

FRANKLIN COUNTY

# RETAIL REPORT 2013



An Analysis of Trends in:  
Employment  
Sales Tax Revenue  
Real Estate  
E-Commerce Trends and Impacts  
Consumer Demographics

## THE FRANKLIN COUNTY BOARD OF COMMISSIONERS

The Franklin County Board of Commissioners has established the Economic Development and Planning Department to promote organized growth supported by the principles of environmental responsibility, progressive land use, planning, social equity and economic vitality.

For more information on business development assistance in Franklin County please contact: the Department of Economic Development and Planning, 150 South Front Street, FSL Suite 10, Columbus, Ohio 43229, visit [FranklinCountyOhio.gov](http://FranklinCountyOhio.gov), call (614) 525.5631 or email [edinfo@franklincountyohio.gov](mailto:edinfo@franklincountyohio.gov).

## THE COLUMBUS CHAMBER OF COMMERCE

The Columbus Chamber provides connections, resources and solutions to help businesses thrive. Founded nearly 130 years ago, the Columbus Chamber has evolved to become the largest business services organization and primary advocate for the Columbus Region business community. Leveraging a customized, consultative approach to support members that range from small businesses to Fortune 500 enterprises, the Columbus Chamber is helping to grow the Columbus Region economy one business at a time.

As part of its business solutions, the Chamber maintains a wide range of information and research services. Its team of research experts studies the economy and can provide customized research reports.

To learn more about the Columbus Chamber, visit [columbus.org](http://columbus.org) or call (614) 221.1321.





**Commissioner** John O'Grady • **Commissioner** Paula Brooks • **Commissioner** Marilyn Brown  
President

June 12, 2013

To our partners in the Franklin County retail sector:

Thank you for your interest in the 2013 Franklin County Retail Report, a report produced in collaboration between the Franklin County Board of Commissioners, our Economic Development and Planning Department and the Columbus Chamber of Commerce.

Retailers are the backbone of our economy. A healthy retail sector reflects a strong regional economy, and the sales tax revenue you generate allows us to be successful in serving this community and meeting the growing needs of both our residents and businesses.

Franklin County is now the fastest growing county in Ohio and, as our region continues to improve in attracting and retaining the younger consumer demographic that has shown higher than average spending potential, it's no longer enough to simply get consumers in the door - retailers now need unique tools to maximize a consumer's in-store experience.

We are proud to present to you a very thorough retail report which examines the factors and trends affecting the current state of the retail landscape in Franklin County, with data specific to the Columbus region and the changes predicted to impact the retail industry for the near future.

As you will read, Franklin County's retail sector continues to recover from the recession. Consumers are spending, and businesses are investing and expanding. Specifically, there is growth in the logistics sector as our region - including our retailers -- continues to benefit from extensive investments in multi-modal infrastructure in and around Rickenbacker International Airport, which is multiplied by being within a day's drive of over half of North America's population.

This report also reveals certain challenges to the retail sectors in Franklin County, including the growth of e-commerce and online shopping. Having the data about these challenges, though, offers our partners the ability to turn challenge into opportunity.

We hope the 2013 Franklin County Retail Report will be a useful tool in educating our region's business leaders and our government partners about the potential for continued economic growth and success in Franklin County's retail sector.

Sincerely,

John O'Grady, President

Paula Brooks, Commissioner Marilyn Brown, Commissioner

The Franklin County Board of Commissioners

# INTRODUCTION

Retail in Franklin County continues to recover from the recession. Back in 2009, retail-based sales tax revenues were down 10 percent from 2008. By 2011, the latest year for which data are available, the county had gained back 6 of the 10 percentage points. Even through the recession, certain retail sectors brought in more tax revenues: clothing and accessories, food and beverage, gasoline stations, and accommodation and food services. More timely real estate data show retail vacancy rates down to 10.2 percent as of Q3 2012, down from a high of 13.2 percent in Q2 2009.

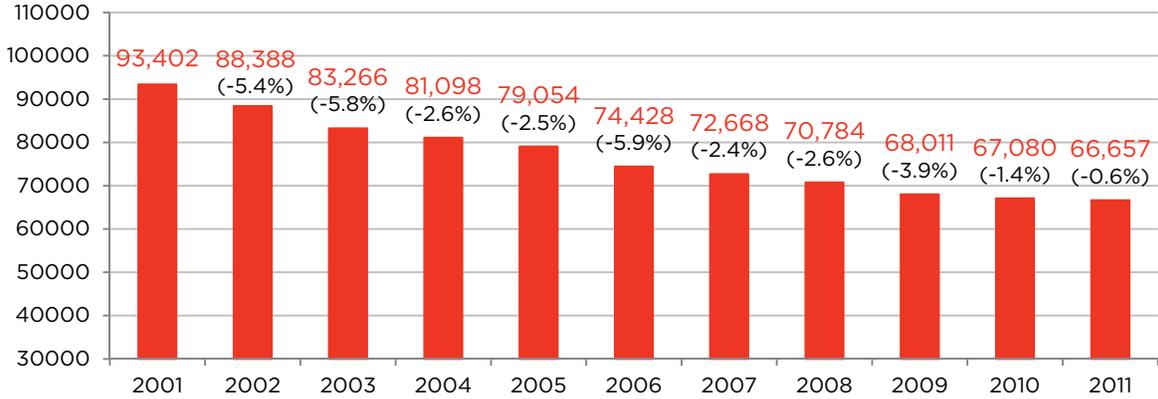
Alongside the cyclical good news are long-term challenges for Franklin County. In 2011, retail employment decreased again from the previous year, though the pace of decline has slowed. Employment is also shifting away from stores and toward logistics activities such as trucking and warehousing, driven by e-commerce, tighter inventory management, and the reduction of store sizes. However, the impact of e-commerce on sales tax revenue may be mitigated in the near future by federal legislation for more uniform taxation of internet sales. Furthermore, the lessons of successful areas such as Easton Town Center are increasingly applied elsewhere to create more experiential—and profitable—retail environments.

# RETAIL EMPLOYMENT

## *IS RETAIL EMPLOYMENT GROWTH HAPPENING OUTSIDE OF "RETAIL"?*

From 2001 to 2009, the annual loss in retail employment ranged from 2.4 to 5.9 percent (Figure 1). Recent losses have been smaller than previous years. However, as this is occurring in the face of rising retail sales, various long-term trends are continuing to impact retail employment.

