

National Chain Retailer Attraction Plan

City of Rochester

Project Team 3

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Executive Summary

Overview

- **Status Quo**

Retailers concentrate in certain areas and lack diversity.

- **Objective**

To attract a certain retailer and identify an optimal location for it in city of Rochester

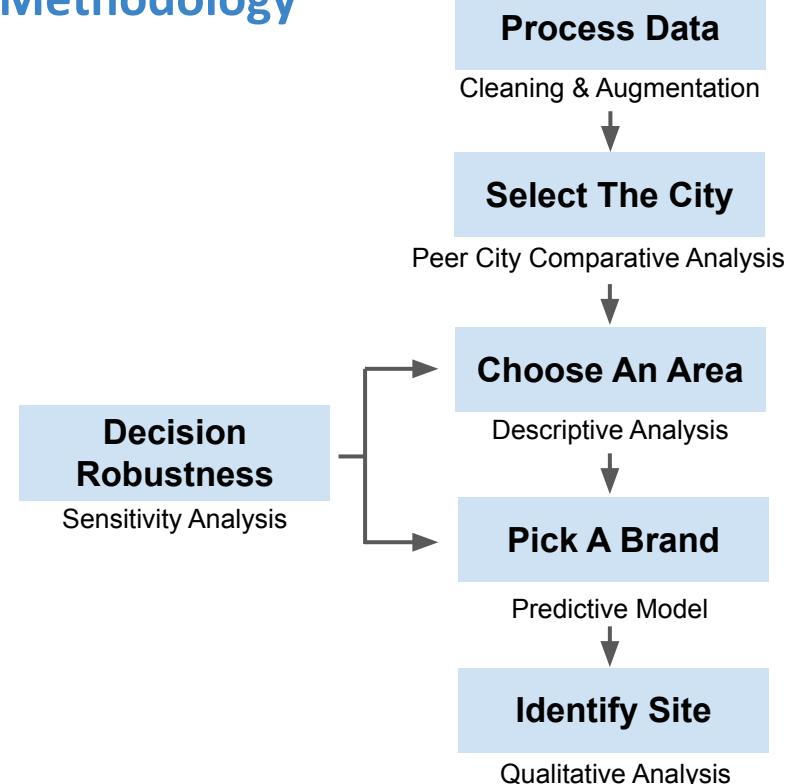
- **Main Focus**

How to attract and best locate desired business in Rochester, bringing positive impacts to both the business and the local economy.

Recommendation

Walgreens can start a new business at **Three potential sites**.

Methodology

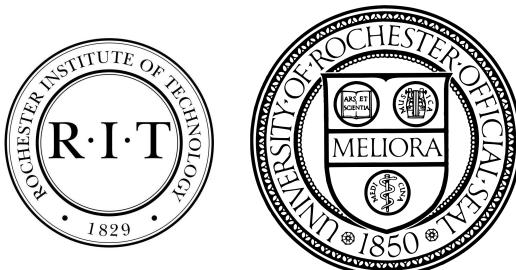


Background Information: Why Rochester?

Low Business Cost



Young professionals



A Strong Talent Pipeline

Low Cost of Living

\$848 median rent / month
\$138,300 median home value



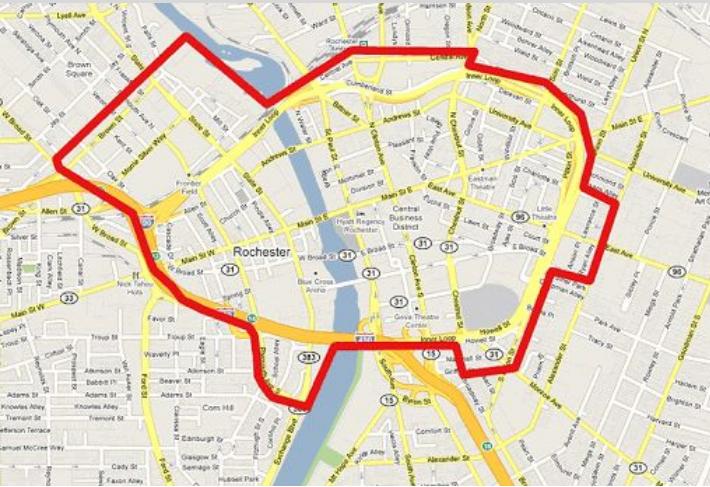
Easily affordable

Least at risk



Recession Proof Housing Market

Background Information: Why Downtown?



