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2013 Retail Trade Analysis Marshall & Lyon County

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

Authored by Bruce W. Schwartau, University of Minnesota Extension Educator

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May 11, 2015

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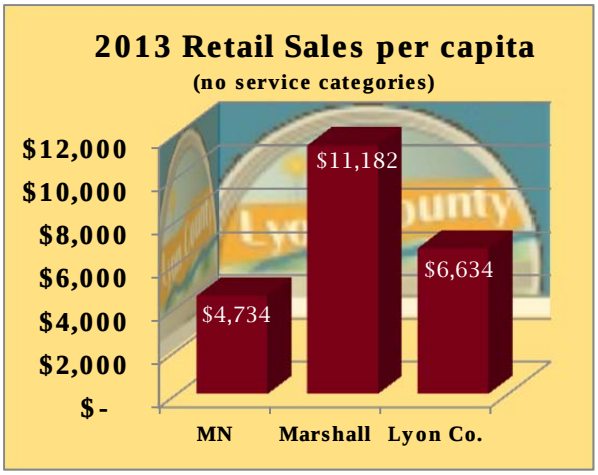
EXECUTIVE SUMMARY

Retail Trade Analysis for Marshall, MN

VERY STRONG IN RETAIL CATEGORIES

The Minnesota Department of Revenue releases sales tax information each spring for the year that ended about 15 months earlier. The latest information indicates that Marshall's taxable retail and service sales increased 32% between 2010 and 2013, reaching an estimated total of $203 million. The graph on the right indicates that Marshall and Lyon County were definitely a destination for retail purchases in 2013.

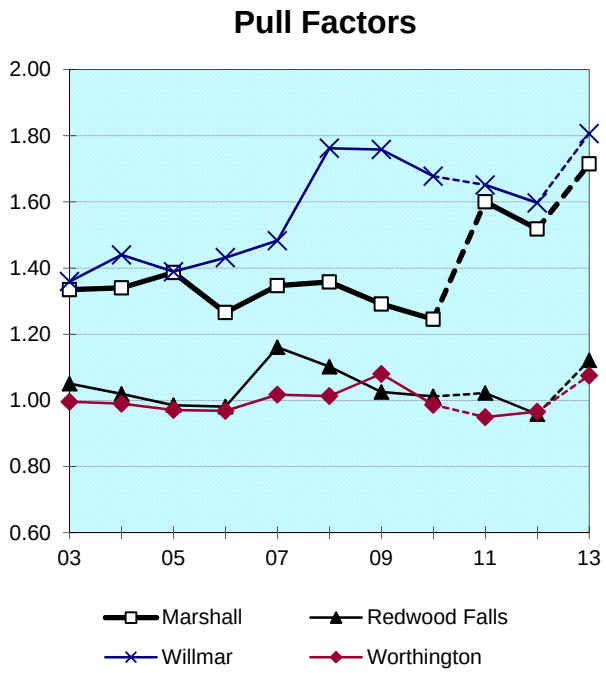


The building materials stores have had remarkable growth since 2010. These stores sold $65 million in taxable sales in 2013, 32% of all of the taxable sales in the available retail report categories. That is over $39 million greater than 2010.

Two business categories realized a very large percentage growth. Clothing and accessories stores reported a 31% increase in taxable sales and vehicles and parts stores reported a 30% increase in sales between 2010 and 2013. These numbers are not adjusted for inflation.

Comparisons with Other Area Cities

There are several ways to measure performance other than dollars of sales. Economists expect cities of larger populations to have more sales since their potential customer base is larger. A way to compensate for that in a retail trade analysis is to measure the *pull factor*, which compares the local taxable sales per capita to that of the state. A pull factor index higher than 1.0 indicates that businesses are pulling in customers from outside their community. A lower pull factor usually indicates residents are leaving the community to make purchases. Per capita taxable sales in 2013 for service and retail categories were estimated to be $14,780 locally and $8,617 for Minnesota.



Comparing Marshall's Performance to Similar Rural Minnesota Cities

The following tables provide information on retail sales by selected merchandise categories. "Expected sales" is a standard to which actual performance can be compared. In calculating expected sales, population, income, and typical "pulling power" characteristics are taken into account. The following table calculates pulling power using a similar non-metro city list based on population + or - 31% of Marshall's so it includes Albert Lea, Red Wing, Buffalo, Hutchinson, Bemidji, Fergus Falls, Alexandria, Monticello, and Grand Rapids. Expected sales can be used as a guideline or "par value" in analyzing retail strength.

Selected Categories	Expected Sales (millions)	Actual Sales (millions)	Variance As % of Expected	Trade Area's Estimated Customer Gain (or Loss)
Building Materials	$40.67	$64.99	+59.8%	+ 8,207
Food, Groceries	$10.36	$12.11	+16.9%	+ 2,323
General Merchandise	$44.98	$44.26	-1.6%	- 222
Eating & Drinking Places	$23.85	$30.27	+26.9%	+ 3,700
Total Taxable Retail & Service	**$186.03**	**$202.91**	**+9.1%**	**+ 1,245**

THE BOTTOM LINE

Marshall and Lyon County have businesses that pull people in from the surrounding area. Sales at the food and beverage stores indicate that the convenience market area for Marshall is about 2,323 more than one would expect for a rural trade center. Clothing stores have shown growth in four consecutive years but grocery store sales fell in 2013. Health and personal supplies stores are an area that falls below expectations and should be explored to see if the general merchandise stores are supplying that market.

Marshall was included in a 2014 study of businesses that coexisted with Walmart Supercenters. You can find this study at http://z.umn.edu/walmart .

The full retail trade analysis report will show how various retail categories have changed since 2003 so individual businesses can see how they performed compared to the whole community. The report is also useful for exploring expansion opportunities.

THE EXTENSION CENTER FOR COMMUNITY VITALITY makes a difference by engaging Minnesotans to strengthen the social, civic, economic and technological capacity of their communities. To read more, visit: **www.extension.umn.edu/community**

Marshall Retail Trade Overview

Total Taxable and Gross Retail Sales

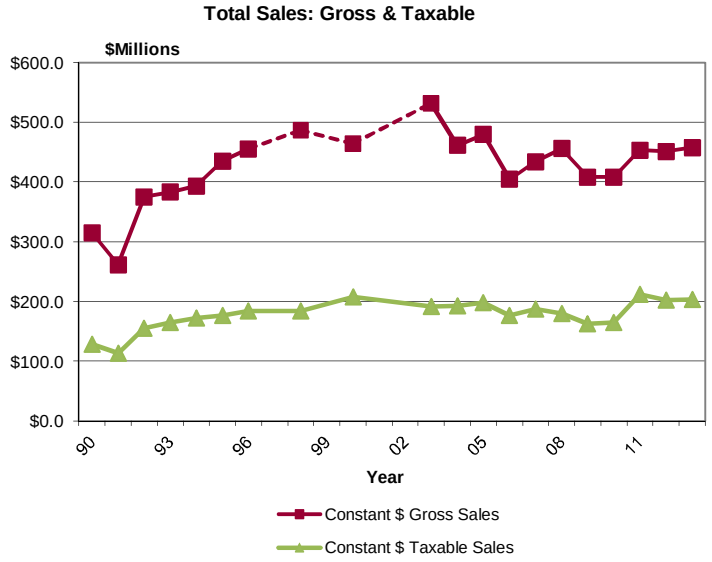
The table below presents gross and taxable retail and services sales for Marshall from 1990 through 2013. Without inflation adjustments, taxable sales in Marshall increased 33.9 percent from 2006 to 2013, while the number of firms rose 9.1 percent. Statewide, taxable sales increased 8.7 percent over the same time period and the number of firms grew 1.4 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 2013 dollars. These figures have been adjusted for inflation to reflect their value in 2013. For example, in 1990, taxable sales in Marshall totaled $71.91 million, an amount worth $128.41 million in 2013 dollars. In constant dollars, gross sales grew 13.1 percent between 2006 and 2013. Constant dollar taxable sales increased 15.2 percent over the same time period.

		Current Dollars		Constant 2013 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
1990	12,061	$176.49	$71.91	$315.16	$128.41	385	$5,962	1.36
1995	12,346	$282.74	$115.05	$434.99	$177.00	386	$9,319	1.63
2000	12,735	$343.33	$153.72	$463.95	$207.73	389	$12,071	1.59
2003	12,545	$414.72	$149.45	$531.69	$191.60	368	$11,913	1.33
2004	12,409	$368.96	$153.96	$461.20	$192.45	359	$12,407	1.34
2005	12,432	$397.84	$164.20	$479.33	$197.83	359	$13,208	1.39
2006	12,464	$347.78	$151.51	$404.39	$176.17	342	$12,156	1.27
2007	12,569	$381.86	$164.56	$433.93	$186.99	348	$13,092	1.35
2008	12,728	$419.52	$165.23	$456.01	$179.60	378	$12,982	1.36
2009	12,754	$371.27	$147.51	$407.99	$162.10	356	$11,566	1.29
2010	13,680	$379.77	$153.67	$408.35	$165.24	360	$11,233	1.25
2011	13,767	$439.53	$205.43	$453.12	$211.78	359	$14,922	1.60
2012	13,619	$446.56	$199.91	$451.07	$201.93	353	$14,679	1.52
2013	13,729	$457.40	$202.91	$457.40	$202.91	373	$14,780	1.72
7 yr Change '06 to '13	10.1%	31.5%	33.9%	13.1%	15.2%	9.1%	21.6%	35.5%
3 yr Change '10 to '13	0.4%	20.4%	32.0%	12.0%	22.8%	3.6%	31.6%	37.7%

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

Marshall: Retail/Service Sales in Constant Dollars

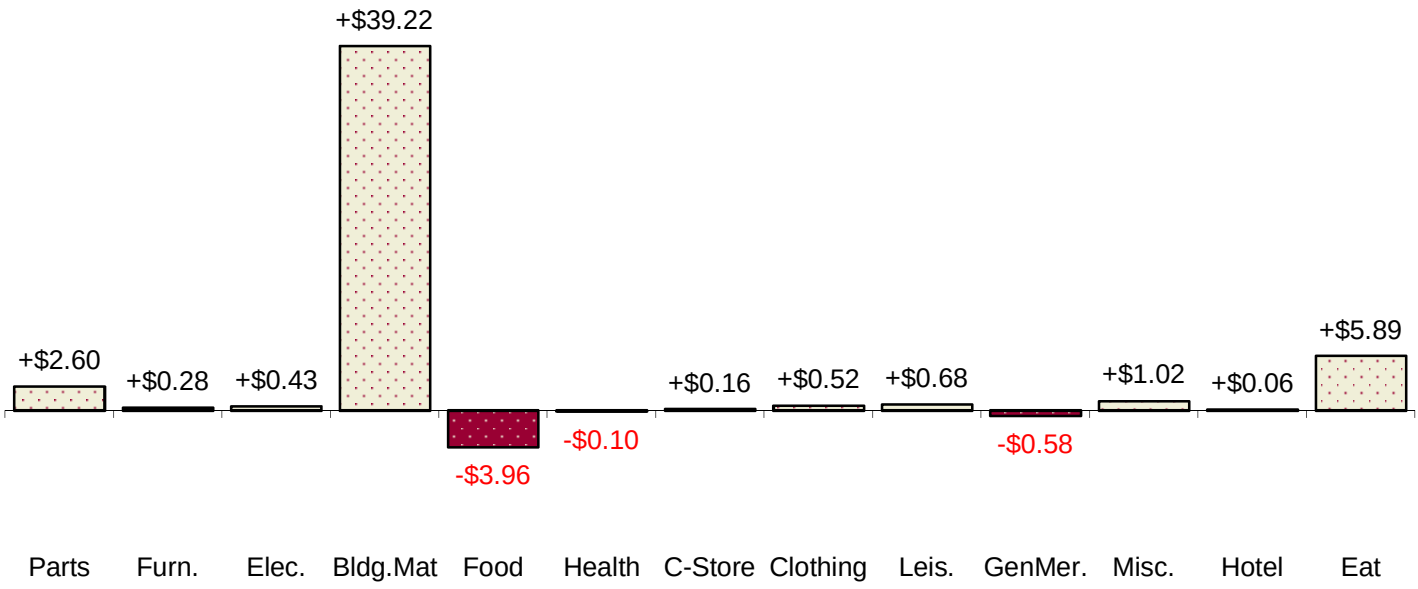


Marshall
Selected Components of Change*, 2010 to 2013

Selected Categories	Taxable Sales 2010	Taxable Sales 2013	Dollar Change	Percent Change
Vehicles & Parts	$8,698,938	$11,301,083	+$2,602,145	+29.91%
Furniture Stores	$5,695,220	$5,979,995	+$284,775	+5.00%
Electronics	$2,874,197	$3,308,469	+$434,272	+15.11%
Building Materials	$25,770,031	$64,988,798	+$39,218,767	+152.19%
Food, Groceries	$16,066,273	$12,108,630	-$3,957,643	-24.63%
Health, Personal Stores	$450,720	$348,941	-$101,779	-22.58%
Gas/Convenience Stores	$2,706,801	$2,869,158	+$162,357	+6.00%
Clothing	$1,659,097	$2,178,510	+$519,413	+31.31%
Leisure Goods	$2,927,515	$3,605,050	+$677,535	+23.14%
General Merchandise Stores	$44,834,515	$44,256,169	-$578,346	-1.29%
Miscellaneous Retail	$1,423,915	$2,448,846	+$1,024,931	+71.98%
Accommodations	$5,517,059	$5,580,302	+$63,243	+1.15%
Eating & Drinking	+$24,386,783	+$30,273,254	+$5,886,471	+24.14%
Total Retail and Services Sales	$153,671,864	$202,908,065	+$49,236,201	+32.04%

* Figures not adjusted for inflation.

