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**Retail Mix in Wisconsin's "Tiny Towns":  
How Distance from a Major Discount Store  
Impacts Local Retail Availability**

by

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**Retail Mix in Wisconsin's "Tiny Towns"**  
***How Distance From a Major Discount Store Impacts Local Retail Availability***

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What types of stores might make economic sense in a small community with a population of 1,000? How does distance from the nearest major discount-department store impact a community's retail mix?

One way to begin to answer these questions is to analyze the types of businesses that are currently operating in other "tiny" Wisconsin towns. The number and type of businesses in comparable communities provides a snapshot of retail activity and offers a way to stimulate ideas about business expansion and recruitment.

This study analyzes the number and types of retail establishments in Wisconsin zip code areas with city or village populations ranging from 800 to 1,300 (referred to as "tiny towns"). Data is provided for communities located 5 – 15 miles, and greater than 15 miles from a major discount-department store such as Wal-Mart. The distance from a major discount department store was included in this analysis as research in Iowa indicates that small towns near a Wal-Mart store are impacted more than are communities further away.<sup>1</sup>

The data in this study may be used by chambers of commerce, economic development practitioners, and local entrepreneurs to search for potential retail opportunities. By comparing the number and types of local stores with those found in similar Wisconsin "tiny towns", a community may identify gaps in its retail mix and develop a marketing plan to encourage appropriate retail development.

**Methodology**

The first step in this analysis was to identify all Wisconsin cities and villages with populations between 800 and 1,300. Population estimates for 1997 from the Wisconsin Department of Administration were used to identify these communities.

Using geographic information systems (GIS) software, these "tiny towns" were then segmented into two groups: those located between 5 and 15 miles ("as the crow flies") of a major discount-department store (MDS) and those located more than 15 miles from such a store. Major discount-department stores included in this analysis were Wal-Mart, K-Mart, Target and Shopko stores. There were 53 Wisconsin communities in the "5-15 miles" category and 28 communities in the ">15 miles" category.

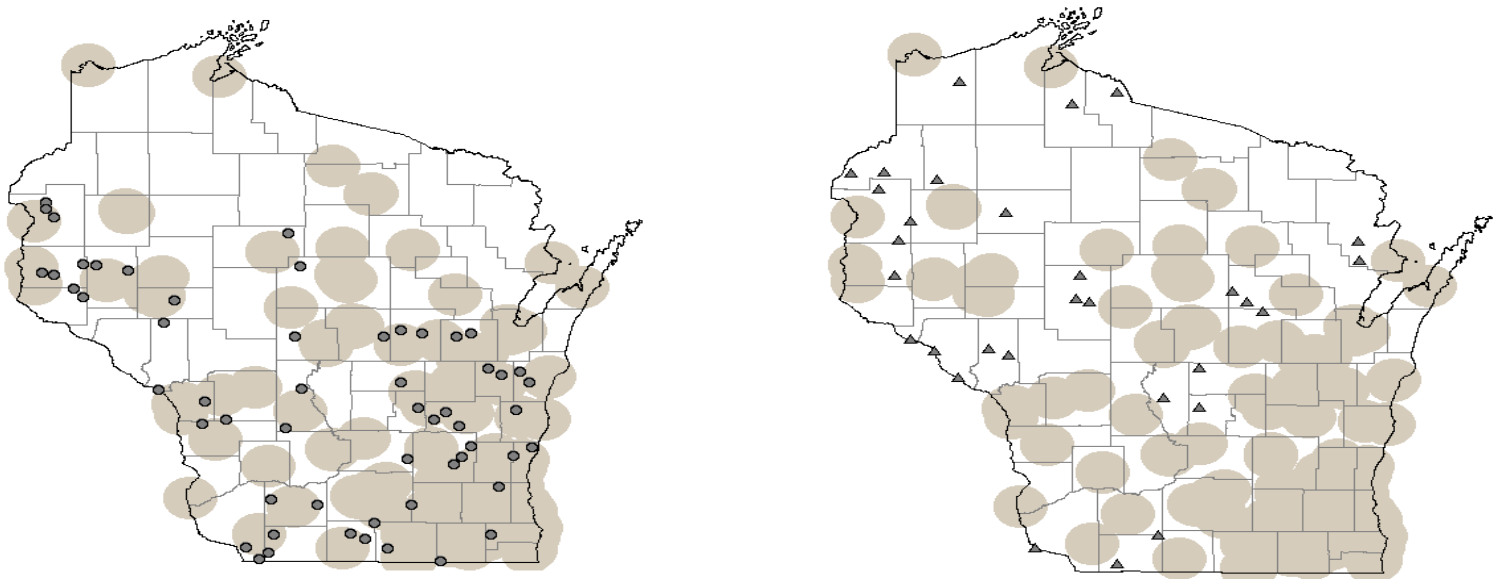
The map on the following page displays the location of the communities (zip code areas) studied relative to the major discount-department stores of the state. Table 1 lists the

