

Community Overview Report

Demographics & Pyschographics

Prepared concerning
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San Luis Obispo, California

About This Report

This Demographic Report has been created solely for the customers of **Scott McDonald & Associates**.

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Analysis of a business property is valid only for the purposes for which this Report was created, which is to provide insights into the value and potential of that site and to provide the Client with information relating to dental practice marketing.



About The Area

The Site for this Area of Study is a general dental practice in **San Luis Obispo, California** located at **21 Santa Rosa, #50, (San Luis Obispo County)** in the **93405** Zip Code. The question posed to Scott McDonald & Associates is:

What is the likelihood for success of a general dental practice at this location?

The answers to the issues under consideration are addressed specifically in the **Conclusions and Recommendations** section contained on the last few pages of the Report.

The depiction of data throughout the Report is intended to provide support for these conclusions. In order to provide sound recommendations, we have consulted several references that we will discuss throughout this report. If you want to “cut to the chase,” please refer to this section immediately. This Report also takes into account a **20-mile** radius as a study area. If not specifically requested by the Client at the time of ordering, we believe this to be the most appropriate radius to take in the likely traffic for the area. The typical general dental practice will draw from three or four Zip Codes for slightly more than half of its active patients. We consider 13 Zip Codes will represent 90%+ of the average practice’s patient base. It is likely that we will cover an area far larger than most dentists should consider. We believe that there is much to be gained by considering the area in aggregate form as well as in parts.

We have also found that for dental practices, the most reasonable geographic area to consider is the Zip Code. Most dental office computers can generate patient lists and summaries based upon Zip Codes. Additionally, all mailing lists are ordered by Zip Code. Please note that some of the Zip Codes found in the front of Yellow Page Directories do not contain residences. For the most part these are universities, large corporations, or government sites and do not have a direct statistical bearing upon the recommendations we will make at the end of this Report. Naturally, they are considered in the Employment section. The numbers we have used in the radius study are based upon the Updated 2000 Census.

It might be asked “How recent is this data?” The answer is “As recent as we can get it.” The U.S. Census Bureau, Counties, Cities, and other State and Federal agencies as well as data vendors such as Equifax publish data at odd times. We purchase this data as soon as it is available. Please be aware that conflicts in data are inevitable. For example, a city will define its own area differently from the Chamber of Commerce and the U.S. Post Office. For that reason, the number of people living in a Post Office Zip Code that has a corresponding community name may be different from the community name. Hence, Van Nuys, CA may appear to have a different population when its Zip Codes are considered as opposed to figures from the Van Nuys Chamber of Commerce or the Van Nuys City Hall. What is important to note is that the figures in this Report are consistent throughout.

In order to match the statistics with the geographical area, we have provided data broken down by Zip Code. These translate as the following:

Zip Code	Post Office Name
93401	San Luis Obispo
93402	Los Osos
93405	San Luis Obispo
93420	Arroyo Grande
93422	Atascadero
93430	Cayucos
93433	Grover Beach
93434	Guadalupe
93442	Morro Bay
93444	Nipomo
93445	Oceano
93449	Pismo Beach
93453	Santa Margarita
93465	Templeton

The Neighborhood

The practice is located at or near the intersection of Santa Rosa and Foothill. Santa Rosa is a particularly important street because it connects Morro Bay and SLO. It carries more and more traffic each year. This has accounted for the new retail developments near this site. Among neighboring businesses and landmarks are Starbucks and Jamba Juice. These and other fast-food outlets have become popular with the Cal Poly students. To the west of Santa Rosa there are more family neighborhoods. Bishop's Peak and Teach Elementary schools are within a few blocks.

The neighborhood also has several healthcare practices including Sierra Vista Medical Center. While this is not the dominant healthcare center (French Hospital and SLO County Hospital on Johnson are larger), this site has become a kind of "pill hill" with many dental practices within a single block.

We are not particularly concerned for the number of dentists in this professional "cluster" of practices because the city of San Luis Obispo draws significant numbers of out-of-town patients.

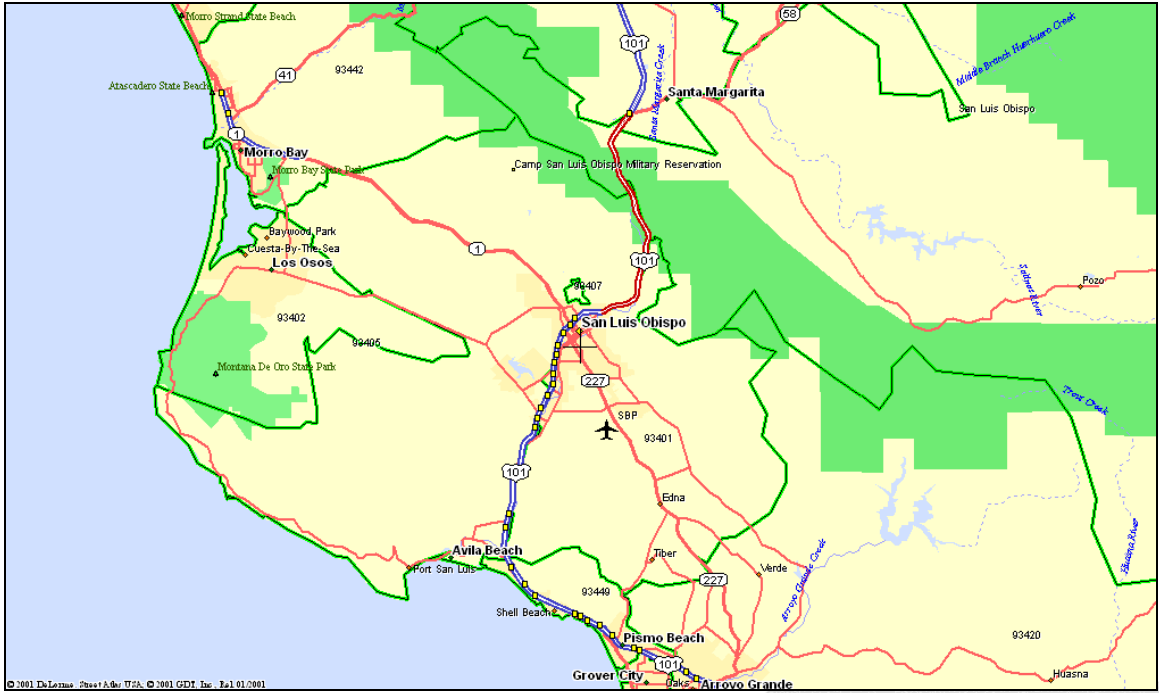
The Site

The location is particularly well positioned to take advantage of traffic from Morro Bay (via Cabrillo Hwy./State Route 1) but is also very close to Highway 101. In short, we refer to this kind of geographic position as a classic "cross road practice." San Luis Obispo is set in a valley formed by several hills. All of its growth is along the major transportation arteries that run through the valleys.

Of particular importance is the data we received on the north side of town. The Cuesta Grade is a significant psychological (and physical) barrier. If the seller of the practice is moving to a site north of this, we strongly doubt many patients will follow him there.







About the Competition

No practice exists in a vacuum. It is always wise to pay attention to where other practices are located although, unfortunately, some dentists put too much emphasis upon this statistic.

We have highlighted in **Bold** type the home Zip Code of the site under consideration. We have drawn upon two databases to depict the number of people living in each Zip Code and divided them by the number of dentists in each Zip to come up with the Dentist-Per-Population ratio. We do not know if these are full-time, seasonal, or part-time practices. This data is as up-to-date as possible but it is not perfect. Please refer to the following map to show the location of other general dental practices. We assume the Client will have a more up-to-date knowledge of where these practices are located relative to this site. The map is useful in determining where the dental centers are situated relative to the practice site.

It is very unwise to put too much emphasis upon the ratio of Dentist-Per-Population statistic, especially when considering a specific Zip Code. There are many factors that tend to skew the competition numbers. For example, it is typical for larger population centers to have more dental practices by percentage when there is significant shopping. Also, "Life Traffic" retail outlets are most conducive to attracting patients. "Life Traffic" consists of grocery shopping, pharmacies, video stores and dry cleaners because people use these services almost every day. Because of this drawing power, several practices may be located close to these centers without suffering from significant over-competition.

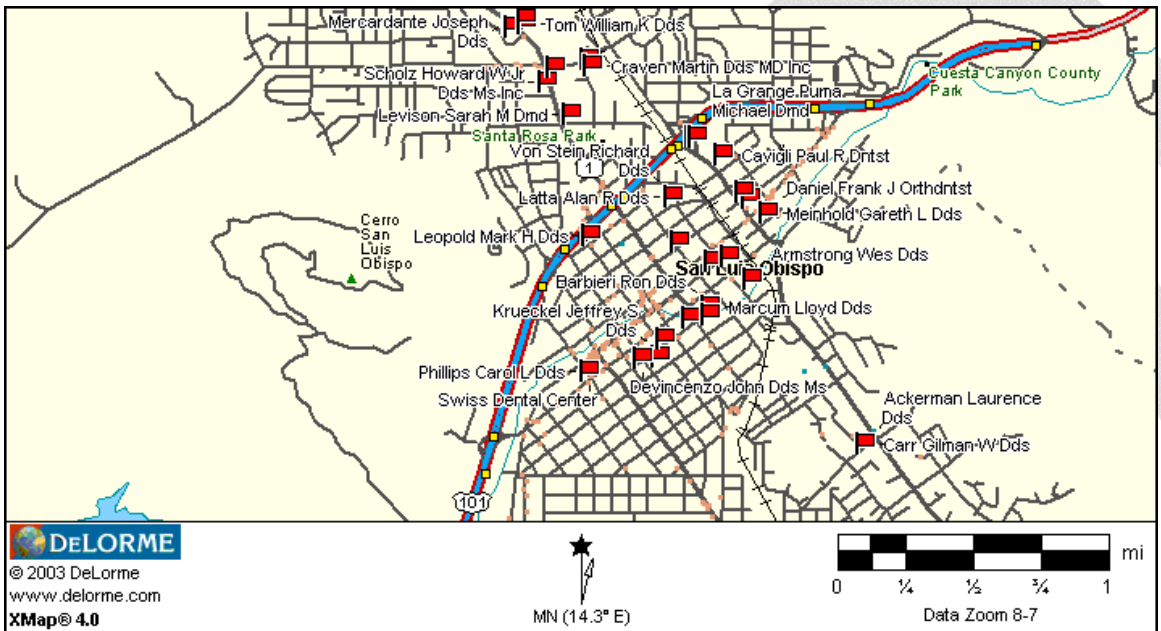
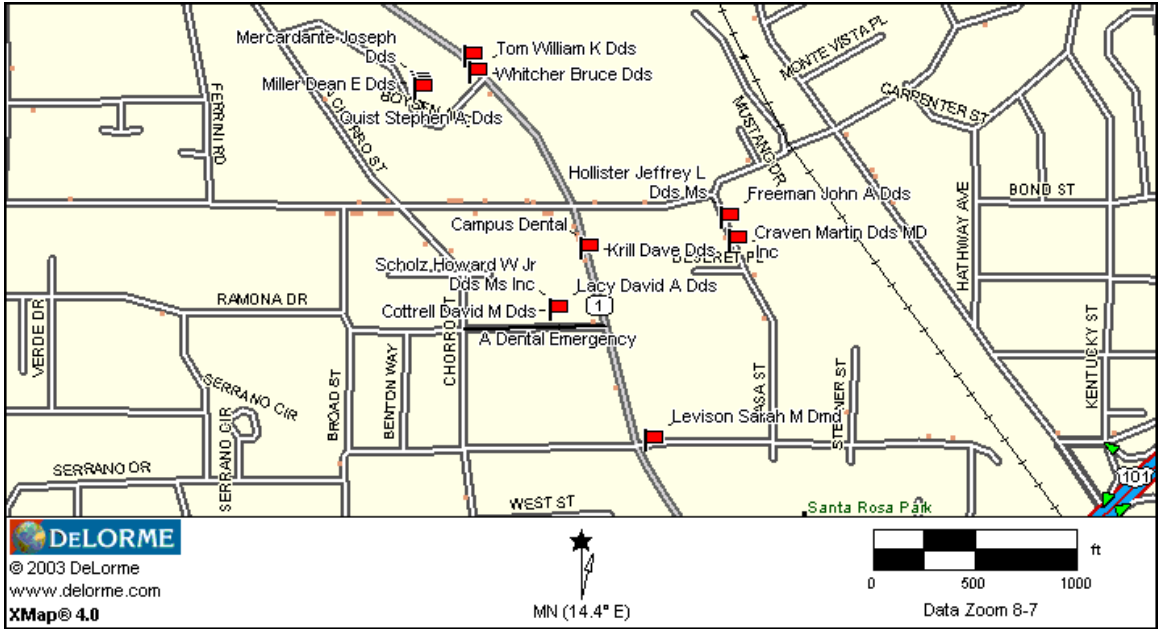
It is also not unusual for the Population-Per-Dentist figures to be smaller when people travel from outside the area to either work or shop. For this reason, we do not consider Competition Ratios to be absolutes in determining the value of a practice location. In this area, this is what we found:

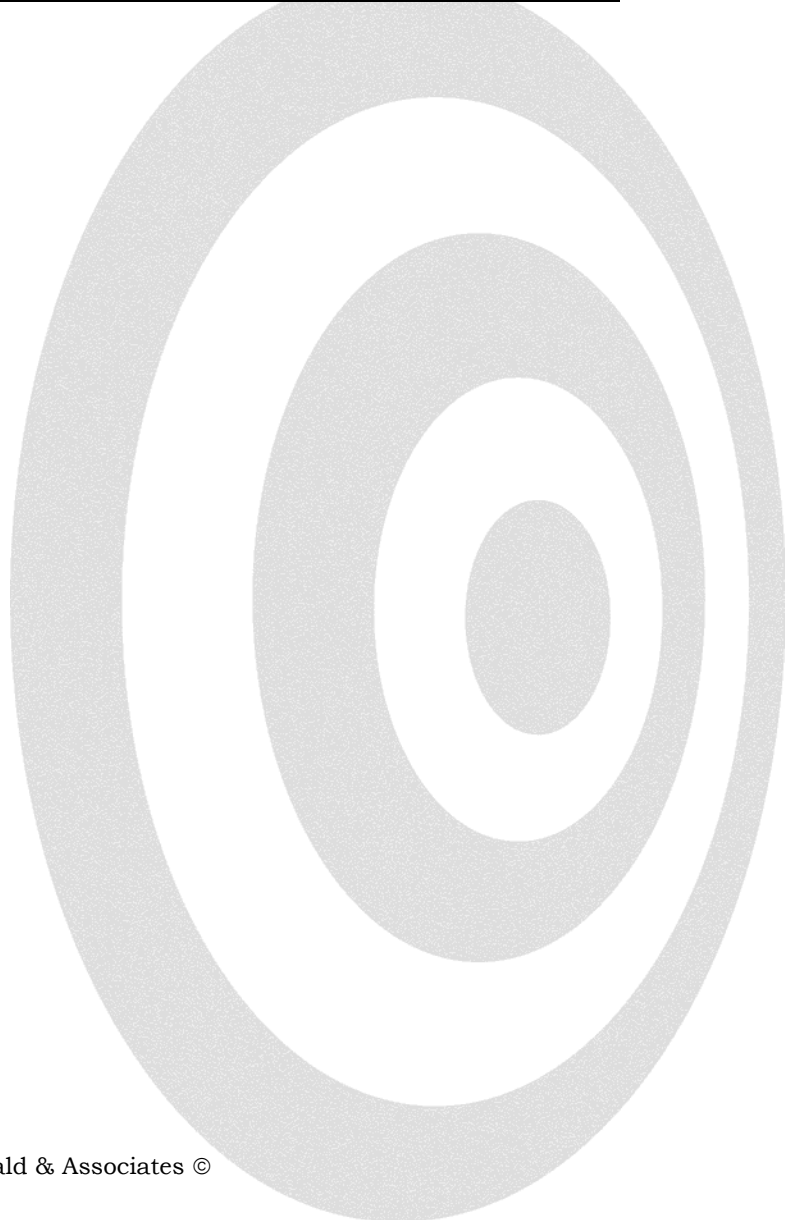
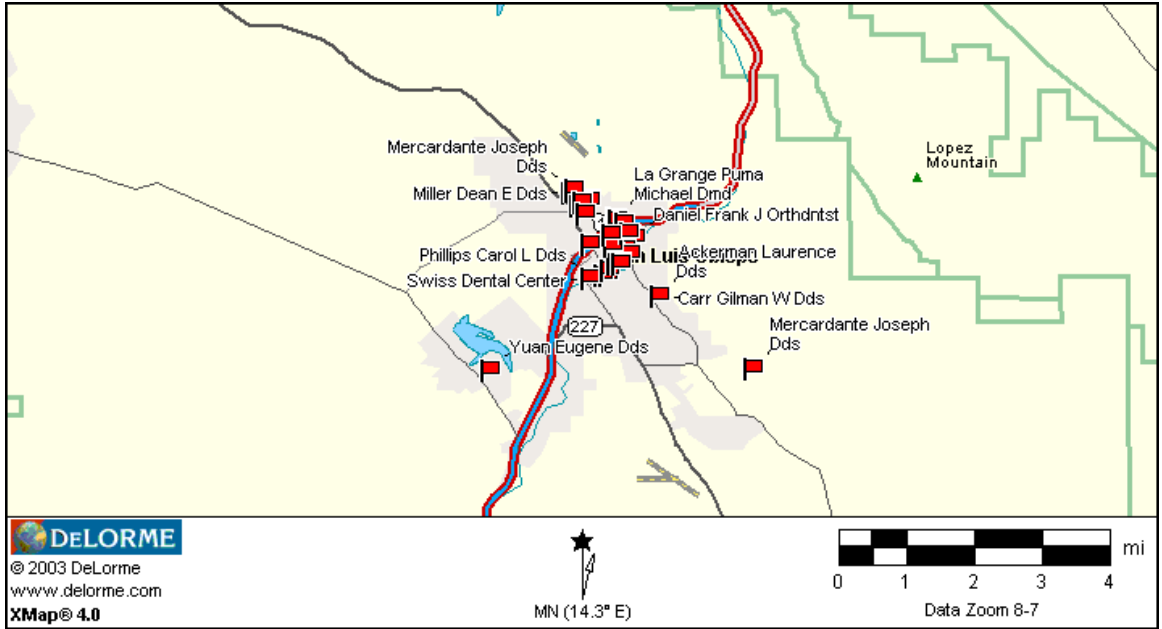
Zip Code	Population	Dentists	Dentists Per Population
92313	11,663	13	897
92316	27,802	23	1,209
92324	55,941	75	746
92346	59,598	20	2,980
92354	19,648	36	546
92373	32,514	40	813
92374	37,922	8	4,740
92376	78,972	4	19,743
92401	1,956	22	89
92404	54,651	8	6,831
92405	27,360	7	3,909
92408	12,128	16	758
92410	47,519	18	2,640
92411	23,206	8	2,901
TOTAL	490,880	298	1,647

This data is best considered in the “aggregate” (considering several Zip Codes together rather than looking at the separately). There are some trends we look for given different situations. For start-up locations in middle class areas, we usually look for a ratio of one dentist per 1,200 to 1,500 residents. When we see an area that the population is more affluent or educated, the ratio number can go down and still show a reasonable demand for dental services. This is due to the fact that affluent and educated people tend to seek dental care more regularly AND spend more money on their dentistry. When there are many poor and un-motivated people in a site, the threshold ratio may need to be as high as 1:2,000.

The map with Red symbols represents dental practices, not dentists. While we don't pretend that our database of practices is perfect, it is an excellent measure of where the centers of dental activity are located relative to a specific practice site. For this reason, the map may show a practice that is no longer there OR not depict a new practice. The point is that the representation of the data is statistically useful in sighting practice locations.

In order to determine whether or not there are sufficient patients to base a general dental practice, we have to look at statistics in the Demographics section that follows.



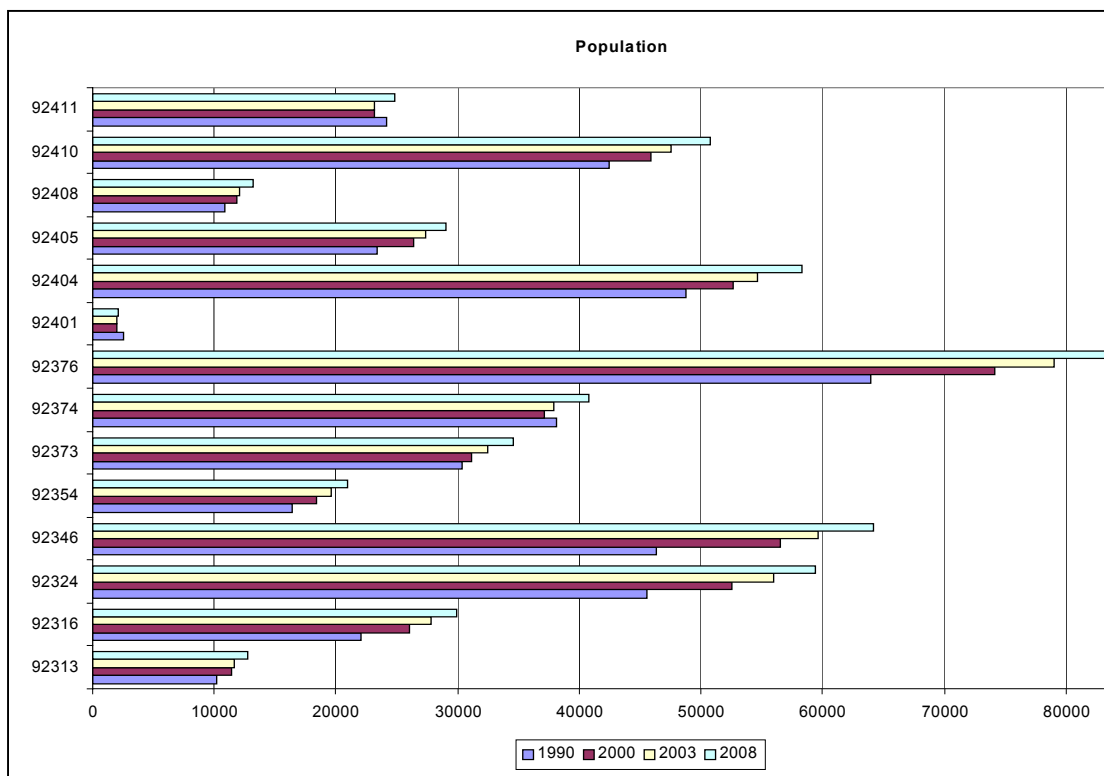


About the Demographics

As discussed, the Character of the population is important in determining the value of a specific practice site or in helping us make recommendations on how to market to the public.