Taxable Sales Changes by Category (in Millions)
2010 to 2013

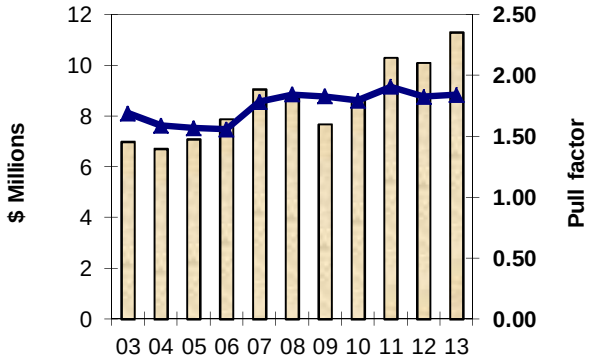


Recent Trends By Merchandise Category

Marshall

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

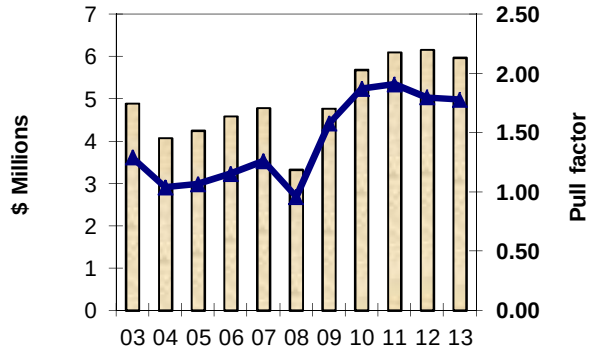
Vehicles & Parts



5.6% of Marshall's taxable sales in 2013
Sales per capita are $823

Stores in the Motor Vehicle and Parts Dealers subsector retail motor vehicles and parts from fixed point-of-sale locations. This can include automobiles, campers, RV's, boats, out-board motors, sailboats, snowmobiles, motorcycles, and all terrain vehicles.

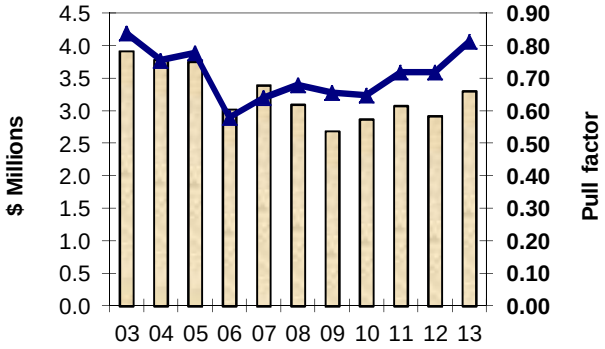
Furniture



2.9% of Marshall's taxable sales in 2013
Sales per capita are $436

Stores in the Furniture and Home Furnishings subsector retail new furniture and home furnishings from fixed point-of-sale locations. This can include bed stores, office furniture, carpet stores, window treatments, lamps, framing shops, linens, and kitchenware.

Electronics



1.6% of Marshall's taxable sales in 2013
Sales per capita are $241

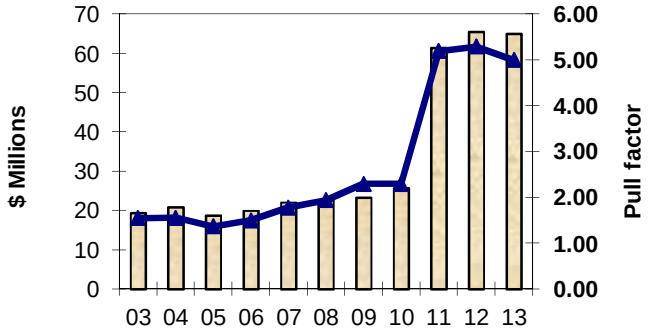
Stores in the Electronics and Appliance subsector retail new electronics and appliances from point-of-sale locations. This can include household appliances, sewing machines, vacuum cleaners, computers, cameras, telephones, cell phones, televisions, and radios.

Recent Trends By Merchandise Category

Marshall

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Building Materials

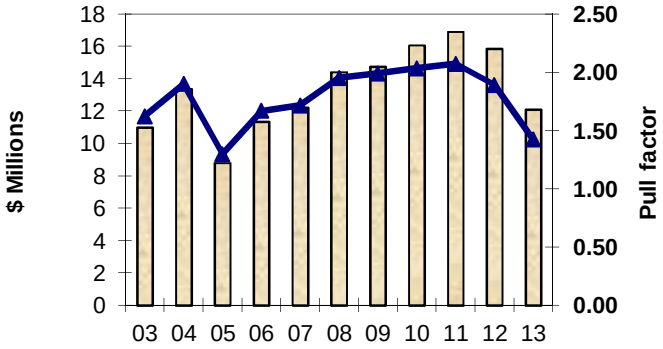


32.0% of Marshall's taxable sales in 2013

Sales per capita are $4734

Stores in the Building Material and Garden Equipment and Supplies Dealers subsector retail new building material and garden equipment and supplies. This includes home improvement centers and stores that sell paint, wallpaper, ceramic tile, fencing, windows, roofing, siding, hardware, and plumbing.

Groceries & Beverage Stores

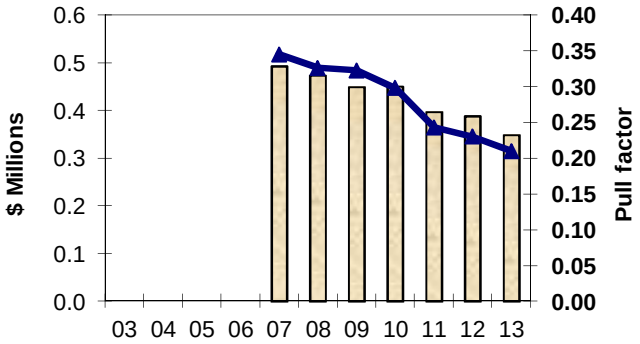


6.0% of Marshall's taxable sales in 2013

Sales per capita are $882

Stores in the Food and Beverage Stores subsector usually retail food and beverages merchandise from fixed point-of-sale locations. This can include grocery stores, liquor stores, bakeries, candy shops, butcher stores, meat markets, and produce markets.

Health, Pharmacy, Optical



0.2% of Marshall's taxable sales in 2013

Sales per capita are $25

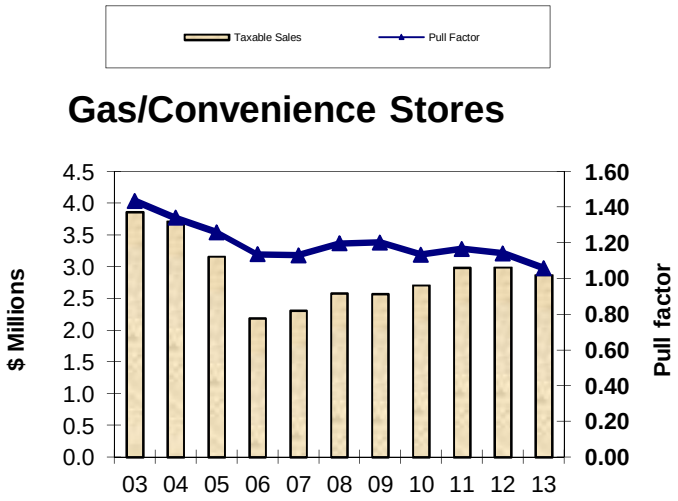
Stores in the Health and Personal Care Stores subsector retail health and personal care merchandise from fixed point-of-sale locations. This includes drug stores, health supplement stores, hearing aid stores, optical goods stores, cosmetic stores, medical supply stores,

Recent Trends By Merchandise Category

Marshall

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Gas/Convenience Stores

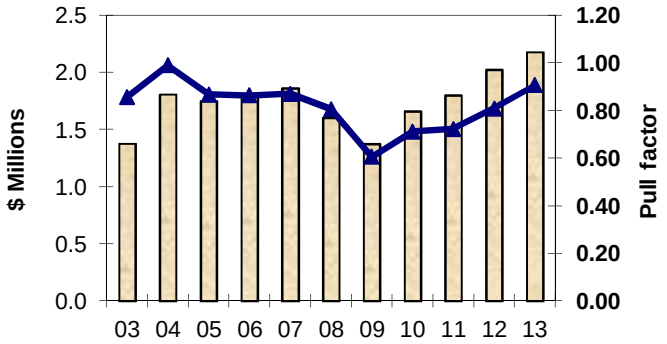


1.4% of Marshall's taxable sales in 2013

Sales per capita are $209

Stores in the Gasoline Stations subsector group establishments retailing automotive fuels (e.g., gasoline, diesel fuel, gasohol) and automotive oils and retailing these products in combination with convenience store items. This includes truck stops, C stores, marine service stations, and ordinary gas stations that sell automotive supplies.

Clothing & Accessories

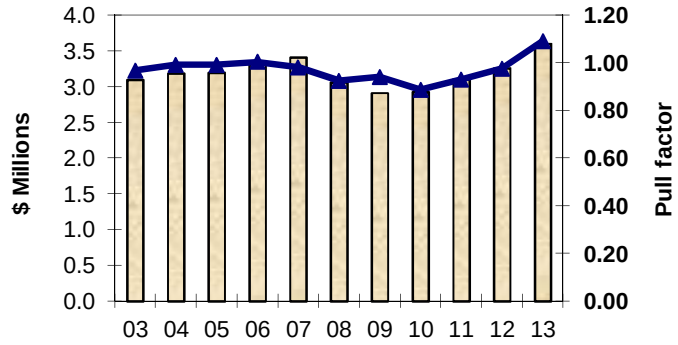


1.1% of Marshall's taxable sales in 2013

Sales per capita are $159

Stores in the Clothing and Clothing Accessories Stores subsector retailing new clothing and clothing accessories. Besides clothing stores it includes shops that sell jewelry, shoes, luggage, handbags, wigs, ties, bridal gowns, furs, uniforms, T-shirts, baby clothing, swimsuits, and lingerie.

Sporting Goods/Hobbies



1.8% of Marshall's taxable sales in 2013

Sales per capita are $263

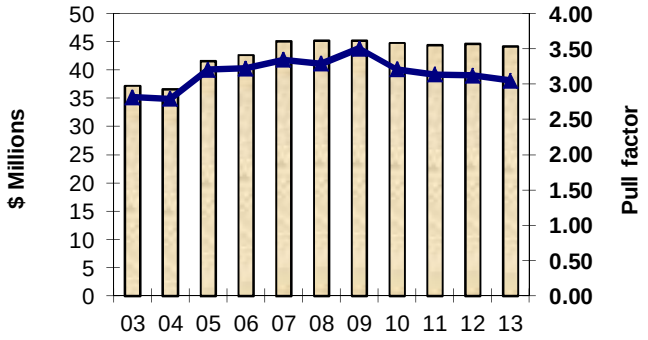
Stores in the Sporting Goods, Hobby, Book, and Music Stores subsector are engaged in retailing and providing expertise on use of sporting equipment or other specific leisure activities, such as needlework and musical instruments. Newstands also fit in this subsector.

Recent Trends By Merchandise Category

Marshall

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

General Merchandise Stores

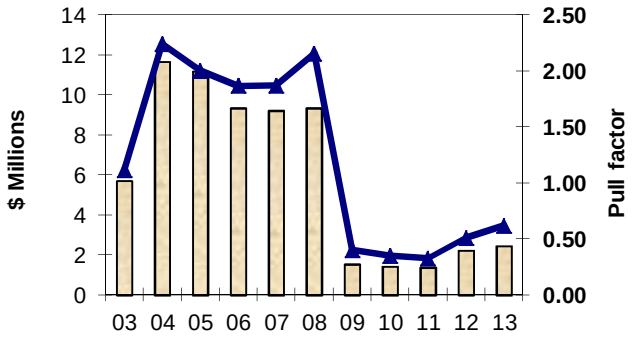


21.8% of Marshall's taxable sales in 2013

Sales per capita are $3224

Stores in the General Merchandise subsector retail new general merchandise and are unique in that they have the equipment and staff capable of retailing a large variety of goods from a single location. This includes department stores, superstores, dollar stores,and variety stores.

Miscellaneous & Previously Unreported

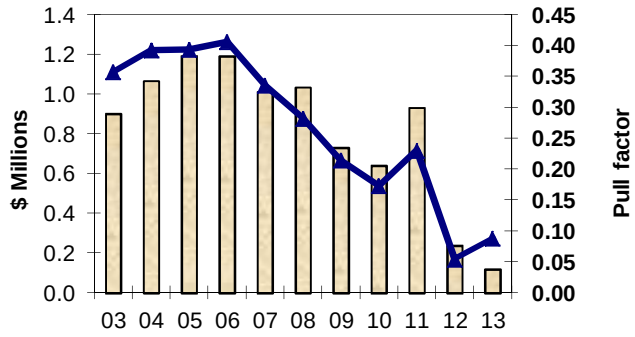


1.2% of Marshall's taxable sales in 2013

Sales per capita are $178

Establishments such as florists, used merchandise stores, and pet and pet supply stores as well as other store retailers. ***Also, if a community had fewer than 4 stores in a previous sector, it was included in this category. This may cause unrealistically high Pull Factors.***

Non-Store Retail



0.1% of Marshall's taxable sales in 2013

Sales per capita are $9

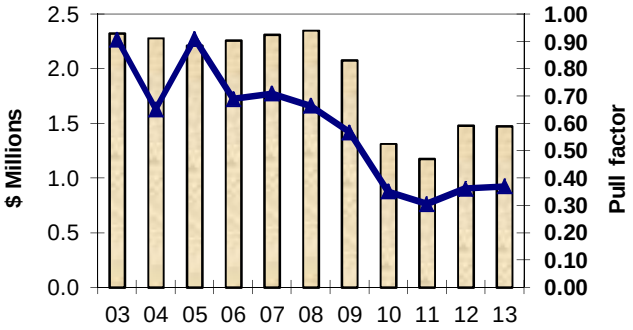
Mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stands (except food). Establishments engage in direct sale (nonstore) of products, such as home heating oil dealers and newspaper delivery are included in this subsector.

