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2014 Retail Trade Analysis City of Willmar and Kandiyohi County

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

Authored by Ryan Pesch, University of Minnesota Extension Educator



PROGRAM SPONSORS: KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION

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March 17, 2017

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EXECUTIVE SUMMARY

Retail Trade Analysis for Willmar, MN

VERY STRONG IN RETAIL CATEGORIES

The Minnesota Department of Revenue releases sales tax information each spring for the year that ended about 14 months earlier. The latest information indicates that Willmar's taxable retail and service sales increased 7.4% between 2007 and 2014, reaching an estimated total of \$318 million. The graph on the right shows the trend in constant gross and taxable sales since 2003.

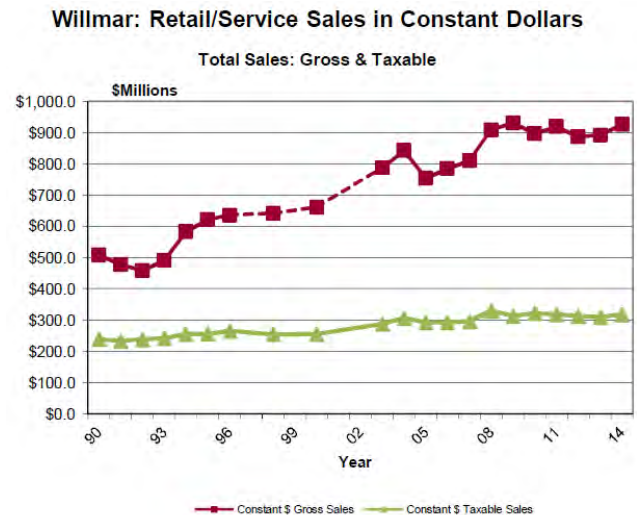
The building materials stores have had remarkable growth since 2011. These stores sold \$74 million in taxable sales in 2014, 23% of all of the taxable sales in the available retail report categories. That is over \$11 million greater than 2011.

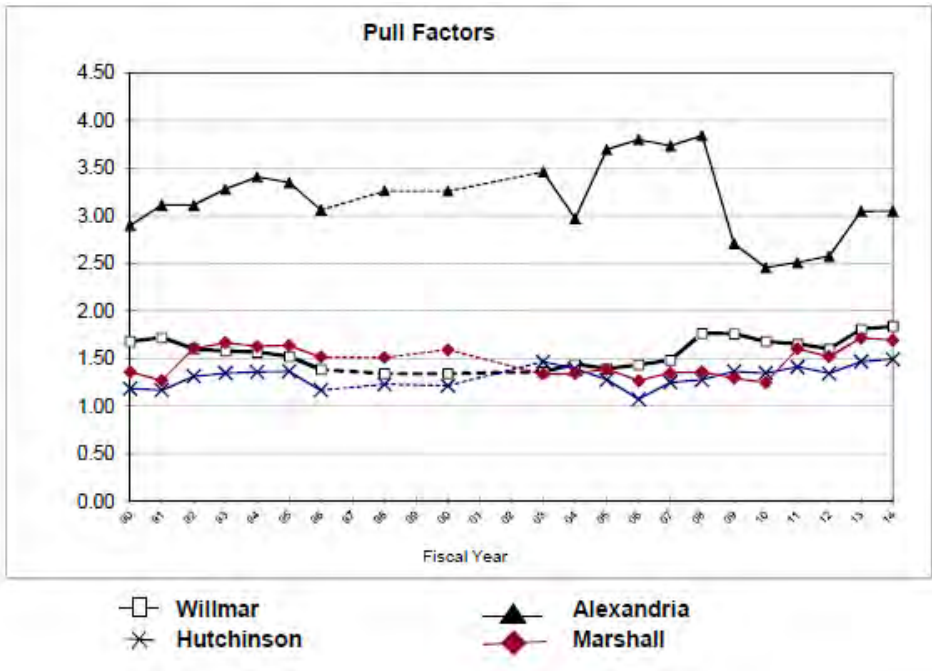
Two business categories realized a large percentage growth. Health and personal stores reported a 28.14% increase in taxable sales and accommodations reported over a 19% increase in sales between 2011 and 2014.

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.

Willmar is a regional retail center. Willmar's pull factor was 1.84 in 2014, which indicates that Willmar is pulling people in from the surrounding area. Willmar has a similar pull factor to other regional centers in rural Minnesota.

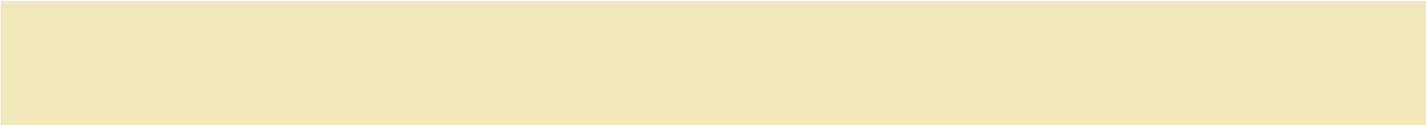




THE BOTTOM LINE

Willmar and Kandiyohi County have businesses that pull people in from the surrounding area. The sales and pull factor have continued to increase each year. Building materials, accommodations, and eating-places reported large sales increases in 2014.

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 includes an analysis for the City of Willmar and then for Kandiyohi County. The report is also useful for exploring expansion opportunities.



Willmar Retail Trade Overview

Total Taxable and Gross Retail Sales

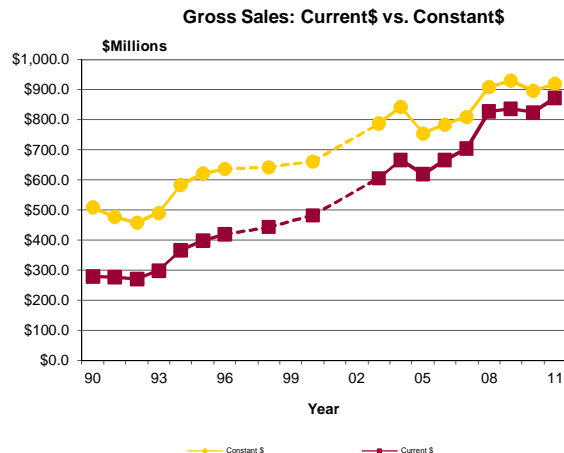
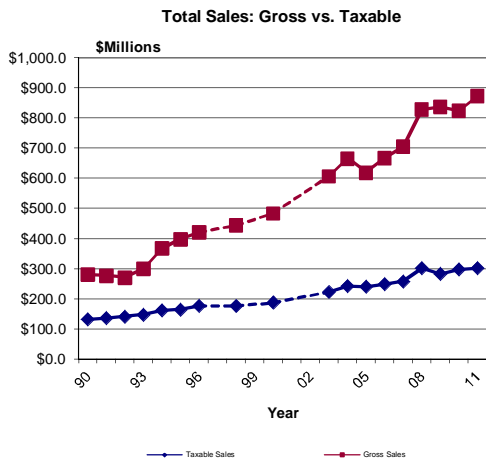
The table below presents gross and taxable retail and services sales for Willmar from 1990 through 2011. Without inflation adjustments, taxable sales in Willmar increased 24.4 percent from 2004 to 2011, while the number of firms fell 0 percent. Statewide, taxable sales increased 5.4 percent over the same time period and the number of firms rose 0.3 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 2011 dollars. These figures have been adjusted for inflation to reflect their value in 2011. For example, in 1990, taxable sales in Willmar totaled \$131.62 million, an amount worth \$239.31 million in 2011 dollars. In constant dollars, gross sales grew 9.1 percent between 2004 and 2011. Constant dollar taxable sales increased 3.4 percent over the same time period.

Year	Estimated Population	Current Dollars		Constant 2011 Dollars		Number of Firms	Per Capita Sales	Pull Factor	
		Gross Sales* (\$millions)	Taxable Sales (\$millions)	Gross Sales* (\$millions)	Taxable Sales (\$millions)				
1990	17,842	\$279.91	\$131.62	\$508.92	\$239.31	583	\$7,377	1.68	
1991	17,974	\$276.99	\$135.38	\$477.56	\$233.42	588	\$7,532	1.72	
1992	18,209	\$270.69	\$140.74	\$458.79	\$238.54	583	\$7,729	1.60	
1993	18,522	\$299.68	\$147.10	\$491.28	\$241.14	581	\$7,942	1.58	
1994	18,756	\$367.47	\$160.73	\$583.29	\$255.12	593	\$8,569	1.57	
1995	18,905	\$398.29	\$164.07	\$622.33	\$256.35	569	\$8,678	1.52	
1996	18,971	\$419.93	\$175.68	\$636.26	\$266.18	564	\$9,260	1.38	
1997	18,910	NA	NA	NA	NA	NA	\$0	NA	
1998	18,870	\$443.57	\$175.70	\$642.85	\$254.64	540	\$9,311	1.34	
1999	18,794	NA	NA	NA	NA	NA	\$0	NA	
2000	18,351	\$483.03	\$186.84	\$661.68	\$255.95	517	\$10,182	1.34	
2001	18,419	NA	NA	NA	NA	NA	\$0	NA	
2002	18,227	NA	NA	NA	NA	NA	\$0	NA	
2003	18,303	\$606.60	\$222.03	\$787.79	\$288.35	470	\$12,131	1.36	
2004	18,205	\$666.08	\$242.62	\$843.14	\$307.11	491	\$13,327	1.44	
2005	18,163	\$619.14	\$240.33	\$755.04	\$293.08	485	\$13,232	1.39	
2006	18,067	\$667.18	\$248.42	\$784.92	\$292.26	478	\$13,750	1.43	
2007	17,877	\$705.04	\$257.72	\$810.39	\$296.23	499	\$14,416	1.48	
2008	17,874	\$827.94	\$301.06	\$909.82	\$330.84	503	\$16,843	1.76	
2009	17,907	\$837.64	\$282.03	\$930.71	\$313.37	508	\$15,750	1.76	
2010	19,610	\$825.21	\$296.77	\$896.97	\$322.58	503	\$15,134	1.68	
2011	19,600	\$873.55	\$301.75	\$919.53	\$317.63	491	\$15,395	1.65	
7 yr Change '04 to '11		7.7%	31.1%	24.4%	9.1%	3.4%	0.0%	15.5%	14.7%
3 yr Change '08 to '11		9.7%	5.5%	0.2%	1.1%	-4.0%	-2.4%	-8.6%	-6.3%

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

Willmar: Retail/Service Sales in Constant Dollars



Willmar Retail Trade Overview

Total Taxable and Gross Retail Sales

The table below presents gross and taxable retail and services sales for Willmar from 2003 through 2014. Without inflation adjustments, taxable sales in Willmar increased 23.5 percent from 2007 to 2014, while the number of firms rose 3.8 percent. Statewide, taxable sales decreased 5.2 percent over the same time period and the number of firms fell 8.8 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

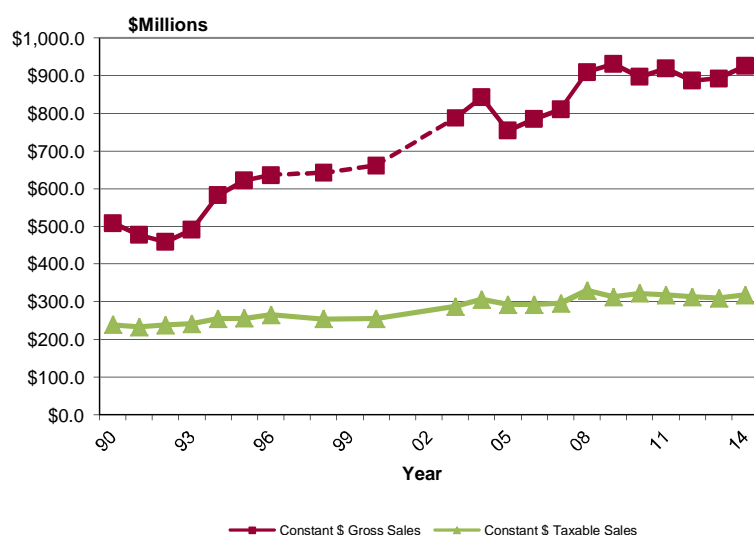
The table also presents sales data in constant 2014 dollars. These figures have been adjusted for inflation to reflect their value in 2014. For example, in 2003, taxable sales in Willmar totaled \$222.03 million, an amount worth \$288.35 million in 2014 dollars. In constant dollars, gross sales grew 14.3 percent between 2007 and 2014. Constant dollar taxable sales increased 7.4 percent over the same time period.

Year	Estimated Population	Current Dollars		Constant 2014 Dollars		Number of Firms	Per Capita Sales	Pull Factor
		Gross Sales* (\$millions)	Taxable Sales (\$millions)	Gross Sales* (\$millions)	Taxable Sales (\$millions)			
2003	18,303	\$606.60	\$222.03	\$787.79	\$288.35	470	\$12,131	1.36
2004	18,205	\$666.08	\$242.62	\$843.14	\$307.11	491	\$13,327	1.44
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2010	19,610	\$825.21	\$296.77	\$896.97	\$322.58	503	\$15,134	1.68
2011	19,600	\$873.55	\$301.75	\$919.53	\$317.63	491	\$15,395	1.65
2012	19,694	\$860.88	\$304.16	\$887.51	\$313.57	476	\$15,444	1.60
2013	19,717	\$883.88	\$306.95	\$892.81	\$310.05	482	\$15,568	1.81
2014	19,731	\$926.13	\$318.30	\$926.13	\$318.30	480	\$16,132	1.84
7 yr Change '07 to '14	10.4%	31.4%	23.5%	↓ 14.3%	7.4%	-3.8%	11.9%	23.9%
3 yr Change '11 to '14	0.7%	6.0%	5.5%	0.7%	0.2%	-2.2%	4.8%	11.3%

