

CARVING UP the NORTHSORE

Estimated Retail Trade Areas of Twelve Northshore Communities

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First, a little about who we are...

The BRC is a partnership between Southeastern's College of Business and Department of Economic and Business Development

Located in the
Southeast La. Business Center
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And what we do...

Provide economic and demographic data and applied research for the 5-parish Northshore region, including:

- *Economic Reporter* newsletter
- Community commerce studies
- Economic impact studies
- Demographic/market analysis
- GIS Mapping
- Custom research projects



And a little bit about the Northshore...

- **3 of the 4 fastest-growing parishes in the state from 2000-2008**
 - Livingston (30.0%) = 2nd
 - St. Tammany (18.9%) = 3rd
 - Tangipahoa (16.0%) = 4th
- **Approximately 520,000-525,000 residents in 2008**
- **Grew from 5.5% of state population in 1960 to 11.8% in 2008**
- **Slightly better educated than state** (44.5% vs. 42.7% have some education beyond high school)
- **Somewhat higher incomes than state** (Median HH income -- \$48,172 vs. \$42,159)



Trade area analysis

- What?
 - A variety of techniques designed to determine the geographic area from which a store or community draws its customers
- Why?
 - So that demographic data can be used to describe and analyze the target market, leading to more effective development, site selection, merchandising, and marketing decisions

Trade area analysis techniques

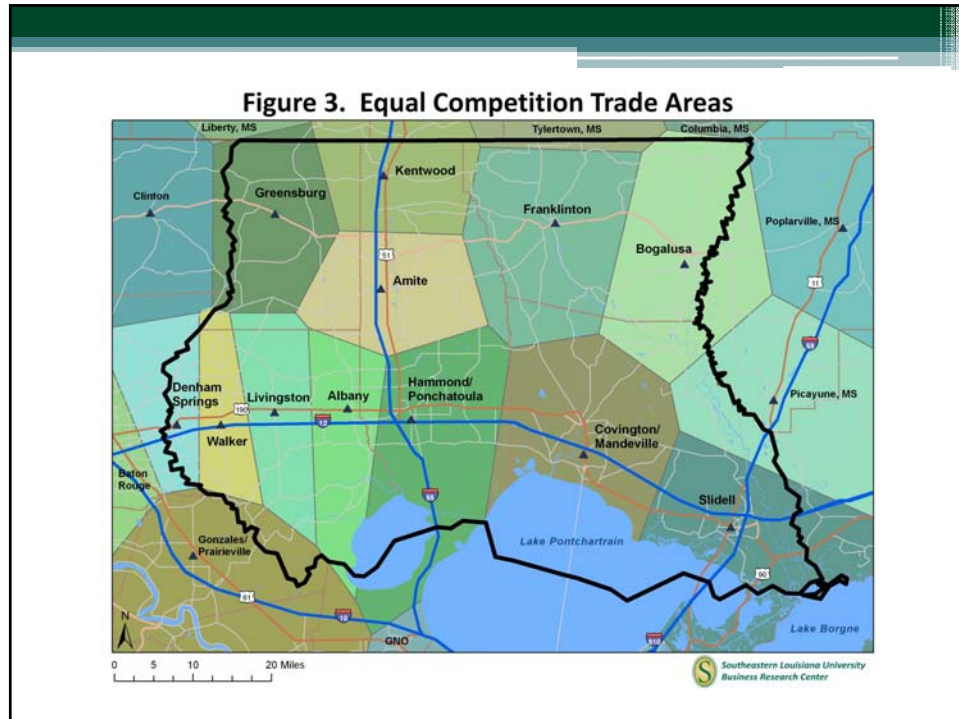
- Spatial monopoly models – simplest
 - Concentric rings
 - Drive-time polygons
 - Thiessen polygons
- Market penetration models
 - Reilly's Gravitation Model
 - Huff Model

Figure 1. Twelve Selected Northshore Retail Communities



Figure 2. Twelve Selected Northshore Retail Communities and Twelve Selected Surrounding Retail Communities





Data for the Market Penetration Models

- Negative factor
 - Distance or drive-time (Google Maps, Mapquest, GIS software, etc.)
- Positive (attractiveness) factors
 - Population (Census Bureau, ESRI, Claritas, municipal web sites, etc.)
 - Retail square footage (Dun & Bradstreet, infoUSA, etc.)
 - Retail Sales (Dun & Bradstreet, infoUSA, Claritas, ICSC, etc.)

Caveat utilitor!

- The data may be old
 - Hammond K-Mart?
- The data may be inaccurate
 - No restaurants in Albany?
- The data may be tabulated or categorized differently than you assume
 - I would have thought Mandeville had more clothing sales than that...
 - Hammond/Ponchatoula has a \$48 million deficit in the Grocery Stores sector?

"Tweaking" the Claritas RMP[©] Report

Sector	Demand	Supply	Deficit/Surplus
Food and Beverage Stores-445	\$ 88,687,468	\$ 35,355,529	\$ 53,331,939
Grocery Stores-4451	\$ 81,578,207	\$ 33,611,564	\$ 47,966,643
Supermarkets, Grocery (Ex Conv) Stores-44511	\$ 77,444,517	\$ 31,541,003	\$ 45,903,514
Convenience Stores-44512	\$ 4,133,690	\$ 2,070,560	\$ 2,063,130
General Merchandise Stores-452	\$ 88,824,248	\$ 155,827,595	\$ (67,003,347)
Department Stores Excl Leased Depts-4521	\$ 42,887,081	\$ 48,833,239	\$ (5,946,158)
Other General Merchandise Stores-4529	\$ 45,937,167	\$ 106,994,356	\$ (61,057,189)