where innovation and culture thrive



\$770 million
in development projects in
the pipeline

7.7%
workforce concentrate in
downtown

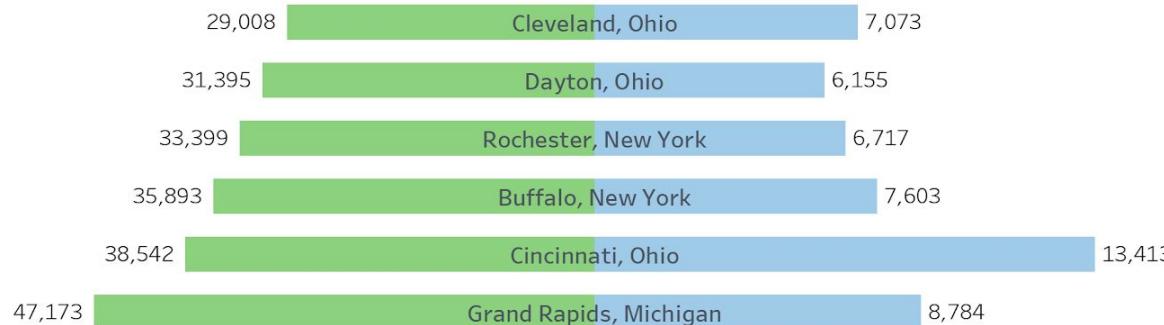
5 million+
yearly visitors coming to
downtown

7.6%
downtown rental
vacancy rate

Business Assistance Programs

- Provide Financial Assistance
- Grant opportunities for purchasing
- Help develop and reuse underutilized land
- Offer economic support during disruption and uncertainty

Peer Cities Comparative Analysis: Household Income & Retail Sales, Gender & Age



Median Household Income (\$), 2014-2018 ⚡

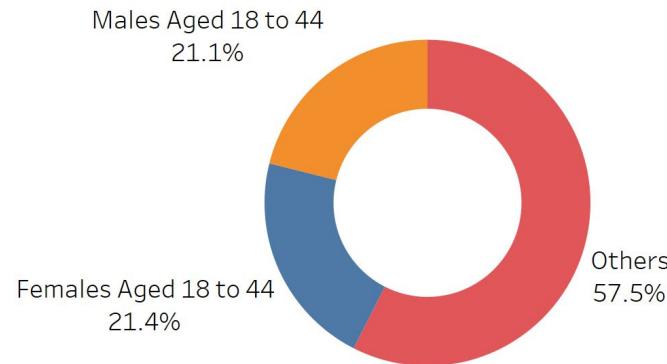
Total Retail Sales Per Capita (\$), 2012 ⚡

Gender and Age Composition:
Focusing on **Males and Females Aged 18 ~ 44**

- Frequent Buyers & Active Consumers
- Similar among peer cities
- Average: 21.1% males 21.4% females
- Rochester: 21.9% males and 22.2% females

Median Household Income:
• Rochester ranks **4th**.

Total Retail Sales Per Capita:
• Rochester ranks **5th**.
• Cincinnati is way ahead.



Source: US Census Bureau

Peer Cities Comparative Analysis: Number of Retailers

Focusing on
Grocery Store,
Department Store,
Pharmacy

- Rochester has the least Walgreens and HomeGoods.
- Cincinnati has far more retailers.

