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Retailing Patterns Across Nebraska in 2005

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CORNHUSKER ECONOMICS

Retailing Patterns Across Nebraska in 2005

Understanding your local trade area is important because

retail sales taxes are an important source of revenue for local governments; and the geographic concentration of retailing directly affects smaller communities. This analysis provides some base information that allows a better understanding of local trade areas. It should be considered a first step in developing a larger trade area plan and strategies for expanding the retail sales base. Pull factors are the best method to summarize the relative success of an area's retail sector. Pull factors estimate the relative proportion of retail sales that a county draws from outside its borders, given its population and income. It compares actual sales to potential sales that would have occurred in the community given its population and income. In short, it is a measure of how well a community captures its local market share.

Retail sales include all purchases of taxable goods sold at retail establishments. The highest retail pull factors were found in micropolitan non-adjacent areas, with Madison (Norfolk) and Hall (Grand Island) Counties pulling in 70 percent or more retail sales than expected. Counties attracting 20 percent of more retail sales than expected were Buffalo (Kearney), Lincoln (North Platte), Scotts Bluff, Lancaster (Lincoln), and Dodge (Fremont) Counties. To a smaller extent, sizable retail sales also flowed into Adams (Hastings) and Platte (Columbus) Counties.

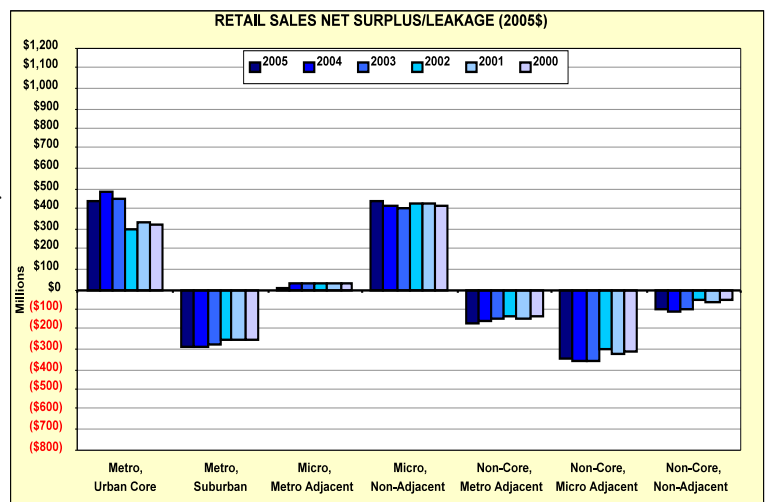
However, strong pull factors were also found in rural counties that served as regional trade centers. In fact, Grant County (Hyannis) pulled in 117 percent more in retail sales than expected, given its small population and moderate income. This was likely due to the area being a small rural retail center because of its location and the absence of nearby retail centers. Cheyenne (Sidney), Red Willow (McCook), and Dawes (Chadron) Counties pulled in 50 percent or more retail sales than expected; and Keith County (Ogallala) pulled in an extra 14 percent in retail sales. As stated earlier, this is due to the inflow of consumers from surrounding areas to take advantage of diverse retail goods. In addition, natural amenity

Market Report	Yr Ago	4 Wks Ago	11/10/06
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$91.38	\$87.10	\$85.30
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	134.59	121.01	107.61
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	122.88	116.15	99.06
Choice Boxed Beef, 600-750 lb. Carcass	145.51	143.02	144.90
Western Corn Belt Base Hog Price Carcass, Negotiated	60.76	62.87	60.04
Feeder Pigs, National Direct 45 lbs, FOB	62.35	50.71	56.75
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	65.63	69.59	65.76
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	91.00	*	*
National Carcass Lamb Cutout, FOB	249.65	248.16	251.11
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Imperial, bu	*	4.99	4.62
Corn, No. 2, Yellow Omaha, bu	1.67	2.92	3.15
Soybeans, No. 1, Yellow Omaha, bu	5.65	5.45	6.34
Grain Sorghum, No. 2, Yellow Columbus, cwt	2.29	4.64	5.11
Oats, No. 2, Heavy Minneapolis, MN , bu	1.86	2.51	2.64
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	117.50	135.00	135.00
Alfalfa, Large Rounds, Good Platte Valley, ton	37.50	87.50	87.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	52.50	82.50	87.50
* No market.			

based tourism likely played a role in the case of Dawes (public forests) and Keith (Lake McConaughy) Counties.

