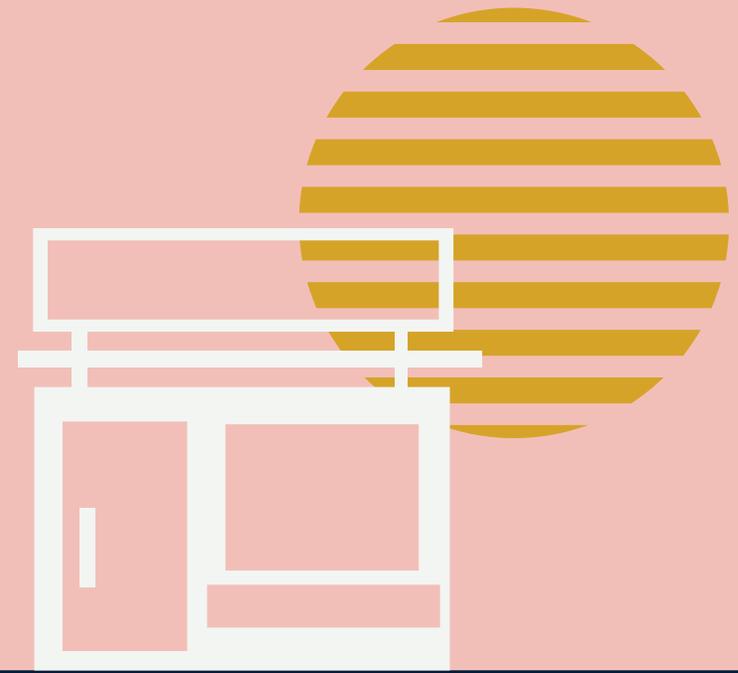


LOCAL MATTERS

MEASURING IMPACT

A comparative survey detailing the impact of the independent and locally owned business community on Cape Cod



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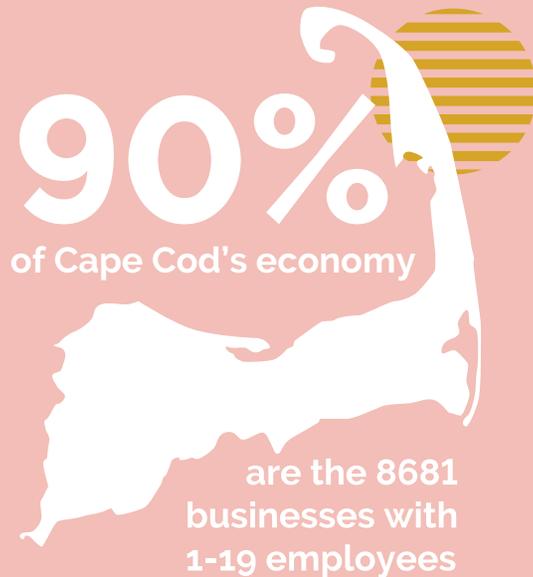
love. live. local.





Our Purpose

Locally owned businesses play a central role in healthy and strong communities. Since 2013 Love Live Local has been communicating the importance of Cape Cod's independent businesses and citing study after study that show small businesses make communities unique, create more jobs, bring in more tax revenue, donate more to local charities, are more invested in the community's welfare, contribute less to sprawl, and value their customers more. We have also shared data gathered from communities across the country demonstrating that when goods and services are purchased from a locally owned business rather than a nationally owned corporation, more money remains and recirculates in the community.



Source: StatsCapeCod.org



The primary purpose of this study

from Civic Economics – which was commissioned by Love Live Local with help from our Mission Supporters: Cape Cod Five, Mid-Cape Home Centers, Nauset Disposal, Cape Cod Young Professionals and Duffy Health Center – was to quantify and assess the impact of Cape Cod's locally owned businesses on our local economy, as compared to national chains and online corporations.

The Civic Economics analysis found that local retailers and restaurants keep about 2-4 times as much money in the local economy as their national chain competitors, and that online retailers return virtually \$0 to local communities. These findings are consistent with similar studies conducted in other states and can vary by business type.

Bottom line: dollars spent at locally owned businesses generate more local prosperity and shifting any amount of consumer spending to locally owned businesses results in increased economic activity and stronger economic sustainability.



