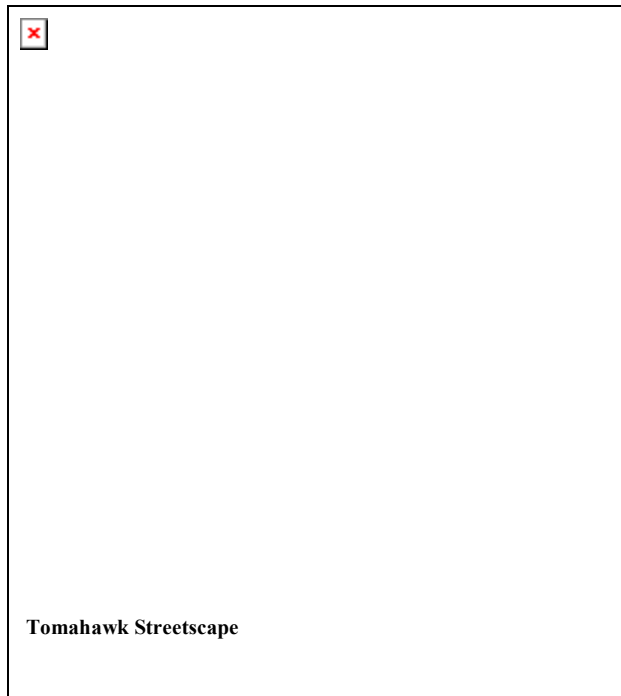


Tomahawk Retail Sector Report



By

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Introduction

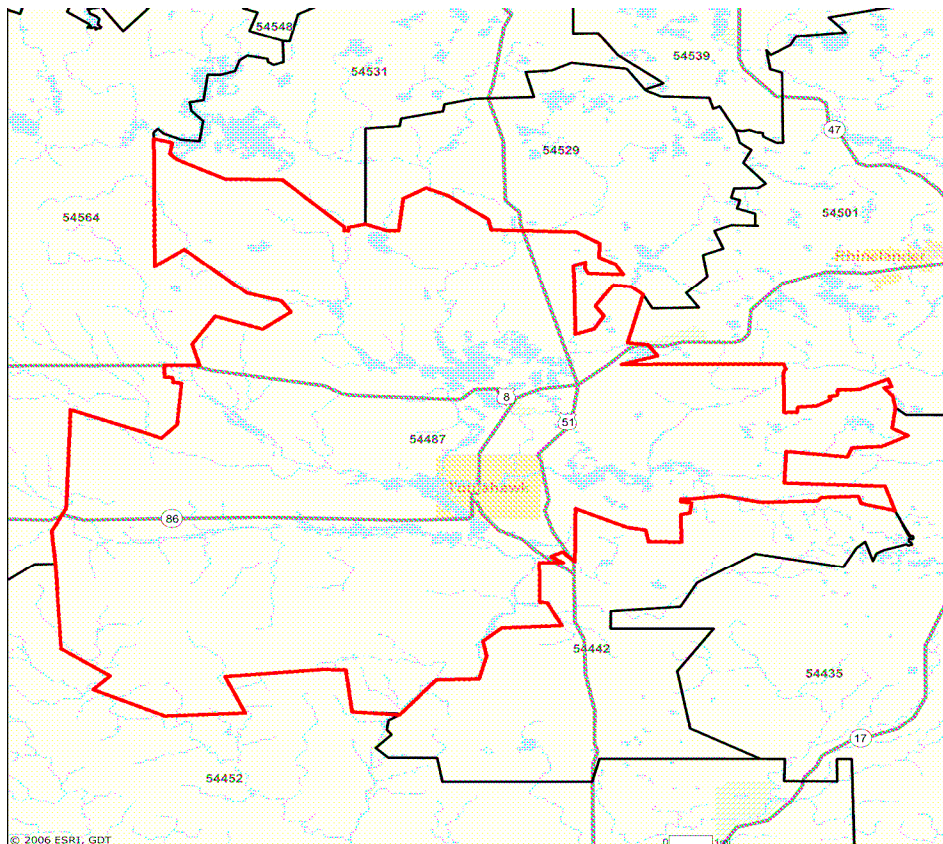
The Tomahawk Regional Chamber of Commerce is currently (June 2006) engaging in a shop local campaign. The chamber requested that University of Wisconsin-Extension, Lincoln County provide it with additional information about the Tomahawk retail sector. This short report is the result of that request.

