

# Trade Area Analysis

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Community Economics



*Making a Difference in Minnesota*

UNIVERSITY OF MINNESOTA

**EXTENSION**

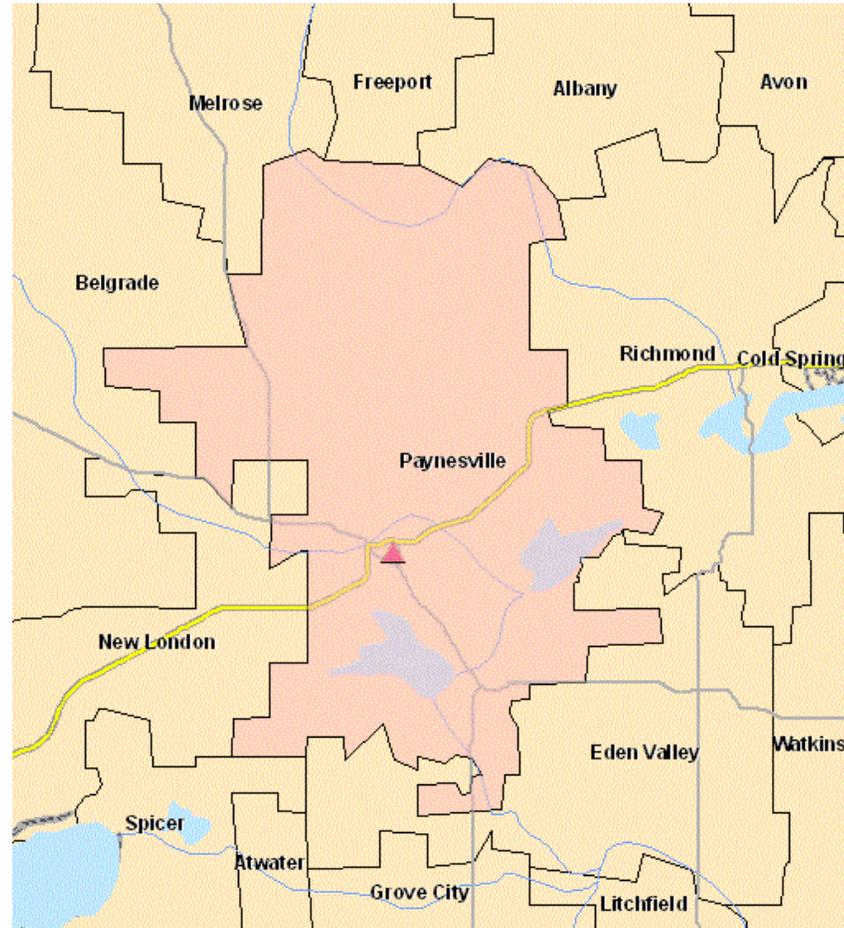
# Today's Workshop

- Analysis Background
- Results of Analysis
- Application for the Community



# Analysis Background

- Trade area is Paynesville's "home market"
- Zip code where customers were most concentrated



# Analysis Background

## Report Sections and Sources:

- Consumer spending
  - Federal Department of Labor
- Market Profile
  - US Census Bureau
- Customer types (segmentation)
  - Mediamark Research
  - ESRI



# Calculating the “Pull Factor”

Pull Factors measure the size of a town’s  
(or county’s) trade area.

$$\text{Pull Factor} = \frac{\text{Town Sales Per Capita}}{\text{State Sales Per Capita}}$$

A pull factor bigger than 1.00 means the  
town is “pulling” in trade.



