

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



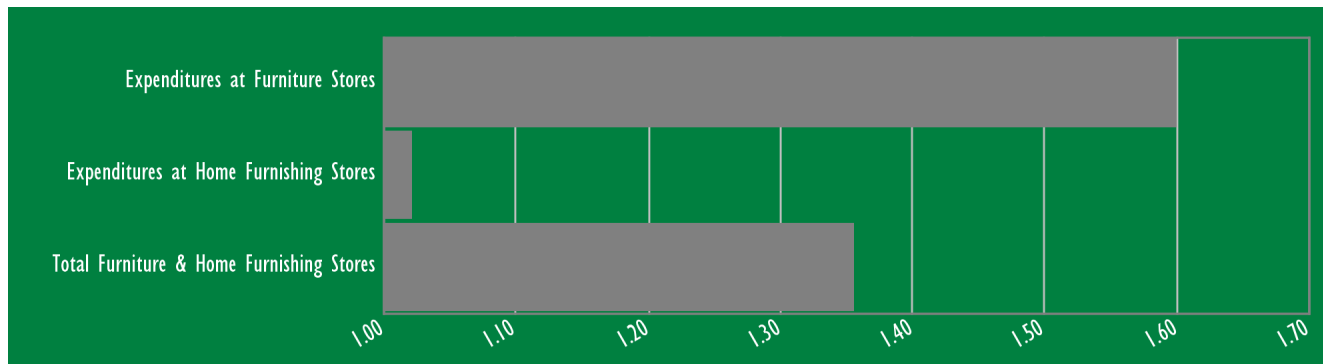
Store Type	Potential	Actual Sales	Leakage
Motor Vehicle Parts & Dealers	168,692,128	44,895,887	0.3
Furniture & Home Furnishing Stores	19,318,561	26,196,160	1.4
Electronics & Appliance Stores	20,209,988	10,834,841	0.5
Building Material & Garden Equipment & Supply Dealers	78,283,813	116,254,607	1.5
Food & Beverage Stores	119,172,165	74,281,027	0.6
Health & Personal Care Stores	52,077,643	31,269,202	0.6
Clothing & Clothing Accessories Stores	45,717,293	113,903,697	2.5
Sporting Goods, Hobby, Book, & Music Stores	14,615,779	8,131,707	0.6
General Merchandise Stores	112,660,037	50,805,467	0.5
Miscellaneous Store Retailers	18,916,364	26,433,762	1.4
Foodservice & Drinking Places	85,668,645	240,118,661	2.8
Total	735,332,416	743,125,020	1.0

Sub-Categories of Motor Vehicle Parts & Dealers



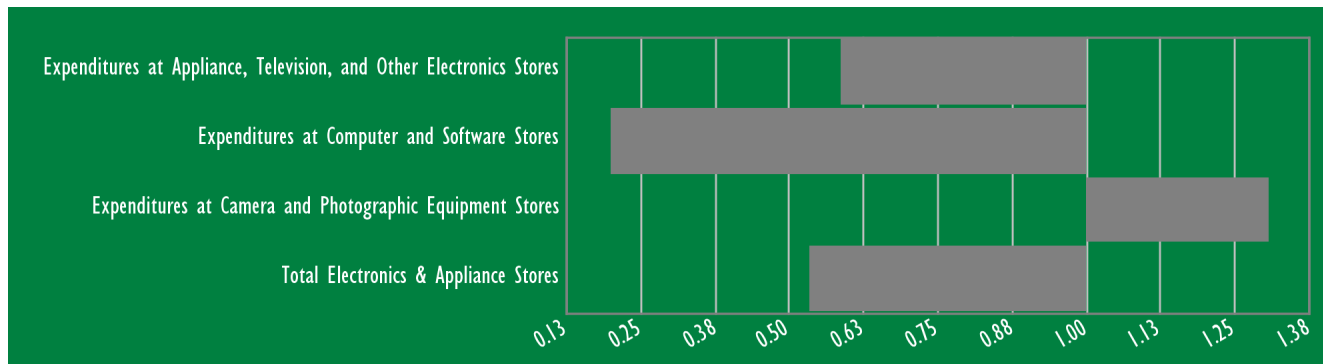
Store Type	Potential	Actual Sales	Leakage
Expenditures at Automotive Dealers	145,739,046	19,746,690	0.1
Expenditures at Other Motor Vehicle Dealers	9,723,555	15,853,973	1.6
Expenditures at Automotive Parts, Accessories, and Tire Stores	13,229,526	9,295,224	0.7
Total Motor Vehicle Parts & Dealers	168,692,128	44,895,887	0.3