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<sup>1</sup> Stone, Kenneth E., *Competing with the Retail Giants*, John Wiley & Sons, 1995.

communities that are 5 – 15 miles and >15 miles from a major discount-department store.

**Wisconsin Cities and Villages  
with Populations of 800 - 1300**



- Communities between 5 - 15 miles of Major Discount-Department Store
- ▲ Communities greater than 15 miles from Major Discount-Department Store
- 15 Mile Radius Around Major Discount Department Stores

Table 1  
**Wisconsin Cities and Villages with Populations of 800 – 1,300  
 Grouped by Distance from a Major Discount Department Store**

	<u>5-15 miles from MDS</u>	<u>&gt;15 miles from MDS</u>
Albany	Iola	Alma
Amherst	Iron Ridge	Blair
Athens	Luck	Blanchardville
Balsam Lake	Manawa	Bruce
Bangor	Milltown	Cassville
Barneveld	Monticello	Clear Lake
Belgium	Necedah	Coleman
Belmont	Newburg	Crivitz
Benton	Oakfield	Fountain City
Black Creek	Orfordville	Frederic
Boyceville	Pittsville	Friendship
Brandon	Redgranite	Grantsburg
Brooklyn	Reedsville	Greenwood
Cambridge	Rib Lake	Independence
Cashton	Roberts	Lake Nebagamon
Colfax	Rosendale	Loyal
Coon Valley	Sharon	Marion
Dickeyville	Sherwood	Mellen
Elkhart Lake	Shiocton	Owen
Elmwood	Spring Valley	Pepin
Fall Creek	Strum	Plainfield
Fall River	Theresa	Shell Lake
Glenwood City	Trempealeau	Siren
Hammond	Valders	Tigerton
Hazel Green	Wonewoc	Turtle Lake
Highland		Westfield
Hilbert		Wittenberg
Hustisford		Woodville

Next, a private business database was used to identify the number and types of retail establishments in the zip code areas of each of these communities. Business data was purchased from American Business Information, Inc. (ABI) that reflects 1998 estimates of retail businesses currently in operation. The ABI data was chosen for this analysis because it is updated annually, geographically coded to a specific location, and because it provides precise descriptions of the primary business category by six-digit Standard Industrial Classification (SIC) code.

Based on the number of retail businesses within zip code, an average number of stores by SIC code was calculated for both the 5 – 15 miles, and >15 miles communities. For example, the 53 communities in the 5-15 miles category had an average of 3.1 bars and taverns. While some communities had more than others, the average provides a beginning for comparison.

## Retail Mix Analysis

Presented in Table 2 is a summary of the retail mix analysis. Here retail operations have been consolidated into 34 general categories as defined in Appendix A. The average number and percent of total businesses are presented for communities 5-15 miles and >15 miles from a major discount-department store.

Table 2  
**Retail Stores Per Community Zip Code Area**  
**Wisconsin Cities and Villages with Populations of 800 – 1,300**

