DOWNTOWN NORFOLK
USAGE AND PERCEPTION ASSESSMENT
SUMMARY REPORT
2007

Prepared for

Downtown Norfolk Council

December, 2007

H. BLOUNT HUNTER RETAIL & REAL ESTATE RESEARCH

FOREWORD

This is the tenth major Downtown usage survey conducted since 1997 and the eighth of an annual series of consumer research studies commissioned by the Downtown Norfolk Council for the purpose of assessing local residents' usage patterns of Downtown and their attitudes about Downtown Norfolk. This annual body of research is the sole means of communicating broad messages about users' behaviors and attitudes to Downtown's multiple constituencies (the Downtown Norfolk Council, the City of Norfolk's Departments of Planning and Department of Development, members of Norfolk City Council, property owners, existing/potential business investors, Norfolk Festevents and various cultural and civic organizations). The surveys completed since 1999 provide progress measurements on the Business Improvement District's efforts to enhance the actual and perceived cleanliness, safety and friendliness of Downtown Norfolk.

This annual study measures the drawing power of Downtown Norfolk from all communities within the Hampton Roads region and facilitates the generation of a profile of Downtown's most frequent users. The data generated by the survey serves as the most fundamental tool for improving the performance of existing businesses while providing facts to compel additional Downtown investment and business recruitment.

The primary purpose for repeating this serial research was to measure changes in perception of key attributes and characteristics of Downtown as well as to generate an updated measure of Downtown usage. Consistent with the goal of benchmarking and tracking, the core perceptual questions in this year's survey were repeated verbatim from the 1999, 2000 and 2002 surveys conducted for the Downtown Norfolk Council. Slight modifications have been made to improve several questions where indicated by footnotes. Several supplemental questions were added in 2004 under the guidance of DNC management. In 2007, new questions were introduced to probe the image of Downtown Norfolk's restaurant component and to more precisely define consumer perceptions about Downtown's dining niche.

This year's survey can be viewed as a "snapshot in time" as well as part of an ongoing series. This document contains a progress report where sequential datasets permit. The conclusions and recommendations that accompany the data analysis are based upon the analyst's ongoing familiarity with Downtown Norfolk and data generated in 1997, 1999, 2000, 2001, 2002, 2003, 2004, 2005, and 2006. The ultimate value of this research is found in the actions undertaken in response to the strategic challenges it identifies.

Small sample research such as this annual survey is subject to margins of error of 5 percent at the most basic level ("Did you visit Downtown last year?") or more when subsets of the sample are small ("How many times did 18-24 year olds visit Downtown Norfolk?"). Despite the inherent limitations of small sample research, we place value on the annual survey to provide a reasonable assessment of Downtown visitation metrics. This year's survey suggests that local resident use of Downtown Norfolk for discretionary purposes has declined compared to previous years. Declines in both "reach" and "frequency" provide cause for concern without need for panic. It would be a mistake to dismiss this year's survey results as the survey's overall credibility stems from the many instances in which this year's survey results mirror past results. Downtown's promoters have an important opportunity to strengthen the bond between Downtown Norfolk and residents of the region.

Tax data demonstrates that Downtown's retail sand restaurant sales reached new peaks in 2007 while trend data from the series of annual Use and Perception Studies raise the possibility that Downtown "reach" and "frequency" of use have declined. These findings are not necessarily conflicting since a decline in traffic would have little impact on sales if those who have curtailed use of Downtown were not significant shoppers or restaurant patrons.