**FIGURE 1: FRANKLIN COUNTY RETAIL EMPLOYMENT, 2001-2011 (% CHANGE FROM PREVIOUS YEAR)**



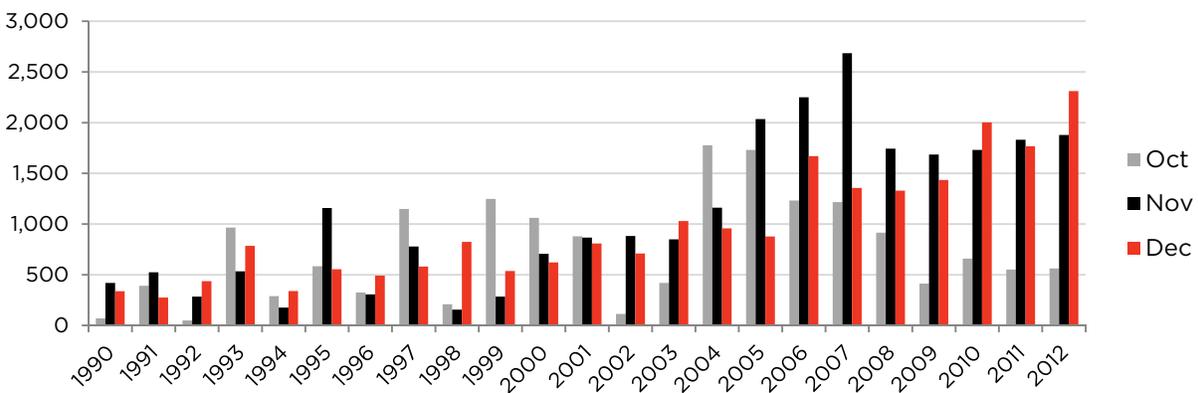
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

As retail shifts toward tighter logistics models as well as e-commerce, some of the employment growth driven by retailers is actually occurring in logistics (transportation and warehousing). By isolating seasonal effects from the underlying employment trend, the data

show that 5-6% of overall employment in November and December for both retail and logistics in the Columbus metro area is seasonal.

Since 2000, the seasonality of logistics employment has increased while the seasonality of retail employment has decreased. In the 1990s, the seasonal effect on logistics employment in the Columbus metro area averaged 500 additional jobs in October through December. In the 2000s, the monthly averages were 1,000 in October, 1,500 in November and 1,100 in December. From 2010 to 2012, the averages were 600 in October, 1,800 in November, and 2,000 in December. The seasonal effect has not only grown but shifted later into the season (Figure 2).

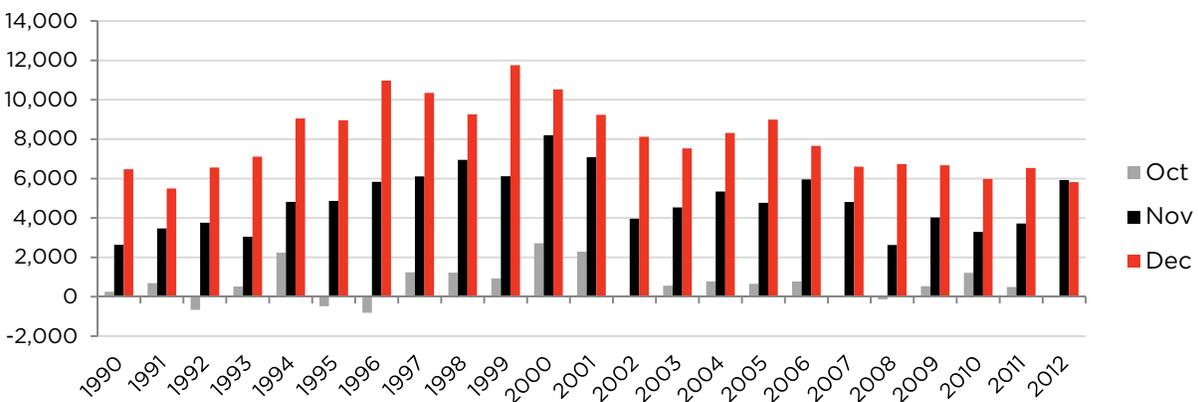
**FIGURE 2: SEASONAL EFFECT ON TRANSPORTATION AND WAREHOUSING EMPLOYMENT, COLUMBUS MSA, 1990-2012**



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Columbus Chamber

In contrast to logistics, the seasonal effect on retail employment has decreased from above 10,000 in the Decembers of 1996 to 2000 to around 6,000 since 2007. The December average fell from 8,600 in the 1990s to 8,000 in the 2000s to 6,100 in 2010-2012. November averages were 4,800, 5,100 and 4,300 respectively (Figure 3).

**FIGURE 3: SEASONAL EFFECT ON RETAIL EMPLOYMENT, COLUMBUS MSA, 1990-2012**



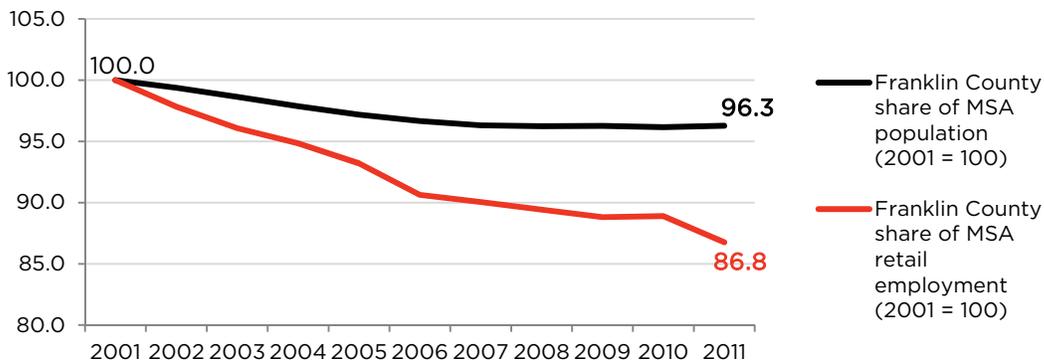
Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages; Columbus Chamber

**FRANKLIN COUNTY SHARE OF METRO AREA RETAIL: A LEAKAGE OR BALANCING?**

From 2001 to 2011, Franklin County's population grew by 9 percent. In comparison, the rest of the metro area grew by 21 percent, reflecting a trend of ongoing suburbanization and growth further out from the urban core. During the same period, Franklin County lost more than 26,000 jobs in the retail sector (NAICS 44-45), a decline of 28 percent. The rest of the metro area saw retail employment grow by 5,600 jobs, not enough to counterbalance Franklin County's loss, but a gain of 14 percent among the outer counties.

Figure 4 displays Franklin County's shares of Columbus metro area population and retail employment indexed to 100 in 2001. The county's share of retail employment (red) has declined more steeply than has its share of the population (black).

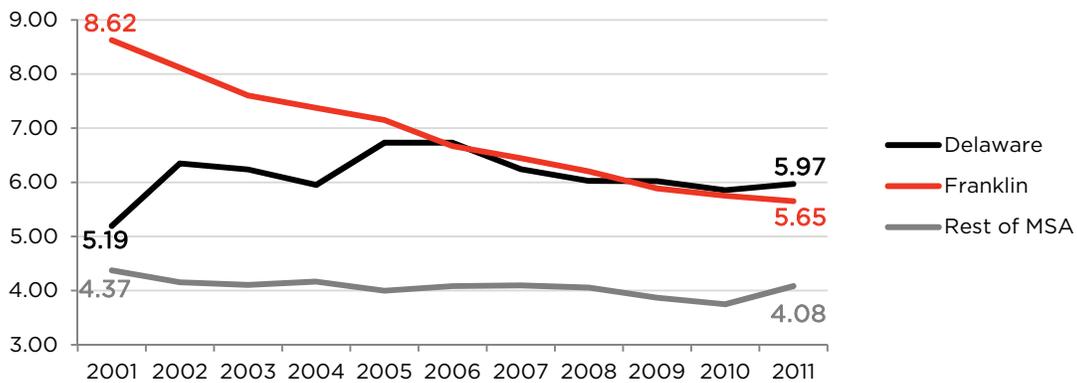
**FIGURE 4: FRANKLIN COUNTY SHARE OF MSA POPULATION & RETAIL EMPLOYMENT**



Sources: U.S. Census Bureau, Annual Population Estimates; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

On a per capita basis, the number of retail jobs per 100 residents in Franklin County fell from 8.62 in 2001 to 5.65 in 2011 (Figure 5). Delaware County, which includes Polaris, peaked at 6.73 in 2005-2006 and has since been in line with Franklin County. However, the gap between Delaware and Franklin counties in 2011, while small at 0.32 jobs per resident, was higher than previous years. The other six counties have had a much smaller retail presence than either Franklin or Delaware County.

