



TheRetailCoach®

Moving Beyond Data

**RETAIL GAP ANALYSIS
PRIMARY RETAIL TRADE AREA
Montgomery, Texas**



Prepared for

Historic Montgomery Business Association
Montgomery Office of Economic Development

01.31.13

Contact Information

Shannan Reid
Historic Montgomery Business Association
Montgomery Office of Economic Development
www.experiencemontgomery.com
936-597-5004



The Retail Coach, LLC | P.O. Box 7272 | Tupelo, MS 38802-7272
tel 662.844.2155 | fax 662.844.2738 | info@theretailcoach.net

About The Retail Coach

The Retail Coach, LLC, is a national retail analytics and locational intelligence firm that specializes in all aspects of retail market analyses and recruitment, from “macro to micro” trade area assessment to actively recruiting retailers on behalf of our clients.

Through its unique Retail360 process, The Retail Coach offers a dynamic system of products and services that better enable communities to maximize their retail development potential.

Retail360 Process

Providing more than simple data reports of psychographic and demographic trends, The Retail Coach goes well beyond other retail consulting and market research firms’ offerings by combining current national and statewide demographics and trend data with real-world, “on-the-ground” data gathered through extensive visits within our clients’ communities.

Every community is different, and there is no “one size fits all” retail recruitment solution. Compiling the gathered data into client-tailored information packets that are uniquely designed for, and targeted to, specific retailers and restaurants who meet the community’s needs helps assure our clients that they are receiving the latest and best information for their retail recruitment efforts — all with personal service and coaching guidance that continues beyond the initial project scope and timeline.

Our Retail360 process assures that communities get timely, accurate and relevant information. Translating that data into the information that retailers need and seek assures our clients even better possibilities for tremendous retail growth and success.

The Retail Coach — It’s not about data. It’s about your success.

Contents

Contact Information	2
Overview	5
Study Analysis	6
Retail Gap Analysis Notes	7
Primary Retail Trade Area Map	8
Retail Categories	9
Retail Gap Analysis Summary Table	10
Summary Table (continued)	11
Leakage Summary	12
Surplus Summary	13
Primary Retail Trade Area Demographics	14
Community Demographics	23
Acknowledgements	32
Appendix A: SIC Code Detail Listing	33
Appendix B: Retail Site Data Form	60

Overview

The Retail Coach™ utilizes a proprietary model that estimates retail spending potential for a retail trade area based upon population, income, and consumer spending patterns. Using the algorithms within this model, we are then able to determine the extent to which a community is or is not capturing its sales potential based upon retail sales data published by Claritas, a private demographic and data vendor.

In order to determine the anticipated pattern of retail spending for a trade area, our model uses a benchmarked control area. For the purposes of this study, the control area has been defined as the State. The purpose of the control area is to account for characteristics unique to individual markets that might artificially inflate or deflate the calculated spending pattern of area residents.

Understanding the pattern of retail spending within a community as it relates to the spending patterns of the State is critical. The Retail Coach's model analyzes these patterns for all retail sales in an area, including taxable and nontaxable sales, to further determine which retail sectors are exhibiting "leakage" and which sectors are exhibiting "surplus."

Or, put more simply, retail sectors in which spending is not fully captured are called "leakage" categories, while retail categories in which more sales are captured than are generated by residents are called "attraction" or "surplus" categories.

A retail sales surplus indicates that a community pulls consumers and retail dollars in from outside the trade area, thereby serving as a regional market. Conversely, when local demand for a specific product is not being met within a trade area, consumers are going elsewhere to shop creating retail leakage. Retail strategies can be developed for specific retail sectors by analyzing the estimation of retail surpluses and leakages, giving retailers a snapshot of the relative strengths and weaknesses of a community's retail market. Generally, attraction or surplus categories signal particular strengths of a retail market, while leakage categories signal particular weaknesses.

It should be kept in mind that a retail trade area analysis is based on averages. Many times there are mitigating factors that can cause a trade area's retail potential to deviate substantially from ordinary market conditions. Proximity to larger regional shopping areas, natural barriers (such as lakes and mountains), and road systems are just a few of the factors that could greatly impact a market's retail potential.

A Retail Gap Analysis is not designed as a detailed plan of action nor is it an exact science. Rather, it provides the necessary input for the most important aspect of a retail development strategy - the recruitment of retailers for those retail sectors that are currently not meeting the needs of a community. Please see the section entitled "*How to Best Utilize the Retail Gap Analysis*" for additional suggestions on using the Retail Gap Analysis to help create and carry out your comprehensive development strategy.

