

Retail Leakage and Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid in the following:

- Indicating how well the retail needs of local residents are being met
- Uncovering unmet demand and possible opportunities
- Understanding the strengths and weaknesses of the local retail sector
- Measuring the difference between actual and potential retail sales

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

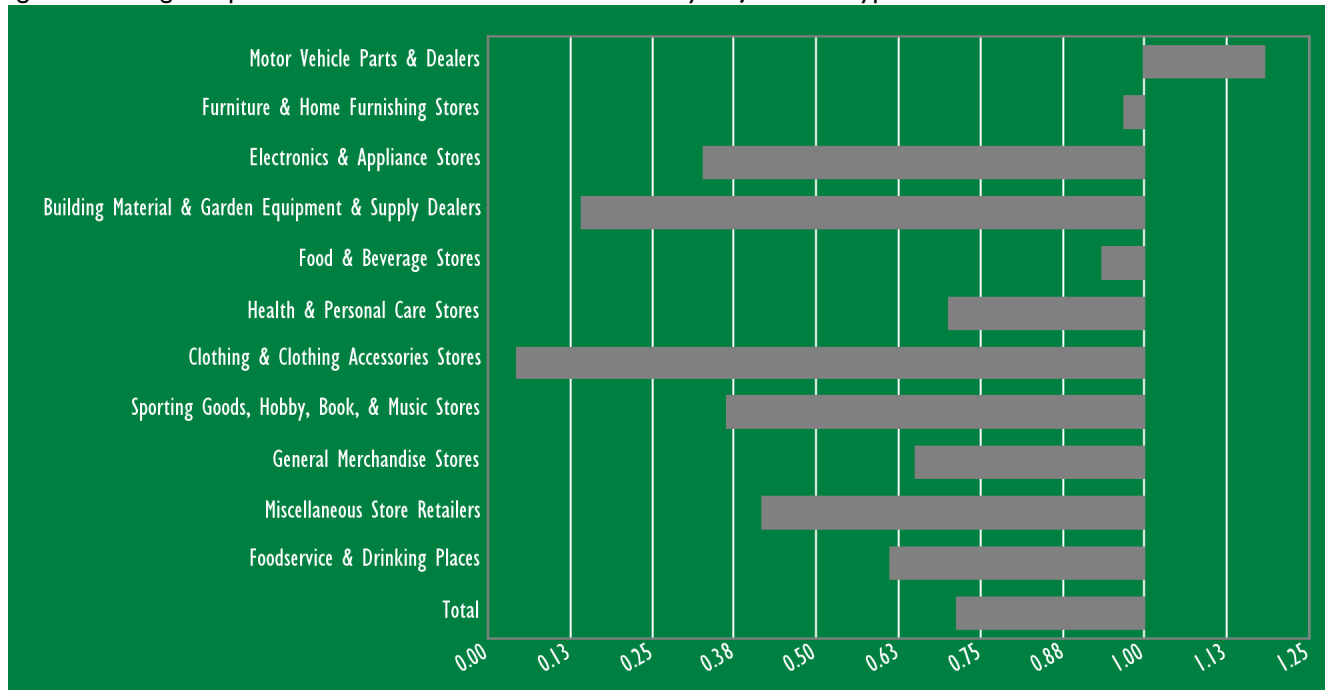
Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

Leakage/Surplus Index by Major Store Type

The quantitative comparison of retail leakage and surplus in the twelve major store types shown in the chart and table below provides an initial measure of market opportunities. Combining this analysis with the knowledge of the local retail situation will take the process of identifying retail possibilities one step further.

Figure 1 provides the leakage/surplus indices and following is the sales potential and actual sales for major store types.

Figure 1. Leakage/Surplus Index and Actual and Potential Sales by Major Store Types