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

Willmar: Retail/Service Sales in Constant Dollars

Total Sales: Gross & Taxable

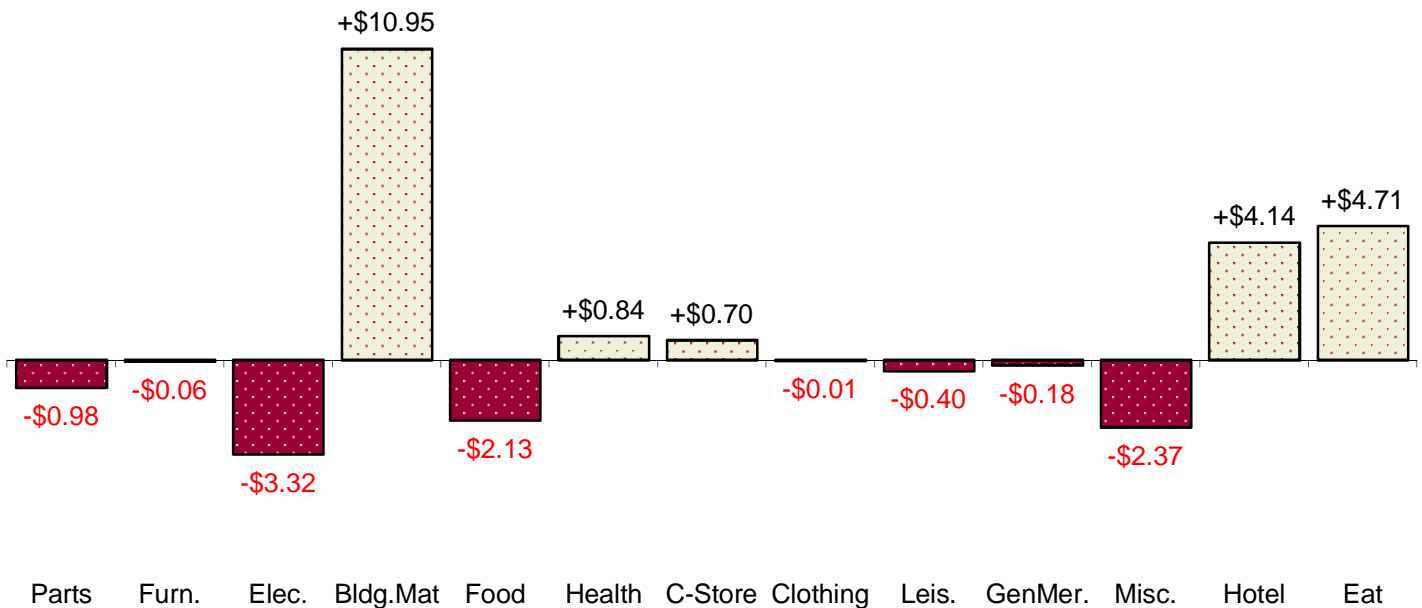


Willmar Selected Components of Change*, 2011 to 2014

Selected Categories	Taxable Sales 2011	Taxable Sales 2014	Dollar Change	Percent Change
Vehicles & Parts	\$15,341,803	\$14,359,466	-\$982,337	-6.40%
Furniture Stores	\$10,780,950	\$10,721,076	-\$59,874	-0.56%
Electronics	\$16,247,381	\$12,931,899	-\$3,315,482	-20.41%
Building Materials	\$63,082,100	\$74,034,532	+\$10,952,432	+17.36%
Food, Groceries	\$21,920,434	\$19,786,186	-\$2,134,248	-9.74%
Health, Personal Stores	\$2,977,485	\$3,815,362	+\$837,877	+28.14%
Gas/Convenience Stores	\$4,714,157	\$5,412,828	+\$698,671	+14.82%
Clothing	\$3,246,989	\$3,241,118	-\$5,871	-0.18%
Leisure Goods	\$3,615,481	\$3,219,891	-\$395,590	-10.94%
General Merchandise Stores	\$60,972,889	\$60,791,881	-\$181,008	-0.30%
Miscellaneous Retail	\$13,747,608	\$11,382,034	-\$2,365,574	-17.21%
Accommodations	\$21,747,857	\$25,887,690	+\$4,139,833	+19.04%
Eating & Drinking	+\$29,490,144	+\$34,204,687	+\$4,714,543	+15.99%
Total Retail and Services Sales	\$301,747,319	\$318,296,093	+\$16,548,774	+5.48%

* Figures not adjusted for inflation.

Taxable Sales Changes by Category (in Millions) 2011 to 2014



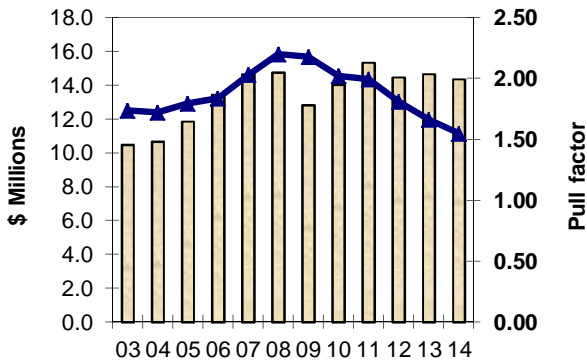
Recent Trends By Merchandise Category

Willmar

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



Vehicles & Parts

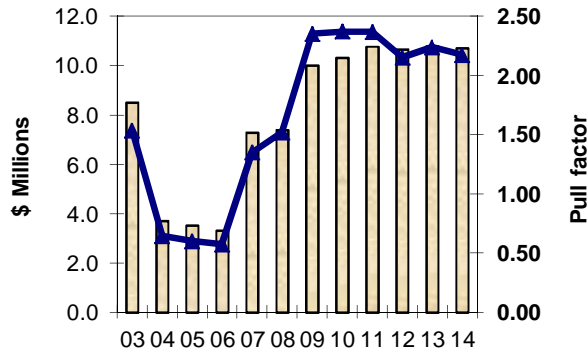


4.5% of Willmar's taxable sales in 2014

Sales per capita are \$728

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. On-road vehicle sellers do not collect sales tax but rather Motor Vehicle Tax. Sales tax is collected on boats, snowmobiles, dirt bikes, ATVs, and parts.

Furniture

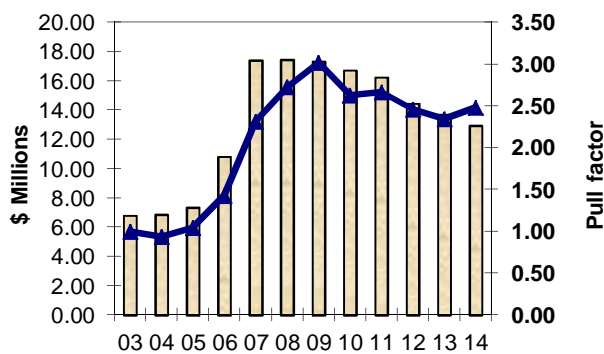


3.4% of Willmar's taxable sales in 2014

Sales per capita are \$543

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



4.1% of Willmar's taxable sales in 2014

Sales per capita are \$655

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

Willmar

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

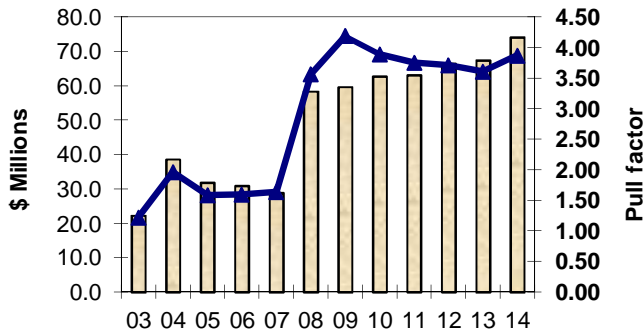


Building Materials

23.3% of Willmar's taxable sales in 2014

Sales per capita are \$3752

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.

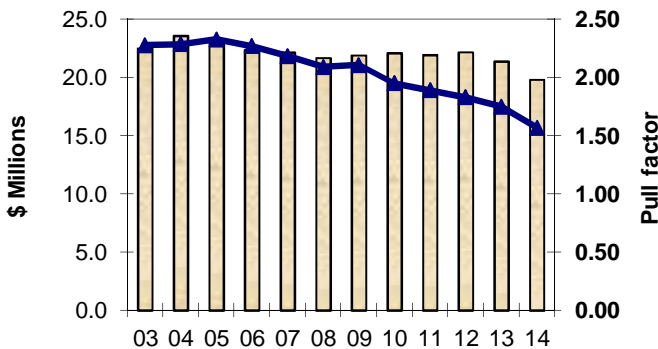


Groceries & Beverage Stores

6.2% of Willmar's taxable sales in 2014

Sales per capita are \$1003

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.

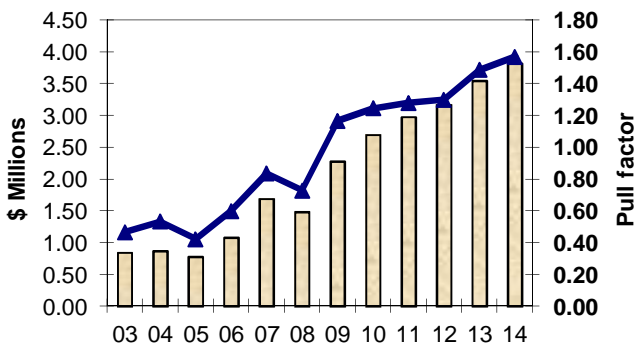


Health, Pharmacy, Optical

1.2% of Willmar's taxable sales in 2014

Sales per capita are \$193

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,

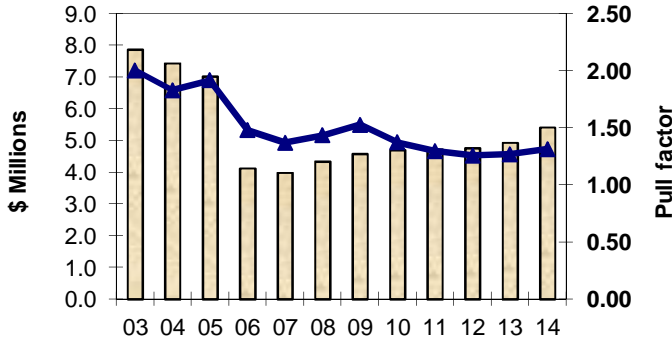


Recent Trends By Merchandise Category

Willmar



Gas/Convenience Stores



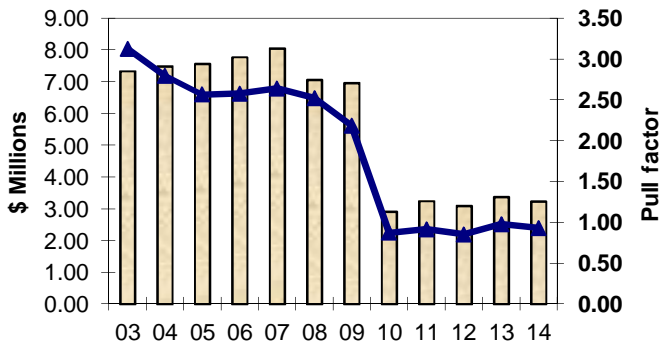
This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

1.7% of Willmar's taxable sales in 2014

Sales per capita are \$274

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

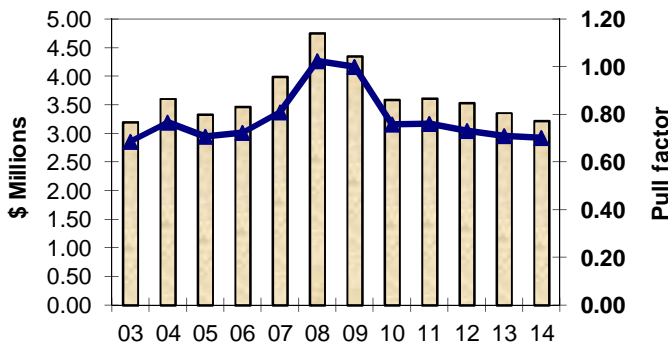


1.0% of Willmar's taxable sales in 2014

Sales per capita are \$164

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



1.0% of Willmar's taxable sales in 2014

Sales per capita are \$163

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.

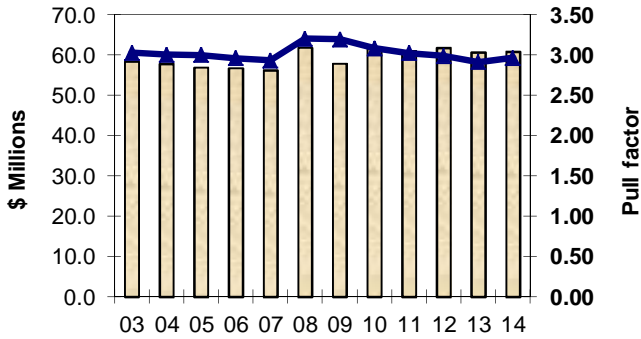
Recent Trends By Merchandise Category

Willmar

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General Merchandise Stores

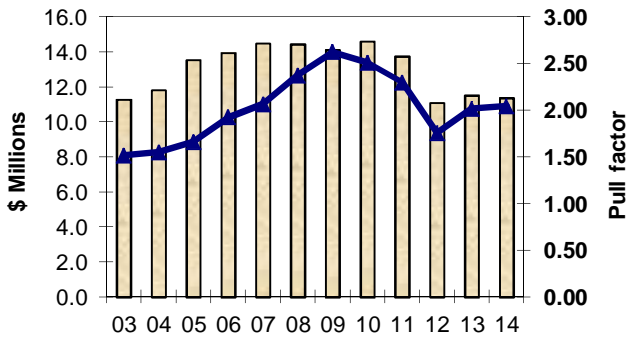


19.1% of Willmar's taxable sales in 2014

Sales per capita are \$3081

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

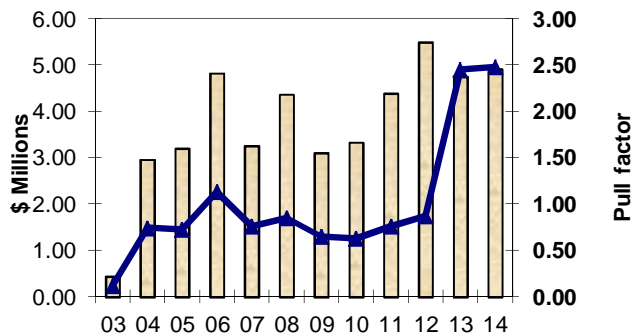


3.6% of Willmar's taxable sales in 2014

Sales per capita are \$577

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



1.8% of Willmar's taxable sales in 2014

Sales per capita are \$249

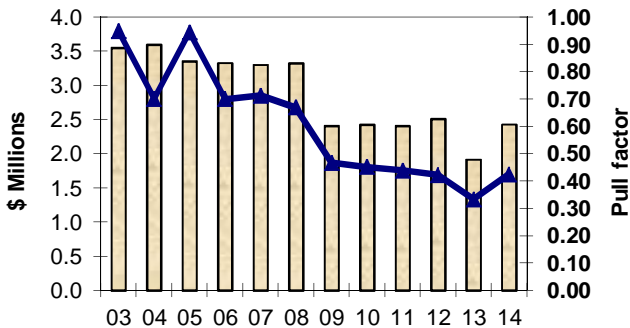
Mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stands (except food). Establishments engage in direct sale (nonstore) of products, such as home heating oil dealers and newspaper delivery are included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

Recent Trends By Merchandise Category

Willmar



Amusement



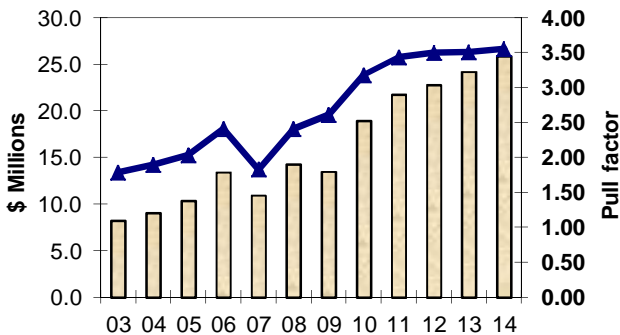
This page looks at several merchandise or service categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

0.8% of Willmar's taxable sales in 2014

Sales per capita are \$97

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

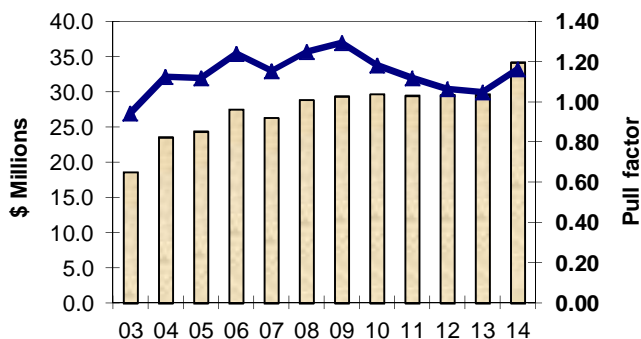


8.1% of Willmar's taxable sales in 2014

Sales per capita are \$1228

These businesses 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



10.7% of Willmar's taxable sales in 2014

Sales per capita are \$1504

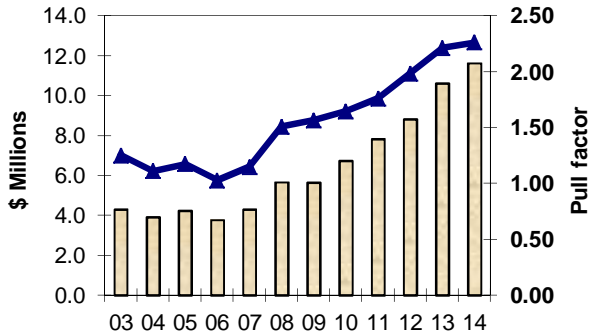
These businesses sell food at full-service or limited-service establishments. It includes cafeterias, bagel shops, ice cream parlors, snack bars, food service contractors, caterers, lunch wagons, and street vendors. It also includes bars, taverns, and nightclubs.

