



2012 Independent Business Survey

The 2012 Independent Business Survey was conducted by the Institute for Local Self-Reliance, a nonprofit research and educational organization, in partnership with dozens of organizations representing independent businesses, including the American Booksellers Association, American Independent Business Alliance, Business Alliance for Local Living Economies, Fabric Shop Network, Independent Natural Food Retailers Association, Independent Running Retailers Association, National Bicycle Dealers Association, and TriMega Purchasing Association.

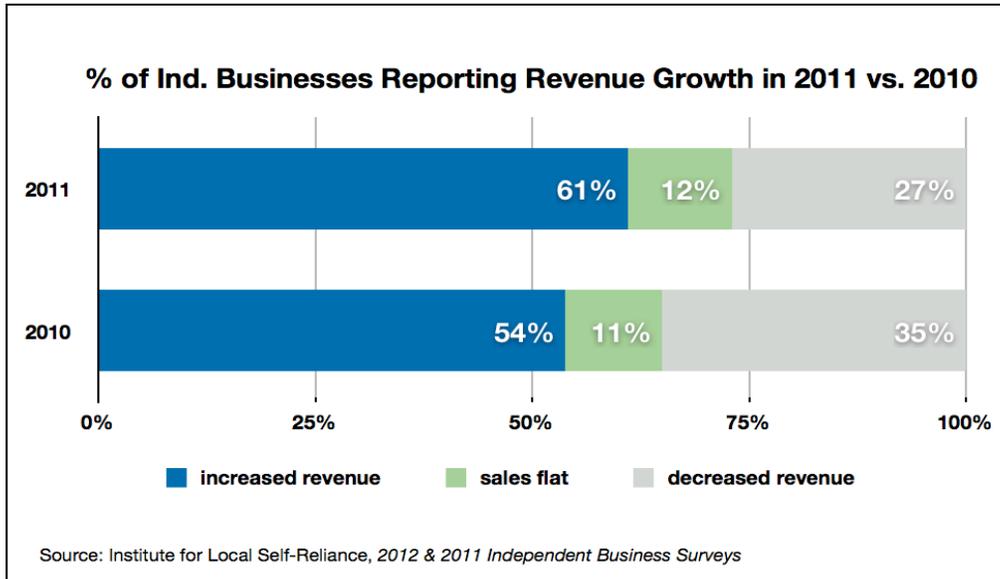
The survey gathered data from 1,768 independent, locally owned businesses during an 8-day period in January. The respondents are located in 49 states and encompass a range of business types. About half are retailers, while the remainder include a mix of service providers, manufacturers, farmers, banks, restaurants, wholesalers, and others.

Key Findings

- A larger share (61%) of survey respondents reported revenue growth in 2011 compared to last year's survey, when only 54% of businesses reported an increase in revenue in 2010.
- Independent retailers experienced stronger holiday sales than the industry average. While overall holiday sales were up 4.1% in 2011, independent retailers in this survey reported that their holiday sales increased an average of 6.7%.
- More than three-quarters of businesses surveyed said that public awareness of the benefits of supporting locally owned businesses had increased in the last year.
- Independent businesses in communities with an active "buy local" campaign operated by a local business organization reported revenue growth of 7.2% in 2011, compared to 2.6% for those in areas without such an initiative.
- Looking specifically at retail respondents, the survey found that those in areas with an active "buy local" campaign reported holiday sales growth of 8.5% in 2011, compared to 5.2% for those retailers in areas without such an initiative.
- According to 85% of respondents, the fact that their business is locally owned and independent matters to some or most of their customers.

