



RETAIL MARKET ANALYSIS

CIRCLEVILLE, OHIO

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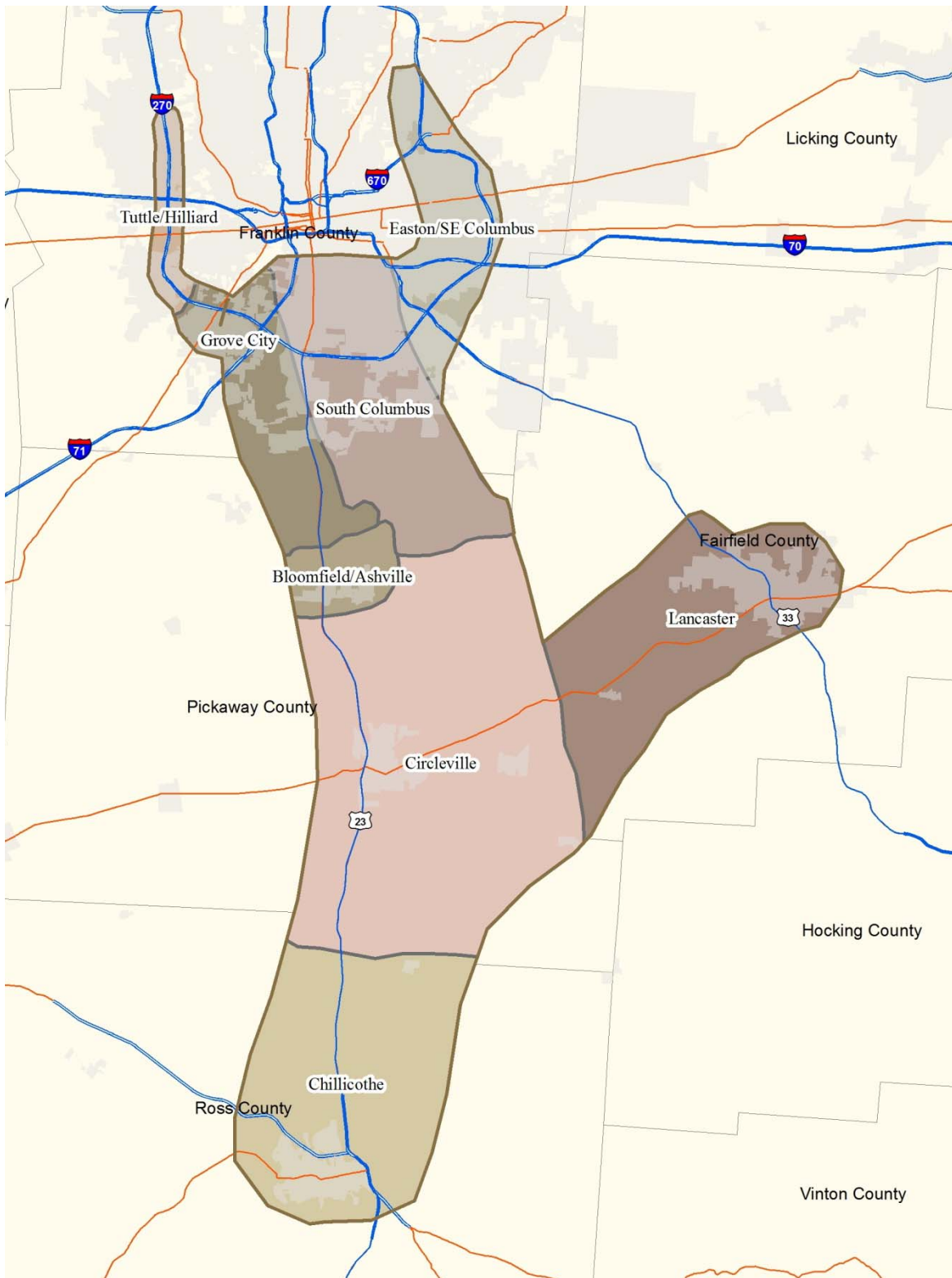
Preface

The retail market analysis (RMA) for the City of Circleville, Ohio compares this city and its surrounding market area to the broader market region of which it is a part (and the center). This regional approach is used to understand the retail economy of Circleville. Recognizing that the residents of Circleville purchase retail goods in retail centers other than Circleville, a larger market region was developed which extends into Fairfield and Franklin Counties. Map 1 shows the entire market region, the study cities and their competing market centers, including: Chillicothe, Lancaster, Southern Columbus, Easton/Southeast Columbus, Tuttle Mall, Grove City and Ashville/Bloomfield.

For the purpose of this report, competing Market Centers are defined as population centers identified by the task force and other retail centers with population over 2,000. The area around the center from which that center “pulls” its customers is referred to as the retail Market Area. The larger Market Region is comprised of Market Areas and Market Centers which compete with Circleville.

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Map 1: Competing Market Areas of the Circleville Market Region

I. Introduction

Retail market analysis (RMA) is a tool for identifying retail market conditions 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 will change the demand for retail goods within a local community and therefore are important factors to be considered in an analysis of retail market trends.

Of primary importance is an understanding of the pattern of retail spending within the local community relative to spending in neighboring areas. Retail sales leakages could reflect that the local demand for a particular product is not being met within the local community, whereas retail sales surpluses may indicate that the local community serves a regional market that pulls consumers in from outside the local area. Estimation of retail surpluses and leakages by specific retail sectors provides a means to identify the relative strengths and weaknesses of an area's retail markets and thereby 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.¹

This report is produced by The Ohio State University Department of Agricultural, Environmental, and Development Economics Department and Ohio State University Extension. For more information regarding the research contained in this report, please contact Jill Clark (614-247-6479).

¹ This report uses a number of project-specific terms, including market area, potential sales and retail sales surplus and leakage. For definitions of these terms please see Section VI.

II. Demographic and Economic Trends

In many ways, community members drive the local retail economy. For a market area overall, population and income are the two major factors that drive retail demand/purchasing power. But other consumer characteristics influence consumers' lifestyles and their demand for different retail goods. For example, characteristics such as age, income, employment, gender, ethnic background, mobility, and family structure provide insights on consumers' socio-economic status and stage of life and therefore into local shopping habits. For example, young, single people are more focused on non-durable goods such as clothing and entertainment, while married couples with young children are focused more on durable goods, such as furniture and home furnishings. Families with small children tend to spend dollars on education and child-related products. Those families that are new "empty-nesters" tend to have established incomes and thoughts of retirement. These families spend more on travel, clothes, entertainment and luxuries. Those "empty-nesters" that have gotten older tend to have limited income and expenses and are more "present-oriented." Health-related products and comfort at a fair price are two types of retail goods that embody the habits of these folks. Furthermore, the movement of people from places of work to residences (commuting patterns) greatly affects the probability of "out shopping," meaning the probability for residents to shop outside of their market area.