Recent Trends By Merchandise Category

Willmar



Repair Businesses



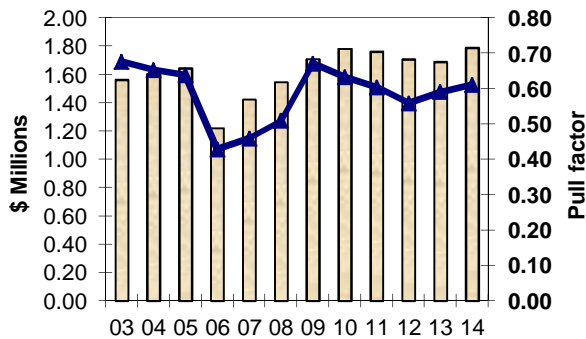
This page looks at several categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

3.7% of Willmar's taxable sales in 2014

Sales per capita are \$538

*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



0.6% of Willmar's taxable sales in 2014

Sales per capita are \$86

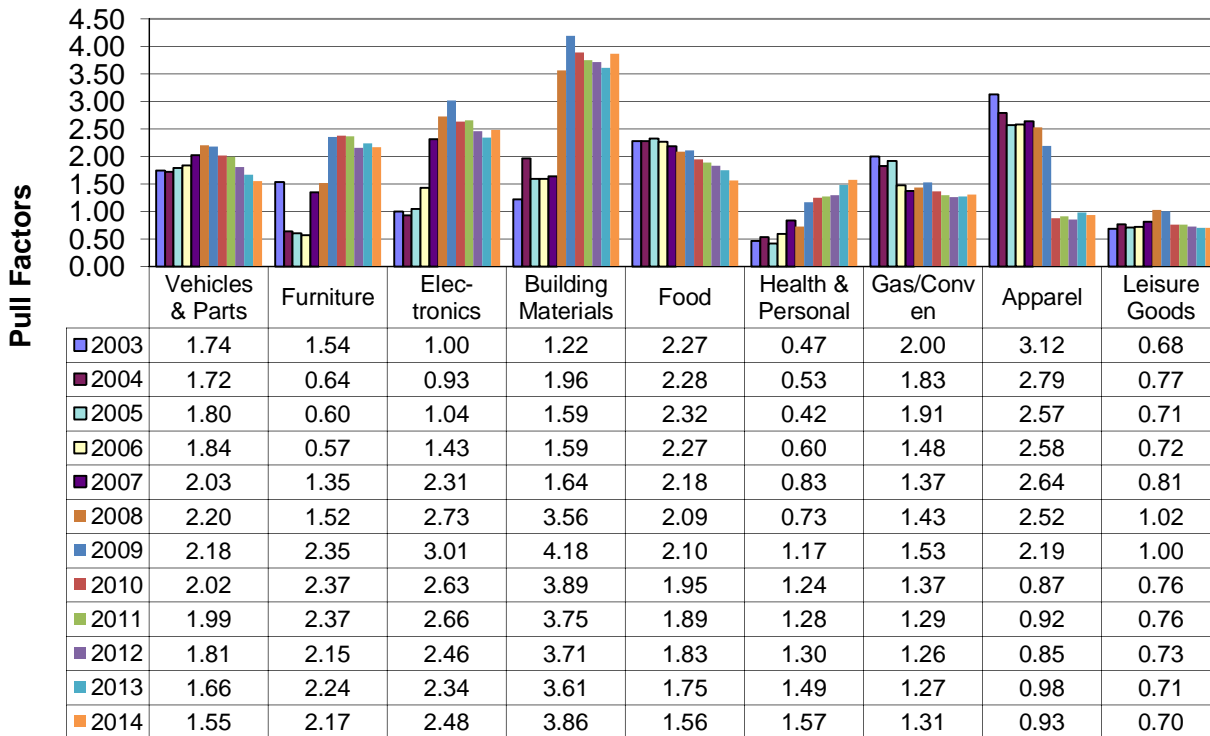
Services performed include: personal care services; barber shops & beauty parlors; death care services; laundry and drycleaning services; and a wide range of other personal services, such as pet care (except veterinary) services, photofinishing services, temporary parking services, and dating services.

Recent Trends By Merchandise Category

Willmar

The following tables and charts depict pull factors in Willmar from 2003 to 2014* 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, snowmobiles, 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.

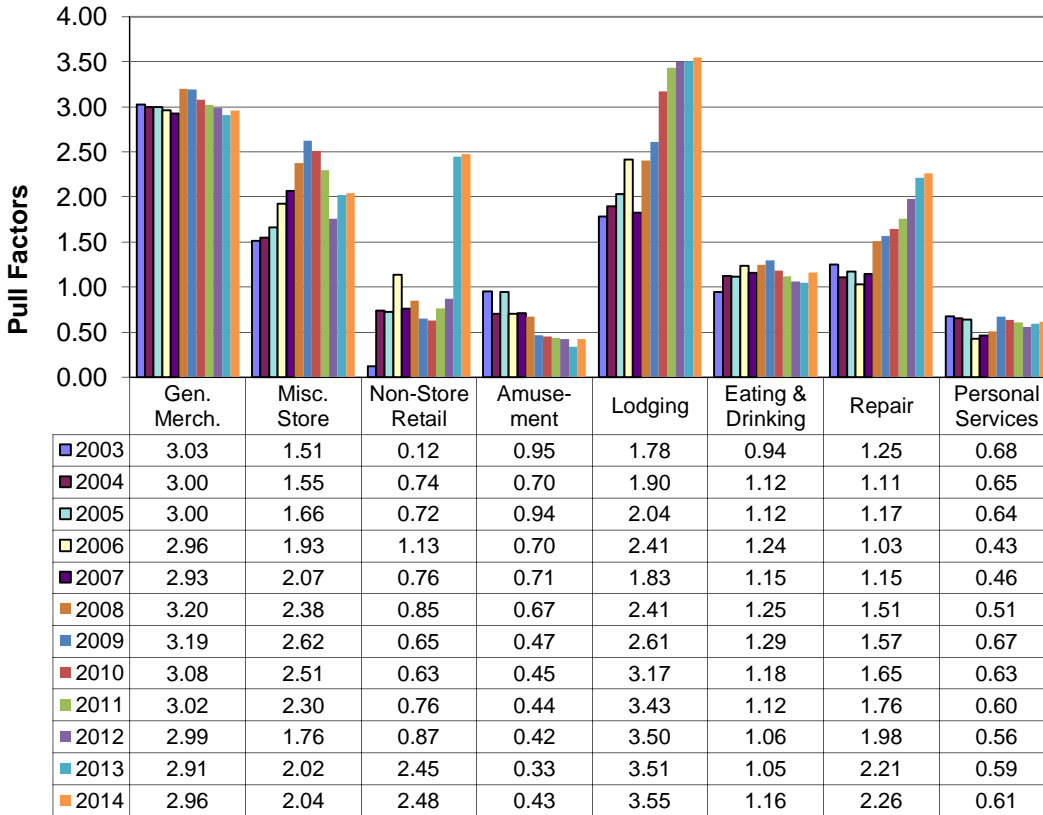
*Caution should be used when comparing pull factors before 2003 to those in later years due to how businesses are classified.

Recent Trends By Merchandise Category

Willmar

The following tables and charts depict pull factors in Willmar from 2003 to 2014* 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. (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,

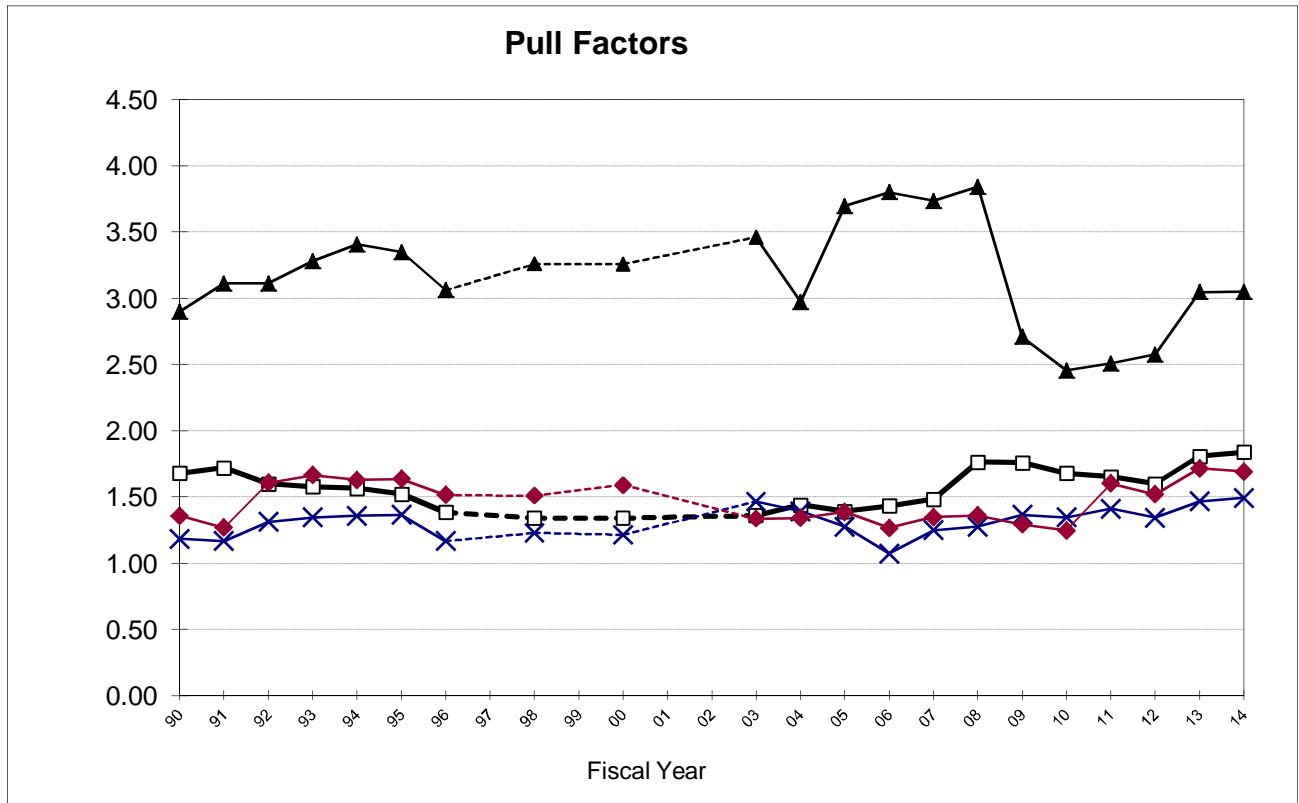
Repair: Businesses that return items to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

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

Willmar



Willmar
 Alexandria
 Hutchinson
 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, 2014

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Willmar	19,731	\$926.13	\$318.30	480	\$16,132	1.84
Alexandria	13,182	\$807.43	\$352.74	570	\$26,759	3.05
Hutchinson	14,124	\$415.33	\$185.08	332	\$13,104	1.49
Marshall	13,719	\$462.99	\$203.66	366	\$14,845	1.69

Trade Area Analysis of Retail Sales

Willmar

The following tables provide information on retail sales by selected merchandise categories. "Expected sales" is a standard to which actual performance is compared. In calculating expected sales, population, income, and typical "pulling power" characteristics 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, 2014

Merchandise Group	<u>Variance Between Actual & Expected</u>				Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
	Expected Sales (\$millions)	Actual Sales (\$millions)	In Dollars (millions)	As % of Expected			
Vehicles & Parts	\$8.84	\$14.36	+\$5.52	+62.4%	12,320	15	4.5%
Furniture Stores	\$2.41	\$10.72	+\$8.31	+344.6%	67,985	10	3.4%
Electronics	\$1.86	\$12.93	+\$11.07	+594.6%	117,324	10	4.1%
Building Materials	\$28.01	\$74.03	+\$46.03	+164.3%	32,424	13	23.3%
Food, Groceries	\$10.59	\$19.79	+\$9.20	+86.9%	17,146	15	6.2%
Health, Personal Stores	\$2.33	\$3.82	+\$1.49	+63.8%	12,579	14	1.2%
Gas/Convenience Stores	\$4.23	\$5.41	+\$1.18	+27.9%	5,509	11	1.7%
Clothing	\$0.79	\$3.24	+\$2.45	+308.0%	60,765	23	1.0%
Leisure Goods	\$1.56	\$3.22	+\$1.66	+106.4%	20,984	13	1.0%
General Merchandise Stores	\$32.67	\$60.79	+\$28.12	+86.1%	16,980	9	19.1%
Miscellaneous Retail	\$13.51	\$11.38	-\$2.13	-15.8%	-3,109	36	3.6%
Amusement & Recreation	\$2.48	\$2.43	-\$0.05	-2.0%	-386	14	0.8%
Accommodations	\$6.04	\$25.89	+\$19.85	+328.5%	64,820	13	8.1%
Eating & Drinking Places	\$23.14	\$34.20	+\$11.06	+47.8%	9,431	53	10.7%
Repair, Maintenance	\$4.17	\$11.63	+\$7.46	+179.1%	35,338	37	3.7%
Personal Services, Laundry	\$1.29	\$1.79	+\$0.50	+38.8%	7,663	38	0.6%
Total Taxable Retail & Service*	\$126.77	\$318.30	+\$191.53	+151.1%	29,811	480	100.0%

