

“ You’ve got to start with the customer experience and work backwards.....

I’ve made this mistake more than anyone in this room

and I’ve got the scar tissue to prove it...

and I know that it is the case”

Steve Jobs

Apple

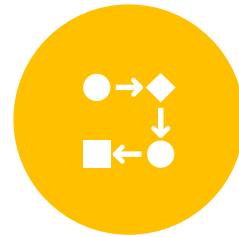
HDDA Customer Experience Study Report out 04/13/23 (updated 02/15/24)



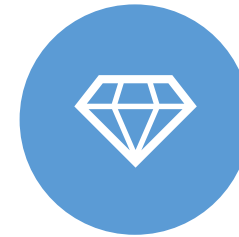
**WHY ARE
WE HERE?**



**TO SHARE THE
RESULTS OF OUR
CUSTOMER
EXPERIENCE STUDY**



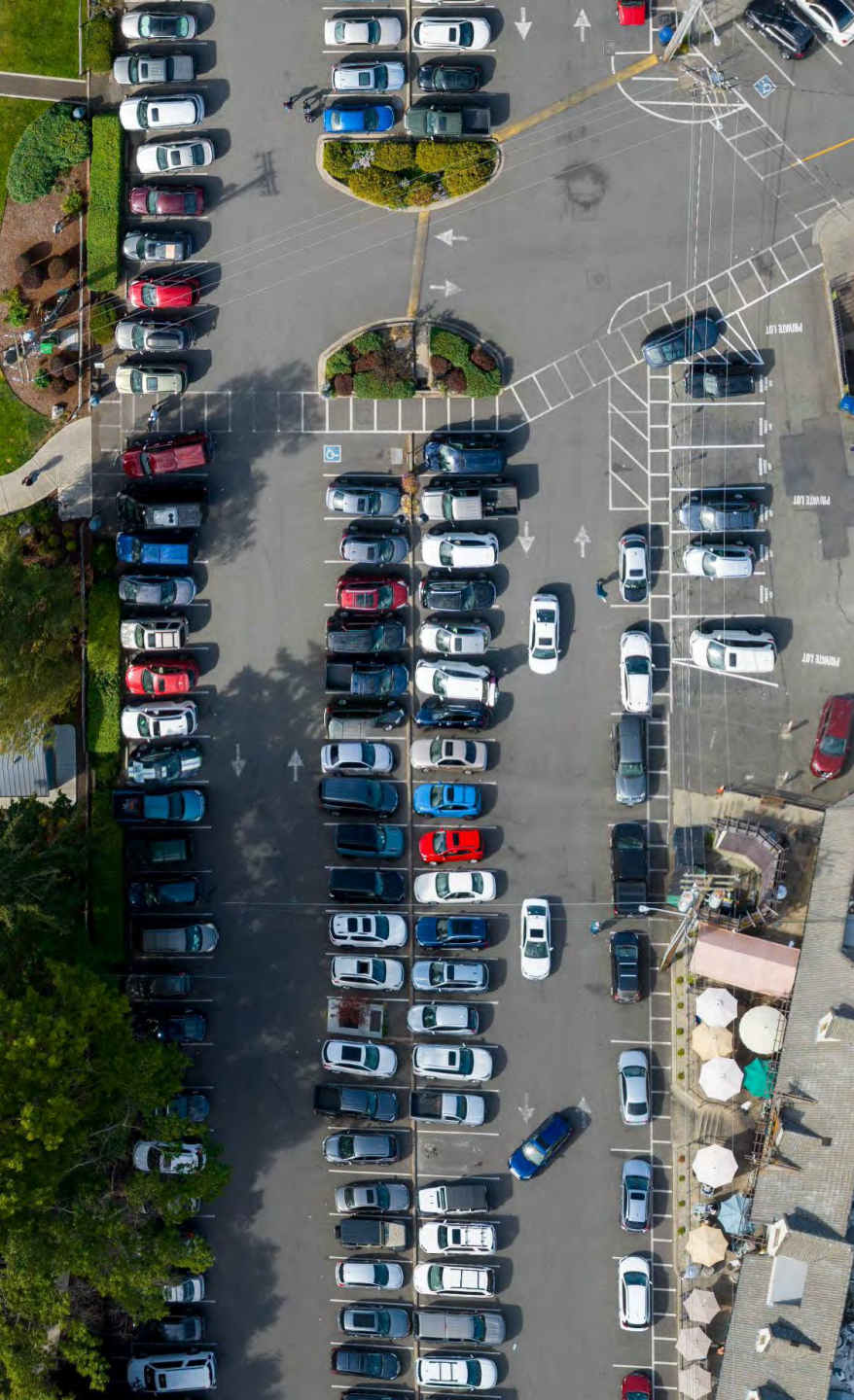
**TO SHOW WE CAN
TURN A PROBLEM
INTO NEW
GROWTH FOR ALL**



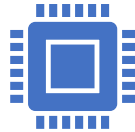
**TO SHOW HOW
THESE
OPPORTUNITIES
BENEFIT
CUSTOMERS,
BUSINESSES,
EMPLOYEES AND
THE CITY OF
POULSBO**



**TO ASK FOR YOUR
COMMITMENT TO
MOVE EVERYONE
FORWARD.**



HDBA customer experience team study July 2022 to Feb 2023



Our Problem-Solving methodology: Best Practice: Lean Six Sigma



Define>Measure>Analyze>Improve>Control



Our lens:

What is the customer(s) experience when they come to downtown Poulsbo?

