

Z
State Planning
Board
Business...

Business-Iowa

IOWA STATE PLANNING BOARD

BUSINESS SURVEY
OF
NORTHWEST IOWA

STATE LIBRARY COMMISSION OF IOWA
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PROJECT -- 1040

Business Survey of Northwest Iowa

During the last half of the month of October (1934) four members of the staff of the Committee on Business and Industry of the Iowa State Planning Board conducted a survey of four counties in the northwest corner of the state to test the practicability of forms and procedures then being devised for use in a state-wide survey. Time would not permit a complete survey of these counties, but sufficient information was gathered to permit analysis of several types of data. In the following report, emphasis has been placed upon methods of analysis rather than the conclusive nature of the findings. The incomplete nature of the data has made many of the conclusions tentative. It is felt, however, that when the more adequate returns from the state-wide survey are available, such analyses may afford positive conclusions.

Area and Extent

The counties surveyed form an irregular rectangle of approximately 65 by 45 miles. The area is located in the northwest corner of the state.

Economic development in the area is almost entirely agricultural. Practically all the land is in farms devoted principally to corn, oats, hay and pasture. Most of the farm production is fed to meat animals - hogs, cattle, and sheep - which provide the major source of farm income. The section is recognized as one of the most productive areas of the state and was found to be relatively prosperous at this time because the summer drought had been less severe here than in many other sections of the corn belt.

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Trading centers of the area are generally of small population and widely distributed. No significant locational advantages, natural or historic, favor one town over another. The land is substantially level except for a narrow belt along the west margin of the area. Transportation is easy and all-weather (gravel) roads form a close network over all the counties.

Size and Location of Sample

Approximately one thousand interviews were obtained, of which about 600 were in incorporated towns and villages, and the remainder along rural highways. The location of each enumeration is shown in Chart 2.

Method

Both urban and rural consumers were interviewed by enumerators, and each reply was recorded on an appropriate form. (See Forms 10E and 11E.) No names were taken, but each form was given a number which was recorded on a county map at the approximate location of the interview. Each person was assured of the confidential nature of the information.

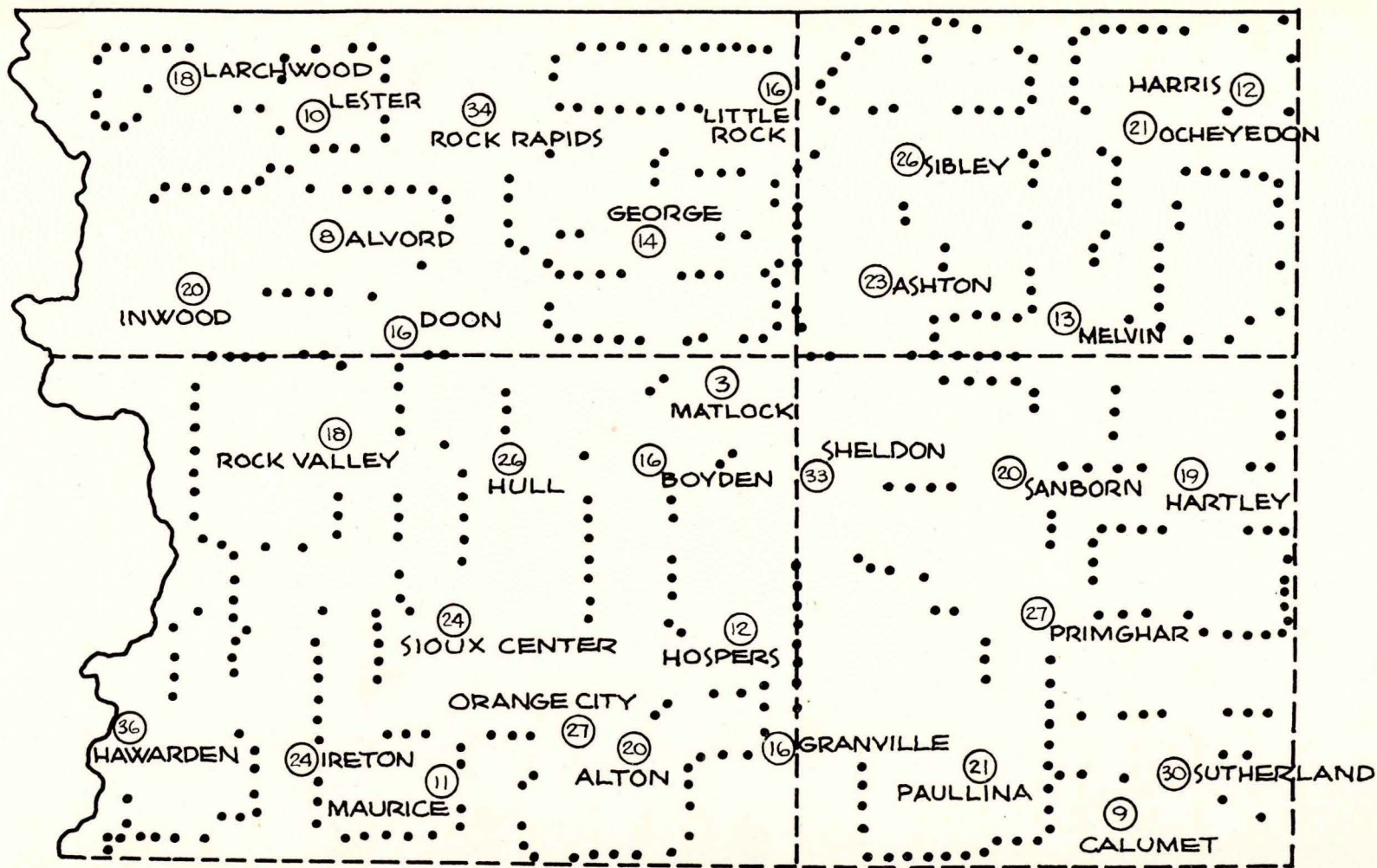
Upon completion of the enumeration, forms were arranged by towns and rural routes and the information tabulated on maps and forms.

Rural Trading Areas

Trading Areas for Specific Commodities:

Charts 3-10 show the trading areas for eight commodities as indicated by returns compiled from enumerations in the farming areas. The boundaries of these areas are, of course, drawn entirely too sharply, but they represent

