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A Gap Analysis
**BUTCHER
SHOPS**



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Introduction

19 lbs.

1970-2000

In the last few decades there has been a major shift within the meat market industry. On a per capita basis, Americans consumed 19 more pounds of red meat (beef, veal, pork, lamb, and mutton) and poultry (chicken and turkey) in 2000, than in 1970 (Haley, 2001). In that same time period, grocery and supermarket chains exploded in popularity, offering cheap prices and the convenience of a one-stop shopping experience that includes large sections filled with different kinds of processed meats. Even with this stiff competition, many traditional butcher shops survived by providing superior quality and specialty products. There are opportunities for new butcher shops to enter the market, but in order for these businesses to thrive, they must be located in areas with little competition and a high demand for different meats.

The Fiscal and Economic Research Center (FERC) at the University of Wisconsin-Whitewater set out to find these places. Using statistical and empirical analysis, we determined what qualities a potential butcher shop owner should look for in a community. We determined what factors seem to help butcher shops survive and we identified several locations in Wisconsin that do not currently have a butcher shop, but possess qualities that would support a new shop. We identified these locations using census tract information and we determined the existence of a butcher shop via a database developed through several sources, including Hoovers and Dun & Bradstreet. It is possible that a butcher shop could exist in a tract, but not fulfill the definition provided by these sources. Ultimately, the creation and development of a business in these “gap” areas requires a “boots on the ground” examination of the market for both traffic and competitive analysis.

Introduction



Population



Median income



Nearest shop



Population density



Poverty level



Education level

The three main considerations we used in the initial analysis were the level of competition, the size of the population and the local median income. These criteria are good indicators of a potential location because they all factor into the potential success of a new site. The competition lets us know how difficult it would be to enter the current market, based on availability of specialty meats in that area. The population indicates the potential customer base and suggests the scope of sales in the area. The more people live in an area, the more potential customers there are and the greater potential there is for success. Median income helps indicate the spending money available in a population.

Further research using regression analysis gave us additional considerations to examine, including the population density, the amount of people in poverty and the education level of the population. We found that population density had a positive effect on whether or not a census tract contained a butcher shop. This suggests that in addition to the total population of an area, the density of a population should be taken into consideration when determining a shop location. As expected, our analysis found that the higher the median income of the area, the better suited it is to have a butcher shop. However, it also found that the higher the percentage of people living in poverty, the more likely an area is to contain a butcher shop. The last factor we considered is the education level of the census tract, measured by the number of people over the age of 25 with at least a college degree. Our analysis found that the more educated the population is, the more likely it is to have a butcher shop in the census tract. Using these considerations, we determined several locations that matched these desired attributes.

Janesville

 **63,588**
Population

▲
\$ 55,204
▼ Median income

 **7 miles**
Nearest shop

 **high**
Population density

▲
 **above average**
▼ Education level

The first location identified by our initial analysis was Janesville. The city has a population of 63,588 and a median income of \$55,204 (quickfacts.census.gov). Population was a good indicator that a new meat market would have enough potential customers to provide sufficient profits. The other consideration we analyzed was the fact that there was no direct meat market within the city limits of Janesville. The closest operation, Abbyland Foods Inc., is located in the Town of Milton, about seven miles away. These criteria make Janesville a critical location that could be used for a new franchise. Janesville also fared well in our empirical analysis. Out of all the census tracts tested with no butcher shop, a Janesville tract was the second-best location to have a shop according to the model, due to its high population density and above average education level. Based on these two criteria alone, we can see a high potential for an easy entry to the market.

Beaver Dam

 **16,291**
Population

▲
\$ 46,489
▼ Median income

 **8 miles**
Nearest shop

 **4x average**
Population density

The next location that our research identified was Beaver Dam. The city has a population of 16,291 and a median income of \$46,489 (quickfacts.census.gov). Its population density is four times higher than the average. This location has no direct competition, which indicates an easier entry to the market. The nearest competition, called C N D Specialties Inc., is located in Eden, about eight miles away. Our regression model identified Beaver Dam as one of the better potential locations that does not currently have a butcher shop.

River Falls



15,182
Population



49,217
Median income



8.6 miles
Nearest shop



2x average
Population density



above average
Education level

The third city that came to our attention based on data and demographics was River Falls. The city has a population of 15,182 people, and a median income of \$49,217 (quickfacts.census.gov). There is no direct competition in town. The closest is Specialty Meats and Gourmet, located in Hudson, 8.6 miles away. With a population that has an above average education level and more than twice the average population density, River Falls was the fourth-best location without a butcher shop, according to the empirical model.

Other locations



high
Population density



above average
Education level

Other census tracts that scored high on the empirical model include Merton, Waterford and Mukwonago. All three of these locations have education levels that are above average, high population densities and high median household incomes. These locations have lower populations than the previous three, but the fact that they are located in the Milwaukee area with many similar-sized towns surrounding them may add to their attraction.

Further analysis

According to our analysis, these are the locations with the most potential to sustain the demand necessary for a butcher shop to survive. This statistical and empirical research is a good way to narrow down potential locations, but in no way should a final location be determined based on our research alone. A “boots on the ground” study would be necessary to better analyze the demand for such a shop and the potential competition that the area would bring.

Prospective Sites for Butcher Shops

Wisconsin by Economic Region - 2013



