

Progress Plus Studies Retail Opportunity in the River Heights Community

On May 16, the University of Minnesota Extension Service conducted two workshops for Progress Plus for retailers in South St. Paul and Inver Grove Heights. The first portion of each workshop was devoted to a review of a Retail Trade Analysis Report. This report uses a variety of data to examine the retail sector of each city by comparing its trends to those of other similar jurisdictions. The information is designed to assist individual retailers with understanding how their community is faring, what goods and services are selling, etc. based on how many firms and what the dollar volume of sales are being generated in each community – what retailers in each community are “supplying”. The second portion of each workshop presented data based on what residents of each community are likely to purchase – the “demand” side of the equation. Following the presentation of data, each workshop then focused on discussion of strategies to utilize the information.

South St. Paul Retail Trade Analysis Highlights

- Taxable sales in SSP increased nearly 40% from 1995-2005, but the number of firms declined 5.6 %.
- The strongest category was vehicles and parts which grew nearly 15% and “pulled” spending from outside SSP.
- The greatest decline in sales occurred in the miscellaneous retail and apparel sectors.
- The “pull factor” (measure of how sales in SSP are exceeding the averages, indicating that sales are being generated by people from outside the city) dropped 13% in the past five years.
- Expected sales in the eating and drinking category in SSP was significantly higher than actual, indicating that there may be opportunity for more eating and drinking establishments.
- Though apparel and furniture stores also showed major gaps between expected sales and actual sales, these categories are dominated by national chains and it is less likely those chains would locate in SSP.

Resident Market Profile

The workshops utilized a proprietary market research tool called Tapestry, developed by ESRI research. Highlights of the information presented on SSP were:

- SSP is made up predominantly by “Main Street USA” segment, characterized as middle income, living in single family homes, mostly white, who rent videos, own insured money market accounts, go bowling, watch “7th Heaven” on TV, own or lease a compact car, among numerous other descriptors.
- The second highest percentage of SSP population belongs to the “Cozy and Comfortable” profile, which is slightly upper middle class, who dine out at family restaurants like Old Country Buffet, play softball, watch hockey on TV and who drive a minivan.
- Information was provided on each profile giving retailers a better idea of the goods and services local residents want. For example, it is likely that a large number of SSP residents gambled at a casino six or more times in the past 12 months and rented a video six or more times in the past 12 months.

- SSP residents are more likely to eat at a Chili's rather than a traditional Mexican restaurant.
- SSP residents are more likely to dine out once a week.

Inver Grove Heights Retail Trade Analysis Highlights

- Total taxable sales has increased steadily from 1990-2005.
- The number of firms in IGH grew 30% from 1995-2005.
- IGH "pull factor" grew 9% from 1995-2005.
- Greatest sales increase was in gas stations, followed by leisure goods.
- Highest "pull" was in building materials (including nursery stock).
- From 2003-2005, greatest pull was in gas, electronics and health and personal.
- There was a significant gap in expected sales and real sales on eating and drinking, again indicating opportunity to attract different restaurants and bars (likely higher end national chains or other destination establishments).
- The lodging industry in IGH had a "pull factor" of .43 in 2005.

Resident Market Profile

- Retail spending in IGH exceeded the Minnesota average in most areas, but are highest in fees for recreational lessons, floor coverings, child care, jewelry and investments.
- IGH is more diverse in terms of its resident profile than SSP, with about 17% in the Sophisticated Squire segment and 17% in the Cozy and Comfortable segment.
- Sophisticated Squires tend to be married, upper middle income, live in single family homes in the suburbs, have second mortgage (equity loan), do home improvement like landscaping, listen to soft, adult contemporary radio, own/lease 3+ cars, read financial magazines, dine out once a week, like golf, SUVs and minivans.