



2009 Methodology Statement: ESRI Data—Retail MarketPlace

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An ESRI White Paper

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A complete, current, and accurate snapshot of the retail marketplace is critical to strategic decisions made by retail trade and related food services establishments to increase business. There are two ways to measure activity in a retail market—supply and demand. Analysis of consumer spending reveals market demand or retail potential. Examining business revenues, retail sales, shows market supply. ESRI offers both components of economic exchange to provide a complete assessment of the retail marketplace including a measure of the difference between supply and demand—the Leakage/Surplus Factor.

ESRI presents 2009 Retail MarketPlace, a database that provides the latest market statistics for Retail Trade and Food Services & Drinking Places (the retail market). The dollar estimates, which represent total retail supply and demand conditions for the past year, are presented in the North American Industry Classification System (NAICS). These datasets comprise an update of supply and demand for the 27 industry groups in the Retail Trade sector, NAICS 44–45 as well as the four industry groups within the Food Services and Drinking Places subsector, NAICS 722.

Market Supply (Retail Sales)

Data for ESRI® estimates of sales in the retail market begin with the benchmark, the Census of Retail Trade (CRT) from the U.S. Census Bureau. In addition to the 1997 CRT, ESRI used the 2002 CRT statistics in the 2009 update. Trends from the economic censuses are used to update the base along with ESRI's extensive portfolio of demographic and business databases including commercial and government sources such as the *infoUSA* business database and Bureau of Labor Statistics. Supply estimates also incorporate data from the Census Bureau's Nonemployer Statistics (NES) division. Smaller establishments without payrolls, such as self-employed individuals and unincorporated businesses, account for a small portion of overall sales. However, these businesses represent more than 55 percent of all retailers in the United States. Their inclusion completes the report of industry sales.

ESRI's model captures economic change between 1997 and 2002 by first differentiating employer and nonemployer sales growth. Multivariate statistical techniques are used to model data that is subject to disclosure issues in CRT and NES. Data is calibrated against the 2008 Monthly Retail Trade (MRT) survey that provides annual and monthly sales data for select industries nationwide. Due to slight disparities that can exist between independent input data sources, some MRT industry benchmarks (of market supply) are modified to better align with estimates of market demand. ESRI licenses *infoUSA*'s business database, which also estimates sales for the retail market. Although ESRI utilizes *infoUSA*'s database in the derivation of small area estimates, the methods differ. ESRI estimates retail sales only to households in the Retail MarketPlace data. Moreover, business data content is reviewed and cleansed of items such as the removal of retailer headquarters, revision of industry misclassifications, and improving identification of nonemployer businesses.

All estimates of market supply are in nominal terms and are derived from receipts (net of sales taxes, refunds, and returns) of businesses primarily engaged in the retailing of merchandise. Excise taxes paid by the retailer or the remuneration of services are also included, for example, installation and delivery charges that are incidental to the transaction.

**Market Demand
(Retail Potential)**

To complete the profile of a retail market, ESRI estimates consumer demand or retail potential. That is the expected amount spent by consumers on products in the retail market. ESRI's 2009 consumer spending data provides expenditure estimates for more than 700 products and services consumed by U.S. households.

ESRI estimates consumer spending from the Bureau of Labor Statistics' annual Consumer Expenditure Surveys, which provide consumer spending information for hundreds of goods and services by households, not by source. The 2009 Consumer Spending model incorporates ESRI's Tapestry™ Segmentation system. This yields improved differentiation of spending, particularly for smaller markets where distinctions can be difficult to measure and for big-ticket items where consumer preferences are more pronounced. The 2002 Product Line Sales from the Census of Retail Trade are updated to provide the crosswalk to market demand by establishment, four-digit NAICS industry groups from the Consumer Expenditure data.

**The Leakage/
Surplus Factor
(Supply and
Demand)**

ESRI enables the comparison of supply and demand simply in one measure, the Leakage/Surplus Factor. Leakage/Surplus conveniently measures the balance between the volume of supply (retail sales) generated by retail industry and the demand (spending by households [i.e., retail potential]) within the same industry. Leakage in an area represents a condition where a market's supply is less than the demand. That is, retailers outside the market area are fulfilling the demand for retail products; therefore, demand is "leaking" out of the trade area. Surplus in an area represents a condition where supply exceeds the area's demand. Retailers are attracting shoppers that reside outside the trade area, so the "surplus" is in market supply.

