

By the Numbers:

A geo-touristic analysis of a small city's downtown core business appeal: a case study of Owen Sound

(Plain English: Does Owen Sound have downtown shopping which attracts tourists?)

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## A 2019 Update



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# An exploration of a downtown main street and its touristic shopping appeal: A four-year update

## Introduction to the 2019 updated analysis

In May 2015, I undertook a geo-touristic study of the downtown of a not-untypical, small city/town in mid-western Ontario, Canada. Using a unique analytic tool which I developed, I coded all the stores on the four main blocks of the downtown and along the intersecting cross streets (side-streets) as to whether or not each had "touristic appeal". This is not an assessment of subjective aesthetics, but rather based on tourists' spending, which is based on objective data. Coding for touristic appeal was developed using various studies of tourism spending patterns. I updated the coding of each storefront to that existing in late December 2018. What follows is part of the original study (process/coding development, research about spending, and analysis) and an updated analysis.

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### **ABSTRACT**

This study introduces an objective assessment tool to measure "Touristic Potential Engagement"© (TPE) of a community's tourist appeal. Often decisions are made without the benefit of incorporating objective research into the decision-making process. This study looked at a town's downtown, setting a benchmark of TPE in 2015 and reassessing it almost four years later in 2019. The TPE scale was developed using tourism studies that identified *where tourists actually spend their money*, not where opinion suggests.

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A community's central business district (CBD) (downtown or uptown, as the case may be) has often been identified as an important draw for tourists, enhancing their overall visitation experience. In some cases tourists will, by design, seek out a particular community's downtown shopping district because of its shopping, historic/heritage buildings, and overall aesthetic appeal. Many communities advertise a "historic" downtown. Often it is all about the shopping, looking for the unusual and unique. Politicians and destination marketers promote the preservation of an economically strong and diverse CBD.

Apart from the aesthetic appeal of a community's downtown shopping district, which can be personal and subjective, what shopping experiences appeal to tourists? And what does tourist-specific shopping look like? What percent of tourists engage in shopping? Where do they shop and on what do they actually spend money?

It would be hard to believe that a tourist does *not* shop, but a study in 2001 found that about 30% of Ontario's tourists reported shopping as an activity, second only

to visiting friends and relatives (VFR) at 55%.<sup>i</sup> The same study reported that shopping reported as an activity was at 25% and 23% for Grey and Bruce counties, respectively. A six-year mean (1996 to 2001) for Grey and Bruce was about 25%.

“Shopping”, as reported by tourists, is not picking up a souvenir or a Pepsi and chips at a convenience store, or buying a meal; it is bigger than that. The Travel Survey of Residents of Canada (TSRC) has five “reason for the trip” categories, including holidays/leisure/recreation, visit friends or relatives, attend a conference, other personal reason, and shopping. Tourists are also asked about how much was spent on various purchases, including, for example, footwear, clothing, and accessories.

In addition to shopping, tourists purchase food and beverages which may be purchased at restaurants, bars and taverns, and food stores. Restaurants can range from fast food style to high-end dining. Gastronomic or food tourism has attracted the attention of researchers for a number of years and many communities are highlighting their offerings in the hopes of drawing tourists. In 2001, as reported in the above study, food and beverage purchases averaged about \$35 (\$62 in 2019 dollars) per person trip.<sup>ii</sup> Recreation and entertainment was reported as \$19 (\$26 in 2019 dollars) per person trip. In addition, tourists spent \$36 on the catch-all category of “other” of \$36 (\$49 in 2019 dollars). In total, not including accommodations, this amounts to \$229 per person trip in today’s dollars, or \$458 per couple. Although the 2001 figures are out of date as to the specific amounts, the same ratios are likely still valid.

As an economic development strategy, developing and maintaining a tourist-friendly, diversified shopping district, can be important to a community.<sup>iii</sup> What might such a mix look like? Is there a way to assess a community’s shopping district, as it relates to tourists’ interests, establish a benchmark, and then track changes, or compare to other tourism destinations?