We went to the GEMBA (physically went to places where things happen) to fully understand things from the customer view, learn, collect data and analyze.

Current State: Velkommen to Downtown Poulsbo - “Little Norway”

Macro Economy



Strong downtown **BRAND** built over decades



100 Business **deliver on the promise** to win repeat customers.



Businesses are collectively a **Retail Mall** with **shared parking**.



Restaurants and Retail **share the same ecosystem**

Micro Economy

- Each independently owned small business is its own brand with a brand-loyal customer base. Attention is paid to the Norwegian Heritage in business offerings.
- Restaurants – multi generational family-oriented demographic. **80% of restaurant profitability depends on 20% of repeat customers ***
- **60% of Downtown Restaurant customers live within 3 miles.****
- 20% of customers are Regional (Kitsap, King, Pierce, Thurston, Snohomish)**
- 20% are National and International Tourism **
- **Retail variety:** Shoe stores, Apparel, bakeries, home stores, book stores, dog supplies, candy shops, coffee shops “to go” burgers, Wine stores, Tea shops, Furniture stores, Children’s stores, A significant presence of Art Galleries with local artists creations.

* National Restaurant Association

**Estimates based upon representative sample



Competitive advantage to regional towns, 11 miles from Winslow Ferry, quick access to the City from I-305, free parking.



Congested parking in shared parking areas caps business growth.



Strong repeat local customers with increase in Summer traffic from Regional, National and International visitors.



Regular Festivals and events to invite residents and out of town guests to town

Current State Economy - Downtown Poulsbo

\$24,347,000.00*
Customer purchases



\$7,304,100.00 (30%)
Labor



\$ 7,304,110 (30%)
Vendors



7,304,110.00 (30%)

Commercial
 Rent, utilities,
 Licenses, fees,
 Accountants,
 Merchant
 Services,
 maintenance,
 marketing,
 upgrades, etc

State of Washington \$1,582,555.00
City of Poulsbo \$681,716.00

Net local spend after taxes
 $\$7,304,100.00 \times .70 = \$ 5,112.87/2 =$
 $\$2,556,435.00$ (assumes 50% local spend)

Local Breweries, Coffee roasters, food, supplies, print shops, t-shirt print shops, etc

State of Washington \$166,168.27
City of Poulsbo \$71,580.18

$\$2,191,223.00 (30\%) \times .70 =$
 $\$1,533,863.10/2 = \$766,931.55$
\$2,191,233.00 (30%) (vendors)
State of Wa \$49,850.55
City of Poulsbo \$21,473.08

*Source: City of Poulsbo 2022

How much revenue
does one
C1 downtown
parking space
contribute to the
downtown
economy?

\$54,559.00

- DOR for downtown Poulsbo **\$24,347,000.00 (retail / restaurant only)**

C1 Prime customer parking spots (80% of customers)

= \$19,477,600.00

- 194 in Anderson Parkway
- 17 on Front Street
- 10 on Jensen
- 94 in King Olaf
- 42 on NE 3rd St

\$19,477,600.00 / 357 = \$54,559.00 (annual economic value to downtown businesses of ONE C1 parking spot)

20% of customers who don't give up choose to park in "other" far away parking places (152). \$4,869,400.00/152 = \$32,035.00 (annual economic value of 1 non-C1 free parking spot.)



Lean Six Sigma
Define>Measure>Analyze>Improve>Control

- Who are our customers?
- What's the problem?
- What's the goal?

Who are our customers? What are their needs?

Families of all ages
with Children (groups
of 4-8)

60% of customers
are within 3 miles
of downtown

**LOCAL customers will
be the fastest
growing segment
over the next 5 years**

Friends travelling
with friends (2 – 4)

40% of customers
are outside of the
3 mile area

Boaters, Cyclists (1-4)

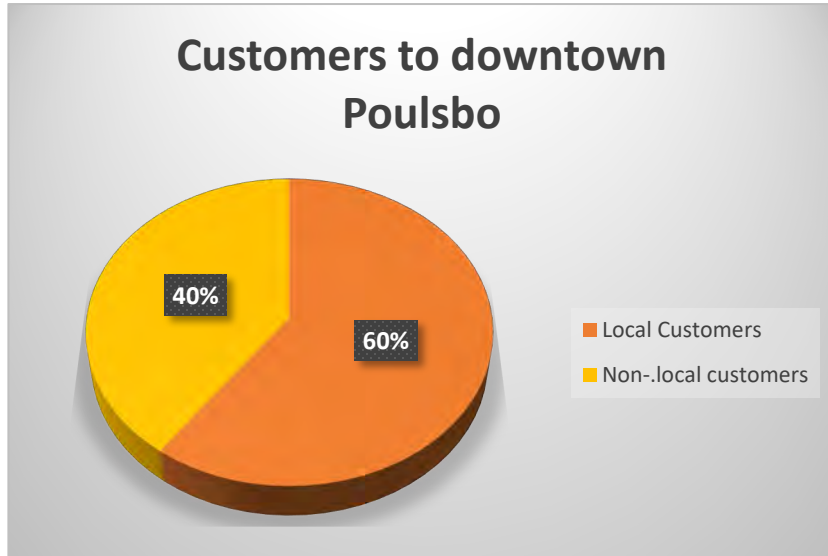
Average visit (macro) is
3-4 hours (after 5PM
dinner- 1.5 hours)

