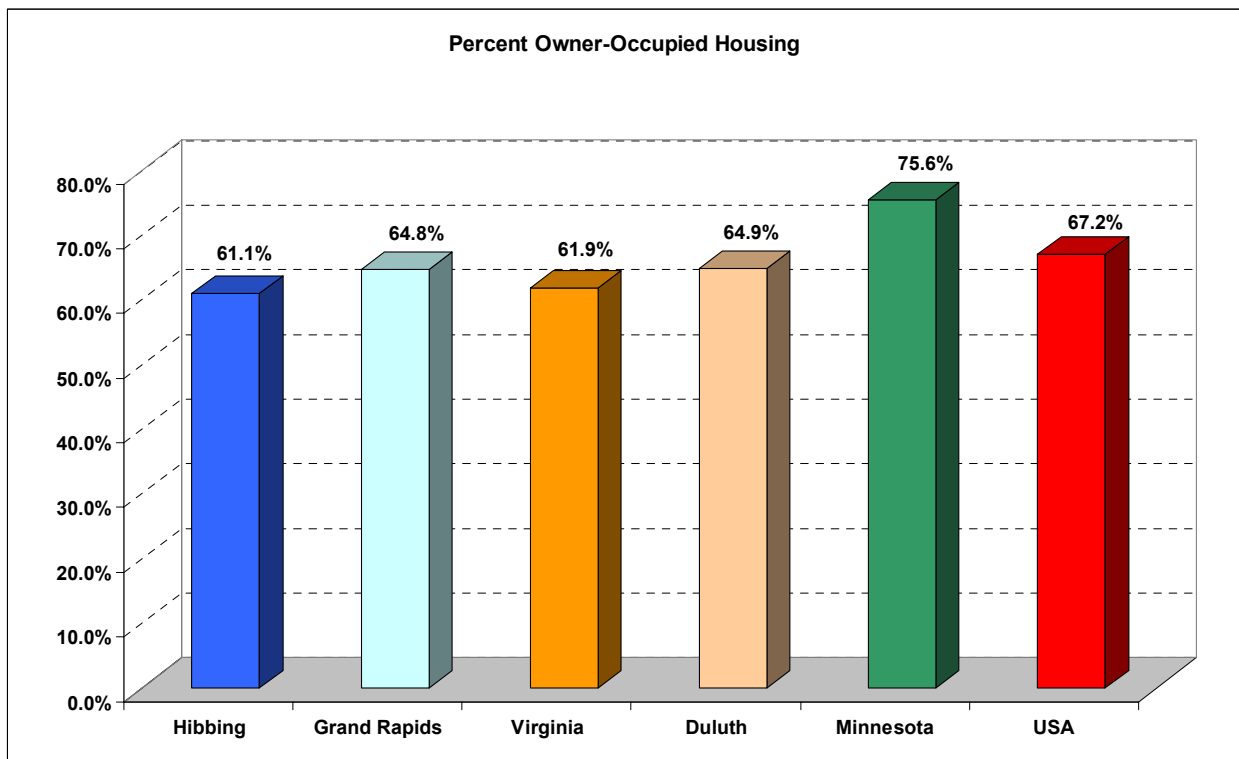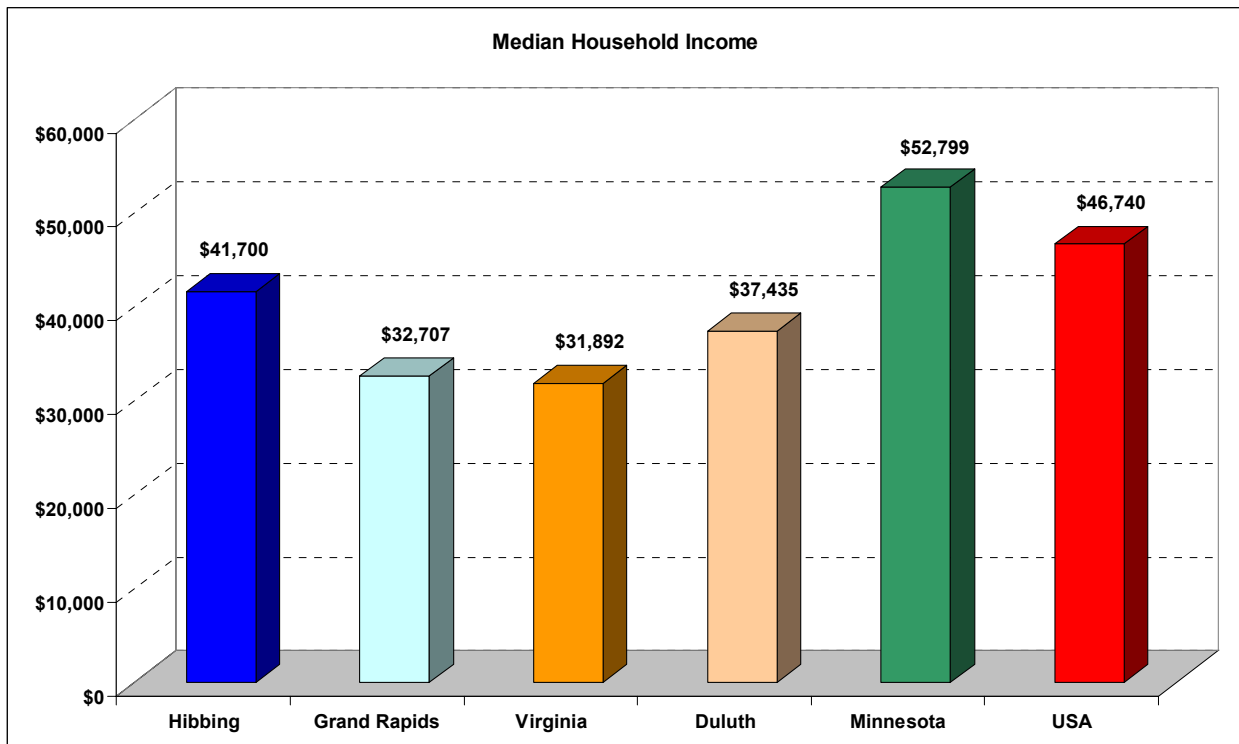# III. MARKET OVERVIEW

