

ENVIRONICS RESEARCH

Lethbridge Trade Area and Commercial Catchment Basin Study Report

*This research was undertaken on behalf of Economic Development Lethbridge
and made possible with the help of sponsors and supporters.*

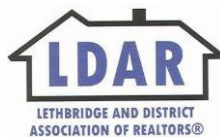
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Environics Research Group
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Table of Contents

- Background and objectives 1**
- I. Defining and mapping the trade area 2**
- II. Sizing the catchment area population 4**
 - A. Trade Area and Catchment Population4
 - B. Who Shops in Lethbridge4
 - C. Frequency of shopping in Lethbridge.....4
 - D. Why not shop in Lethbridge?5
 - D. Where else do catchment residents shop?6
 - E. Impact of online shopping.....6
- III. In-Lethbridge spending by the catchment population 7**
- Approach and methods 9**
 - A. Project approach9
 - B. Defining the catchment – shopper survey9
 - C. Spending estimates10
 - D. Calculation of spending estimates11

Appendix A: Catchment area maps

Appendix B: Population by geographic area (city, town, county, MD), by catchment area



Background and objectives

Economic Development Lethbridge (EDL) commissioned this study to answer the following three questions:

1. What is the trade catchment area for Lethbridge from outside of the city (the geographic area and boundary, by primary, secondary and tertiary draw)?
2. How many non-residents engage in commercial activity in the city and with what frequency?
3. What is the value of spending by non-residents in the City of Lethbridge?

For the purpose of this study, *trade area* is used to refer to the City of Lethbridge as well as the catchment area outside the city. *Catchment* or *catchment area* is used to refer to the areas outside of Lethbridge from which regular commercial activity is drawn to the city.

I. Defining and mapping the trade area

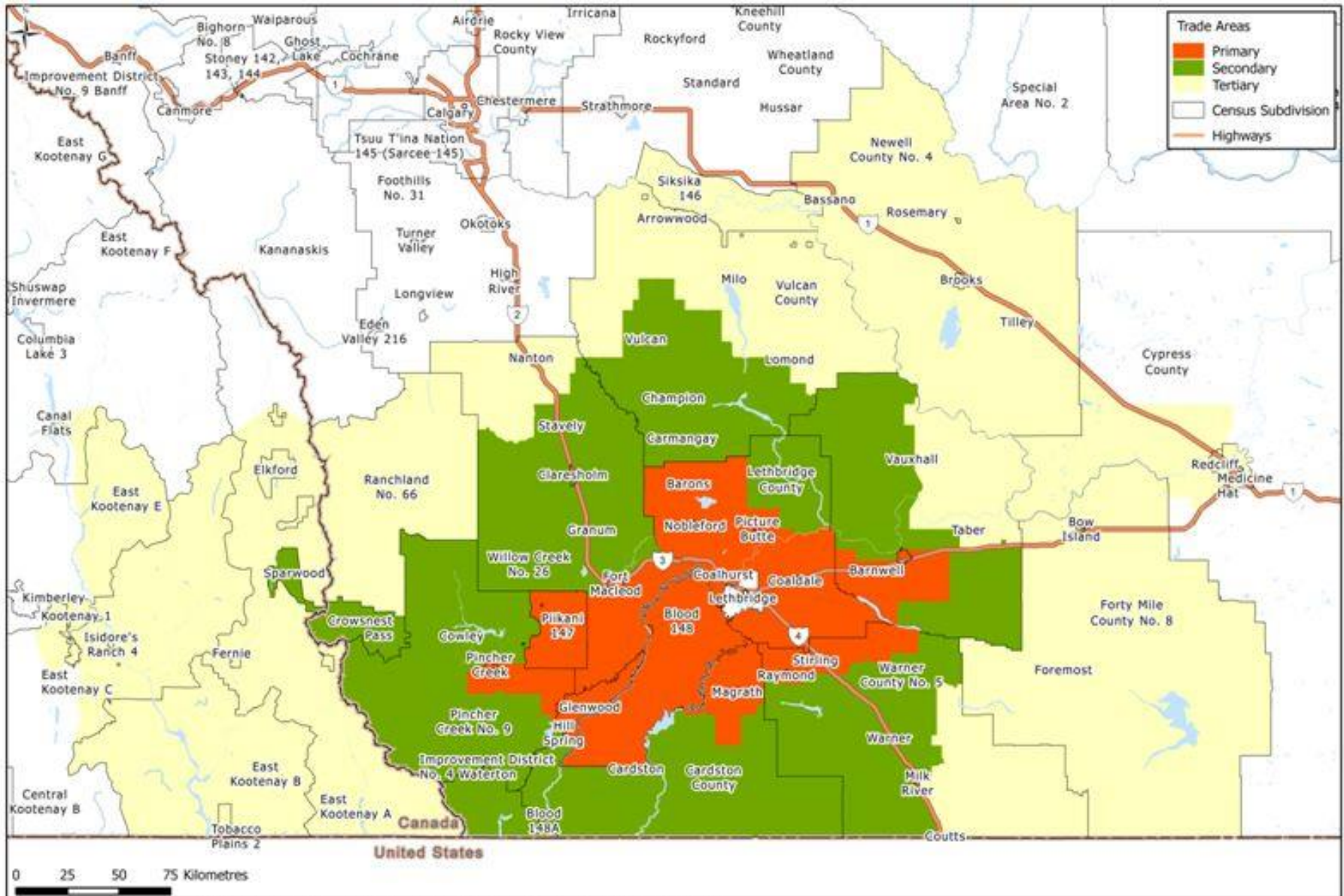
From Medicine Hat in the East to Kimberley in the West and from the U.S. Border in the South to Brooks and Nanton to the North.