LOCAL customers are
used to FREE parking,
Employees , vendors and
business customers

Customer convenience
Customer preferred
parking is, by definition,
within the C1 zone

Source: POS data, merchant services data, City of Poulsbo
planning/permitting, face to face customer interactions

Where do our customers come from and *how frequently* do they visit downtown Poulsbo?



Source: POS / Merchant Card Services report of a busy downtown Poulsbo restaurant as a representative sample. Other businesses that are focused on tourism may have slightly different %. HOWEVER, downtown Poulsbo restaurants are an excellent indicator of Aggregate customer visit frequency and origin. Restaurants commonly share customers with our retail neighbors.

Local customers defined as

Within 3 miles of downtown

High ***frequency*** visits (1-4 times/month – 12-48 times/year)

View Poulsbo as “their town”

Want everything to stay the same and are sensitive to changes

Regional Customers defined as

Within 35 miles of downtown. Bainbridge, Seattle, Tacoma to Olympia

Mid-***frequency*** (1 or 2 time every 2 months – 6 -12 times/year)

Are put off by parking congestion and lack of convenience.

May be resistant to frequent visits when facing obstacles

National/International customers defined as

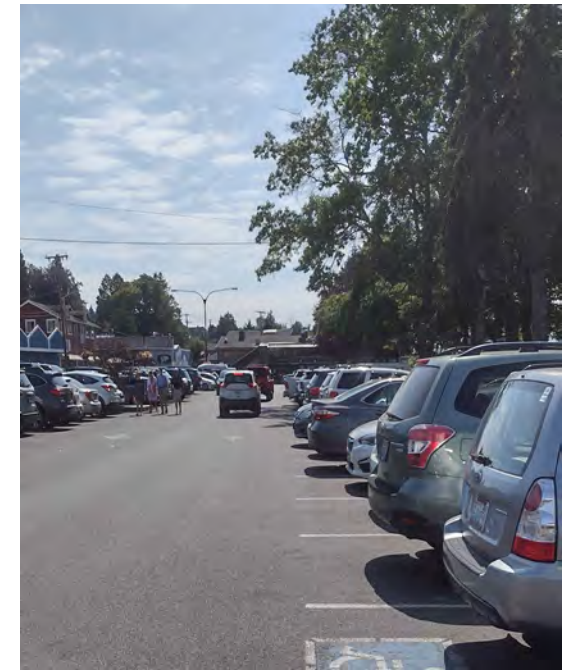
Outside 35 miles of Poulsbo. Low frequency. One time or annual visit.

What's the problem?

Customer(s), business owner(s) and employee(s) hourly demand for shared downtown parking exceeds current limited capacity footprint between 12 (noon) and 5 PM, restricting **FLOW** and creating a **CAPACITY CONSTRAINT**.

This results in a negative **customer experience** impacting growth of repeat business and lost opportunity in high season revenue due to capacity constraints. This revenue is needed to support businesses/jobs through the winter.

This problem will accelerate with the displacement of 40 parking spaces over the next 2-5 years. With no action, business gross revenue will be negatively impacted by this loss of parking spaces by a projected \$2,182,360.00 annually.



Why is this problem important to solve?



Poor customer experience

We lose new and return customers when they are frustrated by parking woes.

- Local, regional and tourist customers
- **Lost opportunity revenue during peak Summer season**



Going negative in revenue.

Summer revenue is needed by businesses to bank sufficient \$ to sustain employment through the shoulder and winter seasons.


This results in employee layoffs and reduced hours/pay in the Winter.



If business income retracts, jobs will be lost, business sustainability is at risk.




So much opportunity is being left on the table due not acting to fix the capacity constraints and improve flow.



What's the Goal?

Drive Economic growth of downtown
Poulsbo by 10% by



Improving the customer
experience. If we take care of our
customers they will take care of us.
If we make it hard for them to do
business with us, they will go
elsewhere

