

RETAIL DATA FOR DECISION MAKERS - SOUTHWEST COLORADO Update August 2006

Introduction

This update report was prepared by *Information Services* at the request of The Region 9 Economic Development District of Southwest Colorado, Inc. The first report was prepared in 2003. Region 9 provides economic and community development services to a five county area, which includes Archuleta, Dolores, La Plata, Montezuma, and San Juan Counties.

The report is patterned after a series of studies done by the Office of Social and Economic Trend Analysis at Iowa State University (available on the web at www.seta.iastate.edu). These studies use trade statistics, business numbers and retail sales data to provide insights for decision making regarding business expansion, relocation, marketing, government finance, and community development. We have used their definitions of terms, calculations, and methods of analysis. We thank them for their assistance in the preparation of this report.

Data Sources – Retail sales data was provided by the Colorado Department of Revenue – Office of Tax Analysis. We appreciate their assistance in breaking out the numbers for our region, a very time consuming task. This was complicated by the fact that in Colorado businesses can file reports monthly, quarterly or annually. Thus, the numbers of filings within a calendar year are divided by 10.5 to approximate the number of firms. Confidentiality is also a concern, particularly in small areas where individual businesses (and their revenues) might be easily identified. Confidentiality (non-disclosure) occurs when there are less than 3 companies reporting and/or one company controls 70% of the retail sales in that jurisdiction. Sectors are presented using the North American Industry Classification System (NAICS).

The Colorado Demography Section provided population estimates as well as adjustment factors to convert current dollars into constant dollars. Current dollar sales are sales as reported by the state, no adjustment has been made for price inflation. Constant dollar sales reflect changes in price inflation by adjusting current dollar sales with the Consumer Price Index (Denver-Boulder CPI). This is a more realistic method of evaluating sales over time as it converts all sales to a base year, in this case 2003.

Information regarding 2nd homes is drawn from a Region 9 study, *The Social and Economic Effects of Second Homes in Southwest Colorado*—Draft July 3, 2006 (available at www.scan.org).

Report Organization – County level data is provided for each of the five counties in Region 9 for the years 1999 to 2005. Municipal level data is provided for Pagosa Springs, Durango, and Cortez for 2005. Detailed information for other towns in the region were not reported because so many of the retail sales sectors were not disclosed, thus the data was not meaningful.

Regional Summary

Pull Factors - The table below includes each county’s “pull factor” for 1999 to 2005. A pull factor shows the relative strength of the retail sales sector in the county and serves as a proxy for trade area size. Pull factors are good measures of sales activities because they reflect changes in population, inflation, and the state economy.

The pull factor is derived by dividing the county’s per capita sales by the state’s per capita sales. Per capita sales are calculated by dividing constant dollar sales by the population. For example, if a county’s per capita sales are \$20,000, and the states per capita sales are \$10,000 the pull factor is 2. The interpretation is that the county’s retail sector serves 200% of the county’s population.

Calendar Year	County Pull Factors				
	Archuleta	Dolores	La Plata	Montezuma	San Juan
1999	0.76	0.37	0.96	0.73	1.15
2000	0.77	0.38	0.95	0.70	1.17
2001	0.75	0.42	0.95	0.73	1.16
2002	0.71	0.40	0.97	0.74	1.11
2003	0.67	0.46	1.00	0.81	1.10
2004	0.65	0.49	1.08	1.01	1.13
2005	0.71	0.62	1.06	1.06	1.09

Pull factors greater than 1 represent retail sector strength, while pull factors less than 1 show sector weakness.

Potential Sales - Potential sales are an estimate of the amount of money that could be spent on retail goods and services by residents of the county, based on the county’s income and population. Potential sales are the product of the county population, state per capita sales, and the index of income. The index of income is county per capita income divided by state per capita income (\$36,113). Please note that the 2004 per capita income figures are used for 04 and 05, as 2005 is not yet available.

If the estimate of available money (potential sales) does not match what is actually spent, then the county has a “surplus” or “leakage” of retail sales. This is calculated by subtracting potential sales from actual sales. If the result is a negative number then there is leakage; if the result is a positive number then there is a surplus. If we divide the difference by potential sales for that year we can find surplus or leakage as a *percent of potential sales*.

Calendar Year	Surplus or Leakage as a % of Potential Sales				
	Archuleta	Dolores	La Plata	Montezuma	San Juan
1999	26%	-48%	15%	3%	47%
2000	34%	-37%	15%	4%	59%
2001	28%	-37%	14%	7%	54%
2002	21%	-38%	13%	6%	35%
2003	14%	-28%	15%	16%	34%
2004	9%	-29%	23%	46%	56%
2005	18%	-11%	20%	54%	50%

Retail Data for Decision Makers – Regional Summary

Retail sales can be broken down into 2 main categories; retail trade and retail services. Retail trade is composed of merchandise sectors such as food stores, hobby shops, etc. Retail services are businesses that provide a service, and also sell products in the course of that service. One example might be a movie theater, categorized as an arts/entertainment service, that provides entertainment and also sells drinks and popcorn. The proceeds of the snack bar are reported as retail sales revenue (of course it is way more complicated than this). Non-store outlets include catalog and internet sales, businesses that come to you, as well as traveling sales, i.e. festivals and art shows. General merchandisers include retail giants such as Walmart. These stores sell many of the goods (such as electronics/appliances) that are not meeting their potential at other outlets.

