



UNIVERSITY OF MINNESOTA EXTENSION

DEPARTMENT OF COMMUNITY DEVELOPMENT

# 2022 Retail Trade Analysis: Alexandria and Douglas 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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May 21, 2024

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The Alexandria Area Economic Development Commission



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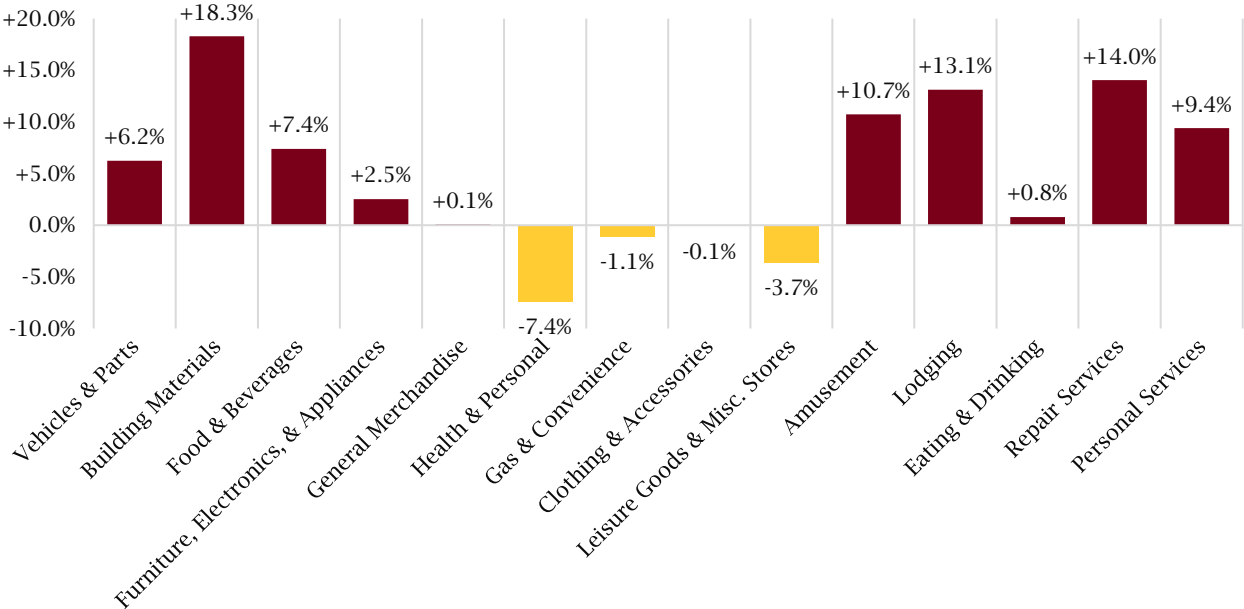
# Executive Summary

## 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 Alexandria's taxable retail and service sales increased by 7.6% between 2021 and 2022 to \$491.6 million. Building Materials stores are the largest contributor of taxable sales in Alexandria's economy. This category accounted for \$129.5 million in taxable sales in 2022. Between 2021 and 2022, the category saw a 18.3% increase in sales. The largest increase in dollar sales was also in the category of Building Materials, which increased by \$20 million in total sales from 2021 to 2022. 4 categories saw a decrease in sales between 2021 and 2022. These categories were Health & Personal and Gas & Convenience and Clothing & Accessories and Leisure Goods & Misc. Stores. Taxable sales at Health and Personal stores saw the largest decrease with 7.4%, or .4 millions fewer sales. Leisure Goods and Miscellaneous Sales also saw a decrease of sales by around .5 million, or -3.7%.

Figure 1 shows the percentage changes in taxable sales in all categories.

Figure 1: Taxable Sales Changes by Category

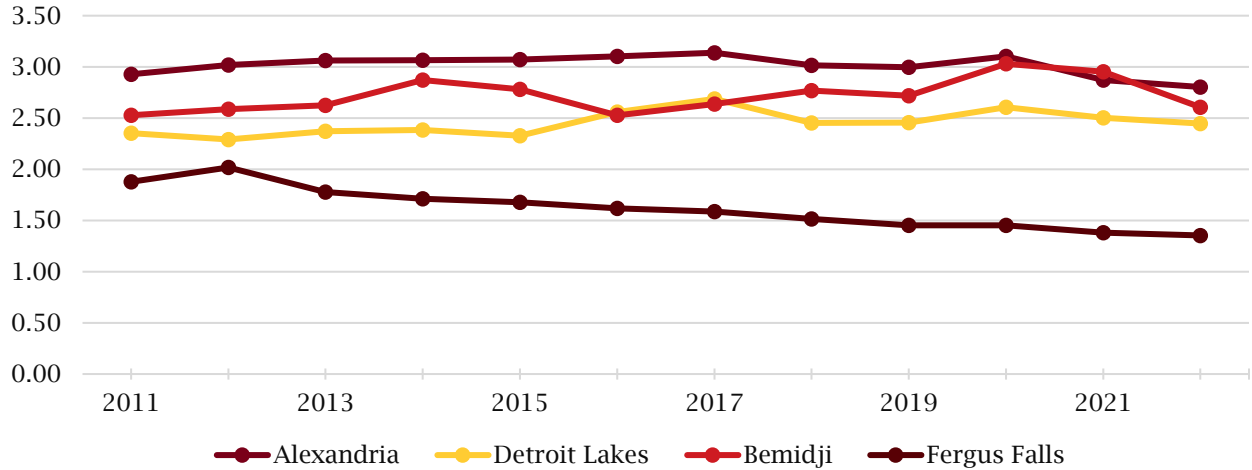


## Pull Factor Comparisons with Other Area Cities

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. Alexandria's pull factor was 2.8 in 2022. The city's per capita taxable sales in 2022 were estimated to be \$32,200, about \$17,000 higher than the county's per capita taxable sales and about \$20,700 higher than the state average of \$11,500. The Trade Area's Estimated Customer Gain (or Loss) shows the difference between the number of people that would be expected to be customers in Alexandria and the estimated number of customers, based on per capita spending.

Figure 2 shows the pull factor of Alexandria compared to the pull factor of three nearby cities over time.

Figure 2: Overall Pull Factors for Nearby Cities Over Time



### Comparing Alexandria's Performance to Similar Minnesota Cities

Figure 3, shown below, provides information on taxable sales by merchandise category. '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 city list based on population + or - 20% of Alexandria's, including communities like Anoka, Hibbing, Brainerd, and Fergus Falls. 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	\$16.47	\$31.68	92.3%	14,094
Building Materials	\$41.47	\$129.51	212.3%	32,405
Food & Beverages	\$13.18	\$27.07	105.4%	16,090
Furniture, Electronics, & Appliances	\$7.41	\$29.35	296.0%	45,181
General Merchandise	\$45.06	\$107.24	138.0%	21,060
Health & Personal	\$2.51	\$5.00	99.3%	15,157
Gas & Convenience	\$7.25	\$13.12	81.0%	12,361
Clothing & Accessories	\$1.80	\$3.13	74.0%	11,289
Leisure Goods & Misc. Stores	\$7.57	\$14.55	92.2%	14,075
Amusement	\$3.00	\$5.66	88.7%	13,535
Lodging	\$6.15	\$10.00	62.5%	9,543
Eating & Drinking	\$31.27	\$56.30	80.1%	12,219
Repair Services	\$6.50	\$17.09	162.9%	24,861
Personal Services	\$1.56	\$4.87	212.4%	32,417
<b>Total Taxable Retail &amp; Services*</b>	<b>\$130.14</b>	<b>\$491.61</b>	<b>277.7%</b>	<b>42,391</b>

\*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**

Alexandria has been increasing its retail strength since 2011, and with a pull factor of 2.8 in 2022, it draws in more sales than anticipated for its size. When compared with other Minnesota communities, Alexandria performs well, bringing in 277.7% more sales than expected. Some business categories, such as Furniture, Electronics, & Appliances 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., Lodging). There were no categories that underperformed in 2022. The following report details how various retail categories have changed since 2021. 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.



# Retail Trade Overview

## Total Taxable and Gross Retail Sales

The table below presents gross and taxable retail and services sales for Alexandria from 2011 through 2022. Without inflation adjustments, taxable sales in Alexandria increased 28.4 percent from 2016 to 2022, while the number of firms fell 2. percent. Statewide, taxable sales increased 32.6 percent over the same time period and the number of firms fell 3.7 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

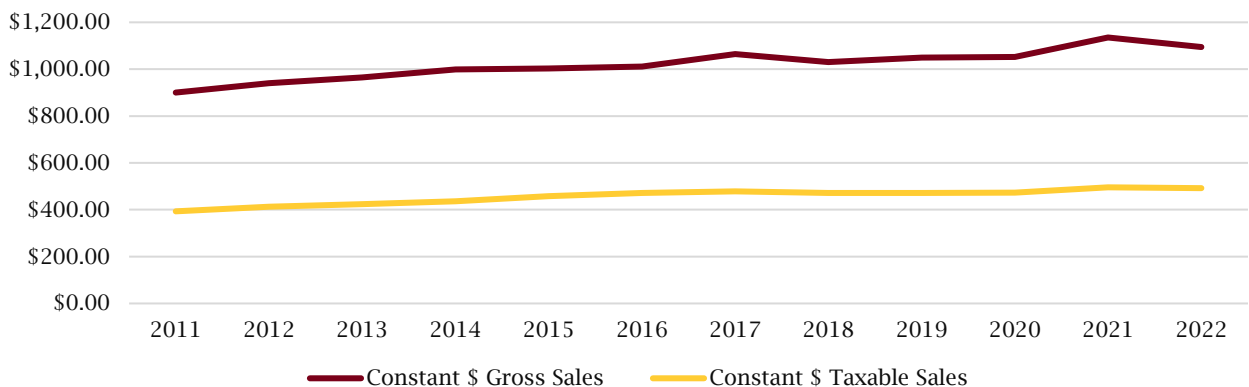
Year	Estimated Population	Current Dollars		Constant 2022 Dollars		Number of Firms	Per Capita Sales	Pull Factor
		Gross Sales* (\$millions)	Taxable Sales (\$millions)	Gross Sales* (\$millions)	Taxable Sales (\$millions)			
2011	12,920	\$691.23	\$301.94	\$900.20	\$393.22	571	\$23,370	2.93
2012	13,008	\$737.08	\$323.91	\$940.12	\$413.13	578	\$24,900	3.02
2013	13,045	\$779.55	\$342.20	\$964.83	\$423.54	586	\$26,233	3.06
2014	13,182	\$807.43	\$352.74	\$998.95	\$436.41	570	\$26,759	3.07
2015	13,340	\$807.73	\$368.25	\$1,003.46	\$457.49	574	\$27,605	3.07
2016	13,575	\$821.96	\$382.87	\$1,011.26	\$471.04	592	\$28,204	3.10
2017	13,673	\$883.66	\$397.47	\$1,064.55	\$478.83	640	\$29,070	3.14
2018	13,951	\$876.97	\$400.94	\$1,030.21	\$471.00	615	\$28,739	3.01
2019	14,156	\$907.68	\$408.26	\$1,048.85	\$471.76	617	\$28,840	3.00
2020	14,335	\$922.12	\$414.45	\$1,052.76	\$473.17	592	\$28,912	3.10
2021	14,690	\$1,046.67	\$457.01	\$1,135.26	\$495.69	591	\$31,110	2.87
2022	15,263	\$1,094.45	\$491.61	\$1,094.45	\$491.61	580	\$32,209	2.80
7 yr Change '16 to '22	12.4%	33.2%	28.4%	8.2%	4.4%	-2.0%	14.2%	-9.7%
3 yr Change '19 to '22	6.5%	18.7%	18.6%	4.0%	3.9%	-2.0%	11.4%	-9.7%

\* 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 2022 dollars. These figures have been adjusted for inflation to reflect their value in 2022. For example, in 2011, taxable sales in Alexandria totaled \$301.94 million, an amount worth \$393.22 million in 2022 dollars. In constant dollars, gross sales grew 8.2 percent between 2016 and 2022. Constant dollar taxable sales increased 4.4 percent over the same time period.

Figure 4: Retail and Service Sales in Constant Dollars Over Time



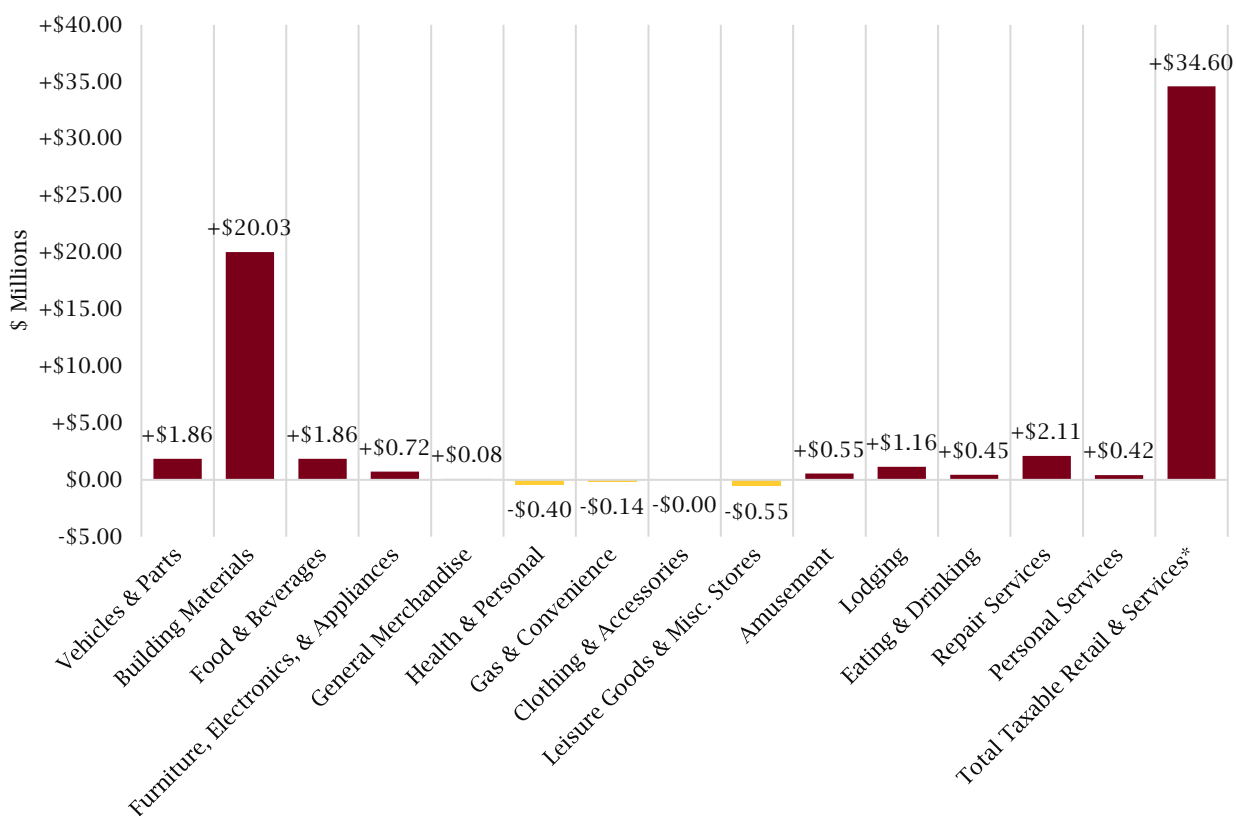


## Summary of Changes in Alexandria's Taxable Sales, 2021 to 2022

Merchandise Category	Taxable Sales 2021	Taxable Sales 2022	Dollar Change	Percent Change
Vehicles & Parts	\$29,819,575	\$31,679,428	+\$1,859,853	+6.24%
Building Materials	\$109,482,788	\$129,510,950	+\$20,028,162	+18.29%
Food & Beverages	\$25,209,077	\$27,070,061	+\$1,860,984	+7.38%
Furniture, Electronics, & Appliances	\$28,622,864	\$29,345,882	+\$723,018	+2.53%
General Merchandise	\$107,152,225	\$107,235,706	+\$83,481	+0.08%
Health & Personal	\$5,402,420	\$5,004,406	-\$398,014	-7.37%
Gas & Convenience	\$13,263,188	\$13,121,459	-\$141,729	-1.07%
Clothing & Accessories	\$3,134,047	\$3,131,344	-\$2,703	-0.09%
Leisure Goods & Misc. Stores	\$15,104,570	\$14,552,668	-\$551,902	-3.65%
Amusement	\$5,112,894	\$5,661,417	+\$548,523	+10.73%
Lodging	\$8,842,116	\$10,001,952	+\$1,159,836	+13.12%
Eating & Drinking	\$55,851,365	\$56,298,803	+\$447,438	+0.80%
Repair Services	\$14,989,729	\$17,094,874	+\$2,105,145	+14.04%
Personal Services	\$4,447,870	\$4,865,410	+\$417,540	+9.39%
<b>Total Taxable Retail &amp; Services*</b>	<b>\$457,008,503</b>	<b>\$491,608,342</b>	<b>\$34,599,839</b>	<b>+7.57%</b>

\*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.