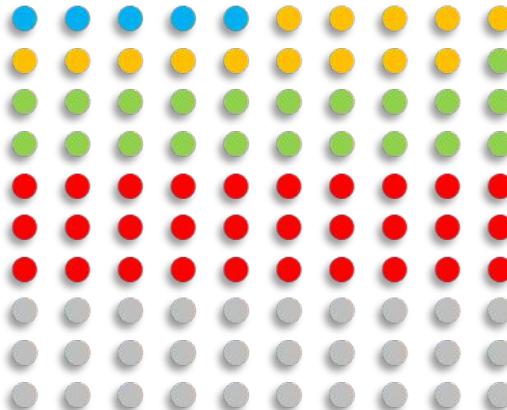
City
Buffalo, NY
Cincinnati, OH
Cleveland, OH
Dayton, OH
Grand Rapids, MI
Rochester, NY



Peer Cities Comparative Analysis: Rochester vs. Cincinnati

Mosaic segments in downtown and adjacent areas

Rochester, NY



5% Young City Solos 7%

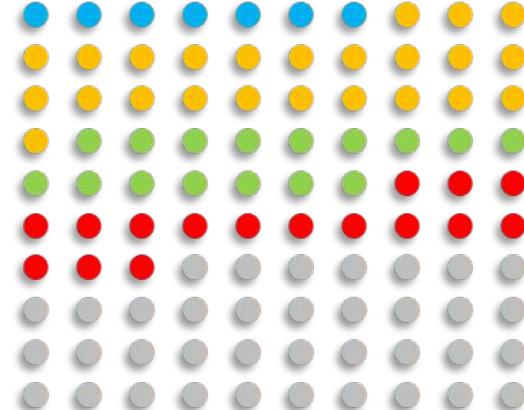
14% Singles and Starters 24%

21% Economic Challenges 16%

30% Aspirational Fusion 16%



Cincinnati, OH



Two segments:

- Racially diverse **young** singles or single parents with **low to medium income** living an active life, technology adopters and foodies
- **Older** singles or parents with **limited to modest budget** living a simple life



Find an affordable retailer providing versatile products/ services for full coverage.

Source: Mosaic USA

Peer Cities Comparative Analysis: Success of Cincinnati



How to attract and retain retailers?

PLAN CINCINNATI in 2012

- Enhance economic competitiveness

RETAIL ACTION PLAN in 2016

- Build accessible data
- Invest in place
- Get smart on retail
- Collaborate on messaging

How did Walgreens benefit?

- Walgreens's **sales** increased by **4.1%** in 2019.
- Increased **cost efficiency**

Source: Downtown Cincinnati, Walgreens Annual Report

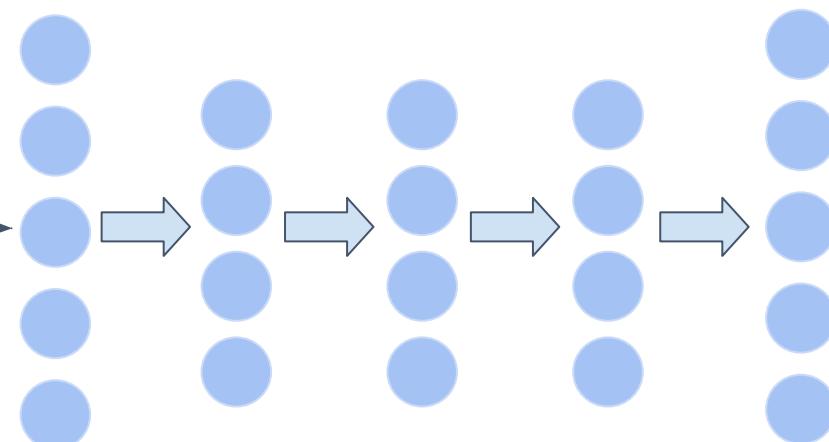
Predictive Modeling: Data & Brand-Selection Model

Data

- American Community Survey
 - Demographics
 - Socio-economics condition
 - Mosaic Data
 - Consumer Segments
 - Political Affiliation
 - Financial Status
 - Property Characteristics
- ...

