



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 estimated 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.

Interpreting Leakage Index

1.0 = equilibrium, meaning that demand and sales in the area being analyzed are in balance.

.80 = demand exceeds sales by 20%, meaning that consumers are leaving the area being analyzed.

1.2 = sales exceed demand by 20%, meaning that consumers are coming from outside the area being analyzed.

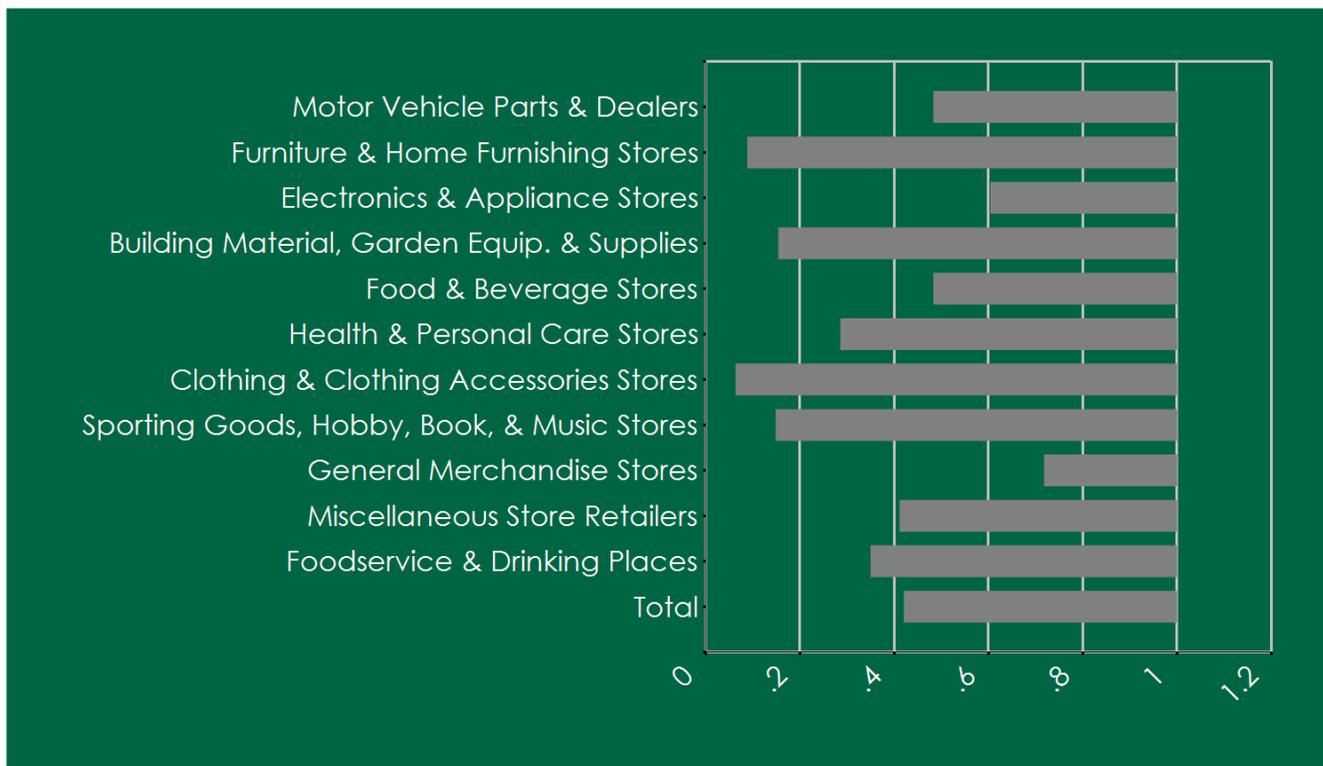
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Leakage/Surplus Index by Major Store Type

