

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.

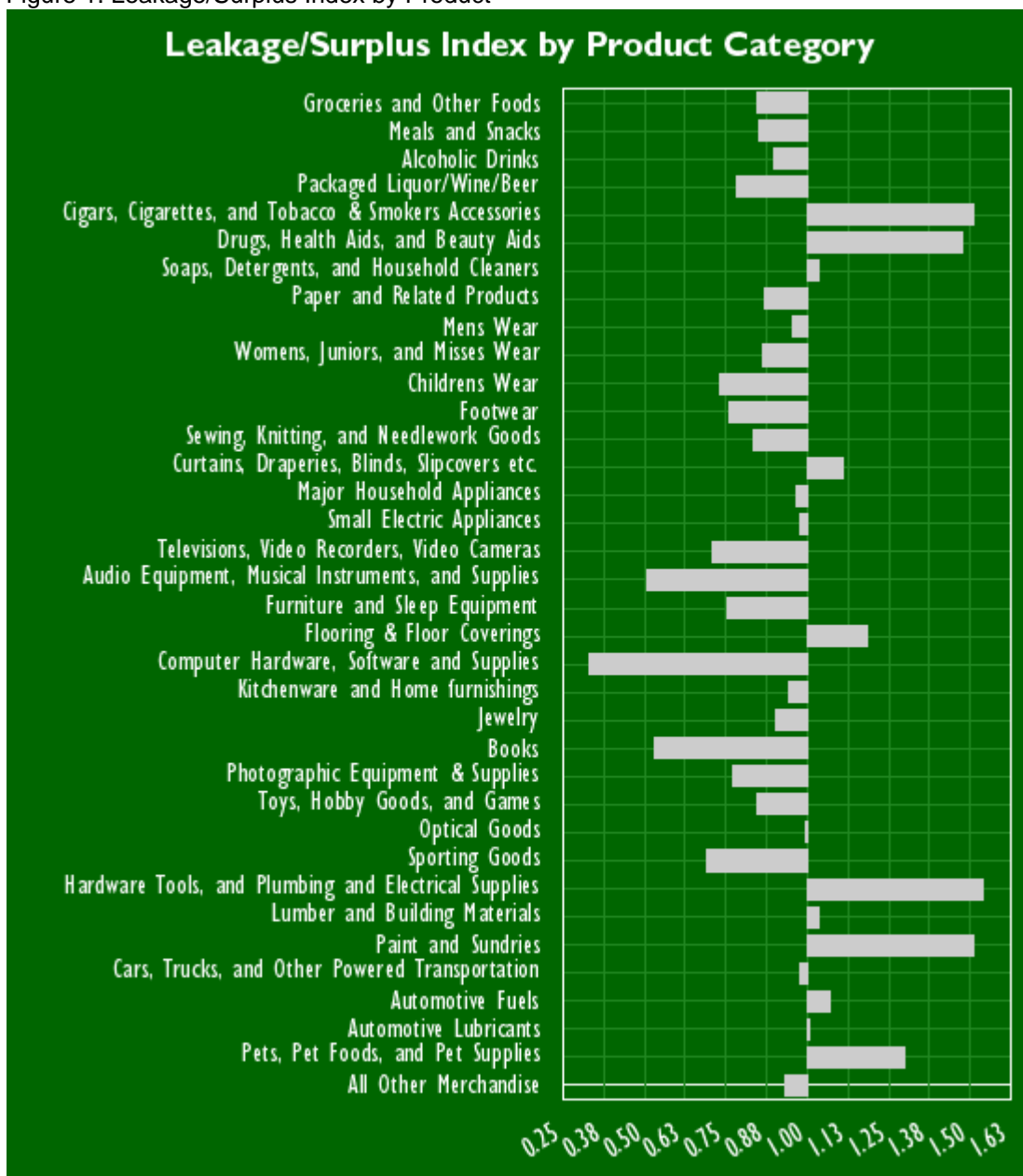
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Leakage/Surplus Index by Product

The Leakage/Surplus Index provides a relative comparison of the supply and demand across retail product categories. It is calculated by dividing actual sales by potential sales. An index greater than 1.0 means that the community is attracting retail sales (surplus) from outside the trade area. If the index is less than 1.0 it means that out-shopping is taking place and the community is not successfully drawing its own residents.