Study Analysis

All primary retail categories are studied using the most current data available. Potential sales are compiled and compared to estimated actual retail sales to determine if there is a surplus or leakage of retail trade.

Retail sales estimates are computed at the establishment level by using actual sales volume data available for publicly held companies. Therefore, only a minority of businesses on the infoUSA™ base file has sales volume data when the file is delivered to Claritas. Claritas models sales volume based on actual data from a national sample of approximately six million businesses. The model is calculated at the four digit Standard Industrial Classification (SIC) code level with the results applied to those records for which no actual sales volume exists. This enhancement results in virtually all records having an estimated sales volume, except for government records. For a more detailed look at the SIC code level breakdown, please see *Appendix A: SIC Code Detail Listing*.

The following excerpt is the “Sales Volume Data” section of the Claritas Business-Facts Methodology (February 2002) and should provide an overview of how Claritas’ numbers are derived:

Sales Volume Data

InfoUSA™ provides actual sales information only for publicly held companies. Sales figures, therefore, for all other companies must be estimated. The infoUSA™ model uses aggregated sales divided by the aggregated number of employees by SIC to arrive at sales per employee. This aggregated method does not factor in the distribution of employees by SIC, and may allow large corporations to have a disproportionate effect on the sales-per-employee estimate.

In comparison, Claritas models sales volume based on actual data from a national sample of approximately six million businesses. The model is calculated at the four-digit Standard Industrial Classification (SIC) code level with the results applied to those records for which no actual sales volume figures exist. This enhancement results in virtually all records having an estimated sales volume, except for government records. However, since one number is being applied to remaining businesses in a four-digit SIC industry, analyzing a business as a member of a sales range is more appropriate than looking at the specific sales volume for that business.

As with the employment information, Claritas’ clients will benefit from the combined actual/modeled sales data with better coverage and more information for modeling and other analytical applications.

Retail Gap Analysis Notes

In some markets, two particular situations may appear to be discrepancies when they occur in a Retail Gap Analysis.

First, the amount exhibited for a particular SIC sector's estimated actual sales may be lower (sometimes significantly so) than expected. In these circumstances, the retailers have often reported sales figures under a different SIC code.

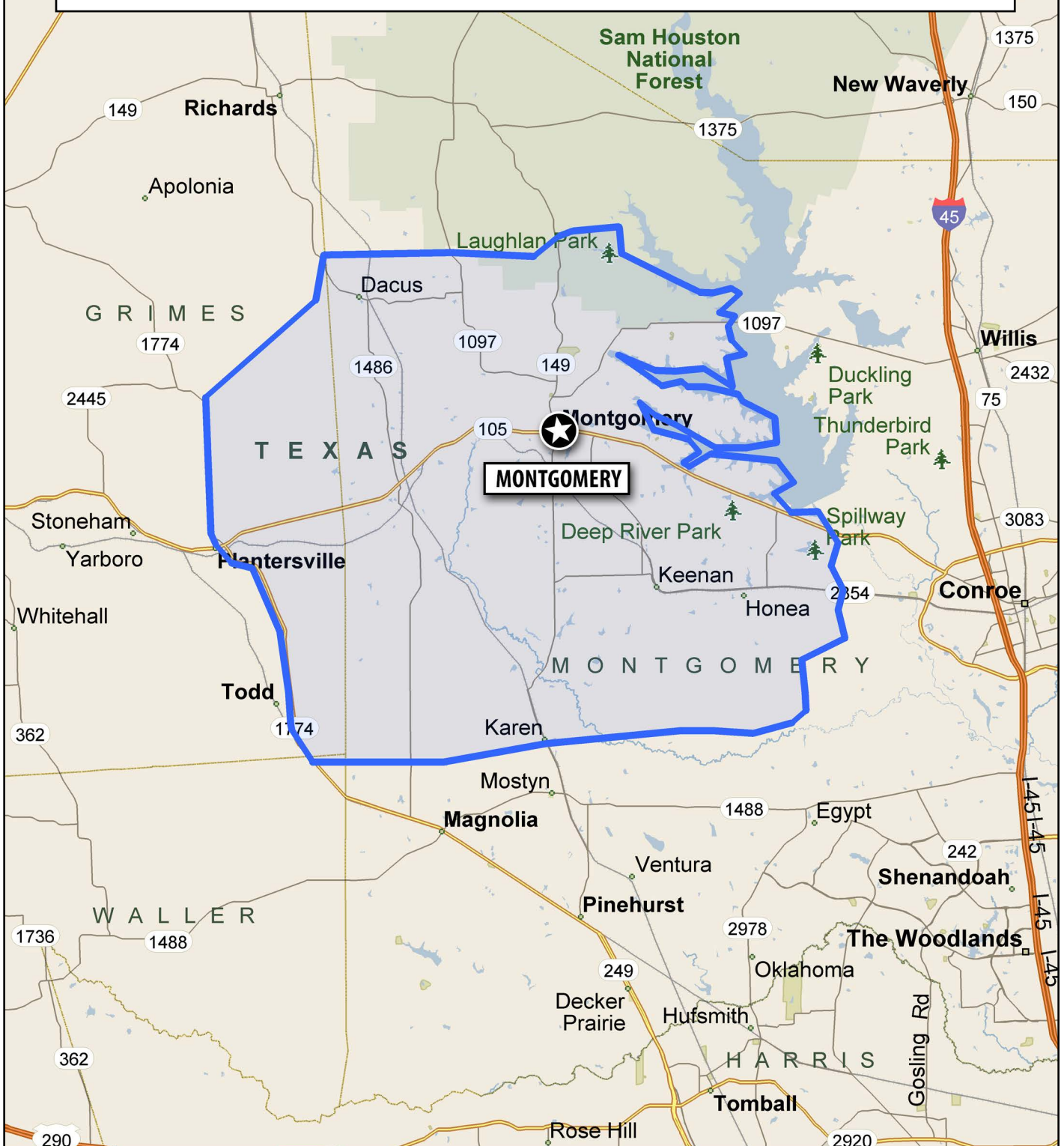
For example, some Women's Clothing Stores (SIC 562) may in fact report sales figures under Family Clothing Stores (SIC 565), etc.

