



**EXECUTIVE SUMMARY: GREATER WILLIAMSBURG  
TARGET SECTOR ANALYSIS  
GREATER WILLIAMSBURG, VIRGINIA**

Submitted by Market Street Services Inc.  
[www.marketstreetservices.com](http://www.marketstreetservices.com)

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## EXECUTIVE SUMMARY

The Greater Williamsburg region has taken an important step in charting its own path towards economic diversification and sustainability with the formation of the Greater Williamsburg Partnership. As the Greater Williamsburg Partnership seeks to market the region to site selectors and business executives charged with location decisions, the Greater Williamsburg Target Sector Analysis is designed to assist the Partnership in identifying its target audiences as well as provide actionable recommendations to recruit new businesses into the Greater Williamsburg region. The Greater Williamsburg Target Sector Analysis should also be used to guide business retention, expansion, and development activities at the economic development authorities of the City of Williamsburg, James City County, and York County. It is important to view this work as a first step, a beginning.

Greater Williamsburg's value proposition to prospective businesses is significantly enhanced by its asset base, which any of its peers would envy. The College of William & Mary, Thomas Nelson Community College, a robust scientific and engineering talent pool attracted to nearby premier national research and development laboratories, distinct identity, numerous place-based amenities and entertainment attractions, and sizable military installations combine to yield competitive advantages for businesses seeking to relocate into the region. These attributes are further complemented by new initiatives, such as the Launchpad incubator, which advances the region's attractiveness to new businesses.

Promulgating the region's value proposition is not, however, without challenge. Given the Greater Williamsburg reputation as a destination for travelers and tourists, the core task ahead of the Greater Williamsburg Partnership is to complement current tourism messaging while shifting perceptions among national and international business communities that Greater Williamsburg is also a destination to locate and grow operations. As the Greater Williamsburg region seeks to enhance its attractiveness, new opportunities may lay outside of its historic economic borders.

For much of its recent economic development history, the Greater Williamsburg region has largely identified with the Hampton Roads Corridor. While the regional economy is unquestionably interconnected to economic activity occurring in the Hampton Roads Corridor, the Greater Williamsburg region is now better positioned to leverage its proximity to the Greater Richmond region – potentially expanding its marketable opportunities. Greater Richmond affords access to a robust professional services workforce as well as an emerging young professional population that Greater Williamsburg can leverage among companies seeking access to both blue collar and white collar workforces. The Historic Triangle Collaborative 2010 report on economic diversification set the stage for this effort.

There is no better time for the Greater Williamsburg region to identify and market its competitive economic development strengths and diversify its mix of businesses and companies. Throughout the Great Recession and recovery undiversified regional economies suffered from sharper employment declines and prolonged economic recoveries. Sequestration and tightening federal spending on research and development further impacted regional economies strongly connected to federal investment. By attracting new companies of all sizes that offer high earnings opportunities to the region, the Greater Williamsburg Partnership has the capacity to reduce the region's historic dependency on tourism and defense and place the regional economy on a sustainable path.

## TARGET SECTOR ANALYSIS

Based on an extensive analysis of Greater Williamsburg’s economic position and assets, *Market Street* recommends five, top-level target sectors for the community to pursue as a means to diversify the economy and to attract quality jobs and investment in the next five years. Within these sectors, however, are numerous opportunities to leverage Greater Williamsburg’s current business and occupational mix as well as emerging opportunities in order to tailor economic development messaging and marketing activities for specific audiences. The proposed sectors are shown in the following graphic. The following sections will provide a brief overview of the target sectors – for a more in-depth discussion please see the Greater Williamsburg Partnership Target Sector Analysis.

### Greater Williamsburg Target Sectors and Niche Opportunities

	Diversification Opportunities			Legacy	
Target	Advanced Materials & Components	Food & Beverage	Professional & Technical Services	Tourism	Defense
Near-Term	Metal & Metal Products	Beverages	Management & Operations Services	Hospitality	Defense Contractors
	Electrical and Non-metallic Components	Bottling and Food Packaging	Engineering & Technical Consulting	Traveler Engagement	Sustainable Energy
	Scientific Instruments & Technologies	Warehousing & Distribution	Creative Design	Arts & Culture	
Long-Term	Aerospace	Distilled Spirits	Data Science & Analytics	Sporting Events	Cybersecurity
		Specialty Food Products		Outdoor Recreation	

The five target sectors shown in the graphic represent the sum total of Greater Williamsburg’s asset base, business and occupational mix, and long-term opportunities for positive growth and change. Under each target sector is a host of current and future niche opportunities that can guide economic development marketing and other related activities in the Greater Williamsburg region over the next five years. As a whole, the above graphic reflects Greater Williamsburg’s current competitive strengths as well as future opportunities to foster competitive advantages in rising sectors of the economy.

