

Part 2: 2-8 Economic Bases

Within a trading area, the economic base is an indicator of the target consumer's income. Therefore, economic statistics such as unemployment rate, interest rates, types and numbers of industry available for employment, educational level of consumers and median household income as well as buying income, building permits and tax rates are tracked continually by the retailer. These factors determine the amount of discretionary income available for the purchase of products other than those needed for necessity items.

Additionally, two income families with no children will look for entirely different product and price ranges than the one income family with small children or the retired couple living on a fixed income. The average educational level and percentage of home owners in the area also impact the buying power of the target consumer.

The visual merchandiser must create a store image that is inviting and interesting to the economic level of the target consumer. A low income customer visiting a luxury store may feel very uncomfortable in the upscale environment while a high income consumer looking for a designer handbag may not appreciate the scaled down display or lack of amenities in the discount store.