These demographic characteristics (detailed in Tables 1-4) are further affected by lifestyle factors and consumer trends:

- More work, less time
- The new "family" culture - singles outnumber couples
- No "average Joe" - increasing diversity of customers
- Increased consumer mobility – putting the consumer in the driver seat
- Greater purchase of disposable goods
- Convenience shopping (e.g., one-stop shopping)
- Niche markets for the "unique" and unusual

Some Key Economic and Demographic Indicators:

- Projections indicate the Circleville Market Area population is expected to increase at a far greater rate (3.3%) than that of the remainder of the Market Region (0.3%). An increasing rate of population growth translates into greater retail demand.
- Estimates indicate the average household size in the Circleville Market Area is slightly higher (2.51 persons per household) than that of the Market Region (2.41 persons per household). Projections place the Circleville Market Area on course to continue leading the Market Region with respect to average household size.
- Estimated (2008) home ownership rates in the Circleville Market Area were higher (72%) than that of the Market Region as a whole (62%). High rates of home ownership are a positive force in increasing retail health.
- Estimated (2008) median household income in the Circleville Market Area was slightly higher than that of the Market Region as a whole. Per capita income is slightly less than

the Market Region; most likely a result, in part, of the higher average household size. Higher incomes translate into higher levels of disposable income available for retail spending.

- The Circleville Market Area has a higher percentage of its population in the 10-19 age range than the Market Region. Individuals within this age range may have a stronger demand for stores within retail sectors; such as electronics, music and videos, hobby stores, shoe stores, and sporting goods, as they progress through the youth and teenage years.
- The Circleville Market Area has a higher percentage of its population over age 70 (70-84 years of age) than the Market Region. Individuals within this age range may have a stronger demand for stores within retail sectors, such as health and drug stores, hobby stores, and optical goods stores, as they transition to senior status.
- An estimated 59% of total food expenditures were devoted to purchasing food for consumption at home. Snacks/other food expenditures accounted for about one-third of this total amount devoted to purchasing food for consumption at home followed by meat/poultry/fish/eggs (25%). Alcoholic beverages accounted for an estimated 7% all food expenditures in the Circleville Market Area.
- The Pickaway County labor force grew by 12.4% from 1990-2000. However, research indicates that more than one half (55%) of the labor force were out-commuters. Franklin County continued to be the largest draw of workers from Pickaway County, increasing its share of out-commuters by 22% from 1990-2000. While the number of in-commuters to Pickaway County increased over the time period as well, it did not keep pace with the out-commuting increase. According to 2000 figures, the net difference was -4740.

	<u>Market Region</u>	<u>Circleville</u>
<u>Population 2008:</u>		
Population	359,953	28,674
<u>Population 2013:</u>		
Population	361,068	29,606
<u>Population Change 2008 - 2013</u>		
	0.3%	3.3%
<u>Households (2008):</u>		
Households	142,193	11,217
Family Households	90,968	8,186
Average Household Size	2.41	2.51
<u>Households (2013):</u>		
Households	147,081	11,660
Family Households	92,379	8,405
Average Household Size	2.39	2.49
<u>Household Change 2008 - 2013</u>		
	3.4%	3.9%
<u>Race (2008):</u>		
White	266,142	27,341
Black	66,481	756
American Indian, Eskimo, Aleut	1,201	60
Asian or Pacific Islander	6,688	156
Other	3,493	65
Two or More Races	7,575	296
Hispanic Origin	8,162	230
<u>Gender (2008):</u>		
Population Male	171,318	14,136
Population Female	180,262	14,538
<u>Housing Units (2008):</u>		
Owner-occupied	87,521	8,071
Renter-occupied	54,672	3,146
<u>Housing Units (2008) percentage:</u>		
Owner-occupied	62%	72%
Renter-occupied	38%	28%
<u>Income (2008):</u>		
Median Household Income	\$48,386	\$52,844
Average Household Income	\$58,657	\$61,498
Average HH Disposable Income	\$47,479	\$48,963
Per Capita Income	\$24,446	\$24,274
<u>Population by Employment (2008):</u>		
Total Businesses	13,181	1,094
Total Employees	193,881	11,270

Table 1: Socio-Economics 2008 (estimated), 2013 (projected)

	Market Region			Circleville		
	estimated 2008	projected 2013	% Change	estimated 2008	projected 2013	% Change
0-4	26,247	26,958	2.7	1,875	1,905	1.6
5-9	23,819	23,918	0.4	1,838	1,842	0.2
10-14	23,548	23,161	-1.6	1,918	1,956	2.0
15-19	23,886	23,379	-2.1	2,056	2,083	1.3
20-24	24,961	26,706	7.0	1,611	1,609	-0.1
25-29	27,136	27,136	0.0	1,696	1,632	-3.8
30-34	24,251	24,164	-0.4	1,658	1,681	1.4
35-39	25,307	23,351	-7.7	1,883	1,765	-6.3
40-44	26,084	25,018	-4.1	2,035	1,987	-2.4
45-49	26,617	26,499	-0.4	2,169	2,200	1.4
50-54	24,381	25,797	5.8	2,095	2,219	5.9
55-59	21,493	24,476	13.9	1,975	2,214	12.1
60-64	16,770	19,618	17.0	1,655	1,861	12.4
65-69	13,108	14,949	14.0	1,290	1,443	11.9
70-74	10,785	11,196	3.8	1,021	1,107	8.4
75-79	8,857	9,049	2.2	779	845	8.5
80-84	6,724	7,138	6.2	574	637	11.0
85+	5,979	7,104	18.8	545	620	13.8
Median Age	36.2	37.0	2.2	39.5	40.8	3.3

Table 2. Population by Age, 2008 (estimated), 2011 (projected)

Food:

Food: Total	78,399,758
Food at Home: Total	46,218,927
Food at Home - Bakery & Cereal Products: Total	6,440,655
Food at Home - Meat/Poultry/Fish/Eggs: Total	11,510,200
Food at Home - Dairy Products: Total	5,299,819
Food at Home - Fruit & Vegetables: Total	7,636,160
Food at Home - Snacks/Other Food: Total	15,332,093
Food at Home - Nonalcoholic Beverages: Total	4,213,557
Food Away from Home: Total	32,180,831
Food Away from Home - Meals at Restaurants: Total	29,445,964
Alcoholic Beverages: Total	5,376,885

Table 3. Expenditures, Circleville 2008 (estimated)

Commuting Patterns	<u>1990</u>	<u>2000</u>	<u>% Change</u>
Total Workers	19,496	21,915	12.4%
Commuting Out of County (Total)	9,745	12,140	24.6%
% Commuting Out of County	50.0%	55.4%	5.4%
Largest Destination: Franklin County, Ohio	7,876	9,613	22.1%
	<u>1990</u>	<u>2000</u>	<u>% Change</u>
Commuting from Other Ohio Counties	5,245	7,400	41.1%
Largest Contributor: Ross County, Ohio	1,941	2,617	34.8%

Table 4: Commuting Patterns, 1990 and 2000

III. Estimated Surplus/Leakage Results for the Circleville Market Area and Competing Market Areas

The Circleville Market Region is comprised of businesses located within the City of Circleville and surrounding areas including: Chillicothe, Lancaster, Southern Columbus, Easton/Southeast Columbus, Tuttle Mall, Grove City and Ashville/Bloomfield (**Map 1**). This Market Region was determined from task force input regarding the average maximum distance traveled by local residents for retail shopping.