The map on the following page shows the full trade area including:

- The City of Lethbridge (white)
- The Primary catchment area (red) which runs from Taber to Pincher Creek and from Barons to Cardston and Magrath;
- The Secondary catchment area (green) which runs from Sparwood and the Crowsnest Pass to the West side of Forty Mile County and from Vulcan and Lomond to the U.S. Border between Coutts and B.C.; and
- The Tertiary catchment area (yellow) which encompasses Kimberley and the Kootenays, Ranchland, Nanton, Brooks and Newell County, Medicine Hat, Bow Island and Foremost.

Maps of each catchment area are appended to this report.

Areas of Montana were considered for this study, but ultimately excluded based on the business owner and manager consultations which indicated that most did not have regular customer visits from the US, as well as the sparseness of population in the northern part of the state, and the proximity to Great Falls, where shopping and other amenities are available.



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II. Sizing the trade area population

A. Trade Area and Catchment Population

The Lethbridge trade area population is calculated at 341,180 people

The Lethbridge trade area (household*) population is calculated at 341,180 people, including:

- 91,800 residents of Lethbridge
- 64,310 in the primary catchment;
- 34,450 in the secondary catchment; and
- 150,620 in the tertiary catchment.

The combined non-Lethbridge catchment area population is calculated at 249,380.

*Household population refers to the residential population which is slightly lower than the total population (i.e. the Census population), since the latter includes households and institutional residents. Household population is used for this report because it corresponds to the household spending data, presented in Part III.

B. Who Shops in Lethbridge

Six in ten catchment area residents shopped in Lethbridge during the preceding year

Overall, six in ten surveyed catchment area residents shopped in Lethbridge during the prior year, including:

- 96% from the primary catchment area;
- 85% from the secondary area; and
- 32% from the tertiary area

The daytime population of Lethbridge is estimated at 109,535, compared to the total household population of 91,800, for a net increase of 17,735 people coming in to the city on a daily basis to work. Daytime population refers to the employed population, and therefore does not include students, shoppers or others visiting the city during the day.

C. Frequency of shopping in Lethbridge

Distance influences shopping frequency

Frequency of shopping in Lethbridge decreases from primary through tertiary catchment areas:

- More than eight in ten among primary catchment shoppers visit Lethbridge at least monthly, with about half shopping weekly or more often;
- About one-third of secondary catchment shoppers visit Lethbridge monthly or more often; two-thirds shop in Lethbridge less frequently;
- Seven in ten tertiary catchment shoppers visit only once or twice per year.

D. Why not shop in Lethbridge?

Those who don't come to Lethbridge cite the distance, that they have no need, or that there are no different stores as reasons why they don't travel to shop in Lethbridge

The survey respondents who did not shop in Lethbridge were asked why not, and the primary reasons have to do with distance or transportation/ mobility, followed by a lack of need and the sense that the stores are not different.

| Reasons for not shopping in Lethbridge | % (multiple mentions accepted) |
|--|-----------------------------------|
| Distance/Travel | |
| Too far | 43% |
| Closer to other places | 23% |
| Don't have a way to get there | 14% |
| Disabled/Elderly | 9% |
| No Need | |
| No need/no reason | 22% |
| No different stores | 7% |
| Too expensive | 3% |

E. Where else do catchment residents shop?

In addition to Lethbridge, catchment residents shop in Calgary, Medicine Hat, and a range of other locations

Survey respondents were asked where they go to shop out of town. In addition to Lethbridge, the following destinations were named.

| Where shop out of Town | % (multiple mentions accepted) |
|------------------------|--------------------------------|
| Calgary | 37% |
| Medicine Hat | 18% |
| Cranbrook | 5% |
| Taber | 4% |
| Okotoks | 4% |
| Brooks | 3% |
| Pincher Creek | 3% |
| High River | 3% |
| Montana | 3% |
| Edmonton | 2% |
| Vancouver | 1% |

F. Impact of online shopping

Fifteen percent report shopping out of town less due to online shopping; eight in ten report no difference

Survey respondents were asked if as a result of online shopping they shop out of town more, less, or if it has not changed their patterns.