## ADVANCED MATERIALS AND COMPONENTS

**Definition:** The advanced materials and components target captures business activity related to the production, fabrication, and manipulation of metal, metal substrates, non-metallic products, and electrical components including circuits and semiconductors. Advanced materials and components manufacturers in Greater Williamsburg leverage locational advantages due to proximity to large metal, non-metallic product, and electrical component customers including the United States Armed Forces, Thomas Jefferson National Accelerator, NASA Langley Research Center, and Newport News Shipbuilding among others. Regional advanced materials and components production in Greater Williamsburg also includes the manufacture of sophisticated scientific instruments, equipment, and other sensor technologies.

### Justifications

- From a location standpoint, Greater Williamsburg's proximity to sizable metals, materials, and components purchasers in the broader Virginia Beach MSA is an attractive selling point to suppliers seeking to relocate operations.
- Proximity to the Port of Virginia enables access to international markets among the region's Advanced Materials and Components manufacturers, an attractive selling point for internationally focused firms.
- Advanced Materials and components manufacturers in Greater Williamsburg displayed robust post-recession growth. From 2009 to 2016, advanced materials and components employers added 460 jobs to their payrolls (a gain of 55.2 percent).
- Advanced materials and components activity in Greater Williamsburg is nearly twice as concentrated regionally as the average community nationwide.
- Engineering and scientific talent is highly concentrated in the region – concentrations among aerospace engineers, naval architects, and electrical and electronics engineers were highly localized compared to the average community nationwide.

### Strategic Implications

- Greater Williamsburg makes a compelling case for advanced materials and components manufacturers who require highly skilled engineering and technical talent.
- Community "fit" is important to residents and prospective advanced materials and components manufacturers. Given the small acreage available to the region's economic development product, Greater Williamsburg should focus on small to medium sized advanced materials and components manufacturers.
- The Commonwealth of Virginia's tax structure may impact Greater Williamsburg's capacity to attract certain types of manufacturing operations. The commonwealth's structure favors labor intensive manufacturing operations compared to capital intensive operations.

## FOOD AND BEVERAGE

**Definition:** With industry leaders and rising new entrants, Greater Williamsburg's food and beverage sector captures manufacturing activity related to the production of alcoholic and non-alcoholic beverages in the Greater Williamsburg region along with the transportation and distribution of food, food products, and beverages. The target sector also includes food and beverage suppliers that provide product packaging materials and services.

### Justifications

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- Nationally, food and beverage is a growth sector. From 2006 to 2016, the national food and beverage sector grew by 6.5 percent, adding nearly 192,000 food and beverage jobs. Locally, the region's food and beverage sector is in decline – a concerning trend.
- Brewing activity in Greater Williamsburg represents a true business cluster. Brewing is highly localized and supports local supplier networks for glass bottles and metal cans. In 2013, the region's brewing niche consumed approximately \$50 million worth of such products much of which is supplied regionally.
- Preserving and sustaining food and beverage operations in Greater Williamsburg will provide the region's residents with high-wage employment opportunities. In 2016, the average food and beverage employee earned roughly \$52,499 annually.
- Prospective and existing food and beverage companies have access to a food and beverage labor shed of 35,803 workers. Captured within the labor shed are numerous occupations that support production and distribution activities.

### Strategic Implications

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- Greater Williamsburg should guide food and beverage companies to specific locations in the region until water availability issues are resolved. Such companies tend to require abundant water in order to sustain production processes – economic development marketing should emphasize certain portions of the region accordingly.
- Low concentrations of heavy and tractor-trailer truck drivers is a concern for incoming and existing food and beverage companies who depend upon strong logistics networks to transport perishable food products.
- Attracting or creating commercial kitchens and co-packing capacity in the region could improve the regional business climate for small batch and specialty food manufacturers.
- Given the relatively limited stock of available industrial properties and land suitable for industrial development, Greater Williamsburg should focus on food and beverage operations that offer high earnings potential.

