

DATA VINTAGE

2020 Estimates
2025 Projections

VARIABLES

455 Current Year
153 Five Year

UPDATE FREQUENCY

Annually

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 110 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.

MAJOR CHANGES

The 2020 edition of Retail Market Power includes several notable improvements and changes from 2019 edition:

- The sales imputation process was improved for the Census of Retail Trade (CRT). These enhancements have the greatest impact for counties with high levels of suppression from the CRT.

- Block group estimates use additional inputs from our Businesses product to better align with county estimates derived from the CRT, Monthly Retail Trade Survey (MRTS) and other sources.
- The parent-child NAICS hierarchy was improved to better allocate dollars for non-reported NAICS in the MRTS. Residual values are created for unreported codes and allocated to the child NAICS.

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 2012 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. Data for the 2017 CRT will be released by the U.S. Census Bureau in late 2019 and incorporated into RMP once available.

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 2012 North American Industrial Classification System (NAICS) codes to match the data source. The 2012 NAICS codes are then matched with the latest release of NAICS codes from 2017 to reflect any changes in 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 2019 Businesses Q3 database.

The demand-side current-year estimates and five-year projections for retail store types and merchandise line items are based on our 2020 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 2012 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 2012 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 2012 to 2020. These data are used to create the growth rates that are applied to major NAICS codes (typically three-digit codes) for years 2012 to 2020. 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 2019 Businesses Q3 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 2012 CRT and the MRTS are the authoritative data sources for trade in the U.S. Once the 2020 supply side estimates are created from these sources, demand-side estimates are scaled to the 2020 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 2025 using trends of income shares for merchandise line items and applied to a matrix assigning merchandise line items to retail store types. The 2025 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.