

Downtown Davenport Restaurant Analysis

Phase One Assessment

Prepared For:

Downtown Davenport Partnership
331 West 3rd Street
Davenport, Iowa 52801

Project Team:



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Introduction

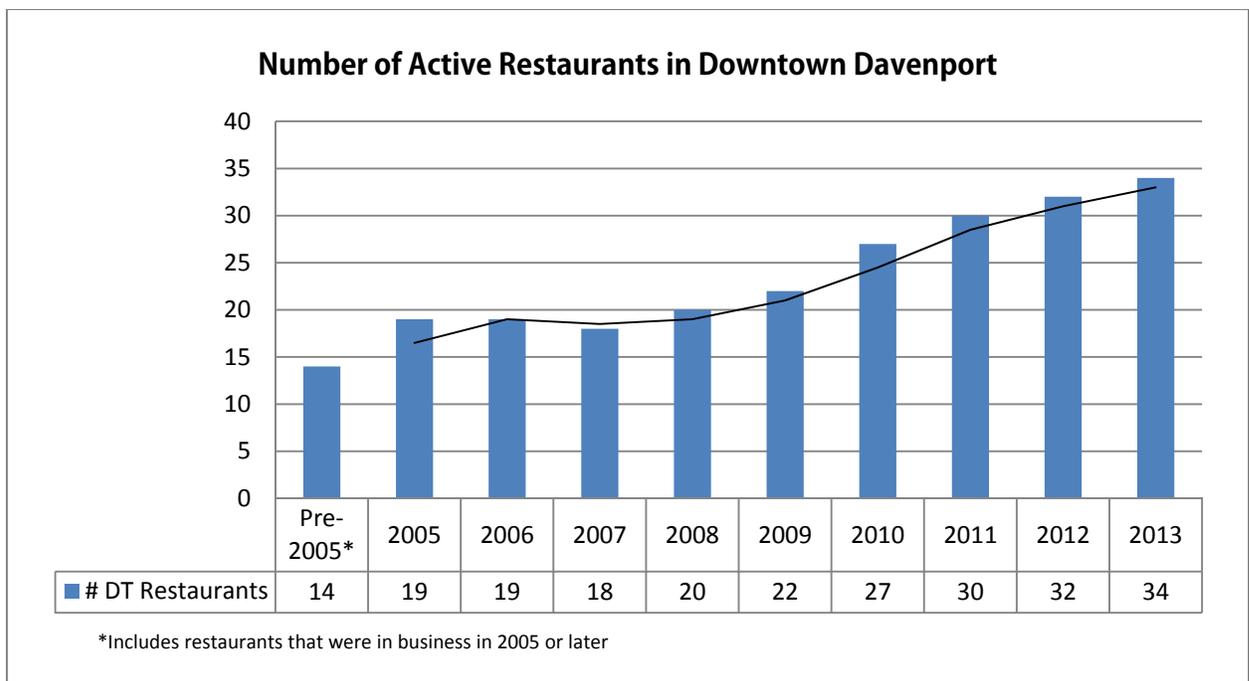
One of the major recommendations highlighted in the Downtown Strategic Action Plan called for further investigation into why Downtown Davenport appeared to significantly lag behind the Rock Island and Moline Downtown areas in terms of gross food and beverage spending despite the higher employment and resident population and relatively comparable total visitation. Restaurant sales data from ESRI, Incorporated, an internationally recognized demographer and data provider, was the impetus for Team DDA’s recommendation to further investigate this imbalance.

This summary report represents a first phase analysis of the existing food and beverage establishments in Downtown Davenport. The goal of this process is to provide the Partnership with a clear understanding of the local restaurant market conditions; identify factors impacting the food and beverage sector in Downtown Davenport; and to identify the potential next steps in addressing the apparent short fall.

Facilitated through introductions by DDP staff, Team DDA (specifically Brian Parker of BKP Consulting) personally interviewed 11 of Downtown’s restaurateurs. The interviewees were representative of the overall Downtown restaurant establishments, by type and location in the Downtown.

