



MARKET ANALYSIS REPORT OF CHAMPAIGN- URBANA

PREPARED BY - GROUP 1

BTW 250 UNIT 5016

TABLE OF CONTENTS

| TITLE | PAGE |
|-------------------------|------|
| Executive Summary | 01 |
| Demographic Information | 02 |
| Existing Opportunities | 04 |
| Food Services Industry | 04 |
| Entertainment Industry | 05 |
| Demographic Comparison | 06 |
| Conclusion | 08 |
| Recommendations | 09 |
| Works Cited | 13 |

The Champaign-Urbana (CU) Area offers a variety of businesses across several industries with potential for long-term growth. Since population in the CU area can be divided into different age groups, we aimed to provide a comprehensive analysis to the investment group. We evaluated population segments, along with consumer behaviors indicating which industries are of interest based on researched financial information.

We looked into sources that provided further insight into demographic information and financial data for businesses in select industries by referencing SimplyAnalytics and MergentIntellect. It was also important to compare similar cities from a demographic perspective to the CU Area. The results provided us with enough evidence to focus on the food services and entertainment industry and identify current businesses in the area that fall under those categories. Entertainment businesses such as Canopy Club and catering businesses like Michael's Catering, proved to be worthy investment choices due to their qualitative and quantitative support. It was important to target industries that were not too over-saturated, yet proved to be in demand by the population segments. Through examples of Urbana Five Points, Michael's Catering Inc and CG Signature Events Catering, we can say food catering in CU Area is not over-saturated, with steady annual growth, and is friendly to newcomers.

In order to identify the types of businesses that are worthy of investment it is important to collect as much demographic information as possible for a particular location. This is helpful in categorizing businesses and customers based off of variables and determining the size of a potential market. The use of demographics helps to determine what consumers are spending their most time and money on, which consequently helps to determine what businesses are in demand within the CU Area.

Student Population

- Champaign and Urbana collectively have a high student enrollment of 50% because of the high number of educational institutions in the area.
- The enrollment for Spring 2019 is at 47,238.
- The 10,577 international students enrolled at this institution come from 116 different countries.
- There are 90 Student organizations part of Fraternities and Sororities Group (including cultural organizations) with 7624 undergrad members in this system.

Chart 2: 2018 CU Average Consumer Expenditure Breakdown in Dollars

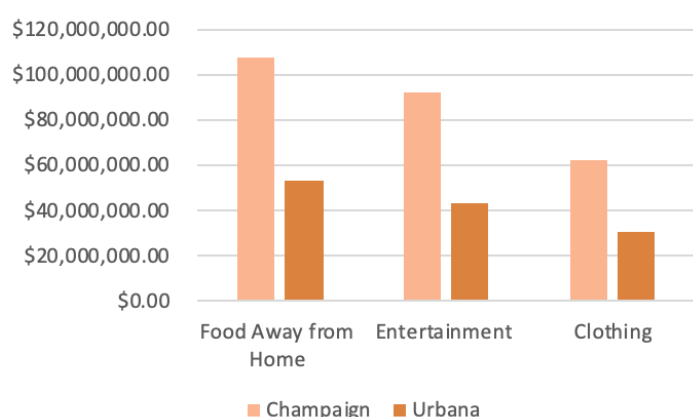
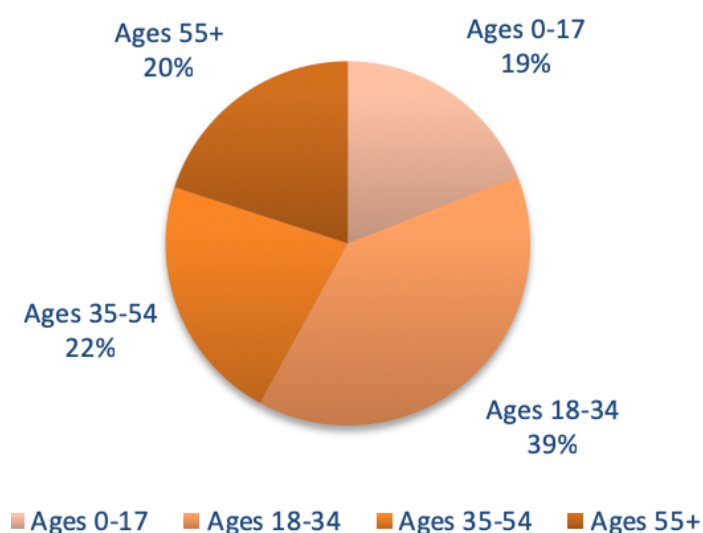


