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Assignment Two: Retail Market Analysis

In the previous assignment, you explored the economy of Hartford, Vermont to guide formulation of an economic development agenda for the area. In this assignment, you are asked to perform retail market analysis for Hartford. We have provided you with data on population, income, and retail sales in the Hartford area. Using this information in conjunction with consumer expenditure data from the Bureau of Labor Statistics website (BLS), we would like you to explore Hartford's retail market through a consumer spending profile and a sales gap analysis. This analysis should include the following components:

1. Decide on Hartford's retail area for the analysis based on geography, indicators of retail shopping patterns and data availability.
2. Calculate the overall size of this retail market and prepare a consumer spending that estimates demand for major retail product categories among households in the trade area. Use data from the Consumer Expenditure Survey published by BLS, you will be able to create a profile of potential consumer activity in Hartford (data available at <http://www.bls.gov/cex/2002/share/occup.pdf> or <http://www.bls.gov/cex/2002/share/occup.txt>.) This table presents the shares of household income spent on particular goods by consumers in the Northeast region of the Country. Applying these shares to the income and population data allows you to estimate much Hartford trade area household spend on particular consumer goods. For this task, try to aggregate data in categories that relate to the store categories for which retail sales data is available.
3. Prepare a sales gap analysis that compares consumer spending for major store categories with the retail sales numbers provided for Hartford. Calculate both the dollar sales gap amount and the local capture rate. Based on these results, how successful are retail establishments in addressing consumer needs in the Hartford and gaining the potential sales shown in your consumer spending profile? Are there particular retail areas where Hartford could attract new retail stores or where existing businesses could expand their sales?

Consider the following issues faced in performing and interpreting this analysis:

- a. How did you reconcile the consumer expenditure data which are by product with and the retail sales numbers which are by business type?
- b. What are the limitations or problems with using this data and the sales gap analysis?
- c. Are there important demand or supply side factors that inform the retail market potential for Hartford that is not addressed in this analysis? If so, what are they?
- d. What other data and types of information would you like to further analyze the consumer spending, retail competition and the retail market expansion potential for Hartford?