Key Findings

- 1. Restaurant development in Downtown Davenport is on an upward trajectory. With two more restaurants added, there will be twice as many restaurants in Downtown as 2007.**



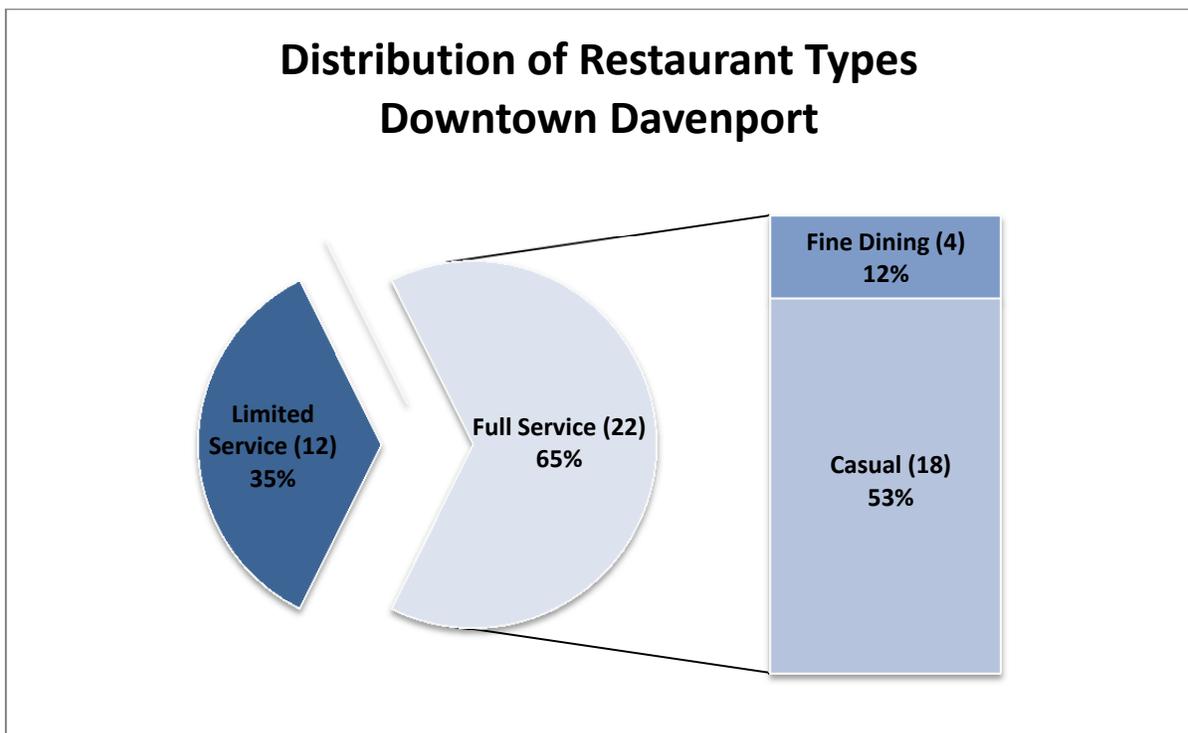
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2. ESRI Underestimated Sales for the Downtown Davenport Retail Market.

For 2013, ESRI estimated \$5.9 million for 18 food and drinking establishments in the Downtown. Based on Team DDAs review of businesses licenses and food inspections, there were 34 restaurants in the Downtown in 2013. Team DDA also collected annual sales data from six of the restaurateurs, which totaled \$5.4 million in food and beverage sales, nearly the same amount estimated by ESRI for all of the restaurants in the entire Downtown area.

3. Restaurant Types in Downtown are Numerous and Varied.

- 35% Limited Service – quick service, pay upfront, delis and cafés
- 65% Full Service (12% Fine Dining & 53% Casual) – order and served while seated



4. Thriving Restaurants in Downtown Davenport.

Many of the reported gross sales were in excess of \$200 per square foot (psf) with the highest sales at \$680psf. The majority of establishments indicated a higher activity level during the lunch hours, with lunch comprising upwards of 60 percent of sales for several restaurants during the week. On weekends, the split between lunch and dinner typically moderated closer to 50/50.

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5. Lowest Sales Rates Among Restaurants Lacking Visibility or Adjacency to Other Retail and/or Restaurant.

While not directly attributed by the restaurateurs, lower performing restaurants (below \$200 psf) were in areas of low traffic counts and non-vibrant and/or vacant adjoining uses.

