesses in the Mainstreet area*

• Restaurants/eateries	25	27%
• Ethnic foods/groceries/cafes	15	16%
• Clubs/bars	11	12%
• Arts/crafts/gifts	9	10%
• Flowers	5	5%
• Coffee shops	4	4%
• Event space	4	4%
• Bakeries	3	3%
• Meats/poultry	3	3%
• Fresh produce	3	3%
• Chocolate/candy	3	3%
• Caterers	2	2%
• Seafood/fish	2	2%
• Antiques	2	2%
• Books	1	1%

*(*Claritas data representing approximately 1/3 of the CTAC survey area, but primarily the retail area of the Strip)*

Consumer Shopping Preferences: A Focus on Food

In a 2006 regional survey of 466 consumers by Campos Market Research, the following were listed most often by respondents as "items bought on a regular basis:"

- 68.3%—Meats/Seafood
- 65.8%—Fresh produce
- 53.1%—Restaurant or street vendor food eaten in the Strip
- 46.5%—Specialty cheeses
- 42.2%—Baked goods/breads
- 36.1%—International/Ethnic foods

The Strip as a Regional Attraction: It's Image

In the consumer's mind, the Strip District, like some other neighborhood business districts, appears to be more than the sum of various businesses. It is a destination that exhibits its own unique character, part of which results from the clusters and types of businesses, but also from its urban location, the diversity of people and the spirit of the place. For example, a shopping mall might have a similar collection of retail offerings, but would not have the assortment of street vendors and independent, ethnically diverse business owners that add much to the character of the Strip.

IMAGE: The Positives

In developing a marketing strategy for the district, it is important to understand the place that the Strip District currently holds in the minds of consumers. According to the 2006 regional survey of 466 consumers performed by Campos, there are 4 key attractions for consumers in the Strip—what might be called the Unique Selling Proposition(s) of the Strip. When asked to choose up to 3 most important reasons why they shop the Strip, the following were mentioned most often:

- 49.7 %— Selection of Specialty/Unique Items
- 49.2 %— Enjoyable Experience/Fun Way to Spend Time
- 49.0 %— Low Prices/Bargains
- 41.0 %— Unique Stores

According to the Campos report,

> **"These findings strongly suggest that the success of the (Strip) is largely dependent on maintaining a unique offering of items, and that this uniqueness is what makes a trip to the Strip District an enjoyable experience."**

IMAGE: Some Negatives

Related to the experience of the Strip, there are also some negatives to factor into economic development and marketing strategies. Since marketing is not merely about creative, targeted messages to consumers, the following issues are targets of the NITS efforts and their solutions will help to maximize marketing effectiveness. According to the 2006 Campos consumer study, the following are the top four consumer concerns for improvement:

- 61.4%— More available and accessible parking, especially among the 45+ year old group
- 37.6%— Cleaner streets and storefronts, especially among the $75,000+ household, male and suburban respondents
- 29.8%— More sidewalks and crosswalks, especially among the <$75,000 households
- 23.2%— Beautification of streets and storefronts, especially among the younger 18-44 year old respondents

The public perceptions (and reality) of safety and crime are major issues that NITS and its partners are addressing with creative and collaborative efforts. The Campos study was conducted before a series of shooting incidents in Strip night clubs during the first half of 2006. This generated negative publicity and reportedly affected business for a time, especially at night. Nevertheless, in the Campos study the "increased safety and security" issue was important to:

1) twice as many suburban vs. urban respondents,
2) more than twice as many infrequent vs. frequent shoppers
3) nearly twice as many less affluent vs. affluent respondents.

A final consideration is one that leads into the Competition section: maintenance of product and service quality. (see more in the Competition section)

C. Competition

Because the Strip offers such diversity, it is challenging to identify the district's direct competition. As a urban neighborhood business district, the Strip offers a unique blend of opportunities that attract not only consumers, but also a variety of businesses seeking to relocate in the heart of Pittsburgh.

DAYTIME RETAIL

Nevertheless, the urban experience of the Strip does compete with other consumer opportunities, including:

- Other dynamic urban communities—South Side, Lawrenceville, Bloomfield, Oakland, Downtown & other Mainstreets Pittsburgh communities
- Newer business concepts in foods—Whole Foods, the Market District and Trader Joe's
- Suburban malls—Ross Park Mall and Waterworks, both 7 miles away
- New urban shopping developments—the Waterfront, 8 miles & South Side Works, 4 miles away
- The Internet—convenience without parking, weather & time constraint challenges

As noted above, the uniqueness of the experience of shopping and dining in the Strip is a key component of its Unique Selling Proposition. If the proposed Strip Market Hall comes on line in 2008, it is likely to reinforce the character and offering of the district, thus strengthening its unique place in the public mind.

In the meantime, it will be important to maintain product and service quality at the key retail establishments. Especially with new competition for the Strip in the food marketplace, including ones that synthetically emulate the urban market feel, this will be critical to continuing to draw consumers. For example, one major business that historically has been a major regional draw to the Strip has let the quality of it's produce and customer service slip recently; this has resulted in some formerly frequent Strip shoppers taking their business to Whole Foods.

NIGHT LIFE

One cluster of businesses that also sets the Strip apart from other destinations and rounds out its 24-hour image is its varied night club environment. While there are periodically negative incidents as a result of night club activity, especially the after hours clubs, this entertainment cluster is also a major draw, primarily for younger consumers and their dollars. Regionally, only the South Side and perhaps Oakland offer so many eating, drinking and entertainment options at night. Both of these communities are also working to control the negative impacts of these activities.

PROPOSED MARKET HALL

A public market is currently in development in the Strip District. If it becomes a reality, this could improve the competitiveness of the Strip as a destination in the region, since there is no similar offering in Western Pennsylvania. As has proven the case in numerous other cities, a public market draws from a wide radius of the population and from the tourist population.

SPRAWL

Even as the Pittsburgh MSA population continues to shrink in a 30-year+ trend, development continues to expand into suburban and exurban areas; this "sprawl" has been identified as one of the regions key economic dysfunctions. Examples include massive retail developments in Cranberry and Robinson Township, creating more competition for specialized retail and restaurants in the Strip among the suburban shoppers with the greatest disposable income. Therefore, maintaining the integrity of the Strip's key attractions is becoming even more important with this ongoing development trend.

D. Overview of Research & Marketing Principles

There are several insights and conclusions to be drawn from the data starting on page 7 in answer to the question "What does all of this data mean?" It is recommended that these drive NITS decisions about retail marketing and related economic development for the whole Strip District:

- ASSETS: The diversity and character of the Strip, along with the unique product selection, is the key to its success as a regional destination. So is the location of the Strip at the nexus of commerce and transportation for the region.

- ASSETS: Food in the Strip is a primary draw for all consumer segments in the District, with the exception of the younger nightclub crowd.

- ASSETS: The addition of the public market, The Strip Market Hall, will increase the draw and development opportunities of the whole district, as other public markets have done in other cities.

- ASSETS: Maintaining quality of products, product knowledge, hospitality and customer service will be critical to attracting and retaining especially the more upscale consumer. This will also help to maintain a competitive edge against new retail developments.

- ASSETS: Major cultural assets which draw more than 150,000 visitors annually into the retail district are the Heinz History Center and the Society for Contemporary Craft. In addition, the new hotel(s) on Smallman will bring in additional tourist consumers.

- IMAGE: Because of past promotion and public relations successes, The Strip District already has a place in the mind of most regional—and even national—consumers. It's image could be honed and streamlined to improve marketing success in the future.

- CONSUMERS: There is wide socioeconomic variation in the Trade Area of the Strip, requiring diverse marketing messages, targeting, strategies and tactics. One size does not fit all.

- CONSUMERS: The economic health of retail in the Strip depends on the patronage of the suburban/regional consumers with their higher disposable income and Spending Potential.

- CONSUMERS: The poorer local, urban population needs the accessibility, products and pricing of Strip retail, particularly in the food categories.

- CONSUMERS: Women consumers are driving and influencing more and more purchasing decisions and should be factored into marketing strategies.

A Brand is about more than names, logos, advertising or taglines. A brand represents **a unique and enduring bond** between a marketer and its targeted audience. It involves everything a company does, says and stands for—the way it performs, communicates and responds to it customers and markets.

A Brand is a promise of value to its markets and a source of pride and unity for its employees. It is an assurance of quality and consistency— a guarantee that the brand will deliver as promised each and every time. When effectively positioned, a brand will create a positive, memorable experience and evoke an emotional connection with the intended audience.

In a world of constant changes and myriad choices, the ability to establish, grow, and sustain **a distinctive relevant and powerful brand is more essential than ever.** —above from the *DeSola Group*

Branding & Marketing should always be driving toward actual, measurable results, regardless of how much art, science or investment went into planning and development.

- PROCESS: A key step for the future of NITS marketing has been the assembly of this document containing a rich variety of information from several reputable sources. It sets the stage for more refined and focused marketing efforts.

- PROCESS: More data about and from current retail consumers would be useful.

- PROCESS: Given the nature of NITS, the process of shaping marketing strategies and tactics should involve a representative team of people and approval by the board. Participatory process is a vital part of "the NITS way."

- FOCUS: The younger night club crowd is quite distinct from the daytime retail consumers and is not included in the focus of this study. Given the large revenues generated by the clubs, it is probably not necessary for NITS to get involved in their promotion. It might be necessary though to ameliorate negative impacts of the clubs, on both the Strip environment and identity.