Population

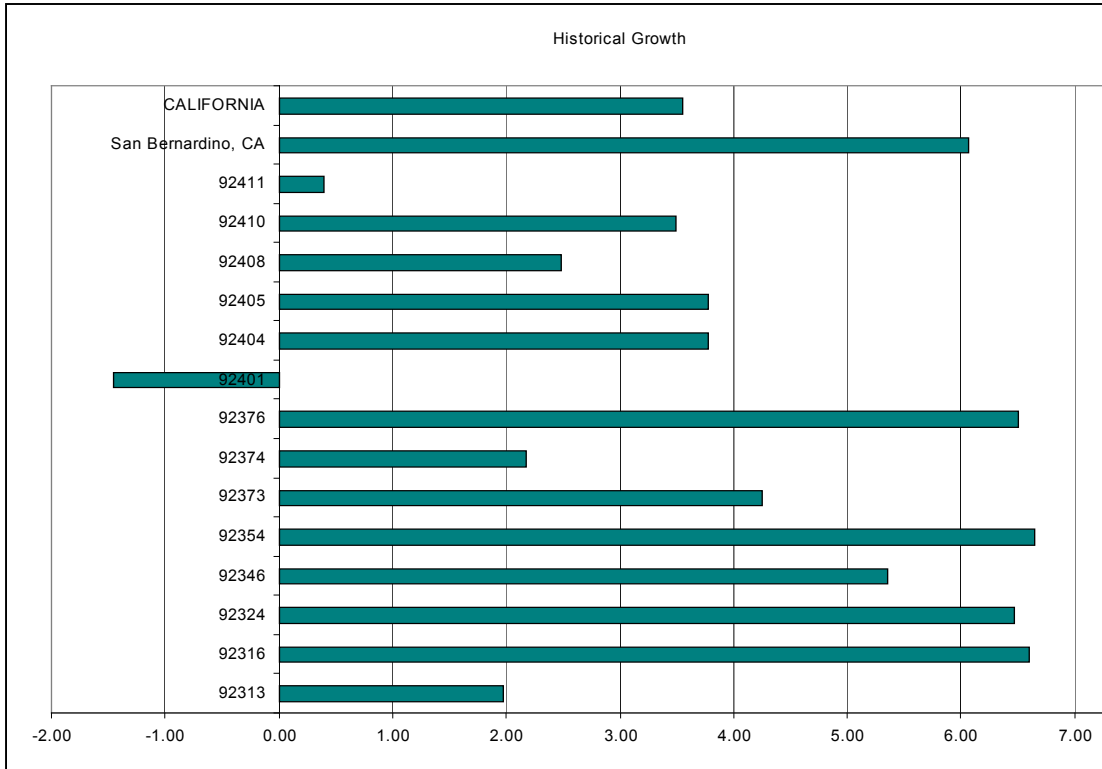
The chart below shows the history, present situation, and projected growth of the population in each of the areas under consideration. The bottom bar (dark blue) represents the 1990 Census statistics for that Zip Code. The next bar (burgundy) shows the 2000 Census data. The next bar (yellow) is the 2003 adjusted figure. The top bar represents the 2008 U.S. Census projection. The amount of difference between the four bars shows the rate of growth in population of the area. The larger the difference, the greater the growth.



It is not always important to be located in the Zip Code with the largest population. In fact, it is not unusual to find the largest population is also the most “densely populated” location. As a general rule, this also has the effect of being the lowest socioeconomic area in the region. What is important is ACCESS to the large population.

Growth

In almost every case, a growing population is desirable for establishing a new dental practice. We should also warn that very large growth data may be deceptive when the original population is very small. For example, a population of 10 people will show a growth of 100% if another 10 people move into the area. That is certainly interesting but not very significant.

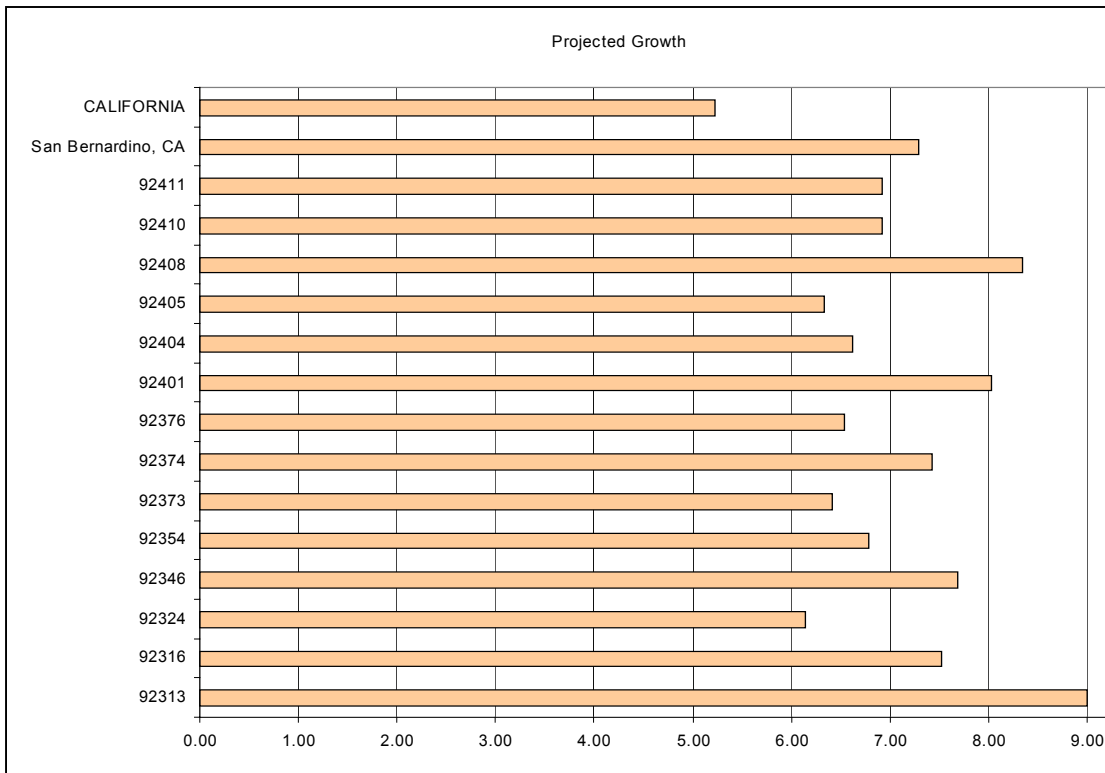


Most specifically, this is what the growth data has been over the last 13 years. This growth figure is derived from taking the 2003 population figure and dividing it by the 2000 population figure.

Historical growth is a fairly reliable statistic. Projections of growth will always be speculative. Nevertheless, both can be very useful when considering an area for a practice. Unfortunately, there is a habit people have of wanting to depend upon the speculative figures more than the historical ones.

Projected Growth

Projected growth does NOT come from reports by real estate agents and land developers. It is a statistical manipulation showing what the projected trend of growth or reduction will be in an area will be based upon algorithms of “trends.”

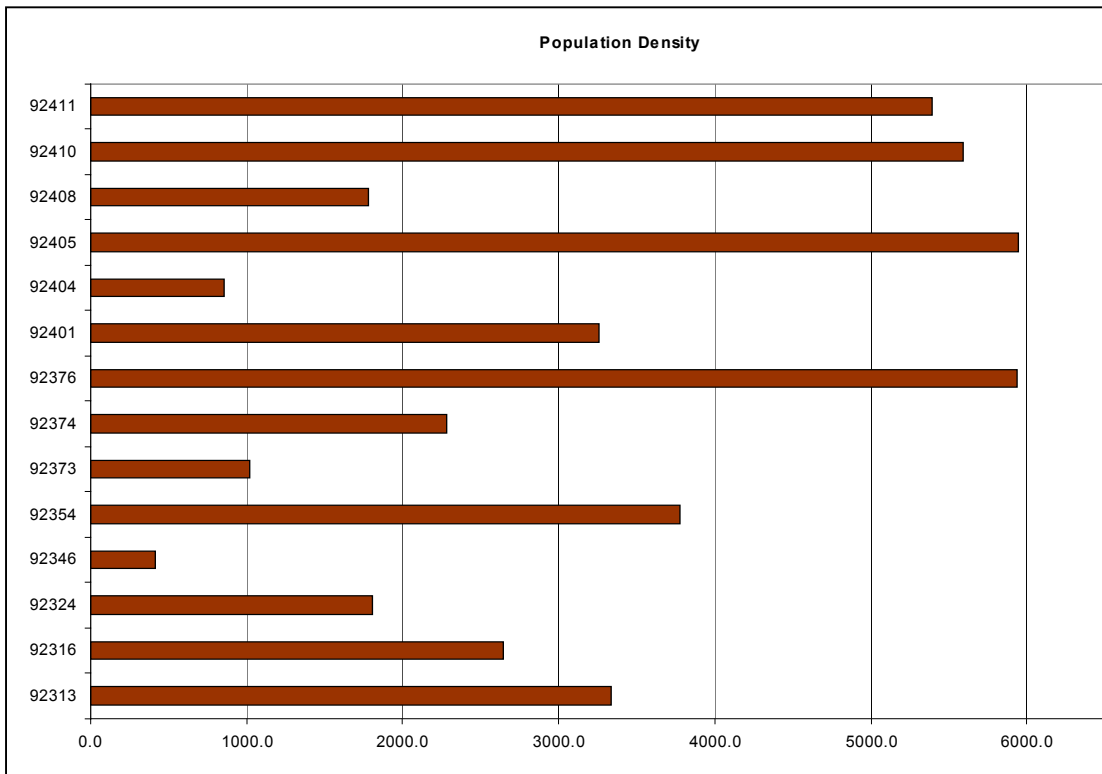


Please keep in mind that some areas grow so quickly that they make other parts of the area-of-study look like they are not growing at all. Don't let this problem of “scale” deter you from considering other parts of an area simply because on location is growing so much faster.

In some parts of the Country, we will occasionally see negative growth. This may be due to a failing economy (trends that usually rise and fall within 5 years), “flight” to warmer climates (a 20 year trend), or displacement by undocumented residents (often seen in the Southwest). This is not an indication that there is no hope. Typically, when we see this, the age of practicing dentists is higher than the National and State Means. In fact, this may indicate an opportunity for a new dental practice to add a bit of “energy” to the dental community.

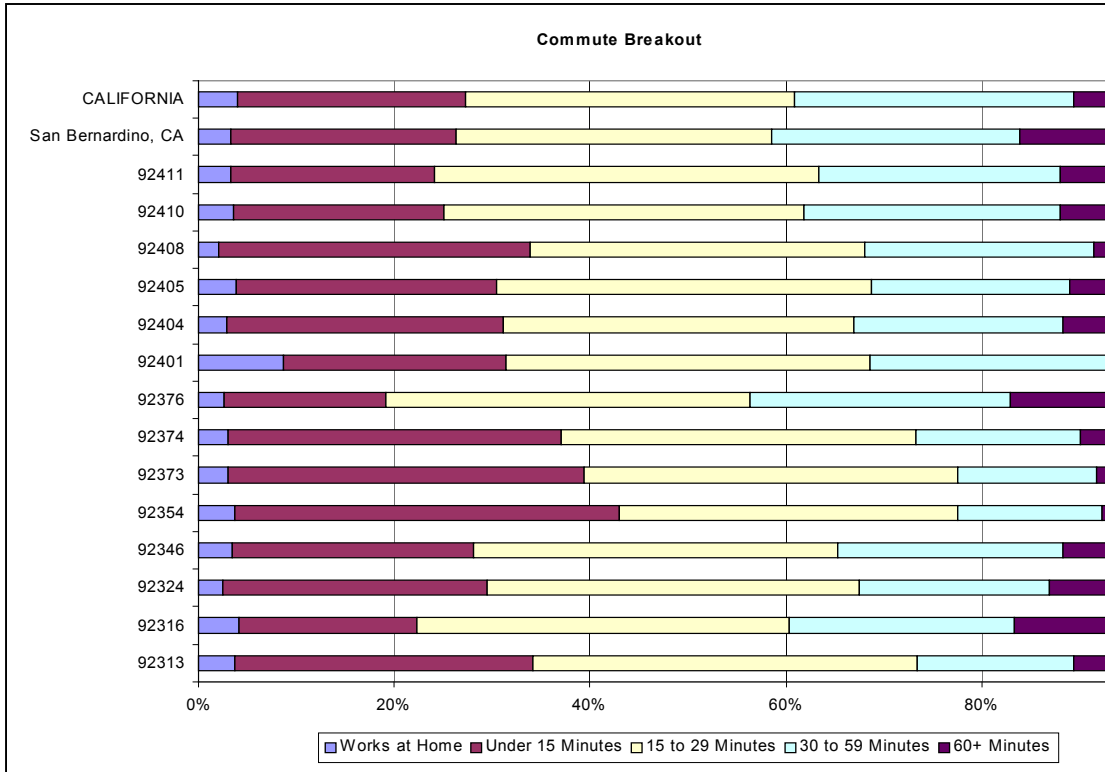
Population Density

One key characteristic of the population is the number of people who live in each square mile. This Population Density figure is not important to most readers but is vitally important to the analyst. For example, when a population is very dense, public transportation becomes more important (and the proximity of the practice to bus, subway, and rail stops). It is also true that the greater the density of a population, the less inclined that population is to travel to a dental practice.