It is likely that Downtown's patrons will embrace new stores, restaurants, entertainment venues and event programming as Downtown's offerings grow. As always, Downtown's promoters must constantly broadcast messages about new shops and restaurants and other changes in Downtown's offering to combat boredom and complacency and to remain in competition with the ever-changing retail landscape throughout the region. Road construction and related traffic congestion have deterred use of Downtown by some patrons in recent years. New office buildings, residential units, and hotels bolster the real estate roll and employment base without necessarily drawing new shoppers and diners from the suburbs to Downtown. While Downtown's promoters—from the public and private sectors—celebrate these new investments, all must remain conscious of the limited impact of this type of change on consumer behavior by suburban patrons. Effective marketing must continually inform potential patrons about reasons for visiting Downtown and create the desire to visit with sufficient intensity to overcome concerns about distance from home, traffic congestion, and considerations of parking cost and/or availability. As a general rule, every aspect of using Downtown must be tailored to the first-time visitor or to infrequent users. Ease of parking, effective wayfinding, feeling of personal safety, and cleanliness contribute to positive experiences that increase the likelihood of return visits. As an observer of this downtown and other urban areas, it is imperative that Downtown Norfolk's offerings remain unique and of high quality in order to compel visits from suburban residents from a broad geographic area.

While suburban competition increases, Downtown faces several years of disrupted parking and street detours caused by the construction of several major projects and the light rail line. Casual patrons may be deterred from visiting Downtown; retaining Downtown's core constituency will be critical during this transitory period. Usage of Downtown Norfolk for discretionary purposes remains high and is the envy of many urban centers. The primary challenge for the Downtown Norfolk Council remains sustaining Downtown's user base in ways that generate sales for merchants, restaurateurs, attractions and entertainment venues.

Blount Hunter
H. Blount Hunter Retail & Real Estate Research Co.
December, 2007

METHODOLOGY

This survey was conducted by random telephone interviews executed by Issues & Answers from September 10 – 17, 2006. This timing is consistent with the fielding of surveys in most prior years. In 2006, the interviewing occurred in early October, but this factor is not believed to have altered the results of the survey.

The final dataset included 501 completed interviews with useable zip code data with the distribution of completed surveys reflecting the approximate distribution of households within the Metropolitan Statistical Area (MSA) by city/county:

2007 RESPONDENTS	
Norfolk:	77
Portsmouth:	32
Chesapeake:	70
Virginia Beach:	142
Suffolk:	26
Southside Subtotal:	347 (69 percent)
Hampton/Poquoson:	51
Newport News:	59
Williamsburg/James City County:	23
York County/Yorktown:	21
Peninsula Subtotal:	4 (31 percent)
TOTAL SAMPLE:	501

Adults over age 18 were eligible to participate in the surveying. Interviewers attempted to contact randomly selected households up to six times before choosing alternative households. Surveying occurred primarily during the late afternoon and early evening during the week and during the weekend. This process assures inclusion of working and non-working adults.

To reduce respondent fatigue, this year's survey contained a maximum of four open-ended questions. The most prevalent responses to questions from last year's survey were individually coded for tracking with other less prevalent answers grouped into "other" categories.

Data was entered directly into a computer using Computer Assisted Telephone Interviewing (CATI) technology. This increases accuracy and reduces the time required to access data upon completion of surveying. A supervisor was present at all times and supervisory personnel monitored interviews. The data has been analyzed using SNAP Survey Analysis software.

COMPARATIVE DATASETS
2007 VS. PROGRESSIVE TOTAL 1999-2006

By design, the format of the surveying in 2007 was similar to the format of surveying in prior years. A comparison of datasets reveals general similarity across the randomly conducted surveys. In many ways, the respondent sample in 2007 is similar in demographic composition to the PROGRESSIVE total sample from 1999 to 2006.

In 2007, the proportion of respondents with incomes over $80,000 was higher than in 2006 and in many prior surveys. Also in 2007, the proportion of respondents between the ages of 25 and 34 was higher than in past years. These shifts would tend to increase Downtown's penetration rate and average frequency of use since affluent residents tend to be among Downtown's "best" users.

In 2007, the proportion of African American respondents was comparable to the proportion interviewed in earlier years.