The second situation arises when the amount exhibited for a particular SIC sector's estimated actual sales is reported as \$0, even though there are known retailers in a market operating under that SIC code. When there are only two or three retailers in that market reporting under that SIC code, the numbers are often reported as \$0 to protect each retailer's proprietary financial information.

For example, if there were two retailers in a market operating under a specific SIC code, and total estimated actual sales were listed, either retailer could extrapolate its competitor's estimated actual retail sales figures by deducting its own figures from the total listed for that SIC code.

Primary Retail Trade Area Map

Montgomery, Texas



Retail Categories

BUILDING MATERIALS, GARDEN SUPPLY AND MOBILE HOMES

Making up the building materials category are lumberyards, hardware stores, paint stores, nursery stores, garden and lawn supplies, mobile home dealers and other miscellaneous materials stores. This sector holds a strong lure for farmers, many who will conduct other shopping in town, along with keeping local do-it-yourselfers in the community to shop.

GENERAL MERCHANDISE STORES

The general merchandise category consists primarily of department stores (i.e. Wal-Mart, K-Mart, J.C. Penney, Sears, Belk) and variety stores (i.e. Dollar General, Family Dollar). Comparable to anchor stores in a shopping mall, these department and variety stores, play an important role in communities and are strong attractants to shoppers.

FOOD STORES

The food store category is comprised primarily of grocery stores, but also includes bakeries, meat and fish markets, fruit and vegetable markets, dairy product stores, candy and confectionery stores and miscellaneous food stores. This category is extremely important to a healthy retail sector as customers spend more money in grocery stores and shop there more often than any other type of store.

AUTOMOBILE DEALERS AND GASOLINE SERVICE STATIONS

New and used car dealers, auto supply stores, gasoline service stations, boat dealers, motorcycle dealers and recreational vehicle dealers make up the automotive retail category.

APPAREL AND ACCESSORY STORES

Apparel stores are made up of men's, women's and children's clothing stores as well as shoe stores. Small towns have a challenge of sustaining these types of stores due to the extreme competition from department stores and stores in larger cities. In today's environment, apparel stores exhibiting strong customer service and a family-oriented atmosphere will have the best opportunity for success in smaller towns.

HOME FURNITURE, FURNISHINGS AND APPLIANCES

This category includes furniture stores, floor covering stores, major appliance stores, music, video, CD stores and consumer electronics stores.

EATING AND DRINKING

This category consists of restaurants, taverns and bars and is a rapidly growing part of most economies since more and more people are eating away from home.

