2021 Retail Trade Analysis: Red Wing and Goodhue County

A Tool Used to Measure the Economic Health of the Local Retail Economy

Authored by Kathryn Leys, University of Minnesota Extension Educator

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July 28, 2023

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Executive Summary

Overall Trends

The Minnesota Department of Revenue releases sales tax information each spring for the year that ended about 15 months earlier. The latest information indicates that Red Wing's taxable retail and service sales increased 19.8% between 2019 and 2021 to $274 million.[1] Building Materials stores are the largest contributor of taxable sales in Red Wing's economy. This category accounted for $60 million in taxable sales in 2021. Between 2019 and 2021, the category saw a 24.4% increase in sales. The largest increase in dollar sales was in the category of Vehicles & Parts, which grew by $17.8 million in taxable sales in 2021, a 53.7% increase. Not all stores that saw a large percentage increase in sales experienced a large increase in dollar sales. While sales in Electronics stores also increased by 53%, dollar sales only increased by $.13 million. Lodging and Health and Personal establishments saw a decrease in sales over the last three years. Taxable sales from Lodging were down by 7.4%. This decrease aligns with larger trends seen at both the state and county level. Both Goodhue County and the state saw decreases in taxable sales in the lodging category.

Figure 1: Taxable Sales Changes from 2019 to 2020 by Category
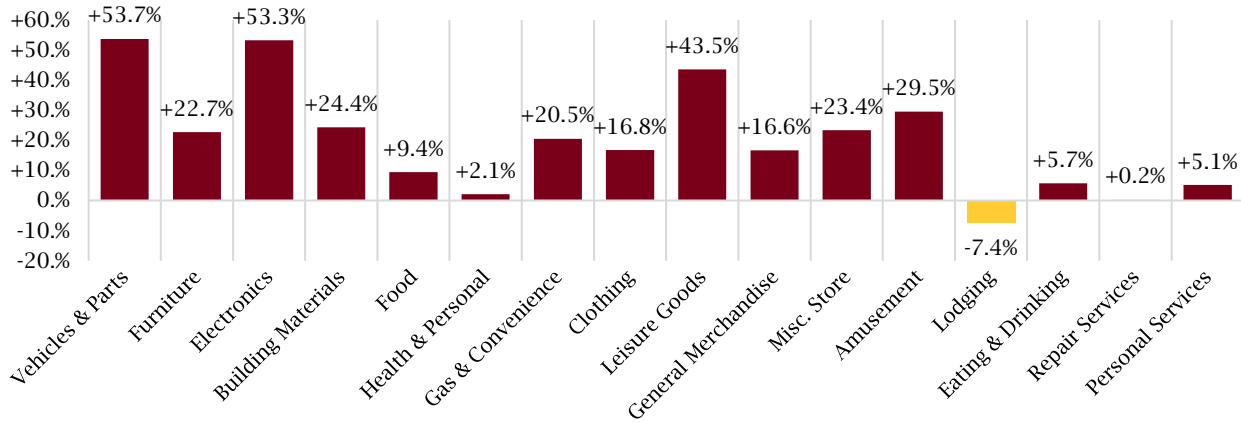
Comparisons with Other Area Cities

There are several ways to measure performance other than dollars of sales. Economists expect cities with 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.[2] Red Wing's pull factor was 1.52 in 2021, down from 1.59 in 2020 but up from their 2019 pull factor of 1.45. The city's per capita taxable sales in 2021 were estimated to be $16,509, about $5,600 higher than the state average of $10,839.

Figure 2: Overall Pull Factors for Nearby Cities Over Time
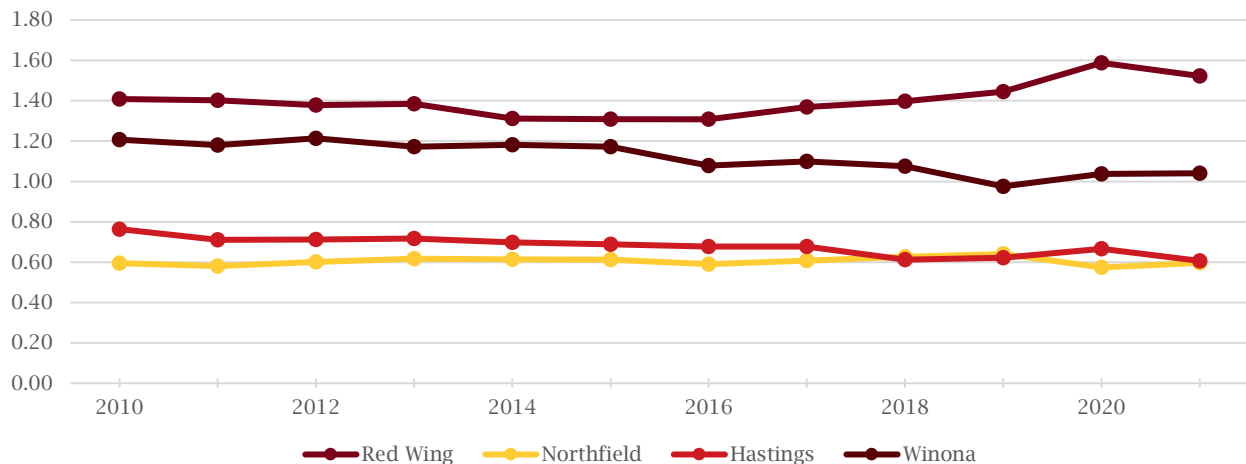
Comparing Red Wing's Performance to Similar Minnesota Cities

Figure 3, shown below, provides 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. The following table calculates pulling power using a similar non-metro city list based on population + or - 40% of Red Wing's, including communities like Albert Lea, New Ulm, Marshall, and North Mankato. For a longer list of included cities, see page 19. Expected sales can be used as a guideline or "par value" in analyzing retail strength.

Figure 3: Actual vs Expected Taxable Sales for Selected Merchandise Categories

Merchandise Category	Expected Sales (millions)	Actual Sales (millions)	Variance As % of Expected	Trade Area's Estimated Customer Gain (or Loss)
Vehicles & Parts	$18.87	$50.97	170.1%	28,223
Furniture	$6.42	$5.64	-12.2%	-2,021
Electronics	$5.02	$0.38	-92.5%	-15,348
Building Materials	$60.34	$60.06	-0.5%	-76
Food	$17.61	$15.42	-12.4%	-2,056
Health & Personal	$3.05	$1.37	-55.3%	-9,170
Gas & Convenience	$8.64	$4.09	-52.6%	-8,730
Clothing	$2.12	$0.87	-59.2%	-9,823
Leisure Goods	$3.45	$3.25	-5.7%	-941
General Merchandise	$62.59	$49.53	-20.9%	-3,460
Misc. Store	$13.60	$4.87	-64.2%	-10,648
Amusement	$2.72	$3.07	12.8%	2,131
Lodging	$8.43	$10.12	20.1%	3,331
Eating & Drinking	$39.97	$36.77	-8.0%	-1,331
Repair Services	$7.55	$7.34	-2.8%	-463
Personal Services	$1.28	$1.50	17.5%	2,909
Total Taxable Retail & Services*	**$201.73**	**$273.84**	**35.7%**	**5,930**

 *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.

The Bottom Line

Red Wing has been steadily increasing its retail strength since 2010, and with a pull factor of 1.52, it draws in more sales than anticipated for its size. When compared with other Minnesota communities, Red Wing performs well, bringing in 35.7% more sales than expected. Some business categories, such as Vehicles & Parts, Lodging, and Personal Services establishments are bringing customers into the community to shop. Opportunities exist, however, to capture more spending locally since local consumers also appear to shop outside the community for other goods and services (e.g., Electronics and Clothing). Some categories, such as Building Materials and General Merchandise, are strong yet underperform in expected sales when compared to other communities of similar size. The following report details how various retail categories have changed since 2010. Individual businesses can see how they have performed compared to the broader community. This report is also useful for identifying opportunities to provide new or expanded goods and services.

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[1] The data is this summary are not adjusted for inflation.

[2] Pull factor compares the local taxable sales per capita to that of the state. A pull factor index higher than 1.0 usually 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.

Retail Trade Overview

Total Taxable and Gross Retail Sales

The table below presents gross and taxable retail and services sales for Red Wing from 2010 through 2021. Without inflation adjustments, taxable sales in Red Wing increased 40.8 percent from 2015 to 2021, while the number of firms fell 1.0 percent. Statewide, taxable sales increased 26.2 percent over the same time period and the number of firms fell 2.3 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

Overview of Retail/Services Sales Over Time

Year	Estimated Population	Current Dollars		Constant 2021 Dollars		Number of Firms	Per Capita Sales	Pull Factor
		Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)			
2010	16,459	$575.18	$178.13	$713.13	$220.85	455	$10,823	1.41
2011	16,432	$603.54	$184.04	$724.67	$220.98	442	$11,200	1.40
2012	16,480	$619.81	$187.41	$728.85	$220.38	420	$11,372	1.38
2013	16,488	$650.52	$195.61	$742.30	$223.21	435	$11,864	1.38
2014	16,505	$627.91	$189.09	$716.23	$215.69	407	$11,457	1.31
2015	16,534	$555.46	$194.45	$636.21	$222.72	408	$11,761	1.31
2016	16,545	$450.28	$196.68	$510.75	$223.09	420	$11,888	1.31
2017	16,572	$478.06	$210.20	$530.97	$233.47	423	$12,684	1.37
2018	16,522	$500.07	$220.01	$541.61	$238.29	426	$13,316	1.40
2019	16,443	$487.95	$228.67	$519.84	$243.62	417	$13,907	1.45
2020	16,547	$479.73	$244.78	$504.95	$257.65	402	$14,793	1.59
2021	16,588	$545.90	$273.84	$545.90	$273.84	404	$16,509	1.52
7 yr Change '15 to '21	0.3%	-1.7%	40.8%	-14.2%	23.0%	-1.0%	40.4%	16.4%
3 yr Change '19 to '21	0.9%	11.9%	19.8%	5.0%	12.4%	-3.1%	18.7%	5.4%

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

Retail Sales in Constant Dollars

The table above also presents sales data in constant 2021 dollars. These figures have been adjusted for inflation to reflect their value in 2021. For example, in 2010, taxable sales in Red Wing totaled $178.13 million, an amount worth $220.85 million in 2021 dollars. In constant dollars, gross sales fell -14.2 percent between 2015 and 2021. Constant dollar taxable sales increased 23. percent over the same time period.

Retail/Service Sales in Constant Dollars Over Time
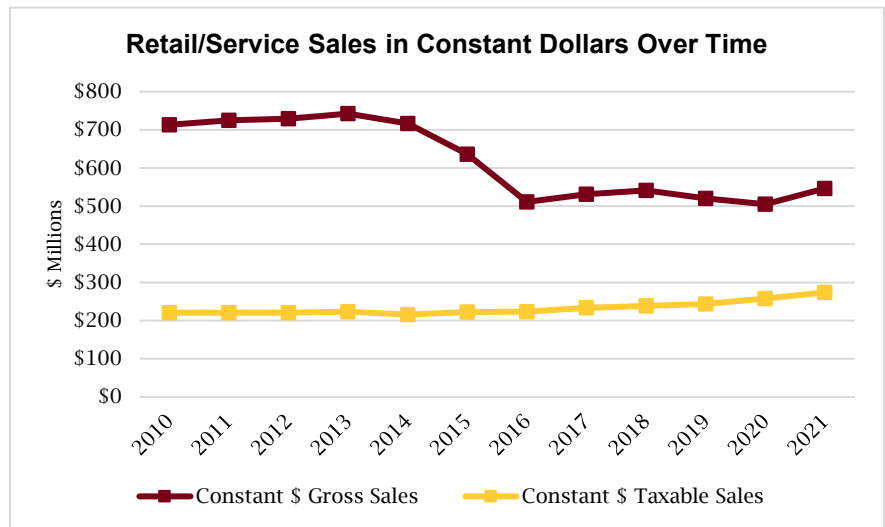
Red Wing Selected Components of Change*, 2019 to 2021

Merchandise Category	Taxable Sales 2019	Taxable Sales 2021	Dollar Change	Percent Change	Dollar Change (millions)
Vehicles & Parts	$33,158,917	$50,968,882	+$17,809,965	+53.71%	**+$17.81**
Furniture	$4,594,196	$5,637,609	+$1,043,413	+22.71%	**+$1.04**
Electronics	$244,889	$375,339	+$130,450	+53.27%	**+$0.13**
Building Materials	$48,302,138	$60,064,255	+$11,762,117	+24.35%	**+$11.76**
Food	$14,097,746	$15,422,914	+$1,325,168	+9.40%	**+$1.33**
Health & Personal	$1,338,148	$1,366,170	+$28,022	+2.09%	**+$0.03**
Gas & Convenience	$3,397,501	$4,093,016	+$695,515	+20.47%	**+$0.70**
Clothing	$740,914	$865,306	+$124,392	+16.79%	**+$0.12**
Leisure Goods	$2,265,787	$3,252,131	+$986,344	+43.53%	**+$0.99**
General Merchandise	$42,471,413	$49,531,862	+$7,060,449	+16.62%	**+$7.06**
Misc. Store	$3,945,815	$4,869,742	+$923,927	+23.42%	**+$0.92**
Amusement	$2,372,541	$3,072,399	+$699,858	+29.50%	**+$0.70**
Lodging	$10,935,883	$10,121,378	-$814,505	-7.45%	**-$0.81**
Eating & Drinking	$34,785,845	$36,767,218	+$1,981,373	+5.70%	**+$1.98**
Repair Services	$7,320,917	$7,336,660	+$15,743	+0.22%	**+$0.02**
Personal Services	$1,425,794	$1,498,999	+$73,205	+5.13%	**+$0.07**
Total Taxable Retail & Services	**$228,670,866**	**$273,844,820**	**$45,173,954**	**+19.76%**	**+$45.17**

* Figures not adjusted for inflation.