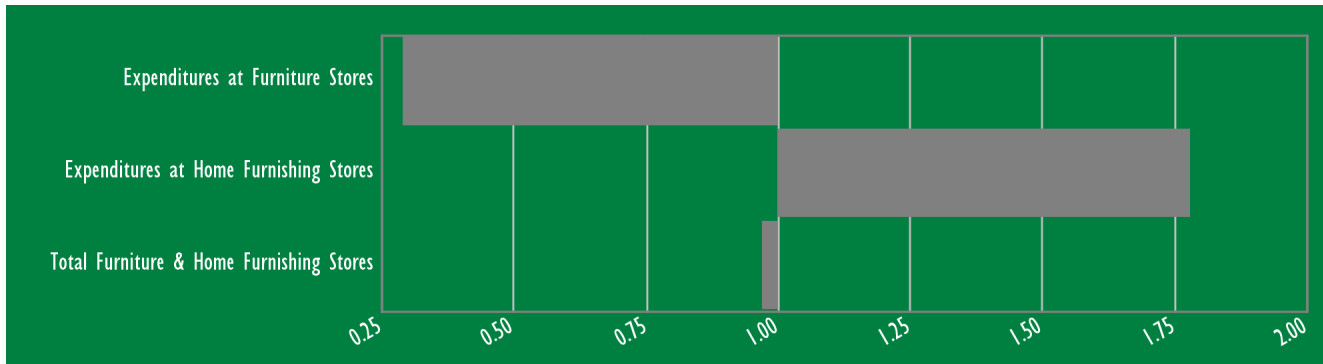
Store Type	Potential	Actual Sales	Leakage
Motor Vehicle Parts & Dealers	50,254,834	59,364,584	1.2
Furniture & Home Furnishing Stores	5,699,480	5,525,335	1.0
Electronics & Appliance Stores	5,487,727	1,807,753	0.3
Building Material & Garden Equipment & Supply Dealers	27,478,117	3,982,915	0.1
Food & Beverage Stores	32,498,785	30,423,702	0.9
Health & Personal Care Stores	14,270,454	10,015,641	0.7
Clothing & Clothing Accessories Stores	10,244,659	470,866	0.0
Sporting Goods, Hobby, Book, & Music Stores	4,227,184	1,537,648	0.4
General Merchandise Stores	30,188,143	19,706,495	0.7
Miscellaneous Store Retailers	6,013,101	2,509,417	0.4
Foodservice & Drinking Places	22,256,107	13,627,103	0.6
Total	208,618,590	148,971,460	0.7

Sub-Categories of Motor Vehicle Parts & Dealers



Store Type	Potential	Actual Sales	Leakage
Expenditures at Automotive Dealers	43,406,643	52,981,049	1.2
Expenditures at Other Motor Vehicle Dealers	2,894,424	800,419	0.3
Expenditures at Automotive Parts, Accessories, and Tire Stores	3,953,766	5,583,116	1.4
Total Motor Vehicle Parts & Dealers	50,254,834	59,364,584	1.2

Sub-Categories of Furniture & Home Furnishing Stores



Store Type	Potential	Actual Sales	Leakage
Expenditures at Furniture Stores	3,103,611	898,207	0.3
Expenditures at Home Furnishing Stores	2,595,870	4,627,128	1.8
Total Furniture & Home Furnishing Stores	5,699,480	5,525,335	1.0

Sub-Categories of Electronics & Appliance Stores



Store Type	Potential	Actual Sales	Leakage
Expenditures at Appliance, Television, and Other Electronics Stores	4,238,911	1,805,994	0.4
Expenditures at Computer and Software Stores	1,039,033	1,759	0.0
Expenditures at Camera and Photographic Equipment Stores	209,783	0	0.0
Total Electronics & Appliance Stores	5,487,727	1,807,753	0.3