**FIGURE 5: NUMBER OF RETAIL JOBS PER 100 RESIDENTS**



Sources: U.S. Census Bureau, Annual Population Estimates; U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

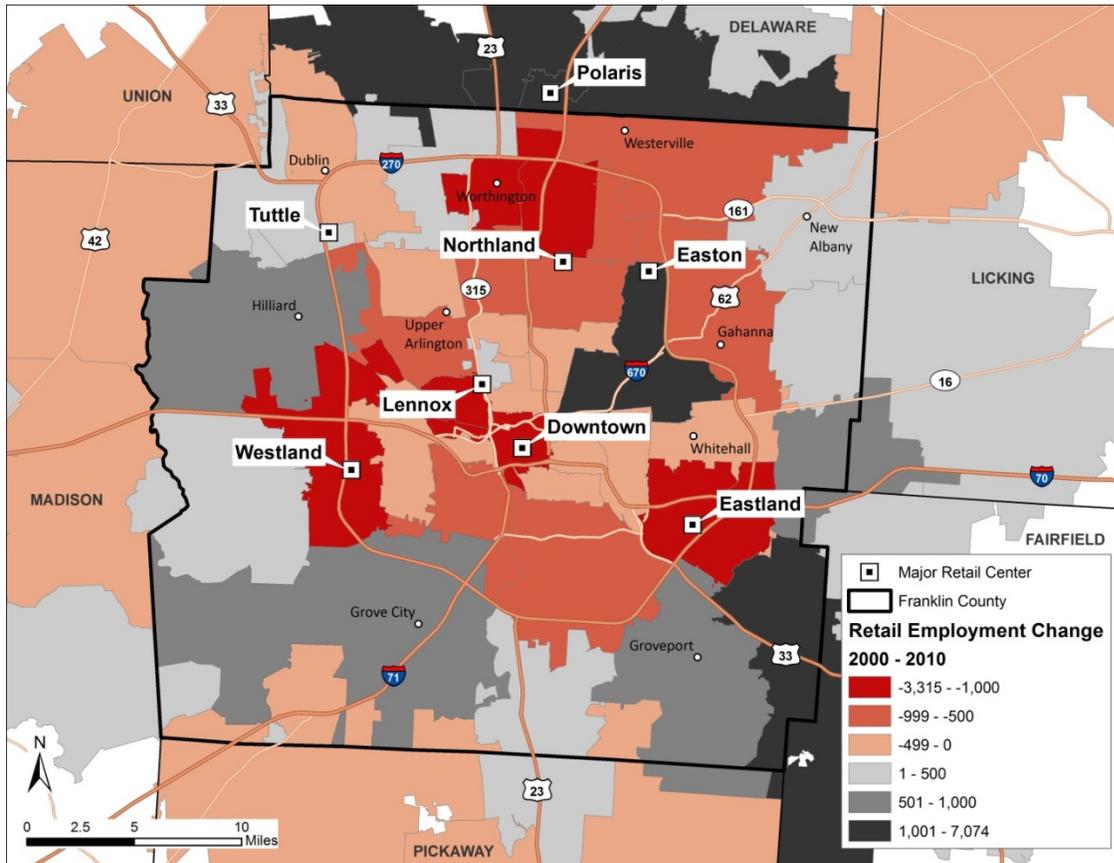
## EMPLOYMENT TRENDS WITHIN AREAS OF FRANKLIN COUNTY

Despite the decline in retail employment in Franklin County, some areas of the county experienced growth (Figure 6). ZIP code 43219, which includes Easton Town Center, was the top net gainer of retail jobs in the county from 2000 to 2010. Other top areas include Canal Winchester (43110) and Reynoldsburg (43068). With the exception of Easton, ZIP codes that gained retail jobs were generally located in the outer areas of Franklin County.

Areas that lost the most retail jobs in the county mainly comprised older retail centers and cores (Table 1, next page). The ZIP code including Northgate and Forest Park had the greatest retail employment loss. The ZIP codes including Westland, Eastland, and Northland ranked second, fourth and ninth respectively in jobs lost. ZIP code 43215 ranked third with a loss of more than 2,700 retail jobs, primarily due to the decline of City Center in the first half of the decade. Older retail cores of otherwise well-to-do suburbs such as Grandview Heights, Upper Arlington, and Worthington also struggled.

Due to the lag in available data, these trends do not reflect more recent developments such as the revitalization of Kingsdale Shopping Center in Upper Arlington and the Shops at Worthington Place.

**FIGURE 6: CHANGE IN RETAIL EMPLOYMENT, FRANKLIN COUNTY ZIP CODES, 2000-2010**



Source: U.S. Census Bureau, County Business Patterns

**TABLE 1: CHANGE IN RETAIL EMPLOYMENT, TOP AND BOTTOM TEN FRANKLIN COUNTY ZIP CODES, 2000-2010**

Top 10 ZIP Codes - Retail Employment Gain				Bottom 10 ZIP Codes - Retail Employment Loss			
ZIP Code	Area	Change in employment	Change %	ZIP Code	Area	Change in employment	Change %
43219	Easton	2,143	45.5%	43229	Northgate/Forest Park - 161/Karl Rd	-3,315	-52.3%
43110	Canal Winchester	1,100	220.0%	43228	Westland/Lincoln Village	-2,868	-33.4%
43068	Reynoldsburg	961	28.7%	43215	Downtown	-2,748	-64.3%
43123	Grove City	821	38.8%	43232	Eastland Area	-2,022	-39.9%
43125	Groveport	652	174.8%	43212	Grandview Heights	-2,014	-61.1%
43026	Hilliard	525	23.4%	43227	Linwood	-1,498	-68.0%
43235	NW Columbus/ Worthington	290	10.8%	43085	Worthington	-1,068	-44.7%
43054	New Albany	276	95.5%	43223	South Hilltop - Harrisburg Pike	-927	-49.4%
43016	Tuttle Crossing	206	6.9%	43231	Minerva Park - 161/3	-791	-45.1%
43119	Galloway	201	372.2%	43221	Upper Arlington	-716	-33.7%

