



# 2010 Retail Trade Analysis Cass County

A TOOL USED TO MEASURE THE ECONOMIC HEALTH OF THE LOCAL RETAIL ECONOMY

Authored by Bruce W. Schwartau



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**August 29, 2012**

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The University of Minnesota Extension has developed this retail trade analysis program to assist in the economic development of Minnesota towns and cities. These reports are available for all Minnesota counties, for most cities above 5,000 populations and for a few cities smaller than 5,000 populations. The retail sector of each jurisdiction can be evaluated by comparing its trends to those of other similar jurisdictions. Business people and economic development officials can use measures such as pull factors and leakages to determine the need and feasibility of new retail businesses.

## **DATA SOURCES**

Most of the data in the analysis are based on annual reports of Minnesota retail and use tax, published by the Minnesota Department of Revenue. The Department of Revenue published an annual report of sales and use tax by jurisdiction until 1996, at which time the reports were released biennially due to budget constraints. This analysis uses the available reports from 1990-1996, 1998, 2000, and 2003 through 2010. The reports interpolate data for the years in which data are not available. (See [http://taxes.state.mn.us/legal\\_policy/pages/research\\_reports\\_sales\\_use\\_statistics\\_main.aspx](http://taxes.state.mn.us/legal_policy/pages/research_reports_sales_use_statistics_main.aspx)) The income data in this report are obtained from reports by Bureau of Economic Analysis (BEA). (See <http://www.bea.gov/regional/reis>) Population data are derived from the U.S. Census. (See <http://www.census.gov/popest/>)

Sales and use tax permit holders file returns and remit taxes on a monthly, quarterly or annual basis. Large businesses such as discount department stores whose tax is more than \$500 per month are required to file on a monthly basis, while medium-sized businesses whose sales tax collections are less than \$500 per month, are required to file on a quarterly basis and small businesses with sales tax collections less than \$100 per month would most likely file on an annual basis.

## **DEFINITION OF TERMS**

### **Gross Sales**

Gross sales include taxable sales and exempt sales for businesses holding sales and use tax permits. This is the most inclusive indicator of business activity for the reporting jurisdictions but it can be misleading when used in comparisons. At times commodity items (like gasoline) that are not taxable can have large price variations, creating huge swings in gross sales.

### **Taxable Sales**

Taxable sales are the amount of sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes and items sold to exempt organizations. For more information on what is taxed in Minnesota, see "Minnesota Sales and Use Tax Instruction Booklet" available on the web at [http://www.taxes.state.mn.us/sales/Documents/sales\\_tax\\_booklet.pdf](http://www.taxes.state.mn.us/sales/Documents/sales_tax_booklet.pdf)

### **Current and Constant Dollar Sales**

Current dollar (or "nominal dollar") sales are sales as reported by the state. No adjustment has been made for price inflation. In general this measure of sales is not satisfactory for comparisons over long periods of time since it does not account for changes in population, inflation, or the state's economy. Constant dollar (or "real dollar") sales reflect changes in price inflation by adjusting current dollar sales with the Consumer Price Index (CPI). Constant dollar sales indicate the real sales level with respect to a base year. This is a more realistic method of evaluating sales over time than current dollar comparisons, but still does not take into consideration changes in population or changes in the state's economy.

## Number of Businesses

The number of sales and use tax permit holders who filed one or more tax returns for the year are reported as the number of businesses.

## Reporting Period

The reporting periods through 2005 in this report are calendar years. For example, the sales reported for the year 2000 are for the period, January 1, 2000 to December 31, 2000. The Sales and Use Tax Statistics report for 2006 and beyond uses a slightly different methodology than in previous years. Rather than basing the report on the year in which sales were made (as was true in earlier reports), the 2006 report is based on when returns were processed. To best approximate the economic activity for calendar year 2010, this report includes all returns processed from February 2010 through January 2011. Returns are included in the report regardless of the date of sale.

## Per Capita Sales

Per capita (or “per person”) sales are calculated by dividing current dollar sales by the population estimate. In areas where population is subject to substantial change, this is a more satisfactory measure of sales activity than sales alone. However, it still does not reflect changes in the state economy.

## Number of Businesses

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## Pull Factor

The pull factor was developed by Dr. Ken Stone, an economist from Iowa State University Extension Service, to provide a precise measure of sales activity in a locality. It is derived by dividing the per capita current dollar sales of a city or county by the per capita sales for the state. For example, if a city's per capita sales are \$20,000 per year and the state per capita sales are \$10,000 per year, the pull factor is 2.0 ( $\$20,000 \div \$10,000$ ). The interpretation is that the city is selling to 200 percent of the city population.

Pull factors are good measures of sales activity because they reflect changes in population, inflation, and the state economy. Pull factors are available through the University of Minnesota Extension for total taxable sales for all cities with reported sales (generally, cities with a population of 5,000 or more) since 1990. The pull factors listed in this report are not adjusted for differing income levels in different communities; they are simply the ratio of local per person sales to the state average. Income levels are accounted for in the expected sales and potential sales formulas, described below.

## Typical Pull Factor

The typical pull factor is a pull factor that represents the “norm” for cities within a population group. It is an average for cities within a population group excluding some of the outliers in the group.

## Personal Income

Personal income is defined as the income received by, or on behalf of, all the residents of the county (state) from all sources. Personal income is the estimated sum of wage and salary earnings, supplements to wages and salaries (e.g., contributions to retirement funds, health plans, life insurance policies), proprietors' income, rental income, personal dividend income, personal interest income, and personal current transfer receipts to persons (e.g. receipts of Social Security, disability, worker's compensation, Medicare/Medicaid, food stamps,

etc.) less contributions for government social insurance (e.g. Social Security, Medicare). Source is the American Community Survey. [www.census.gov/acs](http://www.census.gov/acs)

### **Index of Income**

This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, an index of income of 1.20 indicates that per capita income in the area is 20 percent above the state average.

### **Expected Sales**

Expected sales are a retail performance benchmark. It is an estimate of the sales level a town would achieve if it were performing on par with Minnesota towns of a similar size. In addition to population and income variables, expected sales incorporate the typical strength of comparable communities via the typical pull factor. Expected sales are the product of city population, state per capita sales, the index of income and the typical pull factor. For example, if a city has a population of 5,000, the state per capita sales are \$9,000, the typical pull factor is 1.30, and the index of income is 1.03, expected sales are approximately \$60 million per year ( $5,000 \times \$9,000 \times 1.30 \times 1.03$ ). This provides a means of comparing what is expected for a city of a certain size to what is actually happening.

### **Potential Sales**

Potential sales are an estimate of the amount of money that is spent on retail goods and services by residents of a county. It is the product of county population, state per capita sales and the index of income. The potential sales concept for counties is similar to the expected sales calculations for cities. However, potential sales do not utilize a measure of average pulling power (like the typical pull factor that is used in the expected sales equation). Since a county is a relatively large region within which retail business takes place, counties are compared without adjustments for trade area size.

### **Variance between Actual and Expected Sales (Surplus or Leakage)**

The variance between actual and expected sales is how much retail sales differ from the “norm” (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, we say the city has a “surplus” of retail sales. When actual sales fall short of expected sales, we say the city has a retail sales “leakage”. The set of similarly-sized cities in Minnesota is the “peer group” to which the comparison is being made. Discrepancies between expected and actual sales occur for a variety of reasons.

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### **Trade Area Population Gain or Loss**

The trade area population gain or loss translates the percentage amount of surplus or leakage of retail sales into an estimate of the number of customers gained or lost in the trade area. It is calculated by multiplying the percent surplus or leakage by the population estimate for the city or county. For example, if a city with 10,000 residents had a retail sales surplus of 20%, the trade area population gain would be 2,000. Adding this number to the city's population gives an estimate of the population size of the city's trade area.

## **CAUTIONS**

### **Gross Sales**

Gross sales are a comprehensive measure of business activity, but readers should be aware that the numbers in this report are self-reported by holders of sales and use tax reports. Furthermore, the gross sales are not audited by the State of Minnesota. It is believed that the gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

### **Misclassification**

Holders of sales and use tax permits select the North American Industry Classification System (NAICS) category that best fits their business. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type of business, but may evolve over time to a considerably different type of business. Misclassifications can distort sales among business categories, especially in smaller cities. For example, a furniture store that is classified as a general merchandise store, will under-report the sales in the furniture store category and over-report the sales in the general merchandise category.

### **Suppressed Data**

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. The sales for suppressed categories are placed into the miscellaneous category and are included in total sales.

### **Consolidated Reporting**

Vendors doing business at more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows, for each business establishment, the sales made, tax due and location by city and county. Data for the establishments of consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally consolidated reports may not be properly deconstructed and all the sales for a company may be reported for one town or city. Whenever misreporting is discovered, contacts are made with the Minnesota Revenue Department to clarify the situation.