If the result is a negative number then there is leakage; if the result is a positive number then there is a surplus.

Sector- NAICS	2003					2005					Percent Difference 2003 to 2005				
	Percent Above Or Below Potential Sales					Percent Above Or Below Potential Sales									
	Archuleta	Dolores	La Plata	Montezuma	San Juan	Archuleta	Dolores	La Plata	Montezuma	San Juan	Archuleta	Dolores	La Plata	Montezuma	San Juan
Retail Trade															
Motor Vehicles/Parts	-85%	91%	1%	14%	D	-78%	D	14%	24%	D	7%		13%	10%	
Furniture, etc.	-23%	D	-20%	-6%	D	-8%	D	-23%	-78%	D	15%		-3%	-72%	
Electronics/Appliances	D	D	-57%	-93%	D	-45%	D	-30%	-96%	D			27%	-3%	
Bldg Materials/Gard	242%	D	99%	25%	D	260%	D	65%	43%	D	18%		-34%	18%	
Food/Bev Stores	119%	D	13%	34%	13%	D	D	12%	39%	D			-1%	5%	
Gas Stations	D	D	100%	143%	D	D	D	111%	37%	D			11%	-106%	
General Merchandise	-38%	D	46%	D	D	-50%	D	50%	D	18%	-12%		4%		
Clothing	-47%	D	-20%	-69%	195%	-35%	D	-11%	-68%	277%	12%		9%	1%	82%
Health Care Products	0.1%	D	-25%	D	D	-24%	D	-23%	D	D	-24%		2%		
Sport/Hobby Shops	14%	D	88%	-55%	23%	-26%	D	77%	-45%	-22%	-40%		-11%	10%	-45%
Misc Retail Stores	17%	D	18%	-58%	586%	47%	D	55%	-64%	842%	30%		37%	-6%	256%
Non-store outlets	60%	19%	104%	385%	-95%	100%	185%	79%	379%	-75%	40%	166%	-25%	-6%	20%
Retail Services															
Agricultural	-61%	36%	-29%	-75%	D	-27%	D	11%	-75%	D	34%		40%	0%	
Mining	128%	D	100%	-4%	D	D	D	96%	8%	D			-4%	12%	
Utilities	D	-10%	D	D	D	D	3%	D	D	D		13%			
Construction	213%	D	61%	37%	-70%	188%	D	112%	51%	-70%	-25%		51%	14%	0%
Manufacturing	-60%	-32%	-44%	100%	-89%	-52%	-64%	-46%	D	D	8%	-32%	-2%		
Wholesale	-37%	D	7%	-41%	-74%	-68%	D	35%	-31%	-68%	-31%		28%	10%	6%
Finance/Insurance	-62%	-81%	-41%	-72%	18%	-55%	-90%	-35%	-70%	D	7%	-9%	6%	2%	
Real Est/Rentals	38%	D	29%	-72%	D	42%	D	82%	-48%	-41%	4%		53%	24%	
Government	58%	-86%	D	-28%	565%	74%	D	D	D	D	16%				
Information	-38%	-57%	-3%	-21%	-14%	25%	-48%	5%	-36%	31%	63%	9%	8%	-15%	45%
Professional/Technical	5%	-89%	25%	-63%	-1%	-49%	D	-49%	-75%	-87%	-54%		-74%	-12%	-86%
Admin/Support/Waste	-70%	D	13%	-83%	D	-60%	D	14%	-81%	D	10%		1%	2%	
Health/Social Assistance	-77%	D	-82%	-84%	D	-85%	D	-64%	-87%	D	-8%		18%	-3%	
Arts/Entertainment	-27%	D	-3%	-12%	1150%	120%	D	-7%	-47%	D	147%		-4%	-35%	
Lodging	151%	32%	127%	22%	308%	186%	108%	92%	2%	413%	35%	76%	-35%	-20%	105%
Eating/Drinking Services	61%	-77%	24%	1%	384%	55%	-84%	26%	-18%	448%	-6%	-7%	2%	-19%	64%
Trans/Warehousing	D	-99%	15%	D	D	D	D	205%	D	D			190%		
Education	D	D	11%	D	D	D	D	31%	D	D			20%		
Other Services	120%	-40%	19%	26%	3%	168%	-46%	10%	6%	120%	48%	-6%	-9%	-20%	117%

D= Non-disclosure of sales in that sector

Retail Data for Decision Makers – Regional Summary

Using potential sales we can also examine individual sectors in Cortez, Durango and Pagosa Springs. Detailed information for other towns in the region were not reported because so many of the retail sales sectors were not disclosed, thus the data was not meaningful.