Leakage/Surplus Index (Figure 1) shows the strengths and weaknesses of a community's retail market by product.

Figure 1. Leakage/Surplus Index by Product



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The sales potential and the actual sales potential by product category and the resulting index are shown in Figure 2.

Figure 2. Sales Potential and Actual Sales by Product

Product Type	Potential	Actual Sales	Leakage/Surplus Index
Groceries and Other Foods	500,705,350	423,900,656	0.8
Meals and Snacks	326,189,058	278,004,850	0.9
Alcoholic Drinks	31,968,363	28,739,396	0.9
Packaged Liquor/Wine/Beer	56,741,943	44,404,445	0.8
Cigars, Cigarettes, and Tobacco & Smokers Accessories	34,966,234	52,784,928	1.5
Drugs, Health Aids, and Beauty Aids	183,112,225	270,451,510	1.5
Soaps, Detergents, and Household Cleaners	21,757,801	22,470,839	1.0
Paper and Related Products	23,187,412	20,135,938	0.9
Mens Wear	71,442,151	68,352,426	1.0
Womens, Juniors, and Misses Wear	134,221,294	116,032,831	0.9
Childrens Wear	43,182,663	31,633,342	0.7
Footwear	59,575,960	45,365,439	0.8
Sewing, Knitting, and Needlework Goods	6,141,204	5,106,794	0.8
Curtains, Draperies, Blinds, Slipcovers etc.	21,248,953	23,574,691	1.1
Major Household Appliances	23,507,328	22,762,879	1.0
Small Electric Appliances	10,100,535	9,901,601	1.0
Televisions, Video Recorders, Video Cameras	25,874,439	18,309,050	0.7
Audio Equipment, Musical Instruments, and Supplies	43,264,071	21,921,435	0.5
Furniture and Sleep Equipment	57,963,839	43,843,821	0.8
Flooring & Floor Coverings	23,391,363	27,702,197	1.2
Computer Hardware, Software and Supplies	76,928,027	25,512,672	0.3
Kitchenware and Home furnishings	42,979,207	40,621,410	0.9
Jewelry	39,508,166	35,727,406	0.9
Books	21,749,223	11,538,932	0.5
Photographic Equipment & Supplies	7,947,699	6,135,576	0.8
Toys, Hobby Goods, and Games	29,921,364	25,258,527	0.8
Optical Goods	7,437,456	7,377,905	1.0
Sporting Goods	44,491,779	30,707,536	0.7
Hardware Tools, and Plumbing and Electrical Supplies	179,732,429	276,911,701	1.5
Lumber and Building Materials	139,007,585	143,554,227	1.0
Paint and Sundries	22,321,525	33,720,705	1.5
Cars, Trucks, and Other Powered Transportation	496,246,716	483,937,930	1.0
Automotive Fuels	257,313,112	275,205,703	1.1
Automotive Lubricants	102,769,584	103,557,131	1.0
Pets, Pet Foods, and Pet Supplies	13,783,216	17,896,841	1.3
All Other Merchandise	98,378,790	91,863,660	0.9