MISCELLANEOUS RETAIL

This miscellaneous sector includes different "specialty" retail business that could not logically be categorized into the previous retail groups. Drug stores, sporting goods stores, book stores, liquor stores, hobby and craft stores, game shops and jewelry and others are included in this category.

Retail Gap Analysis Summary Table

SIC	RETAIL SECTOR	POTENTIAL SALES	EST. ACTUAL SALES	SURPLUS/LEAKAGE	% SURPLUS
521	Lumber and Other Building Materials	\$21,821,860	\$0	-\$21,821,860	-100%
523	Paint, Glass and Wallpaper	\$6,567,165	\$0	-\$6,567,165	-100%
525	Hardware Stores	\$12,813,830	\$1,600,000	-\$11,213,830	-88%
526	Retail Nurseries and Garden	\$7,176,397	\$1,200,000	-\$5,976,397	-83%
527	Mobile Home Dealers	\$2,407,007	\$0	-\$2,407,007	-100%
53	General Merchandise Stores	\$81,467,340	\$2,000,000	-\$79,467,340	-98%
541	Grocery Stores	\$93,198,410	\$10,000,000	-\$83,198,410	-89%
542	Meat and Fish Markets	\$2,962,692	\$0	-\$2,962,692	-100%
543	Fruit and Vegetable Markets	\$1,813,261	\$0	-\$1,813,261	-100%
544	Candy, Nut and Confection Stores	\$307,897	\$0	-\$307,897	-100%
545	Dairy Products Stores	\$156,967	\$0	-\$156,967	-100%
546	Retail Bakeries	\$1,115,308	\$0	-\$1,115,308	-100%
549	Miscellaneous Food Stores	\$6,357,963	\$0	-\$6,357,963	-100%
551	New and Used Car Dealers	\$114,099,200	\$0	-\$114,099,200	-100%
552	Used Car Dealers	\$20,737,010	\$0	-\$20,737,010	-100%
553	Auto and Home Supply Stores	\$27,320,970	\$1,300,000	-\$26,020,970	-95%
554	Gasoline Service Stations	\$25,044,680	\$2,900,000	-\$22,144,680	-88%
555	Boat Dealers	\$2,347,422	\$0	-\$2,347,422	-100%
556	Recreational Vehicle Dealers	\$3,740,966	\$0	-\$3,740,966	-100%
557	Motorcycle Dealers	\$3,303,663	\$0	-\$3,303,663	-100%
559	Automotive Dealers, NEC	\$5,413,797	\$0	-\$5,413,797	-100%
561	Men's and Boys' Clothing Stores	\$1,851,322	\$0	-\$1,851,322	-100%
562	Women's Clothing Stores	\$3,558,013	\$400,000	-\$3,158,013	-89%
563	Women's Accessory and Specialty Stores	\$518,412	\$0	-\$518,412	-100%
564	Children's and Infants' Wear	\$918,442	\$0	-\$918,442	-100%
565	Family Clothing Stores	\$4,070,650	\$200,000	-\$3,870,650	-95%

Summary Table (continued)

566	Shoe Stores	\$4,700,619	\$0	-\$4,700,619	-100%
569	Miscellaneous Apparel and Accessory Stores	\$2,308,312	\$0	-\$2,308,312	-100%
571	Home Furniture and Furnishing	\$20,303,110	\$2,000,000	-\$18,303,110	-90%
572	Household Appliance Stores	\$4,363,848	\$0	-\$4,363,848	-100%
573	Radio, TV, and Computer Stores	\$47,931,980	\$0	-\$47,931,980	-100%
5812	Eating Places	\$105,837,900	\$7,000,000	-\$98,837,940	-93%
5813	Drinking Places	\$3,177,669	\$0	-\$3,177,669	-100%
591	Drug Stores and Proprietary	\$20,356,920	\$0	-\$20,356,920	-100%
592	Liquor Stores	\$2,028,500	\$400,000	-\$1,628,500	-80%
593	Used Merchandise Stores	\$4,194,019	\$1,300,000	-\$2,894,019	-69%
5941	Sporting Goods, Bicycle and Gun Stores	\$3,554,600	\$0	-\$3,554,600	-100%
5942	Book Stores	\$1,524,525	\$0	-\$1,524,525	-100%
5943	Stationery Stores	\$5,281,766	\$0	-\$5,281,766	-100%
5944	Jewelry Stores	\$2,469,216	\$0	-\$2,469,216	-100%
5945	Hobby, Toy and Game Shops	\$2,767,402	\$100,000	-\$2,667,402	-96%
5946	Camera and Photography Supply Stores	\$198,965	\$0	-\$198,965	-100%
5947	Gift, Novelty and Souvenir Shops	\$3,201,818	\$1,000,000	-\$2,201,818	-69%
5948	Luggage and Leather Goods Stores	\$125,469	\$0	-\$125,469	-100%
5949	Sewing, Needlework and Craft Stores	\$377,981	\$0	-\$377,981	-100%
596	Non-store Retailers	\$7,884,063	\$0	-\$7,884,063	-100%
598	Fuel and Ice Dealers	\$661,205	\$0	-\$661,205	-100%
5992	Florists	\$1,625,583	\$200,000	-\$1,425,583	-88%
5993	Tobacco Stores and Stands	\$349,370	\$0	-\$349,370	-100%
5994	News Dealers and Newsstands	\$239,651	\$0	-\$239,651	-100%
5995	Optical Goods Stores	\$1,951,067	\$0	-\$1,951,067	-100%
5999	Miscellaneous Retail Stores, NEC	\$28,678,290	\$500,000	-\$28,178,290	-98%
	TOTALS	\$727,184,400	\$32,100,000	-\$695,084,400	LEAKAGE