Chart 1: Champaign-Urbana Age Profile



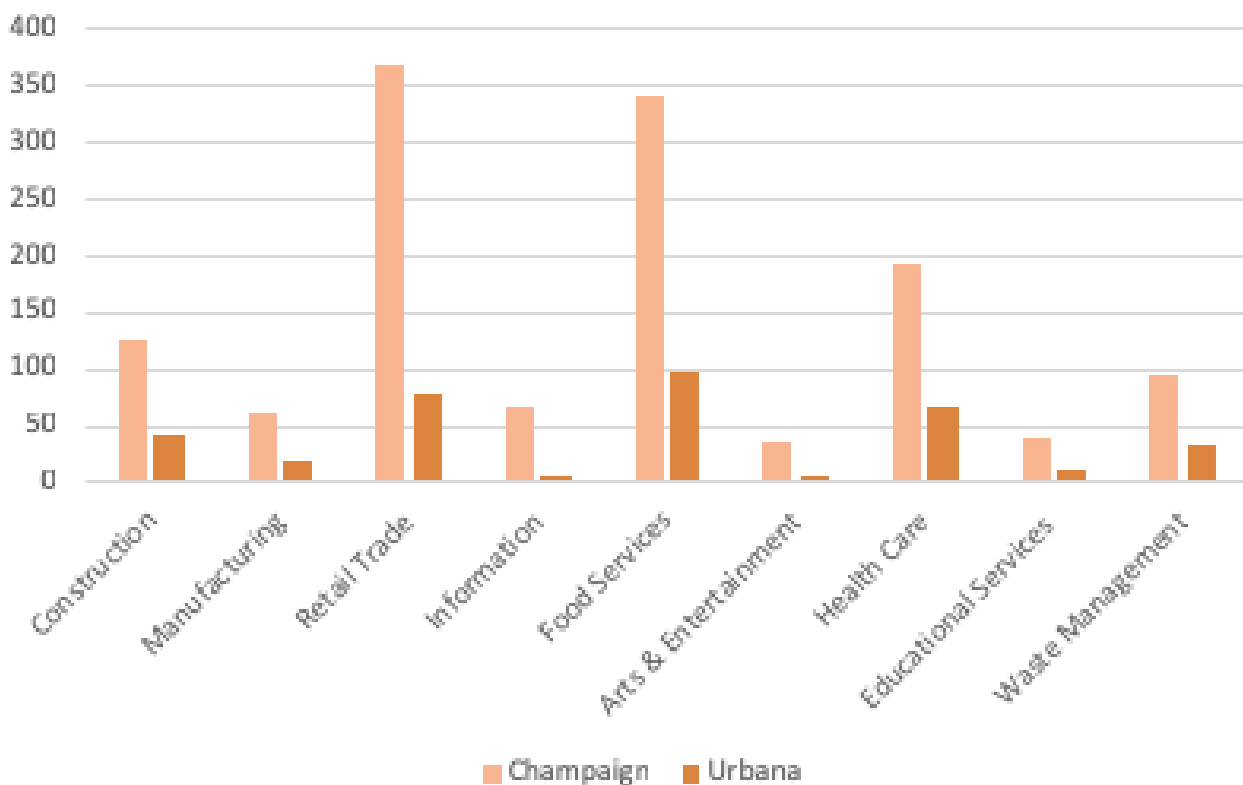
Annual Expenditures

- The total annual expenditures in Champaign are \$1.9 billion and in Urbana are around \$950 million. This spending pattern is proportional to the population division between the two cities.
- The population of Urbana is roughly 42,000 and that of Champaign is almost the double. These numbers display the fairly equal spending power of people from both areas.