	Market Area 2008 Population	Per capita income, 2008
Bloomfield/Ashville	5,122	\$ 22,031
Chillicothe	39,908	\$ 23,004
Circleville	28,674	\$ 24,274
Easton/Southeast Cols.	107,171	\$ 24,761
Grove City	44,954	\$ 29,419
Lancaster	44,038	\$ 25,222
South Columbus	61,115	\$ 21,316
Tuttle	28,970	\$ 23,822
Market Region	359,952	\$ 24,466

For the purpose of this report, competing Market Centers were identified in collaboration with the Circleville project leader and the task force. The area around the center from which that center primarily “pulls” its customers is referred to as that center’s retail Market Area. Again, the two main drivers of local retail sales are population and income. **Table 5** illustrates the differences in estimated Market Area population and per capita income.

Table 5: Estimated Market Area Population and Per Cap Income

Retail Sales by Market Area (Table 6):

The Market Centers which comprise the Circleville Market Region are different types of destinations with different kinds of retail mixes. For example, the retail mix in the Tuttle and Easton/SE Columbus Market Areas is dominated by malls. Circleville, Lancaster and Chillicothe all started as separated service centers (county seats). Moreover, while in many ways, almost the entire market region could be considered a bedroom community of Columbus, Grove City is much more physically tied in to the city. Therefore, for the purposes of comparison, surplus and leakage are adjusted for population and per capita income in the region.

- Of the eight Market Areas in the Market Region, the Tuttle Market Area ranked highest in estimated retail sales per person (\$49,903) and Per Capita Surplus (\$24,363). These findings indicate that this market area has been the quite successful at attracting retail shoppers from outside the market area. The Easton/Southeast Columbus Market Area ranked highest in surplus sectors (20 of 31).
- The Bloomfield/Asheville Market Area had the lowest per capita sales (\$9,110) and second fewest (3 of 31) surplus sectors.
- The Grove City Market Area had the lowest per capita surplus (-\$17,935) and fewest surplus sectors (2 of 31).

- The Circleville Market Area ranked in the middle of the pack in terms of per capita sales (5th of 8), per capita surplus (5th of 8) and number of surplus sectors (5th of 8).

Rank	Market Area	\$ Sales in 2008	Per capita sales
1	Tuttle	\$ 1,445,685,000	\$ 49,903
2	Easton/Southeast Cols.	\$ 3,814,230,000	\$ 35,590
3	Chillicothe	\$ 1,050,351,000	\$ 26,319
4	Lancaster	\$ 1,061,403,000	\$ 24,102
5	Circleville	\$ 647,512,000	\$ 22,582
6	Grove City	\$ 611,638,000	\$ 13,606
7	South Columbus	\$ 764,179,000	\$ 12,504
8	Bloomfield/ Ashville	\$ 46,663,000	\$ 9,110

Rank	Market Area	\$ Surplus 2008	Per capita surplus
1	Tuttle	\$ 705,794,321	\$ 24,363
2	Easton/Southeast Cols.	\$ 969,203,578	\$ 9,044
3	Chillicothe	\$ 66,103,856	\$ 1,656
4	Lancaster	\$ (129,422,016)	\$ (2,939)
5	Circleville	\$ (97,095,297)	\$ (3,386)
6	South Columbus	\$ (632,492,813)	\$ (10,349)
7	Bloomfield/ Ashville	\$ (74,317,291)	\$ (14,509)
8	Grove City	\$ (806,234,203)	\$ (17,935)

Rank	Market Area	# of Surplus Sectors 2008
1	Easton/Southeast Cols.	20
2	Chillicothe	18
3	Tuttle	15
4	Lancaster	9
4	South Columbus	9
5	Circleville	8
6	Bloomfield/ Ashville	3
7	Grove City	2

* out of 31 retail sectors

Table 6: Circleville and Surrounding Market Areas Ranked by: Per Capita Sales, Per Capita Surplus, & Total Surplus Sector

Retail Sales within Circleville Market Area (Table 7):

- The Circleville Market Area accounted for \$647.5 million of the \$9.4 billion in total estimated sales of the Market Region. This represents roughly 7.2% of the total retail sales in the Market Region.

- The retail sector with highest estimated sales in the Circleville Market Area was Motor Vehicles and Supplies Stores at \$228.9 million. This sector accounted for approximately 35% of all retail sales within the Circleville Market Area. Gasoline Service Stations accounted for about 14% of retail sales at \$91.6 million.
- Grocery Stores, Department Stores, and Eating Places round out the top five for retail sales at \$78.1 million, \$50.4 million, and \$35.6 million, respectively. Combined, these top five sectors represented 75% of all retail sales in the Circleville Market Area
- Books and Office Supply Stores, Retail Bakeries, and Drinking Places rounded out the bottom three retail sectors with sales of \$496,000, \$497,000, and \$737,000 respectively.

Circleville Market Area Estimated Retail Sales Surplus/Leakage (Table 7):

Retail sales surpluses and leakages were estimated for the Circleville Market Area and for each retail sector for each Market Area in the Market Region (see Appendix A) by comparing the actual retail sales in that sector with “potential” sales. Potential sales are estimated based on the population of the Market Area and the per capita income of the residents living in the Market Area relative to the whole region. Potential sales are the annual sales that a Market Area could achieve if all the residents of that Market Area were to shop locally. In a case where actual sales exceed the potential sales, a sales surplus exists. When actual sales in a retail sector are less than the estimated potential sales, we say there is a leakage present for that retail sector. The leakage may indicate that residents are spending less on the retail goods than expected, or they may be purchasing those goods in a neighboring market area.

All surpluses and all leakages across all 31 retail sectors can be summed to provide a total retail sales surplus/leakage estimate. This calculation provides us an indication of the presence of a net surplus or leakage of total retail dollars for the Circleville Market Area and for each retail sector for each Market Area in the Market Region.