# How are we doing?

Total Number of Retail Est. = 46

Total Taxable Retail Sales = \$10,823,000

Paynesville Retail Pull Factor = 0.90

Paynesville + Township = 0.56

*Pull Factor = Town Sales Per Capita/State Sales Per Capita*

Paynesville Sales Per Capita = \$4,567

Paynesville + Township = \$2,917

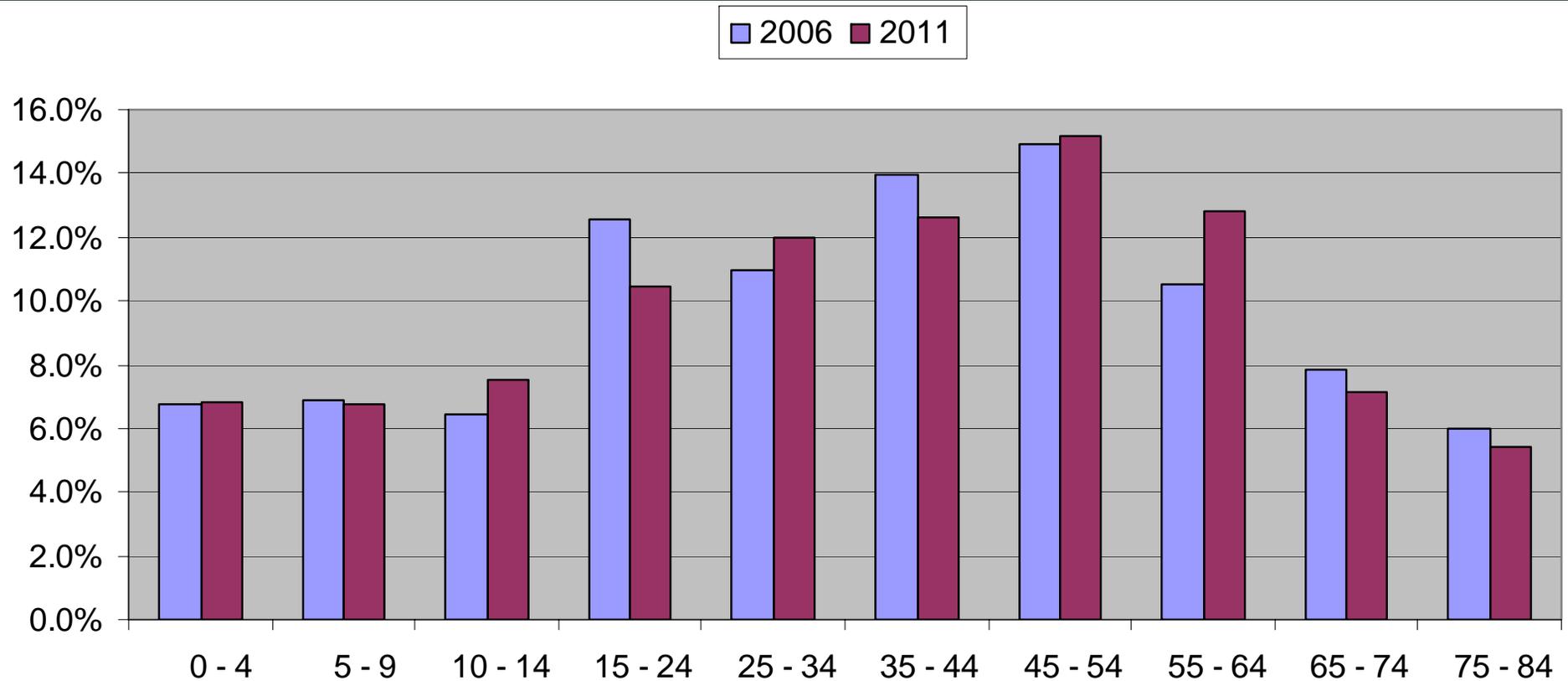
MN Sales Per Capita = \$5,186



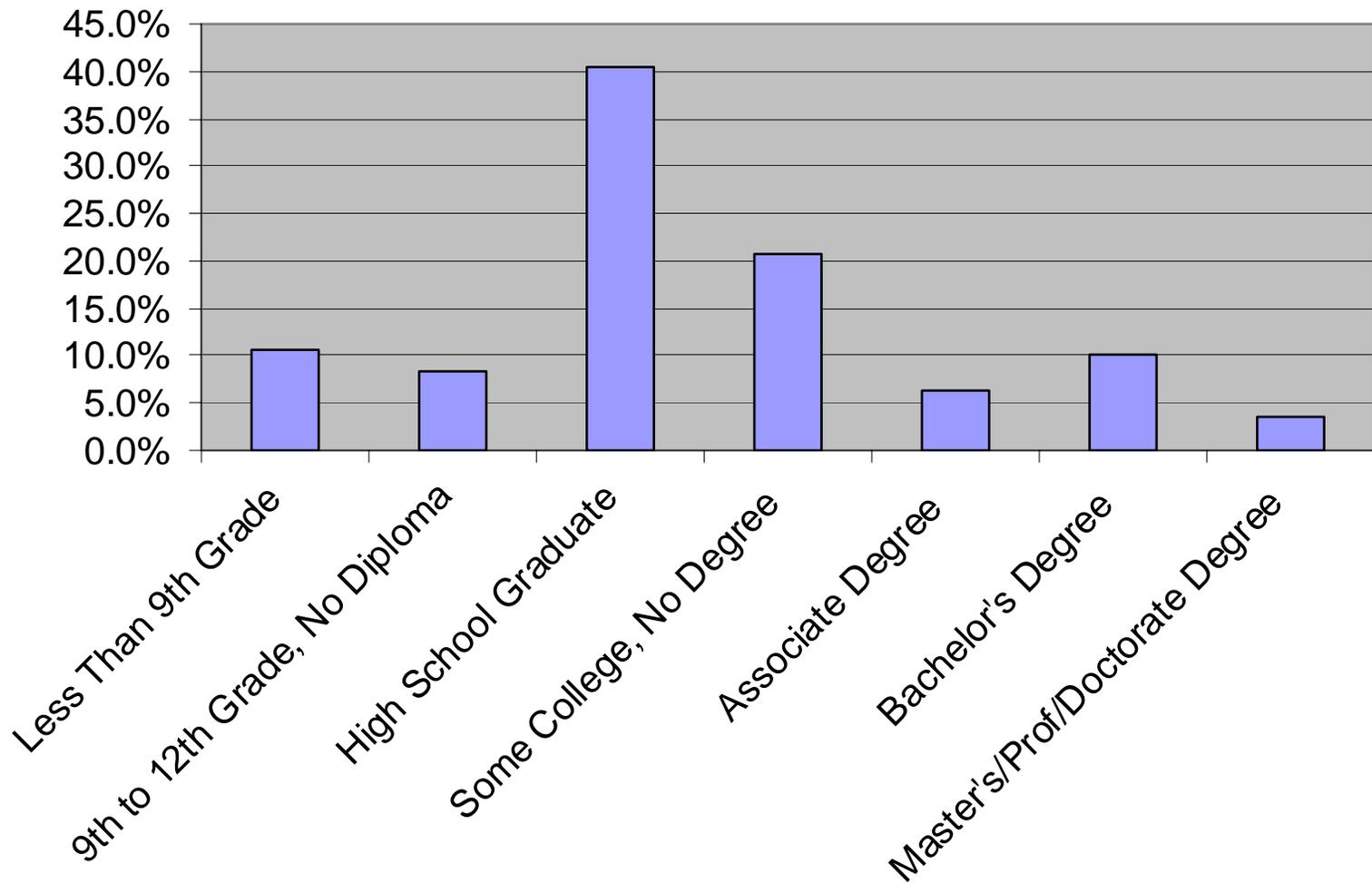
# Income Distribution



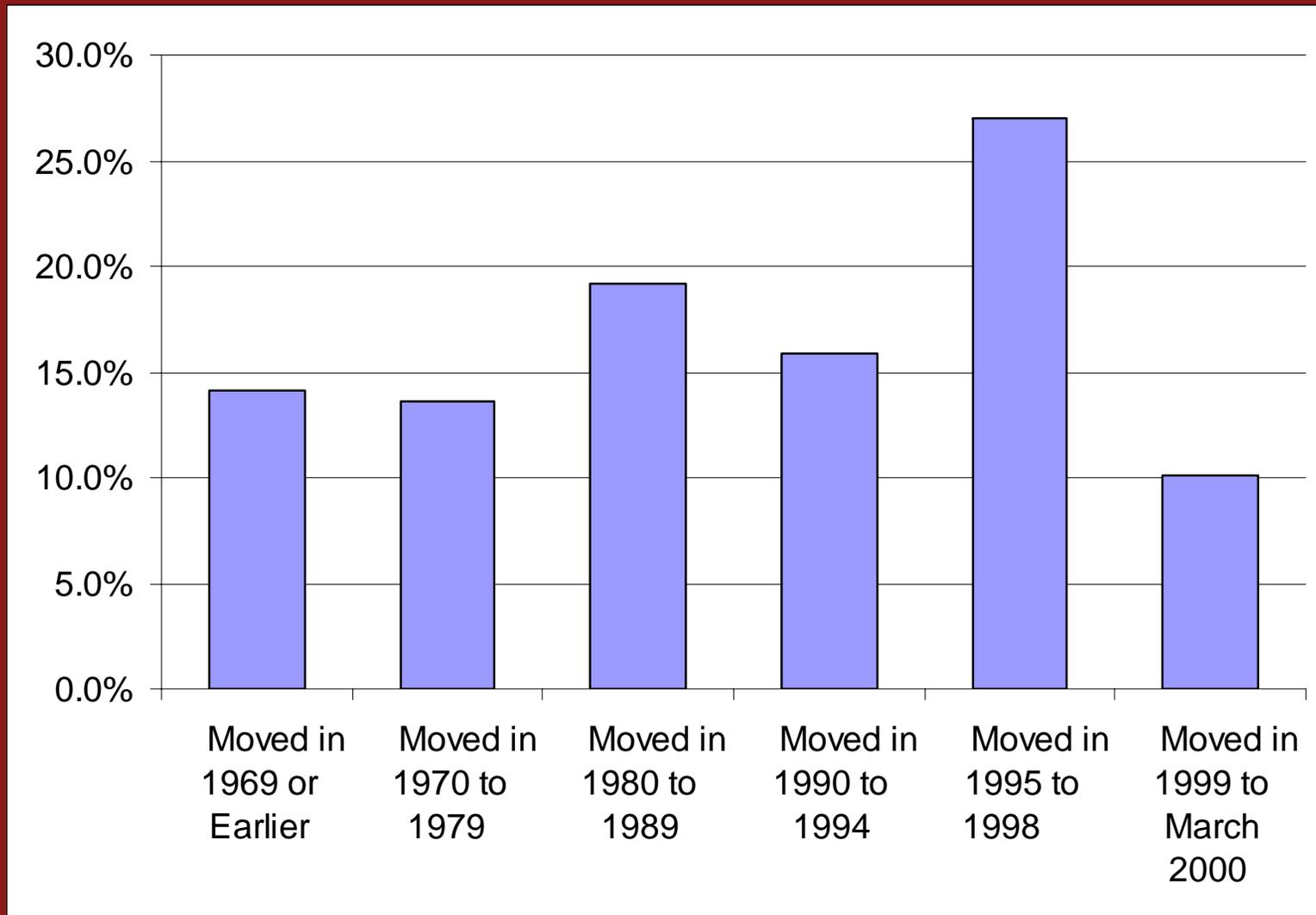
# Population Distribution by Age



# 2000 Population 25+ by Educational Attainment



# 2000 Households by Year Householder Moved In



# Activity 1: Who are your Customers?

- Pairs
- Use handout to profile your customer segments
- 10 minutes



# Customer Segmentation: a bit beyond demographics



**\$75K income,  
home owner,  
enjoys live  
music, drives  
a Volkswagen**

**\$40K income,  
renter, buys  
two books a  
month, drives**

**a Pontiac**

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# Results: Customer Segments

Top Segment: Rustbelt Retirees

*816 households (34%)*

- Median Income: \$49, 000
- Married couples with no kids
- Live in owner-occupied homes with average of \$118,500 value
- More than 40% draw retirement
- Bargain shoppers at discount stores
- Older, domestic vehicles
- Dine out only occasionally



# Results: Customer Segments

Second Segment: Green Acres

*714 households (30%)*

- Median Income: \$62,300
- Families, many with kids
- Upscale market in developing fringe areas with median value of \$180,000
- Do-it-yourselfers into maintaining and remodeling home
- Into active sports like waterskiing and boating



# Results: Customer Segments

## Third Segment: Prairie Living

*526 households (22%)*

- Median Income: \$41,000
- Married couples with and without children
- Small farms predominate market
- Some trailers, mostly single family homes with \$96,000 median value
- Purchase reflect rural lifestyle
- Bargain hunters and wal-mart shoppers



# Results: Customer Segments

Fourth Segment: Salt of the Earth

*360 households (14.9%)*

- Median Income: \$48,800
- Some trailers, but mainly single family homes
- Rooted, settled, and hardworking
- Own many vehicles, many owning a motorcycle
- Enjoy family restaurant dining
- Interests: hunting, fishing, and country music



# Results: Media



## Tapestry Segmentation Area Profile: Media

Paynesville

### Tapestry LifeMode Groups

### 2006 Households

|                                            | Green Acres | Rustbelt Retire | Prairie Living | Total Households | Total Percentage |
|--------------------------------------------|-------------|-----------------|----------------|------------------|------------------|
| <b>Totals</b>                              | <b>714</b>  | <b>816</b>      | <b>526</b>     | <b>2,416</b>     |                  |
| <b>Television</b>                          |             |                 |                |                  |                  |