MEASURE

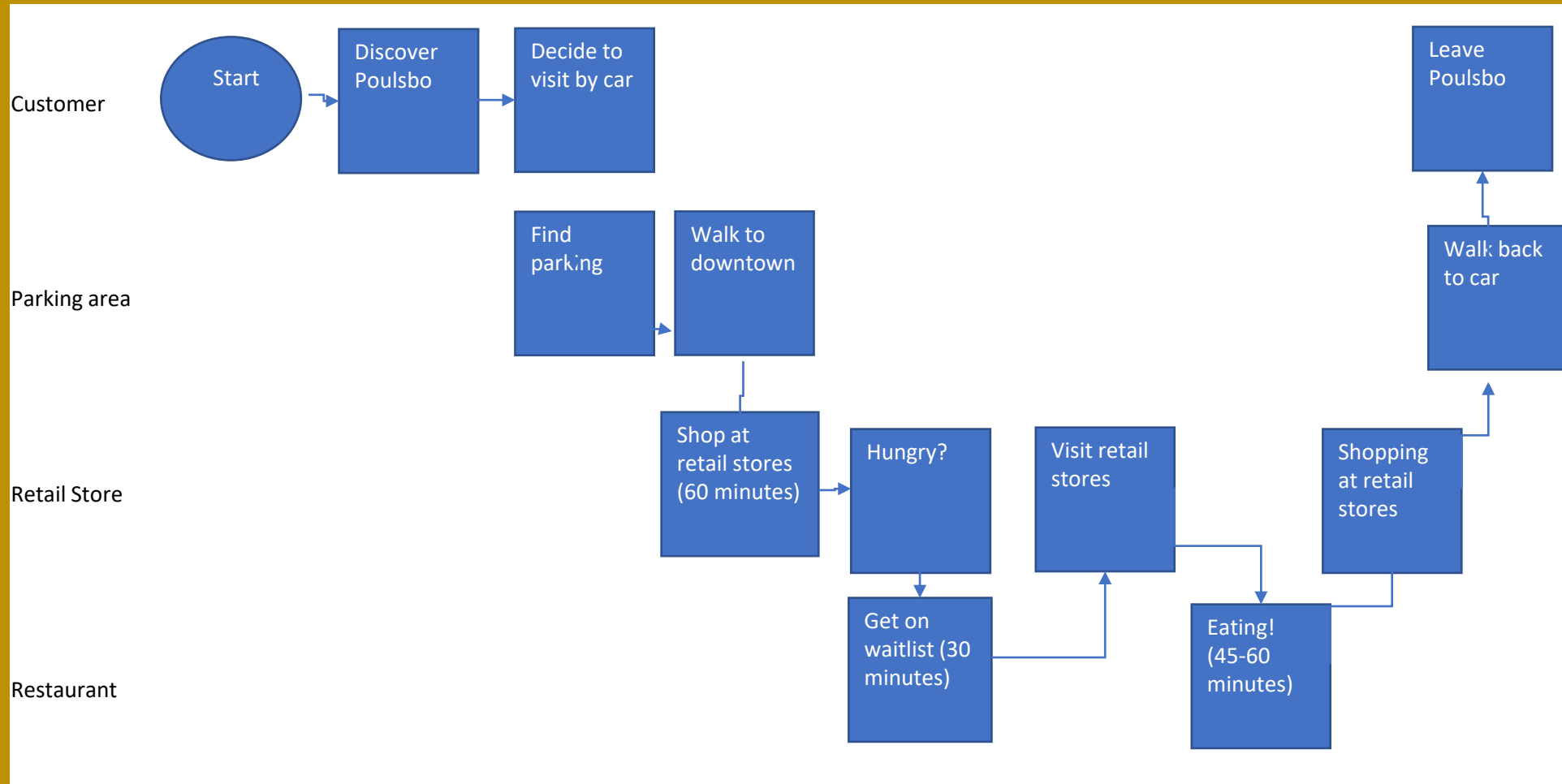
Scope of study

- Dates: 07/14/22 to 02/25/23

How we collected data

- Cameras, pictures, drones, walking, business POS, observation
- Review of previous parking studies
- Consultation with parking management companies

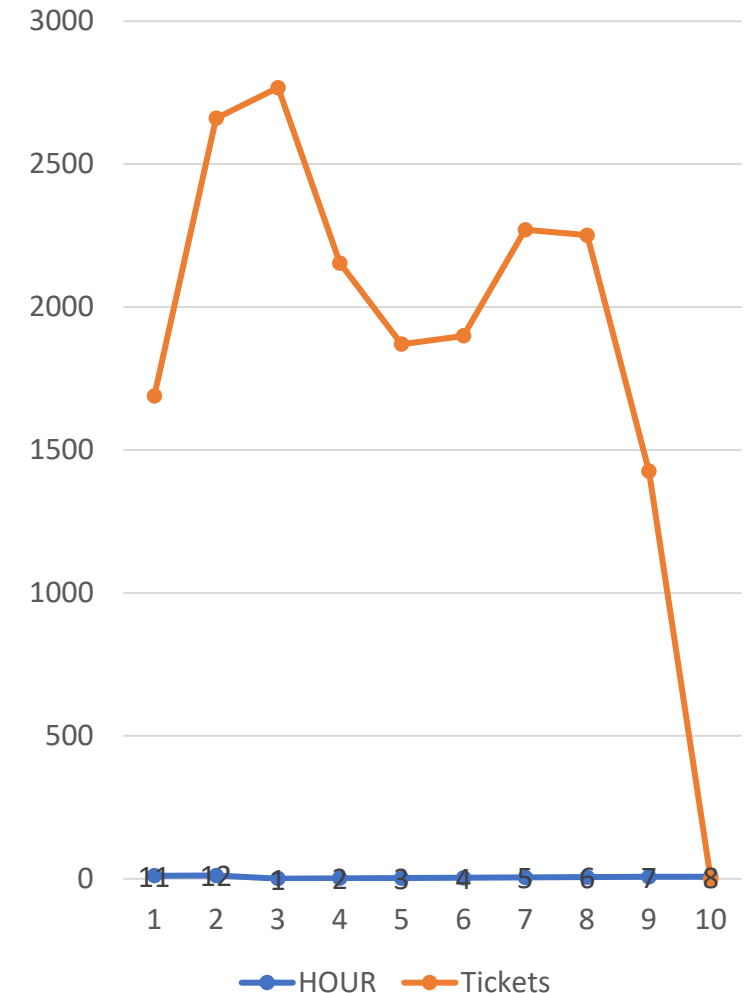
Customer experience – Macro view 3-4 hour window