- GOALS: Improving the profitability and success of Strip businesses is a key goal of NITS marketing efforts.
- GOALS: Tight marketing dollars should be invested intelligently. Decisions should be based on priorities, knowledge of targeted consumers, impact, and evaluation of outcomes.
- STRATEGIES: Reaching mass and regional markets through advertising is expensive. And advertising must achieve a level of repetition to be effective; one shot efforts are usually not effective.
- STRATEGIES: It is unlikely that NITS will ever have an advertising budget that competes head-to-head with major malls and national retail chains. Therefore, 1) precisely identifying and targeting markets will improve success in marketing and public relations efforts and 2) it will have to rely heavily on creative promotions and aggressive media and public relations to get comparable public attention.
- TACTICS: Although not traditional marketing, the improvement of parking, public safety and street appearance will benefit conventional marketing.
- TACTICS: Radio, billboards and cable TV can be more precisely targeted, geographically and demographically, than some of the other options. Community newspapers and magazines can target geographic areas.
- TACTICS: Pooling of funds through cooperative advertising—involving multiple merchants or city districts—could improve the advertising impact and stretch the budget of NITS and the district.
- TACTICS: While they have fallen out of favor in the Strip and other Pittsburgh neighborhoods, annual signature events do help to create and reinforce a district's identity. Several neighborhoods in Pittsburgh have employed "First Friday" type tactics instead.
- TACTICS: In today's digital and internet world, technology use can help to keep a business competitive and ensure its survival or boost profits.
- OUTCOMES: Successful marketing includes a measure of the impact of strategies and tactics.

> Marketing is a **careful, long-term process** to inform and persuade a well-understood customer possessing a well-defined **need**. It requires a clearly articulated "**offering**." An effective marketing campaign must also meet the test of being **focused**, **accountable** for results, and of a **scale** sufficient to have a **measurable impact**. Above all, it must exist as one element of a larger sophisticated and coherent **overall strategy**—*Pittsburgh Regional Alliance*

The next section supports the insights and suggestions listed above with data and analysis. Action-oriented steps are outlined in Section G and are based on the above overview.

E. Demographics, Target Markets & Broad Strategies

A key question of any marketing effort is "Who is being targeted for What product or service." Complicating the answer to this question is the fact that this study and plan focuses on marketing a whole retail district with more than 100 businesses and thousands of products—and one that mixes in many other non-retail uses. Therefore, in terms of NITS efforts, marketing of the Strip revolves largely around the image or identity of the district, rather than of a single business type. Nevertheless, there are differing target markets to address and differing key messages for those markets.

The following 9 pages present summary data and info rmation related to markets and marketing efforts. Additional supporting data is displayed in the Appendix of this report.

1a. Residents: Primary Trade Area—1.4 million+ people

Based on several data sources, the Primary Trade Area of the Strip district is projected to be at least as large as Allegheny County; some data suggests that it spills into the surrounding counties of the region. This is the area from which at least 75% of the customers come. Estimates of the total resident population living in this Trade Area range from 1.4 million to 2 million people.

OTHER CONSIDERATIONS
A 2006 Market Hall market analysis study (by Ted Spitzer of Market Ventures) and the Campos regional consumer survey both demonstrate 1) the large Trade Area and 2) significant socioeconomic and spending differences in populations within this Trade Area. They also suggest strongly that the Strip District's unique retail economy depends on the greater spending potential in suburban and more distant communities within the Trade Area.

MARKETING SUGGESTIONS
The large trade area suggests that mass media will be necessary to reach throughout the trade area, whether expensive advertising or strong PR and media relations efforts. The author of the Market Hall study states clearly that "a broad-based marketing strategy must be utilized to reach potential customers."

1b. Residents: Current Regional Customers

Because retention of current customers is always a smart and less expensive marketing strategy than gaining new ones, the Strip should strive to keep current customers and, perhaps, to increase their average expenditures. These customers identified in the Campos survey include:

• Frequent Shoppers *(shop the Strip 7 or more times per year; 36% of total responses)*
These shoppers tend to be male, city dwellers

• Infrequent Shoppers *(shop less than 7 times/year; 58% of total responses)*
These shoppers tend to be female, suburban dwellers.

In addition, the Campos survey revealed when respondents do their shopping in the Strip:
73% on Saturdays; 35% on Sundays *Less typical times include:*
19% on weekday mornings; 20% on weekday afternoons, with more "frequent shoppers" preferring this less typical option

OTHER CONSIDERATIONS—A Caution
Respondents who work in the 15222 zip code—covering the Strip and much of downtown—do not shop more in the Strip than the average. The Campos survey includes some sampling biases, including: 1) toward higher income respondents, since the average household income of the sample is $73,510, which is at least $20,000 higher than the regional average; 2) the vast majority of respondents have shopped the Strip before; 3) an age bias because the average age of respondents was 48.3 years, which is at least 6 years older than the average for the region. In terms of race, with 91% white responses, the survey approximates a regional race ratio.

MARKETING SUGGESTIONS
These current customers can likely and inexpensively be retained by: 1) maintaining Strip standards of quality and uniqueness, 2) resolving their concerns indicated on page 4 here, 3) reaching them in the district, including through customer appreciation efforts and events and 4) capturing their contact information to communicate with them via e-mail and internet.

1c. Residents: Consumers & Distance from the Strip

The variable of distance from the Strip district plays a major role in critical socioeconomic distinctions within the trade area. This is demonstrated by the following chart, representing consecutive bands of population (radiating from Penn Avenue and 16th Street)—from the urban core to the suburbs of Pittsburgh:

(Claritas data)	1 mile band	1-5 mi. band	5-20 mi. band
population (2005 est.)	16,562	397,343	1,172,051
average HH size	1.94	2.15	2.38
average HH income	$31,218	$48,766	$65,304
% Bachelor+ degrees	14%	27%	28%
% African-American	56%	20%	7%
% HH with no vehicles	55%	25%	10%

Key differences in the population bands can be summarized as follows:

- **As much as a $30,000 difference in average household income from inner to outer bands of population**
- **A significant increase in household size from inner to outer bands**
- **A doubling of "college+" education levels from inner to outer bands**
- **An increase in white population from 42% to 92% from inner to outer bands**
- **A relatively small population close to the Strip compared to other city districts**

OTHER CONSIDERATIONS

The population in or adjacent to the Strip will be growing with the addition of new condos and apartments in the Downtown, Strip and Northshore areas. These customers will bring a higher income and spending behavior within walking distance of the Strip.

MARKETING SUGGESTIONS

While the author of the Market Hall study states that "a broad-based marketing strategy must be utilized to reach potential customers," the targets for marketing and the key messages/value propositions could vary significantly. For example, the suburban population seeks out and will pay more for the unique products found in many Strip establishments; therefore the pitch would focus on unusual products, high quality and the "experience" of the Strip. On the other hand, much of the poorer inner city populations would be more concerned about low prices and proximity of the location, so their messages would focus on these.

1d. Residents: Income & Spending Potential

As might be assumed from the above data, the Spending Potentials of population in the Trade Area also varies widely, which is relevant to the products and services offered by the Strip District. As an example, this large variation is demonstrated by the next chart which projects 2010 Spending Potential as compared to a national average of 100 in two key Strip categories *(Claritas data from Market Hall study):*

2010 projections: FOODS	1 mile band	1-5 mi. band	5-20 mi. band	USA avg.
Food at Home—overall	74	89	102	100
Food away from Home—overall	62	87	102	100

A similar pattern of spending differential is repeated throughout all of the spending categories, with population from the outer ring spending more for a particular kind of product than their inner city counter parts.

Key spending differences in the population bands can be summarized as follows:

- **Large differences in spending patterns, ranging from less than 60% to greater than 100% of the national average, from the inner bands to the outer bands**
- **Highest disposable income across all bands: households headed by 45-54 year olds**

OTHER CONSIDERATIONS
The population nearest to the Strip will be growing with the addition of new condos and apartments in the Downtown, Strip and Northshore areas. These new residents will have higher income levels than current demographic projections suggest.

MARKETING SUGGESTIONS
Again, the targets for marketing and the key messages could vary significantly across the population bands. For example, the suburban population is willing to pay more for the unique products found in the Strip; therefore the pitch would focus on unusual products, high quality and the "experience" of the Strip. Data suggests that households headed by 45-54 year olds would be most productive for the higher end, unique products of the Strip.

Except for the small higher income niches found in the urban neighborhoods, marketing to the City residents should probably feature low price. According to the author of the Market Hall study, "lower income and elderly shoppers appreciate the ability to purchase smaller quantities and negotiate with empowered owners, the ethnic specialties and competitive prices," so their messages would focus on these.