| Light viewer of daytime TV                 | 9%          | 10%             | 11%            | 268              | 11%              |
| Medium viewer of daytime TV                | 7%          | 7%              | 11%            | 237              | 10%              |
| Heavy viewer of daytime TV                 | 6%          | 7%              | 9%             | 205              | 8%               |
| Light viewer of primetime TV               | 20%         | 20%             | 15%            | 498              | 21%              |
| Light-medium viewer of primetime TV        | 23%         | 22%             | 22%            | 486              | 20%              |
| Medium viewer of primetime TV              | 21%         | 20%             | 19%            | 497              | 21%              |
| HH watched 15+ hours of cable TV last week | 60%         | 58%             | 65%            | 1312             | 54%              |
| Watched 1-9 hours of cable TV last week    | 85%         | 81%             | 84%            | 1802             | 75%              |
| Watched 10-20 hours of cable TV last week  | 16%         | 17%             | 22%            | 507              | 21%              |
| Watched 21+ hours of cable TV last week    | 3%          | 3%              | 4%             | 107              | 4%               |
| HH has cable TV available in neighborhood  | 97%         | 96%             | 99%            | 1901             | 79%              |
| HH subscribes to cable TV                  | 73%         | 66%             | 78%            | 1342             | 56%              |
| HH subscribes to digital cable TV          | 15%         | 14%             | 16%            | 288              | 12%              |
| HH has pay TV                              | 37%         | 35%             | 31%            | 613              | 25%              |
| HH has satellite dish                      | 18%         | 20%             | 10%            | 600              | 25%              |
| HH watched cable TV last week              | 85%         | 80%             | 84%            | 1818             | 75%              |
| <b>Magazine</b>                            |             |                 |                |                  |                  |
| Light magazine reader                      | 13%         | 16%             | 16%            | 514              | 21%              |
| Light-medium magazine reader               | 20%         | 21%             | 21%            | 589              | 24%              |
| Medium magazine reader                     | 24%         | 23%             | 24%            | 522              | 22%              |
| Medium-heavy magazine reader               | 23%         | 20%             | 20%            | 441              | 18%              |
| Heavy magazine reader                      | 21%         | 20%             | 20%            | 361              | 15%              |