Sub-Categories of Furniture & Home Furnishing Stores



Store Type	Potential	Actual Sales	Leakage
Expenditures at Furniture Stores	11,161,185	17,861,846	1.6
Expenditures at Home Furnishing Stores	8,157,375	8,334,314	1.0
Total Furniture & Home Furnishing Stores	19,318,561	26,196,160	1.4

Sub-Categories of Electronics & Appliance Stores



Store Type	Potential	Actual Sales	Leakage
Expenditures at Appliance, Television, and Other Electronics Stores	15,324,918	8,993,123	0.6
Expenditures at Computer and Software Stores	4,104,541	819,677	0.2
Expenditures at Camera and Photographic Equipment Stores	780,530	1,022,041	1.3
Total Electronics & Appliance Stores	20,209,988	10,834,841	0.5

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



Store Type	Potential	Actual Sales	Leakage
Expenditures at Home Centers	28,402,710	72,109,530	2.5
Expenditures at Paint and Wallpaper Stores	1,592,155	1,698,202	1.1
Expenditures at Hardware Stores	6,069,335	7,108,278	1.2
Expenditures at Other Building Materials Dealers	35,440,253	35,310,819	1.0
Expenditures at Outdoor Power Equipment Stores	1,009,017	747	0.0
Expenditures at Nursery and Garden Centers	5,770,343	27,030	0.0
Total Building Material & Garden Equipment & Supply Dealers	78,283,813	116,254,607	1.5

Sub-Categories of Food & Beverage Stores



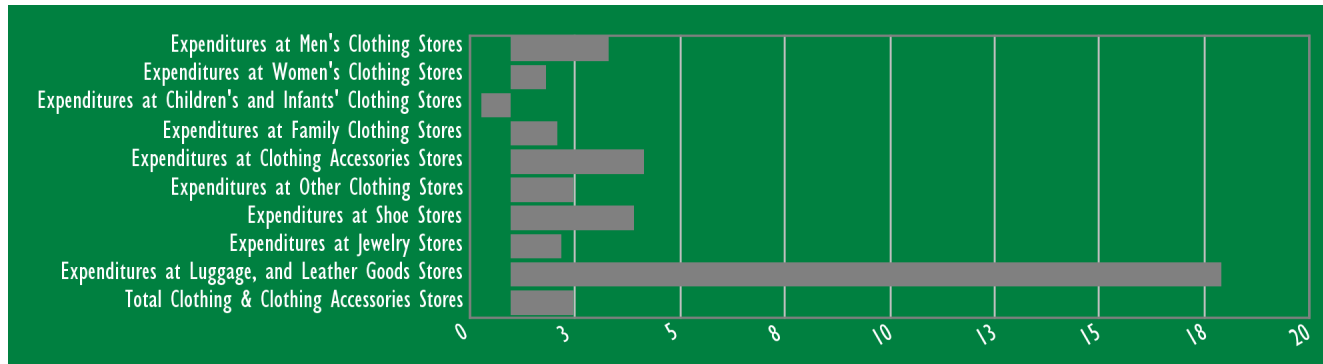
Store Type	Potential	Actual Sales	Leakage
Expenditures at Supermarkets and Other Grocery (except Convenience) Stores	103,840,055	51,957,638	0.5
Expenditures at Convenience Stores	5,022,145	6,228,138	1.2
Expenditures at Specialty Food Stores	3,607,068	1,457,445	0.4
Expenditures at Beer, Wine, and Liquor Stores	6,702,898	14,637,806	2.2
Total Food & Beverage Stores	119,172,165	74,281,027	0.6