The report includes leakage and surplus figures and graphs highlighting trends, worker flow data for Tomahawk, and purchasing power information. This report is merely intended to be an overview of some of the factors that may be contributing to local people not staying in town to shop.

The quantitative data, as is explained under each section, is open to interpretation. However, especially when taken with graphs designed by the author, the data may point to trends that are prevalent in the Tomahawk area. Options to help increase the number of residents staying in town to do their retail shopping may be thus at least partially formulated on the information in this report. The author of this report consulted with the University of Wisconsin – Extension Center for Community & Economic Development to help with his interpretation of the statistics. Leakage/surplus dollar figures were compiled by Lincoln County Economic Development Corporation (LCEDC). Center specialists and the LCEDC executive director also emphasize that the data contained in this report are estimates.

Leakage/Surplus

Below is a map of a portion of Lincoln County with Tomahawk in the center. This was the general area studied for this report.



The leakage/surplus figures in the table below were obtained from ESRI (Geographical and Information Systems Software)¹ based on the 54487 zip code which includes Tomahawk and immediate surrounding areas. As is stated by ESRI, the “leakage/surplus factor measures the difference between supply and demand.” This allows us to determine if a particular segment of the retail sector in the local area is meeting the demand of consumers that live in the area. If it is not, those residents in theory are essentially forced to travel outside of the area in question to obtain certain goods.

The higher the leakage figure (1 to 100), the more likely it is that residential consumers are traveling outside the study area to purchase the good. The higher the surplus figure (-1 to -100), the more likely it is that demand for a particular good is being met in the study area. High leakage figures (30 to 49) are highlighted in yellow. Very high leakage figures (50 to 100) are highlighted in aqua². Leakage figures help indicate what goods are needed in a given study area (i.e. types of stores/weak retail areas). High surplus figures indicate plenty of stores and increased competition. This information may be useful for those seeking to open a retail establishment in the area but are not sure specifically what kinds of products they should sell.

The ESRI study includes sales figures from 141 businesses. Industry classifications are based on NAICS (National American Industry Classification System) codes. Some of the figures will be skewed because big box stores (such as Wal-Mart) are relatively close to but not inside the study area. Below the table are bar graphs depicting leakage/surplus figures by sub sector for selected industries.

ZIP: 54487 Tomahawk, WI (and immediate surrounding area)

Summary Demographics

2005 Population 10,333

2005 Households 4,370

2005 Median Disposable Income \$30,468

2005 Per Capita Income \$21,769

Industry Summary	Supply/Retail Sales	Demand/Retail Potential	Leakage/Surplus	Number of Businesses
Total Retail Trade & Food & Drink	\$104,405,157	\$99,985,865	-2.2	141
Total Retail Trade	\$88,247,231	\$86,648,164	-0.9	85
Total Food & Drink	\$16,261,926	\$13,337,701	-9.9	56
Motor Vehicle & Parts Dealers	\$17,975,928	\$25,912,847	18.1	14
Automobile Dealers	\$12,480,689	\$21,789,665	27.2	4
Other Motor Vehicle Dealers	\$4,609,675	\$2,929,113	-22.4	6
Auto Parts, Accessories, and Tire Stores	\$885,564	\$1,203,069	15.2	4
Furniture & Home Furnishings	\$1,083,138	\$2,889,114	45.5	4
Furniture Stores	\$0	\$1,490,737	100.0	0
Home Furnishing Stores	\$1,083,138	\$1,398,407	12.7	4