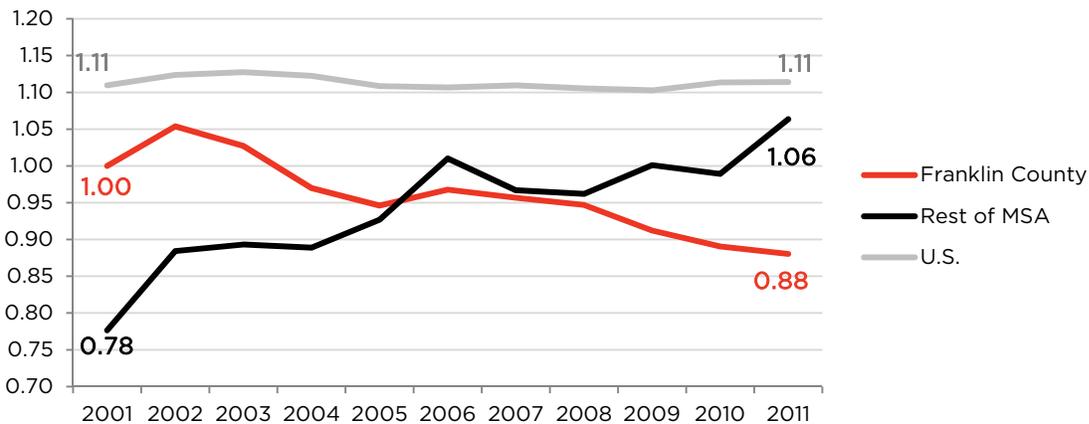
Source: U.S. Census Bureau, County Business Patterns

### ***RESTAURANTS: FULL SERVICE VERSUS LIMITED SERVICE***

In contrast to retail, employment in Franklin County restaurants and bars (NAICS 722 - food services and drinking places) has remained steady over time, up 4.6 percent from 47,527 in 2001 to 49,719 in 2011. While this is lower than the 2007 peak of 51,309, it is up 3.2 from 2010. The rest of the metro area has seen restaurant and bar employment increase 45 percent from 14,332 in 2001 to 20,817 in 2011.

Despite stable restaurant employment levels overall, Franklin County continues to see a steady drop in the ratio of full-service restaurant (fast food, casual) employment to limited-service restaurant (sit down, waiter service) employment. This trend contrasts the rest of the Columbus metro area, which has seen more employment growth in full-service restaurants (Figure 7). It is possible that Franklin County has become a more attractive test market and consumer base for fast food and fast casual restaurants, while outer counties have a growing demand for leisure and entertainment options, which full-service restaurants can fulfill better than limited-service.

**FIGURE 7: RATIO OF FULL-SERVICE RESTAURANT EMPLOYMENT TO LIMITED-SERVICE RESTAURANT EMPLOYMENT**



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages

## SALES TAX REVENUES

An analysis of sales tax data needs to account for changes in tax rates in recent years (Table 2). In 2006, Franklin County voters approved a 0.25 percent sales tax increase for COTA, which took effect in 2008. Franklin County's share of the 1.25 percent sales tax was hence decreased from 1.00 to 0.75. Two other counties in the Columbus metro area changed its sales tax rate during the 2006-2011 period: Fairfield County raised its rate from 0.75 to 1.00 percent effective 2010, and Union County raised its rate from 1.00 to 1.25 percent effective mid-2008.

**TABLE 2: COUNTY AND COTA SALES TAX RATES, 2006-2011**

County	2006	2007	2008	2009	2010	2011
Delaware	1.25	1.25	1.25	1.25	1.25	1.25
Fairfield	0.75	0.75	0.75	0.75	1.00	1.00
Franklin	1.00	1.00	0.75	0.75	0.75	0.75
COTA	0.25	0.25	0.50	0.50	0.50	0.50
Licking	1.50	1.50	1.50	1.50	1.50	1.50
Madison	1.25	1.25	1.25	1.25	1.25	1.25
Morrow	1.50	1.50	1.50	1.50	1.50	1.50
Pickaway	1.50	1.50	1.50	1.50	1.50	1.50
Union	1.00	1.00	1.00/1.25*	1.25	1.25	1.25

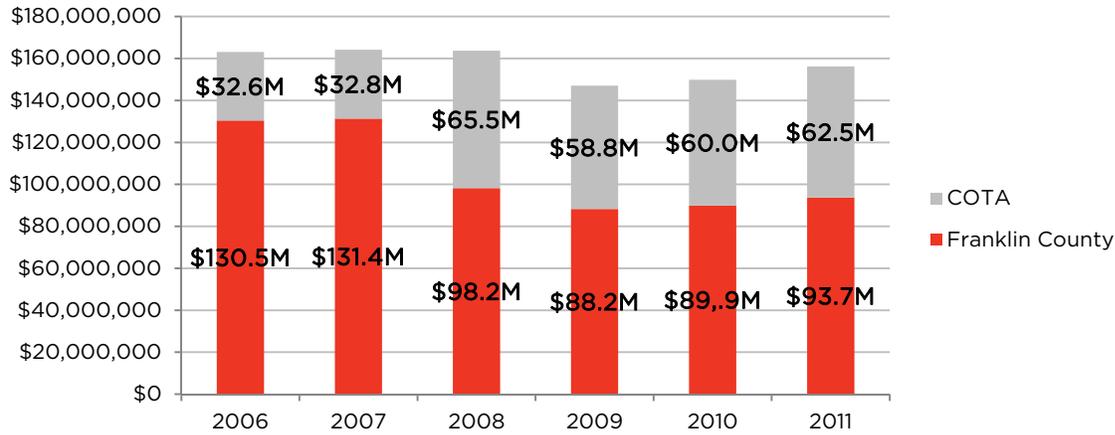
Source: Ohio Department of Taxation

\*Union County changed its rate from 1 to 1.25 in July 2008.

Franklin County revenue from sales taxes on the retail, food, and accommodations sectors decreased 28 percent from \$130.5 million in 2006 to \$93.7 million in 2011. As noted above, this was primarily due to the additional 0.25 percent allocated to COTA starting in 2008.

While 2011 revenues remain lower than 2008, they were 6.2 percent higher than the 2009 low at the peak of the recession (Figure 8).