Recent Trends By Merchandise Category

Marshall

This page looks at several merchandise or service categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Amusement

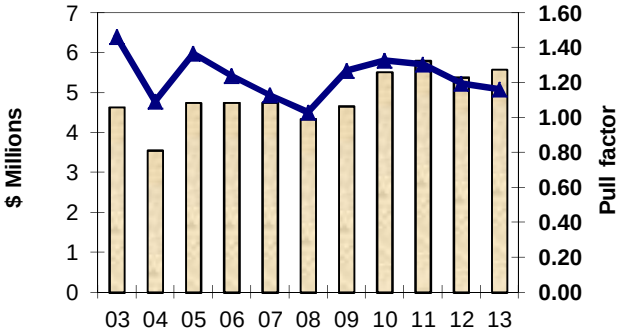


0.7% of Marshall's taxable sales in 2013

Sales per capita are $108

Establishments include casinos, bowling lanes, water parks, amusement parks, arcades, bingo halls, golf courses, ski slopes, marinas, dance or fitness centers, recreational clubs, ice rinks, swimming pools, roller rinks, and the like.

Accommodations

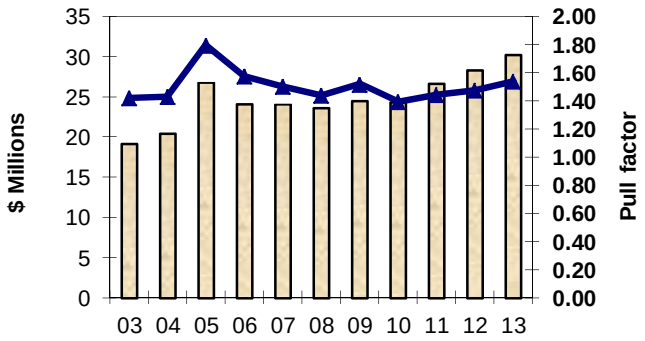


2.8% of Marshall's taxable sales in 2013

Sales per capita are $406

These busineeses provide provide lodging or short-term accommodations for travelers, vacationers, and others. Included are hotels, motels, lodges, bed & breakfasts, campgrounds, fraternities, boarding houses, and dormitories.

Eating & Drinking



14.9% of Marshall's taxable sales in 2013

Sales per capita are $2205

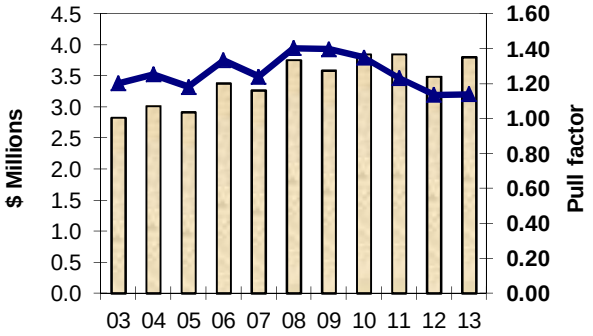
These businesses sell food at full-service or limited-service establishments. It includes cafeterias, bagel shops, ice cream parlors, snack bars, food service contractors, caterers, lunch wagons, and street vendors. It also includes bars, taverns, and nightclubs.

Recent Trends By Merchandise Category

Marshall

This page looks at several categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Repair Businesses

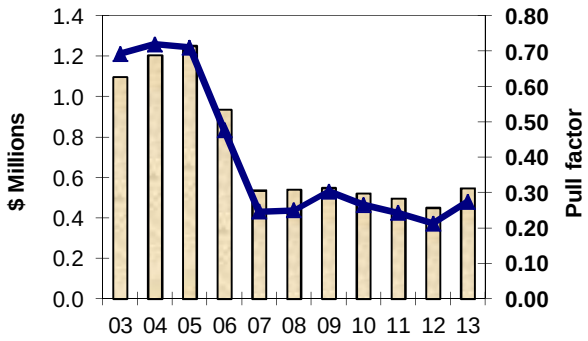


1.9% of Marshall's taxable sales in 2013

Sales per capita are $277

The Repair and Maintenance subsector restore machinery, equipment, and other products to working order. It does ***not*** *include plumbers & electricitians.It does include repairs to autos, cameras, radio, television, computers, copiers, appliances, lawn mowers, specialized equipment, small engines, furnitures, shoes, guns, etc.*

Personal Service Providers



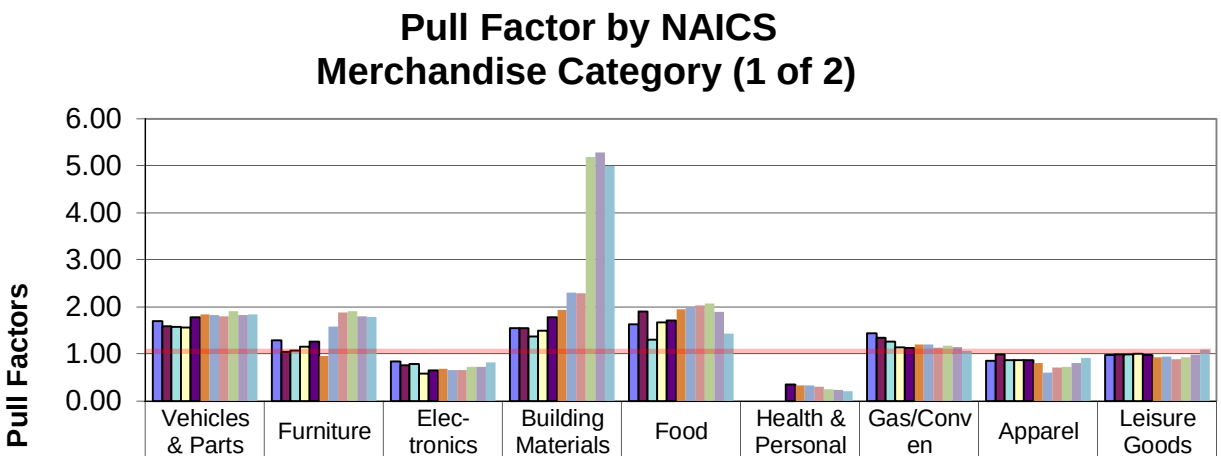
0.3% of Marshall's taxable sales in 2013

Sales per capita are $40

Services performed include: personal care services; barber shops & beauty parlors; death care services; laundry and drycleaning services; and a wide range of other personal services, such as pet care (except veterinary) services, photofinishing services, temporary parking services, and dating services.

Recent Trends By Merchandise Category
Marshall

The following tables and charts depict pull factors in Marshall from 2003 to 2013* 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.



	Vehicles & Parts	Furniture	Elec-tronics	Building Materials	Food	Health & Personal	Gas/Conven	Apparel	Leisure Goods
2003	1.69	1.29	0.84	1.55	1.62		1.43	0.86	0.97
2004	1.59	1.04	0.75	1.55	1.90		1.34	0.99	0.99
2005	1.57	1.06	0.78	1.37	1.30		1.26	0.87	0.99
2006	1.56	1.15	0.58	1.50	1.67		1.14	0.86	1.00
2007	1.78	1.26	0.64	1.78	1.71	0.35	1.13	0.87	0.98
2008	1.84	0.96	0.68	1.94	1.95	0.33	1.20	0.81	0.92
2009	1.83	1.58	0.66	2.29	1.99	0.32	1.20	0.61	0.94
2010	1.79	1.87	0.65	2.29	2.03	0.30	1.13	0.71	0.89
2011	1.91	1.91	0.72	5.19	2.07	0.24	1.17	0.72	0.93
2012	1.82	1.80	0.72	5.29	1.89	0.23	1.14	0.81	0.97
2013	1.84	1.78	0.81	4.99	1.42	0.21	1.06	0.91	1.09

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, and garden centers.

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/Convenience Store: Retailers that sell fuel along with convenience store items.

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

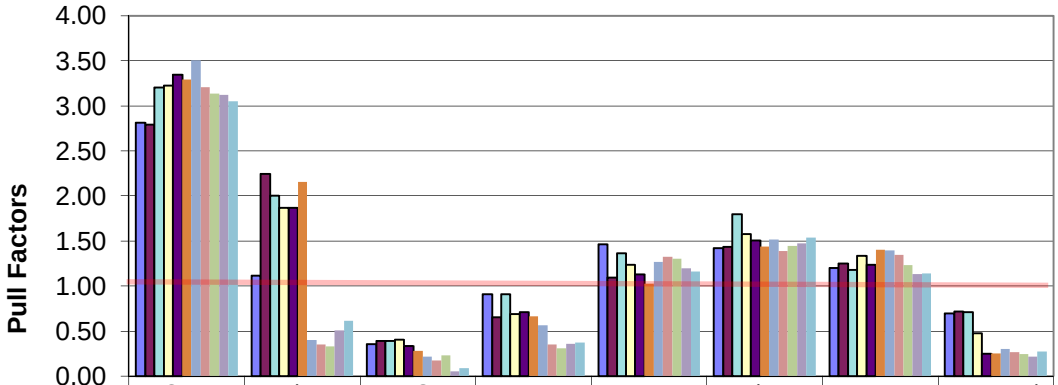
Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

*Caution should be used when comparing pull factors before 2003 to those in later years due to how businesses are classified.

Recent Trends By Merchandise Category
Marshall

The following tables and charts depict pull factors in Marshall from 2003 to 2013* 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)



	Gen. Merch.	Misc. Store	Non-Store Retail	Amuse-ment	Lodging	Eating & Drinking	Repair	Personal Services
2003	2.82	1.12	0.36	0.91	1.46	1.42	1.20	0.69
2004	2.79	2.24	0.39	0.65	1.09	1.43	1.25	0.72
2005	3.20	2.00	0.39	0.91	1.36	1.80	1.18	0.71
2006	3.23	1.87	0.41	0.69	1.24	1.57	1.33	0.48
2007	3.35	1.87	0.33	0.71	1.13	1.50	1.24	0.25
2008	3.29	2.16	0.28	0.66	1.03	1.44	1.40	0.25
2009	3.50	0.40	0.21	0.57	1.27	1.52	1.40	0.30
2010	3.21	0.35	0.17	0.35	1.32	1.39	1.35	0.27
2011	3.14	0.33	0.23	0.31	1.30	1.44	1.23	0.24
2012	3.13	0.51	0.05	0.36	1.20	1.47	1.13	0.21
2013	3.05	0.62	0.09	0.37	1.16	1.54	1.14	0.28

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. (see Suppressed Data in Cautions section)

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, and RV parks.

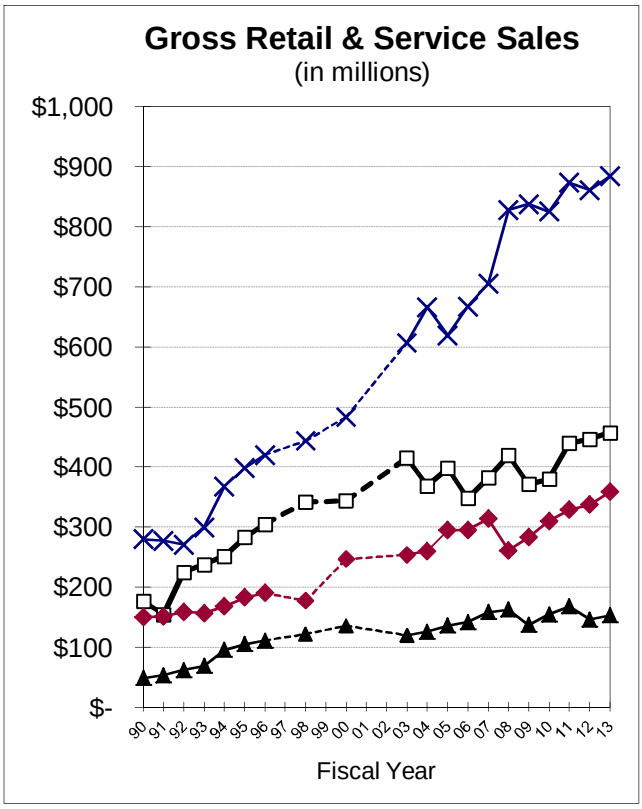
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

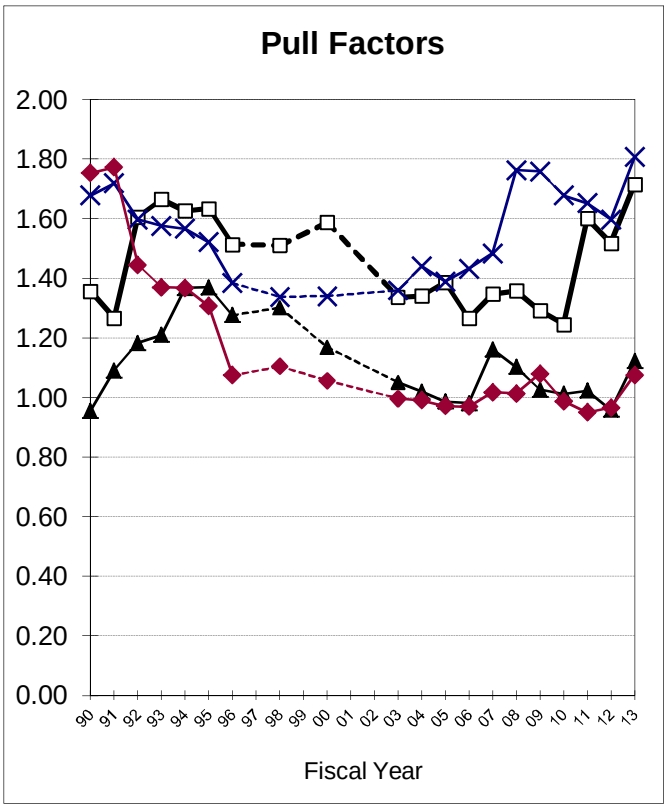
Repair: Businesses that return items to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

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

*Caution should be used when comparing pull factors before 2003 to those in later years due to how businesses are classified.