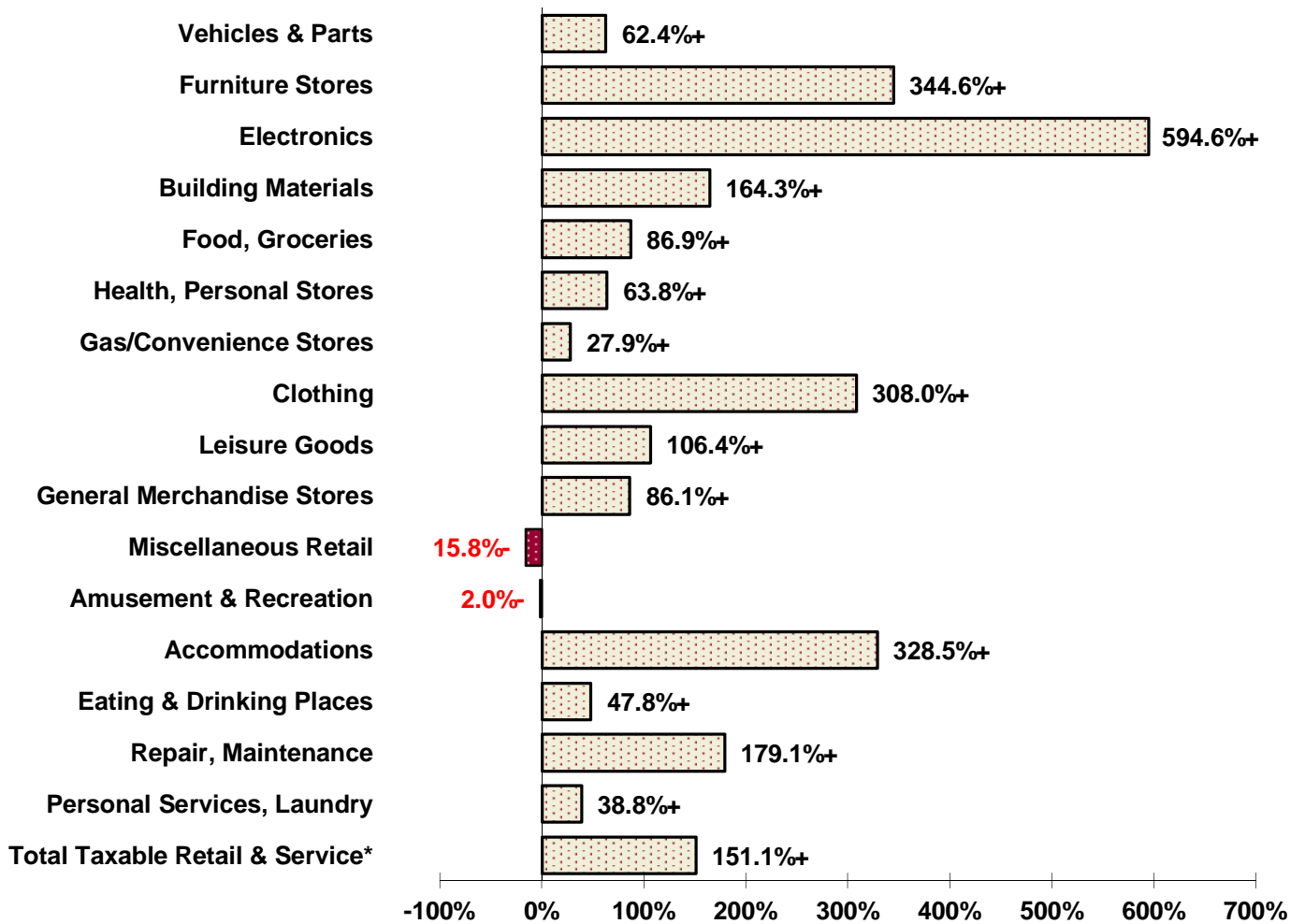
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Willmar Retail Trade Performance in Percentages

The chart below depicts the percentage amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 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 Electronics category, which has a 594.6 percent surplus. Overall, Willmar had a retail sales surplus of 151.1 percent in 2014.

It is important to note that variations in a town'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.

Percentage Above or Below Expected Sales, 2014

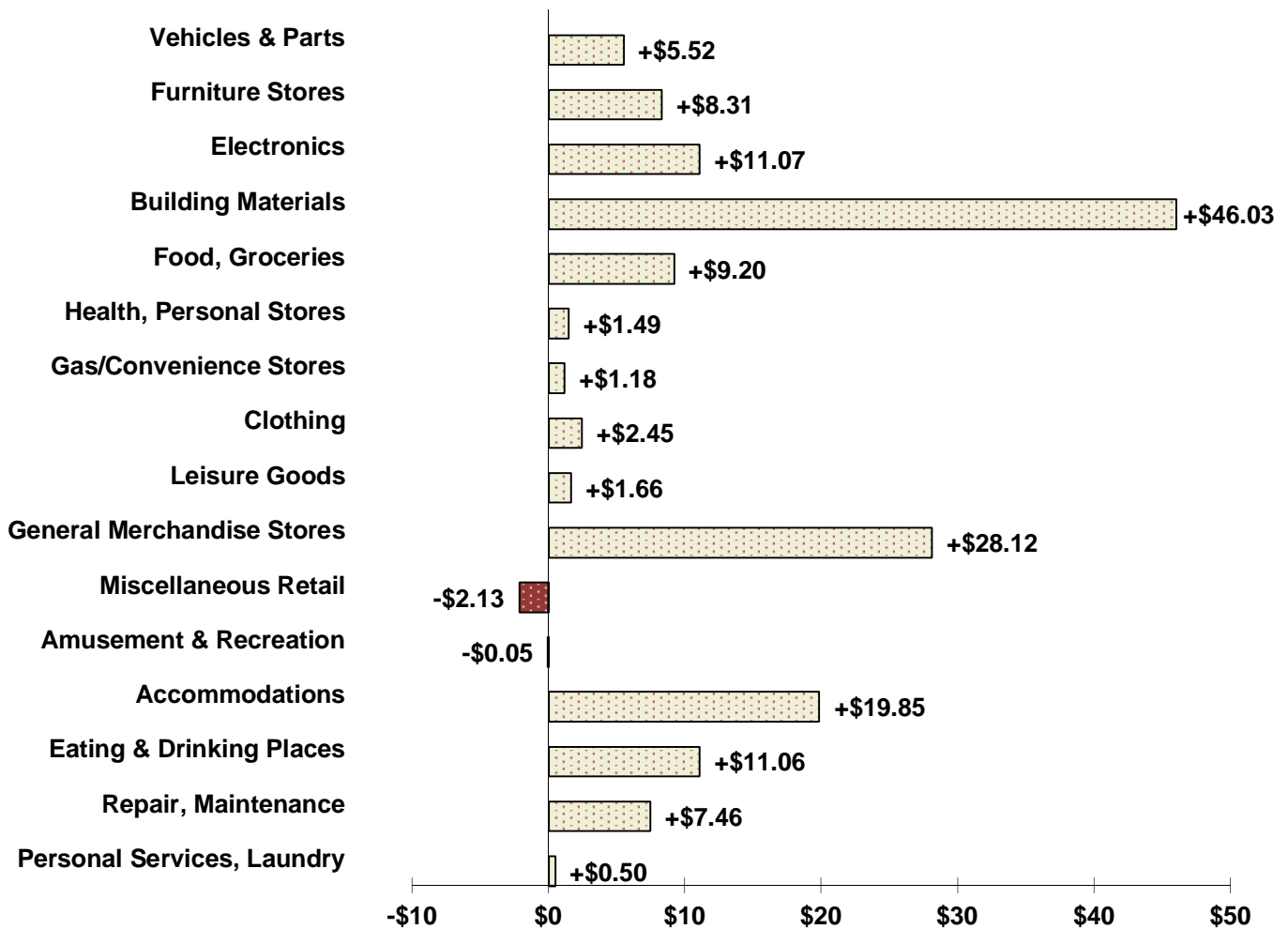


Willmar Retail Trade Performance in Dollars

The chart below depicts the dollar amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 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 \$46 million surplus. Overall, Willmar had a retail sales surplus of \$191.5 million in 2014.

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.

Millions of \$ Above or Below Expected Sales, 2014



Rural Community Trade Area Analysis

Willmar

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, 2014

Merchandise Group	<u>Variance Between Actual & Expected</u>				Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
	Expected Sales (\$millions)	Actual Sales (\$millions)	In Dollars (millions)	As % of Expected			
Vehicles & Parts	\$10.84	\$14.36	+\$3.52	+32.5%	6,399	16	4.5%
Furniture Stores	\$3.27	\$10.72	+\$7.45	+228.1%	44,975	11	3.4%
Electronics	\$3.38	\$12.93	+\$9.55	+282.8%	55,760	9	4.1%
Building Materials	\$36.03	\$74.03	+\$38.00	+105.5%	20,796	12	23.3%
Food, Groceries	\$13.56	\$19.79	+\$6.22	+45.9%	9,045	15	6.2%
Health, Personal Stores	\$2.35	\$3.82	+\$1.46	+62.2%	12,260	14	1.2%
Gas/Covenience Stores	\$5.21	\$5.41	+\$0.20	+3.9%	775	10	1.7%
Clothing	\$1.25	\$3.24	+\$1.99	+160.0%	31,538	25	1.0%
Leisure Goods	\$2.83	\$3.22	+\$0.39	+13.7%	2,703	13	1.0%
General Merchandise Stores	\$42.60	\$60.79	+\$18.19	+42.7%	8,417	9	19.1%
Miscellaneous Retail	\$12.52	\$11.38	-\$1.14	-9.1%	-1,796	33	3.6%
Amusement & Recreation	\$2.59	\$2.43	-\$0.16	-6.1%	-1,207	13	0.8%
Accommodations	\$5.95	\$25.89	+\$19.93	+334.7%	66,002	12	8.1%
Eating & Drinking Places	\$25.01	\$34.20	+\$9.20	+36.8%	7,250	50	10.7%
Repair, Maintenance	\$4.58	\$11.63	+\$7.04	+153.7%	30,307	35	3.7%
Personal Services, Laundry	\$1.04	\$1.79	+\$0.75	+72.7%	14,328	41	0.6%
Total Taxable Retail & Service*	\$168.93	\$318.30	+\$149.37	+88.4%	17,447	480	100.0%

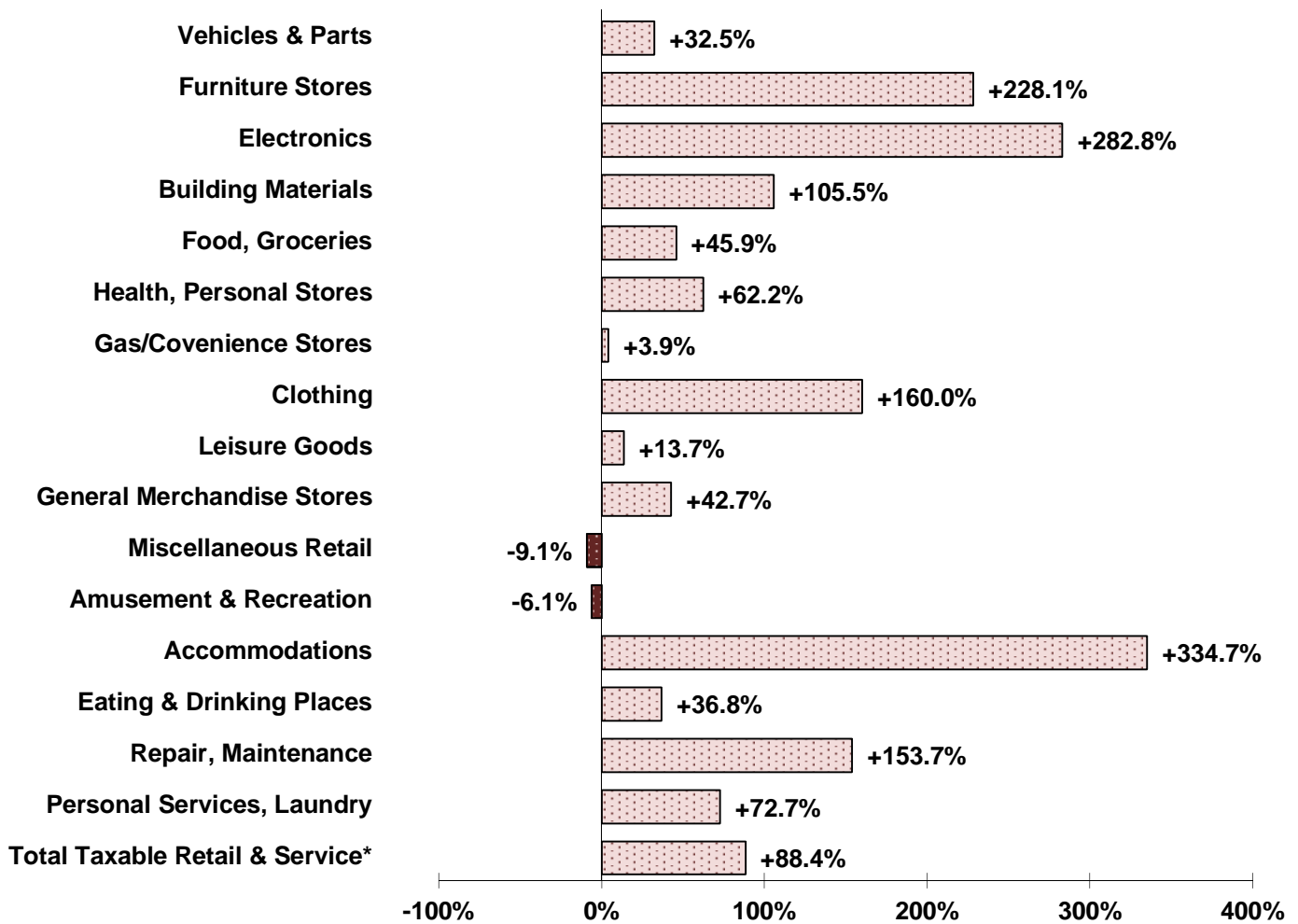
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Summary of Willmar Retail Trade (Rural)

The chart below depicts the percentage amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 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 Accommodations category, which has a 334.7 percent surplus. Overall, Willmar had a retail sales surplus of 88.4 percent in 2014.

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.

