

Retail Leakage and Surplus Analysis

The Retail Leakage and Surplus Analysis examines the quantitative aspect of the community's retail opportunities. It is a guide to understanding retail opportunities but it is not an analysis that indicates unconditional opportunities. The analysis is sometimes called "a gap analysis" or "a supply and demand analysis" and can aid in the following:

- * Indicating how well the retail needs of local residents are being met
- * Uncovering unmet demand and possible opportunities
- * Understanding the strengths and weaknesses of the local retail sector
- * Measuring the difference between actual and potential retail sales

Understanding Retail Leakage

Retail leakage means that residents are spending more for products than local businesses capture. Retail sales leakage suggests that there is unmet demand in the trade area and that the community can support additional store space for that type of business.

However, retail leakage does not necessarily translate into opportunity. For example, there could be a strong competitor in a neighboring community that dominates the market for that type of product or store.

Understanding Retail Surplus

A retail surplus means that the community's trade area is capturing the local market plus attracting non-local shoppers. A retail surplus does not necessarily mean that the community cannot support additional business. Many communities have developed strong clusters of stores that have broad geographic appeal. Examples of these types of retailers include: sporting goods stores, home furnishing stores, restaurants, and other specialty operations that become destination retailers and draw customers from outside the trade area.

Examining the quantitative aspects (Leakage/Surplus) is only part of the evaluation of community's retail opportunities. Before any conclusions can be drawn about potential business expansion or recruitment opportunities, qualitative considerations such as trade area psychographics and buying habits must be analyzed in context of other market factors.

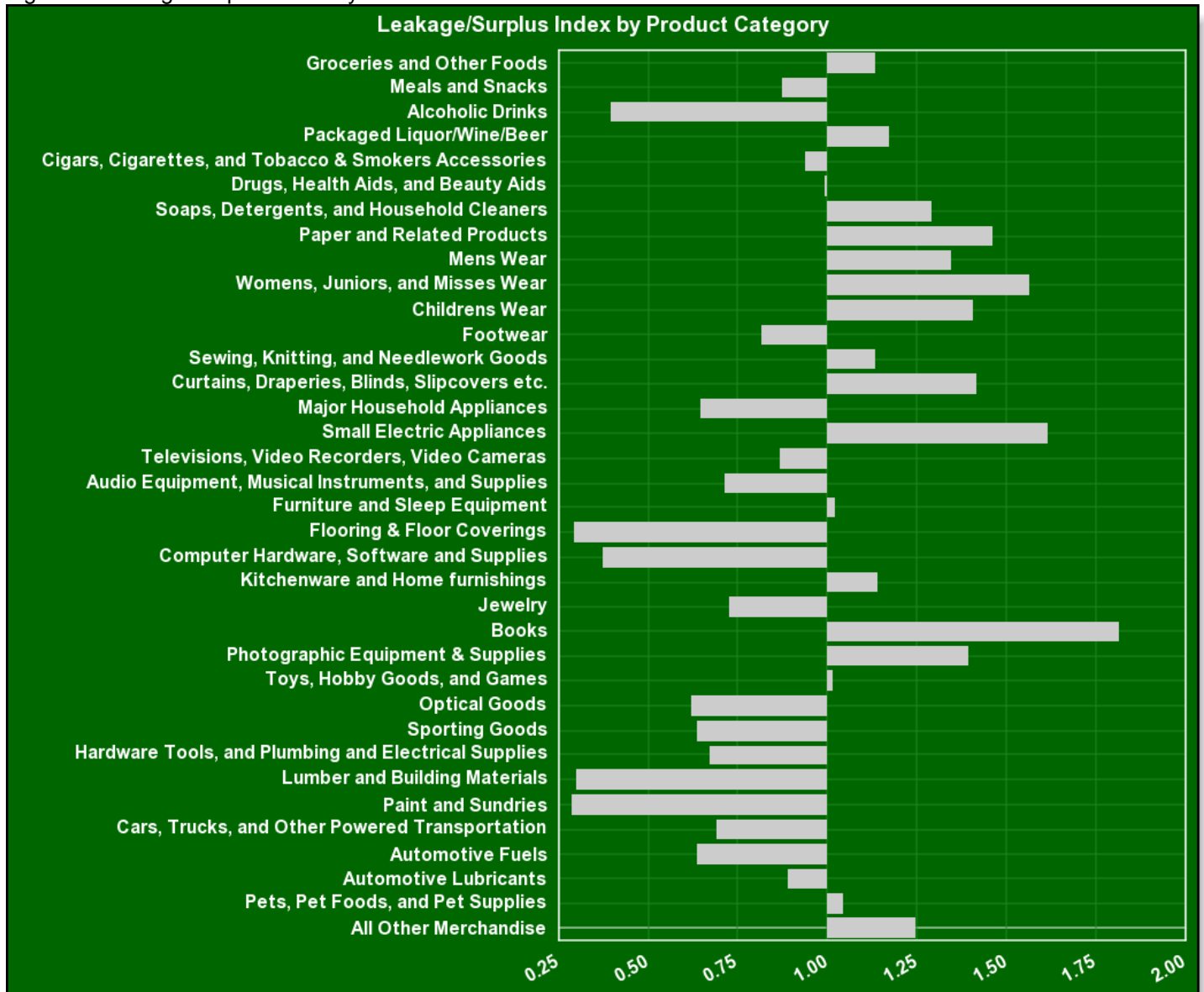
| Site | Address | Analysis Geography |
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| Camden | City Centroid Camden, AR 71701 | 15 minute drive time |