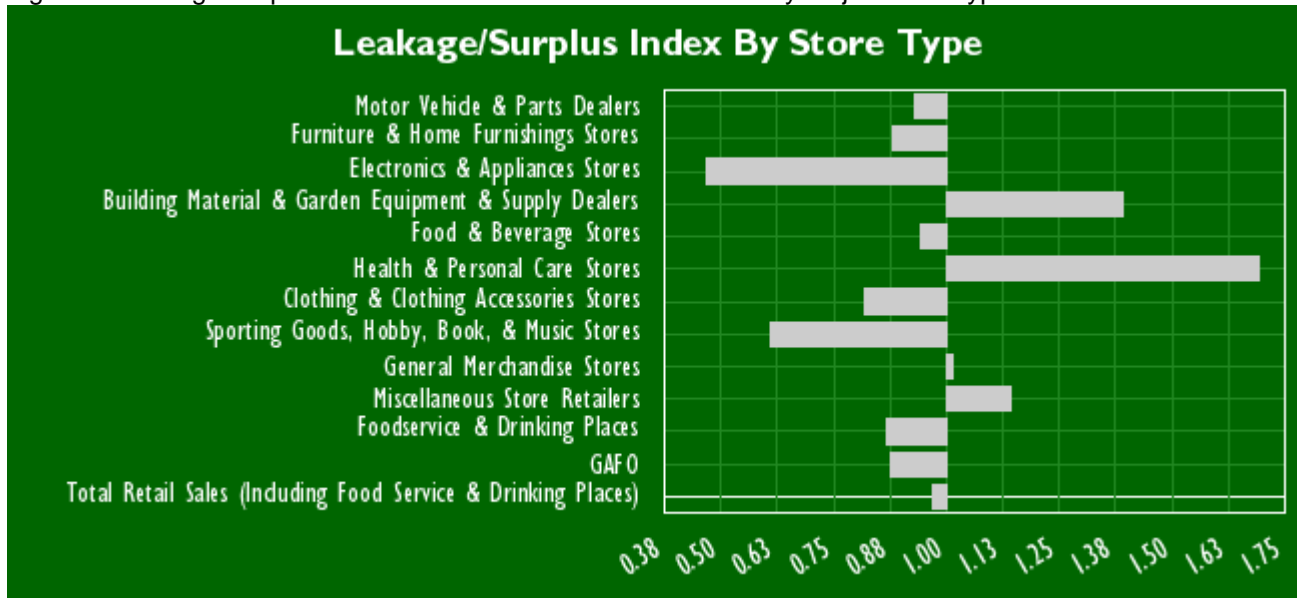
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Leakage/Surplus Index by Major Store Type

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

Figure 3. Leakage/Surplus Index and Actual and Potential Sales by Major Store Types



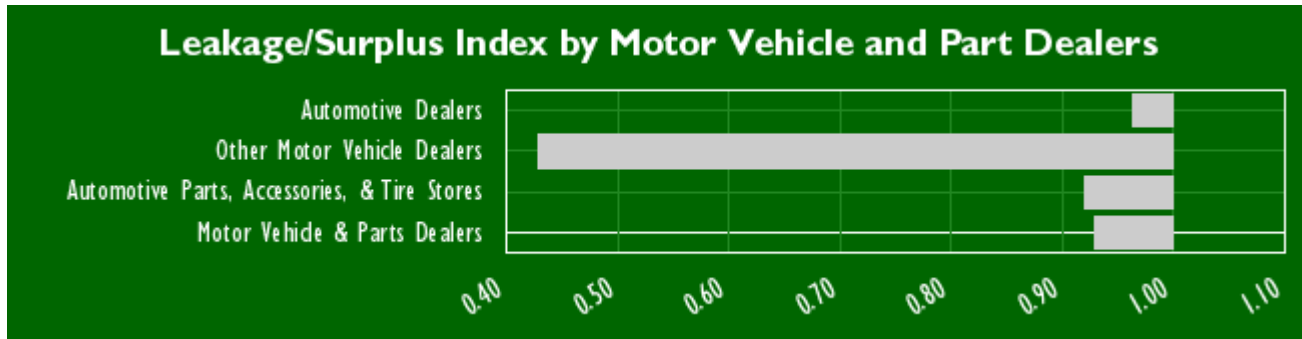
Store Type	Potential	Actual Sales	Leakage/Surplus Index
Motor Vehicle & Parts Dealers	623,299,157	578,906,294	0.93
Furniture & Home Furnishings Stores	85,359,201	75,274,051	0.88
Electronics & Appliances Stores	82,973,519	38,766,218	0.47
Building Material & Garden Equipment & Supply Dealers	320,613,901	445,253,536	1.39
Food & Beverage Stores	412,510,899	389,598,213	0.94
Health & Personal Care Stores	143,475,040	242,604,184	1.69
Clothing & Clothing Accessories Stores	175,936,598	144,304,935	0.82
Sporting Goods, Hobby, Book, & Music Stores	67,136,396	41,044,686	0.61
General Merchandise Stores	414,521,933	421,113,790	1.02
Miscellaneous Store Retailers	83,120,361	95,003,795	1.14
Foodservice & Drinking Places	331,542,994	286,932,453	0.87
GAFO	858,933,181	754,491,373	0.88
Total Retail Sales (Including Food Service & Drinking Places)	3,279,058,028	3,184,926,935	0.97

* GAFO refers to discount retailers that typically include the following departments: general merchandise; clothing and clothing accessories; furniture and home furnishings; electronics and appliances; sporting goods, hobby, books and music; and office supplies.

