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Where People Shop: Trade Centers in Nebraska

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Local economies vary in their ability to capture retail trade customers. Factors such as proximity to major highways, population, geographic isolation, and presence of regional malls affect the viability of a community's retail base. In this issue of *Business in Nebraska*, we examine the pattern of retail activity across Nebraska. That pattern of activity results in the formation of trade centers—communities that attract or capture a surplus of retail customers from surrounding communities and regions. We also examine the employment effects resulting from the amount of external retail sales captured by trade centers.

To locate the trade centers across Nebraska, we analyzed retail sales figures in the communities featured in the monthly Nonmotor Vehicle Net Taxable Retail Sales table (see page 7). Data for the years 1990 to 1992 formed the basis of this analysis.

In order to determine whether a local economy was either capturing, breaking even, or losing retail dollars, it was necessary to multiply state per capita retail sales by population of each community. This resulted in an estimate of each community's retail activity based on the size of its population. Actual retail sales for each community were then subtracted from the population-based estimate to determine the magnitude of capture or loss. The equations for these calculations are shown below:

(A) * (B) = (C)
(C) — (D) = estimated capture or loss of retail sales

Where:
(A) = 3-year average state per capita nonmotor retail sales (1990 to 1992)
(B) = community population (1990)
(C) = 3-year estimated average nonmotor retail sales based on state-level consumption pattern
(D) = 3-year average of actual community nonmotor retail sales (1990 to 1992)

The assumption underlying these equations, of course, is that per capita consumption expenditures across communities are equivalent to per capita consumption expenditures at the state level. While this probably is not true in each community analyzed, due to differences in per capita incomes as well as consumer preferences, we are confident that the state per capita expenditure figure is a reasonable proxy for Nebraska communities in general.

Some important issues must be kept in mind when considering this analysis. First, this analysis considers the sale of all goods except motor ve-

hicles and food purchased at grocery or convenience stores. Second, the data presented on retail trade capture are estimates based on a hypothetical volume of retail activity that we would expect to see at the community level. Estimates are subject to error. Third, the activity generated by relatively new retail facilities, such as a major outlet mall in Gretna, are not reflected in the data if they were built after 1992. Finally, it is important to note that the trade capture figures presented are in net terms. The actual capture by a community from external consumers is offset by leakage of internal dollars to other communities. For example, it seems reasonable to assume that individuals in Bridgeport do some portion of their shopping in Scottsbluff, and that individuals in Norfolk periodically travel to Omaha to shop. Leakage is a function of the different levels of trade centers present in a given state or region.

Table 1
Trade Centers by Type and Amount of *Trade Capture
($ millions)

	Capture	Type
Omaha	1448.7	Major
Grand Island	139.0	Major
Lincoln	97.7	Major
Scottsbluff	93.0	Major
Norfolk	87.5	Major
Kearney	75.6	Major
Columbus	55.1	Large
Fremont	42.8	Large
McCook	41.3	Large
North Platte	41.1	Large
Hastings	35.8	Large
Ogallala	29.6	Large
York	27.7	Large
Lexington	24.2	Large
O'Neill	22.3	Large
Aurora	20.2	Large
Holdrege	18.8	Intermediate
Broken Box	16.1	Intermediate
West Point	15.3	Intermediate
Valentine	14.3	Intermediate
Seward	13.8	Intermediate
Beatrice	12.3	Intermediate
Sidney	11.0	Intermediate
Albion	9.7	Small
Hartington	8.8	Small
Blair	8.7	Small
Geneva	8.3	Small
Gordon	8.1	Small
Imperial	8.0	Small
Hebron	7.8	Small
Neligh	7.2	Small
Humphrey	7.1	Small
Ord	6.3	Small
Ainsworth	6.0	Small
Bridgeport	5.7	Small
Crete	5.6	Small
Shelton	5.2	Small
So. Sioux City	5.2	Small
Ceresco	5.1	Small

* Trade capture refers to the amount of retail sales in excess of what would be expected based on the community's population size.

Levels of Trade Centers

For the purpose of this analysis, we defined trade centers as those communities with an estimated $5 million or more in trade capture. For presentation purposes we divided the trade centers into four types based on the magnitude of estimated trade capture (Table 1).

Hierarchies, or levels of retail trade activity, are based on the availability and affordability of a variety of goods ranging from basic need items such as hardware and personal care products to highly specialized items such as furniture, electronics, and specialty clothing. The larger a community, the more levels of retail activity it is capable of supporting.