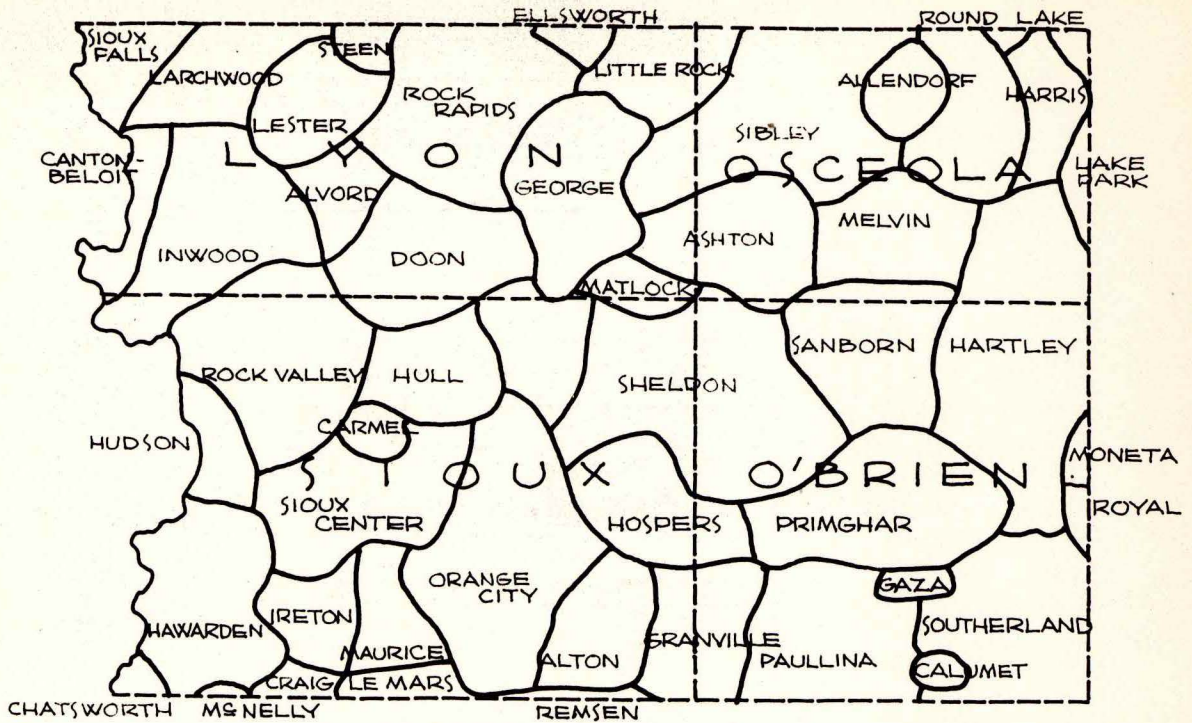
CHART 2



RESIDENCES OF PERSONS ANSWERING
QUESTIONNAIRES

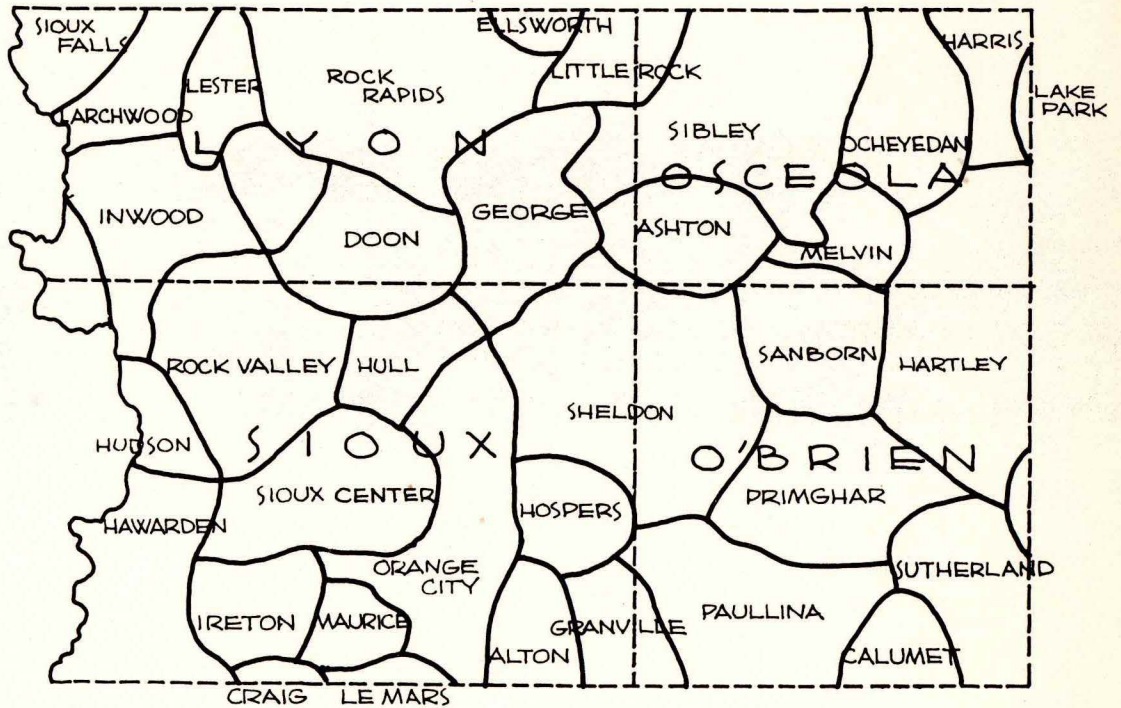
FIGURES IN CIRCLES INDICATE NUMBER OF
RETURNS IN TOWNS & VILLAGES

CHART 3



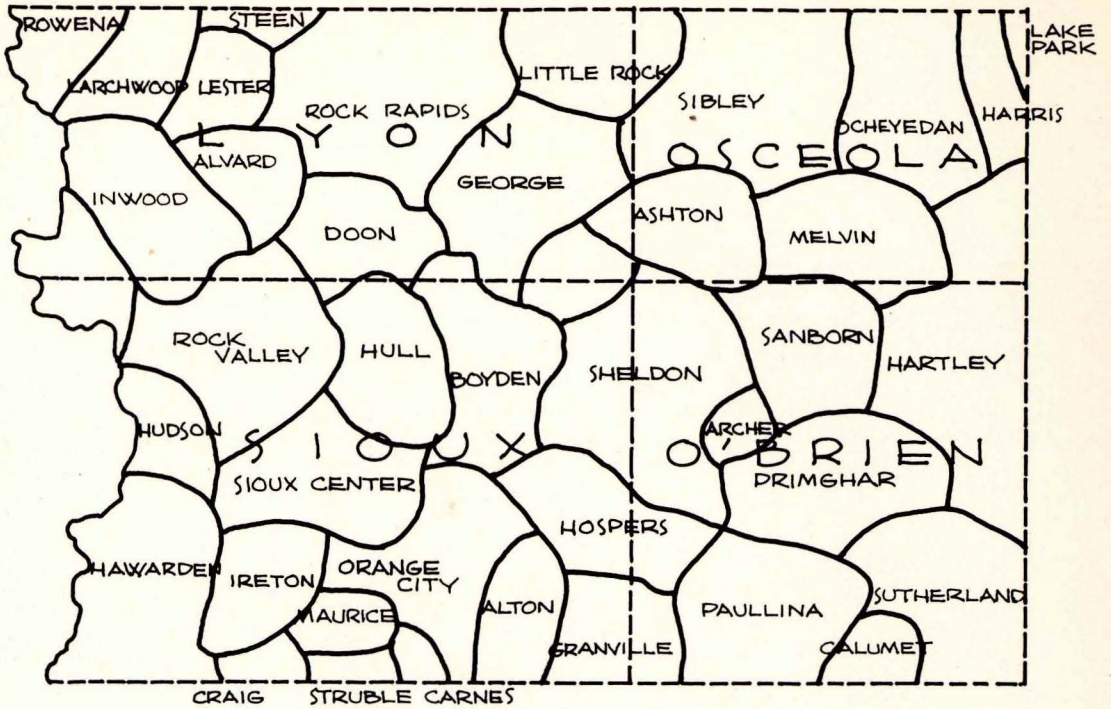
RETAIL GROCERY TERRITORIES
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CHART 4



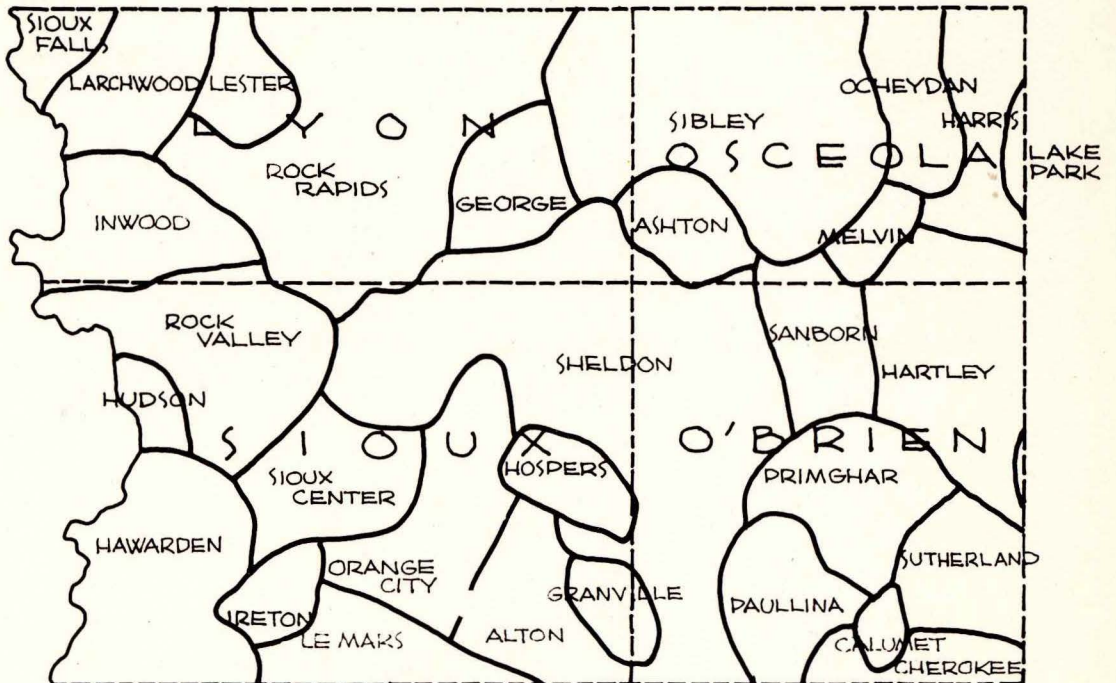
DRUGS AND MEDICINES
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CHART 5



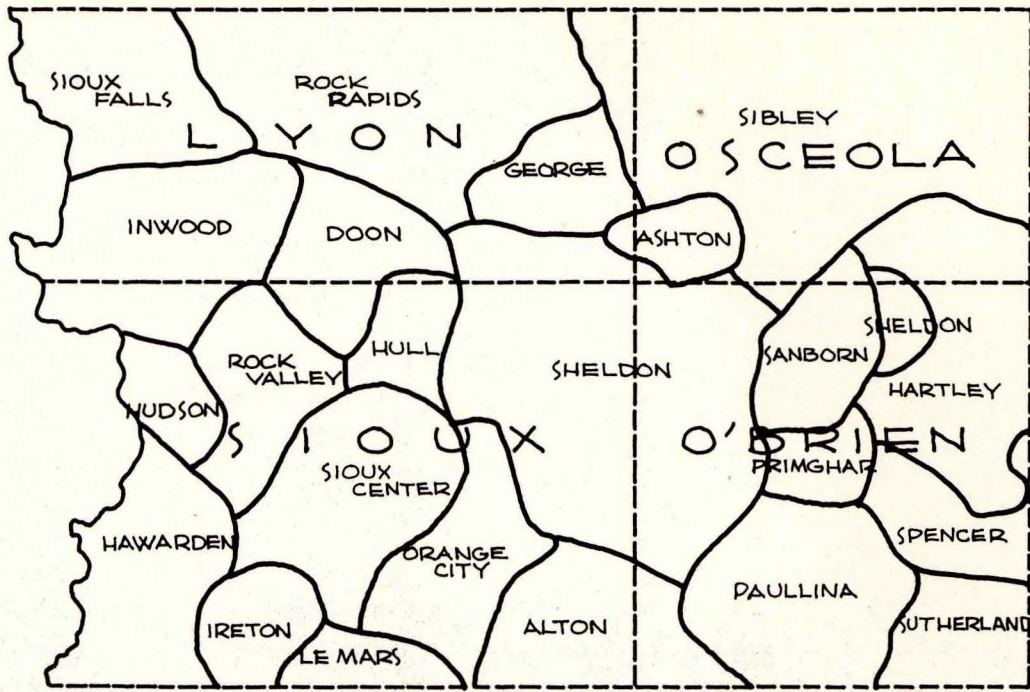
MARKETING AREAS
 FOR CEMENT & LUMBER
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CHART 6



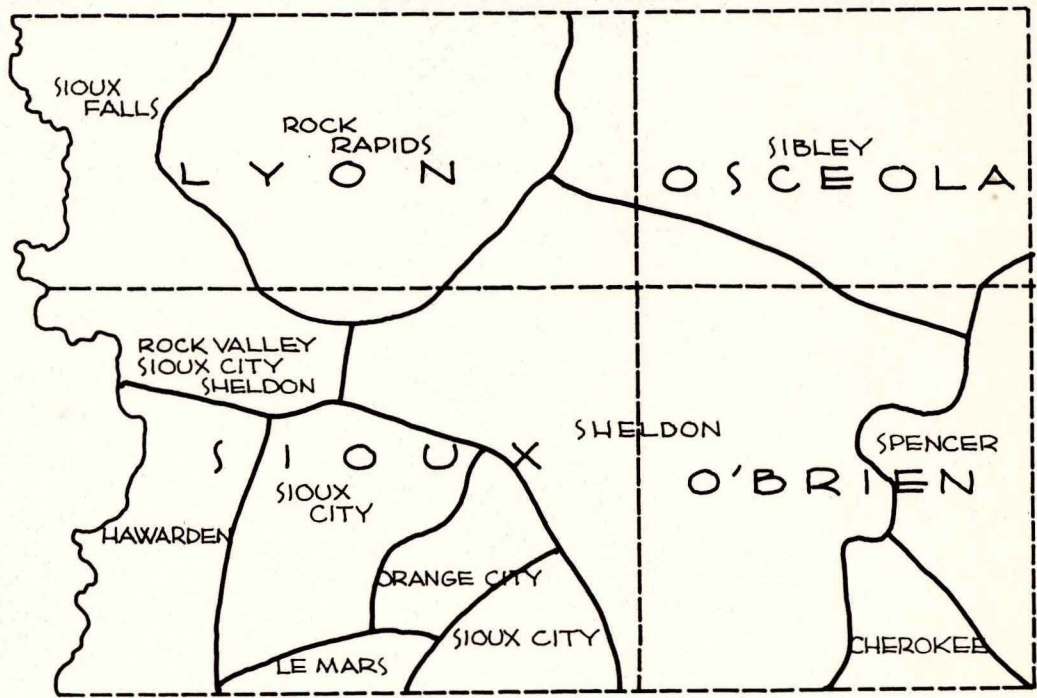
MARKETING AREAS FOR OVERALLS
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CHART 7



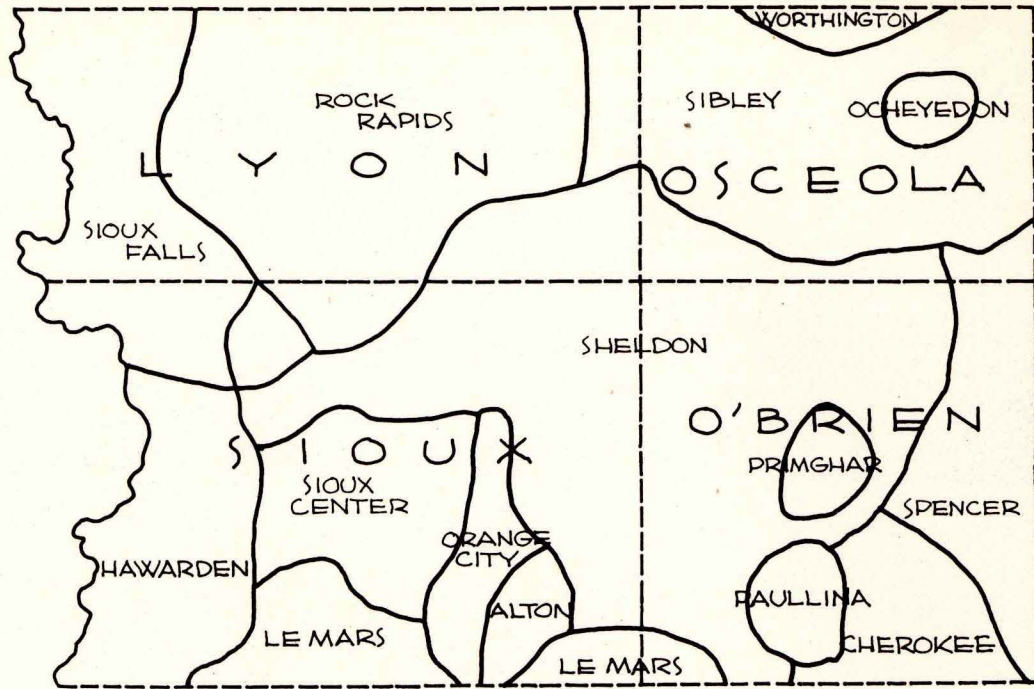
MARKETING AREAS FOR FURNITURE
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CHART 8