- Of 31 retail sectors studied in the Circleville Market Area, there were 8 sectors with a retail sales surplus. There were 23 sectors with a retail sales leakage.
- Sectors with the greatest sales surplus in the Circleville Market Area were: Mobile Home Dealers (+533%); Gasoline Service Stations (+140%), and; Variety and General Merchandise Stores (+73%).
- Sectors with a relatively high degree of sales leakages in which the Circleville Market Area had any sales included: Apparel & Accessory Stores (-96%); Books & Office Supplies (-90%); Electronics, Music & Videos (-84%), and; Recreational Vehicle Dealers (-80%).
- Five of the 7 other Market Areas in the Market Region had surpluses in the Hobby Store and Retail Bakery sectors. Not surprisingly, the Circleville Market Area had leakages in both of these sectors.
- Four of the 31 retail sectors in the Circleville Market Area with a leakage were also leakage sectors for 6 of the other 7 Market Areas (see Appendix A).

- The Circleville Market Area had a surplus in one sector in which only one other competing Market Area had a sales surplus: Mobile Home Dealers.
- Overall, the Circleville Market Area registered a 13% leakage to other Market Areas in the Market Region. That is, the model calculated retail sales potential of \$744 million compared to actual sales of \$648 million in the Circleville Market Area.

Sector	Potential Sales	Actual Sales	Surplus/ Leakage	% Surplus/ Leakage	# of other market areas w/surplus
Apparel & Accessory Stores	35,252,925	\$ 1,308,000	\$ (33,944,925)	-96.3%	1
Books & Office Supplies	5,112,202	\$ 496,000	\$ (4,616,202)	-90.3%	3
Camera & Photographic Supply Stores	536,591	N/S	\$ (536,591)	-100.0%	0
Candy Nut & Confectionery Stores	403,547	N/A	N/A	N/A	1
Department Stores	95,020,649	\$ 50,382,000	\$ (44,638,649)	-47.0%	3
Drinking Places	2,805,745	\$ 737,000	\$ (2,068,745)	-73.7%	2
Eating Places	58,752,035	\$ 35,552,000	\$ (23,200,035)	-39.5%	3
Electronics, Music & Videos	19,479,017	\$ 3,007,000	\$ (16,472,017)	-84.6%	1
Florists	1,700,308	\$ 1,408,000	\$ (292,308)	-17.2%	2
Furniture & Home Furnishings	25,260,854	\$ 9,277,000	\$ (15,983,854)	-63.3%	1
Gasoline Service Stations	38,259,457	\$ 91,660,000	\$ 53,400,543	139.6%	3
Gift Novelty & Souvenir Shops	6,365,272	\$ 1,652,000	\$ (4,713,272)	-74.0%	1
Grocery Stores	81,084,353	\$ 78,120,000	\$ (2,964,353)	-3.7%	3
Hardware Stores	2,428,854	\$ 3,186,000	\$ 757,146	31.2%	2
Health and Drug Stores	19,221,132	\$ 28,212,000	\$ 8,990,868	46.8%	3
Hobby Stores	3,289,418	\$ 2,637,000	\$ (652,418)	-19.8%	5
Household Appliance Stores	4,102,506	\$ 2,142,000	\$ (1,960,506)	-47.8%	2
Jewelry Stores	4,841,304	\$ 1,666,000	\$ (3,175,304)	-65.6%	3
Liquor Stores	5,018,196	N/A	N/A	N/A	3
Lumber & Other Building Materials	62,126,863	\$ 33,659,000	\$ (28,467,863)	-45.8%	2
Miscellaneous Retail	22,263,075	\$ 19,135,000	\$ (3,128,075)	-14.1%	3
Mobile Home Dealers	3,905,740	\$ 24,720,000	\$ 20,814,260	532.9%	1
Motor Vehicles & Supplies	218,625,719	\$ 228,879,000	\$ 10,253,281	4.7%	3
Optical Goods Stores	1,805,670	\$ 1,440,000	\$ (365,670)	-20.3%	2
Recreational Vehicle Dealers	6,240,273	\$ 1,280,000	\$ (4,960,273)	-79.5%	3
Retail Bakeries	554,335	\$ 497,000	\$ (57,335)	-10.3%	5
Retail Nurseries & Lawn Supply Stores	7,516,687	\$ 11,312,000	\$ 3,795,313	50.5%	2
Shoe Stores	3,906,608	\$ 1,152,000	\$ (2,754,608)	-70.5%	3
Sporting Goods	1,847,311	\$ 1,036,000	\$ (811,311)	-43.9%	4
Used Merchandise Stores	2,365,211	\$ 2,727,000	\$ 361,789	15.3%	3
Variety and General Merchandise	4,515,438	\$ 7,802,000	\$ 3,286,562	72.8%	3
Total*	\$ 744,607,297	\$ 647,512,000	\$ (97,095,297)	-13.0%	3

N/A - too few firms are in this sector, the sales volume is excluded

N/S = no recorded sales

* includes all n/a sales

Table 7: Surplus/Leakage for Circleville Market Area, 2008

Retail Diversity (Surplus Sectors) by Market Area (Table 6 and 7):

A key indicator of retail health is the diversity of retail sectors recording a surplus. Local economies which enjoy a large number of surplus sectors may be more stable in terms of dealing with fluctuations in the local and national economies. For example, a community with a large aggregate retail sales surplus that is based primarily in motor vehicle sales would be much more sensitive to a national decline in auto sales than a community with a smaller aggregate surplus that was distributed across many retail sectors.

- Of 31 retail sectors studied in the Circleville Market Area, there were 8 sectors with a retail sales surplus. There were 23 sectors with a retail sales leakage. Two other Market Areas, Bloomfield/Asheville and Grove City, had a lower number of sectors with a retail sales surplus.
- Conversely, the Tuttle, Chillicothe, and Easton/Southeast Columbus Market Areas possessed a much higher level of retail diversity with sales surpluses in 15, 18, and 20 sectors, respectively.

Retail Hierarchy of the Circleville Market Area (Figure 1):



Figure 1 lists the retail sectors that are analyzed in this report according to their place in the hierarchy of retail goods from convenience to specialty sectors and sales. The items at the bottom of the hierarchy are labeled convenience or “everyday” items that people buy frequently and that they are most likely to buy locally. Stores that sell these items, including grocery stores and gas stations, are found in almost all towns. As **Figure 1** indicates, towns with only these basic retail services are considered minimum convenience places. On the other hand, the items at the top of the hierarchy are specialty items that are not bought on a frequent basis, including hobby goods, optical goods, books, and cameras. Stores specializing in goods such as these are usually found in larger towns and cities. A complete shopping place is considered one that has all of the retail sectors considered here.

- Aside from the relatively small (-3.7%) leakage in the Grocery Stores sector, the Circleville Market Area has a sales surplus in 3 of the 4 Minimum Convenience sectors.
- From the Full Convenience perspective, the leakages in the Eating Places and Drinking Places sectors were moderate (-40% and -74% respectively) to high and suggest that Circleville Market Area residents take a portion of the dollars they spent on these retail items beyond the boundaries of the Circle Market Area, most likely when they purchase more of the specialty retail items found in a complete market (see below).
- The Circleville Market Area had no sales surpluses in any of the specialty retail sectors found in a Complete Shopping Market Area. This is not surprising due to the presence of such retail in the Easton/Southeast Columbus and Tuttle Market Areas. It is likely that shoppers are drawn to these complete market centers for specialty items and also make food and drink purchases in conjunction with those trips (see above).