1e. Residents: Women Consumers—A Critical Target

Some data suggests that women are the most important market for the Strip District's retail products and services. A contest in 2004 for a "Shop Mainstreets Pittsburgh" campaign gathered entries in 14 inner city neighborhoods through 157 participating businesses. The chart below represents data from 25 participating Strip businesses and 1,383 entries from 282 zip codes:

Business District	Avg. Age	*# Ages Given*	% Female	AGE——> <14	15-24	(largest three age cohorts in BOLD) 25-34	35-44	45-54	55-64	65+
Strip District	**42**	1,103	**70%**	55	127	**180**	**255**	**279**	138	69
Totals for City	**40**	*4,277*		185	726	**757**	**871**	**958**	485	315
% for City			**66%**	***4%***	***17%***	***18%***	***20%***	***22%***	***11%***	***7%***

- 70% of entrants in the Strip were women; 66% across all the neighborhoods
- 65% in the Strip were in the 25-54 age cohorts; 60% across all the neighborhoods
- 42 years old was the average age of Strip entrants; 40 years across all the neighborhoods

While this data may be biased by the fact that women enter more contests than men, it does represent consumers who were actually in Strip businesses, not just people who mailed in entries or entered online, as in some contests.

In a similar vein, the author of the Market Hall study says of those who shop public markets in the country (to which the Strip is analogous), "The highest spending customer is typically an upper income 40-55 year old woman." Author and business consultant, Tom Peters, urges that women should be a primary target of most marketing, including especially 50+ women.

OTHER CONSIDERATIONS
The Campos regional consumer survey revealed a slightly contradictory indication: "Those that shop in the Strip District at least once a month, tend to be male city dwellers." Consumers who shop the Strip less than once a month, tend to be female suburban dwellers.

MARKETING SUGGESTIONS
The female audience does not need to be targeted with "pink" messages appealing to stereotypical female interests, according to Tom Peters.

1f. Residents: Lifestyle Segments

Three charts of ESRI demographic data in the Appendix identify key consumer lifestyles within the Primary Trade Area of the Strip. ESRI calls their system "Community Tapestry—The Fabric of America's Neighborhoods" and says this segmentation "provides an accurate, detailed description of America's Neighborhoods (and) classifies them based on their socioeconomic and demographic composition." The system breaks down the U.S. population into 65 lifestyle segments, 12 LifeMode summary groups and 11 Urbanization summary groups.

The following summarizes the top 4 segments—defined in the Appendix—in each radius:

Tapestry Lifestyle Segment Summary
Top 4 segments for Strip resident demographics

LifeMode Groups	2-min. drive	5-min. drive	30-min. drive
• L2—**Upscale Avenues**: *prosperous, married couple homeowners in different housing*			*18. Cozy & Comfortable*
• L3—**Metropolis**: *city dwellers in older urban homes reflecting the diversity of urban culture*	*45. City Strivers*	*62. Modest Income Homes*	
• L4—**Solo Acts**: *urban young singles on the move*	*27. Metro Renters*		
• L5—**Senior Styles**: *senior lifestyles by income, age, and housing type*	*57. Simple Living* *65. Social Security Set*	*57. Simple Living* *65. Social Security Set*	*29. Rustbelt Retirees* *14.Prosperous Empty Nesters* *57. Simple Living*
• L9—**Family Portrait**: *youth, family life and children*		*64. City Commons*	

OTHER CONSIDERATIONS

These "top 4" segments represent a portion of the population in each radius: 99% in the 2-minute, 52% in the 5-minute and 39% in the 30-minute radii. Therefore, especially in the larger two radii, there will also be smaller market niches that could be specifically targeted, but are not identified here.

MARKETING SUGGESTIONS

These segment descriptions can be useful in targeting promotions because they help to describe the potential customer in a more life-like way. For greater detail on the definitions of these consumer lifestyles, see the Appendix.

1g. Residents: 30-year Population Trends

One final consideration of the residential population are the 30-year trends in the Pittsburgh Metropolitan Statistical Area and the urban core of the region. Like most of Western Pennsylvania, the population of the **Pittsburgh MSA** has been consistently shrinking; many urban core trends are even more pronounced. The major 30-year trends in the Pittsburgh MSA include:

- Total population has declined by 12%
- Households have increased by 15%
- Average household size has shrunk by 23%
- White population declined by 15%
- Black population grew by 8%
- Hispanic population grew by 51%
- Asian population grew by 173%, especially notable because this growth has happened in only 20 years, as compared with 30 year changes for the other populations
- Rental housing has decreased by 52%, while owner-occupied housing has increased by 157%
- Group quarters population has grown by 38%
- 'Family population' and average household size have both decreased by 23%

1970-2000 changes: in PITTSBURGH MSA				4-mi. Radius
	30 yrs.			30 yrs.
Category	change	1970	2000	change
Population	-12%	2,674,101	2,358,710	-33%
Households	15%	842,894	966,503	-17%
HH size: avg.	-23%	3.15	2.44	-16%
Family population	-23%	2,458,487	1,899,489	-48%
Group quarters pop.	38%	49,619	68,287	39%
White	-15%	2,491,111	2,111,286	-43%
Black	8%	176,264	190,511	-3%
Hispanic	51%	11,292	17,100	73%
Asian (1980 pop.->)	173%	9,757	26,659	273%
Owner occ. housing	157%	267,693	688,977	-18%
Renter occ. housing	-52%	575,200	277,526	-17%

(The trending chart here includes data from FreeDemographics.com)

Key 30-year trend differences between City and MSA populations include:

- **family population shrunk twice as much in the City versus the MSA**
- **a 170% trend difference in housing ownership between MSA and City**

OTHER CONSIDERATIONS

The trending data reflects additional key differences between the City and its ring populations. These differences do not necessarily impact marketing decisions, but rather offer insights into how today's differences in the population bands came to be.

Even as the Pittsburgh MSA continues to shrink in a 30-year+ trend, development continues to expand into suburban and exurban areas; this "sprawl" has been identified as one of the key regional economic dysfunctions. Examples include massive retail developments in Cranberry and Robinson Township that compete heavily with urban retail districts.

MARKETING SUGGESTIONS
The combination of sprawl and shrinking population is likely to be creating more competition for specialized retail and restaurants in the Strip among the suburban shoppers, the regional consumers with the greatest disposable income and highest Spending Potential Index. Therefore, maintaining the uniqueness and integrity of the Strip's key attractions is becoming even more important with this ongoing development trend. The creation the new Market Hall destination should be an important asset for the Strip in regional competition for consumers.

2. Nearby Employees, Students & Commuters

Because of proximity to the Central Business District of Pittsburgh and large employment in the Strip and its neighboring communities, nearby employment is high: nearly 32,000 employees within a 2 minute drive radius and more than 142,000 employees within a 5 minute radius.

5 Top employment categories	2 min. drive		5 min. drive	
(by SIC code)	*employment*		*employment*	
Services: Other Services	**4,198**	13%	**20,500**	14%
Finance, Ins. Real Est.: Insurance	**3,203**	10%	**15,190**	11%
Government	**2,164**	7%	**14,828**	10%
Services: Health	**638**	2%	**11,854**	8%
Services: Legal	**3,057**	10%	**11,271**	8%
subTotal employment - above 5	***13,260***	*42%*	***73,643***	*51%*
Total employment - all employers	*31,950*	*100%*	*142,299*	*100%*

As these thousands of nearby employees enter and leave the City—and seek dining and shopping opportunities—the Strip District could capture their attention and dollars on weekdays, which tend to be off-peak days for retail in the district.

OTHER CONSIDERATIONS
The numbers above do <u>not</u> include a large downtown student population, projected at 20,000-30,000. Because of this concentration of employment, education and cultural activities in the urban core, traffic counts for commuters and others are significant in and near the district:

Traffic Profile	**vehicle**	*miles from*	*nearest*	*year*
avg. daily traffic	**count**	*Penn & 16th*	*cross street*	*of count*
I-579 bridge	61,000	0.20	Smallman	2003
Penn Avenue	12,486	0.21	19th Street	1997
Smallman Street	24,973	0.47	23rd Street	1997
Liberty Avenue	10,189	0.50	24th Street	1997
Penn Avenue	10,147	0.40	12th Street	

In addition, daily <u>bus ridership</u> on routes through the Strip range from 24,000+ riders on weekdays, to 7,100 riders on Sunday.

MARKETING SUGGESTIONS
Because the above groups are defined by their travel in and out of the city on a weekly basis, this suggests that Strip promotions that "travel well" might be appropriate. These could include a variety of billboard formats, including on-transit boards, and radio promotions.

For weekday commuters in particular, it could be advantageous to reexamine the opening and closing times of Strip retailers. Commuters who wish to shop before or after work would probably prefer store openings at an hour like 7:30 am and/or closings at 5:30 or 6:00pm.

3. Tourists & Event Attendees

There are a variety of consumer groups that come to the City for reasons other than employment and education. Because the Strip is centrally located and close to so many of the City's attractions and amenities, it makes sense to consider these visitors as important potential markets. Below are some of the annual numbers associated with this group of consumers:

• Pirate & Steeler games *(Northshore)*	2,100,000
• Cultural District performances	1,100,000
• Convention Center	400,000-510,000
• History Center & Soc. for Contemp. Craft	140,000-160,000
• Cultural & Heritage Tourists	200,000
• All Tourists to the region *(spending $3 billion)*	10,000,000

• Pirate & Steeler games

Some of these fans already park in the Strip and walk to the game on the Northshore to avoid heavy traffic and high parking costs there. In the future more fans could be enticed to begin or end the games in the Strip with appropriate marketing and transportation.

OTHER CONSIDERATIONS
The Pirate annual attendance estimate is 1,600,000; Steelers, 500,000. Pitt football game attendance is not included in the above figures but could total another 250,000+ for another sport-related market accessible nearby.