Businesses

- The combined count of businesses in the Champaign Urbana area is almost 2900.
- Champaign has almost four times the businesses in Urbana whereas the household average for aggregate annual expenditures in 2018 was only 16.66% greater in Champaign.
- There is a strong consumer buying power in Urbana that is not fulfilled by the low number of businesses.
- Champaign dominates Urbana in the number of businesses for almost all industries by several orders of magnitude.
- For instance, Champaign has 36 centers for arts, recreation, or entertainment whereas Urbana only consists of a measly 5 such places. This is significantly out of proportion with the populations between the two cities.

Chart 8: CU Businesses Count by Industry in 2018



By analyzing Chart 8 we see that some of the top industries in the CU area include Retail Trade, Food Services, and Health Care. Even though there are many enterprises within these industry areas we cannot simply disregard these sectors as there could be potential opportunity for investment in the long-term.

Our demographic analysis of the CU area reveals a strong customer affinity for the entertainment, food services and retail industry. The strong consumer buying power in these industries warrant a look into individual businesses that have shown considerable progress over the past. These could serve as a good model for identifying a good investment opportunity in the CU area. The retail industry is significantly crowded (high business count in Champaign area). Therefore, we focus on the food services and entertainment industries.

Food Service Industries

In the United States, catering saw a \$21 billion growth from 2011 to 2017. The top 50 US companies account for less than 15% of catering industry revenue and there is no dominance by one entity in the industry.

Food services sales in Champaign totaled \$314 million and those in Urbana totaled \$66 million in 2018. Of these numbers, only 30% Champaign sales were for restaurant and carry-out orders, the rest spent on food and beverage services outside restaurants. The three catering enterprise examples below illustrate an increase in sales-per-employee numbers.

Urbana Five Points, Inc.

- Single location business
- 35 employees
- Sales volume has gone up from \$650,000 to \$1.2mil
- This shows that the business can operate on lower overhead costs while driving sales up.

Michael's Catering, Inc.

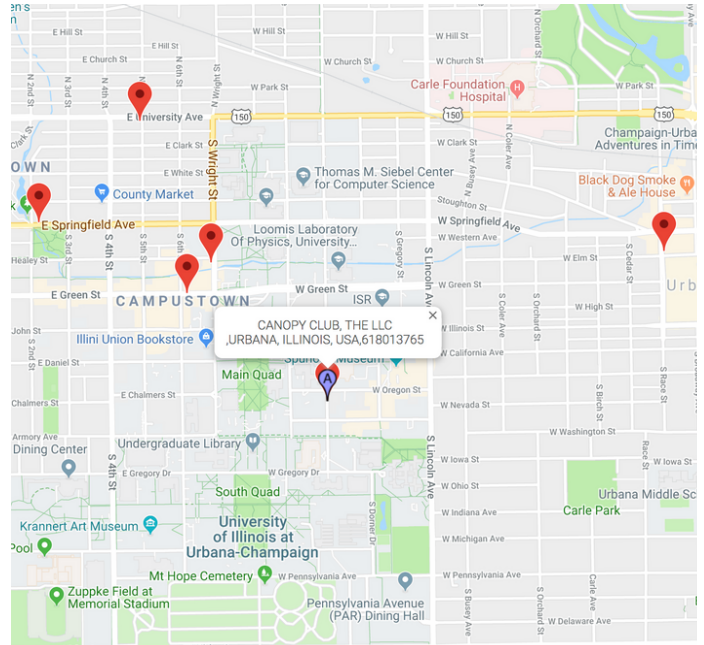
- Single location business
- 30 employees
- Sales went down \$220,000 in 2010, but has recovered to 96% of their peak since then.