Source: American Business Information, 1998 database

SIC Store Type	5-15 miles from MDS		>15 miles from MDS	
	Avg. # of Stores	% Mix	Avg. # of Stores	% Mix
5812 Eating Places	3.3	15.6%	5.1	16.0%
5813 Drinking places	3.1	14.8%	4.8	15.1%
521, 523 Building Materials	1.2	5.5%	1.8	5.6%
541103 Food-Convenience	1.2	5.5%	1.5	4.6%
596-598, 5993-5999 Other	1.1	5.0%	2.0	6.4%
542-549 Specialty Foods	1.0	4.9%	1.4	4.5%
541104, 541105 Food-Grocery	0.9	4.5%	1.1	3.6%
526 Farm/Garden	0.8	3.7%	1.0	3.2%
551-552 Auto/Truck	0.8	3.9%	1.3	4.1%
573 Radio/TV/Comp/Music	0.7	3.4%	0.8	2.6%
5947 Gift	0.7	3.5%	1.6	4.9%
525 Hardware	0.6	2.9%	1.0	3.2%
553 Auto Supply	0.6	2.7%	1.1	3.6%
554 Gas Stations	0.6	2.7%	0.5	1.6%
593 Antiques/Used	0.6	2.8%	0.8	2.5%
5712 Furniture	0.5	2.4%	0.6	2.0%
5941 Sporting Goods	0.5	2.1%	1.0	3.0%
555-559 Boat/RV/SnowM	0.4	1.7%	0.6	1.8%
561, 562, 563, 564, 565, 569 Apparel	0.4	2.0%	0.4	1.3%
5713, 5714, 5719 Home Furnishing	0.4	1.7%	0.4	1.2%
5945 Hobby/Toy	0.4	1.7%	0.3	0.9%
572 Appliance	0.3	1.4%	0.3	0.9%
5992 Flower	0.3	1.5%	0.5	1.7%
531, 533, 539 Department	0.2	0.7%	0.3	1.0%
591 Drug	0.2	1.1%	0.6	1.9%
5921 Liquor	0.2	0.7%	0.4	1.2%
527 Mobile Homes	0.1	0.4%	0.0	0.0%
5943 Office Supply	0.1	0.3%	0.1	0.3%
5944 Jewelry	0.1	0.3%	0.1	0.3%
566 Shoe	0.0	0.1%	0.1	0.3%
5942 Book	0.0	0.2%	0.0	0.1%
5946 Camera	0.0	0.0%	0.0	0.0%
5948 Luggage	0.0	0.0%	0.0	0.1%
5949 Sewing	0.0	0.2%	0.2	0.6%
<b>Total</b>	<b>21.3</b>	<b>100%</b>	<b>32.0</b>	<b>100%</b>

## Findings

The data in Table 2 leads to the following conclusions:

1. Most "tiny towns" have a retail base limited to only a few convenience-oriented businesses. Tiny town retailers typically include restaurants, bars/taverns, building material suppliers, convenience stores, specialty food shops and grocers.
2. While most small communities are limited to only a few convenience-oriented businesses, this analysis also shows that even within these communities, there can be a wide range of retail stores, many that we would not expect to see there. Examples include sporting goods shops, appliance stores, boat dealers and art galleries. Each community has a unique mix of these specialty retailers, many of which serve a more regional market area.
3. The data also indicates that towns further away from a major discount-department store such as Wal-Mart have significantly more retail establishments. Communities 5 to 15 miles from a major discount department store had an average of only 21 stores while communities >15 miles had an average of 32 stores. This is consistent with research in Iowa that indicated that towns that do not have but are close to a Wal-Mart were most impacted by that retail giant.
4. Communities further away from a major discount department store have a slightly higher percentage of retailers in the gift and other categories. However, the overall percentages for each retail category are very similar.

## How to Use This Analysis in Your Community

To use the data in this study, a community should first inventory the number and types of local retail stores within its zip code area. A worksheet is included as Table 3. Businesses should be classified according to their primary type of sales using the definitions in Appendix A. However, careful attention should be given to identifying retail products that may already be carried in an existing retail store listed under a different retail category. For example, a local furniture store could have substantial floor space devoted to antiques. Without counting this "store within a store," it may appear that there is one less antique store than really exists in the town.

Next, determine the distance from the community to the nearest major discount store (MDS) and select the appropriate column from Table 2. Record this comparison data on the worksheet.

Finally, compare the number and types of local stores with the averages for the comparison communities. If the number of local stores in a category is above the average for the comparison communities, this indicates a strength or perhaps a market niche. Fewer local stores than the comparison indicates a potential weakness or "gap."