Taxable Sales Changes by Merchandise Category, 2019 to 2021
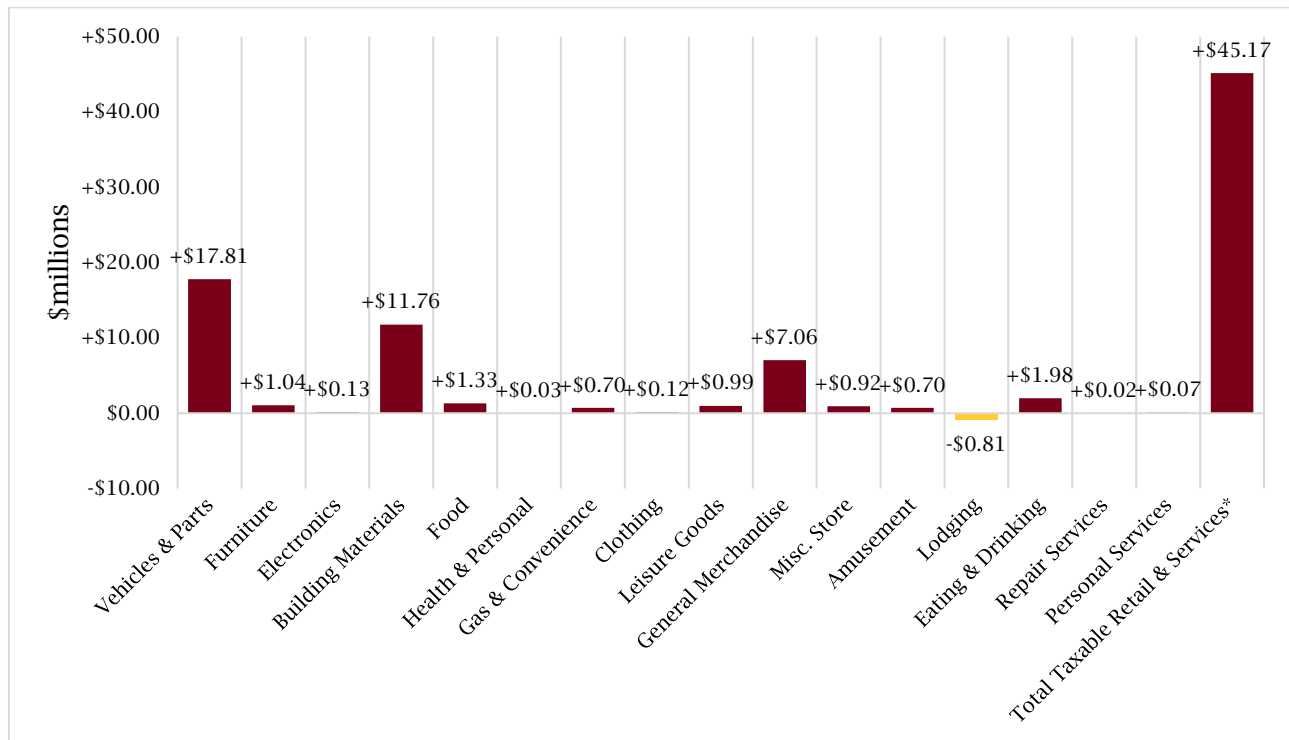
Recent Trends By Merchandise Category

■ Pull Factor ── $ Millions

Vehicles & Parts
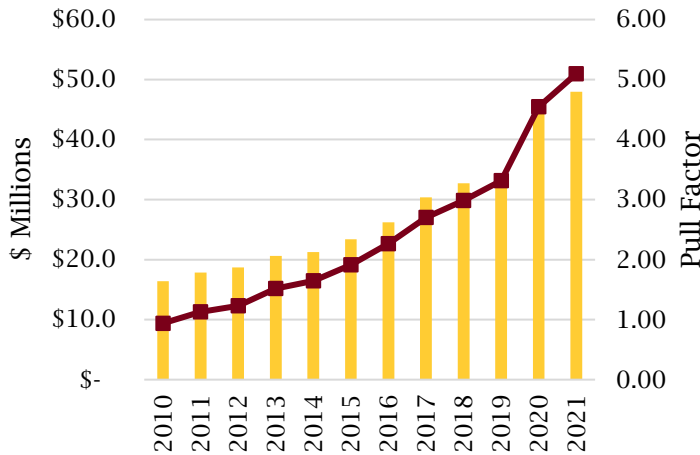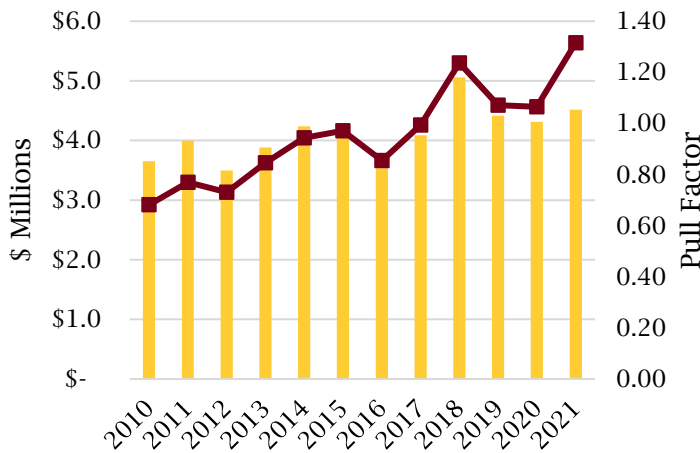
This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor.

NA=Suppressed Data

18.6% of Red Wing's taxable sales in 2021

Sales per capita are $3073

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

2.1% of Red Wing's taxable sales in 2021

Sales per capita are $340

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.

Recent Trends By Merchandise Category

Pull Factor ■   **$ Millions** ——

Electronics

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

NA=Suppressed Data

0.1% of Red Wing's taxable sales in 2021

Sales per capita are $23

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.

Building Materials

21.9% of Red Wing's taxable sales in 2021

Sales per capita are $3621

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.

Recent Trends By Merchandise Category

Legend: Pull Factor ▮ $ Millions ▬

Food

5.6% of Red Wing's taxable sales in 2021

Sales per capita are $0,930

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 & Personal

0.5% of Red Wing's taxable sales in 2021

Sales per capita are $0,082

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, etc.

Recent Trends By Merchandise Category
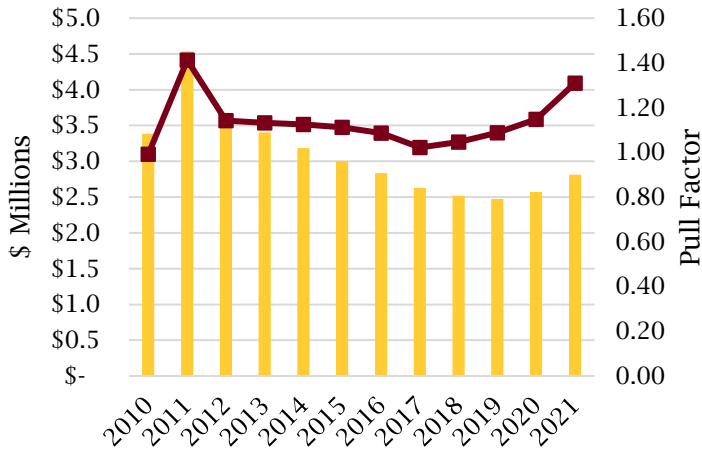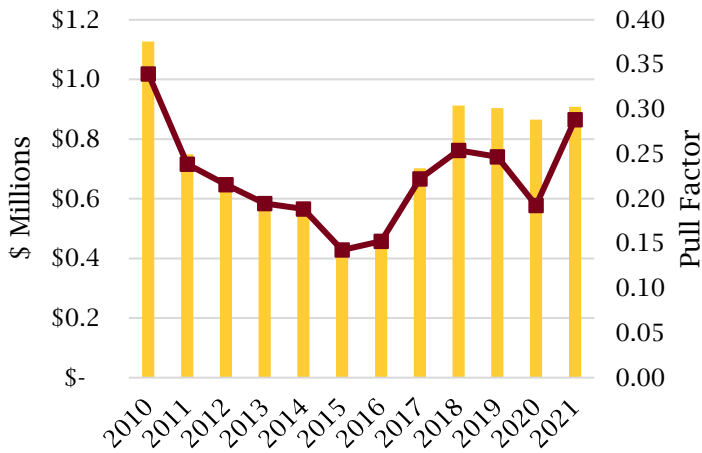
This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor.

NA=Suppressed Data

Gas & Convenience

Legend: Pull Factor (yellow bars), $ Millions (dark red line)

1.5% of Red Wing's taxable sales in 2021

Sales per capita are $247

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

0.3% of Red Wing's taxable sales in 2021

Sales per capita are $52

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.

Recent Trends By Merchandise Category
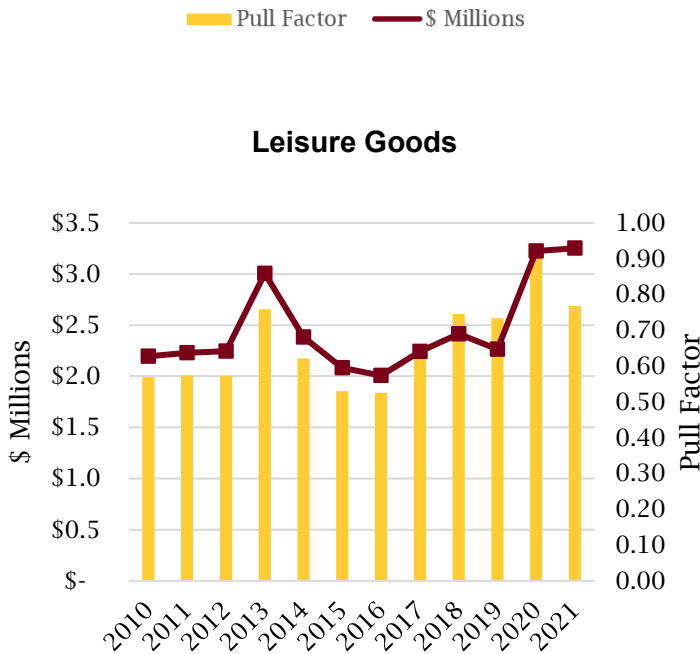
Legend: Pull Factor (bars), $ Millions (line)

Leisure Goods

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

1.2% of Red Wing's taxable sales in 2021
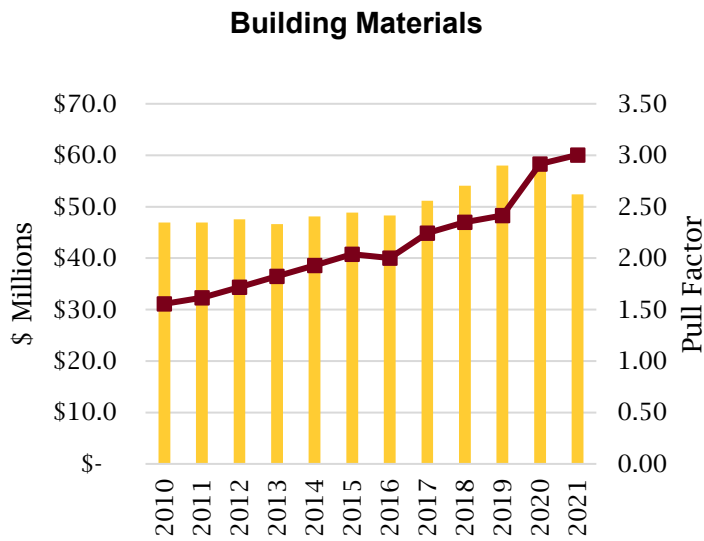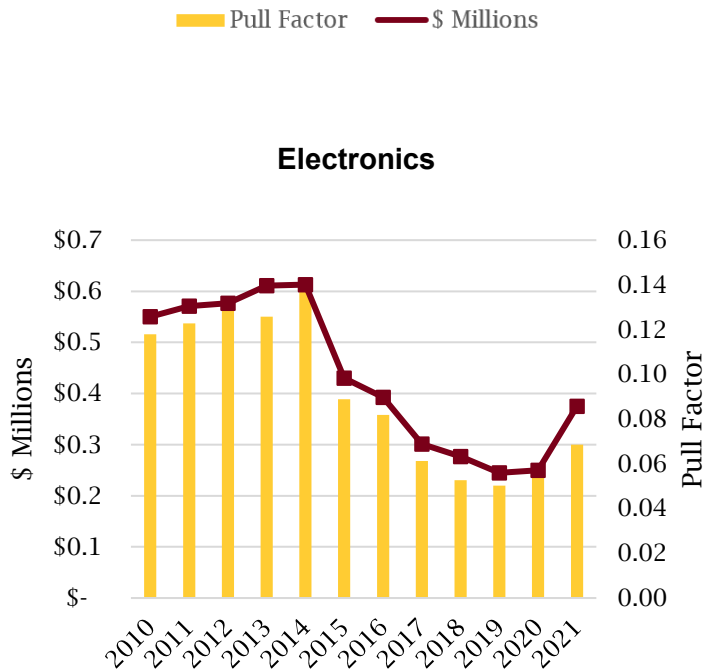
Sales per capita are $196

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. Newsstands also fit in this subsector.

General Merchandise

18.1% of Red Wing's taxable sales in 2021

Sales per capita are $2986

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.