CG Signature Events Catering

- Started in 2014
- Sales of \$173,997
- Shows the market welcomes newcomers.

Entertainment Industry

Based on the geography of Canopy Club in Urbana, Illinois we are confident to say there are less competitors at the east and south side of the enterprise. Canopy Club has had annual sales of \$338,505, and the company's average annual growth from 2010 to 2018 was 5.68% per year. Canopy Club's revenue per employee is high at \$42313.5 with 8 employees onsite, implying an efficiency in limiting costs and generating revenue.



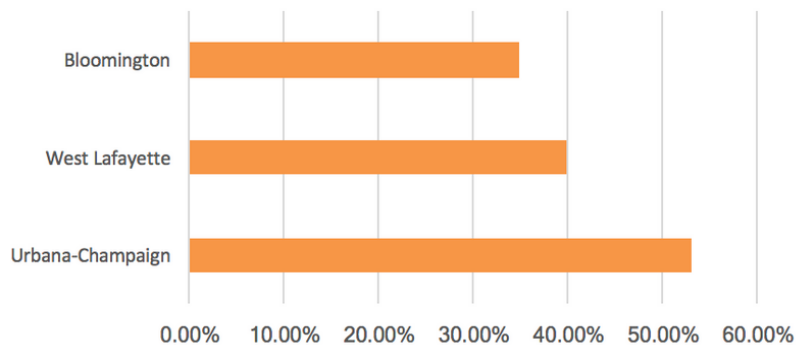
Competitors surrounding Canopy Club are not a threat to potential business. Although Mables, Inc has had a higher revenue of \$400,000 in 2018 and is located on Green Street, one of the most popular areas for nightlife in Champaign it has a high number of employees (21) with \$19047.6 revenue per employee. Although there are similar entertainment hubs within three miles radius of Canopy Club, there is a parking lot and three MTD bus stops within a one mile radius of the venue, making it a prime location for visitors.

According to NICHE, the University of Illinois at Urbana-Champaign is ranked as a top party school in America, which provides more potential customers than rest of other universities. Additionally, the data suggests that the percentage of leisure (going to bars and nightclubs) is 18.09% in Urbana and 18.19% in Champaign relative to 17.23% nationwide. We can conclude that there is a great portion of the CU population willing to spend money on entertainment.

Analysis of Similar Cities

We identified cities that compare to Champaign and Urbana to gauge which industries show potential in similar areas. The cities chosen are West Lafayette and Bloomington in the state of Indiana as both are college towns and have similar demographics, such as age group, population, and expenditure that could possibly outline consumer behavior trends.

Chart 4: Percentage of Student Undergraduate Enrollment



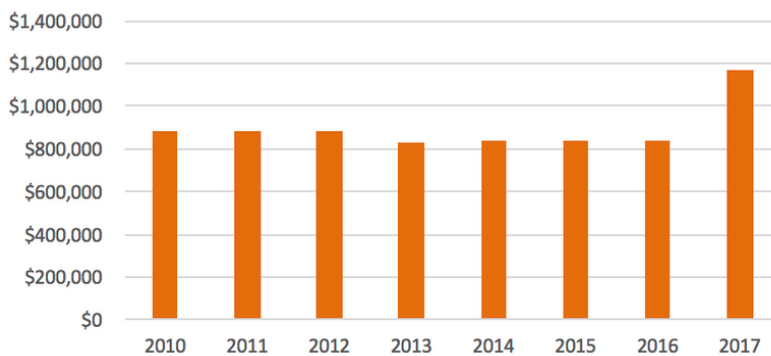
Over 30% of Champaign's population is 18 to 24 years old and over 36% of Urbana's population falls in this group. West Lafayette and Bloomington report high numbers at 47.83% and 42.71% respectively. Compared to USA's 9.51%, it is fair to conclude that college students make up a large portion of consumer population in the CU area, West Lafayette, and Bloomington. Because the given cities are college towns, it is important to note that a large portion of the population are students who are enrolled in public undergraduate colleges, as shown in Chart 4.