Measure

- **MINIMUM of approx. 100 business owners and employees are on-site 11AM to 5 PM sat/sun *1**
- **Approx 40 Retail/ 60 Restaurant**
- **The average visitor comes by car, carries approx. 3 persons** and stays 3-4 hours.**
- **Approx 59 % of customers are served during the 12-4PM period *2**
- ***1: Going to the GEMBA on Saturday and counting.**
- ****2: benchmark data from business POS of small/mid size downtown restaurant**

Representative sample of volume per hour of Single Store (2023). Source: POS



DATE: Sept 23, 2022

10 AM



DATE: Sept 23, 2022

8 AM



DATE: Sept 23, 2022

2 PM



DATE: Sept 23, 2022

12 PM

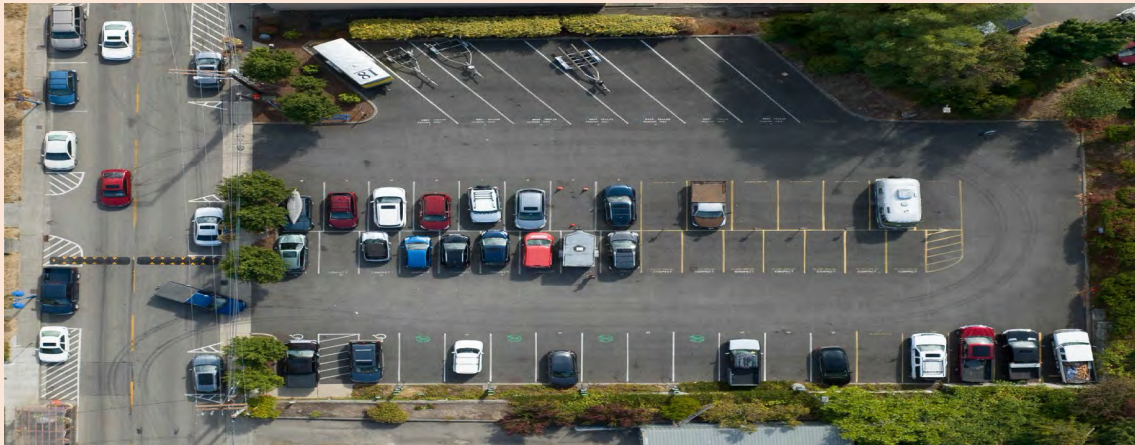




- DATE: Sept 23, 2022
- 4 PM

Measure

- These areas were underutilized during our study period



City of Poulsbo garage
30 spots. July 2022

Port of Poulsbo parking
lot = 10 spots

First Lutheran Church =
20 spots (on 4th) Plus

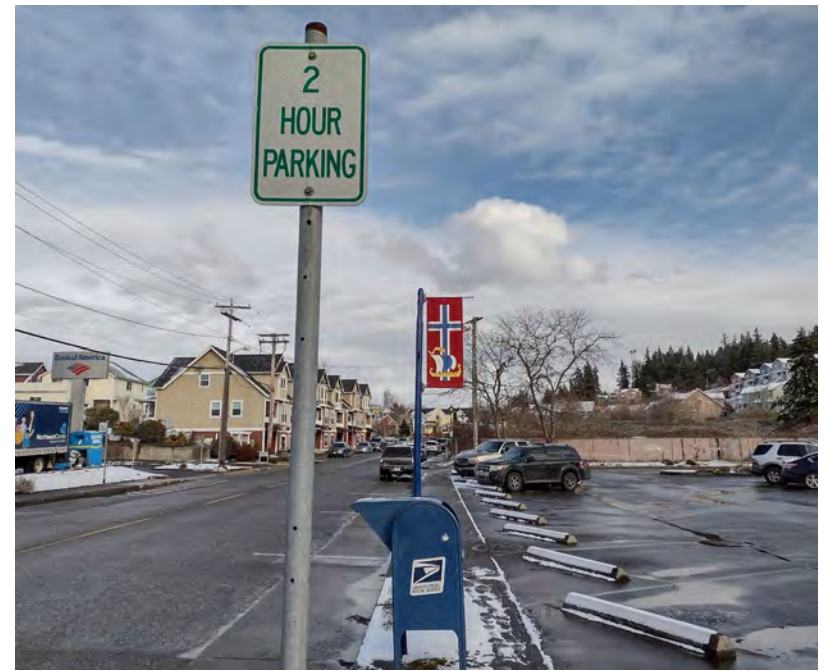
30 spots within Church
grounds.

Maybe it's because we don't have clear signage?


