

RETAIL MARKET POWER®

WITH RESTATEMENT RELEASE NOTES

DATA VINTAGE

2021 Estimates
2026 Projections

VARIABLES

446 Current Year
150 Five Year

UPDATE FREQUENCY

Annually*

* to reflect the full year effects of COVID-19, CY numbers are restated July 2021

To view the complete list of variables please visit:
environicsanalytics.com/en-us/variables

WHAT IT IS

Retail Market Power can help retailers and real estate analyst understand the supply and demand characteristics of any area. Using supply estimates derived from retail sales data and demand estimated derived from consumer expenditures, the database presents a net gap between supply and demand to assess opportunities in your current or potential new trade areas. Developed using the Census of Retail Trade from the U.S. Census Bureau and the Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics, the database offers current-year supply and demand estimates, as well as five-year demand projections, for all standard census, postal, marketing geographies or custom trade areas such as radii or drive times.

Retail Market Power (RMP) presents sales estimates and consumer expenditures by more than 100 retail store types including department stores, warehouse clubs, supercenters and restaurants. In addition, there are estimates for more than 30 merchandise line items such as women's wear, sporting goods and appliances.

Retailers and real estate analysts use RMP to understand the difference between supply and demand in existing and potential new trade areas. In areas where demand exceeds supply, an opportunity gap exists that can attract new retail operations or inform what changes need to be made to a store's product mix to increase market share. In areas where supply exceeds demand, a surplus exists, which can signal that new marketing strategies may be needed to attract new customers, or that the area is attractive to niche retailers, or it may prompt a store network re-alignment.

The Retail Market Power tool in ENVISION offers a report that include additional RMP metrics to help users understand the demand growth in retail store types and merchandise line items from the current-year to five-years from now. The report also presents the compound annual growth rate (CAGR), for each variable. ENVISION users can also visualize all these data through the mapping tools.

RESTATEMENT UPDATE

For July 2021, Retail Market Power (RMP) includes a restatement of current year (CY) variables as a supplement to the current RMP dataset. The RMP (CY) data was modelled based on data inputs from the first half of 2020. To account for the unpredictable social, political, and behavioural changes stemming from the COVID-19 pandemic, the July restatement adds the second half of 2020 data as an input to refine our estimates and controls when modelling the RMP (CY) data. These were some of the adjustments reflected nationally in the restatement:

Adjusted Down: “Automotive fuel”, “Outside meals, snacks and catering”, “Alcoholic beverages served for immediate consumption”

Adjusted Up: “Office supplies and stationary stores”, “Sporting goods stores”, “Recreational vehicles, parts and accessories”, “Lawn and garden equipment and supplies stores”

These adjustments may vary region by region down to the block group level. It is also important to note that the RMP (CY) restatement does not replace the current RMP (CY) estimates. The restatement is offered concurrently in ENVISION to be used to validate and compare your analysis or models so that you can fine-tune your strategies accordingly.

MAJOR CHANGES

The 2021 edition of Retail Market Power includes several notable improvements and changes from 2020 edition:

- Census changes:
 - Starting this year, the 2017 Economic Census is being used for 2021 Retail Market Power. Previously, the 2012 Economic Census was used for RMP 2020.
 - The 2017 Economic Census reports also reports on more NAICs than 2012.
- Variable changes
 - The 2017 Economic Census no longer provides NAICs granularity for certain retail store types such as bagel, coffee, cookie, doughnut, and ice cream shops. However, the parent retail store type “Snack and nonalcoholic beverage bars (NAICS 722515)” is still available.
 - Three new merchandise line items have been added, “Dimensional Lumber & Other Building/Structural Materials & Supplies”, “Lawn, Garden, & Farm Equipment & Supplies”, “Paint & Sundries”.

VARIABLE CATEGORIES AND COUNTS

Store-type and merchandise line item demand variables and are available for both current-year estimates and five-year projections. Supply by store type and supply by merchandise line item, opportunity gap and surplus variables are available as current-year estimates only.

HOW IT WAS BUILT

KEY DATA SOURCES

Supply-side estimates for retail stores are collected from the 2017 Census of Retail Trade (CRT), which is a component of the economic census administered by the U.S. Census Bureau. The CRT is conducted every five years.

RMP focuses on Retail Trade NAICS codes 44 and 45, as well as the Food Services industry NAICS code 722. Once national and county level CRT tables are retrieved from the U.S. Census Bureau, all establishments are coded using 2017 North American Industrial Classification System (NAICS) codes.