Commute

It can be extremely useful to consider how long local residents take to get to work. This chart reflects a one-way commute time for local residents (not people working within this area).



When we see a commute trend in which $\frac{1}{2}$ of the working population has to travel more than 30 minutes to work, we have to consider extended hours.

Year Moved-In

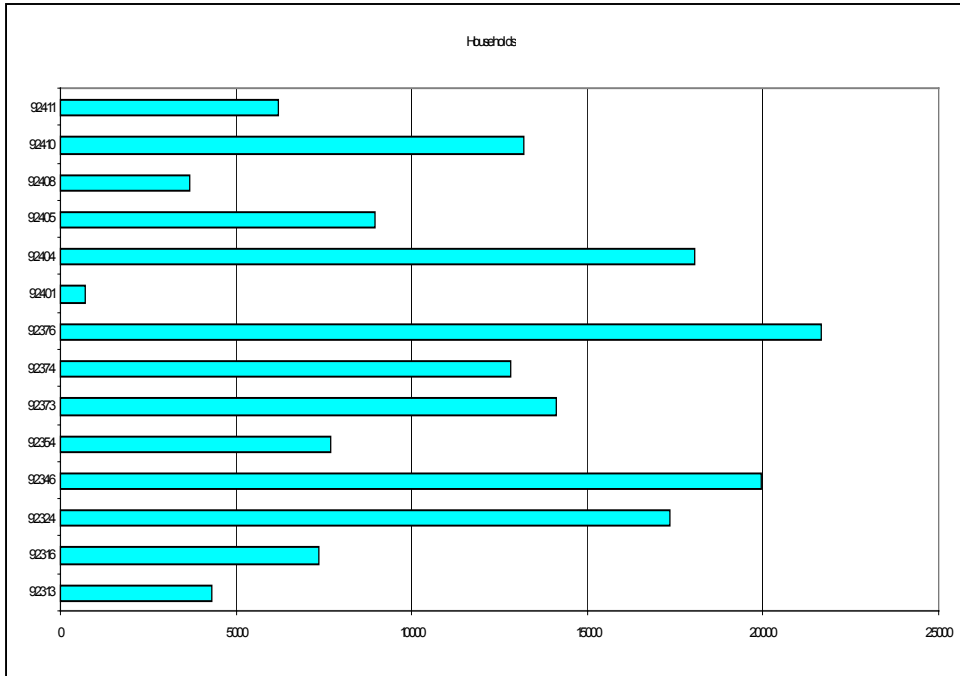
The stability of a population is important to a dental practice. For this reason we track the date that the population actually moves into a new residence. Because this is a MEDIAN, it means that as many people moved in BEFORE this date as AFTER.

Zip Code	Year Moved In
92313	1993
92316	1993
92324	1995
92346	1994
92354	1996
92373	1995
92374	1994
92376	1995
92401	1997
92404	1995
92405	1995
92408	1996
92410	1995
92411	1993
San Bernardino	1995
CALIFORNIA	1994

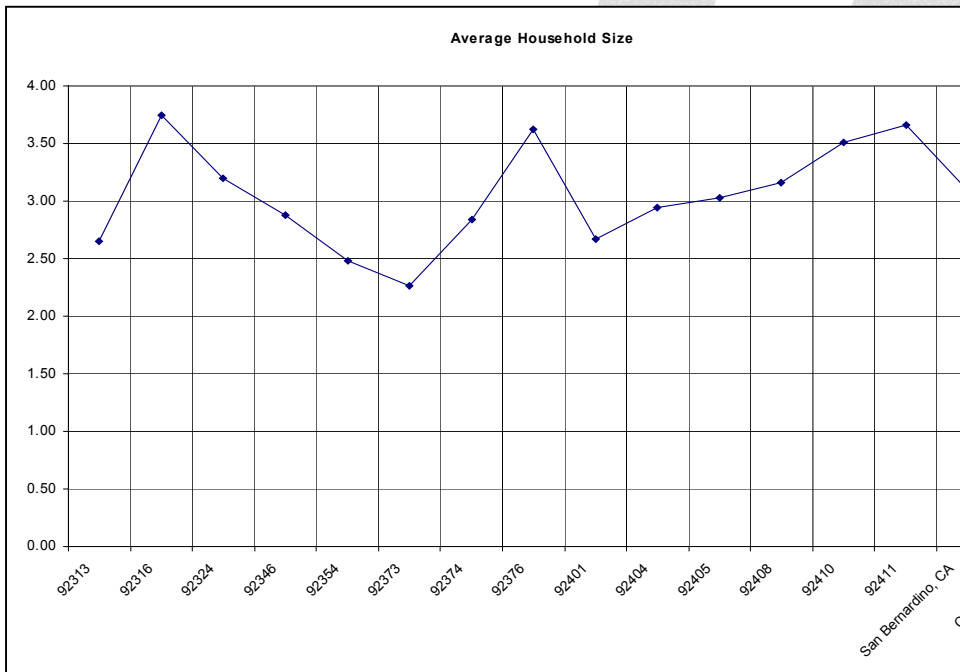


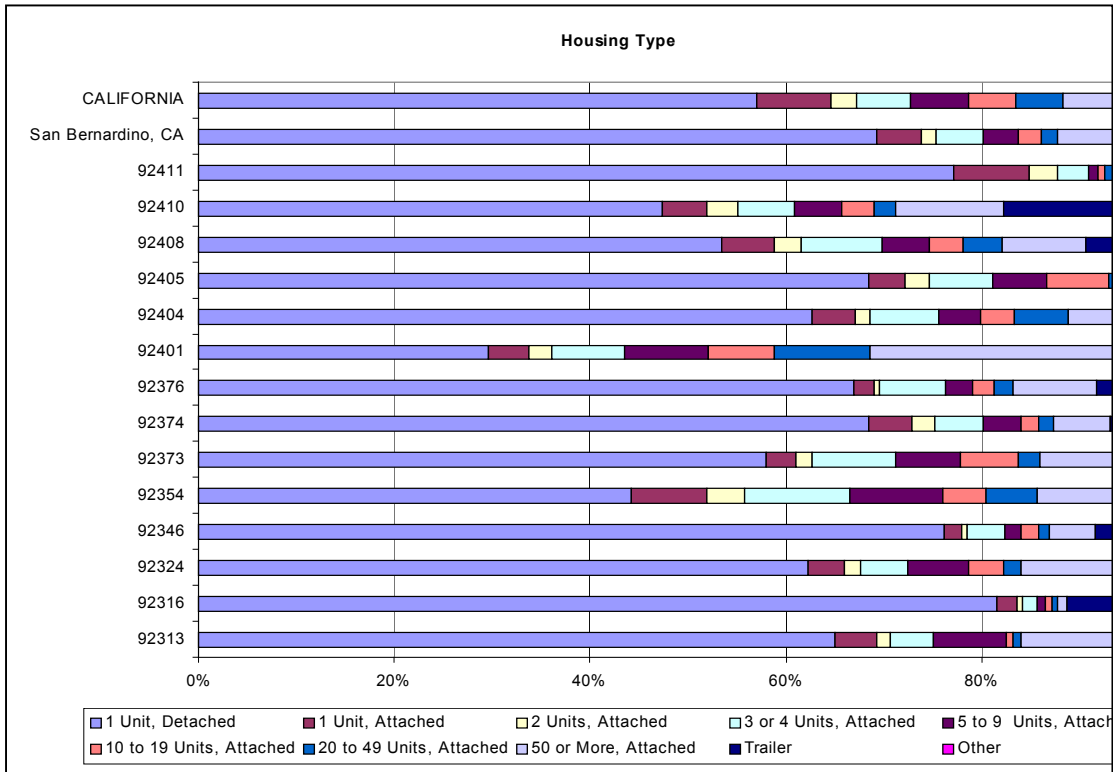
Housing

The number of Households in an area is important, especially when considering how to market a practice. Marketing is almost always based upon Households rather than Population.

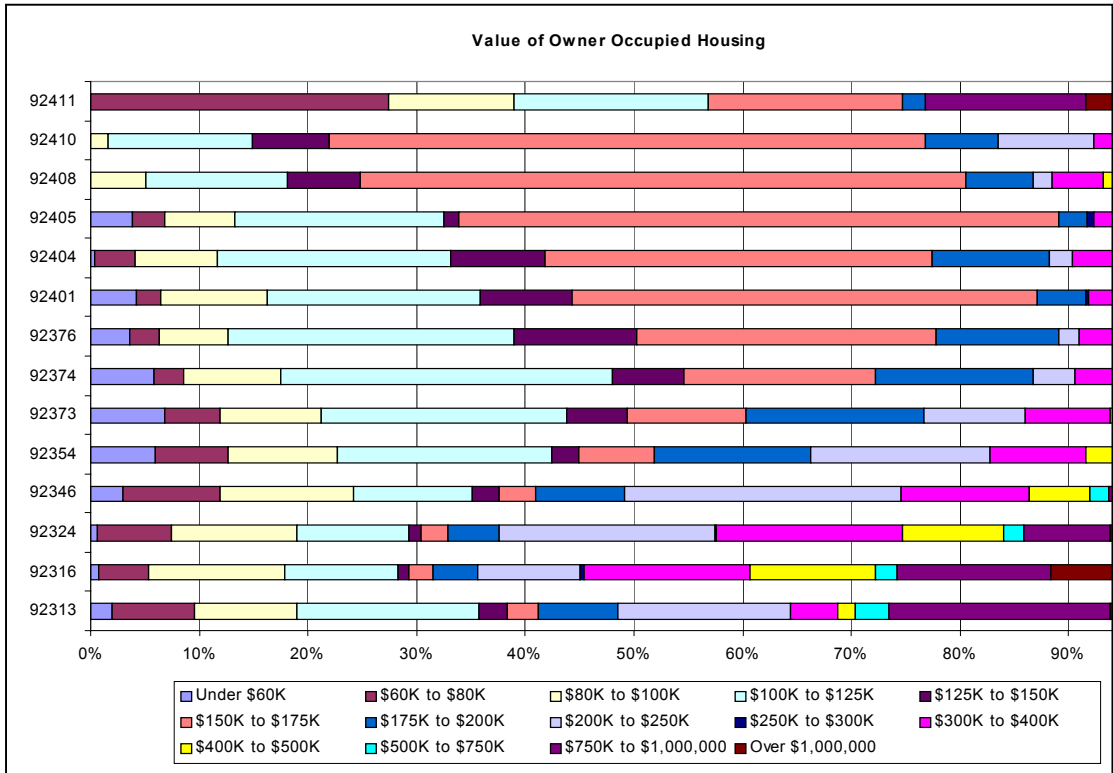


The Average Household Size in America is about 2.3. While larger families may not have as much money as smaller ones, it costs less per patient to send a message to a household with many potential patient than it does to a household with a single person in it.