Comparison with Competing Centers
Marshall





Information about competing trade centers can provide a useful means of comparison when assessing a community's retail trade sector. Comparison towns were selected based on geographic proximity, relative size and availability of data. Some caution is warranted in the interpretation of these comparisons however, since retail sales data is provided for only a limited number of towns and cities.

Comparison with Competing Trade Centers, 2013

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Marshall	13,729	$457.40	$202.91	373	$14,780	1.72
Redwood Falls	5,218	$153.16	$50.41	149	$9,661	1.12
Willmar	19,717	$883.88	$306.95	482	$15,568	1.81
Worthington	12,974	$358.84	$120.22	276	$9,266	1.08

Rural Community Trade Area Analysis

Marshall

The following tables provide information on retail sales by merchandise category. "Expected sales" is a standard to which actual performance is compared. In calculating expected sales, population and income characteristics, as well as the typical "pulling power" of similar rural communities are taken into account. Expected 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 could be identified and built upon.

Trade Area Analysis by Merchandise Category, 2013

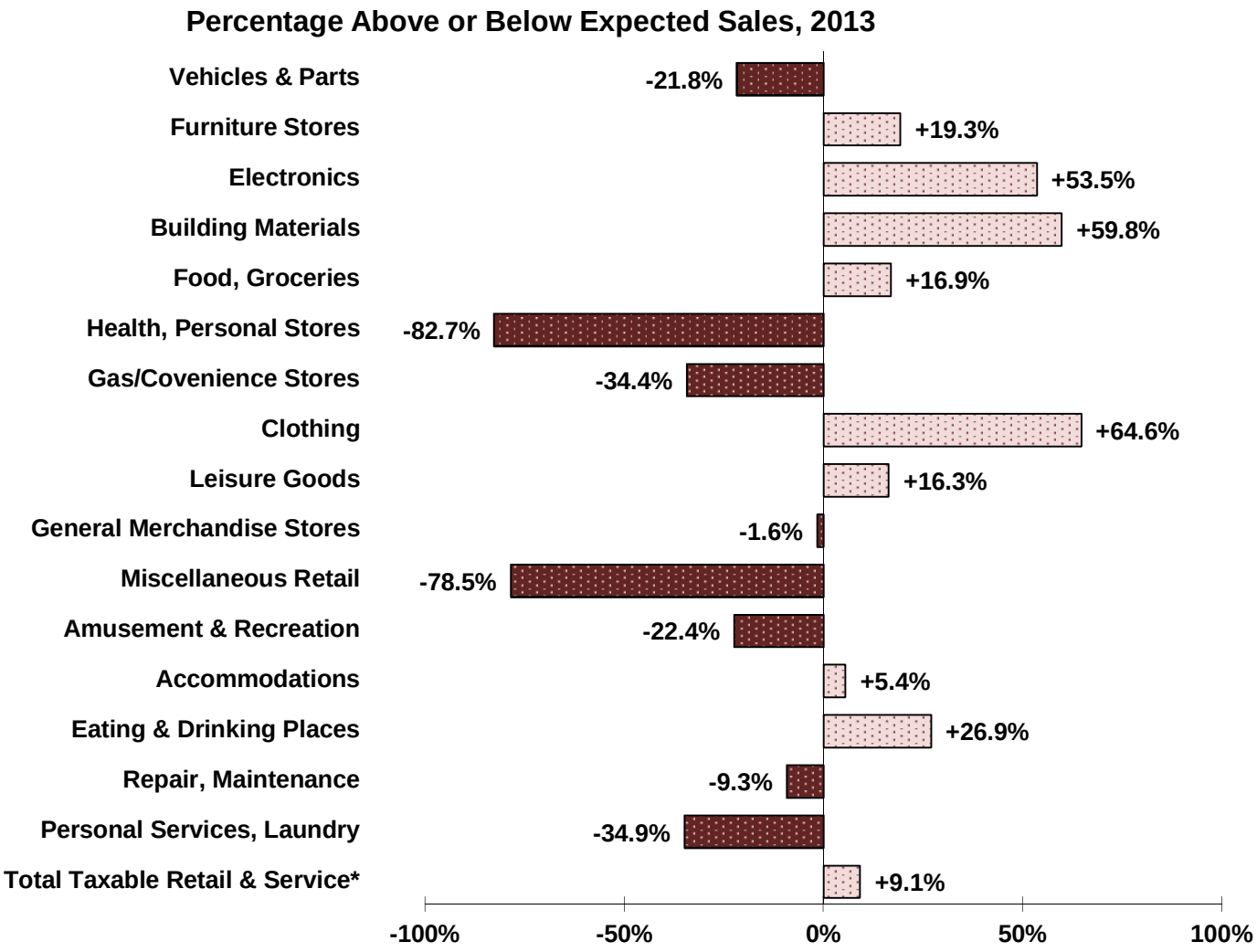
			Variance Between Actual & Expected				
Merchandise Group	Expected Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Expected	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$14.45	$11.30	-$3.15	-21.8%	-2,991	12	5.6%
Furniture Stores	$5.01	$5.98	+$0.97	+19.3%	2,648	8	2.9%
Electronics	$2.15	$3.31	+$1.15	+53.5%	7,350	6	1.6%
Building Materials	$40.67	$64.99	+$24.31	+59.8%	8,207	11	32.0%
Food, Groceries	$10.36	$12.11	+$1.75	+16.9%	2,323	10	6.0%
Health, Personal Stores	$2.02	$0.35	-$1.67	-82.7%	-11,352	8	0.2%
Gas/Covenience Stores	$4.37	$2.87	-$1.50	-34.4%	-4,720	7	1.4%
Clothing	$1.32	$2.18	+$0.86	+64.6%	8,874	15	1.1%
Leisure Goods	$3.10	$3.61	+$0.51	+16.3%	2,244	18	1.8%
General Merchandise Stores	$44.98	$44.26	-$0.73	-1.6%	-222	7	21.8%
Miscellaneous Retail	$11.38	$2.45	-$8.93	-78.5%	-10,774	26	1.2%
Amusement & Recreation	$1.90	$1.48	-$0.43	-22.4%	-3,080	7	0.7%
Accommodations	$5.29	$5.58	+$0.29	+5.4%	744	9	2.8%
Eating & Drinking Places	$23.85	$30.27	+$6.43	+26.9%	3,700	43	14.9%
Repair, Maintenance	$4.19	$3.80	-$0.39	-9.3%	-1,272	23	1.9%
Personal Services, Laundry	$0.84	$0.55	-$0.29	-34.9%	-4,789	39	0.3%
Total Taxable Retail & Service*	$186.03	$202.91	+$16.87	+9.1%	1,245	373	100.0%

*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 Marshall Retail Trade (Rural)

The chart below depicts the percentage amount Marshall's actual sales were above or below expected sales in 2013 by merchandise group. Of the 16 merchandise categories with reported data, sales in 8 of the categories were above what would be expected based on the performance in similar-sized cities in Greater Minnesota. The strongest merchandise group by this standard is the Clothing category, which has a 64.6 percent surplus. Overall, Marshall had a retail sales surplus of 9.1 percent in 2013.

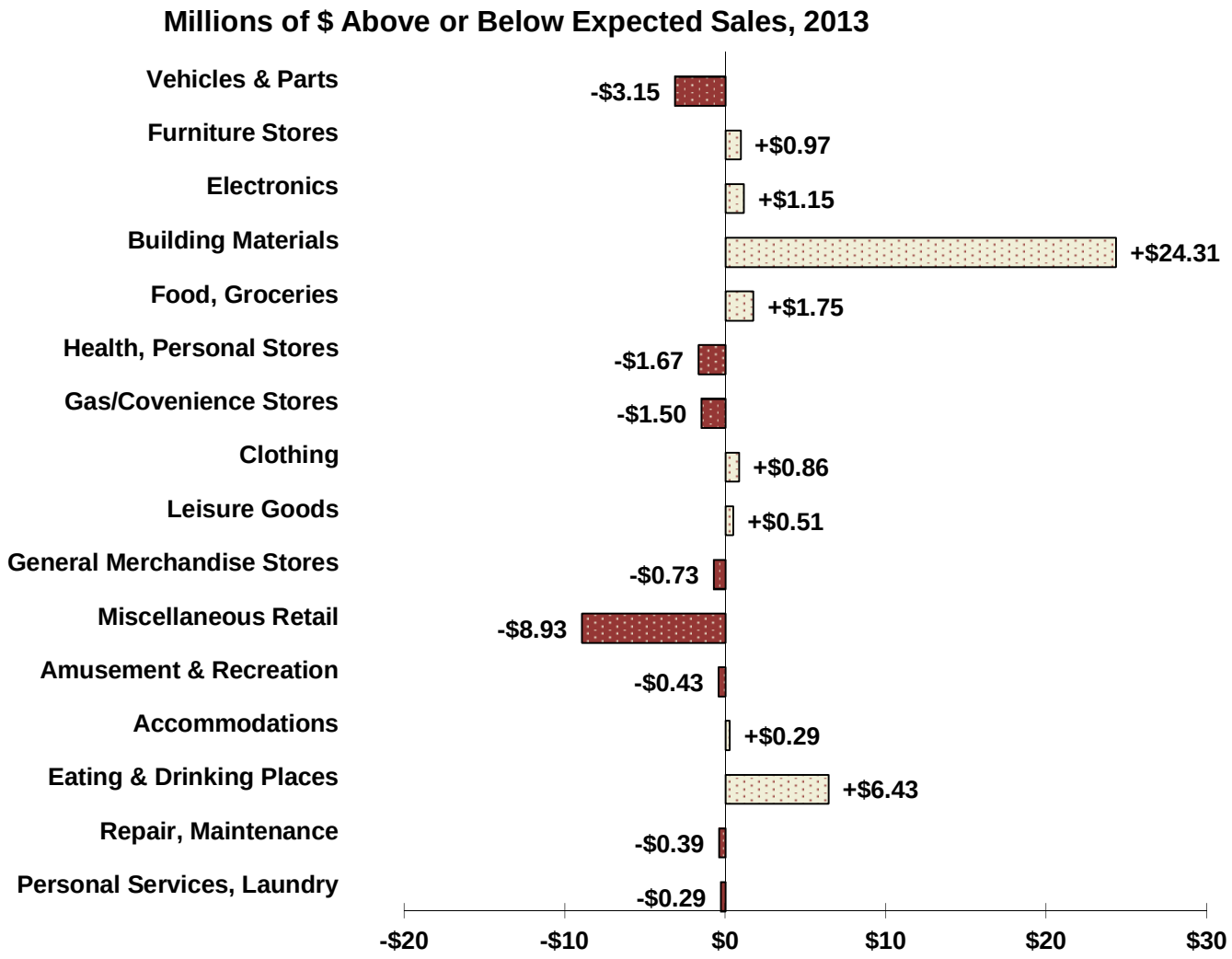
It is important to note that variations in a city's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the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



Marshall Retail Trade Performance in Dollars (Rural)

The chart below depicts the dollar amount Marshall's actual sales were above or below expected sales in 2013 by merchandise group. Of the 16 merchandise categories with reported data, sales in 8 of the categories were above what would be expected based on the performance in similar-sized Minnesota cities. The strongest merchandise group by this standard is the Building Materials category, which has a $24.3 million surplus. Overall, Marshall had a retail sales surplus of $16.9 million in 2013.

It is important to note that variations in a city'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, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular city to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.



Comparison of Pull Factors by Merchandise Category

2013 Index of "Pulling Power"
Cities Outside the 7 County Metro Area with Populations between 9,400 & 18,100
(Range: Population of Marshall +/- ~ 31%.)
(11 Cities)

Pull Factors

City	Population	Vehicles, Parts	Furniture Stores	Elec-tronics	Building Materials	Food	Health, Personal	Gas & Conven.	Clothing	Leisure Goods	General Merch.	Misc.	Amuse-ment	Lodging	Eating & Drinking	Repair, Maint.	Personal Services	Taxable $ Pull Factor
Albert Lea	17,951	2.19	0.82	0.16	1.50	1.28	1.21	3.00	0.62	0.81	1.95	0.53	0.22	1.09	1.10	0.77	0.33	1.12
Red Wing	16,488	2.06	0.90	0.12	2.33	1.15	0.64	1.09	0.20	0.76	2.53	1.65	0.18	1.31	1.16	1.29	0.95	1.38
Buffalo	15,812	1.50	0.05	0.10	2.87	1.30	0.96	0.88	0.20	0.21	3.17	0.80	0.77		0.87	1.04	0.65	1.21
Hutchinson	14,158	0.62	1.59	3.69	3.13	1.36	1.08	1.85	0.30	0.53	3.22	0.71	0.81	0.55	1.10	1.06	0.40	1.46
Marshall	13,729	1.84	1.78	0.81	4.99	1.42	0.21	1.06	0.91	1.09	3.05	0.62	0.37	1.16	1.54	1.14	0.28	1.72
Bemidji	13,646	3.41	1.92	0.98	5.32	1.70	2.90	2.88	1.79	1.97	3.52	4.14	0.67	1.92	2.20	2.74	0.64	2.61
Fergus Falls	13,295	4.69	0.90	0.32	2.14	1.27	0.84	1.19	0.49	0.39	4.82	1.62	0.39	1.29	1.16	0.97	0.46	1.77
Alexandria	13,045	3.97	3.48	2.01	5.38	1.88	3.14	2.96	1.13	2.43	7.20	2.96	1.59	1.63	2.49	2.66	1.64	3.04
Monticello	12,993	1.80		0.45	2.37	0.71	1.12	1.51		0.11		16.22	0.77	0.60	1.87	1.22	0.29	1.46
Grand Rapids	10,994	3.63	2.55	0.60	4.29	1.96	2.56	2.86	0.85	1.66	5.01	1.36	0.31	2.42	1.52	1.55	0.42	2.24
Unadjusted Average: *		**2.57**	**1.55**	**0.92**	**3.43**	**1.40**	**1.47**	**1.93**	**0.72**	**1.00**	**3.83**	**3.06**	**0.61**	**1.33**	**1.50**	**1.44**	**0.61**	**1.80**

* Raw averages; not adjusted for special circumstances. For example, in cities with a college student population that is large relative to overall population, these pull factors may understate the relative strength of the retail sector. While college students are counted as part of the city population, in general they spend less than other city residents in many retail categories. Most Pull Factor outliers were eliminated for calculating typical pull factors used in the expected sales formula.