With the pending construction of the new slots casino on the Northshore, the water taxi system could be expanded to transport various visitors (including sports fans) from river bank to river bank. This could increase the accessibility of the Strip by sports fans and bring more of their dollars into the Strip economy before and after games.

MARKETING SUGGESTIONS
This sports audience could be targeted through advertising in the sports venues or program books, as well as on radio that covers the games. As always, a media relations campaign that generates mass media stories about the opportunities in the Strip is always effective. And, if enough fans choose the Strip as a pre- or post-game destination, a shuttle service could be a good marketing strategy, as evidenced by Max's Allegheny Tavern on the Northside.

• Cultural District performances

This audience includes the patrons of the various offerings of the nearby Cultural District, including the theater, symphony, ballet and opera. As "cultural tourists," many of these same people may be prospects for the Heinz History Center and the Society for Contemporary Craft, and, therefore, potential customers of Strip retail businesses.

OTHER CONSIDERATIONS
They may also largely represent the region's higher income markets that support the unique

shops and restaurants of the Strip.

MARKETING SUGGESTIONS
In the ticket lobby of the Public Theater is a rack, in which brochures from the Strip, History Center and Society for Contemporary Craft might be displayed. Additionally, ads in the program books of these venues could target this upscale audience for the Strip and its two cultural attractions.

• Convention Center

The attendees at various conventions and/or their spouses often seek neighborhoods in which to shop and eat or for entertainment in the evening. Other than downtown offerings, the Strip is the closest option for these visitor activities.

OTHER CONSIDERATIONS
The completion of the new hotel across from the History Center will help to draw some of these visitors into the Strip. Off-site convention events in venues in the Strip will do the same.

MARKETING SUGGESTIONS
One relatively inexpensive way to reach this audience throughout the region is through the Landmarks annual publication that is placed in thousands of regional hotel rooms. In addition, the Strip map is distributed in the Convention Center and in tourism kiosks. Providing Strip maps and restaurant listings to hotel concierges is a strong method of promotion to these visitors.

• Heinz History Center & Society for Contemporary Craft

These two nationally renowned cultural attractions within the Strip district attract a minimum of 150,000 visitors a year into the district. For people who have already reached this Strip destinations and parked, a walk through the Strip for food or shopping is a natural.

OTHER CONSIDERATIONS
Many of these visitors may fall into the category of Cultural and Heritage Tourists (see more below), and therefore may be interested in exploring the unique and ethnic retail offerings of the Strip.

MARKETING SUGGESTIONS
The Strip map is a basic tool that can be used to entice these visitors into the stores and restaurants of the Strip. A 1-sheet listing of restaurants would be valuable, too.

• Cultural & Heritage Tourists

The Greater Pittsburgh Convention and Visitors Bureau targets a particular kind of consumer outside of the immediate Pittsburgh Market, which they call Cultural and Heritage Tourists. These vacationing tourists tend to stay longer and spend more money in the Pittsburgh market than other kinds of tourists. Based on extensive consumer research by the GPC&VB, the target market is defined as the following:

Residence Location: primarily in Ohio and Pennsylvania metropolitan areas (MSAs), with some in West Virginia
Income/age: $50,000+ HH income; under 50 years of age, with a concentration under 40 years
Households: married couples; homeowners with 8-15 years of residence; 1+ children, at all ages, but especially 4-12 years olds

MARKETING SUGGESTIONS
The most direct access to this audience is through promotion tactics and trip packages orchestrated through the GPC&VB. Again, the Landmarks book is a valuable tool; providing Strip maps and restaurant listings to hotel concierges is another.

F. Previous & Current Marketing Efforts

For several years now, Neighbors in the Strip has been doing an excellent job of promoting the district and its attractions. Especially strong has been their generation of publicity and the volume of activity on their website: www.neighborsinthestrip.com.

Current efforts

- NITS website— perhaps the most sophisticated and fun of the Mainstreet community websites... and updated regularly; volumes of information about the Strip and the projects of NITS; an estimated 3,200 visitors a week
- NITS e-gram newsletter— monthly reaching 2,500 consumers, businesses, nonprofits and government departments; future plans to create a purely consumer-oriented variation
- Strip District Map *(an example of co-op advertising)*-- 75,000 maps for each printing and distributed widely, including in the Strip, through the Visitors Bureau and more
- web-based Pittsburgh Neighborhood Tours— completed in early 2006 as a co-op venture with several Mainstreet Pittsburgh neighborhoods; visits to the site now total tens of thousands a month
- the Strictly Strip Tours— NITS spun off their own variations of the tours focusing on the Strip
- press releases, press conferences & aggressive media relations—has generated numerous stories and coverage, ranging from local and national TV, from the Post-Gazette to National Geographic
- 16:62 Design Zone with Lawrenceville— a highly successful consumer marketing and business recruitment campaign that has helped to shape a new retailing component in these two communities.
- Pop City—this online magazine features several key inner city neighborhoods (and the region) including the Strip; regular features focus on the Strip segment which often is #1 in visitors

Past Efforts

In the past there have been Strip-wide events that might have become annual "signature events" for the district. These included "Taste of the Strip," a 3-day event in 2004 and 2005 and an older Italian-themed weekend street festival. In 2006 the NITS board determined that this type of event was too costly and labor intensive to continue, especially in light of all of the other activities of the organization.

In 2004 and 2005, the Strip was one of several Main Street communities that participated in the URA's co-op marking campaigns, "Shop Mainstreets Pittsburgh" and "Shop/Discover Pittsburgh Neighborhoods" respectively. These campaigns attempted to create a uniform, umbrella brand for Mainstreet neighborhoods and to promote the districts through advertising which was partly subsidized by URA reimbursement grants. NITS has expressed an intent to continue this type of effort, perhaps linked to a "Buy Local" strategy.

G. Marketing Strategies for the Future

Based on the proceeding market data, the "Overview of Research and Marketing Principles" *(on page 5)* and the reality of a limited marketing budget, this study recommends several no/low cost marketing strategies for NITS marketing in 2007. An assumption here is that the annual NITS marketing budget is in the range of $25,000 per year. If a substantial budget is established for advertising in the future, for example with the full funding of the proposed Market Hall, other mass marketing strategies will supplement these. *(see section on 2008 and beyond)*

The following steps and actions are structured according to the Main Streets national model:

Action-Oriented Steps and Guidelines for 2007

NOTE: *The year 2007 lays the basic foundation for future marketing efforts; therefore it includes significant planning and data gathering.*

Promotion Team

• Present this study and others to retailers and other stakeholders so they can base their individual marketing strategies on the data and conclusions, as well as synchronize with the key messages and identity of the Strip.

• Establish a diverse and talented Promotions Action Team to develop specific strategies and tactics that key off of Main Street principles and best practices... and to interact with the other Mainstreets action teams.

• Produce an annual marketing plan spotlighting the key markets and marketing strategies for the district, perhaps with the help of a marketing consultant. Present the results to the merchant community for consensus.

• Pursue aggressive public and media relations to generate positive stories in the media.

• Craft district advertising messages carefully to target specific consumer segments and integrate these with the identity of the Strip. Most often one message does not fit all consumers.

• Select mass marketing/advertising channels carefully and only after clearly defining the target market. Spread costs by pooling stakeholder dollars through coop advertising.

• Encourage a mind set among Strip merchants that the whole district is a consumer destination, larger than each merchant's individual customer base, and encourage them to help co-promote other Strip destinations.

• Make retention and loyalty of current customers a top marketing priority, especially in the face of new retail developments and new food retailing concepts entering the over-saturated regional market. It takes five times as much energy to win a new customer. And word of mouth is very powerful, both negative and positive. *("Buy Local" could be part of this)*

• Continue and refine several current basic and successful marketing and promotion strategies being employed by NITS . These low cost, but effective efforts, include, but are not limited to:
- the NITS website
- the Strip map *(an example of co-op advertising)*
- the web-based Neighborhood Tours concept
- the NITS e-gram newsletter
- press releases, press conferences and aggressive media relations
- 16:62 Design Zone with Lawrenceville

• Collaborate with other NITS action teams and get board approval for strategies.

Design & Promotion Teams

• Craft a clear and inspiring identity, identity package and key messages and apply across all marketing venues to help achieve Top of the Mind status with consumers.

- Continue development of the Portal Project at 11th Street to create a "seamless transition" from downtown and the Convention Center to Smallman Street to invite visitors into the Strip.

Economic Restructuring & Promotion Teams

- Address key consumer concerns about the Strip environment that are critical to marketing success. These include safety, litter, streetscape and parking issues.

Economic Restructuring Team

- Conduct an in-store or sidewalk intercept consumer zip code survey to give more clarity to the origin of current Strip shoppers and to help focus limited marketing dollars effectively.

- Engage secret shoppers, voluntarily agreed to by retailers, to help maintain the competitiveness of these businesses. (Failing quality in one major destination store can negatively affect the whole district's economy.)

Action-Oriented Steps and Guidelines for 2008-2012

NOTE: The next 4 years build on the planning foundations laid in 2007; they also assume that the Strip Market Hall is established and fully funded.

As a result of two years of planning and development for the Strip's proposed public market on Smallman Street, more than half of the funding has been raised, including a State appropriation. One result of the development process is a comprehensive document completed in December of 2006: "The Strip Market Hall—Business Plan." This document includes considerable marketing related data and study results, some of which were incorporated into this document as they relate to the Strip District as a whole.