Model

- Multi-label Deep Neural Network



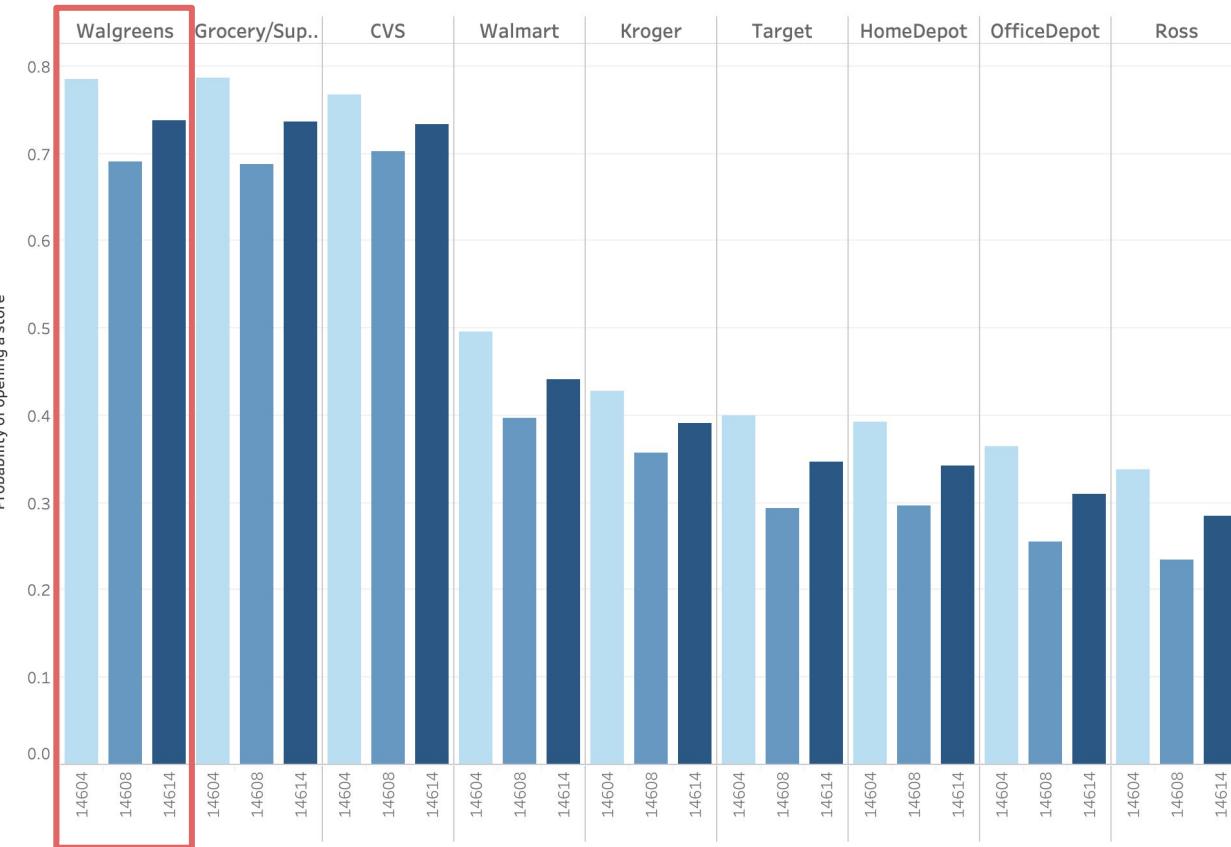
Targeted Variable

zipcode	cvs	walgreen	mass	...
10001	TRUE	FALSE	TRUE	...
10002	TRUE	TRUE	TRUE	...
10003	FALSE	FALSE	TRUE	...
...	

