

# Idaho's Retail Industry

## Overview at a Glance

	<u>2005 Data</u>
Number of Retail* Establishments	8,713
Retail* Sales (millions) (Food Service & Drinking = \$1,476 of the \$21,312)	\$21,312
Retail* Employment (thousands) (Food Service & Drinking = 41 of the 118)	118
Share of Non-Agriculture Employment	19.2%
Total Retail* Compensation (millions) (Food Service & Drinking = \$437.2 of the \$2,276.3)	\$2,276.3
Sales Tax** Revenues Collected (millions)	\$1,501.3

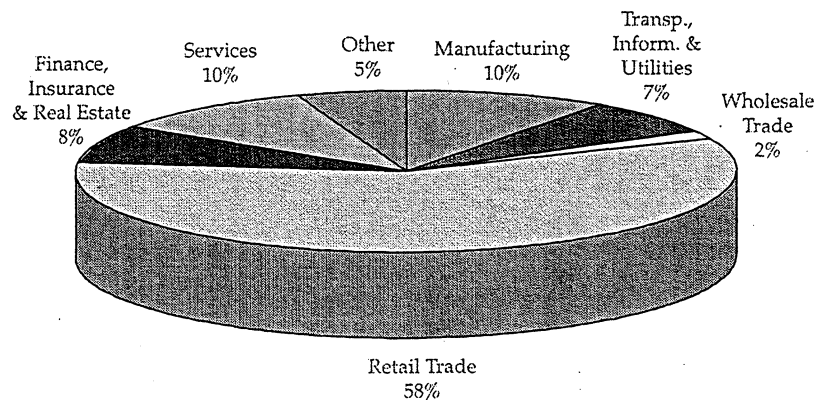
### Value of Economic Activity Generated by Retail Sales

Effects of Economic Activity of Retail Sales, by Share

Every dollar of retail sales requires economic activity from other sectors of the economy.

Retail sales generate up-stream and down-stream benefits to a host of sectors.

For every \$1 spent in a retail store, \$3 is created into the economy.



Source: Derived from U.S. Department of Commerce, Bureau of Economic Analysis data

### Basic Economic Projection

**Idaho's Retail Industry, in general, is projecting a 5-7% increase in sales over the next 18 months.**

General Merchandising retailers are projecting a 10% increase in sales over the next 18 months.

\* = "Retail" includes Book, Music & Hobby Stores, Building Materials & Garden Supplies, Clothing & Clothing Accessories, Electronics & Appliance, Food Service & Drinking Places, Furniture & Home Furnishings, Gasoline & Convenience Stores, General Merchandise Stores, Grocery, Health & Personal Care, Motor Vehicle & Parts Dealers, Sporting Goods, Miscellaneous Store Retailers, and Non-Store Retailers.

\*\* = General sales, alcoholic beverage, motor fuel, cigarette & tobacco, beer & wine, and other selective sales taxes collected

Sources: Retail Industry Indicators 2006 NRF Foundation, Idaho State Tax Commission, Idaho Department of Commerce & Labor, IRA Member Survey 2006

## Other Interesting Retail Facts

### Top 10 Type of Retail Business

- 1) Auto & Parts Dealers
- 2) General Merchandise Stores
- 3) Food Service & Drinking Places
- 4) Grocery Stores
- 5) Gasoline & Convenience Stores
- 6) Building Materials & Garden Supplies
- 7) Non-Store Retailers (on-line, catalog, etc.)
- 8) Department Stores
- 9) Health & Personal Care Stores
- 10) Clothing & Clothing Accessories

### Retail Profits

- ~ Retail industry profitability tends to average between just 2 and 4 percent – a relatively low rate for businesses with assets of \$50 million and over.

### Holiday Sales

- ~ The holiday shopping season consistently accounts for over 18% of sales during the year.
  - ~ Holiday sales account for over 32% of jewelry stores annual sales, and almost 25% of department stores annual sales.
- ~ Idaho retailers had an exceptional holiday season, including strong “after Christmas” sales.
  - A large contributor to this was Christmas and New Year’s Day falling on two Mondays.
- ~ Gift Cards are the third most popular item purchased during the Holiday.
  - ~ Retailers don’t count a gift card as a sale until it is redeemed, therefore, much of those sales will not be reflected in retailers “holiday” sales figures – and thus, neither will the sales tax.

### Employment

- ~ Nearly half of retail employees have college degrees, are currently in college, or have attended college. However, this percentage has declined slightly with the low unemployment rates.
- ~ Retailing provides employment opportunities for individuals who prefer to, or must, work part-time.
  - ~ Over 1/3 of total retail employees worked part-time in 2005.
  - ~ Of those working part-time, almost 86 percent choose to do so.
  - ~ The average part-time employee works between 21 and 24 hours.
- ~ Retail provides an exceptional opportunity for employment for younger workers and older workers
  - ~ Nearly one-third of retail employees are 24 or younger.
  - ~ 13% of retail employees are 55 and older.
- ~ There were not enough applicants to hire sufficient holiday help this year, especially in the greater Boise area. In fact, most employers did not have full staff for the entire 2006 year.
- ~ General consensus is that it’s getting tougher and tougher to find skilled, stable employees.

### Online Retail Sales

- ~ Online sales increased by over 20% in 2006.
- ~ The share of total retail sales that online sales represent doubled in the last three years.
  - ~ Online sales of computer hardware and software represent 48% of the entire market share for that category.
  - ~ Online sales of books represent 20% of the entire market share of books sold.
  - ~ Consumer electronics represents 13%, toys represents 12% and flowers/cards/gifts represent 10% of the market share for each specific line. All other categories represent 8% or less of the total market share, but climbs each year.
- ~ 37% of all online purchase dollars spent were on travel-related purchases, followed by home related products (15%), computer hardware/software (14%) and apparel (12.5%).
- ~ 17% of all purchases made online were for prescription drugs (which hurts Idaho pharmacies).

### What Attracts Retailers to Idaho:

- Simple Tax Structure
- Favorable Corporate Tax Structure
- Comparatively Low Utility Rates
- Room for Growth / Ease of Land Development (comparatively)
- Right-to-Work State
- Few Employer/Employee Mandates (minimum wage, benefit requirements, health insurance coverage mandates, etc.)
- Dylan's Law/Home Rule State
- Fair Initiative Process
- Lower Cost of Living
- Lifestyle

### Biggest Current Concerns of Idaho and Potential Idaho Retailers:

- Workers Compensation Rates and How Benefits are Awarded  
A good system compared to other states, but rates and awards have been continually increasing
- Skyrocketing Cost of Health Insurance (but that's partly a national issue)
- Declining Skills of Basic Workforce