### **Changes between 2000 and 2003**

For fiscal year 2003, the Minnesota Department of Revenue implemented two major changes to improve their reporting of sales and use tax data. First, they adopted a geo-coding system, which accurately identifies the location of all business reporting sales and use tax to the state rather than relying on the businesses' postal addresses. One effect of this change is a movement of sales between neighboring cities (and in some cases, counties) in the year 2003. Thus, in several of the suburbs of Minneapolis and St. Paul and in cities such as Hermantown, which is adjacent to Duluth, the data show large increases in retail sales between 2000 and 2003, a substantial portion of which is due to the re-coding of business location and not to actual growth in sales.

The second change implemented by the Department of Revenue in 2003 was a shift from the Standard Industrial Classification system (SIC codes) to the North American Industry Classification System (NAICS codes). This switch does affect the comparability of the data series prior to 2000 with that of 2003 (and beyond), especially for merchandise categories. Overall retail and services sales are highly comparable over

time. In many cases, the merchandise categories for the data prior to 2003 are very closely related to the new categories. For example, approximately 97% of the 2003 statewide sales in the general merchandise category were accounted for by firms also classified as general merchandise under the SIC system. In other cases, the correspondence is less straightforward. For example, only 56% of 2003 statewide sales in the Food and Beverage store category were accounted for by firms classified as Food Stores under the older classification system; 41% of 2003 Food store sales were accounted for by firms previously categorized as Miscellaneous Retail.

The NAICS system does provide greater detail and introduces some new sectors, such as Retail Electronics. Over time, these changes will improve the information available for retail trade analysis. For additional information, please see

[http://taxes.state.mn.us/legal\\_policy/pages/other\\_supporting\\_content\\_salesuse\\_%202003\\_statistics\\_introduction.aspx](http://taxes.state.mn.us/legal_policy/pages/other_supporting_content_salesuse_%202003_statistics_introduction.aspx)

# Cass County Retail Trade Overview

## Total Taxable and Gross Retail Sales

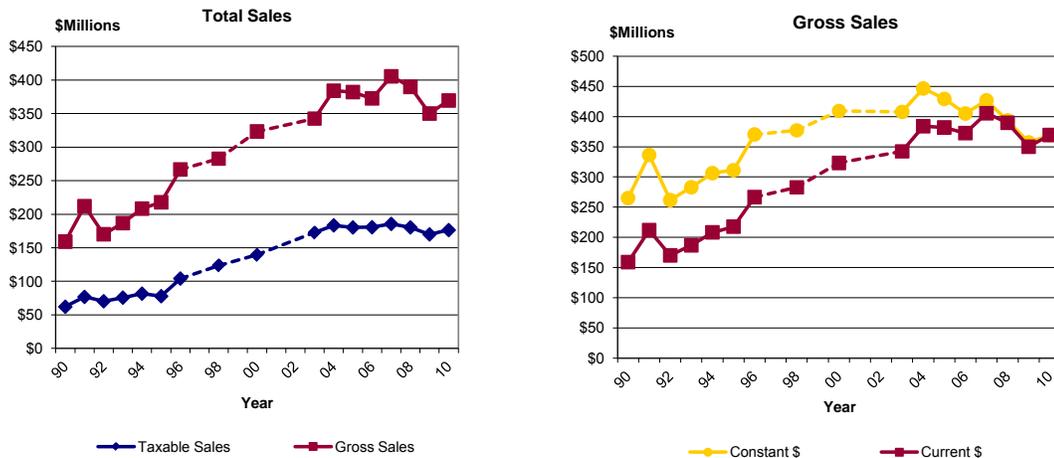
The table below presents gross and taxable retail and services sales for Cass County from 1990 through 2010. Taxable sales in Cass County increased 2.1 percent from 2003 to 2010, while the number of firms rose 6.3 percent. Statewide, taxable sales increased 6.1 percent over the same time period and the number of firms rose 8.2 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

The table also presents sales data in constant 2010 dollars. These figures have been adjusted for inflation to reflect their value 2010. For example, in 1990, taxable sales in Cass County totaled \$62.05 million, an amount worth \$103.41 million in 2010 dollars. In constant dollars, gross sales fell 9.4 percent between 2003 and 2010. Constant dollar taxable sales decreased 14.2 percent over the same time period.

Year	Estimated Population	Current Dollars		Constant 2010 Dollars		Number of Firms	Per Capita Sales	Pull Factor
		Gross Sales* (\$millions)	Taxable Sales (\$millions)	Gross Sales* (\$millions)	Taxable Sales (\$millions)			
1990	21,791	\$159.04	\$62.05	\$265.06	\$103.41	833	\$2,847	0.65
1991	22,170	\$211.97	\$76.76	\$336.46	\$121.84	856	\$3,462	0.79
1992	22,864	\$170.10	\$70.25	\$261.70	\$108.08	808	\$3,073	0.63
1993	23,478	\$186.77	\$75.70	\$282.98	\$114.69	822	\$3,224	0.64
1994	23,899	\$208.29	\$81.59	\$306.31	\$119.99	757	\$3,414	0.62
1995	24,669	\$217.77	\$77.82	\$311.10	\$111.18	711	\$3,155	0.55
1996	25,221	\$266.68	\$104.13	\$370.39	\$144.62	853	\$4,129	0.62
1997	25,878	NA	NA	NA	NA	NA	NA	NA
1998	26,310	\$282.82	\$123.65	\$377.09	\$164.87	887	\$4,700	0.67
1999	27,042	NA	NA	NA	NA	NA	NA	NA
2000	27,150	\$323.26	\$139.50	\$409.18	\$176.58	898	\$5,138	0.68
2001	27,620	NA	NA	NA	NA	NA	NA	NA
2002	27,833	NA	NA	NA	NA	NA	NA	NA
2003	28,205	\$342.38	\$172.68	\$407.60	\$205.58	916	\$6,122	0.69
2004	28,460	\$384.01	\$183.37	\$446.52	\$213.22	920	\$6,443	0.70
2005	28,910	\$382.01	\$180.24	\$429.23	\$202.51	958	\$6,234	0.65
2006	29,036	\$372.62	\$180.59	\$405.02	\$196.29	977	\$6,219	0.65
2007	28,723	\$405.46	\$185.53	\$426.80	\$195.30	1,019	\$6,459	0.66
2008	28,732	\$389.69	\$180.31	\$393.63	\$182.14	977	\$6,276	0.66
2009	28,534	\$350.03	\$169.91	\$357.18	\$173.38	970	\$5,955	0.66
2010	28,587	\$369.44	\$176.32	\$369.44	\$176.32	974	\$6,168	0.68
7 yr Change '03 to '10	1.4%	7.9%	2.1%	-9.4%	-14.2%	6.3%	0.7%	-0.3%
3 yr Change '07 to '10	-0.5%	-8.9%	-5.0%	-13.4%	-9.7%	-4.4%	-4.5%	2.9%

\*Gross sales figures are self-reported by firms and not audited by the Dept. of Revenue for accuracy.