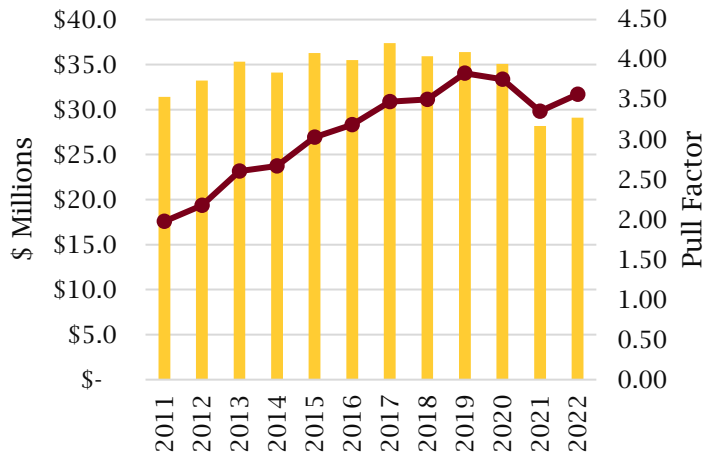
## Taxable Sales Changes in Millions by Merchandise Category, 2021 to 2022



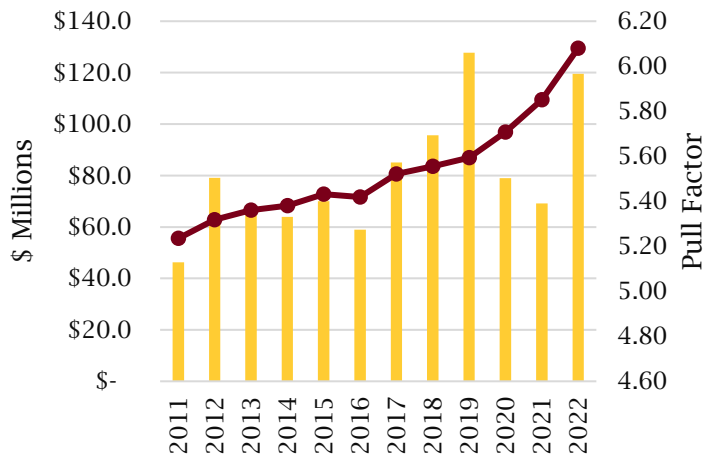
## Recent Trends By Merchandise Category

■ Pull Factor    ● \$ Millions

### Vehicles & Parts



### Building Materials



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

NA=Suppressed Data

6.4% of Alexandria's taxable sales in 2022

Sales per capita are \$2,076

*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.*

26.3% of Alexandria's taxable sales in 2022

Sales per capita are \$8,485

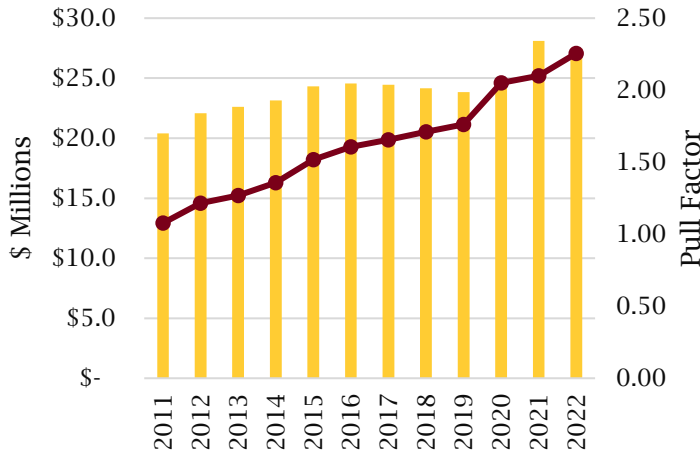
*Stores in the Building Material and Garden Equipment and Supplies Dealers subsector retail new building material and garden equipment and supplies. This includes home improvement centers and stores that sell paint, wallpaper, ceramic tile, fencing, windows, roofing, siding, hardware, and plumbing.*



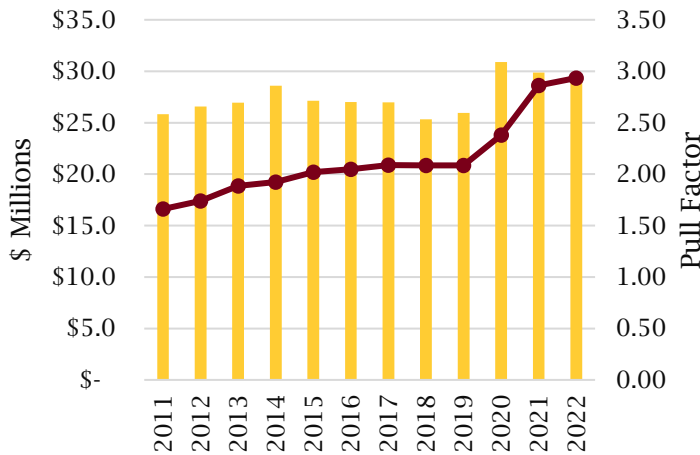
## Recent Trends By Merchandise Category

■ Pull Factor    — \$ Millions

### Food & Beverages



### Furniture, Electronics, & Appliances



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

NA=Suppressed Data

**5.5% of Alexandria's taxable sales in 2022**

Sales per capita are \$1,774

*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.*

**6.0% of Alexandria's taxable sales in 2022**

Sales per capita are \$1,923

*Store in the Furniture, Electronics, & Appliances subsector usually retail new furniture, home furnishings, household appliances, home audio and video equipment, audio and video recordings, cameras, computers and related goods.*

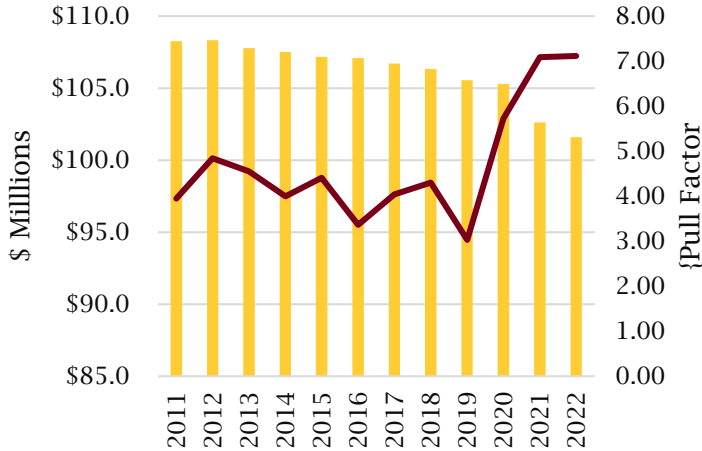
*This is a new category in 2022 and combines the previous categories of Furniture and Electronics.*



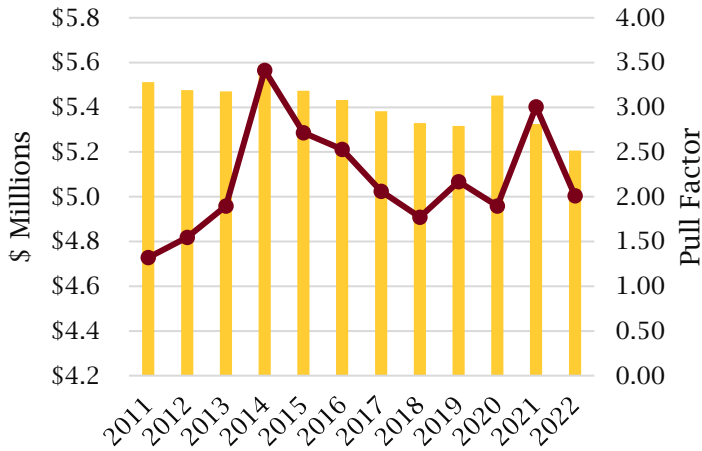
# Recent Trends By Merchandise Category

■ Pull Factor    — \$ Millions

## General Merchandise



## Health & Personal



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

NA=Suppressed Data

21.8% of Alexandria's taxable sales in 2022

Sales per capita are \$7,026

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.

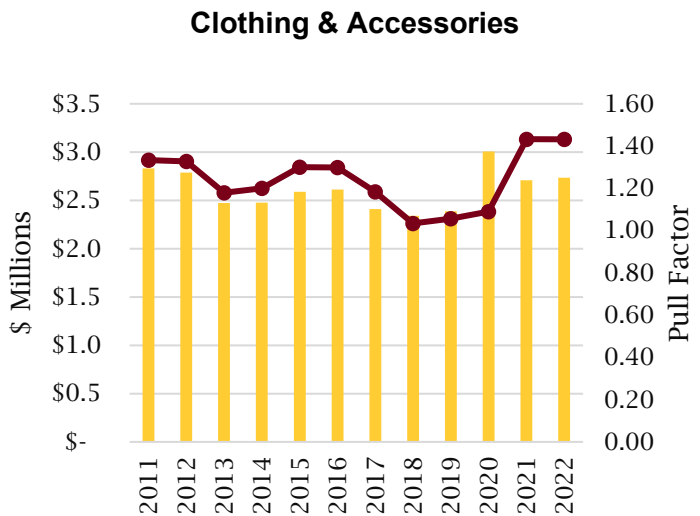
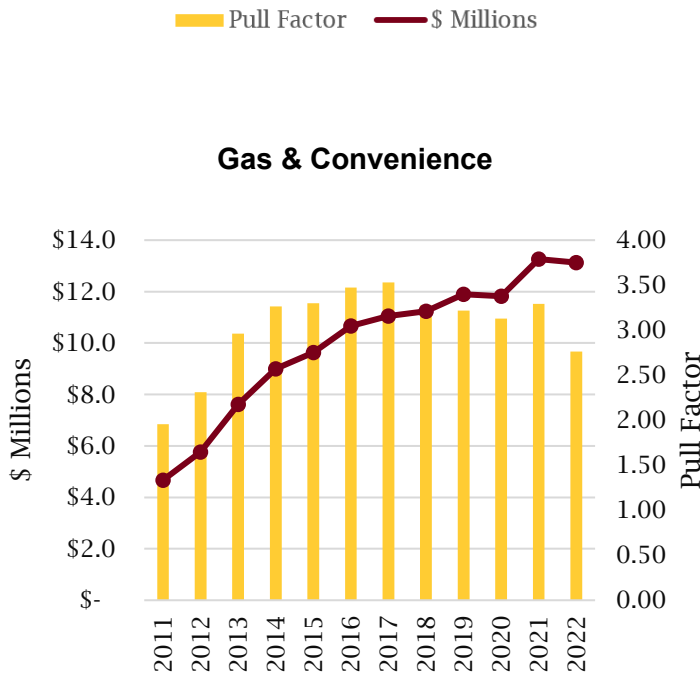
1.0% of Alexandria's taxable sales in 2022

Sales per capita are \$328

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

2.7% of Alexandria's taxable sales in 2022

Sales per capita are \$860

*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.*

0.6% of Alexandria's taxable sales in 2022

Sales per capita are \$205

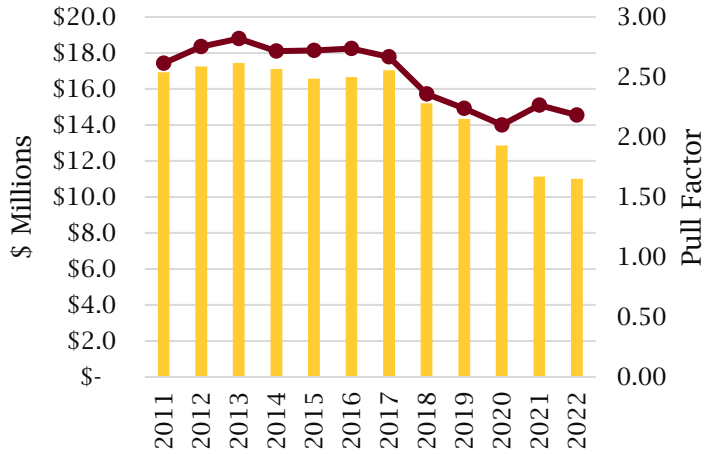
*Stores in the Clothing and Clothing Accessories Stores subsector retailing new clothing and clothing accessories. Besides clothing stores, it includes shops that sell jewelry, shoes, luggage, handbags, wigs, ties, bridal gowns, furs, uniforms, T-shirts, baby clothing, swimsuits, and lingerie.*



# Recent Trends By Merchandise Category

■ Pull Factor    ● \$ Millions

## Leisure Goods & Miscellaneous Stores



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

3.0% of Alexandria's taxable sales in 2022

Sales per capita are \$953

*Establishments such as florists, used merchandise stores, and pet and pet supply stores as well as other store retailers. Leisure Goods stores, which retailing and providing expertise on use of sporting equipment or other specific leisure activities, such as needlework and musical instruments, are included in this category as of 2022.*

