

**INDIE IMPACT STUDY SERIES:
A NATIONAL COMPARATIVE SURVEY**

RALEIGH, NORTH CAROLINA 2018

CIVIC ECONOMICS
CREATIVITY · OPPORTUNITY · PROSPERITY



Civic Economics is pleased to present Shop Local Raleigh with this addition to the Indie Impact Study Series detailing the impact of the independent retail community in Raleigh, North Carolina. The same organization sponsored a prior survey in 2012.

ABOUT THE INDIE IMPACT STUDY SERIES

Since its establishment in 2002, Civic Economics has conducted a number of studies comparing the economic impacts of independent, locally-owned businesses with that of their chain competitors. The essential methodology is the same throughout: independent businesses open their books to us and demonstrate the proportion of revenue expended five categories:

1. Profits paid out to local owners,
2. Wages paid to local workers,
3. Procurement of goods services for internal use,
4. Procurement of local goods for resale, and
5. Charitable giving within the community.

For the chain competitors, the aggregate value of these is estimated from public records. The difference between these two totals captures the enhanced impact of the one or the other category of business (we have yet to encounter a situation where independents did not present a distinct local impact advantage).

To read completed reports in the Indie Impact Study Series, please visit:

<http://www.civiceconomics.com/indie-impact.html>

To learn more about previous, more in-depth studies in Austin, Chicago, San Francisco, Phoenix, Grand Rapids, New Orleans and others and download a summary of those, please visit *The Civic Economics of Retail*, at:

<http://www.civiceconomics.com/retail.html>

In each participating community, local organizers are responsible for recruiting businesses to complete a survey to quantify local recirculation of revenues. The approach allows the participation of both retailers and restaurants, though many communities chose to focus on retail, as has Raleigh in 2018.



RALEIGH AND THE INDIE IMPACT SURVEY

Shop Local Raleigh collected surveys from independent, locally-owned businesses engaged in the retail and restaurant trade in Raleigh and nearby communities. Each business was asked to complete a survey about its business practices that focused on the distribution of revenue that recirculates in the regional economy through the categories of expenditure described above.

Twelve retailers, all independent and locally-owned, participated in the local survey. Collectively, these retailers return a total of **47.5%** of all revenue to the local economy.

