



Understanding Market Shares

Market share is used to assess the performance and potential of a shopping centre or retail asset.

A market share is usually a percentage of the total retail spending potential within a trade area that can be attributed to the turnover of the particular centre.

Market shares are an important measures of a centre's sales performance and potential. Market shares can be benchmarked against other centres and industry averages. Further to this, they can also be tracked over time, and provide insights into the long-term trading performance of an asset and where it sits in the lifecycle curve. In order to better understand where a centre is situated, a quantitative study, e.g. a Customer Exit Survey, needs to be undertaken.

» Trade Areas

It is essential that residential details such as street, cross street and suburb are gathered as part of the Customer Exit Survey. This information can then be geo-coded onto a GIS (Geographical Information System) and can then be analysed to identify the centre's trade area.

From this, a main trade area (MTA) is identified. Typically, the MTA represents the bulk of a centre's market share at 70-85% of customers and/or spend.

Once you have the percentage of expenditure from your MTA (e.g. 75%) you then need to take 75% of your centre's moving annual turnover (MAT, or the total sales of a centre for a year). So for example, if your centre's MAT is \$200 million, this equates to \$150 million in sales from the Centre's main trade area.

You then divide this by the amount of available expenditure from the MTA, obtained from the Household Expenditure Survey (available from the Australian Bureau of Statistics).

Let's say that in this case total retail expenditure is \$900 million. This would mean the market share is \$150 million divided by \$900 million, which equals 16.6%.

» Commodity Groups

Commodity group market shares are undertaken on categories such as food or fashion. This provides insights into the trading performance of these commodity groups in addition to \$/sq m and occupancy cost analysis.

Commodity group market shares highlight where the centre is over or under performing, which makes it possible to identify where adjustments in retail mix needs to be looked at.

It is vital that commodity group market shares are undertaken accurately, and match the household expenditure survey definitions.

One such example is food market share, where retailers selling fresh food and fast food are compared against the ABS category which only includes fresh food. Suddenly, you have a higher-than-average market share.

Commodity group market shares are calculated in the same way as the MTA market shares, but use spend and turnover information relating to specific groups.

This analysis can highlight categories that may be under or over performing, and highlight retail planning opportunities available.



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