

Retail Trends in Taylor County, Texas 2000-2005

Executive Summary

Taxable sales records from the Texas Comptroller of Public Accounts for 2000-2005 were analyzed for Taylor County, Texas (2000 pop. 126,555). The city of Abilene contains over 91% of Taylor's population (2000 pop. 115,930), thus the study results may be assumed to describe retail trade in Abilene nearly as well as they describe Taylor County's retail sector.



Taylor County is a strong regional retail center similar to Potter County (Amarillo), Lubbock County (Lubbock), and Ector County (Odessa). Taylor's total sales adjusted for income increased significantly in 2001 and then more gently in 2004. From 2000 to 2004, Taylor's trade area increased from approximately 136,000 to 151,000 consumers.

Taylor's largest retail sectors in 2005 were general merchandise (\$196 million in sales), eating and drinking (\$156 million), and building materials (\$106 million). Apparel, home furnishings, and miscellaneous retail sectors "leak" sales to other counties at a rate of approximately 22%, 21%, and 12% respectively, suggesting that Taylor residents tend to buy a larger portion of these goods from outside the county than they do other retail products and services. All other retail sectors show a surplus in sales, suggesting they attract buyers from other counties.

The three sectors of general merchandise, automobile dealers and gasoline service stations, and building materials gained the most in sales since 2000. Personal services and automotive repair experienced the largest declines in sales.

Retail can play an important role in economic development. Taylor has a symbiotic retail relationship with surrounding counties as well as a competitive one. Taylor provides retail options which some surrounding small communities cannot support, providing goods and services and enhancing rural community quality of life and viability. Rural counties can target retail sectors to develop too, however, by targeting areas of superior value for their residents and building sectors which attract customers from beyond the county.

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Introduction

This report overviews retail trends from 2000 to 2005 in Taylor County, Texas. Although the data reported is for the entire county, over 90% of Taylor's population lives in the city of Abilene. For more information on Abilene, Taylor County, and West Central Texas, visit the ACU Center for Business and Economic Analysis at: www.acu.edu/cber.

How the Measures are Calculated

Data

Taxable sales provide an audited measure used across Texas and covering a large portion of retail sales. Actual sales are underrepresented in some industries and counties because some:

- Items are exempt from sales tax (e.g., groceries, newspapers, and over-the-counter medicines)
- Customers are exempt from paying tax on taxable items (e.g., charitable, governmental, educational, and religious organizations and some out-of-state Internet customers)
- Products and services are covered by different taxes (e.g., mixed drinks and hotel occupancy)

To keep individual firm performance confidential, data from retail sectors with fewer than three reporting establishments are not released for research. We use Standard Industrial Classification (SIC) codes for retail trade (52-59) and services (72, 75-76, 78-79).

In this report, three data sources are used:

- Sales subject to tax for the county and state are recorded by the Texas Comptroller of Public Accounts and available by request;
- Population census counts and estimates for years between censuses are calculated by the US Census Bureau and are available at www.census.gov;
- Per capita income is reported by the US Bureau of Economic Analysis and available at www.bea.gov.

Calculations

The retail **pull factor** (PF) compares sales per capita in a given retail sector within the county to sales per capita in the same sector in the state. The formula is:

$$PF = \frac{\text{county sales/county population}}{\text{state sales/state population}}$$

Pull factors greater than 1.0 indicate that a county has "surplus" sales and is attracting customers from

outside the county. A pull factor of less than 1.0 suggests that a county is "leaking" sales to providers outside the county. The portion of sales to non-county residents is calculated as $(1 - PF)/PF$.

An **adjusted pull factor** (APF) may be used to adjust for differences in personal income in two areas, such as a county and the state. APF is calculated as:

$$APF = \frac{\text{state per capita personal income}}{\text{county per capita personal income}} * \text{pull factor}$$

A lag in the release of personal income data means that adjusted pull factors cannot be calculated for the year prior to the current one.

Expected sales (ES) is calculated by multiplying state per capita sales to the county's population:

$$ES = (\text{state sales/state population}) * \text{county population}$$

Sales leakage (less than zero) or surplus (greater than zero) is derived by subtracting expected sales from actual sales.

To estimate the number of customers who buy in an area, **trade area capture** (TAC) is measured as:

$$TAC = \frac{\text{actual county retail sales}}{\text{state per capita sales} * \frac{\text{county per capita income}}{\text{state per capita income}}}$$

Market share (MS) represents the portion of state sales sold within the county, or:

$$MS = \text{county sales/state sales}$$

An excellent resource for regional economic metrics like these is:

Ronald J. Hustedde, Ron Shaffer, and Glen Pulver (2005), **Community Economic Analysis: A How to Manual**, Ames, IA: North Central Regional Center for Rural Development. Available online at: www.ncrcrd.iastate.edu/pubs/title.htm