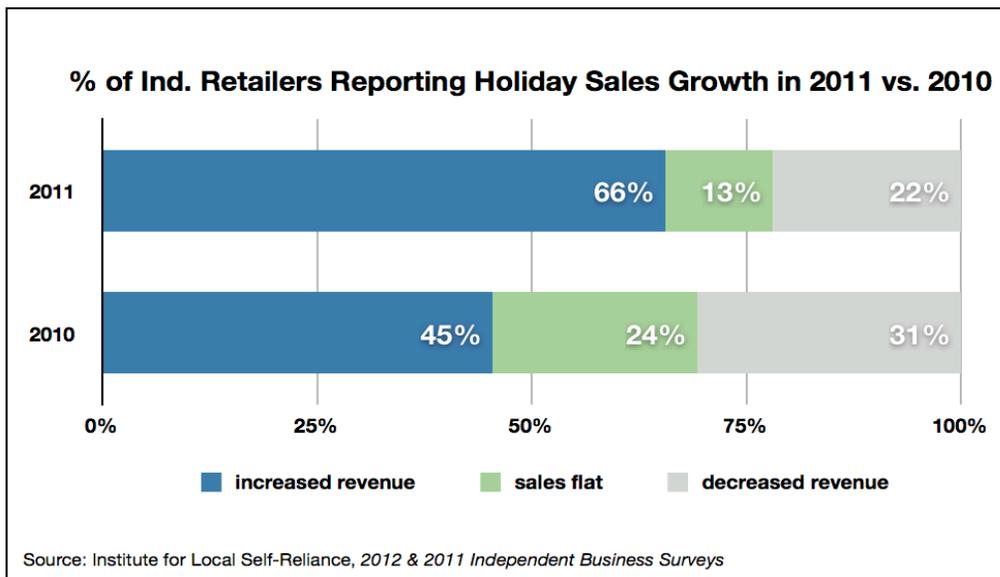
More Independent Businesses Post Revenue Growth in 2011

A larger share of independent businesses reported growth in revenue compared to those surveyed last year. In 2011, 61% of businesses posted an increase in sales, compared to 54% in 2010.



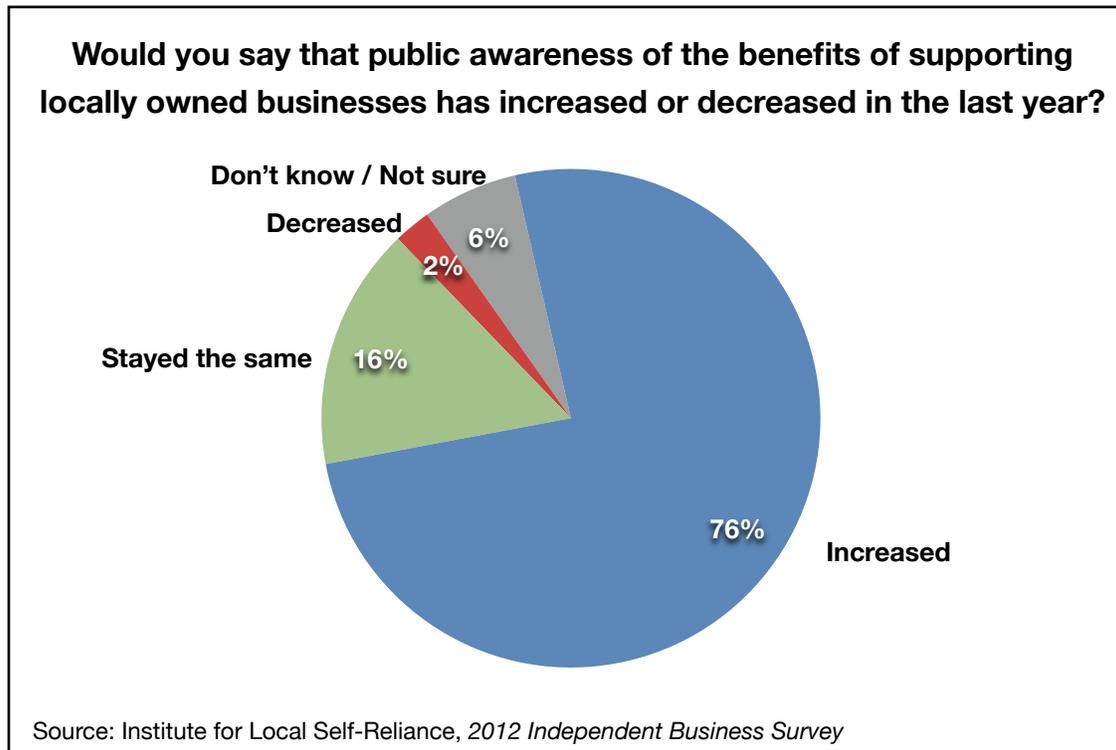
Strong Holiday Sales for Independent Retailers