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

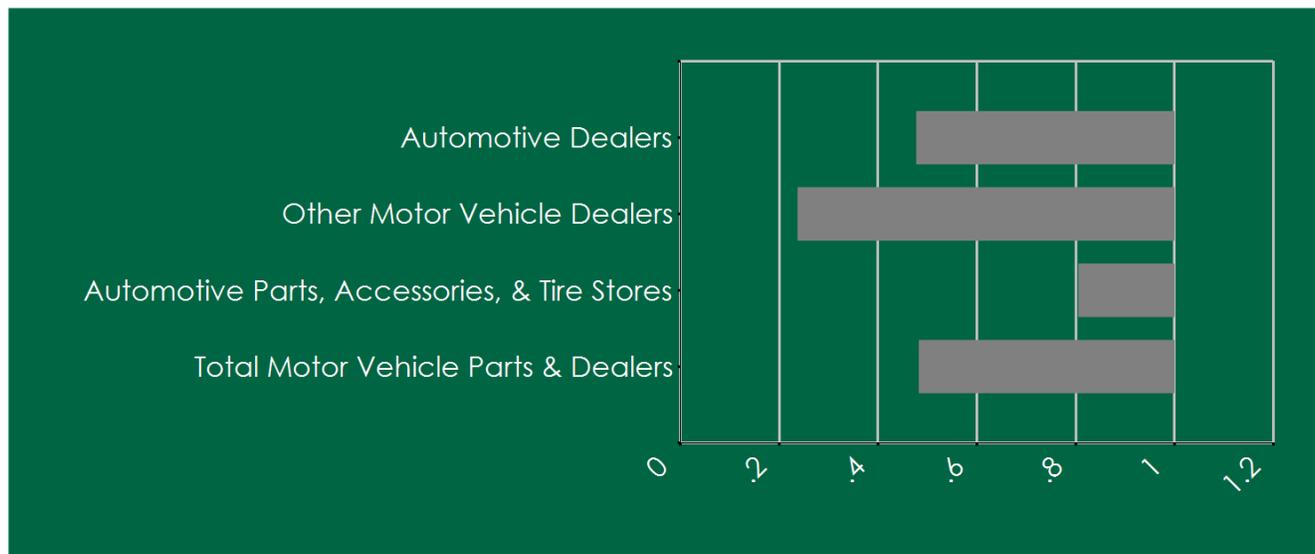
Figure 1. Leakage/Surplus Index and Estimated and Potential Sales by Major Store Types



Store Type	Potential	Estimated Sales	Surplus/Leakage
Motor Vehicle Parts & Dealers	52,890,121	25,516,105	0.5
Furniture & Home Furnishing Stores	5,241,136	461,261	0.1
Electronics & Appliance Stores	4,591,913	2,771,880	0.6
Building Material, Garden Equip. & Supplies	16,523,168	2,539,961	0.2
Food & Beverage Stores	28,558,173	13,785,189	0.5
Health & Personal Care Stores	14,178,115	4,045,947	0.3
Clothing & Clothing Accessories Stores	8,261,474	520,144	0.1
Sporting Goods, Hobby, Book, & Music Stores	3,386,701	501,805	0.1
General Merchandise Stores	27,672,371	19,856,095	0.7
Miscellaneous Store Retailers	5,438,669	2,234,705	0.4
Foodservice & Drinking Places	30,635,052	10,701,436	0.3
Total	197,376,892	82,934,529	0.4

