

XIV. Telephone Survey Recap [Preliminary Results], The Chesapeake Group

Preliminary Results of Chesapeake Group's October 2007 telephone survey of 351 respondents for the needs assessment.

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In an effort to understand the market opportunities, a telephone survey of Novi area households residing within zip codes 48374, 48375, 48377, and 48167 was conducted as part of this analysis. It is noted that for demand forecasting purposes, this information was added to existing data bases developed by The Chesapeake Group for other efforts in Oakland County performed in the past two years. The following is a synopsis of survey findings oriented toward commercial activity.

One of the primary factors in defining long-term economic viability of a commercial area or composite of commercial activity is market penetration. Market penetration is defined by the share of households that conduct business in an area with regular frequency.

- ✓ As detailed in the table to the right, 78% of the households indicated that they went shopping at any and all locations at least once each week.
- ✓ About 90% of the households indicated that they go to areas within Novi to shop, eat, obtain personal or professional services, work, or for some other reason. Those households that do not frequent the area attributed the situation to distance from work, congestion, and their age or disability.

Table 21 – The Frequency of Shopping Trips*

Frequency of Trips	%
More Than Once / Week	58
About Once / Week	20
Few Times / Month	8
Twice / Month	11
Once / Month or Less Often	3
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ The market penetration level for local and nearby residents is estimated at about 80%.
- ✓ While all of the other demographic and lifestyle factors play a role, the dominant factor in determining the ability to make purchases for many, if not most households, is income. The diversity of incomes within the surveyed households is detailed in Table 22. The households reported average annual incomes of roughly \$73,225. These figures include incomes derived from employment as well as retirement sources. It is noted that about one-fourth of the households have annual incomes above \$100,000, with more than 50% of these having incomes in excess of \$150,000.

Table 22 – Total Household Income*

Income Category	%
Less than \$10,000	3
\$10,000 To \$14,999	8
\$15,000 To \$24,999	9
\$25,000 To \$49,999	19
\$50,000 To \$74,999	18
\$75,000 To \$99,999	22
\$100,000 To \$149,999	10
\$150,000 To \$199,999	8
\$200,000 Or More	3
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ There are essentially three commodities upon which households spend much of their incomes and assets over time. These are food, transportation, and housing. The type and variety of each commodity often changes with income and other fiscal resources.

Both general questions about spending, such as how often one shops for various merchandise, and specific spending information, such as the amount generally spent at supermarkets, were asked. The former and latter data are used in computer modeling when combined with industry averages and other salient data on Oakland County residents as previously noted.

- ✓ Food for home consumption is generally purchased at supermarkets or other facilities that have a supermarket component, such as Meijer or Wal*Mart. It is estimated that the typical household spends slightly more than \$81 each week on groceries and related merchandise.

Table 23 – Average Amount Spent on Groceries and Related Merchandise Per Week*

Amount Spent	%
Less than \$40	19
\$35 To \$49.99	9
\$50 To \$74.99	19
\$75 To \$99.99	18
\$100 To \$124.99	19
\$125 To \$149.99	7
\$150 or More	9
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ The most popular stores for groceries identified were:
 - Meijer located in Northville, Wixom, or Commerce Township (43%)
 - Kroger (23%). The most popular Kroger was in Novi followed by Northville, Farmington Hills, and Walled Lake.
 - Hiller's Market with stores in Northville and Commerce Township.
 - Trader Joe's stores in Northville and Farmington Hills.
 - Others including Sam's Club, Wal*Mart, Costco, Whole Foods, Harvest Time Farm Market, Busch's Value Land, and Aldi's.

- ✓ Other food spending is associated with lunch and dinner trips as well as entertainment activity often sought simultaneously with food or beverage consumption. About four out of every ten (39%) eat lunch out at the rate of at least once a week. About six of ten (58%) eat lunch out at a frequency of at least several times per month.

Table 24 – Frequency Lunch Is Consumed Outside the Home*

Frequency	%
Few Times/Week	18
Once/Week	21
Twice/Month	19
Once/Month	10
4 To 9 Times/Year	4
Few Times/Year	2
Once/Year or Less Often	26
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ If a person is employed, there is a greater chance that lunch trips are made near work than near home, unless lunch trips are not associated with work or the person employed happens to work at or near home. 29% of the lunch trips are work related.

- ✓ There are relationships between the spending on meals and the level of service provided at food service establishments. Full-service restaurants were the most popular type of establishment for lunch followed by fast food establishments as found in the following table.

Table 25 - Type of Establishment Most Often Associated With Lunch*

Type Of Establishment	%
Full-Service Restaurant	59
Fast Food Operation	51
All You Can Eat Buffet	19
Cafeteria	9
Sub Shop	12
Other	3

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ Most popular Restaurants included: Jimmy Johns, Leo's Coney Island, Red Robin, Applebee's, Pannera Bread, Boston Market, Carnauba's Italian Grill, Honey Tree, Subway, and Bonefish Grill.

Table 26 – Frequency Dinner Is Consumed Outside the Home*

Frequency	%
Few Times/Week	18
Once/Week	24
Twice/Month	14
Once/Month	23
4 To 9 Times/Year	4
Few Times/Year	1
Once/Year or Less Often	16
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

Boston Market, Steve and Rocky's, Olive Garden, Outback Steakhouse, and Bonefish Grill.