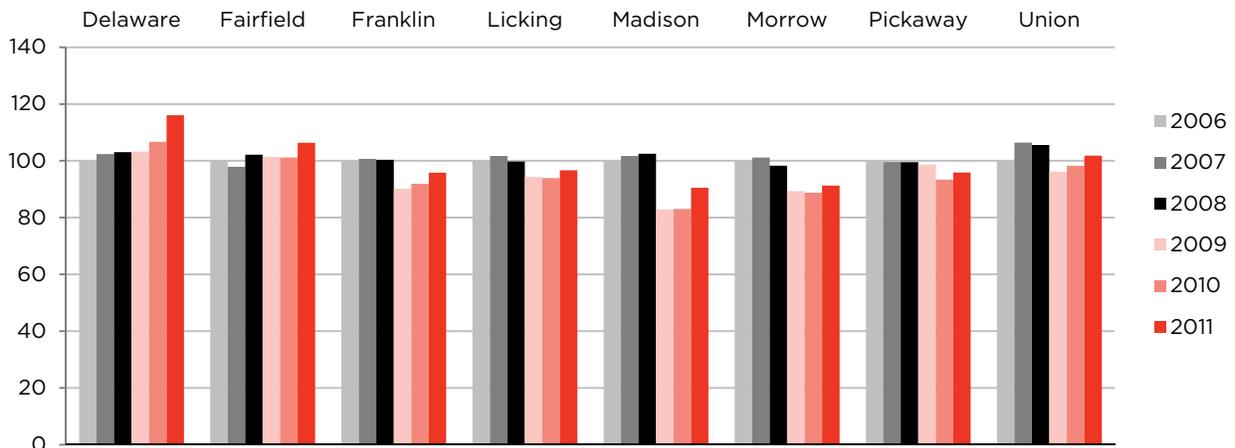
**FIGURE 8: RETAIL SALES TAX REVENUE, FRANKLIN COUNTY, 2006-2011**



Source: Ohio Department of Taxation

To compare across counties and the various tax rate changes occurring in different years, the data can be standardized by calculating the consumer expenditure base<sup>1</sup> from which the revenues were derived. Figure 9 shows this base of taxable retail sales indexed to 100 in 2006 across all the counties in the Columbus metro area. After a 10 percent drop from 2008 to 2009 in its tax base, Franklin County by 2011 recovered to 96 percent of its 2006-2008 levels. In comparison, Delaware County's tax base continued to grow through the recession, while Fairfield and Union counties had 2011 revenues that exceeded 2006 levels.

**FIGURE 9: TAXABLE RETAIL SALES, 2006-2011 (INDEXED TO 2006=100)**

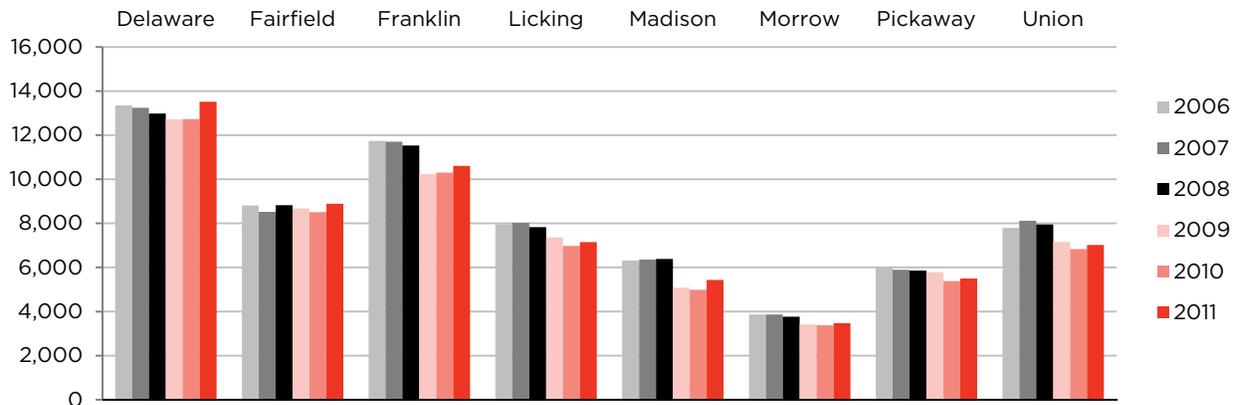


Source: Ohio Department of Taxation

<sup>1</sup> The taxable sales base is an indicator of overall retail spending but does not include all retail, in particular groceries that are not subject to sales tax. There is a wide range of other exemptions and exceptions to the Ohio sales tax: [http://tax.ohio.gov/faqs/Sales/sales\\_taxability.stm](http://tax.ohio.gov/faqs/Sales/sales_taxability.stm). Noncompliance with paying sales tax is another factor.

In 2011, Franklin County had an average of \$10,603 in taxable retail sales per resident, significantly higher than all other counties in the metro area except for Delaware, which had \$13,518 per resident (Figure 10). Even including Delaware County, the Franklin County average exceeds the rest of the metro area by 21 percent. Franklin County's sales per capita is higher for a number of reasons, including the presence of major retail centers, more tourism spending, and a greater daytime working population.

**FIGURE 10: TAXABLE RETAIL SALES PER CAPITA, 2006-2011**



Source: Ohio Department of Taxation

Among 12 major retail trade categories in Franklin County, only three had significant increases in the taxable base from 2006 to 2011 (Table 3, next page):

- Food and beverage stores: 23.9%
- Clothing stores: 14.9%
- Gasoline stations: 13.6% (a reflection of higher gas prices)

Accommodation and food services also experienced an increase, with 11.8 percent growth.

The retail categories with the largest percentage decreases were health and personal care (-21.2%), building materials and garden equipment (-19.4%) and furniture and home furnishings (-18.5%), of which the latter two are linked to declines in housing sales and prices. With the current recovery in the housing market, these numbers may see improvement in the next couple years.

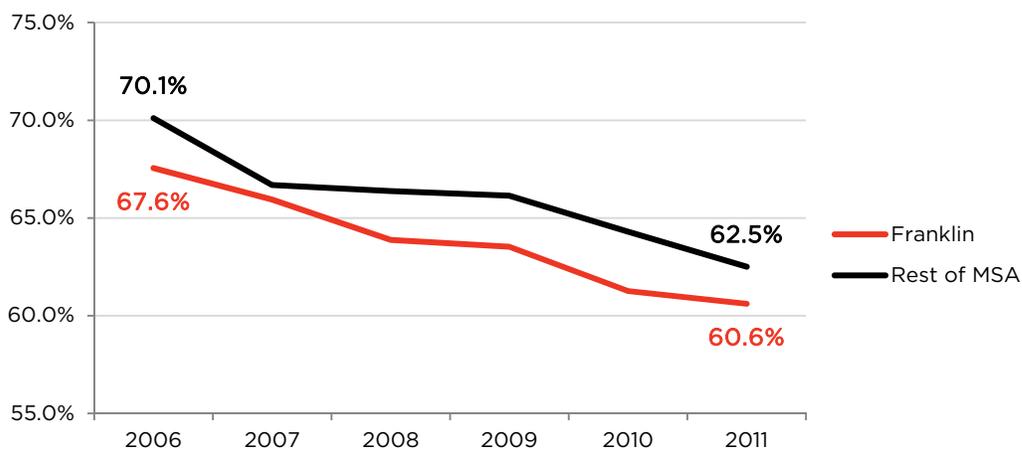
**TABLE 3: TAXABLE RETAIL SALES BY CATEGORY, FRANKLIN COUNTY, 2006-2011**

Industry	2006	2011	Change 2006-2011
Retail Trade	\$11,677,750,982	\$10,969,518,177	-6.1%
Motor Vehicle and Parts Dealers	\$2,286,846,436	\$2,305,091,069	0.8%
Furniture and Home Furnishings Stores	\$446,376,204	\$363,849,265	-18.5%
Electronic and Appliance Stores	\$660,091,848	\$638,809,668	-3.2%
Building Material and Garden Equipment & Supplies	\$1,412,183,005	\$1,138,534,979	-19.4%
Food and Beverage Stores	\$605,617,647	\$750,241,013	23.9%
Health and Personal Care Stores	\$444,877,806	\$350,441,363	-21.2%
Gasoline Stations	\$212,077,289	\$240,877,745	13.6%
Clothing and Clothing Accessories Stores	\$571,732,539	\$656,827,907	14.9%
Sporting Goods, Hobby, Book, and Music Stores	\$451,164,867	\$428,158,494	-5.1%
General Merchandise Stores	\$1,847,153,433	\$1,639,985,653	-11.2%
Miscellaneous Store Retailers	\$2,499,971,644	\$2,256,704,007	-9.7%
Nonstore Retailers	\$239,658,263	\$199,997,014	-16.6%
Accommodation and Food Services	\$1,368,810,081	\$1,529,706,429	11.8%
<b>TOTAL</b>	<b>\$13,046,561,063</b>	<b>\$12,499,224,606</b>	<b>-4.2%</b>