It also lays out a comprehensive marketing plan and budgets for a 10 year period. From 2008 to 2012, the document projects market-related expenditures which will be paid from operating revenues and other funding sources.

The intent is that the promotion of the Market Hall will draw additional consumers into the Strip District as a whole and, likely, increase overall spending throughout the district. Therefore, the following chart describes the total promotion effort to attract consumers to the Strip in coming years:

marketing categories	year 1	year 2	year 3	year 4	year 5
MARKET HALL STAFF					
- Marketing/Outreach Coordinator	$45,000	$46,350	$47,741	$49,173	$50,648
- Payroll & Benefits (approx.)	$14,400	$14,832	$15,277	$15,735	$16,207
MARKET HALL EXPENSES					
- Advertising	$19,500	$85,000	$87,550	$90,177	$92,882
- Entertainment/Special Events	$30,000	$30,900	$31,827	$32,782	$33,765
- Professional Services	$40,000	$10,000	$10,300	$10,609	$10,927
NITS DISTRICT EXPENSES					
- Annual expenses	$25,000	$25,000	$25,000	$25,000	$25,000
Annual Promotion Totals	**$173,900**	**$212,082**	**$217,695**	**$223,476**	**$229,429**

The following action items will draw on the budget figures above to serve both the Hall and the

Strip to attract consumers.

Promotion Team & Market Hall Staff

While the Market Hall staff must also attract and recruit vendors to operate in the space, the following outlines briefly the extensive strategy to promote the Hall and Strip to consumers:

- Startup & grand opening advertising and promotion will include:
  - develop identity
  - develop a website and print materials
  - install large signage on the exterior of the building: Strip Market Hall
  - employ blog technologies
  - launch a media blitz

- Ongoing advertising will include:
  - create and distribute flyers and posters
  - sell promotional items
  - place print ads in a variety of local, regional and state publications
  - promote vendors through the website
  - create and distribute a frequent newsletter with specials, etc.
  - promote through NITS listserve
  - promote "cultural tourism" and "culinary tourism" in the state & region
  - place strategic billboard ads
  - market internet blogs for the Hall
  - develop Market Hall branded products

- Ongoing PR will include:
  - develop relationships with food writers and reporters
  - cosponsor events with cultural and educational institutions
  - establish a Friends of the Market Hall
  - create and distribute a frequent newsletter with specials, etc.
  - conduct regular consumer surveys
  - produce stories on commercial and public television
  - use large screen TV in the Hall to promote vendors, events & Strip businesses

- Special Events will include:
  - launch with a Grand Opening
  - produce an electronic calendar of events, including one major event a month
  - create seasonal and holiday events
  - stage special performances in the stage area
  - stage cooking demos with local and national chefs
  - demonstrate products and conduct classes in the stage area
  - broadcast live radio remotes from the Hall
  - develop theater pieces to perform in the Hall

Promotion Team

- develop events and promotions to synchronize with "Pittsburgh 250" in 2008

Economic Restructuring Team

- develop and improve additional portals/gateways into the Strip
- conduct a "cluster analysis" of retail businesses to determine what new businesses would add to the consumer draw of the Strip and complement existing ones.
- develop a business recruitment strategy and materials to recruit for the desired clusters

Appendix

Supporting Data
and Information

H. Marketing 101: Some Basic Principles

It's a good idea to pay attention to basic principles of marketing and weave all efforts into a comprehensive, integrated marketing communication strategy. Here are ***10 Smart Marketing Basics****...*

1. It takes **5 times** as much effort to gain a new client as to retain an existing one.
2. The classic 4 P's of marketing are:
   - **Product** (or Service). Bought by a customer to meet a need. The need may be practical, emotional, or basic.
   - **Price**. The price must be right if customers are to buy a product in sufficient quantities to ensure a profit.
   - **Place**. The 'bridge' connecting customers and products.
   - **Promotion**. Activity that informs the customer what you have to offer and persuades them to buy.
3. Two critical marketing questions... "What does my customer **expect**?" and "What can I do to **exceed** those expectations?"
4. Marketing is not a battle of products, it's a battle of **perceptions**.*
5. The most powerful concept in marketing is **owning a word** in the prospects mind (eg. car, shoes, reliability, safety, convenience, friendly, fun, cool, quaint, healthy, etc.)*
6. Successful marketing programs are not built on fads, they're built on **trends**.*
7. Without **adequate funding**, an idea won't get off the ground.*
8. Marketing is **everything** you do to promote your business, from the moment you conceive of it to the point at which customers buy your product or service and begin to patronize your business on a **regular** basis.**
9. Consider 10 important marketing 'secrets.' **You must...****
   ...Have **commitment** to your marketing program
   ...Think of that program as an **investment**
   ...See to it that your program is **consistent**
   ...Make your prospects **confident** in your business
   ...Be **patient** in order to make a commitment
   ...See that marketing is an **assortment** of weapons
   ...Know that profits come **only after** sales
   ...Run your business to be **convenient** for your customers
   ...Put an element of **amazement** in your marketing
   ...Use **measurement** to judge the effectiveness of your weapons
10. Marketing is a **careful, long-term process** to inform and persuade a well-understood customer possessing a well-defined **need**. It requires a clearly articulated "**offering**." An effective marketing campaign must also meet the test of being **focused**, **accountable** for results, and of a **scale** sufficient to have a **measurable impact**. Above all, it must exist as one element of a larger sophisticated and coherent **overall strategy**—*Pittsburgh Regional Alliance*

A Brand is about more than names, logos, advertising or taglines. A brand represents **a unique and enduring bond** between a marketer and its targeted audience. It involves everything a company does, says and stands for—the way it performs, communicates and responds to it customers and markets.

A Brand is a promise of value to its markets and a source of pride and unity for its employees. It is an assurance of quality and consistency— a guarantee that the brand will deliver as promised each and every time. When effectively positioned, a brand will create a positive, memorable experience and evoke an emotional connection with the intended audience.

In a world of constant changes and myriad choices, the ability to establish, grow, and sustain **a distinctive relevant and powerful brand is more essential than ever.**
—above from the *DeSola Group*

Branding & Marketing should always drive toward actual, measurable results, regardless of how much art, science or investment went into planning and development.

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* Al Ries & Jack Trout, *The 22 Immutable Laws of Marketing*

** Jay Conrad Levinson, *Guerrilla Marketing*

I. Strip District Demographics & Consumer Markets

1a. PRIMARY TRADE AREA: 75% of Strip 'customers'

While little data has been collected from Strip business databases, some insights can be gained from other recent data and analyses. Extrapolating data from several sources, suggests strongly that the Primary Trade area for the Strip is at least as large as Allegheny County. Data available from the Heinz History Center and Society for Contemporary Craft suggest it extends beyond the County.

Heinz History Center

2005-06 attendance		
origin	#	%
Alleg. Co.: Pittsburgh	32,227	**24%**
Alleg. Co.: suburbs	61,769	**46%**
Other PA	13,428	**10%**
Outside PA	25,513	19%
TOTAL	134,281	99%

Society for Contemp. Craft

2003 zip code study	
origin	%
Pittsburgh	**27%**
Allegheny Co.	**32%**
Other PA	**19%**
Outside PA	22%
TOTAL	100%
based on 32,343 visitors	
June-August, 2003	

Zip code data documenting the Primary Trade Area—correlations between these two sources are highlighted

(P=Pittsburgh, A=Allegeny Co.)

2004 Shop Mainstreets Pgh. contest

Top Strip entries in contest		
1,220 entries, including 282 unique zips!		
ZIPs	**Area Name**	**Entries**
15206	**(P) E. Liberty/Highland Pk.**	60
15217	**(P) Squirrel Hill**	57
15212	**(P) Northside**	44
15201	(P) Arsenal/Lawrenceville	41
15221	**(A) Churchill/Wilkinsburg**	36
15237	**(A) McKnight/N. Hills**	25
15224	(P) Bloomfield	22
15216	(A) South Hills	22
15215	**(A) Aspinwall/Sharpsburg**	21
15235	**(A) Penn Hills**	20
15228	**(A) Mt. Lebanon**	19
15108	(A) Moon/Coraopolis	19
	% of total entries	32%

Additional data from a 2004 Mainstreets Pittsburgh contest* and from the Society for Contemporary Craft suggest that consumers in significant numbers are coming into the Strip from key city and suburban zip codes. A preliminary list of these higher marketing potential zip codes includes:

Stronger Pittsburgh markets
- Squirrel Hill
- East Liberty/Highland Park
- Northside
- Oakland
- Downtown
- Shadyside

Stronger Allegheny Co. markets
- Churchill/Wilkinsburg
- Aspinwall/Sharpsburg
- McKnight/North Hills
- Penn Hills
- Mt. Lebanon
- Fox Chapel/Blawnox
- Sewickly/Edgeworth

Society for Contemporary Craft

Top Pgh. & Alleg. Co. zip codes (2003 mail)		
zip	origin	#
15217	**(P) Squirrel Hill**	578
15206	**(P) E. Liberty/Highland Pk.**	353
15222	(P) Downtown/Strip	350
15213	(P) Oakland	341
15232	(P) Shadyside	327
15238	(A) Fox Chapel/Blawnox	326
15143	(A) Sewickley/Edgeworth	249
15221	**(A) Churchill/Wilkinsburg**	233
15219	(P) Downtown	209
15208	(P) N.Point Breeze/Homew'd	207
15215	**(A) Aspinwall/Sharpsburg**	196
15237	**(A) McKnight/N. Hills**	166
15212	**(P) Northside**	166
15235	**(A) Penn Hills**	151
15228	**(A) Mt. Lebanon**	142
15216	(P) Dormont/Beechview	102
15241	(A) Upper St. Clair	94
	% of Pgh. & AC total (6,605)	63%

These communities could be targeted more specifically in the marketing plan for the Strip Marketplace.