- ✓ Households go out to dinner at a rate comparable to going out to lunch. 42% have dinner outside the home once a week or more; and 56% eat dinner out at least a few times per month.

- ✓ Full-service restaurants were easily the most popular choice for dinner outside of the home. 83% preferred full-service establishments.

- ✓ The most popular choices were Applebee's Neighborhood Grill & Bar, Gus O'Connor's, Diamond Jim's, Red Robin, Red, Hot and Blue, TGI Friday's, NY's Thai Café, Border Cantina,

Trips to the movies are often combined with food purchases. About 16% of the households have a member that goes to the movies at least a few times per month. On the other hand, a large proportion (42%) goes less often than a few times per year. The latter are generally seniors and households with younger children.

Table 27 - Frequency of Going Out to the Movies (In %)*

Frequency	Once/Wk	Few/Mon	Once/Mon	Few/Yr	Less Off	Total
Going to the Movies	3	13	10	32	42	100

*Developed by The Chesapeake Group, Inc., 2007.

Sporting activity, both as an observer and participant, is an important component of household entertainment, leisure, and recreation, and is often blended with food, retail and other commercial activity. The following table provides information on activities in which at least one household member participates. The "other" category includes horseback riding, lacrosse, bicycling, jogging, racquetball, volleyball, rugby, and cross country track.

Table 28 – Sports in Which Household Member Participates*

Sport	%
Golf	24
Fishing / Boating	22
Tennis	22
Baseball / Softball	17
Football	11
Bowling	10
Basketball	9
Soccer	9
Swimming	9
Hunting	7
Ice / Roller Skating	6
Diving / Snorkeling	3
Hockey	1
Auto or Other Vehicle Racing	1
Other	11

*Developed by The Chesapeake Group, Inc., 2007.

Transportation is the second major household expenditure reviewed.

- ✓ All but 1% of the households surveyed own or lease a personal vehicle. On the average, each household within the area owns or leases 1.88 vehicles.

The third major area of household spending is shelter or housing. Spending on housing over time is dependent upon a number of factors. One of those factors is the ownership pattern. In general, mortgages have a tendency to increase at a slower pace, if at all, than do payments for rent.

- ✓ 73% of the households reported that they owned rather than rent their residences.

Table 29 – Number of Personal Vehicles Owned or Leased*

Number Owned/Leased	%
0	1
1	34
2	45
3	14
4 Or More	6
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ 31% have lived at the same address for more than twenty years; and well over one-half (59%) have resided at the same location for ten years or more. (It is noted that telephone surveys have a tendency to understate those living at a current address for less than two years due to the length of time it takes to list the number in telephone directories.)

Table 30 – Number of Years Living at the Address*

Number Of Years	%
Two Or Less	8
3 Or 4	12
5 To 9	21
10 To 19	28
20 Or More	31
Total	100

*Developed by The Chesapeake Group, Inc., 2007

- ✓ A significant number of households, about one-quarter (24%), reported that they do not have a monthly mortgage or rent payment. This finding is related to the high degree of homeownership and the tenure in units. The average monthly housing cost for the households with a monthly rent or mortgage payment is estimated to be over \$1,240.

Table 31 – Amount Spent on Rent or Mortgage Per Month*

Rent/Mortgage	%
None	24
\$300 To \$499	6
\$500 To \$749	11
\$750 To \$999	11
\$1,000 To \$1,249	15
\$1,250 To \$1,499	8
\$1,500 To \$1,999	11
\$2,000 Or More	11
\$2,500 Or More	3
Total	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ At least 60% of those surveyed live in single-family homes.

The survey generated additional information regarding the other household shopping patterns and preferences.

- ✓ 23% of the households make some types of purchases either over the internet or through catalogs at a rate of about once each month.

Table 32 - Frequency of Purchases (In %)*

Type of Purchase	Once/Wk	Few/Mon	Once/Mon	Few/Yr	Less Off	Total
On-Line / Catalogs	4	19	14	13	50	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ Table 33 provides additional information of common household purchases. 36% of the households purchased health and beauty aids at a frequency of a few times each month.

Table 33 - Frequency of Purchases of Selected Household Items (In %)*

Product	Once/ Week +	Once/ Week	Few/ Mon	Twice/ Mon	Once/ Mon	Less Off	Total
Health Care, Beauty Aids	7	14	15	8	40	16	100
Women's Clothes	1	4	6	11	19	59	100
Shoes	-	2	2	4	14	78	100

*Developed by The Chesapeake Group, Inc., 2007.

- ✓ Establishments where the majority of the clothing purchases are made were also identified. The most popular store was Kohl's, followed by JC Penney, Macy's, Lord & Taylor, Talbot's, American Eagle, Ann Taylor, Sear's, Nordstrom's, Marshall's, Target, Wal*Mart, K-Mart, Burlington Coat Factory, Men's Wearhouse, and Christopher and Banks.

Households identified which type of new business establishments or activities that they would like to see attracted to Novi. These include:

- More retail shops including hobby and crafts, newsstands, quality drycleaners, garden and nursery stores, fresh produce stands, discount apparel, home health care equipment and supplies, and IKEA.
- New job opportunities through manufacturing and service ventures.
- Senior citizens oriented services and facilities including adult day care, affordable housing options, and quality nursing care.
- Arts and cultural events and venues.
- New restaurants, particularly family oriented.