



THE URGENCY OF BUYING LOCAL

NHBSR SPRING CONFERENCE

MAY 15, 2008

The Panel

- **Chris Licata**, President-Blake's All Natural Foods
- **Joshua Bourassa**, Customer Service Manager-Concord Cooperative Market
- **Charlie Burke**, NH Made
- **Tim Farmer**, Owner-S&W Sports

Criteria

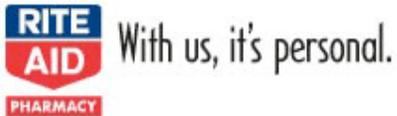
- National alternative?
- Use local goods & services?
- Underlying CSR component?
- Involved in local community?
- Tenure of employees?
- Authentic contribution to region or NH?



This will be a successful session if:

- We explain the real benefits of buying local
- We quantify the impact of buying local
- We dispel myths about chains vs local
- We inspire you and your business to keep your \$'s close to home

Friend or Foe?



The Dilemma



Case Studies

- Austin, TX
- Midcoast Maine
- Cape Cod

Austin, Texas

- **Fact:** Local merchants generate substantially greater economic impact than chains
- Studied 3 freestanding book stores: Borders, Book People, Waterloo
 - Local merchants spend more on local labor
 - Local merchants keep profits local economy
 - Local merchants provide strong support for local artists, authors, etc, furthering economic impact

Net result: locals generate between 3.5-5 times greater annual economic impact per store

Austin, Texas

- **Fact:** Development of urban sites with directly competitive chain merchants will reduce the overall vigor of the local economy
- Borders @ 6th & Lamar will reduce vigor of Austin economy
 - 3 scenarios researched to account for range of possible impacts
 - All 3 triggered decline in economy despite increased sales of books/music

Austin, Texas

- **Fact:** Modest changes in consumer spending habits can generate substantial local economic impact
- If each household in Travis county redirected \$100 of planned holiday spending local economic impact would reach approximately \$10 million
- \$100 in consumer spending at Borders yields \$13 in local economic impact BP & W: \$45

Midcoast Maine

8 locally owned businesses:

- 44.6% of revenues spent within 2 surrounding counties, 8.7% elsewhere in ME
 - 28%-wages/benefits
 - 17% local inventory, supplies, services
 - 5%-profits to local owners
 - 2.4%-taxes
 - .4\$-contributions
- Remainder left state: inventory, mortgage interest, rent, cc fees, equip leasing, insurance

Midcoast Maine

- Chains and box stores
- 14.1% of revenue spent within local or state economy (predominantly payroll)
 - Remaining revenue flows to out-of-state suppliers or corporate headquarters

Midcoast Maine

- 8 locals spent \$24,000 in cash contributions
 - 4x as much as Walmart, 2x as much as Target
- \$100 spent at Chains = \$14 in local benefit
- \$100 spent at locals = \$45 in local benefit
- Retail sales projections for 3 counties is \$74million. If spending was captured by locals it would add \$23 million and 500 jobs to local economy

Cape Cod

- Fact: Chains generate greater sales per employee than smaller, locally owned businesses
 - Translation: Fewer jobs than provided by smaller local companies
 - Impact: If chains capture 50% of forecasted growth in retail demand there will be 9,400 fewer jobs on Cape Cod by 2014

Cape Cod

- Fact: Chains pay less on an annual basis per employee vs smaller local companies
 - Firms with less than 500 employees pay 32% more (\$6,000/yr) than businesses with 10,000 employees
 - Impact: Effect of fewer jobs and lower wages due to increase in chain stores is \$287 million in foregone household income in 2014 on Cape Cod (\$2,500/household)

Cape Cod

- Fact: Chains purchase fewer operating supplies and services from the local economy than local businesses.
- Translation: Indirect effects (business sales, jobs and income generated within other sectors of regional economy to support store operations) will be less for chains

Cape Cod

- Total Impact of fewer jobs, lower wages and decreased purchases from local businesses (in 2014):
 - Business Output (\$603 million)
 - Employment (9,400)
 - Earned Income (\$219 million)
 - Profits, Dividends, Rent, etc (\$67 million)
 - Municipal Taxes (\$10.5 million)
 - State Taxes (\$23 million)
 - Federal Taxes (\$68.5 million)



The Urgency of Buying Local

Sources

- Austin Study
 - Economic Impact Analysis: A Case Study
 - Local Merchants vs. Chain Retailers
 - Prepared by Civic Economics
- Midcoast Maine Study
 - Economic Impact of Locally Owned Businesses vs. Chains
 - Prepared by Institute for Local Self Reliance
- Cape Cod Study
 - Assessment of the Direct, Indirect and Induced Economic Effects of Chain Stores on the Regional Economy of Cape Cod
 - Prepared by FXM Associates