If the result is a negative number then there is leakage; if the result is a positive number then there is a surplus.

Sector- NAICS	2003			2005			Percent Difference 2003 to 2005		
	Percent Above Or Below Potential Sales			Percent Above Or Below Potential Sales			Cortez	Durango	Pagosa
	Cortez	Durango	Pagosa	Cortez	Durango	Pagosa			
Retail Trade									
Motor Vehicles/Parts	232%	181%	6%	178%	206%	53%	-54%	25%	47%
Furniture, etc.	-61%	110%	D	-52%	93%	3%	9%	-17%	
Electronics/Appliances	-83%	16%	D	D	D	D			
Bldg Materials/Gard	138%	342%	2028%	90%	326%	2216%	-48%	-16%	188%
Food/Bev Stores	239%	212%	D	173%	202%	D	-66%	-10%	
Gas Stations	384%	381%	D	74%	380%	D	-310%	-1%	
General Merchandise	D	309%	295%	D	D	228%			-67%
Clothing	-13%	142%	268%	-29%	167%	359%	-16%	25%	91%
Health Care Products	D	84%	D	D	93%	D		9%	
Sport/Hobby Shops	-43%	457%	606%	D	93%	350%		-364%	-256%
Misc Retail Stores	-47%	206%	682%	-58%	325%	934%	-11%	119%	252%
Non- Store Outlets	215%	296%	D	171%	313%	748%	-44%	17%	
Retail Services									
Agricultural	D	15%	D	D	D	D			
Mining	24%	438%	D	91%	145%	D	67%	-293%	
Utilities	D	D	D	D	D	D			
Construction	136%	211%	D	137%	63%	1744%	1%	-148%	
Manufacturing	410%	-2%	86%	D	4%	185%		6%	99%
Wholesale	32%	115%	120%	31%	157%	79%	-1%	42%	-41%
Finance/Insurance	-58%	16%	55%	D	D	83%			28%
Real Est/Rentals	-33%	114%	609%	37%	250%	664%	70%	136%	55%
Government	D	D	804%	D	D	1109%			305%
Information	40%	94%	72%	-32%	62%	260%	-72%	-32%	188%
Professional/Technical	-46%	238%	489%	-46%	15%	172%	0%	-223%	-317%
Admin/Support/Waste	-91%	176%	84%	D	164%	D		-12%	
Health/Social Assistance	-52%	-46%	59%	-63%	6%	5%	-11%	52%	-54%
Arts/Entertainment	-48%	39%	D	-28%	72%	1434%	20%	33%	
Lodging	127%	432%	1204%	80%	349%	1380%	-47%	-83%	176%
Eating/Drinking Services	86%	229%	790%	54%	231%	859%	-32%	2%	69%
Transportation/Warehousing	D	D	D	D	D	D			
Education	D	145%	D	D	262%	D		117%	
Other Services	161%	129%	D	105%	127%	1532%	-56%	-2%	

D= Non-disclosure of sales in that sector

Retail Data for Decision Makers – Regional Summary

Expected Sales - Expected sales are a retail performance benchmark. It is an estimate of the sales level a town would achieve if it were performing on par with Colorado towns of a similar size. This provides a means of comparing what is expected for a town of a certain size to what is actually happening. For this study we placed each of the towns in our region into a category based on population size: small (1-999); medium (1,000-5,000); and large (5,001-20,000). Then we used 10 other comparably sized western slope towns for each size category to establish a “typical pull” factor. The following table shows these results for 2003 and 2005.

Town	County	2003			2005			Percent Difference 2003 to 2005
		Actual Sales	Expected Sales	Surplus as a % of Expected Sales	Actual Sales	Expected Sales	Surplus as a % of Expected Sales	
Pagosa Springs	Archuleta	\$137,891,000	\$ 25,956,462	431%	\$ 179,876,000	\$ 37,833,644	375%	-56%
Dove Creek	Dolores	\$ 15,931,000	\$ 7,704,942	107%	\$ 24,504,000	\$ 9,965,091	146%	39%
Rico	Dolores	\$ 1,722,000	\$ 2,433,714	-29%	\$ 2,837,000	\$ 3,467,385	-18%	11%
Bayfield	La Plata	\$ 30,382,000	\$ 40,576,734	-25%	\$ 52,152,000	\$ 59,457,784	-12%	13%
Durango	La Plata	\$843,537,000	\$ 471,847,716	79%	\$ 982,239,000	\$ 517,199,226	90%	11%
Ignacio	La Plata	\$ 16,270,000	\$ 10,209,243	59%	\$ 16,784,000	\$ 13,972,579	20%	-39%
Cortez	Montezuma	\$458,481,000	\$ 208,945,709	119%	\$ 565,515,000	\$ 218,370,818	159%	40%
Dolores	Montezuma	\$ 14,056,000	\$ 12,877,568	9%	\$ 14,607,000	\$ 13,126,531	11%	2%
Mancos	Montezuma	\$ 18,890,000	\$ 27,426,216	-31%	\$ 25,418,000	\$ 32,968,760	-23%	8%
Silverton	San Juan	\$ 14,419,000	\$ 7,847,657	84%	\$ 165,458,000	\$ 8,330,846	98%	14%

