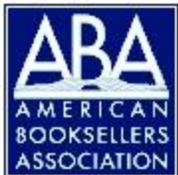




**INDIE IMPACT STUDY SERIES:
A NATIONAL COMPARATIVE SURVEY WITH THE
AMERICAN BOOKSELLERS ASSOCIATION**

ANDERSONVILLE, CHICAGO, ILLINOIS



Civic Economics is pleased to present the American Booksellers Association and the Andersonville Development Corporation with this supplement to the Indie Impact Study Series detailing the impact of Andersonville'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. One of the leading studies of the series was completed in Andersonville in 2004. 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 chains 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, including Andersonville, chose to focus on retail.



ANDERSONVILLE AND THE INDIE IMPACT SURVEY

The Andersonville Development Corporation and Women & Children First 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.

Ten retailers and three restaurants, all independent and locally-owned, participated in the local survey. Collectively, these retailers return a total of **46.9%** of all revenue to the local economy. The restaurants surveyed return a total of **72.7%**.

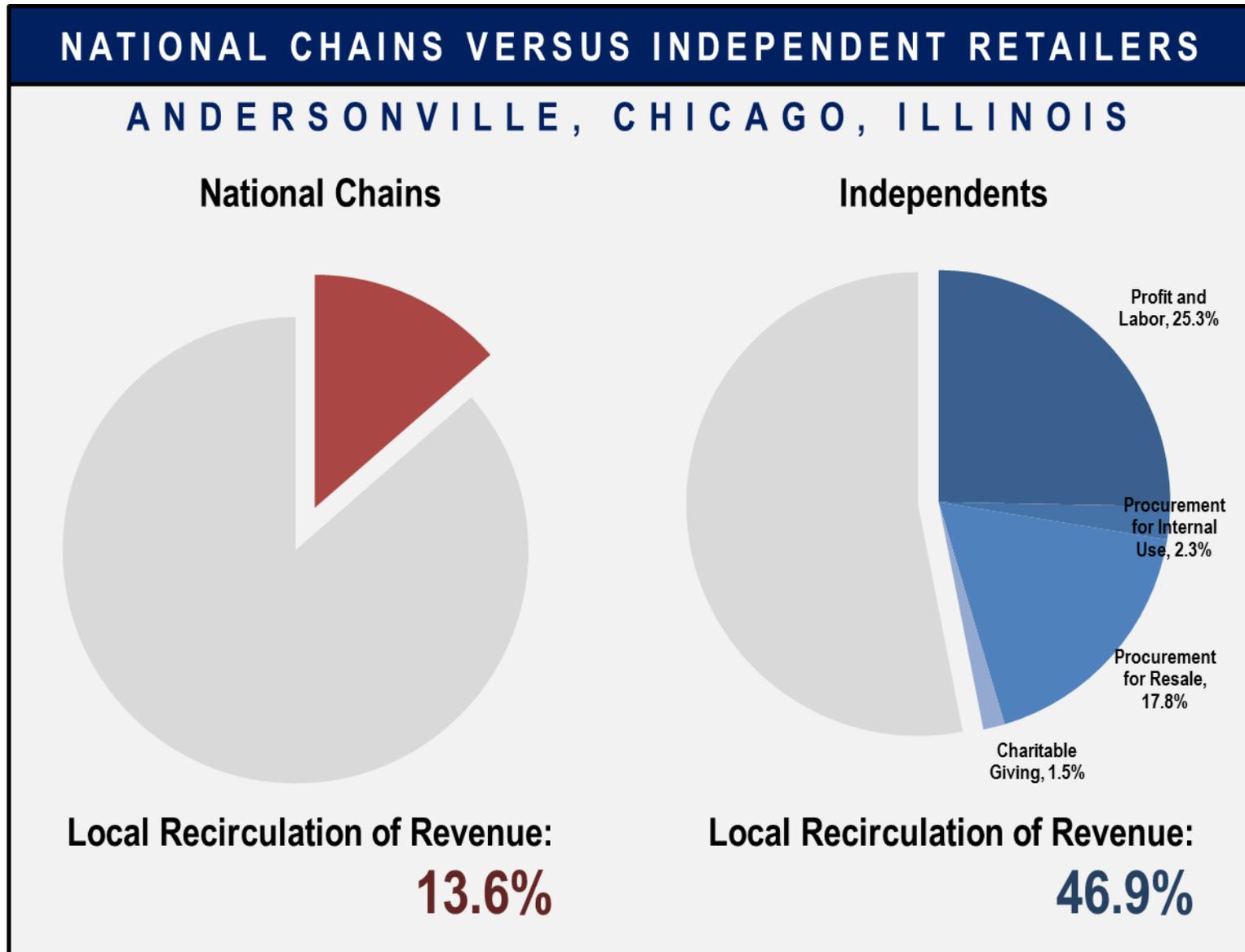
For comparison purposes, Civic Economics analyzed annual reports for four major national chain stores (Barnes & Noble, Home Depot, Office Max, and Target). These stores recirculate an average of **13.6%** of all revenue within the local markets that host its stores. For chain restaurants, we analyzed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

