INDIE IMPACT STUDY SERIES:
A COMPARATIVE SURVEY

UPPER VALLEY
VITAL COMMUNITIES 2020
Civic Economics is pleased to present Vital Communities with this addition to the Indie Impact Study Series detailing the impact of the independent retail community in Central Vermont and New Hampshire.

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:


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, as is the case in this analysis.
VITAL COMMUNITIES AND THE INDIE IMPACT SURVEY

Vital Communities collected surveys from independent, locally-owned businesses engaged in the retail and restaurant trade in their service area, which includes portions of Vermont and New Hampshire. 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.

Ten retailers and ten restaurants, all independent and locally-owned, participated in the local survey. Collectively, these retailers and restaurants return a total of 55.5% and 68.4%, respectively, of all revenue to the local economy. We also received enough surveys to break out the results for Vermont and New Hampshire. The retailers kept 56.3% of the revenue locally in Vermont and 51.0% of their revenue local in New Hampshire. The restaurants in Vermont kept 66.5% of their revenue in the local economy while those in New Hampshire returned 69.7% of their money to the local economy.

For comparison purposes, Civic Economics analyzed annual reports for four major national retail 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. We also analyzed annual reports for three major national restaurant chains: Brinker International (Chili’s and others), Darden (Olive Garden and others), and McDonald’s and found they return an average of 30.4% of all revenue to the local economy.
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:

Claremont Spice & Dry Goods  Peyton Place Restaurant at The Historic Mann Tavern
Cloudland Farm, LLC  Piecemeal Pies
CourierWare, Inc  Poor Thom's Tavern
Dan & Whit’s General Store  Post Pond Lodge LLC
Enfield House of Pizza  Prince and the Pauper Restuarant
Hanover Co-op Food Stores  Revolution
King Arthur Baking Company  Taverne on the Square, LLC
Kit 'N Kaboodle Thrift  Time-Out Americana Grill
Left Bank Books  Trail Break Taps + Tacos
Long River Gallery  Valley Floors
NATIONAL CHAINS VERSUS INDEPENDENT RETAILERS

VITAL COMMUNITIES, 2020

National Chains

Indepedents

Local Recirculation of Revenue:
13.6%

Local Recirculation of Revenue:
55.5%

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

VITAL COMMUNITIES, 2020
VERMONT

National Chains

Independent

Local Recirculation of Revenue:
13.6%

Local Recirculation of Revenue:
56.3%

Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Office Depot, Home Depot, Target, and Barnes & Noble
**NATIONAL CHAINS VERSUS INDEPENDENT RETAILERS**

**VITAL COMMUNITIES, 2020**

**NEW HAMPSHIRE**

**National Chains**

**Independents**

Local Recirculation of Revenue: 13.6%

Local Recirculation of Revenue: 51.0%

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

VITAL COMMUNITIES, 2020

National Chains

Local Recirculation of Revenue: 30.4%

Independents

Local Recirculation of Revenue: 68.4%

Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Darden, McDonald’s, and P.F. Chang’s
National Chains

Indepedents

Local Recirculation of Revenue:
30.4%

Local Recirculation of Revenue:
66.5%

Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Darden, McDonald’s, and P.F. Chang’s
National Chains vs. Independent Restaurants

VITAL COMMUNITIES, 2020
NEW HAMPSHIRE

Local Recirculation of Revenue:
National Chains: 30.4%
Independents: 69.7%

Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Darden, McDonald’s, and P.F. Chang’s
NATIONAL CHAINS VERSUS INDEPENDENT RESTAURANTS

VITAL COMMUNITIES, 2020

Employees Per 1,000 Sq Feet

<table>
<thead>
<tr>
<th></th>
<th>Chains</th>
<th>Indys</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.1</td>
<td>16.1</td>
</tr>
</tbody>
</table>

Revenue Kept Local Per Sq Foot

<table>
<thead>
<tr>
<th></th>
<th>Chains</th>
<th>Indys</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$199</td>
<td>$489</td>
</tr>
</tbody>
</table>

Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Brinker International (Chili’s), Darden (Olive Garden), and McDonald’s
THE 10% SHIFT

According to the 2017 Economic Census, the four counties that cover the Vital Communities service area (Orange and Windsor, Vermont and Grafton and Sullivan, New Hampshire) produced retail sales across all lines of goods of roughly $2.2 billion when excluding auto sales, gas stations, and non-store retailers. 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 $90 million in the local economy every year.

AMAZON EFFECTS

While the preceding charts represent the difference in economic impacts between independent and chain businesses in the region, the differences between independent businesses and Amazon are even more stark. Civic Economics estimates that the four counties comprising Vital Communities service area generated $165 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 in the Vital Communities service area which renders its economic impact on the county to be near zero. Additionally, they have no Whole Foods stores or any other physical retail outlets in these four counties. Virtually all of the money spent on Amazon leaves the community.

If Amazon’s online sales in these four counties had occurred in independent retailers, they would support 127 additional retail outlets and 1,453 additional jobs. Amazon’s estimated sales represent slightly more than 7 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 of the Vital Communities region.

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 Vital Communities for sponsoring this study. For more information, please visit Vital Communities (vitalcommunities.org) or Civic Economics (CivicEconomics.com). Thank you.

This report was funded by a USDA Rural Development Rural Business Development Grant.