246 Features

20 Probabilities

Predictive Modeling: Results



Walgreens

Walgreens succeed in **Cincinnati**

Number of Walgreens **Small**

Probability of opening **Highest**

Predictive Modeling: Justify Final Choice — Walgreens

Predicted Results: Probabilities of Walgreens Open in Downtown ROC

Methodology:

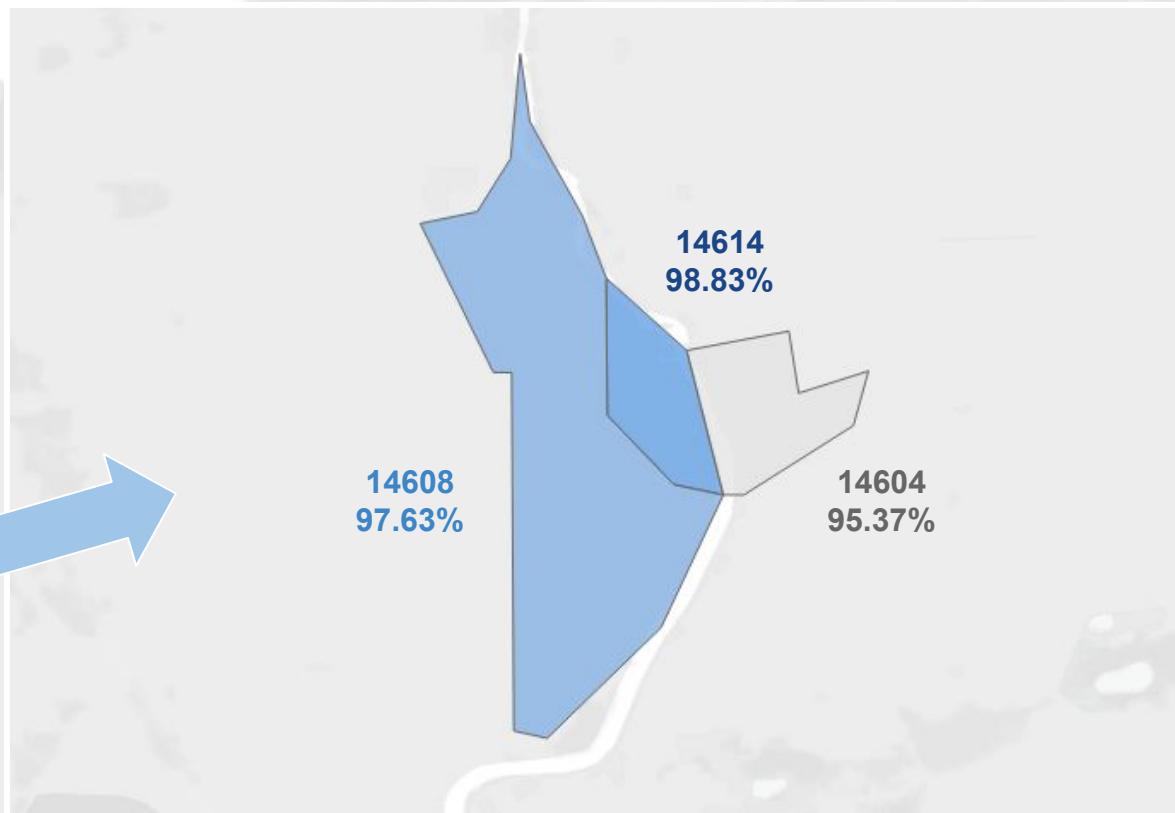
LightGBM Classifier

Input Variables:

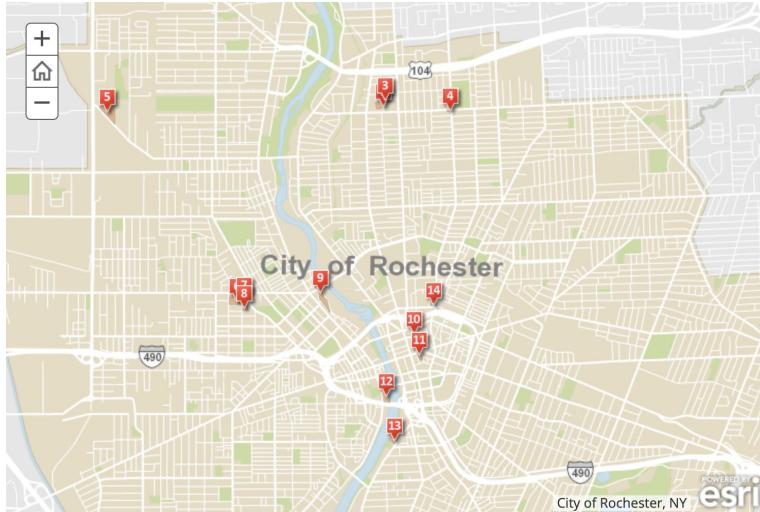
Same

Label:

One-hot Encoding of “Walgreens”
(binary)



Site Selection: Criteria



Developed-ready Sites In Rochester

Attributes To Consider:

- Sites available
- Adequacy of parking
- Complementary nature of the neighborhood
- Visibility
- Zoning regulations
- Site value assessment

Potential Sites:

10. ST. JOSEPH'S SQUARE

101-113 Franklin St; 106 Pleasant St
0.7 Acres

11. MIDTOWN PARCEL ON MAIN

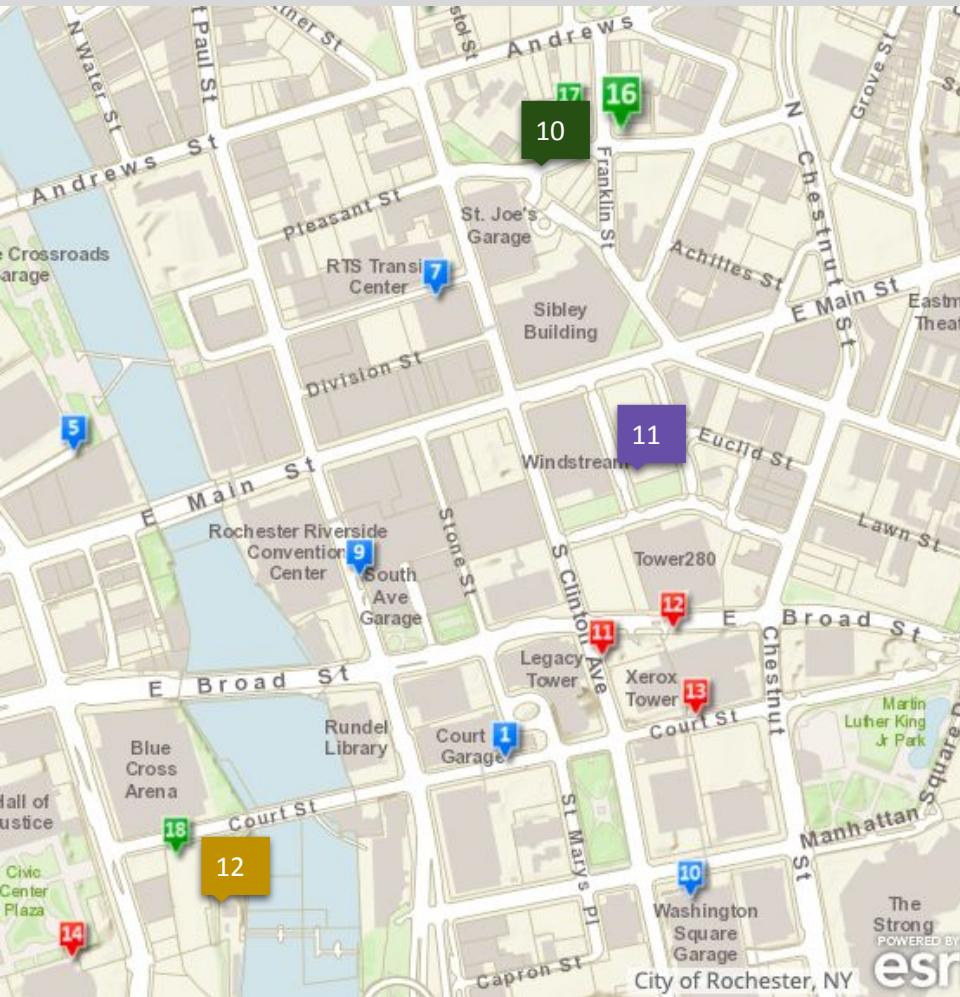
275 E Main St; 40 Cortland St
1.17 Acres

12. BRIDGE VIEW SITE

25 Court St; 132 Exchange Blvd, etc.
3.69 Acres

Source: City Of Rochester

Site Selection: Parking



Site No.10

ST. JOSEPH'S SQUARE

Street parking

1 Parking Lot across street

Site No.11

MIDTOWN PARCEL ON MAIN

Street parking

3 Garage parking one block away

Site No.12

BRIDGE VIEW SITE

Parking lot itself

1 Garage parking one block away

Recommendation:

Three sites need space left for parking.