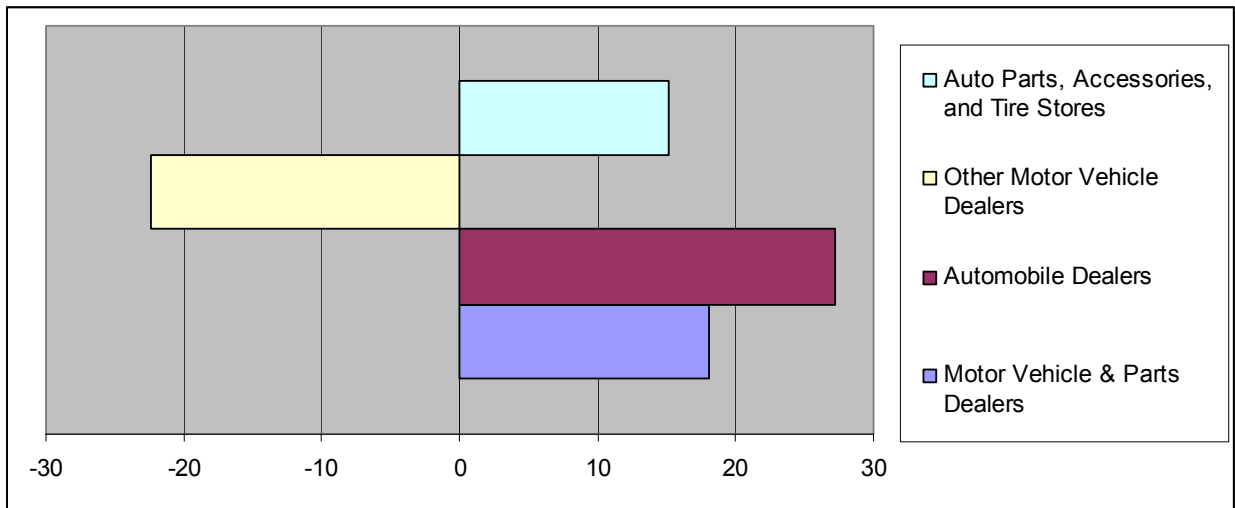
¹ ESRI does not provide information about the formulas it uses to obtain leakage/surplus figures.

² These cut off points were determined somewhat arbitrarily based on discussions with UW-Extension specialists. High leakage figures are highlighted to indicate what may be in demand in the study area’s retail sector.

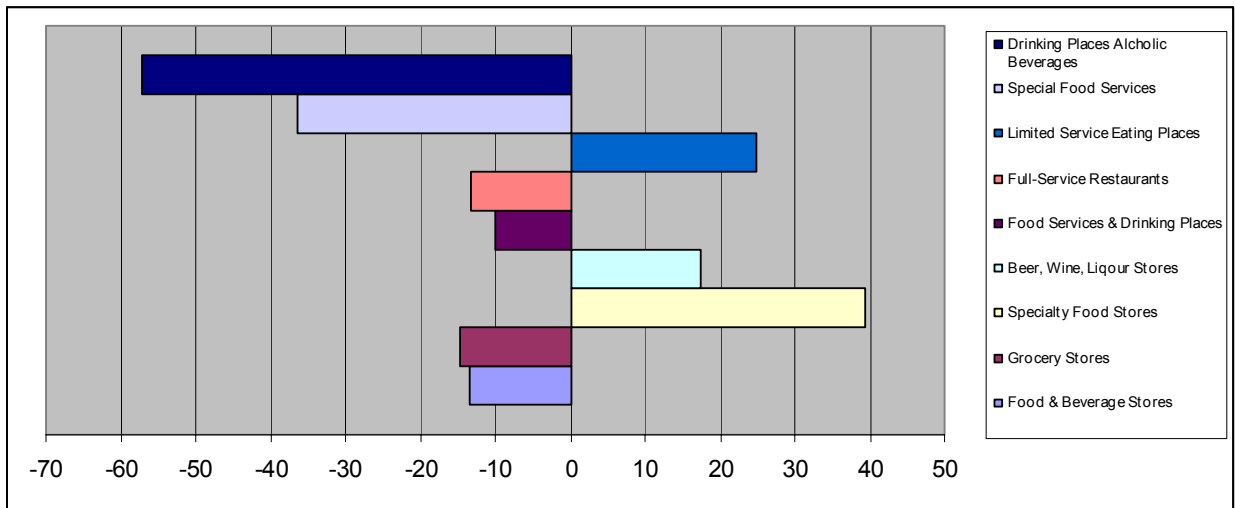
Electronics & Appliance Stores	\$492,092	\$1,617,930	53.4	3
Bldg. Materials, Garden Equipment, & Supply Stores	\$1,771,422	\$5,109,002	48.5	12
Building Materials & Supplies Dealers	\$1,213,106	\$3,191,231	44.9	9
Lawn and Garden Equipment & Supplies Stores	\$558,316	1,917,771	54.9	3
Food & Beverage Stores	\$23,288,775	\$17,773,829	-13.4	11
Grocery Stores	\$22,754,338	\$16,882,872	-14.8	7
Specialty Food Stores	\$148,321	\$341,972	39.5	3
Beer, Wine & Liquor Stores	\$386,116	\$548,985	17.4	1
Health & Personal Care Stores	\$3,384,823	\$5,235,538	21.5	3
Gasoline Stations	\$13,982,601	\$11,165,708	-11.2	3
Clothing & Clothing Accessories Stores	\$483,770	\$1,031,354	36.1	3
Clothing Stores	\$208,069	\$736,908	56.0	1
Shoe Stores	\$96,730	\$40,894	-40.6	1
Jewelry, Luggage, & Leather Goods Stores	\$178,971	\$253,552	17.2	1