Overall holiday retail sales rose 4.1% in 2011, according to the National Retail Federation. The independent retailers in our survey outperformed the industry, reporting an average increase in holiday sales of 6.7% in 2011. A markedly higher percentage (66%) reported holiday sales growth in 2011 compared to independent retailers surveyed in 2010 (45%).



Rising Public Awareness of the Value of Independent Businesses

More than three-quarters of businesses said they thought public awareness of the benefits of supporting locally owned businesses had increased over the last year, while 16% said it had stayed the same. In last year's survey, a smaller share of businesses, 64%, reported an increase in public awareness.

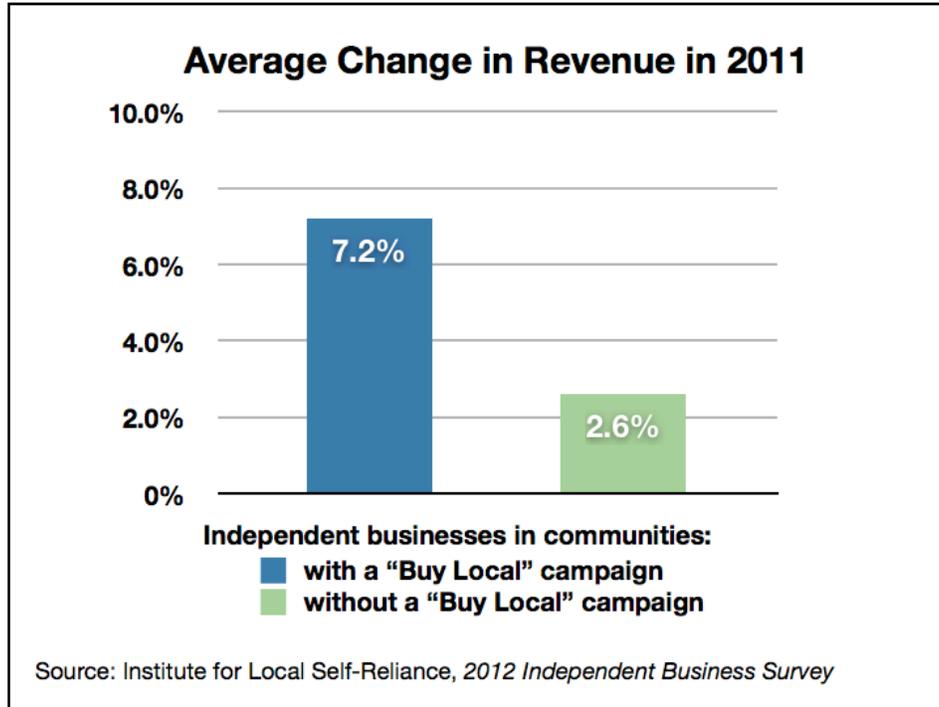


The Impact of "Buy Local" and "Local First" Initiatives

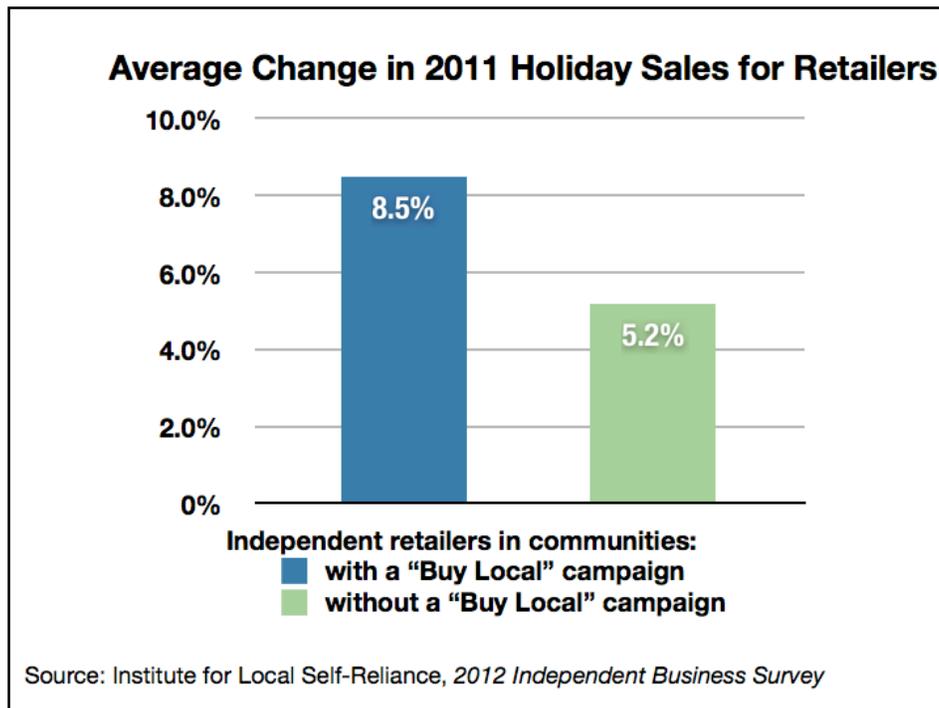
Similar surveys conducted by the Institute for Local Self-Reliance over the last four years¹ have found that independent businesses located in communities that have an active "buy local" campaign operated by a local business organization, such as an Independent Business Alliance or a Local First group,² experienced markedly stronger revenue growth compared to those in areas without such an initiative. This year's survey was no exception. Independent businesses in places with a "buy local" initiative reported an average gain in revenue of 7.2% in 2011, compared to 2.6% for those elsewhere.

¹ Results from previous surveys can be found on the Institute for Local Self-Reliance's web site at <http://www.newrules.org/retail/news/survey-finds-buy-local-message-benefitting-independent-businesses>

² There are approximately 150 of these organizations, which collectively have an estimated 40,000 independent businesses as members. Most of these local groups are affiliated with one of two national organizations, the American Independent Business Alliance (AMIBA) or the Business Alliance for Local Living Economies (BALLE).



Among independent retailers, which accounted for about half of the survey respondents, there was a similar disparity in how well they did over the holidays, with those in cities with active "buy local" initiatives reporting significantly higher sales gains on average than those in cities without such an initiative:



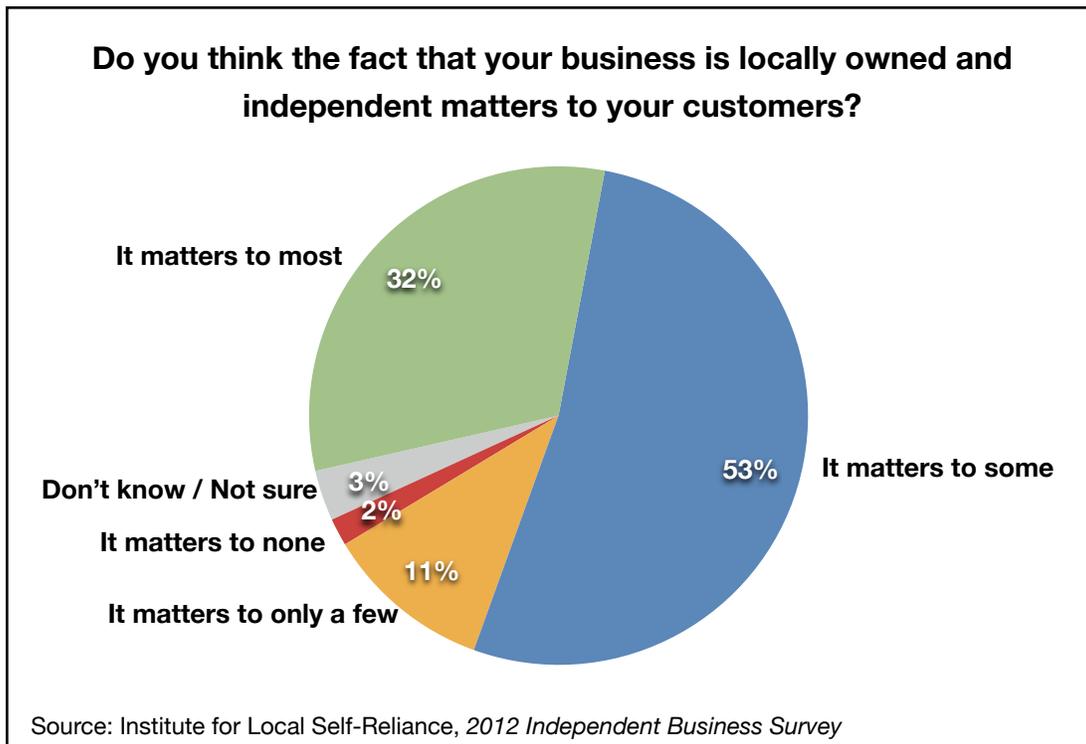
Institute for Local Self-Reliance

More than three-quarters of independent businesses in cities with an active "buy local" initiative reported that the initiative had had a positive impact on their business, with more than half of those describing the degree of impact as "moderate" or "significant." About 9% reported that they did not know what impact the campaign had had, and 16% said it had had no impact on their business.

Businesses were asked what impacts they had experienced as a result of the initiative:

- 42% said the campaign had improved the loyalty of their existing customers
- 41% said it had brought new customers to their businesses
- 62% said it had increased local media coverage of independent businesses
- 47% said it had made city officials more aware and supportive of independent businesses
- 42% said it had led to more collaboration, purchasing, and mutual support among local businesses

According to 85% of respondents, the fact that their business is locally owned and independent matters to some or most of their customers, while 11% said it mattered to a few of their customers and only 2% said that it was irrelevant to customers:



Comments

More than 300 of the survey's respondents volunteered comments as part of the survey. Some touched on the challenges facing independent businesses, particularly the continued weakness in the economy and increased competition from large online retailers.

Yet many also said that a growing number of people are seeking out locally owned businesses. "There is a definite upswing in the recognition and appreciation of buying local in the general population," said an independent business owner in Bellingham, Washington. "This year we saw significant numbers of people making an extra effort to shop locally. At least twice a day we had someone tell us that they sought us out, as well as other indie retailers to do all their Christmas shopping," said a Pennsylvania retailer. "Our buy local campaign had a very positive effect on my business. Many people mentioned that they wanted to buy local and could state its benefits," said a Frisco, Colorado, retailer.

A number of respondents also reported some degree of a public backlash against large corporations inspired by the Occupy protests, as well as aggressive tactics by big retailers, including Amazon's incentive for shoppers who use their phones to scan barcodes in brick-and-mortar stores and then buy online. "I heard more discussion this year regarding locally owned businesses, especially in light of the 'occupy' movement," said a business owner in Utah. "We had many more comments about supporting local businesses than in previous holiday seasons, and many negative comments about Amazon and their price check app," said a Massachusetts bookseller. "There was a lot of big box backlash this holiday season due to Amazon's tactics and the Occupy movement," said a Georgia retailer.