It is not surprising, therefore, that some of the most prosperous trade centers identified in this analysis are the largest communities in the state. The cities of Omaha, Lincoln, Grand Island, and Kearney each captured substantial surpluses of retail activity. The magnitude of retail trade dollars captured by a community, however, is not a direct function of community size. For example, the city of Scottsbluff, with a population of 14,000, captured substantially more trade than the city of North Platte, population 23,000. Relatively large populations also do not guarantee sizable retail trade capture. The city of Lincoln, for example, captured less retail sales than did the city of Grand Island. Clearly factors in addition to population combine to generate retail activity.

Figures 1 and 2 illustrate the estimated geographic "reach" of the major and large trade centers. The areas attributed to each trade center are approximations based on factors including size of trade capture and

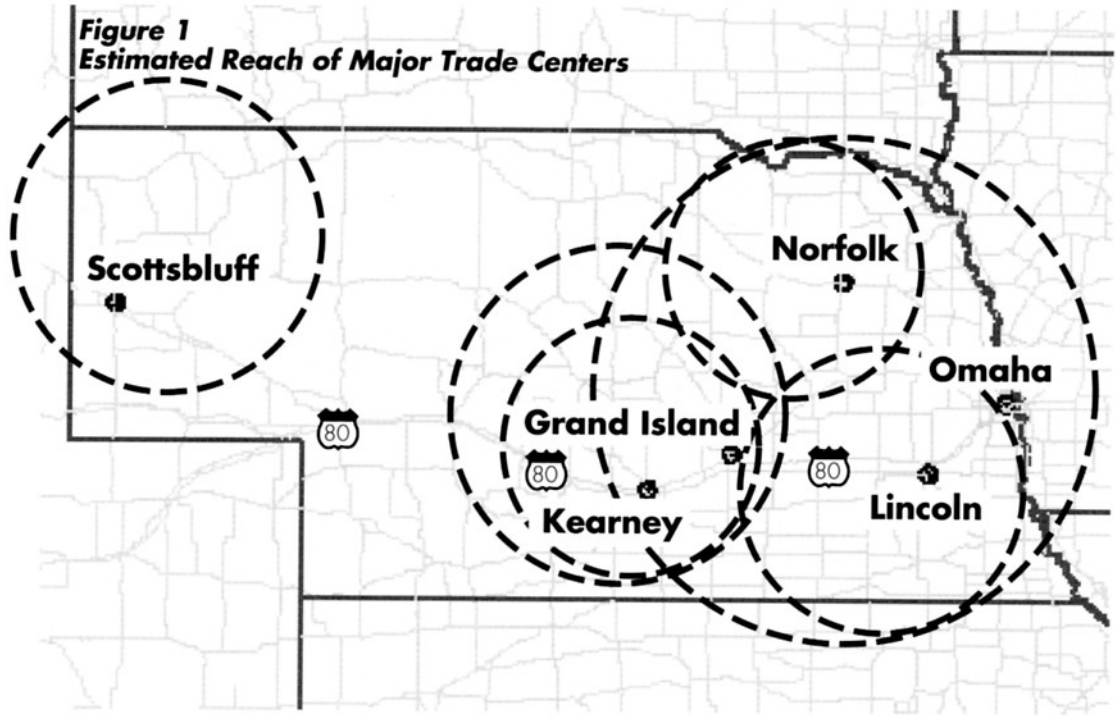


Figure 1
Estimated Reach of Major Trade Centers
Scottsbluff
Norfolk
Omaha
Grand Island
Kearney
Lincoln
80
80
80