There are a number of factors that will contribute to the overall viability of retail within Hibbing. Elements such as demographic characteristics, shopping patterns, and history have a significant role in defining the retail environment. Note that all references to Hibbing in this section refer to the Hibbing primary trade area (PTA), unless stated otherwise.

The following two graphs illustrate that the Hibbing PTA (Hibbing, Chisholm, Keewatin, and Buhl) relative to other nearby cities such as Grand Rapids and Virginia, has much stronger income levels. Although Hibbing's income level is only slightly lower than the national average, it is well below the state income level. However, the state figure includes wealthy communities such as Rochester (with the Mayo Clinic) and the upscale suburbs of Minneapolis-St. Paul. Homeownership is lower in Hibbing, but still within a range that indicates a quality housing environment. The table below compares select housing and demographic characteristics for Hibbing with the surrounding areas, the State of Minnesota, and the national average:

County/Area (Largest City)	2006 Population	2006 Per-Capita Income	2006 Median Household Income	2000 % Owner-Occupied Housing
Hibbing (PTA)	*35,100*	*$19,100*	*$41,700*	*61.1%*
Grand Rapids	7,680	$22,652	$32,707	64.8%
Virginia	8,910	$22,207	$31,892	61.9%
Duluth	84,999	$23,720	$37,435	64.9%
State of Minnesota	5.2 million	$28,715	$52,799	75.6%
United States	300 million	$26,405	$46,740	67.2%

Median Household Income

Location	Income
Hibbing	$41,700
Grand Rapids	$32,707
Virginia	$31,892
Duluth	$37,435
Minnesota	$52,799
USA	$46,740

Percent Owner-Occupied Housing

Location	Percent
Hibbing	61.1%
Grand Rapids	64.8%
Virginia	61.9%
Duluth	64.9%
Minnesota	75.6%
USA	67.2%

PSYTE Cluster (Lifestyle) Data

In order to better understand consumer buying patterns and how retailers can target their best customers, MapInfo developed a proprietary database titled PSYTE Advantage. This system has been developed using comprehensive information from dozens of consumer and geographic databases with purchasing, healthcare, and lifestyle data, plus the latest U.S. Census. MapInfo's team or statisticians utilized neural net and hierarchical clustering algorithms to group over 208,000 U.S. neighborhoods into one of 72 clusters. These clusters are broken down by population density, household income, marital status, and presence of children. Each cluster has underlying data indicating their leisure, shopping, television, and radio habits. By utilizing this data, it is possible to determine a retailer's core clusters and match those clusters with the operator most likely to be interested in a location in the neighborhood.

