
2015 REPORT: NEW ORLEANS INDEPENDENT BUSINESS TRENDS

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Urban Conservancy &*

staylocalTM 

INTRODUCTION

EXECUTIVE SUMMARY

- A significant majority of businesses are reporting growth
- Holiday sales in New Orleans outperformed the nation
- There is a growing awareness of the benefits of local business
- Competition from larger, often internet competitors is increasingly a significant challenge for a majority of businesses
- Our data suggests New Orleans retailers pay employees better than the rest of the country
- An overwhelming majority of businesses support action on E-Fairness

INDEPENDENT BUSINESSES IN NEW ORLEANS

There's no getting around it: study after study shows us that dollars spent at independent business have as much as two to three times the economic impact than dollars spent at a national chain store. And because they are independently owned by our friends and neighbors who are emotionally and financially invested in our city, these businesses give New Orleans the authentic flavor that draws people here to live, work, eat, and shop.

The success of the independent business community is vital for New Orleans' economic future, as well as its sense of community, character and place. This report gives a snapshot of how our independently owned businesses are faring, and arms us with insight on how best to foster a thriving independent business sector.

BACKGROUND ON THE SURVEY

Throughout January and February of 2015, we disseminated to our members an annual, nationwide survey of independent business owners facilitated by the Institute for Local Self-Reliance (ILSR). Upon the survey's completion, ILSR provided StayLocal with local data from the StayLocal member businesses who participated in the survey. The following data is based on the data provided by 48 of our member businesses.

Through our participation in this national survey, we are able to compare our local results to the overall results of the national ILSR survey. This report, the "2015 Independent Business Survey," was published in March and gathered data from 3,057 independent businesses. It is available online, at ilsr.org.

BUSINESS PROFILE OF RESPONDENTS

In total, 48 StayLocal member businesses completed the survey in January and February of 2015. 50% of the respondents were woman-owned, and 10% were minority-owned. The median business was founded in 2006.

In terms of size, 44% of respondents had 1–4 employees, 33% had 5–9 employees, and 19% had over 10 employees. The total number of employees represented in the survey is 501, and the median business has 3.5 employees.

The majority of respondents were either service providers (33%) or retail businesses (29%).

Businesses Surveyed



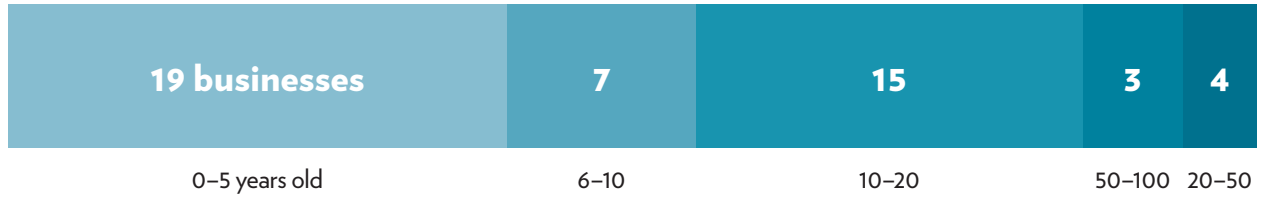
Share of Woman-Owned Businesses

Of the 48 businesses surveyed, 24 are owned by women. That's 50%.