## Cass County: Total Retail Sales

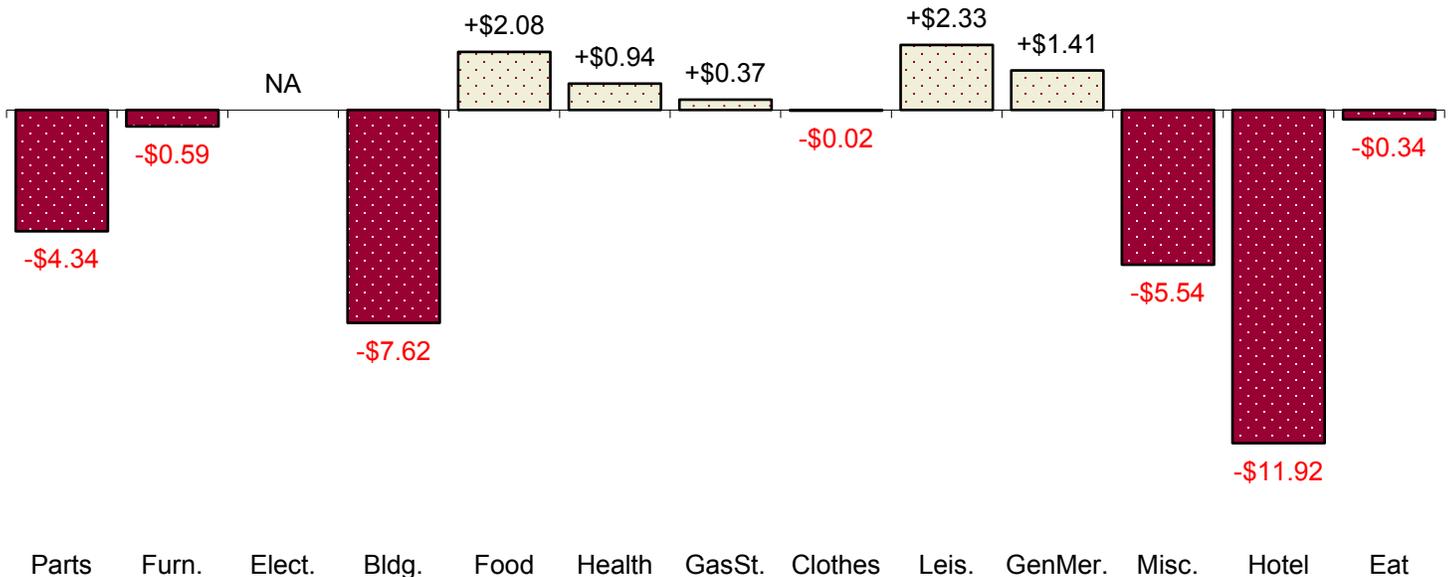


## Cass County Components of Change, 2007 to 2010

Category	Taxable Sales 2007	Taxable Sales 2010	Dollar Change	Percent Change
Vehicles & Parts	\$11,746,449	\$7,406,666	-\$4,339,783	-36.95%
Furniture Stores	\$2,533,907	\$1,944,204	-\$589,703	-23.27%
Electronics	NA	\$2,569,582	NA	NA
Building Materials	\$22,821,535	\$15,204,704	-\$7,616,831	-33.38%
Food, Groceries	\$16,382,699	\$18,460,163	+\$2,077,464	+12.68%
Health, Personal Stores	\$1,275,897	\$2,218,813	+\$942,916	+73.90%
Gasoline Stations	\$6,785,089	\$7,153,940	+\$368,851	+5.44%
Apparel	\$415,879	\$391,042	-\$24,837	-5.97%
Leisure Goods	\$8,773,815	\$11,100,274	+\$2,326,459	+26.52%
General Merchandise Stores	\$720,116	\$2,134,319	+\$1,414,203	+196.39%
Miscellaneous Retail	\$10,887,124	\$5,350,397	-\$5,536,727	-50.86%
Accommodations	\$51,159,397	\$39,237,862	-\$11,921,535	-23.30%
Eating & Drinking Places	\$25,904,030	\$25,566,438	-\$337,592	-1.30%
<b>Total Retail and Services Sales</b>	<b>\$185,532,650</b>	<b>\$176,321,622</b>	<b>-\$9,211,028</b>	<b>-4.96%</b>

Figures not adjusted for inflation.

### Dollar Changes by Category (in Millions) 2007 - 2010



# Pull Factors By Merchandise Category Cass County

The following tables and charts depict pull factors in Cass County from 1990 to 2000\* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

## Category Descriptions

**Building Materials:** Includes retail establishments primarily engaged in selling lumber and other building materials; paint, glass, and wallpaper; hardware; nursery stock; and lawn and garden supplies.

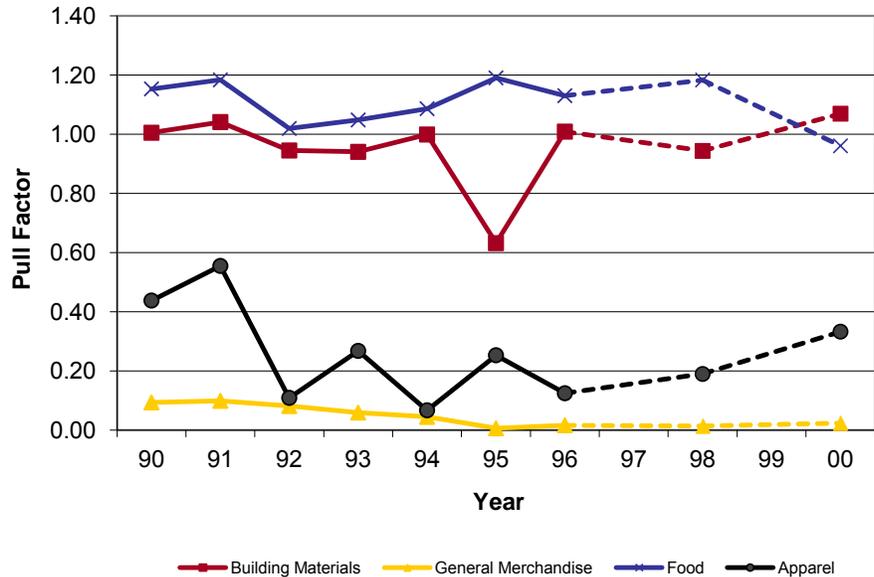
**General Merchandise:** Includes retail stores which sell a number of lines of merchandise, such as dry goods, apparel and accessories, furniture and home furnishings, small wares, hardware, and food. The stores included in this group are known as department stores, variety stores, general merchandise stores, catalog showrooms, warehouse clubs, and general stores.

**Food:** This group is comprised of retail stores primarily engaged in selling food for home preparation and consumption.

**Apparel:** Retail stores primarily engaged in selling clothing of all kinds and related articles for personal wear and adornment. Not included are establishments which meet the criteria for Department Stores even though most of their receipts are from the sale of apparel and apparel accessories.

\*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.

**Pull Factors by Merchandise Category (1 of 3)**



**Pull Factors by Merchandise Category  
Cass County, 1990-2000**

Year	Building Materials	General Merchandise	Food	Apparel
1990	1.01	0.09	1.15	0.44
1991	1.04	0.10	1.18	0.55
1992	0.95	0.08	1.02	0.11
1993	0.94	0.06	1.05	0.27
1994	1.00	0.04	1.09	0.07
1995	0.63	0.01	1.19	0.25
1996	1.01	0.02	1.13	0.12
1997	NA	NA	NA	NA
1998	0.94	0.01	1.18	0.19
1999	NA	NA	NA	NA
2000	1.07	0.02	0.96	0.33

% Change, '90 to '00      6.40%      -74.62%      -16.67%      -24.03%

% Change, '98 to '00      13.29%      77.50%      -18.77%      75.02%

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

# Pull Factors By Merchandise Category Cass County

The following tables and charts depict pull factors in Cass County from 1990 to 2000\* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

## Category Descriptions

**Furniture:** This group includes retail stores selling goods used for furnishing the home such as furniture, floor coverings, draperies, glass and chinaware, domestic stoves, refrigerators, and other household electric and gas appliances.

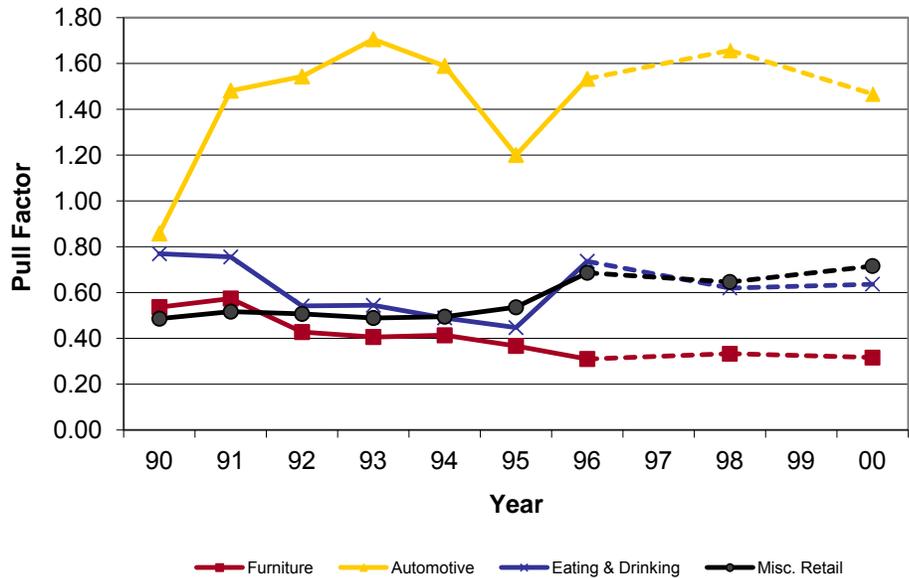
**Automotive:** Establishments selling new and used automobiles, boats, recreational vehicles and utility trailers, and motorcycles and mopeds; dealers selling new automobile parts and accessories; and gasoline service stations.

**Eating & Drinking:** This major group includes retail establishments engaged in selling prepared food and drinks for consumption on the premises. Also included are caterers which serve prepared food other than at the place of business and lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption.