MARKETING AREAS FOR MEN'S SUITS
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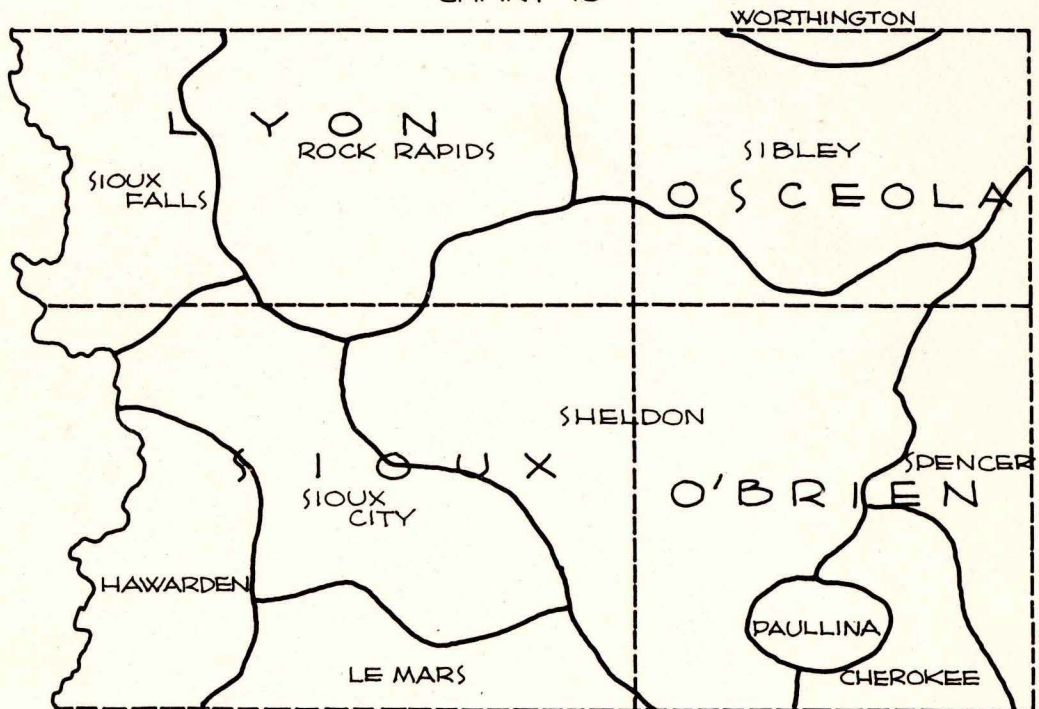
CHART 9



MARKETING AREAS FOR WOMEN'S SHOES

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CHART 10



MARKETING AREAS FOR WOMEN'S CLOTHING

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approximately average conditions. Points of actual enumeration determine the general shape of these areas, but between these points boundaries were necessarily estimated.

Convenience Goods:

Groceries were included in the enumeration as an item whose classification as a convenience good based upon consumer buying habits is unquestionable. As trading areas were defined, however, it was discovered that two other items, (1) lumber and cement, and (2) drugs and medicines have similar trading areas. In consequence, these three items were averaged in determining convenience goods areas in the summaries which follow. (Chart 11)

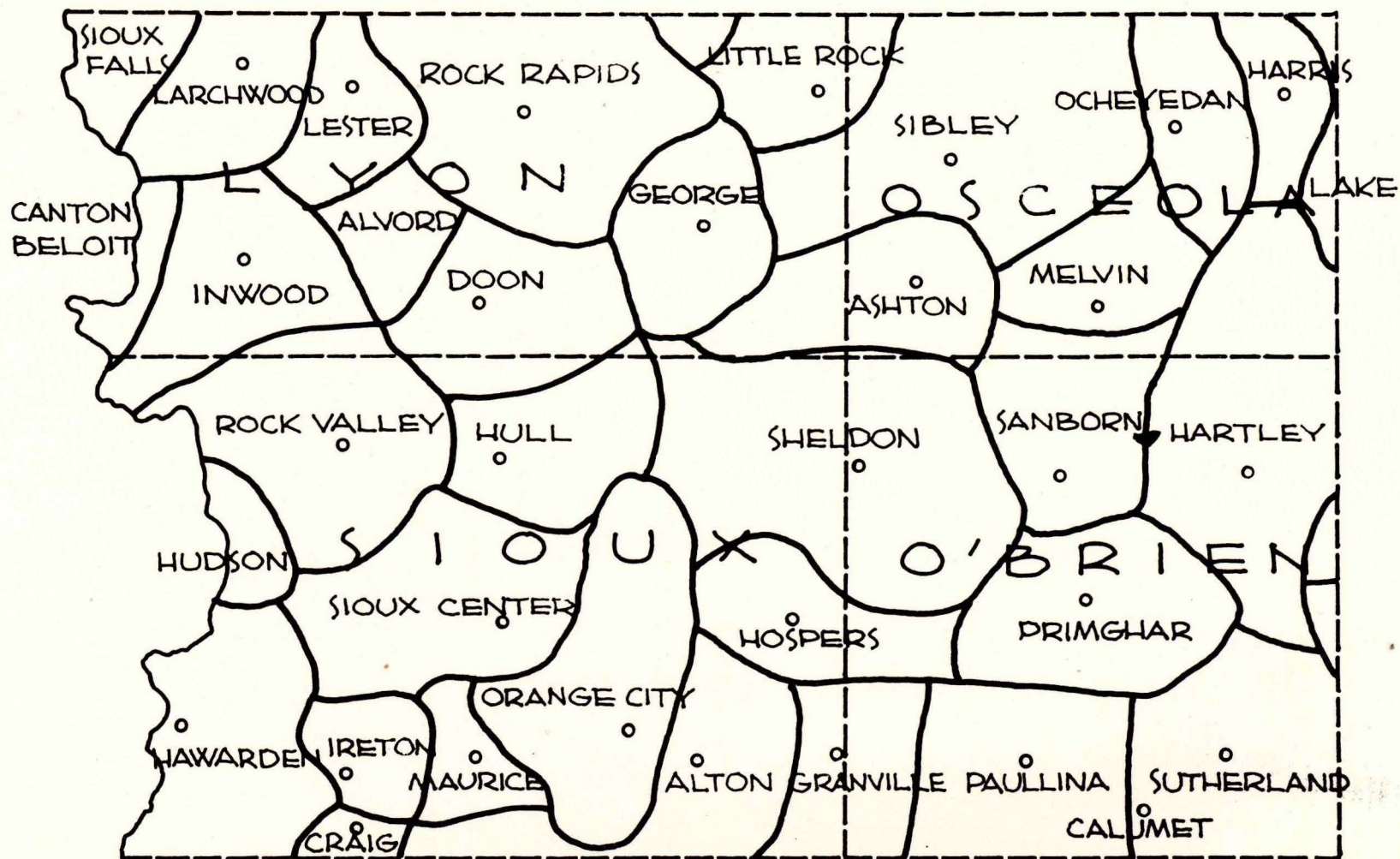
Areas for these three items break off with remarkable sharpness and the percentage coverage by each town for its convenience goods areas is nearly one hundred.

Maximum Extension of Convenience Goods Areas.

In attempting to answer the merchant's question, "How far can I expect to extend my trade territory?" a calculation of the actual highway mileage from the most remote portion of each area was made for each of the three types of convenience goods. The figure obtained represents not the average journey for such goods but the mileage traveled from the most distant portions of the various areas. These mileages were then arranged in frequency curves and further classified according to size of towns. (Charts 12 and 13, and Table 1.)

From the curves it is apparent that the average maximum extension of these territories is about $6\frac{1}{2}$ miles: 6.4 miles for lumber and cement,