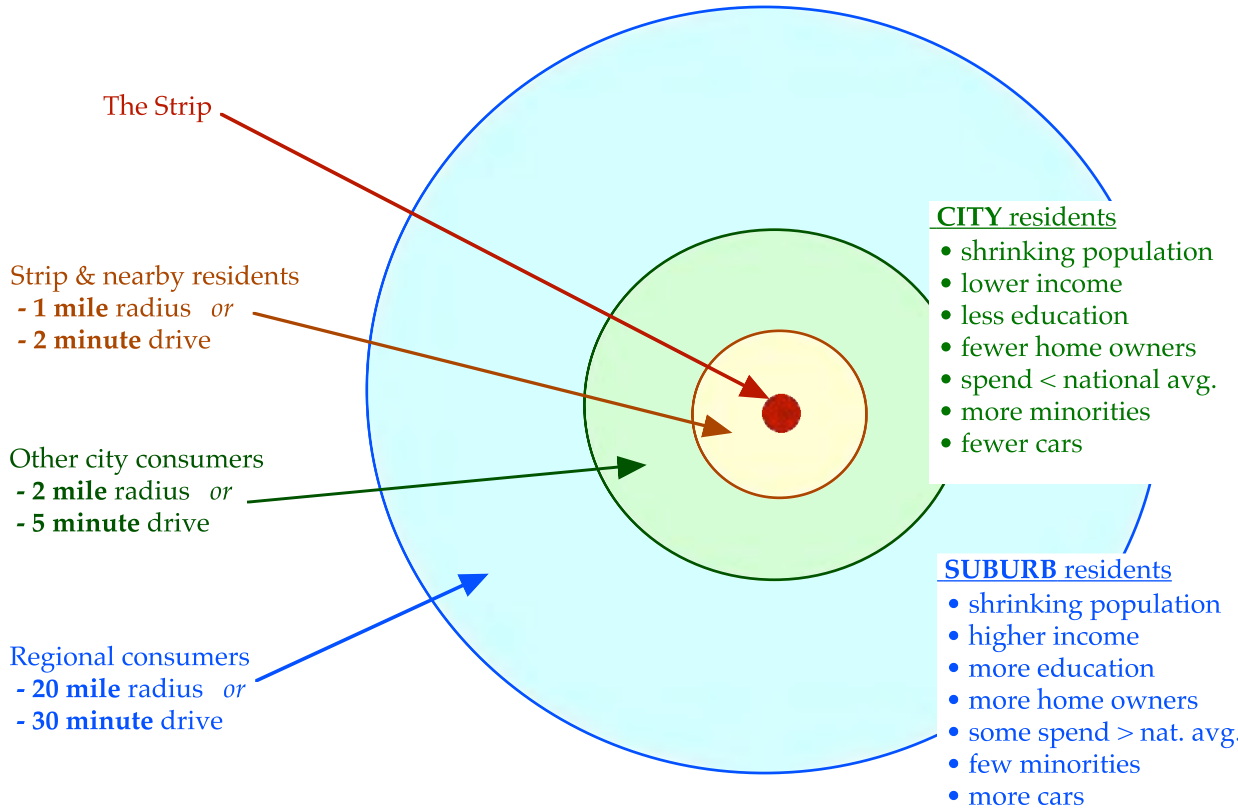
With additional zip code data from consumer intercepts in the Strip, from Strip business databases and from an existing History Center database, targeting of consumers could be more refined.

**NOTE: the 1,220 contest entries in the Strip were collected over a period of three months in 2004 in 25 diverse retail establishments. These consumers in the Strip represented more than 282 different zip codes.*

1b. Residents: Consumers & Distance from the Strip

As is typical in metropolitan areas, the Strip's trade area is not homogeneous in terms of a variety of socioeconomic measurements. Therefore, this section examines the Trade Area in terms of several variables which are charted to reveal distinctions within the area.

One key variable is distance from the core of the Strip district and how that affects other variables that would shape marketing decisions in the future. On the next several pages, various demographic data will be compared in relation to distance from the Strip. Distance will be measured in two common ways: mileage and drive time.



There are major differences in target populations within the Trade Area

Although the mileage and the drive time radii do not conform exactly to each other, the data they reveal about the trade area is fairly comparable. As the next several pages demonstrate, there are key differences between the inner and outer bands that could significantly influence marketing decisions, including:

- **As much as a $30,000 difference in average household income**
- **Important differences in lifestyle segments**
- **Differences in spending, ranging from < 60% of national average to >100%**
- **A doubling of "college plus" education levels from inner to outer bands**
- **An increase in white population from 42% to 92% from inner to outer bands**
- **30 year trend of shrinking of family population, but twice as great in the city bands**
- **30 year trend of a 170% difference in housing ownership between the bands**

Assuming that the Primary Trade Area for the Strip District is at least as large as Allegheny County, the following ESRI demographic data roughly describes some large variations in this consumer base for the Pittsburgh region. The drive times are radii from the intersection of 16th Street and Penn Avenue.

Note that the figures on this page do not account for the <u>new boom in condo and apartment development</u> in Pittsburgh's CBD, on the North Shore and in the Strip District. The occupants in these new units will more than double the residents within the 2-minute drive radius and greatly increase the percent of middle and upper middle income consumers.

Resident Population: 3 different drive radii			
(ESRI data)	2006 est.	2011 est.	% change
2-minute drive	1,095	1,063	-2.85%
5- minute drive	19,778	78,641	-2.55%
30-minute drive	1,437,184	1,420,514	-1.15%

The economic, racial comosition & education differences are significant.

(ESRI data)	2-minute	5-minute	30-minute		USA
Median age	42.3	37.1	41.7		36.2
Average HH size	1.51	2.02	2.32		
Median HH income	$23,766	$22,934	$38,589		
Average HH income	$42,075	$34,202	$53,880		$64,816
% HH income > $50,000	25%	20%	38%		
% HH income < $15,000	31%	33%	16%		
% Bachelor+ degrees	19%	18%	28%		25%
% African-American	45%	35%	13%		12%

These differences are even greater within separate bands.

Also, within this Trade Area, Claritas data reveals even greater differences when the population is broken down into <u>separate bands</u> rather than aggregated as above. The data below was gathered for the 2006 market study for the Strip Market Hall, which would have approximately the same Trade Area as the Strip District.

(Claritas data)	1 mile band	1-5 mi. band	5-20 mi. band
median age	38.5	37.8	42.3
average HH size	1.94	2.15	2.38
median HH income	$19,210	$34,416	$48,220
average HH income	$31,218	$48,766	$65,304
% HH income > $50,000	18%	33%	48%
% Bachelor+ degrees	14%	27%	28%
% African-American	56%	20%	7%
% HH with no vehicles	55%	25%	10%

<u>Key differences between the inner and outer bands</u> that would affect marketing decisions include:

- **as much as a $30,000+ difference in average household income**
- **a doubling of "college plus" education levels from inner to outer bands**
- **an increase in white population from 42% to 92% from inner to outer bands**
- **as much as a 35% increase in household size from inner to outer bands**

1c. Residents: Income & Spending Potential

The following chart of ESRI data represents the age groups of the highest and lowest household disposable income categories in each of the three drive time bands from the Strip. Disposable Income is defined as "after tax household income."

2006 household income	2-minute	5-minute	30-minute
Average disposable income	$42,075	34,202	53,880
Highest income: age group	**45-54 years**	**45-54 years**	**45-54 years**
- average income	$55,187	40,963	65,847
Lowest income: age group	**65-74 years**	**< 25 years**	**75+**
- average income	$20,100	25,681	38,159

Age is a factor for income and spending potential: 45-54 year olds have the highest disposable income in all bands.

Clarity about who is being targeted for marketing is critical. For example, targeting specialty foods advertising to 45-54 year olds with the highest disposable income makes sense, but makes much less sense to target the oldest or youngest population cohorts for these products.

Income affects Spending Potential.
Spending varies widely across bands & products.

An example—foods...

Focusing only on potential spending in the retail food component of the Strip district, the 2006 Market Hall study substantiates the income and spending differences within these successive population bands radiating from the Strip. The following chart shows the 2010 projected Spending Potential Index (SPI) in several food categories compared to a national average of 100% per household.

2010 projections: FOODS	1 mile band	1-5 mi. band	5-20 mi. band	USA avg.
Food at Home—overall	74	89	102	100
Food away from Home-overall	62	87	102	100
Specialty Foods: Market Hall categories				
- baked goods	74	93	109	100
- dairy	73	92	107	100
- meat	90	94	103	100
- prepared foods	62	82	97	100
- fruits and vegetables	76	90	104	100
- seafood	66	77	91	100
- sweets	66	87	105	100
- beverages-non alcoholic	63	81	92	100

As much as 40% more is spent on food and specialty foods as the distance from the Strip increases.