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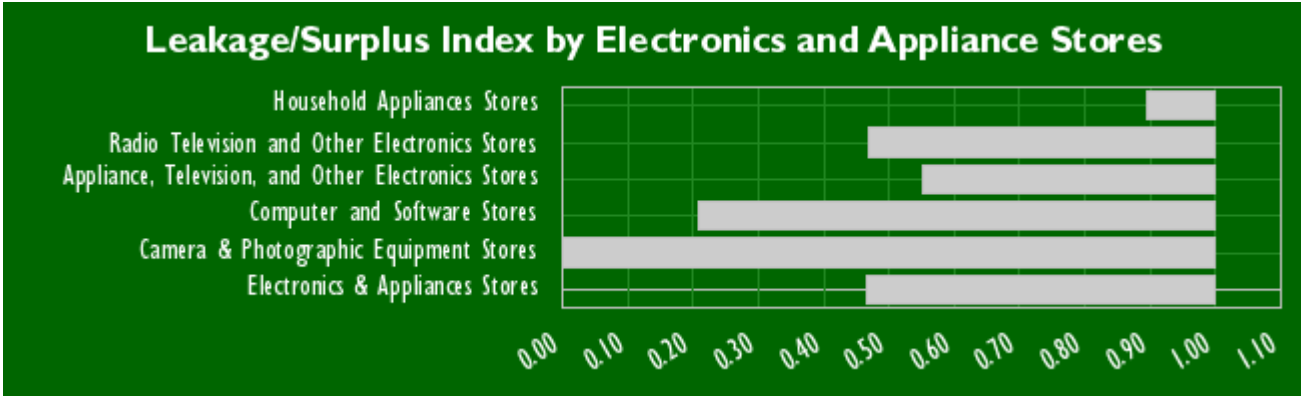
Leakage/Surplus Analysis by Sub-Categories of Major Retail Types

Additional leakage/surplus details are provided on subcategories of stores in each of the twelve major store types. These details can help further identify possible business expansion opportunities.



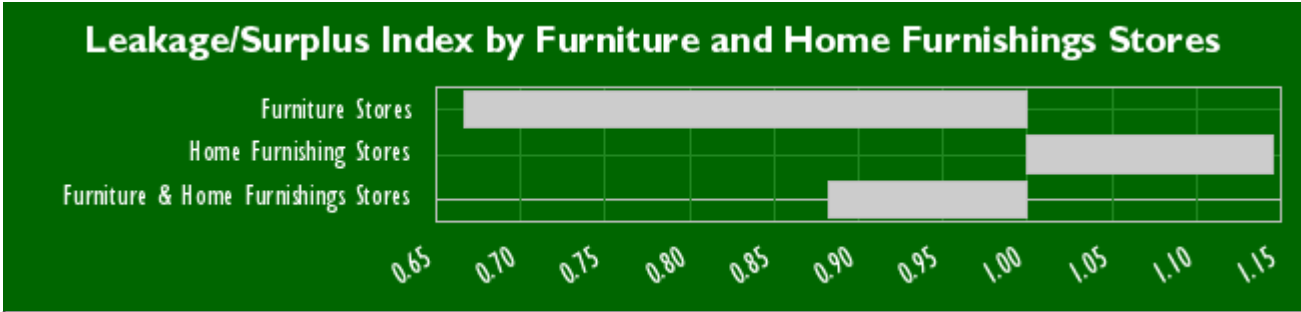
Motor Vehicle and Parts Dealers	Potential	Actual Sales	Leakage/Surplus Index
Automotive Dealers	537,518,672	518,014,589	0.96
Other Motor Vehicle Dealers	36,755,606	15,781,510	0.43
Automotive Parts, Accessories, & Tire Stores	49,024,879	45,110,195	0.92
Motor Vehicle & Parts Dealers	623,299,157	578,906,294	0.93