Recent Trends By Merchandise Category

Legend: ▬ Pull Factor ▬ $ Millions

Miscellaneous Stores
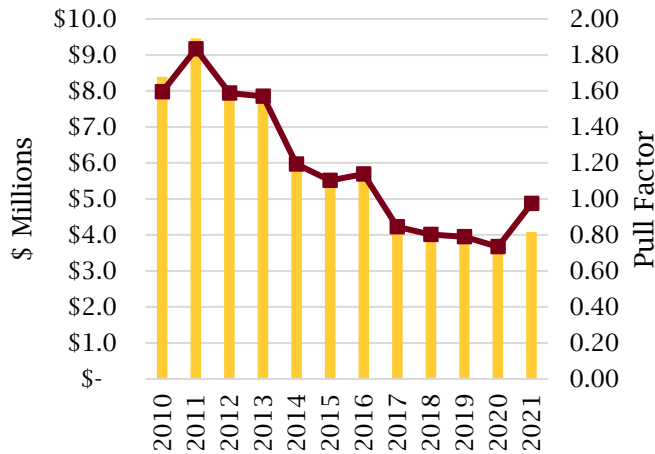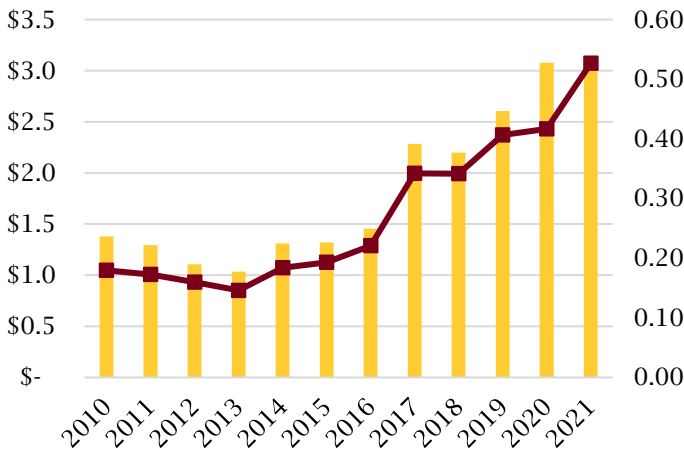
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NA=Suppressed Data

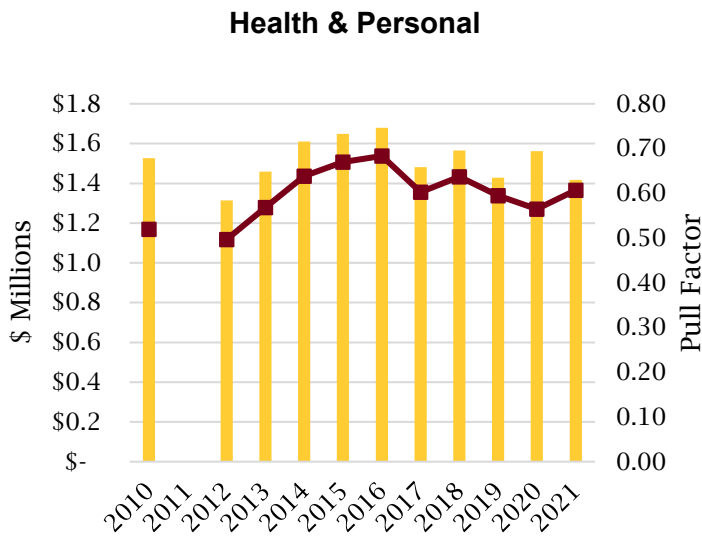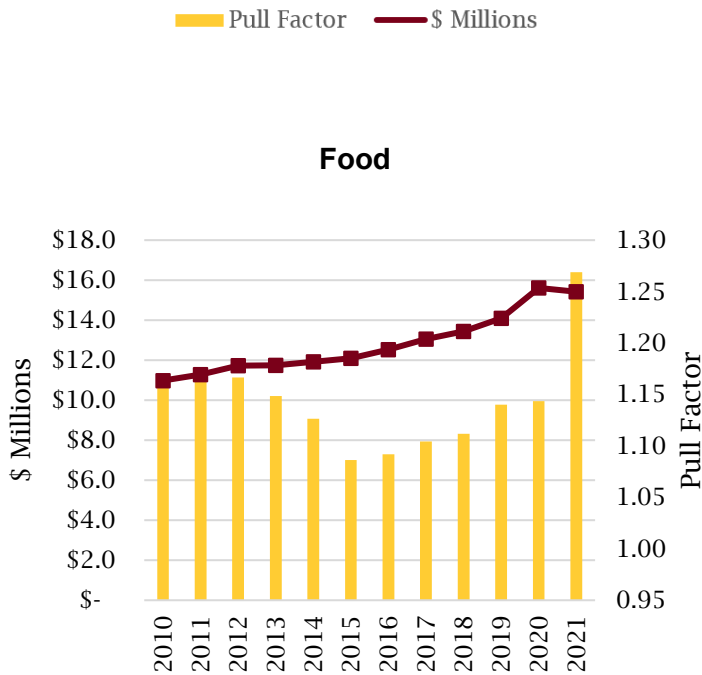1.8% of Red Wing's taxable sales in 2021

Sales per capita are $294

*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.***

Amusement

1.1% of Red Wing's taxable sales in 2021

Sales per capita are $185

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.

Recent Trends By Merchandise Category
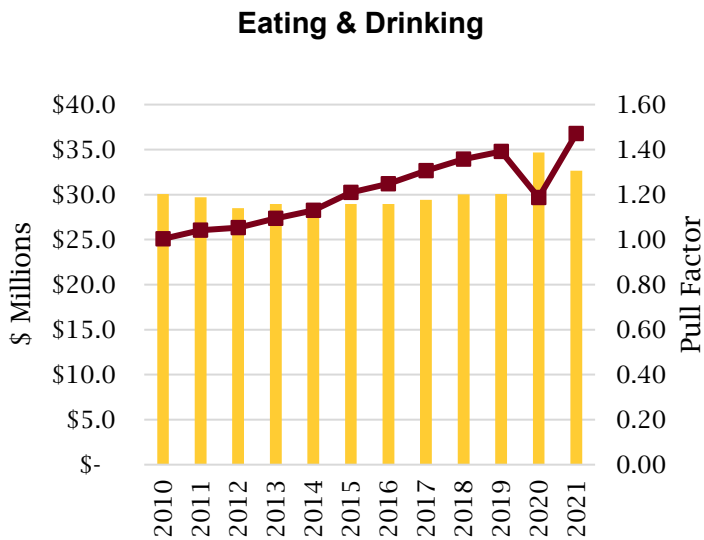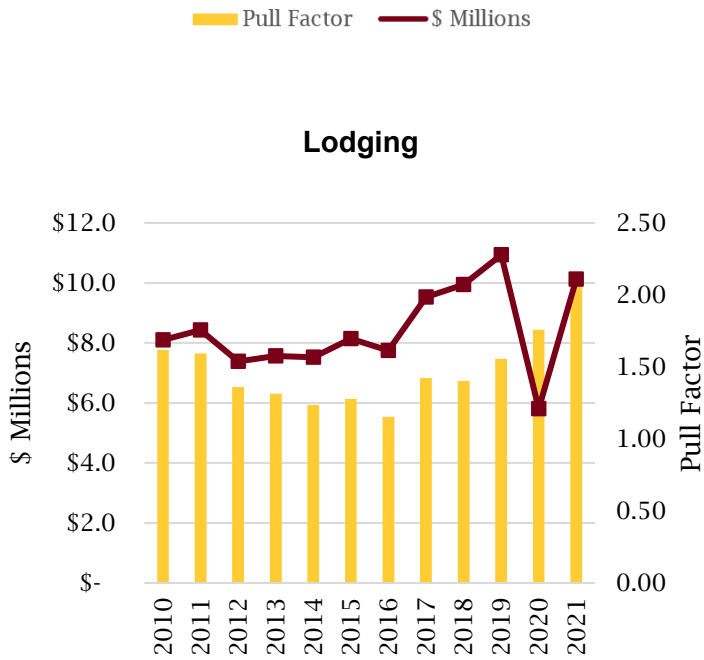
Legend: Pull Factor (yellow bars), $ Millions (dark red line)

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

Lodging

3.7% of Red Wing's taxable sales in 2021

Sales per capita are $610

These businesses 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

13.4% of Red Wing's taxable sales in 2021

Sales per capita are $2216

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

Legend: ▮ Pull Factor ▬ $ Millions
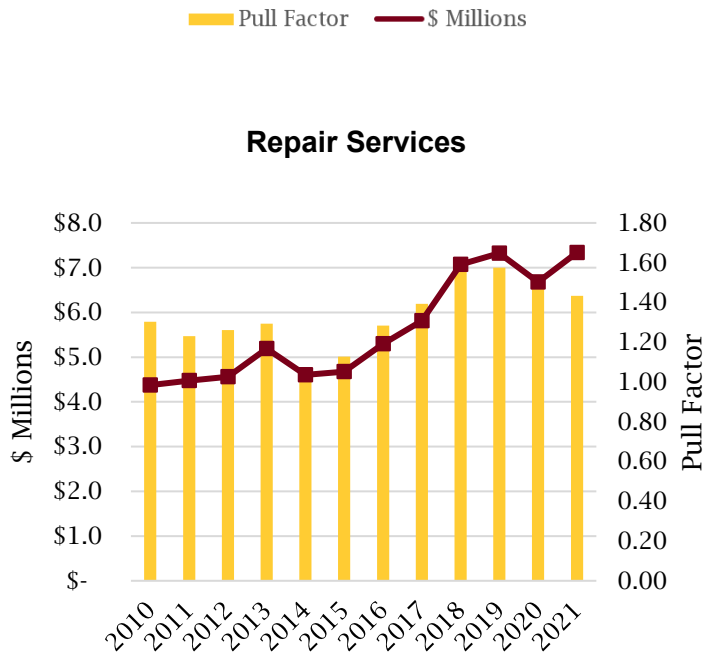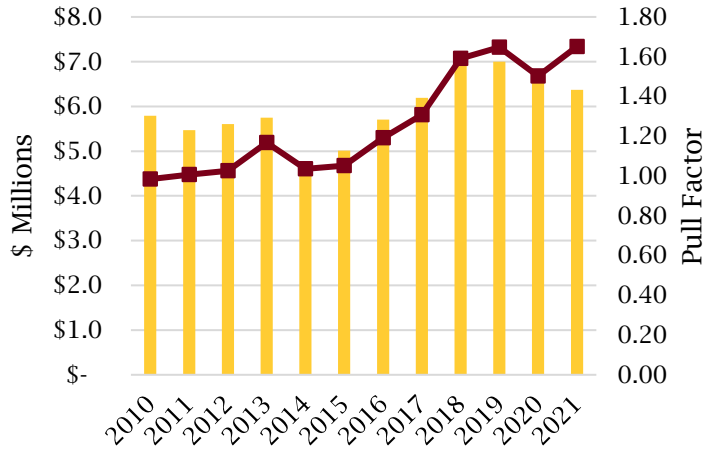
Repair Services

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

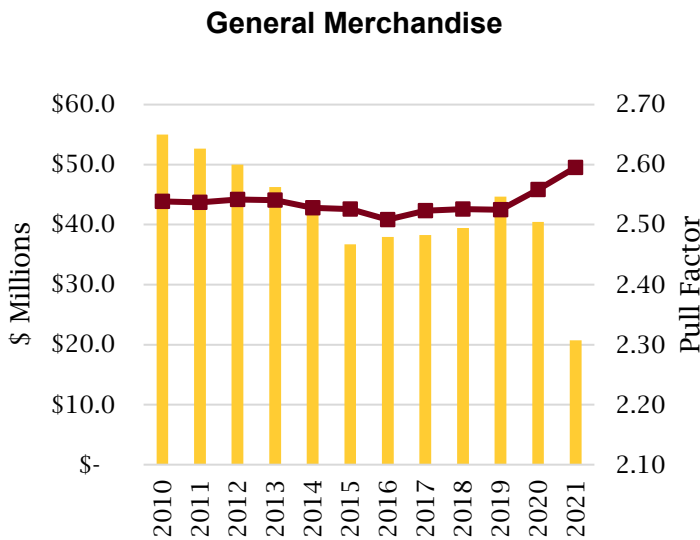2.7% of Red Wing's taxable sales in 2021

Sales per capita are $442

*The Repair and Maintenance subsector restore machinery, equipment, and other products to working order. It does **not** include plumbers & electricians. It does include repairs to autos, cameras, radios, televisions, computers, copiers, appliances, lawn mowers, specialized equipment, small engines, furniture, shoes, guns, etc.*

Personal Services

0.5% of Red Wing's taxable sales in 2021

Sales per capita are $90

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: Red Wing

The following tables and charts depict pull factors in Red Wing from 2010 to 2021 by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of change over time because they account for changes in population and state-wide industry trends.

Pull Factors by NAICS Merchandise Category (1 of 2)

	Vehicles & Parts	Furniture	Electronics	Building Materials	Food	Health & Personal	Gas & Convenience	Clothing
2010	1.64	0.85	0.12	2.35	1.16	0.68	1.08	0.38
2011	1.79	0.93	0.12	2.35	1.17		1.45	0.25
2012	1.87	0.82	0.13	2.38	1.17	0.58	1.13	0.22
2013	2.06	0.91	0.13	2.33	1.15	0.65	1.09	0.20
2014	2.13	0.99	0.14	2.41	1.13	0.72	1.02	0.19
2015	2.34	0.95	0.09	2.44	1.09	0.73	0.96	0.14
2016	2.62	0.82	0.08	2.42	1.09	0.75	0.91	0.16
2017	3.04	0.95	0.06	2.56	1.10	0.66	0.84	0.23
2018	3.27	1.18	0.05	2.70	1.11	0.70	0.81	0.30
2019	3.43	1.03	0.05	2.90	1.14	0.63	0.79	0.30
2020	4.66	1.01	0.06	2.87	1.14	0.69	0.82	0.29
2021	4.80	1.05	0.07	2.62	1.27	0.63	0.90	0.30

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.

Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

Recent Trends By Merchandise Category: Red Wing

The following tables and charts depict pull factors in Red Wing from 2010 to 2021 by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of change over time because they account for changes in population and state-wide industry trends.

Pull Factors by NAICS Merchandise Category (2 of 2)

	Leisure Goods	General Merchandise	Misc. Store	Amusement	Lodging	Eating & Drinking	Repair Services	Personal Services
2010	0.57	2.65	1.68	0.24	1.62	1.20	1.30	1.28
2011	0.57	2.63	1.89	0.22	1.59	1.19	1.23	1.09
2012	0.57	2.60	1.57	0.19	1.36	1.14	1.26	1.05
2013	0.76	2.56	1.54	0.18	1.31	1.16	1.29	0.95
2014	0.62	2.53	1.19	0.22	1.24	1.15	1.07	0.73
2015	0.53	2.47	1.08	0.23	1.28	1.16	1.13	0.70
2016	0.53	2.48	1.12	0.25	1.16	1.16	1.28	0.67
2017	0.65	2.48	0.85	0.39	1.42	1.18	1.39	0.48
2018	0.74	2.49	0.81	0.38	1.40	1.20	1.60	0.50
2019	0.73	2.55	0.79	0.45	1.56	1.20	1.57	0.50
2020	0.93	2.50	0.75	0.53	1.76	1.39	1.47	0.48
2021	0.77	2.31	0.82	0.52	2.07	1.31	1.43	0.58

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.

Comparison with Competing Centers

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, as retail sales data is provided for only a limited number of towns and cities.

