

The Strength of the Past and Current Retail Environment in Jacksonville and Morgan County

A Historical Review: From 2002 through 2014, total retail sales in Jacksonville and Morgan County grew by almost \$91 million and \$140 million, respectively (see Table 1 and 2). Over the thirteen year time span, the annual growth for Jacksonville and Morgan County averaged 2.29 percent and 2.98 percent, respectively. When inflation is accounted for, over the course of the thirteen years, actual retail sales increased in Morgan County by 7.1 percent, and declined in Jacksonville by almost 1 percent (see Table 3 and 4).

Table 1 Retail Sales, 2002-2014, Jacksonville, IL

Calendar Year	Total Retail	Retail Sales Growth	Number of Sales Tax Paying Firms	Sales per Firm	Per Capita Sales	Pull Factor
2002	\$298,502,616	--	753	\$396,418	\$15,223	1.50
2003	\$299,382,315	0.3%	752	\$398,115	\$15,195	1.40
2004	\$296,339,625	-1.0%	734	\$403,732	\$15,037	1.30
2005	\$298,554,342	0.7%	780	\$382,762	\$15,298	1.30
2006	\$325,747,324	9.1%	809	\$402,654	\$16,793	1.40
2007	\$332,159,711	2.0%	798	\$416,240	\$17,093	1.40
2008	\$351,685,026	5.9%	683	\$514,912	\$18,179	1.40
2009	\$340,112,476	-3.3%	621	\$547,685	\$17,701	1.50
2010	\$352,360,163	3.6%	627	\$561,978	\$18,120	1.50
2011	\$359,269,830	2.0%	639	\$562,238	\$18,476	1.50
2012	\$362,628,691	0.9%	642	\$564,842	\$18,788	1.50
2013	\$372,129,329	2.6%	653	\$569,876	\$19,351	1.50
2014	\$389,460,814	4.7%	615	\$633,270	\$20,328	1.60

Table 2 Retail Sales 2002-2014, Morgan County, Illinois

Calendar Year	Total Retail	Retail Sales Growth	Number of Sales Tax Paying Firms	Sales per Firm	Per Capita Sales	Pull Factor
2002	\$342,684,831	--	1,355	\$252,904	\$9,502	0.90
2003	\$345,567,809	0.8%	1,390	\$248,610	\$9,610	0.90
2004	\$347,152,690	0.5%	1,371	\$253,211	\$9,649	0.90
2005	\$352,101,535	1.4%	1,427	\$246,742	\$9,873	0.80
2006	\$376,802,804	7.0%	1,443	\$261,125	\$10,634	0.90
2007	\$387,073,809	2.7%	1,440	\$268,801	\$10,947	0.90
2008	\$409,207,365	5.7%	1,257	\$325,543	\$11,643	0.90
2009	\$393,486,130	-3.8%	1,149	\$342,460	\$11,276	1.00
2010	\$407,496,864	3.6%	1,161	\$350,988	\$11,464	1.00
2011	\$416,250,939	2.1%	1,170	\$355,770	\$11,711	0.90
2012	\$416,996,674	0.2%	1,204	\$346,343	\$11,822	0.90
2013	\$432,240,824	3.7%	1,199	\$360,501	\$12,326	1.00
2014	\$483,126,252	11.8%	1,182	\$408,736	\$13,832	1.10

That said, Jacksonville and, to a lesser extent, Morgan County, have been successful in maintaining a healthy retail environment, relative to their size. Pull factors, as a ratio of local per

capita sales divided by the downstate per capita retail sales, reflect the strength of a local retail sector. A pull factor greater than one indicates that the area is selling more per capita than comparable areas. A pull factor of less than one indicates that the area is losing retail spending to other areas. From 2002 to 2014, annual pull factors for Jacksonville and Morgan County averaged 1.45 and 1.01 respectively (see Table 1 and 2).