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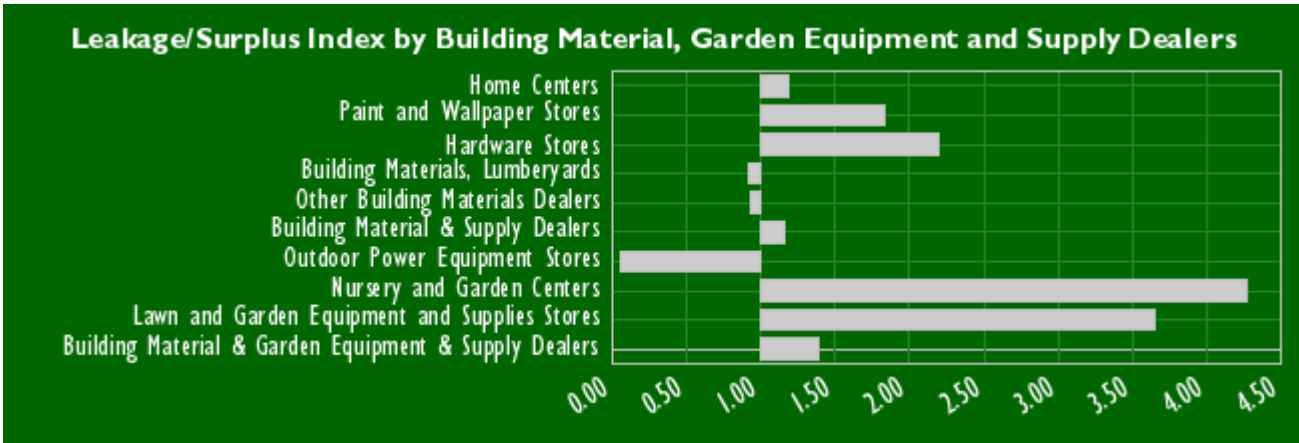
Electronics and Appliance Stores	Potential	Actual Sales	Leakage/Surplus Index
Household Appliances Stores	12,864,860	11,501,853	0.89
Radio Television and Other Electronics Stores	51,249,675	23,954,362	0.47
Appliance, Television, and Other Electronics Stores	64,114,535	35,456,215	0.55
Computer and Software Stores	15,774,453	3,310,002	0.21
Camera & Photographic Equipment Stores	3,084,531	0	0.00
Electronics & Appliances Stores	82,973,519	38,766,218	0.47

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Furniture and Home Furnishings Stores	Potential	Actual Sales	Leakage/Surplus Index
Furniture Stores	46,950,347	31,303,526	0.67
Home Furnishing Stores	38,408,855	43,970,525	1.14
Furniture & Home Furnishings Stores	85,359,201	75,274,051	0.88

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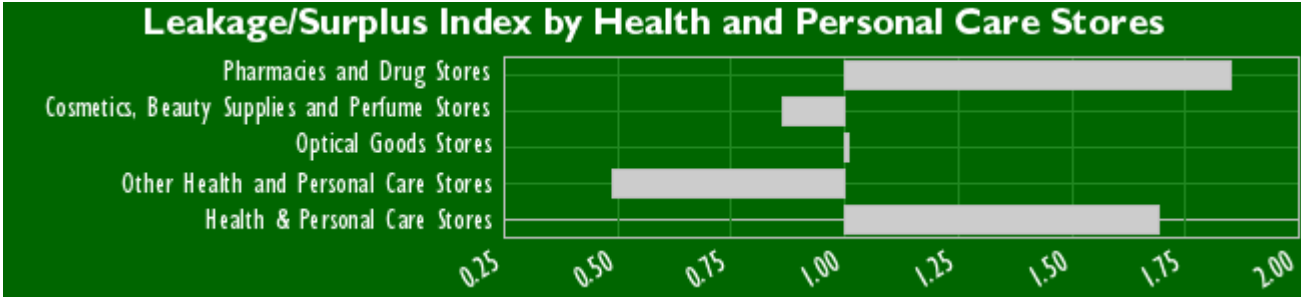
Building Material, Garden Equipment and Supply Dealers	Potential	Actual Sales	Leakage/Surplus Index
Home Centers	111,780,175	132,874,757	1.19
Paint and Wallpaper Stores	7,708,451	14,076,991	1.83
Hardware Stores	24,362,956	53,599,597	2.20
Building Materials, Lumberyards	50,584,726	46,422,864	0.92
Other Building Materials Dealers	147,065,370	136,132,976	0.93
Building Material & Supply Dealers	290,916,952	336,684,321	1.16
Outdoor Power Equipment Stores	4,371,432	235,879	0.05
Nursery and Garden Centers	25,325,517	108,333,336	4.28
Lawn and Garden Equipment and Supplies Stores	29,696,949	108,569,214	3.66
Building Material & Garden Equipment & Supply Dealers	320,613,901	445,253,536	1.39