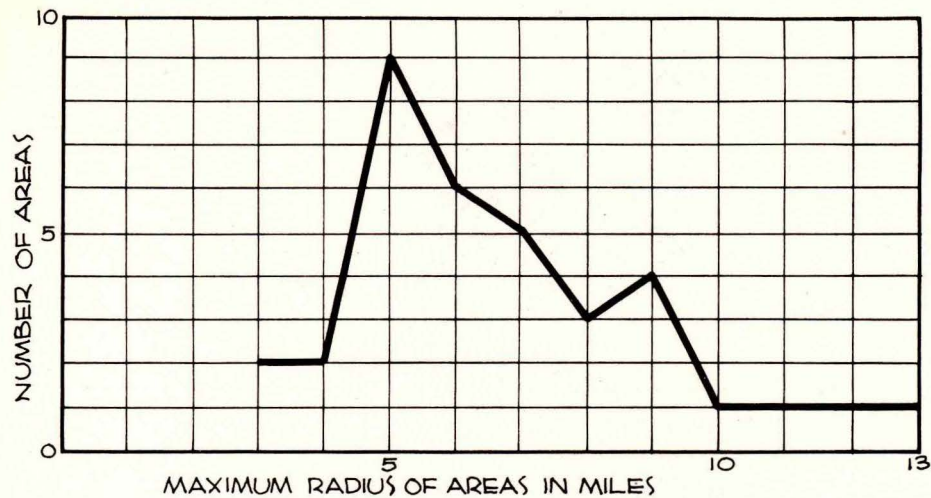
CHART II



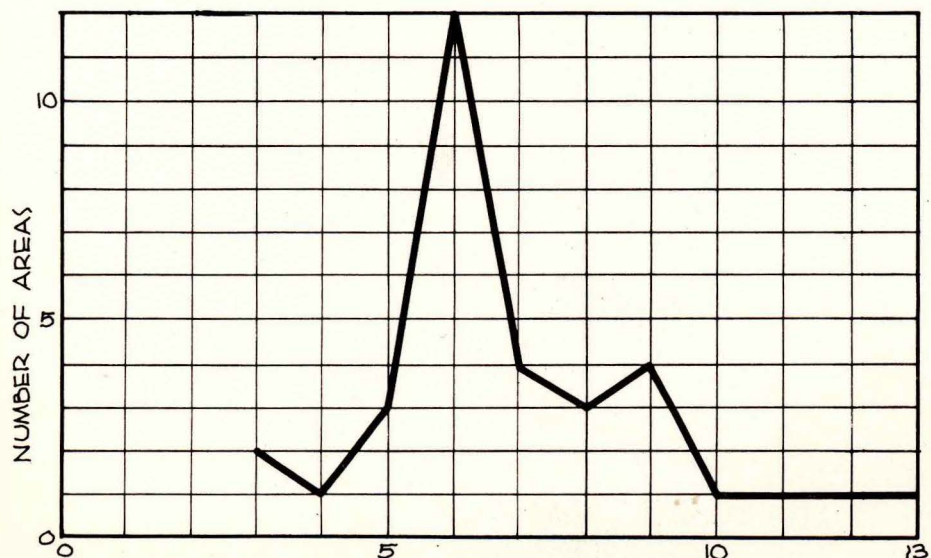
CONVENIENCE GOODS TRADING AREA

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CHART 12

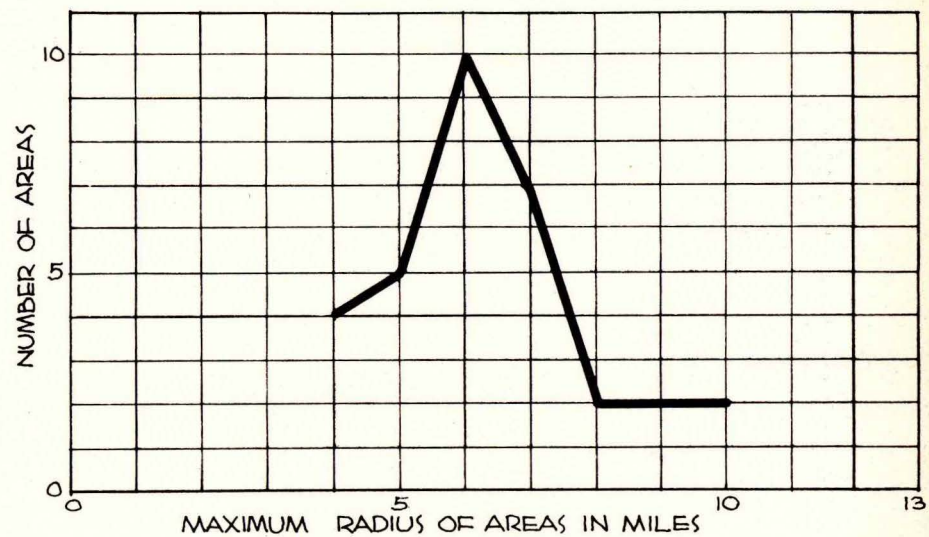


GROCERIES

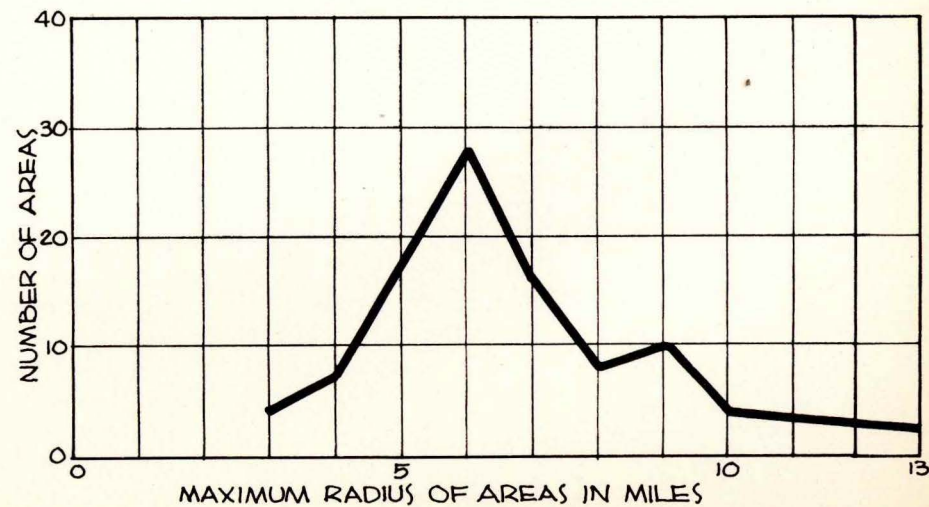


DRUGS & MEDICINES

CHART 13



LUMBER & CEMENT



TOTAL

6.5 miles for groceries, 6.7 miles for drugs, and medicines.

The size of town influences the average maximum distance as indicated in Table I.

Table I
Average Maximum Extension of Trading Areas,
by Size of Towns

Population	Lumber and Cement	Groceries	Drugs and Medicines
Under 500	5.3 miles	4.7 miles	5.0 miles
500-999	5.9 "	5.8 "	6.0 "
1000-1499	7.1 "	7.5 "	7.3 "
1500-3500	8.0 "	9.6 "	9.7 "

Shopping Goods:

Three shopping goods items were included in the enumeration. Striking similarities were discovered in the areas for men's suits, women's coats and dresses, and women's shoes. Two other items, furniture and overalls, show generally smaller areas. Overalls apparently are either convenience or shopping goods, depending upon the circumstances attending the purchase. The data on furniture are considered unreliable because of the infrequency of purchases of large items (often 20 years) and the great variety of small items (small rugs, radios, etc.) upon which reports must be based. In consequence of this experience, furniture was eliminated from the list of items to be enumerated in farm areas of the remainder of the state.

The three clothing items were averaged to determine shopping goods areas for each city, and where such areas appear in the analysis, they were determined upon this basis. (Chart 14) Shopping goods areas are more difficult to determine than those for convenience goods. A considerable over-lapping is noticeable near the borders of each area. These borders should probably be drawn as a zone at least three miles wide. No territory has been included in a city's shopping goods area, however, unless at least one-half its trade is attributable to that city. In the aggregate, cities have at least 85 per cent of the shopping goods trade of their areas as here defined.

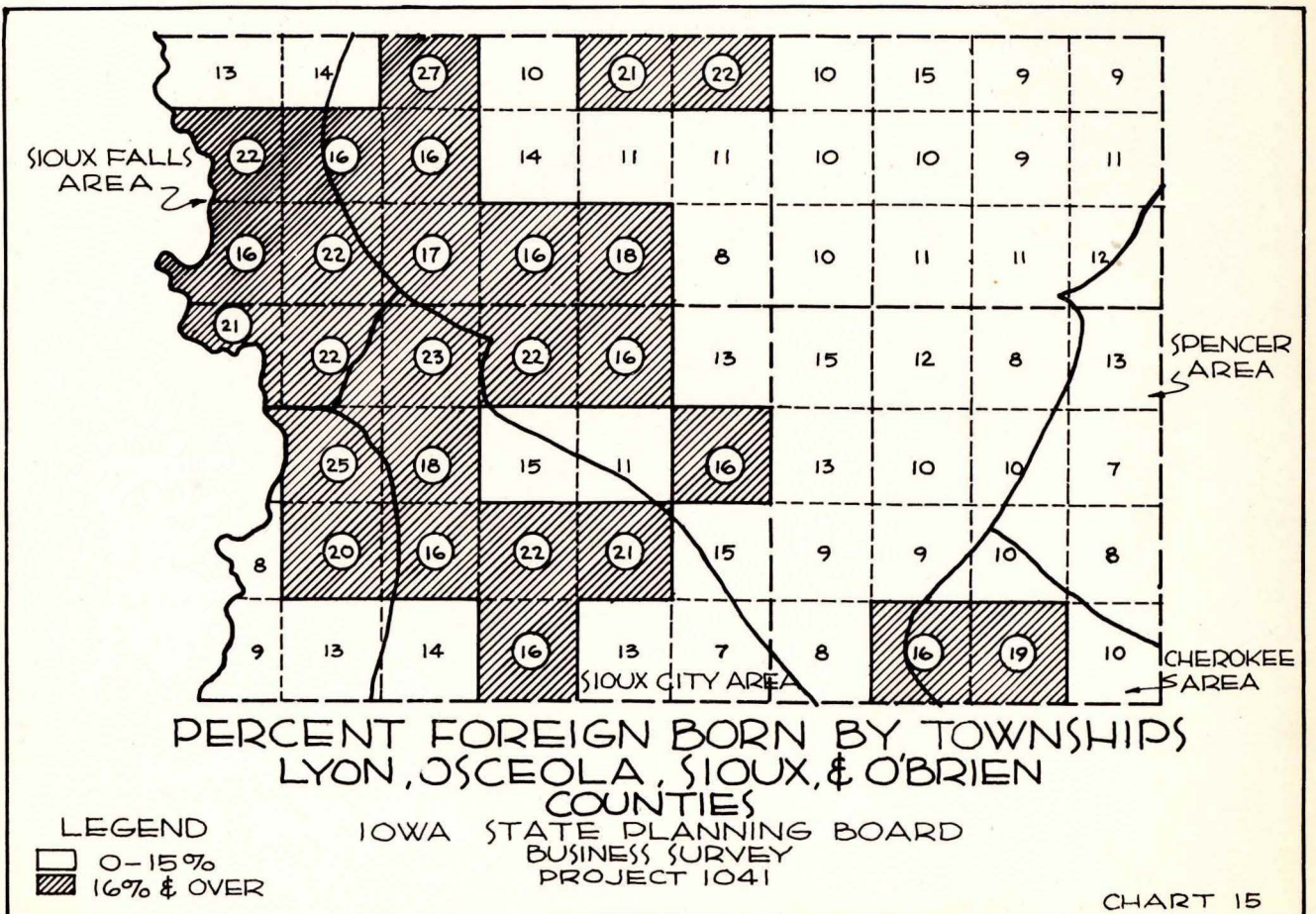
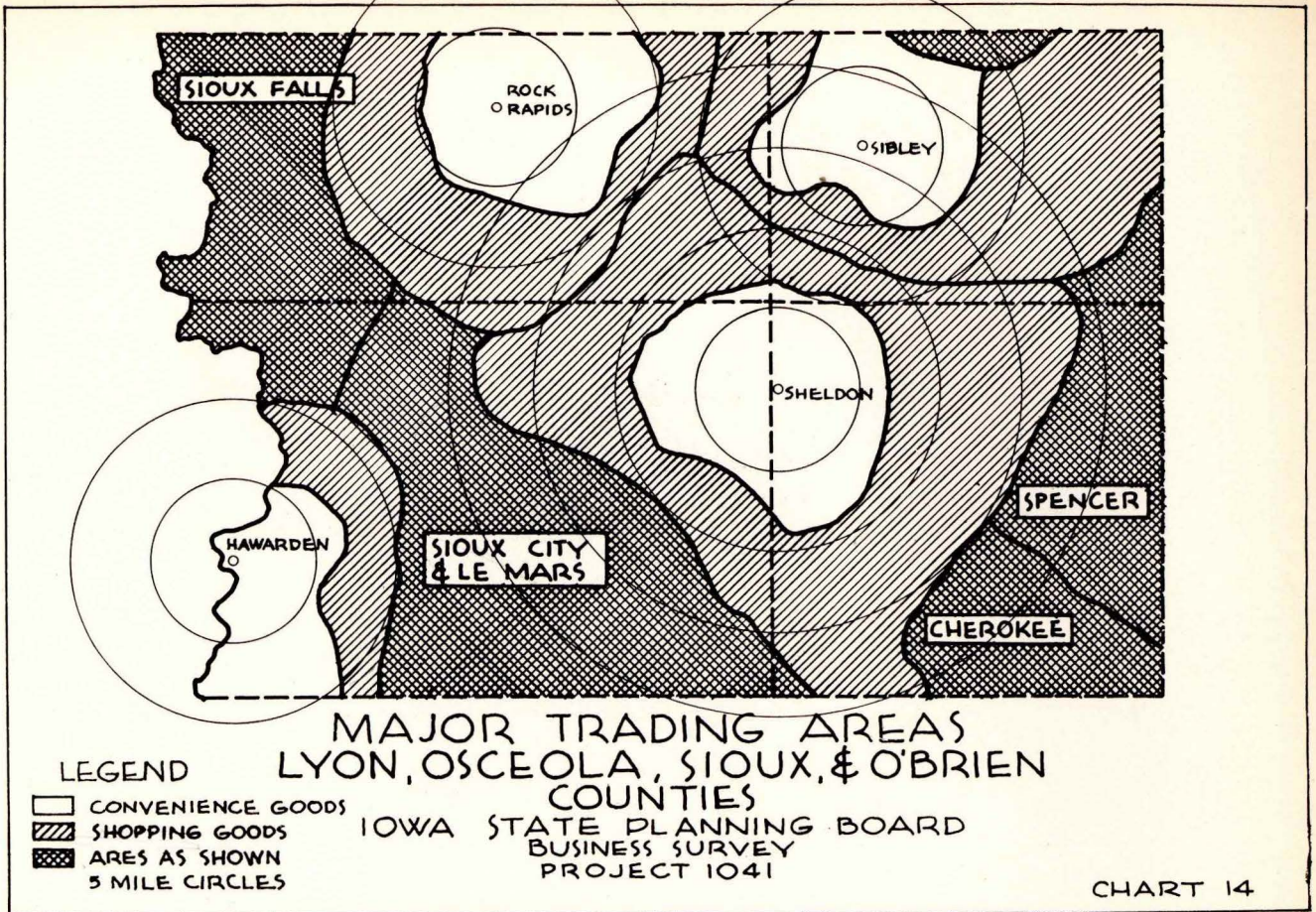
Reasons for Choice of Trading Center:

Farmers nearly always designated as their chief trading center the town in which they buy groceries. When asked the reasons for their preference, the following replies were obtained:

Nearness	70.3%
Credit	.1
Better Stock of goods	22.1
Better roads	.0
Lower prices	2.4
Miscellaneous	<u>5.1</u>
Total	100.0%

Factors Influencing the Shape of Shopping Goods Areas:

Once shopping goods areas are determined, it becomes possible to examine those factors which might possibly influence the configuration of their boundaries.