ESRI's Retail MarketPlace data is available for standard levels of geography or any size ring or polygon. Data is reported for the following NAICS industry subsectors and groups:

Three-Digit NAICS Industry Subsectors and Four-Digit NAICS Industry Groups

NAICS 441: MOTOR VEHICLE AND PARTS DEALERS	NAICS 451: SPORTING GOODS, HOBBY, BOOK, AND MUSIC STORES
NAICS 4411: Automobile Dealers	NAICS 4511: Sporting Gds, Hobby, & Musical Instrument Stores
NAICS 4412: Other Motor Vehicle Dealers	NAICS 4512: Book, Periodical, and Music Stores
NAICS 4413: Automotive Parts, Accessories, and Tire Stores	NAICS 452: GENERAL MERCHANDISE STORES
NAICS 442: FURNITURE AND HOME FURNISHINGS STORES	NAICS 4521: Department Stores
NAICS 4421: Furniture Stores	NAICS 4529: Other General Merchandise Stores
NAICS 4422: Home Furnishings Stores	NAICS 453: MISCELLANEOUS STORE RETAILERS
NAICS 443: ELECTRONICS AND APPLIANCE STORES	NAICS 4531: Florists
NAICS 4431: Electronics and Appliance Stores	NAICS 4532: Office Supplies, Stationery, and Gift Stores
NAICS 444: BUILDING MAT'L & GARDEN EQUIP. & SUPPLIES DLRS	NAICS 4533: Used Merchandise Stores
NAICS 4441: Building Material and Supplies Dealers	NAICS 4539: Other Miscellaneous Store Retailers
NAICS 4442: Lawn and Garden Equipment and Supplies Stores	NAICS 454: NONSTORE RETAILERS
NAICS 445: FOOD AND BEVERAGE STORES	NAICS 4541: Electronic Shopping and Mail-Order Houses
NAICS 4451: Grocery Stores	NAICS 4542: Vending Machine Operators
NAICS 4452: Specialty Food Stores	NAICS 4543: Direct Selling Establishments
NAICS 4453: Beer, Wine, and Liquor Stores	NAICS 722: FOOD SERVICES AND DRINKING PLACES
NAICS 446: HEALTH AND PERSONAL CARE STORES	NAICS 7221: Full-Service Restaurants
NAICS 4461: Health and Personal Care Stores	NAICS 7222: Limited-Service Eating Places
NAICS 447: GASOLINE STATIONS	NAICS 7223: Special Food Services
NAICS 4471: Gasoline Stations	NAICS 7224: Drinking Places (Alcoholic Beverages)
NAICS 448: CLOTHING AND CLOTHING ACCESSORIES STORES	
NAICS 4481: Clothing Stores	
NAICS 4482: Shoe Stores	
NAICS 4483: Jewelry, Luggage, and Leather Goods Stores	

ESRI's Data Development Team

Led by chief demographer Lynn Wombold, ESRI's data development team has a 30-year history of excellence in market intelligence. The combined expertise of the team's economists, statisticians, demographers, geographers, and analysts totals nearly a century of data and segmentation development experience. The team has crafted data methodologies, such as the demographic update, segmentation, the Diversity Index, and ESRI Data—Retail MarketPlace that are now industry benchmarks.

For more information, visit www.esri.com/retail-marketplace or call 1-800-447-9778.



About ESRI

For four decades, ESRI has been helping people make better decisions through management and analysis of geographic information. Our culturally diverse staff work with our business partners and hundreds of thousands of people who use GIS to make a difference in our world.

A full-service GIS company, ESRI offers support for implementing GIS technology from the desktop to enterprise-wide servers, online services, and mobile devices. GIS solutions are flexible and customizable to meet the needs of all our users.

Our Focus

At ESRI, we focus on promoting the value of GIS and its applications throughout the world and pay close attention to our users' needs. Our software development and services respond to our customers with products that are easy to use, flexible, and integrated. Our technology is multidisciplinary, productive, and valuable to our users.

We have a strong commitment to educating our customers through ESRI's various training programs. ESRI is a socially conscious business and invests heavily in issues regarding education, conservation, sustainable development, and humanitarian affairs.

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