Comparison of Pull Factors of Competing Centers Over Time
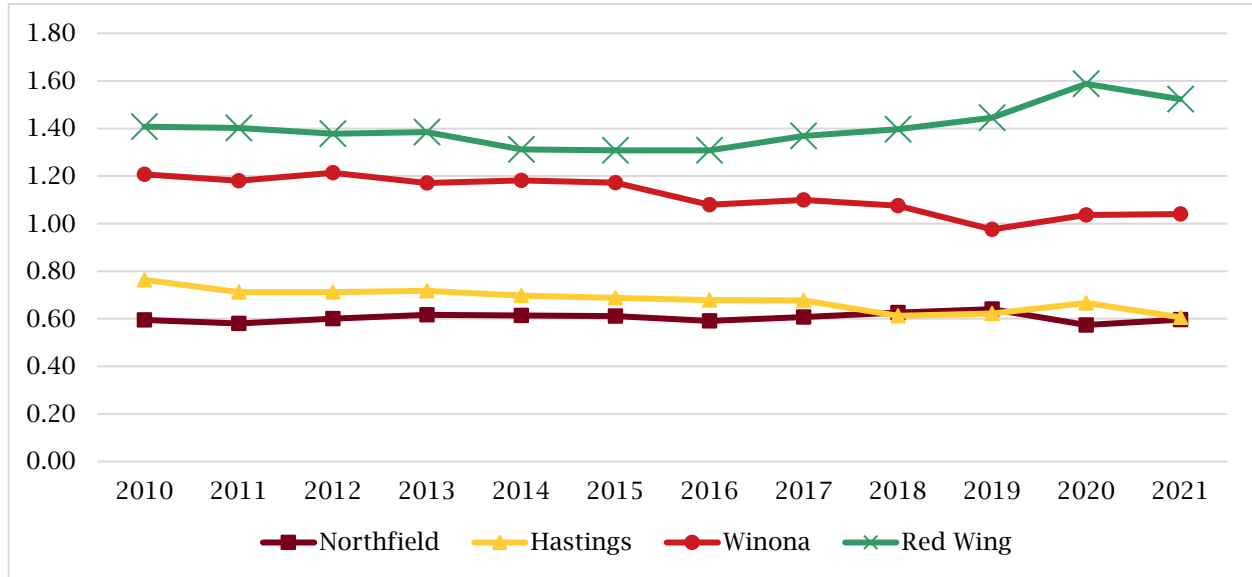
Comparison with Competing Trade Centers

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Red Wing	16,588	$545.90	$273.84	404	16,509	1.52
Northfield	20,547	$562.06	$132.76	366	6,461	0.60
Hastings	22,303	$465.87	$146.59	364	6,573	0.61
Winona	25,405	$932.92	$286.32	531	11,270	1.04

Rural Community Trade Area Analysis: Red Wing

The following table provides information on retail sales by merchandise category. Expected sales is a standard to which actual performance is compared. When 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, positive aspects can be identified and built upon.

Trade Area Analysis by Merchandise Category, 2021

Merchandise Category	Expected Sales ($millions)	Actual Sales ($millions)	Variance Between Actual & Expected		Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
			In Dollars (millions)	As % of Expected			
Vehicles & Parts	$18.87	$50.97	+$32.10	+170.1%	+28,223	14	18.6%
Furniture	$6.42	$5.64	-$0.78	-12.2%	-+2,021	9	2.1%
Electronics	$5.02	$0.38	-$4.64	-92.5%	-+15,348	7	0.1%
Building Materials	$60.34	$60.06	-$0.28	-0.5%	-+76	9	21.9%
Food	$17.61	$15.42	-$2.18	-12.4%	-+2,056	17	5.6%
Health & Personal	$3.05	$1.37	-$1.69	-55.3%	-+9,170	7	0.5%
Gas & Convenience	$8.64	$4.09	-$4.55	-52.6%	-+8,730	8	1.5%
Clothing	$2.12	$0.87	-$1.26	-59.2%	-+9,823	15	0.3%
Leisure Goods	$3.45	$3.25	-$0.20	-5.7%	-+941	12	1.2%
General Merchandise	$62.59	$49.53	-$13.05	-20.9%	-+3,460	5	18.1%
Misc. Store	$13.60	$4.87	-$8.73	-64.2%	-+10,648	33	1.8%
Amusement	$2.72	$3.07	+$0.35	+12.8%	+2,131	9	1.1%
Lodging	$8.43	$10.12	+$1.69	+20.1%	+3,331	12	3.7%
Eating & Drinking	$39.97	$36.77	-$3.21	-8.0%	-+1,331	45	13.4%
Repair Services	$7.55	$7.34	-$0.21	-2.8%	-+463	28	2.7%
Personal Services	$1.28	$1.50	+$0.22	+17.5%	+2,909	38	0.5%
Total Taxable Retail & Services*	$201.73	$273.84	+$72.11	+35.7%	-+27,472	404	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 Red Wing Retail Trade Analysis

The chart below depicts the percentage amount of Red Wing's actual sales were above or below expected sales in 2021 by merchandise group. Of the 16 merchandise categories with reported data, sales in 4 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 Vehicles & Parts category, which has a 170.1 percent surplus. Overall, Red Wing had a retail sales surplus of 35.7 percent in 2021.

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 of Taxable Sales Above or Below Expected Sales by Merchandise Category

Category	Percentage
Total Taxable Retail & Services*	+35.7%
Personal Services	+17.5%
Repair Services	-2.8%
Eating & Drinking	-8.0%
Lodging	+20.1%
Amusement	+12.8%
Misc. Store	-64.2%
General Merchandise	-20.9%
Leisure Goods	-5.7%
Clothing	-59.2%
Gas & Convenience	-52.6%
Health & Personal	-55.3%
Food	-12.4%
Building Materials	-0.5%
Electronics	-92.5%
Furniture	-12.2%
Vehicles & Parts	+170.1%
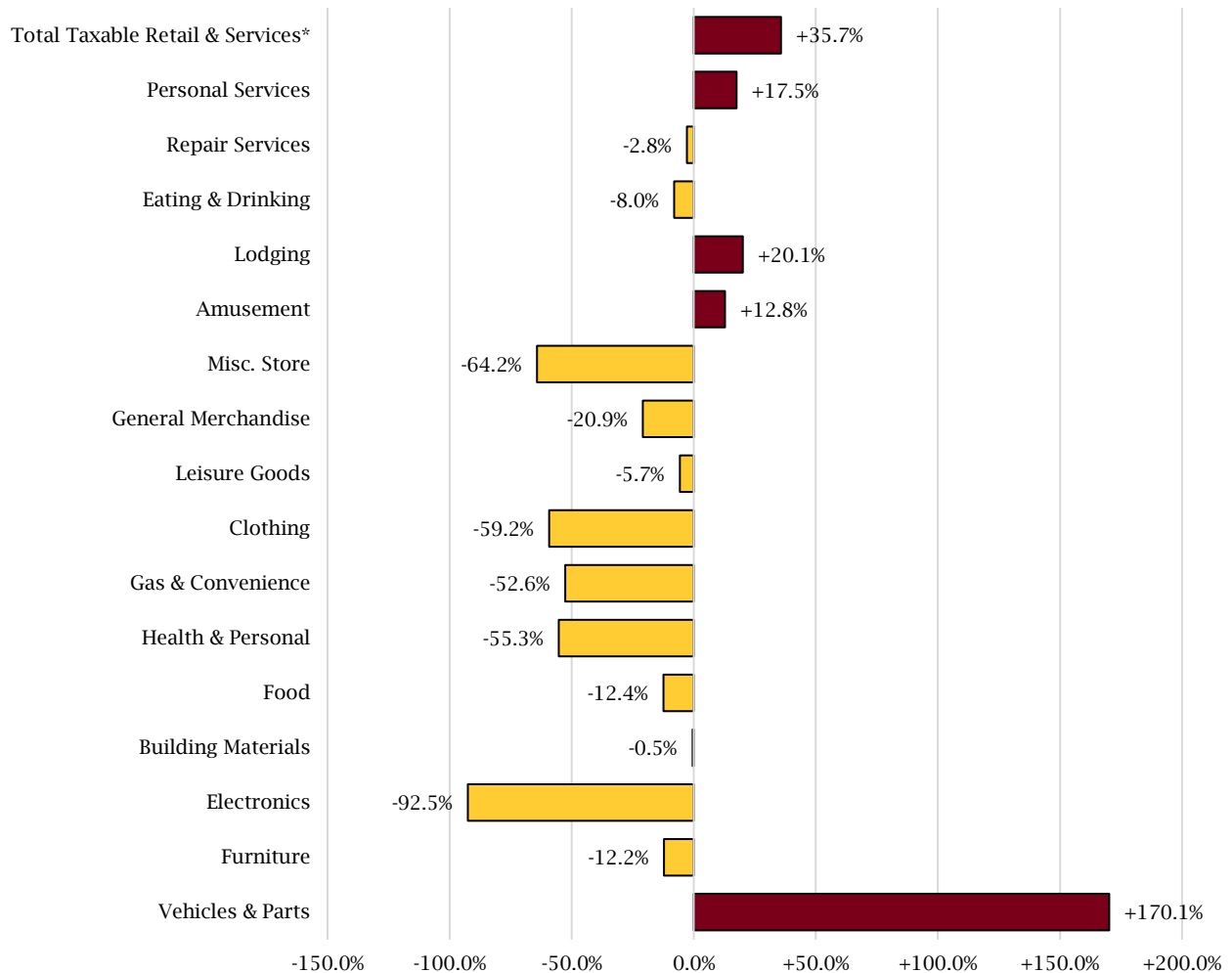
Summary of Red Wing Retail Trade Analysis

The chart below depicts the dollar amount of Red Wing's actual sales that were above or below expected sales in 2021 by merchandise group. Of the 16 merchandise categories with reported data, sales in 4 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 Vehicles & Parts category, which has a $32.1 million surplus. Overall, Red Wing had a retail surplus of $72.1 million in 2021.

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 $ of Taxable Sales Above or Below Expected Sales by Merchandise Category
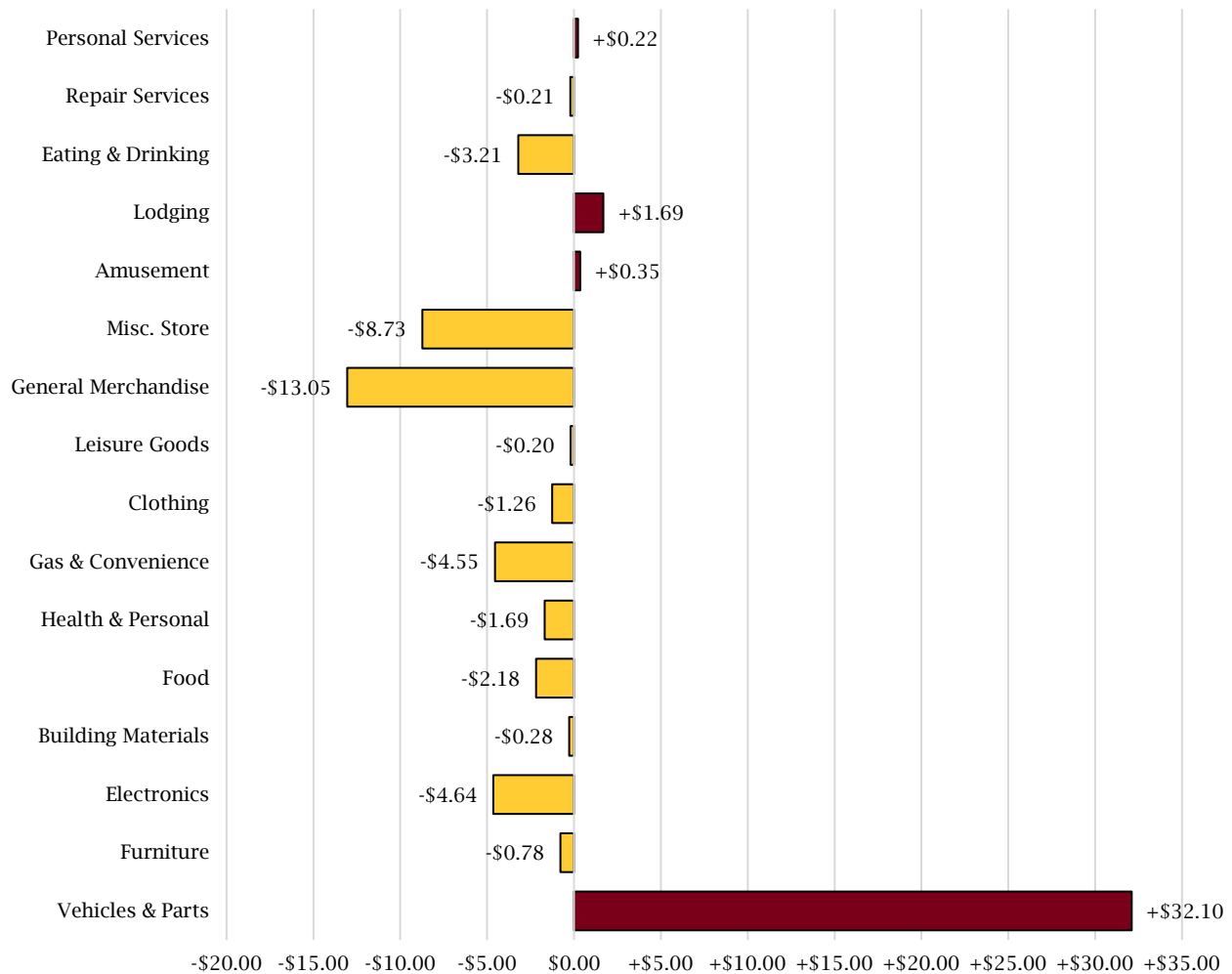
Category	Value
Personal Services	+$0.22
Repair Services	-$0.21
Eating & Drinking	-$3.21
Lodging	+$1.69
Amusement	+$0.35
Misc. Store	-$8.73
General Merchandise	-$13.05
Leisure Goods	-$0.20
Clothing	-$1.26
Gas & Convenience	-$4.55
Health & Personal	-$1.69
Food	-$2.18
Building Materials	-$0.28
Electronics	-$4.64
Furniture	-$0.78
Vehicles & Parts	+$32.10

Comparison of Pull Factors by Merchandise Category

2021 Index of "Pulling Power"

Cities Outside the Seven-County Metro Area with Populations Between

10,000 and 23,200 (Range: Populations of Red Wing +/- ~ 40%)

PULL FACTORS (27 CITIES)