DEMOGRAPHIC SAMPLE OF 2007 SAMPLE COMPARED TO PROGRESSIVE TOTAL		
	n = 501 **2007**	**n = 3,335** **1999 – 2006**
18 to 24	6% (29)	4% (121)
25 to 34	41% (202)	16% (511)
35 to 44	23% (116)	21% (692)
45 to 54	15% (72)	23% (743)
55 to 64	7% (36)	17% (534)
65 +	8% (39)	16% (619)
Total	100% (494)	100% (3,220)
Under $20,000	7% (29)	10% (304)
$20,000 to $39,999	21% (82)	26% (804)
$40,000 to $59,999	22% (89)	26% (812)
$60,000 to $79,999	19% (75)	18% (548)
$80,000 +	30% (120)	21% (667)
Total	100% (395)	100% (3,130)
Caucasian	73% (337)	72% (2,711)
African American	20% (94)	20% (746)
Other Racial Group	7% (32)	8% (330)
Total	100% (463)	100% (3,787)
Male	39% (196)	39% (1,517)
Female	61% (305)	61% (2,362)
Total	100% (501)	100% (3,879)

EXPLANATION OF TERMS

At various times where appropriate, the following terms are used:

Downtown Users: Anyone who--for any purpose--visited Downtown Norfolk during the past year; the most inclusive measure of Downtown usage including workers and those making non-work visits.

DOWNTOWN USER SUBSET BY YEAR								
2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
321	333	286	307	358	352	366	227	316

Non-Users: Anyone who did not visit Downtown Norfolk during the past year for any reason

NON-USER SUBSET BY YEAR								
2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
180	172	222	193	145	150	173	166	102

Non-Work Trip / Patron: A specific sub-set of Current Downtown Users consisting of those who have made a visit to Downtown for a discretionary purpose excluding respondents who are Downtown workers. Non-work users are highlighted throughout this analysis because they are the focus of the Downtown Norfolk BID's marketing efforts to stimulate discretionary visits to Downtown for shopping, dining and recreational pursuits.

NON-WORK USER SUBSET BY YEAR								
2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
280	287	263	270	351	315	322	199	287

Downtown Worker: Respondent whose place of employment is located within Downtown Norfolk.

DOWNTOWN WORKER SUBSET BY YEAR								
2007	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
41	46	23	37	20	37	34	27	29

Annual Penetration Rate: The proportion of a consumer segment who has visited Downtown Norfolk in the past year; also known as "usage rate," "reach" and "market share."

Frequency: The number of visits to Downtown Norfolk or any specific destination within Downtown in the past 12 months.

Margin of Error: The random sampling process used as the basis of this report involves the use of a small sample to represent a complete census. For pragmatic purposes and because of cost limitations, it is possible only to speak to a representative sample of the total adult population of Hampton Roads. The survey's margin of error refers to the probable range of difference between the results of a small sample survey and the results that would be generated if a complete census could be conducted. At a sample size of 500, there is a 95 percent confidence that the largest margin of error is plus or minus 2.0 percentage points. There is a greater margin of error on sub-samples of the survey (e.g. individual questions).

EXECUTIVE SUMMARY--2007

1. Downtown Norfolk's annual usage rate (or "penetration") among adult residents of the Norfolk-Virginia Beach-Newport News MSA was 64 percent in the 2007 surveying compared to 66 percent in 2006, 56 percent in 2005, and 61 percent in 2004. The 2007 results similar to the progressive average from 2000 to 2006. Market penetration of Southside adults was 74 percent; penetration of adults on the Peninsula was 41 percent.

2. Most area residents who have not visited Downtown Norfolk during the past 12 months have visited Downtown within the past 1-2 years. The primary reason cited for not visiting Downtown is "nothing of interest to me in Downtown." "Distance/traffic/tunnel congestion" is cited by an increasing number of Peninsula residents as an explanation for lack of patronage of Downtown Norfolk.

3. Downtown's penetration of local adults is highest among 25 to 34 year olds. This is a strong consumer base for retailers, restaurants and entertainment venues. Downtown's rate of penetration is sub-average among 18 to 24 year olds and those over age 55.

4. Downtown Norfolk's penetration generally increases as household income increases. Approximately eight of every 10 households in the MSA with incomes over $80,000 have been to Downtown Norfolk for non-work purposes over the past year. This is a strong environment for retailers and restaurants. This contrasts with the image of many downtown areas and reflects the bundling of many arts/cultural venues, quality dining, upscale shopping options and a high caliber event calendar.