Comparison of Pull Factors by Merchandise Category

2013 Index of "Pulling Power"
Cities Outside the 7 County Metro Area with Populations between 9,400 & 18,100
(Range: Population of Marshall +/- ~ 31%.)
(11 Cities)

Rankings

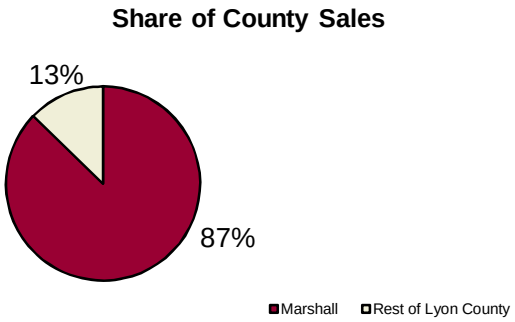
City	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gasoline Stations*	*Clothing*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
Albert Lea	# 1	# 5	# 8	# 8	# 10	# 7	# 4	# 1	# 5	# 5	# 9	# 10	# 9	# 7	# 9	# 10	# 8	# 10
Red Wing	# 2	# 6	# 7	# 9	# 8	# 9	# 9	# 8	# 8	# 6	# 8	# 4	# 10	# 4	# 7	# 4	# 2	# 8
Buffalo	# 3	# 9	# 9	# 10	# 6	# 6	# 7	# 10	# 9	# 9	# 6	# 7	# 3		# 10	# 8	# 3	# 9
Hutchinson	# 4	# 10	# 5	# 1	# 5	# 5	# 6	# 5	# 7	# 7	# 5	# 8	# 2	# 9	# 8	# 7	# 7	# 6
Marshall	# 5	# 7	# 4	# 4	# 3	# 4	# 10	# 9	# 3	# 4	# 7	# 9	# 7	# 6	# 4	# 6	# 10	# 5
Bemidji	# 6	# 4	# 3	# 3	# 2	# 3	# 2	# 3	# 1	# 2	# 4	# 2	# 5	# 2	# 2	# 1	# 4	# 2
Fergus Falls	# 7	# 1	# 6	# 7	# 9	# 8	# 8	# 7	# 6	# 8	# 3	# 5	# 6	# 5	# 6	# 9	# 5	# 4
Alexandria	# 8	# 2	# 1	# 2	# 1	# 2	# 1	# 2	# 2	# 1	# 1	# 3	# 1	# 3	# 1	# 2	# 1	# 1
Monticello	# 9	# 8		# 6	# 7	# 10	# 5	# 6		# 10		# 1	# 4	# 8	# 3	# 5	# 9	# 7
Grand Rapids	# 10	# 3	# 2	# 5	# 4	# 1	# 3	# 4	# 4	# 3	# 2	# 6	# 8	# 1	# 5	# 3	# 6	# 3

Above are all communities in the population range listed in the title with data available by merchandise category. Adjustments for special circumstances may be necessary for accurate comparisons.

Marshall & Lyon County Comparison, 2013

It is important to review the retail performance for the whole county and not just the city in isolation. For example, it is common for county seat towns to have above-average retail performance, while the county overall has a leakage of sales. This is usually because the county seat city doesn't have the critical mass of retail to attract the purchases of everyone in the county. By analyzing county data, city business people can develop strategies to recapture some of the sales being lost to other cities. For counties that have a local option sales tax, the analysis of county sales is extremely important, since lost sales are lost tax dollars. A thorough analysis of county sales can help county officials develop more meaningful economic development plans aimed at recapturing the lost sales.

The table below shows retail sales and number of firms by merchandise category for Marshall and Lyon County in 2013. Marshall accounted for 57 percent of the county's firms and 87 percent of the county's sales.



Sales by Merchandise Category, Marshall & Lyon County, 2013

	Marshall		Lyon County		City's Share of County Total	
Merchandise Category	Taxable Sales ($millions)	Number of Firms	Taxable Sales ($millions)	Number of Firms	Sales	Firms
Vehicles & Parts	$11.30	12	$12.96	20	87.2%	60.0%
Furniture Stores	$5.98	8	$6.39	12	93.6%	66.7%
Electronics	$3.31	6	$4.09	10	81.0%	60.0%
Building Materials	$64.99	11	$68.45	18	94.9%	61.1%
Food, Groceries	$12.11	10	$16.62	25	72.9%	40.0%
Health, Personal Stores	$0.35	8	$0.41	8	86.0%	100.0%
Gas/Convenience Stores	$2.87	7	$5.48	10	52.4%	70.0%
Clothing	$2.18	15	$2.19	19	99.6%	78.9%
Leisure Goods	$3.61	18	$4.15	20	86.8%	90.0%
General Merchandise	$44.26	7	$46.27	14	95.7%	50.0%
Miscellaneous Retail	$2.45	26	$3.01	59	81.4%	44.1%
Non-Store Retailers	$0.12	13	$0.15	21	80.6%	61.9%
Amusement & Recreation	$1.48	7	$2.04	18	72.4%	38.9%
Accommodations	$5.58	9	$5.70	14	97.8%	64.3%
Eating & Drinking Places	$30.27	43	$36.02	63	84.0%	68.3%
Repair, Maintenance	$3.80	23	$7.92	67	48.0%	34.3%
Personal Service, Laundry	$0.55	39	$0.74	60	73.7%	65.0%
Total Sales	$202.91	373	$232.58	650	87.2%	57.4%

Lyon County Retail Trade Overview

Total Taxable and Gross Retail Sales

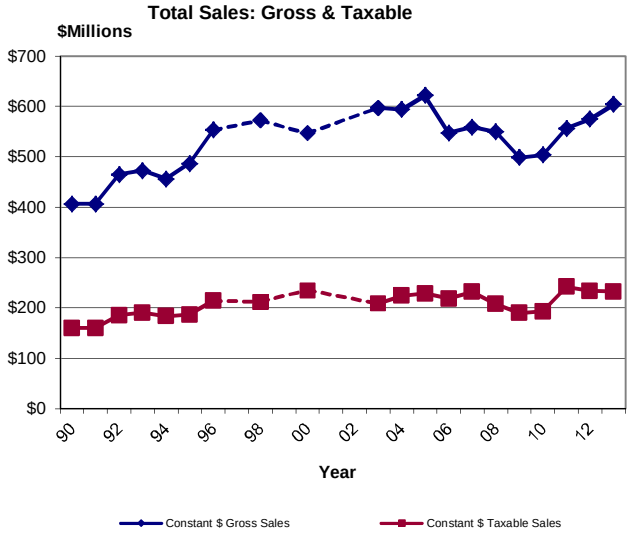
The table below presents gross and taxable retail and services sales for Lyon County from 1990 through 2013. Taxable sales in Lyon County increased 23.9 percent from 2006 to 2013, while the number of firms fell 3 percent. Statewide, taxable sales increased 8.7 percent over the same time period and the number of firms increased 1.4 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 2013 dollars. These figures have been adjusted for inflation to reflect their value 2013. For example, in 1990, taxable sales in Lyon County totaled $89.57 million, an amount worth $159.96 million in 2013 dollars. In constant dollars, gross sales grew 10.3 percent between 2006 and 2013. Constant dollar taxable sales increased 6.6 percent over the same time period.

		Current Dollars		Constant 2013 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
1990	24,789	$227.51	$89.57	$406.27	$159.96	681	$3,613	0.82
1995	24,925	$316.07	$121.49	$486.27	$186.91	647	$4,874	0.85
2000	25,425	$404.62	$173.67	$546.78	$234.69	654	$6,831	0.90
2003	24,819	$465.78	$162.96	$597.16	$208.92	669	$6,566	0.74
2004	24,703	$475.05	$179.47	$593.81	$224.33	667	$7,265	0.78
2005	24,472	$516.19	$189.75	$621.92	$228.62	677	$7,754	0.81
2006	24,640	$471.07	$187.67	$547.75	$218.22	670	$7,616	0.79
2007	24,695	$491.59	$204.06	$558.62	$231.89	671	$8,263	0.85
2008	24,844	$505.59	$191.19	$549.55	$207.81	665	$7,695	0.81
2009	25,074	$453.51	$172.77	$498.36	$189.86	650	$6,890	0.77
2010	25,865	$468.56	$179.64	$503.83	$193.16	658	$6,945	0.77
2011	25,951	$539.90	$234.59	$556.60	$241.85	642	$9,040	0.97
2012	25,667	$569.25	$231.44	$575.00	$233.78	610	$9,017	0.93
2013	25,648	$603.92	$232.58	$603.92	$232.58	650	$9,068	1.05
7 yr Change '06 to '13	4.1%	28.2%	23.9%	10.3%	6.6%	-3.0%	19.1%	32.7%
3 yr Change '10 to '13	-0.8%	28.9%	29.5%	19.9%	20.4%	-1.2%	30.6%	36.7%

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

Lyon County: Retail/Service Sales in Constant Dollars

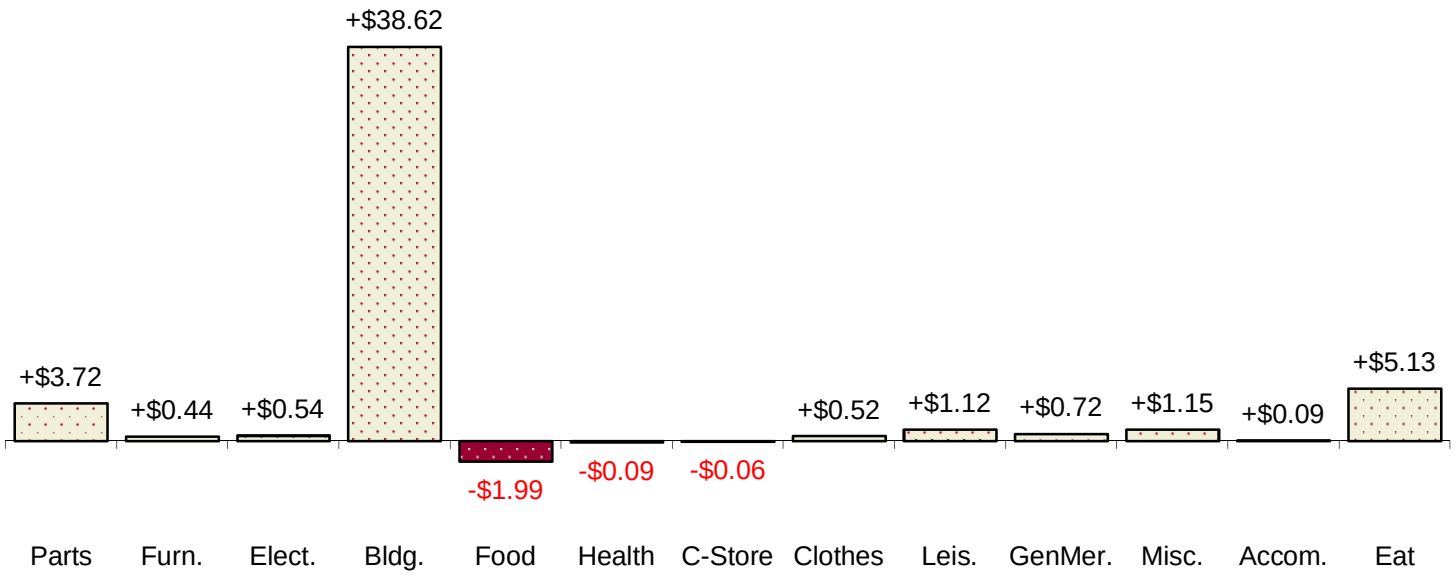


Lyon County
Selected Components of Change*, 2010 to 2013

Category	Taxable Sales 2010	Taxable Sales 2013	Dollar Change	Percent Change
Vehicles & Parts	$9,237,619	$12,958,642	+$3,721,023	+40.28%
Furniture Stores	$5,945,852	$6,385,591	+$439,739	+7.40%
Electronics	$3,544,935	$4,085,872	+$540,937	+15.26%
Building Materials	$29,834,143	$68,451,386	+$38,617,243	+129.44%
Food, Groceries	$18,601,237	$16,615,652	-$1,985,585	-10.67%
Health, Personal Stores	$497,860	$405,596	-$92,264	-18.53%
Gas/Convenience Store	$5,537,511	$5,476,787	-$60,724	-1.10%
Clothing	$1,664,928	$2,186,183	+$521,255	+31.31%
Leisure Goods	$3,038,171	$4,154,493	+$1,116,322	+36.74%
General Merchandise Stores	$45,547,433	$46,267,615	+$720,182	+1.58%
Miscellaneous Retail	$1,857,370	$3,007,868	+$1,150,498	+61.94%
Accommodations	$5,617,291	$5,702,947	+$85,656	+1.52%
Eating & Drinking Places	$30,890,972	$36,019,028	+$5,128,056	+16.60%
Total Retail and Services Sales	$179,638,595	$232,583,409	+$52,944,814	+29.47%

* Figures not adjusted for inflation.