Who We Are



Civic Economics is a consulting firm that provides a data-driven approach to business and community initiatives with a wide range of goals. Since their founding in 2002 they have developed substantial depth in the economics of local and regional retail, land use planning, and gaming.

Over the past decade they have been conducting “Indie Impact” studies such as this to provide communities with a baseline study that shows the percentage of revenue circulated by independently owned businesses within their boundaries.

Study areas include Bainbridge Island, WA, Buffalo, NY, Charleston, SC, Hudson Valley, NY, Ithaca, NY, Louisville, KY, Milwaukee, WI, Monadnock Region, NH, Ogden, UT, Oklahoma City, OK, Raleigh, NC, Syracuse, NY, and now Cape Cod.



love. live. local.

Love Live Local is a Cape Cod organization dedicated to community advocacy and educating consumers on the importance of shopping local. Our mission is to foster an economically sustainable, creative, and exciting future for the Cape and help all those who love this place participate in keeping it special.

Our aim is to work with local businesses to achieve their economic goals, and communicate their importance to the sustainability of Cape Cod as a whole, as well as foster community connection among individuals and organizations in order to improve the overall health of our region. We achieve this through collaboration with small local businesses and organizations, producing community events, creating annual publications highlighting the local business community, and representing local brands and makers in our retail store.

We also achieve our mission through research and evaluation of the challenges and issues impacting the small local businesses in our community.



Methodology



**Retail,
restaurants
and hotels**
provide **40%** of total jobs
on Cape Cod and generate
over **43%** of the annual
revenue for the region

Source: StatsCapeCod.org

Since its establishment in 2002, Civic Economics has conducted several studies comparing the economic impacts of independent, locally owned businesses with that of their chain competitors. More recently, they have begun to include Amazon's ecommerce site in their analyses as well.

For the purpose of this study local and independent business is defined as a privately held business headquartered on Cape Cod whose owners control all the financial and business decisions.

The focus for this particular data analysis was on retail and restaurants, along with hotels as the hospitality industry is the heart of Cape Cod's economy. Love Live Local intends on carrying out further qualitative analysis on these economic sectors, as well as analysis on service-based businesses in the future.

For all the Civic Economics Indie Impact studies, local organizers are responsible for recruiting businesses to complete a survey to quantify local recirculation of revenues. Love Live Local reached out to approximately 160 local retailers, restaurateurs and hotel contacts in April and May of 2020 and asked for their participation in the analysis; 26 retailers, eight restaurants and five hotels responded. The survey can be time consuming and requires an in depth look at a businesses' books. These factors will naturally impact the survey's response rate.

The essential methodology for the survey is that local and independent businesses open their accounting records 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 and online competitors, the aggregate value of these is estimated from public records. For the retail comparison, Civic Economics analyzed annual reports for four major national retail chain stores (Barnes & Noble, Home Depot, Office Depot, and Target), available data on sales and employment with Amazon.com, and annual reports for three major national restaurant chains: Brinker International (Chili's and others), Darden (Olive Garden and others), and McDonald's.

Additionally, for the scope of this project, employment data was analyzed for locally owned hotels and national hotel chains in the state of Massachusetts.

The difference between these the totals captures the enhanced impact of the one or the other category of business (Civic Economics has yet to encounter a situation where independents did not present a distinct local impact advantage).



Results and Discussion

The # of small businesses started and sustained in the United States has been on a steady decline since the 1970s,



a trend that economists are saying is slowing job growth.

Source: Kauffman Foundation

Over the past five decades businesses across the country have been facing many challenges due to a variety of market forces, corporate consolidation and appropriation, the rapid upsurge of online commerce, as well as public policy decisions that have favored big business over small mom and pop shops. As a result, the number of small businesses started and sustained in the United States has been on a steady decline since the 1970s, a trend that economists are saying is slowing job growth.