If a community lacks a store frequently found in similar towns, does that "gap" represent an opportunity for retail development? First, consider why that particular type of shop doesn't currently exist in the community. Answering this question will help assess whether it is reasonable to expect a store of that type to survive in the community. The

community can then make strategic decisions about the best way to improve the existing retail mix. Strategic options may include recruiting new types of retail stores, encouraging the expansion of existing stores, assisting in business finance, and arranging management skill education.

This analysis can be used by chamber of commerce directors, economic development practitioners, and entrepreneurs to search for potential retail development opportunities. When using the analysis it is important to remember that each community is unique and different. The analysis is not a perfect science. It only indicates what other “tiny towns” look like, from a retail mix perspective, and not what is optimal. Further, this analysis does not differentiate communities with more substantial non-resident (tourist) retail demand. These and other factors should be considered. By understanding these limitations, a community can use this data to develop a better understanding of its retail strengths and weaknesses as well as opportunities and threats. This learning forms the basis for identifying objectives for improving the retail mix and developing strategies for recruitment, retention and expansion initiatives.

Table 3  
**Worksheet for Analyzing Retail Mix in Your Community**

SIC Store Type	Zip Code _____		Comparison*	
	Number	% Mix	Ave No.	% Mix
521, 523 Building Materials				
525 Hardware				
526 Farm/Garden				
527 Mobile Homes				
531, 533, 539 Department/Variety				
541101, 541105 Food-Grocery				
541103 Food-Convenience				
542-549 Specialty Foods				
551-552 Auto/Truck				
553 Auto supply				
554 Gas Stations				
555-559 Boat/RV/SnowM				
561, 562, 563, 564, 565, 569 Apparel				
566 Shoe				
5712 Furniture				
5713, 5714, 5719 Home Furnishing				
572 Appliance				
573 Radio/TV/Comp/Music				
5812 Eating Places				
5813 Drinking places				
591 Drug				
5921 Liquor				
593 Antiques/Used				
5941 Sporting Goods				
5942 Book				
5943 Office Supply				
5944 Jewelry				
5945 Hobby/Toy				
5946 Camera				
5947 Gift				
5948 Luggage				
5949 Sewing				
5992 Flower				
596-598, 5993-5999 Other				
<b>Total</b>		100.0%		100.0%

\*Average number of businesses and percent mix for the comparison communities can be obtained from the applicable column on Table 2.

## Appendix A

### Retail Categories

**Building Materials and Supply (SIC 521,523)** This category includes establishments primarily engaged in selling lumber, or lumber and a general line of building materials such as windows, concrete and paint, to the general public. While these establishments may also sell to contractors, they are known as retail in the trade, even if sales to contractors account for a higher proportion of the sales. Hardware is often an important line of retail lumber and building materials dealers. Also included in this group are home centers. These are retail establishments that sell both lumber and building materials and hardware. These establishments are engaged in selling paint, glass, and wallpaper, or any combination of these lines, to the general public. Also included are plumbing supplies, concrete, and insulation materials for lumber yards.

**Hardware Stores (SIC 525)** This category includes establishments primarily engaged in selling a number of basic hardware lines, such as tools, builders' hardware, locks and other security hardware, paint and glass, housewares, household appliances, cutlery, and building materials, no one of which accounts for 50 percent or more of the sales of the establishments.

**Farm/Garden Shops (SIC 526)** This category includes establishments primarily engaged in selling trees, shrubs, other plants, seeds, bulbs, mulches, soil conditioners, fertilizers, pesticides, garden tools, and other farm/garden supplies. In rural areas, many are retailers selling fertilizers and other farming products. This classification also includes lawn and garden equipment, garden centers, landscaping supplies, lawn mowers, sprinklers, snow removal equipment, and small gas engines.

**Mobile Homes (SIC 527)** This category includes mobile home dealers and equipment and parts sales.

**Department, Variety and Miscellaneous General Merchandise Stores (SIC 531,533,539)** This category includes retail stores with a diverse product line, having sales of apparel and soft goods combined amounting to 20 percent or more of total sales, and selling each of the following groups of merchandise: household linens, dry goods, furniture, home furnishings, appliances, radio and TV sets; and a general line of apparel for the family. Also included are establishments primarily engaged in the retail sale of a variety of merchandise in the low and popular price ranges and establishments primarily engaged in the retail sale of a general line of apparel, dry goods, hardware, housewares or home furnishings, groceries, and other lines in limited amounts.