Leakage/Surplus Index by Product

The Leakage/Surplus Index provides a relative comparison of the supply and demand across retail product categories. It is calculated by dividing actual sales by potential sales. An index greater than 1.0 means that the community is attracting retail sales (surplus) from outside the trade area. If the index is less than 1.0 it means that out-shopping is taking place and the community is not successfully drawing its own residents.

Leakage/Surplus Index (Figure 1) shows the strengths and weaknesses of a community's retail market by product.

Figure 1. Leakage/Surplus Index by Product



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The sales potential and the actual sales potential by product category and the resulting index are shown in Figure 2.

Figure 2. Sales Potential and Actual Sales by Product

| Product Type | Potential | Actual Sales | Leakage/Surplus Index |
|---|------------|--------------|-----------------------|
| Groceries and Other Foods | 36,578,711 | 41,494,354 | 1.1 |
| Meals and Snacks | 20,776,894 | 18,141,283 | 0.9 |
| Alcoholic Drinks | 2,200,590 | 873,168 | 0.4 |
| Packaged Liquor/Wine/Beer | 4,375,967 | 5,121,917 | 1.2 |
| Cigars, Cigarettes, and Tobacco & Smokers Accessories | 5,460,368 | 5,122,505 | 0.9 |
| Drugs, Health Aids, and Beauty Aids | 23,209,483 | 23,068,769 | 1.0 |
| Soaps, Detergents, and Household Cleaners | 1,898,385 | 2,454,211 | 1.3 |
| Paper and Related Products | 1,484,928 | 2,170,040 | 1.5 |
| Mens Wear | 4,303,289 | 5,788,223 | 1.3 |
| Womens, Juniors, and Misses Wear | 7,054,270 | 11,048,499 | 1.6 |
| Childrens Wear | 2,451,128 | 3,444,795 | 1.4 |
| Footwear | 3,397,152 | 2,773,370 | 0.8 |
| Sewing, Knitting, and Needlework Goods | 365,769 | 414,939 | 1.1 |
| Curtains, Draperies, Blinds, Slipcovers etc. | 1,480,116 | 2,095,400 | 1.4 |
| Major Household Appliances | 2,011,688 | 1,294,731 | 0.6 |
| Small Electric Appliances | 630,432 | 1,018,183 | 1.6 |
| Televisions, Video Recorders, Video Cameras | 1,652,832 | 1,431,297 | 0.9 |
| Audio Equipment, Musical Instruments, and Supplies | 2,147,955 | 1,535,628 | 0.7 |
| Furniture and Sleep Equipment | 4,196,414 | 4,292,952 | 1.0 |
| Flooring & Floor Coverings | 1,909,581 | 554,650 | 0.3 |
| Computer Hardware, Software and Supplies | 4,904,252 | 1,816,278 | 0.4 |
| Kitchenware and Home furnishings | 2,457,047 | 2,795,853 | 1.1 |
| Jewelry | 1,914,264 | 1,392,264 | 0.7 |
| Books | 922,090 | 1,673,268 | 1.8 |
| Photographic Equipment & Supplies | 494,258 | 689,381 | 1.4 |
| Toys, Hobby Goods, and Games | 1,936,579 | 1,963,625 | 1.0 |
| Optical Goods | 472,892 | 292,989 | 0.6 |
| Sporting Goods | 3,114,112 | 1,977,331 | 0.6 |
| Hardware Tools, and Plumbing and Electrical Supplies | 16,046,700 | 10,812,146 | 0.7 |
| Lumber and Building Materials | 12,761,728 | 3,808,979 | 0.3 |
| Paint and Sundries | 1,885,426 | 536,169 | 0.3 |
| Cars, Trucks, and Other Powered Transportation | 42,569,575 | 29,488,729 | 0.7 |
| Automotive Fuels | 22,260,047 | 14,084,288 | 0.6 |
| Automotive Lubricants | 9,182,999 | 8,155,592 | 0.9 |
| Pets, Pet Foods, and Pet Supplies | 1,514,423 | 1,581,346 | 1.0 |
| All Other Merchandise | 6,951,169 | 8,665,476 | 1.2 |