Sporting Goods, Hobby, Book & Music Stores	\$5,008,489	\$2,051,906	-41.9	9
Sporting Goods/Hobby/Musical Instrument Stores	\$4,874,142	\$1,505,126	-52.8	8
Books, Periodical and Music Stores	\$134,347	\$546,780	60.6	1
General Merchandise Stores	\$17,940,148	\$9,771,288	-29.5	3
Department Stores (excluding leased)	\$536,333	\$3,560,182	73.8	2
Other General Merchandise Stores	\$17,403,815	\$6,211,106	-47.4	1
Misc. Store Retailers	\$2,274,380	\$3,610,133	22.7	19
Florists	\$50,794	\$44,691	-6.4	2
Office Supplies, Stationary, and Gift Stores	\$649,002	\$971,616	19.9	6
Used Merchandise Stores	\$268,395	\$502,515	30.4	5
Other Misc. Store Retailers	\$1,306,189	\$2,091,311	23.1	6
Nonstore Retailers	\$561,665	\$479,485	-7.9	1
Electronic Shopping and Mail-Order Houses	\$0	\$0	0.0	0
Vending Machine Operators	\$0	\$0	0.0	0
Direct Selling Establishments	\$561,665	\$479,485	-7.9	1
Food Services & Drinking Places	\$16,621,926	\$13,337,701	-9.9	56
Full-Service Restaurants	\$8,294,264	\$6,350,741	-13.3	1
Limited-Service Eating Places	\$3,363,019	\$5,592,026	24.9	24
Special Food Services	\$715,621	\$332,952	-36.5	2
Drinking Places/Alcoholic Beverages	\$3,889,022	\$1,061,982	-57.1	29