## PROFESSIONAL AND TECHNICAL SERVICES

**Definition:** Professional and technical services companies in Greater Williamsburg deliver a wide range of professional and technical services including: management, technical, engineering, and design consulting; corporate operations management; research and development; and information technology services. Professional and technical services firms typically utilize skilled, knowledge-based workers who are exceedingly mobile. As a result, Greater Williamsburg can leverage its strengths as a vibrant community to attract relocating or expanding professional and technical services operations.

### Justifications

- In terms of “community fit,” community stakeholders throughout public input identified professional and technical services as an attractive business sector to grow and sustain regionally.
- Professional and technical services in Greater Williamsburg is a growth sector. From 2006 to 2016, the business sector added 563 jobs, representing a gain of 14.5 percent. Compared to the national average (34.3 percent), the region’s professional and technical services sector underperformed.
- Within a 50-minute commute time, Greater Williamsburg has access to roughly 84,000 professional and technical services workers. However, lower relative wages and the community’s appeal to the young professional population could deter this workforce from the Greater Williamsburg region.
- Robust training capacity – particularly at the College of William and Mary’s Mason School of Business – can nurture a sustainable pipeline of professional and technical services.

### Strategic Implications

- Growing and sustaining certain types of professional and technical services businesses in Greater Williamsburg will be challenging. Limited supply of information technology workers, lower average annual wages relative to the national average, and the millennial generation’s desire to live in large urbanized environments could curtail growth within Greater Williamsburg’s professional and technical services sector.
- Since a qualified workforce is an integral input of professional and technical services operations, retaining William & Mary graduates is critical to the continued health of the sector. Internships and contract work are possible avenues to retain graduates.
- Congestion along the I-64 corridor could limit Greater Williamsburg’s ability to tap professional and technical services talent pools within the city of Richmond and Norfolk. Encouraging alternative workforce arrangements and expanding transit and transportation connectivity could allow local professional and technical services businesses to better recruit and retain workers who live in both markets.
- Greater Williamsburg’s economic development marketing should communicate the commonwealth’s advantageous tax structure for corporate headquarters.

## TOURISM

**Definition:** With deep historical ties to the American Revolution and Colonial America, the Greater Williamsburg local economy and tourism sector are strongly intertwined. Tourism activity within the Greater Williamsburg region encompasses not only public and private entities that leverage the region's rich history but is also inclusive of businesses that provide visitors with memorable amusement, entertainment, culinary, and hospitality experiences. Along with businesses that impact the traveler's experience when visiting the region, the tourism target also captures businesses that assist travelers with their travel arrangements.

### Justifications

- As the first permanent English settlement in the Americas and home to the concluding battle of the American Revolutionary War, the Greater Williamsburg region is the foundation of American history. The region hosts a wealth of historical sites and museums capable of consistently drawing tourists in to the community.
- Complementing the region's historical sites and museums is a host of amusement attractions and entertainment amenities such as Busch Gardens Williamsburg and Water Country USA as well as new entertainment amenities such as the Virginia Beer Company and Copper Fox Distillery that continue to create new avenues for tourist visitation.
- Tourism is a growth sector for Greater Williamsburg's regional economy – between 2006 to 2016 employment within the sector grew by 3.9 percent, or roughly 750 jobs. However, national tourism employment growth (5.5 percent) outpaced the region.
- While low wages are emblematic of the tourism sector in general, the sector does support high wage employment opportunities including food service managers, lodging managers, and archivists, curators, and museum technicians.

### Strategic Implications

- Limited higher education training capacity could curtail the region's capability to support new and existing tourism businesses. Expansion of tourism-related training at regional higher education institutions will strengthen tourism talent pipelines.
- The Greater Williamsburg Partnership should support food and beverage entrepreneurship opportunities that directly impact the growth and diversification of the regional tourism sector.
- Tourism marketing shapes national perceptions about the quality and character of Greater Williamsburg, as a result the Partnership should find opportunities to leverage existing tourism promotion to enhance the region's attractiveness as a place to grow a business.
- Improving air capacity and connectivity can allow the region to tap new tourism markets.