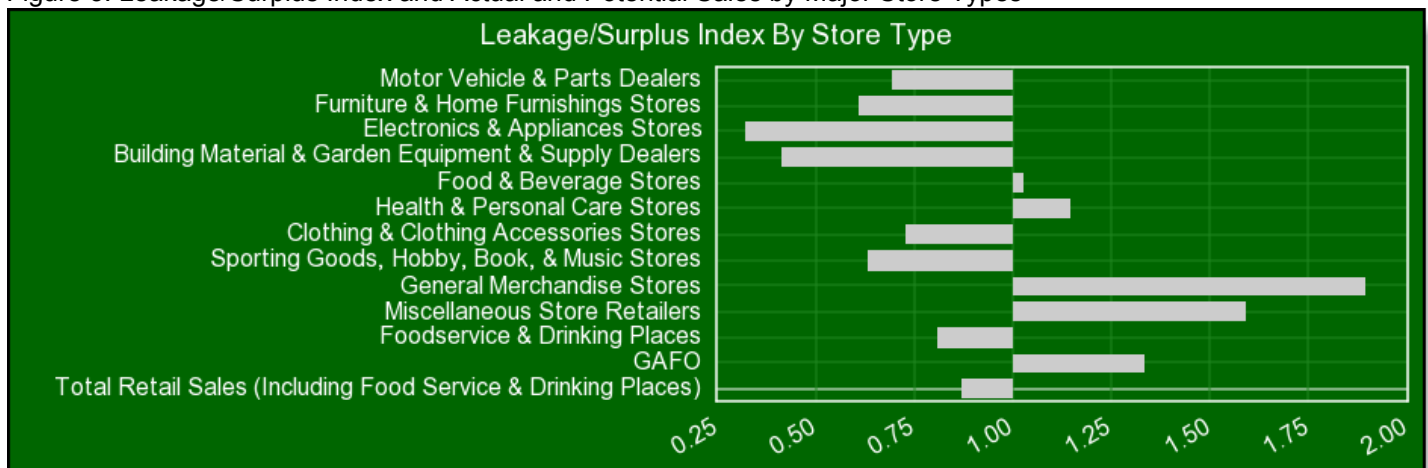
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Leakage/Surplus Index by Major Store Type

The quantitative comparison of retail leakage and surplus in the twelve major store types shown in the chart and table below provides an initial measure of market opportunities. Combining this analysis with the knowledge of the local retail situation will take the process of identifying retail possibilities one step further.

Figure 3 provides the leakage/surplus indices and following is the sales potential and actual sales for major store types.

Figure 3. Leakage/Surplus Index and Actual and Potential Sales by Major Store Types