Age of Business

Median: 9 years-old



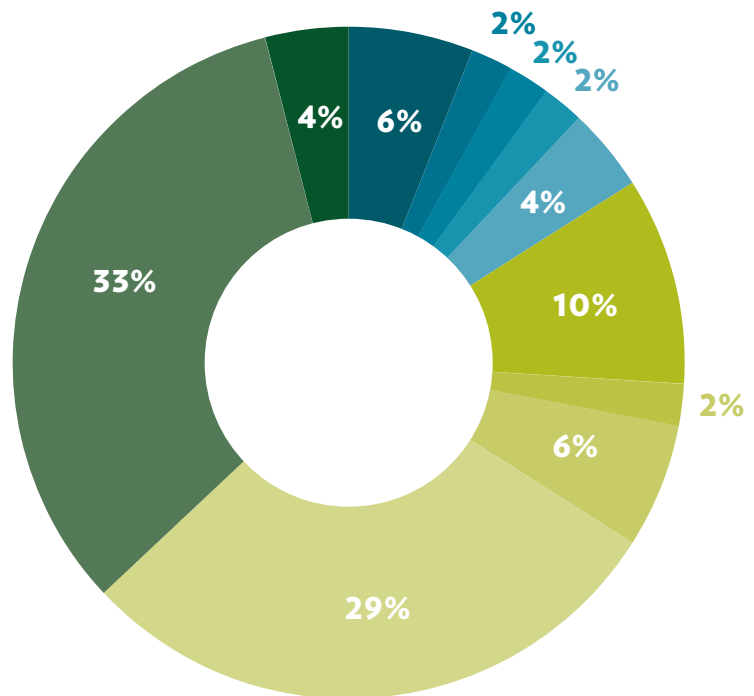
Number of Employees

Median: 3.5 employees



Industry Breakdown

- Banking or Finance
- Construction
- Healthcare
- Lodging
- Nonprofit Organization
Arts, Advocacy, Social Service, etc.
- Other
- Publishing and Media
- Restaurant, Bar, or Food Service
- Retail
Inclu. Non-storefront and Web-only
- Service Provider
Attorney, Graphic Designer, Salon, etc.
- Transportation



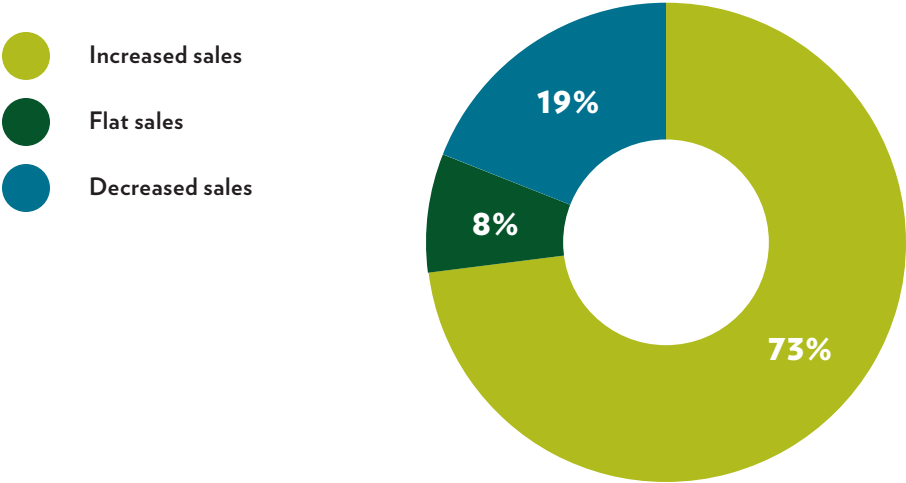
CHANGE IN ANNUAL REVENUE

73% of New Orleans businesses reported an increase in annual sales in 2014 over the previous year. Nationally, 68% of respondents reported an increase.

In last year's 2014 New Orleans Independent Business Trends Report, 62% of businesses reported growth over the previous year, while 21% reported no change and 17% reported a decline. This suggests that more New Orleans businesses experienced growth in 2014 than in 2013.

Survey respondents also reported experiencing an average increase in annual revenue in 2014 of 18.8%, more than two times the rate of the national average increase of 8.1%.