1d. Residents: Women Consumers

Marketing always works better when the most likely customer is clearly defined and understood. This is a little more challenging when marketing a whole retail district, with a variety of consumer options.

Some data suggests that women are the most important market for the Strip District's retail products and services. A contest in 2004 for a "Shop Mainstreets Pittsburgh" campaign gathered entries in 14 inner city neighborhoods through 157 participating businesses. The chart below represents data from the 25 participating Strip businesses and is summarized as follows:

- **70% of entrants in the Strip were women**; 66% across all the neighborhoods
- **65% in the Strip were in the 25-54 age cohorts**; 60% across all the neighborhoods
- **42 years old was the average age of Strip entrants**; 40 years across all the neighborhoods

District by average age	Avg. Age	*# Ages Given*	%-age Female	AGE——> <14	15-24	(largest three age cohorts in BOLD) 25-34	35-44	45-54	55-64	65+
1. E. Liberty	29	*126*	68%	9	**53**	**25**	**23**	13	1	2
2. Oakland	32	*431*	65%	10	**160**	**90**	**73**	**73**	21	4
3. Southside	33	*462*	62%	24	**144**	**104**	**77**	65	34	14
4. Uptown	36	*67*	62%	2	7	**23**	**18**	**13**	3	1
5. Brightwood	38	*371*	64%	12	69	**80**	**90**	**75**	28	17
6. Brookline*	40	*458*	69%	37	75	42	**104**	**103**	**65**	32
7. Strip Dist.	**42**	***1,103***	**70%**	55	127	**180**	**255**	**279**	138	69
8. E. Ohio	42	*169*	57%	5	16	**30**	**41**	**49**	18	10
9. Lawrenceville	43	*279*	69%	10	21	**57**	**50**	**87**	39	15
10. West End	43	*93*	70%	9	5	13	**17**	**25**	**15**	9
11. Troy Hill	44	*225*	52%	2	25	**56**	**38**	**49**	19	36
12. Observ. Hill	45	*150*	62%	5	14	**22**	**33**	**35**	17	24
13. Gar.-Fr'ndsh.	46	*1*	100%					1		
14. Bloomfield	52	*342*	66%	5	10	35	52	**91**	**67**	**82**
Totals	**40**	***4,277***	**66%**	185	726	**757**	**871**	**958**	465	315
			*	*4%*	*17%*	*18%*	*20%*	*22%*	*11%*	*7%*

** an average of 10% of entries could not be identified as Male or Female*

Women 45-54 probably have the greatest disposable income and influence as a group (see also income data on previous page)

While the above data is merely suggestive and not based on scientific research, other sources suggest that this audience is a critical one in the marketplace. For example, Tom Peters, business consultant and author, suggests in his book Trends that:

- **Women are the "chief purchasing officers" in most households**
- **Women are THE market... Women are Where the Money Is.**
- **Women's earning power, spending power, and role in corporate decisions are all increasing at a breathtaking pace.**
- **A huge demographic tidal wave is creating a huge, asset-rich pool of 50+ women**

Also, in the study for the proposed Strip Market Hall, Ted Spitzer of Market Venture Inc. noted that "The highest spending customer is typically an upper income, 40 to 55 year old woman." Since the public Market Hall will have a retail profile resembling the Strip itself, this reinforces the insight that middle age women are a key target for marketing efforts.

1e. Residents: Lifestyle segments

The charts of ESRI demographic data on the next 3 pages identify consumer lifestyles within the Primary Trade Area of the Strip. ESRI calls their system "Community Tapestry—The Fabric of America's Neighborhoods" and says this segmentation *"provides an accurate, detailed description of America's Neighborhoods. Using proven segmentation technology introduced more than 30 years ago, Community Tapestry classifies U.S. Neighborhoods based on their socioeconomic and demographic composition."* It breaks down the population into:

- 65 lifestyle segments
- 12 LifeMode summary groups
- 11 Urbanization summary groups

Resulting from a specialized mining demographic and economic data, these lifestyle segments can be useful in targeting promotions and advertising because they help to describe the potential customer in a more life-like way. The chart below summarizes the top 4 segments in each radius:

Tapestry Lifestyle Segment Summary

Top 4 segments for Strip resident demographics

LifeMode Groups	2-min. drive	5-min. drive	30-min. drive
• L2—**Upscale Avenues**: *prosperous, married couple homeowners in different housing*			*18. Cozy & Comfortable*
• L3—**Metropolis**: *city dwellers in older urban homes reflecting the diversity of urban culture*	*45. City Strivers*	*62. Modest Income Homes*	
• L4—**Solo Acts**: *urban young singles on the move*	*27. Metro Renters*		
• L5—**Senior Styles**: *senior lifestyles by income, age, and housing type*	*57. Simple Living* *65. Social Security Set*	*57. Simple Living* *65. Social Security Set*	*29. Rustbelt Retirees* *14.Prosperous Empty Nesters* *57. Simple Living*
• L9—**Family Portrait**: *youth, family life and children*		*64. City Commons*	

NOTE: These residential Life Style Segment statistics do not reveal the potential markets for non resident consumers, including 1) the tens of thousands of employees working nearby in the Strip and downtown or 2) the 2,000,000+ tourists and nearby event attendees.

Lifestyle segments can help to form a clearer picture of potential customers

Radius 1: Strip & Nearby Consumers

2-minute drive— 2006 resident population

Top four ESRI Community Tapestry segments

This nearby local population data is extrapolated from 2000 census data. Note that the figures on this page do not account for the new boom in condo and apartment development in Pittsburgh's CBD, on the North Shore and in the Strip District. The anticipated occupants in these new units will more than double the number of residents within the 2-minute drive radius and greatly increase the percentage of middle and upper middle income consumers.

(NOTE: radius from Penn Avenue at 16th Street; SPI is Spending Potential Index and represents the amout spent for a product or service relative to a national average of 100.

2- minute drive = 1,094 population		
Tapestry segment	*pop.*	*% of T*
57. Simple Living	497	45%
65. Social Security set	317	29%
45. City Strivers	192	18%
27. Metro Renters	81	7%
pop. in Top 4 categories	1,087	99%

Top 3 spending categories	(annual)	
(median HH income = $27,670)	*SPI*	*Avg. spent*
#1 SPI: apparel products & svs.	153	$225
#2 SPI: school books & supplies	107	$125
#3 SPI: moving/storage/etc.	106	$56
#1 expense: mortgage & ins.	63	$5,132
#2 expense: vehicle loans	77	$4,577
#3 expense: vehicle purchases	78	$4,562

rank— pop. % / income level	**#1**—45% lower middle	**#2**—29% low	**#3**—18% lower middle	**#4**—7% middle
Segment Number and Name	57 Simple Living	65 Social Security Set	45 City Strivers	27 Metro Renters
Segment Illustration				
LifeMode Group	L5 Senior Styles	L5 Senior Styles	L3 Metropolis	L4 Solo Acts
Urbanization Group	U6 Urban Outskirts II	U2 Principal Urban Centers II	U2 Principal Urban Centers II	U1 Principal Urban Centers I
HH Type	Singles	Singles	Family Mix	Singles; Shared
Median Age	40.1	44.6	32.1	33.6
Income	Lower Middle	Low	Lower Middle	Middle
Employment	Prof/Mgmt/Skilled/Srvc	Retired/Prof/Mgmt/Srvc	Prof/Mgmt/Srvc	Prof/Mgmt
Education	No HS Diploma; HS Grad	No HS Diploma; HS Grad	No HS Diploma; HS Grad	Bach/Grad Degree
Residential	Multiunits; Single Family	High-Rise Rentals	Multiunit Rentals	Multiunit Rentals
Race/Ethnicity	White	White; Black	Black	White; Asian
Activity	Own cats	Member of church board, fraternal order, veterans club	Play tennis, basketball	Travel by plane frequently
Financial	Have personal education loan	Own stock worth less than $75,000	Have personal education loan	Track investments online
Activity	Go dancing	Attend movies once a week or more	Go dancing, attend dance performances	Surf Internet/Shop online
Media	Watch syndicated TV	Watch game shows	Watch syndicated TV	Watch *Style*; read fashion magazines
Vehicle	Own/Lease Buick	Own/Lease Buick	Leased last vehicle	Rent car from Avis

Radius 2: Other City Consumers

5-minute drive—2006 resident population
Top four ESRI Community Tapestry segments

5- minute drive = 80,678 population		
Tapestry segment	*pop.*	*% of T*
57. Simple Living	19,778	25%
64. City Commons	7,084	9%
65. Social Security Set	7,098	9%
62. Modest Income Homes	6,829	9%
pop. in Top 4 categories	40,789	52%