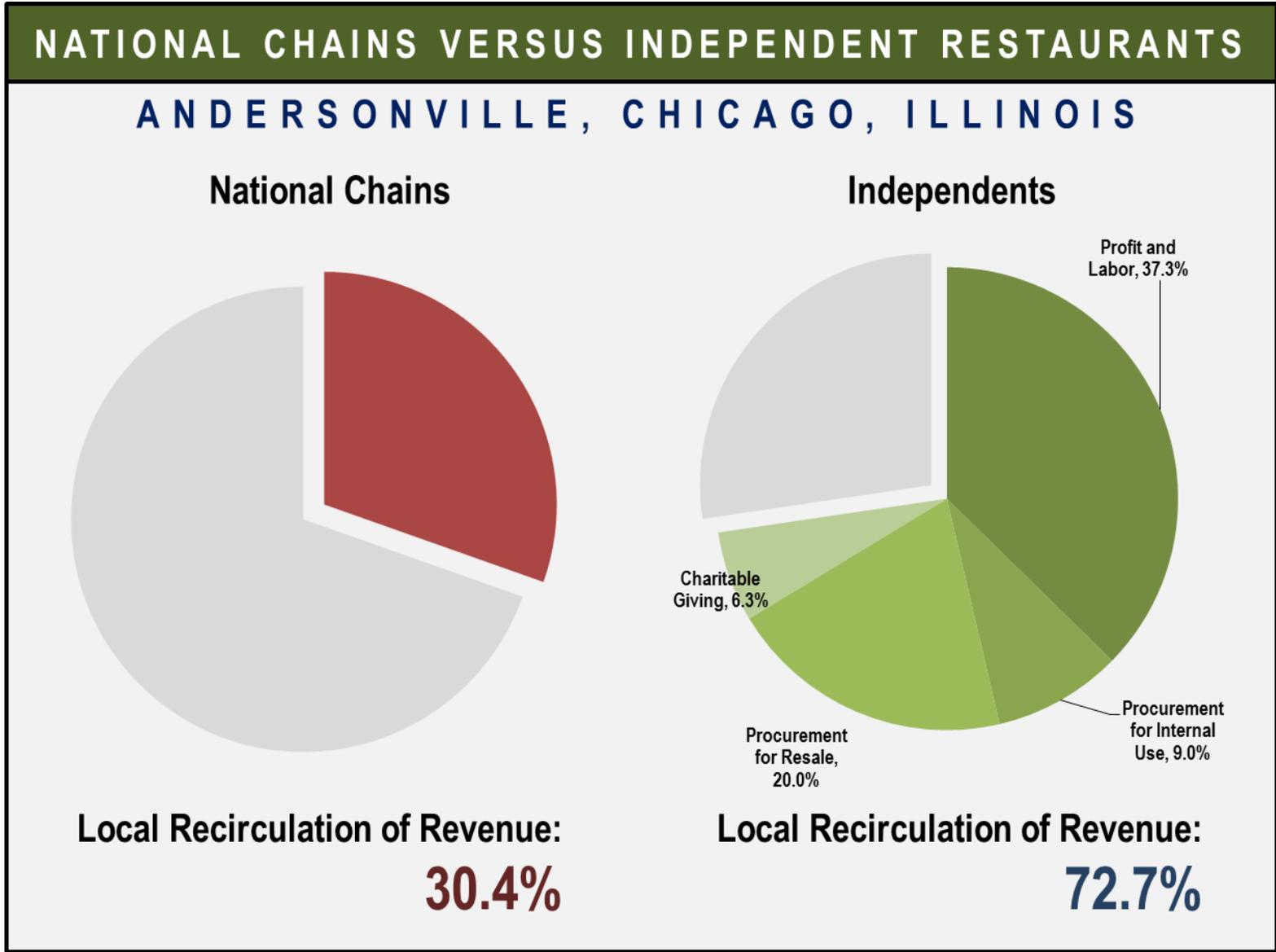
- Andie's
- Foursided Custom Framing
- Green Genes
- GreenSky
- In Fine Spirits, LTD
- Lady Gregory's
- Premise
- Swedish Bakery
- The Haymaker Shop
- The Landmark of Andersonville
- The Red Balloon Co.
- The White Attic
- Urban Mischief
- Women and Children First