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Food and Beverage Stores	Potential	Actual Sales	Leakage/Surplus Index
Supermarkets and Other Grocery (except Convenience) Stores	356,899,055	327,815,677	0.92
Convenience Stores	17,229,171	20,700,471	1.20
Grocery Stores	374,128,226	348,516,148	0.93
Specialty Food Stores	13,388,753	25,632,522	1.91
Beer, Wine, & Liquor Stores	24,993,920	15,449,544	0.62
Food & Beverage Stores	412,510,899	389,598,213	0.94

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Health and Personal Care Stores	Potential	Actual Sales	Leakage/Surplus Index
Pharmacies and Drug Stores	122,913,070	227,422,392	1.85
Cosmetics, Beauty Supplies and Perfume Stores	5,004,534	4,317,476	0.86
Optical Goods Stores	6,269,585	6,333,424	1.01
Other Health and Personal Care Stores	9,287,851	4,530,892	0.49
Health & Personal Care Stores	143,475,040	242,604,184	1.69

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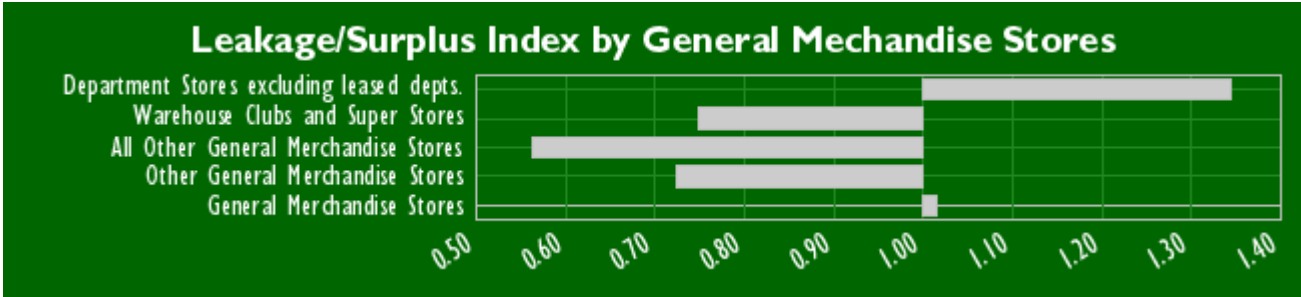
Clothing and Clothing Accessories Stores	Potential	Actual Sales	Leakage/Surplus Index
Mens Clothing Stores	7,784,678	9,256,821	1.19
Womens Clothing Stores	32,070,141	24,993,225	0.78
Childrens and Infants Clothing Stores	8,401,963	2,932,763	0.35
Family Clothing Stores	66,541,370	50,434,749	0.76
Clothing Accessories Stores	2,832,374	4,960,229	1.75
Other Clothing Stores	8,356,341	10,535,532	1.26
Clothing Stores	125,986,867	103,113,319	0.82
Shoe Stores	26,483,418	20,958,898	0.79
Jewelry Stores	21,650,247	19,826,432	0.92
Luggage, & Leather Goods Stores	1,816,067	406,286	0.22
Jewelry, Luggage, & Leather Goods Stores	23,466,314	20,232,718	0.86
Clothing & Clothing Accessories Stores	175,936,598	144,304,935	0.82