**Miscellaneous Retail:** This category includes retail establishments not elsewhere classified. These establishments fall into the following categories: liquor stores; used merchandise stores; miscellaneous shopping goods stores; nonstore retailers, fuel dealers, florists, cigar stores and stands, news dealers and newsstands, and miscellaneous retail stores not elsewhere classified.

\*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.

**Pull Factors by Merchandise Category (2 of 3)**



**Pull Factors by Merchandise Category  
Cass County, 1990-2000**

Year	Furniture	Automotive	Eating & Drinking	Misc. Retail
1990	0.54	0.86	0.77	0.49
1991	0.57	1.48	0.76	0.52
1992	0.43	1.54	0.54	0.51
1993	0.41	1.71	0.54	0.49
1994	0.41	1.59	0.49	0.50
1995	0.37	1.20	0.45	0.54
1996	0.31	1.53	0.74	0.69
1997	NA	NA	NA	NA
1998	0.33	1.66	0.62	0.65
1999	NA	NA	NA	NA
2000	0.32	1.47	0.64	0.72

% Change, '90 to '00      -41.03%      70.98%      -17.26%      47.18%

% Change, '98 to '00      -5.07%      -11.50%      2.67%      10.73%

These pull factors are calculated using taxable sales. Although taxable sales do not capture the full extent of sales in stores with a large number of un-taxed goods, like grocery and apparel stores, these data are audited by the Minnesota Department of Revenue. Since sales tax laws apply statewide, all cities are compared on the same basis.

# Pull Factors By Merchandise Category Cass County

The following tables and charts depict pull factors in Cass County from 1990 to 2000\* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

### Category Descriptions

**Lodging:** Includes establishments engaged in providing lodging, or lodging and meals, and camping facilities.

**Personal Services:** includes establishments primarily engaged in providing services generally to individuals, such as barber and beauty shops, drycleaning plants, laundries, and photographic studios.

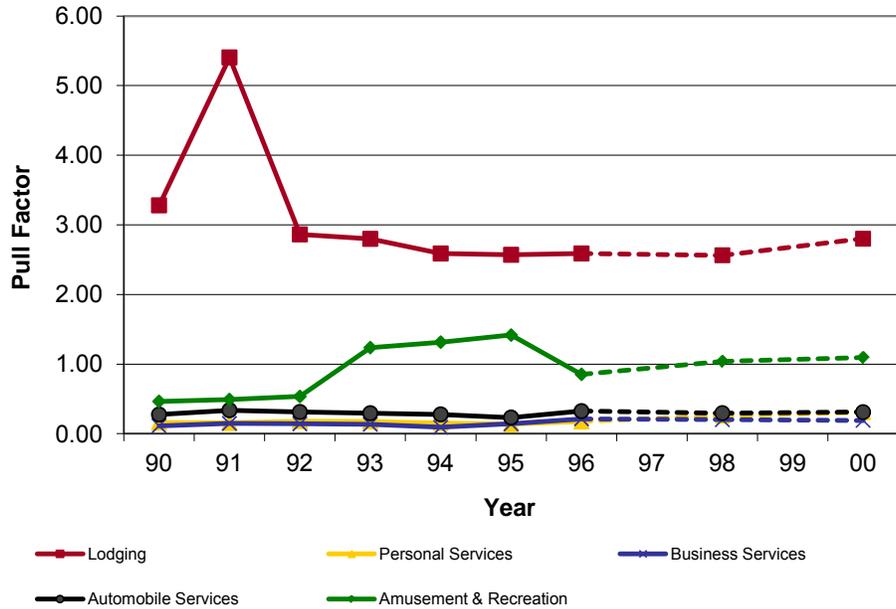
**Business Services:** Includes establishments primarily engaged in providing services, not elsewhere classified, to business establishments on a contract or fee basis.

**Automobile Services:** Includes establishments primarily engaged in furnishing automotive repair, rental, leasing, parking, and other services.

**Amusement and Recreation:** This group includes establishments primarily engaged in providing amusement, recreation, or entertainment services, not elsewhere classified.

\*Due to a change in how firms are categorized beginning with fiscal year 2003, only data through fiscal year 2000 are presented in this section.

**Pull Factors by Merchandise Category (3 of 3)**



**Pull Factors by Merchandise Category  
Cass County, 1990-2000**

Year	Lodging	Personal Services	Business Services	Automobile Services	Amusement & Recreation
1990	3.28	0.16	0.11	0.28	0.46
1991	5.41	0.16	0.15	0.34	0.49
1992	2.86	0.18	0.14	0.31	0.54
1993	2.80	0.17	0.13	0.29	1.24
1994	2.59	0.15	0.09	0.28	1.32
1995	2.57	0.14	0.14	0.23	1.42
1996	2.59	0.18	0.21	0.32	0.85
1997	NA	NA	NA	NA	NA
1998	2.56	0.26	0.20	0.30	1.04
1999	NA	NA	NA	NA	NA
2000	2.80	0.31	0.19	0.31	1.09
% Change, '90 to '00	-14.58%	90.62%	67.92%	13.35%	135.25%
% Change, '98 to '00	9.40%	18.21%	-6.18%	5.52%	5.25%

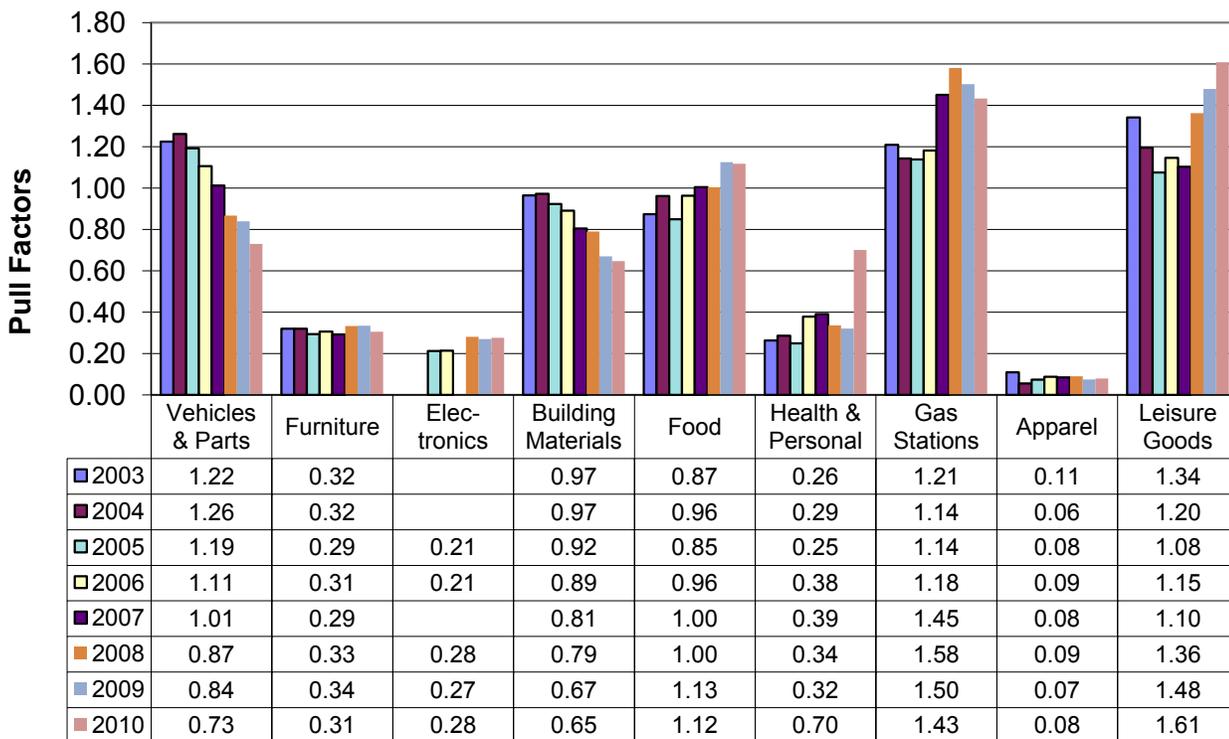
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# Pull Factors By Merchandise Category

## Cass County

The following tables and charts depict pull factors in Cass County from 2003 to 2010\* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

### Pull Factor by NAICS Merchandise Category (1 of 2)



#### NAICS Category Descriptions

**Motor Vehicles & Parts:** Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, trailers, tires, and parts.

**Furniture:** Stores that sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, & woodburning stoves.

**Electronics:** Establishments primarily engaged in retailing household-type appliances, sewing machines, cameras, computers, and other electronic goods.