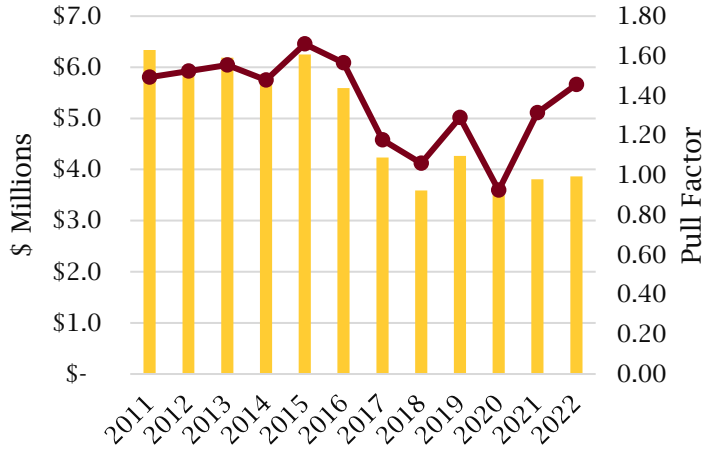
**Also, if a community had fewer than 4 stores in any category, it was included in this category. This may cause unrealistically high Pull Factors.**

1.2% of Alexandria's taxable sales in 2022

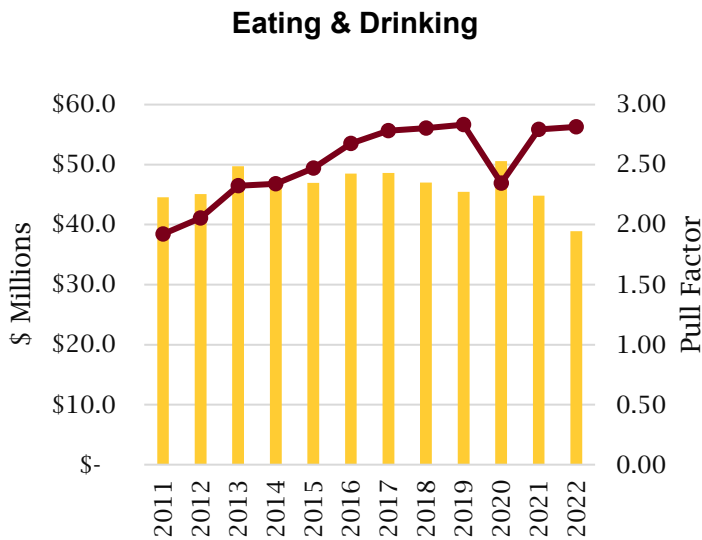
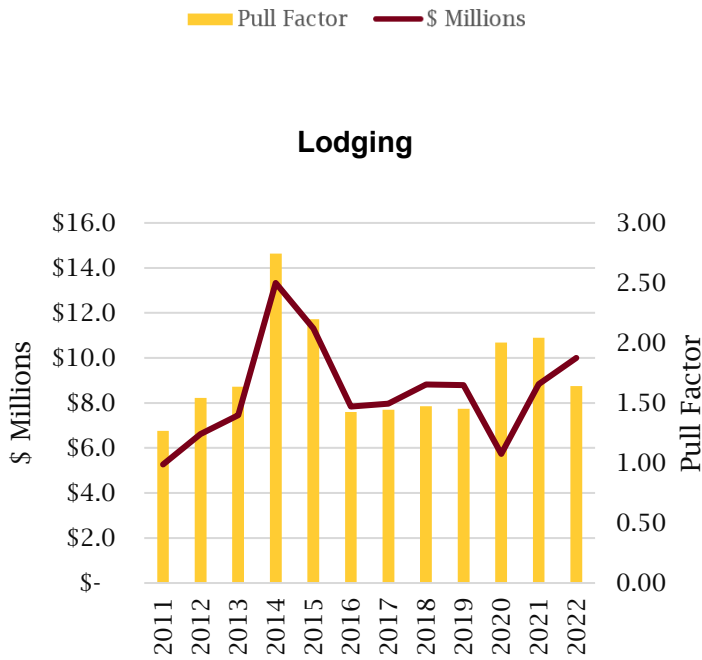
Sales per capita are \$371

*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.*

## Amusement



## 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

2.0% of Alexandria's taxable sales in 2022

Sales per capita are \$655

*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.*

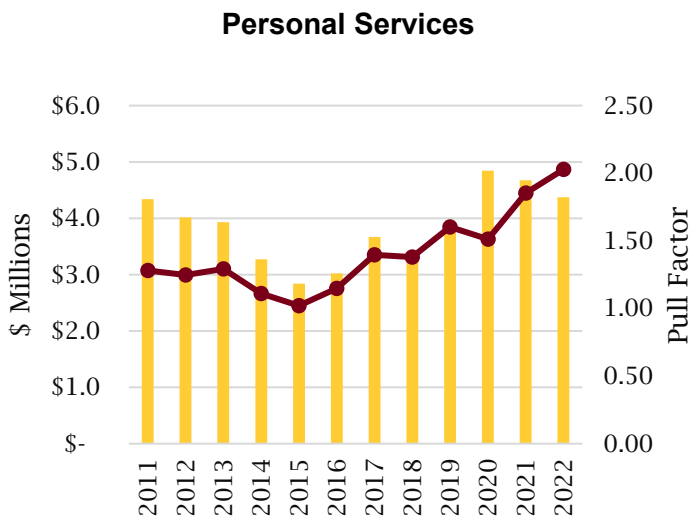
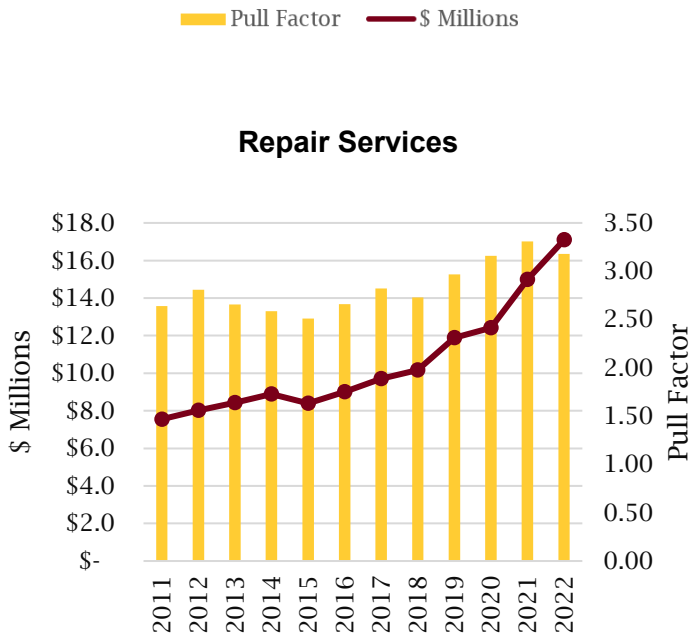
11.5% of Alexandria's taxable sales in 2022

Sales per capita are \$3,689

*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



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

NA=Suppressed Data

3.5% of Alexandria's taxable sales in 2022

Sales per capita are \$1120

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.

1.0% of Alexandria's taxable sales in 2022

Sales per capita are \$319

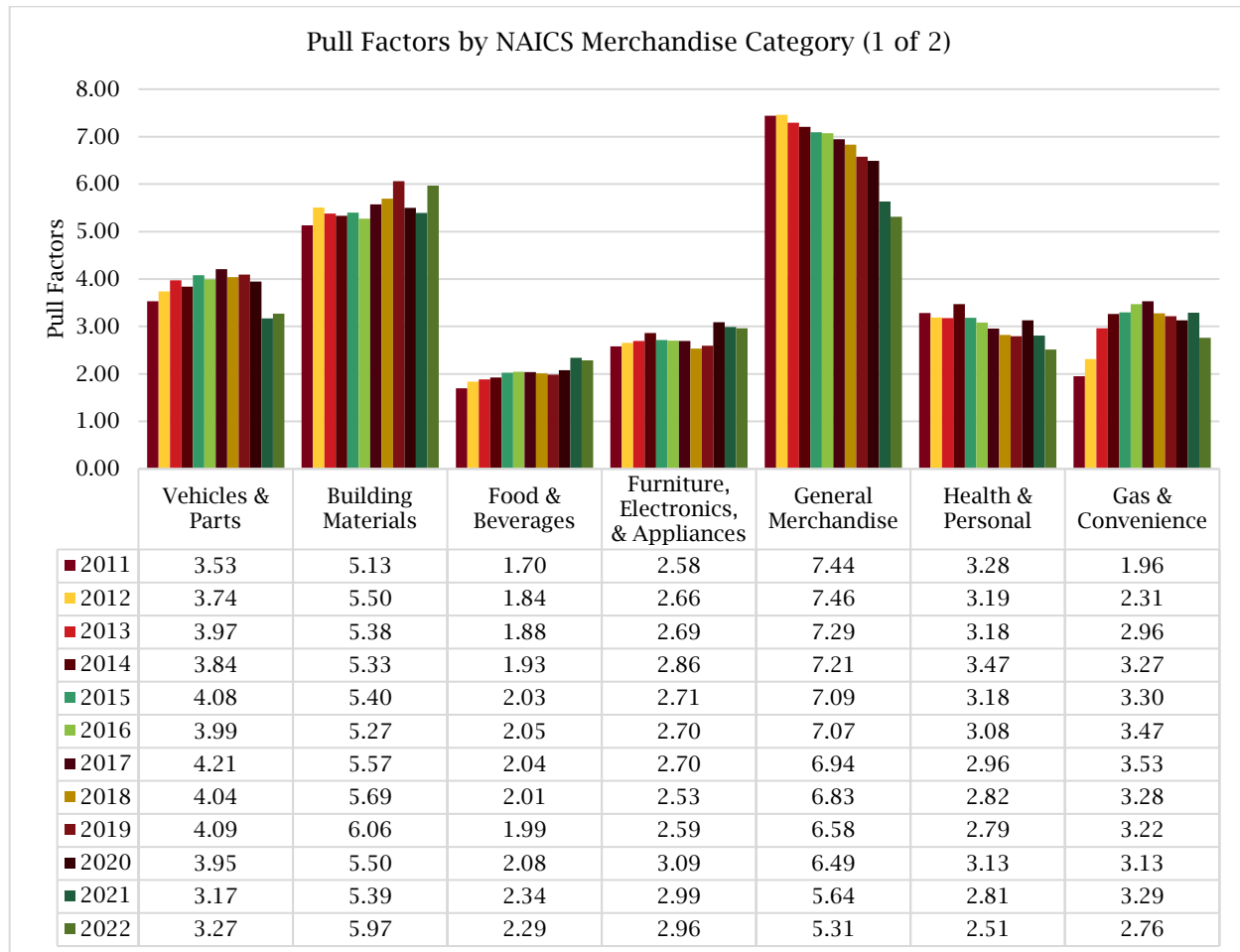
Services performed include: personal care services; barber shops & beauty parlors; death care services; laundry and drycleaning services; and a wide range of other personal services, such as pet care (except veterinary) services, photofinishing services, temporary parking services, and dating services.





## Recent Trends By Merchandise Category: Alexandria

The following tables and charts depict pull factors in Marshall from 2011 to 2022 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.



### NAICS Category Descriptions

**Motor Vehicles & Parts:** Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, snowmobiles, trailers, tires, and parts.

**Building Materials:** Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden centers.

**Food & Beverage:** Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.

**\*Furniture, Electronics, & Appliances:** Stores that sell retail new furniture, home furnishings, household appliances, home audio and video equipment, audio and video recordings, cameras, and computers.

**General Merchandise:** Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

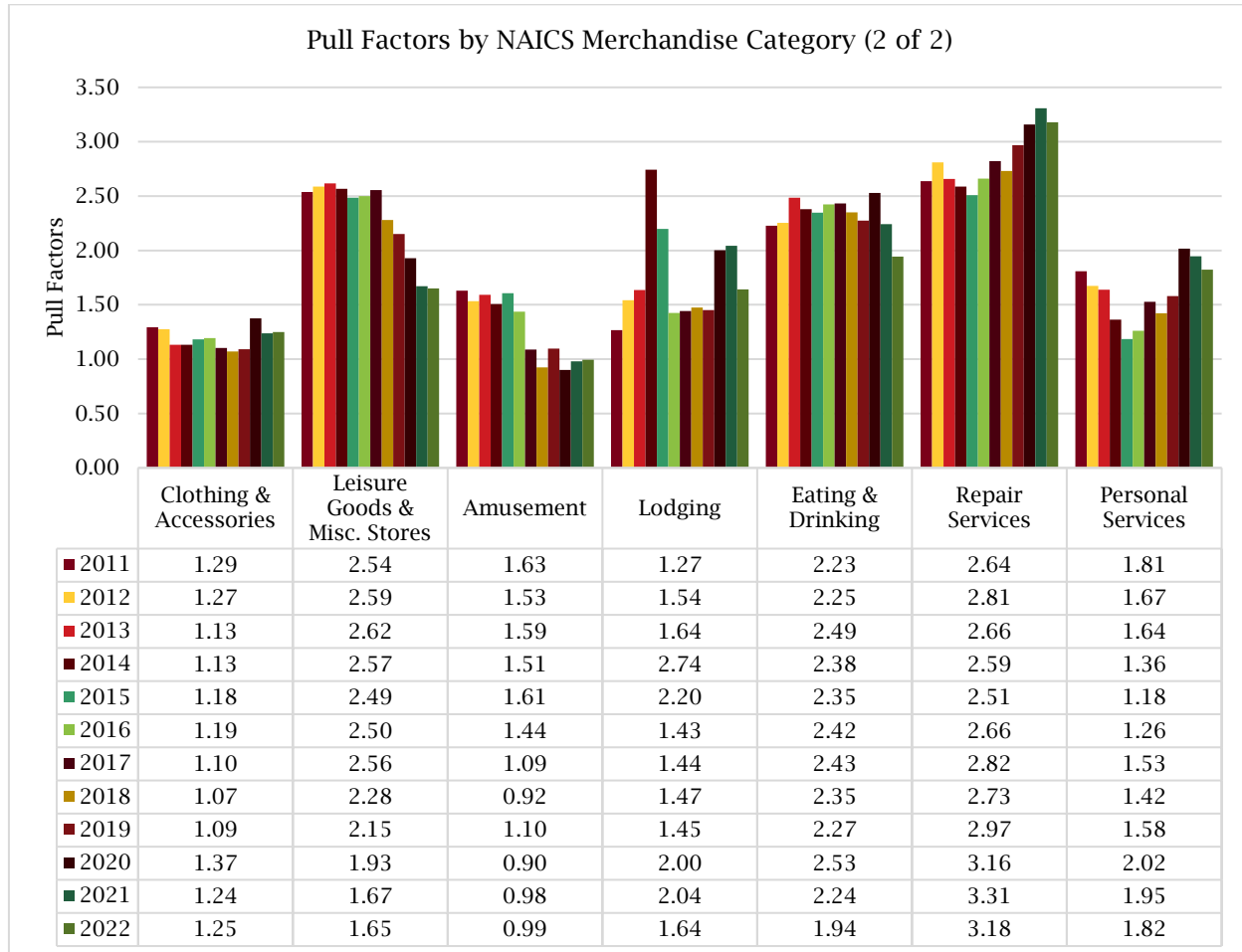
**Health & Personal:** Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.