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, Cook County produces annual retail store sales across all lines of goods (excluding motor vehicles and gas stations) of roughly \$38 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 \$1.27 Billion in the Cook County economy every year.

COMPARING 2004 AND 2012 RESULTS IN ANDERSONVILLE

In 2004, Civic Economics and the Andersonville Chamber of Commerce released the Andersonville Study of Retail Economics, a groundbreaking analysis very similar to this one.

Differences in the Surveys

The only difference in the methodologies of the two studies is that the 2004 study (like our 2002 study in Austin) incorporated a local multiplier from the Bureau of Economic Analysis in reaching the results as listed. We applied the same multiplier for the locals and chains, which basically resulted in a higher number for each. In studies since 2004, we have omitted the multiplier; instead, we have presented simply the percentage of revenue that directly stays in the community. That is what we did for the current studies under the ABA banner.

Another difference is that we did not blend the retail and restaurant numbers, rather presenting them separately. We think this is a fairer way to depict the economic realities since the two classes of business retain very different proportions of revenue locally. For the national summary report of the Indie Impact Study Series, we will present more variations on the data to take advantage of the much larger sample size the study provides.

Variation in Retail Findings from 2004

The proportion of revenue kept local by surveyed businesses rose from 44 percent in 2004 to 46.9 percent in 2012. That is an impressive increase, especially considering the methodology change described above. The biggest increase came from stores buying more local goods for resale. It is hard to say if that reflects the sample of businesses in 2012 vs. 2004 or an effort by retailers to source local goods, but it is a very positive trend and an indication that the Chamber's efforts are making a difference.



Chain store findings changed little from 2004. Omitting the multiplier from the calculations accounts for most of the change in revenue recirculated locally from 27 to 13.6 percent.

Variation in Restaurant Findings from 2004

For Andersonville restaurants, variations since 2004 are similar. The bottom-line decline in local recirculation from 76 to 72.7 percent reflects mostly the omission of the multiplier. Independent restaurants also reported an increase in the proportion of goods sourced locally.

Local revenue recirculation at chain restaurants declined from 60 percent in 2004 to 32.4 percent in 2012. As with retail, chain restaurants changed little in practice while our reported findings decreased with the change in methodology.

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, the Andersonville Development Corporation, and Women & Children First for sponsoring this study.

For more information about this study, please contact the Andersonville Development Corporation (AndersonvilleDevCorp.org) or Civic Economics (CivicEconomics.com). Thank you.