**Building Materials:** Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, garden centers, and feed stores.

**Food:** Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.

**Health & Personal:** Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.

**Gas Stations:** Retailers that sell fuel along with convenience store items.

**Apparel:** New clothing and accessories, jewelry, shoes, bridal shops, clock shops, and luggage stores.

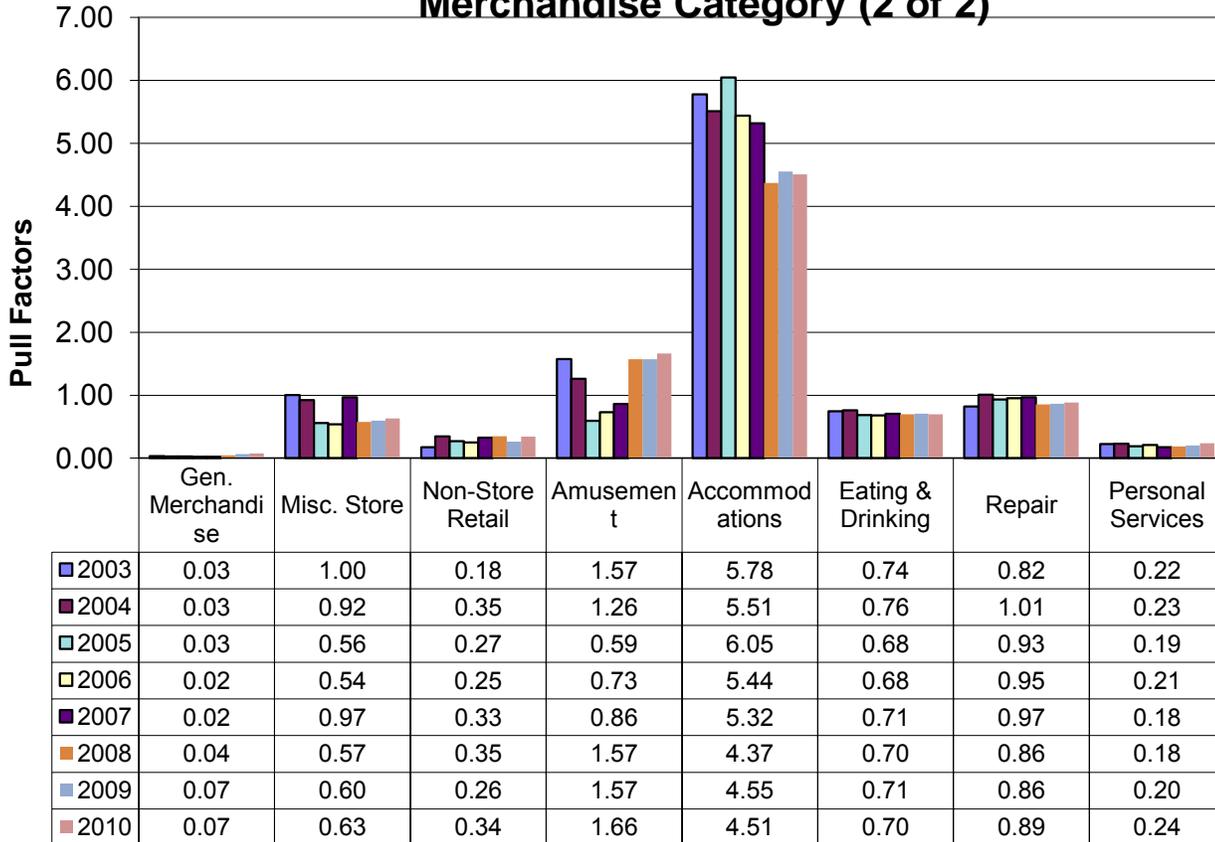
**Leisure Goods:** Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

\*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

# Recent Trends By Merchandise Category Cass County

The following tables and charts depict pull factors in Cass County from 2003 to 2010\* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

**Pull Factor by NAICS  
Merchandise Category (2 of 2)**



## NAICS Category Descriptions

**General Merchandise:** Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

**Miscellaneous Store Retailers:** Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and trophies.

**Non-Store Retail:** Retailers that do not use stores. This includes mail order, internet selling, bazaars, vending machines, fuel oil dealers, firewood dealers, door-to-door sales, and produce stands.

**Amusement:** Establishments such as golf courses, bowling lanes, marinas, amusement parks, water parks, shooting ranges, pool halls, horseback riding, ballrooms, health club facilities, ski hills, and casinos.

**Lodging:** Seasonal resorts, hotels, boarding houses, bed & breakfast, campgrounds, RV parks.

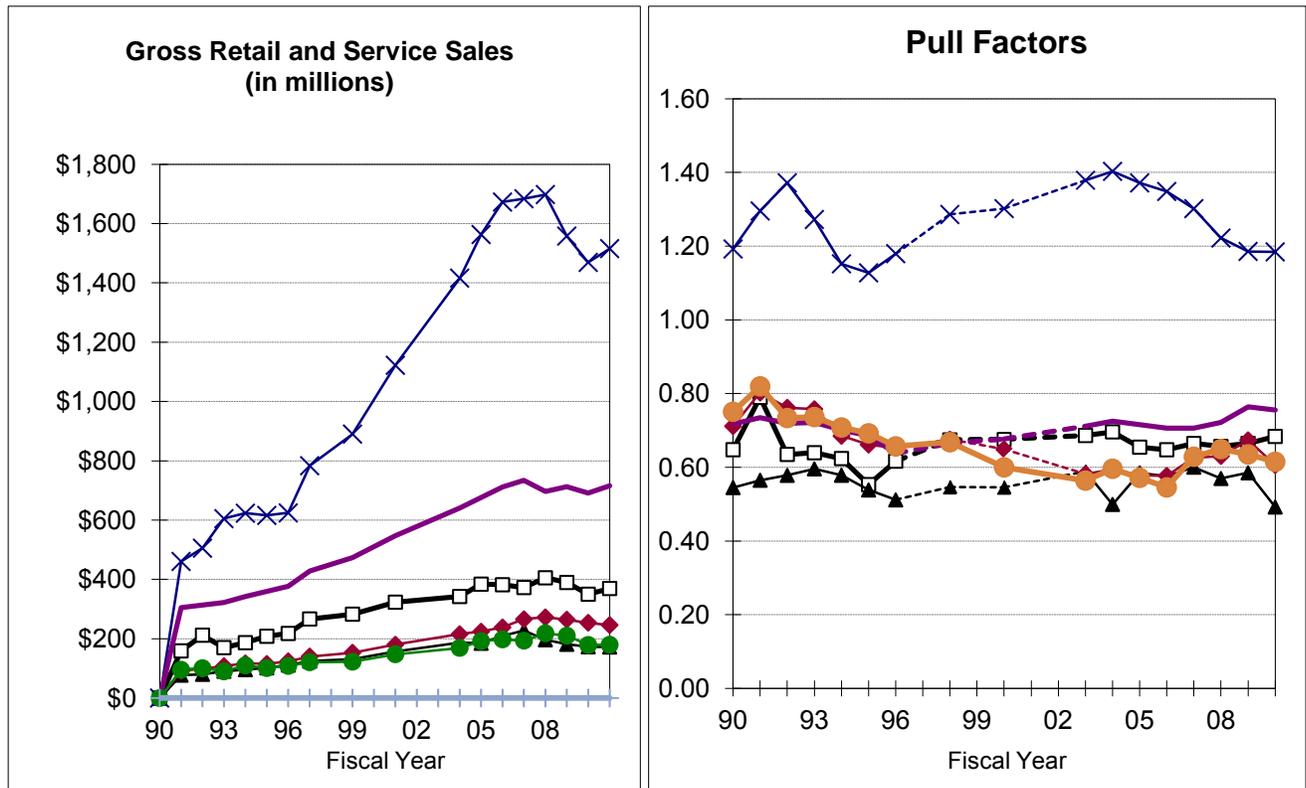
**Eating & Drinking:** Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

**Repair:** Businesses that return equipment to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

**Personal Services:** Barbers, beauty salons, tanning facilities, funeral homes, laundromats, dry cleaners, pet groomers, kennels, and photo finishing.

