



**INDIE IMPACT STUDY SERIES:
A NATIONAL COMPARATIVE SURVEY WITH THE
AMERICAN BOOKSELLERS ASSOCIATION**

LOUISVILLE, KENTUCKY



Civic Economics is pleased to present the American Booksellers Association and the Louisville Independent Business Alliance with this supplement to the Indie Impact Study Series detailing the impact of the neighborhood's independent business community.

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 in five categories:

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

For 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 strong local impact advantage).

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

<http://civiceconomics.com/projects/featured-projects/the-civic-economics-of-retail/>

This study series was designed to allow up to ten participating communities to develop a localized analysis similar to those above. In each community, local organizers were responsible for recruiting businesses to complete a survey to quantify local recirculation of revenues. The study allows the participation of both retailers and restaurants, though many communities chose to focus on retail.



LOUISVILLE AND THE INDIE IMPACT SURVEY

The Louisville Independent Business Alliance collected surveys from independent, locally-owned businesses engaged in the retail and restaurant trade in the community. 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.

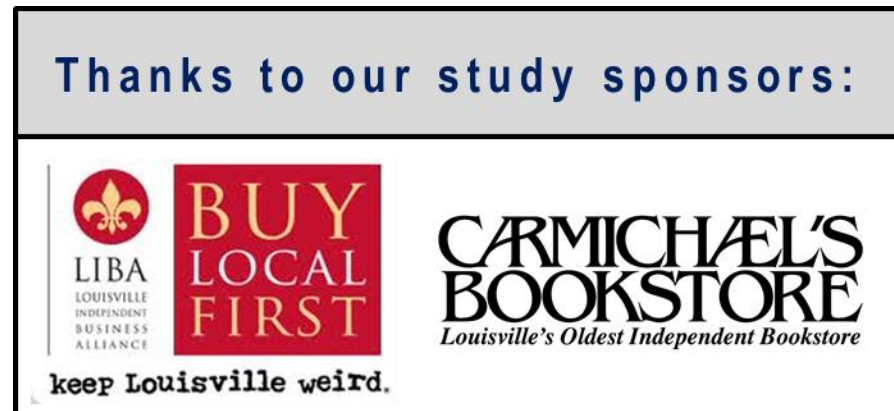
Seventeen retailers and three restaurants, all independent and locally-owned, participated in the local survey. Collectively, these retailers return a total of **55.2%** of all revenue to the local economy. The restaurants surveyed return a total of **67.0%**.