**Gas Stations/Convenience Store:** Retailers that sell fuel along with convenience store items.

\* Modified category in 2022

## Recent Trends By Merchandise Category: Alexandria

The following tables and charts depict pull factors in Marshall from 2011 to 2022 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.



### NAICS Category Descriptions

**Clothing & Accessories:** Establishments that sell new clothing, clothing accessories, jewelry, shoes, luggage, handbags, wigs, ties, bridal gowns, furs, uniforms, T-shirts, baby clothing, swimsuits, and lingerie.

**\*Leisure Goods & Misc. Stores:** Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and hobby stores. (see Suppressed Data in Cautions section)

**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.

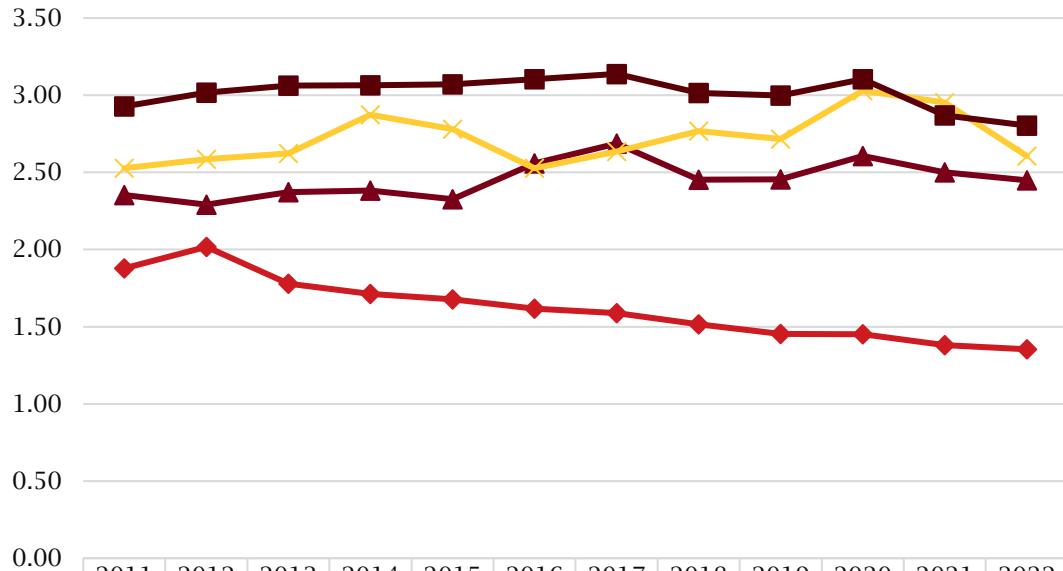
**Personal Services:** Businesses that perform services like barber shops & beauty parlors; death care services; laundry and drycleaning services, and pet care (except veterinary) services.

\* Modified category in 2022

## 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



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
▲ Detroit Lakes	2.35	2.29	2.37	2.38	2.33	2.56	2.69	2.45	2.45	2.61	2.50	2.45
✕ Bemidji	2.53	2.59	2.62	2.87	2.78	2.53	2.64	2.77	2.72	3.03	2.95	2.61
◆ Fergus Falls	1.88	2.02	1.78	1.71	1.68	1.62	1.59	1.52	1.45	1.45	1.38	1.35
■ Alexandria	2.93	3.02	3.06	3.07	3.07	3.10	3.14	3.01	3.00	3.10	2.87	2.80

### Comparison with Competing Trade Centers

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Alexandria	15,263	\$1,094.45	\$491.61	580	32,209	2.80
Detroit Lakes	10,119	\$695.99	\$284.58	317	28,124	2.45
Bemidji	15,947	\$1,080.15	\$477.69	483	29,955	2.61
Fergus Falls	14,085	\$576.07	\$219.09	345	15,555	1.35

## Rural Community Trade Area Analysis: Alexandria

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, 2022

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	\$16.47	\$31.68	+\$15.21	+92.3%	+14,094	20	6.4%
Building Materials	\$41.47	\$129.51	+\$88.04	+212.3%	+32,405	15	26.3%
Food & Beverages	\$13.18	\$27.07	+\$13.89	+105.4%	+16,090	15	5.5%
Furniture, Electronics, & Appliances	\$7.41	\$29.35	+\$21.94	+296.0%	+45,181	27	6.0%
General Merchandise	\$45.06	\$107.24	+\$62.17	+138.0%	+21,060	7	21.8%
Health & Personal	\$2.51	\$5.00	+\$2.49	+99.3%	+15,157	15	1.0%
Gas & Convenience	\$7.25	\$13.12	+\$5.87	+81.0%	+12,361	15	2.7%
Clothing & Accessories	\$1.80	\$3.13	+\$1.33	+74.0%	+11,289	21	0.6%
Leisure Goods & Misc. Stores	\$7.57	\$14.55	+\$6.98	+92.2%	+14,075	54	3.0%
Amusement	\$3.00	\$5.66	+\$2.66	+88.7%	+13,535	11	1.2%
Lodging	\$6.15	\$10.00	+\$3.85	+62.5%	+9,543	14	2.0%
Eating & Drinking	\$31.27	\$56.30	+\$25.03	+80.1%	+12,219	51	11.5%
Repair Services	\$6.50	\$17.09	+\$10.59	+162.9%	+24,861	33	3.5%
Personal Services	\$1.56	\$4.87	+\$3.31	+212.4%	+32,417	71	1.0%
<b>Total Taxable Retail &amp; Services*</b>	<b>\$130.14</b>	<b>\$491.61</b>	<b>+\$361.46</b>	<b>+277.7%</b>	<b>+274,285</b>	<b>580</b>	<b>100.0%</b>

\*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.

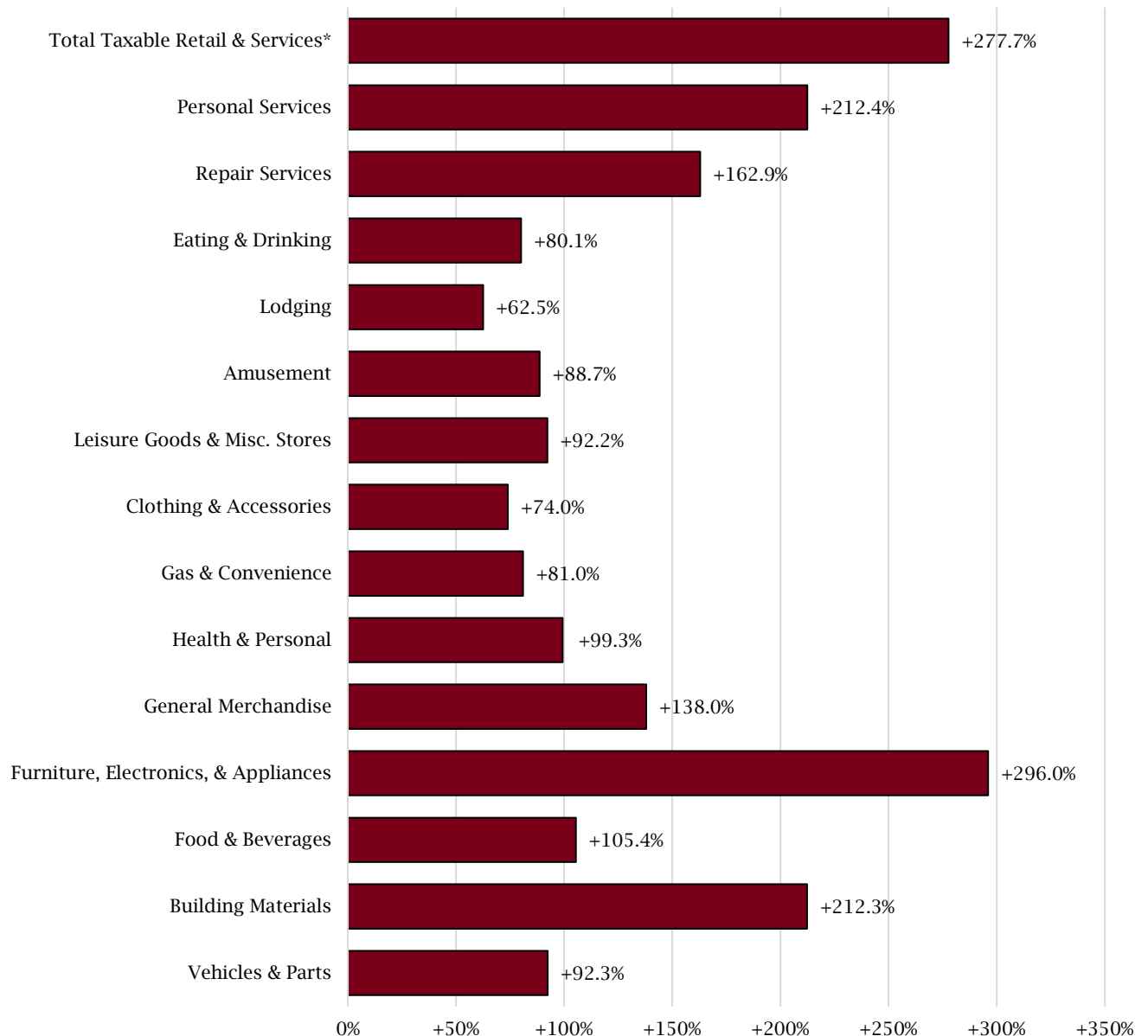


## Summary of Alexandria's Retail Trade Analysis, 2022

The chart below depicts the percentage amount of Alexandria's actual sales were above or below expected sales in 2022 by merchandise group. Of the 14 merchandise categories with reported data, sales in 15 of the categories were above what would be expected based on the performance in similar-sized cities in Minnesota. The strongest merchandise group by this standard is the Furniture, Electronics, & Appliances category, which has a 296.0 percent surplus. Overall, Alexandria had a retail sales surplus of 277.7 percent in 2022.

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

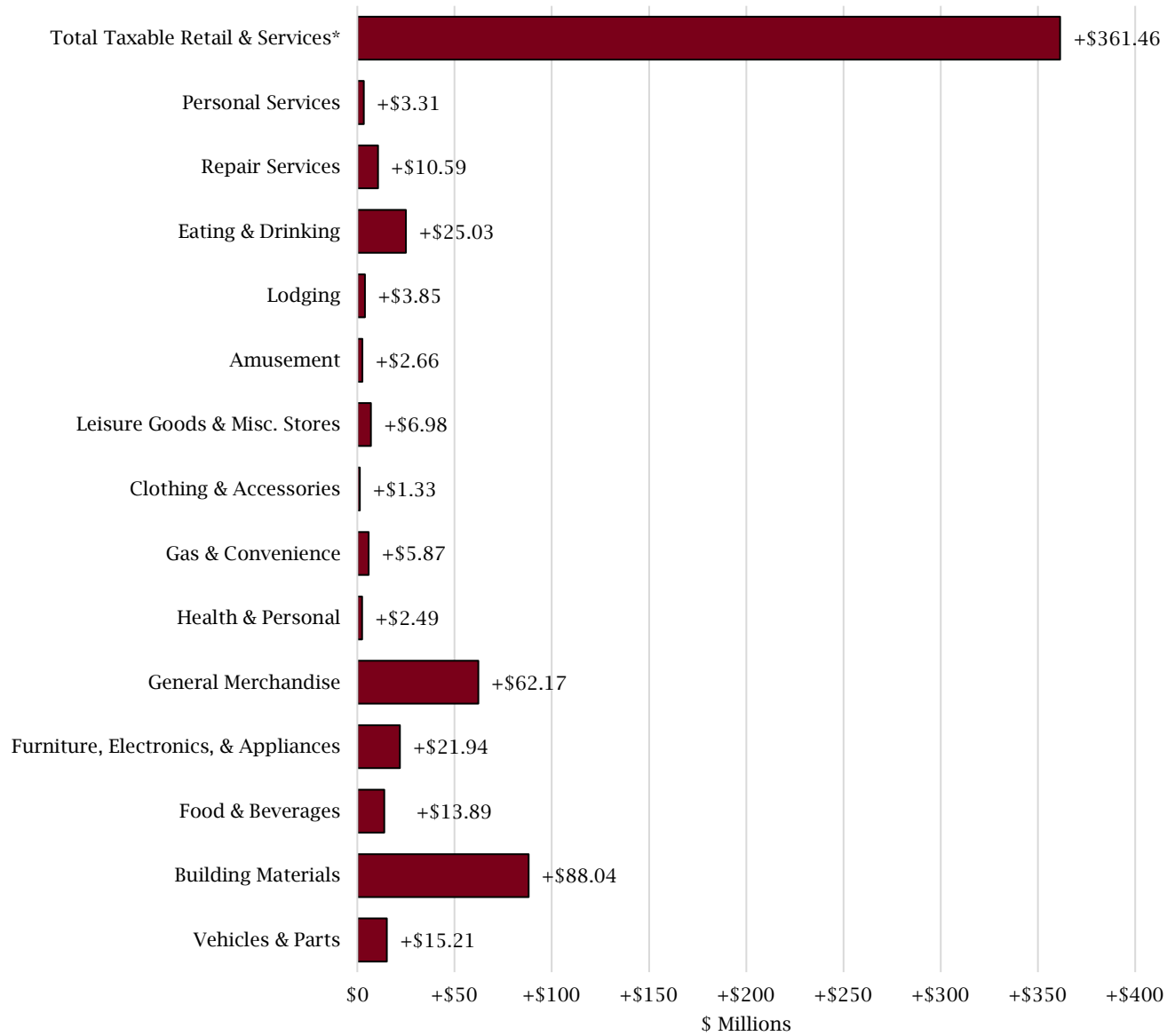


## Summary of Alexandria's Retail Trade Analysis, 2022

The chart below depicts the dollar amount of Alexandria's actual sales that were above or below expected sales in 2022 by merchandise group. Of the 14 merchandise categories with reported data, sales in 15 of the categories were above what would be expected based on the performance in similar-sized cities in Minnesota. The strongest merchandise group by this standard is the Furniture, Electronics, & Appliances category, which has a \$361.46 million surplus. Overall, Alexandria had a retail surplus of \$361.5 million in 2022.

