

# The Trade Area of Terre Haute, Indiana

JAMES LEE GUERNSEY, Indiana State Teachers College

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## Introduction

Within the last few decades, increasing use of machinery in industries, together with improved methods of transportation, have located most business functions at the points most favorable to raw materials, power, labor and markets. At the points most favorable, where the greatest number and most valuable resources can be assembled at the lowest cost, our largest cities have developed. At less favored locations the urban centers have been smaller. These urban areas largely supply the demand for necessary consumption goods, for to produce such goods elsewhere would be less profitable.

With this growth and expansion of urban areas many problems have arisen, and in order to eliminate wasteful procedures, the need for careful, scientific studies is arising to an increasing degree. One specific problem (of which present published materials are discouragingly meager) is the establishment of an urban center's trade area.<sup>1</sup>

The major objective of this study is to limit the extent and to establish the boundary of the trade area of Terre Haute. Theoretically, the city's trade area is circular in outline, but in detail it revealed several irregularities. These irregularities are a result of a variety of factors, among which are the location of other urban centers, the location and condition of roads, personal preferences, the character of the products marketed, and the means of transportation possessed by individual families.

## Location, Size, and Position

Terre Haute, located at 39°28' North Latitude and 87°25' West Longitude is the county seat of Vigo County, and at the 1940 census was the sixth largest city in Indiana with 62,693 people or 1.97% of Indiana's population.

When the factors which have contributed to the city's growth and development are examined, no difficulty is found in explaining its size. Specific factors which have contributed to its growth are (1) the central location with respect to other urban centers. (2) The location in the heart of Indiana's bituminous coal industries. (3) The favorable transportation facilities with United States highways 40 and 41 converging in the city, along with State Highways 42, 46, and 63. Also four railroad

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<sup>1</sup>Trade area is that geographical area in which an urban trading center exercises the dominant commercial influence.

systems form a total of eleven railroad lines radiating from the city. These specific factors, along with numerous general favorable factors have contributed to the city's growth and extensive trade area.

### Newspaper Trade Area

The role of the newspaper seems to be one of the best "measuring sticks" for determining the extent of the city's trade area. Modern means of transportation and communication have greatly widened the trade area and the newspaper has superseded the town crier as a publicity agent. For throughout the circulation area of the city's newspapers, most prospective customers for Terre Haute merchants can be reached. Local as well as international news is reported in the newspapers; therefore satisfying the needs of the surrounding area and creating a medium for advertisements by the local merchants which reaches the majority of their prospective customers.

The Terre Haute Star and The Terre Haute Tribune are the city's only daily newspapers. The Star is a morning paper while the Tribune appears every week-day evening. Their total average net paid circula-

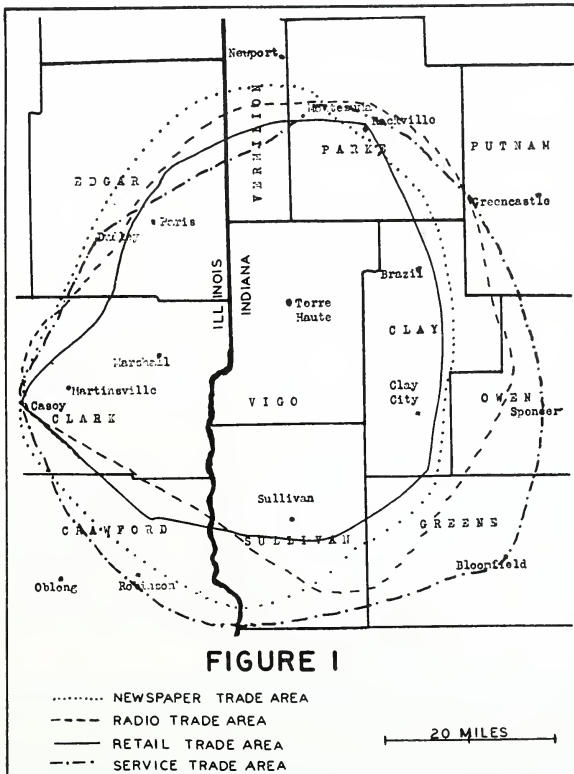


Fig. 1. The trade area of Terre Haute, Indiana.

tion in 1948 was 26,900 for the Star and 28,594 for the Tribune giving a total of 55,494 for the combined morning and evening newspapers. On Sunday the two papers combine their efforts and publish The Terre Haute Tribune-Star which average 38,251 copies each week. Of the 55,494 copies of the daily newspapers sold, 20,020 copies were sold to people living outside the city limits.