6. Downtown Restaurant Business Has Some Seasonality.

The majority of restaurateurs contacted for this survey indicated a significant decline in business between high points of the summer and lower activity levels throughout the winter months. The seasonal impact varied significantly depending on the type of establishment, with some eateries indicating no seasonal variation, while others reported a decrease of upwards of 30 percent of gross sales between summer and winter months.

Restaurants with outdoor seating areas fared better during the summer than restaurants that did not provide outdoor areas for eating and drinking. The biggest seasonal drop in sales was attributed to the decline in overall visitation to the Downtown during the winter season.

According to the National Restaurant Association’s 2012 Restaurant Trends Survey, travelers and tourists represented an average of 29 percent of sales for fine-dining operators and approximately 25 percent of sales for casual-dining operators. Sales at the limited service restaurants were least dependent on visitors.

7. Website and/or Facebook Pages Utilized By All But One Downtown Restaurant.

- **75% have website; 75% have Facebook page**



And consumers are increasingly using social media to enhance their restaurant experience:



Source: Iowa Restaurant Association and National Restaurant Association

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Individual establishment approaches to marketing varies greatly. Some focus largely on word of mouth and social media, while others utilize local print media, billboards and radio to drive sales. One of the largest issues regarding marketing is the cost of mass media marketing and the lack of specific marketing budgets. The growth of social media has been extremely helpful in growing business, with most operators indicating a desire to continue to increase their social media presence. Several interviewees suggested a willingness to work collectively to develop a distinctive Downtown dining/drinking destination presence online.

8. Multiple Successes and Valuable Partnerships Strengthen Downtown Restaurants.

- The most commonly noted strength of the market related to the recent and continuing growth in the residential population, particularly with the growth of market rate housing.
- The abundance of older, “cool” buildings was also highlighted as a major strength of the market. The potential for adaptive re-use is a major attraction to new businesses. The relatively low cost to acquire/lease space in Downtown was noted as business friendly and was cited as strength for the continued growth of the market.
- The riverfront, Adler Theater, RME, the Figge Art Museum, the Blackhawk Hotel and RiverCenter are all strong existing destinations that must be capitalized upon to help continue Downtown business growth, including non-dining/drinking businesses.
- Nearly all interviewees mentioned the proactive stance of the City and the assistance and initiatives of the City and the Downtown Partnership as a strong asset that should continue to be leveraged. Both the City and the Partnership are viewed as cooperative and receptive toward attracting business, development and growth.
- Streetscaping was noted as another strong asset for attracting more visitation to Downtown.
- Specific comments from those contacted for this survey include:
 - “The square foot price of rental properties in Downtown Davenport is unbeatable.”
 - “The amount of support and programs offered by the Partnership and the City are extremely helpful in attracting and growing business.”
 - “There is a strong sense of community in Davenport, with a forward thinking community and an entrepreneurial spirit.”
 - “The City and the Partnership have been great to work with.”
 - “What’s happening now is the promise of the Downtown plan from five years ago. There is a real renaissance underway, and we’re glad to be a part of it.”

9. Issues Important to the Ongoing Success and Growth of the Downtown Restaurant Industry.

- Traffic and the speed of traffic specifically, were perceived as a weakness among those interviewed for this analysis. The focus here was on making Downtown more pedestrian friendly, which it is not with the speed of traffic on River Drive and the various one-way streets throughout Downtown. The abundance of truck traffic throughout Downtown was also noted as a challenge, although one without an easy or immediate solution.
- The lack of an entertainment/bar district, or a high density of restaurants and drinking establishments, is also perceived as another weakness of Downtown Davenport. While the overall number and variety of establishments is appealing, the establishments are generally not close together, minimizing the ability to walk from place to place, thereby negating the attractiveness of Downtown as an eating and entertainment destination that encourages longer stays.
- Perceptions still exist regarding security and parking issues.
- Multiple interviewees mentioned the lack of a quality trained restaurant/bar staff workforce as an issue for ongoing success. As the number of establishments continues to grow, the depth of the workforce has remained stagnant, with quality staff moving from establishment to establishment.
- The lack of retail, and in particular a full-service grocery, were also noted as challenges to the ongoing attractiveness of Downtown Davenport. This is tied to the lack of overall foot traffic throughout Downtown, and may be addressed as the residential market Downtown continues to grow.
- Other comments from restaurant owners/managers include:
 - “The biggest challenge is identifying and marketing Downtown as a real destination, for dining, entertainment, living and business. What else is there to draw people Downtown?”
 - “We need to do better as a community, both individually and as a group of business owners, at marketing Downtown as a destination.”
 - “Our patrons never know where to park, or when they’re going to be charged for parking, or how much they’re going to be charged.”