- One in twenty say they shop out of town more due to online shopping (5%);
- Approximately one in six shop out of town less (15%); and
- Eight in ten (81%) say this has not changed their patterns.

III. In-Lethbridge spending by the catchment population

\$473 million spent annually by non-Lethbridge residents; food; clothing, footwear, jewelry; health care; and fuel are the largest spending categories

The annual value of household (consumer) spending on goods and services in the city by non-Lethbridge catchment area residents is approximately \$473 million, including:

- \$314 million (66%) from the primary catchment area. In-Lethbridge spending represents 28% of the total of \$1.1 billion spent annually by this population on the same categories);
- \$81 million (17%) from the secondary area. In-Lethbridge spending represents 11.7% of the total of \$696 million spent annually by this population on the same categories; and
- \$78 million (16%) from the tertiary area. In-Lethbridge spending represents 2.2% of the total of \$2.2 billion spent annually by this population on the same categories.

Leading expenditure categories include:

- Food from stores (\$128m) and restaurants (\$41.6m): \$169.6m
- Clothing, footwear and jewelry: \$41.1m
- Health care goods, products and services: \$35.2m
- Gasoline and other fuels: \$31.4m
- Building supplies, renovations and alterations: \$27.3m
- Tobacco, alcohol and casino, bingo, or lottery: \$26.7m
- Automobiles and trucks: \$22.4m

Details by categories and trade area are presented on the following page. The data in the table indicate that the largest proportion of in-Lethbridge spending by non-city catchment residents, for all categories, comes from residents of the primary catchment.

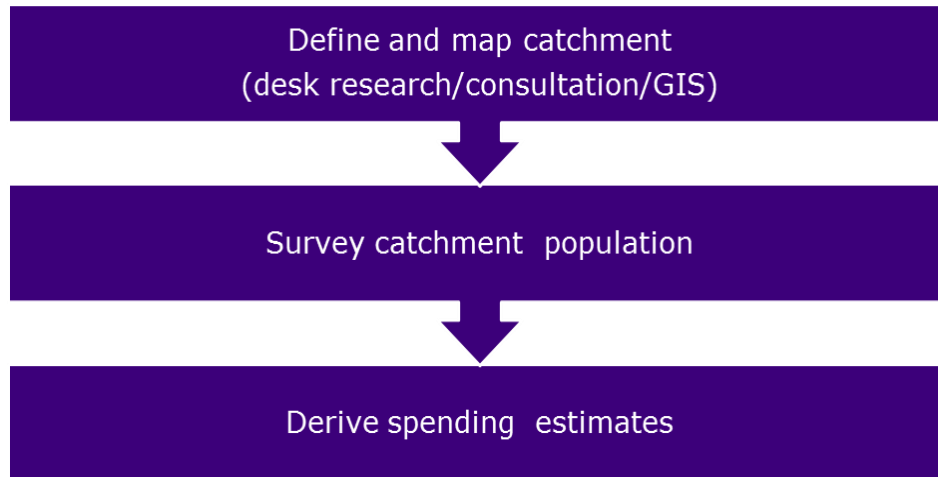
Spending in Lethbridge, by catchment and category