Source: Ohio Department of Taxation

Franklin County's overall sales tax base has remained stable, at least in nominal dollar terms: \$17.3 billion in 2006 versus \$18.1 billion in 2011, which is close to the peak of \$18.2 billion in 2008. Losses in retail trade were balanced by gains in other industries such as professional services. As a result, the retail trade's share of Franklin County sales tax revenues has declined, from 68 percent in 2006 to 61 percent in 2011 (Figure 11).

**FIGURE 11: RETAIL TRADE SHARE OF SALES TAX REVENUES, FRANKLIN COUNTY, 2006-2011**



Source: Ohio Department of Taxation

# REAL ESTATE

## GROWING STRATIFICATION OF RETAIL REAL ESTATE PRODUCT

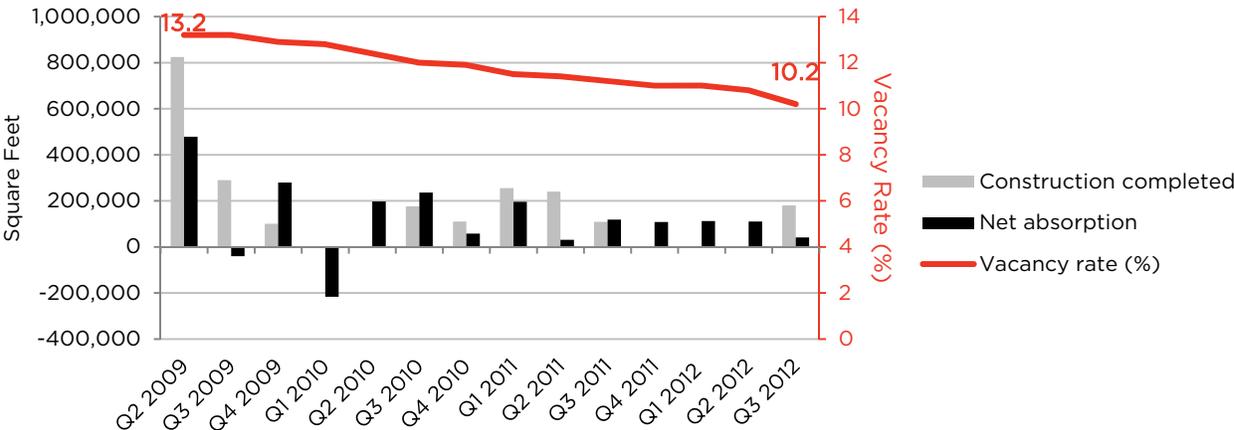
The Urban Land Institute (ULI), in its *Emerging Trends in Real Estate in 2013* report,<sup>2</sup> identifies a number of key retail real estate trends around the U.S. Web-embracing retailers are dovetailing bricks-and-mortar with e-commerce, giving them flexibility to shrink store sizes, inventories, and store-based employment. Despite this reduction, demand remains high for Class A malls and other top-tier retail spaces. The secondary spaces and markets are more negatively affected by e-commerce.

Findings from a report by the local ULI District Council<sup>3</sup>, *Real Estate Trends in Central Ohio 2013*, support the notion that top-tier retail properties with strong tenant rolls will continue to perform well. The real estate professionals interviewed for the *Real Estate Trends* report emphasized the social experience of retail, with more restaurants, athletic clubs, and other uses that help lengthen the stay of shoppers. From this perspective, the power centers and big-box stores are most under threat from e-commerce.

## LOCAL MARKET TRENDS

Since a peak of 13.2 percent in the second quarter of 2009, the retail vacancy rate in the area comprising Franklin County and the adjacent six counties steadily decreased to 10.2 percent in the third quarter of 2012 (Figure 12). The lower vacancy rate, however, has not yet affected average asking rents nor completed construction. Since mid-2011, rent rates for both neighborhood and power center retail have hovered in the \$11-12 per square foot range (Figure 13, next page). Despite the lack of significant retail construction completed since mid-2011, the announcements of outlet malls in Delaware County may be a harbinger for growth, at least in particular trade areas and niches of retail real estate.

**FIGURE 12: RETAIL CONSTRUCTION, ABSORPTION AND VACANCY, COLUMBUS MARKET, Q2 2009-Q3 2012**

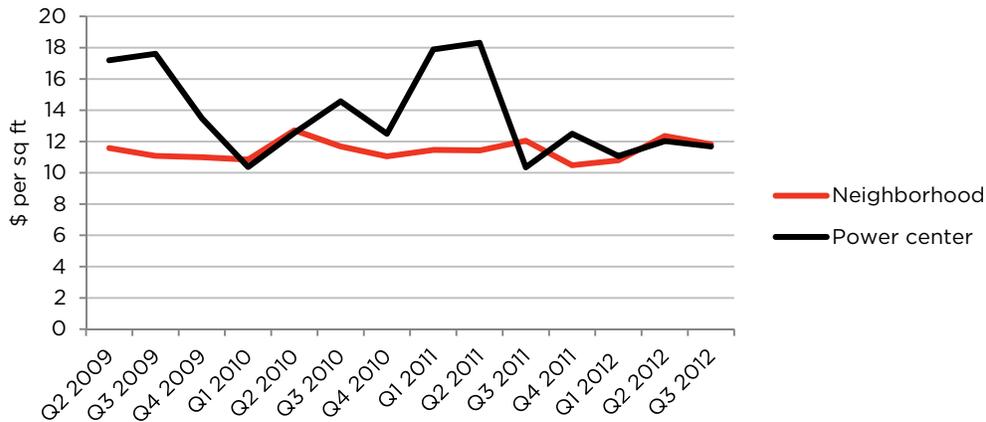


Source: Colliers International

<sup>2</sup> <http://www.uli.org/wp-content/uploads/ULI-Documents/Emerging-Trends-in-Real-Estate-US-2013.pdf>

<sup>3</sup> [http://columbus.uli.org/wp-content/uploads/2012/11/Real\\_Estate\\_Trends\\_in\\_Central\\_Ohio\\_2013.pdf](http://columbus.uli.org/wp-content/uploads/2012/11/Real_Estate_Trends_in_Central_Ohio_2013.pdf)