Change in Annual Revenue



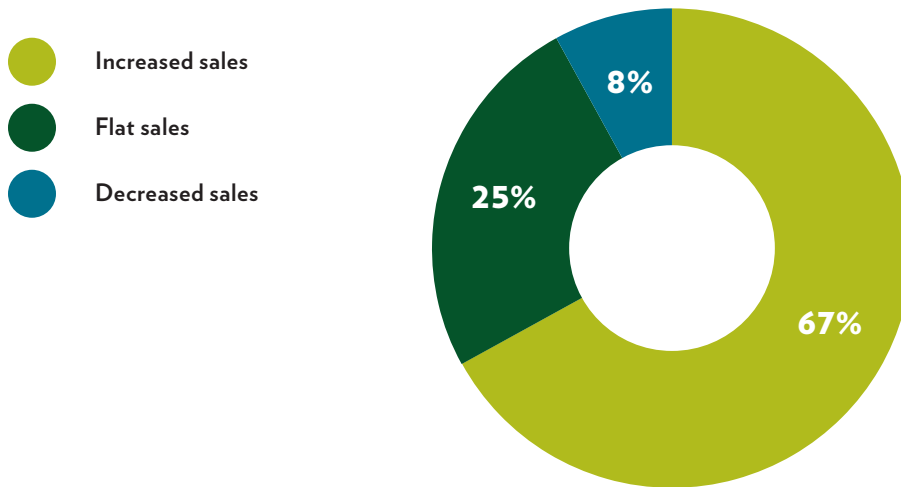
Average Increase in Annual Revenue Comparison



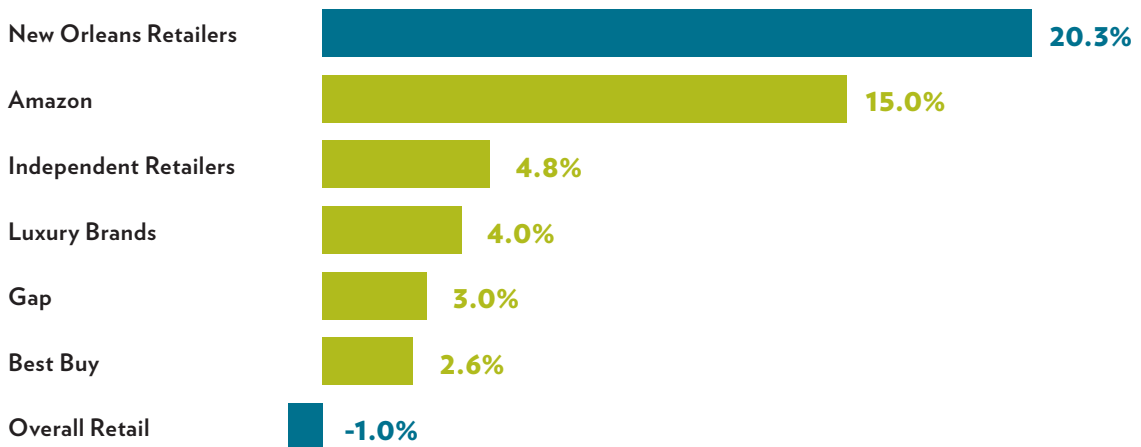
HOLIDAY SALES

New Orleans retailers, which were nearly a third of the survey respondents, reported a strong 2014 holiday sales season. 67% of retailers reported an increase in sales in 2014 compared to the 2013 holiday season. The average change in holiday sales compared to 2013 was 20.3%. Nationally, independent businesses saw an average increase of 4.8%.