Highways. In Chart 1 the principal highways and major shopping areas for towns outside the district are shaded; solid lines indicate paved roads, broken lines gravel. The paved highway into Le Mars and Sioux City may have been effective in restricting the westward extension of the Hawarden area, but in other cases one finds scant basis for similar conclusions. In this area, at least, improved roads cannot be said to be a major factor in the extension of shopping goods territories.

Nativity. Much of this section was originally settled by immigrants from Holland, and the number of foreign-born is still large in the western counties where the language, customs and church organization are generally maintained today. (Chart 15.) No correlation was found, however, between the percentage of foreign born and the shape of shopping goods areas.

Markets for Farm Produce. All enumerated farm residents were also asked the name of the town in which farm produce is marketed. Farm produce marketing areas were drawn for each of four major products. (Charts 16-19.) These data, while subject to interesting interpretations leading to valuable conclusions, throw little light on the trading habits of farmers. In this territory eggs and poultry are generally marketed in nearby towns, and market areas for these products resemble the grocery territories. Cream is marketed from longer distances, chiefly because of the presence of numerous cream routes over which creamery trucks pick up this product on regular schedule. Hog and cattle areas show a general blanketing by two nearby meat-packing centers, Sioux Falls and Sioux City, with small local areas appearing in certain localities. Little or no correlation exists between the shapes of these areas and those for shopping goods.

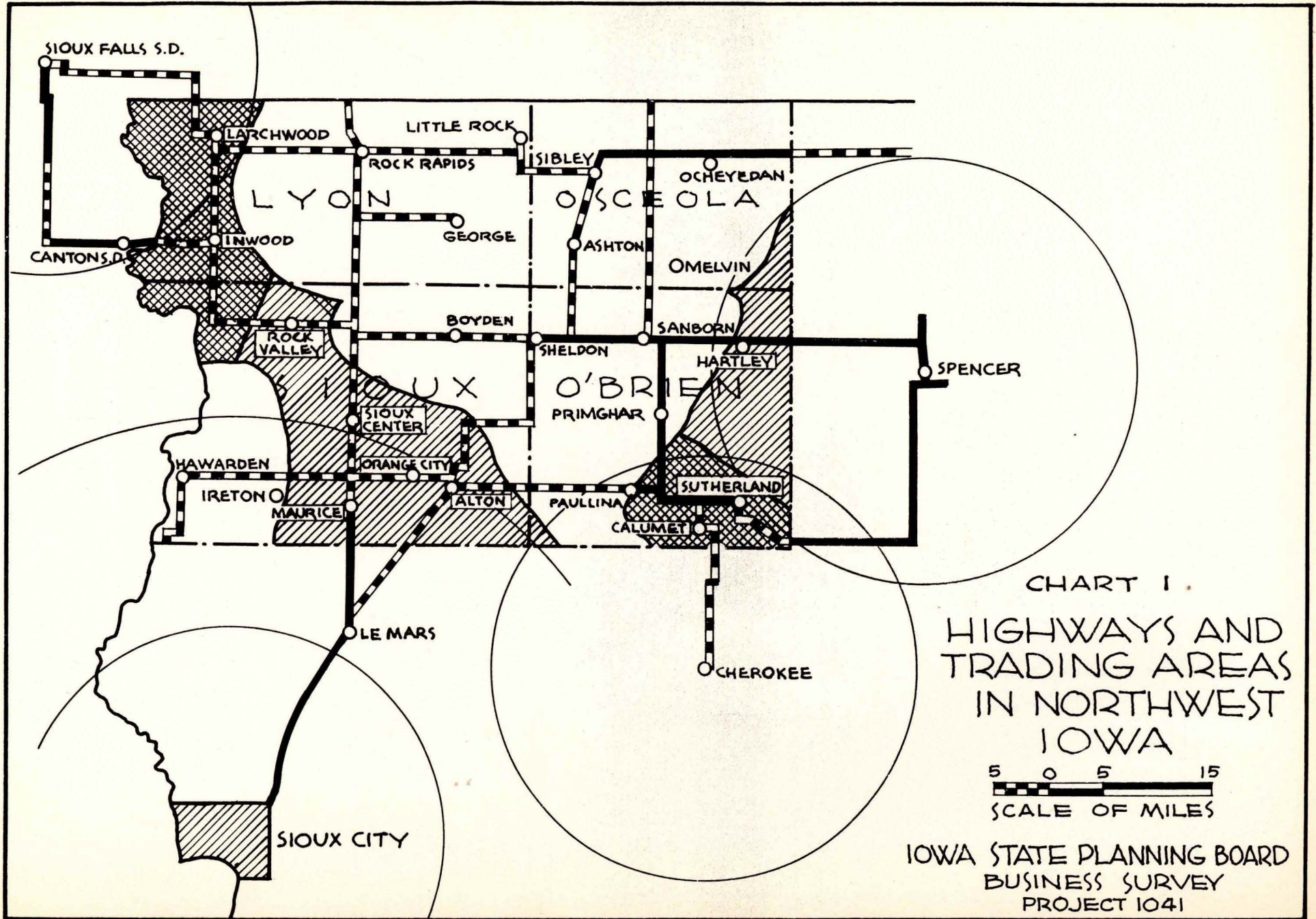
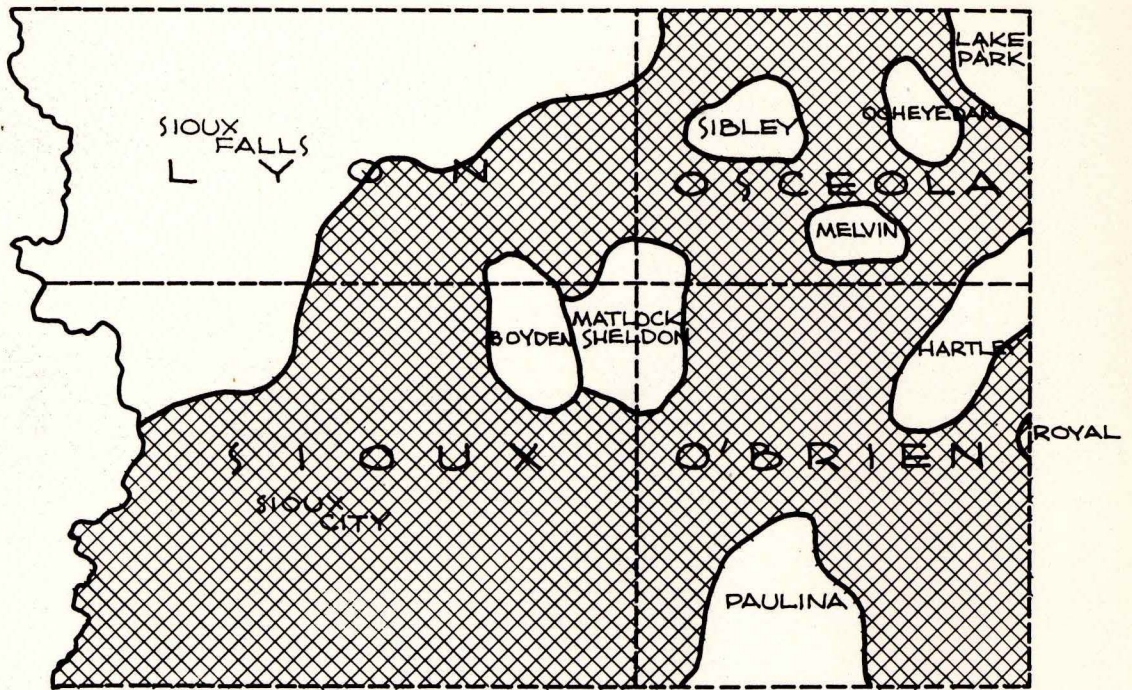


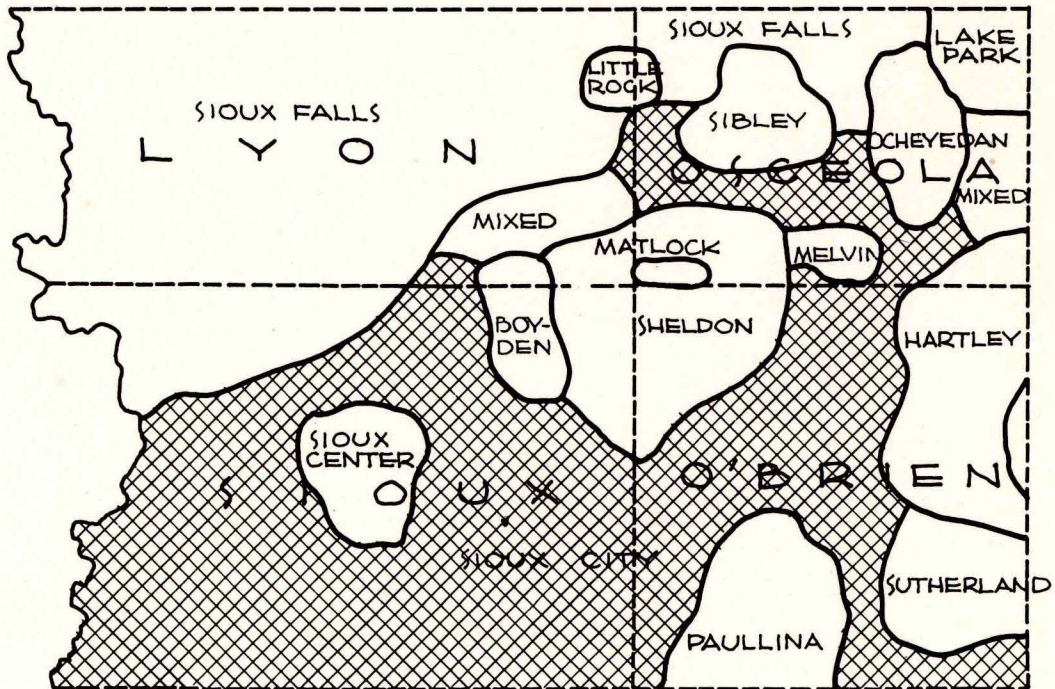
CHART 16



MARKETING AREAS FOR CATTLE

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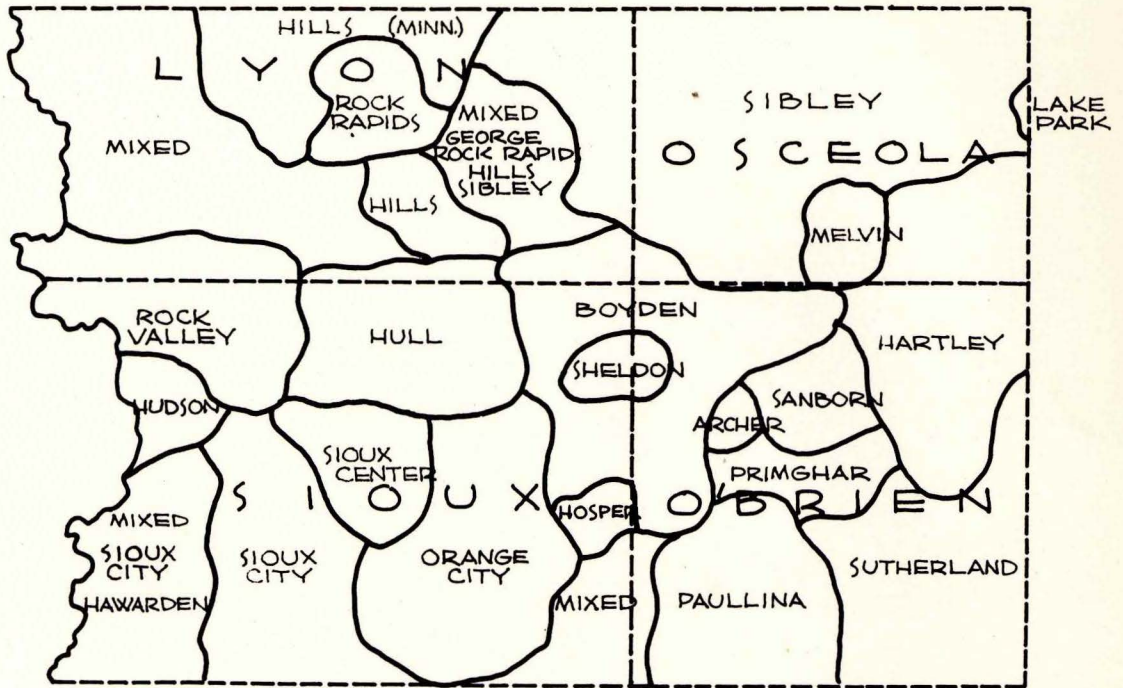
CHART 17