CITY	Population	Vehicles & Parts	Furniture	Electronics	Building Materials	Food	Health & Personal	Gas & Convenience	Clothing	Leisure Goods	General Merchandise	Misc. Store	Amusement	Lodging	Eating & Drinking	Repair Services	Personal Services	Total Taxable Retail & Services*
OTSEGO	21,289	0.00			0.22													0.32
WILLMAR	21,076	1.15	1.82	0.74	3.70	1.49	1.78	1.83	0.97	0.49	1.81	1.29	0.28	3.44	1.33	2.81	0.77	1.59
NORTHFIELD	20,547	0.45	0.40			0.86			0.13			5.20			0.98			0.60
SARTELL	19,522																	1.12
ST MICHAEL	19,029																	0.69
ALBERT LEA	18,301	2.30	0.90	0.31	1.36	1.20	1.07	3.06	0.61	0.90	1.60	1.35	0.15	1.02	1.12	0.80	0.31	1.09
RED WING	16,588	4.80	1.05	0.07	2.62	1.27	0.63	0.90	0.30	0.77	2.31	0.82	0.52	2.07	1.31	1.43	0.58	1.52
BUFFALO	16,378	1.52	0.12	0.42		1.26	1.23		0.25	0.27		13.66	0.69		1.27	1.17		1.35
HIBBING	16,064	0.65	0.32		1.78	1.21		2.22			1.64							0.88
BEMIDJI	15,147	5.07	2.52	2.11	5.56	2.44	3.17	2.42	4.47	2.88	4.54	3.33	0.71	3.78	2.91	2.59	0.75	2.95
HUTCHINSON	14,703	0.53	1.94	1.59	3.79	1.37	1.56	1.71	1.32	0.96	2.82	1.61	0.64		1.21	0.64		1.53
ALEXANDRIA	14,690	**3.17**	**3.25**	**2.73**	**5.39**	**2.34**	**2.81**	**3.29**	**1.24**	**2.39**	**5.64**	**1.16**	**0.98**	**2.04**	**2.24**	**3.31**	**1.95**	**2.87**
BRAINERD	14,679	2.17	0.38	0.89	1.18	1.24	2.48	1.10	0.44	0.56		2.41	0.21		1.51	0.75		1.01
MONTICELLO	14,619	2.70	0.79	0.68	2.95	1.42	1.09	1.95	1.83	0.06	4.86	2.45	0.76	0.62	1.94	1.40	0.58	1.93
NORTH MANKATO	14,461																	0.53
NEW ULM	14,070	1.22		1.05	3.55		1.22	0.71		0.41	1.51		0.52	0.75		1.26	0.37	1.40
FERGUS FALLS	14,042	2.92		0.63	2.25			1.78			3.22			1.14			0.66	1.38
WORTHINGTON	13,861	1.27	1.12	1.26	0.61	2.42	1.13	2.51	0.40	0.18		7.09	0.32		0.91	2.32		1.00
SAUK RAPIDS	13,730	1.91																0.44
MARSHALL	13,618	2.03	2.30	0.69	4.43	1.65	0.13	1.64	0.93	1.37	2.39	0.40	0.50	1.17	1.83	1.26	0.40	1.70
UNADJUSTED AVERAGE*		1.91	1.29	0.99	2.84	1.56	1.52	2.05	0.80	0.88	3.14	2.46	0.50	1.86	1.53	1.59	0.53	1.21

* 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 when calculating typical pull factors used in the expected sales formula.

Comparison of Pull Factors by Merchandise Category

2021 Index of "Pulling Power"

Cities Outside the Seven-County Metro Area with Populations Between

10,000 and 23,200 (Range: Populations of Red Wing +/- ~ 40%)

RANKINGS   (27 CITIES)

CITY	Population	Vehicles & Parts	Furniture	Electronics	Building Materials	Food	Health & Personal	Gas & Convenience	Clothing	Leisure Goods	General Merchandise	Misc. Store	Amusement	Lodging	Eating & Drinking	Repair Services	Personal Services	Total Taxable Retail & Services*
OTSEGO	#1	#18			#15													#21
WILLMAR	#2	#14	#5	#8	#5	#6	#4	#8	#5	#9	#9	#10	#11	#2	#7	#2	#2	#5
NORTHFIELD	#3	#17	#11			#14			#13			#3			#12			#18
SARTELL	#4																	#12
ST MICHAEL	#5																	#17
ALBERT LEA	#6	#6	#9	#13	#12	#13	#11	#2	#8	#5	#11	#9	#13	#8	#11	#11	#10	#13
RED WING	#7	#2	#8	#14	#9	#9	#12	#13	#11	#7	#8	#12	#6	#3	#8	#6	#6	#7
BUFFALO	#8	#11	#14	#12		#10	#7		#12	#11		#1	#4		#9	#10		#10
HIBBING	#9	#15	#13		#11	#12		#5			#10							#16
BEMIDJI	#10	#1	#2	#2	#1	#1	#1	#4	#1	#1	#3	#4	#3	#1	#1	#3	#3	#1
HUTCHINSON	#11	#16	#4	#3	#4	#8	#5	#10	#3	#4	#6	#8	#5		#10	#13		#6
ALEXANDRIA	#12	#3	#1	#1	#2	#3	#2	#1	#4	#2	#1	#11	#1	#4	#2	#1	#1	#2
BRAINERD	#13	#7	#12	#7	#13	#11	#3	#12	#9	#8		#7	#12		#6	#12		#14
MONTICELLO	#14	#5	#10	#10	#7	#7	#10	#7	#2	#13	#2	#6	#2	#10	#3	#7	#5	#3
NORTH MANKATO	#15																	#19
NEW ULM	#16	#13		#5	#6		#8	#14		#10	#12		#7	#9		#8	#9	#8
FERGUS FALLS	#17	#4		#11	#10			#9			#4			#7			#4	#9
WORTHINGTON	#18	#12	#7	#4	#14	#2	#9	#3	#10	#12		#2	#10		#13	#4		#15
SAUK RAPIDS	#19	#10																#20
MARSHALL	#20	#8	#3	#9	#3	#4	#13	#11	#6	#3	#7	#13	#8	#6	#4	#9	#8	#4

Red Wing and Goodhue County, Comparison, 2021

It is important to review retail performance for the entire 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 purchases by everyone in the county. By analyzing county data, city business officials can develop strategies to recapture some 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 lost sales.

The table below shows retail sales and number of firms by merchandise category for Red Wing and Goodhue County in 2021. Red Wing accounted for 65 percent of the county's sales and 38 percent of the county's firms.

Share of County Sales

- Red Wing — 65%
- Rest of Goodhue County — 35%
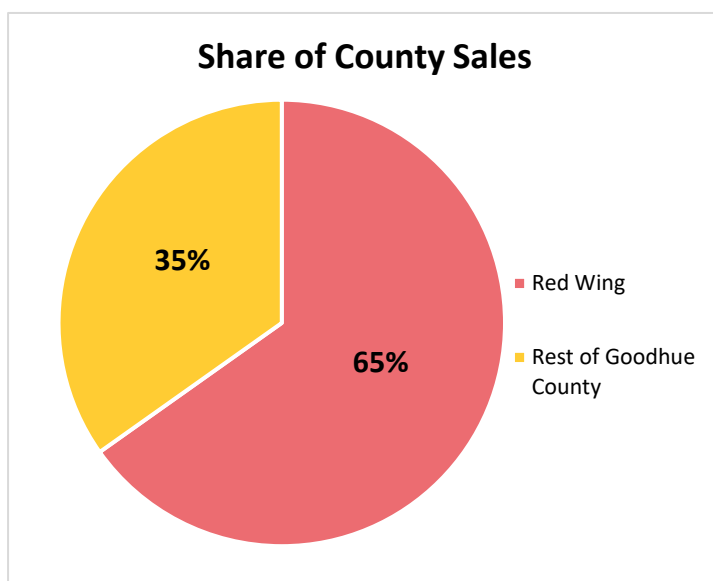
Merchandise Category	Red Wing		Goodhue County		City's Share of County Total	
	Taxable Sales ($millions)	Number of Firms	Taxable Sales ($millions)	Number of Firms	Sales	Firms
Vehicles & Parts	$50.97	14	$64.95	34	78.5%	41.2%
Furniture	$5.64	9	$5.93	13	95.1%	69.2%
Electronics	$0.38	7	$0.51	10	73.4%	70.0%
Building Materials	$60.06	9	$89.51	28	67.1%	32.1%
Food	$15.42	17	$26.41	35	58.4%	48.6%
Health & Personal	$1.37	7	$1.39	9	98.2%	77.8%
Gas & Convenience	$4.09	8	$19.59	25	20.9%	32.0%
Clothing	$0.87	15	$1.36	32	63.8%	46.9%
Leisure Goods	$3.25	12	$4.25	27	76.5%	44.4%
General Merchandise	$49.53	5	$52.26	9	94.8%	55.6%
Misc. Store	$4.87	33	$6.72	97	72.4%	34.0%
Amusement	$3.07	9	$12.20	28	25.2%	32.1%
Lodging	$10.12	12	$13.86	23	73.0%	52.2%
Eating & Drinking	$36.77	45	$62.02	107	59.3%	42.1%
Repair Services	$7.34	28	$17.99	94	40.8%	29.8%
Personal Services	$1.50	38	$2.95	91	50.8%	41.8%
Total Taxable Retail & Services*	$273.84	404	$420.10	1051	65.2%	38.4%

Goodhue County Retail Trade Overview

## Total Taxable and Gross Retail Sales

The table below presents gross and taxable retail and services sales for Goodhue County from 2010 through 2021. Without inflation adjustments, taxable sales in Goodhue County increased 37.6 percent from 2015 to 2021, while the number of firms fell 2.1 percent. Statewide, taxable sales increased 26.2 percent over the same time period and the number of firms fell 2.3 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

| Year | Estimated Population | Current Dollars | | Constant 2021 Dollars | | Number of Firms | Per Capita Sales | Pull Factor |
		Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)			
2010	46,230	$954.35	$269.00	$1,183.23	$333.52	1193	$5,818.81	0.76
2011	46,168	$972.16	$274.24	$1,167.26	$329.28	1111	$5,940.05	0.74
2012	46,331	$1,028.72	$284.13	$1,209.70	$334.12	1092	$6,132.64	0.74
2013	46,447	$1,062.85	$297.84	$1,212.80	$339.86	1118	$6,412.44	0.75
2014	46,480	$1,011.23	$298.52	$1,153.45	$340.51	1100	$6,422.60	0.74
2015	46,611	$928.09	$305.34	$1,063.02	$349.73	1074	$6,550.88	0.73
2016	46,717	$1,035.96	$318.27	$1,175.08	$361.01	1099	$6,812.72	0.75
2017	46,562	$851.34	$327.78	$945.57	$364.06	1103	$7,039.64	0.76
2018	46,540	$951.16	$342.13	$1,030.17	$370.55	1125	$7,351.34	0.77
2019	46,449	$906.82	$357.46	$966.08	$380.82	1098	$7,695.72	0.80
2020	47,582	$889.76	$371.78	$936.53	$391.33	1042	$7,813.52	0.84
2021	47,819	$1,014.40	$420.10	$1,014.40	$420.10	1051	$8,785.31	0.81
7 yr Change '15 to '21	2.6%	9.3%	37.6%	-4.6%	20.1%	-2.1%	34.1%	11.2%
3 yr Change '19 to '21	2.9%	11.9%	17.5%	5.0%	10.3%	-4.3%	14.2%	1.3%

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

Retail Sales in Constant Dollars

The table also presents sales data in constant 2021 dollars. These figures have been adjusted for inflation to reflect their value in 2021. For example, in 2010, taxable sales in Goodhue County totaled $269. million, an amount worth $333.52 million in 2021 dollars. In constant dollars, gross sales fell -4.6 percent between 2015 and 2021. Constant dollar taxable sales increased 20.1 percent over the same time period.

Retail/Service Sales in Constant Dollars Over Time
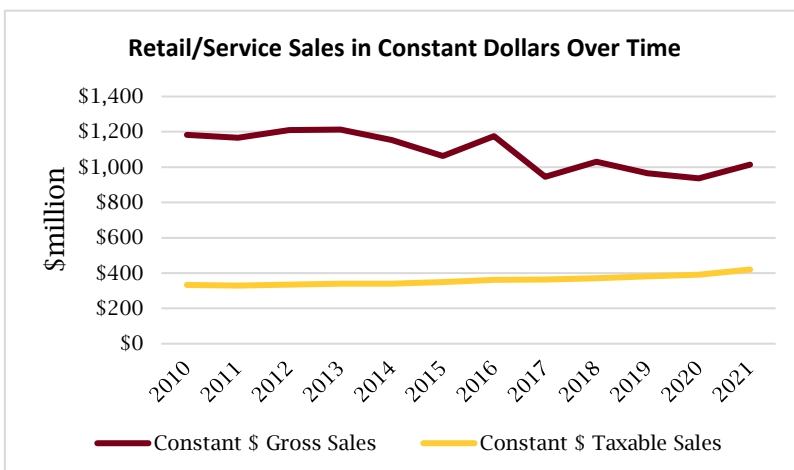
Goodhue County Selected Components of Change*, 2019 to 2021

Merchandise Category	Taxable Sales 2019	Taxable Sales 2021	Dollar Change	Percent Change
Vehicles & Parts	$45,384,773	$64,954,486	+$19,569,713	+43.12%
Furniture	$4,947,095	$5,928,033	+$980,938	+19.83%
Electronics	$441,038	$511,173	+$70,135	+15.90%
Building Materials	$67,943,379	$89,514,176	+$21,570,797	+31.75%
Food	$23,543,536	$26,409,862	+$2,866,326	+12.17%
Health & Personal	$1,368,746	$1,391,285	+$22,539	+1.65%
Gas & Convenience	$17,038,692	$19,588,323	+$2,549,631	+14.96%
Clothing	$1,037,428	$1,355,920	+$318,492	+30.70%
Leisure Goods	$2,783,163	$4,252,935	+$1,469,772	+52.81%
General Merchandise	$44,189,147	$52,262,148	+$8,073,001	+18.27%
Misc. Store	$5,267,541	$6,723,521	+$1,455,980	+27.64%
Amusement	$9,106,473	$12,197,366	+$3,090,893	+33.94%
Lodging	$14,829,727	$13,863,047	-$966,680	-6.52%
Eating & Drinking	$58,754,972	$62,020,613	+$3,265,641	+5.56%
Repair Services	$18,221,399	$17,985,009	-$236,390	-1.30%
Personal Services	$2,543,190	$2,948,860	+$405,670	+15.95%
Total Taxable Retail & Services	**$357,458,622**	**$420,104,871**	**+$62,646,249**	**+17.53%**

*Figures not adjusted for inflation

Taxable Sales Changes by Merchandise Category, 2019 to 2021

Recent Trends By Merchandise Category: Goodhue County

The following tables and charts depict pull factors in Goodhue County from 2010 to 2021 by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of change over time because they account for changes in population and state-wide industry trends.