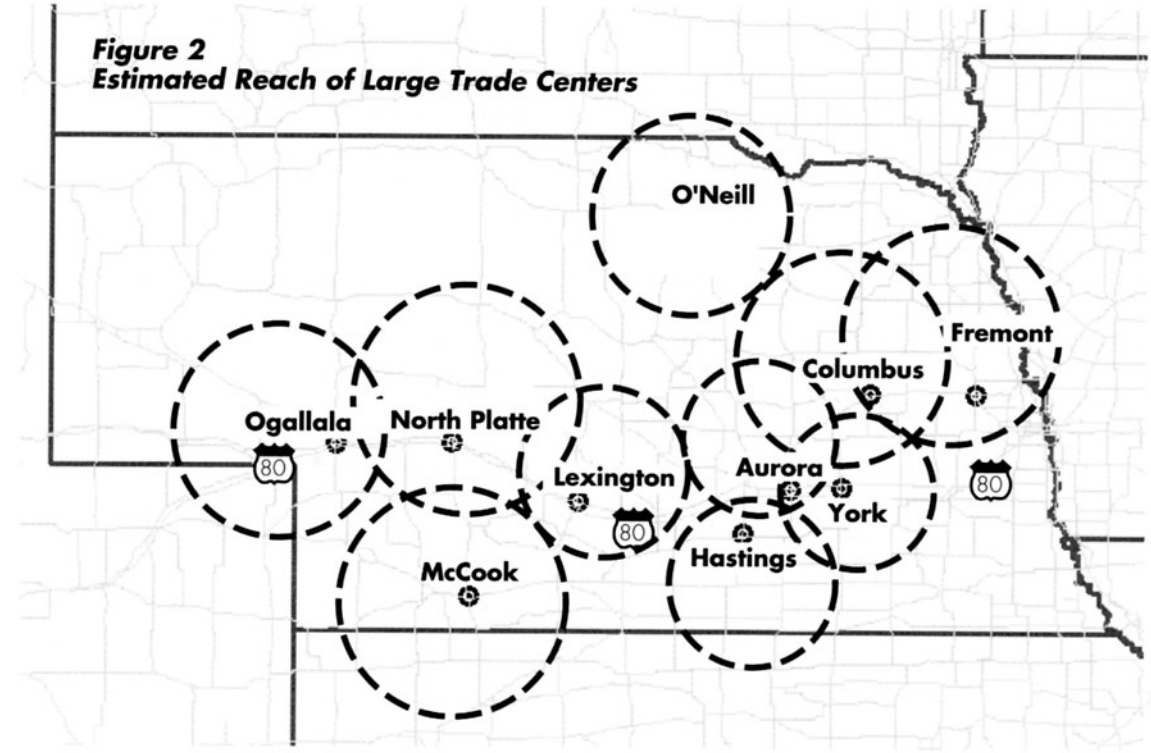
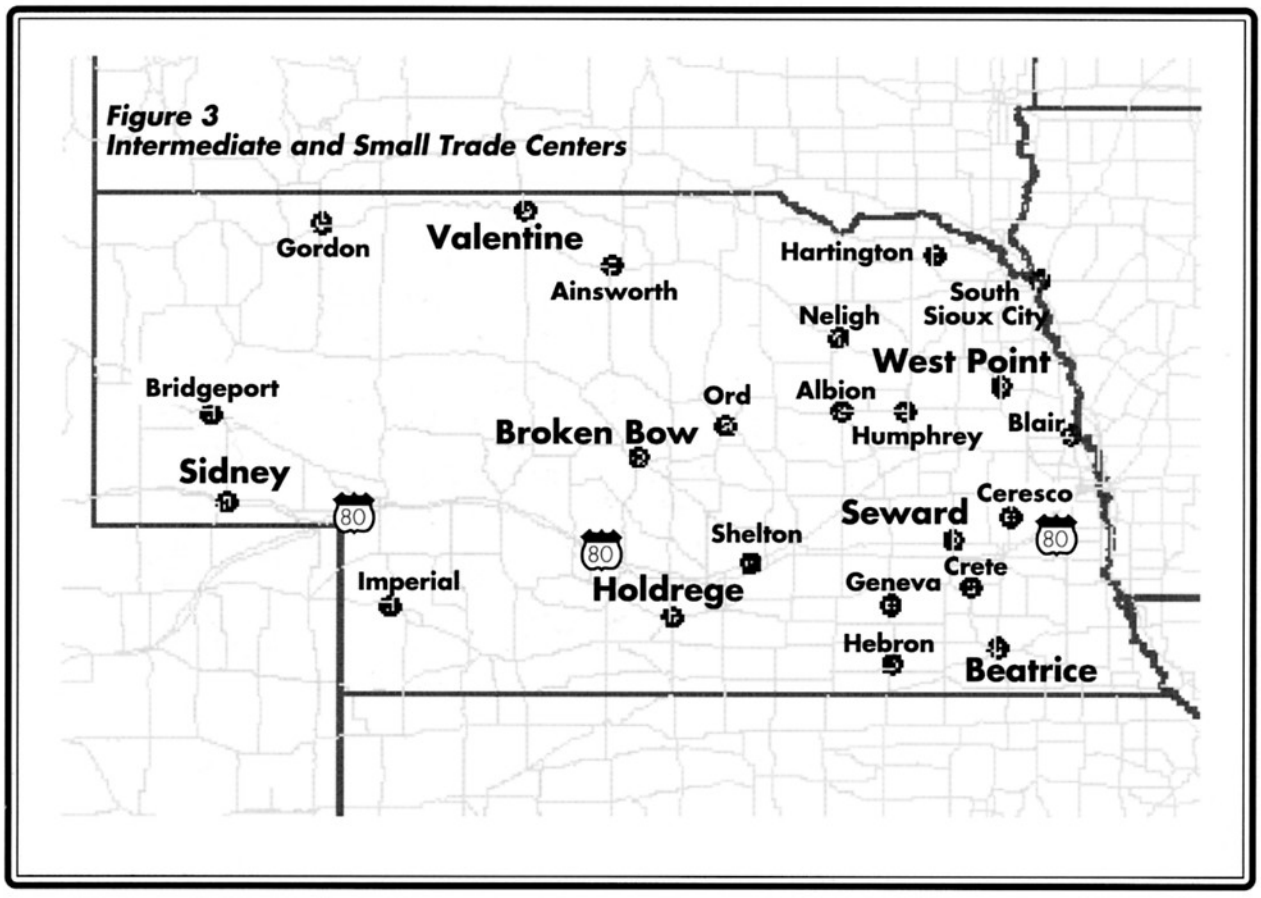