Discussion: Based on the distribution of sales and its population, the Circleville Market Area would most likely be considered either a full convenience market center or a partial shopping destination. All but two of the 19 retail sectors that comprise the partial and complete shopping categories were leakage sectors. Furthermore, half of those sectors were significant leakage sectors. Opportunities exist to plug leakages in some of the most basic convenience sectors, such as Drinking and Eating Places as well as Groceries.

Relative to the complete shopping market centers (Easton/Southeast Columbus, Tuttle, and Chillicothe) the Circleville Market Area has opportunities to capture leakages. It struggles with proximity to these complete shopping market centers. However, the same transportation routes that make travel easy for Circleville Market Area out-commuting (for work as well as for recreation and retail spending) also provide opportunities to capture spending from in-commuters.

				Retail Sector	Actual Sales
				Optical Goods Stores	\$ 1,440,000
				Hobby Toy and Game Shops	\$ 2,637,000
				Books and Stationary	\$ 496,000
				Recreational Vehicles	\$ 1,280,000
				Camera and Photographic Supply Stores	N/S
				Candy Nut and Confectionery Stores	N/A
				Sporting Goods and Bicycle Shops	\$ 1,036,000
				Mobile Home Dealers	\$ 24,720,000
				Jewelry Stores	\$ 1,666,000
				Shoe Stores	1152000
				Florists	\$ 1,408,000
				Gift Novelty and Souvenir Shops	\$ 1,652,000
				Apparel	\$ 1,308,000
				Lumber and Other Building Materials	\$ 33,659,000
				Department Stores	\$ 50,382,000
				Electronics Computers Music	\$ 3,007,000
				Retail Nursery & Lawn Supplies	\$ 11,312,000
				Furniture & Homefurnishings	\$ 9,277,000
				Household Appliance Stores	\$ 2,142,000
				Motor Vehicles and Supplies	\$ 228,879,000
				Retail Bakeries	\$ 497,000
				Used Merchandise Stores	\$ 2,727,000
				Liquor Stores	N/A
				Variety and General Merchandise	\$ 7,802,000
				Drinking Places	\$ 737,000
				Eating Places	\$ 35,552,000
				Hardware Stores	\$ 28,212,000
				Drug and Proprietary Stores	\$ 3,186,000
				Groceries	\$ 78,120,000
				Gasoline Service Stations	\$ 91,660,000

	Indicates that all goods are sold at this retail center level
	Indicates that some goods are sold at this retail center level

*Surpluses are highlighted; Leakages are shown in parentheses

NS = No Sales

NA = too few establishments to record results

Figure 1: Hierarchy of Retail Sales for Circleville Market Area

IV. Comparing Circleville with Sister Cities

A useful exercise in determining a community's retail potential is to examine similar places. To assist communities in comparing themselves to peer communities, the OSU Extension Retail Market Analysis program conducted research entitled, "*The Central Business Districts: Measures of Success*" in 2007. Specifically, the project team:

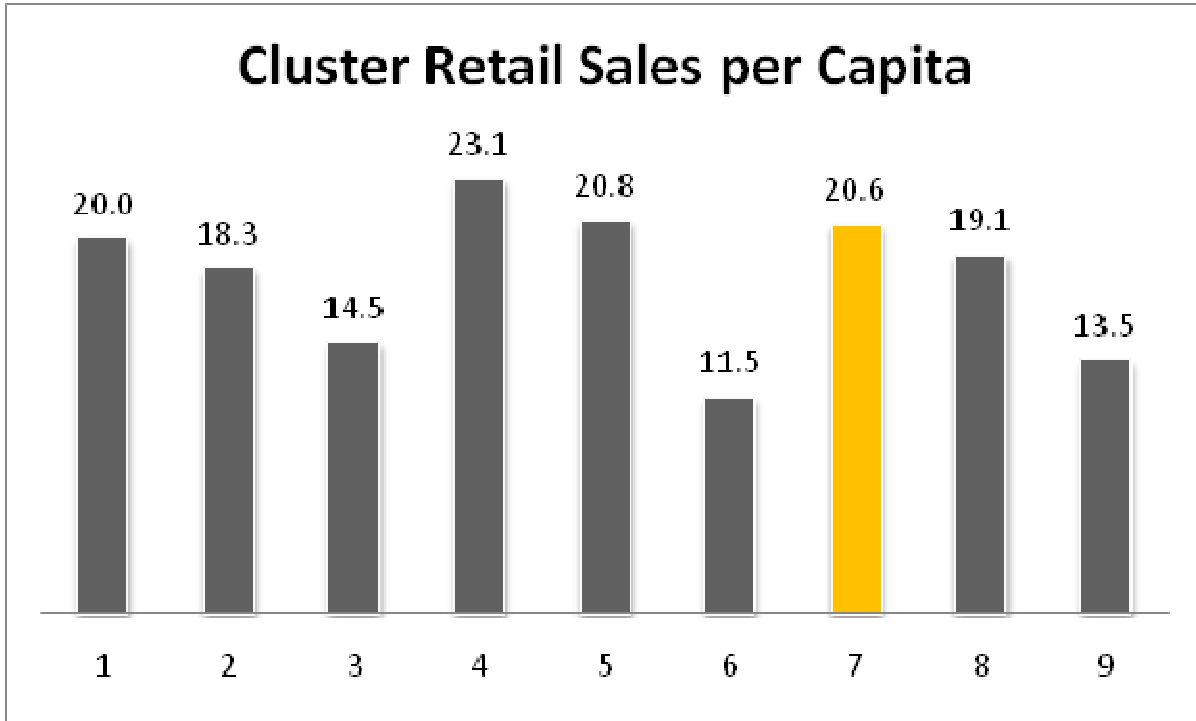
1. Studied over 500 rural and exurban communities in the Great Lake states of Indiana, Illinois, Michigan, Pennsylvania and Ohio.
2. Used economic, demographic and geographic data to determine contributing factors to retail and local service success within these communities.
3. Grouped communities by size, location relative to urban area, and county seat status.
4. Profiled successful communities within the groups through interviews and analysis to gain insights into successful strategies for different types of communities.

The research identified proven strategies for strengthening local retail and service business development in the central business district. From this research, a program was developed that provides Ohio communities the opportunity to reference and potentially implement these successful strategies. Some of the results of this research are detailed here in order to place Circleville among its "Great Lakes" peers.