| Spending Categories | Financial inflow to the City of Lethbridge (\$) | | | |
|--|---|---------------------|---------------------|----------------------|
| | Primary | Secondary | Tertiary | Total |
| Food purchased from stores | \$82,326,721 | \$23,348,213 | \$22,561,402 | \$128,236,336 |
| Food purchased from restaurants | \$23,472,022 | \$5,989,773 | \$12,178,359 | \$41,640,154 |
| Household goods such as cleaning supplies, foil, paper, and pet supplies or services, other household supplies | \$10,386,807 | \$2,713,845 | \$2,037,639 | \$15,138,291 |
| Garden supplies and services such as nursery and greenhouse, cut flowers, and decorative plants, fertilizers, etc. | \$2,849,204 | \$741,465 | \$254,754 | \$3,845,423 |
| Household furnishings and appliances | \$12,221,076 | \$2,560,061 | \$795,963 | \$15,577,099 |
| Computer equipment and supplies, Photographic goods and services | \$2,901,695 | \$719,051 | \$573,094 | \$4,193,840 |
| Communications devices: landline & cell phone equipment, pagers etc; home entertainment equipment: audio, video, etc | \$2,325,783 | \$440,217 | \$152,440 | \$2,918,439 |
| Internet access and/or home entertainment services,such as cablevision or satellite services | \$6,822,616 | \$1,492,616 | \$370,934 | \$8,686,167 |
| Tools and equipment such as for home, kitchen, workshop, lawn, garden and snow-removal equipment | \$6,601,941 | \$1,263,628 | \$1,460,997 | \$9,326,567 |
| Building supplies, renovations and alterations: contract, labour and material cost | \$19,281,623 | \$5,554,553 | \$2,504,511 | \$27,340,687 |
| Clothing, footwear, jewelry | \$26,580,845 | \$6,114,249 | \$8,401,455 | \$41,096,550 |
| Purchase of automobiles and/or trucks | \$14,387,037 | \$4,533,097 | \$3,478,457 | \$22,398,591 |
| Renting an automobile or truck | \$187,090 | \$71,890 | \$88,699 | \$347,679 |
| Automobile accessories | \$283,813 | \$122,902 | \$50,762 | \$457,477 |
| Gasoline and other fuels | \$20,796,458 | \$5,217,909 | \$5,417,528 | \$31,431,895 |
| Tires, batteries, and other automotive parts and supplies, vehicle maintenance and repair and associated services. | \$5,113,058 | \$1,042,989 | \$836,357 | \$6,992,404 |
| Public transportation such as city or commuter buses, taxi, airplane, highway bus, or other passenger transportation | \$434,174 | \$464,440 | \$302,864 | \$1,201,479 |
| Health care: Medicinal and pharmaceutical products, eye-care goods and services, dental services and associated insurance | \$23,885,616 | \$6,258,345 | \$5,051,905 | \$35,195,866 |
| Personal care supplies and equipment such as hair care products, makeup, skin care and manicure products, fragrance products | \$6,172,054 | \$1,717,922 | \$1,434,783 | \$9,324,759 |
| Personal care services such as hair grooming, other personal services | \$5,361,198 | \$1,091,004 | \$415,655 | \$6,867,857 |
| Recreation equipment such as sports and athletic equipment, playground equipment, above-ground pools and accessories, etc. | \$2,457,242 | \$474,700 | \$676,636 | \$3,608,578 |
| Recreation vehicles, including travel trailers, ATV's, bicycles, motorcycles, etc, and associated services | \$2,364,952 | \$471,422 | \$998,135 | \$3,834,509 |
| Recreation: movies, live sports, concert, museums, membership and usage fees for sports and rec. facilities: bowling, golf, | \$6,331,938 | \$982,735 | \$1,865,920 | \$9,180,592 |
| Education: school supplies, tuition, text books, Reading materials and other printed matter: Newspapers, magazines, books | \$5,065,090 | \$982,247 | \$870,874 | \$6,918,211 |
| Tobacco, alcoholic beverages, games of chance such as casino, bingo,or lottery | \$17,663,905 | \$4,949,790 | \$4,114,282 | \$26,727,977 |
| Professional services such as financial services, legal services, etc. | \$7,653,372 | \$1,898,969 | \$1,004,829 | \$10,557,170 |
| Totals | \$313,927,329 | \$81,218,033 | \$77,899,232 | \$473,044,595 |

Approach and methods

A. Project approach

Three part approach to the project:



B. Defining the catchment – shopper survey

Desk research was undertaken to identify the likely potential range of communities to be included in the Lethbridge catchment basin. Maps and Census information were used to identify the communities for which Lethbridge is the closest and largest city, making it a likely destination for shopping trips. This resulted in a preliminary, data-based boundary for the Lethbridge catchment.

Following the desk research we consulted with 20 Lethbridge business managers and owners, across a range of sectors and business types, to refine and validate the Lethbridge trade catchment boundaries.

The results of the desk research and consultations were used as a basis for a preliminary catchment boundary, and as a sample frame for a shopper survey.

The shopper survey of 400 residents across the preliminary catchment area was directed to adult respondents responsible for shopping for their household. It included questions about their visits to Lethbridge, in terms of frequency, purpose (what is purchased) and spending (to enable estimation of total spending in Lethbridge from outside the city, by category).

The margin of sampling error for a survey of 400 is plus or minus 4.9% at the 95% confidence level.

The survey results were used to validate the overall catchment boundary, and to establish the primary, secondary and tertiary catchment boundaries, and as a basis for the spending estimates.