Table 3 2002 and 2014 Taxable Retail Sales in Jacksonville, IL by Category

Category	2002			2014		
	Actual Sales	Percent of Total Sales	Pull Factor	Actual Sales	Percent of Total Sales	Pull Factor
General	\$76,206,900	25.5%	2.40	--	--	--
Food	\$43,869,400	14.7%	1.61	\$46,521,999	11.9%	1.49
Drinking and Eating Places	\$29,754,811	10.0%	1.66	\$41,477,347	10.6%	1.72
Apparel	\$4,149,998	1.4%	1.24	\$4,997,543	1.3%	1.15
Furniture, Household, and Radio	\$9,114,224	3.1%	1.12	\$7,023,126	1.8%	1.07
Lumber, Building, and Hardware	\$11,339,005	3.8%	0.87	\$27,771,778	7.1%	1.83
Automotive and Filling Stations	\$72,809,832	24.4%	1.53	\$65,672,170	16.9%	1.06
Drugs and Miscellaneous Retail	\$22,558,929	7.6%	1.06	\$44,906,385	11.5%	1.32
Manufacturers	\$4,007,125	1.3%	0.85	--	--	--
Agriculture and All Other	\$24,692,392	8.3%	0.99	\$53,965,586	13.9%	1.73

***Blank categories have less than four taxpayers; therefore no data is shown to protect the confidentiality of individual taxpayers. The total listed in Table 1 includes censored data. Businesses may not report themselves in the same category from year to year, resulting in some fluctuation of sales by category.*

Table 4 2002 and 2014 Taxable Retail Sales in Morgan County, IL by Category

Category	2002			2014		
	Actual Sales	Percent of Total Sales	Pull Factor	Actual Sales	Percent of Total Sales	Pull Factor
General	\$77,214,625	22.5%	1.32	\$95,628,079	19.8%	1.43
Food	\$49,418,574	14.4%	0.99	\$54,477,703	11.3%	0.96
Drinking and Eating Places	\$33,565,544	9.8%	1.02	\$46,423,799	9.6%	1.06
Apparel	\$4,262,713	1.2%	0.69	\$5,053,860	1.0%	0.64
Furniture, Household, and Radio	\$11,094,029	3.2%	0.74	\$9,578,579	2.0%	0.80
Lumber, Building, and Hardware	\$13,813,231	4.0%	0.58	\$29,273,611	6.1%	1.06
Automotive and Filling Stations	\$89,907,786	26.2%	1.03	\$87,242,916	18.1%	0.78
Drugs and Miscellaneous Retail	\$25,903,405	7.6%	0.66	\$83,957,831	17.4%	1.36
Manufacturers	\$5,371,375	1.6%	0.62	\$3,987,429	0.8%	0.43
Agriculture and All Other	\$32,133,549	9.4%	0.70	\$67,502,445	14.0%	1.19

***Blank categories have less than four taxpayers; therefore no data is shown to protect the confidentiality of individual taxpayers. The total listed in Table 1 includes censored data. Businesses may not report themselves in the same category from year to year, resulting in some fluctuation of sales by category.*

In 2014, the strongest retail sub-sectors (by annual sales) in Jacksonville Automotive and Filling Stations (\$65.7 million), Agriculture and other (\$54 million), Food (\$46.5 million), and Drugs and Miscellaneous Retail (\$44.9 million). Those for Morgan County included General Merchandise (\$95.6 million), Automotive and filling stations (\$87.4 million), Drugs and Miscellaneous Merchandise (\$84 million), and Agriculture and other (\$67.5 million). The strongest retail subsectors, by drawing strength (pull factor) for Jacksonville included Lumber



and Building Materials (1.83), Agriculture and others (1.73), and Drinking and Eating places (1.72). For Morgan County this group included General Merchandise (1.43), Drugs and Miscellaneous (1.36), and Agriculture and others (1.19). All of

Jacksonville’s retail sub-sectors had pull factors of at least 1.06. Half of the retail sub-sectors in Morgan County had pull factors in excess of 1.0 (see Tables 3, 4, 5, and 6).