The following graphs are based on ESRI information presented in the table on the previous page. They indicate the specific kinds of businesses in the retail sector that seem to be most in demand. The reader must keep in mind, however, that there might not be enough demand for these kinds of goods (for example general clothing stores) to warrant opening retail stores that will sell them. It is quite possible that Tomahawk area residents may choose to shop for these things out of the area even if there is ample supply of the products. In short, people take other things like price, variety, supply, and ability to one-stop shop into consideration when determining where to shop.

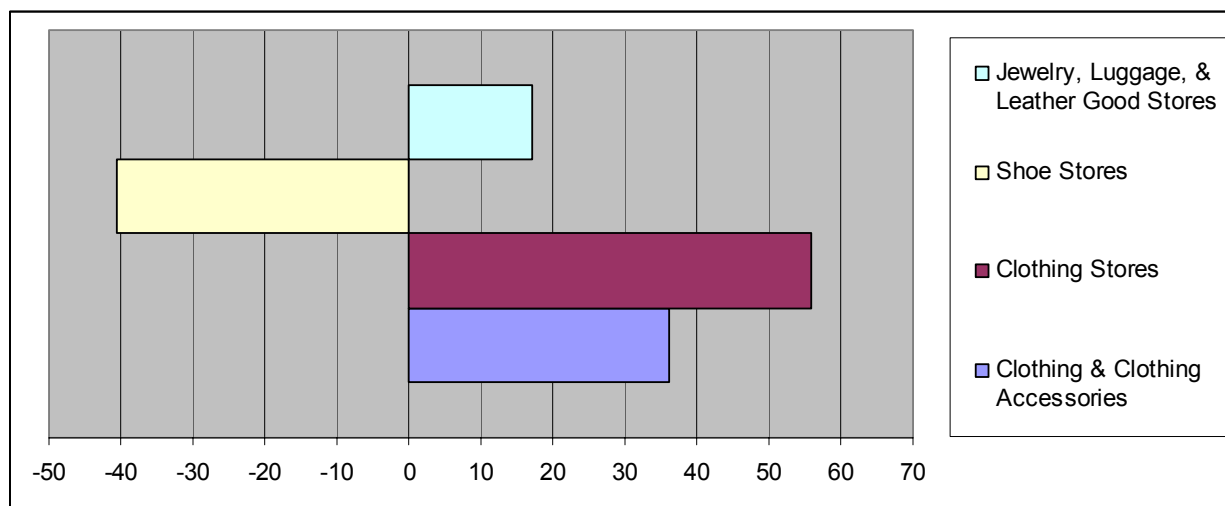
Auto Related Businesses



Food Related Businesses



Clothing Related Businesses



Below are leakage figures in dollars for Tomahawk and the immediate surrounding area for retail establishments by category.³ Figures for Lincoln County are also provided. Tomahawk area figures are based on a population of 6,000. Leakage figures (red) indicate what Tomahawk and immediate surrounding areas lose in retail sales dollars due to area residents shopping outside that area. These are merely estimates provided by LCEDC that in some cases do not closely match the ESRI data. For purposes of providing information to the public, the Chamber or any other Tomahawk entity that uses this particular information may state that the leakage figure is estimated to be between \$6.5 and \$8 million for the Tomahawk area. As can be seen in the table, most of the Tomahawk area figures represent about 20% of the leakage or surplus in the various categories for the entire county.

	Tomahawk Area	Tomahawk Area (% LC Total)	Lincoln County
Food Services & Drinking Places (Restaurants & Bars)	(\$371,840)	20.48%	(\$1,815,759)
Performing Arts, Spectator Sports & Related Industries	(\$279,395)	20.13%	(\$1,387,931)
Amusement, Gambling, Recreation Industries	\$88,911	20%	\$444,552
Automobiles & Other Motor Vehicles	\$2,886,790	20.03%	\$14,410,278
Gasoline Stations (including convenience stores with gas)	\$1,290,973	20.08%	\$6,428,146
Clothing & Accessories Stores	(\$1,522,505)	20.14%	(\$7,560,990)
Electronic & Appliance Stores#	(\$806,170)	20.10%	(\$4,002,969)
Food & Beverage Stores	\$279,519	19.84%	\$1,408,845
Furniture & Home Furnishings Stores#	(\$1,457,514)	20.20%	(\$7,214,304)

³ Calculations provided by Lincoln County Economic Development Corporation, Director Jack Sroka (based on IMPLAN analysis of Lincoln County conducted Steve Deller, UW-Extension, Madison and the Survey of Buyer Power).

Health & Personal Care Stores	(\$479,307)	20.13%	(\$2,380,591)
Sporting Goods, Hobby, Book, & Music Stores	\$150,413	19.95%	\$753,835
General Merchandise Stores	(\$1,000,889)	20.26%	(\$4,939,811)
Other Store Retailers	(\$1,031,908)	20.23%	(\$5,099,768)
Nonstore Retailers	\$611,942	20.08%	\$3,046,626
Gross Retail Leakage	(\$6,949,528.00)	20.65%	(\$33,648,288.00)

Workerflow

Workerflow may also help to determine where people shop, especially after work. Tomahawk residents who work outside of the city may shop in the towns and cities where they work because most stores in Tomahawk and the immediate surrounding area do not stay open after 5:00 p.m. and do not open until 9:00 a.m. or later during weekdays. However, as UW-Extension specialist Andy Lewis points out, why residents are not shopping in their home town could be due to a variety factors including but not limited to price, variety of goods available and store ambiance.