Leakage Summary

SIC	RETAIL SECTOR	LEAKAGE AMOUNT
521	Lumber and Other Building Materials	-\$21,821,860
523	Paint, Glass and Wallpaper	-\$6,567,165
525	Hardware Stores	-\$11,213,830
526	Retail Nurseries and Garden	-\$5,976,397
527	Mobile Home Dealers	-\$2,407,007
53	General Merchandise Stores	-\$79,467,340
541	Grocery Stores	-\$83,198,410
542	Meat and Fish Markets	-\$2,962,692
543	Fruit and Vegetable Markets	-\$1,813,261
544	Candy, Nut and Confection Stores	-\$307,897
545	Dairy Products Stores	-\$156,967
546	Retail Bakeries	-\$1,115,308
549	Miscellaneous Food Stores	-\$6,357,963
551	New and Used Car Dealers	-\$114,099,200
552	Used Car Dealers	-\$20,737,010
553	Auto and Home Supply Stores	-\$26,020,970
554	Gasoline Service Stations	-\$22,144,680
555	Boat Dealers	-\$2,347,422
556	Recreational Vehicle Dealers	-\$3,740,966
557	Motorcycle Dealers	-\$3,303,663
559	Automotive Dealers, NEC	-\$5,413,797
561	Men's and Boys' Clothing Stores	-\$1,851,322
562	Women's Clothing Stores	-\$3,158,013
563	Women's Accessory and Specialty Stores	-\$518,412
564	Children's and Infants' Wear	-\$918,442
565	Family Clothing Stores	-\$3,870,650
566	Shoe Stores	-\$4,700,619
569	Miscellaneous Apparel and Accessory Stores	-\$2,308,312
571	Home Furniture and Furnishing	-\$18,303,110
572	Household Appliance Stores	-\$4,363,848
573	Radio, TV, and Computer Stores	-\$47,931,980
5812	Eating Places	-\$98,837,940
5813	Drinking Places	-\$3,177,669
591	Drug Stores and Proprietary	-\$20,356,920
592	Liquor Stores	-\$1,628,500
593	Used Merchandise Stores	-\$2,894,019
5941	Sporting Goods, Bicycle and Gun Stores	-\$3,554,600
5942	Book Stores	-\$1,524,525
5943	Stationery Stores	-\$5,281,766
5944	Jewelry Stores	-\$2,469,216
5945	Hobby, Toy and Game Shops	-\$2,667,402
5946	Camera and Photography Supply Stores	-\$198,965
5947	Gift, Novelty and Souvenir Shops	-\$2,201,818
5948	Luggage and Leather Goods Stores	-\$125,469
5949	Sewing, Needlework and Craft Stores	-\$377,981
596	Non-store Retailers	-\$7,884,063
598	Fuel and Ice Dealers	-\$661,205
5992	Florists	-\$1,425,583
5993	Tobacco Stores and Stands	-\$349,370
5994	News Dealers and Newsstands	-\$239,651
5995	Optical Goods Stores	-\$1,951,067
5999	Miscellaneous Retail Stores, NEC	-\$28,178,290

Surplus Summary

SIC	RETAIL SECTOR	SURPLUS AMOUNT
	(none)	(none)