**FIGURE 13: RETAIL AVERAGE ASKING RENTS COLUMBUS MARKET, Q2 2009-Q3 2012**



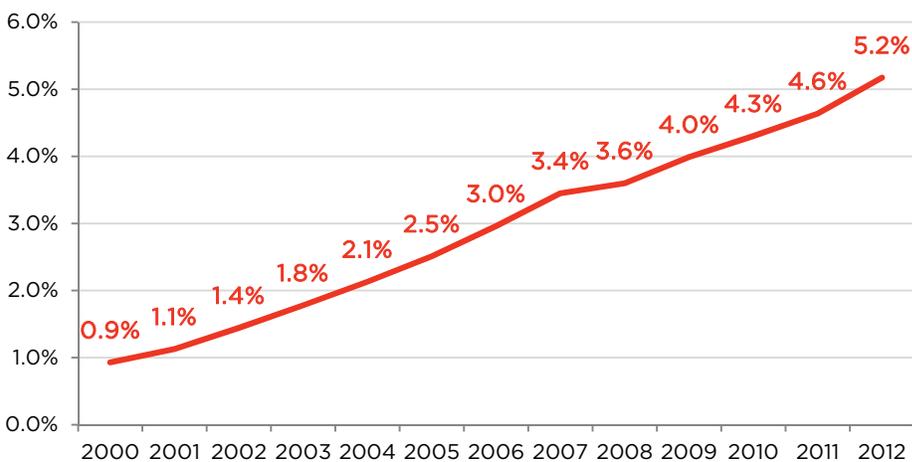
Source: Colliers International

## E-COMMERCE TRENDS AND IMPACTS

### *GROWTH OF E-COMMERCE*

According to the Census Bureau, e-commerce's share of U.S. retail sales has risen from 0.9 percent in 2000 to 5.2 percent in 2012 (Figure 14). When the comparison is limited to retail product categories common to both e-commerce and physical retail, ComScore Inc. estimates that this figure reached 10 percent in the 2012 holiday season.<sup>4</sup>

**FIGURE 14: E-COMMERCE SHARE OF RETAIL SALES, U.S., 2000-2012**



Source: U.S. Census Bureau

<sup>4</sup> <http://www.bloomberg.com/news/2012-11-26/record-online-holiday-sales-seen-as-mobile-drives-growth.html>

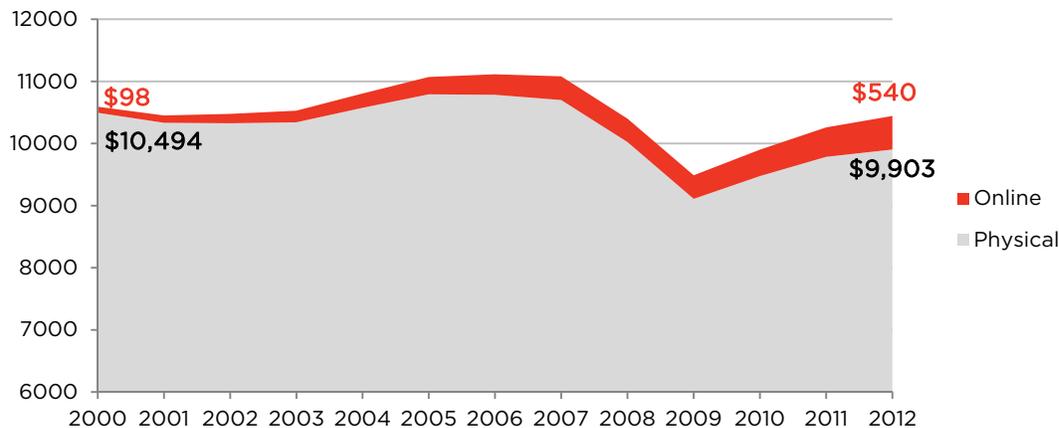
From 2000 to 2012, online sales in the U.S. grew more than 19 percent annually, compared to less than 3 percent for physical bricks-and-mortar retail sales. On an inflation-adjusted basis, growth for physical retail sales is nearly flat (Table 4). During the same period, the U.S. population grew 11 percent from 282 million in 2000 to 314 million in 2011. On a per capita basis, e-commerce has taken an increasingly greater slice of retail spending. Even though bricks-and-mortar spending has rebounded since 2009, it may be difficult to reach pre-recession levels when e-commerce was a lesser factor. (Figure 15).

**TABLE 4: RETAIL SPENDING- BRICKS & MORTAR AND ONLINE, U.S., 2000-2011**

Year	Nominal (\$bn)		Real (inflation-adjusted*) (\$bn)		Real, per capita (\$)	
	Physical	Online	Physical	Online	Physical	Online
2000	2,960.99	27.76	2,960.99	27.76	10,494	98
2001	3,033.13	34.59	2,944.79	33.59	10,334	118
2002	3,089.11	45.21	2,970.30	43.47	10,327	151
2003	3,210.00	58.16	3,000.00	54.35	10,341	187
2004	3,406.26	74.18	3,096.60	67.43	10,576	230
2005	3,545.67	92.80	3,137.76	82.13	10,618	278
2006	3,581.78	114.91	3,061.35	98.22	10,260	329
2007	3,741.99	138.15	3,118.33	115.12	10,352	382
2008	3,747.18	142.28	2,997.75	113.82	9,858	374
2009	3,807.72	145.21	3,046.18	116.17	9,930	379
2010	3,838.46	167.34	3,022.41	131.76	9,771	426
2011	4,001.91	194.28	3,054.89	148.30	9,804	476
2012	4,134.39	225.54	3,108.57	169.58	9,903	540
<b>Annualized change</b>	<b>2.84%</b>	<b>19.43%</b>	<b>0.42%</b>	<b>16.61%</b>	<b>0.46%</b>	<b>15.61%</b>