Pull Factors by NAICS Merchandise Category (1 of 2)

	Vehicles & Parts	Furniture	Electronics	Building Materials	Food	Health & Personal	Gas & Convenience	Clothing
■ 2010	1.16	0.37	0.08	1.17	0.71	0.36	1.05	0.19
■ 2011	1.14	0.39	0.07	1.18	0.64	0.27	1.26	0.15
■ 2012	1.23	0.34	0.07	1.22	0.71	0.24	1.17	0.13
■ 2013	1.32	0.35	0.07	1.21	0.71	0.26	1.29	0.12
■ 2014	1.32	0.37	0.07	1.20	0.69	0.28	1.29	0.12
■ 2015	1.42	0.36	0.05	1.20	0.63	0.29	1.33	0.11
■ 2016	1.58	0.31	0.05	1.21	0.63	0.29	1.34	0.10
■ 2017	1.59	0.36	0.04	1.28	0.63	0.26	1.29	0.13
■ 2018	1.67	0.45	0.03	1.35	0.64	0.27	1.34	0.16
■ 2019	1.66	0.39	0.03	1.44	0.67	0.23	1.41	0.15
■ 2020	2.06	0.41	0.03	1.41	0.68	0.24	1.41	0.16
■ 2021	2.12	0.38	0.03	1.35	0.75	0.22	1.49	0.16

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.
Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

Recent Trends By Merchandise Category: Goodhue County

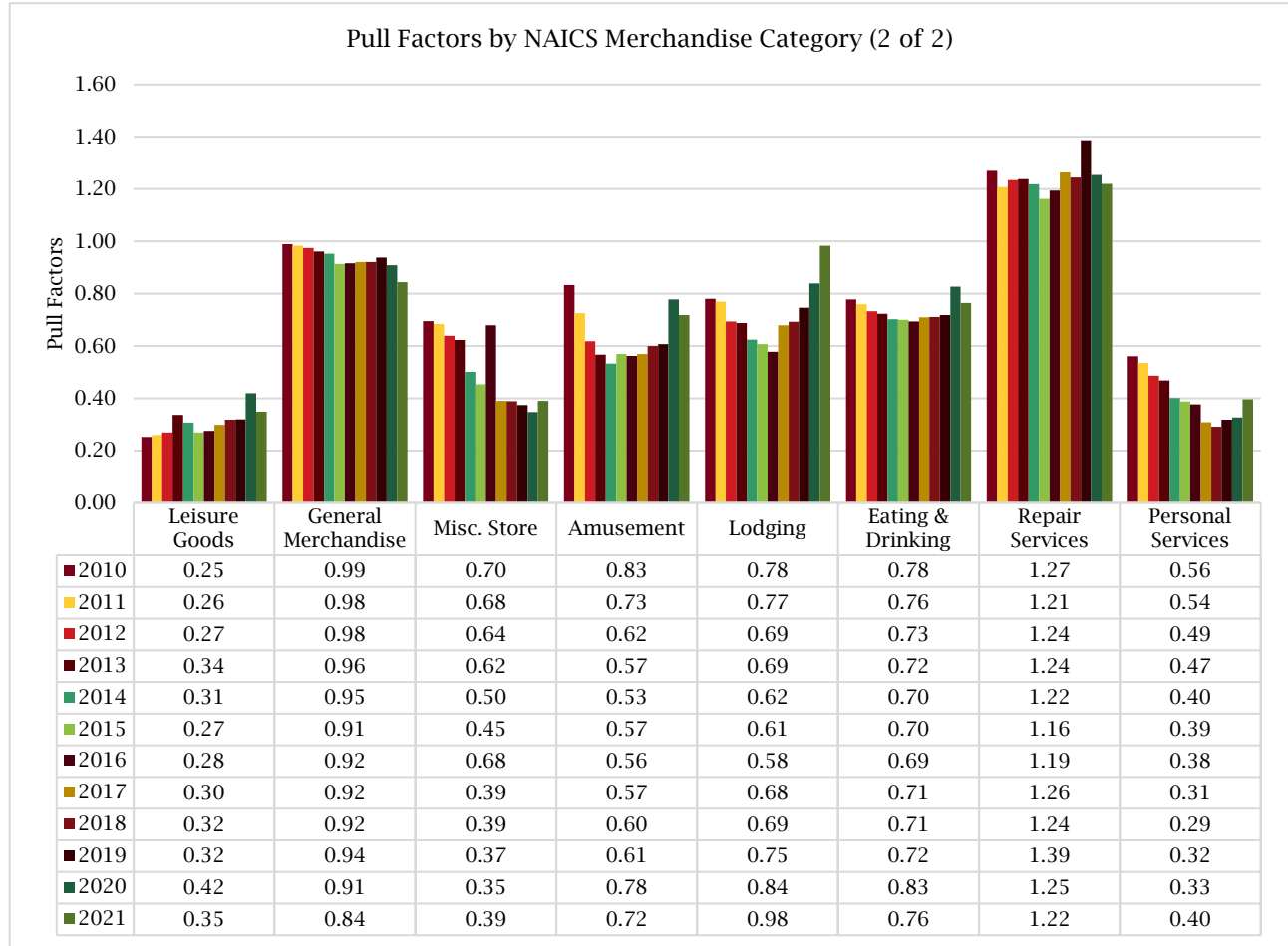The following tables and charts depict pull factors in Goodhue County from 2010 to 2021 by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of change over time because they account for changes in population and state-wide industry trends.

Pull Factors by NAICS Merchandise Category (2 of 2)

	Leisure Goods	General Merchandise	Misc. Store	Amusement	Lodging	Eating & Drinking	Repair Services	Personal Services
2010	0.25	0.99	0.70	0.83	0.78	0.78	1.27	0.56
2011	0.26	0.98	0.68	0.73	0.77	0.76	1.21	0.54
2012	0.27	0.98	0.64	0.62	0.69	0.73	1.24	0.49
2013	0.34	0.96	0.62	0.57	0.69	0.72	1.24	0.47
2014	0.31	0.95	0.50	0.53	0.62	0.70	1.22	0.40
2015	0.27	0.91	0.45	0.57	0.61	0.70	1.16	0.39
2016	0.28	0.92	0.68	0.56	0.58	0.69	1.19	0.38
2017	0.30	0.92	0.39	0.57	0.68	0.71	1.26	0.31
2018	0.32	0.92	0.39	0.60	0.69	0.71	1.24	0.29
2019	0.32	0.94	0.37	0.61	0.75	0.72	1.39	0.32
2020	0.42	0.91	0.35	0.78	0.84	0.83	1.25	0.33
2021	0.35	0.84	0.39	0.72	0.98	0.76	1.22	0.40

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.
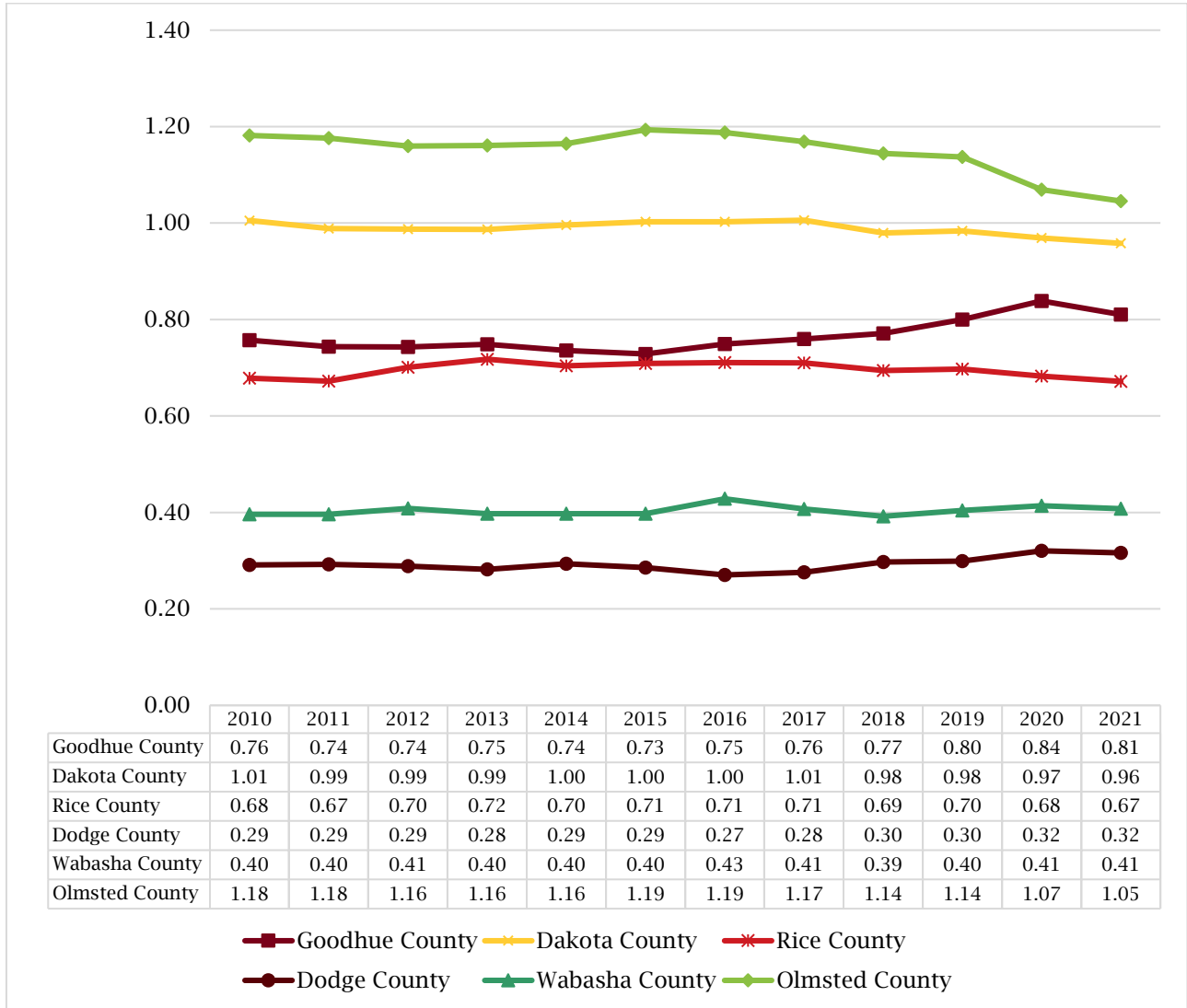
Lodging: Seasonal resorts, hotels, boarding houses, bed & breakfast, campgrounds, and RV parks.

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.

Comparison with Neighboring Counties

Comparison of Pull Factors Over Time

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Goodhue County	0.76	0.74	0.74	0.75	0.74	0.73	0.75	0.76	0.77	0.80	0.84	0.81
Dakota County	1.01	0.99	0.99	0.99	1.00	1.00	1.00	1.01	0.98	0.98	0.97	0.96
Rice County	0.68	0.67	0.70	0.72	0.70	0.71	0.71	0.71	0.69	0.70	0.68	0.67
Dodge County	0.29	0.29	0.29	0.28	0.29	0.29	0.27	0.28	0.30	0.30	0.32	0.32
Wabasha County	0.40	0.40	0.41	0.40	0.40	0.40	0.43	0.41	0.39	0.40	0.41	0.41
Olmsted County	1.18	1.18	1.16	1.16	1.16	1.19	1.19	1.17	1.14	1.14	1.07	1.05

Comparison with Neighboring Counties, 2021

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Goodhue County	47,819	1,014.40	420.10	1,051	8,785	0.81
Dakota County	443,692	14,411.59	4,607.37	7,339	10,384	0.96
Rice County	66,964	1,532.56	487.57	1,188	7,281	0.67
Dodge County	20,959	255.85	71.88	318	3,429	0.32
Wabasha County	21,645	488.60	95.69	508	4,421	0.41
Olmsted County	164,196	4,490.72	1,861.12	2,843	11,335	1.05

Trade Area Analysis of Retail Sales: Goodhue County

The following table provides information on retail sales by merchandise category. Potential sales is a standard to which actual performance is compared. When calculating potential sales, population and income characteristics are taken into account. Potential sales can be used as a guideline or "par value" when 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, positive aspects can be identified and built upon.

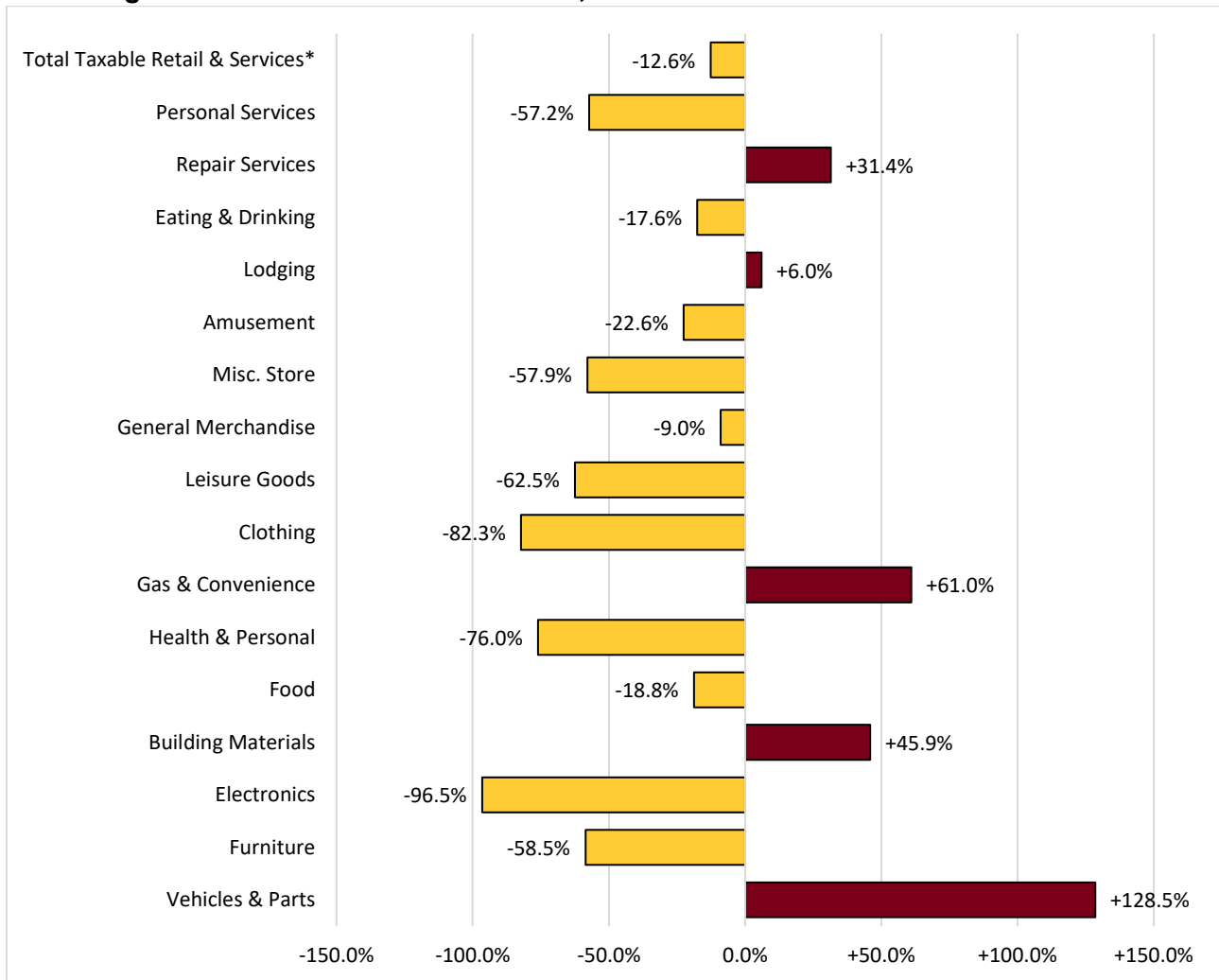## Trade Area Analysis by Merchandise Category, 2021