Dollar Changes by Category (in Millions)
2010 - 2013

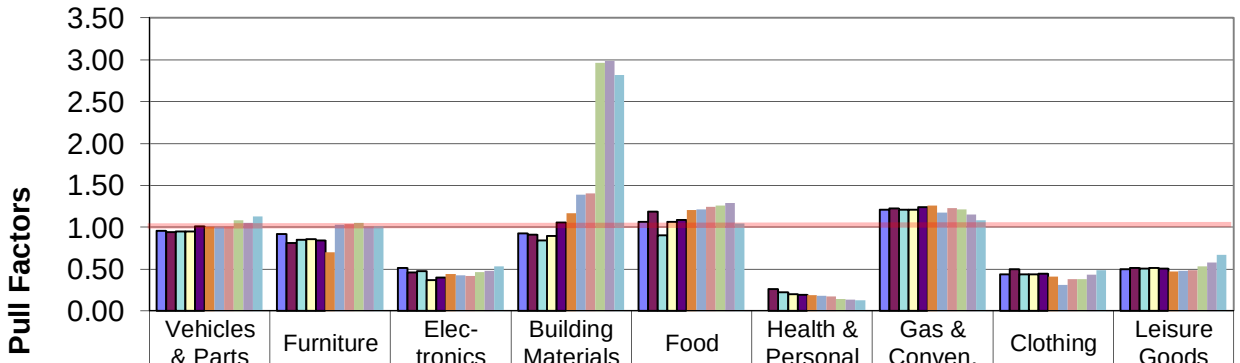


Pull Factors By Merchandise Category

Lyon County

The following tables and charts depict pull factors in Lyon County from 2003 to 2013* 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 Factors by NAICS Merchandise Category (1 of 2)



	Vehicles & Parts	Furniture	Elec-tronics	Building Materials	Food	Health & Personal	Gas & Conven.	Clothing	Leisure Goods
2003	0.96	0.92	0.52	0.92	1.07	0.00	1.21	0.43	0.50
2004	0.94	0.81	0.46	0.91	1.19	0.27	1.23	0.50	0.51
2005	0.95	0.85	0.48	0.84	0.91	0.22	1.21	0.44	0.51
2006	0.95	0.86	0.37	0.90	1.07	0.20	1.21	0.44	0.51
2007	1.01	0.84	0.40	1.06	1.09	0.20	1.24	0.44	0.50
2008	1.01	0.71	0.44	1.17	1.21	0.19	1.26	0.41	0.47
2009	1.00	1.03	0.42	1.39	1.22	0.18	1.17	0.31	0.48
2010	1.01	1.03	0.42	1.40	1.25	0.17	1.23	0.38	0.49
2011	1.08	1.05	0.46	2.96	1.26	0.15	1.22	0.38	0.53
2012	1.05	1.00	0.48	2.99	1.29	0.14	1.15	0.43	0.58
2013	1.13	1.02	0.54	2.82	1.05	0.13	1.08	0.49	0.67

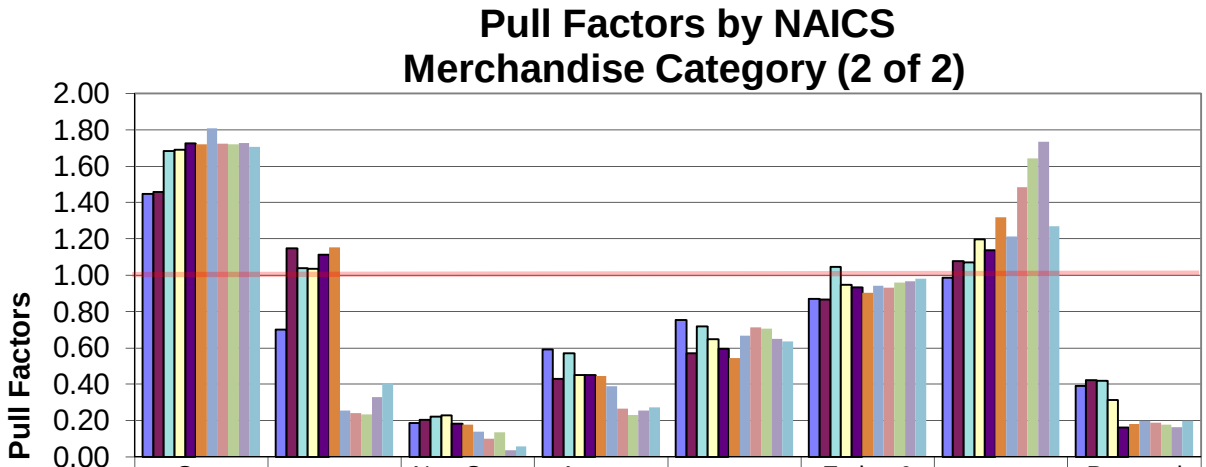
NAICS Category Descriptions

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, and garden centers.
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 and Convenience Store: 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
Lyon County

The following tables and charts depict pull factors in Lyon County from 2003 to 2013* 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.



	Gen. Merch.	Misc. Store	Non-Store Retail	Amuse-ment	Lodging	Eating & Drinking	Repair	Personal Services
2003	1.45	0.70	0.18	0.59	0.75	0.87	0.99	0.39
2004	1.46	1.15	0.20	0.43	0.57	0.86	1.08	0.42
2005	1.68	1.04	0.22	0.57	0.72	1.04	1.07	0.42
2006	1.69	1.03	0.23	0.45	0.65	0.95	1.20	0.31
2007	1.73	1.11	0.18	0.45	0.59	0.93	1.14	0.16
2008	1.72	1.15	0.18	0.44	0.55	0.90	1.32	0.18
2009	1.81	0.26	0.14	0.39	0.67	0.94	1.21	0.20
2010	1.73	0.24	0.10	0.27	0.71	0.93	1.49	0.19
2011	1.72	0.23	0.13	0.23	0.71	0.96	1.64	0.18
2012	1.73	0.33	0.04	0.26	0.65	0.97	1.73	0.16
2013	1.71	0.41	0.06	0.27	0.64	0.98	1.27	0.20

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, and RV parks.

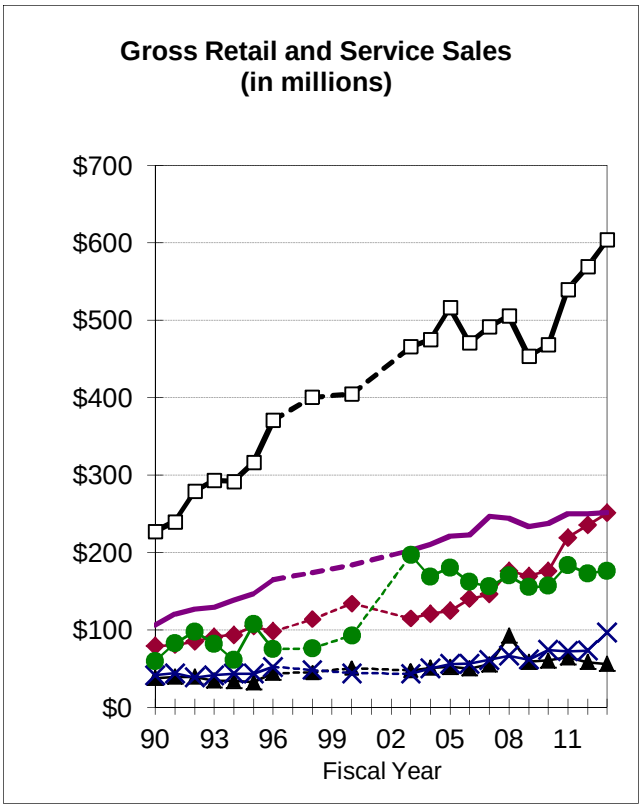
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

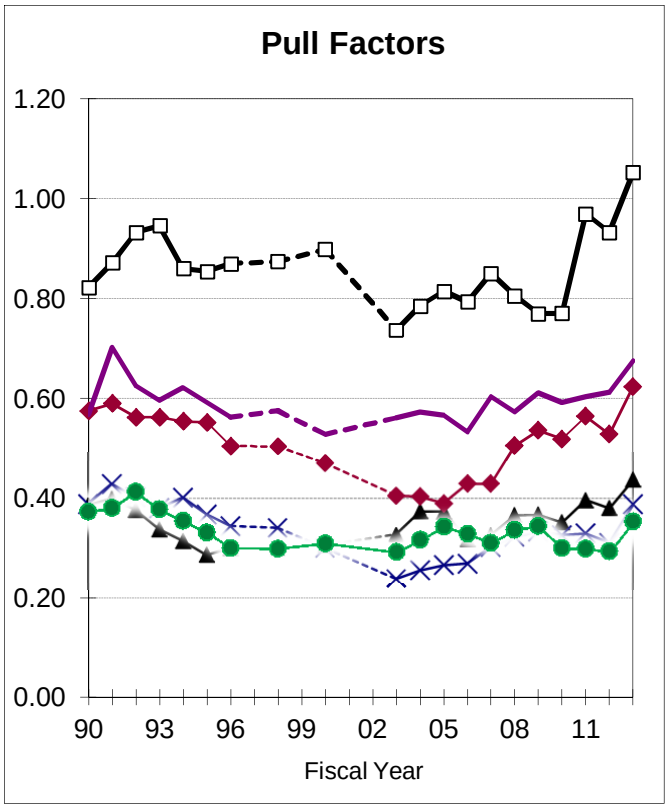
Repair: Businesses that return equipment to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

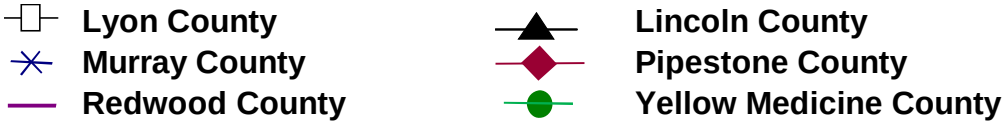
Personal Services: Barbers, beauty salons, tanning facilities, funeral homes, laundromats, dry cleaners, pet groomers, and kennels.

*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
Lyon County







Comparison with Neighboring Counties, 2013

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Lyon County	25,648	$603.92	$232.58	650	$9,068	1.05
Lincoln County	5,830	$55.91	$21.94	175	$3,763	0.44
Murray County	8,536	$96.19	$28.52	233	$3,342	0.39
Pipestone County	9,306	$250.91	$49.98	239	$5,371	0.62
Redwood County	15,755	$251.38	$91.61	417	$5,815	0.67
Yellow Medicine County	10,150	$176.01	$30.87	268	$3,041	0.35

Trade Area Analysis of Retail Sales
Lyon 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, 2013

			Variance Between Actual & Potential				
Merchandise Group	Potential Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Potential	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$9.83	$12.96	+$3.13	+31.9%	8,177	21	5.6%
Furniture Stores	$5.38	$6.39	+$1.01	+18.8%	4,810	12	2.7%
Electronics	$6.52	$4.09	-$2.43	-37.3%	-9,574	10	1.8%
Building Materials	$20.83	$68.45	+$47.62	+228.5%	58,618	18	29.4%
Food, Groceries	$13.62	$16.62	+$2.99	+22.0%	5,633	22	7.1%
Health, Personal Stores	$2.66	$0.41	-$2.26	-84.8%	-21,742	9	0.2%
Gas/Convenience Store	$4.34	$5.48	+$1.14	+26.3%	6,747	11	2.4%
Clothing	$3.85	$2.19	-$1.66	-43.2%	-11,080	19	0.9%
Leisure Goods	$5.29	$4.15	-$1.13	-21.4%	-5,496	23	1.8%
General Merchandise Stores	$23.23	$46.27	+$23.04	+99.2%	25,437	13	19.9%
Miscellaneous Retail	$6.36	$3.01	-$3.35	-52.7%	-13,520	53	1.3%
Amusement & Recreation	$6.40	$2.04	-$4.36	-68.1%	-17,476	18	0.9%
Accommodations	$7.69	$5.70	-$1.99	-25.8%	-6,628	12	2.5%
Eating & Drinking Places	$31.50	$36.02	+$4.52	+14.3%	3,677	64	15.5%
Repair, Maintenance	$5.35	$7.92	+$2.57	+48.1%	12,335	69	3.4%
Personal Services, Laundry	$3.19	$0.74	-$2.45	-76.7%	-19,667	62	0.3%
Total Taxable Retail & Service*	$189.40	$232.58	+$43.18	+22.8%	5,847	650	100.0%