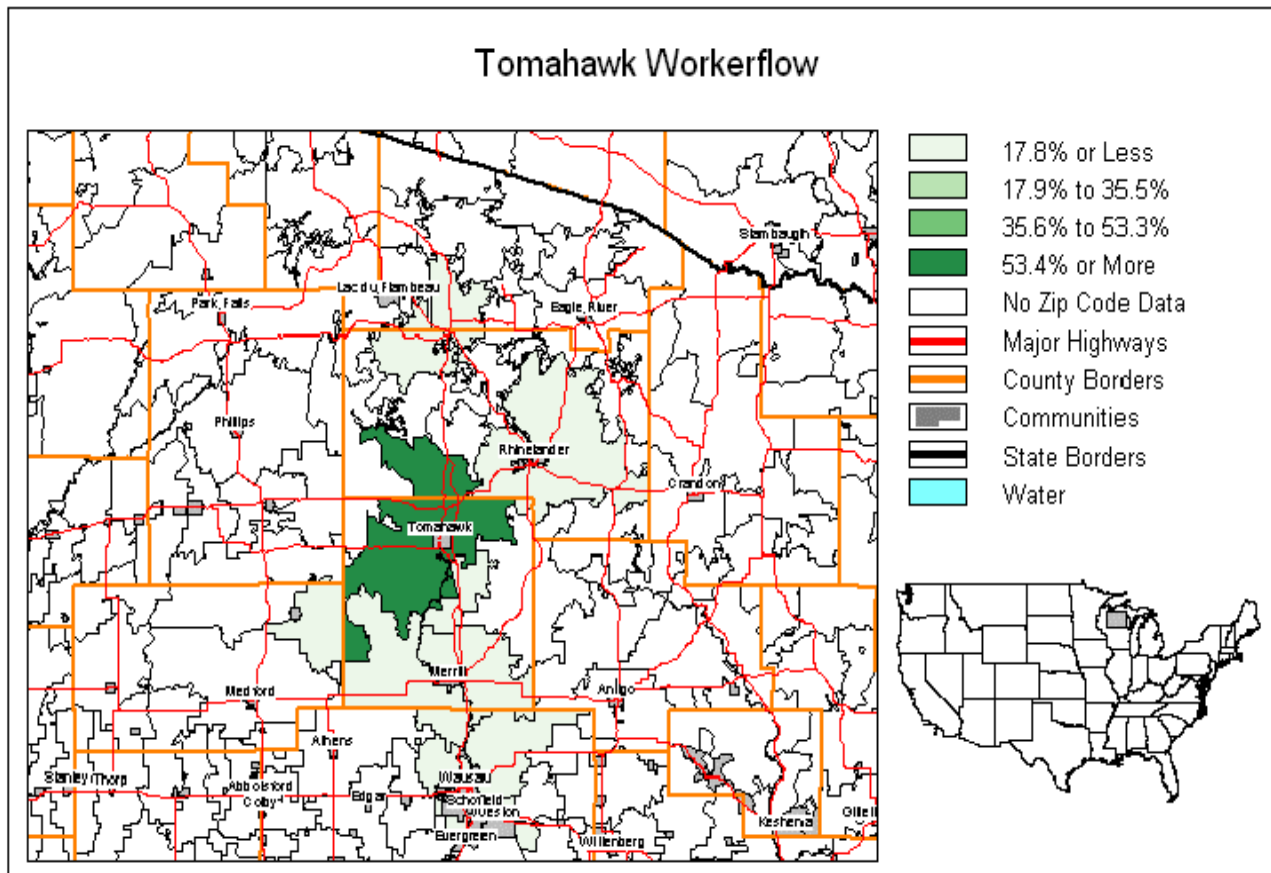
The following table shows where Tomahawk folks are working.⁴

Tomahawk city Lincoln Co. WI	948
Merrill city Lincoln Co. WI	173
Bradley town Lincoln Co. WI	163
Rhineland city Oneida Co. WI	107
Birch town Lincoln Co. WI	54
Wausau city Marathon Co. WI	40
Nokomis town Oneida Co. WI	21
Tomahawk town Lincoln Co. WI	20
Rib Mountain town Marathon Co. WI	19
Minocqua town Oneida Co. WI	16
Rib Lake village Taylor Co. WI	16
King town Lincoln Co. WI	10
Woodruff town Oneida Co. WI	9
Schofield city Marathon Co. WI	9
Portage city Columbia Co. WI	9
Crescent town Oneida Co. WI	7
Wilson town Lincoln Co. WI	7
Rock Falls town Lincoln Co. WI	7
Pelican town Oneida Co. WI	6
Ogema town Price Co. WI	6
Spencer village Marathon Co. WI	5
Hawkins town Rusk Co. WI	5
Fall River village Columbia Co. WI	5
Rothschild village Marathon Co. WI	5
Stettin town Marathon Co. WI	5

⁴ Table derived from database supplied by Andy Lewis, UW-Extension Center for Community Economic Development and is based on U.S. Census 2000 figures.

Of the 1,672 residents of working age, nearly 57% work in and around the city of Tomahawk. Of the 43% that work outside the city, 10.3% work in the county seat of Merrill approximately 23 miles to the south. Another 9.8% commute a very short distance to the nearby town of Bradley. A significant number of people (between 4% and 5%) are employed by Wausau/Rib Mountain entities located about 20 miles south of Tomahawk.