**Food- Grocery Stores (SIC 541)** This category includes full-line food establishments primarily selling food items for consumption at home. This also includes delicatessens for carryout or take home consumption.

**Food-Convenience (SIC 541103)** Many convenience stores operating in conjunction with a gas station will be coded here. Establishments selling convenience store items but primarily selling gasoline are classified under 554130.

**Specialty Food Stores (SIC 543, 544, 545, 546, 549)** This group contains specialty food stores that focus on one or a combination of the following: meat and fish, fruits and vegetables, candy and nuts, dairy products, retail bakeries, miscellaneous foods such as spices, coffee, health foods, Mexican and oriental food, espresso, etc.

**Auto/Truck (SIC 551-552)** This category includes both new and used auto and truck dealerships.

**Auto/Home Supply Stores (SIC 553)** This category includes establishments primarily engaged in the retail sale of auto supplies such as automotive batteries, parts, accessories; and sundry supplies such as polishes, paint, and decorative items. Also included are establishments primarily engaged in the retail sale of new automotive tires and tubes and establishments primarily engaged in selling a combination of lines such as tires, batteries and accessories; household appliances; sporting goods; housewares and hardware. These differ from tire, battery, and accessory stores in that, although the largest merchandise line sales may be in automotive parts, accessories, and repairs, a considerable amount of sales also are made in nonautomotive lines.

**Gasoline Service Stations (SIC 554)** This category includes establishments primarily engaged in selling gasoline and automotive lubricants. These establishments frequently sell other merchandise such as tires, batteries, accessories, and other automobile parts or perform minor repair work. Gasoline stations

combined with other activities such as grocery stores, convenience stores, or car washes are classified based on primary activities as determined by sales. Gasoline/Convenience food stores that are primarily engaged in selling of gasoline are included in this category. Other such establishments are truck stops that operate a motel and are normally open on a 24-hour basis.

**Apparel Stores and Accessories (SIC 561 562 563 564 565 569)** This category includes retail stores primarily engaged in selling clothing of all kinds and related articles (except footwear) for personal wear and adornment. Not included are establishments which meet the criteria for Department Stores (SIC 531) or Miscellaneous General Merchandise Stores (SIC 539) even though most of their receipts are from the sale of apparel and apparel accessories. This includes Army and Navy goods, bridal shops, surplus & salvage merchandise, furs, & boutique items. Additionally, riding apparel, wigs & toupees, and formal wear is included.

**Shoe Stores (SIC 566)** This category includes establishments primarily engaged in selling men and boys' shoes, women and girl's shoes, children and infants' shoes, and other footwear. Frequently, they also sell accessories such as hosiery, gloves, and handbags. Establishments primarily engaged in selling athletic shoes for activities such as tennis, jogging, baseball, softball, basketball, boxing, racquetball, football, volleyball, etc.

**Furniture Stores (SIC 5712)** This category includes establishments primarily engaged in selling new household furniture, beds, mattresses, springs, and other sleep equipment. Also included in this classification are establishments selling household appliances, phonographs, radios, television sets, and floor coverings, provided the receipts from sales of furniture and sleep equipment exceed those from sales of other merchandise. Furniture warehouse showrooms, sleep shops and waterbed stores, and specialty furniture stores such as baby furniture stores, are classified here.

**Home Furnishings/Floor Covering/Draperies (SIC 5713 5714 5719)** This category includes establishments primarily engaged in the retail sale of rugs, carpets, linoleum, floor tile, and related products. Also included are establishments primarily engaged in selling draperies, curtains, slipcovers, and upholstery materials; and, establishments primarily engaged in the retail sale of miscellaneous home furnishings such as china, glassware, and metalware for kitchen and table use; bedding and linen; brooms and brushes; lamps and shades; mirrors and pictures; and venetian blinds and window shades.

**Household Appliance Stores (SIC 572)** This category includes establishments primarily engaged in the retail sale of electric and gas refrigerators, stoves, microwave ovens, home freezers, and other household appliances such as electric irons, percolators, hot plates, and vacuum cleaners, sewing machines, dehumidifiers, and self contained room air-conditioners, washers & dryers, dishwashers, garbage disposals and fans included. Many such stores also sell radios and television sets.