Based upon MapInfo's PSYTE Advantage[1] neighborhood clustering database, the predominant lifestyle segmentation group for Hibbing is *Plow & Plateau* (30%). The other significant lifestyle clusters are: *Senior Circles* (12%), *Village Americana* (11%), *Quiet Streets* (9%), and *Rust Belt Blues* (9%). The descriptions of each of these clusters are as follows:

Plow and Plateau – Farmers, miners, and foresters are found in this broad swath of territory in the northeast, northern Midwest, and northwest. Their lifestyle is distinctly tied to Earth's bounty, a fact that likely affects their values and purchasing behaviors. A 65/35 owner-to-renter ratio obscures relatively high vacancy rates and seasonal occupancies. More than 15% live in mobile homes, and the cluster has a high recreational vehicle index. A high school diploma is the norm as is the dual-income home. An older age skew represents families with teens and empty nests. Average family income is $48,000. The cluster is 88% white, non-Hispanic and 12% Hispanic.

Senior Circles – Seniors, perhaps more than others, still "flock together" and socialize with gusto, playing bridge and shuffleboard to beat the band. This cluster indexes high on the 80+ population, widows and widowers. Over half (56%) are renters with an overall high index on high-rise apartment dwellers and population in nursing homes. Still, 40% are home owners

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[1] PSYTE Advantage clustering is a MapInfo product that classifies every neighborhood in the United States into 72 mutually exclusive categories called clusters. Descriptive names and capsule summaries capture each cluster's distinct demographics and neighborhood flavor.

residing in the communities in which they have spent most of their lives. Incomes, derived primarily from Social Security, are characteristically low at $24,000 median household income.

Village Americana – America's small towns are more numerous than appreciated. Every region, every state, every country road connects eventually to settlements whose livelihood stems as much from its own history as from enduring economic opportunity. The lucky ones connect to nearby metro areas or are renewed by immigrants. Others, like those in Village Americana, languish in peaceful solitude, attracting the occasional scavenger of antiques. Average income is $34,000.

Quiet Streets – Small towns in the Midwest are as numerous as they are charming. Families with kids in owner-occupied housing predominate. Fully 97% are white, non-Hispanic with average incomes a moderate $62,400. They index high on farming although only 5% of the workforce works an agricultural occupation. Educational attainment is diverse ranging from high school only (40%) to Associates and Bachelor's Degrees. Fewer than 2% live and work in a central city. You can almost hear the leaves fall.

Rust Belt Blues – Blue collar and singing the blues, this cluster captures an older population in older housing (a ratio of 75/25 single detached homes to multi-unit structures reflects a similar owner to renter mix. High school educated, their job profile includes manufacturing, but also material moving, maintenance and repair and services. Only 32% are in white collar jobs. Overall average household income is $43,600.

Based upon these PSYTE clusters, shopping, recreation/leisure and media watching/listening habits can be evaluated and general commentary on likes and dislikes can be made that coincide with the demographic characteristics and lifestyles of the residents. When assessing the overall combination of all five top categories, the following items were repeated most often among the clusters or had the most high rankings:

Hibbing residents are most likely to…

- Belong to a Veteran's club
- Crochet/knit
- Be a member of a local body of government
- Watch CMT
- Watch the Outdoor Life Network or similar
- Listen to country music
- Listen to Adult Standards or Religious music
- Shop at price-conscious grocers like Price Chopper or Aldi
- Shop from the J. Crew catalog
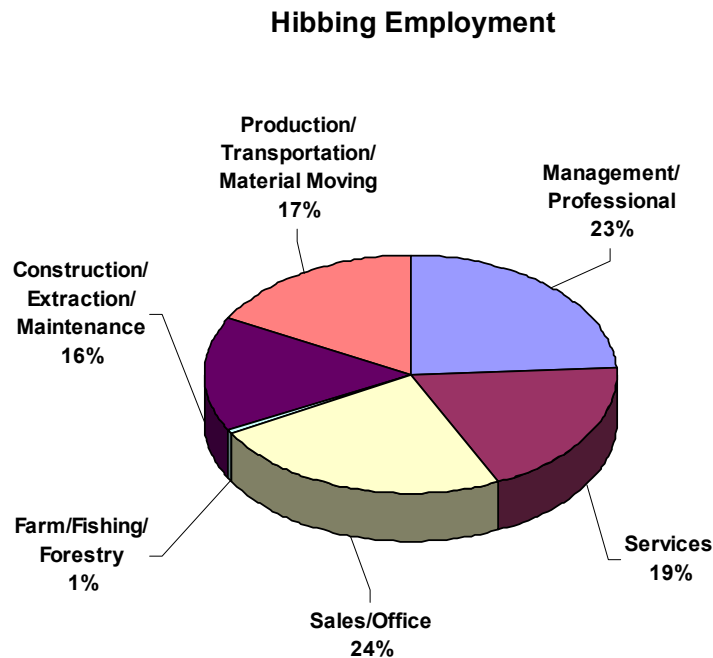- Buy hunting/fishing/camping gear through the mail/phone/internet

Hibbing residents are less likely to…

- Take home-study courses
- Shop at upscale grocers
- Listen to All News or All Talk radio
- Watch BET or Bravo
- Be a Business Club Member
- Travel to Atlantic City or Las Vegas to gamble
- Do yoga

This type of data will help businesses determine the best advertising methods to suit the population, as well as gain some insight in to merchandise mix. Between the PSYTE cluster data, interviews conducted during the fieldwork, and the public visioning session conducted in October 2006, the following general statements can be made about the habits and desires of Hibbing residents:

- Desire moderate priced (but good quality) casual clothing for men, women, and children.
- Very outdoor sports oriented.
- Would like to have more restaurants, preferably Applebee's or similar.
- Country music stations and venues are good advertising options.

Employment Information

Hibbing Employment

Production/Transportation/Material Moving 17%
Management/Professional 23%
Construction/Extraction/Maintenance 16%
Farm/Fishing/Forestry 1%
Sales/Office 24%
Services 19%

As indicated in the previous graph, Hibbing has a relatively diverse workforce with no single category representing more than 24% of the total employment base. This diversity is important in the long-term vitality of a community as too much dependence on one particular can create difficulties in times of economic downturn. For example, communities that rely heavily on a specific factory for the area employment base will experience significant unemployment and possible out-migration if the factory closes or requires substantial layoffs.

The following chart depicts some of the categories of employment found under each heading in the chart:

Employment Types by Category

Category	Employment Type
Services	Healthcare Support, Protective Services, Food Preparation/Serving, Building/Grounds Cleaning/Maintenance, Personal Care Services
Sales/Office	Sales/Related Occupations, Office/Administrative Support
Construction/Extraction/Maintenance	Construction, Extraction, Installation, Maintenance, Repair
Management/Professional	Management, Financial Operations, Business, Professional/Related
Production/Transportation	Production/Manufacturing, Transportation, Material Moving

Hibbing's top employers* and amount of employees:

- Range Regional Health Services- Fairview University Medial Center (950)
- Hibbing Taconite Company (720)
- Wal-Mart (425)
- Reptron (416)
- Hibbing Public Schools (400)
- L & M Radiator, Inc. (235)
- Hibbing Community College (225)
- Guardian Angels Skilled Nursing Facility (204)
- Minnesota Diversified Industries (138)
- SMDC - Duluth Clinic - Hibbing (140)
- Lowe's (125)

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*Figures from HEDA.

