

# KEEP THE GREEN IN LINCOLN COUNTY

## LOCALLY OWNED vs. BIG-BOX CHAIN

*Big-box, chain and franchise stores function like colonizers: they siphon dollars out of the local economy. Purchases at a locally owned independent store send a ripple of economic benefits through the local community.*

This is because local stores recycle a much larger share of their sales revenue back into the local economy, while chains siphon most of the dollars spent out of the community, funneling them back to corporate headquarters and to distant suppliers. Several studies have quantified it.

One study was conducted in Chicago's Andersonville neighborhood by the firm *Civic Economics*. The study analyzed ten locally owned restaurants, retail stores, and service providers and compared them with ten national chains competing in the same categories.

The 2004 study found that spending \$100 at one of the neighborhood's independent businesses created \$68 in additional local economic activity, while spending \$100 at a chain produced only \$43 worth of local impact. The difference was due to four factors:

**Local Payroll** — Locally owned businesses spent a larger share of their revenue on local labor (29 vs. 23 percent), because they carried out all management functions on-site, rather than corporate headquarters.

**Local Procurement** — Local retailers spent more than twice as much buying goods and services from other local businesses. They banked locally; hired local accountants, attorneys, designers, and other professionals; advertised in local media; and sourced inventory from local firms.

**Local Profits** —

Because their owners live in the area, a larger portion of the local retailers' profits stayed in the local economy.

**Local Charitable Giving** — The local retailers donated more on average to local charities and community organizations than the chains did.

**ADDED DOLLARS CIRCULATING IN THE LOCAL ECONOMY TRANSLATE INTO A LARGER NUMBER AND WIDER VARIETY OF AVAILABLE JOBS.**

Local Economic Activity Generated by \$100 in Spending

\$68  
Local

\$43  
Chain