Additional data sources include the Monthly Retail Trade and Food Services (MRTS) Report from U.S. Census Bureau, the Quarterly Census of Employment and Wages (QCEW) from the U.S. Bureau of Labor Statistics, available sales tax data from states and counties along with our 2020 Businesses Q1 database.

The demand-side current-year estimates and five-year projections for retail store types and merchandise line items are based on our 2021 Consumer Buying Power (CBP) database. CBP is based on the Consumer Expenditure Survey (CEX) conducted by the U.S. Bureau of Labor Statistics. The [CBP Release Notes](#) provide additional information on its methodology and is available online.

MODELING FRAMEWORK

For supply-side estimates, the state and county level CRT tables (NAICS 44, 45 and 722) for 2017 are used as the primary data input. The CRT suppresses certain data cells (NAICS codes by geography) where there are a small number of businesses associated with a NAICS code to prevent easily identifiable data such as the sales volume of a single warehouse club. Due to the CRT's suppression methodology, it is necessary to run a robust imputation process on the raw data, otherwise sales volume amounts will be biased and over represented to reported CRT NAICS codes by geography. Any suppressed cells from the CRT are imputed using an optimization procedure leveraging information available from the geography and NAICS hierarchy. Employee counts are imputed first and then used to inform sales volume imputations. The imputed 2017 CRT data provides the best foundation for creating the current-year supply-side estimates reported in RMP.

The national-level MRTS and the state and county-level QCEW and sales tax data provide more recent data than CRT and are used to project the sales values from 2017 to 2021. These data are used to create the growth rates that are applied to major NAICS codes (typically three-digit codes) for years 2017 to 2021. More specific NAICS codes (usually four to six-digit codes) are scaled to the corresponding parent NAICS code using iterative proportional fitting. Starting with the 2019 update, a mixed metric (combination of the sales tax volumes with variables from the QCEW) approach informed by the MRTS national growth rate was used to reduce growth rate anomalies for county values.

The demand side uses current-year expenditures and five-year projections from CBP. A rescale factor is applied to equate demand to supply at the national level, which accounts for consumer-level expenditures, tourist expenditures and business-to-business expenditures, or total market demand. Service estimates and projections not purchased through NAICS 44, 45 or 722 establishments, such as repairs for example, are excluded from RMP.

SMALL AREA ESTIMATES

Block group estimates are created in part using data from our 2020 Businesses Q1 database, which contains the records of U.S. businesses, their addresses and sales volumes. A mixed metric of sales volume and employee size was computed by block group and county. The shares of these metrics are rolled out against the county supply estimates described before and an iterative proportional fitting function is implemented to make the data conform to the NAICS hierarchy and county controls. If a collection of block groups in a county did not report a value for a specific

NAICS code despite the county estimates having a value, a similar five or six digit code may be used at the block group level.

NATIONAL CONTROL TOTALS

The 2017 CRT and the MRTS are the authoritative data sources for trade in the U.S. Once the 2021 supply side estimates are created from these sources, demand-side estimates are scaled to the 2021 supply-side estimates to represent an equilibrium between supply and demand at the national level. Other sources of government and industry reports are consulted for growth rates but do not inform the control totals.

FIVE-YEAR PROJECTIONS

Five-year projections of RMP data are available on the demand side and sourced from CBP. Data are projected into 2026 using trends of income shares for merchandise line items and applied to a matrix assigning merchandise line items to retail store types. The 2026 income data are obtained from the Claritas Pop-Facts® database.

HOW IT'S USED



To rank areas targeted for retail expansion based on total demand, total supply or opportunity gaps.



To look for new sales opportunities by comparing the total supply of goods in a market to the total demand of goods in the same market.



To understand the impact of competitors and calculate market share in any market based on supply estimates.

SAMPLE QUESTIONS IT CAN ANSWER

- Is this a good location for my store based on the gap between supply and demand?
- How much will demand grow in the next five years for my store type?
- What is our market share based on the supply estimates for our store type?
- Are customers buying locally or traveling outside the area to make purchases?
- Can the opportunity gap in this trade area support my new restaurant?
- Which of our department stores are in areas with a supply surplus?
- What is the expected annual growth rate in demand for this area?

FOR DIRECT DATA DELIVERIES

Standard data are delivered in comma-separated values (.csv) format. For a detailed list of variables, consult the metadata file included with your data delivery.