Businesses that convenience or target this category will be more financially successful if they consider college students' budget, location, and things valued. Because these areas consist of college students living on campuses, most of them are unemployed.

Through our gathered research, 50.28% of West Lafayette's male population are unemployed, 43.54% for Bloomington, 38.52% for Champaign, and 44.54% for Urbana. For females, 49.52% of the female population are not working, 48.52% for Bloomington, 41.25% for Champaign, and 45.42% in Urbana. Since the percentage of unemployment is high compared to US' percentage of unemployment of 36.61% for males and 45.70% for females, we want to set up a business with low budget goods within the area that targets a majority of students, therefore benefitting the students and the business.

Based on our findings, the food service and entertainment industries are best suited for the CU area. The four cities have similar quantitative values and industries that are doing well in Bloomington and West Lafayette can be referenced for establishing new businesses in Champaign-Urbana.

Chart 5: Van's Catering Service Annual Sales (Dollars)



Van's Catering Service¹ in West Lafayette had a 39.3% increase in sales from 2016-17, showing a heightened interest in catering foods.

In Bloomington, Rudeboy² Entertainment and Promotion and I Ain't³ Playin Entertainment, LLC have upward trends, showing potential in the entertainment industries for CU area. The average Consumer Buying Power (CBP) for entertainment in Bloomington is \$83.9k, while Champaign's is higher at over \$100k. This means similar entertainment businesses could be brought to the CU area and there will be a sufficient, if not high, demand in this industry.

Chart 6: I Ain't Playin Entertainment LLC Annual Sales (Dollars)

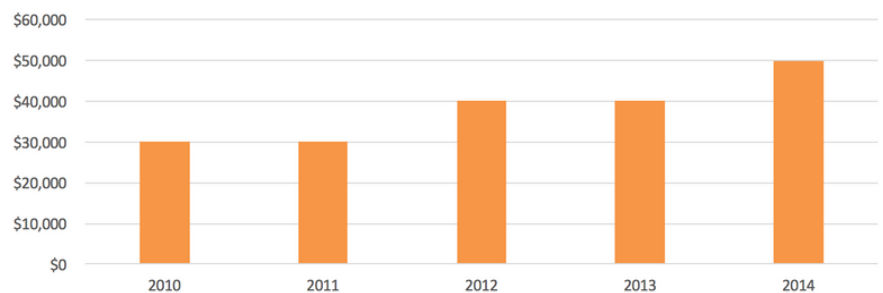
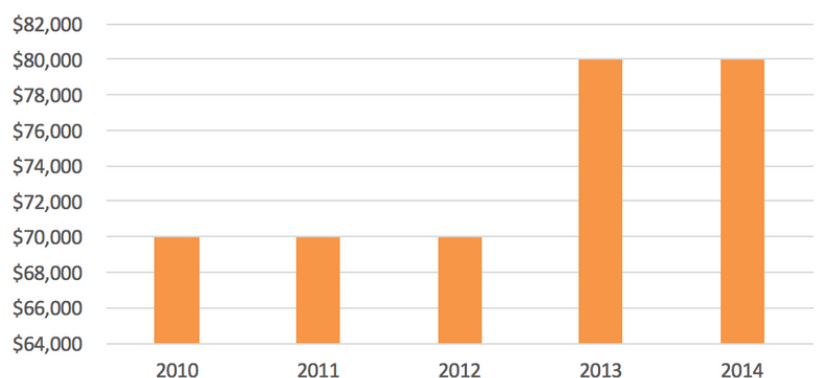


Chart 7: Rudeboy Entertainment & Promotion Annual Sales (Dollars)



1:<https://www.mergentintellect.com/index.php/search/companyFinancials/16482366>.

2:<https://www.mergentintellect.com/index.php/search/companyFinancials/364416342>

3:<https://www.mergentintellect.com/index.php/search/companyFinancials/51994223>.