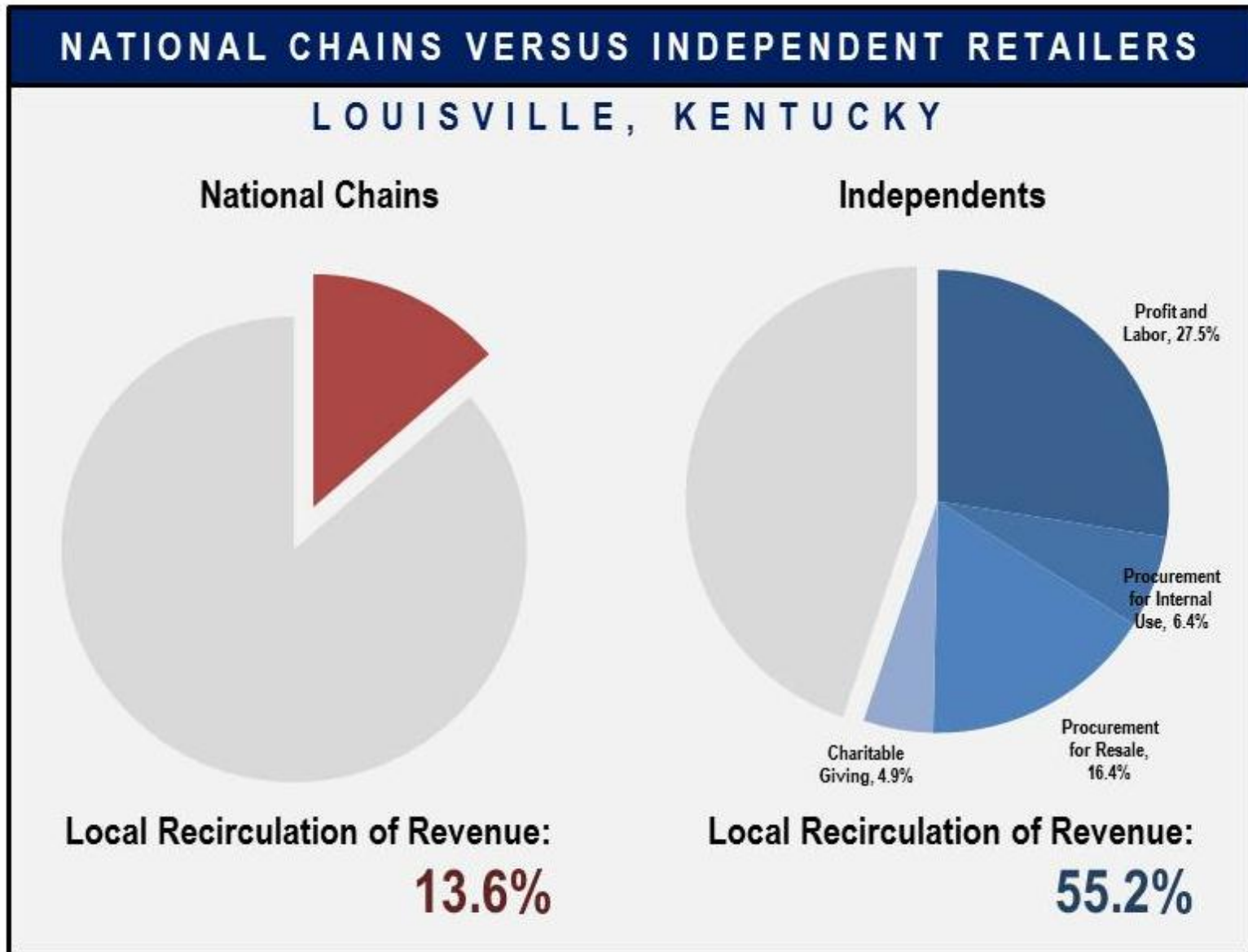
For comparison purposes, Civic Economics analyzed annual reports for four major national chain stores (Barnes & Noble, Home Depot, Office Max, and Target). These stores recirculate an average of **13.6%** of all revenue within the local markets that host its stores. For chain restaurants, we analyzed Darden, McDonald's, and PF Chang's. These eateries recirculate an average of **30.4%** within the local market.

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:

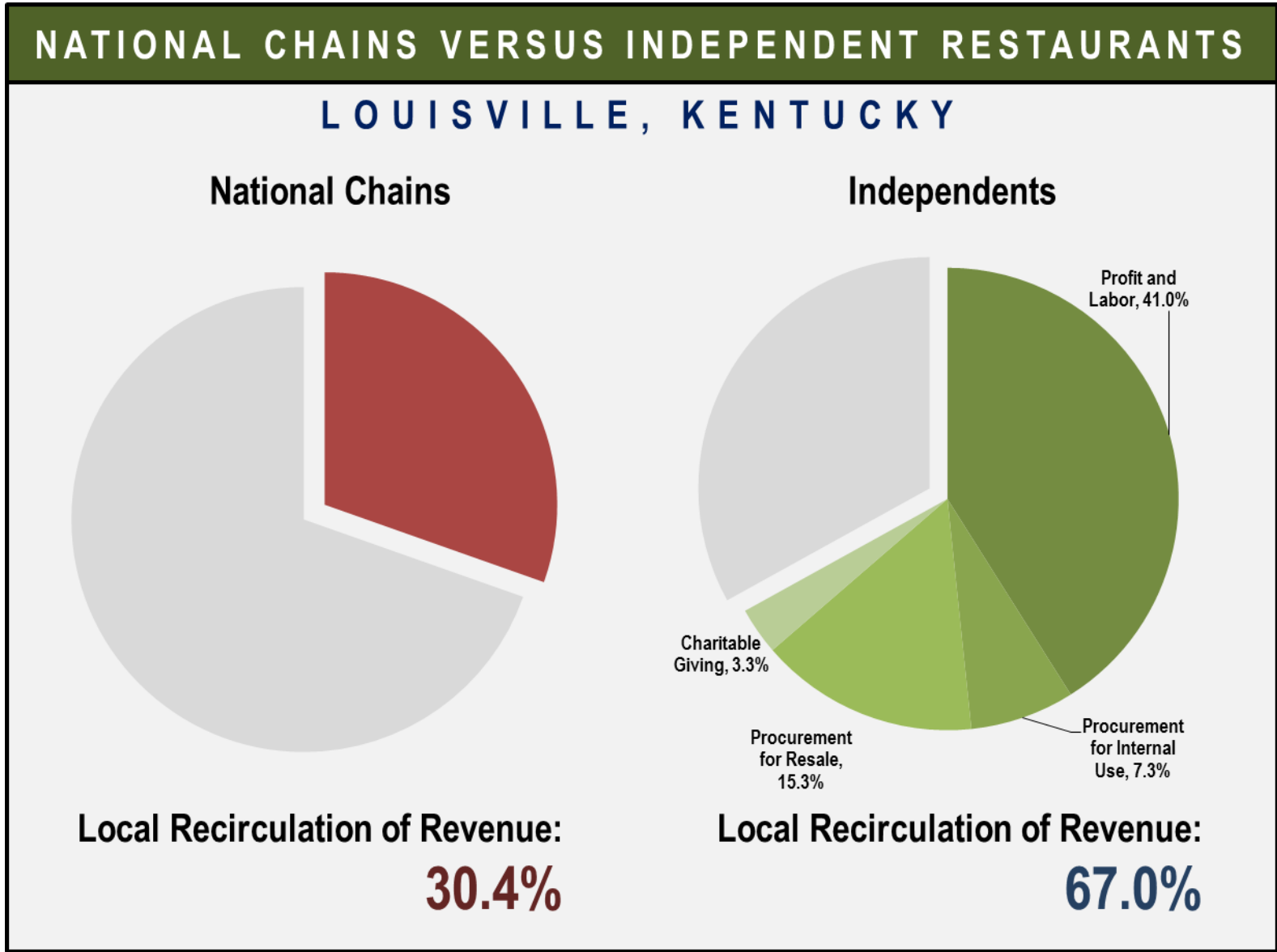
- A Taste of Kentucky
- Against the Grain
- Autograph Gallery
- Bill Brundage Jewelers
- Carmichael's Bookstore
- Celebrations, Inc.
- Dundee Candy Shop
- Earth Friends Cafe
- Eyedia, Design It Again
- Heine Brothers' Coffee
- Kizito Cookies
- Koch and Company
- Louisville Tea Company
- Office Environment Company
- Oxenrose Home
- Preston Arts Center, Inc.
- Rainbow Blossom Natural Markets
- Revelry Boutique Gallery
- The Comfy Cow
- Wild and Woolly Video





Source: Civic Economics Survey of Independent Businesses; 10K Annual Reports for Office Max, 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



THE 10% SHIFT

According to the 2007 Economic Census, Jefferson County produces annual retail store sales across all lines of goods (excluding motor vehicles and gas stations) of roughly \$10 billion. 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 \$416 million in the regional 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 the American Booksellers Association and the Louisville Independent Business Alliance for sponsoring this study.

For more information about this study, please contact the Louisville Independent Business Alliance (KeepLouisvilleWeird.com) or Civic Economics (CivicEconomics.com). Thank you.