Housing Type is one of the important characteristics of a location. It does much to explain what makes one area better than another. Obviously, single-family home owners will tend to have better credit than those who rent apartments. They are also far more stable. Renters may move every 12 months or so (the trend varies from state-to-state). Homeowners tend to move about every five to seven years (also differing from state-to-state).



Please be aware that the Median Value of Owner Occupied Homes is a function of the values assessed by County Tax records. This information is **NOT** taken from Real Estate databases because data of that nature must be undated at least monthly. We do not care how much a home will be bought or sold for. Rather, we want to know how much the relative value of these homes will be when comparing one area to another.

Employment

Not all patients are going to come to the practice from their homes. In fact, many will come from their place of work. For this reason, we want to consider the number of people actually employed in the various parts of the area of practice when considering a threshold of many potential patients there might be surrounding it. We can consider residents as “Nighttime Population” and employed people as “Daytime Population.”

Zip Code	Employers	Employees	Major Industries
33015	720	6,996	Educational Services
33023	1,977	11,084	Construct: Spec Trade Contract
33024	1,604	12,766	Eating and Drinking Places
33025	580	9,808	Health Services
33026	702	6,651	General Merchandise Stores
33027	380	5,700	Health Services
33028	198	1,576	Educational Services
33055	348	2,757	Educational Services
33056	540	5,431	Amusement/Recreation Services
33314	1,498	14,829	Educational Services
33325	536	5,505	Nonclassifiable Establishment
33328	739	5,613	Educational Services
33330	303	3,749	Wholesale Trade: Durable Goods
33331	296	2,889	Food Stores

When we see a particular Zip Code with a large employer or employers, we always want to take note that the insurance offered cannot be ignored if the practice is to grow.

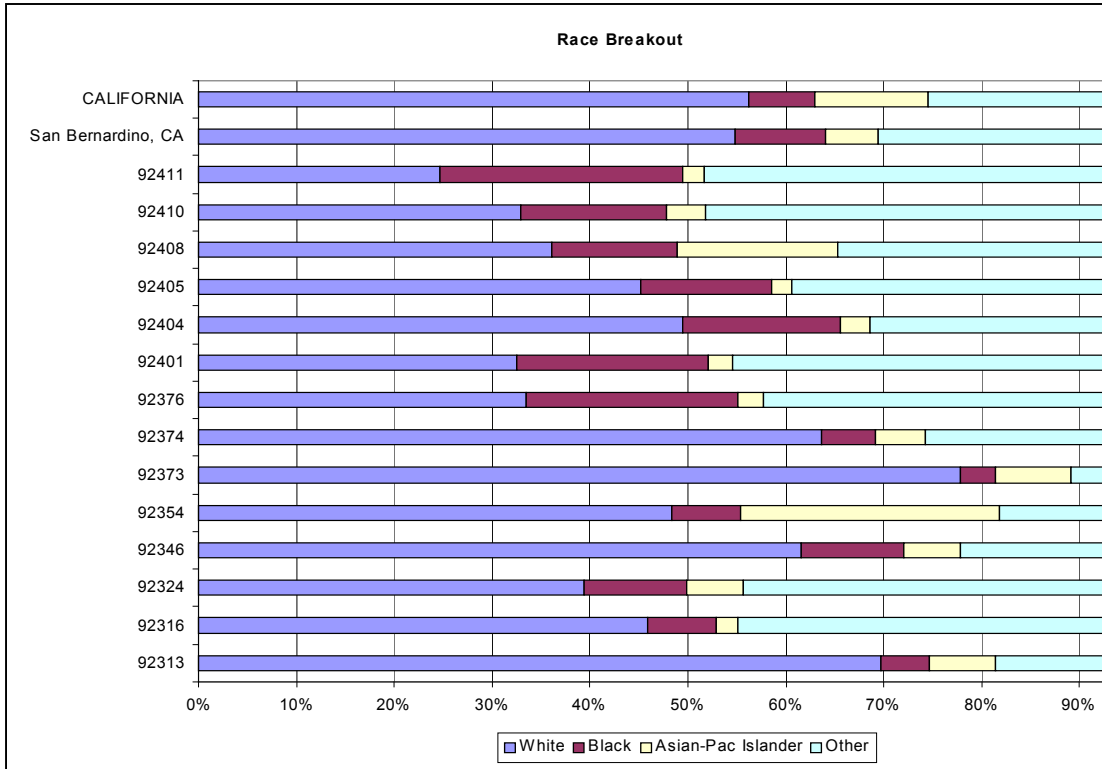


When there exists a small number of employers, it is likely the area is primarily residential. The largest employers tend to be universities, manufacturers, and large government agencies. Each has a character quite different in their considerations of dental insurance (and time-off for appointments).



Ethnicity

There are many ways to define Race. The U.S. Census Bureau defines it as White, Black, Asian/Pacific Islander, and Native American. Typically, the Native American population is so small that in most parts of the Country they are statistically unimportant. Not only are we looking for the distribution of race, we are also comparing the integration/segregation of the races.

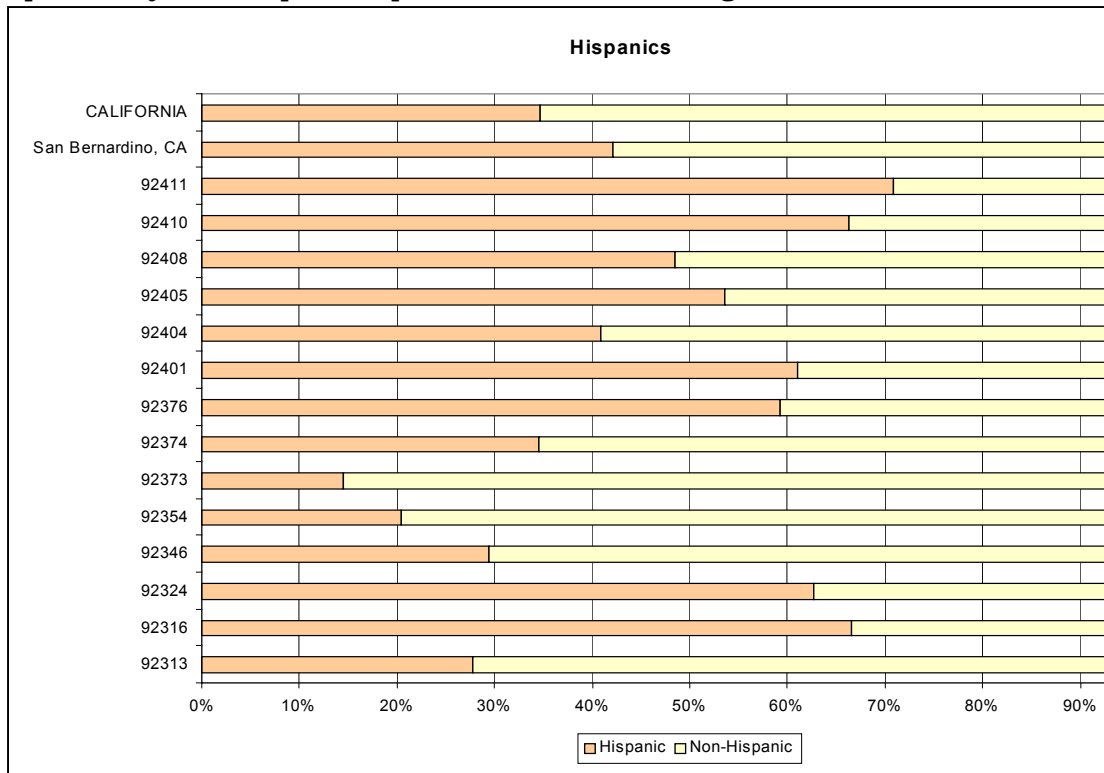


There are several things this chart can tell us. For one, it will usually show where different racial groups are concentrated. When we see racial minorities that are distributed evenly throughout a region, it suggests that there is integration of the races. On the other hand, when one or two Zip Code show a very significant distribution of a particular race that is different from those around it, there is likely to be more segregation.

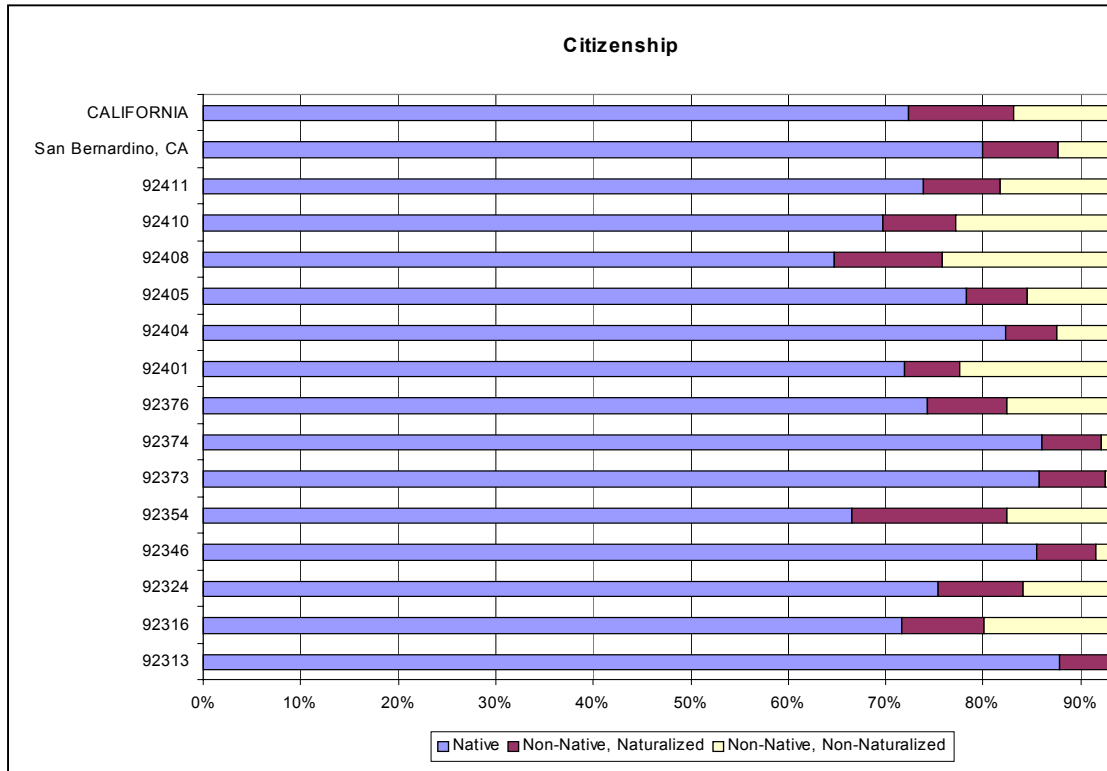
We do not put a value judgment, nor a cause upon segregation. We merely want the Client to know that when it exists, it may make it more difficult for a dentist who is NOT of that segregated population to attract patients from that area. This is true of ALL races and should not be considered a truism of one particular group or another. It is also true of ethnic and religious groups within races, that they will be more likely to seek out a dentist who is similar to themselves.