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



# Comparison of Pull Factors by Merchandise Category: Pull Factor

2022 Index of "Pulling Power"

Cities Outside the Seven-County Metro Area with Populations Between  
9,200 and 21,400 (Range: +/- ~ 40% Population of Alexandria)

Pull Factors (29 Cities)																
City	Population	Vehicles & Parts	Building Materials	Food & Beverages	Furniture, Electronics, & Appliances	General Merchandise	Health & Personal	Gas & Convenience	Clothing & Accessories	Leisure Goods & Misc. Stores	Amusement	Lodging	Eating & Drinking	Repair Services	Personal Services	Total Taxable Retail & Services*
Anoka	18,127			0.56			1.43			1.39			1.18			0.48
Buffalo	16,884	1.46	3.40	1.33	0.41	2.45	1.14	1.44	0.24	0.78	0.92		1.16	1.17		1.33
Red Wing	16,873	5.17	2.57	1.27	0.57	2.27	0.60	0.83	0.38	0.98	0.39	1.82	1.22	1.37	0.43	1.48
Ham Lake	16,524	1.87	0.62	0.37	0.32	0.08		0.83	0.07		1.33	0.43		2.36	1.43	0.56
Hugo	16,354	0.21	0.24	0.79	0.16											0.26
Hibbing	16,133	0.67	1.82	1.20	0.14	1.58	1.00	2.26	0.03	0.64	0.33		0.71	0.72		0.85
Bemidji	15,947	4.91	5.09	2.38	2.19	4.08	2.89	2.26	4.12	3.21	0.66	2.72	2.37	1.83	0.56	2.61
Alexandria	15,263	3.27	5.97	2.29	2.96	5.31	2.51	2.76	1.25	1.65	0.99	1.64	1.94	3.18	1.82	2.80
Monticello	15,087	3.58	2.69	1.41	0.72	4.66	1.06	1.82	2.11	1.77	0.84	0.49	1.78	1.48	0.40	1.86
Hutchinson	15,037	0.55	3.91	1.29	1.72	2.70	1.43	1.60	1.61	1.40	0.68		1.05	0.60		1.45
Robbinsdale	14,986		0.21	1.04		0.14	2.57		0.32	1.03			0.71			0.38
Brainerd	14,895	2.01	1.42	1.08	0.62		2.40	1.33		1.55	0.22		1.44	0.81		0.95
North Mankato	14,886			0.63												0.38
Rogers	14,430															
New Ulm	14,115	1.32	3.25	1.83	2.05	1.53	1.18	1.08	0.52	0.53	0.59	0.60	1.03	1.36	0.38	1.33
Fergus Falls	14,085	3.00	2.27	1.23	0.65	3.11	1.26	1.67	0.40	0.78	0.38	1.02	1.12	1.02	0.69	1.35
Worthington	14,052	1.36	0.55	2.42	1.10		1.10	3.27		0.42	0.38		0.86	2.23		0.78
Marshall	13,811	2.23	4.35	1.65	1.31	2.29	0.12	1.66	1.09	0.90	0.52	1.16	1.79	1.40	0.38	1.66
Waconia	13,593	0.83		1.25	0.38		1.52	1.81		0.42	0.54		1.08	1.13		0.83
Sauk Rapids	13,559	2.09		1.20			1.43			0.12			0.57			0.41
Unadjusted Average*		1.89	2.12	1.24	0.83	2.48	1.40	1.70	0.80	0.95	0.59	1.12	1.20	1.34	0.65	0.82

\* 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: Rank

2022 Index of "Pulling Power"

Cities Outside the Seven-County Metro Area with Populations Between  
9,200 and 21,400 (Range: +/- ~ 40% Population of Alexandria)

Rankings (29 Cities)

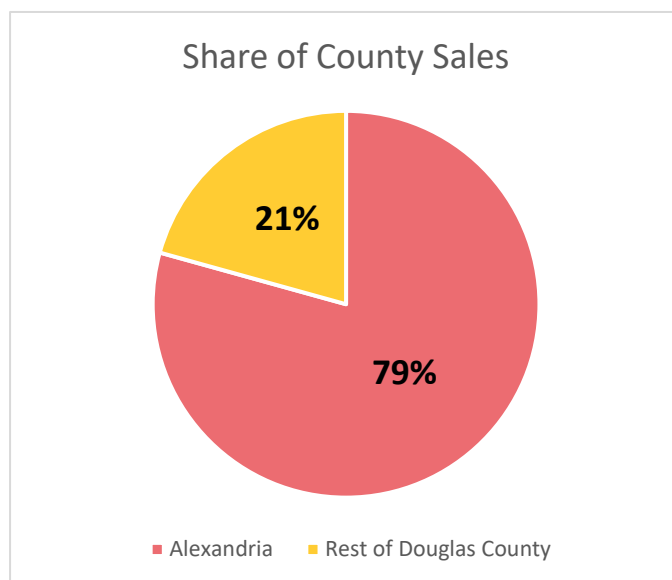
City	Population	Vehicles & Parts	Building Materials	Food & Beverages	Furniture, Electronics, & Appliances	General Merchandise	Health & Personal	Gas & Convenience	Clothing & Accessories	Leisure Goods & Misc. Stores	Amusement	Lodging	Eating & Drinking	Repair Services	Personal Services	Total Taxable Retail & Services*
Anoka	#1			#19			#6			#6			#8			#16
Buffalo	#2	#11	#5	#7	#12	#7	#12	#11	#11	#12	#3		#9	#10		#9
Red Wing	#3	#1	#8	#9	#11	#9	#16	#14	#9	#8	#11	#2	#6	#7	#6	#5
Ham Lake	#4	#10	#13	#20	#14	#13		#15	#12		#1	#9		#2	#2	#15
Hugo	#5	#17	#15	#17	#15											#20
Hibbing	#6	#15	#11	#13	#16	#10	#15	#4	#13	#13	#14		#16	#14		#11
Bemidji	#7	#2	#2	#2	#2	#3	#1	#3	#1	#1	#6	#1	#1	#4	#5	#2
Alexandria	#8	#4	#1	#3	#1	#1	#3	#2	#4	#3	#2	#3	#2	#1	#1	#1
Monticello	#9	#3	#7	#6	#8	#2	#14	#5	#2	#2	#4	#8	#4	#5	#7	#3
Hutchinson	#10	#16	#4	#8	#4	#5	#7	#10	#3	#5	#5		#12	#15		#6
Robbinsdale	#11		#16	#16		#12	#2		#10	#7			#15			#18
Brainerd	#12	#8	#12	#15	#10		#4	#12		#4	#15		#5	#13		#10
North Mankato	#13			#18												#19
Rogers	#14															
New Ulm	#15	#13	#6	#4	#3	#11	#11	#13	#7	#14	#7	#7	#13	#8	#8	#8
Fergus Falls	#16	#5	#9	#12	#9	#4	#10	#8	#8	#11	#13	#6	#10	#12	#3	#7
Worthington	#17	#12	#14	#1	#6		#13	#1		#16	#12		#14	#3		#14
Marshall	#18	#6	#3	#5	#5	#8	#17	#9	#5	#10	#10	#4	#3	#6	#9	#4
Waconia	#19	#14		#10	#13		#5	#6		#15	#9		#11	#11		#12
Sauk Rapids	#20	#7		#14			#8			#17			#17			#17



## Alexandria and Douglas County, Comparison, 2022

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 Alexandria and Douglas County in 2022. Alexandria accounted for 79 percent of the county's sales and 51 percent of the county's firms.



### City's Share of County's Retail and Service Taxable Sales in 2022

Merchandise Category	Alexandria		Douglas County		City's Share of County Total	
	Taxable Sales (\$millions)	Number of Firms	Taxable Sales (\$millions)	Number of Firms	Sales	Firms
Vehicles & Parts	\$31.68	20	\$42.16	31	75.1%	64.5%
Building Materials	\$129.51	15	\$140.22	25	92.4%	60.0%
Food & Beverages	\$27.07	15	\$35.51	40	76.2%	37.5%
Furniture, Electronics, & Appliances	\$29.35	27	\$37.03	35	79.2%	77.1%
General Merchandise	\$107.24	7	\$113.47	15	94.5%	46.7%
Health & Personal	\$5.00	15	\$5.59	18	89.6%	83.3%
Gas & Convenience	\$13.12	15	\$16.15	27	81.2%	55.6%
Clothing & Accessories	\$3.13	21	\$3.19	25	98.1%	84.0%
Leisure Goods & Misc. Stores	\$14.55	54	\$20.45	111	71.1%	48.6%
Amusement	\$5.66	11	\$11.37	24	49.8%	45.8%
Lodging	\$10.00	14	\$27.04	48	37.0%	29.2%
Eating & Drinking	\$56.30	51	\$73.17	84	76.9%	60.7%
Repair Services	\$17.09	33	\$28.32	94	60.4%	35.1%
Personal Services	\$4.87	71	\$6.24	120	77.9%	59.2%
<b>Total Taxable Retail &amp; Services*</b>	<b>\$491.61</b>	<b>580</b>	<b>\$619.89</b>	<b>1139</b>	<b>79.3%</b>	<b>50.9%</b>

# Douglas County Retail Trade Overview

## Total Taxable and Gross Retail Sales

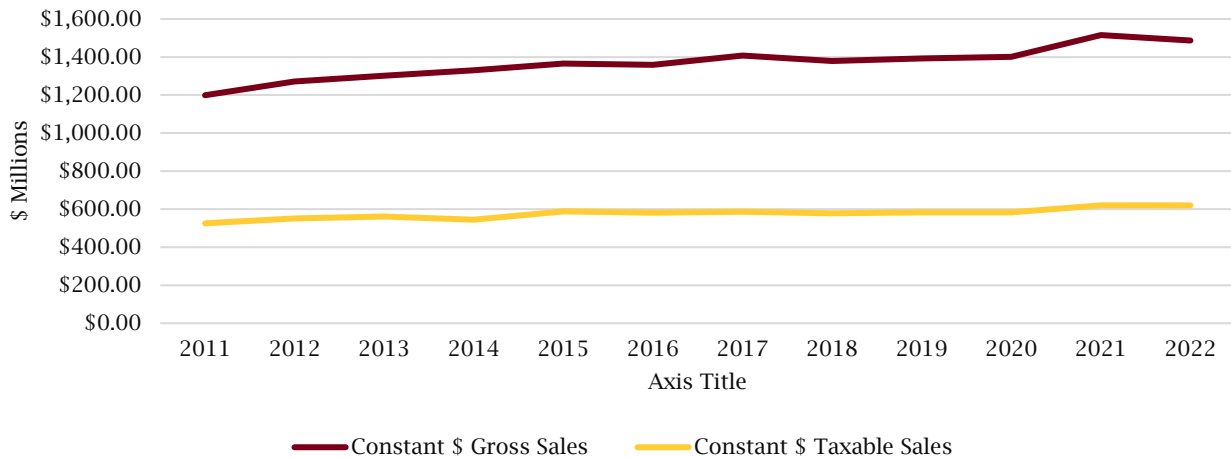
The table below presents gross and taxable retail and services sales for Douglas County from 2011 through 2022. Without inflation adjustments, taxable sales in Douglas County increased 31.3 percent from 2016 to 2022, while the number of firms fell 3.9 percent. Statewide, taxable sales increased 32.6 percent over the same time period and the number of firms fell 3.7 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 2022 Dollars		Number of Firms	Per Capita Sales	Pull Factor
		Gross Sales* (\$millions)	Taxable Sales (\$millions)	Gross Sales* (\$millions)	Taxable Sales (\$millions)			
2011	36,240	\$920.71	\$403.56	\$1,199.06	\$525.57	1175	\$11,135.81	1.39
2012	36,412	\$997.13	\$431.70	\$1,271.80	\$550.61	1170	\$11,855.86	1.44
2013	36,529	\$1,051.28	\$453.87	\$1,301.15	\$561.74	1211	\$12,424.80	1.45
2014	36,789	\$1,075.12	\$440.01	\$1,330.13	\$544.38	1174	\$11,960.41	1.37
2015	37,103	\$1,098.82	\$473.35	\$1,365.09	\$588.06	1163	\$12,757.85	1.42
2016	37,467	\$1,103.92	\$471.99	\$1,358.15	\$580.69	1185	\$12,597.55	1.39
2017	37,654	\$1,169.10	\$487.48	\$1,408.41	\$587.27	1211	\$12,946.38	1.40
2018	38,041	\$1,174.12	\$491.99	\$1,379.29	\$577.96	1185	\$12,933.19	1.36
2019	38,220	\$1,204.85	\$504.20	\$1,392.25	\$582.62	1180	\$13,192.01	1.37
2020	39,006	\$1,227.73	\$510.18	\$1,401.66	\$582.45	1143	\$13,079.43	1.40
2021	39,578	\$1,397.19	\$571.21	\$1,515.46	\$619.56	1139	\$14,432.58	1.33
2022	40,625	\$1,486.18	\$619.89	\$1,486.18	\$619.89	1139	\$15,258.79	1.33
7 yr Change '16 to '22	8.4%	34.6%	31.3%	9.4%	6.7%	-3.9%	21.1%	-4.2%
3 yr Change '19 to '22	4.2%	21.1%	21.5%	6.0%	6.4%	-0.3%	16.7%	-5.4%

\*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 2022 dollars. These figures have been adjusted for inflation to reflect their value in 2022. For example, in 2011, taxable sales in Douglas County totaled \$403.56 million, an amount worth \$525.57 million in 2022 dollars. In constant dollars, gross sales grew 9.4 percent between 2016 and 2022. Constant dollar taxable sales increased 6.7 percent over the same time period.