\*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

# Comparison with Neighboring Counties Cass County

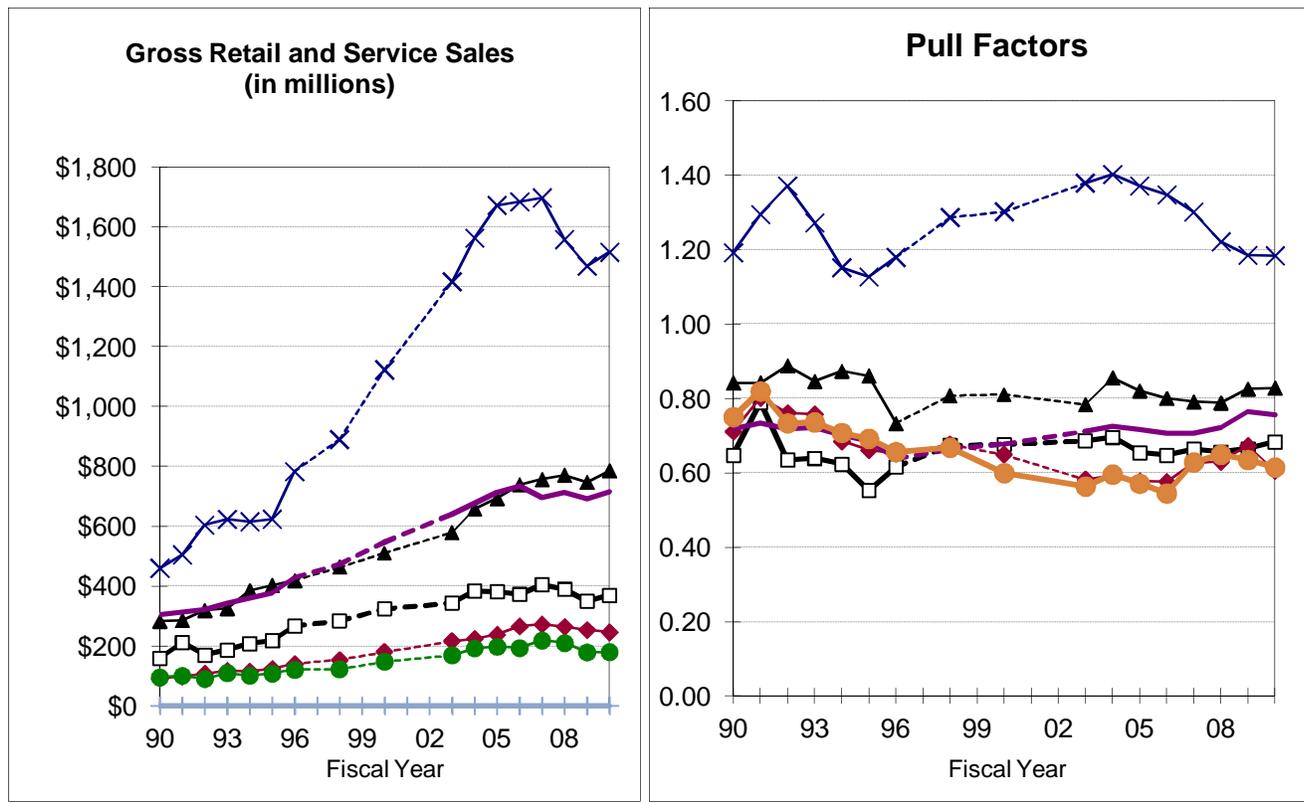


- Cass County
- ▲ Aitkin County
- ✕ Crow Wing County
- ◆ Hubbard County
- Itasca County
- Wadena County

## Comparison with Neighboring Counties, 2010

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Cass County	28,587	\$369.44	\$176.32	974	\$6,168	0.68
Aitkin County	16,195	\$172.12	\$71.90	443	\$4,440	0.49
Crow Wing County	62,559	\$1,515.49	\$668.45	1,974	\$10,685	1.18
Hubbard County	20,386	\$246.19	\$111.44	639	\$5,466	0.61
Itasca County	45,043	\$715.59	\$307.06	1,192	\$6,817	0.76
Wadena County	13,833	\$179.84	\$76.74	360	\$5,548	0.61

# Comparison with Neighboring Counties Cass County



- Cass County
- ▲ Beltrami County
- ✕ Crow Wing County
- ◆ Hubbard County
- Itasca County
- Wadena County

## Comparison with Neighboring Counties, 2010

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Cass County	28,587	\$369.44	\$176.32	974	\$6,168	0.68
Beltrami County	44,518	\$785.40	\$332.55	1,035	\$7,470	0.83
Crow Wing County	62,559	\$1,515.49	\$668.45	1,974	\$10,685	1.18
Hubbard County	20,386	\$246.19	\$111.44	639	\$5,466	0.61
Itasca County	45,043	\$715.59	\$307.06	1,192	\$6,817	0.76
Wadena County	13,833	\$179.84	\$76.74	360	\$5,548	0.61

# Trade Area Analysis of Retail Sales

## Cass County

The following tables provide information on retail sales by merchandise category. "Potential sales" is a standard to which actual performance is compared. In calculating potential sales, population and income characteristics are taken into account. Potential sales can be used as a guideline or "par value" in analyzing retail strength.

Deviations from these norms can be analyzed to first judge whether they should be considered relevant. If the differences appear to be significant (whether in dollar amounts or relatively with percentages), additional consideration is merited. Categories with undesirable performance may be further examined for potential corrective action. It is also important to determine whether or not the situation is relatively uncontrollable due to external or extenuating circumstances. In cases of favorable differences from expectations, the positive aspects should be identified and built upon.

### Trade Area Analysis by Merchandise Category, 2010

Merchandise Group	Potential Sales (\$millions)	Actual Sales (\$millions)	Variance Between Actual & Potential		Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
			In Dollars (millions)	As % of Expected			
Vehicles & Parts	\$8.19	\$7.41	-\$0.78	-9.6%	-2,739	28	4.2%
Furniture Stores	\$5.13	\$1.94	-\$3.19	-62.1%	-17,756	16	1.1%
Electronics	\$7.50	\$2.57	-\$4.93	-65.7%	-18,786	4	1.5%
Building Materials	\$18.98	\$15.20	-\$3.78	-19.9%	-5,690	25	8.6%
Food, Groceries	\$13.33	\$18.46	+\$5.13	+38.5%	10,992	35	10.5%
Health, Personal Stores	\$2.55	\$2.22	-\$0.34	-13.1%	-3,754	5	1.3%
Gasoline Stations	\$4.03	\$7.15	+\$3.12	+77.4%	22,114	18	4.1%
Apparel	\$3.94	\$0.39	-\$3.55	-90.1%	-25,750	18	0.2%
Leisure Goods	\$5.58	\$11.10	+\$5.52	+99.0%	28,305	30	6.3%
General Merchandise Stores	\$23.57	\$2.13	-\$21.44	-90.9%	-25,999	8	1.2%
Miscellaneous Retail	\$6.85	\$5.35	-\$1.50	-21.9%	-6,268	124	3.0%
Amusement & Recreation	\$6.33	\$13.01	+\$6.68	+105.6%	30,193	26	7.4%
Accommodations	\$7.03	\$39.24	+\$32.21	+458.1%	130,953	162	22.3%
Eating & Drinking Places	\$29.58	\$25.57	-\$4.02	-13.6%	-3,882	79	14.5%
Repair, Maintenance	\$4.82	\$5.28	+\$0.46	+9.6%	2,745	87	3.0%
Personal Services, Laundry	\$3.32	\$0.98	-\$2.33	-70.3%	-20,105	45	0.6%
<b>Total Taxable Retail &amp; Service</b>	<b>\$208.36</b>	<b>\$176.32</b>	<b>-\$32.04</b>	<b>-15.4%</b>	<b>-4,395</b>	<b>974</b>	<b>100.0%</b>

