



**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:

<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, 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.

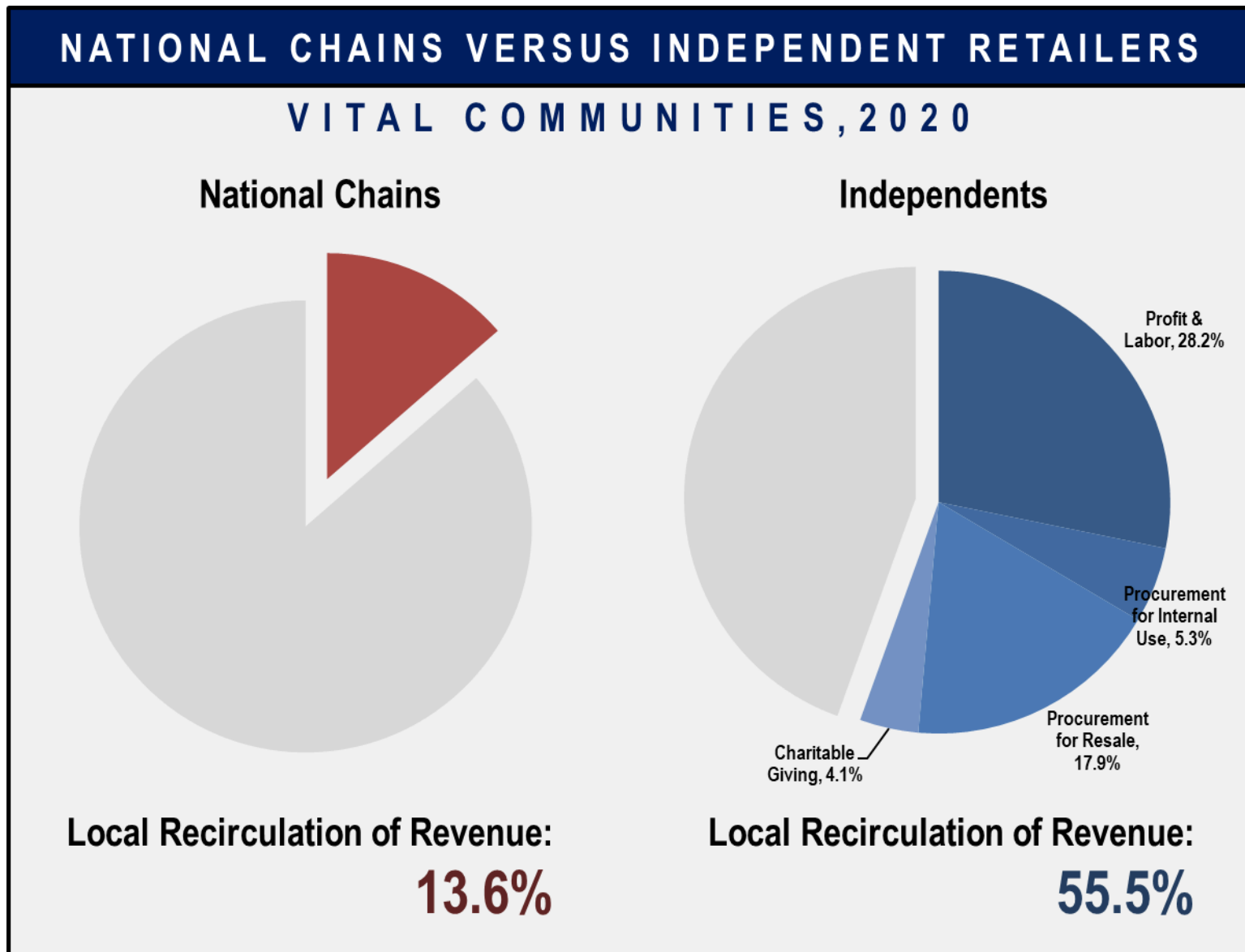


The charts on the following pages summarize these findings, providing further detail on local recirculation by local businesses. Our thanks to the following local businesses for completing the financial survey on which this study is based:

Claremont Spice & Dry Goods
Cloudland Farm, LLC
CourierWare, Inc
Dan & Whit's General Store
Enfield House of Pizza
Hanover Co-op Food Stores
King Arthur Baking Company
Kit 'N Kaboodle Thrift
Left Bank Books
Long River Gallery

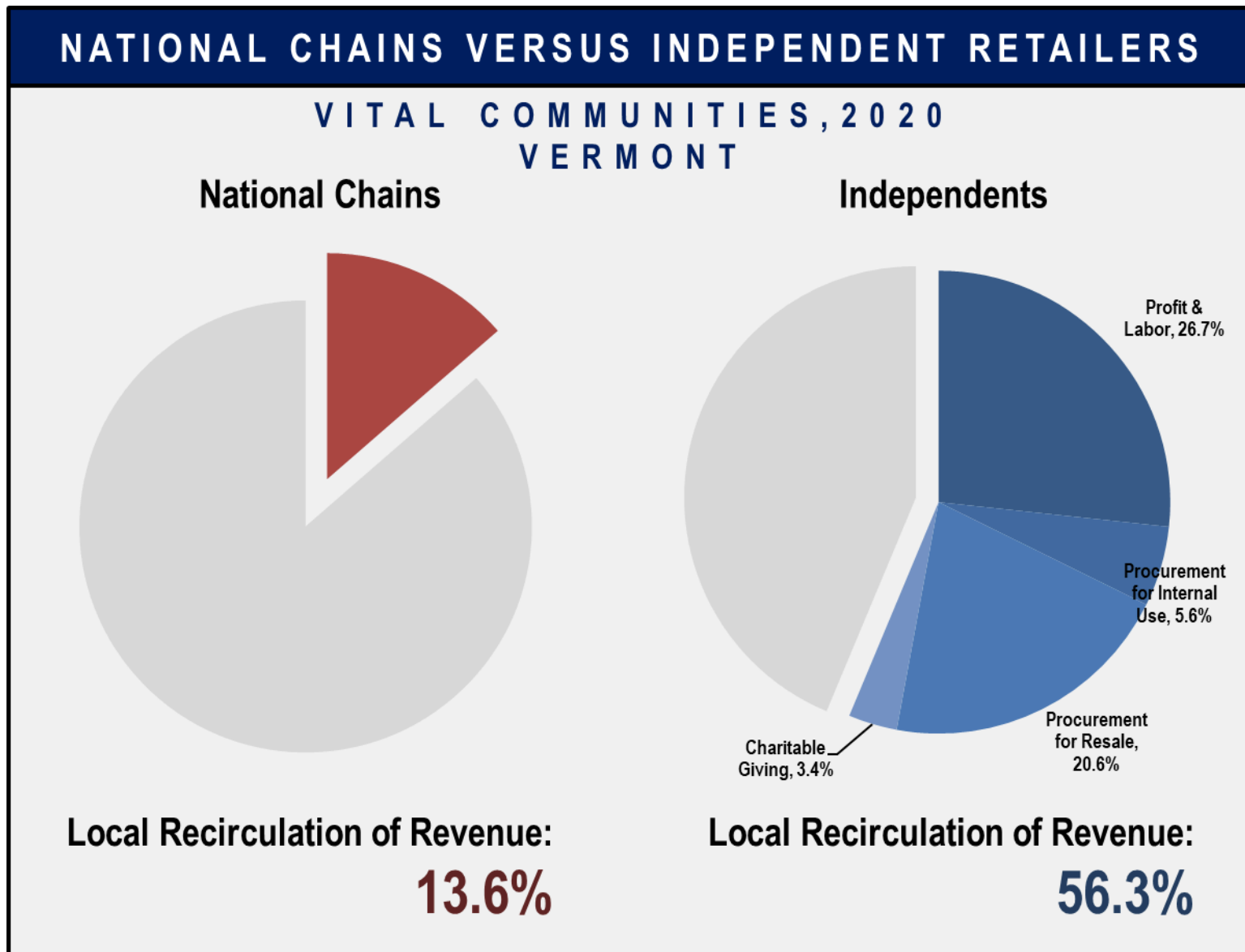
Peyton Place Restaurant at The Historic Mann Tavern
Piecemeal Pies
Poor Thom's Tavern
Post Pond Lodge LLC
Prince and the Pauper Restuarant
Revolution
Taverne on the Square, LLC
Time-Out Americana Grill
Trail Break Taps + Tacos
Valley Floors