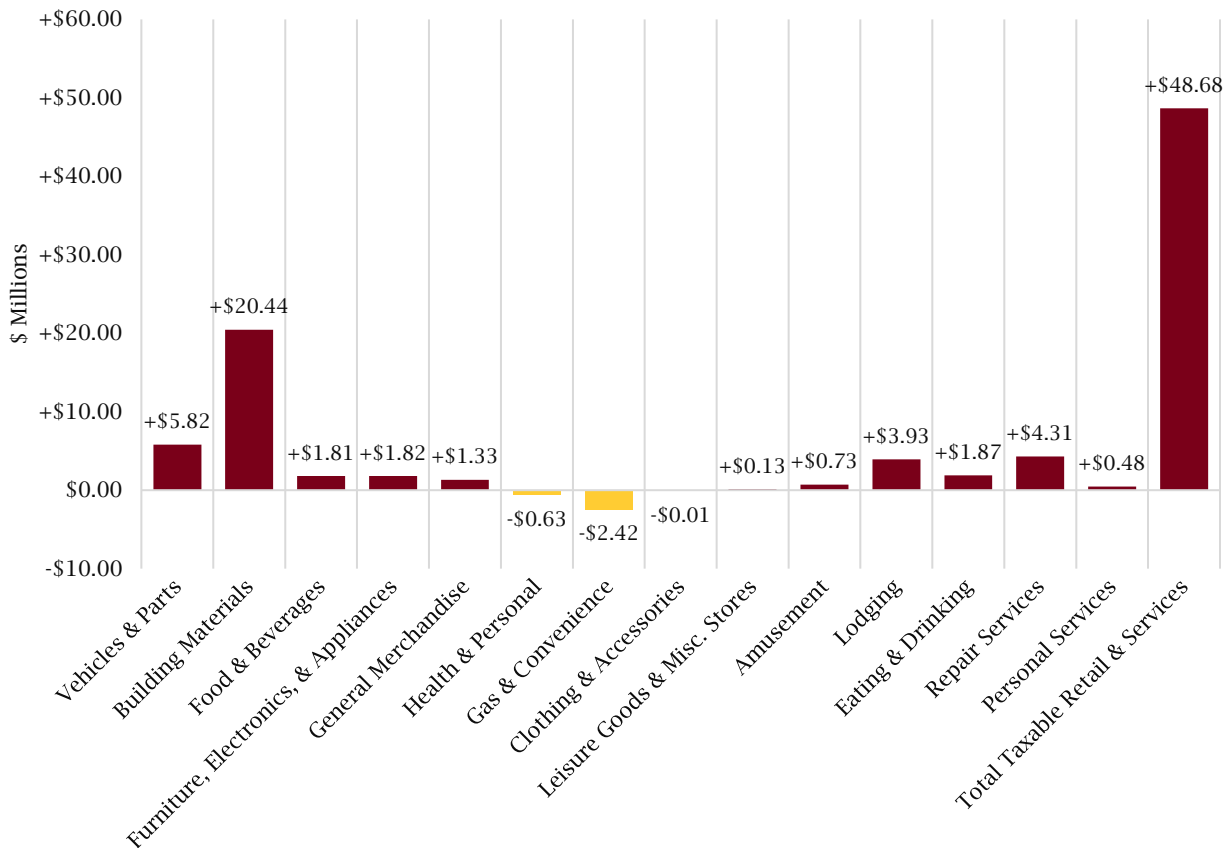


## Summary of Changes in Douglas County's Taxable Sales, 2021 to 2022

Merchandise Category	Taxable Sales 2021	Taxable Sales 2022	Dollar Change	Percent Change
Vehicles & Parts	\$36,341,539	\$42,164,886	+\$5,823,347	+16.02%
Building Materials	\$119,783,746	\$140,220,367	+\$20,436,621	+17.06%
Food & Beverages	\$33,696,769	\$35,510,846	+\$1,814,077	+5.38%
Furniture, Electronics, & Appliances	\$35,212,817	\$37,034,689	+\$1,821,872	+5.17%
General Merchandise	\$112,145,865	\$113,471,871	+\$1,326,006	+1.18%
Health & Personal	\$6,220,379	\$5,587,221	-\$633,158	-10.18%
Gas & Convenience	\$18,574,660	\$16,150,975	-\$2,423,685	-13.05%
Clothing & Accessories	\$3,204,304	\$3,192,493	-\$11,811	-0.37%
Leisure Goods & Misc. Stores	\$20,324,481	\$20,453,740	+\$129,259	+0.64%
Amusement	\$10,644,516	\$11,372,298	+\$727,782	+6.84%
Lodging	\$23,109,394	\$27,035,247	+\$3,925,853	+16.99%
Eating & Drinking	\$71,297,459	\$73,167,942	+\$1,870,483	+2.62%
Repair Services	\$24,009,740	\$28,315,775	+\$4,306,035	+17.93%
Personal Services	\$5,767,244	\$6,243,966	+\$476,722	+8.27%
<b>Total Taxable Retail &amp; Services</b>	<b>\$571,212,475</b>	<b>\$619,888,410</b>	<b>+\$48,675,935</b>	<b>+8.52%</b>

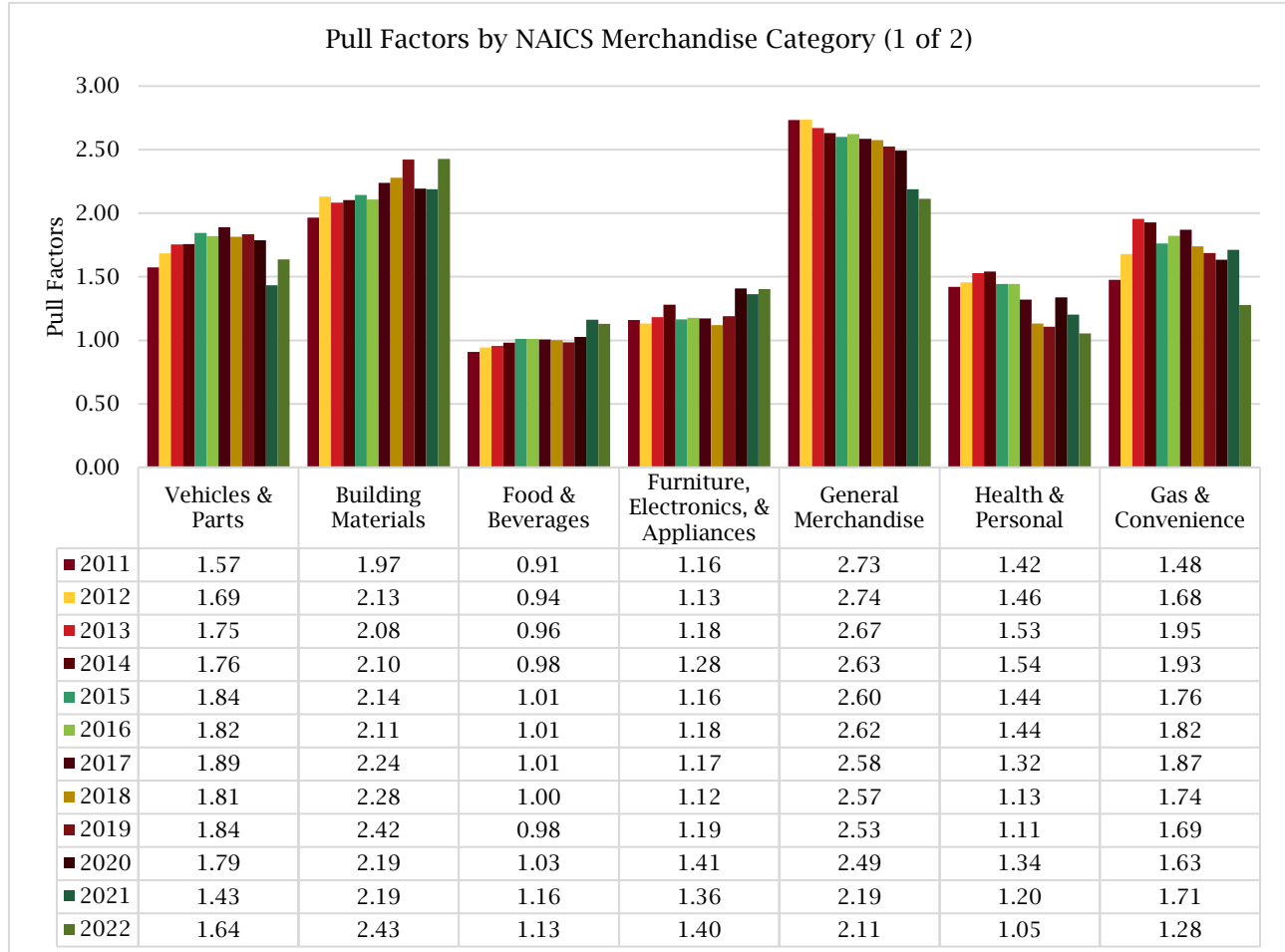
\*Figures not adjusted for inflation

## Taxable Sales Changes by Merchandise Category, 2021 to 2022



## Recent Trends By Merchandise Category: Douglas County

The following tables and charts depict pull factors in Douglas County from 2011 to 2022 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.



### NAICS Category Descriptions

**Motor Vehicles & Parts:** Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, snowmobiles, trailers, tires, and parts.

**Building Materials:** Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden centers.

**Food & Beverage:** Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.

**\*Furniture, Electronics, & Appliances:** Stores that sell retail new furniture, home furnishings, household appliances, home audio and video equipment, audio and video recordings, cameras, and computers.

**General Merchandise:** Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

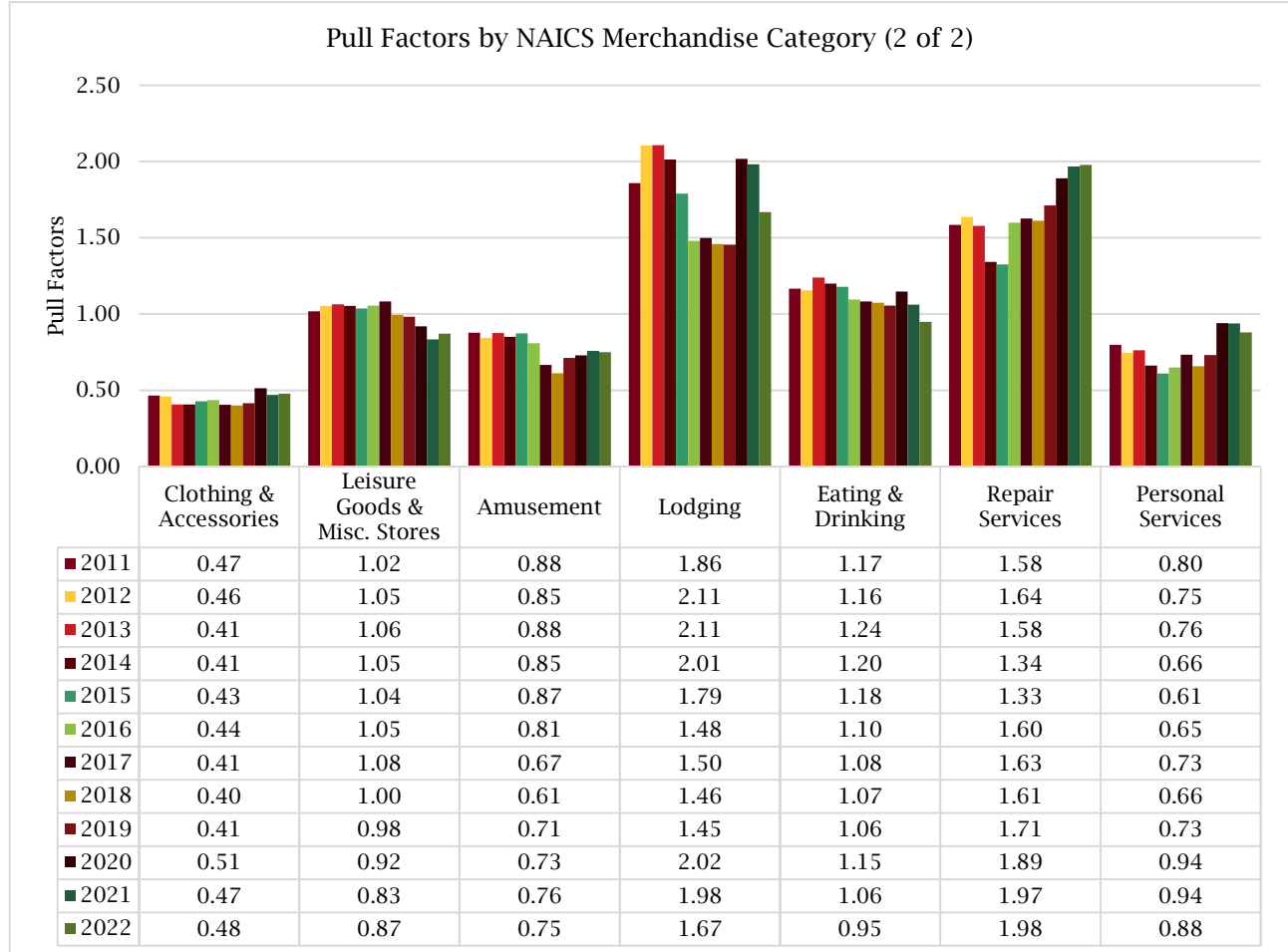
**Health & Personal:** Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.

**Gas Stations/Convenience Store:** Retailers that sell fuel along with convenience store items.

\* Modified category in 2022

## Recent Trends By Merchandise Category: Douglas County

The following tables and charts depict pull factors in Douglas County from 2011 to 2022 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.



### NAICS Category Descriptions

**Clothing & Accessories:** Establishments that sell new clothing, clothing accessories, jewelry, shoes, luggage, handbags, wigs, ties, bridal gowns, furs, uniforms, T-shirts, baby clothing, swimsuits, and lingerie.

**\*Leisure Goods & Misc. Stores:** Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and hobby stores. (see Suppressed Data in Cautions section)

**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.

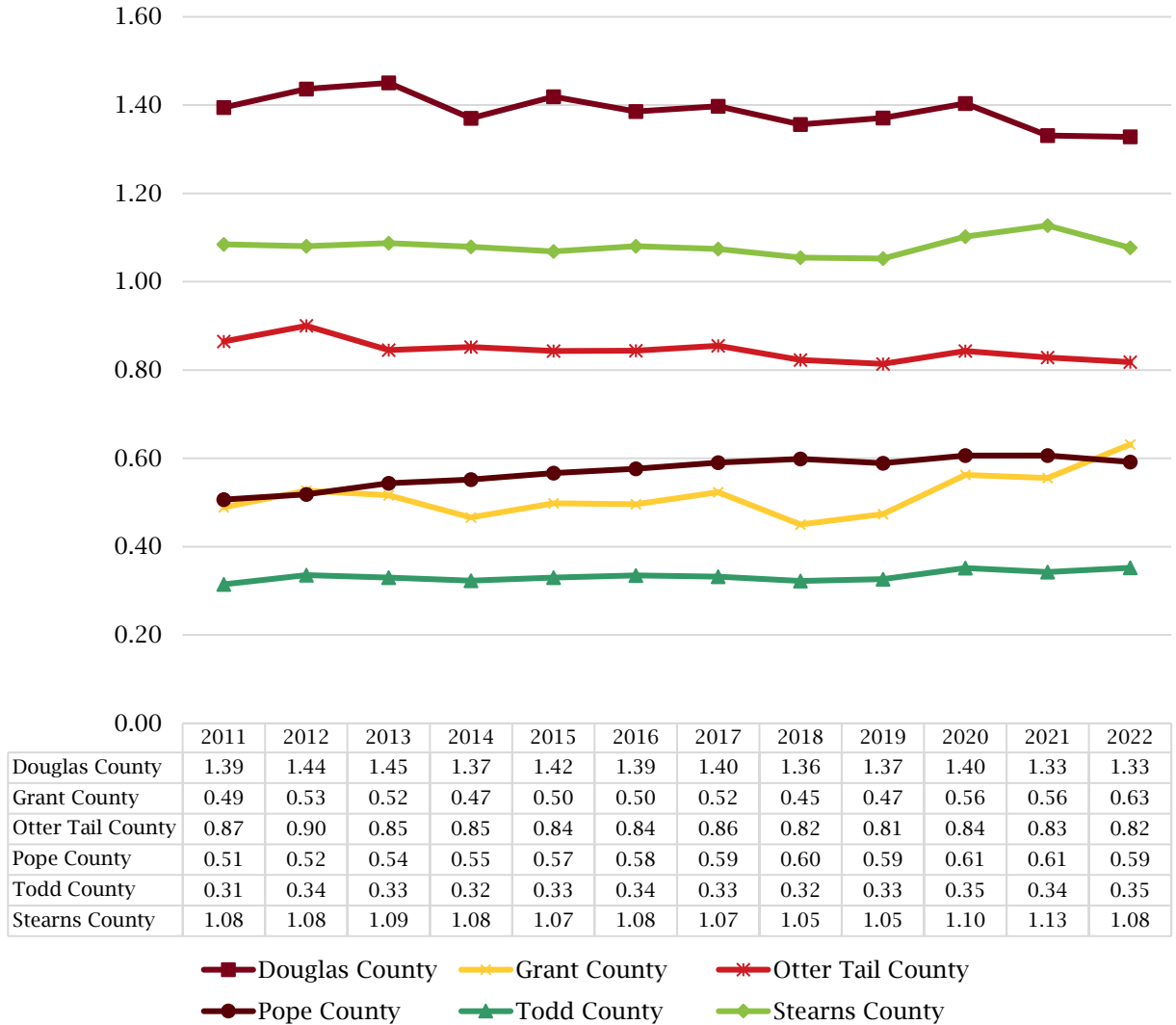
**Repair:** Businesses that return items to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

**Personal Services:** Businesses that perform services like barber shops & beauty parlors; death care services; laundry and drycleaning services, and pet care (except veterinary) services.