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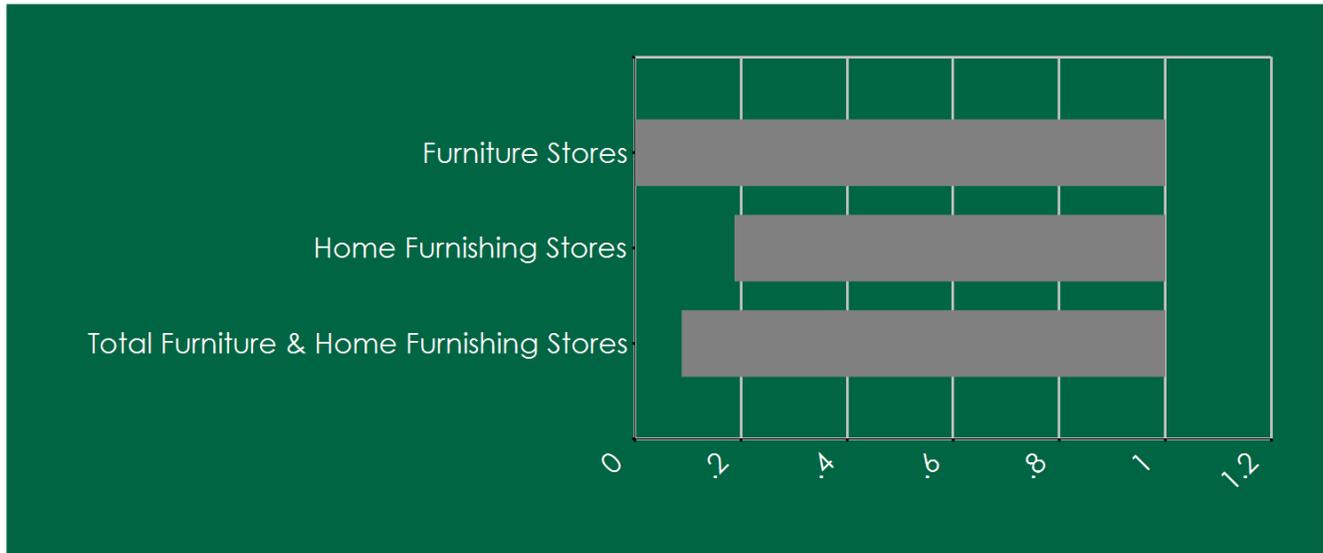
Sub-Categories of Motor Vehicle Parts & Dealers



Store Type	Potential	Estimated Sales	Surplus/Leakage
Automotive Dealers	45,727,797	21,822,137	0.5
Other Motor Vehicle Dealers	3,648,270	864,364	0.2
Automotive Parts, Accessories, & Tire Stores	3,514,054	2,829,605	0.8
Total Motor Vehicle Parts & Dealers	52,890,121	25,516,105	0.5

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Sub-Categories of Furniture & Home Furnishing Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Furniture Stores	2,805,087	4,391	0.0
Home Furnishing Stores	2,436,049	456,871	0.2
Total Furniture & Home Furnishing Stores	5,241,136	461,261	0.1

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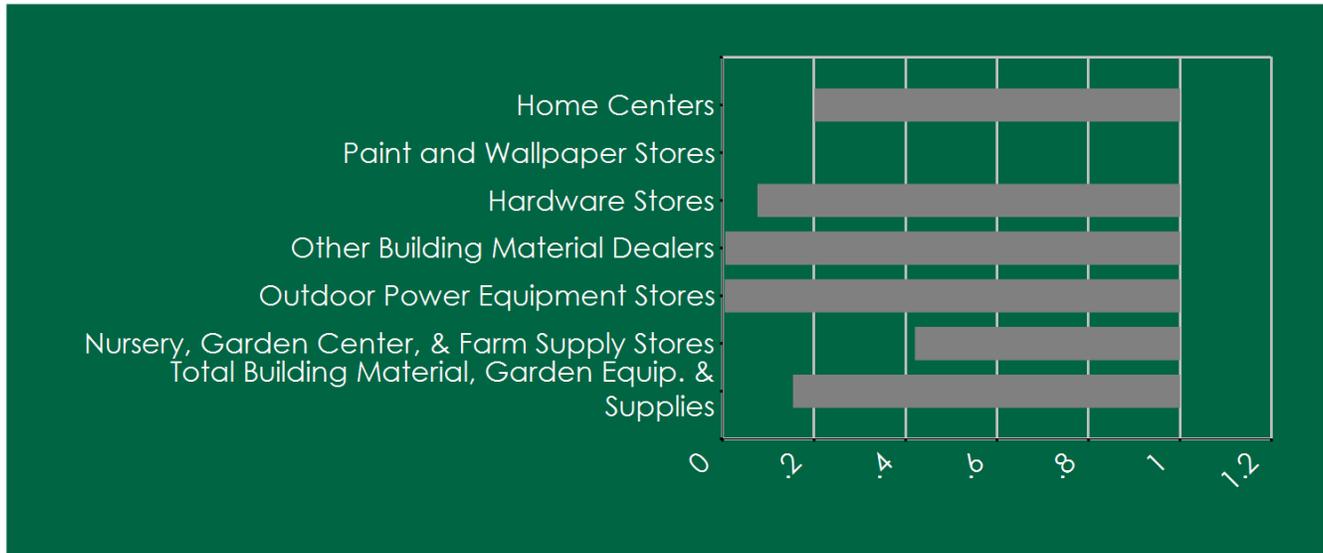
Sub-Categories of Electronics & Appliance Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Household appliance stores	711,444	3,448	0.0
Electronics Stores	3,880,469	2,768,432	0.7
Total Electronics & Appliance Stores	4,591,913	2,771,880	0.6