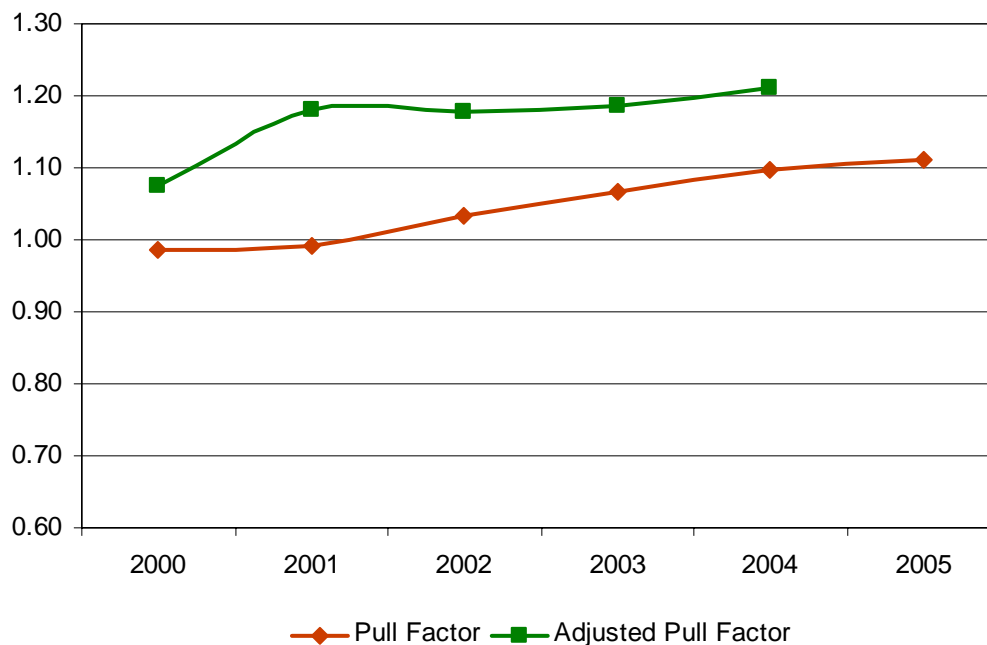
Overall Retail Sales and Pull Factors

Overall Retail Sales and Pull Factors

Taylor County Retail Sales, 2000-2005								
Fiscal Year	Total Retail Sales (millions)	Population	Per capita Sales	Pull Factor	Trade Area Capture	Market Share	PCPI	Adjusted Pull Factor
2000	\$734.55	126,555	\$5,804.19	0.99	124,679	0.60%	\$25,932	1.08
2001	\$739.56	125,287	\$5,902.94	0.99	124,091	0.58%	\$24,362	1.18
2002	\$762.51	124,917	\$6,104.10	1.03	129,105	0.59%	\$25,228	1.18
2003	\$784.92	124,852	\$6,286.84	1.07	133,116	0.60%	\$26,120	1.19
2004	\$834.31	125,091	\$6,669.59	1.10	137,393	0.61%	\$27,825	1.21
2005	\$876.92	125,039	\$7,013.21	1.11	138,857	0.61%	unavailable	

Data: Population, US Census Bureau; PCPI, US Bureau of Economic Analysis; Taxable Sales, Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis, July 2006

