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Aaron C. Raymond

University of Nebraska-Lincoln

Bruce B. Johnson

University of Nebraska-Lincoln

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CORNHUSKER ECONOMICS

Retail Patterns Across Nebraska, a 10-Year Perspective

Market Report	Yr Ago	4 Wks Ago	9/9/05
<u>Livestock and Products,</u>			
<u>Weekly Average</u>			
Nebraska Slaughter Steers, 35-65% Choice, Live Weight	\$81.18	\$80.07	82.36
Nebraska Feeder Steers, Med. & Large Frame, 550-600 lb	128.26	145.00	129.43
Nebraska Feeder Steers, Med. & Large Frame 750-800 lb	116.07	116.24	121.55
Choice Boxed Beef, 600-750 lb. Carcass	130.81	133.72	134.89
Western Corn Belt Base Hog Price Carcass, Negotiated	72.02	67.70	64.25
Feeder Pigs, National Direct 45 lbs, FOB	42.17	47.42	49.94
Pork Carcass Cutout, 185 lb. Carcass, 51-52% Lean	71.70	72.57	72.32
Slaughter Lambs, Ch. & Pr., 90-160 lbs., Shorn, Midwest	93.50	91.00	93.00
National Carcass Lamb Cutout, FOB	215.53	250.13	245.18
<u>Crops,</u>			
<u>Daily Spot Prices</u>			
Wheat, No. 1, H.W. Omaha, bu	3.39	3.06	*
Corn, No. 2, Yellow Omaha, bu	2.07	1.78	1.64
Soybeans, No. 1, Yellow Omaha, bu	5.41	6.19	5.54
Grain Sorghum, No. 2, Yellow Columbus, cwt	3.04	3.04	2.63
Oats, No. 2, Heavy Minneapolis, MN , bu	1.74	1.82	1.71
<u>Hay</u>			
Alfalfa, Large Square Bales, Good to Premium, RFV 160-185 Northeast Nebraska, ton	115.00	117.50	117.50
Alfalfa, Large Rounds, Good Platte Valley, ton	62.50	37.50	37.50
Grass Hay, Large Rounds, Good Northeast Nebraska, ton	57.50	52.50	52.50
* No market.			

Retail activity is very dynamic and highly variable, across both time and space. We have been following total retail activity, using taxable retail sales from the Nebraska Department of Revenue as a proxy for many years. Over time, we have witnessed the continuing trend towards increasing concentration of retail activity in the larger trade centers and urban communities, and away from rural and small trade centers. While state sales tax data provides some clear perspectives on overall changes and trends, even down to town and county levels, details as to the specific type of retail activity is precluded.

However, the U.S. Census Bureau conducts a U.S. Economic Census every five years, profiling American business from the national to the local level. This provides far greater detail of the structure of the Nebraska retailing sector by breaking down activity by county, town and the NAICS code. Using the latest available 2002 Census of Retailing as our source, we can gain additional insight about retailing in Nebraska's counties and larger communities.

Our primary unit of measure is the retail pull factor. The pull factor measures the relative market share of retailing captured by a specific geographic area over a specific time period, in this case Nebraska counties during 2002. It is calculated by dividing the per capita retail sales for the county by the state average per capita sales which occurred during 2002. If the pull factor is greater than 1.0 then the retail sales activity of that area exceeds its population equivalent and is experiencing an influx of retail trade. Conversely, if the pull factor for an area is less than 1.0 the area is losing potential retail activity to other places and is experiencing trade leakage.

For purposes of analysis Nebraska counties were grouped into several categories based on population levels and size of the largest municipality in the county. The categories are Rural (52 counties which have no town larger than 2,500 people), Small Trade (21 non-metropolitan counties with the largest town being between 2,500 and 7,500 people), Large Trade (13 non-metropolitan counties with a city of at least 7,500 people) and Metropolitan (6 counties having a portion of a metropolitan center of at least 50,000 people). For a complete list of counties within each of these classes, please visit <http://agecon.unl.edu/pub/ruralpull.html>



Retailing patterns for five of the major retailing activities were studied and changes identified over the 1992-2002 time period. Total reported retail sales for counties were aggregated into the county groupings noted above and pull factors calculated. This gave us some interesting comparisons across the retail spectrum as well as across space and time. The following are some of our preliminary findings.