Source: City Of Rochester - Garagesstorymap

Site Selection: Neighborhood



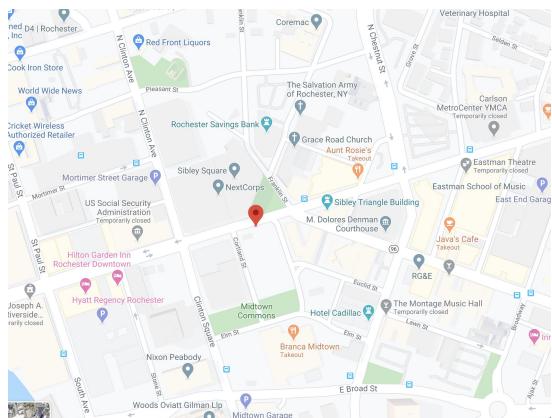
10. St. Joseph's Square

Attraction: St. Joseph Park

Transportation: RTS Transit Center
Amtrak Station

Campus: Monroe Community College
University of Rochester
Rochester Institute of Technology

Stores: Red Front Liquors
Convenience Mini Mart



11. Midtown Parcel On Main

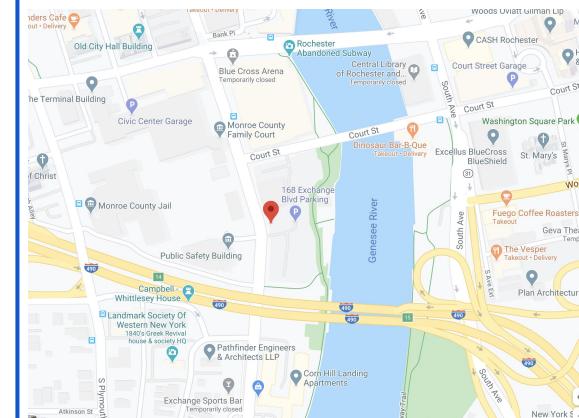
Attraction: Liberty Hole Plaza

Midtown Commons

Transportation: Transit Center
Amtrak Station

Campus: Monroe Community College
University of Rochester

Stores: Red Front Liquors
Cricket Wireless Authorized Retailer



12. Bridge View Site

Attraction: Corn Hill Neighborhood

Transportation: RTS Transit Center
Amtrak Station

Campus: Monroe Community College
University of Rochester

Stores: Cornhill Fine Wines & Spirits

More retailers and various facilities around St. Joseph's Square and Midtown Parcel On Main.

Source: City Of Rochester; Google Map

Site Selection: Visibility, Zoning and Assessment



10. St. Joseph's Square

Visibility: ★★★★★

One-side building, two-side main street

Zoning Regulation: ★★

C-1 Neighborhood District

- Low intensity, unobtrusive
- Low demand on transportation
- Low demand on public services

Land Cost Assessment: ★★★★

\$286,500



11. Midtown Parcel On Main

Visibility: ★★★

Three-side building, two-side main street

Zoning Regulation: ★★★★

Midtown Urban Renewal District/

CCD-T Center City District - Tower

- Promoting beautification
- Economic development promoting
- Vibrant, safe environment
- Retailers welcomed

Land Cost Assessment: ★★★★

\$203,700



12. Bridge View Site

Visibility: ★★★★★

Two-side building, two-side main street
one-side river

Zoning Regulation: ★★★★

CCD-R Center City District - Riverfront

- Vibrant, safe environment
- Retailers welcomed

Land Cost Assessment: ★★

\$762,000

Source: City Of Rochester

Positive Impacts that Walgreens can Bring to Rochester

❑ New Store Concepts Boosting On-site Shopping

1. FedEx package pickup and drop-offs



2. Health-centric store



3. Stand-alone pharmacy stores



Walgreens is testing concepts and piloting services to develop what is called the "**drugstore of the future.**"