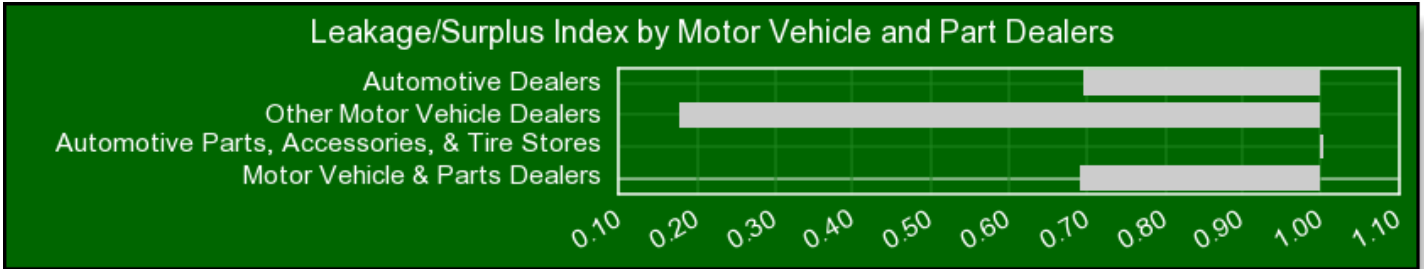
| Store Type | Potential | Actual Sales | Leakage/Surplus Index |
|---|-------------|--------------|-----------------------|
| Motor Vehicle & Parts Dealers | 52,396,259 | 36,238,284 | 0.69 |
| Furniture & Home Furnishings Stores | 6,235,272 | 3,800,664 | 0.61 |
| Electronics & Appliances Stores | 5,473,208 | 1,769,090 | 0.32 |
| Building Material & Garden Equipment & Supply Dealers | 28,522,354 | 11,828,012 | 0.41 |
| Food & Beverage Stores | 32,333,412 | 33,149,264 | 1.03 |
| Health & Personal Care Stores | 16,141,231 | 18,523,643 | 1.15 |
| Clothing & Clothing Accessories Stores | 9,887,392 | 7,204,631 | 0.73 |
| Sporting Goods, Hobby, Book, & Music Stores | 3,985,567 | 2,515,378 | 0.63 |
| General Merchandise Stores | 30,050,135 | 56,928,155 | 1.89 |
| Miscellaneous Store Retailers | 6,311,365 | 10,047,577 | 1.59 |
| Foodservice & Drinking Places | 21,423,294 | 17,313,401 | 0.81 |
| GAFO | 57,945,200 | 77,297,861 | 1.33 |
| Total Retail Sales (Including Food Service & Drinking Places) | 256,973,529 | 223,872,640 | 0.87 |

* GAFO refers to discount retailers that typically include the following departments: general merchandise; clothing and clothing accessories; furniture and home furnishings; electronics and appliances; sporting goods, hobby, books and music; and office supplies.

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Leakage/Surplus Analysis by Sub-Categories of Major Retail Types

Additional leakage/surplus details are provided on subcategories of stores in each of the twelve major store types. These details can help further identify possible business expansion opportunities.



| Motor Vehicle and Parts Dealers | Potential | Actual Sales | Leakage/Surplus Index |
|--|------------|--------------|-----------------------|
| Automotive Dealers | 45,553,463 | 31,671,851 | 0.70 |
| Other Motor Vehicle Dealers | 2,782,782 | 494,249 | 0.18 |
| Automotive Parts, Accessories, & Tire Stores | 4,060,012 | 4,072,184 | 1.00 |
| Motor Vehicle & Parts Dealers | 52,396,259 | 36,238,284 | 0.69 |

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| Electronics and Appliance Stores | Potential | Actual Sales | Leakage/Surplus Index |
|---|-----------|--------------|-----------------------|
| Household Appliances Stores | 1,019,370 | 339,504 | 0.33 |
| Radio Television and Other Electronics Stores | 3,235,169 | 892,583 | 0.28 |
| Appliance, Television, and Other Electronics Stores | 4,254,539 | 1,232,087 | 0.29 |
| Computer and Software Stores | 1,018,220 | 537,003 | 0.53 |
| Camera & Photographic Equipment Stores | 200,448 | 0 | 0.00 |
| Electronics & Appliances Stores | 5,473,208 | 1,769,090 | 0.32 |

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| Furniture and Home Furnishings Stores | Potential | Actual Sales | Leakage/Surplus Index |
|---------------------------------------|-----------|--------------|-----------------------|
| Furniture Stores | 3,413,550 | 3,198,998 | 0.94 |
| Home Furnishing Stores | 2,821,721 | 601,666 | 0.21 |
| Furniture & Home Furnishings Stores | 6,235,272 | 3,800,664 | 0.61 |

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| Building Material, Garden Equipment and Supply Dealers | Potential | Actual Sales | Leakage/Surplus Index |
|--|------------|--------------|-----------------------|
| Home Centers | 9,729,366 | 0 | 0.00 |
| Paint and Wallpaper Stores | 642,461 | 341,001 | 0.53 |
| Hardware Stores | 1,962,196 | 645,772 | 0.33 |
| Building Materials, Lumberyards | 4,555,157 | 1,928,297 | 0.42 |
| Other Building Materials Dealers | 13,745,236 | 5,654,660 | 0.41 |
| Building Material & Supply Dealers | 26,079,261 | 6,641,433 | 0.25 |
| Outdoor Power Equipment Stores | 414,234 | 1,045,180 | 2.52 |
| Nursery and Garden Centers | 2,028,858 | 4,141,398 | 2.04 |
| Lawn and Garden Equipment and Supplies Stores | 2,443,093 | 5,186,579 | 2.12 |
| Building Material & Garden Equipment & Supply Dealers | 28,522,354 | 11,828,012 | 0.41 |