In figure 1 is shown the geographical area in which either The Terre Haute Star or The Terre Haute Tribune leads in circulation over other newspapers. This is one indicator as to the extent of Terre Haute's trade area.

### Retail Trade Area

Terre Haute can be conveniently reached by United States highways 40, 41, and 150 and Indiana highways 42, 46, and 63. These hard surface roads, which radiate out in all directions, have enabled the city to build up a large retail trade.

United States Highway 40 (the National Road) is the most used thoroughfare through the city. The main retail center of the city is along Wabash Avenue as it is the street on which the National Road extends through the city. This retail zone extends from the Wabash River east to about 17th Street along Wabash Avenue. There has been a slight tendency to build retail stores a block or two away from this east-west traffic artery, but most of the larger retail stores have their frontage on Wabash Avenue. Smaller retail stores farther from the central business district usually serve only limited trade areas.

TABLE I. Retail Statistics

Town	Popula- tion	People per Store	Number of Stores	Total Sales (000)	Sales per Store	per Sales Person
Evansville	97,062	63.8	1521	\$45,234	\$29,740	\$466
Hammond	70,184	81.	867	31,858	36,740	453
Muncie	49,720	64.	778	23,511	30,220	470
South Bend	101,268	67.4	1502	47,996	31,955	474
Terre Haute	62,693	53.7	1167	33,668	28,850	539

The retail statistics as gathered from the 16th census of the United States, which are indicated in Table I, were calculated in terms of dollars per inhabitant per year for Terre Haute and the four other Indiana cities of similar population and size. The sales per person is higher for Terre Haute than for any of the four other cities. This is indicative of the wide area which is dependent upon Terre Haute as a trade center for the per capita effective buying income of Terre Haute citizens is not unusually high.

The total retail sales for the 1,167 retail stores of the city amounted to \$33,668,000 in 1939.<sup>2</sup> In comparison with all other cities of Indiana in

<sup>2</sup> Sales Management figures reveal that the total retail sales during 1947 amounted to \$83,379,000 as contrasted to \$33,668,000 in 1939. *Sales Management*, The Magazine of Marketing. May 10, 1948.

1939, Terre Haute ranked fourth in total retail sales. The population of Terre Haute made up 1.97 per cent of the State's total population, yet 3.2 per cent of the state's total retail sales took place within the city. This fact is indicative of the dependence that the surrounding population have upon Terre Haute as a retail trade center.

The fewer people per store (as found by dividing the city's population by the number of retail stores in the city) further substantiates the assumption that Terre Haute has a "greater than average" trade area. The above average number of stores per 1,000 people again points out the dependence of the retailers upon customers who reside outside the city limits.

However, the sales per store are less than the other four cities revealing the greater number of retail stores per 1,000 people. The average sales per store in Indiana cities of similar size was \$31,000 as compared to only \$28,850 in Terre Haute. This is partly the result of the large number of groceries, meat markets, fruit stands, eating and drinking places, and filling stations whose sales are below the State average.

Table II lists the nine counties to which the \$83,379,000 of retail products were sold in 1947. Figure 1 indicates the estimated retail area of the city based upon those 1947 total retail sales figures.