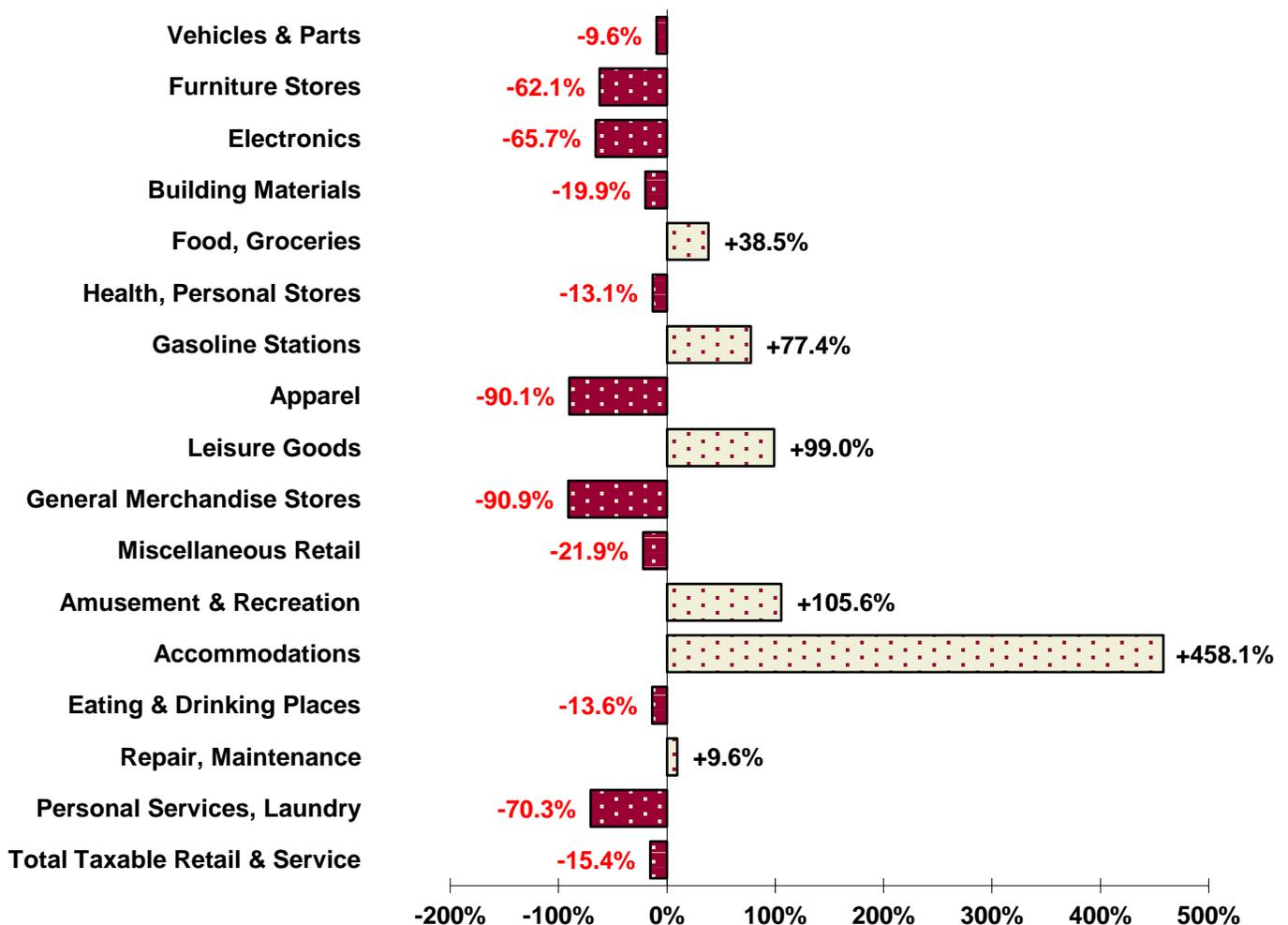
\*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

# Summary of Cass County Retail Trade

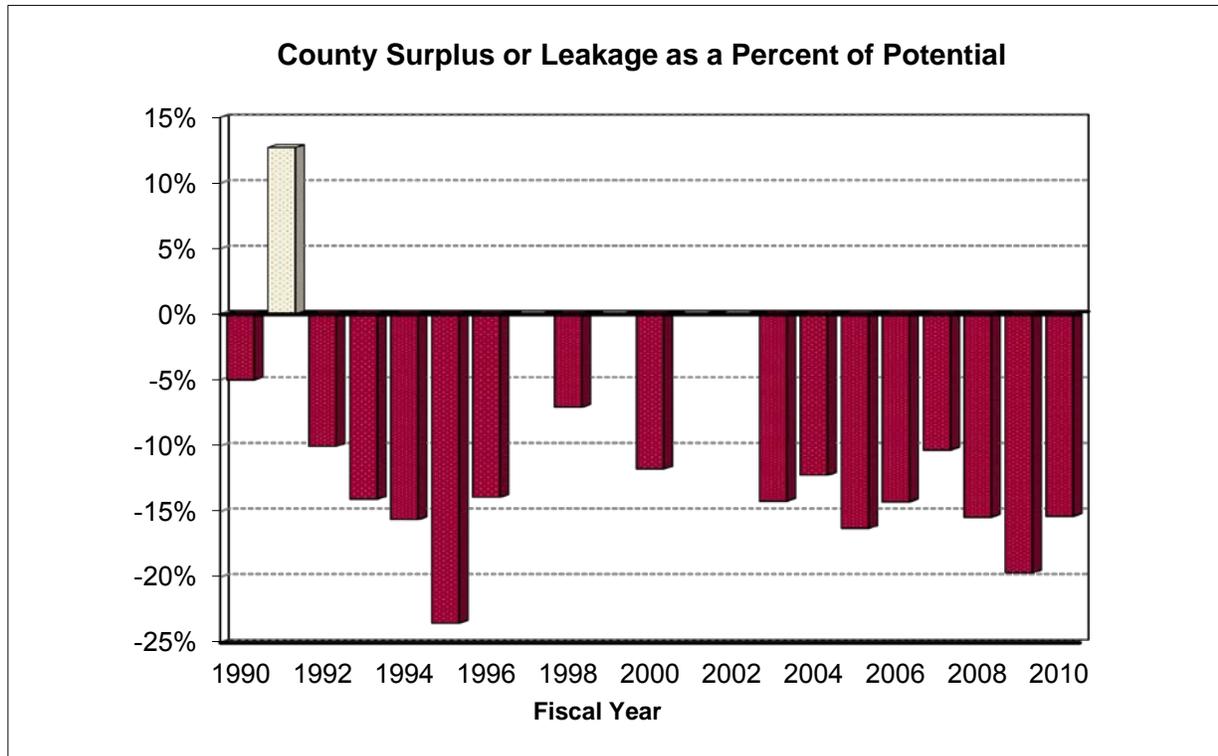
The chart below depicts the percentage amount Cass County's actual sales were above or below potential sales in 2010 by merchandise group. Of the 16 merchandise categories with reported data, sales in 6 of the categories were above what would be expected based on the county's population and income characteristics as well as statewide spending patterns. The strongest merchandise group by this standard is the Accommodations category, which has a 458.1 percent surplus. Overall, Cass County had a retail sales leakage of 15.4 percent.

It is important to note that variations in a county's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers and transportation patterns, as well as the individual retailer's management and marketing, can cause the retail sales of a particular county to deviate substantially from potential sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.

**Percentage Above or Below Potential Sales, 2010**



# Cass County Retail Trade Surplus or Leakage



Fiscal Year	Population Estimate	Index of Income	Potential Sales (in millions)	Actual Sales (in millions)	Surplus or Leakage (in millions)	Surplus or Leakage as % of Potential	Trade Area Population Gain or Loss
1990	21,791	0.68	\$65.3	\$62.0	-\$3.3	-5.0%	-1,089
1991	22,170	0.70	\$68.1	\$76.8	\$8.7	+12.7%	+2,817
1992	22,864	0.71	\$78.1	\$70.3	-\$7.8	-10.0%	-2,296
1993	23,478	0.74	\$88.1	\$75.7	-\$12.4	-14.1%	-3,304
1994	23,899	0.74	\$96.7	\$81.6	-\$15.1	-15.6%	-3,732
1995	24,669	0.72	\$101.7	\$77.8	-\$23.9	-23.5%	-5,799
1996	25,221	0.72	\$121.0	\$104.1	-\$16.8	-13.9%	-3,509
1997	25,878	0.72	NA	NA	NA	NA	NA
1998	26,310	0.73	\$133.0	\$123.7	-\$9.4	-7.1%	-1,855
1999	27,042	0.72	NA	NA	NA	NA	NA
2000	27,150	0.77	\$158.1	\$139.5	-\$18.6	-11.8%	-3,195
2001	27,620	0.76	NA	NA	NA	NA	NA
2002	27,833	0.78	NA	NA	NA	NA	NA
2003	28,205	0.80	\$201.3	\$172.7	-\$28.6	-14.2%	-4,013
2004	28,460	0.79	\$208.9	\$183.4	-\$25.6	-12.2%	-3,482
2005	28,910	0.78	\$215.3	\$180.2	-\$35.1	-16.3%	-4,711
2006	29,036	0.76	\$210.6	\$180.6	-\$30.1	-14.3%	-4,144
2007	28,723	0.74	\$206.9	\$185.5	-\$21.4	-10.3%	-2,967
2008	28,732	0.78	\$213.2	\$180.3	-\$32.9	-15.4%	-4,435
2009	28,534	0.83	\$211.5	\$169.9	-\$41.6	-19.7%	-5,615
2010	28,587	0.81	\$208.4	\$176.3	-\$32.0	-15.4%	-4,395

# State of Minnesota Per Capita Taxable Retail Sales & Threshold Levels for Selected Goods and Services 2010

*Threshold level* refers to the number of *people per business*, which can be used as a general guide for determining the "critical mass" necessary to support a business. These are broad averages for the state as a whole and do not reflect differences in income, tourism, agglomeration, establishment, etc. Further, the business counts are based on the number of sales tax returns filed and are converted to "full-time equivalents." Multiplying *people per business* by *sales per capita* yields average sales per firm. In addition to state averages, averages for the non-metropolitan regions were calculated by excluding the seven county Minneapolis-St. Paul metropolitan region.