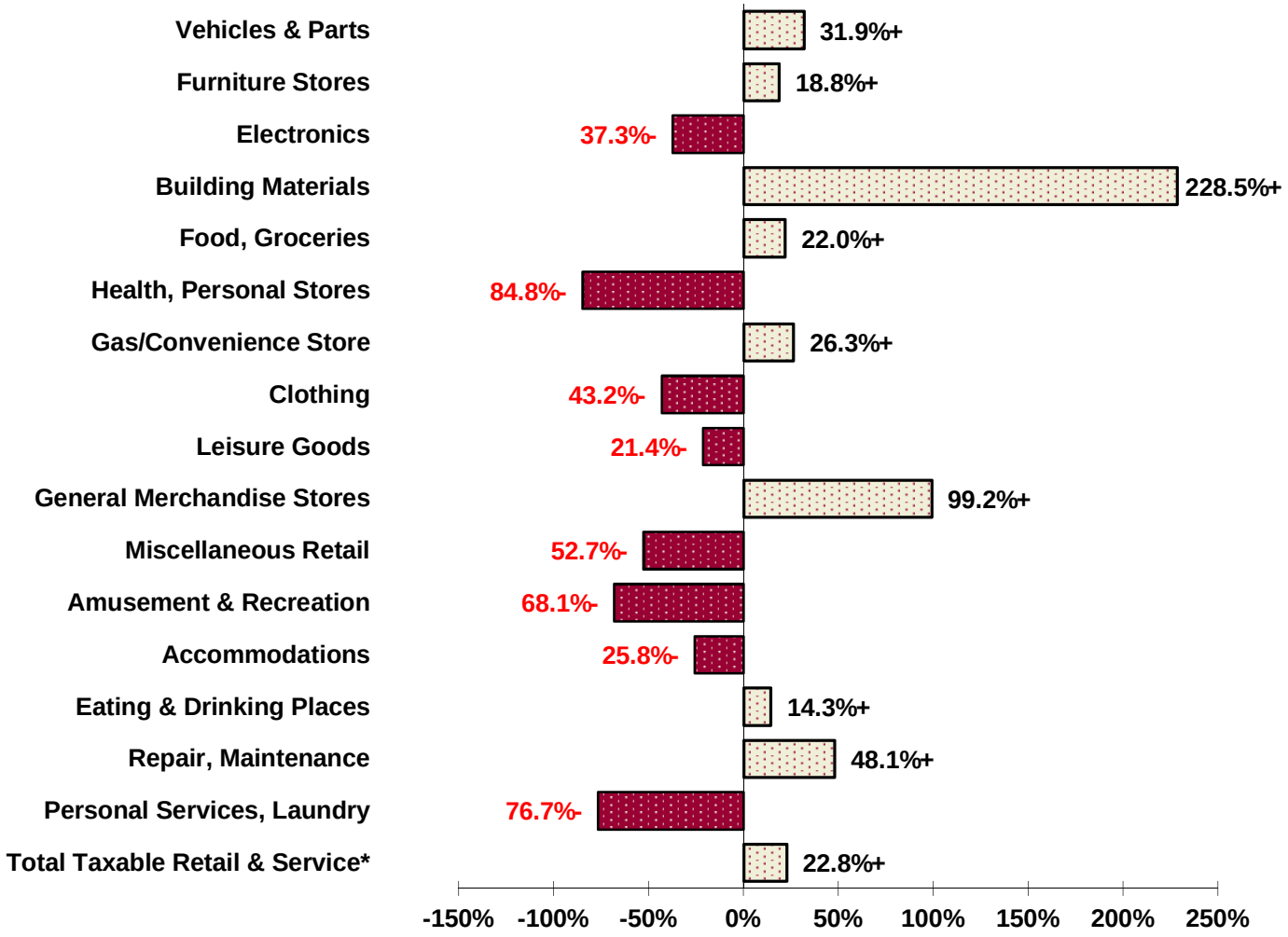
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Lyon County Retail Trade Performance in Percentages

The chart below depicts the percentage amount Lyon County's actual sales were above or below potential sales in 2013 by merchandise group. Of the 16 merchandise categories with reported data, sales in 8 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 Building Materials category, which has a 228.5 percent surplus. Overall, Lyon County had a retail sales surplus of 22.8 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.

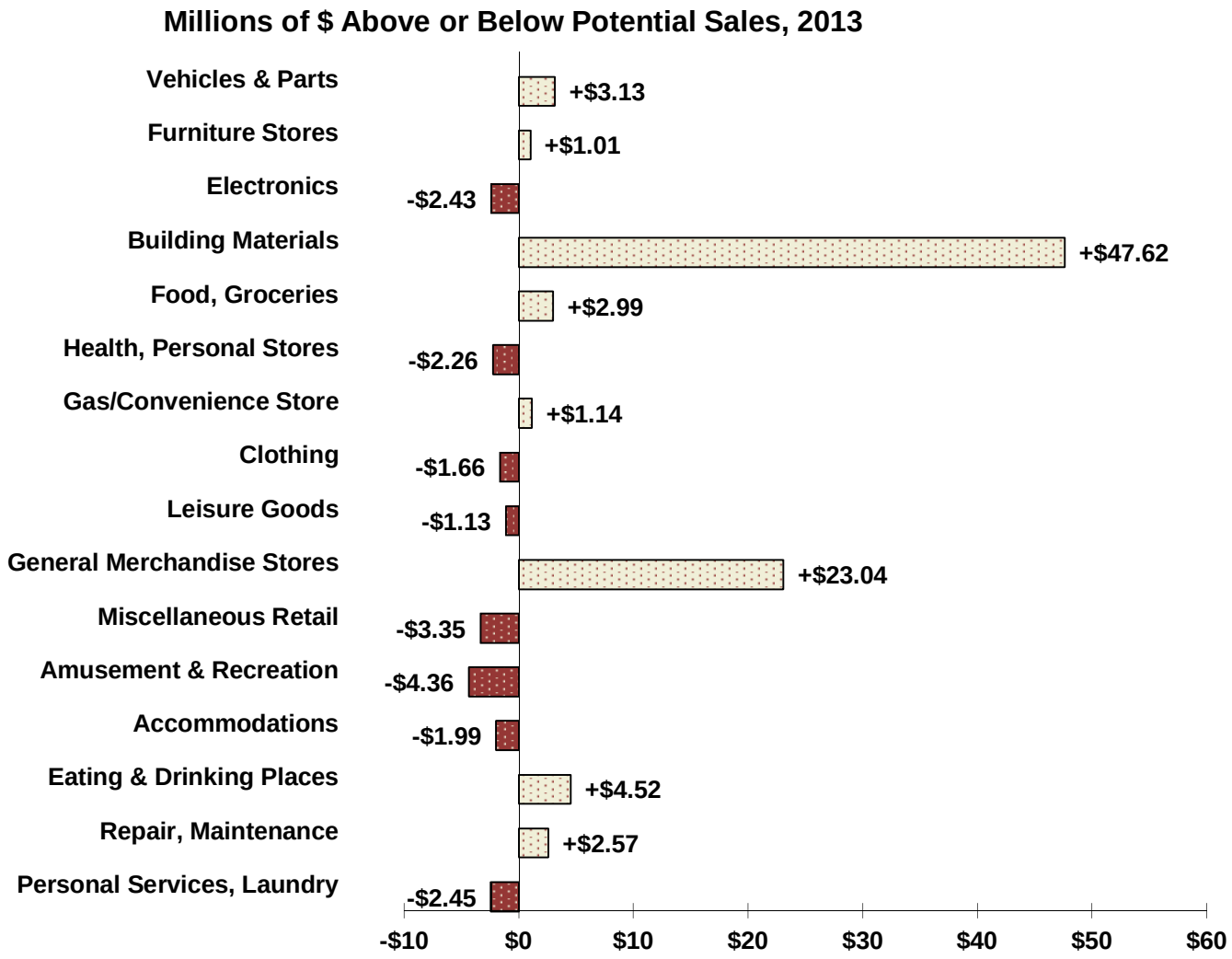
Percentage Above or Below Potential Sales, 2013



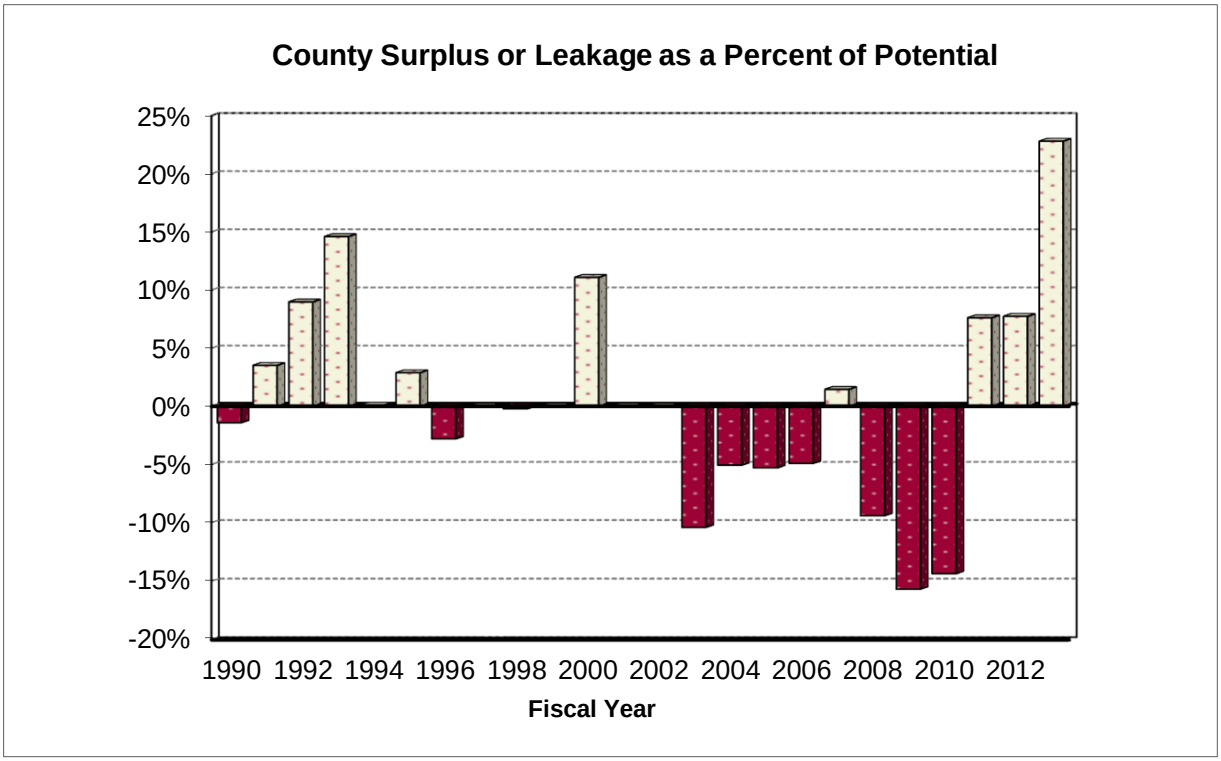
Lyon County Retail Trade Performance in Dollars

The chart below depicts the dollar amount Lyon County's actual sales were above or below potential sales in 2013 by merchandise group. Of the 16 merchandise categories with reported data, sales in 8 of the categories were above the calculated potential. The strongest merchandise group by this standard is the Building Materials category, which has a $47.6 million surplus. Overall, Lyon County had a retail sales surplus of $43.2 million in 2013.

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, management, marketing, and transportation patterns are just a few factors that 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.



Lyon 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	24,789	0.83	$90.9	$89.6	-$1.3	-1.4%	-352
1991	24,663	0.84	$91.0	$94.2	$3.2	+3.5%	+866
1992	24,641	0.86	$102.0	$111.2	$9.2	+9.0%	+2,210
1993	24,765	0.83	$103.0	$118.1	$15.0	+14.6%	+3,614
1994	24,960	0.86	$117.4	$117.5	$0.1	+0.1%	+25
1995	24,925	0.83	$118.1	$121.5	$3.4	+2.9%	+717
1996	24,605	0.89	$147.4	$143.3	-$4.1	-2.8%	-691
1997	24,444	0.86	NA	NA	NA	NA	NA
1998	24,398	0.88	$148.7	$148.4	-$0.3	-0.2%	-55
1999	24,256	0.87	NA	NA	NA	NA	NA
2000	25,425	0.81	$156.3	$173.7	$17.3	+11.1%	+2,817
2001	25,407	0.82	NA	NA	NA	NA	NA
2002	25,118	0.83	NA	NA	NA	NA	NA
2003	24,819	0.82	$181.9	$163.0	-$18.9	-10.4%	-2,583
2004	24,703	0.83	$189.0	$179.5	-$9.6	-5.1%	-1,251
2005	24,472	0.86	$200.4	$189.8	-$10.6	-5.3%	-1,296
2006	24,640	0.83	$197.4	$187.7	-$9.7	-4.9%	-1,209
2007	24,695	0.84	$201.2	$204.1	$2.9	+1.4%	+357
2008	24,844	0.89	$211.1	$191.2	-$19.9	-9.4%	-2,338
2009	25,074	0.91	$204.9	$172.8	-$32.1	-15.7%	-3,932
2010	25,865	0.90	$209.8	$179.6	-$30.1	-14.4%	-3,714
2011	25,951	0.90	$218.0	$234.6	$16.6	+7.6%	+1,974
2012	25,667	0.87	$214.8	$231.4	$16.6	+7.7%	+1,984
2013	25,648	0.86	$189.4	$232.6	$43.2	+22.8%	+5,847