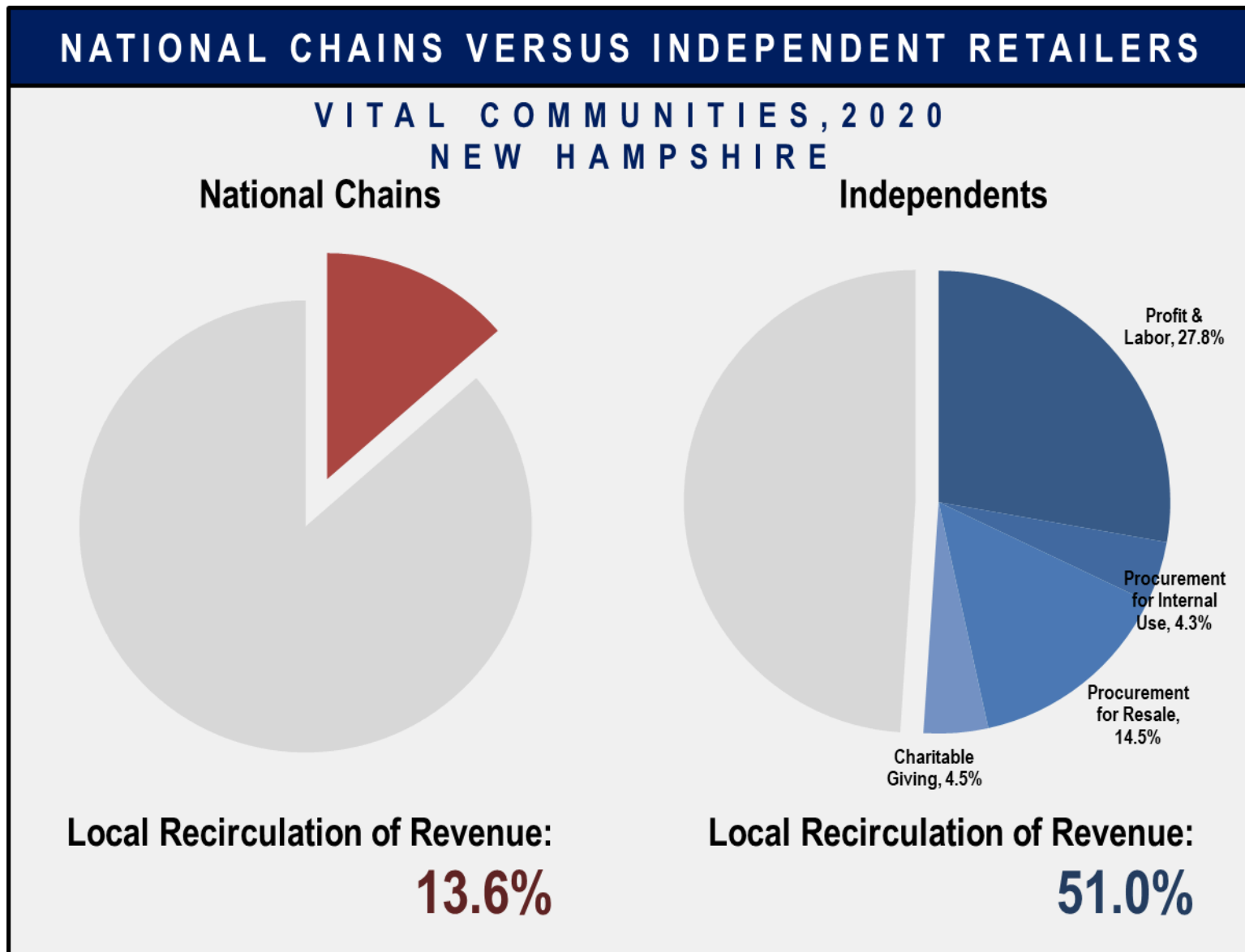
Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Office Depot, Home Depot, Target, and Barnes & Noble