Taylor County Retail Pull Factors, 2000-2005

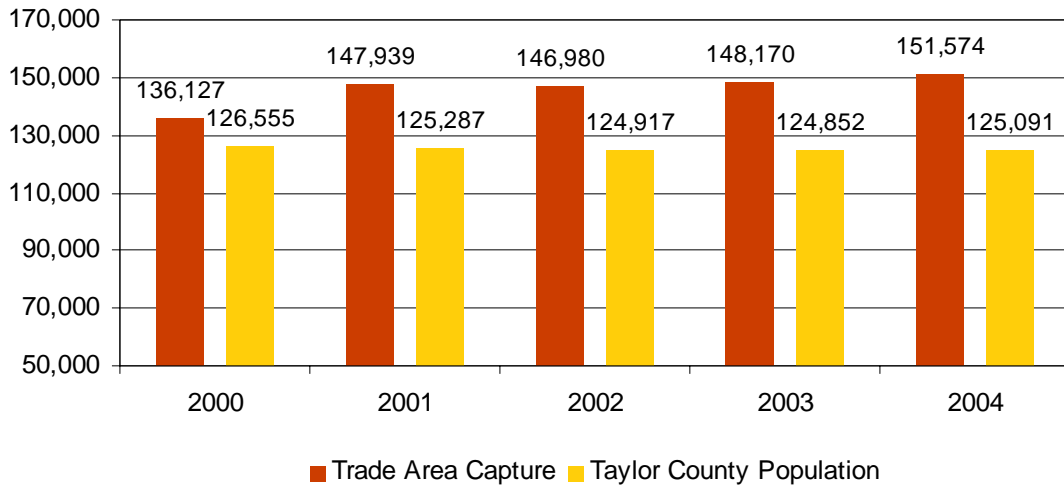


Commentary

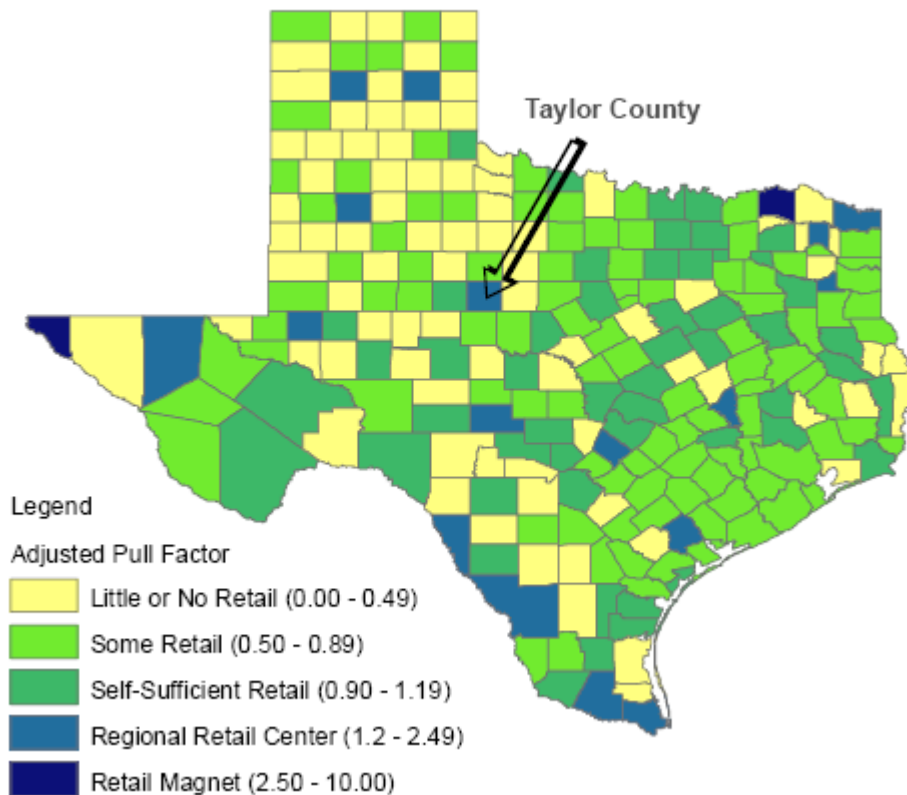
Although Taylor County's population declined slightly between 2000 and 2005, total retail sales increased. County sales grew 19% during this five-year period, outpacing the national inflation rate of 13%. As a percentage of total state sales (market share), Taylor County's sales appear flat at 0.61% in 2005. But per capita personal income in Texas rose twice (14.65%) that of Taylor County residents (7.30%) during the period, suggesting that the average Texan had more to spend than did the average Taylor County resident, yet sales in Taylor County kept pace with the state's growth rate. The retail pull factor trend illustrated in the graph suggests that Taylor is strengthening as a retail center in West Central Texas and increasingly provides products and services to customers residing outside the county. An estimated 11-21% of total sales dollars are to residents outside Taylor County.

Trade Area Capture

Taylor County Trade Area Capture and County Population, 2000-2004



Adjusted Pull Factors for Texas Counties, 2004



Commentary

Trade area capture suggests the number of individuals served by Taylor County's retail establishments. The region served is increasing with over 151,000 customers in 2004. The map of adjusted pull factors indicates that Taylor County is a regional retail center serving several surrounding counties.

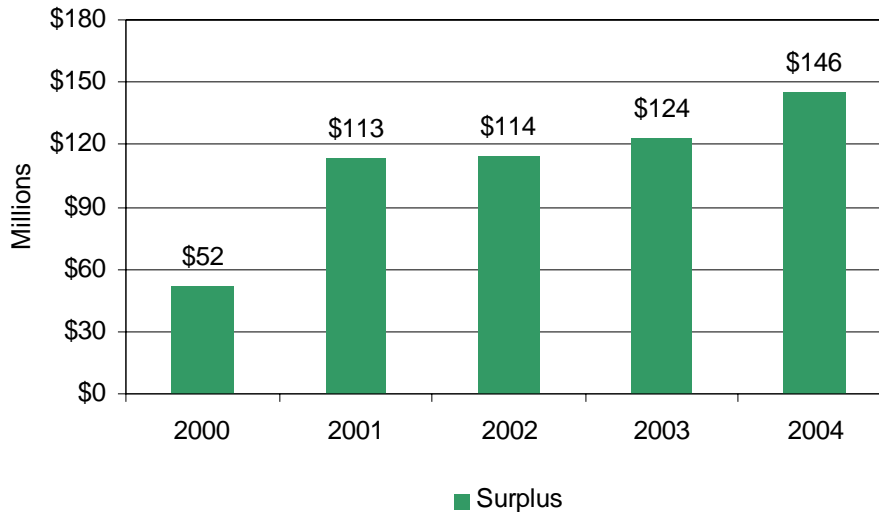
Overall Surplus/Leakage

Overall Surplus/Leakage

Fiscal Year	Expected Sales (millions)	Actual Retail Sales (millions)	Surplus or Leakage (in millions)	Surplus or Leakage as % of potential
2000	\$683	\$735	\$52	7.6%
2001	\$626	\$740	\$113	18.1%
2002	\$648	\$763	\$114	17.7%
2003	\$661	\$785	\$124	18.7%
2004	\$689	\$834	\$146	21.2%
2005	unavailable	\$877	unavailable	unavailable

Data: Population, US Census Bureau; PCPI, US Bureau of Economic Analysis; Taxable Sales, Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Taylor County Retail Sales Surplus/Leakage, 2000-2004



Commentary

When actual retail sales are compared to expected sales (the Texas per capita average for sales, adjusted for income and population in Taylor County) the county started the period with a surplus. That is, sales were 7.6% higher (\$52 million) than would be expected if Taylor County was an average Texas county. Sales surpluses increased nearly threefold during the five-year period culminating in a 21.2% surplus (\$142 million) suggesting the county's trade area is expanding to an increasing number of consumers residing outside the county. These numbers provide a dollar value to the adjusted pull factor trend reported on the previous page.