Figure 2
Estimated Reach of Large Trade Centers
O'Neill
Fremont
Columbus
Ogallala
North Platte
Lexington
Aurora
York
Hastings
McCook
80
80
80



geographic location. The areas should not be viewed as absolute trade boundaries. Figure 3 shows the location of the intermediate and small trade centers.

Geographic isolation, that is, relatively long distances from Interstate 80 and other communities with populations above 2,500 works in favor of certain communities. The cities of McCook, O'Neill, Broken Bow, and Valentine can be considered retail "oases" in that they are geographically isolated and yet capture substantial amounts of trade. Proximity to Interstate 80 also has clear benefits as can be seen in the retail trade capture in communities such as Grand Island, North Platte, Ogallala, and Sidney. Proximity to large cities can be detrimental to local retail potential. For example, our analysis indicates that retail dollars flowed from communities in Sarpy and Cass Counties to Omaha.

The presence of a major or large trade center in a particular region does not mean that other communities in the region are net losers of retail activity. In eastern Nebraska, for example, a number of communities within the estimated Omaha trade area capture substantial amounts of trade themselves. Again, the availability and affordability of particular types of goods, as well as the convenience of access to particular communities combine to influence where consumers will shop.

Employment Impact

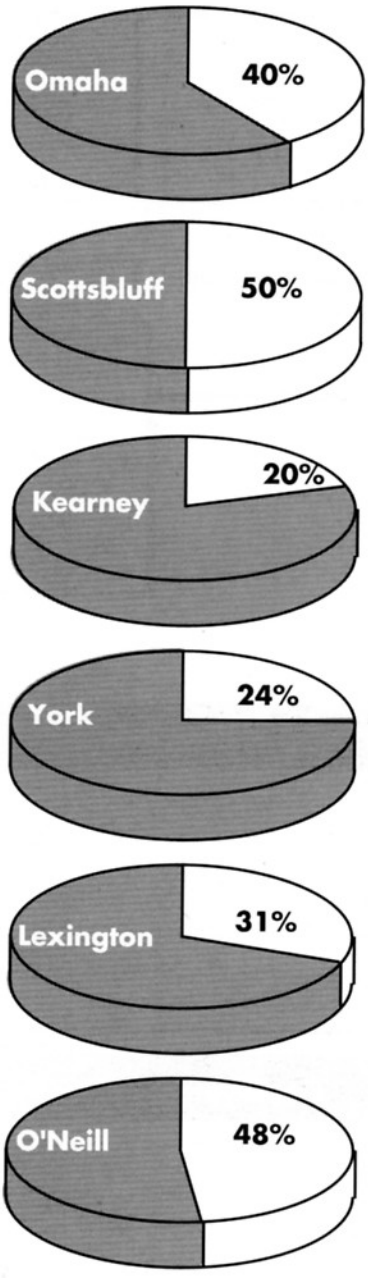
The capture of retail trade dollars has both a direct impact on retail employment, and an indirect impact on employment in other sectors of the economy. Direct impact occurs at the retail establishment level—the more sales generated by an establishment, the more employees the firm can support. Indirect impact results primarily from the household expenditures of retail employees, and secondarily from the goods and services purchased by retail establishments, which have a multiplying effect as they flow through the economy.