- Provides **timely walk-in supply** of medical products, especially for emergencies.
- Continuously satisfies the demand of patients who have been newly prescribed a drug to **speak with a pharmacist in person.**
- Creates **job opportunities.**
- Increases retail offerings and **sales tax revenue.**

Site Selection: Conclusion



Walgreens at Site 10:

More retailers around, good visibility
Less competitive zoning regulations
Smaller land area: 0.77 acres

Walgreens at Site 11:

Favorable zoning regulations
Appropriate land area: 1.17 acres
Might be controversial



Walgreens at Site 12:

Excellent visibility
Favorable zoning regulations
Largest land area: 3.69 acres
A bit costly

Appendix I : References

- **Federal Reserve Bank of Chicago's Peer Identification Tool:**
<https://www.chicagofed.org/region/community-development/data/pcit>
- **2019 Commercial Corridor Study:**
<https://www.cityofrochester.gov/CommercialCorridorStudy/>
- **Rochester's Development-ready Sites:**
<https://rochesterny.maps.arcgis.com/apps/MapTour/index.html?appid=369cfe9b269c41c0855d2fd37a0d76f8>
- **Rochester's Downtown Garage Locator:**
<https://maps.cityofrochester.gov/Garagesstorymap/>
- **Rochester's Zoning Map:**
<https://www.cityofrochester.gov/article.aspx?id=21474839768>
- **Rochester's Property Information:**
<http://maps.cityofrochester.gov/propinfo/>
- **Walgreens v.s CVS:**
<https://www.cnbc.com/2019/02/18/look-at-walgreens-and-cvs-remodeled-stores-that-focus-more-on-health.html>

Appendix II : Walgreens vs CVS

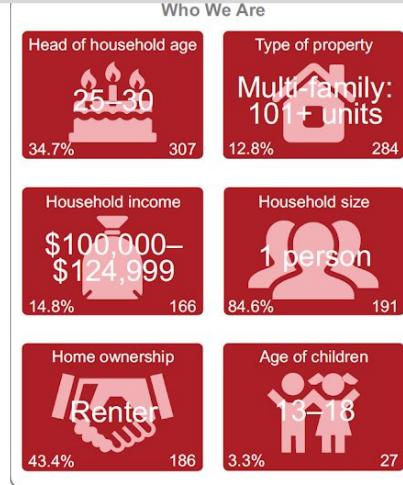


- Rochester has the least number of Walgreens and relatively large number of CVS among peer cities.
- Increase economic diversity if open another Walgreens rather than CVS.
- What we learn from the success of downtown Cincinnati.
- Low business costs in Rochester match Walgreens' vision of getting leaner and cut costs.
- Walgreens provides much better customer experience.

Appendix III: Mosaic Segments Description

Young City Solos:

Younger and middle-aged singles living active and energetic lifestyles in metropolitan areas



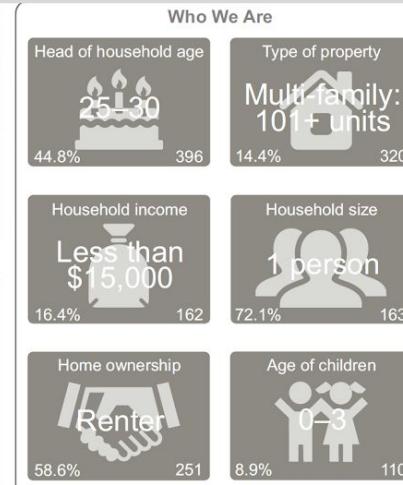
Aspirational Fusion:

Lower-income singles and single parents living in urban locations and striving to make a better life



Singles and Starters:

Young singles starting out and some starter families living a city lifestyle



Economic Challenges:

Economically challenged adults living alone in urban areas