- Let's see!







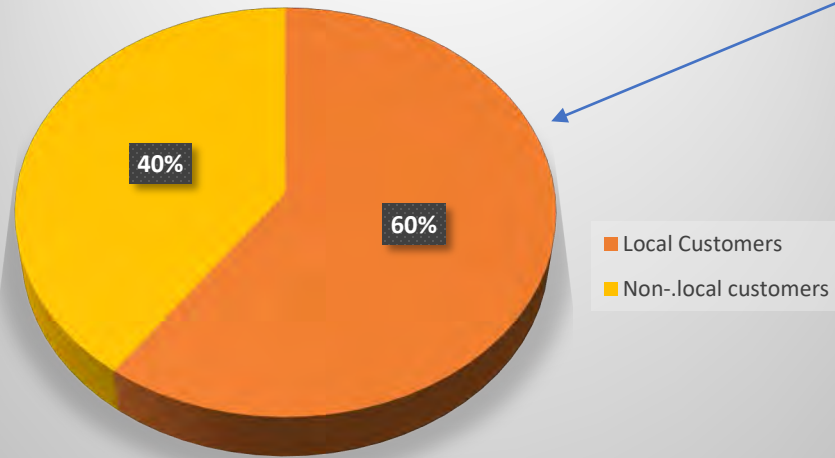




Where is the future
growth opportunity
going to come from?

- Local vs Regional vs
National/International

Customers coming to downtown Poulsbo



NEW POTENTIAL LOCAL CUSTOMERS that we could attract to downtown by providing them with a great customer experience.

952 Single Family Homes and Townhouses approved or under review for approval*

841 Apartments approved or under review for approval*

X 2 = 3,586 potential new local customers

***Source: City of Poulsbo**

What are indicators of economic growth?

MOM/YOY increase of new customer visits? YES

MOM/YOY increase in frequency of existing customer visits? YES

MOM/YOY increase of current product quantity sales? YES

New product quantity sales? YES

New job creation? YES

We met with two Parking Management companies to get their input

Joe Diamond Parking (drive / walk around town with HDPa Customer Experience team member)

- Solutions must be implemented TOGETHER or it will not work
 - Alternative employee / business owner parking sites must be found that are within easy walking distance (or people will not do it) to improve available parking for customers.
 - Effective parking management* must then be put in place to improve flow. *parking management can be accomplished in a number of ways. **Management does not mean “pay to park”**. It simply means enforce the parking time limits already in place.
 - Current Free parking for a minimum of 4 (four) hours is needed to protect the current state customer experience.
 - NOTE: Customers of businesses will not walk multiple blocks to patronize businesses.
- Suggested that a P/T random parking enforcement person and good signage will be effective to enforce the current rules. This can have a major impact.

Flash Parking (multiple calls followed up with visits to their managed parking garage in Seattle)

- Work with and without Joe Diamond Parking. Self managed, they provide the signage and software. Can have different rules for different locations.

We looked for cases of Economic impact of “pay to park” on businesses



HIGHLAND
BUSINESSES UPSET
ABOUT NEW PAY-TO-
PARK. LOUISVILLE, KY



IMPACT OF PAID
PARKING ON OLD
COLORADO CITY.
CO



CHERRY CREEK
MALL BUSINESSES
HURTING FROM
PAID PARKING.



BUSINESSES SAY
THEY ARE LOSING
MONEY OVER
PARKING ISSUE”.
NEW HAVEN, CT



PARKING
CHALLENGES CAUSE
PROBLEMS FOR
DOWNTOWN
BUSINESSES”
GREENVILLE, NC

*ARTICLES ON PAY
TO PARK IMPACTS
ON ECONOMY

*CASE STUDIES,
YOU TUBE

- Some businesses are moving or closing up shop
- “Business is down 50%”
- Customers complain app does not work. Businesses forced to use their employees to help customers with parking app
- “business says that people are simply going somewhere else”
- “people aren’t going to pay XX to come in and have a happy hour beer”
- “impacts regulars”
- “Business is down 40%”.
- “Business is down 20% YOY”
- “I feel rushed, not the experience I want to have”

We applied this to a projected Economic Impact of any “pay to park” within first 4 hours

\$24,347,000.00 – 40%
=\$14,608,200.00
(\$9,738,800.00)



State of Washington = \$949,533.00
loss of (\$633,022.00) vs. current state

City of Poulsbo = \$409,029.60 losing
(\$272,686.40) vs. current state

**Source: Benchmark of other
 Cities implementing “pay to park”*

\$7,304,110.00 (30%) now becomes
\$4,382,460.00 (30%) (\$2,921,640.00)



Net local Employee spend after taxes
\$4,382,460.00 * .70 = \$ 3,067,722.00/2 =
\$1,533,861.00. (assumes 50% local spend)

State of Washington now \$99,700.96, losing
(\$66,300.00)

City of Poulsbo now \$42,948.00, losing
(\$28,632.18)

\$ 7,304,110 (30%) now becomes
\$4,382,460.00 (30%) (\$2,921,640.00)



Local Breweries, Coffee roasters, food,
supplies, print shops, t-shirt print
shops, etc

\$1,314,738.00 (30% labor) * .70=
\$920,316.60/2 = \$460,138.30
\$ 1,314,738.00 (30%) (vendors)
State: \$29,910.28 Poulsbo \$12,884.43
(\$8,588.57)

ANALYZE: Root causes 80/20

WHY IS THERE SLOW TURNOVER / SLUGGISH FLOW OF CARS impacting the customer experience?