Table 5 Inflation Adjusted Retail Sales (2002 and 2014) by Category, Jacksonville IL

Category	Real Dollars		Real Change 2002-2014	Real Retail Sales	Downstate Real Retail Sales
	2002	2014			
Total Retail	\$392,808,868	\$389,460,814	-\$3,348,054	-0.9%	0.9%
General Merchandise	\$100,283,028	--	--	--	-7.5%
Food	\$57,729,107	\$46,521,999	-\$11,207,108	-19.4%	-7.7%
Drinking and Eating Places	\$39,155,280	\$41,477,347	\$2,322,067	5.9%	8.0%
Apparel	\$5,461,111	\$4,997,543	-\$463,568	-8.5%	4.3%
Furniture, Household, and Radio	\$11,993,691	\$7,023,126	-\$4,970,565	-41.4%	-35.0%
Lumber, Building, and Hardware	\$14,921,349	\$27,771,778	\$12,850,429	86.1%	-6.4%
Automotive and Filling Stations	\$95,812,720	\$65,672,170	-\$30,140,550	-31.5%	4.3%
Drugs and Miscellaneous Retail	\$29,685,996	\$44,906,385	\$15,220,389	51.3%	28.4%
Manufacturers	\$5,273,100	--	--	--	-13.5%
Agriculture and All Other	\$32,493,486	\$53,965,586	\$21,472,100	66.1%	0.3%
Consumer Price Index (CPI)	76.0	100.0	31.6%	--	--

2014 = 100.0

Table 6 Inflation Adjusted Retail Sales (2002 and 2014) by Category, Morgan County IL

Category	Real Dollars		Real Change 2002-2014	Real Retail Sales	Downstate Real Retail Sales
	2000	2014			
Total Retail	\$450,949,617	\$483,126,252	\$32,176,635	7.1%	0.9%
General Merchandise	\$101,609,124	\$95,628,079	-\$5,981,045	-5.9%	-7.5%
Food	\$65,031,437	\$54,477,703	-\$10,553,734	-16.2%	-7.7%
Drinking and Eating Places	\$44,169,942	\$46,423,799	\$2,253,857	5.1%	8.0%
Apparel	\$5,609,436	\$5,053,860	-\$555,576	-9.9%	4.3%
Furniture, Household, and Radio	\$14,598,977	\$9,578,579	-\$5,020,398	-34.4%	-35.0%
Lumber, Building, and Hardware	\$18,177,260	\$29,273,611	\$11,096,351	61.0%	-6.4%
Automotive and Filling Stations	\$118,312,449	\$87,242,916	-\$31,069,533	-26.3%	4.3%
Drugs and Miscellaneous Retail	\$34,087,096	\$83,957,831	\$49,870,735	146.3%	28.4%
Manufacturers	\$7,068,359	\$3,987,429	-\$3,080,930	-43.6%	-13.5%
Agriculture and All Other	\$42,285,536	\$67,502,445	\$25,216,909	59.6%	0.3%
Consumer Price Index (CPI)	76.0	100.0	31.6%	--	--

2014 = 100.0

Economic impacts of potential retail development in Morgan County

A vibrant and vital downtown is not without its quantifiable benefits. Using IMPLAN, the economic impact modeling software, we determined the economic gains associated with \$1 million in new retail sales occurring within Morgan County.¹

If \$1 million in retail sales were added to the County’s economy, the direct effects would include \$346K in additional economic activity among the retail sectors (see Table 5). This activity would generate or support an additional 5.6 full and part-time employment positions with \$146K in related Labor Income. When the downstream purchasing and other economic interactions are included, total economic impacts for the additional retail sales revenues equals more than \$499K in economic activity, 6.7 employment positions, with \$187K in related Labor Income. The additional activity and Labor Income will result in annual collection of more than \$98K in additional public revenues annually including \$56K by state and local entities and \$42K for federal entities.

¹ Because different types of retail businesses generate and require varying inputs (inventories, overhead, and employment), we averaged the impacts over ten types of retail businesses, including: Miscellaneous stores, General merchandise stores, Sporting goods, hobby, musical instrument and book stores, Clothing and clothing accessories stores, Health and personal care stores, Food and beverage stores, Building material and garden equipment and supplies stores, Electronics and appliance stores, Furniture and home furnishings stores, and Motor vehicle and parts dealers.

Table 7 Economic Impacts to Morgan County associated with an additional \$1 million in Retail Sales

Impact Type	Employment	Labor Income	Output
Direct Effect	5.6 positions	\$146K	\$346K
Downstream Effects*	1.1 positions	\$41K	\$154K
Total Effect	6.7 positions	\$187K	\$499K
Public Revenues			
	State and Local: \$56K	Federal: \$42K	Total: \$98K
*Downstream effects include in-region business activities and employee household purchases relative to the level of in-region Direct economic activities.			