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|--------|--------------------------------|----------------------|
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| Food and Beverage Stores | Potential | Actual Sales | Leakage/Surplus Index |
|--|------------|--------------|-----------------------|
| Supermarkets and Other Grocery (except Convenience) Stores | 27,931,124 | 29,589,682 | 1.06 |
| Convenience Stores | 1,433,100 | 1,047,853 | 0.73 |
| Grocery Stores | 29,364,225 | 30,637,535 | 1.04 |
| Specialty Food Stores | 984,563 | 39,665 | 0.04 |
| Beer, Wine, & Liquor Stores | 1,984,624 | 2,472,063 | 1.25 |
| Food & Beverage Stores | 32,333,412 | 33,149,264 | 1.03 |

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| Health and Personal Care Stores | Potential | Actual Sales | Leakage/Surplus Index |
|---|------------|--------------|-----------------------|
| Pharmacies and Drug Stores | 14,052,119 | 17,726,347 | 1.26 |
| Cosmetics, Beauty Supplies and Perfume Stores | 605,773 | 490,001 | 0.81 |
| Optical Goods Stores | 406,415 | 218,000 | 0.54 |
| Other Health and Personal Care Stores | 1,076,922 | 89,295 | 0.08 |
| Health & Personal Care Stores | 16,141,231 | 18,523,643 | 1.15 |

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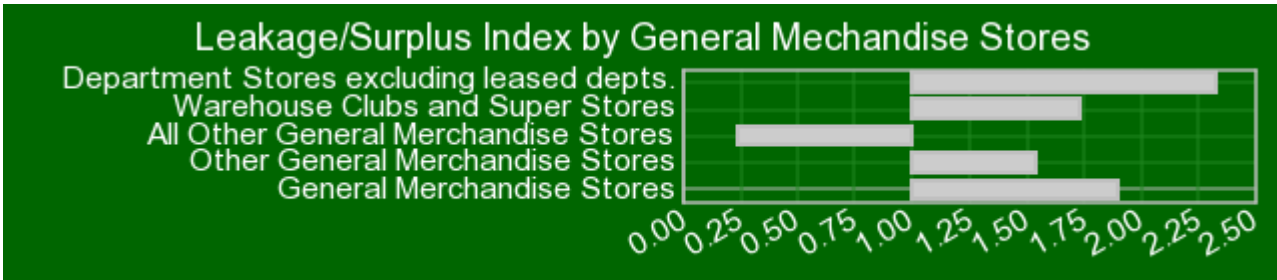
| Clothing and Clothing Accessories Stores | Potential | Actual Sales | Leakage/Surplus Index |
|--|-----------|--------------|-----------------------|
| Mens Clothing Stores | 468,430 | 43,196 | 0.09 |
| Womens Clothing Stores | 1,712,436 | 2,653,713 | 1.55 |
| Childrens and Infants Clothing Stores | 501,478 | 255,001 | 0.51 |
| Family Clothing Stores | 3,880,294 | 4,149,009 | 1.07 |
| Clothing Accessories Stores | 149,679 | 0 | 0.00 |
| Other Clothing Stores | 465,786 | 102,000 | 0.22 |
| Clothing Stores | 7,178,106 | 7,202,919 | 1.00 |
| Shoe Stores | 1,525,906 | 1,711 | 0.00 |
| Jewelry Stores | 1,081,895 | 0 | 0.00 |
| Luggage, & Leather Goods Stores | 101,483 | 0 | 0.00 |
| Jewelry, Luggage, & Leather Goods Stores | 1,183,379 | 0 | 0.00 |
| Clothing & Clothing Accessories Stores | 9,887,392 | 7,204,631 | 0.73 |

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| Sporting Goods, Hobby, Book and Music Stores | Potential | Actual Sales | Leakage/Surplus Index |
|--|-----------|--------------|-----------------------|
| Sporting Goods Stores | 1,548,028 | 419,000 | 0.27 |
| Hobby, Toys and Games Stores | 954,280 | 15,725 | 0.02 |
| Sew/Needlework/Piece Goods Stores | 227,576 | 197,657 | 0.87 |
| Musical Instrument and Supplies Stores | 256,786 | 156,998 | 0.61 |
| Sporting Goods, Hobby, & Musical Instrument Stores | 2,986,671 | 789,380 | 0.26 |
| Book Stores | 598,188 | 1,173,997 | 1.96 |
| News Dealers and Newsstands | 48,791 | 0 | 0.00 |
| Book Stores and News Dealers | 646,979 | 1,173,997 | 1.81 |
| Prerecorded Tape, Compact Disc, and Record Stores | 351,916 | 552,001 | 1.57 |
| Book, Periodical, & Music Stores | 998,896 | 1,725,998 | 1.73 |
| Sporting Goods, Hobby, Book, & Music Stores | 3,985,567 | 2,515,378 | 0.63 |

