

RETAIL TRADE PATTERNS OF RURAL KANSANS

by David L. Darling
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As commodity dependent rural economies in Kansas have declined, there also has been a shift in retail trade activity. The most rural of Kansas communities have lost retail business to rural trade centers and major cities. This loss of trade is a long-term trend. The weight of the evidence shows that retail activity in the Midwest and Great Plains is gradually moving from small towns to larger towns and cities.

Although the trend for all retail sales is clear, it is well known that people still want to buy many goods and services close to home for the sake of convenience. Surveys of twenty-three Kansas communities, ranging in size from Independence (population 10,370) to Attica (population 766) made it possible to compare and contrast buying patterns across communities. The survey data is summarized in the accompanying table.

The data collected from the surveys highlights five factors which contribute to Kansas consumers' decisionmaking regarding where to shop and the relative importance of these factors. The five factors are: selection, price, convenience, service, and quality. The first two factors, selection and price, contribute to the rise in out-of-town purchases. Convenience and service contribute to hometown purchasing. It is curious that quality was ranked fifth as a contributing factor determining where purchases are made.

Of the 34 categories of merchandise used in the analysis, only 10 were categories of merchandise for which more than 50 percent of the purchases were made out of town. Eight of these 10 items are relatively minor items in the household budgets of Kansas consumers. The two exceptions are expenditures on vehicles and discount store purchases.

The products that respondents selected because of service and convenience include purchases which would constitute a relatively substantial part of a household's budget and probably would generate considerable economic activity within the community. For example, most people spend more for car repairs, a service purchased at home, rather than shoes, a product more likely purchased out of town. Community leaders and local business people tend to pay too much attention to the loss of trade in goods and too little attention to the opportunities to increase

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trade in services.

Contributing to the move toward more out-of-town shopping is the increased mobility and opportunity for travel to major metropolitan areas or even to the nearest city with a regional mall. Today, people have many reasons to travel. They travel for both business and pleasure. They travel to take their children to college, their aging parents to regional medical facilities, and their families to a city for a Christmas shopping outing. In addition, they travel and shop as recreation.

It is not surprising to find that residents of large communities are more likely to shop in their own communities, and residents of small communities are more likely to shop out of town. Another pattern found was that there is a positive correlation between age and shopping locally. This implies that price is less important to older people while service and convenience are more important, even for such items as clothes and shoes.

The survey data obtained from these 23 Kansas communities indicate that consumers want and expect to buy most services and a high proportion of goods locally. They shop locally because it is convenient. They shop out of town to find items they cannot

Table – Shopping Patterns in Twenty-Three Small Kansas Communities

Product	Average Percent Bought Locally	Communities Asking About Product	Motivation For Prime	Location of Purchase Second
Shoes	20.4	23	selection	price
Clothes for Children	25.7	23	price	selection
Clothes for Men	26.6	23	selection	price
Clothes for Women	27.3	23	selection	price
Sporting Goods	33.4	23	selection	price
Discount/Variety Items	40.0	09	price	selection
Books and Magazines	42.7	19	convenience	selection
Furniture	43.0	23	selection	convenience
Crafts Products	44.9	13	selection	convenience
New and Used Vehicles	46.9	23	convenience	price
Electrical Appliances	54.4	23	convenience	price
Optometrist's Services	56.9	16	convenience	service
Restaurant Meals	61.9	23	convenience	selection
Photography	61.9	10	convenience	price
Dental Services	64.1	23	convenience	service
Over-the-Counter Medicine	68.4	17	convenience	price
Lawn and Garden Products	64.2	12	convenience	price
Physician's Services	69.7	23	convenience	service
Accounting/Bookkeeping	70.2	18	convenience	service
Tobacco Products	70.4	13	convenience	price
Groceries	71.7	23	convenience	price
Auto and Truck Parts	72.4	21	convenience	price
Lumberyard Products	73.1	23	convenience	price
Prescription Medicine	75.1	22	convenience	price
Hardware Items	75.6	23	convenience	price
Vehicle Repairs	75.8	23	convenience	service
Insurance	78.6	23	convenience	service
Florist	79.9	10	convenience	service
Agricultural Inputs	79.9	17	convenience	service
Alcoholic Beverages	81.1	13	convenience	price
Hair Care	82.6	21	convenience	service
Banking Services	85.4	23	convenience	service
Fuel for Vehicles	87.8	19	convenience	service
Plumbing Services	89.6	13	convenience	service

find locally or to find a better selection of items than is available locally. They also shop out of town in search of lower prices.

A Possible Response

It is important to remember that while dollars flow from rural communities to larger cities, they can also be made to flow from larger cities into small communities. Local merchants would be wise to design special events to attract outsiders to town. Each event might be imaginatively packaged to include a set of desirable experiences along with attractive merchandise and services. The growing tourist industry has attracted millions on this formula: a fun-filled event, good food, friendly people, interesting specialty shops, surrounded by a colorful environment will make people remember their visit as a pleasant and enjoyable experience. A number of rural communities have been building their economies in this fashion for years. In Kansas, the market for interesting places to visit in rural areas is just beginning to be developed.

For More Information:

The original article appeared in *Kansas Business Review* which is a periodical published by the University of Kansas. The volume it was published in came out in 1989 in Volume 12, Number 3.

James Vassar and David Darling have documented the relative decline of rural areas in "Kansas' County Pull-Factor Analysis: 1982-1987," *Kansas Business Review*, Fall, 1987, Lawrence, KS: University of Kansas. A copy is available from David Darling.

Kenneth Stone has documented long-run trends in "Impact of the Farm Financial Crisis on the Retail and Service Sectors of Rural Communities." Presented at the American Agricultural Economics Association Symposium on Farm Debt Stress, Kansas City, Missouri, November 1986. A copy is available from the author who is a professor in the Department of Economics at Iowa State University.