The program recognizes nine different types or "clusters" of communities based on population size, population growth, access to urban areas and county seat status. Circleville's attributes place it in Cluster 7; a cluster best summarized as "growing cities with central services and relatively close access to urban areas". Some other Ohio communities in this cluster include places such as Van Wert, Marion and Findlay, Ohio.

While the previous sections of this report focused on the Circleville Market Area, this section will compare peer communities with the city of Circleville only.

With respect to retail sales per capita, the 2007 retail sales per capita in the city of Circleville are estimated at 23,090. Circleville's retail sales per capita exceed that of the Cluster 7 average by 12%. See Figure 2.



Notes: (A) Retail sales in thousands of dollars

Figure 2: Cluster Retail Sales per Capita, 2007

Tables 8 and 9 compare key Cluster 7 retail and services data, respectively. These tables indicate what types of retail and service sector establishments the communities in Cluster 7 might be able to support. In other words, given that the majority of Cluster 7 communities can support multiple retail stores of a certain type, it can be expected that Circleville could support a similar number and type of stores. Alternatively, if very few communities support even a minimal number of retail stores of a certain type, then it is likely to assume that Circleville would be unable to support that type of store either. *Note: Remember, these are 2007 numbers, not to be compared to the 2008 estimates given earlier in this report.*

- All Cluster 7 communities support 17 of the 27 retail sectors studied. Therefore, it is likely to assume that Circleville could support the same 17 sectors.
- The following were not supported in all of the Cluster 7 communities. The specific sector, percentage of communities within the cluster that supported sales in the sector, and presence of sales by sector in the Circleville Market Area are indicated below:

Retail Sector	Percentage of Communities Supporting	Sales Present in Circleville Market Area
Camera and Photographic Supply Stores	5	No
Candy, Nut, and Confectionery	53	Yes
Gasoline Service Stations	98	Yes
Hardware	83	Yes
Hobby, Toy and Game Stores	93	Yes
Household Appliance	83	Yes
Liquor	93	Yes
Mobile Home Dealers	25	Yes
Optical Goods	60	Yes
Recreational Vehicles	75	Yes
Retail Lawn and Nurseries	78	Yes
Variety Stores	68	Yes

- Camera and Photographic Supply Stores and Mobile Home Dealers were not typical retail sectors represented in Cluster 7 communities (sales present in 5% and 25% of Cluster 7 communities, respectively). The Circleville Market Area boasts sales in the Mobile Home Dealers sector but not Camera and Photographic Supply Stores.
- Motor Vehicle Dealers, Miscellaneous Retail, and Groceries were the most common retail establishments found in Cluster 7 communities.

retail type	Average per place			Number of places with sales**
	establishments	sales*	per cap sales*	
Books & Stationary	4	4,047	0.24	40
Apparel	10	8,220	0.53	40
Camera & Photographic Supply	0	101	0.01	2
Candy Nut & Confectionery	1	253	0.01	21
Department Stores	7	54,534	3.47	40
Drug Stores & Proprietary	5	12,812	0.83	40
Electronics Computers Music	7	8,932	0.56	40
Florists	4	1,460	0.09	40
Furniture and Home Furnishings	7	6,528	0.42	40
Gasoline Service Stations	6	12,638	0.80	39
Gift Novelty & Souvenir	6	2,607	0.17	40
Grocery	14	48,085	3.11	40
Hardware	1	1,887	0.13	33
Hobby Toy & Game	2	1,635	0.09	37
Household Appliance	2	2,076	0.13	33
Jewelry	3	2,215	0.14	40
Liquor	3	3,887	0.24	37
Lumber & Other Building Materials	8	34,321	2.04	40
Miscellaneous Retail	15	9,692	0.65	40
Mobile Home Dealers	0	550	0.04	10
Motor Vehicle Dealers	19	93,100	6.29	40
Optical Goods	1	514	0.03	24
Recreational Vehicle Dealers	1	2,888	0.18	30
Retail Nurseries & Lawn Supplies	2	1,350	0.08	31
Sporting Goods & Bicycle	4	2,220	0.14	40
Used Merchandise	6	2,072	0.12	40
Variety Stores	1	1,002	0.06	27

*\$1,000s **out of 40 places

Table 8. Comparing Retail in Sister Cities, Retail 2007

- The majority (67%) of the 18 service sectors studied were present in all of the Cluster 7 communities.

- The following service sectors were not supported in all of the Cluster 7 communities. The specific sector and the percentage of communities within the cluster that support sales in the sector are indicated below:

Service Sector	Percentage of Communities Supporting
Agricultural Services	95
Educational Services	75
Miscellaneous Repair	98
Movie Theaters	98
Museums	80
Transportation	93

- Cluster 7 communities employed over 3300 people in over 300 establishments, on average.

Service Type	Average		Number of Places with a business*
	Businesses	Employees	
Accounting Services	8	36	40
Agricultural Services	3	13	38
Automotive Repair	25	91	40
Banks and Finance	16	152	40
Business Services	6	21	40
Eating and Drinking Places	48	791	40
Educational Services	1	8	30
Health Services	69	1504	40
Hotels	6	66	40
Legal Services	22	80	40
Miscellaneous Repair	7	21	39
Movie Theatres	3	14	39
Museums	1	3	32
Personal Services	49	185	40
Private Social Services	9	117	40
Real Estate	15	91	40
Recreation Services	10	81	40
Transportation	3	31	37
Grand Total	303.05	3306	40

*out of 40 places

Table 9. Comparing Services in Sister Cities, Services 2007

V. Conclusions and Recommendations

Developing Local Strategies

There are several general approaches that local communities may choose to follow in developing targeted retail strategies based on the results from a retail market analysis and their own knowledge regarding the local retail market. These include:

Learn from others who are seeing success: There is real value in studying the strategies employed by peer communities who are realizing success. This ‘best practices’ approach to bolstering the community retail sector makes use of the tried and tested strategies used by communities similar to your own. Examining the attributes of communities similar to your own and giving consideration to the approaches they have found to be effective at addressing the issues similar to your own make good, practical sense. You may want to consider taking local retail leaders and decision-makers on a field trip to nearby successful peer communities. Extension offers The Central Business Districts: Measures of Success program and a Community First Impressions program that will also help you better understand the various opportunities for improvement.

Plug leakages in sales of non-specialized goods: While leakages in sales from the more specialized retail stores (those at the top end in **Figures 2 and 3**, such as optical goods and toy stores) are expected from a place with lower population and per capita income, large leakages in sales from stores selling convenience goods are not. This is because people are more inclined to shop locally for convenience goods, including groceries, drugstore items, and hardware goods.

Large leakages in such sales suggest that retailers located outside the local market area are out-competing the local retailers and drawing local residents away. This may occur for a variety of reasons, including: local residents who commute outside the local area to work and shop near their place of work; regional retail centers within close proximity that contain larger stores with more variety and lower prices; lack of competitive pricing, selection, quality, or customer service from local stores.