2014 vs 2013 Holiday Sales



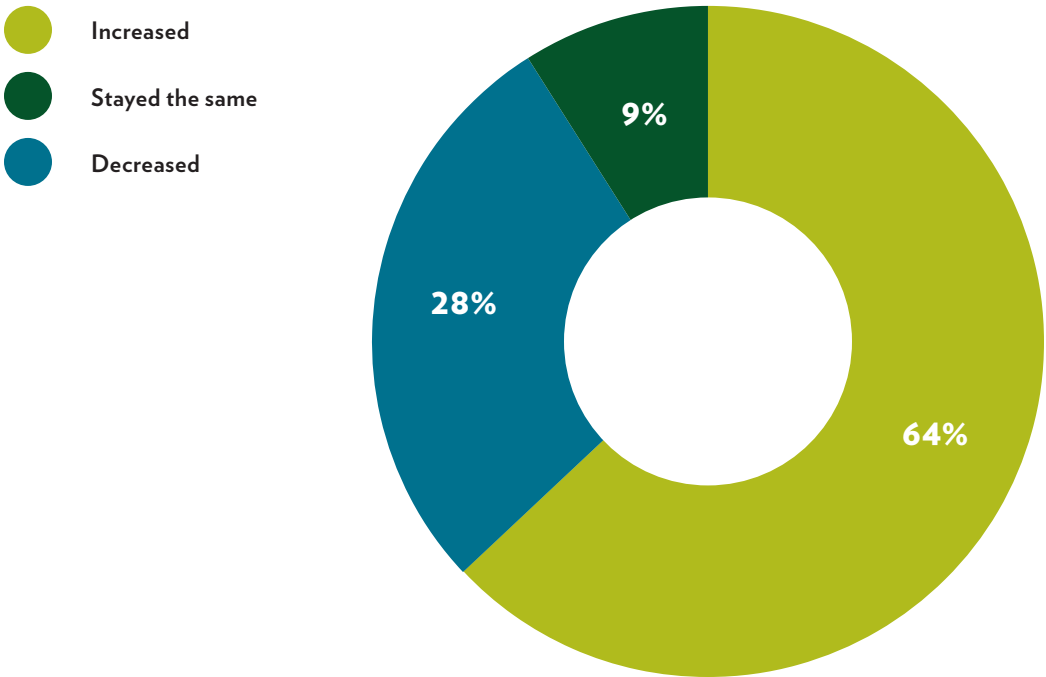
Change in Holiday Sales Comparison



SUPPORTING LOCAL BUSINESS

64% of businesses responded that public awareness of the benefits of supporting locally owned businesses has increased in New Orleans in the past year. Nationally, 64% of respondents reported an increase, which shows the national growth of the localism movement.