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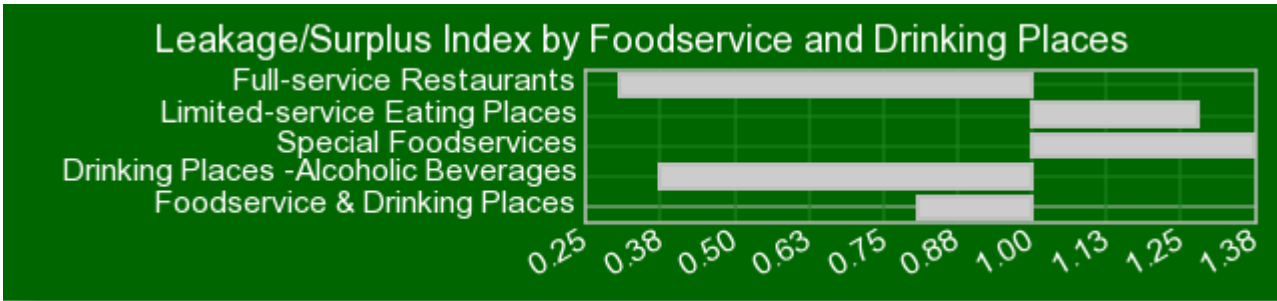
| General Merchandise Stores | Potential | Actual Sales | Leakage/Surplus Index |
|---|------------|--------------|-----------------------|
| Department Stores excluding leased depts. | 13,546,723 | 31,593,610 | 2.33 |
| Warehouse Clubs and Super Stores | 14,312,073 | 24,835,364 | 1.74 |
| All Other General Merchandise Stores | 2,191,338 | 499,180 | 0.23 |
| Other General Merchandise Stores | 16,503,411 | 25,334,544 | 1.54 |
| General Merchandise Stores | 30,050,135 | 56,928,155 | 1.89 |

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| Miscellaneous Store Retailers | Potential | Actual Sales | Leakage/Surplus Index |
|--|-----------|--------------|-----------------------|
| Florists | 473,417 | 858,601 | 1.81 |
| Office Supplies and Stationery Stores | 1,321,971 | 4,758,207 | 3.60 |
| Gift, Novelty, and Souvenir Stores | 991,652 | 321,733 | 0.32 |
| Office Supplies, Stationery, & Gift Stores | 2,313,624 | 5,079,940 | 2.20 |
| Used Merchandise Stores | 483,898 | 855,600 | 1.77 |
| Other Miscellaneous Store Retailers | 3,040,424 | 3,253,435 | 1.07 |
| Miscellaneous Store Retailers | 6,311,365 | 10,047,577 | 1.59 |

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| Foodservice and Drinking Places | Potential | Actual Sales | Leakage/Surplus Index |
|--------------------------------------|------------|--------------|-----------------------|
| Full-service Restaurants | 9,693,693 | 2,965,446 | 0.31 |
| Limited-service Eating Places | 9,073,527 | 11,602,293 | 1.28 |
| Special Foodservices | 1,756,680 | 2,408,001 | 1.37 |
| Drinking Places -Alcoholic Beverages | 899,393 | 337,660 | 0.38 |
| Foodservice & Drinking Places | 21,423,294 | 17,313,401 | 0.81 |

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Sources and Methodology

Household demand estimates are derived by combining data from the Consumer Expenditures Survey by the Bureau of Labor Statistics with current household demographic estimates from Claritas. The demand estimates only account for household expenditures. Demand is defined as the estimated dollar amount spent by a household that resides in the area of analysis for a specified retail store type or merchandise line item.

Supply estimates are generated from the Census of Retail Trade, a component of the Economic Census. County-level sales tax data is allocated to low levels of geography using business sales estimates, business locations, and employee counts provided by Claritas' Business Facts® database. Supply includes all products sold at retail outlets in a specified area for a one-year period. Supply is defined as the estimated total retail sales for a retail store type or merchandise line item.

Source: Retail Market Power™ (Claritas).