\* Modified category in 2022

## Comparison with Neighboring Counties

### Comparison of Pull Factors Over Time



### Comparison with Neighboring Counties, 2022

Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Douglas County	40,625	\$1,486.18	\$619.89	1,139	\$15,258.79	1.33
Grant County	6,173	\$133.95	\$44.81	155	\$7,258.45	0.63
Otter Tail County	60,555	\$1,437.98	\$569.26	1,493	\$9,400.72	0.82
Pope County	11,654	\$235.32	\$79.25	253	\$6,800.47	0.59
Todd County	25,617	\$263.26	\$103.68	485	\$4,047.18	0.35
Stearns County	162,016	\$5,802.63	\$2,004.67	3,445	\$12,373.30	1.08

## Trade Area Analysis of Retail Sales: Douglas 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, 2022

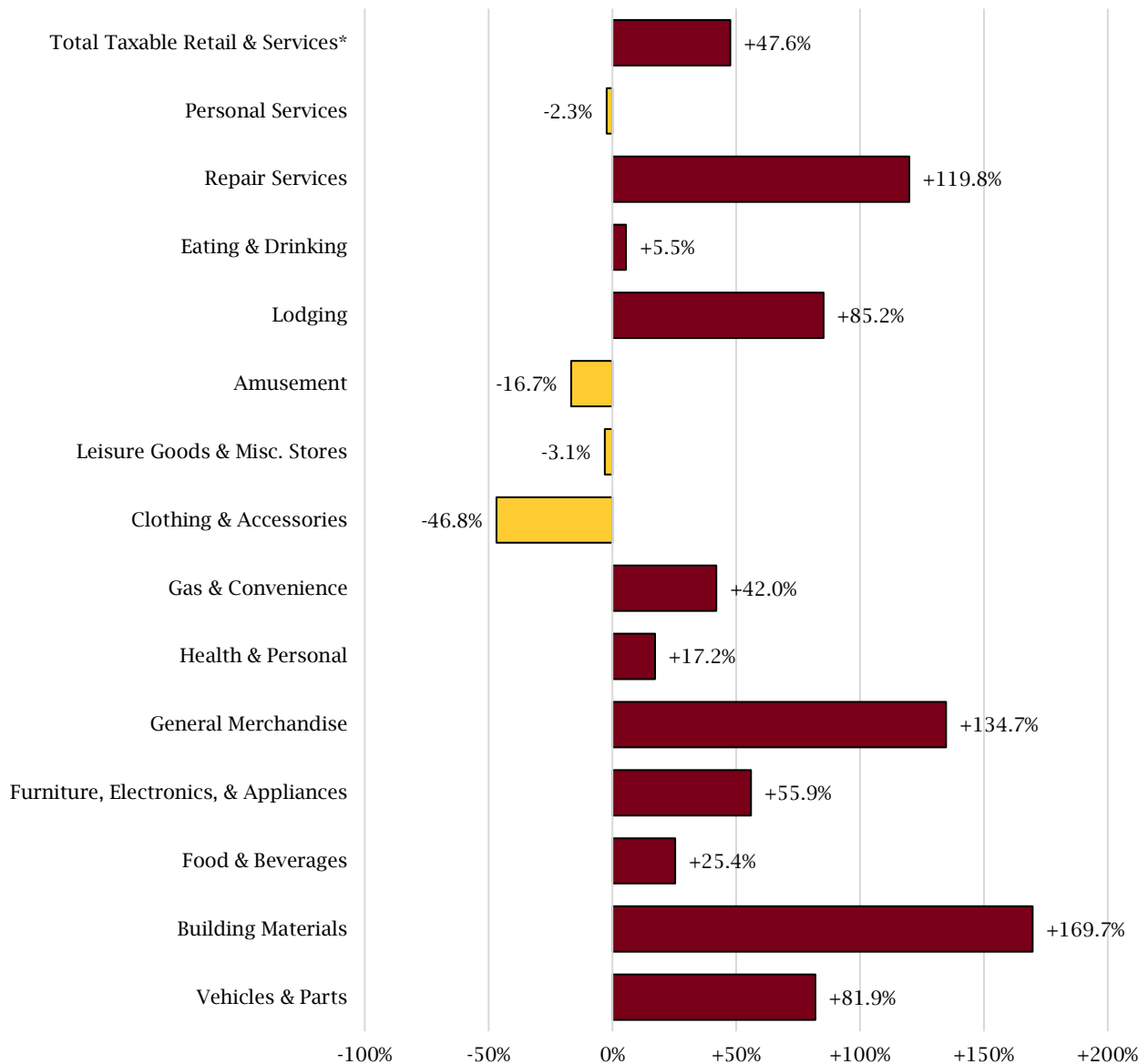
Merchandise Category	Expected Sales (\$millions)	Actual Sales (\$millions)	Variance Between Actual & Expected		Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
			In Dollars (millions)	As % of Expected			
Vehicles & Parts	\$23.18	\$42.16	+\$18.99	+81.9%	33,278	31	6.8%
Building Materials	\$52.00	\$140.22	+\$88.22	+169.7%	68,926	25	22.6%
Food & Beverages	\$28.33	\$35.51	+\$7.18	+25.4%	10,300	40	5.7%
Furniture, Electronics, & Appliances	\$23.75	\$37.03	+\$13.28	+55.9%	22,722	35	6.0%
General Merchandise	\$48.34	\$113.47	+\$65.13	+134.7%	54,740	15	18.3%
Health & Personal	\$4.77	\$5.59	+\$0.82	+17.2%	6,981	18	0.9%
Gas & Convenience	\$11.37	\$16.15	+\$4.78	+42.0%	17,061	27	2.6%
Clothing & Accessories	\$6.00	\$3.19	-\$2.81	-46.8%	-19,020	25	0.5%
Leisure Goods & Misc. Stores	\$21.10	\$20.45	-\$0.65	-3.1%	-1,250	111	3.3%
Amusement	\$13.65	\$11.37	-\$2.28	-16.7%	-6,774	24	1.8%
Lodging	\$14.59	\$27.04	+\$12.44	+85.2%	34,631	48	4.4%
Eating & Drinking	\$69.35	\$73.17	+\$3.82	+5.5%	2,239	84	11.8%
Repair Services	\$12.88	\$28.32	+\$15.43	+119.8%	48,675	94	4.6%
Personal Services	\$6.39	\$6.24	-\$0.15	-2.3%	-945	120	1.0%
<b>Total Taxable Retail &amp; Services*</b>	<b>\$420.07</b>	<b>\$619.89</b>	<b>+\$199.82</b>	<b>+47.6%</b>	<b>19,324</b>	<b>1139</b>	<b>100.0%</b>

## Retail Trade Performance in Percentages: Douglas County

The chart below depicts the percentage amount of Douglas County's actual sales that were above or below potential sales in 2022 by merchandise group. Of the 14 merchandise categories with reported data, sales in 10 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 Building Materials category, which has a 169.7 percent surplus. Overall, Douglas County had a retail sales surplus of 47.6 percent in 2022.

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, 2022



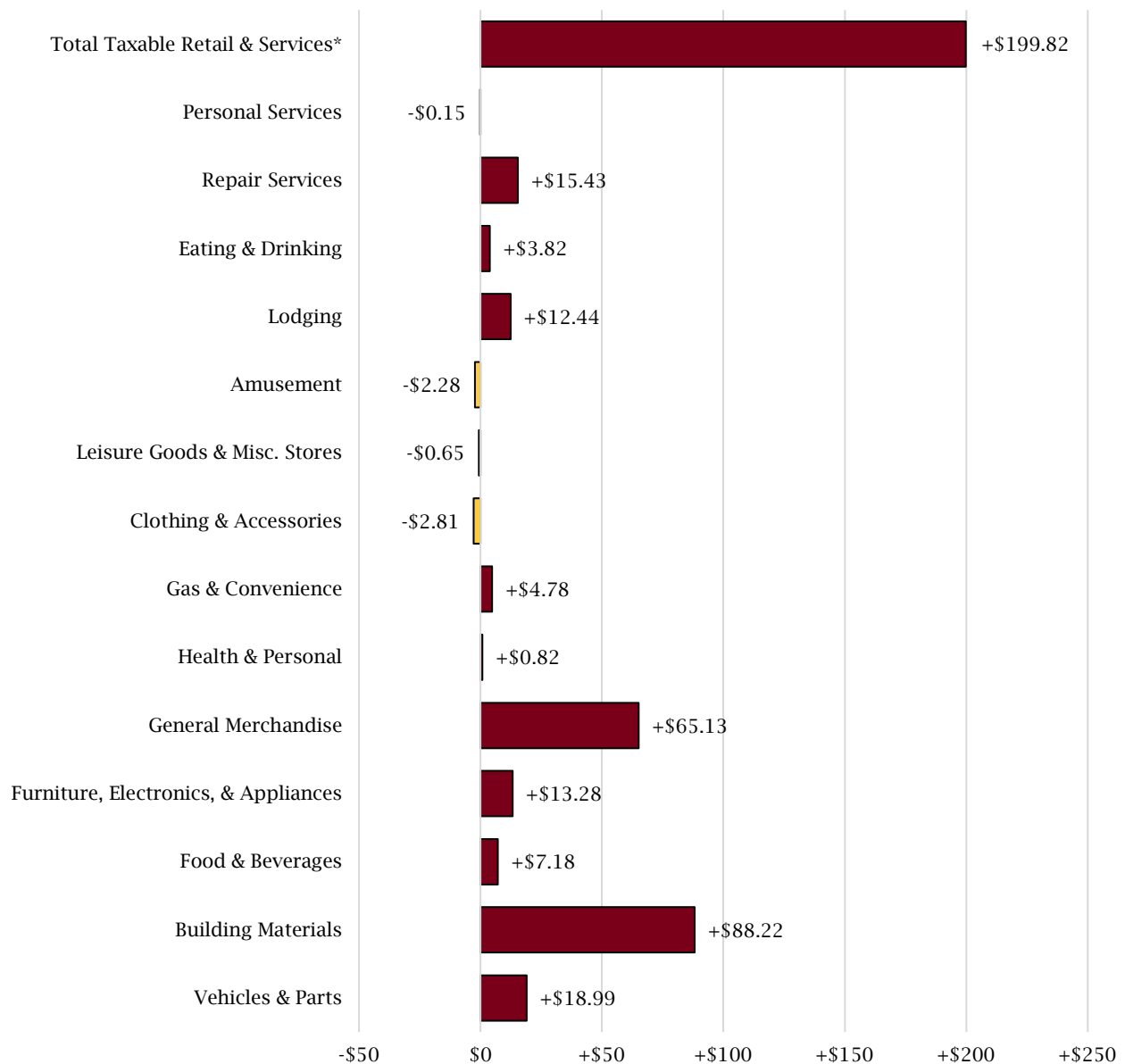


## Retail Trade Performance in Dollars: Douglas County

The chart below depicts the dollar amount of Douglas County's actual sales that were above or below potential sales in 2022 by merchandise group. Of the 14 merchandise categories with reported data, sales in 10 of the categories were above calculated potential. The strongest merchandise group by this standard is the Building Materials category, which has a \$199.82 million surplus. Overall, Douglas County had a retail surplus of \$199.8 million in 2022.

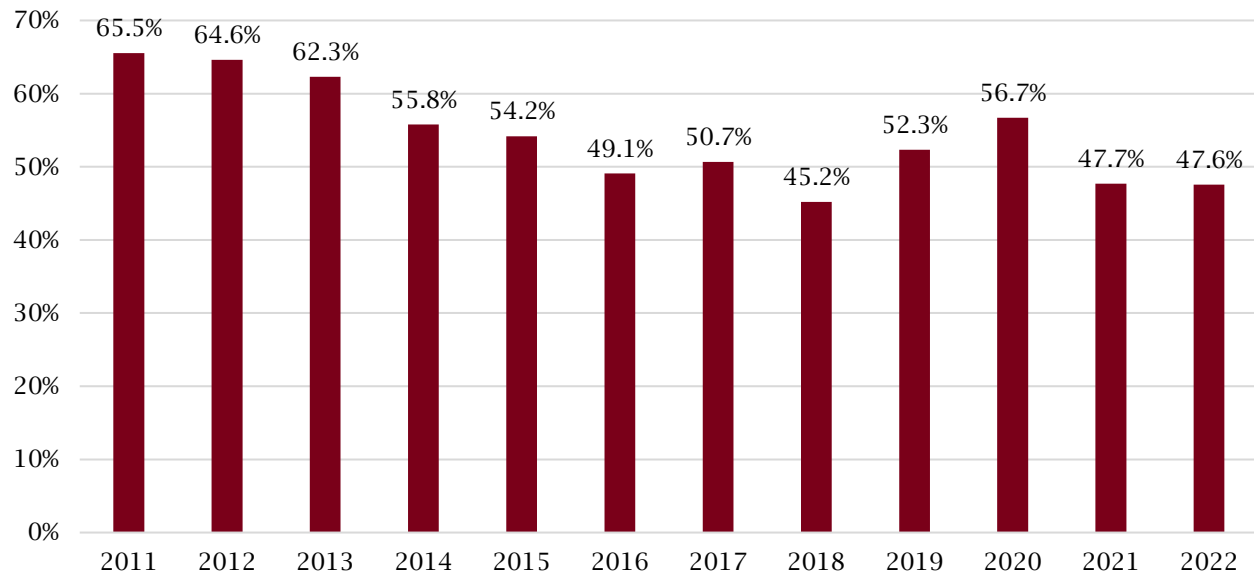
It is important to note that variations in a county's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers and transportation patterns, as well as the individual retailer's management and marketing, 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, 2022



