

Introduction

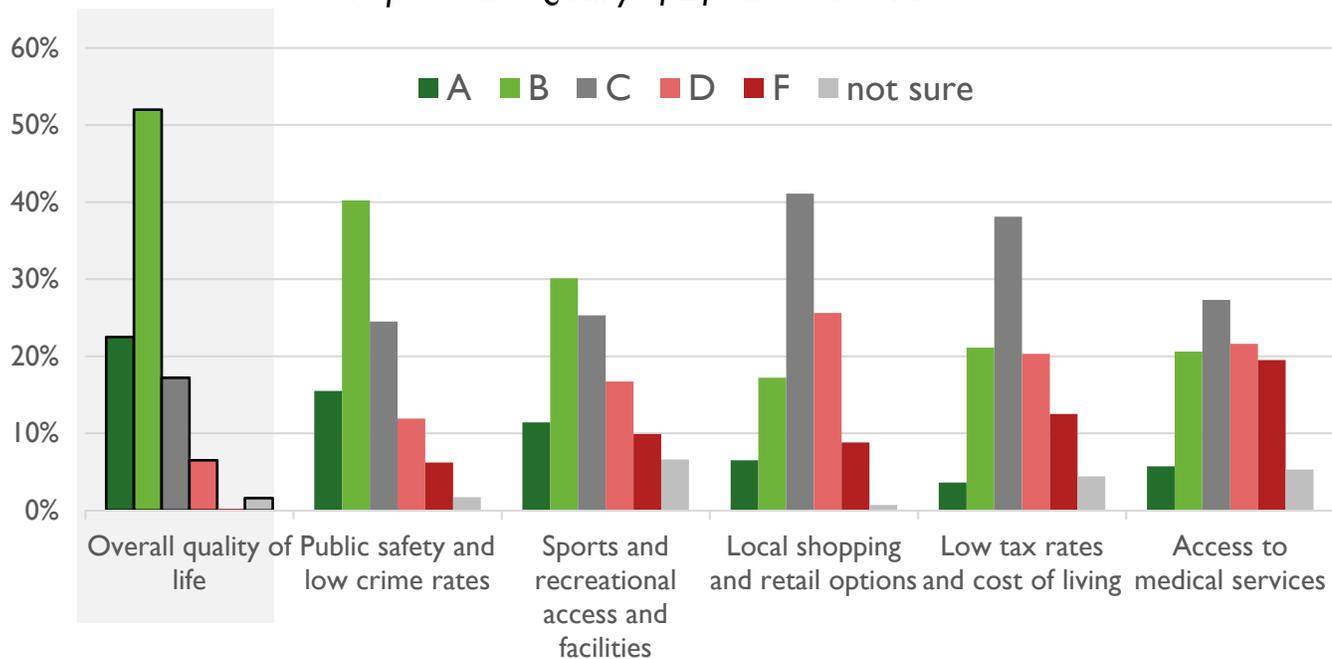
In spring 2017, Alaska Survey Research conducted a telephone survey to learn about North Pole area residents’ current shopping behaviors and desired retail services. The survey collected feedback from 507 Alaska residents living in the City of North Pole and surrounding area, including zip codes 99705 (434 respondents), 99702/Eielson Air Force Base (45 respondents) and 99714/Salcha (28 respondents). The survey was weighted to ensure the sample accurately represents the population based on gender, ethnicity, age and geographic distribution.

Survey Findings

75 percent report a high quality of life in the North Pole area...

But “local shopping and retail,” “low tax rates and cost of living,” and “access to medical services” all have a below-C average.

Report Card: Quality of Life and Other Factors



Residents want more businesses and services. Top picks include: ¹



When asked their top choice for a new business in North Pole, most frequent mentions are Fred Meyer (130 times), Walmart (37), Target (35), Arby’s (19), Costco (16) and Sam’s Club (11).

| | | | |
|--|---|--|--|
| Residents choose to shop in North Pole because... | It’s convenient, close, on the way | Prefer to buy local | Desired items are available |
| | To eat at restaurants and get groceries | Closer, safer, less driving than Fairbanks | Cheaper or similar costs to Fairbanks |
| | People are friendly and familiar | Easier for urgent purchases | It’s convenient for when you only need a few items |

| | | | |
|---|---------------------------------|--------------------------------------|--|
| Residents choose to shop in Fairbanks because... | It’s cheaper | Wider variety of stores and products | Bigger and better stores, bulk options |
| | Convenient, closer, quicker | There for work/ in Fairbanks anyway | Doctor is located there |
| | More likely to have what I need | No tax | One stop shopping |

Trip Frequency: most residents in the area visit downtown North Pole regularly, while even more make regular trips to Fairbanks.

- On average, more than half of survey respondents (57 percent) made six or more trips to downtown North Pole in the last 30 days, with an average of 12.8 visits. Three-quarters of respondents (75 percent) made six or more trips to Fairbanks, with an average of 15.7 visits.
- On average, those who live close to North Pole travel slightly more to North Pole than Fairbanks. Those who live near Eielson Air Force Base also travel more to North Pole than they do to Fairbanks.
- Employed respondents make more trips than those who are not employed.
- Respondents with children make more trips to both North Pole and Fairbanks.

¹ The exact wording of this question was as follows: “I’m now going to read you a list of types of businesses that sell things or provide services. For each one tell me if you think the North Pole area has too many of these types of business, about the right amount, or if you think North Pole needs more of them.”