Overall Retail Sales by Sector

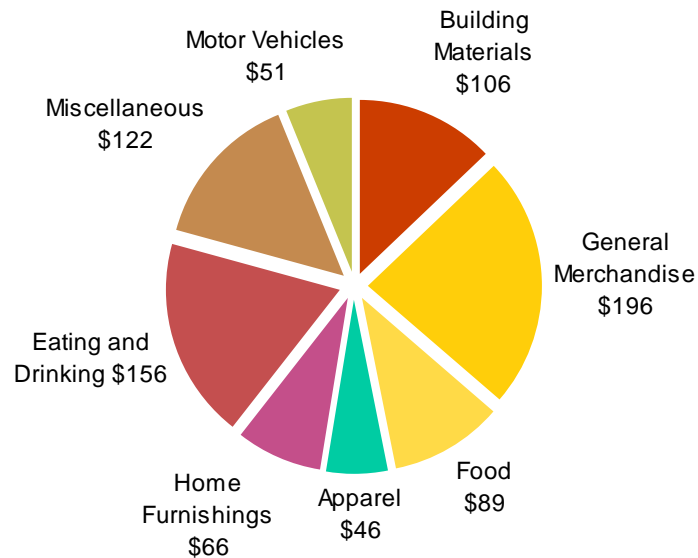
Overall Retail Sales by Sector

Taylor County Retail Sales by Sector, 2004

Merchandise Group	Number of Firms	Expected Sales (millions)	Actual Retail Sales (millions)	Surplus/Leakage (millions)	Surplus/Leakage as a % of Expected	Percent of Total Sales
Building Materials	52	\$78	\$106	\$28	35%	13%
General Merchandise	41	\$148	\$196	\$48	32%	24%
Food	156	\$73	\$89	\$17	23%	11%
Apparel	106	\$60	\$46	-\$13	-22%	6%
Home Furnishings	136	\$84	\$66	-\$18	-21%	8%
Eating and Drinking	340	\$137	\$156	\$19	14%	19%
Miscellaneous	718	\$138	\$122	-\$17	-12%	15%
Motor Vehicles	121	\$41	\$51	\$10	26%	6%
Total Sales	1,670	760	834	75	10%	100%

Data: US Bureau of Economic Analysis; Texas Workforce Commission; Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Sales by Retail Sector (in Millions), 2005
Taylor County, Texas



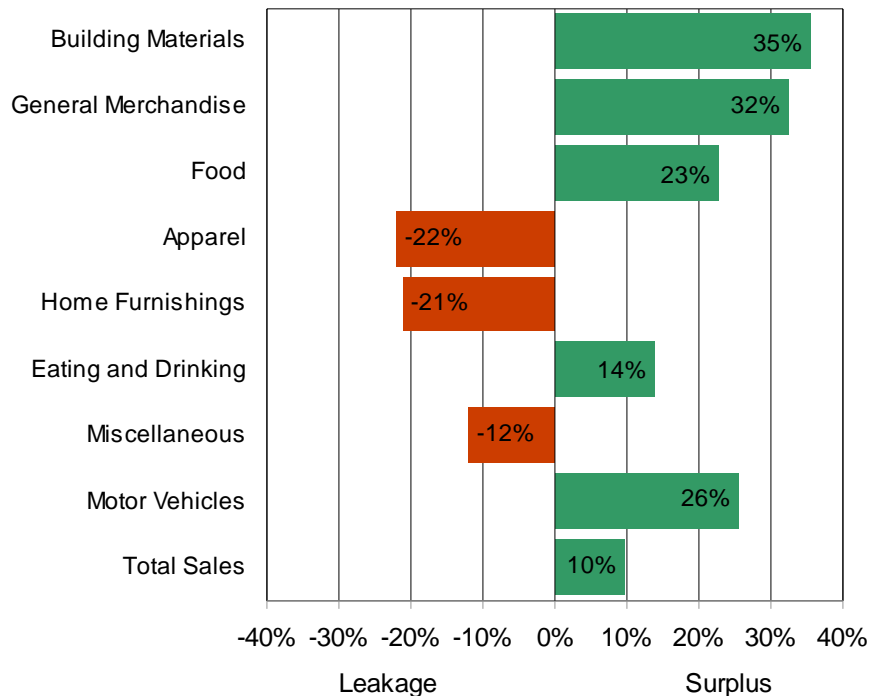
see next page for commentary

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Overall Retail Sales by Sector

Overall Retail Sales by Sector

Surplus/Leakage as a Percent of Expected Sales,
Taylor County, 2004



Commentary

In 2005, 71 cents of every dollar of retail spending in Taylor County was exchanged at four types of establishments:

- General Merchandise (24% of total taxable sales; \$196 million)—stores like Wal-Mart and Target
- Eating and Drinking (19%; \$156 million)—restaurants and bars outside hotels
- Miscellaneous (15%; \$122 million)—drug stores, liquor stores, used merchandise, and other retail not classified elsewhere
- Building Materials (13%; \$106 million)—lumber, paint, glass, lawn, and mobile homes

The strongest “exporting” sectors were building materials, general merchandise, motor vehicles, and food. These sectors tend to attract out-of-county buyers in addition to residents of Taylor County and thus generate “surplus” sales. A “leakage” of Taylor County sales occurs in three retail sectors: Apparel, home furnishings, and miscellaneous. Thus, although miscellaneous sales represent a large dollar volume, an estimated 12% of sales are leaving the county. Nearly a quarter of sales are estimated to leave the county in apparel and home furnishings. This analysis is based on the assumption, however, of Taylor County residents spend their money about the same as the average Texas consumer.

Trends by Retail Sector

General Retail Industries

SIC 53

General Merchandise Stores

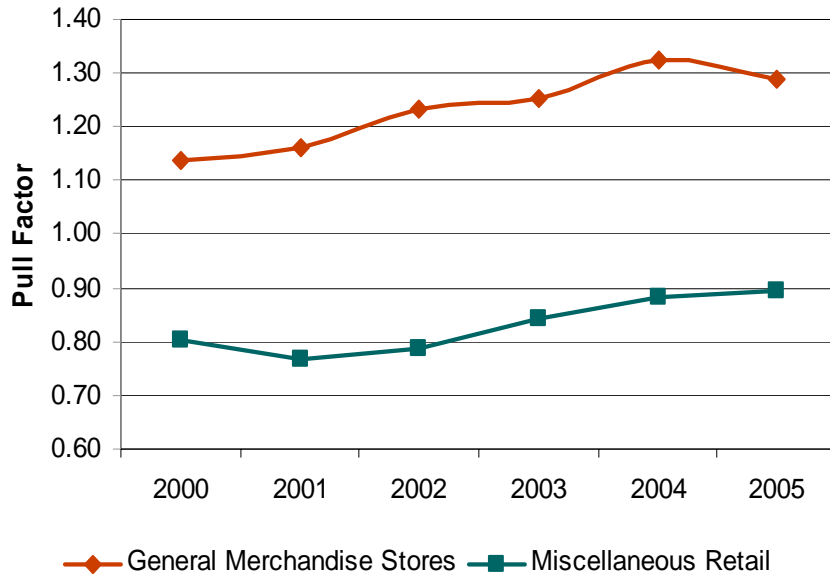
This group includes retail stores which sell multiple lines of merchandise, such as dry goods, apparel and accessories, furniture and home furnishings, small wares, hardware, and food. The stores in this group are known as department stores, variety stores, and general merchandise stores.