Sub-Categories of Health & Personal Care Stores



Store Type	Potential	Actual Sales	Leakage
Expenditures at Pharmacies and Drug Stores	45,419,225	23,161,771	0.5
Expenditures at Cosmetics, Beauty Supplies and Perfume Stores	1,834,704	3,592,676	2.0
Expenditures at Optical Goods Stores	1,523,754	3,308,464	2.2
Expenditures at Other Health and Personal Care Stores	3,299,960	1,206,291	0.4
Total Health & Personal Care Stores	52,077,643	31,269,202	0.6

Sub-Categories of Clothing & Clothing Accessories Stores



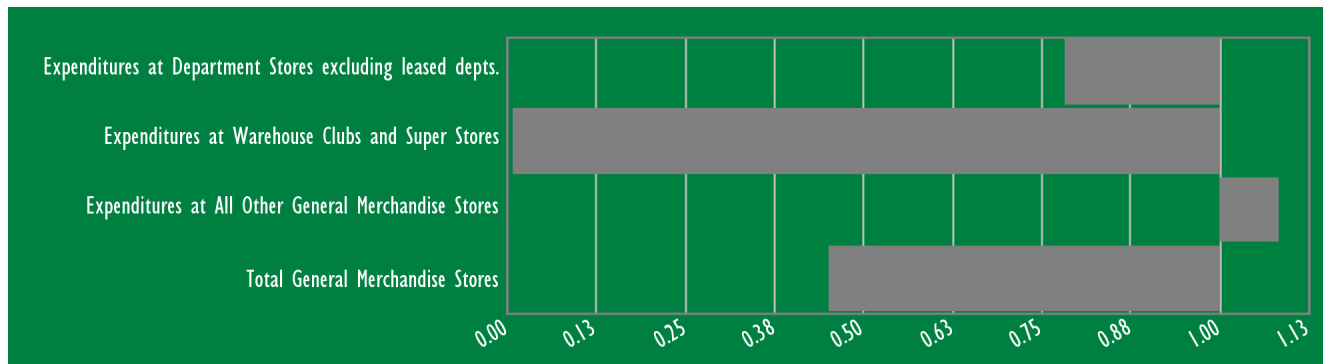
Store Type	Potential	Actual Sales	Leakage
Expenditures at Men's Clothing Stores	2,096,429	6,982,770	3.3
Expenditures at Women's Clothing Stores	8,576,610	15,777,302	1.8
Expenditures at Children's and Infants' Clothing Stores	2,261,643	679,960	0.3
Expenditures at Family Clothing Stores	17,885,417	37,491,835	2.1
Expenditures at Clothing Accessories Stores	695,765	2,910,723	4.2
Expenditures at Other Clothing Stores	2,142,231	5,351,441	2.5
Expenditures at Shoe Stores	6,660,223	26,323,455	4.0
Expenditures at Jewelry Stores	4,980,561	10,874,581	2.2
Expenditures at Luggage, and Leather Goods Stores	418,414	7,511,630	18.0
Total Clothing & Clothing Accessories Stores	45,717,293	113,903,697	2.5

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



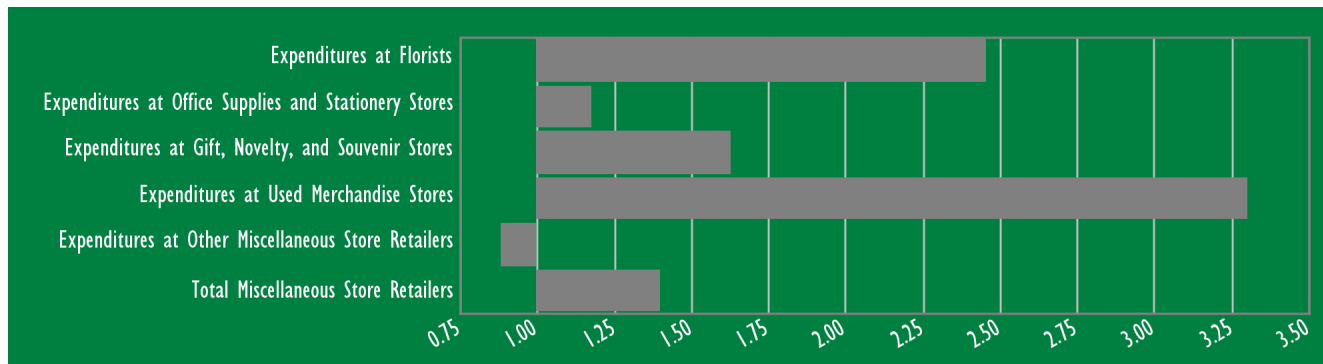
Store Type	Potential	Actual Sales	Leakage
Expenditures at Sporting Goods Stores	5,199,707	4,267,531	0.8
Expenditures at Hobby, Toys and Games Stores	3,303,013	1,121,717	0.3
Expenditures at Sew/Needlework/Piece Goods Stores	734,335	0	0.0
Expenditures at Musical Instrument and Supplies Stores	1,035,130	496,964	0.5
Expenditures at Book Stores and News Dealers	2,809,600	1,175,522	0.4
Expenditures at Prerecorded Tape, Compact Disc, and Record Stores	1,533,993	1,069,973	0.7
Total Sporting Goods, Hobby, Book, & Music Stores	14,615,779	8,131,707	0.6