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Sub-Categories of Building Material, Garden Equip. & Supplies



Store Type	Potential	Estimated Sales	Surplus/Leakage
Home Centers	8,000,460	1,606,550	0.2
Paint and Wallpaper Stores	485,596	0	0.0
Hardware Stores	1,178,251	89,779	0.1
Other Building Material Dealers	4,561,892	25,789	0.0
Outdoor Power Equipment Stores	355,793	1,618	0.0
Nursery, Garden Center, & Farm Supply Stores	1,941,175	816,225	0.4
Total Building Material, Garden Equip. & Supplies	16,523,168	2,539,961	0.2

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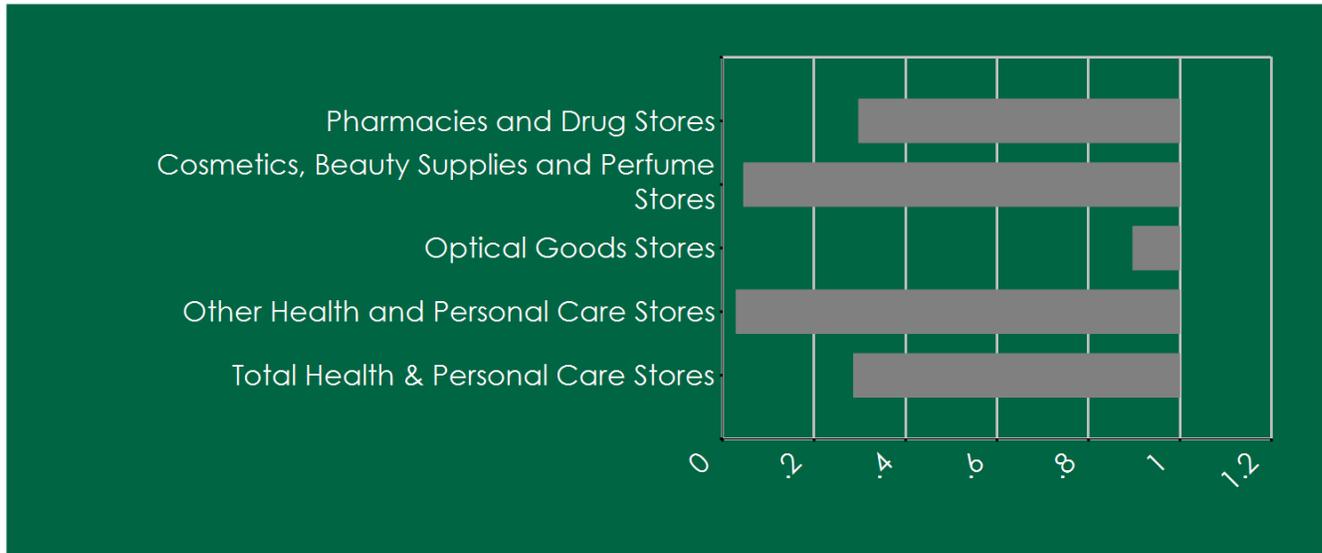
Sub-Categories of Food & Beverage Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Supermarkets and Other Grocery (except Convenience) Stores	24,780,244	13,728,642	0.6
Convenience Stores	1,163,031	48,980	0.0
Specialty Food Stores	951,032	6,430	0.0
Beer, Wine, & Liquor Stores	1,663,868	1,137	0.0
Total Food & Beverage Stores	28,558,173	13,785,189	0.5