Root cause #1: here is no off-site parking for Employees or Business Owners. This means that most are parking their cars in the customer (C1 zone). (Anderson Parkway, Front Street, NE 3rd. *(Yes there are some exceptions)*)

Root cause #2: Even though there is ample parking signage, there is currently no parking management strategy or active enforcement of existing parking time limits in downtown Poulsbo

Only 5 tickets/month were written by City of Poulsbo Police June-Aug 2022. *Source Poulsbo Chief of Police

There is no budget for a parking enforcement officer.



How many parking spots are needed to fix capacity issues?



No new action

- Project a retraction to downtown economy due to reduced parking spots



Replace 40 spots lost to development

Return to status quo



Find 57 new spots

+ Manage parking

+ 10% growth

We met with potential partners to discuss opportunities and obstacles to overcome (July 2022– Feb 2023)

First Lutheran Church

- Pastor Kent and staff
 - Walked parking lot multiple times
 - Discussed obstacles and opportunities
 - Proposal taken to Church Board meetings to review
 - Status – Church Board approved Pilot
 - HDPA Board funded pilot program
 - Contract TBD (add to insurance (done), launch pilot)

Port of Poulsbo

- Carol and Eugene
 - Met several times to discuss the possible leasing of 10 + spots in the Port's parking lot on Jensen
 - Taken to Port Board meetings to review
 - Goal was 5 month pilot in May 2023
 - Port proposed cost per space was too high for HDPA

Other Partnerships

City of Poulsbo

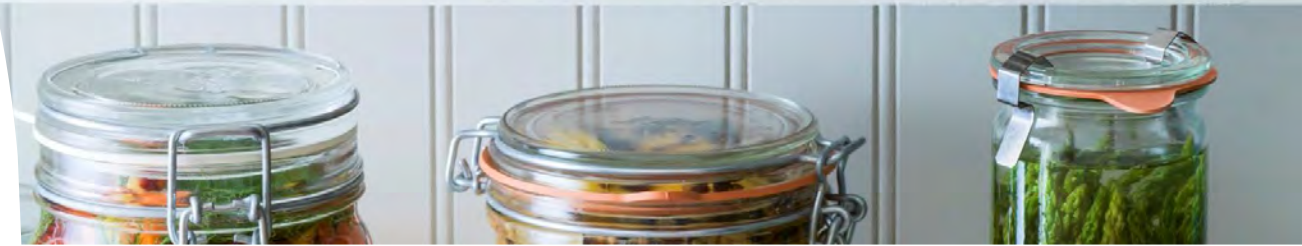
- Request use of City of Poulsbo parking garage on weekends for employees and owners. Spoke with Mayor Erickson in May 2023, she is on board with using City Hall Parking garage on Saturdays/Sundays with out penalty to employees or business owners (with window tag)

Other potential sites?

- Pastor Tom from Gateway has current State contract for Park and Ride (precedent). Repeatedly offered to help downtown by finding parking spaces. Easy 5 minute walk. Large event help
- Day Ferry from Bremerton was very popular at Frosty Fest. This can be a hidden GEM to invite customers without autos.
- Walk on Seattle Ferry. \$2.00 Bus from Ferry to downtown Poulsbo already exists. How can we educate/encourage Seattle customers to leave their car at home, perhaps a free R/T bus ride from the Winslow Ferry?

IMPROVE

- Let's work together to get out of this pickle jar!
- A WIN for everyone!
 - Customers
 - Businesses
 - Employees
 - Property owners
 - City of Poulsbo
 - State of Washington
- Find solutions to the two (2) root causes
- Take Action
 - * Partner
 - Pilot



IMPROVE

Making 90 additional spots available in the C1 Zone available to customers =

\$4,910,310.00 in contributions to the downtown economy (retail/restaurant)

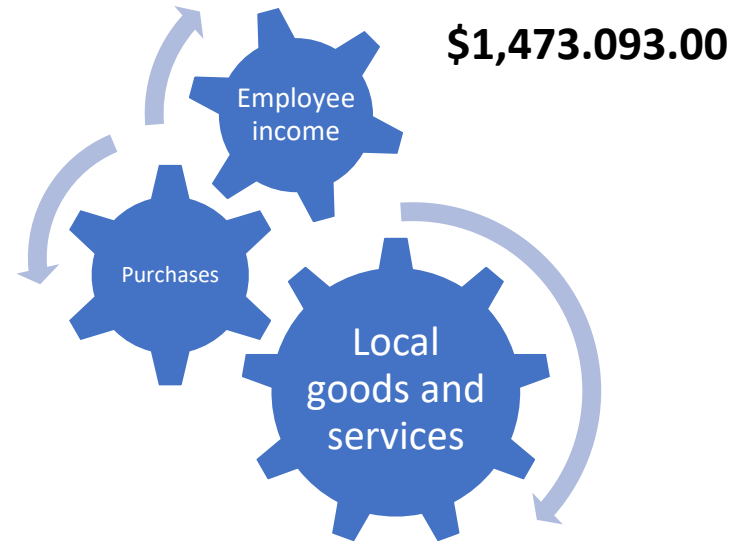
- 10% (getting back to where we are and 10%+ growth)