The reader may be aware that Hispanic is not a Race. It is an Ethnicity. The U.S. Census Bureau defines an Hispanic as anyone who says they are Hispanic regardless of Race. Fluency in an Hispanic language (Spanish or Portuguese) is not required. For this reason, the data that applies to Hispanics is always a

little suspect. Nevertheless, it CAN have significance when the self-identified Hispanic population is large enough. In most of the U.S., a population of 40%+ Hispanic population represents a threshold population or niche in which to specifically focus upon Hispanics as a distinct target market.

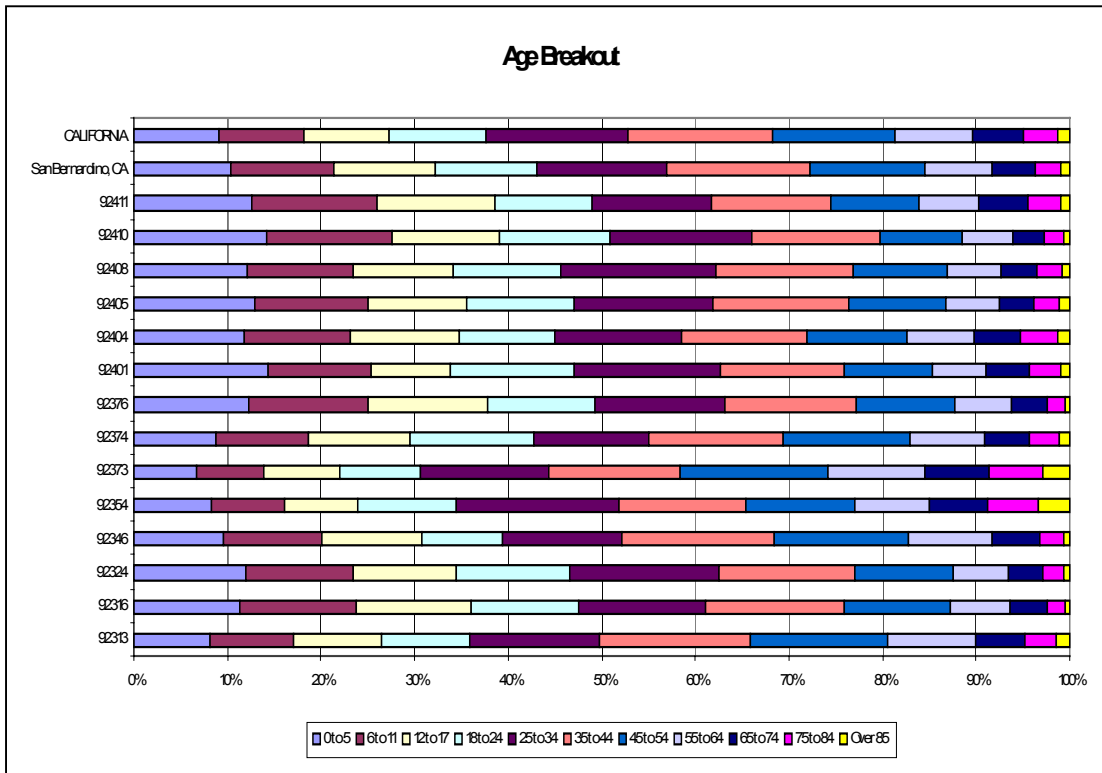


While Citizenship is really a function of Culture, not Race, it is a far more important factor in predicting behavior and attitudes of a population. The “Foreign Born Residents who are not Citizens” represent the least likely population to seek non-emergency dental care. Foreign Born Naturalized Citizens represent the highest fertility rates (number of children per female over 16) in the United States.



Age

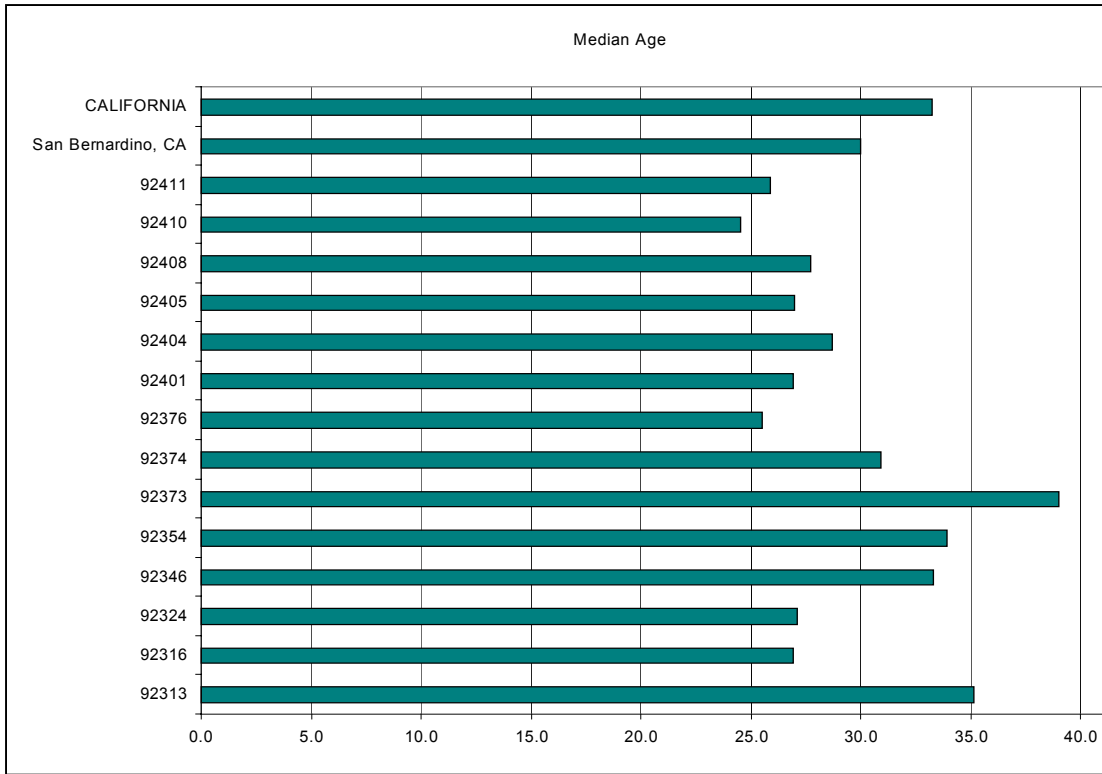
We have found that Age is a statistic that often predicts dental need. Children under 10 often have very different needs from adults over 40. Obviously, people over 80 years of age are less prone to want or need the services of an orthodontist. Periodontists are most active in serving patients over age 35. For this reason, we want to understand the distribution of people by Age. The Age Distribution Chart shows what percentage of the population in any Zip Code falls within a given age group.



It is unusual for children-under-18 to be higher than 20%. Typically when we see 18-to-24 year olds over 10%, we presume there is a college, university or military base nearby. When we see those 65-years-plus making up more than 15%, we expect to see a retirement community or village.

As expected, orthodontists will care about different age groups than endodontists and periodontists. Cosmetic dentistry is primarily sold to people 45 years+. With a little imagination, one can easily see which parts of the area are going to be best for a practice of a particular slant.

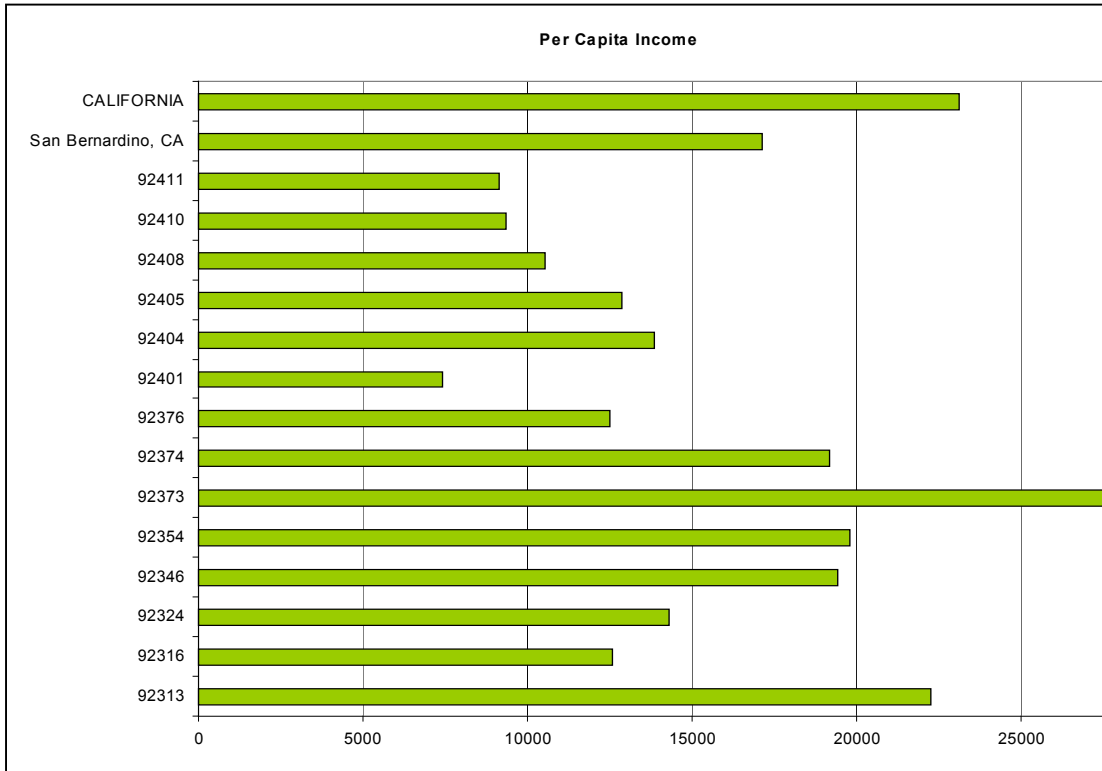
The Median Age chart shows a point in which there are as many people of that age ABOVE that figure as BELOW.



We like this table because it provides a good overview of how one area is different from another. When we see significant variations between the Median Ages from one area to another, we know that there is likely significant variation in other aspects of the community as well. These include Population Density, Income and very often, Housing Type.

Income

Obviously, the ability to pay is going to affect the choices one makes in his dentistry. There are several ways we track this information. We have provided different ways of looking at how much money a household or a region will make.