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Sub-Categories of Health & Personal Care Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Pharmacies and Drug Stores	11,656,359	3,457,197	0.3
Cosmetics, Beauty Supplies and Perfume Stores	925,338	41,578	0.0
Optical Goods Stores	578,417	518,260	0.9
Other Health and Personal Care Stores	1,018,001	28,912	0.0
Total Health & Personal Care Stores	14,178,115	4,045,947	0.3

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Sub-Categories of Clothing & Clothing Accessories Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Mens Clothing Stores	236,562	67	0.0
Womens Clothing Stores	1,265,879	12,829	0.0
Childrens and Infants Clothing Stores	361,857	437	0.0
Family Clothing Stores	3,251,012	493,712	0.2
Clothing Accessories Stores	333,369	249	0.0
Other Clothing Stores	462,934	81	0.0
Shoe Stores	1,203,591	12,366	0.0
Jewelry Stores	1,025,154	404	0.0
Luggage & Leather Goods Stores	121,115	0	0.0
Total Clothing & Clothing Accessories Stores	8,261,474	520,144	0.1

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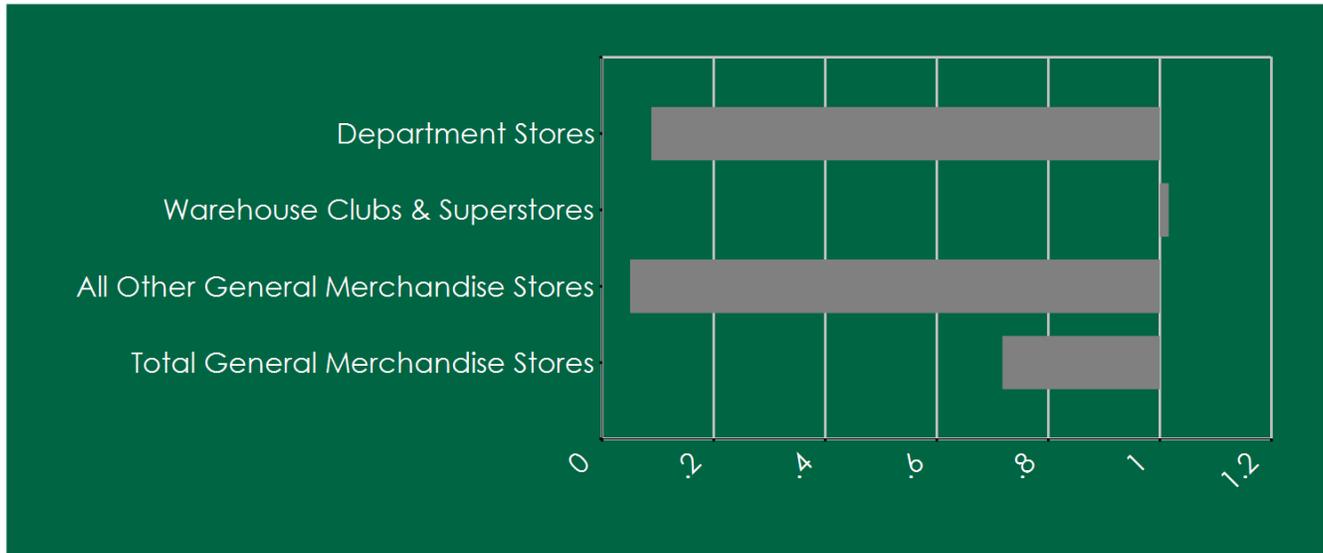
Sub-Categories of Sporting Goods, Hobby, Book, & Music Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Sporting Goods Stores	1,691,080	499,787	0.3
Hobby, Toy, and Game Stores	777,083	370	0.0
Sewing, Needlework, and Piece Goods Stores	100,275	1,538	0.0
Musical Instrument and Supplies Stores	202,890	0	0.0
Book Stores	476,621	110	0.0
News Dealers and Newsstands	138,752	0	0.0
Total Sporting Goods, Hobby, Book, & Music Stores	3,386,701	501,805	0.1