Source: U.S. Census Bureau  
\*Adjusted to 2000 dollars

**FIGURE 15: RETAIL SPENDING PER CAPITA- BRICKS & MORTAR AND ONLINE, U.S., 2000-2012**

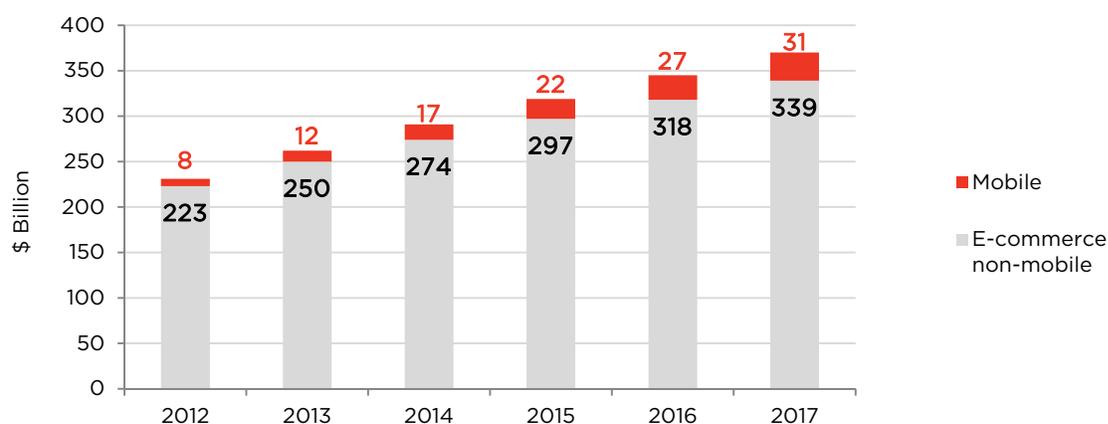


Source: U.S. Census Bureau  
\*Adjusted to 2000 dollars

## MOBILE E-COMMERCE

Forrester Research, among other analysts, forecast that e-commerce will only continue to grow in the near future, from an estimate of \$231 billion in 2012 to \$370 billion in 2017 (Figure 15). These figures are higher than Forrester's earlier 2010-2016 projections. Mobile sales will represent a greater share of e-commerce, rising from \$8 billion in 2012 to \$31 billion in 2017. However, unlike e-commerce overall, the figures for mobile are lower than Forrester's 2010-2016 projections, which had previously estimated mobile e-commerce to reach \$31 billion by 2016. Mobile commerce, including social media-based commerce, has not yet taken off as initially anticipated.<sup>5</sup>

FIGURE 16: E-COMMERCE MOBILE AND NON-MOBILE SALES (\$ BILLION), U.S., 2012-2017 PROJECTED



Source: Forrester Research Inc.

## IMPACT ON SALES AND TAX REVENUES

For bricks-and-mortar retailers and Franklin County government alike, the challenges presented by e-commerce are exacerbated by the lack of compliance for paying taxes on online purchases. The University of Cincinnati's Economics Center estimated a sales tax revenue gap of \$209 million for Ohio's state and county governments in 2011, due to noncompliance.<sup>6</sup>

Ohio is one of 24 states participating in the Streamlined Sales Tax Project (SSTP), which seeks to simplify and modernize sales and use tax collection and administration. SSTP has created software products that enable e-commerce companies to collect state sales tax. In addition to this voluntary initiative is growing support for the proposed Marketplace Fairness Act, which seeks to require online and catalog retailers to collect sales tax. The tools and systems developed via SSTP may help implement the legislation if adopted.

<sup>5</sup> "Social media posts don't lead to sales" *Internet Retailer*, September 25, 2012. <http://www.internetretailer.com/2012/09/25/social-media-posts-dont-lead-sales>

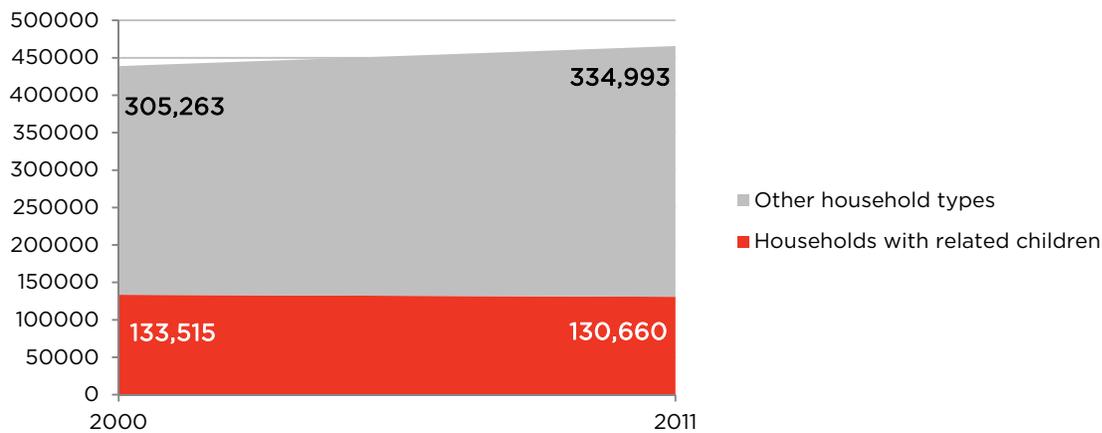
<sup>6</sup> "Economic analysis of tax revenue from e-commerce in Ohio" (University of Cincinnati-Economics Center, October 2011) <http://www.economiccenter.org/research/reports/economic-analysis-tax-revenue-e-commerce-ohio>

# CONSUMER BASE

## *GROWTH OF NON-TRADITIONAL HOUSEHOLDS*

From 2000 to 2011, the number of households in Franklin County with one or more related children fell from 133,515 to 130,660 (Figure 17). All of the net household growth in the county came from those with non-traditional family structures, including single persons, couples without children, etc. Other types of households increased in number by nearly 30,000, from 305,263 in 2000 to 334,993 in 2011.

**FIGURE 17: HOUSEHOLDS IN FRANKLIN COUNTY BY TYPE, 2000-2011**



Source: Census Bureau, 2000 Decennial Census and 2011 American Community Survey

## *THE FRANKLIN COUNTY CONSUMER: YOUNGER AND MORE AFFLUENT*

Consumer data from ESRI further demonstrate the prevalence of nontraditional households in Franklin County. ESRI, a provider of demographics and business data, uses what it calls Tapestry Segmentation to understand the lifestyles and life-stages of consumers.<sup>7</sup> This method uses household/family, income, geography and other characteristics to classify households into 65 different market segments. Certain market segments that include younger professionals and families are far more common in Franklin County than in the U.S. Table 5 (next page) highlights these Tapestry segments in red. They represent a combined 34.2 percent of the county's households, compared to a 13.4 percent share nationwide.

<sup>7</sup> For more information, see: [http://www.esri.com/data/esri\\_data/tapestry.html](http://www.esri.com/data/esri_data/tapestry.html).

**TABLE 5: TOP 10 TAPESTRY SEGMENTS IN FRANKLIN COUNTY**

Rank	Tapestry Segment	Percent of Franklin County households	Percent of U.S. households
1	Aspiring Young Families	8.5	2.3
2	Enterprising Professionals	6.6	1.9
3	Rustbelt Traditions	5.8	2.4
4	Metropolitans	4.9	1.4
5	Milk and Cookies	4.8	2.2
6	Young and Restless	4.8	1.5
7	Inner City Tenants	4.6	1.4
8	Up and Coming Families	4.6	4.1
9	Metro City Edge	3.7	0.9
10	Boomburbs	3.4	2.4

Source: ESRI, 2012

The top ten Tapestry segments in Franklin County differ significantly from those of the U.S. overall (Figure 18). Franklin County is younger, more urban, and more affluent, at least relative to the life-stage of young families, professionals, and students. These demographics are helping to fuel the retail trends identified elsewhere in this report, including the growth in clothing sales (page 12) and the popularity of fast-casual and fast-food restaurants (page 7). Only two segments are represented in the top ten lists of both Franklin County and the U.S.: Up and Coming Families and Rustbelt Traditions.

**FIGURE 18: TOP 10 TAPESTRY SEGMENTS IN FRANKLIN COUNTY VS. U.S.\***

*Franklin County*



*U.S.*



Source: ESRI, 2012

\*The sizes of the words are proportional to the percentage of households that each segment represents in their respective geography.