The Wal-Mart effect

“ Tweaking ” the Claritas RMP[©] Report

Sector	Demand	Supply	Deficit/Surplus
Food and Beverage Stores-445 + Other Genl Merch Stores-4529	\$ 134,624,635	\$ 142,349,886	\$ (7,725,251)
Grocery Stores-4451	\$ 81,578,207	\$ 33,611,564	\$ 47,966,643
Supermarkets, Grocery (Ex Conv) Stores-44511	\$ 77,444,517	\$ 31,541,003	\$ 45,903,514
Convenience Stores-44512	\$ 4,133,690	\$ 2,070,560	\$ 2,063,130
Specialty Food Stores-4452	\$ 2,394,044	\$ 1,242,967	\$ 1,151,077
Beer, Wine and Liquor Stores-4453	\$ 4,715,217	\$ 500,999	\$ 4,214,218
Other General Merchandise Stores-4529	\$ 45,937,167	\$ 106,994,356	\$ (61,057,189)
Department Stores Excl Leased Depts-4521	\$ 42,887,081	\$ 48,833,239	\$ (5,946,158)
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Figure 4. Selected Retail Communities with Symbols Scaled to Volume of Retail Sales

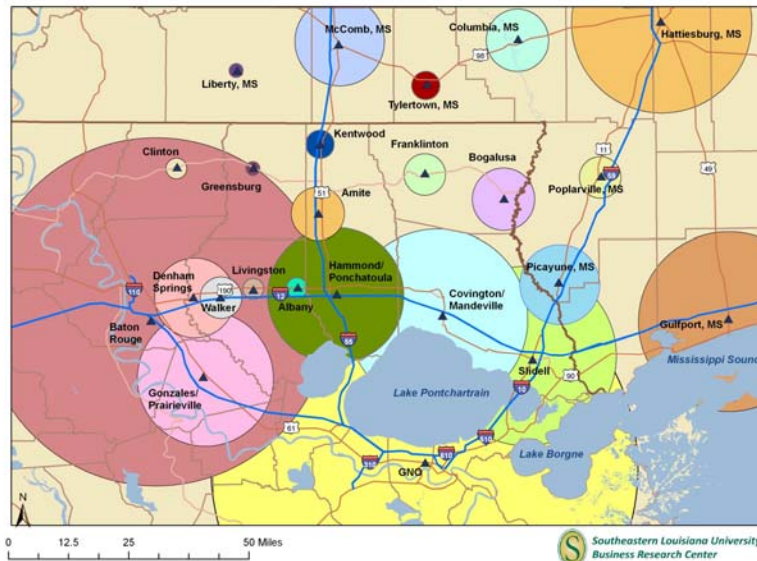


Figure 5. Estimated Northshore Trade Areas for Total Retail Sales: Reilly Model



Huff Model Factor Weights

- Sales = +1.0
- Distance
 - Total Sales, Mid-range Items, Foodservice = -2.5
 - Big-Ticket Items = -1.75
 - Convenience Items = -3.25

These are *assumptions* used for this study. For the most accuracy, realism, and benefit, the model needs to be calibrated with actual local factor weights discovered through point-of-origin surveys.

Figure 7. Western Northshore Estimated Trade Areas for BIG TICKET ITEMS: Huff Equal Probability Model



Shoppers are willing to drive for big-ticket items, so the major markets dominate, and smaller communities have trouble competing.

The target market in smaller communities may be confined to the immediate locale or those lacking convenient transportation.

Figure 8. Western Northshore Estimated Trade Areas for CONVENIENCE ITEMS: Huff Equal Probability Model



However, the picture looks very different for convenience items, where the trade areas for smaller communities are much larger.

The demographics and market analyses for stores in these sectors may look very different than for total sales, mid-range items, etc.

Figure 12. Eastern Northshore Estimated Trade Areas for BIG TICKET ITEMS: Huff Equal Probability Model



Covington/Mandeville and Slidell had almost equal total retail sales, and both were ~63-64% greater than Hammond/Ponchatoula.

But for big ticket items, Covington/Mandeville was only 20% greater than Hammond/Ponchatoula, but 52% more than Slidell.

Sectors differ!

Figure 14. Eastern Northshore Estimated Trade Areas for MID-RANGE ITEMS: Huff Equal Probability Model



Covington/Mandeville dominates the eastern Northshore for mid-range items (clothing, building and garden supplies, sporting goods, etc.), with their estimated trade area extending north and east into Mississippi, and west into eastern Tangipahoa Parish.

Figure 15. Eastern Northshore Estimated Trade Areas for FOODSERVICE SALES: Huff Equal Probability Model



The far-reaching effects of New Orleans' mammoth dining and drinking sector can be seen in the Foodservice trade area map for the eastern Northshore.

However, many Northshore residents don't consider GNO as a regular option when making their routine dining-out decisions, so...

Figure 15a. Eastern Northshore Estimated Trade Areas for FOODSERVICE SALES: Huff Model WITHOUT GNO



Leaving out GNO results in a very different picture!

This may not be truly realistic either, but points out the need to use local knowledge to tailor the analysis to your particular situation.

Western Northshore Estimated Trade Areas for
FURNITURE STORES: Huff Equal Probability Model



Sometimes you also have to drill down below the broader groupings to get a clearer picture.

When we looked at "Big Ticket Items", Livingston had a very small trade area.

But when we look only at "Furniture Stores"...

In Summary

- Trade area analysis can help you both pick your site, then target your marketing and merchandising efforts to be most effective
- Trade areas are based on negative factors (distance, travel time) and positive factors (community population, accessibility, retail sales/square footage, store appeal, etc.)
- Some factors are out of your control, but some are very much IN your control
- There is a lot of data available, but caveat utilitor
- Use what you KNOW to tweak it

If we can be of any assistance,
please let us know!

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