Sub-Categories of Building Material & Garden Equipment & Supply Dealers



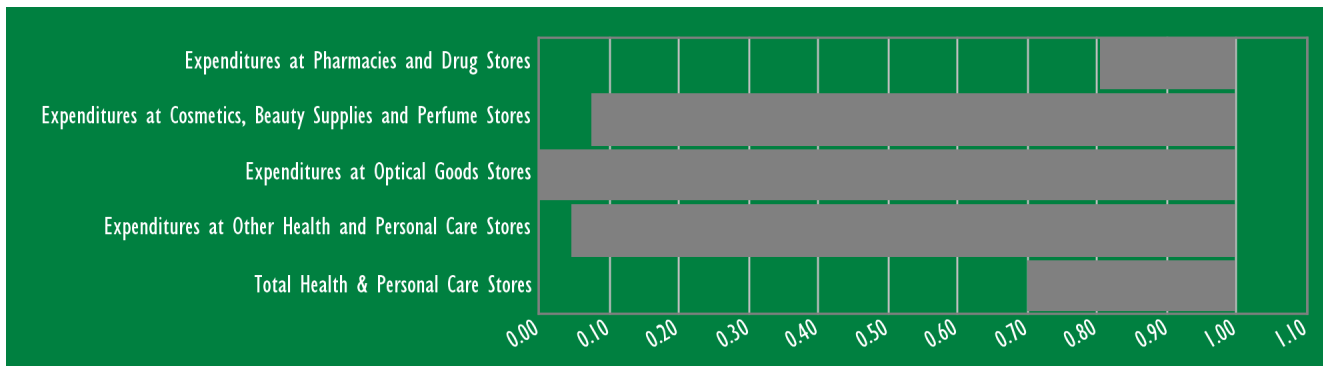
Store Type	Potential	Actual Sales	Leakage
Expenditures at Home Centers	10,057,887	0	0.0
Expenditures at Paint and Wallpaper Stores	517,920	84,126	0.2
Expenditures at Hardware Stores	2,099,888	1,942,783	0.9
Expenditures at Other Building Materials Dealers	12,576,173	1,484,777	0.1
Expenditures at Outdoor Power Equipment Stores	341,995	445,439	1.3
Expenditures at Nursery and Garden Centers	1,884,254	25,790	0.0
Total Building Material & Garden Equipment & Supply Dealers	27,478,117	3,982,915	0.1

Sub-Categories of Food & Beverage Stores



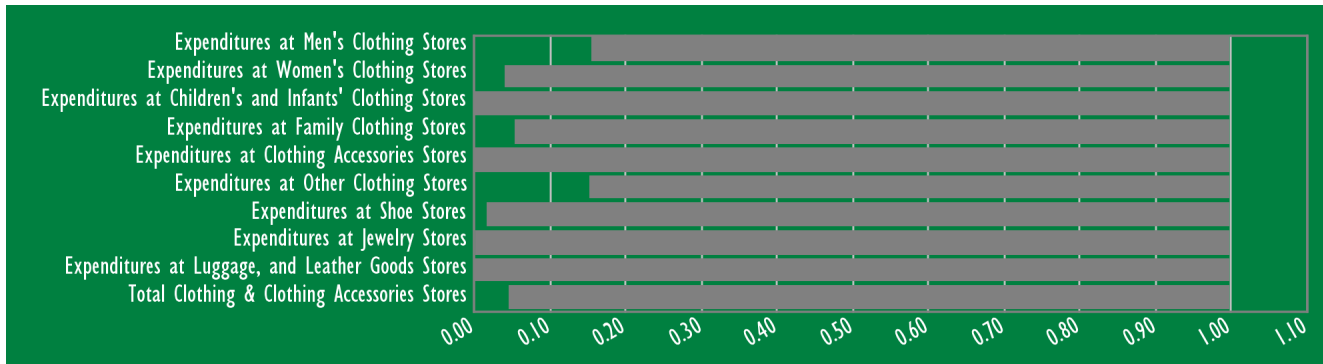
Store Type	Potential	Actual Sales	Leakage
Expenditures at Supermarkets and Other Grocery (except Convenience) Stores	28,029,345	28,621,005	1.0
Expenditures at Convenience Stores	1,537,304	30,937	0.0
Expenditures at Specialty Food Stores	910,904	59,031	0.1
Expenditures at Beer, Wine, and Liquor Stores	2,021,233	1,712,730	0.8
Total Food & Beverage Stores	32,498,785	30,423,702	0.9

Sub-Categories of Health & Personal Care Stores



Store Type	Potential	Actual Sales	Leakage
Expenditures at Pharmacies and Drug Stores	12,353,481	9,935,859	0.8
Expenditures at Cosmetics, Beauty Supplies and Perfume Stores	493,520	37,799	0.1
Expenditures at Optical Goods Stores	540,405	0	0.0
Expenditures at Other Health and Personal Care Stores	883,048	41,983	0.0
Total Health & Personal Care Stores	14,270,454	10,015,641	0.7