C. Spending estimates

The spending data from the survey were combined with postal code level household spend data to provide spending estimates

The survey and estimates covered household spending in the following categories:

- Food: purchased from stores
- Food purchased from restaurants
- Household goods such as cleaning supplies, foil, paper, and pet supplies or services, other household supplies
- Garden supplies and services such as nursery and greenhouse, cut flowers, and decorative plants, fertilizers, herbicides, insecticides, pesticides, soil and soil conditioners
- Household furnishings and appliances
- Computer equipment and supplies, Photographic goods and services
- Communications devices such as landline & cell phone equipment, pager and other handheld devices; home entertainment equipment: audio, video, etc.
- Internet access and/or home entertainment services, such as cablevision or satellite services
- Tools and equipment such as for home, kitchen, workshop, lawn, garden and snow-removal equipment
- Building supplies, renovations and alterations: contract, labour and material cost
- Clothing, footwear, jewelry
- Purchase of automobiles and/or trucks
- Renting an automobile or truck
- Automobile accessories
- Gasoline and other fuels
- Tires, batteries, other automotive parts and supplies, vehicle maintenance, repair etc.
- Public transportation such as city or commuter buses, taxi, airplane, highway bus, etc.
- Health care: medicinal and pharmaceutical products, eye-care goods and services, dental services and associated insurance services
- Personal care supplies and equipment such as hair care products, makeup, skin care and manicure products, fragrances, personal deodorants and soaps, oral hygiene products, disposable diapers, electric hair-styling and personal care appliances
- Personal care services such as hair grooming, other personal services
- Recreation equipment such as sports and athletic equipment, playground equipment, above-ground pools and accessories, toys and children's vehicles, electronic games and parts, Artists' materials, handicraft and hobby craft kits and materials
- Recreation vehicles, including travel trailers, ATV's, bicycles, motorcycles, etc., and associated services
- Recreation services: movies, live sports, concert, museums, membership and single usage fees for sports and recreation facilities: bowling, golf, etc.
- Education: school supplies, tuition, text books, Reading materials and other printed matter: Newspapers, magazines, books
- Tobacco, alcoholic beverages, games of chance such as casino, bingo, or lottery
- Professional services such as financial services, legal services, etc.

D. Calculation of spending estimates

Survey results combined with Environics Analytics Household Spend data to calculate spending by category and catchment area

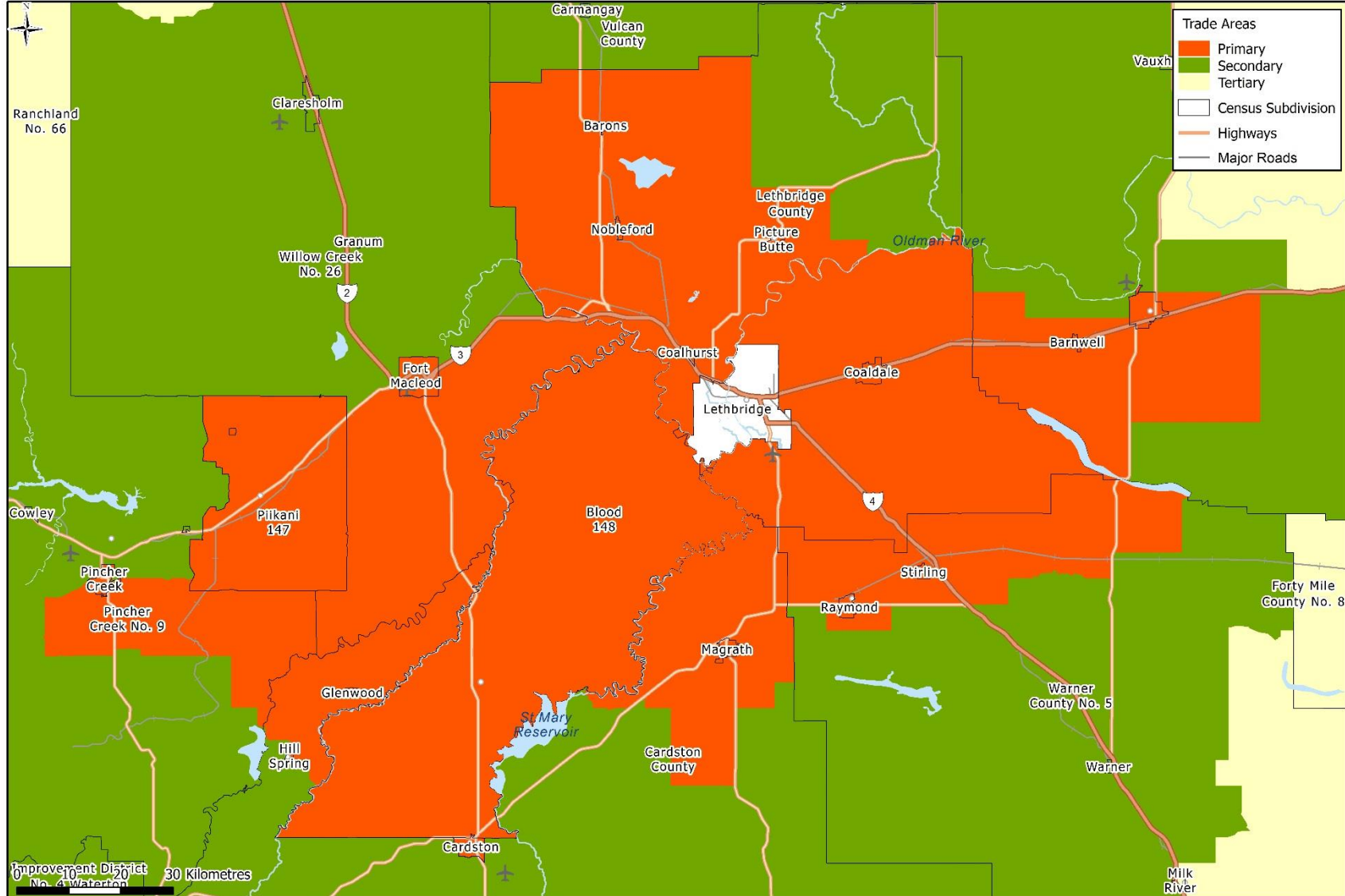
The survey asked respondents what percentage of their annual expenditure in each of the selected categories was spent in Lethbridge. These data were analyzed at the postal code / PRIZM cluster level and combined with the household spend data for estimating the financial inflows to Lethbridge by catchment area.