SIC 59

Miscellaneous Retail

This group includes retail establishments, not elsewhere classified, including drug stores, liquor stores, used merchandise stores, hobby, camera, and sewing stores, catalog, vending, and house-to-house sales, fuel oil and bottled gas dealers, florists, tobacco stores, and optical goods stores.

Pull Factors by Merchandise Category



Pull Factors by Category for Taylor County, Texas, 2000-2005

Year	General Merchandise Stores	Miscellaneous Retail
2000	1.14	0.80
2001	1.16	0.77
2002	1.23	0.79
2003	1.25	0.84
2004	1.32	0.88
2005	1.29	0.89
% Change, 2000-2005	13.5%	11.4%

Data: US Census Bureau and Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Commentary

In 2005, general merchandise stores in Taylor County were strong retail magnets with an estimated 22.4% of their customers (0.29/1.29) living outside Taylor County. Pull factors suggest that miscellaneous retail stores sell less than the state average but some establishments in this category are specialty stores that typically flourish in large urban markets. Adjusted pull factors for 2004 indicate even stronger performance in general merchandise stores (2004 APF = 1.42) and a near state average for miscellaneous retail (2004 APF = 0.98). General and miscellaneous retail sales increased by double-digit percentages between 2000 and 2005.

Trends by Retail Sector

Food, Apparel and Personal Care Industries

SIC 54

Food Stores

This group includes retail stores primarily engaged in selling food for home preparation and consumption.

SIC 56

Apparel and Accessory Stores

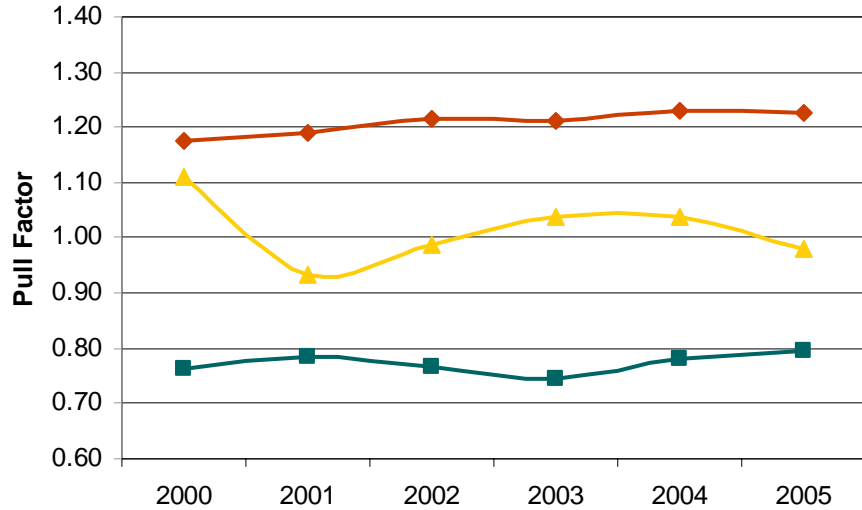
This group includes retail stores primarily engaged in selling new clothing, shoes, hats, underwear, and related articles for personal wear and adornment. Furriers and custom tailors carrying stocks of materials are included.

SIC 72

Personal Services

This group includes establishments primarily engaged in providing services generally to individuals, such as laundries, drycleaning plants, portrait photographic studios, and beauty and barber shops. Also included are establishments operating as industrial laundries and those primarily engaged in providing linen supply services to commercial and business establishments.

Pull Factors by Merchandise Category



◆ Food Stores ■ Apparel & Accessory Stores ▲ Personal Services

Pull Factors by Category for Taylor County, Texas, 2000-2005

Year	Apparel & Accessory Stores		
	Food Stores	Apparel & Accessory Stores	Personal Services
2000	1.17	0.76	1.11
2001	1.19	0.79	0.93
2002	1.22	0.76	0.99
2003	1.21	0.74	1.04
2004	1.23	0.78	1.04
2005	1.23	0.79	0.98
% Change, 2000-2005	4.6%	3.9%	-11.9%

Data: US Census Bureau and Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Commentary

Food stores consistently attract sales from outside the county. Apparel and accessory stores capture about three-quarters of sales expected for these sectors, suggesting Taylor County residents spend between 21% (2005 PF = 0.79) and 14% (2004 APF = 0.86) of their clothing dollars outside the county. Both food and apparel stores have been relatively flat in growth but are moving in a positive direction. Sales of personal services suffered a significant drop in 2001; they largely serve the county's residents.

Trends by Retail Sector

Home Living Related Industries

SIC 52

Building Materials, Hardware, Garden Supply, and Mobile Home Dealers

This group includes retail establishments primarily engaged in selling lumber and other building materials; paint, glass, and wall-paper; hardware; nursery stock; lawn and garden supplies; and mobile homes.