Merchandise Category	Expected Sales ($millions)	Actual Sales ($millions)	Variance Between Actual & Expected			Number of Firms	Percent of Total Sales
			In Dollars (millions)	As % of Expected	Trade Area Pop. Gain or Loss		
Vehicles & Parts	$28.42	$64.95	+$36.53	+128.5%	61,457	34	15.5%
Furniture	$14.30	$5.93	-$8.37	-58.5%	-27,998	13	1.4%
Electronics	$14.64	$0.51	-$14.13	-96.5%	-46,149	10	0.1%
Building Materials	$61.34	$89.51	+$28.18	+45.9%	21,966	28	21.3%
Food	$32.51	$26.41	-$6.10	-18.8%	-8,976	35	6.3%
Health & Personal	$5.80	$1.39	-$4.41	-76.0%	-36,353	9	0.3%
Gas & Convenience	$12.17	$19.59	+$7.42	+61.0%	29,171	25	4.7%
Clothing	$7.65	$1.36	-$6.29	-82.3%	-39,343	32	0.3%
Leisure Goods	$11.33	$4.25	-$7.08	-62.5%	-29,871	27	1.0%
General Merchandise	$57.42	$52.26	-$5.16	-9.0%	-4,296	9	12.4%
Misc. Store	$15.96	$6.72	-$9.24	-57.9%	-27,679	97	1.6%
Amusement	$15.75	$12.20	-$3.56	-22.6%	-10,798	28	2.9%
Lodging	$13.07	$13.86	+$0.79	+6.0%	2,886	23	3.3%
Eating & Drinking	$75.27	$62.02	-$13.25	-17.6%	-8,416	107	14.8%
Repair Services	$13.69	$17.99	+$4.30	+31.4%	15,023	94	4.3%
Personal Services	$6.90	$2.95	-$3.95	-57.2%	-27,375	91	0.7%
Total Taxable Retail & Services*	$480.90	$420.10	-$60.79	-12.6%	-6,045	1051	100.0%

Retail Trade Performance in Percentages: Goodhue County

The chart below depicts the percentage amount of Goodhue County's actual sales were above or below potential sales in 2021 by merchandise group. Of the 16 merchandise categories with reported data, sales in 5 of the categories were above what would be potential sales, based on the county's population and income characteristics, as well as statewide spending patterns. The strongest merchandise group by this standard is the Vehicles & Parts category, which has a 128.5 percent surplus. Overall, Goodhue County had a retail sales deficit of 12.6 percent in 2021.

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, 2021

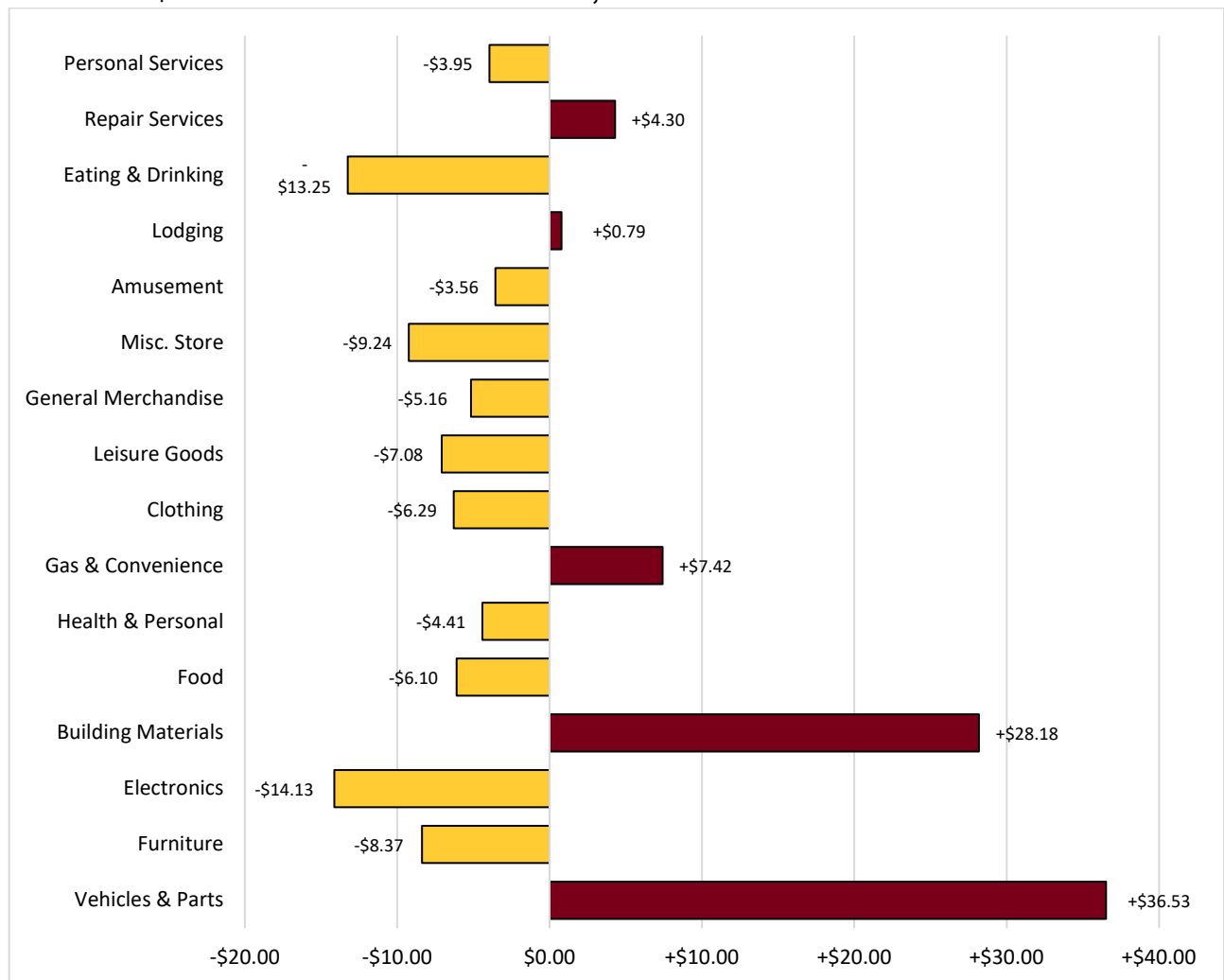| Category	Percentage
Total Taxable Retail & Services*	-12.6%
Personal Services	-57.2%
Repair Services	+31.4%
Eating & Drinking	-17.6%
Lodging	+6.0%
Amusement	-22.6%
Misc. Store	-57.9%
General Merchandise	-9.0%
Leisure Goods	-62.5%
Clothing	-82.3%
Gas & Convenience	+61.0%
Health & Personal	-76.0%
Food	-18.8%
Building Materials	+45.9%
Electronics	-96.5%
Furniture	-58.5%
Vehicles & Parts	+128.5%

Retail Trade Performance in Dollars: Goodhue County

The chart below depicts the dollar amount of Goodhue County's actual sales that were above or below potential sales in 2021 by merchandise group. Of the 16 merchandise categories with reported data, sales in 5 of the categories were above calculated potential. The strongest merchandise group by this standard is the Vehicles & Parts category, which has a $36.53 million surplus. Overall, Goodhue County had a retail deficit of $60.8 million in 2021.

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.

Millions of $ Above or Below Potential Sales, 2021

Category	Value
Personal Services	-$3.95
Repair Services	+$4.30
Eating & Drinking	-$13.25
Lodging	+$0.79
Amusement	-$3.56
Misc. Store	-$9.24
General Merchandise	-$5.16
Leisure Goods	-$7.08
Clothing	-$6.29
Gas & Convenience	+$7.42
Health & Personal	-$4.41
Food	-$6.10
Building Materials	+$28.18
Electronics	-$14.13
Furniture	-$8.37
Vehicles & Parts	+$36.53

Retail Trade Surplus or Leakage: Goodhue County

County Surplus or Leakage as a Percentage of Potential
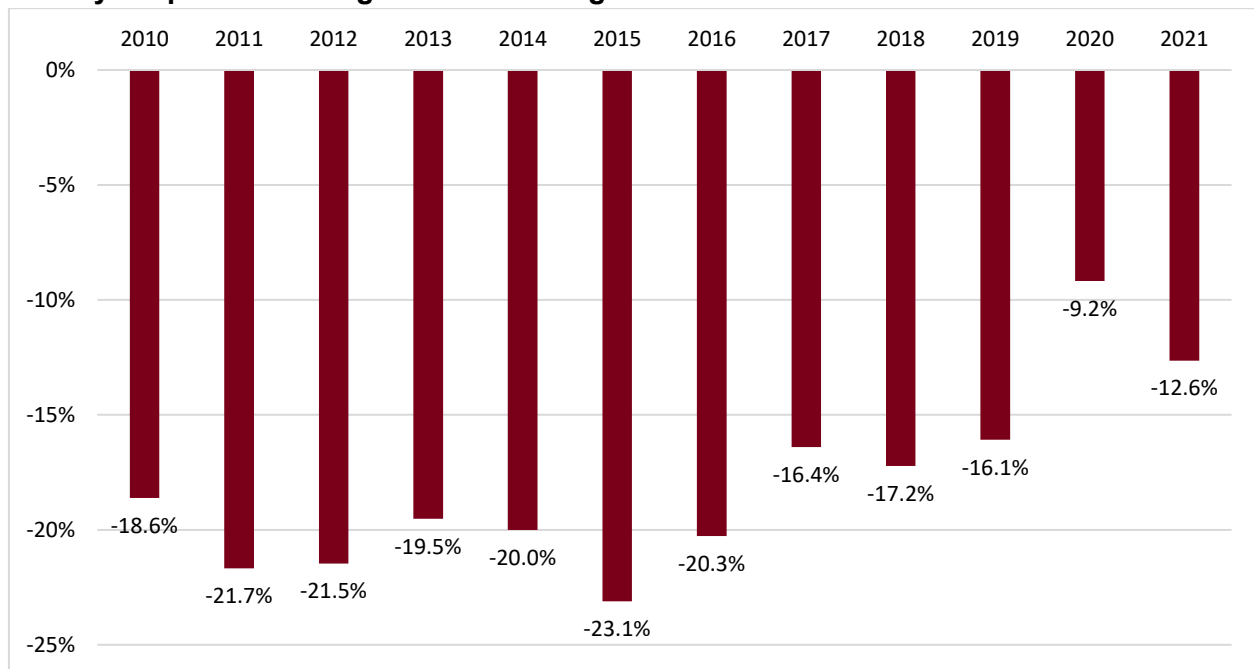
Fiscal Year	Population Estimate	Index of Income	Potential Sales (in millions)	Actual Sales (in millions)	Surplus or Leakage (in millions)	Surplus or Leakage as % of Potential	Trade Area Population Gain or Loss
2010	46,230	0.93	$330.5	$269.0	-$61.5	-18.6%	-8,605
2011	46,168	0.95	$350.1	$274.2	-$75.9	-21.7%	-10,007
2012	46,331	0.95	$361.8	$284.1	-$77.6	-21.5%	-9,944
2013	46,447	0.93	$370.1	$297.8	-$72.2	-19.5%	-9,066
2014	46,480	0.92	$373.2	$298.5	-$74.6	-20.0%	-9,297
2015	46,611	0.95	$397.1	$305.3	-$91.8	-23.1%	-10,770
2016	46,717	0.94	$399.2	$318.3	-$80.9	-20.3%	-9,471
2017	46,562	0.91	$392.1	$327.8	-$64.3	-16.4%	-7,638
2018	46,540	0.93	$413.3	$342.1	-$71.2	-17.2%	-8,014
2019	46,449	0.95	$426.0	$357.5	-$68.5	-16.1%	-7,471
2020	47,582	0.92	$409.3	$371.8	-$37.5	-9.2%	-4,364
2021	47,819	0.93	$480.9	$420.1	-$60.8	-12.6%	-6,045