Large leakages in convenience goods can be addressed by working with existing local retailers or by recruiting new retail businesses to the community.

Build on existing surpluses: A surplus signals either that people from outside the local market area are traveling to shop there or that local residents are spending more on average than what people within the larger region spend on average. In either case, the surplus signals that a store or a group of stores have been able to establish themselves as the providers of a particular retail good or mix of goods. If the surplus is generated by one store, it is often the case that this store is well-established and has been successful at generating and maintaining a strong customer base. If the surplus is generated by a group of stores, it suggests that the local market area is known within the broader region as a place to shop for a particular good.

It may be possible to leverage such surpluses by considering the type of customer that is shopping at the store(s) with surplus sales and the type of goods they are purchasing there. In

some cases these customers may be willing to purchase complementary goods from other stores that are located conveniently nearby. For example, a community with a surplus in hardware might consider whether the hardware store customers might also be interested in shopping at other home-improvement stores, such as a nearby paint and lumber store or appliance store. As another example, a community with a surplus in sales from book stores may consider whether customers might be interested in other entertainment options, such as a movie theater or restaurant. Obtaining the right “mix of businesses” within close proximity to each other hinges on identifying stores that are complementary in some way to each other and that, if located together, consumers are likely to take advantage of one-stop shopping opportunities.

Identify underserved segments of the population: It is easy for local retailers to rely on their traditional customer base rather than attracting new customers. Demographic information from the retail market analysis can be helpful in identifying growing segments of the population that may have unmet demands or shrinking segments of the population that have declining demands. Some examples of growing population segments are: (1) the racial or ethnic composition of local communities can change in response to local job opportunities (for example, local construction or other manual labor jobs); (2) the population of certain age groups may be increasing in size due to baby booms, or (3) higher income households may be increasing within the local area due to nearby urbanization pressures or the attraction of high-end residential development. In communities undergoing such changes, retailers must always be on the lookout for opportunities to attract new customers, which may require initiating a targeted marketing campaign or expanding their product selection.

Identify niche markets: It is often difficult for stores in smaller shopping districts to compete against a large retailer that is able to offer lower prices and more variety or against large regional retail centers that contain a variety of specialized retail shops. However, there are still many opportunities for smaller stores and smaller shopping districts to carve out niche markets. For example, small retailers can focus on filling the “voids” in products or services that do not exist in large retail stores or focusing on quality over just low prices. The largest advantage for small merchants is their high level of customer service that is not found in large retail establishments. Strategies to develop special services such as home delivery, special ordering of merchandise or free installation could maximize this advantage.

Capitalize on other “attractive” aspects of the local community: There are often other aspects of a local community that draw visitors from outside the local area such as recreational opportunities (for example, a nearby lake or state park) or other tourist destination site (for example, a sports venue or historical site). Even though these activities may not center on shopping, there may be opportunities to draw people into the shopping district through targeted marketing and other promotional efforts.

Trends for Central Business Districts/Historic Downtowns

Circleville’s core is its historic downtown. Recent work compiled by the University of Wisconsin Extension provides some viable themes for retail development for historic main streets. These themes focus on:

- Lifestyle and wellness retail
- Community gathering place businesses
- Retailers that celebrate local heritage
- Stores that entertain
- Stores that celebrate local arts
- Stores that educate
- Stores with a community and global perspective
- Neighborhood serving retailers

For more information, visit:

<http://www.uwex.edu/ces/cced/downtowns/lrb/documents/DE1207.pdf>

Downtown Development in Economic Hard Times

Given the current economy, it is perhaps useful to consider how communities can help downtown businesses. The following is an excerpt from “Helping Downtown Businesses During Difficult Economic Times” - <http://www.uwex.edu/ces/cced/downtowns/lrb/index.cfm>. This information was developed from work done by the National Main Street Center.

- **Monitor and report local economic performance.** This could include tracking local sales tax revenues, sales of anchor businesses, space availability and other measures of economic
- **Connect business operators with peer networks and with needed technical assistance.** During difficult times, businesses must carefully manage inventory, maintain understanding and control of both fixed and variable costs, understand current consumer behavior and other businesses skills.
- **Watch and report to downtown merchants what the major national chains are doing.** One current example is offering “value bundles” or encouraging one-stop holiday shopping. Also, monitor the local business mix for opportunities. The loss of another business downtown could become an opportunity for a remaining business by taking advantage of the resulting gap in supply.
- **Encourage and promote a “buy local” strategy in your community.** This can include marketing techniques to refer customers from one downtown business to another.

VI. Definition of Terms

Market Center: A downtown or regional shopping district. In the case of the Circleville, Ohio retail market analysis, the primary Market Center of interest is Circleville, Ohio and the neighboring Market Centers are identified as: Bloomfield/Ashville, Chillicothe, Easton/Southeast Columbus, Grove City, Lancaster, South Columbus, and Tuttle.

Market Area: A geographic area that contains most of the customers that primarily shop in the retail center. The local Market Area is defined as the primary area in which the majority of customers live who shop in the local Market Center. The Market Area boundaries are estimated based on the amount of sales in the retail center and distance from this center. See the Methodology section for a more detailed description of this calculation.

Market Region: The larger geographic area that includes all the Market Areas of interest (see **Map 1** for an illustration).

Potential sales: An estimate of sales that could be achieved in a Market Area if all the population living within the Market Area shopped within the Market Area. See the Methodology section for a more detailed description of this calculation.

Surplus: The positive difference between actual and potential sales. If actual retail sales within a Market Area are greater than the potential sales, then there is a sales surplus. A surplus implies either that people from outside the Market Area shop there or that people living within the Market Area consume more than the average person living within the region. This number may be expressed either in terms of dollars or as a percentage of potential sales.

Leakage: The negative difference between actual and potential sales. If actual retail sales within a Market Area are less than the potential sales, then there is a sales leakage. A leakage implies either that people living within the Market Area shop outside the Market Area or that people living within the Market Area consume less than the average person living within the region. *A leakage does not imply that businesses within this sector are failing—on the contrary, these businesses may be doing quite well. A leakage simply means that the total sales within the local area are not as much as they could be based on the local area’s population and income. In other words, a leakage suggests that there is a potential opportunity for local businesses to capture additional local retail dollars.*

Estimated Actual Sales vs. Surplus/Leakage of Sales: A Market Area may have a large amount of actual sales within a certain sector, but still experience a leakage. Vice versa, the amount of actual sales of a particular sector may be small, but the Market Area has a surplus of sales. This is because surpluses and leakages take into account the average consumption of shoppers within the region. As a result, if the average consumer buys a large amount and if the population within the Market Area is large, then the potential sales within this sector will be high and may be greater than the actual sales, even if actual sales are high.