HouseholdSpend provides current estimates of annual expenditures for a wide range of categories of goods and services used by Canadian households—everything from fashion apparel and household furnishings to cell phones and charitable donations. This wide-ranging database lets users analyze potential expenditures by both average dollars per household and total dollars spent for any geographic level—from all of Canada to a small trade area—regardless of where the consumer made the purchase. HouseholdSpend is produced annually with household income data from DemoStats, and is based on Statistics Canada’s Survey of Household Spending.



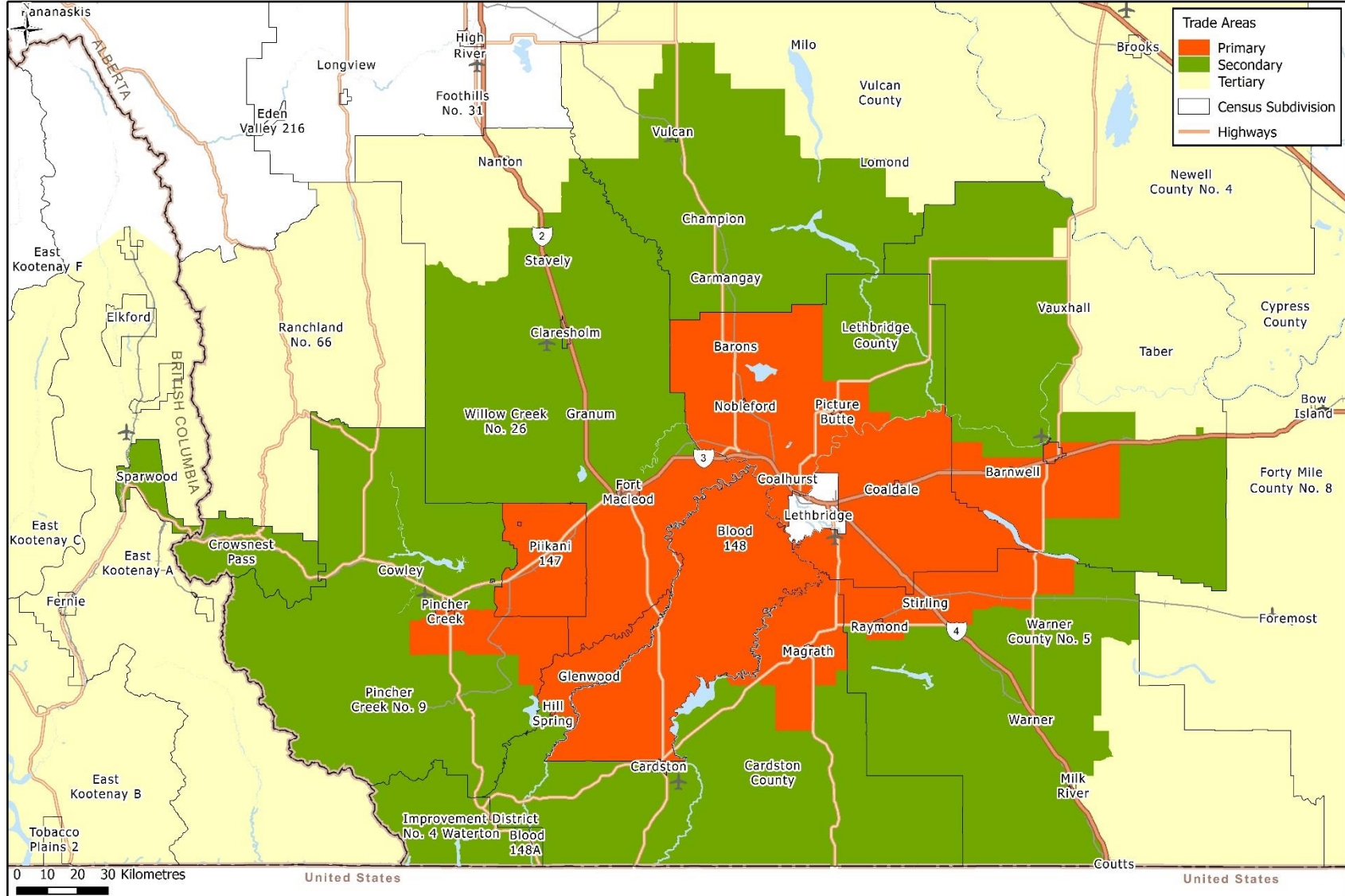
Appendix A: Catchment area maps

Environics Research Group (ERG) Lethbridge Catchment Basin Primary Trade Area



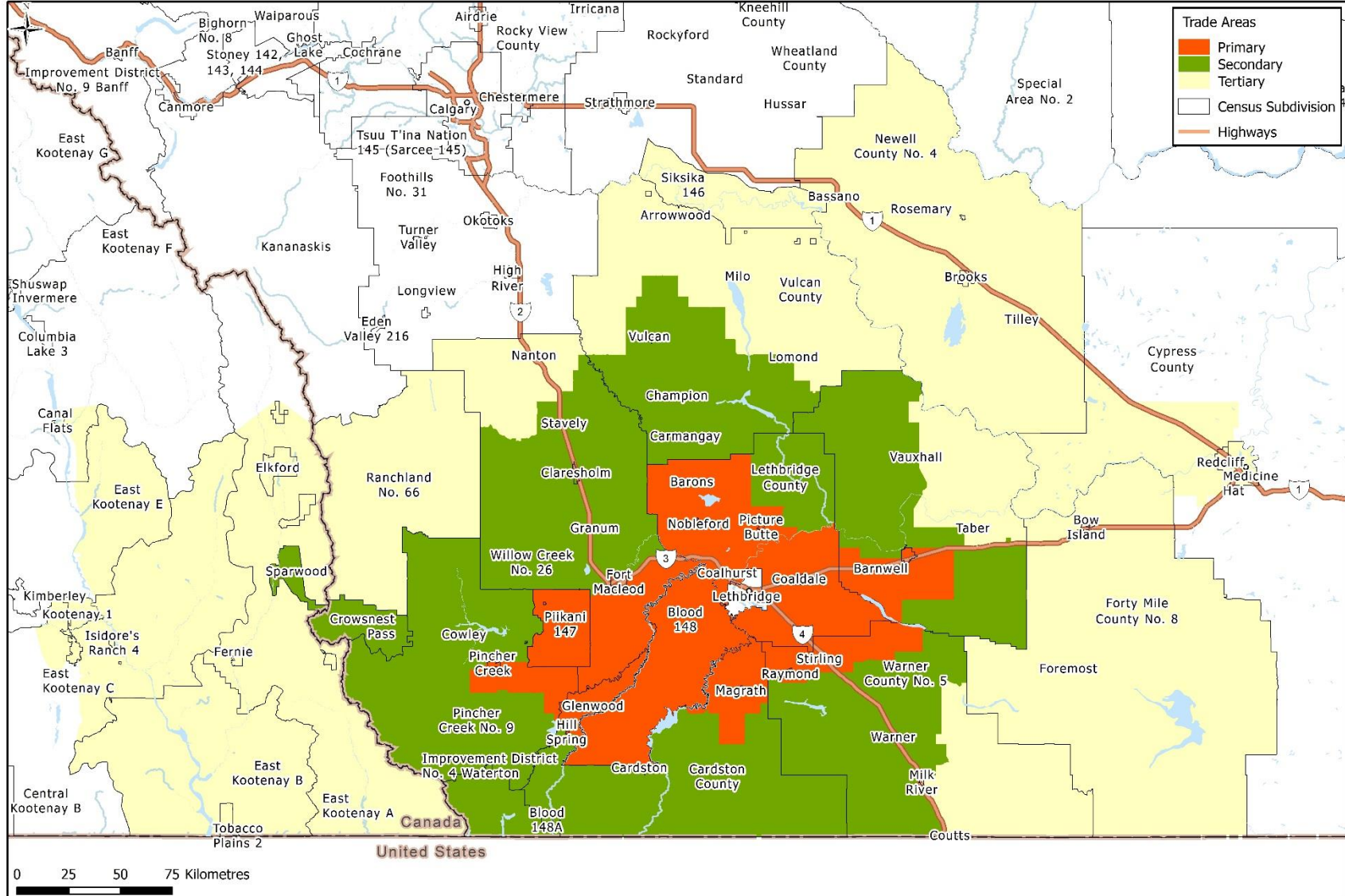
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Environics Research Group (ERG) Lethbridge Catchment Basin Secondary Trade Area