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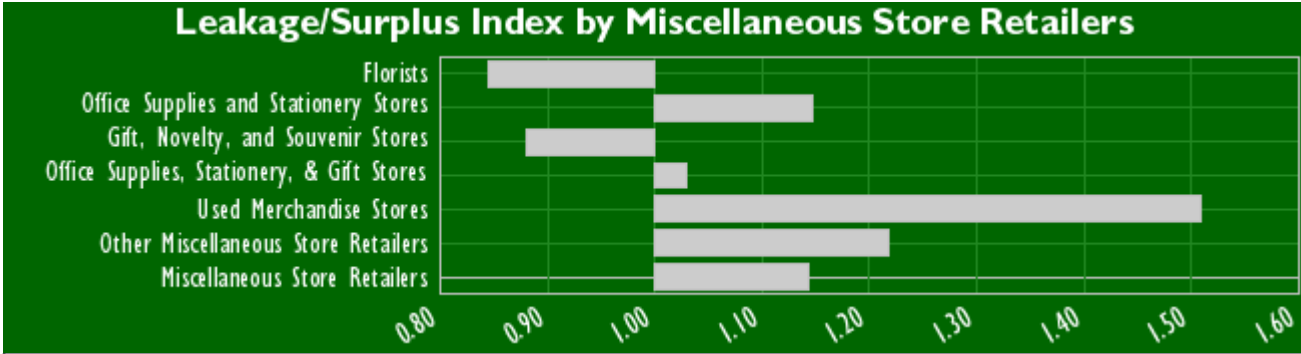
Sporting Goods, Hobby, Book and Music Stores	Potential	Actual Sales	Leakage/Surplus Index
Sporting Goods Stores	23,205,859	13,823,264	0.60
Hobby, Toys and Games Stores	14,436,727	10,669,164	0.74
Sew/Needlework/Piece Goods Stores	3,684,647	3,040,909	0.83
Musical Instrument and Supplies Stores	4,944,633	924,292	0.19
Sporting Goods, Hobby, & Musical Instrument Stores	46,271,866	28,457,629	0.62
Book Stores	12,796,968	5,679,050	0.44
News Dealers and Newsstands	634,567	259,438	0.41
Book Stores and News Dealers	13,431,535	5,938,488	0.44
Prerecorded Tape, Compact Disc, and Record Stores	7,432,995	6,648,569	0.89
Book, Periodical, & Music Stores	20,864,530	12,587,057	0.60
Sporting Goods, Hobby, Book, & Music Stores	67,136,396	41,044,686	0.61

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General Merchandise Stores	Potential	Actual Sales	Leakage/Surplus Index
Department Stores excluding leased depts.	195,265,561	262,369,330	1.34
Warehouse Clubs and Super Stores	189,129,905	141,763,269	0.75
All Other General Merchandise Stores	30,126,468	16,981,191	0.56
Other General Merchandise Stores	219,256,372	158,744,460	0.72
General Merchandise Stores	414,521,933	421,113,790	1.02

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Miscellaneous Store Retailers	Potential	Actual Sales	Leakage/Surplus Index
Florists	5,978,098	5,051,470	0.85
Office Supplies and Stationery Stores	18,500,493	21,219,861	1.15
Gift, Novelty, and Souvenir Stores	14,505,040	12,767,833	0.88
Office Supplies, Stationery, & Gift Stores	33,005,532	33,987,693	1.03
Used Merchandise Stores	7,730,506	11,663,734	1.51
Other Miscellaneous Store Retailers	36,406,224	44,300,898	1.22
Miscellaneous Store Retailers	83,120,361	95,003,795	1.14

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Foodservice and Drinking Places	Potential	Actual Sales	Leakage/Surplus Index
Full-service Restaurants	149,851,935	174,604,149	1.17
Limited-service Eating Places	141,635,311	101,997,771	0.72
Special Foodservices	27,090,237	7,205,944	0.27
Drinking Places -Alcoholic Beverages	12,965,511	3,124,589	0.24
Foodservice & Drinking Places	331,542,994	286,932,453	0.87

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Sources and Methodology

Household demand estimates are derived by combining data from the Consumer Expenditures Survey by the Bureau of Labor Statistics with current household demographic estimates from Claritas. The demand estimates only account for household expenditures. Demand is defined as the estimated dollar amount spent by a household that resides in the area of analysis for a specified retail store type or merchandise line item.

Supply estimates are generated from the Census of Retail Trade, a component of the Economic Census. County-level sales tax data is allocated to low levels of geography using business sales estimates, business locations, and employee counts provided by Claritas' Business Facts® database. Supply includes all products sold at retail outlets in a specified area for a one-year period. Supply is defined as the estimated total retail sales for a retail store type or merchandise line item.

Source: Retail Market Power™ (Claritas).