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

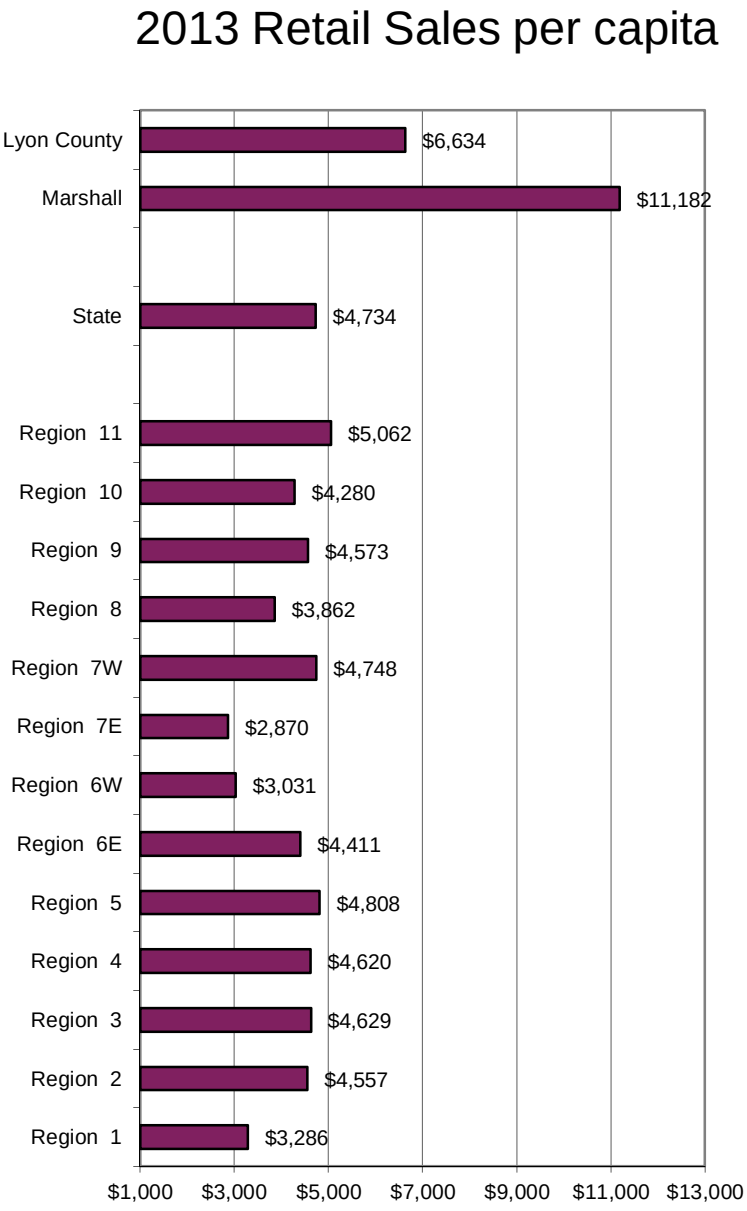
2013

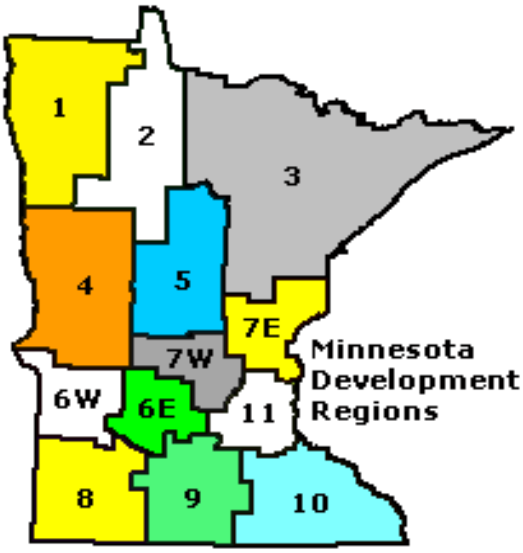
Threshold level refers to the number of *people per business*, which can be used as a general guide for determining the "critical mass" necessary to support a business. These are broad averages for the state as a whole and do not reflect differences in income, tourism, agglomeration, establishment, etc. 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.

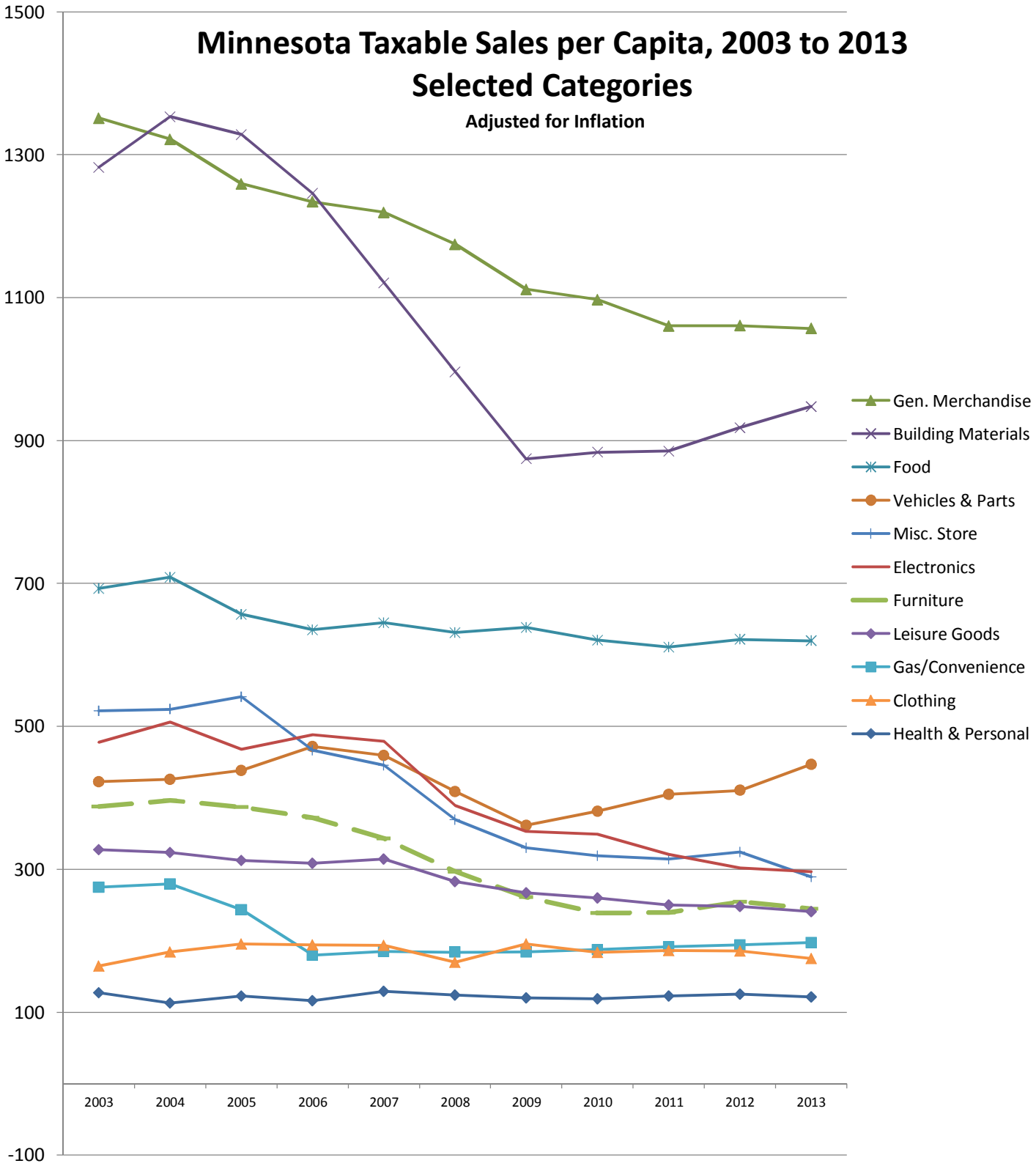
Business Activity / Store Type	*People Per Business*		*Sales Per Capita*		
NAICS	State	Non-Metro	State	Non-Metro	Marshall
RETAIL TRADE					
441 Vehicles, Parts	1,970	1,421	$447.06	$448.88	$823.15
442 Furniture Stores	3,018	2,889	$244.64	$166.36	$435.57
443 Electronics	3,915	4,011	$296.62	$185.89	$240.98
444 Building Materials	2,687	1,801	$947.91	$1,029.43	$4,733.69
445 Food and Beverage Stores	1,567	1,383	$619.84	$514.84	$881.97
446 Health, Personal Stores	3,304	3,484	$121.18	$78.90	$25.42
447 Gas/Conveniene Stores	2,634	1,941	$197.28	$238.05	$208.99
448 Clothing & Accessory Stores	1,573	1,788	$175.11	$87.18	$158.68
451 Leisure Goods	1,470	1,307	$240.57	$173.38	$262.59
452 General Merchandise	4,939	3,655	$1,056.87	$1,119.90	$3,223.55
453 Miscellaneous Merchandise	480	407	$289.40	$209.26	$178.37
454 Non-store Retail	973	930	$98.26	$91.02	$8.64
Retail Total			$4,734.73	$4,343.10	$11,181.61
INFORMATION					
511 Publishing Industry	10,520	13,335	$3.88	$1.41	
512 Movie & Recording Industry	11,907	21,452	$32.92	$21.12	
515 Broadcasting	45,149	30,085	$12.07	$7.55	
516 Info -Internet Publ/Brcst	235,558	205,579	$0.02	$0.00	
517 Telecommunications	9,472	8,906	$351.37	$241.20	
518 Internet Service	12,341	23,721	$15.96	$1.48	
519 Other Information Services	4,907	5,129	$96.02	$39.98	
FINANCE AND INSURANCE					
522 Credit Intermediation	8,400	6,632	$27.47	$6.96	
523 Securities, Commodities	22,114	41,813	$2.07	$0.53	
524 Insurance Carriers	10,967	15,614	$1.05	$0.78	
525 Funds, Trusts	180,595	189,766	$0.42	$0.60	
REAL ESTATE AND RENTAL AND LEASING					
531 Real Estate	2,850	3,644	$33.11	$26.23	
532 Rental, Leasing Services	3,706	3,534	$152.45	$59.97	
533 Lessors Nonfinancial Assets	416,757	308,369	$0.42	$0.77	
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES					
541 Prof, Scientific, Technical Services	492	736	$169.71	$73.98	
551 Mgmt Of Companies	26,821	50,346	$29.88	$4.55	
ADMINISTRATIVE & SUPPORT; WASTE MGMT & REMEDIATION SVCS					
561 Admin, Support Services	568	594	$263.07	$132.24	
562 Waste Mgmt, Remediation	13,647	9,599	$1.59	$1.27	
EDUCATIONAL SVCS; HEALTH & SOCIAL ASSISTANCE					
611 Educational Services	4,463	4,726	$17.11	$16.02	
621 Health -Ambulatory Care	1,090	1,342	$15.78	$10.37	
622 Health -Hospitals	36,361	24,919	$14.70	$14.54	
623 Health -Nursing,Residential Care	11,454	8,626	$2.59	$2.70	
624 Health -Social Assistance	12,369	12,523	$3.13	$4.20	
ARTS, ENTERTAINMENT & RECREATION					
711 Performing Art, Spectator Sports	2,519	2,926	$65.12	$11.70	
712 Museums, Historical Sites	30,959	20,558	$3.91	$1.34	
713 Amusement, Gambling, Recr	2,378	1,906	$291.38	$137.81	$107.61
ACCOMMODATION & FOOD SERVICES					
721 Accommodation	2,146	1,193	$349.88	$335.54	$406.46
722 Food Services, Drinking Places	483	461	$1,433.26	$1,071.90	$2,205.06
OTHER SERVICES					
811 Repair, Maintenance	624	448	$243.40	$255.44	$277.13
812 Personal, Laundry Service	632	552	$145.10	$51.75	$39.92
813 Religious, Civic, Professional Orgs	2,634	2,138	$32.37	$36.28	
814 Private Households	83,351	102,790	$0.17	$0.12	
921 Exec., Legisla., Other Govt	7,341	4,275	$71.22	$72.18	
TOTAL RETAIL AND SERVICES			$8,617.31	$7,104.90	

Compare the Community to the Region
Marshall and Lyon 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, clothing, food stores, electronics, convenience stores, leisure goods, health stores, furniture, general merchandise, non-store retail, and miscellaneous stores.






Minnesota Taxable Sales per Capita, 2003 to 2013
Selected Categories
Adjusted for Inflation
1500
1300
1100
900
700
500
300
100
-100
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
Gen. Merchandise
Building Materials
Food
Vehicles & Parts
Misc. Store
Electronics
Furniture
Leisure Goods
Gas/Convenience
Clothing
Health & Personal

Data Sources and Definitions

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 population. 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 biannually due to budget constraints. This analysis uses the available reports from 1990-1996, 1998, 2000, and 2003 through 2013. The reports interpolate data for the years in which data are not available. See http://www.revenue.state.mn.us/research_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx . The income data in this report are obtained from reports by Bureau of Economic Analysis (BEA). (See http://www.bea.gov/iTable/index_regional.cfm) Population data after 2009 are derived from the state demographic center. (See http://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/index.jsp)

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.revenue.state.mn.us/Forms_and_Instructions/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 though 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 reports for 2006 and 2007 use 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 and 2007 reports were based on when returns were processed. Starting in 2008, the reports are again based on the calendar year when the sales occurred.

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

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.

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 ÷ $10,000). The interpretation is that the city is selling to 200 percent of the city population. Worth noting that local consumption patterns or local average prices may skew pull factors. As example, a city may not have enough people willing to buy $35 steak dinners to support restaurants that typically carry expensive selections.

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).

Index of Income

This index provides a measure of income, relative to the state, which is 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 city would achieve if it were performing on par with Minnesota cities 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 x $9,000 x 1.30 x 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.

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.

Calculating Expected Sales Using Comparisons with Other Rural Cities

Beginning in the middle of 2013, Retail Trade Analysis reports for cities outside of the 7-county Twin Cities area contained new Rural Community Trade Area Analysis pages. The earlier paragraph of how Expected Sales are calculated explained that a typical pull factor of similar-sized cities was used in the formula. These new pages for rural communities only use similar cities that meet the following three criteria: 1) within approximately 30% of similar population; 2) located outside of the 7-county metro area; 3) have a similar location on the trade-center hierarchy scale. Cities with a similar trade center hierarchy have a history of similar total taxable retail and service sales. This method will keep the pull factors from metro cities like Mendota Heights and Little Canada being used in calculations for rural cities like Fairmont and Grand Rapids. More information on trade center hierarchy can be found in the article *Trade-Center Hierarchy in Greater Minnesota* authored by Craig and Schwartau at http://www.cura.umn.edu/publications/catalog/reporter-41-3-4-2. This article noted there was little relative movement in any one city's hierarchy ranking with just a few exceptions where dramatic economic changes occurred.

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 retail categories are placed into the miscellaneous category and are included in total sales. The sales for suppressed service categories are placed into the NAICS 999 category and are not 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 city. Whenever misreporting is discovered, contacts are made by 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 2002 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 2002 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.