

How 'Shopping Small' actually affects not only the economy but you

The Impacts of Small Business Versus Chain Stores

My Grandmother always told me to keep my elbows and politics off the table. However with the holidays all the table top taboos always come up: Politics, Your Love Life, and The Economy, so we figured we'd give you a fact filled guide to at least give your arguments some positive impact. Through this article we will explore not only the fiscal impact of shopping small business but also how it affects infrastructure, politics and even your health.

Shopping Small Business Effect on Infrastructure and City Planning

San Diego is home to almost 1.4 million people, many of which have moved from all over the country. Recently, I've found in my travels that Santa Barbara looks just like San Diego; Los Angeles looks like San Diego; Seattle looks like San Diego; the face of every city is lined with J.Crew, Urban Outfitters, Anthropology, Target, and Ross. It repulses me to travel and not feel like I traveled at all. I loved looking in the cute boutiques that lined State St. in Santa Barbara or the unique small shops off Carlsbad Village Dr. Many of you will be traveling for the holidays, what does home look like?

Recently you might have noticed a movement to put in bike lanes all over San Diego County along with all the petitions for bike racks around town. You couldn't miss the mustache Movember bike brigade leaving Balboa Park. What does all this have to do with the economy? Ever notice when a new Wal-Mart or shopping center goes in how much more traffic is congested and how new traffic lights have to get added? Then notice how that shopping center looks almost identical to the one in Carlsbad, Encinitas, Rancho Bernardo and El Cajon? Thomas Lyson from Cornell concluded (According to his 2006 study) that counties with a diversity of small-scale enterprise had higher levels of "civic participation and better social outcomes than those controlled by a few outside corporations". Makes sense right? An architect in Maine designing for a California marketplace is not going to care how much room bikes have after the center is completed. A small business owner's lively hood is greatly affected by new legislation and city planning. If there are a bunch of pot holes around a business, no bike racks, no parking and lots of traffic a business owner is going to find their business impacted and might vote on legislation to improve neighborhoods. Research has linked communities with more small businesses to an increase in infrastructure improvements, i.e. Farmers markets, bike lanes, new roads and more parking.

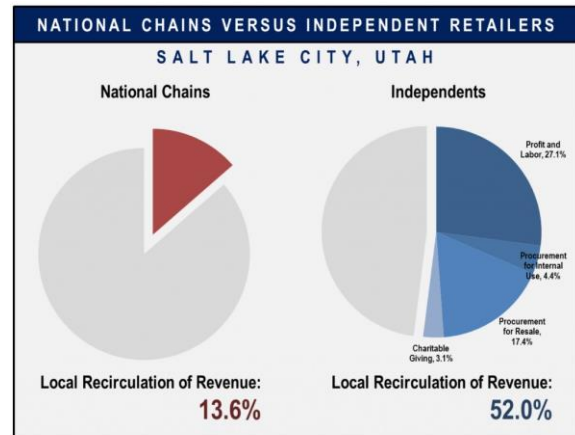
Small Business impact on Health

A 2011 study by the *Cambridge journal of Regions, Economy and Society* stated, "Counties with a vibrant small-business sector have lower rates of mortality and lower prevalence of obesity and diabetes." This sounded quite extreme to me personally until I further

researched. As mentioned in the previous paragraph, small businesses have an impact on infrastructure. North Park for example has passed legislation about not allowing drive-throughs. You might have remembered reading about the Jack-n-the-box on 30th St. doing a renovation and the battle over legislation leniency from former Mayor Bob Filner in regards to considering the project a renovation versus a tear down and rebuild which would have made it ineligible for the drive through per the laws. You can't help but notice how North Park is a mecca of small restaurants: **Alexander's, The Smoking Goat, Carnitas Snack Shack, Urban Solace, West Coast Tavern, De Luca's, Il Postino**, and the list goes on. There are few fast-food chains in the area which has been linked to lower obesity rates. I love walking down the street and seeing each of the restaurants adornments (The pig on **Carnitas**, the Goat on **The Smoking Goat**, the Vespa on **Alexander's** windows, the theater marque outside **West Coast Tavern**.) All of this infrastructure and impact on healthy eating is because of people like you patronizing these businesses. I for one am grateful to not have North Park look like every other city and to not have the same food options in every part of town.

Independent Business Deliver 4 Times as Much Economic Benefit Versus Chains

Let's look at some actual numbers so your dinner table conversation carries some heavy weight: A study by *Civic Economics* stated that local retailers return 52% of their revenue to the local economy compared with 14% of chain retailers (Study compared Barnes & Noble, Home Depot, Office Max, Target, Darden, McDonald's and P.F Chang's with seven independent businesses)



Since we were just talking about health I will use **Ripe North Park** as an example (32nd and Thorn St.) they are a farmers market style store with a deli in the back. The *Civic Economics* Study broke down the 52% of return in revenue as: 27.1% return to local labor, 17.4% products for resale, 4.4% internal use and 3.2 % for charitable giving. To site our example of **Ripe North Park** I recently asked one of the owners Glenn Kessell about some of the avocados he got in, "These avocados didn't technically come from a farm; they came from a local fire fighter from the North Park Station who has about 100 trees at his home in Ramona. He can't make enough with a big packing house to keep his cost to stores low enough for them to make a profit so he likes selling them to us because he can offer a better price and still make money. Right now I am getting his avocados for the same price as avocados from Mexico and I'm able to keep the cost low and offer my customers a better price." The avocados don't just sit on the shelf however; they are put in to the deli sandwiches along with all other local produce. Big sandwich chains don't do that for example, much of their produce is purchased from big vendors out of the country. The difference is huge; laws on pesticides for example are very different in