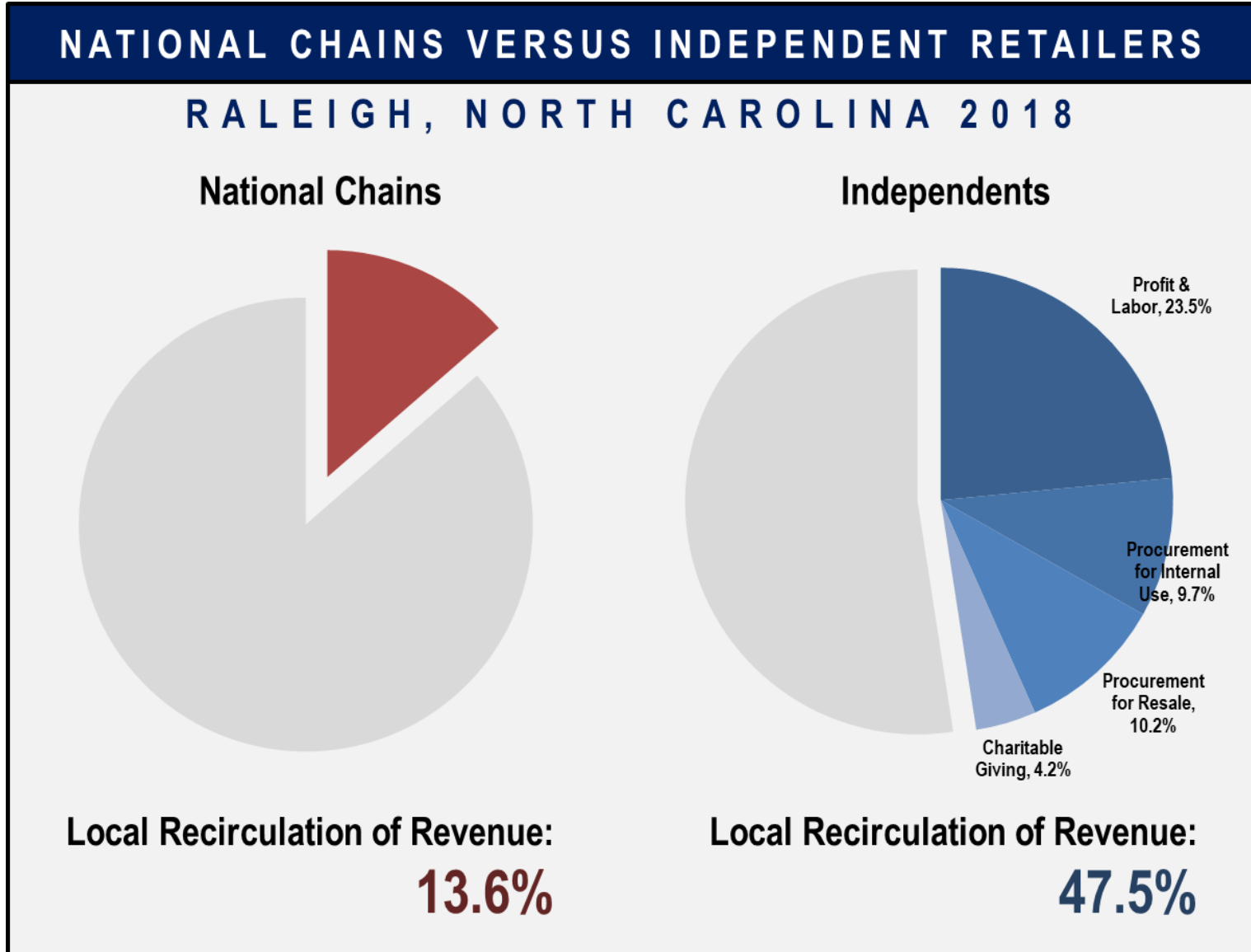
For comparison purposes, Civic Economics analyzed annual reports for four major national chain stores (Barnes & Noble, Home Depot, Office Depot, and Target). These stores recirculate an average of **13.6%** of all revenue within the local markets that host its stores.

The charts on the following pages summarize these findings, providing further detail on local recirculation by local businesses. Our thanks to the following local businesses for completing the financial survey on which this study is based:

- American Meltdown
- Bad Cat Coffee Co.
- Capitol City Speech Therapy
- CMI Jewelry Showroom
- Dazzle & Lace
- Deco Raleigh
- Lassiter Distilling Company
- Lou Horton Sculpture
- Raleigh Brews Cruise
- Raleigh Provisions
- the art of style
- The UPS Store #5879

When Civic Economics and Shop Local Raleigh last completed a similar survey in 2012, the results were quite similar, with thirteen retailers reporting a return of 51.1% of all revenue to the local economy.





Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Office Depot, Home Depot, Target, and Barnes & Noble



THE 10% SHIFT

According to the North Carolina Department of Revenue, Wake County produced taxable retail store sales across all lines of goods (excluding motor vehicles, gas stations, restaurants, and bars, and a few other segments) of roughly \$14.7 billion in FY 2017. Assuming this survey provides a representative sample of area independent retailers, a market shift of just 10% from chains to independents would retain an additional \$5 billion in the local economy every year.

CONCLUSION

This analysis is one in a long line of studies nationwide in which Civic Economics has applied a similar methodology to gain an understanding of the economic impact of independent, locally-owned businesses. In every case, the findings have been unequivocal: independents bring substantial benefits to their local economies when compared to their chain competitors. While chain stores and restaurants extract locally generated revenues from the community with each nightly bank transaction, independents are creating a virtuous cycle of local spending. The extra dollars in the local economy produce more jobs for residents, extra tax revenues for local governments, more investment in commercial and residential districts, and enhanced support for local nonprofits. In short, these businesses create better places.

Civic Economics wishes to thank Shop Local Raleigh for sponsoring this study.

For more information about this study, please visit Shop Local Raleigh (ShopLocalRaleigh.org) or Civic Economics (CivicEconomics.com). Thank you.