SIC 57

Home Furniture, Furnishings, And Equipment Stores

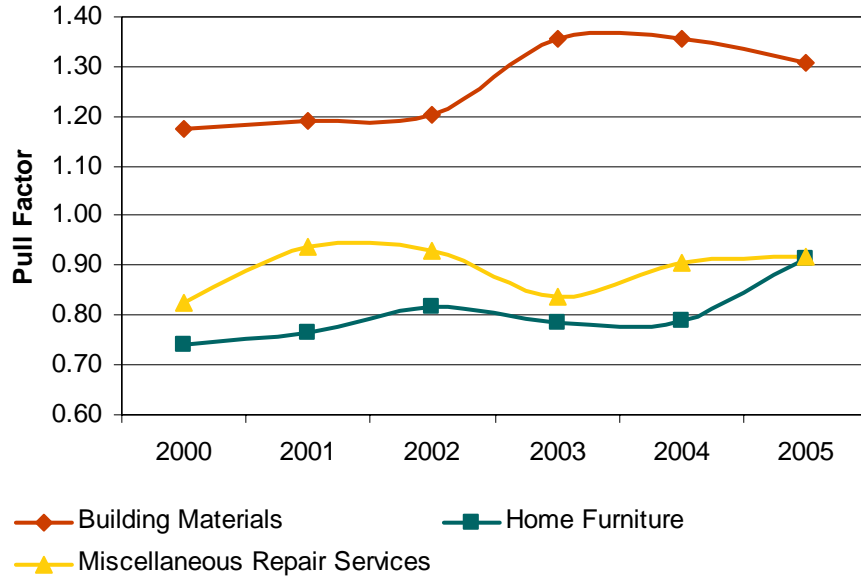
This group includes retail stores selling goods used for furnishing the home, such as furniture, floor coverings, draperies, glass and chinaware, domestic stoves, refrigerators, and other household electrical and gas appliances.

SIC 76

Miscellaneous Repair Services

This group includes establishments engaged in miscellaneous repair services, such as electrical, radio and television, refrigeration and air-conditioning, watch, clock, and jewelry repair, reupholstery, and furniture repair.

Pull Factors by Merchandise Category



Pull Factors by Category for Taylor County, Texas, 2000-2005

Year	Building Materials	Home Furniture	Miscellaneous Repair Services
2000	1.17	0.74	0.82
2001	1.19	0.76	0.94
2002	1.20	0.82	0.93
2003	1.36	0.78	0.84
2004	1.35	0.79	0.91
2005	1.31	0.92	0.92
% Change, 2000-2005	11.4%	23.7%	11.6%

Data: US Census Bureau and Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Commentary

Building materials stores are the strongest classification in this group and the third strongest "importer" of buyers from the surrounding area, attracting an estimated 24-33% (using 2005 PF and 2004 APF) of their sales from buyers outside Taylor County. Sales increased considerably in 2002-2003. Home furniture stores dramatically increased in total sales in 2004 but still do not capture all of the Taylor county purchases. About 8% of leakage is estimated in the home furniture and miscellaneous repair services sectors using the pull factor but when income differences between the state and county are accounted for, the leakage disappears.

Trends by Retail Sector

Tourism and Entertainment Related Industries

SIC 58

Eating and Drinking Places

This group includes retail establishments selling prepared foods and drinks for consumption on the premises; and also lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption. Bars and restaurants operated by hotels are excluded.

SIC 78

Motion Pictures

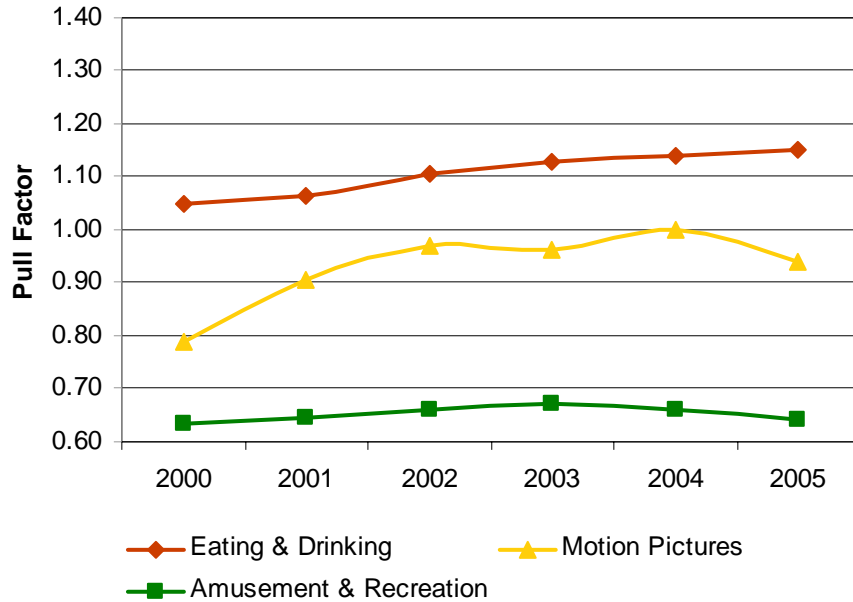
This group includes establishments producing and distributing motion pictures and exhibiting motion pictures in commercially operated theaters.

SIC 79

Amusement and Recreation Services

This group includes establishments engaged in providing amusement or entertainment services, not elsewhere classified, including golf courses, bowling centers, and fitness facilities.