Sub-Categories of Clothing & Clothing Accessories Stores



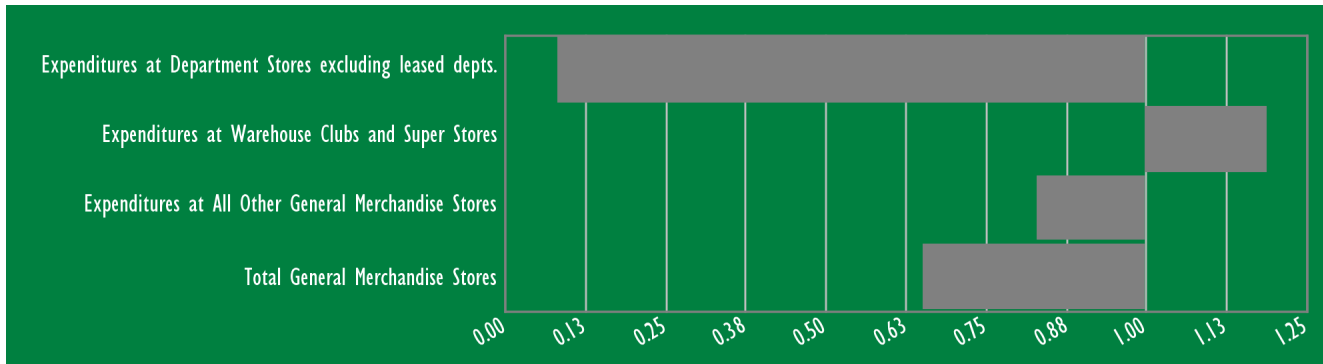
Store Type	Potential	Actual Sales	Leakage
Expenditures at Men's Clothing Stores	494,008	76,263	0.2
Expenditures at Women's Clothing Stores	1,790,008	72,201	0.0
Expenditures at Children's and Infants' Clothing Stores	551,057	0	0.0
Expenditures at Family Clothing Stores	4,104,469	219,635	0.1
Expenditures at Clothing Accessories Stores	150,809	0	0.0
Expenditures at Other Clothing Stores	469,219	71,665	0.2
Expenditures at Shoe Stores	1,474,167	26,844	0.0
Expenditures at Jewelry Stores	1,110,516	4,258	0.0
Expenditures at Luggage, and Leather Goods Stores	100,405	0	0.0
Total Clothing & Clothing Accessories Stores	10,244,659	470,866	0.0

Sub-Categories of Sporting Goods, Hobby, Book, & Music Stores



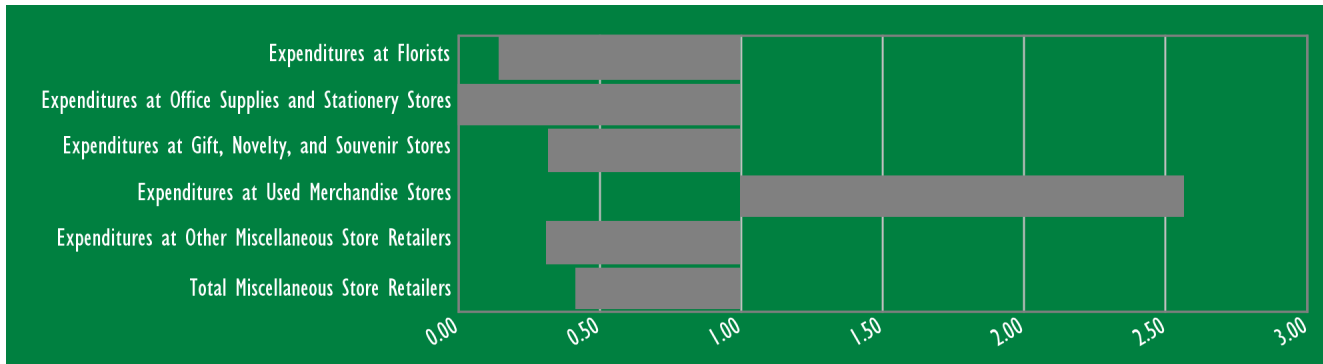
Store Type	Potential	Actual Sales	Leakage
Expenditures at Sporting Goods Stores	1,498,315	581,234	0.4
Expenditures at Hobby, Toys and Games Stores	974,974	6,949	0.0
Expenditures at Sew/Needlework/Piece Goods Stores	224,568	122,599	0.5
Expenditures at Musical Instrument and Supplies Stores	288,087	63,019	0.2
Expenditures at Book Stores and News Dealers	788,483	274,284	0.3
Expenditures at Prerecorded Tape, Compact Disc, and Record Stores	452,756	489,562	1.1
Total Sporting Goods, Hobby, Book, & Music Stores	4,227,184	1,537,648	0.4