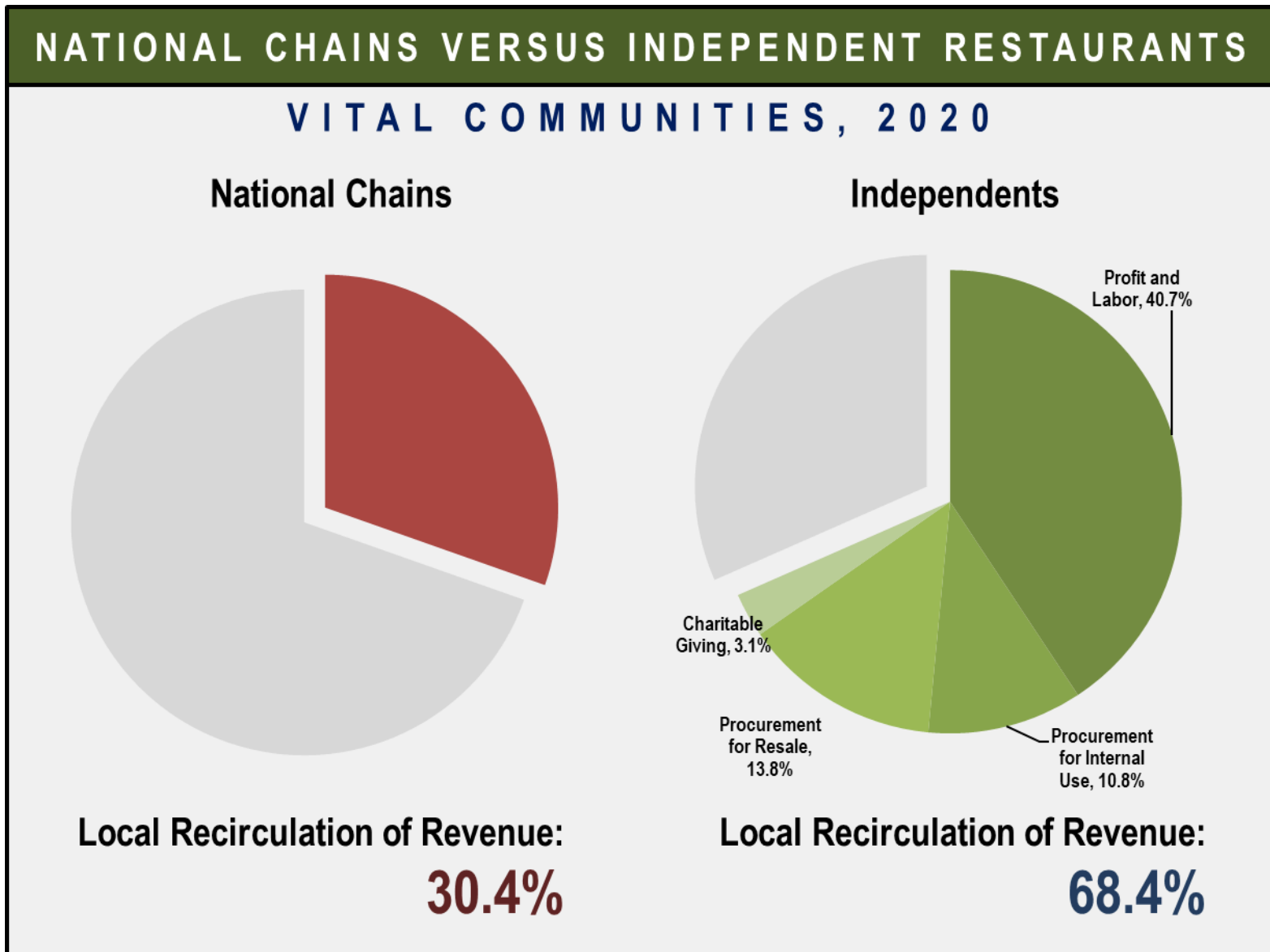
Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Office Depot, Home Depot, Target, and Barnes & Noble



