

**INDIE IMPACT STUDY SERIES:
A COMPARATIVE SURVEY**

DANE COUNTY, WISCONSIN 2022

Civic Economics is pleased to present Dane Buy Local, The City of Madison, The City of Sun Prairie, The City of Middleton, and Dane County with this addition to the Indie Impact Study Series detailing the impact of the independent retail community in Dane County, Wisconsin.

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.



DANE COUNTY AND THE INDIE IMPACT SURVEY

Dane Buy Local collected surveys from independent, locally-owned businesses engaged in the retail and restaurant trade in Dane County, Wisconsin. 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.

Fifteen retailers and eight restaurants, all independent and locally-owned, participated in the local survey. Collectively, these retailers and restaurants return a total of **47.4% and 60.7%**, respectively, of all revenue 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.

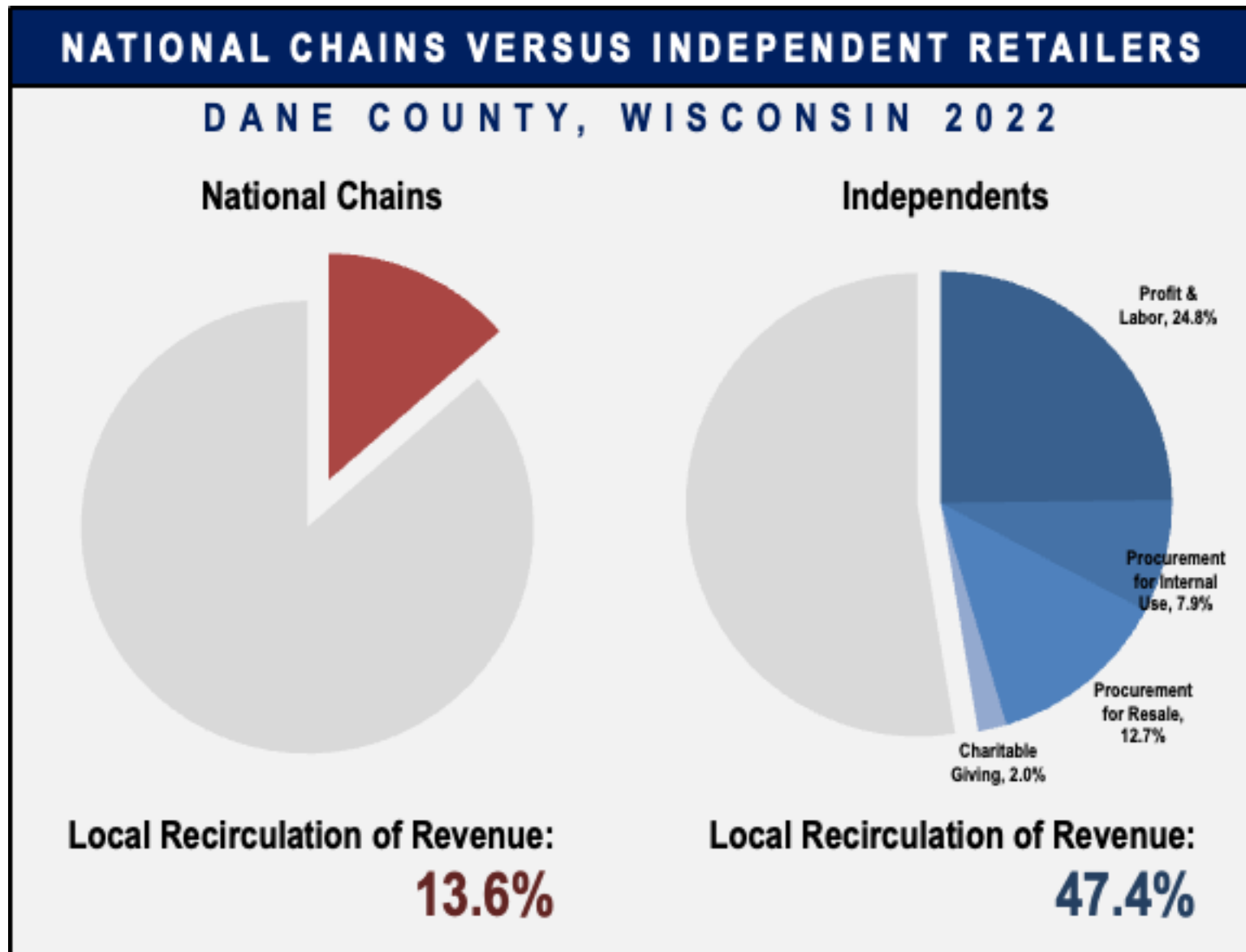


The charts on the following pages summarize these findings, providing further detail on local recirculation by local businesses. Our thanks to the following local businesses for completing the financial survey on which this study is based:

Anthology
Bad Dog Frida
Cadre Restaurant
Cambridge Market Cafe
Cannery Wine and Spirits
Curran Cabinetry & Design
Ethical Trade Co
FEED Bakery Training Program
Fontana Sports
JNJ Gifts and More
Julia Grace Salon
Katy's American Indian Arts