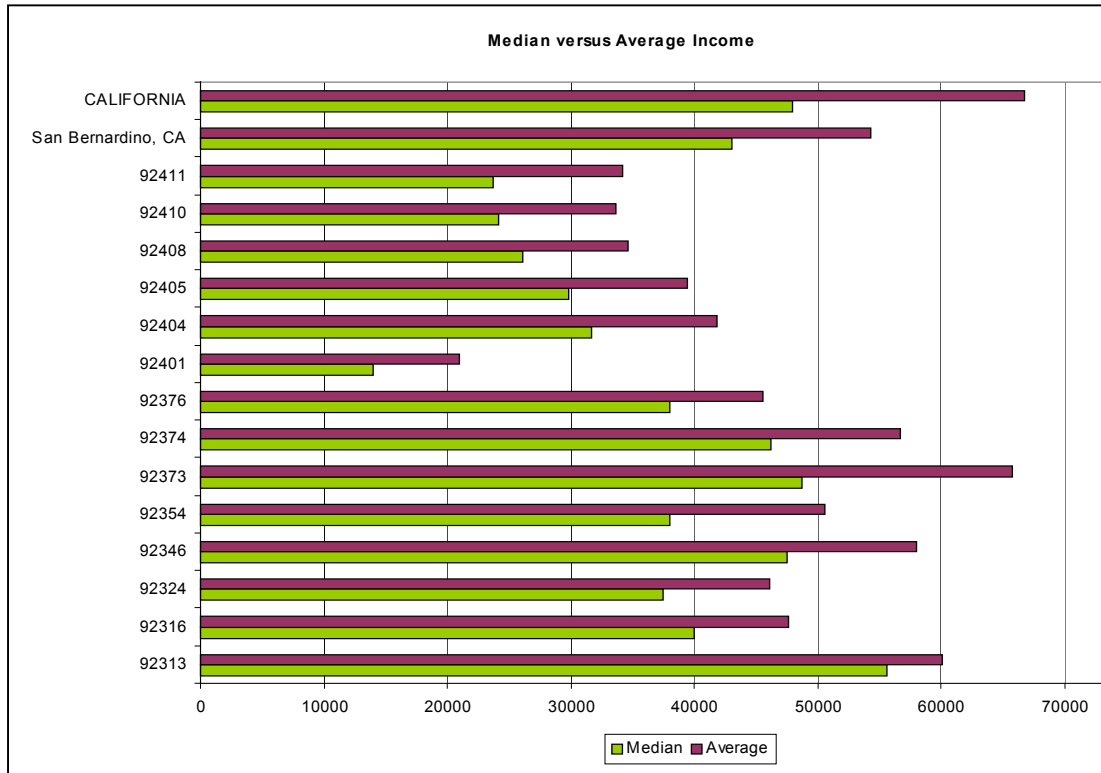
The Per Capita Income Chart displays a figure derived from taking the total income earned by residents of a household and dividing by the number of individuals over 16. In this way, a household with no non-working teenagers can have a lower Per Capita Income even if Mom and Dad are working. Typically, it skews just a little bit in favor of older, non-retired workers. Most often, these are the ideal patients for elective procedures.

Unfortunately, there is no set national standard that shows how much is “good” for Per Capita Income. That is because the Cost of Living varies greatly from one part of the Country to another. What is “survival” income in New York City may be relative affluence in Mississippi. For this reason, we prefer to recommend that one Zip Code be measured against another rather than against some larger standard.

We have also included the Median and Average Household Income chart. It is worth noting that when the Median Income is higher than the Average, the households have a significant number of poor people relative to affluent people. When the Average Income is higher, there are usually pockets of significant affluence in a larger population of lower income housing. Normally, we don't expect to see great gaps between the two figures.

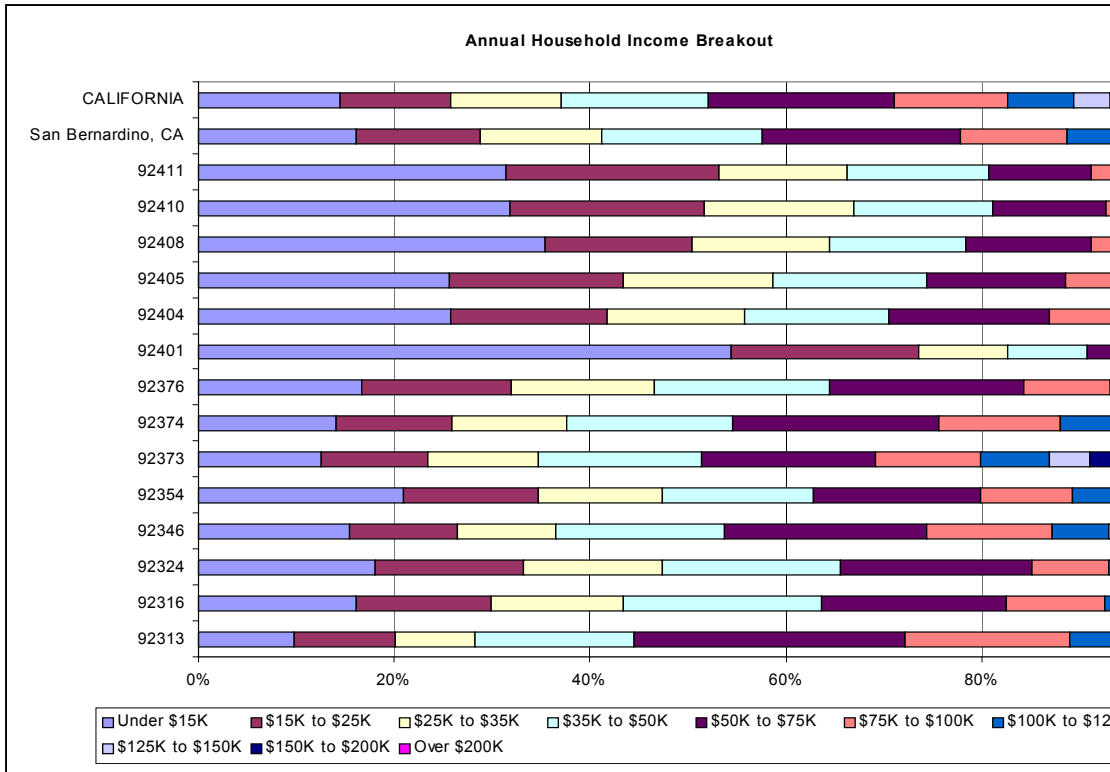


The Median Household Income is derived by finding a point where there are as many people earning OVER that figure as UNDER. We don't like Income Averages as much because they show an untrue representation of an area's real potential. If you happen to be Bill Gates' neighbor, the Average Household Income will show that almost everyone in the neighborhood is a millionaire. The Median Household Income is more dependable. For the purpose of comparison, we have provided both for consideration.



Household Earnings shows how the affluence, poverty and everything in between break out in each Zip Code. When we look at a Chart like this one, we are looking for the “extremes” first of all. How much poverty is there relative to wealth? How large is the middle-income population in one Zip Code compared to the same income range in another?

When we see a Chart where all of the ratios of Earnings are very similar, we know that regardless of all the other demographic statistics quoted, the area is relatively homogeneous. When we see significant variations, we want to examine where these divergent Zip Codes are situated relative to the Site of the practice.



About the Psychographics (Lifestyles)

In order to better understand these populations and the likelihood of success for a dental practice, we have used the ACORN™ statistics to find the dominant lifestyle for each of these areas. We have also provided our own interpretation of the data with our proprietary algorithms to determine their application to dentistry.

Zip Code	Post Office Name	ACORN GROUP	Percent
33015	Hialeah	1E Prosperous Baby Boomers	46
33023	Hollywood	2E Older Settled Married Couples	58
33024	Hollywood	2E Older Settled Married Couples	28
33025	Hollywood	3B Enterprising Young Singles	96
33026	Hollywood	2A Urban Professional Couples	71
33027	Hollywood	4D Wealthiest Seniors	83
33028	Hollywood	2A Urban Professional Couples	72
33055	Opa Locka	8A Young Immigrant Families	80
33056	Opa Locka	8E Urban Working Families	48
33314	Fort Lauderdale	7B Young Frequent Movers	39
33325	Fort Lauderdale	1E Prosperous Baby Boomers	47
33328	Fort Lauderdale	2A Urban Professional Couples	30
33330	Fort Lauderdale	1E Prosperous Baby Boomers	55
33331	Fort Lauderdale	1E Prosperous Baby Boomers	50

As you will note, these statistics make it far easier to comprehend the differences of various parts of the area of study. What follows is an interpretation of these groups. They are listed in their code order (1A is first and so forth).

Any Zip Code that has a percentage of 35%+ of one particular lifestyle is considered “dominated” by that lifestyle and those related to it. Fragmented or very diverse areas are those with a dominant Acorn group of under 20%. These are fairly unusual.

Consumer Type 1B: Wealthy Seaboard Suburbs

Wealthy Seaboard Suburbs neighborhoods represent the affluent suburbs located along the Eastern Seaboard and in California. Residents are married, middle-aged professionals at the peak of their lifetime earnings.

Demographic: This market represents older, married couples with no younger children, but a disproportionate share of adult children living at home: empty nester wannabes. Median age is 40.6 years. The proportion of householders between the ages of 45 and 64 is over 30 percent higher than the national average. The population is predominantly white but has an above-average percentage of Asians and Pacific Islanders.

Socioeconomic: Median household income is \$72,900 and almost half of the households earn \$75,000 or more. Most households receive income from dividends, interest, or rental properties; almost 20 percent have begun to receive retirement income or pensions. More than half of the households have a net worth of \$150,000 or greater (three times the national average). The population is well educated and well employed; over 40 percent of adults have a college degree and/or hold a professional/managerial position.

Residential: These neighborhoods are comprised of single-family homes, built between 1950 and 1969 and owner-occupied. The median home value reflects the markets in which these neighborhoods are located, \$261,900 -- more than two and one half times the national average of \$99,800. Wealthy Seaboard Suburbs are located in suburban areas within the urbanized metros along the East and West Coasts.

Preferences: Wealthy Seaboard residents pursue physical fitness through a variety of racquet sports, golf, gym membership, and heavy use of vitamins. They spend freely on home furnishings and improvements, but also travel extensively - foreign more than domestic. Media preferences emphasize reading (two or more daily newspapers and metropolitan and business-related magazines) and radio listening (classical, jazz, and alternative). © CACI 2000

Dental Implications: They are an ideal target market for cosmetic and esthetic dental procedures. They are inclined to be influenced by procedures which will make them “look younger and healthier.” A primary appeal for this group is the snob appeal. They like things that are “not for the average, run of the mill.” They like messages that imply quality and craftsmanship. They are often difficult for professionals to reach other than through direct mail. “At your convenience” and “health” are strong messages for this group. They want your respect. We often recommend for this and other affluent groups that the dentist become involved in the local Country Club or Racket Club.

This group wants to consider dentists in their social class.

About ACORN Psychographic Classifications

ACORN is A Classification Of Residential Neighborhoods, a market segmentation system. ACORN identifies distinctive consumer groups and classifies neighborhoods in the U.S. into these groups, or market segments. Similar neighborhoods are grouped together; divergent neighborhoods are separated.

The ACORN system identifies over 226,000 neighborhoods, or census block groups, by one of 43 market segments, 40 residential markets and 3 nonresidential groups. (For descriptions of the ACORN market segments refer to ACORN Type.) Each neighborhood is profiled by 61 characteristics of consumer behavior--such as income, home value, occupation, education, household type, age--and then sorted into one of 43 market types. Block groups have an average of 400 households.

A range of multivariate statistical methods was applied to create the ACORN system. First, the most pertinent consumer characteristics are identified using principle components analysis and graphical methods. Next, the market segments are created by a combination of cluster techniques. The techniques are selected to produce statistically reliable solutions and to handle an immense amount of information. The combination provides a complementary match of the strengths of each technique.

Verification procedures follow the cluster analysis to ensure the stability and validity of the market segments. Stability is checked by replicating the clusters with independent samples. Validity is checked through the use of external variables--characteristics not used to generate the clusters. Linking the ACORN system to the latest consumer survey data is the critical test. A market segmentation system must be able to distinguish consumer behavior--spending patterns and lifestyle choices--as expected.

The distinctions are evident in ACORN. Between two of the most affluent consumer markets, Top One Percent and Wealthy Seaboard Suburbs, for example: the Top One Percent are more likely to purchase an expensive, large-screen television set; Wealthy Seaboard Suburbs, an expensive, component stereo system. Successful Suburbanites, the second most affluent market, are more likely to buy minivans than luxury cars. They are also one of the top two markets for loans, especially mortgages. The best markets for investments and savings are Top One Percent and Wealthiest Seniors, a retired consumer group.

The consumption patterns found in survey data also confirm demographic and socioeconomic profiles of the market segments. For example, young, single households and working parents are most likely to buy fast food; suburban and rural families are most likely to own pets. Dual earners and affluent households own multiple cars; families drive minivans; and urbanites eschew cars. In sum, ACORN has been tested, and validated, with over 140 indicators of consumer choices. Copyright © CACI 1999

Conclusion and Recommendation

The purpose of the report was to answer the following question:

What is the likelihood for success of a general dental practice at this location?