To help answer these questions, this study uses the small city of Owen Sound (population 21,341; 2016 census) as a test site. For this study Owen Sound’s downtown business district (CBD) was defined as 2<sup>nd</sup> Avenue East bounded by 7<sup>th</sup> Street East in the south, 11<sup>th</sup> Street East in the north, side streets off of 2<sup>nd</sup> Avenue East to, but not including, 3<sup>rd</sup> Avenue East on the east, and 1<sup>st</sup> Avenue East on the west. (See Figure 1 defines the study area.)

The 2015 study used Google map’s street view to identify the various businesses in the study area; the 2019 study updated data with a field check. Businesses were plotted on a draft map (using Microsoft Excel spreadsheet) to produce an inventory of businesses, and approximate street frontage or facade.<sup>iv</sup> This technique captured both a count of businesses and spatial data for each store based on its street frontage compared to “typical” store front in the study area (Figure 1).<sup>v</sup>

Once the draft map was completed, a business-by-business field check was made, to confirm the Google street-view data, store street frontage, and to update any changes in building occupation. The draft data were then transferred to a

spreadsheet using a single cell to represent a typical storefront. Each property was numerically coded regarding its use (type of business, vacancy), which were then converted to coloured cells. Four codes were used for businesses based on tourist appeal, or how likely each was to attract tourist spending. The attraction coding ranged from “1” for high, “2” for medium, “3” for low, and “4” for none. Vacant buildings were coded “5” and are shown in black (Figure 2).



Figure 1: A “typical” size of a store front of a turn of the century building (left) and an renovated storefront (right). (Note: The store on the right had been converted to a Woolworth’s, likely in the 1960s, then to a “dollar” store in the 2000s.)

Codes were based on tourist spending research. Several studies, which looked at product demand and supply from a tourism satellite account perspective, reported the amount of each tourist dollar spent on various products. Percentages and dollar amounts varied somewhat, therefore were used to only rank product demand (Table 1).<sup>vi</sup>

Table 1: Tourism product demand ranking<sup>vii</sup>

Product	Rank
Accommodation and entertainment	1
Food and beverage	2
Recreation / leisure activities	3
Other tourism products	4

Source: Various tourism satellite account studies; Statistics Canada

The 2015 study included a second map using one cell for each business, regardless of width of its facade. The “white” or blank cells indicate the presence of stores with large street facades, taking up more than one “typical” storefront. There are a number of large storefronts (e.g., furniture, old BINGO hall, hardware) which account for the variance in “low” and “none” categories. Blank cells were not considered in the analysis.

Percentages, based on cell counts, were calculated for street front occupation and number of businesses. None of the calculations are based on a business’s total square footage. Most businesses have street facades that reflect the smaller fronts typical of turn-of-the-century (Figure 1). Others have facades that reflect past growth of department stores, such as F.W. Woolworth’s and S.S. Kresge’s, for example.

Percentages for store street frontages and business counts did not differ significantly (see Table 2). Most stores occupy “typical” storefronts or facades, of the original stores.

Table 3 presents a comparison of the Touristic Potential Engagement© percentages for 2015 and 2019, and change, from 2015 to 2019 for the entire study area. There has been change between the two study years, including a decline (-18%) in the number of non-Touristic Potential Engagement© businesses, an increase (26.5%) in medium businesses, and an increase (14.4%) in vacant buildings, or 23% of all downtown storefronts. Some percentages are small so any change is exaggerated therefore the actual change in percentage points is also given.

Table 2: Comparison based on street frontage and business counts - 2015

Tourist Potential Engagement Scale	Street Facade	Business Count
	%	%
High	0.3	0.5
Medium	10.6	10.2
Low	14.7	17.4
None	54.3	51.0
Vacant	20.1	20.9
	100.0	100.0

Source: Author’s data

Table 3: Comparison of change (business counts) - 2015 and 2019

Tourist Potential Engagement Scale	Business Count			
	2015	2019	Change 2015 to 2019	
	%	%	% Change	% Points
High	0.5	0.5	0.0	0.0
Medium	10.2	12.9	26.5	2.7
Low	17.4	19.1	9.8	-1.7
None	54.3	44.5	-18.0	-9.8
Vacant	20.1	23.0	14.4	2.9
	100.0	100.0	-	-

Source: Author’s data

Field research identified many businesses at the edge (or fringe) of the downtown core as being, essentially, non-touristic in appeal. To segregate the influence of the fringe areas from the core on percentages, separate analyses were done on the core and fringe (Tables 4 and 5).<sup>1</sup>

<sup>1</sup> The core is 2<sup>nd</sup> Avenue East between 8<sup>th</sup> and 10<sup>th</sup> Streets East, including side streets. The fringe is 2<sup>nd</sup> Avenue East north of 10<sup>th</sup> Street East and south of 8<sup>th</sup> Street East.