Conclusion

By looking at what has worked in cities with similar demographics as well as what is currently working within Champaign and Urbana with financial data to backup our rationale, it is clear that a great investment opportunity would be to target venues for night-life. Similarly, after extensive analysis within the food services industry, catering proved to be a strong choice due to both qualitative and quantitative reasons as expressed in our market analysis report. We believe that there are three businesses in the Champaign-Urbana area that are worthy of an investment.

Recommendations

The Canopy Club



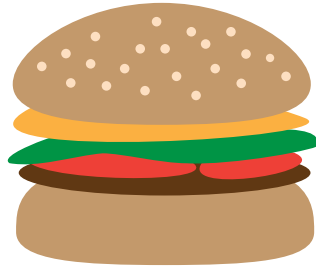
This particular venue that is located in Urbana caters to individuals of all types of ages, with a primary focus on millennials. Canopy club offers events such as Open Mic Nights, Game Night, Open Deck Night, as well as a wide variety of artist performances ranging from local artists to special guests. Being in close proximity to student dorms and apartments, the venue is a great spot for students to unwind. With sales showing a positive growth rate in the last 10 years, and only 8 employees at any given time, this is indicative of potential opportunities to expand their current business with additional investment. Investments can be utilized to make renovations within the venue or acquire high-profile artists to continue to build a rapport with the student population.

Urbana Five Points Inc.



As mentioned earlier, this location has seen an almost doubling in sales while managing to keep a tight employee count. This shows their efficiency in the work rate. Urbana Five Points is currently not on the University of Illinois' Insured Caterers List so a change in this status would significantly increase the available market and the limitation of only being able to drop off food for non-catered events would be removed. This improves the potential revenue streams from each individual event. Having shown positive growth in recent history, an investment in Urbana Five Points could boost their capacity significantly and bring their service up to an even superior level.

J Morris Enterprises, LLC



Their mission is to create and provide services tailored to the needs of each client. They are a family owned company and have a presence in Decatur and Champaign. Food catering is one of their four areas of service. The catering wing is present only in Decatur and an investment into J Morris Enterprises could help set up and launch it in Champaign. Additionally, this investment could also help in utilizing one of the many incentives that the City of Champaign provides to showcase its friendliness to new business. The City of Champaign Diversity Advancement Program (CDAP) is designed to strengthen the use of businesses owned by women, racial/ethnic minorities, and other identified socially disadvantaged groups. The City has made available a Certified CDAP Vendor List of which J Morris Enterprises is a member. These businesses will be helped through mentoring and training. Apart from investing into a stable industry through this business, we feel the CDAP program will be advantageous.

SimplyAnalytics, app.simplyanalytics.com/index.html.

"City Incentives." City of Champaign, champaignil.gov/city-incentives/.

Wirth, Sara Rush. "Catering Strategy Is Key to Driving off-Premise Dollars." *Restaurant Business*, Restaurant Business, 12 Mar. 2018, www.restaurantbusinessonline.com/operations/catering-strategy-key-driving-premise-dollars.

"10-132-3801. CANOPY CLUB, THE LLC." *Mergent Intellect*, FTSE Russell, 2016, www.mergentintellect.com/index.php/search/companyFinancials/101323801.

"01-648-2366. VAN'S CATERING SERVICE." *Mergent Intellect*, FTSE Russell, 2016, <https://www.mergentintellect.com/index.php/search/companyFinancials/16482366>.

"36-441-6342. RUDEBOY ENTERTAINMENT & PROMOTION." *Mergent Intellect*, FTSE Russell, 2016, <https://www.mergentintellect.com/index.php/search/companyFinancials/364416342>.

"05-199-4223. I AIN'T PLAYIN ENTERTAINMENT LLC." *Mergent Intellect*, FTSE Russell, 2016, <https://www.mergentintellect.com/index.php/search/companyFinancials/51994223>.