5. Average annual Downtown visitation for non-work purposes was an estimated 9 visits per year before the opening of MacArthur Center. Frequency of use peaked at 30.6 trips in 2001. In 2007, average frequency of visits was 24.4 trips—down slightly from 2006 but comparable to the progressive average from 2000 to 2006. The prevailing frequency reflects an average of one non-work visit every two weeks. The highest frequency of use for non-work purposes occurs among 55 to 64 year olds and those with household incomes over $80,000. The lowest average frequency of use continues to occur among those over age 65. Average frequency of use by African Americans is similar to frequency of use by Caucasians.

6. Eight years after its opening, MacArthur Center remains the single most important attribute for generating trips into Downtown Norfolk with 52 percent of all metro area adults citing at least one mall visit in 2006. This appears to be a statistically significant increase over 2005 penetration of 41 percent. MacArthur Center's 2007 penetration rate is higher the progressive average penetration rate of 48 percent from 2000 to 2004; the center's shopper base appears to be growing. Downtown Norfolk's functional role as "Restaurant Row" continues to be important as dining in restaurants outside of MacArthur Center and The Waterside is the second most prevalent trip generator. In 2007, 64 percent of metro adults reported visiting dining/drinking at restaurants/bars outside of MacArthur Center and The Waterside. This level of usage is much higher than the progressive average from 2000 to 2006. Attending cultural/arts events is the third most prevalent trip generator while visiting The Waterside and attending

events in Town Point Park are ranked the third and fourth most powerful Downtown trip generators.

7. In 2007, Downtown patrons reported increased frequency of use of MacArthur Center. Frequencies of use of other Downtown venues and activities declined in 2007 compared with 2006 although many individual venue/activity frequencies in 2007 reflected average levels of use in the progressive average. Average frequency of use of any bars/restaurants/clubs not at The Waterside or MacArthur Center was the same in 2007 as in 2006.

8. MacArthur Center continues to be the "most liked" element of Downtown Norfolk. As an "icon" with a long history of positive public perception, The Waterside ranks as the second "most liked" aspect of Downtown Norfolk. The least liked aspect of Downtown among its users is "traffic congestion/hassles."

9. The "clean and safe" initiatives undertaken by the Business Improvement District continue to receive high ratings by Downtown users. Downtown receives its most positive ratings for "well lit at night" and "clean public areas." Perceptions of safety during the day and night have improved significantly since 1999 although there have been no changes in perceptual ratings in recent years.

10. In 2007 as in 2006, current users would like to have more parking added to Downtown and to have traffic congestion reduced. (In some cases, traffic congestion described by respondents relates to traffic within Downtown while others cite congestion at bridges/tunnels and other routes into Downtown Norfolk.) These suggestions received greater support as priority improvements than adding more stores or restaurants to Downtown's offering.

11. The percentage of non-work users rating the "cost of parking" is an "important factor" in their decision to visit Downtown declined in 2007 compared to previous years. Between one-quarter and one-third of Downtown's current users say that the "cost of parking" is an "important factor" in their decision to visit Downtown.

12. In the 2007 survey, Downtown Norfolk's restaurants captured 46 percent of the $12+ restaurant meals consumed by its patrons in a 90-day period prior to being interviewed. Approximately one-quarter of Downtown patrons have increased their frequency of dining in Downtown Norfolk compared with 10 percent who have curtailed their dining in Downtown Norfolk over the past year. Several factors were cited for this decrease in use with an overall decline in restaurant spending being the primary explanation.

13. Restaurant Week awareness was measured at 23 percent of Downtown patrons in 2007; 6 percent of Downtown's patrons attended one or both of 2007's restaurant weeks. Restaurant Week is not widely recognized by Peninsula residents.

14. The proportion of Downtown users who think Downtown would be a good place to live has increased from 50 percent in 2002 to 66 percent in 2007. Those who think Downtown would be a good place to live are generally older now than in past years. Three-quarters of these respondents would prefer to purchase rather than rent.