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10. There Are Still Opportunities For Improvement.

The final portion of the survey asked interviewees to identify potential opportunities for improvement, both from the public sector's and the private business owner's perspectives. These ideas and concepts are intended to communicate with the Partnership the opinions of the owners and managers of restaurants and are not judged by DDA as to viable next steps and/or solutions.

- Downtown as a Destination – one of the most consistent areas mentioned for improvement revolved around marketing Downtown as a destination. While marketing around large festivals has been successful, it is more important to focus on Downtown itself as a day-to-day destination. Several concepts were put forth, including:
 - A mass media campaign highlighting the number and variety of establishments in Downtown Davenport. The campaign should also address security concerns and safety issues noted throughout in a positive manner.
 - The development of a Restaurant Week concept that would help promote the diversity of offerings in Downtown. This could take many forms, but the goal would be to attract patrons to the actual establishments, rather than to tents set up for festivals with limited menu offerings.
 - Capitalize on the existing assets of Downtown, including the Riverfront itself, RiverCenter, the Adler and the Figge. While events at these attractions draw people Downtown, there should be more of an effort to encourage visitors to stay Downtown and patronize local establishments.
- Continue to maintain a business-friendly approach from the City that will attract new and unique, non-chain, restaurants. One of the overriding themes taken from the survey is that Downtown restaurateurs are willing to cooperate with each other to enhance the overall environment of Downtown, welcoming new businesses offering something new to the community. Key to this is limiting the entrance of large chain restaurants to the Downtown market.
- Several operators indicate a willingness to work together, creating a Downtown dining/drinking establishment association, which would work collectively and cooperatively to market all of Downtown as a true destination.
- While there are a number of successful festivals and large-scale events taking place on the riverfront, working to draw those event goers into the Downtown core before and after events would provide benefits to the entire Downtown.
- Need to address the lack of pedestrian accessibility and the distance between establishments.

Summary/Next Steps

The Downtown Davenport restaurant market is a healthy and in many cases a thriving business sector of Downtown. The increase in restaurants, low turnover rate of restaurants and high sales per square foot validates these claims. With the addition of City Square restaurants and potentially The Dock, the Downtown is poised to double its restaurant total as of 2007.

It is DDAs opinion that better connectivity of establishments coupled with supportive restaurant programs, food-centric events and workforce development, is necessary to sustain the local restaurants and continued growth of restaurants.

Restaurants play a key role in the continued growth of Downtown Davenport. As they complement and support other Downtown venues and attract workers and residents, restaurants also lead the way to attracting other types of retail development.

Investigate Workforce Pipeline – The growth and quality of restaurants will suffer if there are not enough qualified and passionate workers to support the restaurants. Further investigation should be given to the workforce development partnering opportunities of the local schools ProStart Culinary Arts Program and Culinary Arts Program at Scott Community College.

Identify Ways to Better Connect Restaurants – Explore key properties in Downtown that can be enhanced to promote walkability. It is important to also identify potential incentives and funding sources for potential improvements.

The perception is that restaurants are scattered throughout Davenport. The reality is that there are clusters of restaurants in several areas of Downtown but non-vibrant uses inhibit the connection. While branding districts in urban corridors/city blocks have had successes in other markets, without the connectivity the effectiveness of a district is lessened.

Explore Food-Centric, On-Site Events – While the Downtown events, most notably Street Fest, has directly benefited local restaurants, the vending at the events has not significantly impacted foot traffic for the restaurants after festivals.

The upcoming Restaurant Week, sponsored by the Quad Cities Convention and Visitors Bureau on February 24th to March 2nd should be closely monitored to assess its success with local restaurants. It is important to identify which restaurants are actively participating, number and type of patrons, and whether any first time patrons revisited the establishment (monitored by one-time event coupon).

Based on the success of Restaurant Week, consideration should be given to investigating other types of successful food-centric events in other Downtowns that may be employed in Downtown Davenport.