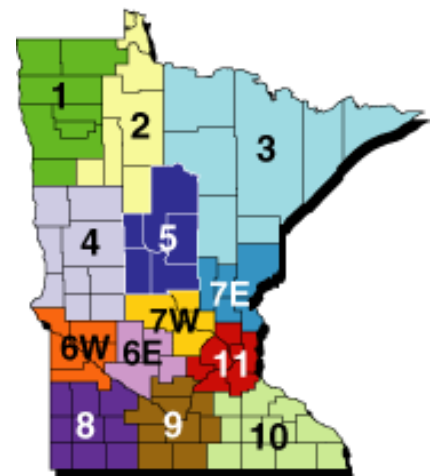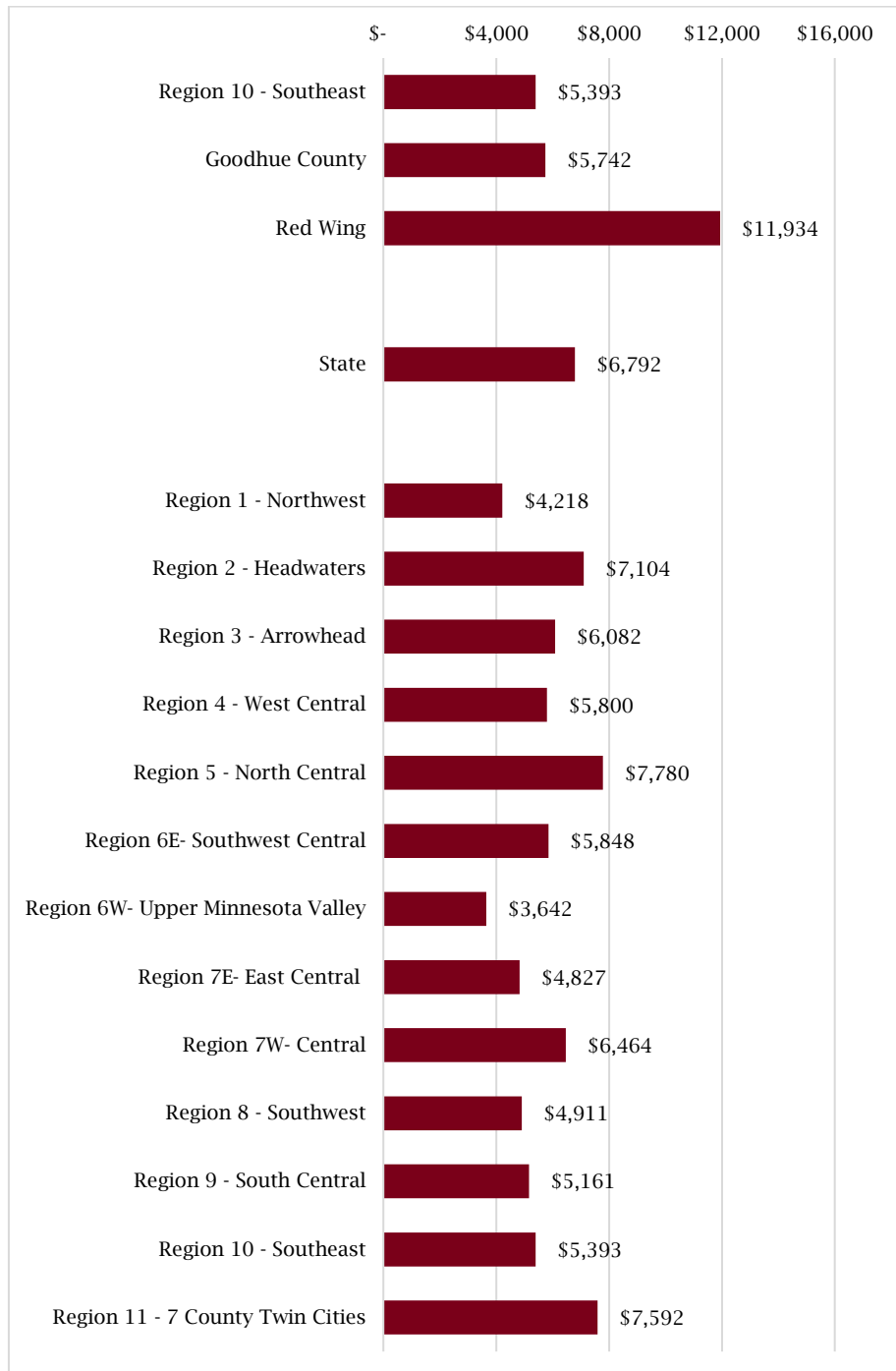# Minnesota Per Capita Retail Sales and Threshold Levels

for Selected Goods and Services, 2021

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, 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.
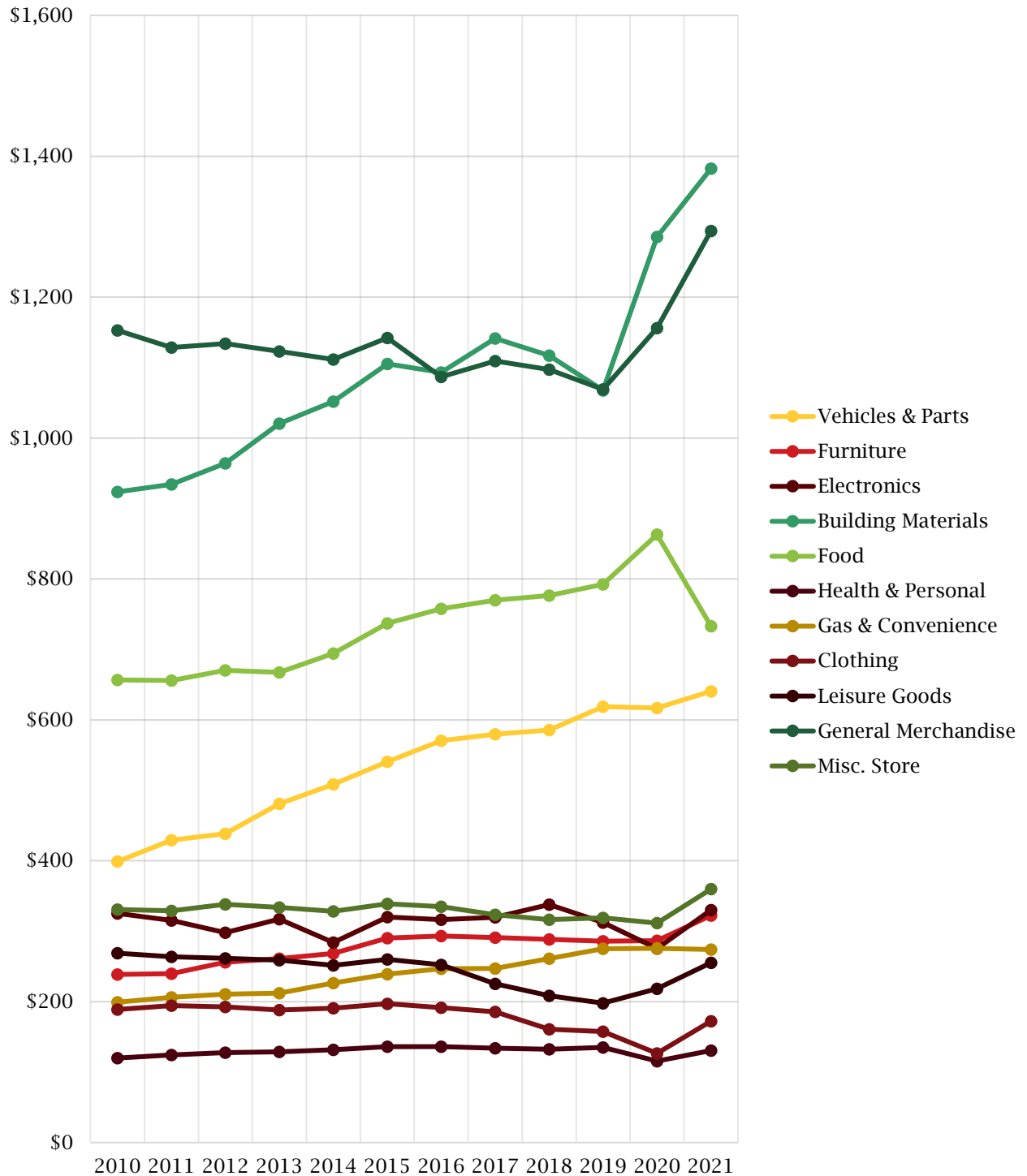
Business Activity / Store Type		People Per Business		Sales Per Capita		
NAICS		State	Non-Metro	State	Non-Metro	Red Wing
RETAIL TRADE						
441	Vehicles, Parts	2,189	1,566	$640.67	$696.32	$3,072.64
442	Furniture Stores	4,134	3,920	$322.35	$211.28	$339.86
443	Electronics	4,511	5,021	$329.98	$157.72	$22.63
444	Building Materials	3,174	2,124	$1,382.54	$1,580.37	$3,620.95
445	Food and Beverage Stores	1,756	1,523	$732.83	$674.94	$929.76
446	Health, Personal Stores	3,131	3,731	$130.79	$86.75	$82.36
447	Gas/Convenience Stores	2,612	1,970	$274.23	$386.84	$246.75
448	Clothing & Accessory Stores	1,940	2,276	$172.41	$95.74	$52.16
451	Leisure Goods	2,205	1,860	$255.41	$208.50	$196.05
452	General Merchandise	5,618	4,303	$1,294.25	$1,255.07	$2,986.01
453	Miscellaneous Merchandise	633	516	$359.83	$329.73	$293.57
454	Non-store Retail	1,016	924	$896.42	$111.12	$91.66
	Retail Total			$6,791.69	$5,794.39	$11,934.39
INFORMATION						
511	Publishing Industry	13,110	23,447	$4.27	$2.72	
512	Movie & Recording Industry	12,991	32,350	$18.46	$8.77	
515	Broadcasting	143,551	638,922	$34.97	$0.00	
516	Info-Internet Publ/Brcst			$0.00	$0.00	
517	Telecommunications	10,633	12,715	$153.56	$119.96	
518	Internet Service	22,696	102,227	$12.91	$0.60	
519	Other Information Services	8,519	10,223	$38.33	$29.20	
FINANCE AND INSURANCE						
522	Credit Intermediation	11,742	9,792	$21.90	$8.13	
523	Securities, Commodities	20,362	79,865	$1.77	$0.89	
524	Insurance Carriers	14,799	31,552	$0.51	$0.27	
525	Funds, Trusts	358,877		$0.08	$0.00	
REAL ESTATE AND RENTAL AND LEASING						
531	Real Estate	2,192	2,690	$36.67	$35.94	
532	Rental, Leasing Services	3,957	3,693	$173.74	$78.41	
533	Lessors Nonfinancial Assets	638,004		$0.05	$0.00	
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES						
541	Prof, Scientific, Technical Services	554	795	$194.44	$104.80	
551	Mgmt Of Companies	35,888	91,275	$13.79	$13.10	
ADMINISTRATIVE & SUPPORT; WASTE MGMT & REMEDIATION SVCS						
561	Admin, Support Services	579	568	$331.31	$203.47	
562	Waste Mgmt, Remediation	16,266	13,311	$13.24	$6.20	
EDUCATIONAL SVCS; HEALTH & SOCIAL ASSISTANCE						
611	Educational Services	4,357	4,777	$13.96	$11.44	
621	Health - Ambulatory Care	1,029	1,239	$25.91	$26.45	
622	Health - Hospitals	114,841	150,335	$8.71	$4.50	
623	Health - Nursing, Residential Care	11,718	11,112	$1.94	$1.70	
624	Health - Social Assistance	13,020	19,216	$2.86	$3.45	
ARTS, ENTERTAINMENT & RECREATION						
711	Performing Art, Spectator Sports	1,973	2,300	$52.85	$15.49	
712	Museums, Historical Sites	57,420	60,850	$4.22	$0.93	
713	Amusement, Gambling Recr	2,504	2,066	$355.11	$153.35	
ACCOMMODATION & FOOD SERVICES						
721	Accommodation	2,505	1,391	$294.69	$373.43	
722	Food Services, Drinking Places	490	479	$1,696.51	$1,352.30	
OTHER SERVICES						
811	Repair, Maintenance	744	525	$308.47	$343.51	
812	Personal, Laundry Service	652	595	$155.47	$62.66	
813	Religious, Civic, Professional Orgs	3,062	2,450	$27.80	$32.46	
814	Private Households	127,601		$0.22	$0.00	
921	Exec., Legisla., Other Govt	8,930	5,142	$48.74	$63.06	
TOTAL RETAIL AND SERVICES				$10,839.16	$8,851.56	

Compare the Community to the Region: Red Wing & Goodhue County

Earlier in this report, we compared communities using a combination of retail sector and service sectors. The information on this page only includes businesses in the retail trade and does not include the service sector. The retail trade sector includes the following: building materials, motor vehicles and parts, clothing, food stores, electronics, convenience stores, leisure goods, health store, furniture, general merchandise, non-store retail, and miscellaneous stores.

Region	Value
Region 10 - Southeast	$5,393
Goodhue County	$5,742
Red Wing	$11,934
State	$6,792
Region 1 - Northwest	$4,218
Region 2 - Headwaters	$7,104
Region 3 - Arrowhead	$6,082
Region 4 - West Central	$5,800
Region 5 - North Central	$7,780
Region 6E- Southwest Central	$5,848
Region 6W- Upper Minnesota Valley	$3,642
Region 7E- East Central	$4,827
Region 7W- Central	$6,464
Region 8 - Southwest	$4,911
Region 9 - South Central	$5,161
Region 10 - Southeast	$5,393
Region 11 - 7 County Twin Cities	$7,592

Minnesota Taxable Sales Per Capita, 2010 to 2021

Legend:
- Vehicles & Parts
- Furniture
- Electronics
- Building Materials
- Food
- Health & Personal
- Gas & Convenience
- Clothing
- Leisure Goods
- General Merchandise
- Misc. Store

Appendix: Data Sources and Definitions

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 2012. The reports interpolate data for the years in which data are not available. See https://www.revenue.state.mn.us/sales-and-use-tax-statistics-and-annual-reports. 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://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/index.jsp)

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 Business Guide" available on the web at https://www.revenue.state.mn.us/guide/minnesota-sales-and-use-tax-business-guide

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 reports for 2006 and 2007 use 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 and 2007 reports were based on when returns were processed. Starting in 2008, the reports are again based on the calendar year when the sales occurred.

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 ÷ $10,000). The interpretation is that the city is selling to 200 percent of the city population. Worth noting that local consumption patterns or local average prices may skew pull factors. As example, a city may not have enough people willing to buy $35 steak dinners to support restaurants that typically carry expensive selections.

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 measure of income, relative to the state, which is 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 city would achieve if it were performing on par with Minnesota cities 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 x $9,000 x 1.30 x 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.

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.

Calculating Expected Sales Using Comparisons with Other Rural Cities

Beginning in the middle of 2013, Retail Trade Analysis reports for cities outside of the 7-county Twin Cities area contained new Rural Community Trade Area Analysis pages. The earlier paragraph of how Expected Sales are calculated explained that a typical pull factor of similar-sized cities was used in the formula. These new pages for rural communities only use similar cities that meet the

following three criteria: 1) within approximately 30% of similar population; 2) located outside of the 7-county metro area; 3) have a similar location on the trade-center hierarchy scale. Cities with a similar trade center hierarchy have a history of similar total taxable retail and service sales. This method will keep the pull factors from metro cities like Mendota Heights and Little Canada being used in calculations for rural cities like Fairmont and Grand Rapids. More information on trade center hierarchy can be found in the article Trade-Center Hierarchy in Greater Minnesota authored by Craig and Schwartau at http://www.cura.umn.edu/publications/catalog/reporter-41-3-4-2. This article noted there was little relative movement in any one city's hierarchy ranking with just a few exceptions where dramatic economic changes occurred.

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 city. Whenever misreporting is discovered, contacts are made by 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 2002 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 2002 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.