Percentage Above or Below Expected Sales, 2014

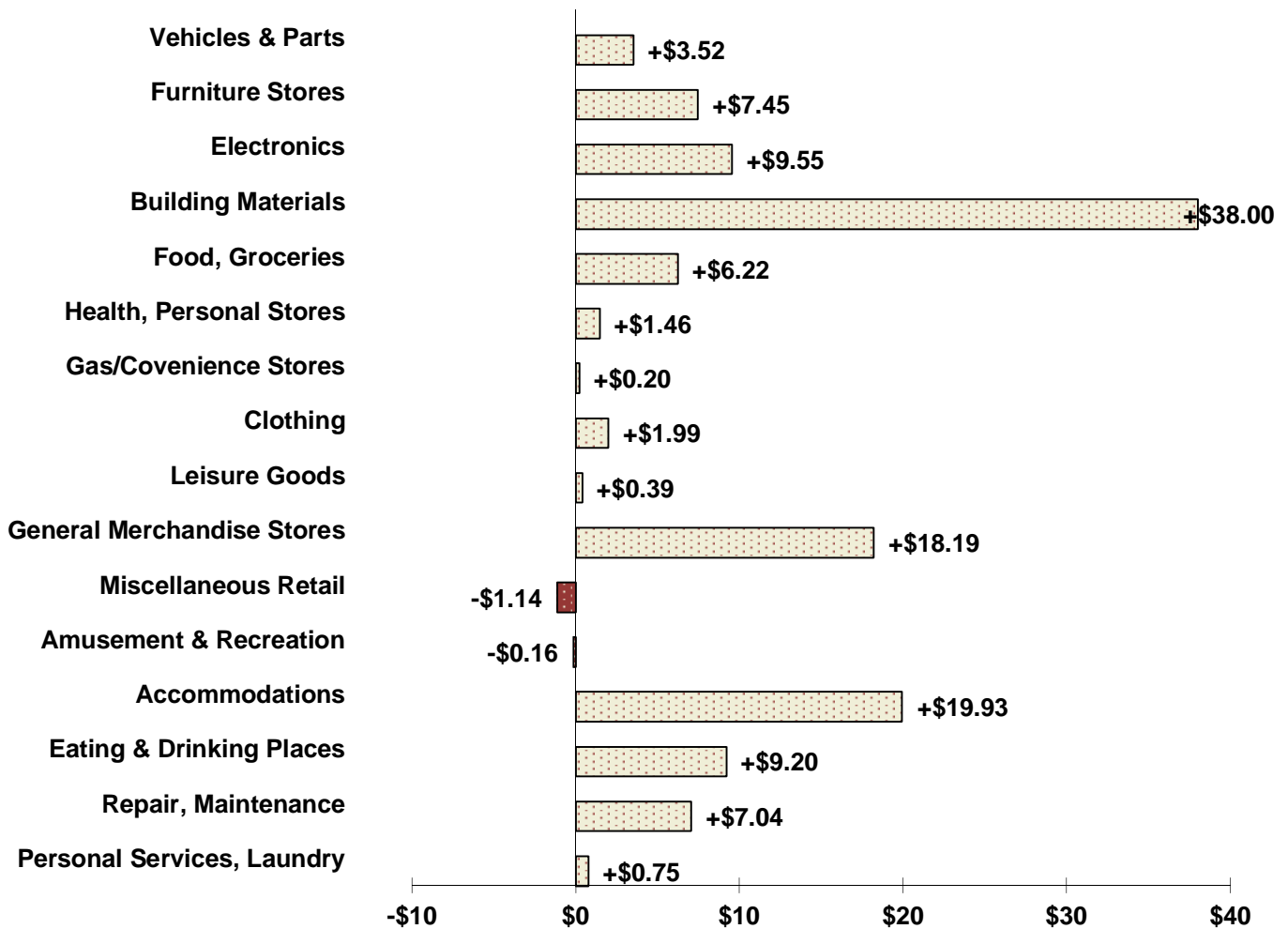


Willmar Retail Trade Performance in Dollars (Rural)

The chart below depicts the dollar amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 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 \$38 million surplus. Overall, Willmar had a retail sales surplus of \$149.4 million in 2014.

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.

Millions of \$ Above or Below Expected Sales, 2014



Comparison of Pull Factors by Merchandise Category

2014 Index of "Pulling Power" All MN Cities with Populations between 15,700 & 23,700 (Range: Population of Willmar +/- ~ 20%.) (25 Cities; Maximum of 20 Displayed)

Pull Factors

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
City Name																		
Faribault	23,631	0.90	0.44	0.30	0.47	1.27	0.96	0.66	0.61	0.26	1.46	0.32	0.36	0.31	0.89	0.40	0.34	0.85
Champlin	22,880	0.30		0.82		0.86	0.97	1.03	0.07	0.25	1.10	0.69	0.63		0.82	0.29	0.40	0.50
Hastings	22,492	0.72		0.26	0.50	0.97	1.23	1.12	0.32	0.02	1.78	0.44	0.27	0.18	0.95	0.93	0.25	0.69
Rosemount	22,490	0.54		0.08		0.96	0.72		0.01	0.16		1.23	0.22		0.62	0.51	0.18	0.33
Crystal	22,436	0.70	1.19	0.16		1.29	0.80	0.68	0.54	1.07		5.08	0.06		0.80	0.68	0.51	0.60
Farmington	22,386	0.13			1.78	0.43		1.00		0.00		0.40	0.22		0.39	0.40	0.39	0.39
New Brighton	22,084	0.40	0.03			0.59	0.07	1.08	0.13	0.25		1.20	0.53		0.63	1.15	0.33	0.34
Lino Lakes	21,129	2.56		0.08	0.62	0.36		0.33		0.20		4.29	0.25		0.48	0.57	0.13	0.61
New Hope	20,812	0.31		0.81	0.54	0.63	1.54	0.79	0.03	0.14	0.10	1.36			0.94	1.09	1.34	0.52
Golden Valley	20,790	5.26	3.03	1.84	2.90	1.15	1.47	1.28	0.63	0.92		0.89	1.96	0.58	2.07	3.60	1.93	1.97
Northfield	20,313	0.82	0.44			0.88	0.76	1.08	0.13	0.15		4.86		0.29	0.92	0.77	0.23	0.61
South St Paul	20,146	2.21	0.06			0.34		1.95	0.03	1.36		1.44	0.71		0.32	2.20	0.33	0.55
West St Paul	19,800	1.04	0.62	0.26	3.05	1.74	1.68	1.06	0.43	0.84	2.80	5.39	0.65		1.68	1.02	0.72	1.60
Willmar	19,731	1.55	2.17	2.48	3.86	1.56	1.57	1.31	0.93	0.70	2.96	2.04	0.43	3.55	1.16	2.26	0.61	1.84
Columbia Heights	19,709	0.74		0.10		0.81		3.26	0.47	0.06	0.11	3.89			0.67	1.11	0.11	0.49
Forest Lake	19,484	1.48	0.07	0.24	4.16	1.16	0.94	1.66	0.06	0.40		13.76	0.61	0.36	1.38	1.31	1.01	1.53
Hopkins	18,971	2.22	0.80	0.35	0.65	0.72	2.98		0.07	0.12	2.06	1.75	1.91		1.20	1.65	0.82	1.15
Stillwater	18,892	0.18	0.46	0.26	0.88	1.73	0.36	0.87	0.31	0.46	1.41	2.37	1.27	0.91	1.47	0.83	1.73	0.96
Albert Lea	17,945	2.27	0.78	0.13	1.49	1.23	1.19	3.22	0.55	0.82	1.96	0.60	0.23	1.15	1.09	0.78	0.33	1.13
Anoka	17,586	1.01	0.27			0.58	1.47	1.01	0.90	0.35		3.09	0.23		1.12	0.90	0.75	0.59
Unadjusted Average: *		1.23	0.85	0.57	1.77	0.97	1.15	1.20	0.30	0.41	1.53	2.86	0.67	0.88	0.97	1.15	0.63	0.86

* 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

2014 Index of "Pulling Power"
All MN Cities with Populations between 15,700 & 23,700
 (Range: Population of Willmar +/- ~ 20%.)
 (25 Cities)

Rankings

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
Faribault	# 1	# 10	# 9	# 6	# 12	# 5	# 10	# 17	# 4	# 10	# 6	# 20	# 10	# 6	# 12	# 18	# 12	# 8
Champlin	# 2	# 18		# 3		# 12	# 9	# 11	# 13	# 12	# 8	# 16	# 6		# 13	# 20	# 10	# 16
Hastings	# 3	# 13		# 7	# 11	# 9	# 7	# 7	# 9	# 19	# 5	# 18	# 11	# 8	# 9	# 10	# 16	# 9
Rosemount	# 4	# 15		# 14		# 10	# 14		# 18	# 14		# 13	# 16		# 17	# 17	# 18	# 20
Crystal	# 5	# 14	# 3	# 11		# 4	# 12	# 16	# 6	# 2		# 3	# 17		# 14	# 15	# 9	# 12
Farmington	# 6	# 20			# 5	# 18		# 13		# 20		# 19	# 15		# 19	# 19	# 11	# 18
New Brighton	# 7	# 16	# 13			# 16	# 16	# 9	# 11	# 11		# 14	# 8		# 16	# 6	# 13	# 19
Lino Lakes	# 8	# 2		# 15	# 9	# 19		# 18		# 13		# 5	# 12		# 18	# 16	# 19	# 11
New Hope	# 9	# 17		# 4	# 10	# 15	# 4	# 15	# 16	# 16	# 10	# 12			# 10	# 8	# 3	# 15
Golden Valley	# 10	# 1	# 1	# 2	# 4	# 8	# 5	# 6	# 3	# 3		# 15	# 1	# 4	# 1	# 1	# 1	# 1
Northfield	# 11	# 11	# 8			# 11	# 13	# 8	# 12	# 15		# 4		# 7	# 11	# 14	# 17	# 10
South St Paul	# 12	# 5	# 12			# 20		# 3	# 17	# 1		# 11	# 4		# 20	# 3	# 14	# 14
West St Paul	# 13	# 8	# 6	# 8	# 3	# 1	# 2	# 10	# 8	# 4	# 2	# 2	# 5		# 2	# 9	# 7	# 3
Willmar	# 14	# 6	# 2	# 1	# 2	# 3	# 3	# 5	# 1	# 6	# 1	# 9	# 9	# 1	# 6	# 2	# 8	# 2
Columbia Heights	# 15	# 12		# 13		# 13		# 1	# 7	# 18	# 9	# 6			# 15	# 7	# 20	# 17
Forest Lake	# 16	# 7	# 11	# 10	# 1	# 7	# 11	# 4	# 15	# 8		# 1	# 7	# 5	# 4	# 5	# 4	# 4
Hopkins	# 17	# 4	# 4	# 5	# 8	# 14	# 1		# 14	# 17	# 3	# 10	# 2		# 5	# 4	# 5	# 5
Stillwater	# 18	# 19	# 7	# 9	# 7	# 2	# 15	# 14	# 10	# 7	# 7	# 8	# 3	# 3	# 3	# 12	# 2	# 7
Albert Lea	# 19	# 3	# 5	# 12	# 6	# 6	# 8	# 2	# 5	# 5	# 4	# 17	# 13	# 2	# 8	# 13	# 15	# 6
Anoka	# 20	# 9	# 10			# 17	# 6	# 12	# 2	# 9		# 7	# 14		# 7	# 11	# 6	# 13

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.

Comparison of Pull Factors by Merchandise Category

2014 Index of "Pulling Power" Cities Outside the 7 County Metro Area with Populations between 13,800 & 25,700 (Range: Population of Willmar +/- ~ 30%.) (13 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
Owatonna	25,660	1.25	0.41	0.11	1.05	1.34	0.85	1.31	0.79	5.43	2.29	0.87	0.69	0.94	1.06	1.07	0.41	1.17
Austin	25,010	0.55	0.26	0.78	0.46	1.16	0.96	1.01	0.21	0.33	1.67	0.44	0.39	0.77	0.80	0.67	0.20	0.72
Elk River	23,730	1.63	0.92	0.20	3.13	1.19	1.12	1.19	0.25	0.76	1.71	1.75	0.49	0.13	1.00	1.54	0.51	1.20
Faribault	23,631	0.90	0.44	0.30	0.47	1.27	0.96	0.66	0.61	0.26	1.46	0.32	0.36	0.31	0.89	0.40	0.34	0.85
Northfield	20,313	0.82	0.44			0.88	0.76	1.08	0.13	0.15		4.86		0.29	0.92	0.77	0.23	0.61
Willmar	19,731	1.55	2.17	2.48	3.86	1.56	1.57	1.31	0.93	0.70	2.96	2.04	0.43	3.55	1.16	2.26	0.61	1.84
Albert Lea	17,945	2.27	0.78	0.13	1.49	1.23	1.19	3.22	0.55	0.82	1.96	0.60	0.23	1.15	1.09	0.78	0.33	1.13
Sartell	16,949		0.06			1.21						16.15	1.00		0.55	0.24	0.17	0.77
Red Wing	16,505	2.12	0.98	0.14	2.41	1.13	0.71	1.02	0.19	0.62	2.49	1.28	0.22	1.23	1.15	1.07	0.73	1.31
Hibbing	16,340	0.69	0.44		1.60	0.69	1.30	2.07	0.02	0.71	1.98	0.90	0.35		0.69	0.89	0.21	0.94
Buffalo	15,911	1.57	0.05			1.27	1.05	0.92	0.10	0.23	3.12	11.22	0.76		0.84	0.98	0.62	1.22
Bemidji	14,376	3.81	2.08	1.18	5.11	1.75	2.88	2.67	2.31	1.84	5.37	3.92	0.71	2.28	2.24	3.22	0.61	2.86
Hutchinson	14,124	0.63	1.56	4.50	3.27	1.29	1.36	1.92	0.34	0.82	3.27	0.56	0.79	0.53	1.14	0.85	0.40	1.49
Unadjusted Average: *		1.48	0.82	1.09	2.28	1.23	1.22	1.53	0.54	1.06	2.57	3.45	0.54	1.12	1.04	1.13	0.41	1.24

* 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

2014 Index of "Pulling Power" Cities Outside the 7 County Metro Area with Populations between 13,800 & 25,700 (Range: Population of Willmar +/- ~ 30%.) (13 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
Owatonna	# 1	# 7	# 10	# 9	# 8	# 3	# 10	# 6	# 3	# 1	# 6	# 9	# 5	# 5	# 6	# 5	# 6	# 7
Austin	# 2	# 12	# 11	# 4	# 10	# 10	# 8	# 10	# 8	# 9	# 10	# 12	# 8	# 6	# 11	# 11	# 12	# 12
Elk River	# 3	# 4	# 5	# 6	# 4	# 9	# 6	# 7	# 7	# 5	# 9	# 6	# 6	# 10	# 7	# 3	# 5	# 6
Faribault	# 4	# 8	# 9	# 5	# 9	# 5	# 9	# 12	# 4	# 10	# 11	# 13	# 9	# 8	# 9	# 12	# 8	# 10
Northfield	# 5	# 9	# 7			# 12	# 11	# 8	# 10	# 12		# 3		# 9	# 8	# 10	# 10	# 13
Willmar	# 6	# 6	# 1	# 2	# 2	# 2	# 2	# 5	# 2	# 7	# 4	# 5	# 7	# 1	# 2	# 2	# 3	# 2
Albert Lea	# 7	# 2	# 6	# 8	# 7	# 7	# 5	# 1	# 5	# 3	# 8	# 10	# 11	# 4	# 5	# 9	# 9	# 8
Sartell	# 8		# 12			# 8						# 1	# 1		# 13	# 13	# 13	# 11
Red Wing	# 9	# 3	# 4	# 7	# 5	# 11	# 12	# 9	# 9	# 8	# 5	# 7	# 12	# 3	# 3	# 4	# 1	# 4
Hibbing	# 10	# 10	# 8		# 6	# 13	# 4	# 3	# 12	# 6	# 7	# 8	# 10		# 12	# 7	# 11	# 9
Buffalo	# 11	# 5	# 13			# 6	# 7	# 11	# 11	# 11	# 3	# 2	# 3		# 10	# 6	# 2	# 5
Bemidji	# 12	# 1	# 2	# 3	# 1	# 1	# 1	# 2	# 1	# 2	# 1	# 4	# 4	# 2	# 1	# 1	# 4	# 1
Hutchinson	# 13	# 11	# 3	# 1	# 3	# 4	# 3	# 4	# 6	# 4	# 2	# 11	# 2	# 7	# 4	# 8	# 7	# 3

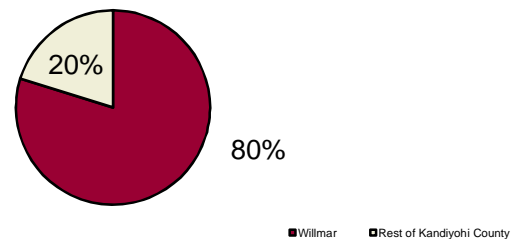
Above are all communities in the population range listed in the title with data available by merchandise category. Adjustments for special circumstances may be necessary for accurate comparisons.