It is our understanding that this is a practice for purchase. The practice is to be purchased from a dentist who has been dividing his time between two offices. His hope is in one of the northern communities (Paso Robles?). The assumption is that he has a good practice here but because he has not devoted much time to it, the practice has not grown as it could.

It is also our understanding that Dr. Sara Truman has a special interest and training in working with children while Dr. Kimberly Haris has special interests in prosthodontics. Neither of the doctors is a Board Certified Specialist nor to the doctors want to limit their practices to these specialties at this time.

Based upon the information we have, we believe that this location would provide the doctors with a location that would be more than acceptable to help the doctors achieve their goals.

Please be aware that there is a great deal of information that may be pertinent to this decision that we do NOT have. For example, we do not know what the building looks like, what the potential overhead will be nor do we know availability of dental office space in this site.

We would characterize the Competition in the area as favorable for a new general dental practice. In fact, because the practice is a purchase, this ratio will not change. This is not to say that parts of the region are not overpopulated (slightly) with dentists. Zip Code 93401 has the largest number of dentists. As described earlier, this is the area surrounding French Hospital. Nevertheless, the aggregate ratio for the region is positive for general dentists.

The Population and Housing statistics indicate that this area has not grown very much over the last ten years. In fact, there was a very small reduction in population during that time. Projections for growth by the U.S. Census Bureau indicate that they believe there will be an increase in population over the next five years.

The unique topography of San Luis Obispo almost guarantees that there will be low population density. One reason is the easy of transportation from one end of town to the other. This is a positive indication because it means a practice does not have to depend exclusively upon the patients who live or work in the same Zip Code as the practice. People tend to travel fairly large distances within the region to shop but their commutes to work seem to be short.

The local Zip Code is made up of single-family homes (50%) and apartment buildings (about 50%). The homes are moderately expensive. Increased

restrictions on home building have made new growth difficult in SLO County. This has the tendency to increase the cost of housing as well as its worth.

The Employment data shows that the largest employers are found in Zip Code 93401. The largest local employers are healthcare facilities. Cal Poly has its own Zip Code (93407) but it has no demographic statistics associated with it. This is because the data for this Zip Code is actually accounted for in Zip Code 93401. Also, many of the student population live in 93405 (about 40% of the overall population of that Zip Code). The U.S. Postal Service will assign a Zip Code to large businesses and government offices but the U.S. Census Bureau does not identify these as places where people live.

We learn from the Race and Ethnicity statistics that the local population is mostly White (80%). Of the total population, Hispanics make up about 15%. In this County, Hispanics are most often referred to as “White” as their race. Of course, Zip Code 93434 is mostly Hispanic. Based upon our analysis of the population and their psychographics, we see no problem for an Asian and a South American setting up practice in this area.

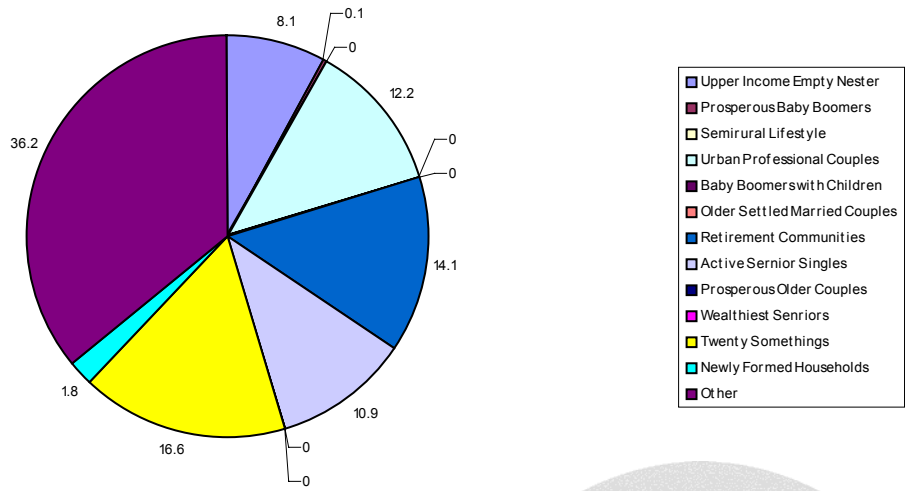
San Luis Obispo has pockets of homes with children. Oceano and Nipomo have more children by percentage but not more by number. It is also worth noting that the location is accessible to a large number of household with children and older adults even though neither group lives very close to this site. What we see here are striking contrasts in age from one neighborhood to another.

The Income statistics show that SLO has a low Per Capita Income. This is a function of youth more than anything else. Because there are so many students, it area actually appears poorer than it really is. Also, there are many retirees who have high net worth but low income. This further depresses this number. While this is not a community with great affluence, it is also not a very poor community.

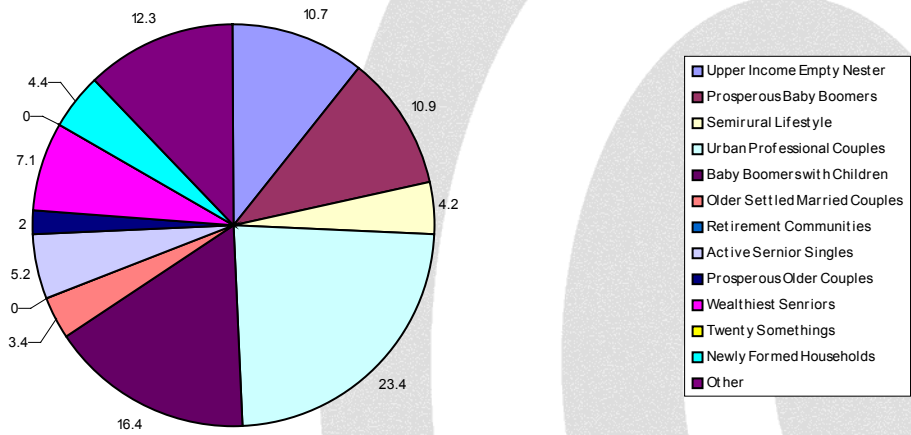
The Lifestyle (Psychographic) Data show that the local Zip Code is dominated by “**College Campuses.**” This is not an accurate depiction of the community overall. In order to find a better way of describing this community psychographically, we have prepared three radii that depict mutually exclusive data. These data rings or radii are shown on the following map. This is sometimes called “donut study” because the data from Radius One (0-to-3 miles) does not show up in Radius Two (3-to-10 miles) nor Radius Three (10-to-15 miles).

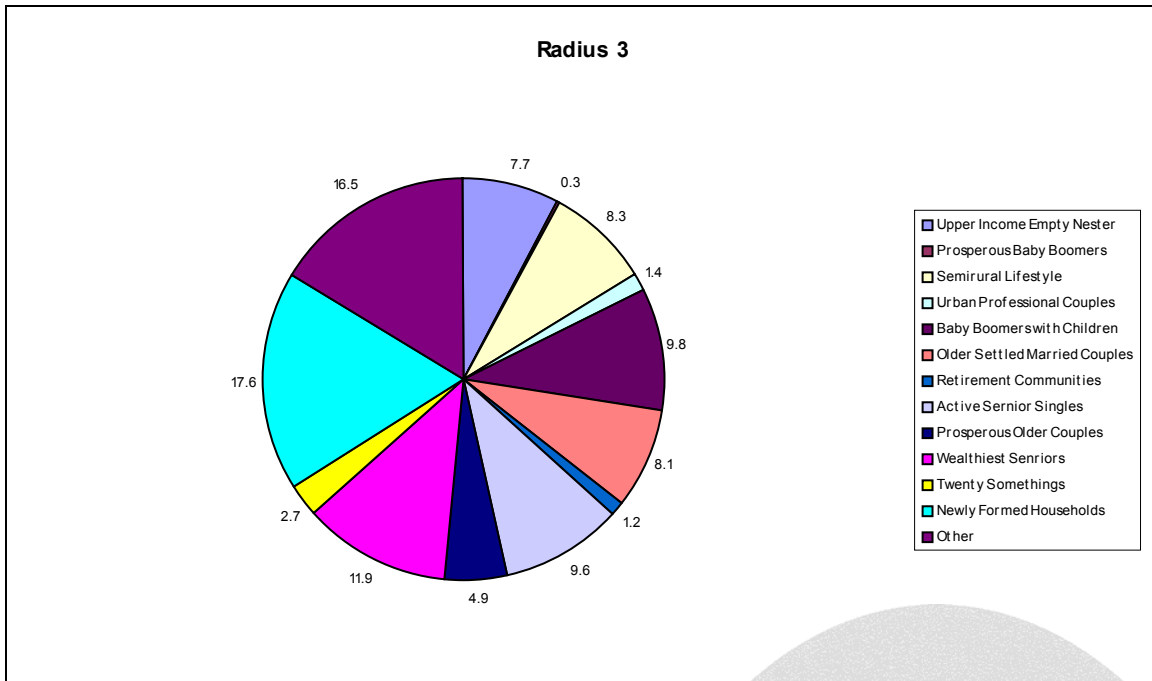
Please refer back to the descriptions of the dominant Lifestyle Groups. Each one has a Total for the Number of Households, the Percentage of the overall community and the Index for each lifestyle in each of the various segments. The pie charts that follow will probably be useful in showing how the lifestyles differ as one travels away from the practice in any direction.

Radius 1



Radius 2





We note that **Upper Income Empty Nesters** appear to be the most common lifestyle in all three radii. Interestingly enough, **Prosperous Baby Boomers** and **Baby Boomers with Children** are significantly larger in Radius 2 than in any other area. This is a particularly worthy target market to attract if children are of interest. Urban Professional Couples are also much more significant in this same radius. They are one of the best prosthodontics groups that are young.

For Radius 1, the best prosthodontics patients can be found in the **Retirement Communities** and **Active Senior Singles** population.

We do not believe that **Twentysomethings** and **College Campuses** are a very cost-effective target market for a practice of this type even though they are significant in their numbers. They don't have significant dental needs and they have little money to pay for the needs they have.

For any clarification of this Report, I invite you to e-mail me at scott@scottmcdonald.org. And remember Scott McDonald & Associates for all of your marketing needs.

Technical Notes

About Zip Codes and Census Geography

In developing this software, our data vendors have used the results from the 1990 Census and it is important for the data user to understand the limitations of this product, since different applications require different levels of boundary and data accuracy. Census geography and United States Postal Service (USPS) geography cannot be linked easily. In practice, Zone Improvement Plan (ZIP) Codes are more accurately represented as an open network of lines interspersed with points. Any attempt to create ZIP codes areas requires interpretation and adjustment.

Tabulating ZIP Code statistics to geographic areas replaces the 1980 census methodology of tabulating ZIP Code statistics based on the mailing address associated with each census questionnaire. The ZIP Code delineations in Summary Tape File (STF) 3B ZIP Code/Block Equivalency (Equivalency) file are the product of Geographic Data Technology of Lyme, New Hampshire and represent this commercial vendors interpretation of the relationship of ZIP Codes to 1990 Census block numbers. The particular model and methodology used to create this file are one of many possible approaches. There are no "Post Office Box Only" ZIP Codes included in this file.

These ZIP Code areas are for statistical purposes only. ZIP Code boundaries typically follow property lines rather than the center lines of streets. For this reason, they do not coincide with census block boundaries. Data users should be aware of this inherent limitation in the ZIP Code tabulations caused by including whole census blocks in a ZIP Code when only some of the housing units are served by that ZIP code. Therefore, some housing units will not be allocated to their true USPS ZIP Code. Unlike census geographic areas, which change only once in every ten years, the USPS can (and does) change ZIP Codes at any time.