# Results: Leisure



## Tapestry Segmentation Area Profile: Leisure

| Paynesville Zip (56362)                           |                |                      |                   |                  |                  |
|---------------------------------------------------|----------------|----------------------|-------------------|------------------|------------------|
| 2006 Households                                   |                |                      |                   |                  |                  |
|                                                   | 17 Green Acres | 29 Rustbelt Retirees | 37 Prairie Living | Total Households | Total Percentage |
| <b>Totals</b>                                     | 714            | 816                  | 526               | 2,416            |                  |
| <b>Hobbies</b>                                    |                |                      |                   |                  |                  |
| Cooked for fun in last 12 months                  | 16%            | 17%                  | 13%               | 370              | 15%              |
| Did crossword puzzle in last 12 months            | 16%            | 19%                  | 14%               | 404              | 17%              |
| Flew a kite in last 12 months                     | 5%             | 2%                   | 4%                | 93               | 4%               |
| Did furniture refinishing in last 12 months       | 5%             | 4%                   | 4%                | 107              | 4%               |
| Did indoor gardening/plant care in last 12 months | 19%            | 17%                  | 17%               | 440              | 18%              |
| Played musical instrument in last 12 months       | 9%             | 5%                   | 5%                | 163              | 7%               |
| Did painting/drawing in last 12 months            | 8%             | 5%                   | 7%                | 151              | 6%               |
| Did photography in last 12 months                 | 15%            | 11%                  | 11%               | 296              | 12%              |
| Read book in last 12 months                       | 45%            | 42%                  | 37%               | 1005             | 42%              |
| Surfed the Internet in last 12 months             | 35%            | 27%                  | 20%               | 665              | 28%              |
| Played video game in last 12 months               | 13%            | 14%                  | 11%               | 316              | 13%              |
| Did woodworking in last 12 months                 | 10%            | 5%                   | 5%                | 170              | 7%               |
| <b>Entertainment</b>                              |                |                      |                   |                  |                  |
| Attended adult education course in last 12 months | 8%             | 6%                   | 3%                | 138              | 6%               |
| Attended auto show in last 12 months              | 11%            | 8%                   | 5%                | 204              | 8%               |
| Went to bar/night club in last 12 months          | 21%            | 24%                  | 19%               | 530              | 22%              |
| Went to beach in last 12 months                   | 30%            | 23%                  | 12%               | 527              | 22%              |
| Attended dance performance in last 12 months      | 4%             | 3%                   | 2%                | 72               | 3%               |
| Danced/went dancing in last 12 months             | 10%            | 10%                  | 15%               | 254              | 11%              |
| Dined out in last 12 months                       | 60%            | 56%                  | 50%               | 1336             | 55%              |
| Dine out < once a month                           | 5%             | 6%                   | 7%                | 131              | 5%               |

# Activity 2: Knowing what you know now...

Scenario: You own a bait shop.

Directions:

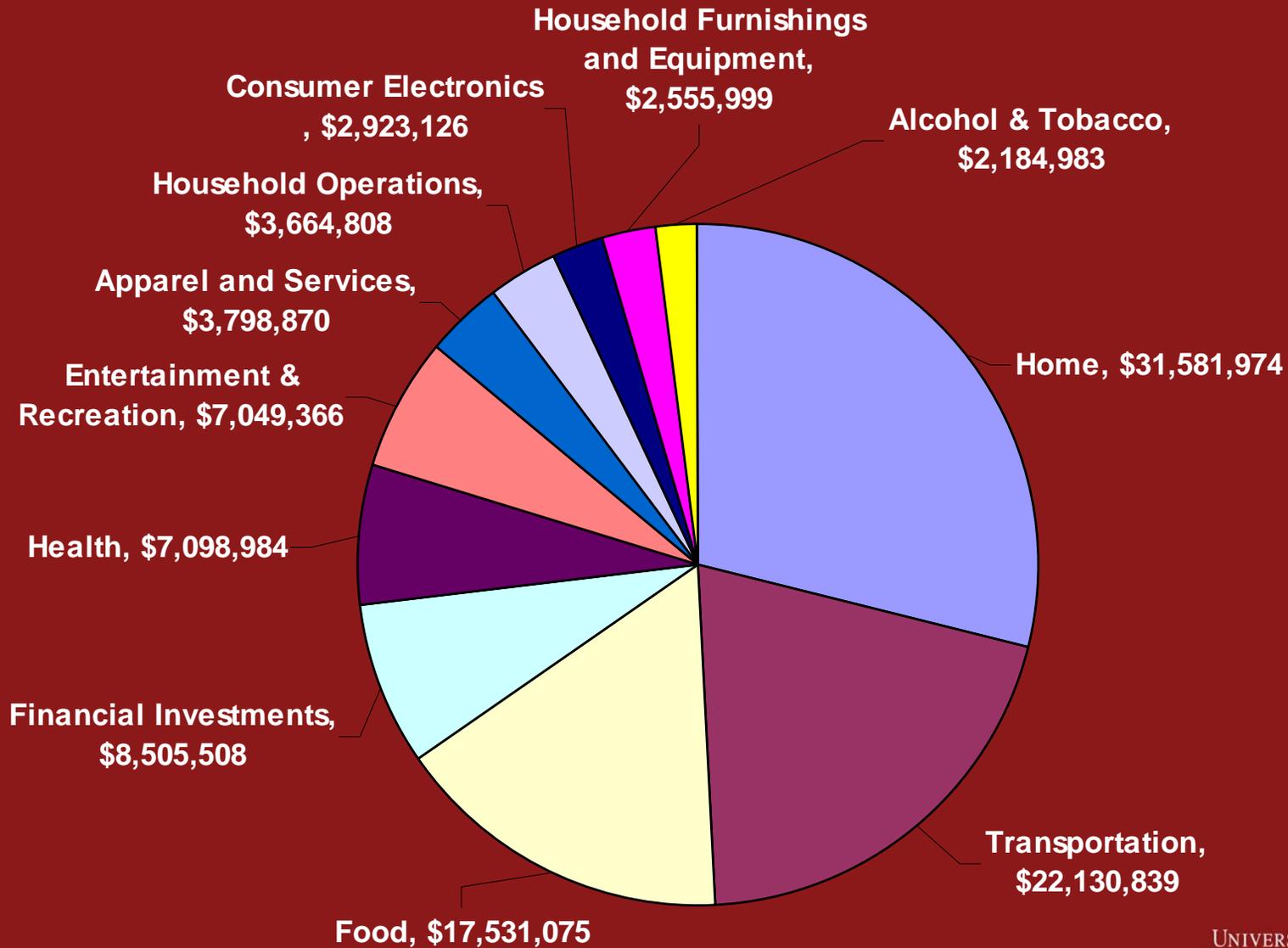
- Find target market on handout
- Read description and data
- Fill in handout to put information to work
  - Media to reach your target
  - Experience expectations
  - Inventory changes
  - Any other ideas to better serve the market?