Table 2 shows the direct employment impact of trade capture in each of the trade centers. The direct employment impact was derived by dividing the trade capture in each trade center by the average sales per employee at the state level. Using a multiplier of 1.3, the total employment impact of the

Table 2
Employment Impact of Trade Capture

	Direct Impact	*Total Impact*
Omaha	12,934	16,815
Grand Island	1,241	1,614
Lincoln	872	1,134
Scottsbluff	830	1,079
Norfolk	782	1,016
Kearney	675	878
Columbus	492	639
Fremont	382	496
McCook	369	480
North Platte	367	477
Hastings	320	416
Ogallala	265	344
York	247	321
Lexington	216	281
O'Neill	199	258
Aurora	180	234
Holdrege	167	218
Broken Box	143	186
West Point	137	178
Valentine	128	166
Seward	124	161
Beatrice	109	142
Sidney	99	128
Albion	87	113
Hartington	78	102
Blair	77	101
Geneva	74	96
Gordon	72	94
Imperial	71	93
Hebron	70	91
Neligh	64	84
Humphrey	63	82
Ord	57	74
Ainsworth	53	69
Bridgeport	51	66
Crete	50	65
Shelton	46	60
So. Sioux City	46	60
Ceresco	45	59

Figure 4
Trade Capture Direct Employment as Proportion of Total Retail Employment—Selected Trade Centers



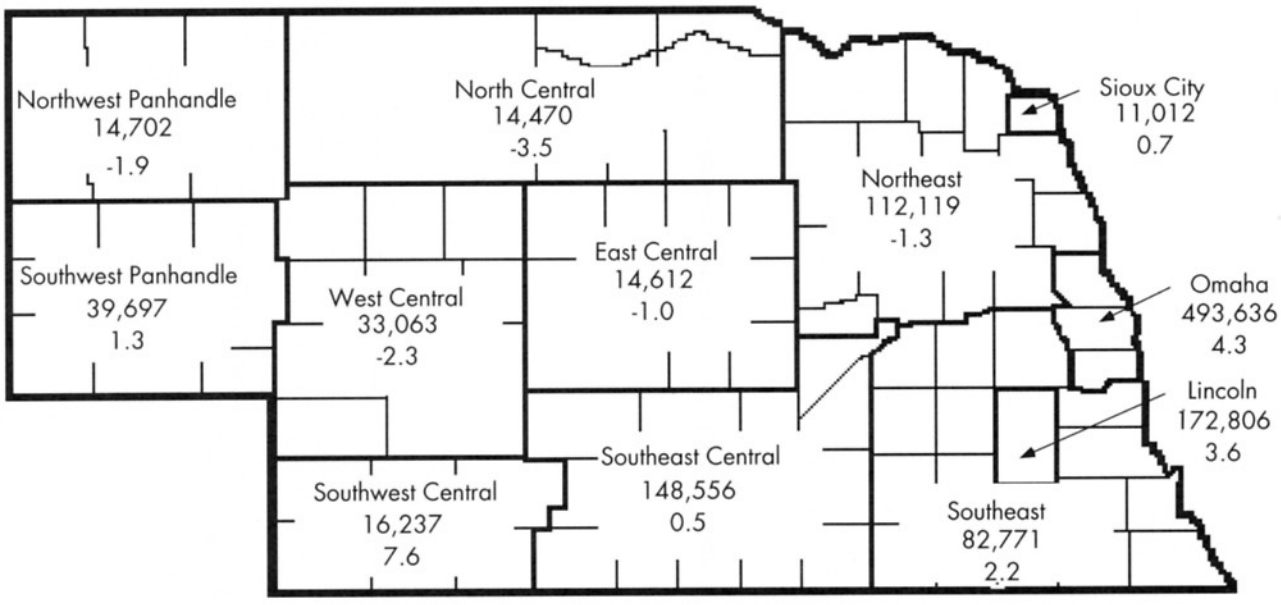
trade capture for each community was calculated (Table 2). (Total impact is, in effect, the sum of direct and indirect impact.) Using North Platte as an example, we find that the trade captured by North Platte supports over 360 retail jobs in the community. In addition, the household expenditures of the 360 retail employees supported by the trade capture, combined with the expenditures of the retail establishments themselves supported approximately 110 additional jobs in the North Platte economy.