Willmar & Kandiyohi County Comparison, 2014

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 Willmar and Kandiyohi County in 2014. Willmar accounted for 47 percent of the county's firms and 80 percent of the county's sales.

Share of County Sales



Sales by Merchandise Category, Willmar & Kandiyohi County, 2014

Merchandise Category	Willmar		Kandiyohi County		City's Share of County Total	
	Taxable Sales (\$millions)	Number of Firms	Taxable Sales (\$millions)	Number of Firms	Sales	Firms
Vehicles & Parts	\$14.36	15	\$29.81	39	48.2%	38.5%
Furniture Stores	\$10.72	10	\$11.89	17	90.2%	58.8%
Electronics	\$12.93	10	\$13.17	14	98.2%	71.4%
Building Materials	\$74.03	13	\$79.09	26	93.6%	50.0%
Food, Groceries	\$19.79	15	\$24.15	31	81.9%	48.4%
Health, Personal Stores	\$3.82	14	\$3.83	17	99.7%	82.4%
Gas/Convenience Stores	\$5.41	11	\$11.95	23	45.3%	47.8%
Clothing	\$3.24	23	\$3.46	27	93.6%	85.2%
Leisure Goods	\$3.22	13	\$3.70	30	87.1%	43.3%
General Merchandise	\$60.79	9	\$60.83	11	99.9%	81.8%
Miscellaneous Retail	\$11.38	36	\$13.76	88	82.7%	40.9%
Non-Store Retailers	\$4.91	14	\$6.40	49	76.7%	28.6%
Amusement & Recreation	\$2.43	14	\$4.20	26	57.9%	53.8%
Accommodations	\$25.89	13	\$27.66	31	93.6%	41.9%
Eating & Drinking Places	\$34.20	53	\$44.95	84	76.1%	63.1%
Repair, Maintenance	\$11.63	37	\$22.66	110	51.3%	33.6%
Personal Service, Laundry	\$1.79	38	\$3.38	86	53.0%	44.2%
Total Sales	\$318.30	480	\$398.61	1,024	79.9%	46.9%

Kandiyohi County Retail Trade Overview

Total Taxable and Gross Retail Sales

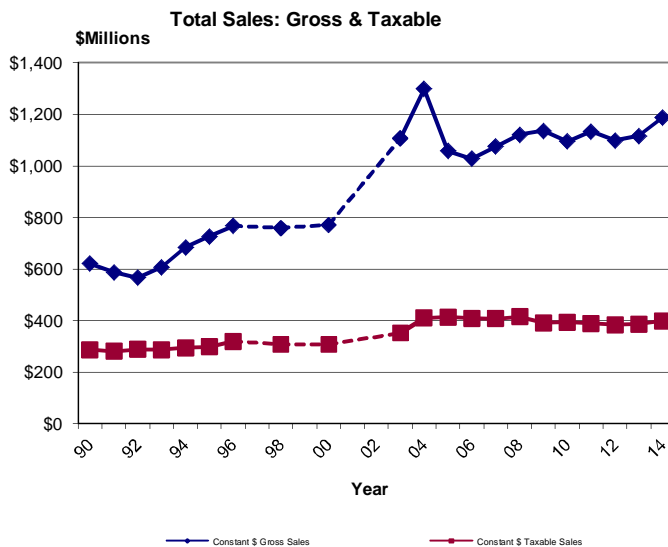
The table below presents gross and taxable retail and services sales for Kandiyohi County from 2003 through 2014. Taxable sales in Kandiyohi County increased 12.6 percent from 2007 to 2014, while the number of firms fell 0.9 percent. Statewide, taxable sales decreased 5.2 percent over the same time period and the number of firms fell 8.8 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 2014 dollars. These figures have been adjusted for inflation to reflect their value in 2014. For example, in 2003, taxable sales in Kandiyohi County totaled \$270.97 million, an amount worth \$351.91 million in 2014 dollars. In constant dollars, gross sales grew 10.5 percent between 2007 and 2014. Constant dollar taxable sales decreased 2 percent over the same time period.

Year	Estimated Population	Current Dollars		Constant 2014 Dollars		Number of Firms	Per Capita Sales	Pull Factor
		Gross Sales* (\$millions)	Taxable Sales (\$millions)	Gross Sales* (\$millions)	Taxable Sales (\$millions)			
2003	41,148	\$852.42	\$270.97	\$1,107.04	\$351.91	970	\$6,585	0.74
2004	41,191	\$1,025.89	\$323.46	\$1,298.60	\$409.44	1,019	\$7,853	0.85
2005	41,199	\$867.93	\$339.56	\$1,058.45	\$414.10	1,021	\$8,242	0.87
2006	41,088	\$874.13	\$347.16	\$1,028.38	\$408.43	999	\$8,449	0.88
2007	40,784	\$935.85	\$353.93	\$1,075.69	\$406.81	1,033	\$8,678	0.89
2008	40,679	\$1,019.89	\$377.43	\$1,120.76	\$414.76	1,036	\$9,278	0.97
2009	41,123	\$1,022.57	\$352.08	\$1,136.19	\$391.20	1,063	\$8,562	0.96
2010	42,270	\$1,007.54	\$361.79	\$1,095.15	\$393.25	1,041	\$8,559	0.95
2011	42,118	\$1,077.51	\$368.84	\$1,134.22	\$388.25	1,014	\$8,757	0.94
2012	42,315	\$1,066.44	\$372.76	\$1,099.42	\$384.29	981	\$8,809	0.91
2013	42,351	\$1,104.60	\$382.50	\$1,115.76	\$386.37	1,015	\$9,032	1.05
2014	42,258	\$1,188.15	\$398.61	\$1,188.15	\$398.61	1,024	\$9,433	1.07
7 yr Change '07 to '14	3.6%	27.0%	12.6%	10.5%	-2.0%	-0.9%	8.7%	20.4%
3 yr Change '11 to '14	0.3%	10.3%	8.1%	4.8%	2.7%	1.0%	7.7%	14.4%

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

Kandiyohi County: Retail/Service Sales in Constant Dollars

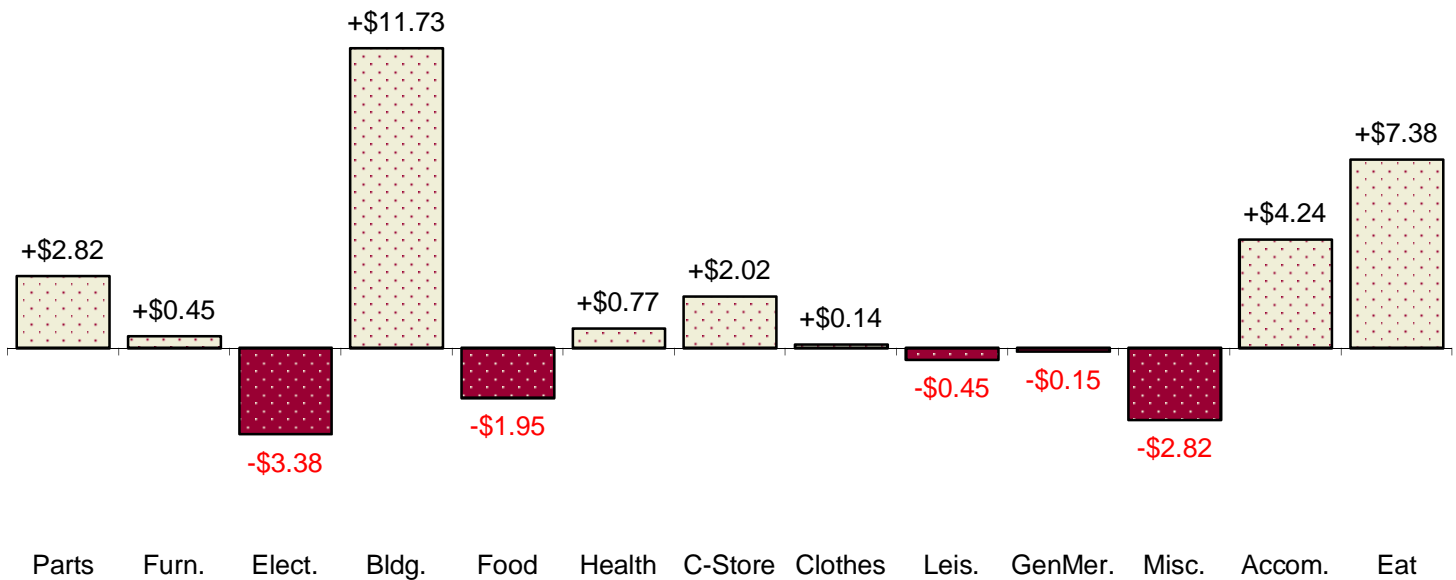


Kandiyohi County Selected Components of Change*, 2011 to 2014

Category	Taxable Sales 2011	Taxable Sales 2014	Dollar Change	Percent Change
Vehicles & Parts	\$26,987,910	\$29,807,033	+\$2,819,123	+10.45%
Furniture Stores	\$11,437,748	\$11,892,176	+\$454,428	+3.97%
Electronics	\$16,542,122	\$13,165,523	-\$3,376,599	-20.41%
Building Materials	\$67,352,208	\$79,085,784	+\$11,733,576	+17.42%
Food, Groceries	\$26,100,553	\$24,148,503	-\$1,952,050	-7.48%
Health, Personal Stores	\$3,055,882	\$3,827,821	+\$771,939	+25.26%
Gas/Convenience Store	\$9,933,922	\$11,949,609	+\$2,015,687	+20.29%
Clothing	\$3,323,880	\$3,461,597	+\$137,717	+4.14%
Leisure Goods	\$4,152,295	\$3,697,681	-\$454,614	-10.95%
General Merchandise Stores	\$60,972,889	\$60,826,649	-\$146,240	-0.24%
Miscellaneous Retail	\$16,577,940	\$13,761,449	-\$2,816,491	-16.99%
Accommodations	\$23,424,615	\$27,663,558	+\$4,238,943	+18.10%
Eating & Drinking Places	\$37,578,695	\$44,953,697	+\$7,375,002	+19.63%
Total Retail and Services Sales	\$368,842,120	\$398,608,727	+\$29,766,607	+8.07%

* Figures not adjusted for inflation.

Dollar Changes by Category (in Millions) 2011 - 2014

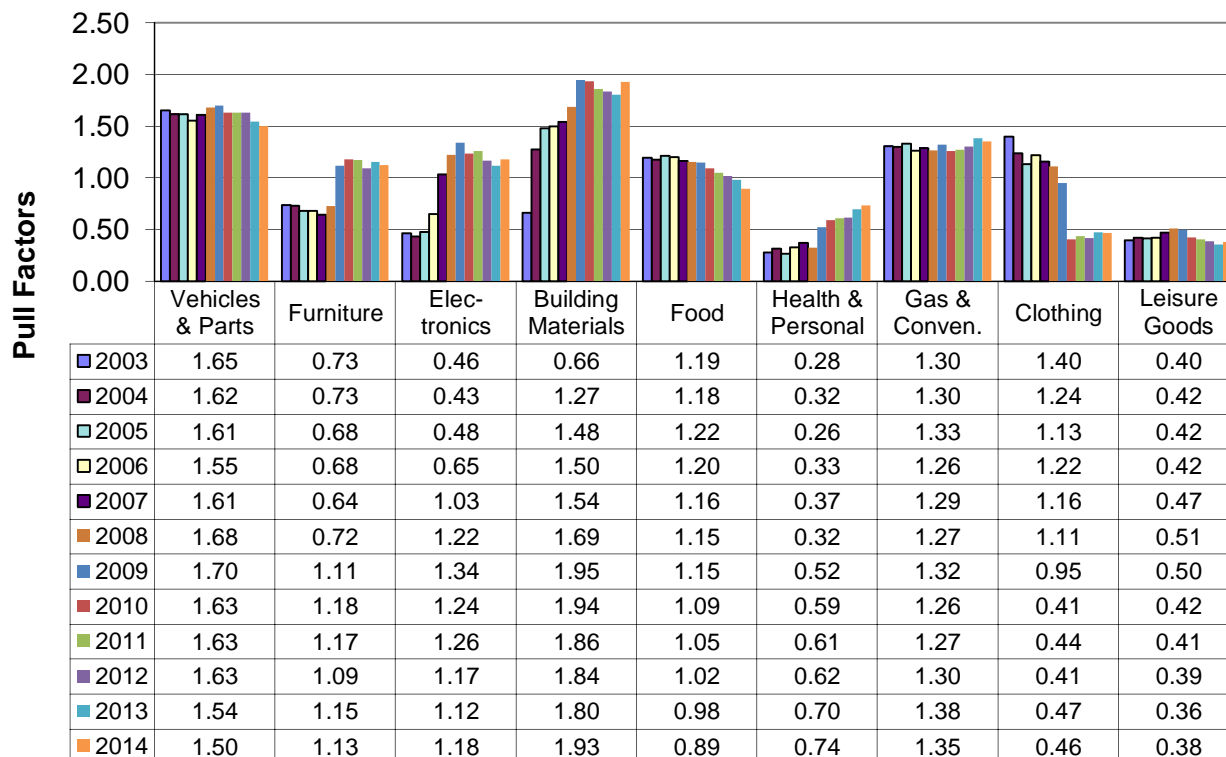


Pull Factors By Merchandise Category

Kandiyohi County

The following tables and charts depict pull factors in Kandiyohi County from 2003 to 2014* 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)



NAICS Category Descriptions

Motor Vehicles & Parts: Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, snowmobiles, 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.