MARKETING AREAS FOR HOGS

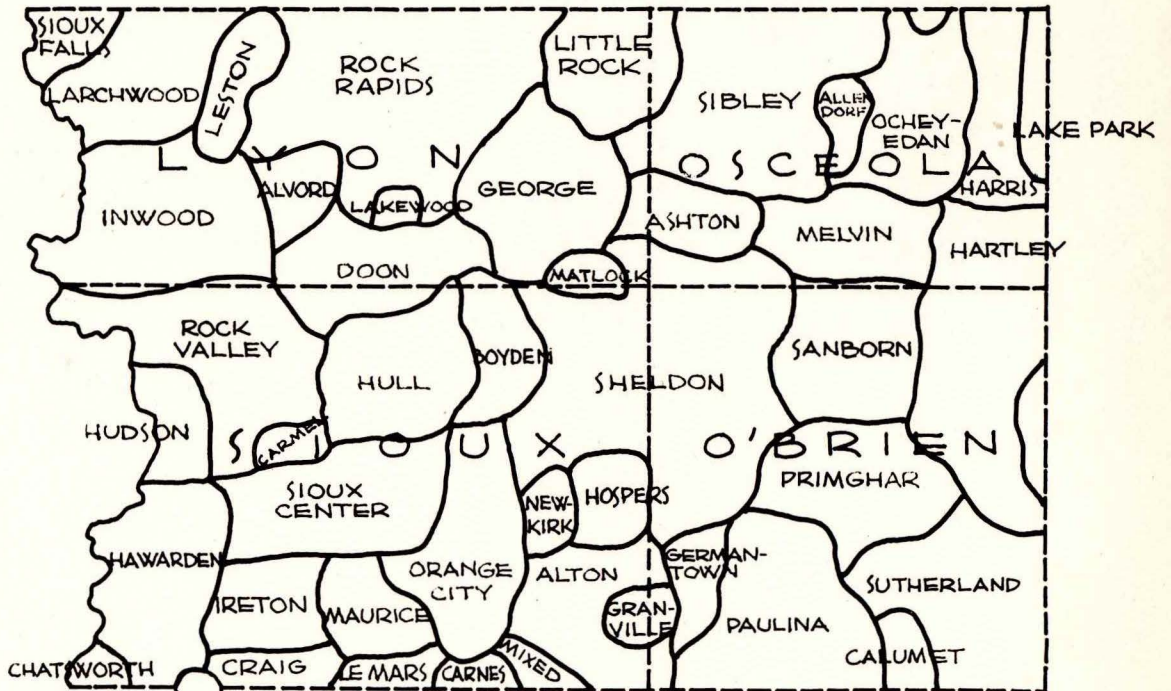
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CHART 18



MARKETING AREAS FOR CREAM
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CHART 19



MARKETING AREAS FOR EGGS & POULTRY
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Trading Habits in Towns and Villages

The northwest Iowa area has many small towns and villages but no major centers. The largest town, Sheldon, has a population of about 3300. Commercial interests predominate. Manufacturing is of purely local character and only slightly developed. There are no mines or quarries. These towns exist almost solely as service centers for neighboring agricultural areas.

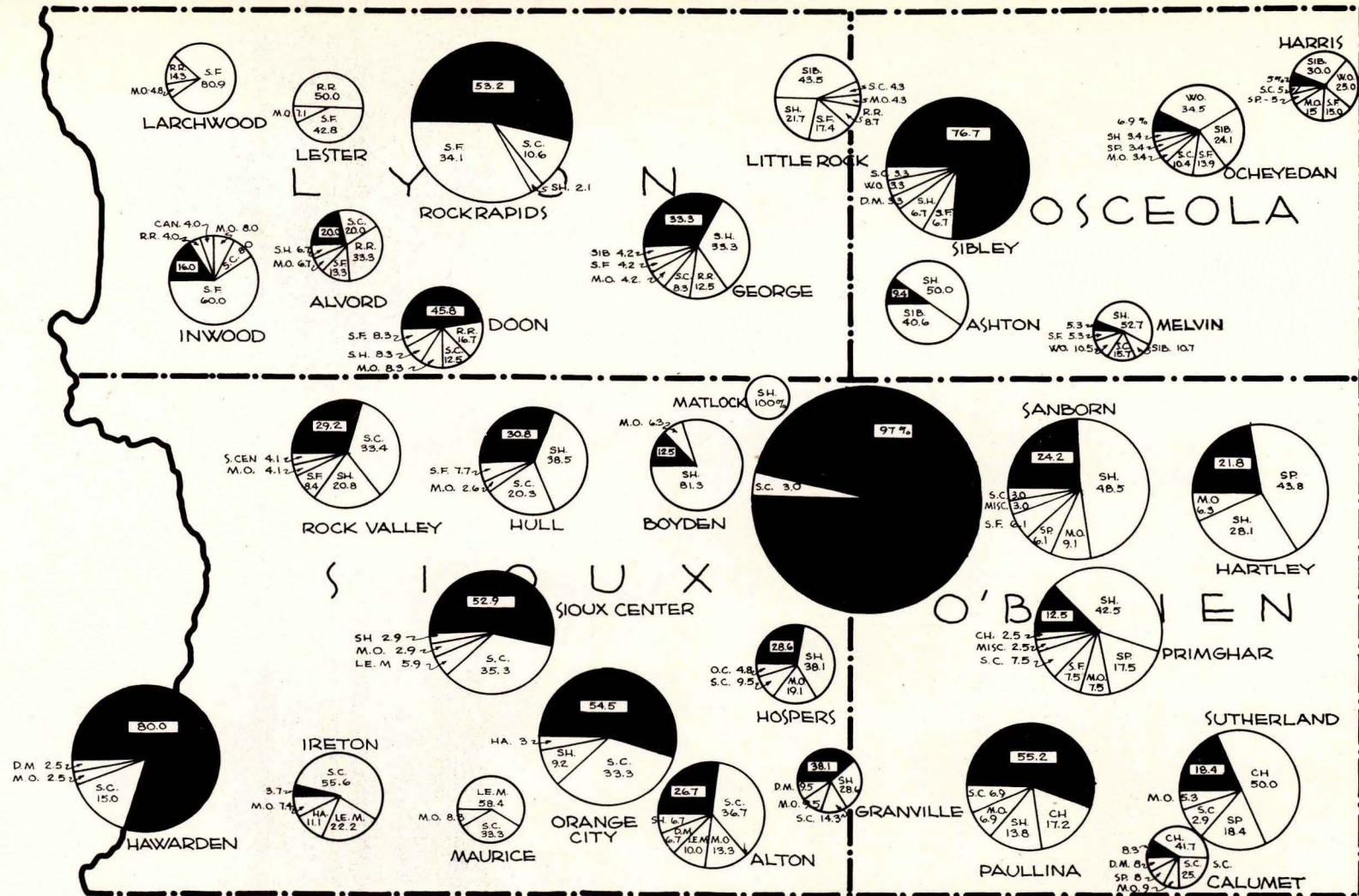
The town and village sample is not large. (Chart 2.) Many of the calculations derived from it are therefore subject to criticism and the conclusions are by no means final. It is felt, however, that they provide a fair test of the methods involved.

Division of Town and Village Trade

In the accompanying maps (Charts 20-21) the trade of each town for two typical types of shopping goods has been analyzed. The population of each is proportionate to the area of its circle. Home trading is shaded black and the percentage of trade going to outside centers is labeled in each case.

This information is subject to a variety of interpretation. The most logical conclusion is that the percentage of home purchases varies with the size of town. The influence of improved highways apparently is minor. That certain towns show particular strength in some lines is obviously the result of peculiar local conditions. This popularity with local residents was not always repeated in rural areas, however, as indicated in the date for men's suits in the southeast county of the area. (c.f. rural trading areas for men's suits, Chart 8.) It is also evident that town

CHART 20



LOCAL & OUTSIDE PURCHASES OF WOMEN'S COATS & DRESSES

LYON, OSCEOLA, SIOUX & O'BRIEN COUNTIES

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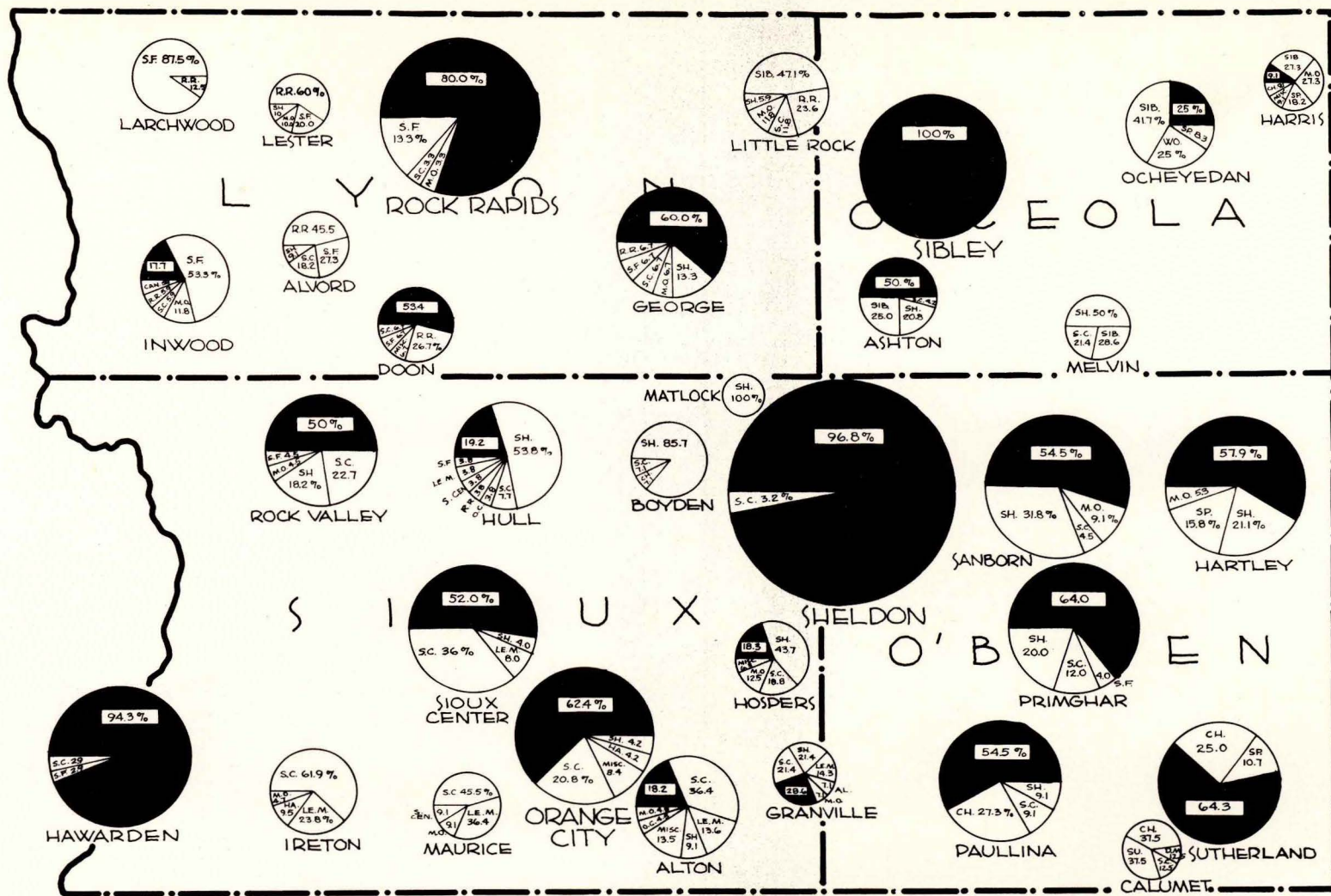
HOME TRADING
 OUTSIDE TRADING
 S.H. SHELTON
 S.C. SIOUX CITY
 CH. CHEROKEE

S.F. SIOUX FALLS
 S.P. SPENCER
 R.R. ROCK RAPIDS
 L.E.M. LE MAR
 HA. HAWARDEN

D.M. DES MOINES
 O.C. ORANGE CITY
 S.C. SIOUX CENTER
 M.O. MAIL ORDER
 SIB. SIBLEY

CAN. CANTON
 AL. ALTON
 SU. SUTHERLAND
 WO. WORTHINGTON
 MINN. MINN.