Pull Factors by Merchandise Category



Pull Factors by Category for Taylor County, Texas, 2000-2005

Year	Eating & Drinking	Motion Pictures	Amusement & Recreation
2000	1.05	0.79	0.63
2001	1.06	0.91	0.64
2002	1.11	0.97	0.66
2003	1.13	0.96	0.67
2004	1.14	1.00	0.66
2005	1.15	0.94	0.64
% Change, 2000-2005	9.6%	19.4%	1.2%

Data: US Census Bureau and Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Commentary

Sales from eating and drinking establishments are steadily growing and attract a moderate number of customers (approximately 13% of their sales) from beyond Taylor County. As indicated on the chart on page 5, eating and drinking establishments are the county's second largest retail sector by taxable sales. The motion pictures sector—largely constituted in Taylor county by theatres—increased from 2000 to 2002 but declined in 2005. An estimated 36% of Taylor County amusement and recreation dollars are spent in other counties with little change during the period.

Trends by Retail Sector

Automotive Related Industries

SIC 55

Automotive Dealers and Gasoline Service Stations

This group includes retail dealers selling new and used automobiles, boats, recreational vehicles, utility trailers, and motorcycles including mopeds; those selling new automobile parts and accessories; and gasoline service stations.

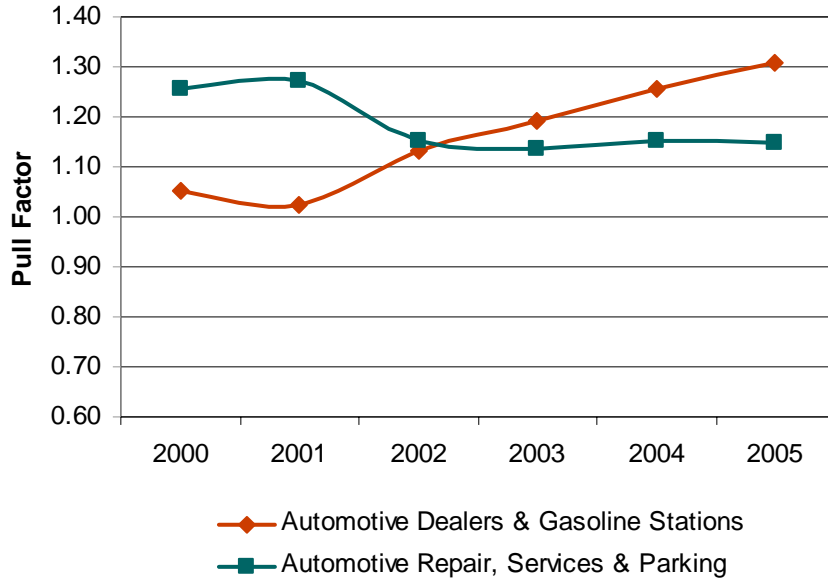
SIC 75

Automotive Repair, Services, and Parking

This group includes establishments primarily engaged in furnishing automotive repair, rental, leasing, and parking services to the general public.

Source: Adapted from SIC Manual, U.S. Department of Labor, 1987.

Pull Factors by Merchandise Category



Pull Factors by Category for Taylor County, Texas, 2000-2005

Year	Automotive Dealers & Gasoline Stations	Automotive Repair, Services & Parking
2000	1.05	1.26
2001	1.02	1.27
2002	1.13	1.15
2003	1.19	1.13
2004	1.26	1.15
2005	1.31	1.15
% Change, 2000-2005	24.5%	-8.9%

Data: US Census Bureau and Texas Comptroller of Public Accounts; calculations by ACU Center for Business and Economic Analysis (CBER), July 2006

Commentary

Sales by automotive dealers and gasoline stations have steadily increased since 2001. Total taxable sales in this sector increased in part because of gasoline prices which nationally rose 52% between 2000 and 2005.* Because prices rose across the state as well and because gasoline stations are widely dispersed throughout the area, the increase in the pull factor is likely influenced by automotive dealers attracting sales from the region. Sales by automotive repair establishments declined nearly 9% during the five-year period.

*Source: "Weekly Retail Gasoline Prices," US Energy Information Administration, accessed July 19, 2006 at: <http://www.eia.doe.gov>

Retail Trade and Economic Development

Does Retail Count as Economic Development?

Generally, retail has played a peripheral role in economic development, falling behind the primary goal of attracting manufacturing jobs. In addition to offering higher wage jobs, manufacturing has been viewed as “importing” dollars to a region from state-wide, national, or international sales. Manufacturing wages and salaries are then circulated through local retail trade and services. While it may generate some excitement among locals, a new retailer’s entrance into a community often is viewed by economic developers as merely displacing sales and jobs from retailers already on the scene rather than adding to the economic base of a community.

Much of this scenario has the backing of economic theory and research, but a strong retail sector provides several benefits which shouldn’t be underestimated, including:

- Enhancing the quality of life
- Lessening the flow of retail dollars outside the region
- Importing dollars from distant locales
- Employment

National chains, local specialty stores, and restaurants which offer variety and competitive prices can enhance quality of life and reduce the seepage of retail dollars outside the area. Regional malls can attract outside dollars to a community from 5-25 miles away, or from up to 75 miles away for outlets and tourism-related specialty stores.¹ Additionally, retail provides jobs—one out of six employed persons nationally is in retail trade. Many of these are relatively low wage but retail has the advantage of providing part-time work for youth, semi-retired, and secondary breadwinners, as well as some well-paying full-time positions.

Does Urban Retail Harm Rural Communities?

The relationship between urban and surrounding rural communities is often viewed as a competitive one, with rural dollars “leaking” out of rural communities and into urban areas. With their larger selection and lower prices, urban retail outlets within driving distance of rural communities have been criticized as putting rural stores out of business and weakening the rural tax base. Indeed, this competitive relation-

ship happens within urban areas as well as between urban and rural areas.