Top 3 spending categories	(annual)	
(median HH income = $28,083)	*SPI*	*Avg. spent*
#1 SPI: apparel products & svs.	96	$141
#2 SPI: school books & supplies	82	$96
#3 SPI: smoking products	70	$349
#1 expense: mortgage & ins.	48	$3,887
#2 expense: vehicle loans	57	$3,380
#3 expense: vehicle purchases	58	$3,378

rank— pop. % / income level	#1—25% lower middle	#2—9% low	#3—9% low	#4—9% low
Segment Number and Name	57 Simple Living	64 City Commons	65 Social Security Set	62 Modest Income Homes
Segment Illustration				
LifeMode Group	L5 Senior Styles	L9 Family Portrait	L5 Senior Styles	L3 Metropolis
Urbanization Group	U6 Urban Outskirts II	U2 Principal Urban Centers II	U2 Principal Urban Centers II	U6 Urban Outskirts II
HH Type	Singles	Single-Parent Fams; Singles	Singles	Other Family HHs; Singles
Median Age	40.1	24.2	44.6	35.0
Income	Lower Middle	Low	Low	Low
Employment	Prof/Mgmt/Skilled/Srvc	Services	Retired/Prof/Mgmt/Srvc	Srvc/Skilled/Not in LABF
Education	No HS Diploma; HS Grad	No HS Diploma; HS Grad	No HS Diploma; HS Grad	No HS Diploma; HS Grad
Residential	Multiunits; Single Family	Multiunit Rentals	High-Rise Rentals	Single Family; Duplex
Race/Ethnicity	White	Black	White; Black	Black
Activity	Own cats	Buy baby/children's products	Member of church board, fraternal order, veterans club	Eat at fast-food/drive-in restaurants
Financial	Have personal education loan	Bank online	Own stock worth less than $75,000	Own American Express card
Activity	Go dancing	Own 3+ cell phones	Attend movies once a week or more	Listen to urban and gospel radio
Media	Watch syndicated TV	Listen to urban and gospel radio	Watch game shows	Watch cable and syndicated TV
Vehicle	Own/Lease Buick	Own/Lease Mercury	Own/Lease Buick	Own/Lease Nissan

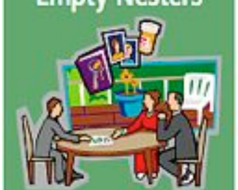
Radius 3: Regional Consumers

30-minute drive —2006 <u>resident</u> population

<u>Top four</u> ESRI Community Tapestry segments

30- minute drive = 1,437,184 population		
Tapestry segment	*pop.*	*% of T*
29. Rustbelt Retirees	262,821	18%
18. Cozy & Comfortable	117,458	8%
14. Prosperous Empty Nesters	97,599	7%
57. Simple Living	90,663	6%
pop. in Top 4 categories	568,541	39%

Top 3 spending categories	(annual)	
(median HH income = $49,744)	*SPI*	*Avg. spent*
#1 SPI: apparel products & svs.	135	$198
#2 SPI: pets	105	$434
#3 SPI: (tie) reading	104	$227
#3 SPI: (tie) prescript. drugs	104	$589
#1 expense: mortgage & ins.	97	$7,918
#2 expense: vehicle purchases	94	$5,502
#3 expense: vehicle loans	92	$5,495

rank— pop. % income level	#**1**—18% middle	#**2**—8% upper middle	#**3**—7% upper middle	#**4**—6% lower middle
Segment Number and Name	29 Rustbelt Retirees	18 Cozy and Comfortable	14 Prosperous Empty Nesters	57 Simple Living
Segment Illustration				
LifeMode Group	L5 Senior Styles	L2 Upscale Avenues	L5 Senior Styles	L5 Senior Styles
Urbanization Group	U8 Suburban Periphery II	U8 Suburban Periphery II	U7 Suburban Periphery I	U6 Urban Outskirts II
HH Type	MC w/No Kids; Singles	Married-Couple Families	Married Couples w/No Kids	Singles
Median Age	43.8	41.0	47.2	40.1
Income	Middle	Upper Middle	Upper Middle	Lower Middle
Employment	Prof/Mgmt/Skilled/Srvc	Prof/Mgmt	Prof/Mgmt	Prof/Mgmt/Skilled/Srvc
Education	HS Grad; Some College	Some College	Some College; Bach/Grad	No HS Diploma; HS Grad
Residential	Single Family	Single Family	Single Family	Multiunits; Single Family
Race/Ethnicity	White	White	White	White
Activity	DIY home improvement	Dine out often at family restaurants	Play golf	Own cats
Financial	Own shares in tax-exempt fund	Use financial planner	Consult financial planner	Have personal education loan
Activity	Belong to fraternal orders, unions, etc.	Play softball	Furniture refinishing	Go dancing
Media	Watch QVC	Watch or listen to ice hockey games	Read 2+ Sunday newspapers	Watch syndicated TV
Vehicle	Own/Lease Buick	Own/Lease minivan	Own/Lease standard-size car	Own/Lease Buick

1f. Residents: 30-year population trends

Like most of Western Pennsylvania, the population of the **Pittsburgh MSA** has been consistently shrinking; in the Urban Core many trends are even more pronounced. The 30-year trends in the Pittsburgh MSA include:

- Total population has declined by 12%
- Households have increased by 15%
- Average household size has shrunk by 23%
- White population declined by 15%
- Black population grew by 8%
- Hispanic population grew by 51%
- Asian population grew by 173%, especially notable because this growth has happened in only 20 years, as compared with 30 year changes for the other populations
- Rental housing has decreased by 52%, while owner-occupied housing has increased by 157%
- Group quarters population has grown by 38%
- 'Family population' and average household size have both decreased by 23%

1970-2000 changes:	in PITTSBURGH MSA			in 4-mile URBAN CORE		
	30 yrs.			30 yrs.		
Category	change	1970	2000	change	1970	2000
Population	**-12%**	2,674,101	2,358,710	**-33%**	441,136	293,731
Households	**15%**	842,894	966,503	**-17%**	153,088	126,967
HH size: avg.	**-23%**	3.15	2.44	**-16%**	2.76	2.31
Family population	**-23%**	2,458,487	1,899,489	**-48%**	373,618	192,754
Group quarters pop.	**38%**	49,619	68,287	**39%**	15,238	21,168
income figures below not adjusted for inflation						
HH income: median	***na***	$8,429	$37,615	***na***	$6,983	$28,861
HH income: avg.	***na***	$9,689	$50,288	***na***	$9,233	$41,877
Per capita income	***na***	$7,531	$20,604	***na***	$3,377	$18,134
White	**-15%**	2,491,111	2,111,286	**-43%**	370,319	211,346
Black	**8%**	176,264	190,511	**-3%**	68,296	66,318
Hispanic	**51%**	11,292	17,100	**73%**	2,292	3,955
Asian (1980 pop.->)	**173%**	9,757	26,659	**273%**	2,352	8,780
Owner occ. housing	**157%**	267,693	688,977	**-18%**	78,291	64,567
Renter occ. housing	**-52%**	575,200	277,526	**-17%**	74,794	62,400

(The trending chart here includes data from FreeDemographics.com)

2. Nearby Employees & Commuters

5 Top employment categories	2 minute drive time*				5-minute drive time*			
(by SIC code)	businesses		employment		businesses		employment	
Services: Other Services	284	22%	**4,198**	13%	1730	24%	**20,500**	14%
Finance, Ins. Real Est.: Insurance	36	3%	**3,203**	10%	154	2%	**15,190**	11%
Government	116	9%	**2,164**	7%	395	6%	**14,828**	10%
Services: Health	38	3%	**638**	2%	587	8%	**11,854**	8%
Services: Legal	213	17%	**3,057**	10%	842	12%	**11,271**	8%
subTotal employment - above 2	*687*	*54%*	***13,260***	*42%*	*3,708*	*52%*	***73,643***	*51%*
Total employment - all employers	*1,293*	*100%*	*31,950*	*100%*	*7,129*	*100%*	*142,299*	*100%*
**starting at Penn and 16th*								

Daily bus ridership			
route	M-F	Sat.	Sun.
6B	1,150	900	600
6C	250	100	100
54C	5,800	3,000	1,700
86C	3,900	3,000	1,300
86B	7,500	5,200	2,400
91A	3,100	2,000	1,000
91S	500	150	
77D	1,100	400	
77F	900		
77G	600		
Total	**24,800**	**14,750**	**7,100**

data from Pitt GSPIA study

Traffic Profile	vehicle	miles from	nearest	year
avg. daily traffic	count	Penn & 16th	cross street	of count
I-579 bridge	61,000	0.20	Smallman	2003
Penn Avenue	12,486	0.21	19th Street	1997
Smallman Street	24,973	0.47	23rd Street	1997
Liberty Avenue	10,189	0.50	24th Street	1997
Penn Avenue	10,147	0.40	12th Street	

3. Cultural & Heritage tourists *(additional information)*

The Greater Pittsburgh Convention and Visitors Bureau targets a particular kind of consumer outside of the immediate Pittsburgh Market, which they call Cultural and Heritage Tourists. These vacationing tourists tend to stay longer and spend more money in the Pittsburgh market than other kinds of tourists. Based on extensive consumer research by the GPC&VB, the target market is defined as the following:

Residence Location: primarily in Ohio and Pennsylvania metropolitan areas (MSAs), with some in West Virginia
Income/age: $50,000+ HH income; under 50 years of age, with a concentration under 40 years
Households: married couples; homeowners with 8-15 years of residence; 1+ children, at all ages, but especially 4-12 years olds
Primary & Secondary Themes: buy American; honor, stability and heritage; family security and protection; traditional, nostalgic; prudent shopper who use incentives and coupons; need a clear statement of the value proposition
Other Key Considerations: relationships and customer service are key; communicate strength, pride and quality of brand; communicate family safety, security and dedication; like premium brands; emphasize quality, service and face-to-face features
2007 Targeted Advertising Markets:
– PA: Erie, Harrisburg, Johnstown, Altoona
- OH: Columbus, Cleveland, Youngstown, Akron, Canton
- NY and Canada: Buffalo and Toronto