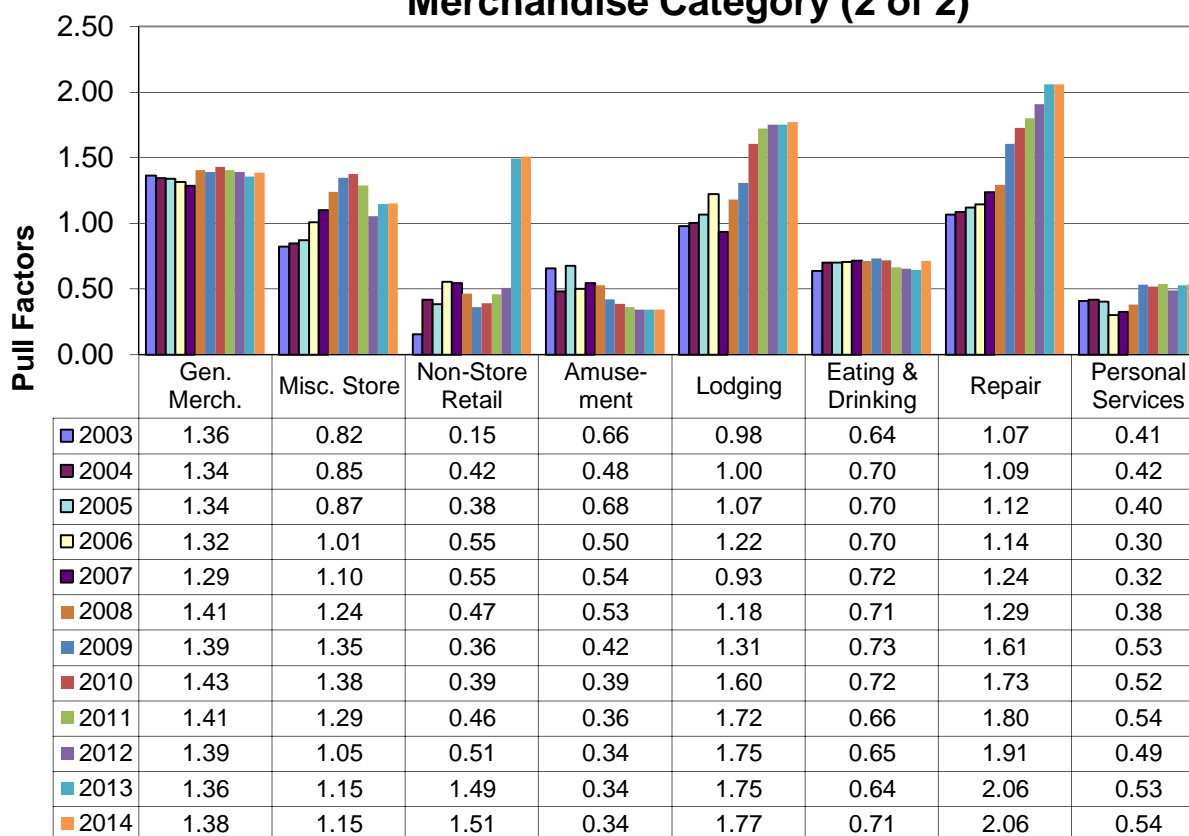
*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Recent Trends By Merchandise Category

Kandiyohi County

The following tables and charts depict pull factors in Kandiyohi County from 2003 to 2014* 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 (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, and RV parks.

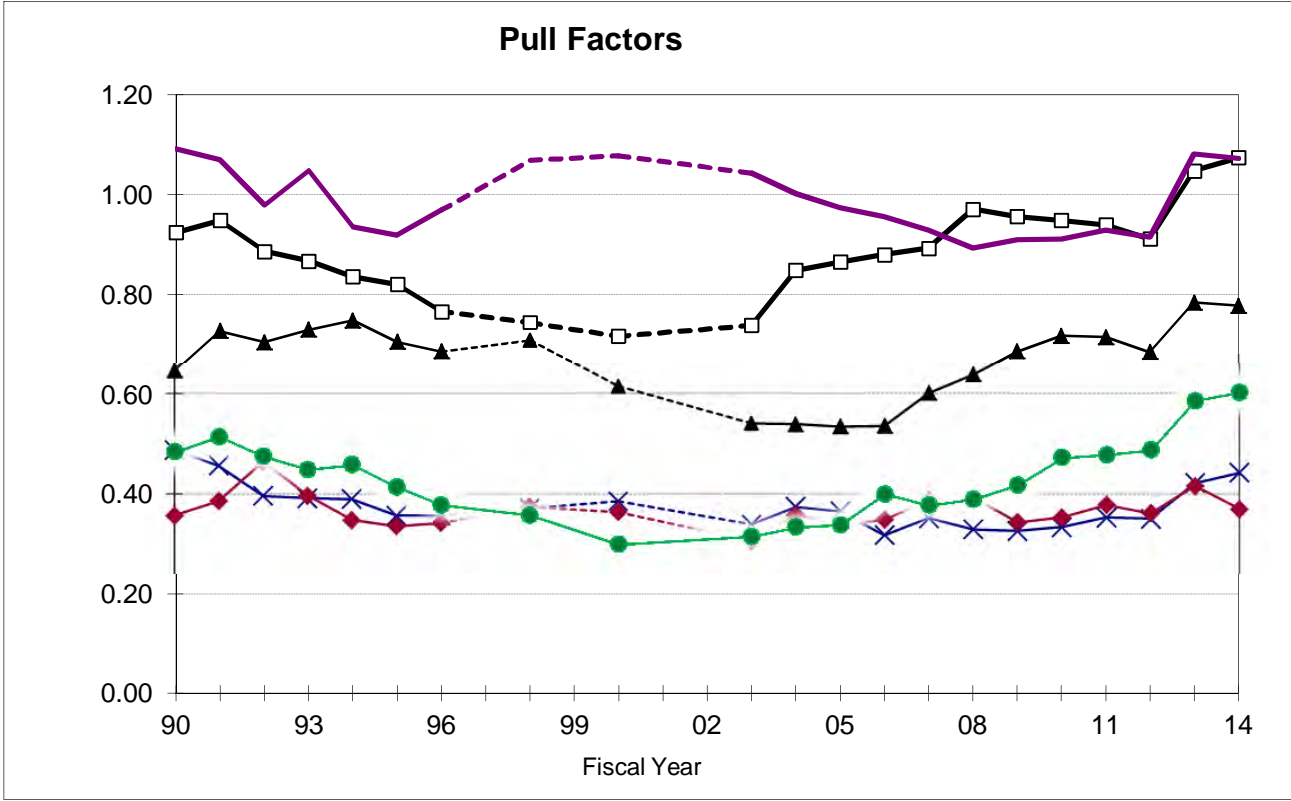
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

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 Kandiyohi County



- Kandiyohi County
- ▲ Chippewa County
- ✕ Meeker County
- ◆ Renville County
- Stearns County
- Swift County

Comparison with Neighboring Counties, 2014

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Kandiyohi County	42,258	\$1,188.15	\$398.61	1,024	\$9,433	1.07
Chippewa County	12,132	\$230.94	\$82.76	333	\$6,822	0.78
Meeker County	23,122	\$253.39	\$89.67	472	\$3,878	0.44
Renville County	15,067	\$186.91	\$48.81	328	\$3,240	0.37
Stearns County	153,326	\$4,292.19	\$1,444.19	3,581	\$9,419	1.07
Swift County	9,453	\$173.91	\$50.01	218	\$5,290	0.60

Trade Area Analysis of Retail Sales

Kandiyohi 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, 2014

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 Potential			
Vehicles & Parts	\$17.29	\$29.81	+\$12.51	+72.4%	30,583	39	7.5%
Furniture Stores	\$9.20	\$11.89	+\$2.69	+29.3%	12,374	17	3.0%
Electronics	\$9.71	\$13.17	+\$3.46	+35.6%	15,040	14	3.3%
Building Materials	\$35.73	\$79.09	+\$43.36	+121.4%	51,287	26	19.8%
Food, Groceries	\$23.58	\$24.15	+\$0.57	+2.4%	1,022	31	6.1%
Health, Personal Stores	\$4.53	\$3.83	-\$0.71	-15.6%	-6,573	17	1.0%
Gas/Convenience Store	\$7.70	\$11.95	+\$4.25	+55.2%	23,323	23	3.0%
Clothing	\$6.49	\$3.46	-\$3.03	-46.7%	-19,714	27	0.9%
Leisure Goods	\$8.55	\$3.70	-\$4.85	-56.7%	-23,974	30	0.9%
General Merchandise Stores	\$38.26	\$60.83	+\$22.57	+59.0%	24,932	11	15.3%
Miscellaneous Retail	\$10.38	\$13.76	+\$3.38	+32.6%	13,763	88	3.5%
Amusement & Recreation	\$10.65	\$4.20	-\$6.45	-60.6%	-25,594	26	1.1%
Accommodations	\$13.59	\$27.66	+\$14.08	+103.6%	43,781	31	6.9%
Eating & Drinking Places	\$54.85	\$44.95	-\$9.90	-18.0%	-7,627	84	11.3%
Repair, Maintenance	\$9.59	\$22.66	+\$13.07	+136.3%	57,592	110	5.7%
Personal Services, Laundry	\$5.46	\$3.38	-\$2.08	-38.1%	-16,112	86	0.8%
Total Taxable Retail & Service*	\$322.94	\$398.61	+\$75.67	+23.4%	9,902	1,024	100.0%

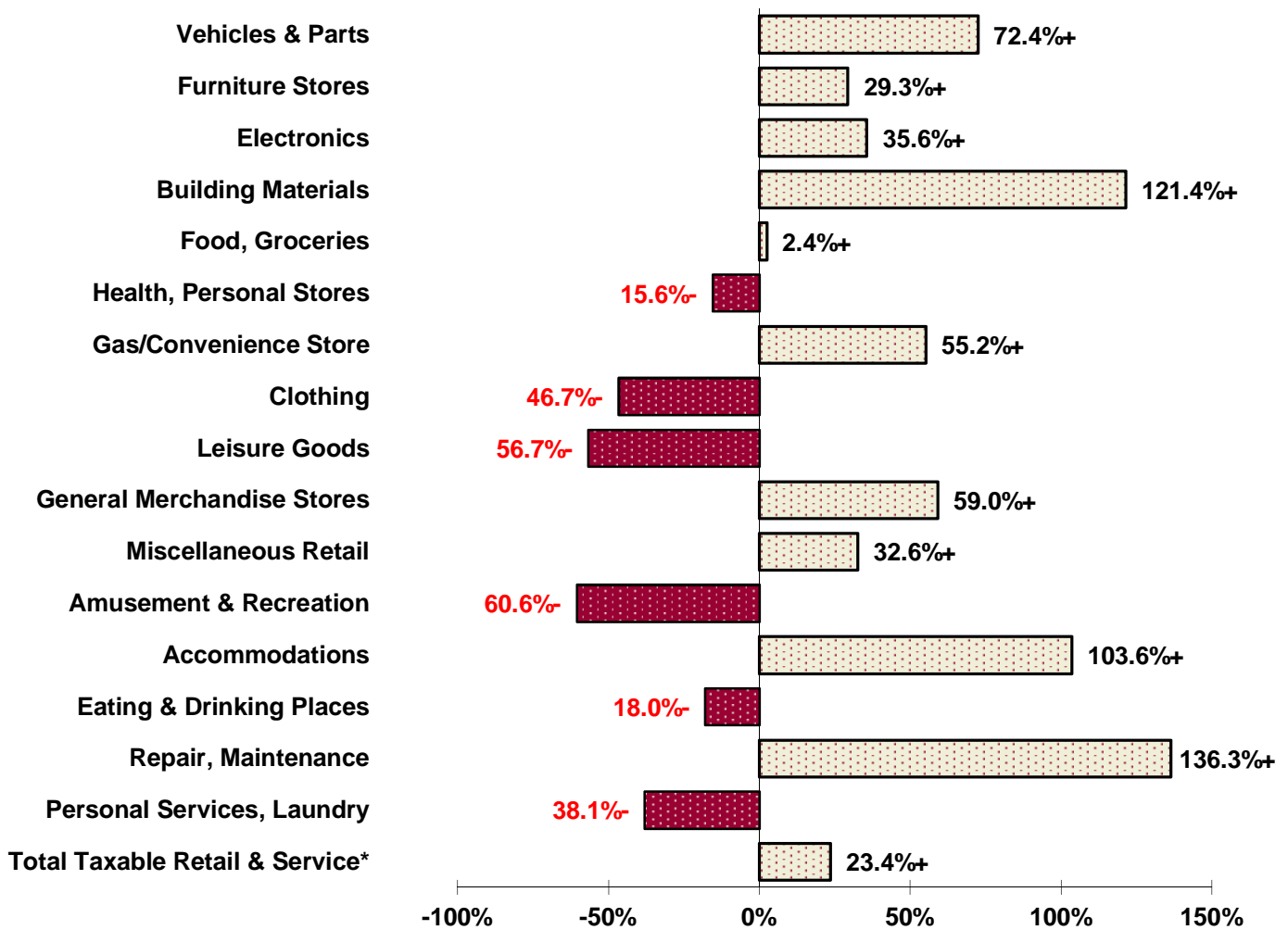
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Kandiyohi County Retail Trade Performance in Percentages

The chart below depicts the percentage amount Kandiyohi County's actual sales were above or below potential sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 10 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 Repair, Maintenance category, which has a 136.3 percent surplus. Overall, Kandiyohi County had a retail sales surplus of 23.4 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, 2014

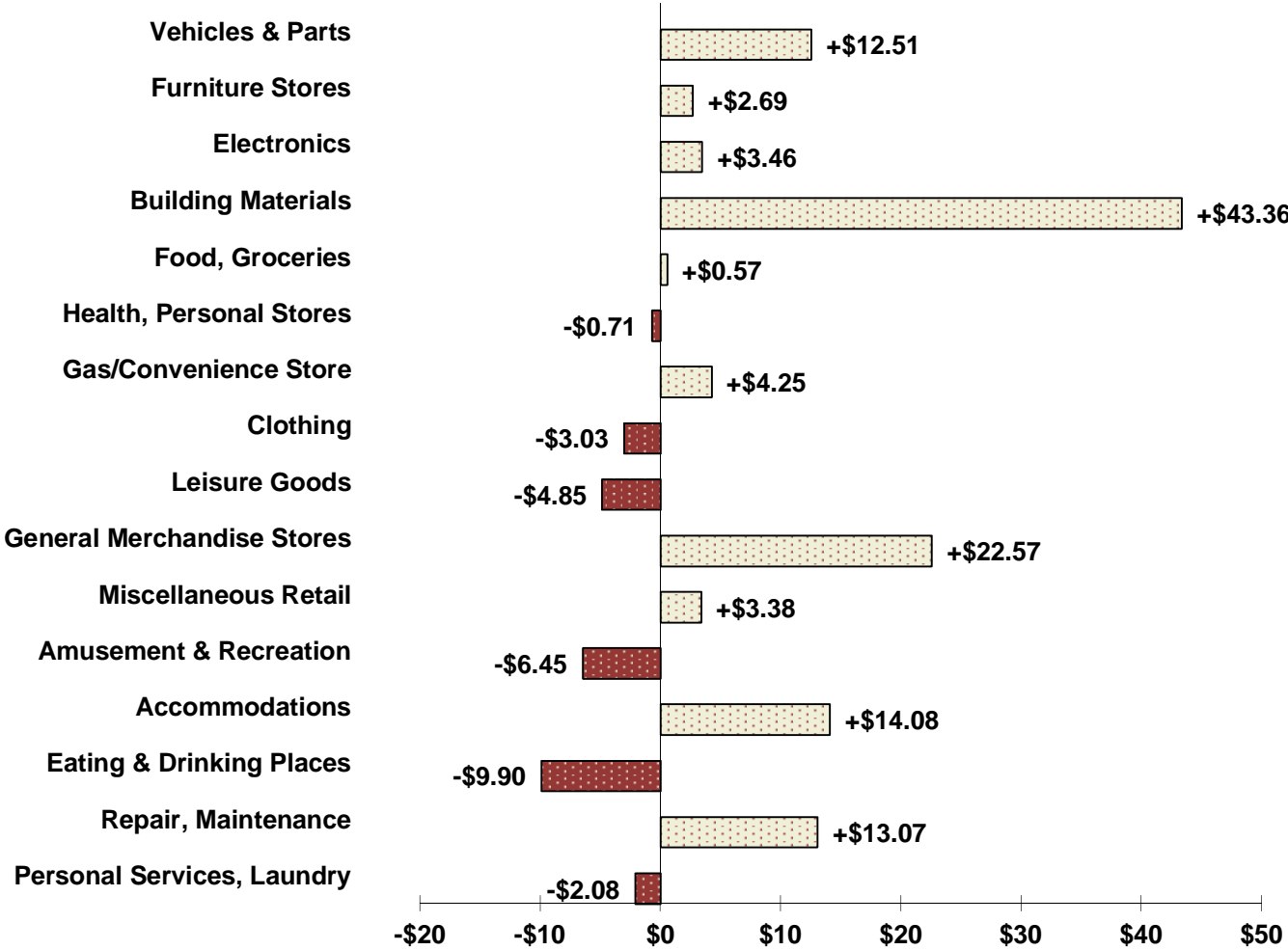


Kandiyohi County Retail Trade Performance in Dollars

The chart below depicts the dollar amount Kandiyohi County's actual sales were above or below potential sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 10 of the categories were above the calculated potential. The strongest merchandise group by this standard is the Building Materials category, which has a \$43.4 million surplus. Overall, Kandiyohi County had a retail sales surplus of \$75.7 million in 2014.