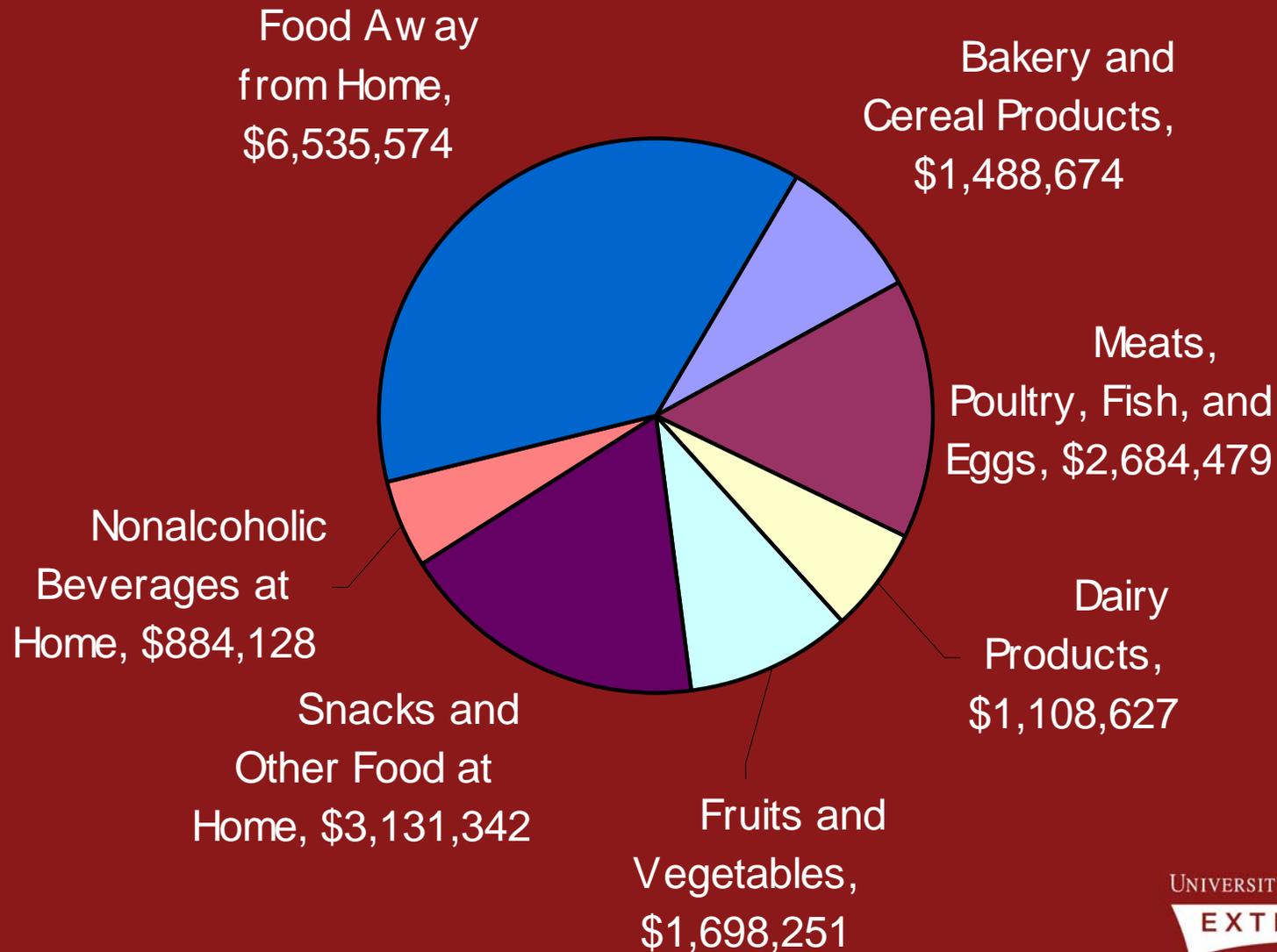
# Total Expenditures of Residents from Paynesville

| <u>Current</u>                             | <u>\$ Amount</u>    |
|--------------------------------------------|---------------------|
| <b>Home</b>                                | <b>\$31,581,974</b> |
| <b>Transportation</b>                      | <b>\$22,130,000</b> |
| <b>Food</b>                                | <b>\$17,531,075</b> |
| <b>Financial Investments</b>               | <b>\$8,505,508</b>  |
| <b>Health</b>                              | <b>\$7,098,984</b>  |
| <b>Entertainment &amp; Recreation</b>      | <b>\$7,049,366</b>  |
| <b>Apparel and Services</b>                | <b>\$3,798,870</b>  |
| <b>Household Operations</b>                | <b>\$3,664,808</b>  |
| <b>Consumer Electronics</b>                | <b>\$2,923,126</b>  |
| <b>Household Furnishings and Equipment</b> | <b>\$2,555,999</b>  |
| <b>Alcohol &amp; Tobacco</b>               | <b>\$2,184,983</b>  |