In addition to the retail businesses, industries most effected by the additional retail revenues would include:

- Real estate
- Warehousing and storage
- Management of companies and enterprises
- Radio and television broadcasting
- Truck transportation
- Monetary authorities and depository credit intermediation
- Securities and commodity contracts intermediation and brokerage
- Postal service
- Accounting, tax preparation, bookkeeping, and payroll services
- Maintenance and repair construction of nonresidential structures

Potential technical assistance partners in Jacksonville Area: Western and Central Illinois are rich with potential partners for providing technical assistance and support to a Jacksonville incubator and its clients. Jacksonville Main Street is familiar with these organizations and has interacted with them on numerous projects. The strength of this potential network is a positive step in developing and operating a retail incubator in Jacksonville.

Potential market for clients and future retail development in Jacksonville/Morgan County: A review of supply and demand in the Jacksonville retail economy suggests that there are retail sectors and subsectors within which moderate or significant levels of opportunity exist. The sectors with the greatest level of annual unfilled demand include clothing and accessories (\$9.6

million), motor vehicle and parts (\$9.5 million), electronics and appliances (\$7.8 million), and furniture and home furnishings (\$5.9 million). Another \$6.4 million in unmet demand exists among non-store retailers, which includes mail-order and electronic commerce (see Table 6).

At first sight, non-store retailing might seem like a non-issue for a project focusing on starting stores. However, a growing number of e-commerce companies are opening “bricks and mortar” retail facilities. Google and Amazon have both opened a series of retail stores recently. Even Zappos has experimented with a series of “pop up” shops in the past year. While companies of this size are not the focus of retail incubators, an incubator in Jacksonville might attract interest among other small-scale e-commerce sites.

The sectors with a negative retail gap are those that attract customers from outside the 10 mile radius. Despite the negative retail gap, there may even be potential within these industry sectors. For example, while Grocery Stores report over-supply of almost \$26 million, there are grocery subsectors that have a positive retail gap, including Specialty Foods with more than \$3 million in unmet demand. The key would be to identify and capture these hidden opportunities.

Table 8 Retail Potential (Demand-Supply) and Gap within 10 mile radius of Jacksonville (in \$millions)

Industry Group	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Number of Businesses
Motor Vehicle & Parts Dealers	\$78.4	\$68.9	\$9.5	24
Furniture & Home Furnishings Stores	\$9.5	\$3.6	\$5.9	7
Electronics & Appliance Stores	\$16.1	\$8.3	\$7.8	13
Building Materials, Garden & Supply Stores	\$16.3	\$25.7	(\$9.4)	24
Food & Beverage Stores	\$63.0	\$86.2	(\$23.2)	21
Grocery Stores	\$56.0	\$81.9	(\$25.9)	16
Health & Personal Care Stores	\$17.2	\$22.3	(\$5.1)	16
Gasoline Stations	\$23.7	\$28.4	(\$4.7)	15
Clothing & Accessories Stores	\$16.7	\$7.1	\$9.6	18
Sporting Goods, Hobby, & Music Stores	\$9.5	\$62.0	(\$52.5)	17
General Merchandise Stores	\$59.3	\$110.0	(\$50.7)	13
Miscellaneous Store Retailers	\$12.1	\$9.9	\$2.2	27
Non-store Retailers	\$11.2	\$4.8	\$6.4	5
Food Services & Drinking Places	\$34.5	\$39.2	(\$4.7)	80

Source: ESRI Community Analyst subscription (Western Illinois University) Downloaded June 15, 2016
Based on the expected annual retail expenditures and average household income among households within a 10 mile radius of Jacksonville.

Technical Assistance Resources to support retail and business development in central Illinois

Illinois Institute for Rural Affairs at Western Illinois University

518 Stipes, One University Circle
Macomb IL 61455
(800) 526-9943

Services include:

Rural Economic Technical

Assistance Center: RETAC provides access to a wide range of data including economic, demographic, and retail sales tax. The Center also offers economic impact analysis.

WIU Small Business Development Center: The SBDC offers assistance with business plan development, business workshops, links with a local Senior Corps of Retired Executives (SCORE) chapter, and other technical



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