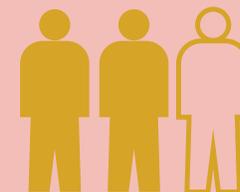
While national businesses have a role to play in every economy, purchases from national corporations typically cause money to leave the local economy, as national chains and online purchases send money outside of the community to the areas where they are headquartered. This is to the extreme detriment to local communities, as study after study has shown that local businesses generate a substantial local premium, or added economic benefit, over corporate businesses. When dollars are spent locally, they can in turn be re-spent locally, raising the overall level of economic activity, paying more salaries, and building the local tax base. This re-circulating of money leads to an increase of economic activity, with the degree of expanse entirely dependent on the percentage of money spent locally.

Based on the data analysis of the Civic Economic survey, retailers and restaurants on Cape Cod return a total of 50.0% and 55.7% respectively, of all revenue to the local economy. Purchases from online retailers not based on Cape Cod return virtually no money to the local community.

National chain retail stores recirculate an average of 13.6% of all revenue within the local markets that host its stores, and national chain restaurants return an average of 30.4% of all revenue to the local economy.

Small businesses create nearly

2 out of 3



of every new job in the United States

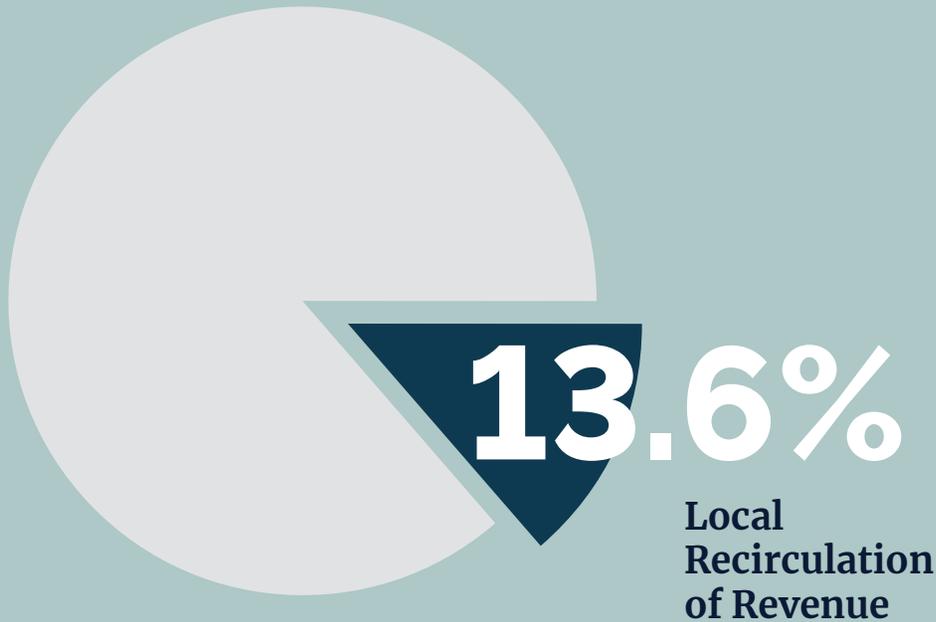
Source: Small Business Administration



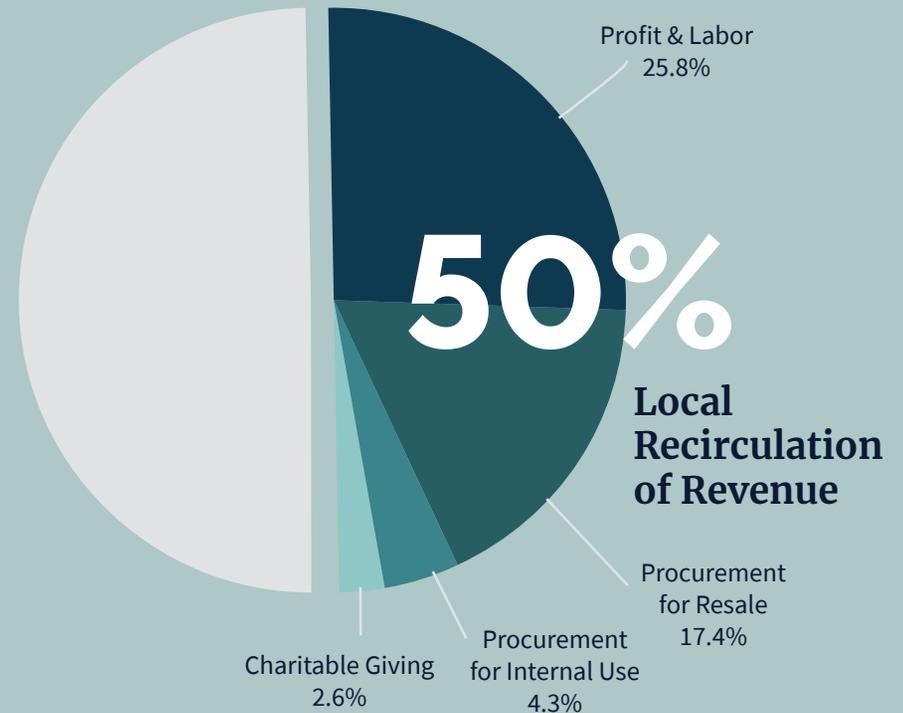
National Chains vs. Independent Retailers