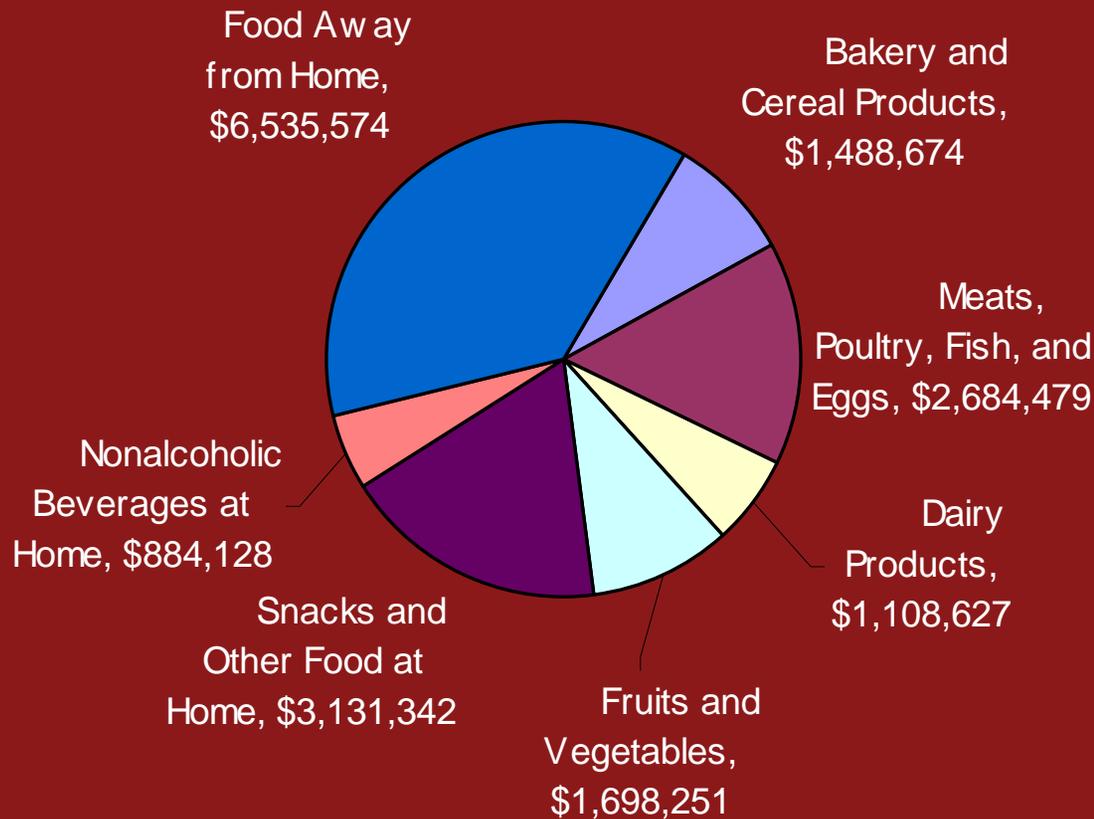
# Total Expenditures of Residents



# Expenditures on Food



# Expenditures on Food



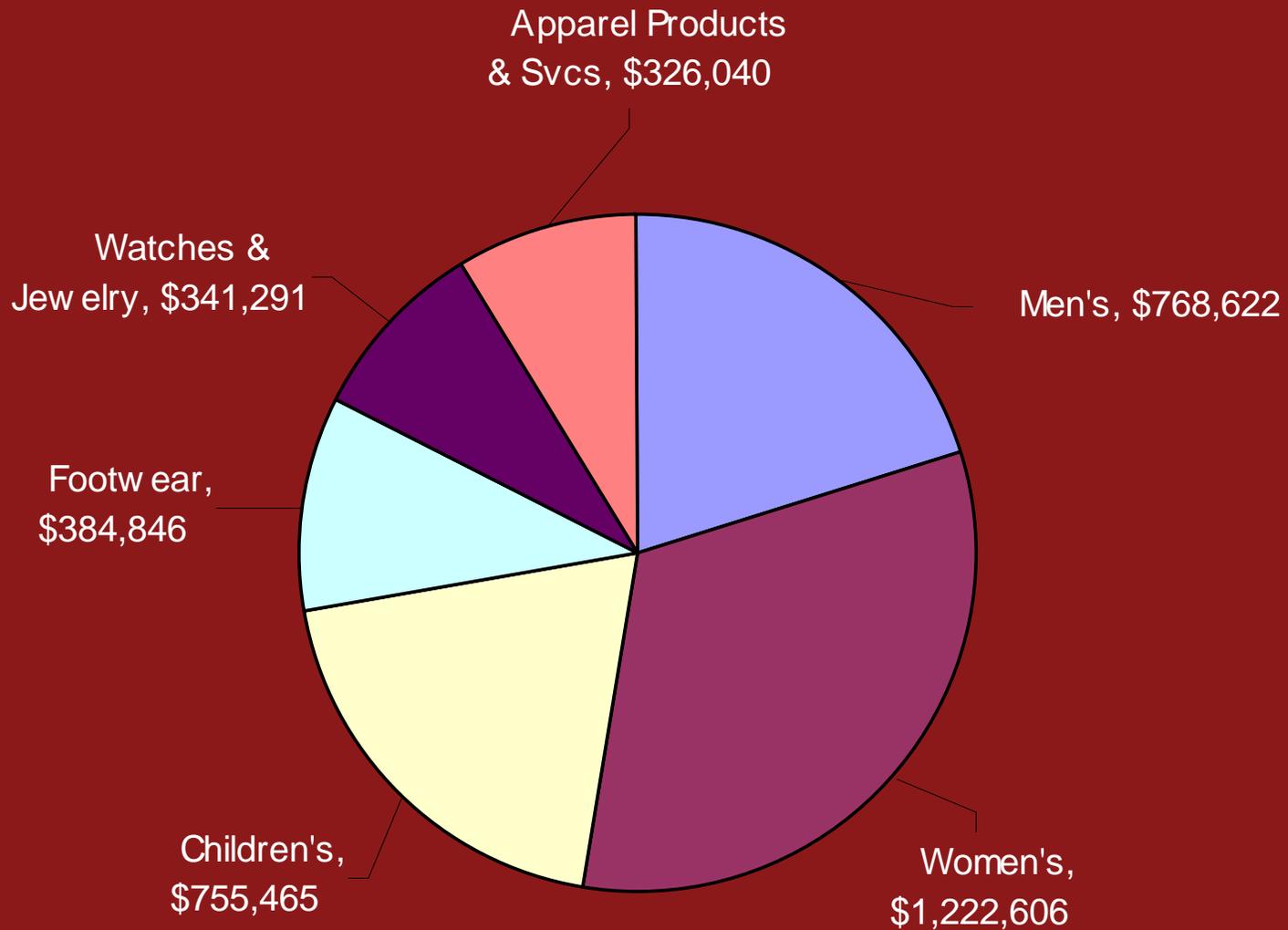
## Average Earnings Per Establishment in Minnesota

|                               |             |
|-------------------------------|-------------|
| Grocery Stores                | \$4,908,435 |
| Specialty Food Stores         | \$569,616   |
| Full-Service Restaurants      | \$713,579   |
| Limited-Service Eating Places | \$533,539   |