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.

Millions of \$ Above or Below Potential Sales, 2014



Kandiyohi County Retail Trade Surplus or Leakage

County Surplus or Leakage as a Percent of Potential



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
2003	41,148	0.85	\$311.2	\$271.0	-\$40.3	-12.9%	-5,325
2004	41,191	0.85	\$325.2	\$323.5	-\$1.7	-0.5%	-220
2005	41,199	0.86	\$337.0	\$339.6	\$2.5	+0.8%	+311
2006	41,088	0.84	\$332.5	\$347.2	\$14.7	+4.4%	+1,814
2007	40,784	0.84	\$334.6	\$353.9	\$19.3	+5.8%	+2,351
2008	40,679	0.90	\$348.6	\$377.4	\$28.9	+8.3%	+3,367
2009	41,123	0.93	\$341.3	\$352.1	\$10.7	+3.1%	+1,293
2010	42,270	0.92	\$350.6	\$361.8	\$11.2	+3.2%	+1,345
2011	42,118	0.96	\$376.5	\$368.8	-\$7.6	-2.0%	-854
2012	42,315	0.91	\$371.0	\$372.8	\$1.8	+0.5%	+203
2013	42,351	0.90	\$327.1	\$382.5	\$55.4	+16.9%	+7,177
2014	42,258	0.87	\$322.9	\$398.6	\$75.7	+23.4%	+9,902

Demographic Characteristics

Income, 2004

Total Personal Income is derived from the Bureau of Economic Analysis data. Median household income and income distribution data are obtained from the 2004 Census estimates. Median household income represents the midpoint of income for all households in the town. The index of income measures the county's per capita income relative to the state. For example, an index number of 110 indicates the county's per capita income is 10 percent above the state average (which was \$36,162 in 2004).

	Total Personal Income (\$000)	Median Household Income	Index of Income
Kandiyohi County	\$1,272,393	\$43,233	85.6
Chippewa County	\$366,081	\$39,298	79.7
Meeker County	\$641,682	\$45,519	76.3
Renville County	\$443,511	\$41,631	73.6
Stearns County	\$4,086,266	\$47,032	80.1
Swift County	\$260,027	\$37,673	62.6
State	\$184,571,393	\$51,202	100.0

Income Distribution by Household, 2000

	Less than \$20,000	\$20,000 to \$39,999	\$40,000 to \$59,999	\$60,000 and over
Kandiyohi County	21.6%	28.7%	22.3%	27.5%
Chippewa County	25.4%	30.3%	23.8%	20.5%
Meeker County	20.7%	28.1%	22.9%	28.3%
Renville County	21.2%	31.7%	25.6%	21.6%
Stearns County	19.6%	26.9%	22.7%	30.9%
Swift County	25.4%	31.2%	24.6%	18.8%
State	17.6%	24.2%	21.3%	36.8%

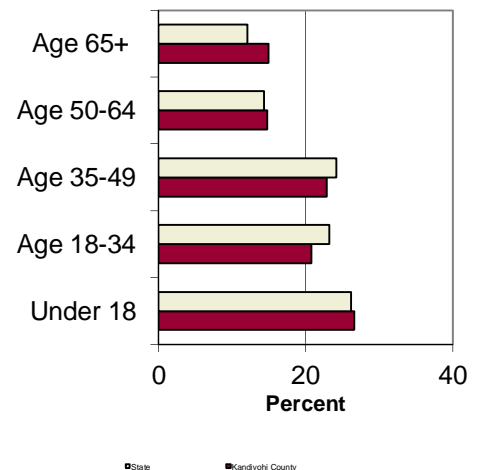
Relative to the state, Kandiyohi County has more low-income households (earning less than \$20,000 annually) and fewer higher-income households (earning more than \$60,000 annually).

Population

In 2000, Kandiyohi County had 15,973 households and an average of 2.58 persons per household. There were 1.9 million households statewide with an average of 2.59 persons per household. Compared to the state, Kandiyohi County had a higher proportion of young people (under 18) and a higher proportion of older people (age 65+).

Age Distribution of Population, 2000

	Kandiyohi County		State	
		%		%
Total	41,203		4,919,479	
Under 18	10,968	26.6	1,286,894	26.2
Age 18-34	8,558	20.8	1,143,572	23.2
Age 35-49	9,417	22.9	1,188,429	24.2
Age 50-64	6,089	14.8	706,318	14.4
Age 65+	6,171	15.0	594,266	12.1



State of Minnesota Per Capita Taxable Retail Sales & Threshold Levels for Selected Goods and Services 2014

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.

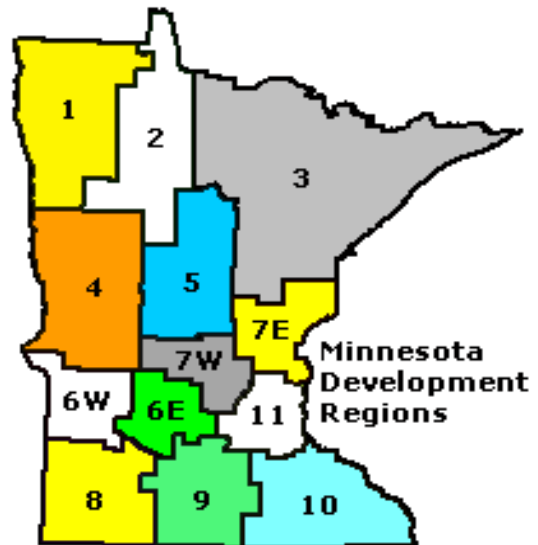
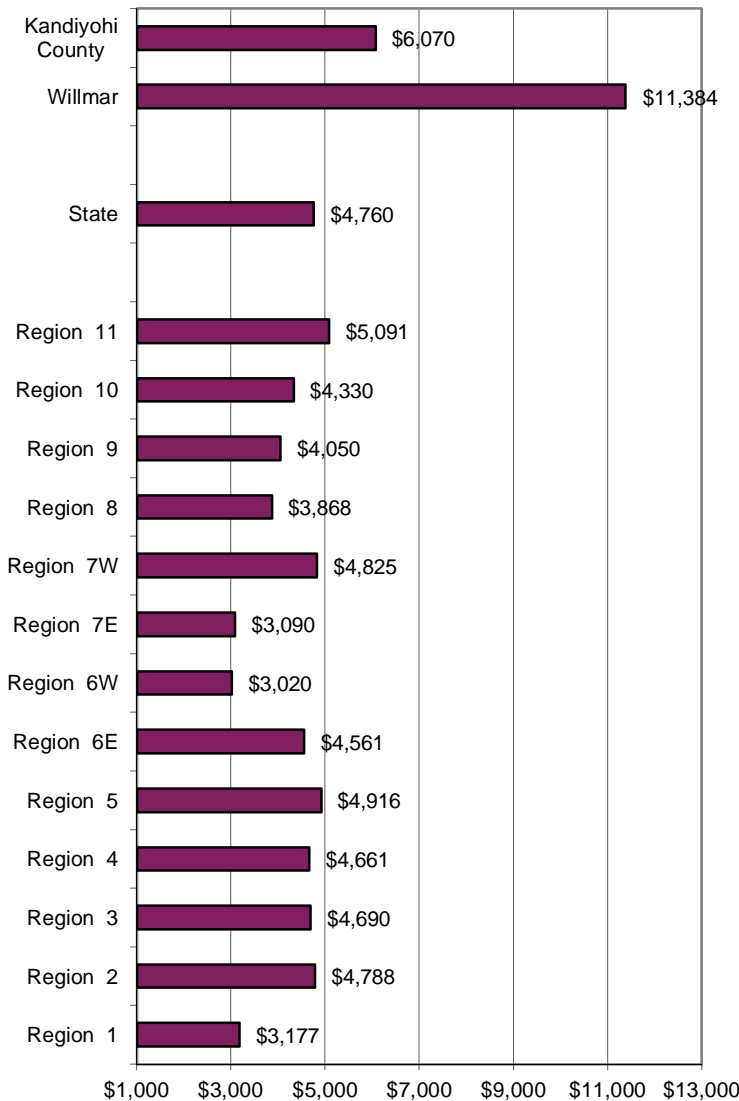
Business Activity / Store Type NAICS	People Per Business		Sales Per Capita		
	State	Non-Metro	State	Non-Metro	Willmar
RETAIL TRADE					
441 Vehicles, Parts	2,006	1,450	\$470.09	\$467.23	\$727.76
442 Furniture Stores	3,187	3,069	\$250.06	\$166.45	\$543.36
443 Electronics	4,137	4,207	\$263.96	\$132.04	\$655.41
444 Building Materials	2,754	1,854	\$971.21	\$1,065.60	\$3,752.19
445 Food and Beverage Stores	1,562	1,386	\$640.97	\$538.30	\$1,002.80
446 Health, Personal Stores	3,242	3,504	\$123.23	\$79.73	\$193.37
447 Gas/Convenience Stores	2,667	1,939	\$209.32	\$253.26	\$274.33
448 Clothing & Accessory Stores	1,572	1,861	\$176.39	\$84.99	\$164.27
451 Leisure Goods	1,516	1,350	\$232.33	\$163.16	\$163.19
452 General Merchandise	4,886	3,622	\$1,039.97	\$1,112.70	\$3,081.03
453 Miscellaneous Merchandise	502	424	\$282.19	\$207.65	\$576.86
454 Non-store Retail	968	924	\$100.46	\$91.15	\$249.03
Retail Total			\$4,760.17	\$4,362.26	\$11,383.60
INFORMATION					
511 Publishing Industry	10,367	13,518	\$5.01	\$1.48	
512 Movie & Recording Industry	11,408	19,479	\$31.27	\$20.02	
515 Broadcasting	47,011	31,315	\$12.65	\$8.06	
516 Info -Internet Publ/Brcst	227,217	309,234	\$0.02	\$0.00	
517 Telecommunications	9,988	9,095	\$387.49	\$301.58	
518 Internet Service	13,077	23,787	\$17.93	\$1.36	
519 Other Information Services	5,189	5,355	\$87.87	\$38.16	
FINANCE AND INSURANCE					
522 Credit Intermediation	8,237	6,476	\$29.63	\$7.33	
523 Securities, Commodities	19,758	37,483	\$2.16	\$0.54	
524 Insurance Carriers	11,106	15,858	\$0.91	\$0.66	
525 Funds, Trusts	147,384	154,617	\$0.59	\$0.70	
REAL ESTATE AND RENTAL AND LEASING					
531 Real Estate	2,654	3,389	\$35.31	\$28.61	
532 Rental, Leasing Services	3,697	3,494	\$157.37	\$66.45	
533 Lessors Nonfinancial Assets	218,129	206,156	\$0.38	\$0.40	
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES					
541 Prof, Scientific, Technical Services	478	720	\$173.76	\$77.60	
551 Mgmt Of Companies	26,092	47,575	\$32.49	\$4.36	
ADMINISTRATIVE & SUPPORT; WASTE MGMT & REMEDIATION SVCS					
561 Admin, Support Services	572	600	\$271.61	\$135.88	
562 Waste Mgmt, Remediation	13,599	9,664	\$2.02	\$2.10	
EDUCATIONAL SVCS; HEALTH & SOCIAL ASSISTANCE					
611 Educational Services	4,260	4,694	\$17.55	\$15.62	
621 Health -Ambulatory Care	1,064	1,303	\$16.58	\$11.43	
622 Health -Hospitals	35,642	24,254	\$14.84	\$15.06	
623 Health -Nursing,Residential Care	11,175	8,650	\$2.75	\$2.75	
624 Health -Social Assistance	10,950	11,094	\$3.05	\$4.52	
ARTS, ENTERTAINMENT & RECREATION					
711 Performing Art, Spectator Sports	2,342	2,786	\$68.52	\$12.16	
712 Museums, Historical Sites	31,705	21,144	\$4.13	\$1.65	
713 Amusement, Gambling, Recr	2,393	1,933	\$289.63	\$142.07	\$97.25
ACCOMMODATION & FOOD SERVICES					
721 Accommodation	2,171	1,203	\$369.36	\$352.23	\$1,227.67
722 Food Services, Drinking Places	482	465	\$1,491.19	\$1,107.06	\$1,504.04
OTHER SERVICES					
811 Repair, Maintenance	640	459	\$260.68	\$272.23	\$538.46
812 Personal, Laundry Service	630	558	\$148.31	\$52.11	\$85.64
813 Religious, Civic, Professional Orgs	2,627	2,122	\$32.74	\$36.49	
814 Private Households	79,032	77,309	\$0.20	\$0.17	
921 Exec., Legisla., Other Govt	7,522	4,348	\$50.84	\$67.85	
TOTAL RETAIL AND SERVICES			\$8,779.00	\$7,231.14	

Compare the Community to the Region

Willmar and Kandiyohi 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.

2014 Retail Sales per capita



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 2011. 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://www.demography.state.mn.us/estimates.html>)

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 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 2011, this report includes all returns processed from February 2011 through January 2012. 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

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 ($\$20,000 \div \$10,000$). 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).

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 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 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.