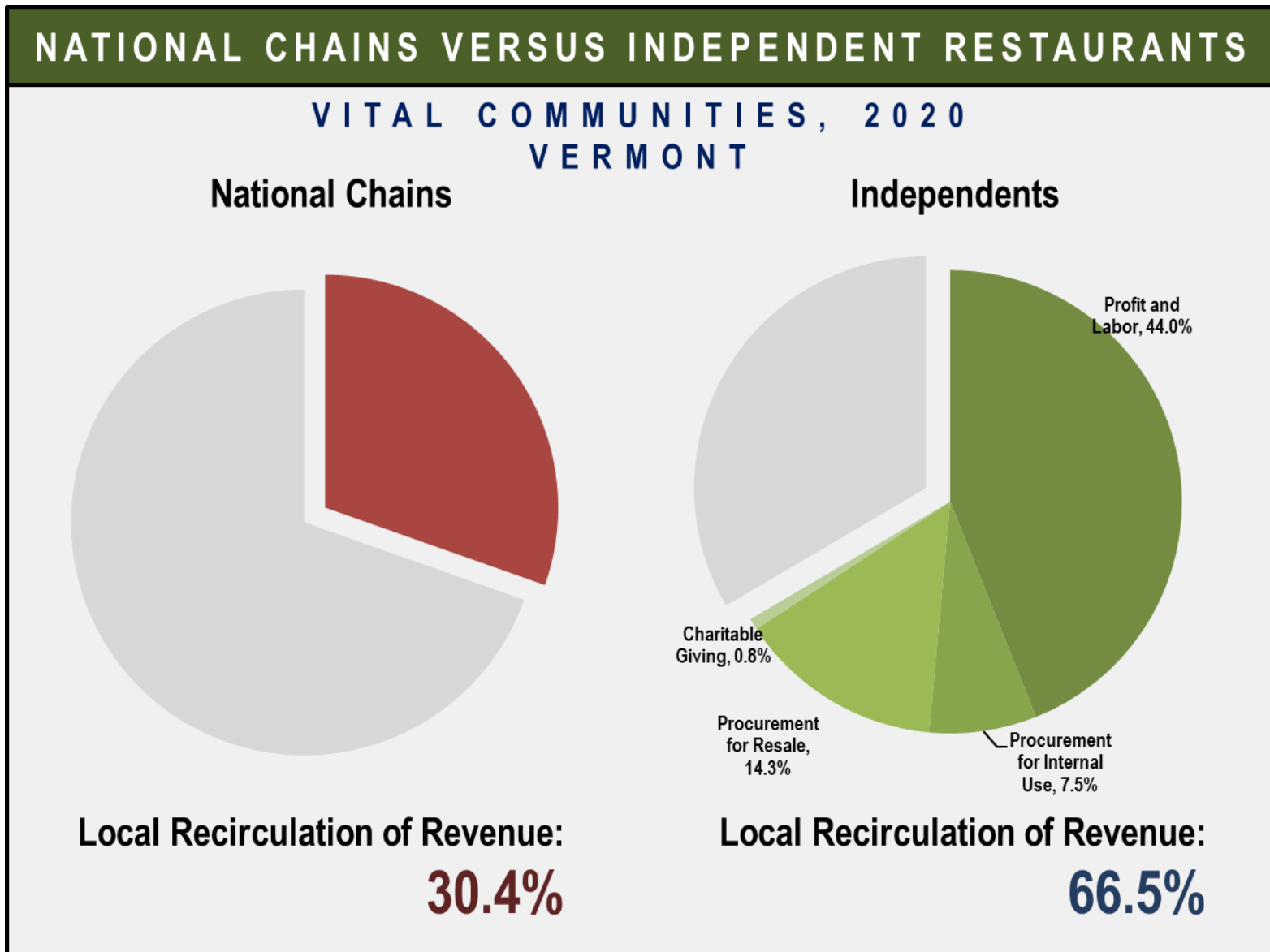


Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Office Depot, Home Depot, Target, and Barnes & Noble