**Radio/TV/Computer/Music Stores (SIC 573)** This category includes establishments primarily engaged in the retail sale of radios, television sets, compact disc players, record players, high fidelity (hi-fi) sound reproducing equipment, and other consumer electronics equipment. Such establishments also may sell additional lines such as household appliances, computers, computer peripheral equipment, software, musical instruments, or records. Also included are establishments primarily engaged in selling phonograph records, compact discs, and prerecorded audio and video tapes and discs and establishments primarily engaged in selling musical instruments such as organs, pianos, horns, stringed instruments, and percussion instruments; sheet music; and similar supplies.

**Eating Places (SIC 5812)** This major group includes restaurant establishments engaged in selling prepared food and drinks for consumption on the premises. Also included are caterers, which serve prepared food other than at the place of business and lunch counters and refreshment stands selling prepared foods and drinks for immediate consumption. Cafeterias would be included in this industry, as well as ice cream & frozen yogurt shops and coffee shops.

**Drinking Places (SIC 5813)** This group includes businesses engaged in the retail sales of alcoholic drinks, such as beer, ale, wine, and liquor, for consumption on the premises. The sale of food frequently accounts for a substantial portion of the receipts of these establishments. Meals may or may not be served.

**Drug Stores (SIC 591)** This category includes establishments primarily engaged in the retail sale of prescription drugs. They may carry a number of related lines such as cosmetics, toiletries, tobacco, and novelty merchandise and may operate a soda fountain or lunch counter.

**Liquor Stores (SIC 5921)** This category includes establishments primarily engaged in the retail sale of packaged alcoholic beverages such as beer, ale, wine and liquor for consumption off the premises. Drinking establishments are not included in this category.

**Antiques/Used Merchandise Stores (SIC 5932)** This category includes establishments primarily engaged in the retail sale of used merchandise, antiques, and secondhand goods such as clothing and shoes, furniture, books, musical instruments, office furniture, etc. This category ranges from antique shops to flea markets to pawnshops. Used automobiles are not included in this category.

**Sporting Goods/Bicycle Shops (SIC 5941)** This category includes establishments primarily engaged in selling a general line of sporting goods, bicycles, and equipment for hunting, camping, fishing, skiing, riding, tennis, golf, and other sports; and gymnasium and playground equipment.

**Book Stores (SIC 5942)** Book Stores include establishments primarily engaged in selling new books and periodicals. Stationary and related items may also be sold. The subclassifications are general, specialty, and college book stores.

**Office supplies (SIC 5943)** This category includes office supply, stationary, stamp and map dealers.

**Jewelry (SIC 5944)** Establishments primarily engaged in the retail sale of any combination of the lines of jewelry such as diamonds and other precious stones; rings, bracelets, and brooches; silverware; and watches and clocks.

**Hobby, Toy, Game Shops (SIC 5945)** This category includes establishments primarily engaged in the retail sale of toys, games, and hobby and craft kits and supplies. Establishments primarily engaged in selling artists' supplies or collectors' items such as coins, stamps, and autographs are classified in SIC 5999.

**Camera, Photographic Supply (SIC 5946)** This category includes establishments primarily engaged in the retail sale of cameras, film, and other photographic supplies and equipment. Establishments primarily engaged in the retail sale of video cameras are classified in SIC 5731.

**Gift, Novelty, Souvenirs Stores (SIC 5947)** This category includes establishments primarily engaged in the retail sale of combined lines of gifts and novelty merchandise, souvenirs, greeting cards, holiday decorations, and miscellaneous small art goods. Included also would be collectibles, invitations, Indian goods, gift shops, and party supplies.

**Luggage, Leather Goods (SIC 5948)** This category includes establishments primarily engaged in the retail sale of luggage, trunks, and leather goods, except apparel.

**Sewing, Needlework (SIC 5949)** This category includes establishments primarily engaged in the retail sale of sewing supplies, fabrics, patterns, yarn, and other needlework accessories.

**Florists (SIC 5992)** This category includes establishments primarily engaged in the sale of flowers and growing plants.

**Miscellaneous Stores (SIC 5993-5999)** Included here are all other stores not classified elsewhere.