The direct employment impact of trade capture can represent a sizable portion of total retail employment in trade centers as indicated in Figure 4. (Due to disclosure suppression, data for these calculations were available only for selected trade centers.)

No single factor governs the ability of a community to capture trade dollars from outside of its borders. Communities of varying sizes and proximity to metropolitan areas and major highways throughout Nebraska are enjoying healthy doses of retail trade activity in the 1990s.

May 1995 Regional Retail Sales and Percent Change from Year Ago

($000)



Price Indices

	July 1995	*% Change vs Year Ago*	*YTD % Change vs Year Ago*
Consumer Price Index - U* (1982-84 = 100)			
All Items	152.5	2.8	2.9
Commodities	236.2	1.9	2.4
Services	169.2	3.5	3.4

U* = All urban consumers

Source: U.S. Bureau of Labor Statistics

Employment in Nebraska

	Revised June 1995	*Preliminary July 1995*	*% Change vs Year Ago*
Place of Work			
Nonfarm	819,240	806,095	1.3
Manufacturing	112,255	111,795	3.0
Durables	54,183	53,980	4.0
Nondurables	58,072	57,815	2.1
Mining & Construction	35,162	36,063	-6.1
TCU*	50,565	49,028	2.1
Trade	23,953	203,765	-0.3
Retail	150,445	149,874	2.1
Wholesale	53,508	53,891	-6.3
FIRE**	52,745	52,851	1.8
Services	212,681	211,193	4.2
Government	151,879	141,400	-0.4
Place of Residence			
Civilian Labor Force	895,256	902,497	0.9
Unemployment Rate	2.7	3.0	

* Transportation, Communication, and Utilities
** Finance, Insurance, and Real Estate

Source: Nebraska Department of Labor

City Employment May 1995 Percent Change from Year Ago

The State and Its Trading Centers	*Employment (1)*
NEBRASKA	1.2
Alliance	1.1
Beatrice	-0.4
Bellevue	2.3
Blair	2.3
Broken Bow	1.0
Chadron	-0.9
Columbus	0.1
Fairbury	0.5
Falls City	0.9
Fremont	-0.6
Grand Island	0.2
Hastings	0.2
Holdrege	0.1
Kearney	-0.5
Lexington	-0.1
Lincoln	1.5
McCook	0.5
Nebraska City	0.0
Norfolk	-0.5
North Platte	0.4
Ogallala	0.1
Omaha	2.3
Scottsbluff/Gering	-0.4
Seward	0.7
Sidney	0.4
S. Sioux City	1.4
York	0.1

(1) As a proxy for city employment, total employment (labor force basis) for the county in which a city is located is used.