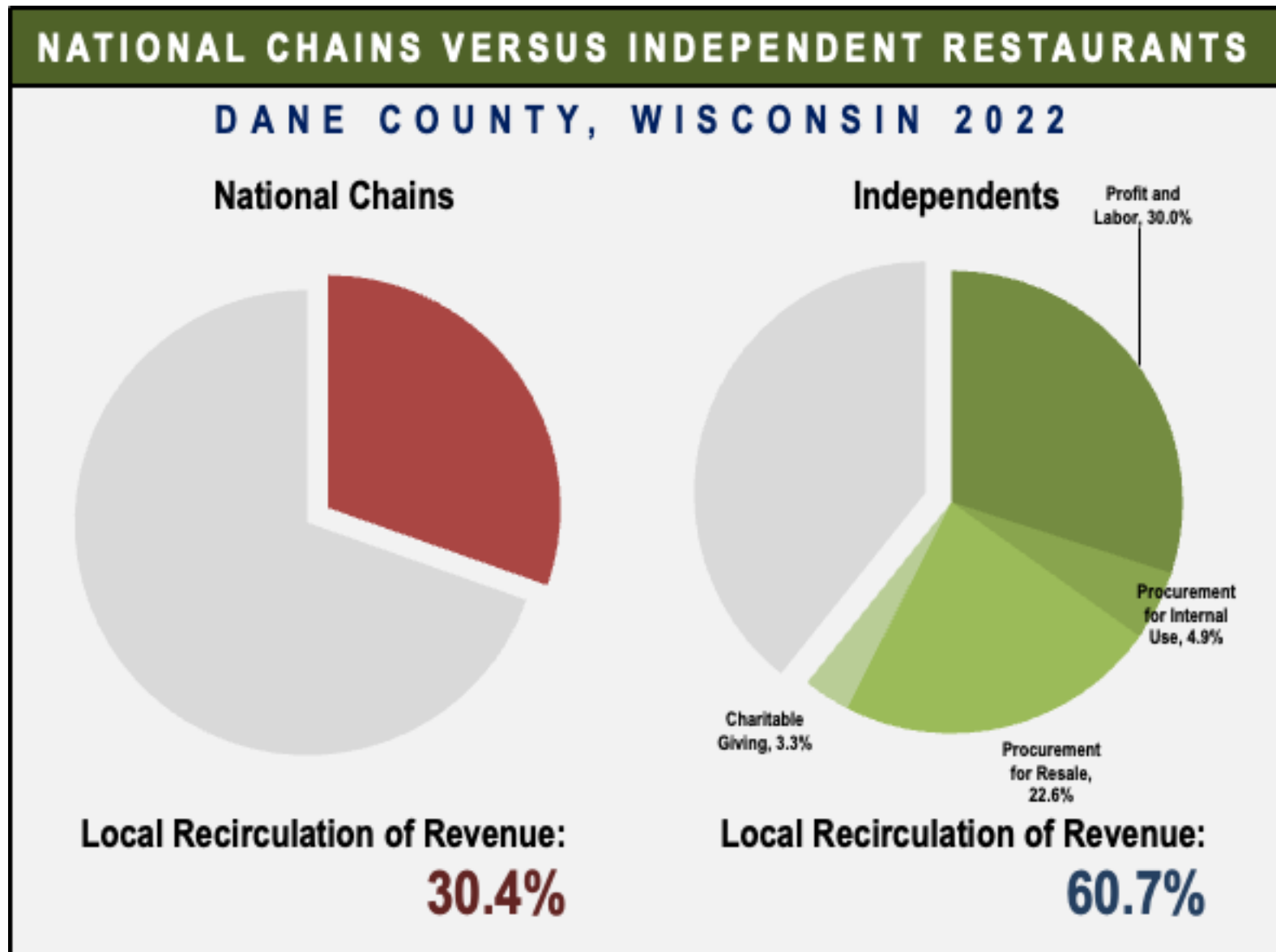
Kosa Spa
Kylee's Gift Cottage
Migrants
Mystery to Me
Ollie's, Saint Charles Station, and Little Johns
Rookies Food and Spirits
Teddywedgers
The Old Fashioned Tavern & Restaurant
The Straight Thread
Waunakee Furniture ETC
Yola's Cafe





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

THE 10% SHIFT

According to the 2017 Economic Census, Dane County produced retail sales across all lines of goods of roughly \$5.1 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 \$173 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 Dane County, the differences between independent businesses and Amazon are even more stark. Civic Economics estimates that Dane County generated almost \$624 million of sales in 2021 for Amazon, including third-party sellers.

As this study is published, Amazon has no warehouse facilities in Dane County which renders its economic impact on the county to be near zero. They do have plans to build a distribution center in Cotton Grove which is estimated to employ 1,500 people and could open as soon as 2023. Additionally, they do have one Whole Foods grocery store in the county that was purchased by Amazon in 2017. Based upon our research of publicly available information from Amazon as well as data from a Progressive Grocer analysis we estimate that the Whole Foods kept approximately \$4.5 million and 85 jobs in Dane County in 2021. So, unlike other non-local businesses that have a physical presence and create jobs and a tax base for the community, Amazon keeps only a small fraction of money in the region due to the presence of a grocery store it purchased five years ago.

If Amazon's online sales in Dane County had occurred in independent retailers, they would support 231 additional retail outlets and 2,983 additional jobs. Amazon's estimated sales represent slightly more than 12 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 and visitors to Dane County. Further, based on our analyses nationwide, Amazon will still be a net job loser in Dane County even when their distribution center opens in the near future.

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 Dane Buy Local, The City of Madison, The City of Sun Prairie, The City of Middleton, and Dane County for sponsoring this study. For more information, please visit Dane Buy Local (danebuylocal.com) or Civic Economics (CivicEconomics.com). Thank you.