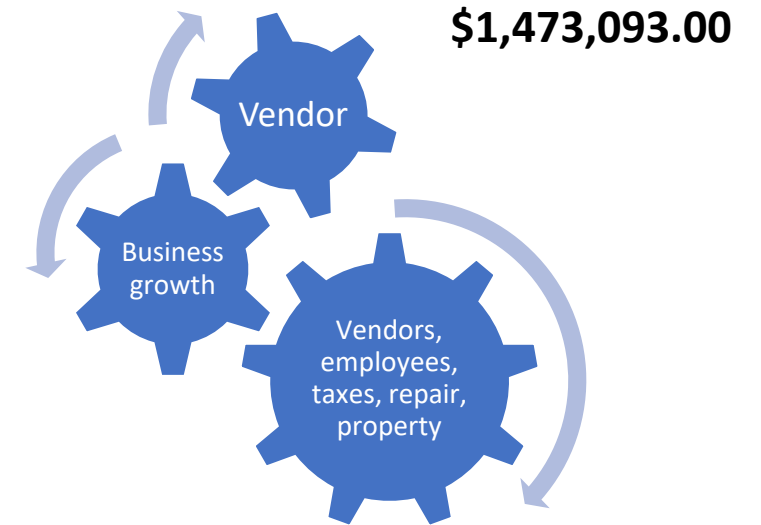
Projected Economic Impact of \$4,910,310.00 (10% growth and 10% recapture)



State of Washington DOR \$319, 170.00
City of Poulsbo \$137,488.00



Net local spend after taxes
 $\$1,473,093.00 \times .70 = \$1,031,165.10.$
 $/2 = \$515,582.55$
State of Washington DOR \$33,512.86
City of Poulsbo \$14,436.31

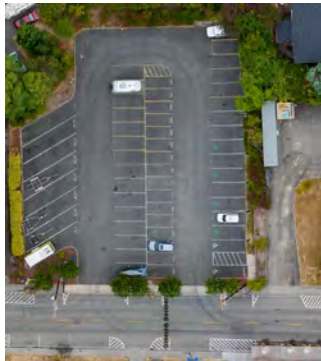


Local Breweries, Coffee roasters, food and supplies, print shops, t-shirt shops, maintenance companies,

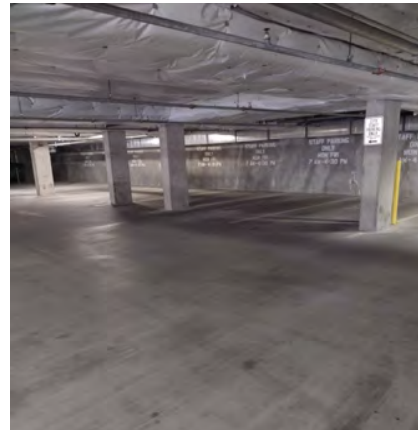
Improvement #1: Business owners and employees move their cars FROM customer spots to walkable nearby parking lots, making room for customers who want to patronize our businesses.



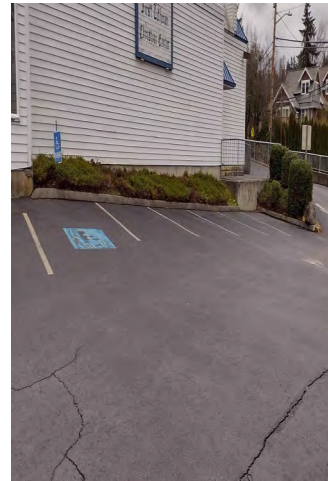
TO here



Port of Poulsbo
10 spots



City Garage
30 spots



1st Lutheran Church
50 spots

Root cause #1:
There is no off-site parking for Employees or Business Owners. This means that most are parking their cars in customer parking (C1 zone). (Anderson Parkway, Front Street, NE 3rd. *(Yes there are some exceptions)*)



Improvement #2:

Create a simple parking management strategy focused on making it easy for customers. (60% local/40% tourist) and improving their experience when visiting downtown Poulsbo. Consider touch points, identify all that irritates/alienate them and things. Walk the customer process and see it through their eyes.

- **Root cause #2:**
- Even though there is ample parking signage, there is currently no parking management strategy or active enforcement of existing shared parking time limits in downtown Poulsbo.
- Local Customers and non-local customers needs are to be considered in the plan.

NEXT STEPS



HDPa and City of Poulsbo agree to participating in a PILOT program of shifting business owner and employee vehicles out of prime C1 parking areas. This includes City and HDPa Participation in negotiating near to downtown parking for employees and business owners.



City of Poulsbo agrees, once A is in place, to enforce the parking limits in place today via ticketing. P/T 2-3 times/week random. Violators in loading zones, 15 minute parking, overnight parkers is a good start!



HDPa members and the City Work TOGETHER to measure the results and improve!

Questions