The map below shows where most Tomahawk residents are working⁵. The legend to the right of the map indicates where by percentage Tomahawk residents are working. For example, in the first category it can be said that less than 17.8% of Tomahawk residents work in that geographical area.



Most retail stores in Merrill and the other towns throughout the county also close by 5:00 p.m. on weekdays and do not open before 9:00 or in many cases 10:00 a.m. Since this is the case, and since Tomahawk stores are often closed during the times out of town workers can shop in town, it is likely that many of these workers choose to wait until the weekends to do their shopping. If they wait, more often than not, it can be argued that they are shopping in places where they can buy many goods at once so they only have to make one trip. It is primarily about convenience. However, it can also be argued that if stores in the city stay opened longer during the weekdays (which is likely the case in the Wausau area), many residents that work out of town may start to

⁵ Map derived from Trade Area Analyst Software developed by Matt Kures, UW-Extension Center for Community Economic Development. About 3% of total workers are not represented on the map.

think that shopping after work in town where their firm is located would be more convenient than having to wait until the weekend to do their shopping.

Reilly's Law

Reilly's Law is a calculation that indicates the geographic point in miles (Breaking Point) between two cities where people are equally likely to shop in either city. In the calculation below for Tomahawk and the city of Merrill, the Breaking Point is 8.75 miles. Thus, those who live 8.75 miles outside of Tomahawk are just as likely to shop there as they are to shop in Merrill. The calculation is based on four basic assumptions:

- People are attracted to larger communities to shop (willing to travel greater distances)
- Populations of the communities being studied are fairly homogenous (culturally, economically, socially, etc.)
- Peoples' willingness to travel to shop is influenced by time and distance
- Everyone shops locally for locally available goods

BP = Distance between Tomahawk and Merrill

$$1 + \sqrt{\frac{\text{Population of Larger Community}}{\text{Population of Smaller Community}}} = \frac{23}{2.63} = 8.75 \text{ miles}$$

Reilly's Law is most effective when applied to rural and similar sized communities, as is the case here. The formula does not account for things like the location of big box stores in the area, Internet shopping, regional shopping malls, and shopping as entertainment/tourism. In other words, all these factors may tend to pull shoppers outside of the 8.75 mile range.⁶

Purchasing Power; Tomahawk Area

The table on the next page depicts how much money was spent to purchase goods or services in the Tomahawk area in 2002⁷. Just over 40% of the dollars spent in the area went toward the purchase of food at home. Almost 14% of the total was spent on food purchases in restaurants

⁶ Information about Reilly's Law is taken from the manual "Community & Economic Development Preparedness In-service" by Andy Lewis and Bill Pinkovitz, UW-Extension, Center for Community & Economic Development (January 2006). Merrill is the larger city in Lincoln County. Both the Merrill and Tomahawk populations are from US Census 2004 estimates.

⁷ Source for data: University of Wisconsin-Milwaukee Employment and Training Institute, 2004. The analysis is based on 2002 Bureau of Labor Statistics Consumer Expenditure Surveys and 2000 U.S. Census data.

and other eating establishments. Apparel made up about 13% of the purchases. Housekeeping supplies and entertainment items each made up 5% to 6% of total purchases.

ZIP Code 54487		
USPS Place:	TOMAHAWK , WI	
Population 2000 Census:	10004	
Area Sq. Miles:	387.85	
Purchasing Power Profile ZIP Code 54487		
Consumer Expenditure Category	Est. Annual Expenditures	Expenditures per Square Mile
Food at Home	\$15,603,619	\$40,231
Food away from home	\$5,337,953	\$13,763
Apparel and related services	\$4,987,974	\$12,861
Television equipment, tapes disks	\$2,246,145	\$5,791
Audio equipment, CDs, tapes	\$552,271	\$1,424
Household textiles	\$342,348	\$883
Furniture	\$1,531,576	\$3,949
Floor coverings	\$161,040	\$415
Major appliances	\$755,691	\$1,948
Small appliances and house wares	\$234,044	\$603
Computer hardware and software	\$640,195	\$1,651
Miscellaneous household equipment	\$1,141,531	\$2,943
Non-prescription drugs and supplies	\$1,300,917	\$3,354
Housekeeping supplies	\$2,254,074	\$5,812
Personal products	\$1,221,594	\$3,150
Home repair commodities	\$440,735	\$1,136
Total for 16 categories	\$38,751,707	\$99,914