## Retail Trade Surplus or Leakage: Douglas 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
2011	36,240	0.84	\$243.8	\$403.6	+\$159.8	65.5%	23,746
2012	36,412	0.87	\$262.2	\$431.7	+\$169.5	64.6%	23,529
2013	36,529	0.89	\$279.6	\$453.9	+\$174.2	62.3%	22,757
2014	36,789	0.88	\$282.5	\$440.0	+\$157.5	55.8%	20,517
2015	37,103	0.92	\$307.1	\$473.4	+\$166.3	54.2%	20,093
2016	37,467	0.93	\$316.6	\$472.0	+\$155.4	49.1%	18,391
2017	37,654	0.93	\$323.6	\$487.5	+\$163.9	50.7%	19,077
2018	38,041	0.93	\$338.9	\$492.0	+\$153.1	45.2%	17,190
2019	38,220	0.90	\$331.0	\$504.2	+\$173.2	52.3%	20,002
2020	39,006	0.90	\$325.6	\$510.2	+\$184.6	56.7%	22,119
2021	39,578	0.90	\$386.8	\$571.2	+\$184.4	47.7%	18,874
2022	40,625	0.90	\$420.1	\$619.9	+\$199.8	47.6%	19,324

# Minnesota Per Capita Retail Sales and Threshold Levels

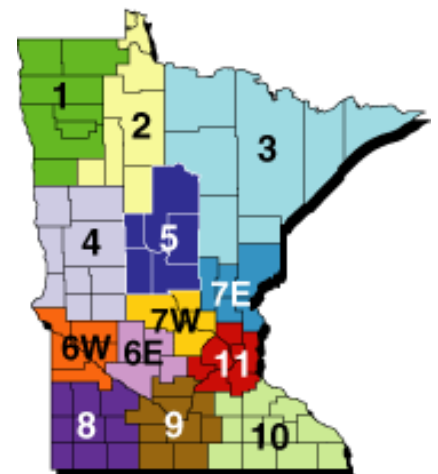
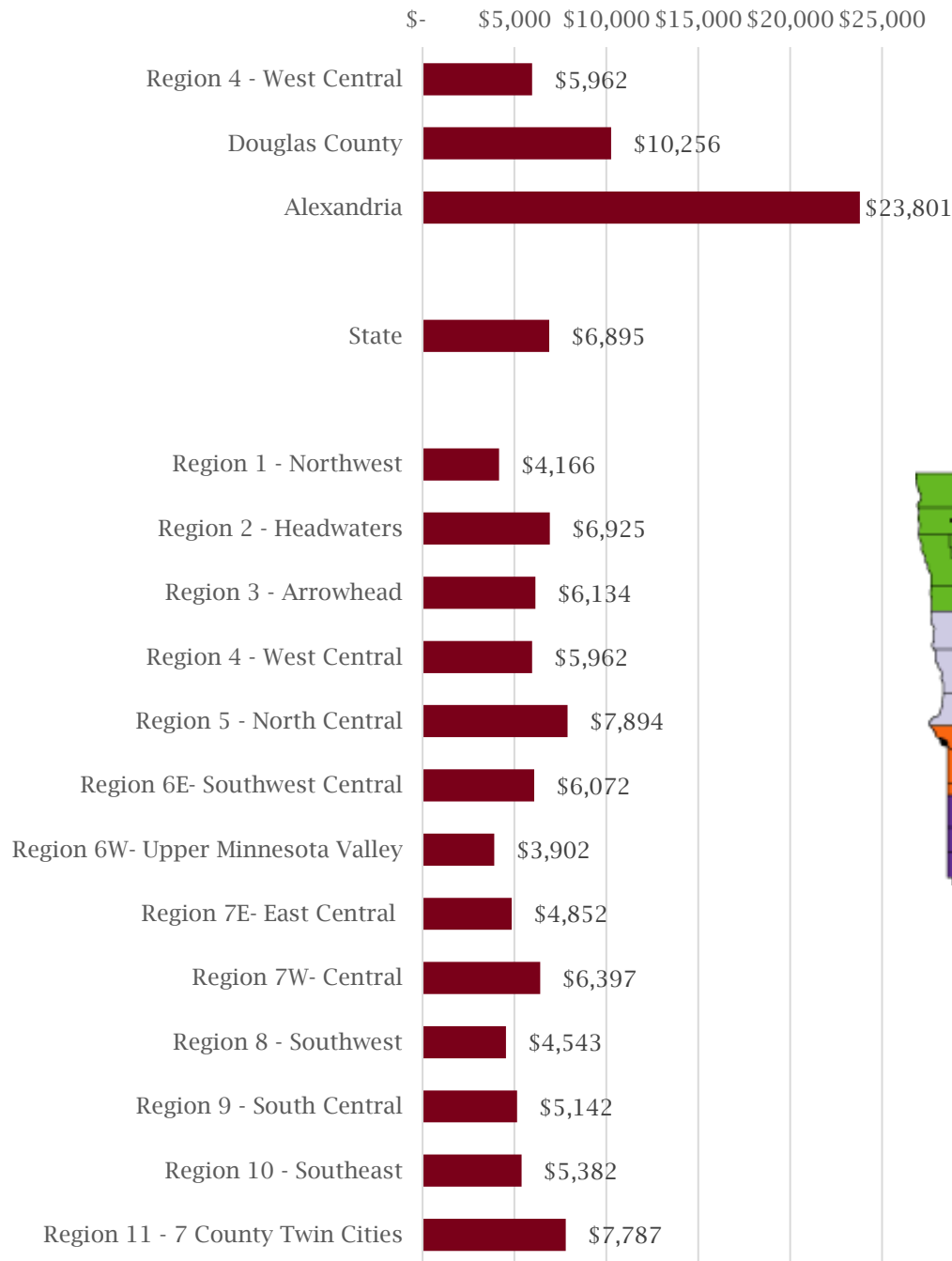
## for Selected Goods and Services, 2022

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.

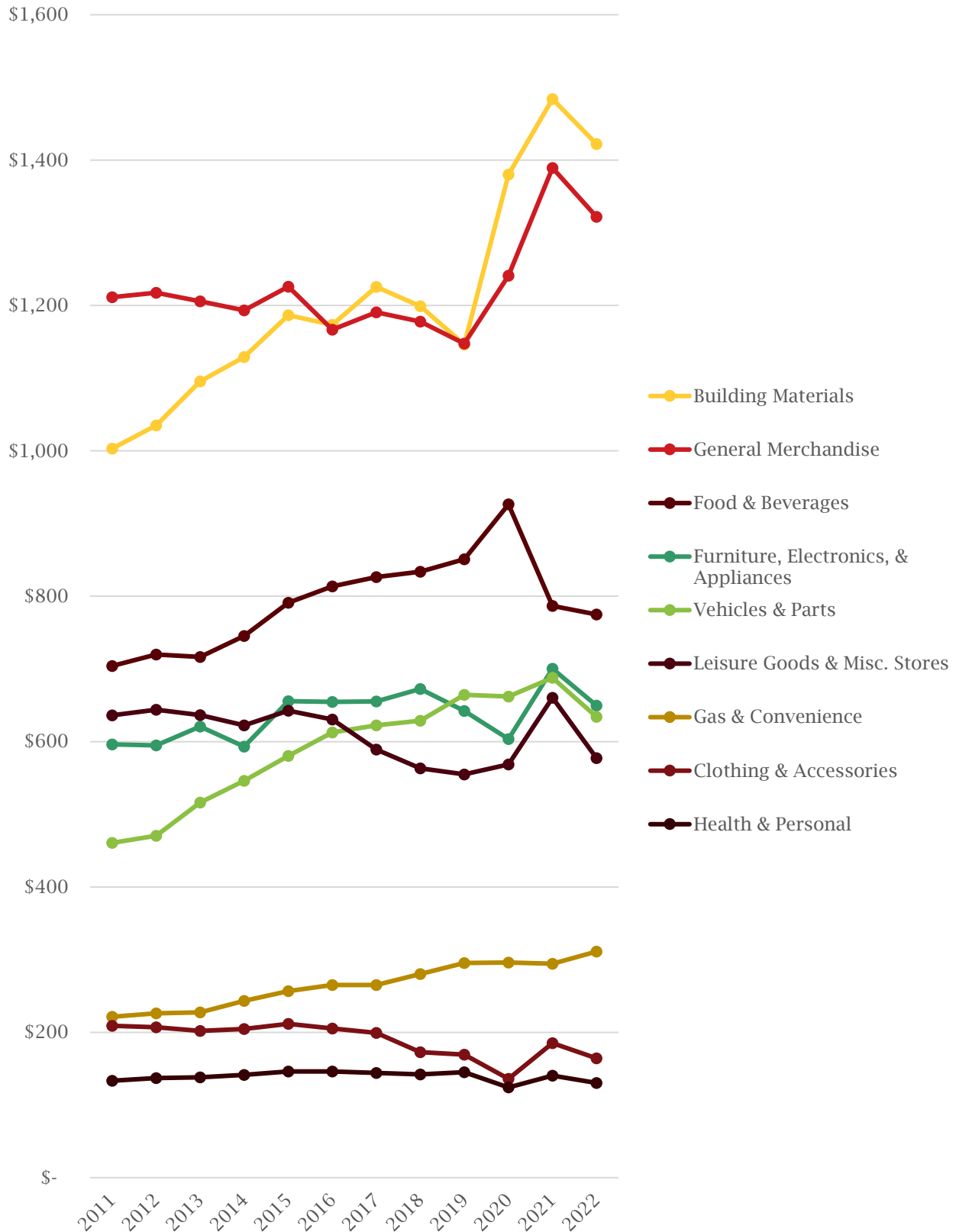
Business Activity / Store Type		People Per Business			Sales Per Capita	
		State	Non-Metro	State	Non-Metro	Alexandria
<b>NAICS</b>						
<b>RETAIL TRADE</b>						
441	Vehicles, Parts	2,247.01	1,619.74	\$633.96	\$694.15	\$2,075.57
444	Building Materials	3,223.21	2,141.89	\$1,422.21	\$1,651.16	\$8,485.29
445	Food and Beverage Stores	1,422.00	1,239.67	\$774.82	\$698.89	\$1,773.57
449	Furniture, Electronics, and Appliances	2,173.76	2,140.13	\$649.61	\$358.29	\$1,922.68
454	Non Store Retailers	1,316.49	1,242.62	\$909.29	\$67.78	\$171.76
455	General Merchandise	4,980.06	3,802.25	\$1,322.12	\$1,249.11	\$7,025.86
456	Health and Personal Stores	3,122.59	3,627.49	\$130.41	\$82.03	\$327.88
457	Gas/Convenience Stores	2,875.01	1,869.73	\$311.10	\$447.77	\$859.69
458	Clothing and Accessory Stores	1,965.37	2,300.83	\$164.19	\$91.11	\$205.16
459	Leisure Goods and Miscellaneous Merchandise	501.93	427.18	\$577.19	\$459.59	\$953.46
454	Non-store Retail	1,316.49	1,242.62	\$909.29	\$67.78	\$171.76
	<i>Retail Total</i>			\$7,804.19	\$5,867.67	\$23,972.69
<b>INFORMATION</b>						
512	Movie & Recording Industry	13,555.54	34,270.24	\$25.99	\$13.05	
513	Publishing Industry	13,813.74	25,787.50	\$4.41	\$2.56	
516	Broadcasting and Content Providers	138,137.36	651,134.50	\$34.25	\$0.45	
517	Telecommunications	12,036.87	14,714.90	\$137.86	\$108.50	
518	Data Processing	23,680.69	100,174.54	\$13.58	\$0.57	
519	Web Search Portals and Other Services	9,449.14	11,947.42	\$47.57	\$32.64	
<b>FINANCE AND INSURANCE</b>						
522	Credit Intermediation	11,816.23	9,903.19	\$25.36	\$8.38	
523	Securities, Commodities	21,174.34	81,391.81	\$1.62	\$0.23	
524	Insurance Carriers	14,991.65	31,762.66	\$0.69	\$0.60	
525	Funds, Trusts	386,784.60		\$0.01	\$0.00	
<b>REAL ESTATE AND RENTAL AND LEASING</b>						
531	Real Estate	2,234.03	2,652.28	\$42.82	\$39.39	
532	Rental, Leasing Services	3,995.71	3,736.78	\$198.51	\$82.82	
533	Lessors Nonfinancial Assets	725,221.13		\$0.16	\$0.00	
<b>PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES</b>						
541	Prof, Scientific, Technical Services	578.33	824.74	\$220.34	\$111.15	
551	Mgmt. Of Companies	39,467.82	104,181.52	\$14.80	\$12.83	
<b>ADMINISTRATIVE &amp; SUPPORT; WASTE MGMT &amp; REMEDIATION SVCS</b>						
561	Admin, Support Services	581.92	575.46	\$374.69	\$223.68	
562	Waste Mgmt., Remediation	16,206.06	12,893.75	\$15.54	\$7.39	
<b>EDUCATIONAL SVCS; HEALTH &amp; SOCIAL ASSISTANCE</b>						
611	Educational Services	4,288.08	4,832.17	\$16.85	\$13.68	
621	Health - Ambulatory Care	1,004.29	1,210.85	\$26.43	\$26.86	
622	Health - Hospitals	111,572.48	153,208.12	\$9.71	\$5.03	
623	Health - Nursing, Residential Care	11,864.56	11,838.81	\$2.11	\$1.95	
624	Health - Social Assistance	14,432.26	21,886.87	\$2.60	\$2.42	
<b>ARTS, ENTERTAINMENT &amp; RECREATION</b>						
711	Performing Art, Spectator Sports	1,790.67	2,036.39	\$91.21	\$17.36	
712	Museums, Historical Sites	60,435.09	56,620.39	\$5.71	\$1.09	
713	Amusement, Gambling Recr	2,507.25	2,044.38	\$373.29	\$166.37	
<b>ACCOMMODATION &amp; FOOD SERVICES</b>						
721	Accommodation	2,508.33	1,421.69	\$399.17	\$411.51	
722	Food Services, Drinking Places	485.58	477.90	\$1,896.71	\$1,430.86	
<b>OTHER SERVICES</b>						
811	Repair, Maintenance	754.75	540.81	\$352.33	\$384.42	
812	Personal, Laundry Service	647.16	595.32	\$174.85	\$68.53	
813	Religious, Civic, Professional Orgs	3,053.56	2,487.62	\$33.46	\$36.56	
814	Private Households	148,763.31		\$0.32	\$0.00	
921	Exec., Legisla., Other Govt	9,079.45	5,337.17	\$51.36	\$64.33	
<b>TOTAL RETAIL AND SERVICES</b>				\$12,398.53	\$9,142.88	

## Compare the Community to the Region: Alexandria & Douglas County

Earlier in this report, we compared the communities per capita spending 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.



## Minnesota Taxable Sales Per Capita, 2011 to 2022



## 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](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 through 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 ( $\$20,000 \div \$10,000$ ). 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 ( $5,000 \times \$9,000 \times 1.30 \times 1.03$ ). 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.

