

The Case for Shopping Local

The dollars and cents behind the sense.



The "shop local" and "shop locally owned" movements are still gaining momentum throughout the nation. Why? Because, the more people know about the financial impacts of their shopping decisions, the more people are choosing to support their local economies by shopping where their dollars have the greatest impact. The fact is, where people shop has a profound effect on the local economy, our ability to create wealth, the manufacturing sector of the United States, teacher salaries, property taxes, jobs, business diversity and a host of other factors. Where people spend their money IS a big deal. That "out-of-town" bargain may seem like it's saving you money now, and that big box may seem harmless, but lets take a closer look at the impact of your spending...

- A 2002 study of Austin Texas reported: For every \$100 in consumer spending at Borders Bookstore, the total economic impact was only \$13. The same amount spent with a local bookstore yielded more than three times the local economic impact.
- Small businesses contribute a higher percentage of their sales back to the local economy.
- Small Business accounts for 54% of the GDP
- Small Businesses provide 40.9% of all private sales in the U.S.
- Small Businesses provide approximately 75% of the net new jobs added to the economy.
- 20 cents of every dollar spent with a chain store is retained/recirculated in a community, while 60 cents of every dollar spent with a locally owned store is retained/recirculated in a community.- Source: The Small Business Administration.
- In Kansas, 85% of all jobs exist in businesses with 20 or fewer employees (small businesses). Nationally, that figure is 90%.

Shopping locally owned matters to more than just our local retailers, restaurants and services. Industry is also involved... [The largest big box chain was responsible for \\$27 billion in imports from China in 2006 alone \(roughly 11% of our trade deficit that year\). The trade imbalance was credited with the U.S. losing 133,000 manufacturing jobs through this single big box store.](#) Where you shop does have an effect on different types of jobs available in our area.

Small businesses rely on their creativity. Small businesses create over 13 times more patents per employee than their large business counterparts. The reason for this is simple; small businesses compete through innovation.

Small businesses create more jobs- The following is a quote from Indiana Senator Evan Bayh- "If you look back over the last 20 years, the Fortune 500 Companies in this country have created zero net new jobs. But at the same time, smaller businesses have created tens of millions of jobs. So if we care about growing our economy, as I believe we must, we really need to look at the challenges facing small businesses."

Since 1989, Small Businesses have created 21.9 million jobs.

In 2002, the firm of TischlerBise conducted a case study to determine the tax impact of several types of developments. Data collected included costs of road maintenance, police services and a variety of other publicly funded categories. When looking at development from a purely tax revenue generating standpoint, **Main Street businesses created the best revenue stream with a net tax surplus of \$326 per 1,000 square feet.** Big box store developments were rated at the bottom of the revenue spectrum, resulting in a net loss of \$468 per square foot. This was a single case study, the the data clearly shows that dense small businesses give significantly more back to the tax coffers than they take.

Think about this for a second: Where do small businesses spend their money? Where do they advertise? Where do they do their banking, accounting and receive legal services? Who builds or remodels their commercial property? Other local businesses! This is what is commonly referred to as a "magnification effect". If you spend your money out of town, where does it go?

Small businesses contribute more to local charity. An American Express survey found that the average small business contributes 6% of their gross sales to charity per year. To put that number in perspective, one certain big box chain typically caps their giving per store at \$15,000 per year, and when considering their average store gross revenues, that would mean this certain store donated .025% of their gross revenues per year to local charities on a per store basis. When you solicit donations, how much do out-of-town businesses give your organization?

The small businesses of today, with local support, can grow into the big businesses of tomorrow. Walmart, Bluestem Farm & Ranch Supply, Target and the Sweet Granada all have one thing in common. They all started as a single store in a downtown. With a little support, the next national chain might spring out of Emporia...

Small Businesses give consumers variety. One big box store can represent the equivalent of over fifty small businesses. Would you rather have fifty options or one? A level competitive playing field encourages niche markets, referrals between competitors and the inclusion of goods and services unique to the area. Support diverse markets by supporting small business. Support small business by supporting Emporia Main Street.

In communities like Emporia, **small businesses must fill market leakages.** We aren't big enough to get a lot of the large chain stores, but as you've seen above, that isn't necessarily a bad thing...

Where does your income come from? Think about that for a second... Does it come from taxes (shopping local helps fund the local tax base)? Does it come from area consumers (again,

supporting local businesses encourages local consumption)? If you want to improve the local economy, generally the first step is shopping local (and encouraging others to do likewise).



There is significant & strong evidence that clearly shows the fact that shopping small businesses (especially those with a local ownership component) is good for the local economy. These businesses support the local tax base, they innovate, they export more than their larger counterparts and they donate more to local charities. Furthermore, we know that income spent outside of our local area does little to support our local economy, tax base and job creation. So, why does it continue to happen? Because people allow it to, and they refuse to challenge popular notions that aren't based in fact. I think all of us have met people that, even when provided with solid evidence on a subject, refuse to acknowledge facts for fear it would challenge them to change. However, we can set an example through our habits and refuse to succumb to short sighted whims. Will you support our local economy? Will you shop local? Will you encourage others to join you?

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