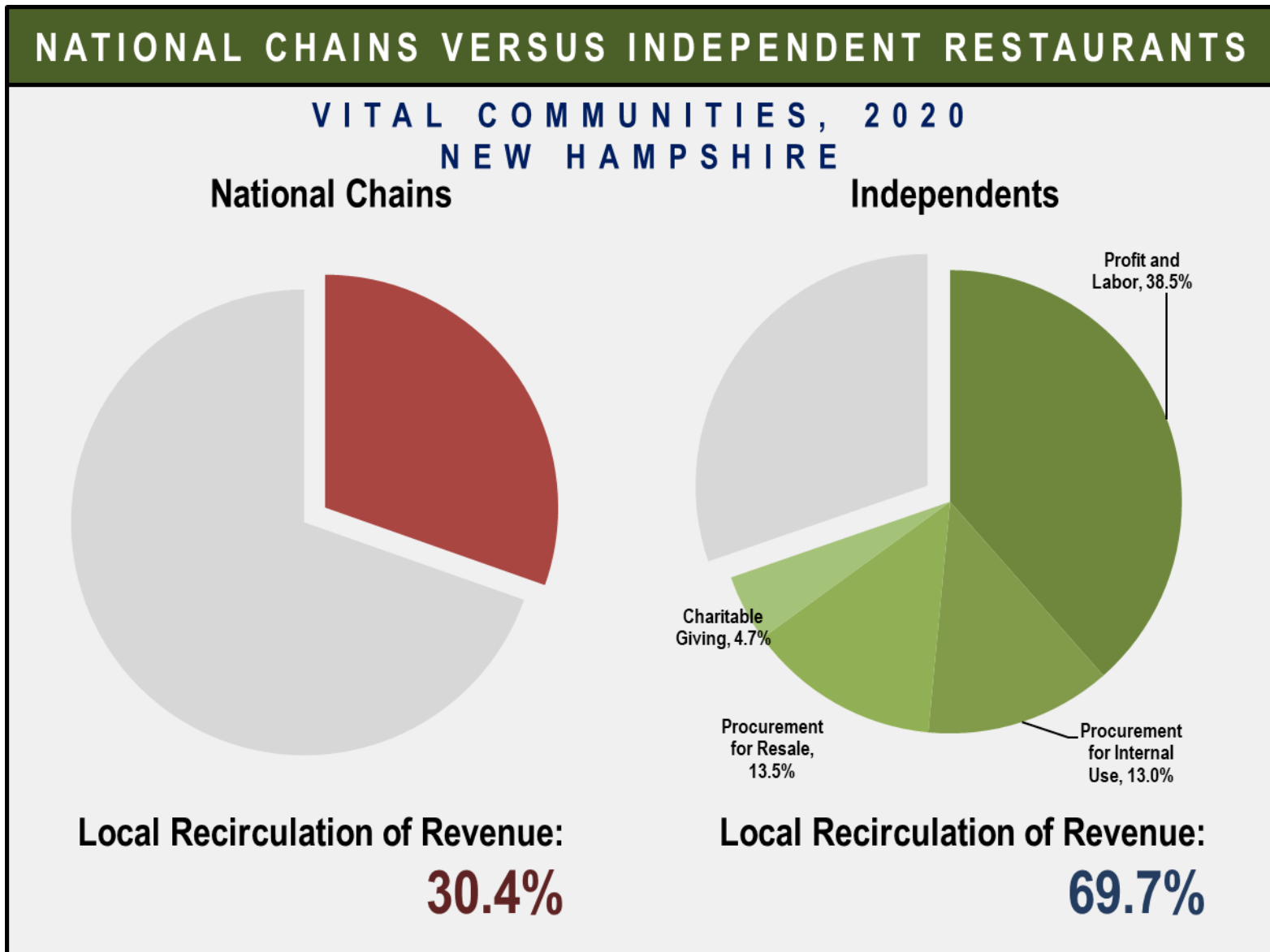




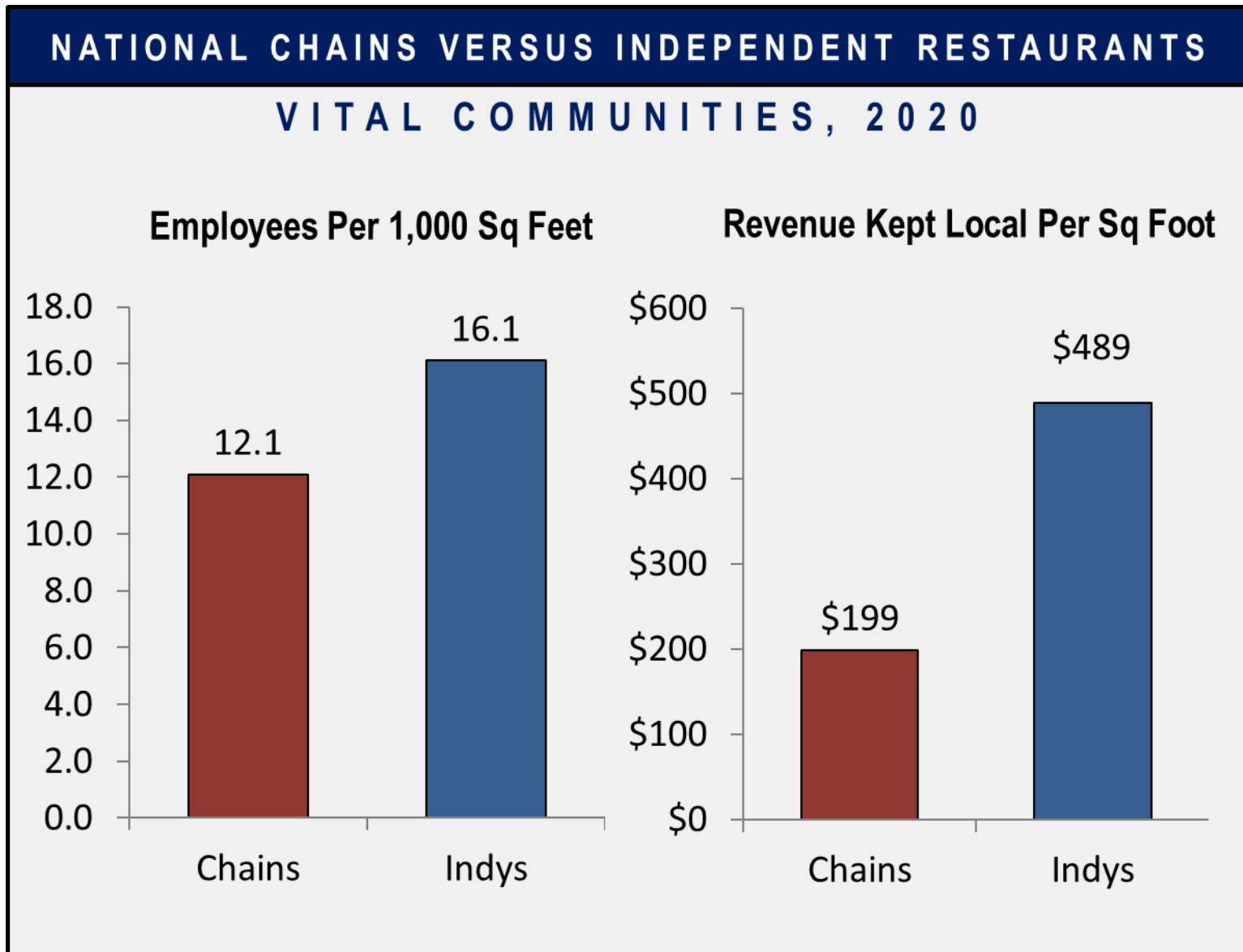
Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Darden, McDonald's, and P.F. Chang's



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



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



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.