CHART 21





LOCAL & OUTSIDE PURCHASES OF MEN'S SUITS

LYON, OSCEOLA, SIOUX & O'BRIEN COUNTIES

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BUSINESS SURVEY

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 HOME TRADING
 OUTSIDE TRADING
 S.H. SHELDON
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 AL. ALTON
 SU. SUTHERLAND
 WO. WORTHINGTON MINN.

residents commonly travel farther for shopping goods than do residents of farm areas. This tendency for long shopping trips is most pronounced in the case of furniture (not charted) much of which is purchased in Sioux City and Sioux Falls. Analysis of convenience goods purchases shows practically no deviation from absolute dependence upon local stores for these items.

Occupational Groups

The occupations of those enumerated in towns and villages were divided into seven groups whose percentages of outside trading were as follows (all towns and villages):

Occupation	Women's Dresses	Women's Shoes	Men's Suits	Furni- ture
1. Owners of business establishments	61.5%	60.7%	55.0%	35.0%
2. Salaried government and business employees	60.2	56.0	48.8	27.2
3. Retired	53.0	46.5	50.5	19.0
4. Professional	64.5	62.7	56.2	28.5
5. Housewives and widows	55.5	57.8	45.5	18.5
6. Day Laborers	61.2	65.5	67.3	17.5
7. Tradesmen	51.8	41.0	48.0	17.5

When arranged according to size of towns, outside purchases of all items varied inversely with the size of town in practically all cases.

Mail Order Buying

The accuracy of the mail order buying data is probably impaired by the influence of trade-at-home propaganda and the resultant unwillingness of some to admit regular mail order purchases. Such omissions would tend to depress the figure for frequency of purchases, but should not have a pronounced effect upon conclusions concerning the types of goods purchased. In consequence, only the latter type of analysis is stressed.

Tabulation of 208 returns showing mail order purchases indicated the following preferences for mail order merchandise:

	Number	Per Cent of all returns
Women's dresses	83	4.9%
Women's shoes	51	2.5
Men's suits	29	2.3
Overalls	26	3.1
Furniture	19	0.8
Total	208	

Mail order buying was found to be most common (subject to the foregoing reservations) in the districts outside major shopping areas. Shopping areas of the four major towns (Sibley, Sheldon, Rock Rapids, Hawarden) occupy about two-thirds of the entire district, yet these areas contributed less than half the mail order business, as indicated in Table II.

	Number	Per Cent of all returns
Women's dresses	83	4.9%
Women's shoes	51	2.5
Men's suits	29	2.3

Table II

Mail Order Enumerations of the Four Major Trading Areas
Calculated as Percentages of the Total for the District

Furniture	42%
Dresses	47
Women's shoes	47
Men's suits	62
Overalls	<u>12</u>
	44%

The Sheldon Trading Area

The committee expects to prepare individual analyses of the trade of representative communities in all portions of the state. These reports will include: (1) indexes of business activity in (a) that town, (b) the surrounding counties and (c) the state, for the past ten years; (2) a brief survey of local trade territories; and (3) a brief statement of local opportunities for industrial development. The preparation of these reports obviously must await the receipt, tabulation and analysis of complete data. Information for the first and third parts of such a report was not obtained in this enumeration. These data will be gathered, however, for these counties and all others in the state in connection with the state-wide survey now in progress.

Upon the basis of available data it is possible to present an outline of a survey of the trading area of Sheldon, Iowa. Such a report will constitute Part II of a final report for that city, and may serve as a

guide in the preparation of similar studies for other cities.

1. Location: Sheldon is located near the center of the four-county area surveyed, and is the largest town in district. Its population is about 3300. Merchants of Sheldon draw trade from all four counties of the district.

2. The Town and Village Market: (a) Within the town of Sheldon, local merchants supply almost the entire market for goods of all types. Sheldon merchants have almost complete control of the trade of their fellow townsmen. (b) Outlying towns and villages patronize Sheldon merchants roughly in proportion to their nearness to the town. The nearest of these, Matlock, even reports about one-third its grocery purchases as coming from Sheldon. More distant towns supply chiefly purchasers of shopping goods. Sheldon was found to rank first in the shopping goods trade of nine towns of the district. These towns, together with their populations and the percentage of shopping goods purchases made in Sheldon are listed in the following table:

Town	Population	Percentage purchased in Sheldon		
		Women's Clothing	Women's Shoes	Men's Suits
Ashton	568	50	43	21
Sanborn	1213	49	54	32
Primghar	962	43	33	20
Granville	390	29	26	21
Hospers	548	38	46	44
Boyden	446	81	93	86
Hull	905	39	50	54
Matlock	103	100	100	100
George	907	34	26	13

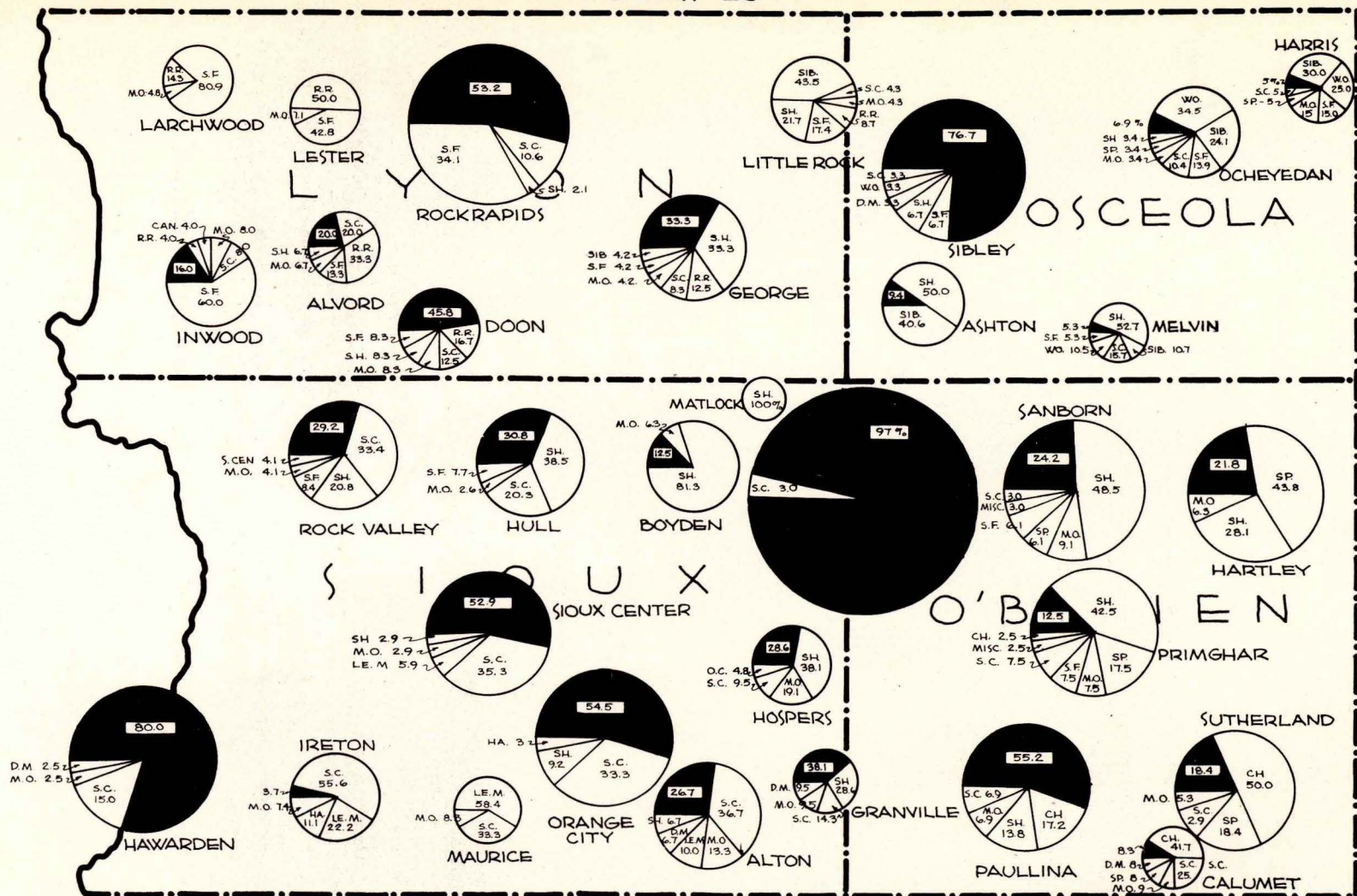
The same data for these as well as all other towns in the district may be found in Charts 20 and 21, on which the Sheldon percentage of each town's purchases has been shaded red.

3. The Farm Market: The farm market of Sheldon for each of eight types of goods is shown in Chart 22. It will be observed that the clothing areas coincide at nearly all points and describe what may be designated the Sheldon shopping goods area. Lumber, cement, groceries, drugs and medicines, likewise cover a similar, but much smaller area which may be called the convenience goods area. Furniture and overalls fall in an intermediate classification. The shopping goods area has an average radius of about 15 miles, about twice that of the convenience goods area.

The configuration of these areas gives rise to speculation. That the larger area should assume roughly a T-shape is perhaps partially the result of the location of main highways (Chart 1.). It seems more probable, however, that this shape has resulted from the impact of the trading areas of other competing centers. To the north both Sibley and Rock Rapids offer substantial competition in all lines, but equally potent centers in other directions are at considerably greater distance. Le Mars, Cherokee and Spencer offer strong competition but distance places them at a disadvantage.