As shown in Figures 1 and 2, the large trade centers and metro areas are continuing to increase their retailing dominance in four of the five retailing categories. This conforms with our ongoing retail trade analysis which has shown an ever increasing share of taxable retail sales in the state gravitating towards these centers over the past 35 years. However, the patterns of retail share and change over time are highly variable across the retail categories.

The auto dealership sales shifted substantially in the 1992-2002 time period from the non-metro areas (including the larger trade area counties) into the metro counties. The continuing concentration of dealerships into much larger, highly-advertised retailers located in the largest metro areas is certainly reflected in these changes in sales activity. However, while large trade centers experienced some decline in their auto sales pull factor, these centers are still capturing robust sales.

Food and beverage stores (i.e. grocery stores) have always had a retail pull effect from the populations nearby, as most people historically have not traveled far for their grocery needs. However an interesting trend shift can be noticed in this 1992-2002 comparison. With the advent of “big-box” retailers (i.e. Wal-Mart Supercenters) in the large trade and metro counties, it is evident that many people are purchasing their groceries at these general merchandise outlets rather than the conventional

grocery outlets. This can be seen in the nearly proportional shift in pull factors away from food and beverage stores to general merchandise stores in the large trade counties. Nonetheless, grocery warehouse supermarkets and small niche grocery stores can and do maintain their competitive presence in many areas.

As one might expect, accommodation (lodging) and food service continues to gravitate towards the larger population centers. Metro centers, capturing the larger population base as well as clientele from major transportation networks, have taken on a greater role over time.

An interesting variation to all of the patterns above is that of gasoline stations. A basic retail need in virtually any community, sales of this category have actually shown a growth in retail pull factor in all but the metro counties. There may be several explanations, but basically it probably reflects the fact that rural people increasingly travel much greater distances than their urban counterparts. They commute much longer distances to work as well as to meet their other retailing needs associated with their households. It is also likely that this group is experiencing a relatively greater economic shock from recent gas price spirals. Furthermore, they may be the first group to alter their travel patterns where possible, including meeting their retail needs by shopping closer to home.

Aaron C. Raymond
 MBAA Graduate Research Assistant

Bruce B. Johnson, (402) 472-1794
 Professor, Agricultural Economics
 University of Nebraska-Lincoln

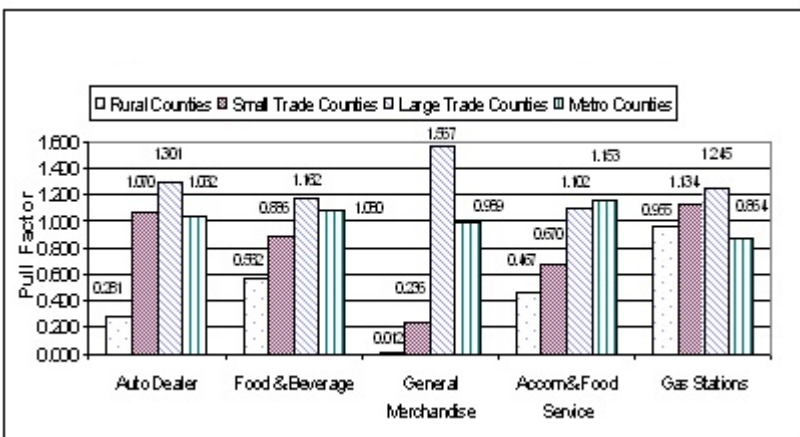


Figure 1. Pull Factors for Size Classes on Various Retailing Activities, 1992

Figure 2. Pull Factors for Size Classes on Various Retailing Activities, 2002

