

LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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Retail Expenditure Potential by Store Type

How Much and Where We Spend Our Retail Dollars

by
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How much do Wisconsin residents spend in retail stores? What is the spending potential by store category? How does spending in my community differ from other communities?

Data on retail expenditure potential can be used to answer these questions and provide valuable information for identifying retail expansion and recruitment opportunities in your community. This article provides an overview of a consumer expenditure potential database purchased by the Center for Community Economic Development and presents data to describe buying behavior in Wisconsin.

Expenditure Potential Defined

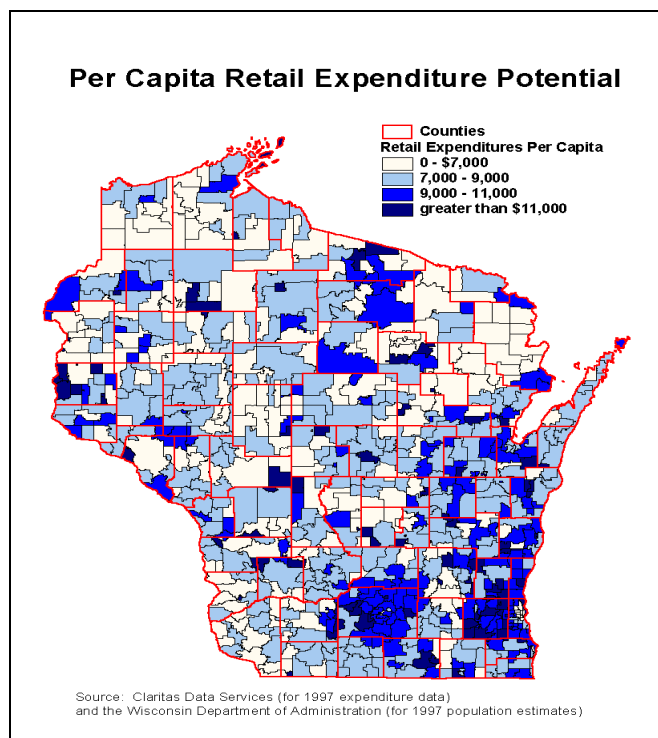
The Bureau of Labor Statistics (BLS) survey of consumer expenditures is the primary source of information on the purchasing behaviors of U.S. households. The strength of the survey is that it allows data users to relate the expenditures and income of consumers to the characteristics of those consumers. Unfortunately, BLS does not report where (in what type of stores) consumers spend their money.

Fortunately, certain private marketing data firms offer consumer spending databases that estimate spending by store type. These databases reflect local area demographics such as age and income and are based on models that reflect where people shop for different goods or services. They allow you to analyze spending at the local level (zip code or block group) to isolate your market area's expenditure potential.

One such firm, Claritas Data Services, offers a database that contains information on estimated and projected total household expenditures for over 500 goods and services, 57 Yellow Pages headings, and 27 types of retail stores. The following sections describe Wisconsin's retail expenditure patterns using Claritas data.

Wisconsin Household Expenditures by Zip Code

The map below displays total 1997 per capita retail consumer expenditure potential by Wisconsin zip code. It reflects how much the average consumer spent on retail purchases, regardless of whether they shopped locally, at the Mall of America or through mail order. Expenditure estimates (by Claritas Data Services) were divided by population estimates (from the Wisconsin Department of Administration), to arrive at per capita spending.



The retail spending potential of Wisconsin residents varies greatly from one community to another. Total retail spending potential increases, for the most part, in relation to population. However, per capita retail spending potential is clearly higher in the more suburban communities of the state. The concentration of higher per capita spending is most obvious in communities surrounding Milwaukee and Madison.

Wisconsin Expenditures by Store Type

To analyze a market area, it is important to know total retail expenditure potential as well as how those potential dollars are distributed. The table below presents estimated 1997 Wisconsin household retail spending by store type as estimated by Claritas Data Services.

Wisconsin Expenditures (\$000's) by Store Type, 1997

Grocery Stores	\$8,471,963	18.6%
Eating Places	5,141,266	11.3%
Department Stores	3,768,935	8.3%
Gas Stations	3,669,021	8.1%
Apparel Stores	1,569,883	3.4%
Drug Stores	1,487,113	3.3%
Furniture Stores	991,216	2.2%
Building Materials Stores	849,562	1.9%
Radio, TV, Computer and Music	830,088	1.8%
Auto Supply Stores	767,797	1.7%
Home Furnishing Stores	530,847	1.2%
Sporting Goods Stores	428,795	0.9%
Shoe Stores	421,695	0.9%
Book Stores	328,996	0.7%
Hobby, Toy, Game Stores	293,087	0.6%
Drinking Places	255,803	0.6%
Gift Shops	240,088	0.5%
Household Appliance Stores	235,155	0.5%
Jewelry Stores	202,008	0.4%
Farm, lawn and garden stores	170,533	0.4%
Florists	153,169	0.3%
Camera Stores	122,307	0.3%
Hardware Stores	121,342	0.3%
Woman's Accessories Stores	70,246	0.2%
Sewing Stores	58,113	0.1%
Luggage Stores	21,510	0.05%
All Other Retail	14,374,109	31.5%
Total Retail	\$45,574,648	100.0%

Source: Claritas Data Services.

The Claritas estimates indicate that most of our retail dollars are spent in grocery stores, eating places, department stores, gas stations, and to a lesser degree, apparel and drug stores. "All other retail" makes up a large portion of retail spending and includes car dealers, mail order, and more recently, Internet shopping.

As these are statewide estimates, it is important to note that the spending distribution will vary by community depending on local demographic characteristics. Further, factors other than demographics may influence local consumer behaviors.

Nevertheless, consumer expenditure data by store type can be very helpful in analyzing market opportunities in a community as it serves as an indicator of market "demand." By analyzing consumer "demand" in relation to the "supply" of stores within a category, business expansion and recruitment efforts can be more accurately targeted. Private marketing data firms can provide data on consumer spending by store type and customize it for your particular local area.

Expenditure Data for Your Community

Do you want to learn more about the consumer expenditure potential in your community? The UWEX Center for Community Economic Development offers information and educational programs to help you analyze consumer demand and the retail market in your area. Please contact us through your local Extension community resource development educator.

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