Source: Nebraska Department of Labor

Nonmotor Vehicle Net Taxable Retail Sales in Nebraska Cities

	May 1995	YTD	YTD % Chg vs Yr Ago
Ainsworth, Brown	1,668	8,133	-5.9
Albion, Boone	1,791	7,690	6.3
Alliance, Box Butte	5,515	25,489	4.4
Alma, Harlan	678	3,045	4.6
Arapahoe, Furnas	572	2,763	-3.8
Arlington, Washington	178	853	-6.1
Arnold, Custer	219	1,225	-0.8
Ashland, Saunders	820	4,082	-14.2
Atkinson, Holt	655	3,211	-3.4
Auburn, Nemaha	2,229	11,280	-1.1
Aurora, Hamilton	2,419	12,280	8.2
Axtell, Kearney	85	395	-2.0
Bassett, Rock	357	1,810	-15.6
Battle Creek, Madison	506	2,840	-13.2
Bayard, Morrill	424	2,185	7.2
Beatrice, Gage	8,747	41,754	0.0
Beaver City, Furnas	116	583	-8.9
Bellevue, Sarpy	13,756	66,629	1.1
Benkelman, Dundy	422	2,022	-8.8
Bennington, Douglas	355	1,217	-0.2
Bertrand, Phelps	98	526	-16.0
Blair, Washington	6,046	28,106	3.7
Bloomfield, Knox	526	2,457	-10.7
Blue Hill, Webster	326	1,684	5.6
Bridgeport, Morrill	843	4,654	1.7
Broken Bow, Custer	4,719	19,718	8.1
Burwell, Garfield	612	2,887	-7.6
Cairo, Hall	174	841	-11.8
Cambridge, Furnas	941	3,299	29.0
Central City, Merrick	1,306	6,836	-1.8
Ceresco, Saunders	1,045	5,028	1.2
Chadron, Dawes	3,051	15,268	5.3
Chappell, Deuel	364	1,916	6.2
Clarkson, Colfax	470	1,878	1.5
Clay Center, Clay	195	1,076	-13.8
Columbus, Platte	18,158	86,425	-2.2
Cozad, Dawson	2,744	12,942	-0.6
Crawford, Dawes	370	1,639	-0.5
Creighton, Knox	879	4,674	5.4
Crete, Saline	3,327	16,475	-3.6
Crofton, Knox	327	1,450	-13.9
Curtis, Frontier	261	1,294	-3.1
Dakota City, Dakota	585	2,559	11.6
David City, Butler	1,414	6,680	-2.5
Deshler, Thayer	199	1,001	3.0
Dodge, Dodge	195	1,060	-4.9
Doniphan, Hall	214	2,497	6.4
Eagle, Cass	272	1,185	4.3
Elgin, Antelope	301	1,795	-6.0
Elkhorn, Douglas	1,508	6,512	-2.9
Elm Creek, Buffalo	166	851	-17.6
Elwood, Gosper	387	1,482	-0.4
Emerson, Dakota	0	1,199	-29.8
Fairbury, Jefferson	2,867	13,731	-3.7
Fairmont, Fillmore	148	688	2.8
Falls City, Richardson	2,266	11,153	1.4
Franklin, Franklin	423	2,069	-5.0
Fremont, Dodge	18,358	94,592	-0.9
Friend, Saline	424	2,412	8.1
Fullerton, Nance	400	2,588	1.6
Geneva, Fillmore	1,704	7,880	1.6
Genoa, Nance	228	1,096	-4.5
Gering, Scotts Bluff	2,977	15,072	-3.6
Gibbon, Buffalo	672	3,364	-1.3
Gordon, Sheridan	1,587	7,363	-5.2
Gothenburg, Dawson	1,758	8,958	1.5
Grand Island, Hall	44,925	213,542	6.0
Grant, Perkins	736	3,819	-3.4
Gretna, Sarpy	3,292	14,305	4.6
Hartington, Cedar	1,366	7,599	-3.5
Hastings, Adams	19,108	90,763	1.5
Hay Springs, Sheridan	281	1,448	-12.0
Hebron, Thayer	1,323	7,969	-1.4
Henderson, York	469	2,341	6.8
Hickman, Lancaster	164	960	-2.6
Holdrege, Phelps	4,372	21,309	1.8
Hooper, Dodge	262	1,297	-11.0
Humboldt, Richardson	405	2,198	-10.7
Humphrey, Platte	680	2,838	-4.4
Imperial, Chase	1,521	7,119	-0.2
Juniata, Adams	152	915	-2.6
Kearney, Buffalo	26,373	121,978	2.7
Kenesaw, Adams	121	488	4.9
Kimball, Kimball	1,569	7,283	-7.8
La Vista, Sarpy	6,346	28,955	4.3
Laurel, Cedar	322	1,580	-7.3
Lexington, Dawson	6,891	33,831	2.8
Lincoln, Lancaster	149,598	730,697	5.1
Louisville, Cass	359	1,548	-4.0
Loup City, Sherman	474	2,466	-8.2
Lyons, Burt	381	1,864	-8.9
Madison, Madison	574	2,837	-17.5
McCook, Red Willow	9,908	43,230	8.7
Milford, Seward	566	3,647	-11.8
Minatare, Scotts Bluff	239	1,106	2.3
Minden, Kearney	1,460	7,500	1.1
Mitchell, Scotts Bluff	717	4,042	-2.0
Morrill, Scotts Bluff	382	1,832	0.1
Nebraska City, Otoe	4,336	21,242	2.5
Neligh, Antelope	1,198	5,690	-2.9
Newman Grove, Madison	273	1,504	27.1
Norfolk, Madison	25,024	116,509	7.9
North Bend, Dodge	402	1,996	0.8
North Platte, Lincoln	19,861	92,085	2.3
Oakland, Burt	535	2,772	-7.9
Ogallala, Keith	5,121	22,456	2.7
Omaha, Douglas	390,147	1,850,120	2.3
O'Neill, Holt	4,275	18,396	1.2
Ord, Valley	1,765	8,593	-2.3
Osceola, Polk	737	3,464	-3.0
Oshkosh, Garden	475	2,249	12.7
Osmond, Pierce	341	1,557	-4.4
Oxford, Furnas	317	1,653	0.7
Papillion, Sarpy	3,195	15,800	-3.4
Pawnee City, Pawnee	280	1,495	3.6
Pender, Thurston	578	2,743	-2.0
Pierce, Pierce	564	2,950	4.1
Plainview, Pierce	536	3,135	1.6
Plattsmouth, Cass	2,919	13,240	2.8
Ponca, Dixon	414	2,132	-1.7
Ralston, Douglas	2,730	12,100	1.5
Randolph, Cedar	325	1,557	2.3
Ravenna, Buffalo	544	3,255	-8.3
Red Cloud, Webster	542	3,203	-9.4
Rushville, Sheridan	502	2,468	-5.9
South Sioux City, Dakota	7,601	35,146	-2.0
Sargent, Custer	160	888	-8.0
Schuyler, Colfax	1,612	8,229	-14.0
Scottsbluff, Scotts Bluff	18,378	84,636	-2.3
Scribner, Dodge	371	1,799	-10.4
Seward, Seward	4,390	21,219	-1.6
Shelby, Polk	206	1,326	-8.6
Shelton, Buffalo	480	2,712	-19.3
Sidney, Cheyenne	6,099	26,751	6.6
Springfield, Sarpy	179	784	3.3
St. Paul, Howard	1,076	5,176	-9.7
Stanton, Stanton	451	2,444	-8.1
Stromsburg, Polk	846	3,395	-12.5
Superior, Nuckolls	1,424	6,706	-19.1
Sutherland, Lincoln	219	1,036	-9.0
Sutton, Clay	1,037	4,968	15.5
Syracuse, Otoe	895	4,648	3.0
Tecumseh, Johnson	956	4,809	-3.3
Tekamah, Burt	944	4,556	-6.5
Tilden, Madison	393	1,949	1.1
Utica, Seward	180	1,059	12.4
Valentine, Cherry	3,591	14,937	8.1
Valley, Douglas	1,097	4,317	-11.5
Wahoo, Saunders	2,616	11,033	-0.5
Wakefield, Dixon	293	1,577	-21.5
Wauneta, Chase	234	1,392	-1.4
Waverly, Lancaster	456	2,485	-4.2
Wayne, Wayne	2,911	13,697	-15.2
Weeping Water, Cass	549	2,757	-6.3
West Point, Cuming	3,385	14,980	2.4
Wilber, Saline	345	2,091	-4.4
Wisner, Cuming	452	2,376	-19.2
Wood River, Hall	451	1,757	7.8
Wymore, Gage	330	1,840	-4.1
York, York	7,847	37,095	5.4