other countries, not to mention growing conditions. Then you talk about tastes, every pick a plum off some ones' tree, it has way more flavor than one shipped in because it got to sit on the tree for longer versus being picked before it's ripe. Stores like **Ripe** rely on local vendors for their supplies like **Andre's truffles** (handmade in North Park, try them, they beyond amazing and far less expensive than Godiva.) **Deluca's Pizza** has purchased basil from **Ripe** for their toppings. **Deluca's** has done fundraisers with **McKinley Elementary** donating portions of their sales back to the school helping raise money for the art and music programs. Are you catching the impact? Target yes donates 2% of sales back, but did you now business like **Deluca's, Ripe or To Hell in a Handbag** donate up 25% of their sales to charities like **Alex's Lemonade or the Grossmont School District**? Small businesses are patronized by parents of those schools and so they have every incentive to donate back to other local organizations. You don't see pictures of little leagues up on Wal-Marts walls with hand written "Thank you for support" notes under neither. Small business use other local business in all sorts of ways: Shipping and Printing- you can't beat the customer service at the franchised **UPS store on University Ave**; accounting like **Kornfield and Levy**; even the North Park Hardware store for their building needs. Additionally, the people who work at these small business live locally too, while that is admittedly not incredibly different from any of the chain stores it does have a big impact on the employees paycheck.

Small Business is Essential for the increase in wages

A study by Pennsylvania State University economist Stephan Goetz and David Fleming "Does Local Firm

Ownership Matter?" (published in *Economic Development Quarterly*), analyzed 2,953 counties composed of both urban and rural areas, found that a population with a larger density of small business held a greater per capita income growth rate between 2000 and 2007. I'm going to offer a personal example for this one, I own a boutique in North Park. Training a new employee is costly. You are paying them for hours in which they aren't necessarily bringing in sales and you are exhausted at the end of the day explaining anything and everything you can possibly think of in order to make them successful and thus you profitable. Recently my employee Madison got promoted to be manager and received a raise after only working with me for six months. She got a promotion, more responsibility and a raise in both her hourly and bonuses. Why? Madison got a raise because I had received so many customer compliments on her performance and customers feeling like they were taken care of. They appreciated coming in and her remembering not only what they last purchased but asking how their event went or asking their kids how school was going. Madison showed an increase in sales and customer satisfaction. When I worked at big retailers I got a thumbs up for getting a customer complement but no instant direct raise as I was one of many and my direct manager wasn't in charge of my getting a raise. Working so directly with my employees allows me to be more in touch with their job performance and thus my customer's satisfaction and additionally my employee's paycheck. Due to my value in Madison she got a raise and due to her increase in sales we were able to hire another employee underneath her. Economic studies have showed that while large chain

corporations offer job growth they negatively impact the income growth rates in a given area. When there is such competition and a turnover in employees it makes for a slow income increase per capita.

Brick-and-Mortar Small Business Versus E-Commerce Giants

The way people shop is changing 16% of E-Commerce sales will be coming from mobile devices and is expected to reach \$9.8 billion in November and December of this year with \$26 billion in sales for 2013 coming from Tablets alone (87% increase). Trust me stores miss you! And you might be surprised at how you miss them. Have you been to Best Buy lately? You might laugh at the shelves. While waiting for my boyfriend to navigate between cell phones. I was left to wander the aisles. I went to pick up a “Fitbit” this handy device that tells you how many hours a night you sleep, how many calories you burn etc. The one I picked up was actually for men so I scanned the shelf for the women’s version and found a sticker that said, “ You can purchase me online” and there was rows and rows with the same sticker and no products. Huh, I thought stores were I suppose to have products in them. If I wanted to shop online I’d do just that. When you walk into a store you are directly affecting what buyers purchase for your local stores. People come into my store all the time and ask me for an item in silver versus gold or longer versus shorter, and because I’m local I can make any adjustments. I value their option; the store should be all about them and what they want. Most big retailers have regional buyers that cover the whole North West which can even include Arizona and Washington which have been known to not only vote differently

from California but they also have quite different weather and buying patterns.. By shopping small and local you get to tailor items available to you. You are directly making your voice heard.

Small business may seem small but in their fiscal and environment footprint is not. Local restaurants recirculate 79% of their profits back into their local economy in contrast to 30% from chains (*Civic Economics Study*). A locally owned store brings in almost four times as much benefit to the economy of the surrounding region as opposed to a chain. Local stores also tend to donate more. I know I donate directly to charities **like McKinley Elementary, Greater-San-Diego After School All Stars, YWCA Battered Women’s Shelters of San Diego** just to name a few. It’s so great to see some of the kids come in and talk about their art classes or learning a new instrument and knowing I got to help with that. I tell my customers all the time that by shopping at **To Hell in a Handbag** they not only support the local designers who make the products but they also support the businesses that provide them supplies and the charities we donate too. If you could see the look on a designer’s face when I hand them over a check for their designs selling you’d see this big smile cross their face as they are handed a sense of validation for their art. While many of them can’t afford to yet quite their day job I’m happy to say several of them have been able to and have used my store as a stepping stone to further their dreams and get their products out there. On behalf of myself and the other small business of San Diego, “Thank you” for shopping local. Now you will now be the star of your dinner table conversation this holiday season. Hopefully I

gave you a reason (or many) to shop local, shop small
and shop smart. May your holidays be merry and
bright.

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