Sub-Categories of General Merchandise Stores



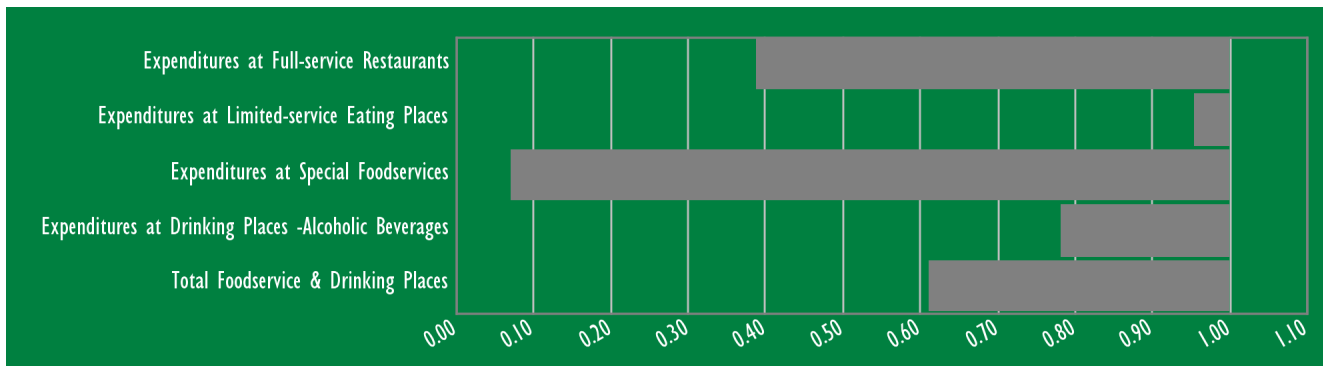
Store Type	Potential	Actual Sales	Leakage
Expenditures at Department Stores excluding leased depts.	13,913,213	1,136,387	0.1
Expenditures at Warehouse Clubs and Super Stores	14,105,589	16,769,397	1.2
Expenditures at All Other General Merchandise Stores	2,169,342	1,800,711	0.8
Total General Merchandise Stores	30,188,143	19,706,495	0.7

Sub-Categories of Miscellaneous Store Retailers



Store Type	Potential	Actual Sales	Leakage
Expenditures at Florists	433,869	62,091	0.1
Expenditures at Office Supplies and Stationery Stores	1,280,294	0	0.0
Expenditures at Gift, Novelty, and Souvenir Stores	992,591	319,883	0.3
Expenditures at Used Merchandise Stores	483,519	1,242,826	2.6
Expenditures at Other Miscellaneous Store Retailers	2,822,828	884,618	0.3
Total Miscellaneous Store Retailers	6,013,101	2,509,417	0.4

Sub-Categories of Foodservice & Drinking Places



Store Type	Potential	Actual Sales	Leakage
Expenditures at Full-service Restaurants	10,220,801	3,968,113	0.4
Expenditures at Limited-service Eating Places	9,102,369	8,698,903	1.0
Expenditures at Special Foodservices	1,876,305	134,263	0.1
Expenditures at Drinking Places -Alcoholic Beverages	1,056,632	825,824	0.8
Total Foodservice & Drinking Places	22,256,107	13,627,103	0.6

Sources and Methodology

The primary data sources used in the construction of the database include:

- Current year AGS (Applied Geographic Solutions) Consumer Expenditure Estimates
- Census of Retail Trade, Merchandise Line Sales
- Census Bureau Monthly Retail Trade

The Census of Retail Trade presents a table known as the Merchandise Line summary, which relates approximately 120 merchandise lines (e.g. hardware) to each of the store types. For each merchandise line, the distribution of sales by store type can be computed, yielding a conversion table which apportions merchandise line sales by store type.

The AGS (Applied Geographic Solutions) Consumer Expenditure database was re-computed to these merchandise lines by aggregating both whole and partial categories, yielding, at the block group level, a series of merchandise line estimates which are consistent with the AGS Consumer Expenditure database.

These two components were then combined in order to derive estimated potential by store type. The results were then compared to current retail trade statistics to ensure consistency and completeness.