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Sub-Categories of General Merchandise Stores



Store Type	Potential	Estimated Sales	Surplus/Leakage
Department Stores	5,705,079	501,555	0.1
Warehouse Clubs & Superstores	18,903,018	19,201,480	1.0
All Other General Merchandise Stores	3,064,274	153,060	0.0
Total General Merchandise Stores	27,672,371	19,856,095	0.7

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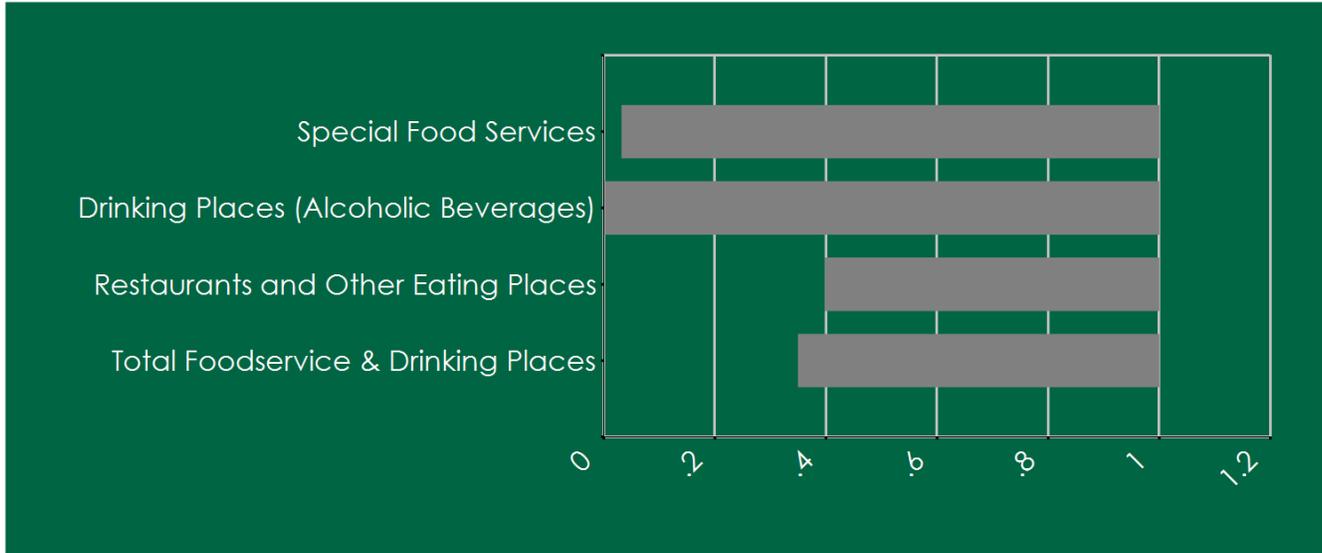
Sub-Categories of Miscellaneous Store Retailers



Store Type	Potential	Estimated Sales	Surplus/Leakage
Florists	293,401	92,993	0.3
Office Supplies and Stationery Stores	572,672	84	0.0
Gift, Novelty, and Souvenir Stores	660,840	180,824	0.3
Used Merchandise Stores	818,865	38,559	0.0
Other Miscellaneous Store Retailers	3,092,892	1,922,245	0.6
Total Miscellaneous Store Retailers	5,438,669	2,234,705	0.4

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Sub-Categories of Foodservice & Drinking Places



Store Type	Potential	Estimated Sales	Surplus/Leakage
Special Food Services	2,871,682	90,743	0.0
Drinking Places (Alcoholic Beverages)	1,095,558	1,609	0.0
Restaurants and Other Eating Places	26,667,813	10,609,084	0.4
Total Foodservice & Drinking Places	30,635,052	10,701,436	0.3

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Sources and Methodology

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

- Current Year CAPE (Census Area Projections & Estimates) 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 CAPE (Census Area Projections & Estimates) 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 CAPE 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.