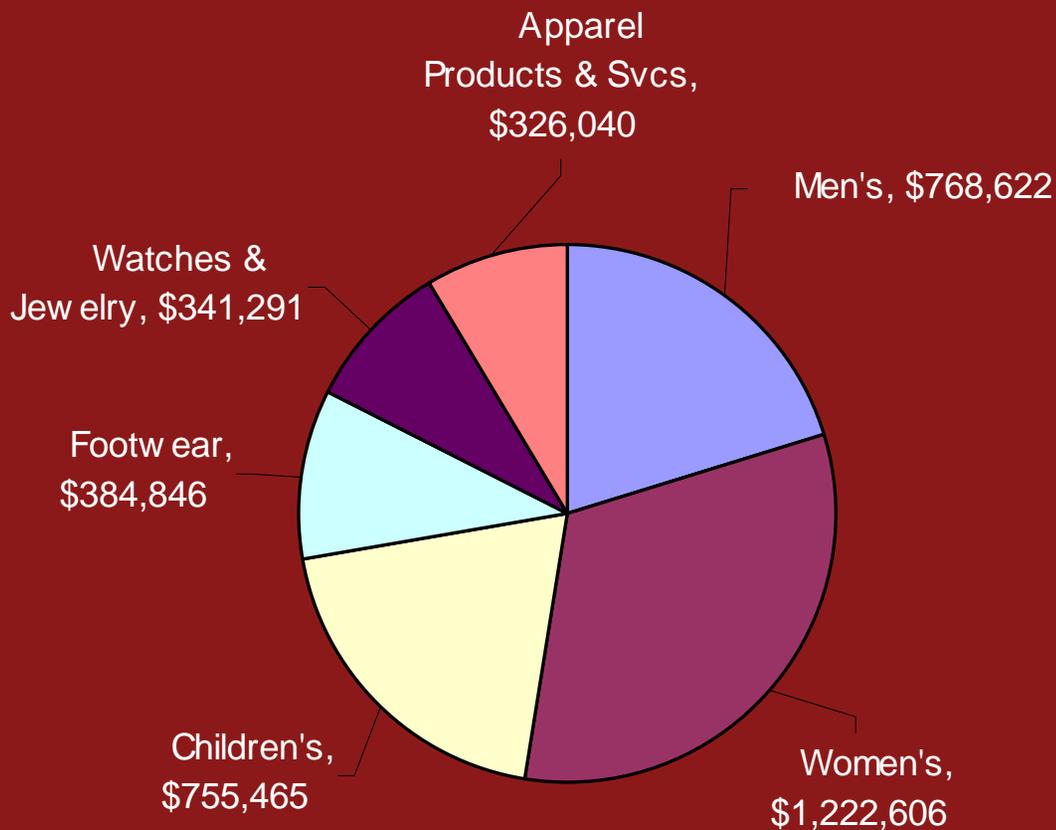
Source: MN Dept. of Revenue



# Expenditures in Apparel & Services



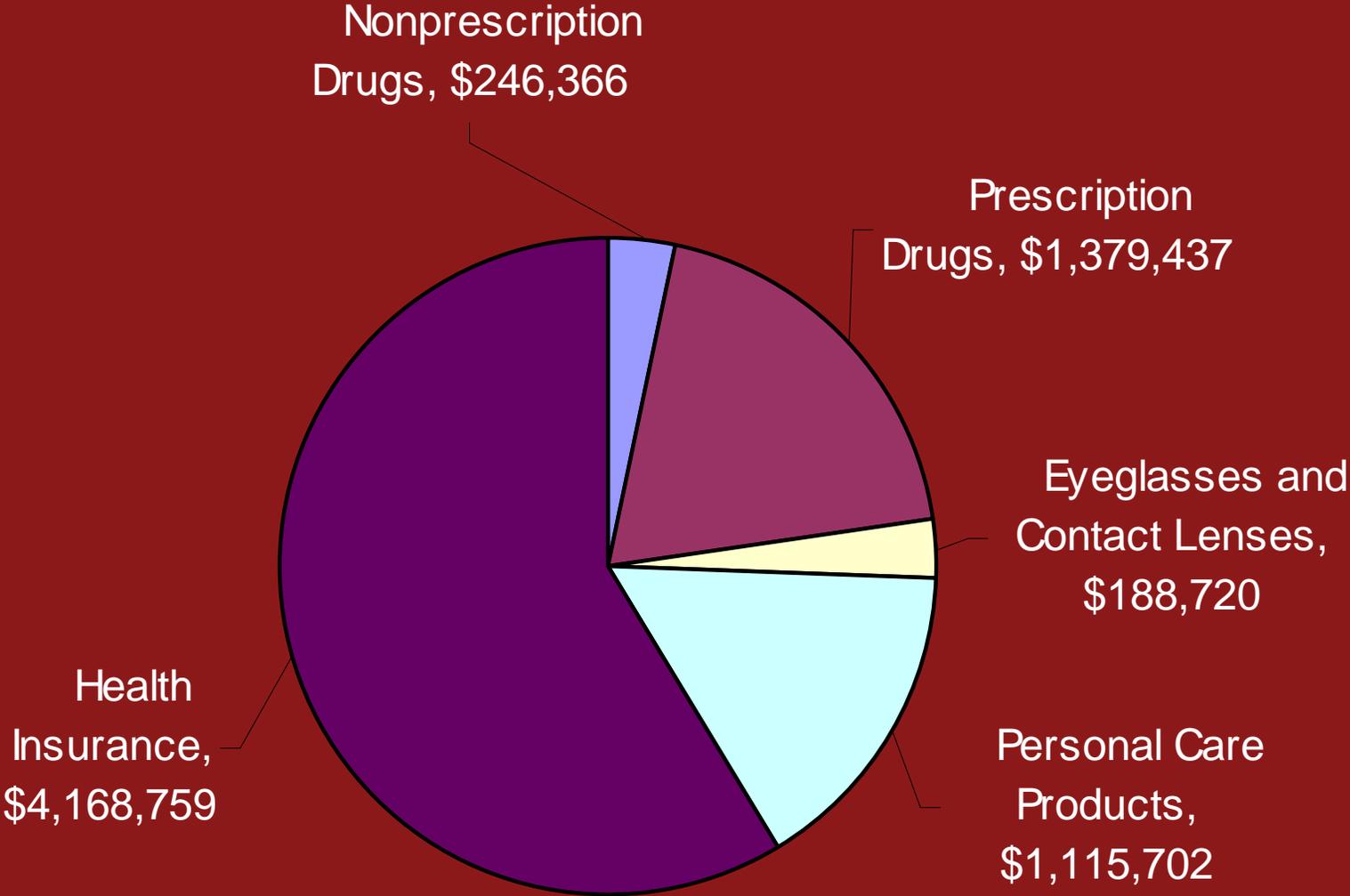
## Expenditures in Apparel & Services



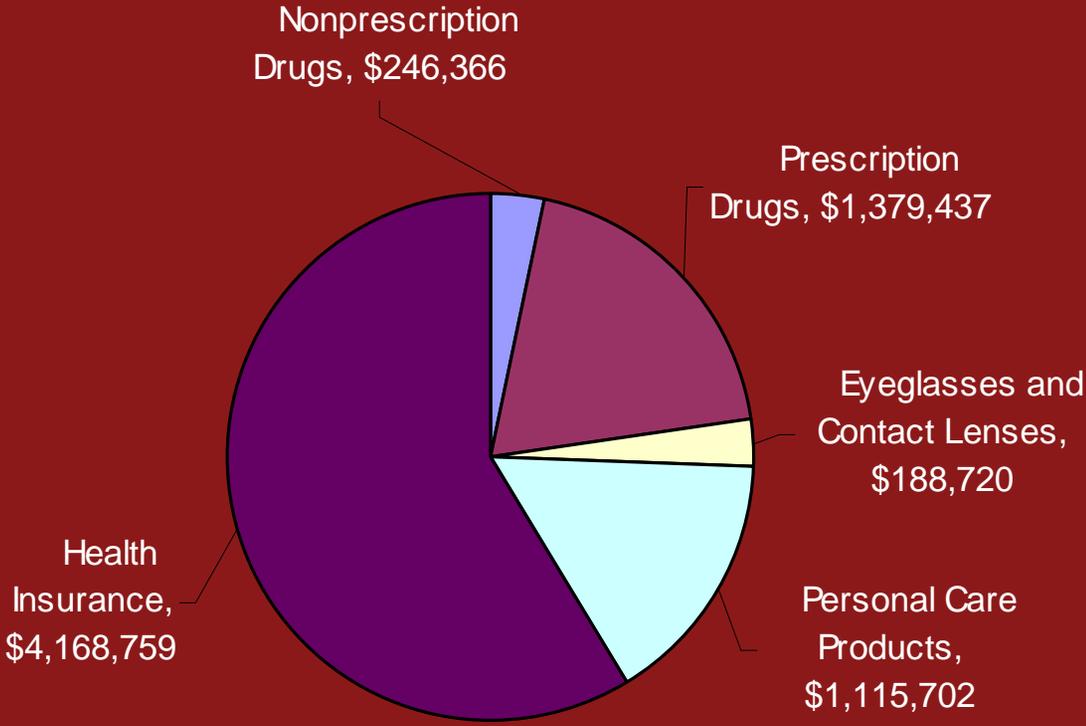
## Average Earnings Per Establishment in Minnesota

|                                            |           |
|--------------------------------------------|-----------|
| Clothing Stores                            | \$966,516 |
| Shoe Stores                                | \$783,212 |
| Jewelry, Luggage, and Leather Goods Stores | \$297,410 |

# Expenditures on Health Services



# Expenditures on Health Services



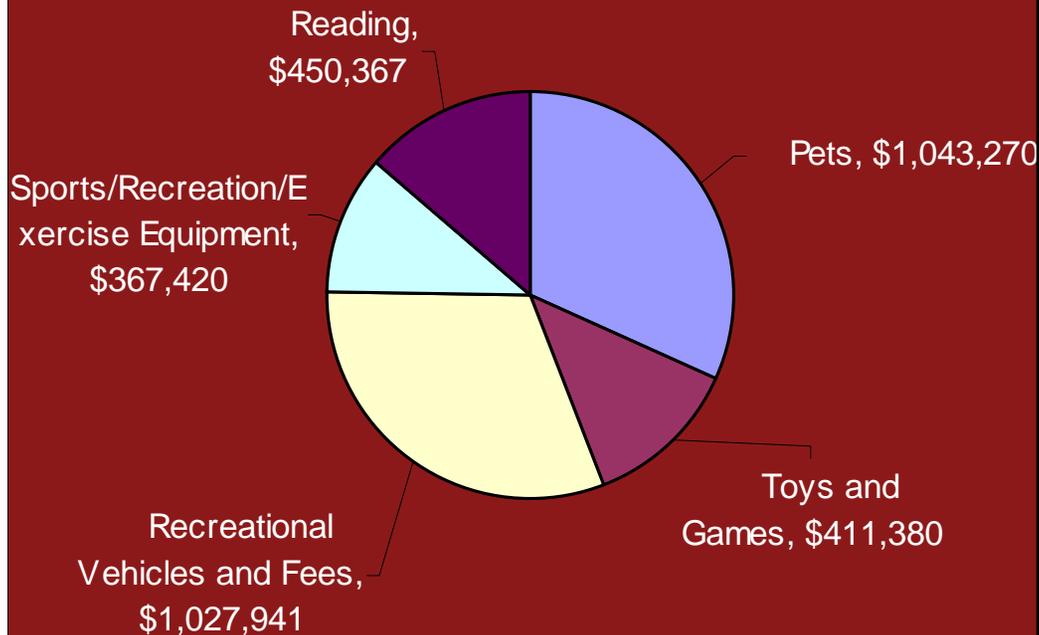
# Average Earnings Per Establishment in Minnesota

|                                             |             |
|---------------------------------------------|-------------|
| Health and Personal Care Stores (Walgreens) | \$2,408,572 |
|                                             |             |
|                                             |             |

# Other Entertainment - Expenditures



## Other Entertainment - Expenditures



## Average Earnings Per Establishment in Minnesota

|                                                      |             |
|------------------------------------------------------|-------------|
| Other Motor Vehicle Dealers                          | \$3,017,000 |
| Sporting Goods, Hobby, and Musical Instrument Stores | \$534,345   |
| Book, Periodical, and Music Stores                   | \$534,133   |

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# Application: Community

- Gaps
- Recruitment
- Community marketing
- Planning for the future

# Application: Businesses

- Learn local customer needs
- Plan Advertising, inventory, layout
- Knowledge for local entrepreneurs

# Thanks

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