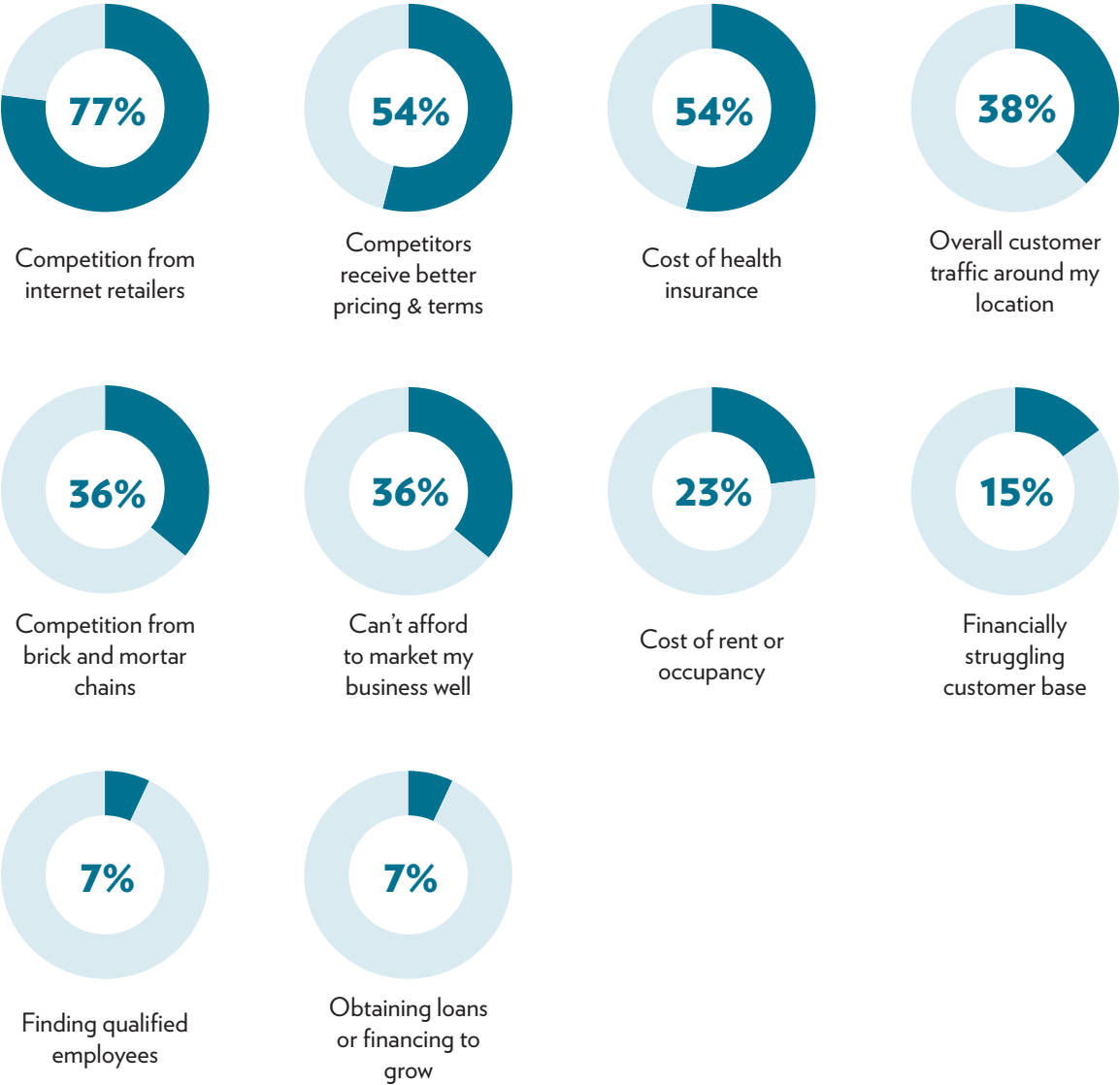
Public Awareness Change Over Past Year



CHALLENGES FACED AS A BUSINESS OWNER

Retailers were asked whether the following issues were significant challenges to them, with “1” being not at all and “5” being an extremely significant challenge. The following shows the share of respondents who ranked this challenge a “4” or “5.” The New Orleans results closely mirrored the national results.

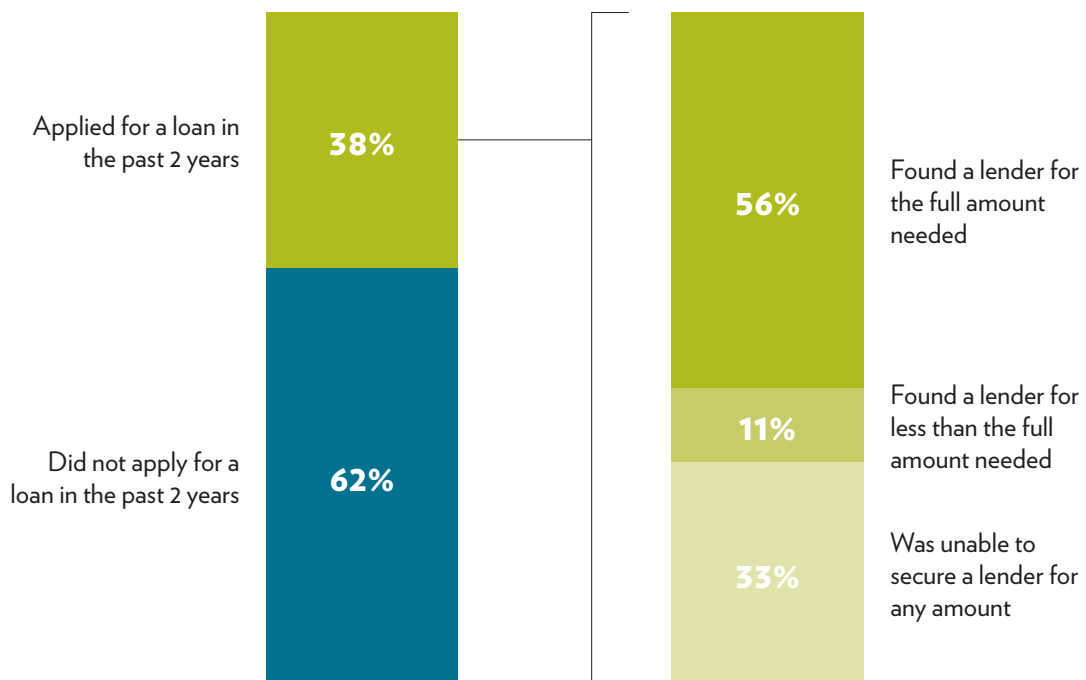
Challenges Rated as “Significant” Issues by Respondents