VII. Methodology

Determining the Market Region: The definition of the relevant Market Region for each of the study areas is very important in analyzing regional retail market trends. The region should include all surrounding areas that either help (i.e. are complementary) or hinder (i.e. are competitive) retail sales activity within the local Market Areas. The relevant regions shown in **Map 1** was identified for this study working with the Circleville RMA Task Force. The market region is considered to represent a reasonable distance within which Circleville residents would do most of their shopping.

Defining Market Area Boundaries: The boundaries for each of the Market Areas were determined based on three main factors: (1) sales for 2008 in each Market Center, (2) distance to the Market Center, and (3) input from the local taskforce. In general, the larger the Market Center, the larger the Market Area that corresponds to the center. Initial boundaries are determined using geographic information systems and then are modified according to feedback from the local taskforce.

Calculating Estimated Actual Retail Sales: Data on retail sales is available for all businesses. (See Data Sources.) Once the Market Areas were determined using the procedure outlined above, sales for each retail sector within each Market Area were calculated by summing up the sales for all businesses that fall within that Market Area.

Estimating Surplus/Leakages: Surplus and leakage calculations were performed for each retail sector within each Market Area. For the purposes of this report, potential sales of retail sector R in Market Area A is defined as:

$$\text{Potential Sales} = (\text{Population of Market Area A}) \times (\text{Income ratio of Market Area A}) \times (\text{Regional per capita consumption of retail good R})$$

The income ratio is the ratio of per capita income in Market Area A to the regional per capita income. This ratio gives an indication of the relative spending power of residents in Market Area A.

The regional per capita consumption of retail good R is the total regional sales in retail sector R divided by the population of the region. Because these values are dependent on the geographic extent of the regional boundary, they are relative measures that are specific to each study region.²

Surplus/leakage numbers are reported in dollars as well as in percentage form. The percentage term is the percentage of the potential sales for the Market Area, which indicates the size of actual sales relative to the estimated potential sales. For example, a 50% surplus implies that the actual sales are 50% larger than the estimated potential sales and vice versa, a -50% surplus (i.e. a leakage) implies that actual sales are 50% less than potential sales. A -100% surplus results if actual sales are zero.

² In other words, the region is defined with the locale of interest as the central point. A study in which one of the other market areas was the focus would generate a different study region with that market area as the Center. As a result, surplus and leakage estimates for the same market area will vary according to the study region that has been defined.

VIII. Data Sources

Estimated retail sales data are compiled by infoUSA, a private market research company that compiles estimates of retail sales data. These data are then geo-coded by ESRI and extracted using ESRI's ArcView. These data are estimated for 2008, using one sales quarter in 2008 to estimate for the whole year. Several variables are available, including four digit Standard Industry Codes and sales.

1990 and 2000 data on population and commuting are from the U.S. Census Bureau's decennial census of housing and population. These data can be accessed at: <http://www.census.gov>. The 2008 estimates and 2013 projections are provided by ESRI.

For an explanation of the retail sectors that comprised this study, please visit: http://www.osha.gov/pls/imis/sic_manual.html.

Appendix A

Total 2008 Estimated Retail Surplus/Leakage by Market Area in the Circleville Market Region (\$1,000s):

	ESTIMATED 2008 SALES VOLUME by MARKET AREA (\$1,000s)*							
	Bloomfield/ Ashville	Chillicothe	Circleville	Easton/SE Columbus	Grove City	Lancaster	South Columbus	Tuttle
Apparel & Accessory Stores	N/S	7,905	1,308	348,662	12,419	38,999	11,693	26,023
Books & Office Supplies	N/S	9,433	496	29,282	8,397	5,093	1,948	10,174
Camera & Photographic Supply Stores	N/S	N/S	N/S	2,430	N/A	N/A	N/S	N/A
Candy Nut & Confectionery Stores	N/S	357	N/A	1,904	N/A	N/A	N/S	N/A
Department Stores	N/S	182,088	50,382	501,552	130,410	103,194	68,437	168,804
Drinking Places	N/S	2,613	737	15,209	4,757	4,355	6,365	1,541
Eating Places	8,720	85,090	35,552	282,517	94,010	90,960	56,320	91,810
Electronics & Videos	686	6,700	3,007	229,539	N/S	N/S	7,063	N/S
Florists	440	10,032	1,408	3,080	2,992	2,024	792	792
Furniture & Home Furnishings	N/S	23,723	9,277	258,208	N/S	N/S	29,101	N/S
Gasoline Service Stations	13,920	64,496	91,660	132,240	38,976	41,760	52,896	49,184
Gift Novelty & Souvenir Shops	N/S	5,310	1,652	61,242	2,006	5,900	354	4,248
Grocery Stores	9,604	128,287	78,120	252,021	113,924	114,721	167,761	163,716
Hardware Stores	N/A	N/A	3,186	18,408	N/S	N/S	4,956	N/S
Health and Drug Stores	2,562	49,509	28,212	43,920	14,640	17,019	55,170	32,693
Hobby, Toy and Music Stores	894	8,026	2,637	N/S	5,735	6,569	4,653	13,196
Household Appliance Stores	N/S	10,098	2,142	6,426	N/S	N/S	33,354	N/S
Jewelry Stores	N/S	5,458	1,666	33,558	3,332	9,996	N/A	6,664
Liquor Stores	N/A	12,597	N/A	19,057	3,876	10,336	8,721	6,137
Lumber & Other Building Materials	N/S	94,188	33,659	186,875	52,733	91,617	76,327	252,373
Miscellaneous Retail	471	32,007	19,135	143,747	22,012	24,835	15,881	24,209
Mobile Home Dealers	N/A	9,020	24,720	11,726	N/A	N/S	N/A	N/S
Motor Vehicles & Supplies	5,334	254,766	228,879	1,114,198	67,772	423,076	110,554	567,607
Optical Goods Stores	N/S	2,592	1,440	12,384	2,304	2,448	1,296	432
Recreational Vehicle Dealers	N/S	13,055	1,280	7,744	9,180	35,768	2,420	9,680
Retail Bakeries	N/S	1,775	497	N/S	1,704	1,562	1,491	N/S
Retail Nurseries & Lawn Supply Stores	N/S	3,120	11,312	44,571	3,138	6,518	25,015	1,638
Shoes	N/S	4,752	1,152	26,784	2,016	8,208	N/A	5,760
Sporting Goods	N/S	8,140	1,036	N/S	5,960	2,664	2,220	3,404
Used Merchandise Stores	N/S	3,030	2,727	10,100	606	4,174	7,676	1,678
Variety and General Merchandise	612	8,644	7,802	16,846	3,162	8,516	9,686	1,988
Total	46,663	1,050,351	647,512	3,814,230	611,638	1,061,403	764,179	1,445,685
N/A = too few firms are in this sector, the sales volume is excluded								
N/S = no recorded sales								
* Highlighted cells are estimated surpluses								