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Environics Research Group (ERG) Lethbridge Catchment Basin Tertiary Trade Area



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**Appendix B:
Population by geographic area (city, town, county,
MD), by catchment area**

City of Lethbridge

| Area | Total Population |
|--------------------|------------------|
| City of Lethbridge | 94,879 |

Primary Catchment Area

| Area | Total Population |
|------------------------------|------------------|
| Lethbridge County (AB), MD | 9,613 |
| Taber (AB), T | 9,028 |
| Taber (AB), MD | 2,125 |
| Coaldale (AB), T | 8,621 |
| Blood 148 (AB), IRI | 5,171 |
| Raymond (AB), T | 4,216 |
| Pincher Creek (AB), T | 4,210 |
| Cardston (AB), T | 3,923 |
| Cardston County (AB), MD | 1,637 |
| Fort Macleod (AB), T | 3,449 |
| Magrath (AB), T | 2,474 |
| Coalhurst (AB), T | 2,307 |
| Picture Butte (AB), T | 1,881 |
| Willow Creek No. 26 (AB), MD | 1,560 |
| Piikani 147 (AB), IRI | 1,308 |
| Stirling (AB), VL | 1,233 |
| Nobleford (AB), VL | 1,206 |
| Warner County No. 5 (AB), MD | 1,196 |
| Barnwell (AB), VL | 886 |
| Pincher Creek No. 9 (AB), MD | 530 |
| Barons (AB), VL | 361 |
| Glenwood (AB), VL | 329 |
| Hill Spring (AB), VL | 212 |

Secondary Catchment Area

| Area | Total Population |
|------------------------------|------------------|
| Crowsnest Pass (AB), SM | 6,193 |
| Claresholm (AB), T | 4,132 |
| Taber (AB), MD | 4,050 |
| Sparwood (BC), DM | 3,877 |
| Cardston County (AB), MD | 2,879 |
| Willow Creek No. 26 (AB), MD | 2,850 |
| Pincher Creek No. 9 (AB), MD | 2,742 |
| Warner County No. 5 (AB), MD | 2,310 |
| Vulcan (AB), T | 1,931 |
| Vulcan County (AB), MD | 1,614 |
| Vauxhall (AB), T | 1,489 |
| Lethbridge County (AB), MD | 1,127 |
| Stavelly (AB), T | 592 |
| Granum (AB), T | 514 |
| Champion (AB), VL | 421 |
| Carmangay (AB), VL | 409 |
| Warner (AB), VL | 367 |
| Cowley (AB), VL | 273 |
| Lomond (AB), VL | 191 |
| Waterton (AB), ID | 80 |

Tertiary Catchment Area

| Area | Total Population |
|-----------------------------------|------------------|
| Medicine Hat (AB), CY | 66,534 |
| Cranbrook (BC), CY | 20,479 |
| Brooks (AB), CY | 15,350 |
| Newell County No. 4 (AB), MD | 7,221 |
| Redcliff (AB), T | 6,242 |
| Fernie (BC), CY | 4,670 |
| East Kootenay C (BC), RDA | 4,357 |
| East Kootenay A (BC), RDA | 2,008 |
| East Kootenay B (BC), RDA | 1,798 |
| East Kootenay E (BC), RDA | 394 |
| Forty Mile County No. 8 (AB), MD | 3,407 |
| Siksika 146 (AB), IRI | 3,276 |
| Elkford (BC), DM | 2,687 |
| Vulcan County (AB), MD | 2,527 |
| Nanton (AB), T | 2,366 |
| Bow Island (AB), T | 2,245 |
| Cypress County (AB), MD | 1,440 |
| Bassano (AB), T | 1,430 |
| Taber (AB), MD | 1,402 |
| Duchess (AB), VL | 1,114 |
| Willow Creek No. 26 (AB), MD | 1,063 |
| Milk River (AB), T | 904 |
| Canal Flats (BC), VL | 748 |
| Warner County No. 5 (AB), MD | 668 |
| Foremost (AB), VL | 556 |
| Tilley (AB), VL | 373 |
| Rosemary (AB), VL | 371 |
| Arrowwood (AB), VL | 186 |
| Milo (AB), VL | 138 |
| Kootenay 1 (BC), IRI | 95 |
| Ranchland No. 66 (AB), MD | 83 |
| Tobacco Plains 2 (BC), IRI | 57 |
| Cassimayooks (Mayook) 5 (BC), IRI | 7 |