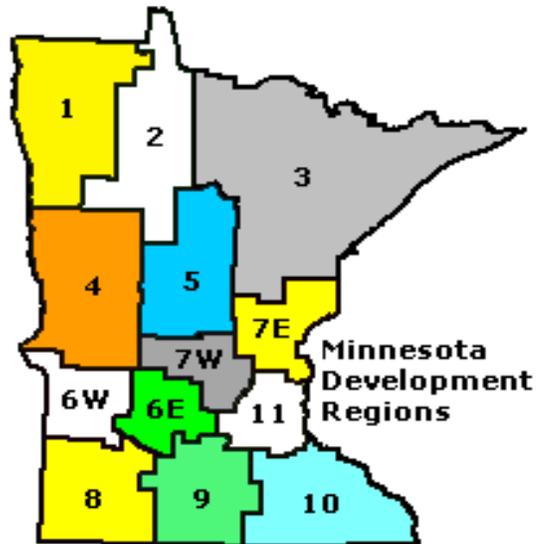
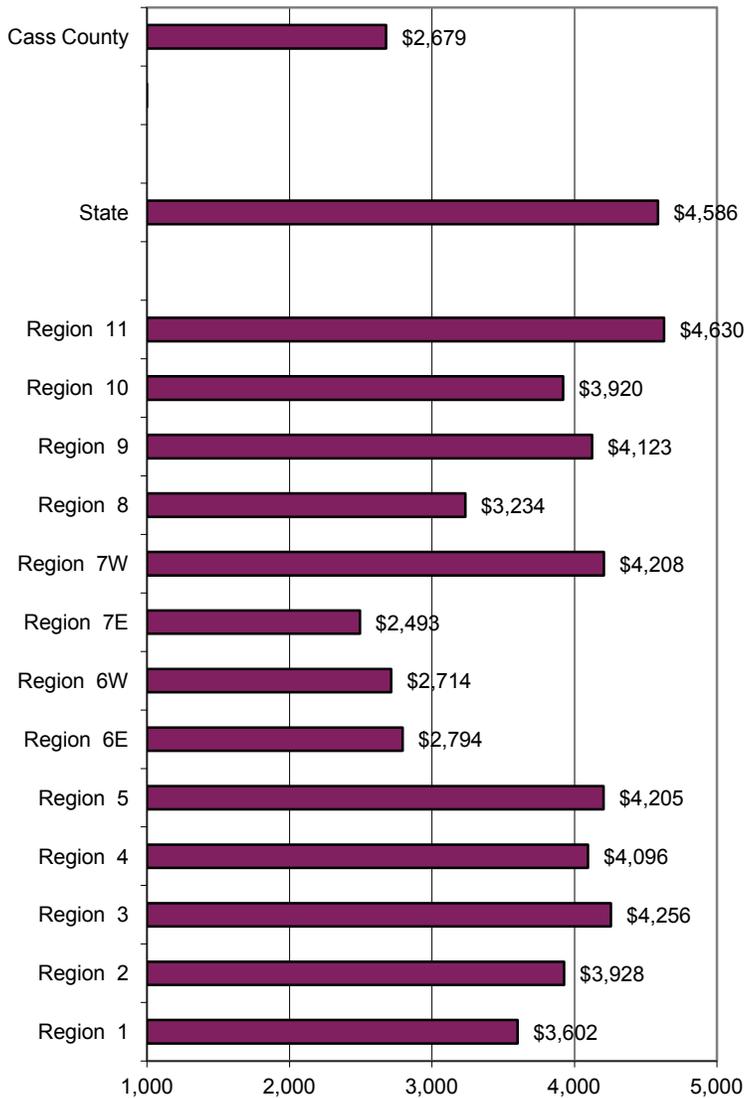
<i>Business Activity / Store Type</i>	<i>People Per Business</i>		<i>Sales Per Capita</i>	
	State	Non-Metro	State	Non-Metro
<b>RETAIL TRADE</b>				
441 Vehicles, Parts	1,791	1,404	\$354.67	\$343.35
442 Furniture Stores	2,359	2,719	\$222.17	\$155.34
443 Electronics	2,949	3,879	\$324.51	\$138.07
444 Building Materials	2,146	1,636	\$821.91	\$864.05
445 Food and Beverage Stores	1,478	1,324	\$577.29	\$489.86
446 Health, Personal Stores	3,050	3,585	\$110.59	\$62.66
447 Gasoline Stations	2,357	1,857	\$174.64	\$205.85
448 Clothing & Accessory Stores	1,361	1,759	\$170.58	\$81.05
451 Leisure Goods	1,211	1,164	\$241.49	\$159.78
452 General Merchandise	4,650	3,704	\$1,020.65	\$1,050.20
453 Miscellaneous Merchandise	364	347	\$296.71	\$225.82
454 Non-store Retail	772	880	\$270.53	\$74.26
Retail Total			\$4,585.73	\$3,850.29
<b>INFORMATION</b>				
511 Publishing Industry	6,782	19,964	\$25.80	\$0.81
512 Movie & Recording Industry	12,466	50,113	\$30.16	\$9.12
515 Broadcasting	33,826	98,222	\$101.39	\$3.20
516 Info -Internet Publ/Brcst	115,449	NA	\$0.13	NA
517 Telecommunications	5,954	11,806	\$761.02	\$246.80
518 Internet Service	7,275	35,588	\$74.49	\$1.19
519 Other Information Services	3,485	5,073	\$158.59	\$34.22
<b>FINANCE AND INSURANCE</b>				
522 Credit Intermediation	6,548	7,870	\$27.72	\$4.95
523 Securities, Commodities	21,074	116,931	\$2.93	\$0.23
524 Insurance Carriers	9,709	28,889	\$2.13	\$0.38
525 Funds, Trusts	118,015	NA	\$4.21	NA
<b>REAL ESTATE AND RENTAL AND LEASING</b>				
531 Real Estate	2,874	4,713	\$31.24	\$18.90
532 Rental, Leasing Services	2,637	3,738	\$240.34	\$55.14
533 Lessors Nonfinancial Assets	379,333	NA	\$0.36	NA
<b>PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES</b>				
541 Prof, Scientific, Technical Services	438	759	\$231.93	\$69.21
551 Mgmt Of Companies	22,990	144,444	\$28.32	\$0.48
<b>ADMINISTRATIVE &amp; SUPPORT; WASTE MGMT &amp; REMEDIATION SVCS</b>				
561 Admin, Support Services	507	589	\$16.89	\$115.63
562 Waste Mgmt, Remediation	11,934	12,856	\$14.02	\$0.80
<b>EDUCATIONAL SVCS; HEALTH &amp; SOCIAL ASSISTANCE</b>				
611 Educational Services	4,208	5,645	\$16.89	\$14.21
621 Health -Ambulatory Care	1,169	1,477	\$14.02	\$9.19
622 Health -Hospitals	38,483	144,444	\$13.46	\$8.03
623 Health -Nursing,Home Care	13,310	14,704	\$1.70	\$1.42
624 Health -Social Assistance	14,238	27,590	\$2.49	\$2.10
<b>ARTS, ENTERTAINMENT &amp; RECREATION</b>				
711 Performing Art, Spectator Sports	2,628	3,980	\$59.10	\$8.35
712 Museums, Historical Sites	31,239	79,211	\$4.85	\$0.49
713 Amusement, Gambling, Recr	2,245	1,896	\$273.86	\$131.70
<b>ACCOMMODATION &amp; FOOD SERVICES</b>				
721 Accommodation	2,080	1,173	\$304.41	\$288.52 NA
722 Food Services, Drinking Places	465	451	\$1,280.87	\$954.35 NA
<b>OTHER SERVICES</b>				
811 Repair, Maintenance	576	430	\$208.66	\$211.66
812 Personal, Laundry Service	602	528	\$143.61	\$49.56
<b>TOTAL RETAIL AND SERVICES</b>			\$9,021.11	\$6,190.40

# Compare the Community to the Region

## Cass County

On other pages of this report we compared communities using a combination of retail sectors and service sectors. The information on this page only includes businesses in Retail Trade and does not include service sectors. The retail trade sectors include the following: building materials, motor vehicles & parts, apparel, food stores, electronics, convenience stores, leisure goods, health stores, furniture, general merchandise, non-store retail, and miscellaneous stores.

### 2010 Retail Sales per capita



# Minnesota Taxable Sales per Capita Trend