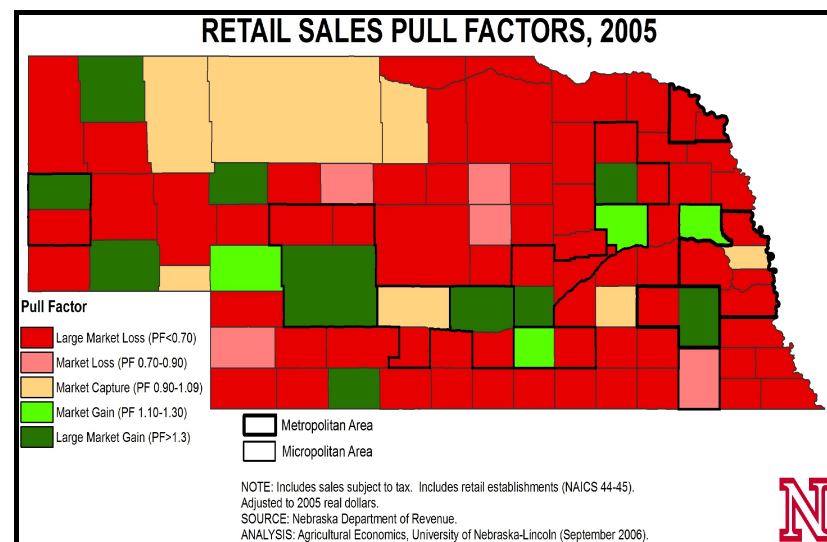
Douglas County (Omaha) only captured its local retail market, although this amounted to a stunning \$3.3 billion. This was due to Omaha's large population and high incomes that maintain the retail sector without large inflows of consumers. On a smaller scale the same can be said for Dawson (Lexington) and York Counties. Areas with large losses of retail consumers were generally located in areas surrounding large trade centers. Again, low pull factors in these counties were attributable to the outflow of retail spending by local residents to nearby trade centers to take advantage of more diverse goods.

Although pull factors are useful in measuring retail flows on a percentage basis, it is also important to quantify these

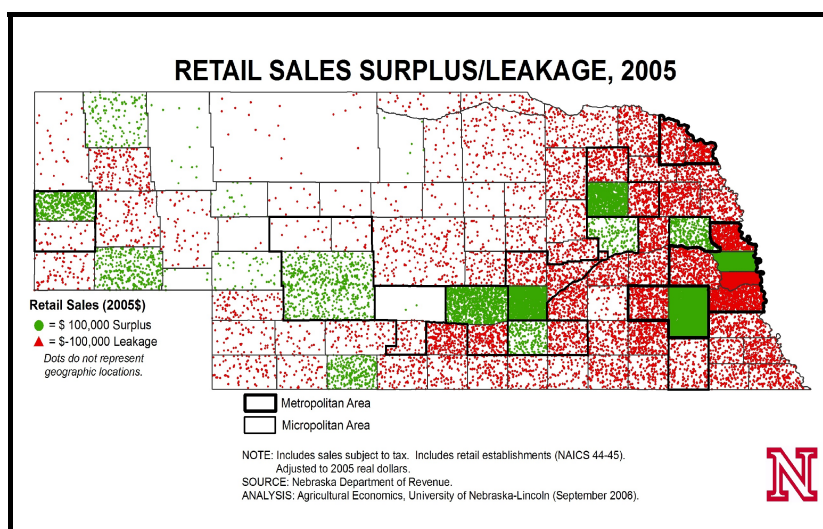


In 2005, retail sales surpluses were generally located in the state's metropolitan areas and regional trade centers. Lancaster (Lincoln), Douglas (Omaha) and Hall (Grand Island) Counties all had over \$200 million in surplus retail sales. Counties with over \$100 million in surplus retail sales were in Madison (Norfolk) and Buffalo (Kearney) Counties. The result on this concentration is that counties with the largest leakages of retail sales were located adjacent to metropolitan and regional trade areas. Nearly \$250 million in retail sales flowed out of Sarpy County alone, which is adjacent to Omaha. Counties with leakages of over \$50 million were also located near Omaha, and included Cass, Washington and Saunders Counties. Areas with smaller leakages in retail sales were generally located adjacent to micropolitan areas, especially in the eastern quarter of Nebraska.

This analysis looks at trends in retail sales controlling for differences in population and income, and those wishing more information should consult the full report at <http://agecon.unl.edu/peters>. However, those interested in trends in total taxable sales at the municipal level should consult the taxable sales report at <http://www.agecon.unl.edu/resource.html>.



flows in terms of dollars. Retail sales surplus or leakage is a measure of the dollar value of retail sales that are flowing into or out of a local community, assuming 100 percent local market capture. This measure should be used in tandem with pull factors to produce estimates of retail flows in both relative and absolute terms. The chart shows that nearly \$1 billion in surplus retail sales flowed into micropolitan non-adjacent and metro urban counties; and these surpluses have grown slowly in real terms since 2000. Surpluses in these areas come at the expense of surrounding areas, which reinforces the idea that retail development is often a zero-sum approach.



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