The ways in which a firm (local or national) keeps their money recirculating in the local economy are: profits earned by local owners, the purchases of local goods and services for resale and internal use, contributions to local nonprofits, and wages and benefits paid to local residents.

NATIONAL CHAINS



INDEPENDENT RETAILERS

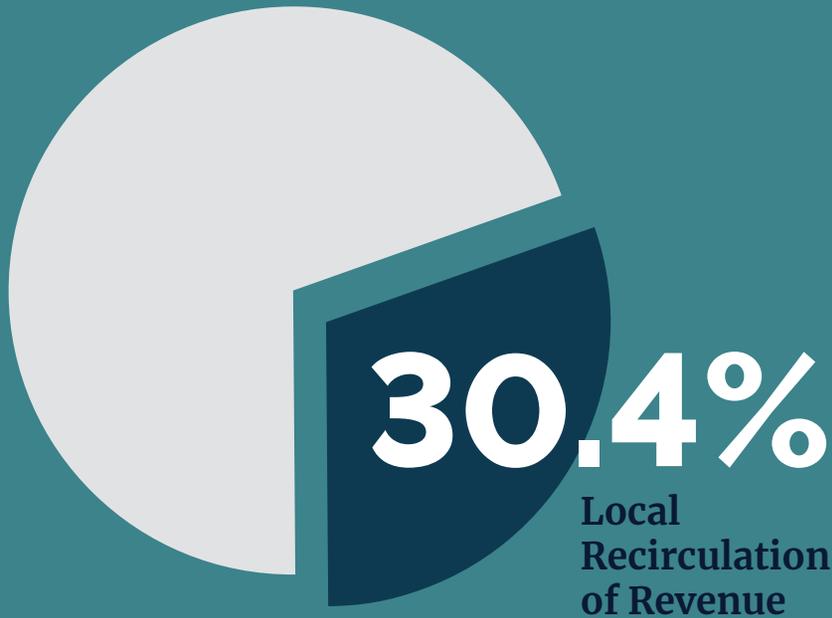




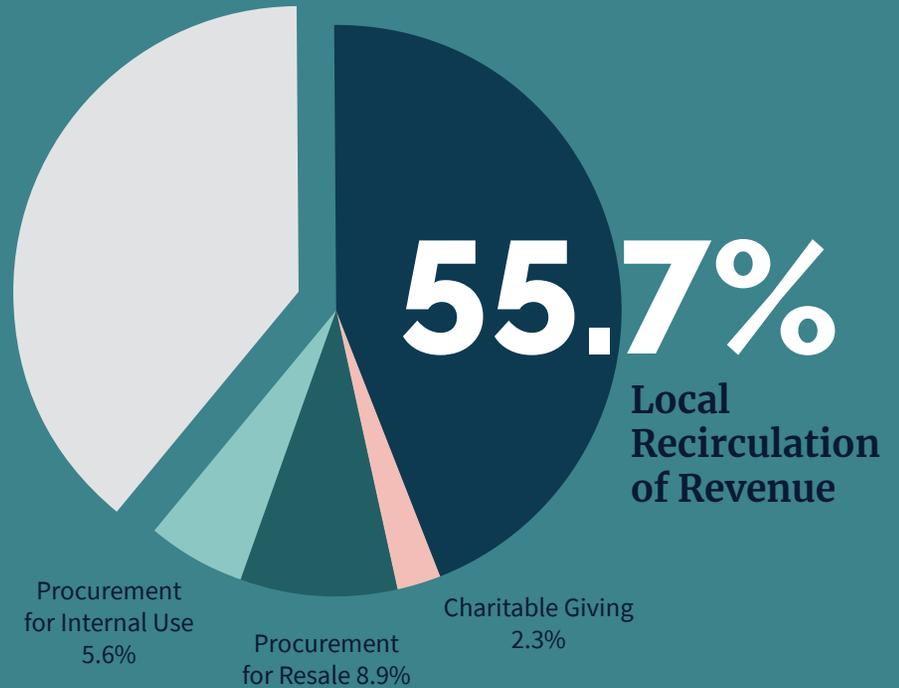
National Chains vs. Independent Restaurants