Purchases in the area: residents spend more in Fairbanks than in North Pole.

| Purchase Category | Location of most recent purchase | |
|---|----------------------------------|------------------------|
| | North Pole | Fairbanks or elsewhere |
| Food and groceries | 32% | 67% |
| Kitchen, bedroom or bathroom supplies | 13% | 87% |
| Building supplies or hardware | 27% | 72% |
| Medical, dental or pharmacy services ² | 23% | 77% |
| Meal at a restaurant | 31% | 69% |

What does current spending look like?

| Purchase Category | Cost of last purchase | | Estimated annual value of all spending, extrapolated | |
|---------------------------------------|-----------------------|--------|--|------------------------|
| | Mean | Median | North Pole | Fairbanks |
| Food and groceries | \$153 | \$100 | \$59.0 million | \$110.8 million |
| Kitchen, bedroom or bathroom supplies | \$112 | \$50 | \$3.8 million | \$23.2 million |
| Building supplies or hardware | \$209 | \$55 | \$25.4 million | \$64.0 million |
| Medical, dental or pharmacy services | \$172 | \$40 | \$12.0 million | \$38.3 million |
| Meal at a restaurant | \$52 | \$33 | \$17.3 million | \$32.3 million |
| TOTAL | | | \$117.5 million | \$268.6 million |

Methodology for calculating annual spending above:

1. To calculate total monthly spending in the report categories, we use the most recent purchase amount (“expenditure”) and multiply it by total purchases in 30 days. For example, if a respondent reports they made 10 purchases of food and groceries and spent \$80 the last time, we calculate their monthly spend as \$800. This calculation relies on two assumptions:
 - a. The reported last purchase is representative of all expenditures. For every respondent who reports a particularly large last expenditure in comparison to his/her other expenditures, there is another respondent who reports a lower than average last expenditure.
 - b. The reported last purchase location is representative of all purchase locations.
2. This gives us an estimate on monthly spending by category, which we multiply by 12 to provide an annual estimate.
3. To provide an overall spending amount for the entire population (19,997 people over the age of 18 and 9,578 households), we need to multiply the annual per person spending. Since some respondents likely reported on their spending as individuals, and others may have reported overall household spending, we looked at total spending if all respondents reported as individuals, and total spending if all respondents reported as households, and took the midpoint between the two.
4. Now that we have an estimate for annual population expenditures, we split it out by proportional survey responses into the North Pole share and Fairbanks share.

² There is an anomaly with medical expenses caused by insurance. The reporting in this case is what the respondent reported as out of pocket expense, which is not the same as the total income the provider receives once insurance is factored in.

Recommended Next Steps

Continue to Assess Community Retail Needs

- Interview relevant stakeholders including Eielson Air Force Base F-35 beddown lead/team to gain a better understanding of potential retail needs and demands for incoming troops and their families.
- Continue to work with the Fairbanks North Star Borough on the Growth Management Plan.
- Connect with Fairbanks Economic Development Council to attain, review and build from results of Interior Business Retention and Expansion Program study (conducted in 2014 and 2015).

Identify Potential Retailer Opportunities and Needs

- Identify, and, if not already in existence, develop a database of potential retail real estate opportunities in the City and the Greater North Pole Area (99705 area code).
- Inventory existing retail in competing markets and analyze the competition on Eielson Air Force Base, in Fairbanks, and along the Richardson Highway (outside the City of North Pole limits).
 - Develop a list of retailers in the above locations that do not exist in the City of North Pole, or the Great North Pole Area.
 - As part of the inventory process, visit retail operations (especially those that align with community needs) and interview retail management with the goal of better understanding their site selection process – how do they make the decision to open a store or set of stores? What are the specific criteria? Who are the decision makers?
 - Identify competitor’s (EAFB, Fairbanks) strengths, weaknesses, opportunities, and threats to potential retailers. How does the City and Greater North Pole Area compare? What qualities would or would not attract future retailers?
 - Identify and interview brokers and tenant representatives that work mostly with retail tenants in the Fairbanks North Star Borough. Get their perspective on what retail tenants are seeking in terms of location, space, and other desired conditions.

Implement Commercial District Re-Zones

- Working with the Fairbanks North Star Borough Planning Department, move forward with Commercial District Re-Zoning efforts in North Pole, as detailed in the North Pole Potential Zoning Changes Outreach Summary.

Identify Marketing Strategies for Recruiting Retail to the Greater North Pole Area

- Examples include:
 - Work with the Fairbanks North Star Borough Economic Development Corporation and the Chambers of Commerce to sell the region first and City of North Pole second. Retailers are not looking for one location, like an industrial prospect, but want to expand in the region with multiple outlets for effective product distribution.
 - Consider dissolving the North Pole Economic Development Council and work more closely with the Fairbanks Economic Development Council instead. Encourage FEDDC to consider a name change to the

Greater Fairbanks Economic Development Council to indicate the broad regional scope of the organization.

- Develop and practice a well thought out “one-minute/60 second” elevator speech on North Pole from the retailers’ point of view.
- Develop customized electronic or hard copy marketing materials targeting retailers in “their language,” with a concise, visual message that speaks to their specific needs.
- Attend retail conferences and trade shows. Use customized marketing materials to target specific retailers and tenant representatives. Try to book meetings in advance of the conference to ensure the retailers presence and adequate time to showcase North Pole. For example, identify franchises that will fill a void in North Pole and focus energy on recruiting a potential franchise that is already located in the area (e.g., Fred Meyer).
- Ensure marketing materials are clearly marked and easily accessible on the City’s website and social media.
- Conduct numerous “touches” and different types of touches (e.g., calls, letters, meetings, company headquarter visits) with potential retailers.
- Consider policies that could attract additional businesses to North Pole, to potentially include tax incentives, reduced building costs, small business loans, water and sewer discounts and other incentives.

This document was prepared for the City of North Pole by Agnew::Beck Consulting, based on findings from Alaska Survey Research.