The character of the Sheldon farm market is fairly uniform. More than half the farms are classed by the Census Bureau as of the "animal specialty" type. Grain farming is of a secondary nature, varying in importance from year to year with changes in the relative prices of grain and meat animals. The latter are always the chief source of farm income and the market prices

CHART 20





LOCAL & OUTSIDE PURCHASES OF WOMEN'S COATS & DRESSES

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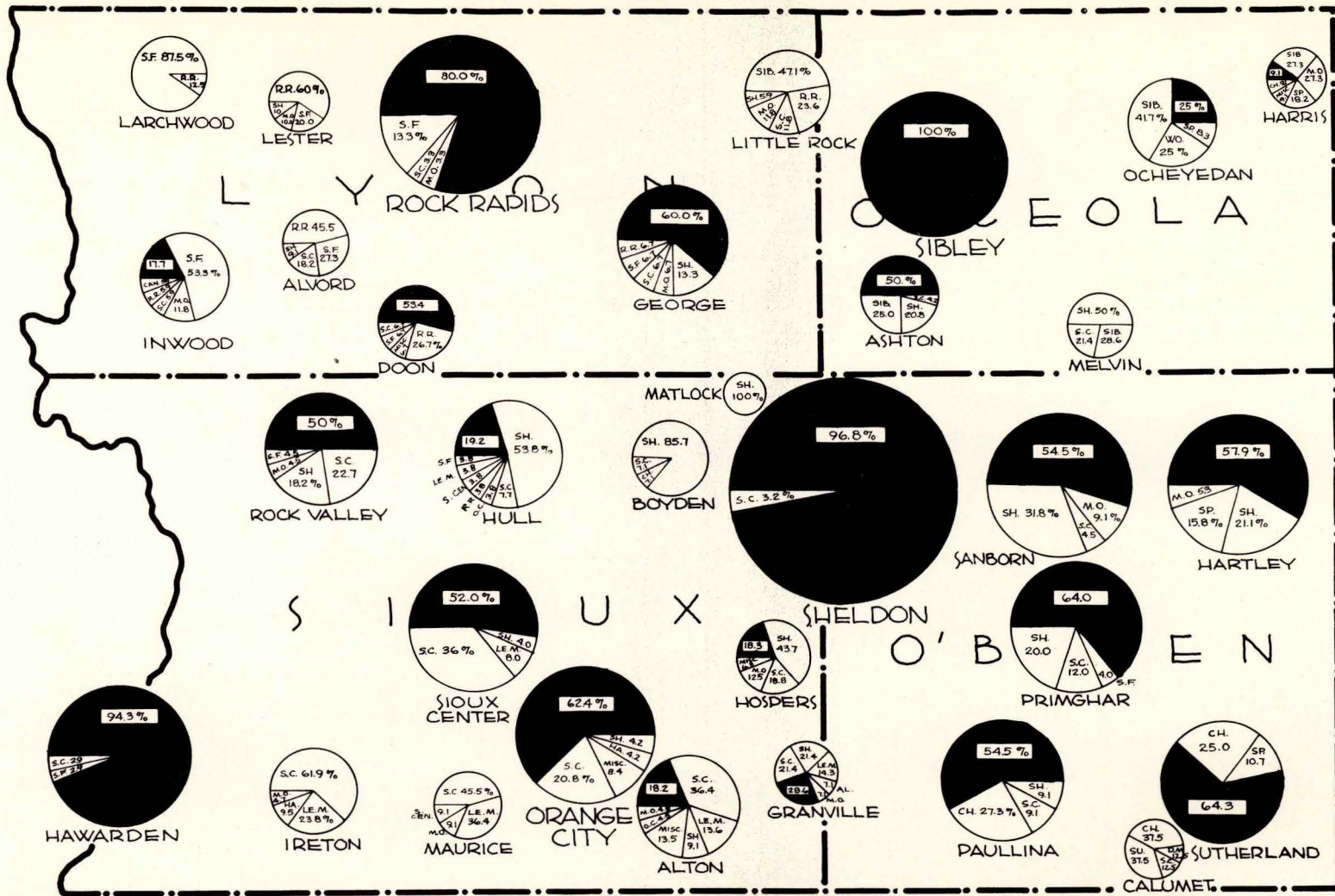
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CHART 21





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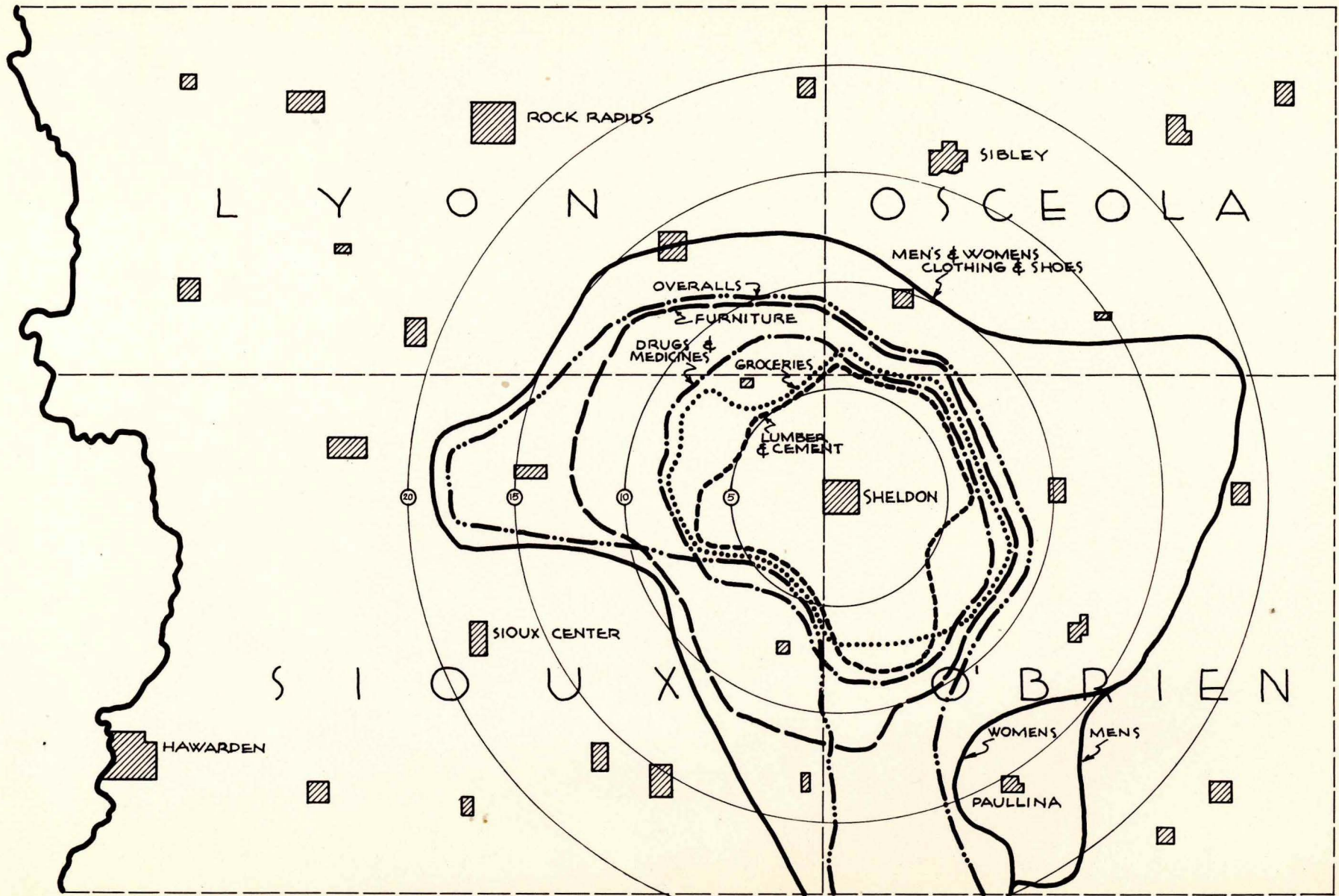
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CHART 22
RETAIL TRADING AREAS FOR VARIOUS TYPES OF GOODS
SHELDON IOWA - 1934



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of hogs, cattle and sheep constitute the Sheldon merchant's best barometer of business conditions in his area.

4. The Market Summarized: Of approximately 21,000 persons living in the Sheldon market area, about 55 per cent live on farms and constitute the farm market previously described. The remaining 45 per cent live either in Sheldon or in other towns and villages of the area (Chart 23). Interests in all of these towns are dominantly commercial. Their prosperity is therefore closely related to that of the neighboring farming communities.

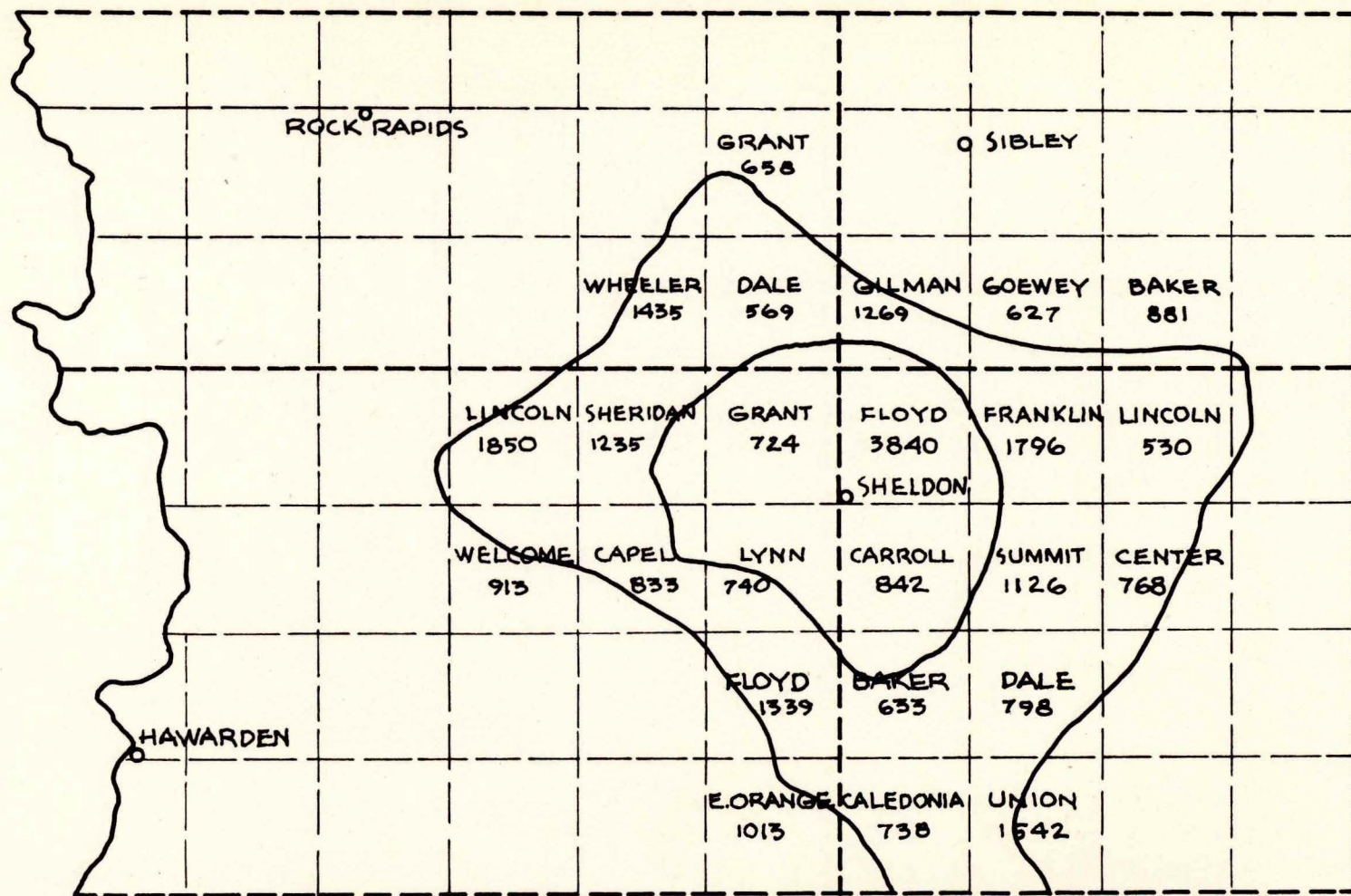
Banking Habits

Each person enumerated in connection with the trading area survey was also asked questions designed to reveal changes in banking habits during the depression. The data obtained have been analyzed according to farm and non-farm residence, and provide the following summaries.

Changes in Number of Persons Carrying Bank Accounts.

(1) Of the 622 replies obtained in towns and villages 552 reported bank accounts in 1930 and 369 in 1934, a net decline of 30.2 per cent. In each of three counties this decline averaged about 42 per cent, and in the fourth (O'Brien) 19 per cent. (2) A total of 451 farm residents reported an average decline of 17.9 per cent in the same period. This decline was fairly uniform throughout the area, but was highest in O'Brien (21.6 per cent) in marked contrast to reports from non-farm areas.

When asked their reasons for discontinuing a bank account, the typical reply was "Don't need it" (74 per cent). Losses in closed banks was the



POPULATION OF TOWNSHIPS IN SHELDON TRADING AREA

IOWA STATE PLANNING BOARD
BUSINESS SURVEY
PROJECT 1041

INNER AREA - CONVENIENCE GOODS
OUTER AREA - SHOPPING GOODS

CHART 23

**HD
1434
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B8
1934**

Business survey of Northwest Iowa (1934).

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