Because the stock of stores is essentially fixed, a loss in one category results in a gain in another. Between the two study periods there were percentage increases in the medium (40.0%) and low (15.9%) appeal categories within the core (Table 4) with a responding loss (-17.0%) in the “none” category.

Table 4: Comparison of the two-block core area business counts - 2015 and 2019

Tourist Potential engagement Scale	Business Count		
	2015	2019	Change 2015 to 2019
	%	%	%
High	0.8	0.7	-12.5
Medium	11.5	16.1	40.0
Low	21.4	24.8	15.9
None	46.6	38.7	-17.0
Vacant	19.8	19.7	-0.5
	100.0	100.0	-

Source: Author’s data

Outside of the core (or fringe) there was a 19% increase in vacant buildings, for a total of 29% of all buildings in the fringe area (Table 5). This increase in vacant stores (several of which were damaged by fire) certainly affects the aesthetics of this area specifically and the downtown generally. In the same block as the fire-damaged buildings a not-for-profit organisation did move into adjoining stores, which changed the nature of the block, away from retail to social services.

During the study period, the fringe areas became much less touristic in appeal, thereby concentrating the tourist draw to a two-block section of 2<sup>nd</sup> Avenue East.

Table 5: Area outside of the two-block downtown core (fringe area)<sup>2</sup>

Tourist Potential Engagement Scale	Business Count		
	2015	2019	Change 2015 to 2019
	%	%	%
High	0.0	0.0	0.0
Medium	5.8	4.6	-25.0
Low	10.1	7.7	-28.6
None	60.9	58.5	-9.5
Vacant	23.2	29.2	18.6
	100.0	100.0	-

Source: Author’s data

<sup>2</sup> Fringe area is between 2<sup>nd</sup> Avenue East, south of 8<sup>th</sup> Street East and north of 10<sup>th</sup> Street East, on 2<sup>nd</sup> Avenue East, excluding the side streets.

## Discussion and Summary

Communities, seeking develop economic development strategies, have, for many years, looked to tourism. Sometimes there is a strategic development plan; sometimes it is left to the destination marketing staff. Many times the promotion is aimed at the community's downtown in the hopes that such initiatives will revitalise, enhance, or ensure the survival of the downtown.

Too often what is missing is an objective baseline to measure change, both positive and negative. Without objective measurement a discussion will be based on who has the loudest opinion.

To aid meaningful discussion, I developed the objective assessment tool highlighted in this study, giving communities an ability to make development decisions based on empirical evidence, or, put another way, "evidence-based decision-making". "Without data, you are just another person with an opinion."

The Touristic Potential Engagement© (TPE) tool/process was tested in a community of convenience (Owen Sound) in 2015 and 2019. It will work in many communities, but likely more so in towns and smaller cities.

Between the initial study in May 2015 and January 2019 (44 months) the downtown of Owen Sound has changed regarding its appeal. There was an increase in businesses coded as "medium" (26.5%) and "low" (9.8%). At the same time there was a decrease of 18% in businesses coded "none". This is good news as it indicates the downtown has increased its attraction to tourists.<sup>viii</sup>

An analysis of the core area (see discussion with Table 4) showed a decrease (12.5%) of "high" appeal businesses but an increase (40%) of "medium" appeal businesses. The core area was defined as between 10<sup>th</sup> and 8<sup>th</sup> Streets East, including the side streets. Unfortunately, there is one storefront (a former BINGO hall which has the equivalent of 3 to 4 standard storefronts) which does overwhelm the west side of the street, reducing the aesthetic appeal of the area.

A final analysis (Table 5) was done of the areas outside (fringes) of the "core" area. Of the businesses in these areas, very few (12.3%) of businesses that might be considered as having touristic appeal, had declined since 2015. About 29% of businesses in these areas are vacant and almost 59% have no touristic appeal.