Further, while northeastern Minnesota had long had a much higher unemployment rate than the State of Minnesota, by 2002 the region had begun to see lower unemployment rates, achieving levels more on par with the state average. Over the next decade, there will be a substantial number of employees retiring from the mining industries, requiring new workers of all skill levels.

Drive Times

In order to generate a more meaningful interpretation of the demographic characteristics of Hibbing relative to the entire market area, MapInfo created 30-, 45-, and 60-minute drive time scenarios in and around the city. While Hibbing is proximate to both a major retail node in Duluth and, to a lesser degree, Virginia and Grand Rapids, Hibbing's location and area attractions will allow the city to compete for retail sales in northern Minnesota.

The following table shows a sampling of population density and demographic characteristics associated with these drive-time generated geographic areas:

Drive-Time Demographic Characteristics

Characteristic	30-Minute Drive	45-Minute Drive	60-Minute Drive
2006 Population	43,720	61,370	89,758
2011 Population	43,000	60,585	88,437
Median Age	43.7 years	43.9 years	41.2 years
Total Per-Capita Income	$22,627	$22,757	$21,986
Median Household Income	$38,011	$37,823	$38,666

As indicated in the above table, Hibbing has a significantly larger population base within easy access than the community population alone would indicate. Further, these areas are remarkably consistent demographically, allowing a greater capacity to provide retail development that will serve both Hibbing residents and customers from other areas by catering to 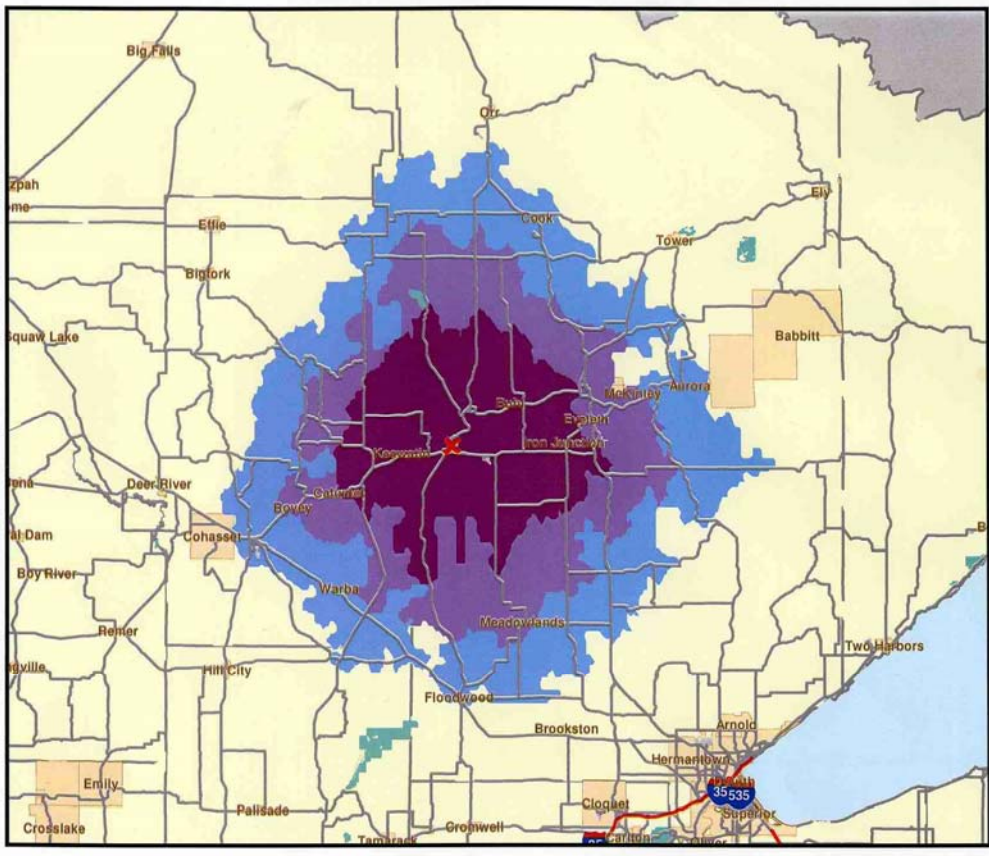similar demographic and lifestyle characteristics.