Source: Nebraska Department of Revenue

County of the Month

Scotts Bluff

Gering—County Seat

License plate prefix number: 21
Size of county: 725 square miles, ranks 32nd in the state
Population: 36,025 in 1990, a change of -6,0 percent from 1980
Median age: 35.1 years in Scotts Bluff County, 33.0 years in Nebraska in 1990
Per capita personal income: $18,223 in 1993, ranks 44th in the state
Net taxable retail sales ($000): $319,625 in 1994, a change of 3.9 percent from 1993; $124,152 during January - May 1995, a change of 1.7 percent from the same period one year ago
Number of business and service establishments: 1,194 in 1992, 56.7 percent had less than five employees
Unemployment rate: 4.2 percent in Scotts Bluff County, 2.9 percent in Nebraska for 1994

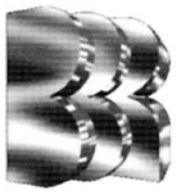
Nonfarm employment (1994):

	State	Scotts Bluff County
Wage and salary workers	795,486	15,539
	(percent of total)	
Manufacturing	13.7%	11.4%
Construction and Mining	4.4	4.1
TCU	6.1	5.6
Retail Trade	18.5	25.2
Wholesale Trade	6.5	6.8
FIRE	6.5	5.1
Services	25.4	22.8
Government	19.0	19.0
Total	100.0%	100.0%

Agriculture:

Number of farms: 821 in 1992, 892 in 1987
Average farm size: 509 acres in 1992
Market value of farm products sold: $191.2 million in 1992 ($232.991 average per farm)

Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, Nebraska Department of Labor, Nebraska Department of Revenue



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