The downtown does host a mix of financial services (banks, insurance, investment advisors, accountants/tax preparers), real estate brokers, social services, travel services, professional offices, and hair salons, which *may* be used by tourists occasionally but are *not* where tourist dollars are mostly spent.

The downtown core has seen an increase since 2015 in touristic appealing businesses. Businesses have come and gone from this area; such is the nature of small businesses, especially those that have to compete with well-established

franchises and big box stores on the outskirts of the town. Changes over the past almost four years are encouraging, though.

There is a major challenge to these touristic-oriented businesses though, with the 10<sup>th</sup> Street bridge replacement in 2019. Traffic will be diverted and many travellers may decide to take the Rockford-Springmount by-pass. The current study can be used as a benchmark of the current status and to measure change.

There is no template or guide as to what a tourist-oriented retail mix should be and search of peer-reviewed research revealed a paucity of work in this area. A number of redevelopment plans for various communities referred to plans to develop a tourist-appropriate mix of retail but did not offer any numerical or ratio indicators. One study, "tourism as a retail development strategy", found that tourism-oriented communities "had more than twice as many retail establishments than comparison communities of *similar size*" [emphasis added].<sup>ix</sup> The study further states that the overall mix of tourism communities is similar to all similar-sized communities, and as a percentage of stores, tourism communities have more "eating places, gift, apparel, sporting goods, and boat/RV/snowmobiling stores".

Given that many communities, including Owen Sound, believe that their downtowns are a valuable tourist draw, it is important to know what an ideal mix might look like, or to recognise what it *is not*. Many communities have intentionally created retail strip developments located well outside of the downtown or CBD. Owen Sound has done the same. These strips are a mix of franchises and corporate stores. Downtowns are mostly privately owned, non-franchise businesses, although not always. Local ownership allows more tourist dollars to stay local, hence less leakage.

This unique analytic tool and empirical study highlights the need for communities to use data to track changes to their touristic appeal, and base it on existing research into tourist behaviour. No longer should, or in fact can, decision-makers rely on "gut feelings" or "elected opinions" to drive development.

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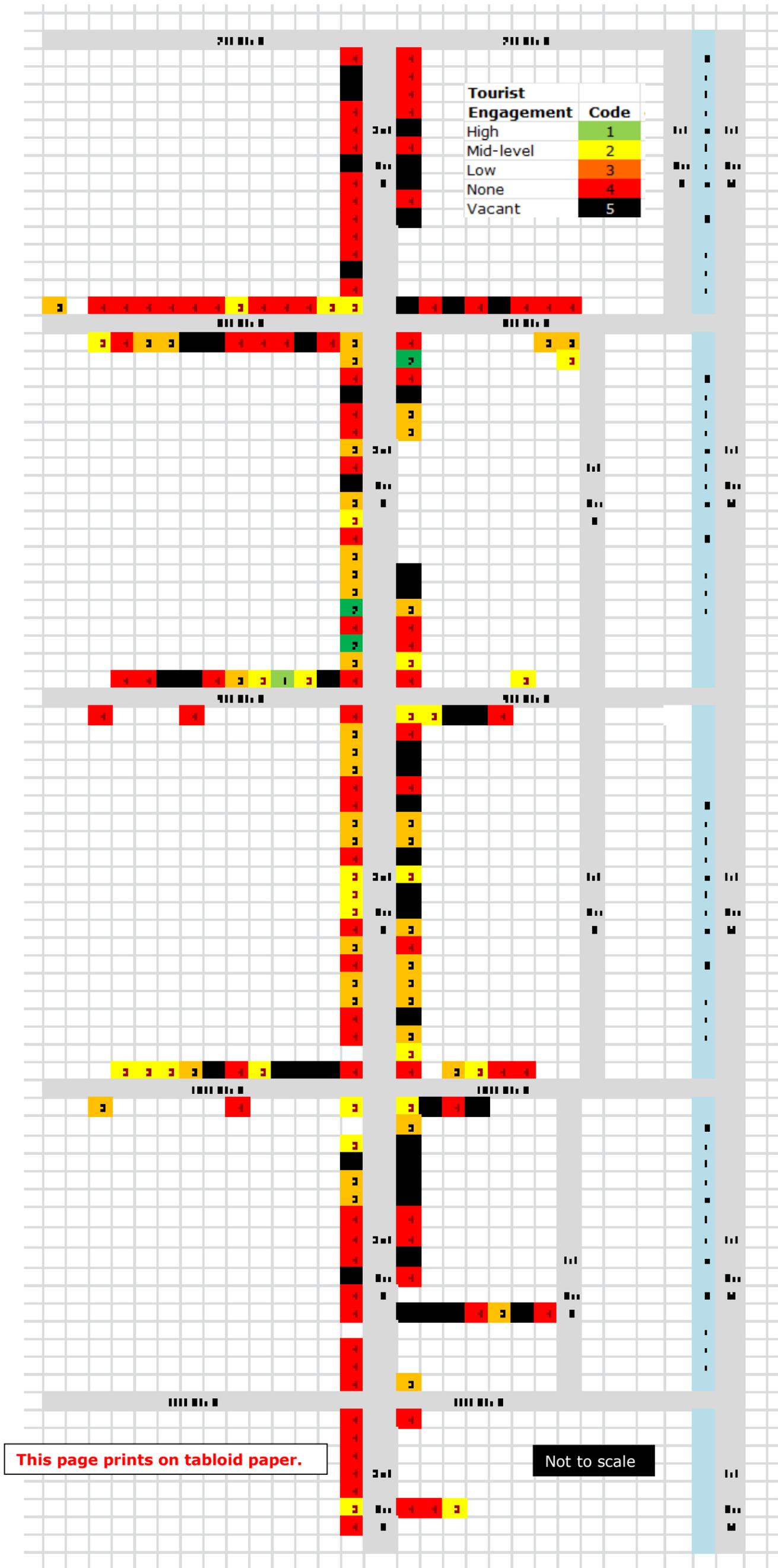