The ways in which a firm (local or national) keeps their money recirculating in the local economy are: profits earned by local owners, the purchases of local goods and services for resale and internal use, contributions to local nonprofits, and wages and benefits paid to local residents.

NATIONAL CHAINS



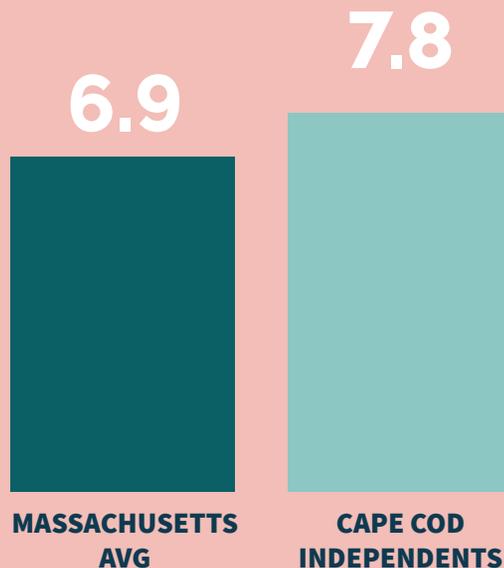
INDEPENDENT RESTAURANTS





Jobs and Land Use

Comparison of employment data for every \$1 million of
REVENUE FOR HOTELS
in Massachusetts as compared to those locally owned on
Cape Cod.



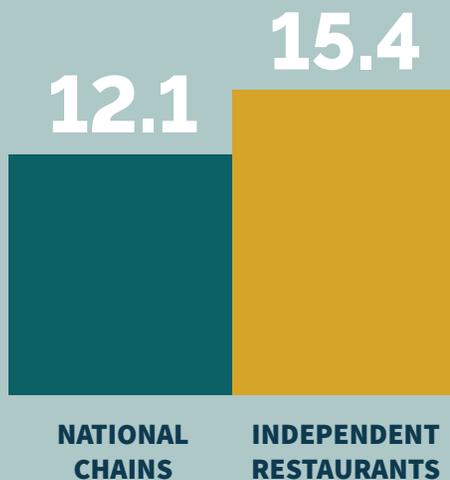
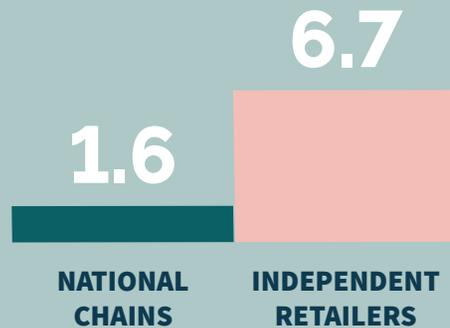
The data show that both local retailers and restaurants need less space and sprawl to generate more revenue per square foot than their chain competitors. Furthermore, in every industry sector comparison – retail, restaurants, and hotels – locally owned businesses employ more people per square foot and per \$1 million revenue than their corporate competitors. Retailers provide 75% more jobs per square foot and restaurants 20% more per square foot than nationally owned businesses; and Cape Cod hotels employ 11% more people than their corporate counterparts per \$1 million in revenue. Stated differently, locally owned businesses consistently exceed their chain and online competitors recirculating and investing their money in the local economy, creating more local jobs and wealth.