## DEFENSE

**Definition:** Greater Williamsburg's defense sector is defined by numerous United States Armed Forces installations in and proximate to the region. Armed forces institutions in and near the Greater Williamsburg region include Yorktown Naval Weapons Station, Naval Supply Center – Cheatam Annex, Camp Peary, Joint Base Langley-Eustis, and the U.S. Coast Guard Training Center. Much of the region's defense employment is housed within these military installations as well as a sizable presence of civil servants supporting military operations. Compared to the public sector, Greater Williamsburg's private sector defense employment is far smaller and is driven by not only private defense contractors who benefit from close proximity to their customer base but also former military retirees turned entrepreneurs who have developed sustainable businesses around their defense expertise.

### Justifications

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- The sheer volume of military personnel and veterans located in the Greater Williamsburg region and the broader Hampton Roads corridor is an attractive asset for existing defense contractors and a boon to defense-related entrepreneurship in Greater Williamsburg.
- According to an economic impact analysis conducted by the Hampton Roads Planning District Commission, defense-related spending activities compose a sizable portion of the regional economy and generate \$35.2 billion in gross regional product. Purchasing activity among the Hampton Roads military installations is an attractive selling point for defense contractors, particularly those who need to operate in close proximity to these installations.
- Cybersecurity, defense-related logistics, and sustainable energy are opportunity areas for the region and could lead to growth within the sector, limiting the sustained employment decline among military personnel.

### Strategic Implications

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- The Greater Williamsburg Partnership should continue to support lobbying efforts engaged by the Hampton Roads Military and Federal Facilities Alliance (HRMFFA). A future Base Realignment and Closure (BRAC) round remains a continuing threat to military installations throughout the nation.
- Mapping defense-related purchasing activity could give insight into the types of defense contractors that might be attracted to Greater Williamsburg. Utilizing these supply chain linkages in marketing materials will enhance the region's defense-related marketing efforts.
- Developing a strong pool of qualified information technology talent will be instrumental to attracting, developing, or expanding defense-related businesses – especially those responsible for securing information technology systems.
- Developing startup defense businesses, through leveraging military retirees, could allow Greater Williamsburg's defense sector to grow from within.

## MARKETING RECOMMENDATIONS: OVERVIEW

The identification of target sector opportunities is an initial step for the Greater Williamsburg Partnership on its path to attract and recruit businesses looking to relocate or expand operations. The next step is to utilize this information to effectively communicate Greater Williamsburg's value proposition as a place to do business. This message should incorporate the strengths of the region, particularly as it relates to quality of life, sense of place, and workforce capacities. The challenge before the Greater Williamsburg Partnership is not only to communicate its value proposition to a wider audience, but to do so in a way that leverages the region's existing tourism marketing activity. Without careful coordination, both messages run the risk of becoming muddled.

Based on extensive analysis and stakeholder guidance, Market Street recommended twelve actions for the Greater Williamsburg Partnership to pursue as it builds out capacity to actively market Greater Williamsburg as a place for business. For more detail and extensive discussion regarding each of the recommendations, please see the Greater Williamsburg Target Sector Analysis:

- 1.1 Enhance and improve the Greater Williamsburg Partnership website to reflect the community's key competitive advantages.
- 1.2 Continue to promote the Greater Williamsburg region through social media channels.
- 1.3 Identify opportunities to promote the Greater Williamsburg region as a place to do business through third-party media channels.
- 1.4 Identify high-value marketing mission and external trip locations for lead generation.
- 1.5 Leverage Greater Williamsburg's attractiveness as a place to visit by hosting corporate decision-makers and site selection professionals.
- 1.6 Work with economic development professionals in the Greater Williamsburg region and at the Virginia Economic Development Partnership to plan high value external travel opportunities.
- 1.7 Tailor marketing materials and sales "pitches" to reflect marketing implications for each target sector identified within the Greater Williamsburg Target Sector Analysis.
- 1.8 Leverage existing business visitation to identify supplier relationships that can drive business recruitment.
- 1.9 Pursue co-branding opportunities with the economic development authorities of Greater Williamsburg.
- 1.10 Develop a distribution protocol for leads generated by the Greater Williamsburg Partnership.
- 1.11 Communicate economic development incentive offerings that support target sector development.
- 1.12 Confirm that the Greater Williamsburg Partnership needs to be the point-of-contact for the Greater Williamsburg region.