

Retail Market Analysis: A key tool in the economic development toolbox

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It is something that we've all seen before. Some downtowns seem vibrant and full of life while others appear to be struggling to hold on. But why? In the United States, over 10 percent of all employed persons (more than 15 million people) are employed in the retail sector. In Ohio alone, over 650,000. While these employees provide a valuable service in retailing (who doesn't like the hardware, bakery or jewelry stores?), **the effects that a healthy retail sector can have on a community are immeasurable.** So, what makes them work? We can learn more about this sector of a community's economy via a Retail Market Analysis study.

What is Retail Market Analysis Program?

Retail market analysis is a tool for identifying retail market trends within a local community. While the analysis focuses specifically on the performance of local retail markets, information on the broader demographic and economic trends within the region is critical to understanding current and future changes in these retail markets. Changes in population, the age and income distributions of the population and the number of people employed by different industrial sectors affect the demand for retail goods within a local community. They are critical factors to be considered in such analyses.

Also important is understanding of the pattern of retail spending within a local community relative to spending in neighboring areas. A *sales leakage* could indicate that the local demand for a particular product is not being met within the local community, whereas *sales surpluses* may explain how a local community serves a regional market that actually pulls shoppers in from outside the local area. (How many of us drive some distance to purchase specific items?) Such surplus/leakage estimates provides a means to identify the relative strengths and weaknesses of an area's retail markets and inform economic development strategies for local communities. A retail market analysis is not a detailed plan of action, but rather provides facts and analysis for input into the community's decision-making process about future economic development. And whether your retail sector seems vibrant and full of life or is simply struggling to hold on, informed decision making is critical.

To learn more about Extension's Retail Market Analysis program, contact:

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