



ECONOMIC VITALITY

ECONOMIC VITALITY focuses on capital, incentives, and other economic and financial tools to assist new and existing businesses, catalyze property development, and create a supportive environment for entrepreneurs and innovators that drive local economies.

Basics for Market Data

Main Street Directors much understand local retail conditions in their downtown in order to be more than a cheerleader. Understanding the realities of the local market and recognizing whether a business or development project is feasible and provide meaningful assistance to business and property owners so businesses and development can be more successful should be a priority of the program. This requires assessing the local market and developing an understanding of different types of market data and how to obtain the data.

Resources for Assessing the Retail Market:

There are several assessment tools that should be utilized in developing an understanding of your market. They include a retail report, a survey of local businesses and a survey of local consumers. This report describes the retail report. The consumer survey and retail merchant survey are described in separate Main Street BASICS technical sheets.

The Retail Report:

A **retail report** is a snapshot of retail sales activity in a given defined area. The report provides an estimate of current retail sales activity in a defined area or areas by category or type of retail business. Categories or types of retail businesses are defined by NAICS category (see attached NAICS list). The purpose of the retail report is to help assess the current level of retail activity and the potential for additional retail business in a given area. Retail reports are available from several sources over the internet, with the most popular provided by ESRI (esribis.com) and CLARITAS (sitereports.com). The report is broken down as follows:

- ♦ **Supply** (sales) – Current estimated sales by businesses in each type of business category to consumers in the given area.
- ♦ **Demand** (potential sales) – Dollars available to be spent on retail goods by local consumers in the given area.
- ♦ **Gap** – Difference between estimated sales (supply) and potential sales (demand) in the given area. The gap is defined as:
Leakage – Retail sales lost to businesses outside the given trade area. Leakage generally indicates additional potential for increasing retail sales.
- ♦ **Surplus** – Retail sales that exceed the potential of customers within a given area which can include sales generated from customers from outside the given area. Surplus is an indicator of a strong market for particular retail products that could provide opportunity for additional products that are of the same or similar type, creating the potential for a “niche” market built around the items showing a surplus in sales.

Defining the Trade Area:

A **trade area** is described in general as the area from which retail sales are generated or have the potential for being generated. A primary trade area is the area from which most of the retail trade is generated or has the potential of being generated. A typical primary trade area for a downtown is a five-mile radius from the center of the downtown business district.

Note: ESRI's retail data is no longer current. They do provide other reports that are relevant. NSMS&Rural Planning Staff can offer assistance in providing reports.

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In order to generate sufficient information from which to make a reasonable assessment, several different radii should be reviewed.

Typical retail reports will usually include up to three radii or drive times for the study. For purposes of a downtown business district study we recommend obtaining a retail report based on the following:

- ◆ Enter Radii One as distance from center to end of historic business district in miles or portion of a mile. Example: (1-block =500 feet +/- : 1 mile =5,280 feet: 1-block = 500 divided by 5280 = .09 miles)
- ◆ Enter Radii Two as 3.00 mile
- ◆ Enter Radii Three as 5.00 miles
- ◆ But most importantly enter the radii or drive times from the center of downtown that you believe are your target market areas.

How to Use the Report:

Once the retail report and leakage/surplus data is obtained, an analysis of the business types indicating leakage should be made. Business types that demonstrate substantial leakage should be targeted first for a recruitment effort. OR considering your surplus you can also recruit businesses that are complimentary to the surplus. It's important to consider the surplus factor as much as it is to consider the retail leakage.

Business Type & NAICS Reporting Form Numbers:

NAICS (pronounced NAKES) Code is a classification within the North American Industry Classification System. The NAICS System was developed by Federal Statistical Agencies for the collection, analysis and publication of statistical data related to the US Economy. It was adopted in 1997 to replace the Standard Industrial Classification (SIC) system in cooperation with the statistical agencies of Canada and Mexico. Their goal was to establish a North American standard. They developed the NAICS as the first economic classification system based on a single economic concept. NAICS is a Self-Assigned System; no one assigns you a NAICS Code. A company selects the code that best depicts their primary business activity and then used it when asked for their code.

Sampling of Codes:

442 Furniture and Home Furnishings Stores

4421 Furniture Stores

4422 Home Furnishings Stores

444 Building Materials, Garden Equipment and Supply Stores

4441 Building Materials and Supply Dealers

4442 Lawn and Garden Equipment and Supplies Stores

445 Food and Beverage Stores

4451 Grocery Stores

4452 Specialty Food Stores

4453 Beer, Wine and Liquor Stores

448 Clothing and Clothing Accessories Stores

4481 Clothing Stores

4482 Shoe Stores

4483 Jewelry, Luggage and Leather Goods

For more information on NAICS Codes:

<https://www.census.gov/programs-surveys/economic-census/guidance/understanding-naics.html>



This document was created to assist designated NC Main Street Communities and any other community that would like to develop best practices for downtown economic development.