Sub-Categories of General Merchandise Stores



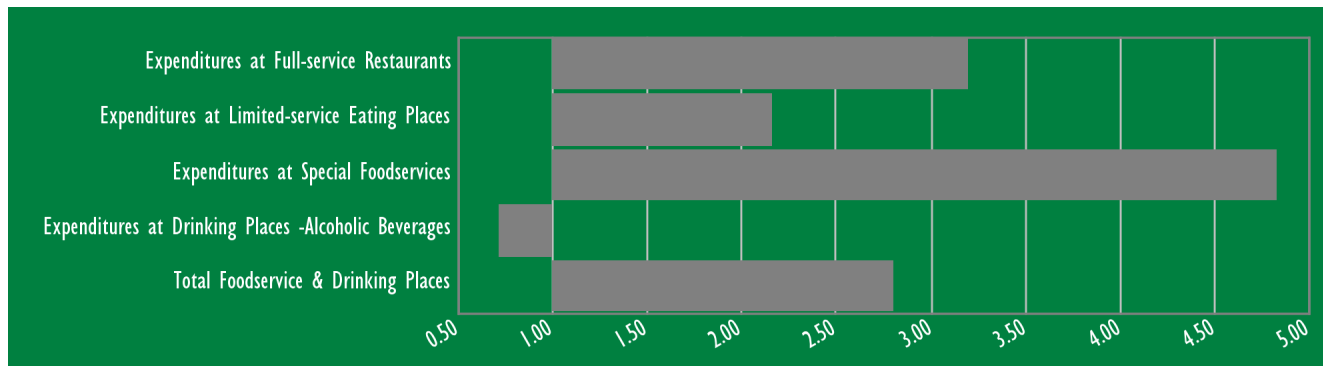
Store Type	Potential	Actual Sales	Leakage
Expenditures at Department Stores excluding leased depts.	53,786,160	42,110,857	0.8
Expenditures at Warehouse Clubs and Super Stores	51,261,937	445,730	0.0
Expenditures at All Other General Merchandise Stores	7,611,940	8,248,880	1.1
Total General Merchandise Stores	112,660,037	50,805,467	0.5

Sub-Categories of Miscellaneous Store Retailers



Store Type	Potential	Actual Sales	Leakage
Expenditures at Florists	1,457,270	3,577,840	2.5
Expenditures at Office Supplies and Stationery Stores	3,854,181	4,530,330	1.2
Expenditures at Gift, Novelty, and Souvenir Stores	2,923,894	4,763,686	1.6
Expenditures at Used Merchandise Stores	1,716,091	5,663,529	3.3
Expenditures at Other Miscellaneous Store Retailers	8,964,927	7,898,378	0.9
Total Miscellaneous Store Retailers	18,916,364	26,433,762	1.4

Sub-Categories of Foodservice & Drinking Places



Store Type	Potential	Actual Sales	Leakage
Expenditures at Full-service Restaurants	39,171,831	125,450,359	3.2
Expenditures at Limited-service Eating Places	35,612,818	76,868,537	2.2
Expenditures at Special Foodservices	7,281,025	35,194,433	4.8
Expenditures at Drinking Places -Alcoholic Beverages	3,602,972	2,605,332	0.7
Total Foodservice & Drinking Places	85,668,645	240,118,661	2.8

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.