But cities should not be seen as simply stealing rural retail dollars, for at least four reasons. First, small and dispersed markets in rural areas simply cannot support most chain, outlet, and specialty retail stores. The number of gas stations, clothing stores, camera shops, and drug stores in a community can be predicted largely by the population of the community. Many specialty retail shops simply are not viable if supported by a small population, nor are many large retail shops.²

Second, urban shops within driving distance of rural communities offer rural neighbors a wide selection of quality and pricing. As a result, most rural residents have access to almost as many places to shop as urban consumers, and thus rural communities can remain viable even without plentiful retail offerings.⁴

Third, the cost of commuting to urban retail areas increases the total monetary cost and inconvenience of urban shopping, thus making some higher-priced products in rural areas price-competitive with lower-priced goods in urban areas. Finally, urban shopping can provide recreation for the rural consumer who wishes to travel to the city.

How Can Rural Areas Build their Retail Sector?

When looking in retail areas, small chains often search for steady or growing population with higher per capita incomes located away from regional trading centers.³ Not all rural areas have these characteristics—in fact most don’t. So what can rural areas do to enhance their retail sector? Consider the following:⁵

- Attract new basic employers that bring dollars to the retail sector
- Improve existing firms’ service and efficiency through training
- Improve the capture of existing markets through advertising and business promotion
- Encourage new business formation through loan and incentive programs
- Attract aid and programs from the government to assist in retail development

Retail Trade and Economic Development

To prevent dollars from leaving a community, many communities champion “buy local” campaigns which encourage residents to shop within the community, county, or region. Some residents may be unaware of locally available services or the benefits of local shopping. Some communities also champion locally-owned shops over chains headquartered elsewhere. These strategies are most economically efficient when local retailers provide desired products and services at competitive prices. The greater the consumer value, the more effective the campaign.

In some sectors, it may make sense for communities to work cooperatively to attract and retain retail. Research suggests that the presence of food and drug stores in outlying areas does not lessen the need for similar stores in populated retail centers. The presence of automobile dealers, furniture stores, and appliance stores in outlying areas can, however, reduce the demand for these products in more populated centers. Gas stations and restaurants in outlying areas often attract business from both rural and urban areas since they cater to “mobile” consumers.⁶ The supply-side competition among automobile, furniture, and appliance stores suggests there may be mutually beneficial gains when communities cooperate in recruiting retail rather than competing.⁷

What About Big Box Retailers?

The qualities that curb retail seepage are the same ones that attract big retailers to urban areas—large and growing populations with relatively high per capita incomes and markets that are attracting other large retailers. Research suggests that large retailers tend to locate in areas of high density with younger populations and high home ownership.⁸ Large retailers have their own metrics to identify sustainable locations and they generally are not persuaded by other influences.

Highly sought after by some communities and blocked by others, large discount retailers have been the subject of much controversy. Many communities fear that discount stores will result in the closure of locally-owned retail firms and that local dollars exit the community faster. In smaller rural communities, however, these stores can create a retail draw for surrounding areas. Research generally supports the notion that small firms that compete on price with big box retailers don’t win. They are more successful if they compete in customer service, convenience, specialized products, or other competitive advantages.

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Want more retail tax information?

Texas Comptroller of Public Accounts
www.window.state.tx.us

Texas Economic Development Council
www.texasedc.org

Excerpts from Recent Retail Research

Low Price Guarantees...

"MBGs [Money Back Guarantees] are intended to reduce consumer risk from product dissatisfaction, but consumers can end up using them to obtain a refund and switch stores when they find a lower price elsewhere. Adding an LPG [Low Price Guarantee] to an MBG allows the firm to eliminate this unintended negative consequence by retaining customers who would defect when the LPG is not offered. Thus adding the LPG creates a better relationship with customers by correcting the problem of post-purchase dissatisfaction with prices."

Bruce McWilliams and Eitan Gerstner (2006)

"Offering Low Price Guarantees to Improve Customer Retention," Journal of Retailing, Vol. 82, pp. 105-113

Creating Consumer Interest...

"Consumers often switch retailers as a result of increased levels of boredom with the retailer.... Therefore, retailers have increasingly attempted to decrease consumers' level of boredom by making their stores more interesting.... Many factors...may influence the interest level of a store. In-store factors are those that a shopper interacts with during a shopping trip and includes factors such as sales or promotions, knowledgeable and helpful salespeople, exciting products, variety, excellent merchandising, appealing atmosphere, and new products. Out-of-store factors...include...word of mouth, advertising, and store image.... Retailer interest was found to significantly interact with satisfaction in predicting intentions and positive word of mouth."

Michael A. Jones and Kristy E. Reynolds (2006)

"The Role of Retailer Interest on Shopping Behavior," Journal of Retailing, Vol. 82, pp. 115-126

Cherry-Picking...

"Two same-day store visits [cherry-picking] afford shoppers more opportunities to save money, especially when they can plan their shopping with information from feature advertisements. Cherry-picking affords shoppers approximately 5% extra savings per item across the total shopping basket. Second...cherry-picking generates consumer surplus in that shoppers...purchase more (over two-thirds more on average) on such occasions, so shoppers apply the 5% savings to a much larger expenditure than they would normally make on a single-store shopping day. Households that cherry-pick more often have more family members and thus consume more goods.... Cherry-picking shoppers are far more likely to be unprofitable for their secondary stores than for their primary store. Secondary stores not only sell less per shopper (\$45 versus \$71) but also make lower margins on what they sell to cherry pickers. The predicament of secondary stores suggests that it may be more important for retailers to become the preferred store for their customers who frequently cherry-pick than to increase the loyalty of single-store shoppers. ...retailers would profit more by serving than by lamenting these shoppers, who really do "pick the best and leave the rest."

Edward J. Fox and Stephen J. Hoch (2005)

"Cherry-Picking," Journal of Marketing, Vol. 69, pages 46-63

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