Figure 2: Defined study area and tourist potential engagement codes for 2015

## END NOTES

<sup>i</sup> Clark, D. (2004). A multi-year spatial analysis of domestic tourism in Ontario, Canada. Master of Arts thesis. Waterloo, Ontario: University of Waterloo.

<sup>ii</sup> Source: <http://www.bankofcanada.ca/rates/related/inflation-calculator/>

<sup>iii</sup> The focus should not be solely on the needs and wants of tourists. Considering that most businesses need the support of the local residents for about eight to ten months of the year, tourism adds the icing on the cake for many businesses, whether they are big box stores or small, sole proprietorship. Increased tourism seasonal demand increases a business's bottom line but also provides temporary employment for students and may well allow for an increase in the hours for part-time employees.

<sup>iv</sup> Much of the downtown is made up of older buildings, dating to the turn of the century. Many have several stories and typical store fronts for the period. A number had been renovated to accommodate larger stores with larger facades, such as Loblaws, Woolworths, Kresgy's).

<sup>v</sup> Note: For the 2019 study update, the number of "typical" storefronts for each business, or vacant store, were not recorded. Analysis had shown that the ratio was not significantly different.

<sup>vi</sup> Ranking developed from: Bryan, J., Jones, C., and Munday, M. (2006). The contribution of tourism to the UK economy: satellite account perspectives. *The service industries journal*, 26(5): 493-511.; Jones, C. & Munday, M. (2010). Tourism satellite accounts for regions? A review of development issues and an alternative. *Economic systems research*, 22(4), 341-358.; Morissette, C. (October 2010). Canadian tourism satellite account demystified. Statistics Canada. Presentation to TTRA conference.

<sup>vii</sup> Table 1 should be taken with some caution; it was used to get a general sense of where the tourist dollar is spent. A community may develop a tourism niche (e.g., Bayfield and St Jacobs) which skews its business mix compared with a more mixed product profile, which is found in most mid-western Ontario towns.

<sup>viii</sup> Caution should be used in interpreting the percentages. Some categories have small numbers so even a change of 2 or 3 businesses can generate high percentages. The table below shows the counts for each code in 2015 and 2019.

Touristic Potential-Engagement Code		2015	2019
1	High	1	1
2	Medium	22	27
3	Low	36	40
4	None	105	93
5	Vacant	44	48
		208	209

<sup>ix</sup> Ryan, B., Hovland, J., & Scheler, D. (undated, circa late 1990s). Tourism and retail development: attracting tourists to local businesses. Center for Community Economic Development: University of Wisconsin Extension.