A list of the comparable towns is provided on the following page.

Actual sales = total retail sales for all sectors, including those that are not disclosed individually. These have been rounded.

Expected sales = (town population) X (state per capita sales) X (index of income) X (typical pull factor).

Retail Data for Decision Makers – Regional Summary

Comparable Towns-Western Colorado

Small 0 - 999 Rico,Silverton,Dove Creek, Ignacio,Dolores

City	County	05 Population	05 Sales	Town Per Capita Sales	State Per Capita Sales	Pull Factor
Creede	Mineral	417	\$ 8,588,000	\$ 20,595	\$ 26,067	0.79
Naturita	Montrose	657	\$ 10,728,000	\$ 16,329	\$ 26,067	0.63
Lake City	Hinsdale	390	\$ 9,672,000	\$ 24,800	\$ 26,067	0.95
Ridgway	Ouray	866	\$ 25,834,000	\$ 29,831	\$ 26,067	1.14
Ouray	Ouray	858	\$ 26,099,000	\$ 30,418	\$ 26,067	1.17
Red Cliff	Eagle	312	\$ 1,349,000	\$ 4,324	\$ 26,067	0.17
Crawford	Delta	376	\$ 2,083,000	\$ 5,540	\$ 26,067	0.21
Norwood	San Miguel	490	\$ 11,756,000	\$ 23,992	\$ 26,067	0.92
Poncha Springs	Chafee	563	\$ 26,672,000	\$ 47,375	\$ 26,067	1.82
Saguache	Saguache	564	\$ 4,196,000	\$ 7,440	\$ 26,067	0.29
AVG PULL						0.81

Medium (1000 - 5000) Mancos, Pagosa and Bayfield

Minturn	Eagle	1138	\$ 31,551,000	\$ 27,725	\$ 26,067	1.06
Cedaredge	Delta	2124	\$ 26,642,000	\$ 12,543	\$ 26,067	0.48
Olathe	Montrose	1693	\$ 27,601,000	\$ 16,303	\$ 26,067	0.63
Paonia	Delta	1546	\$ 118,063,000	\$ 76,367	\$ 26,067	2.93
Crested Butte	Gunnison	1572	\$ 73,862,000	\$ 46,986	\$ 26,067	1.80
Vail	Eagle	4785	\$ 488,497,000	\$ 102,089	\$ 26,067	3.92
Mountain Village	San Miguel	1161	\$ 51,228,000	\$ 44,124	\$ 26,067	1.69
Telluride	San Miguel	2339	\$ 121,125,000	\$ 51,785	\$ 26,067	1.99
Palisade	Mesa	2842	\$ 27,188,000	\$ 9,567	\$ 26,067	0.37
Orchard City	Delta	2947	\$ 11,712,000	\$ 3,974	\$ 26,067	0.15
AVG PULL						1.50

Large 5001 - 20,000 Durango & Cortez

Montrose	Montrose	16070	\$ 739,819,000	\$ 46,037	\$ 26,067	1.77
Alamosa	Alamosa	8488	\$ 319,678,000	\$ 37,662	\$ 26,067	1.44
Delta	Delta	7711	\$ 259,707,000	\$ 33,680	\$ 26,067	1.29
Fruita	Mesa	9393	\$ 119,491,000	\$ 12,721	\$ 26,067	0.49
Gunnison	Gunnison	5303	\$ 217,314,000	\$ 40,979	\$ 26,067	1.57
Carbondale	Garfield	5881	\$ 174,578,000	\$ 29,685	\$ 26,067	1.14
Avon	Eagle	6753	\$ 325,348,000	\$ 48,178	\$ 26,067	1.85
Rifle	Garfield	8118	\$ 306,575,000	\$ 37,765	\$ 26,067	1.45
Steamboat Springs	Routt	10846	\$ 297,060,000	\$ 27,389	\$ 26,067	1.05
Glenwood Spring	Garfield	8603	\$ 489,096,000	\$ 56,852	\$ 26,067	2.18
AVG PULL						1.42

Colorado	All	4,722,478	\$ 123,100,359,000		\$ 26,067	
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