Put into real dollars: according to the 2017 Economic Census, Barnstable County produced retail sales across all lines of goods of roughly \$3.0 billion (when excluding auto sales, gas stations, and non-store retailers), thus a market shift of just 10% from chains to independents would retain an additional \$112 million in the local economy every year.

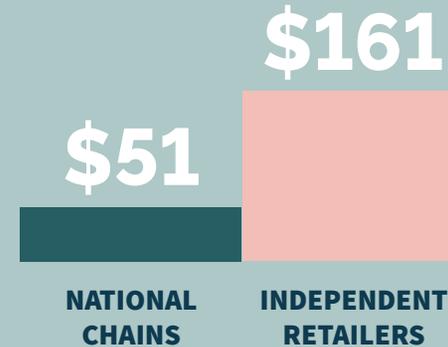


Jobs and Land Use

A comparison of
EMPLOYEES PER SQ FEET
between locally owned retailers and restaurants and their
national chain competitors.



A comparison of
REVENUE GENERATED PER SQ FT
between locally owned retailers and restaurants and their
national chain competitors.





Local Impact of Amazon

A 2019 Independent Business Survey showed that

93%



of independent retailers nationwide indicate that Amazon has negatively impacted their revenue.

Source: ILSR.org

While the preceding charts represent the difference in economic impacts between independent and chain retail businesses in Barnstable County, the differences between independent retailers and Amazon are even more stark. The e-commerce share of total retail sales has steadily been on the rise, hitting 16.0% of an almost \$4 trillion industry in 2019, and Amazon.com dominates this world. Civic Economics estimates that Barnstable County generated \$162 million of sales in 2019 for Amazon between their own sales and those of third-party merchants.

As this study is published, Amazon has no warehouse facilities on Cape Cod which renders its economic impact on the county to be near zero. So, unlike other non-local businesses that have a physical presence and create jobs and a tax base for the community, Amazon internet sales return virtually no money to the local community. It is also worth noting the presence of Amazon in general eliminates more jobs than it

creates. What's more, independent retailers across the country and the Cape Cod region name Amazon as a significant or extremely significant threat to their business.

It should be noted that there is one Whole Foods grocery store in the region that was purchased by Amazon in 2017. The local impact of this corporate store is represented in the national chain retailer analysis.

Additionally, Amazon's online sales in Barnstable County had occurred in independent retailers, they would support 125 additional retail outlets and 1,739 additional jobs. Amazon's estimated sales represent slightly more than 5 percent of all retail sales (excluding auto and non-store retail) and this money is leaving the region with little to no return for the residents and visitors to Cape Cod.



Conclusions

Shifting 10% of spending to local retailers would put an additional

 **\$112**
MILLION
in the **CAPE COD**
economy every year

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: independently owned local businesses bring substantial benefits to their local economies when compared to their chain and online competitors. While chain stores and restaurants and online sellers extract locally generated revenues from the community with each nightly bank transaction

and click of the mouse, 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 stronger and healthier communities to live, work and visit.



Thank You

Thanks to the support from Love Live Local's Mission Supporters.
We are incredibly grateful to them and their dedication to Cape Cod small businesses.



Our thanks to the following local businesses for completing the financial survey on which this study is based:

Beach Breeze Inn
Cape Cod Beer,
Cape Cod Chocolatier
Cape Codder Resort & Spa
Captain David Kelley House
Chukulati Chocolate Co.
Daniel Webster Inn
Elburne
Fathers Kitchen and Taphouse
Fisherman's Daughter
Friends' Marketplace
Gustare Oils and Vinegars
Islands

Jewelcraft
J Miller Pictureframer
Jobi Pottery & Gallery
Love Live Local
Mad Minnow Bar & Kitchen,
Mass Bay Company
Mid-Cape Home Centers
Misaki
Monomoy Horse & Dog
Painted Daisies
Pizza Barbone
Red Fish Blue Fish,
Robin's Toffee by the Sea,

Scargo Café
Scenic Roots
Seaside Design Studio and Shop
Snows Home & Garden
Story.
Sundance Clothing
The Parsonage Inn
The Silver Seahorse
The Talkative Pig
Therapeutic Bodywork,
Up Front Clothing & Gifts
The West End

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