TABLE II

Indiana County	1947 Total Retail Sales (000 omitted)
Vigo (Terre Haute) .....	\$39,981
Clay .....	6,335
Greene .....	6,653
Parke .....	3,753
Sullivan .....	5,257
Vermillion .....	5,256
Illinois County	
Crawford .....	5,916
Clark .....	3,076
Edgar .....	7,152
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Total Market .....	\$83,379
Terre Haute .....	36,600
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Balance of Trade Area .....	\$46,779

#### Radio Trade Area

The area reached by the two Terre Haute radio stations is another means by which the extent of the city's trade area can be scientifically estimated. Unfortunately the daily broadcast reception is not the same since it varies with atmospheric conditions. The station's coverage also varies in reception range from day to night. Therefore, the number of listening families within an area varies with the reception received.

In 1946, The Broadcast Measurement Bureau made a study of the extent of the daytime and nighttime listening audiences of Radio Station WBOW. Table III indicates the result of this survey with the blank spaces denoting listening audiences of less than ten per cent of the total radio families in the county. Table IV, according to 1946 Sales Management Figures, indicates the breakdown of the total population and radio families which make up WTHI's listening audience.

TABLE III

State	County	Radio Families	Daytime Families	Audience Per Cent	Nighttime Families	Audience Per Cent
Illinois	Clark	4,340	1,000	23	720	16
Illinois	Edgar	6,550	1,440	22	920	14
Indiana	Clay	5,630	3,380	60	2,130	37
Indiana	Greene	7,000	1,580	22	.....	..
Indiana	Owen	2,470	330	13	.....	..
Indiana	Parke	3,840	930	24	.....	..
Indiana	Sullivan	5,490	2,020	36	.....	..
Indiana	Vigo	26,450	20,240	76	20,540	77
Indiana	Vermillion	4,870	1,930	39	1,370	28
WBOW's Total			33,850		25,680	

TABLE IV

County	State	Total Population	Total Radio Families
Vigo	Indiana	97,400	26,450
Sullivan	Indiana	22,500	5,490
Clay	Indiana	22,600	5,630
Parke	Indiana	15,300	3,840
Greene	Indiana	27,700	7,000
Clark	Illinois	16,200	4,340
Edgar	Illinois	23,100	6,550
Total Population within coverage of WTHI		224,800	
Total Radio Families			59,000

From Tables III and IV an approximate radio trade area can be determined. This generalized radio trade area is shown by figure 1.

### Service Trade Area

Since the attraction to the consumer market is the ruling force in the location of the service industries it seems that service trade areas may be used as a bases for establishing a city's trade area. So another source used for attempting to establish the extent of Terre Haute's trade area is the service companies and service departments of some of the larger retail stores.

Questionnaires were sent out to service companies and some were personally visited by the writer. Several service companies had a trade

area that included only Vigo County and due to the politically determined trade area their data remained unused. Detailed information was available at the service departments of some of the larger retail stores as they maintain daily service routes. These routes usually extend about thirty-five miles from Terre Haute, with the distance depending primarily upon the location of other company stores. The questionnaire returns revealed the total average radius of the service trade areas to be 37.5 miles. Figure 1 indicates the city's service trade area as determined from this data.

### Conclusions

This is an attempt to determine the extent of the trade area of Terre Haute, the area in which farmers ordinarily market their products, and upon which they in turn depend for goods and services which they need. The boundaries of the newspaper, retail, radio, and service trade areas are shown as overlapping. It is recognized that their limits can not be drawn with mathematical precision, although it is believed that they represent to some degree the actual functioning parts of Terre Haute's internal commerce.

Internal free trade has permitted the structure of the city's trade area to develop without any relationship to political areas. Still, sales plans and records, in most cases, are broken down by major political divisions, although they fully realize the trade area is of more importance to them. Yet the policy of collecting population and other statistics is carried on by conforming with political boundaries due to custom and convenience.

The trade areas seem to bear but little direct relation to physiographic features. The rivers and the moraine areas have had no traces of "adjustment" to the trade areas. What seems to have affected the areal pattern of the Terre Haute trade area is not so much the political divisions or the topography but mainly the location of other urban areas, the distribution and density of population, the layout of transportation routes, and trade traditions inherited from the past.