ACCESS TO CREDIT

38% of respondents reported needing a business loan in the last two years. Of those who needed a loan, 56% found a lender for the full amount, 11% obtained less than the full amount, and 33% could not get a loan. These figures closely mirror national results.

Results of Respondents Seeking Business Loans

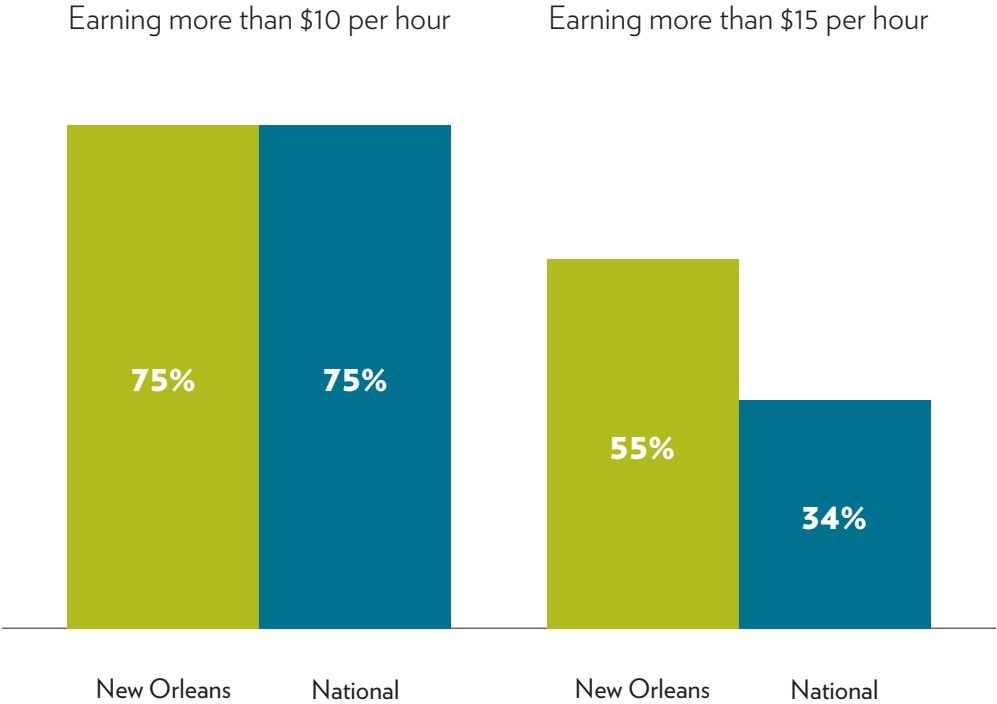


EMPLOYEES AND WAGES

The businesses surveyed employ 501 people. While some of the businesses surveyed are quite large, most are small businesses. The median employment size was 3.5 and only 10% have 20 or more employees.

Retail respondents reported that 75% of their employees make more than \$10 an hour, and that 55% of retail employees make more than \$15 an hour. This is roughly on par with national data; however, New Orleans retailers report a higher percentage of employees making over \$15 an hour than the national average.

Employee Wage Comparison

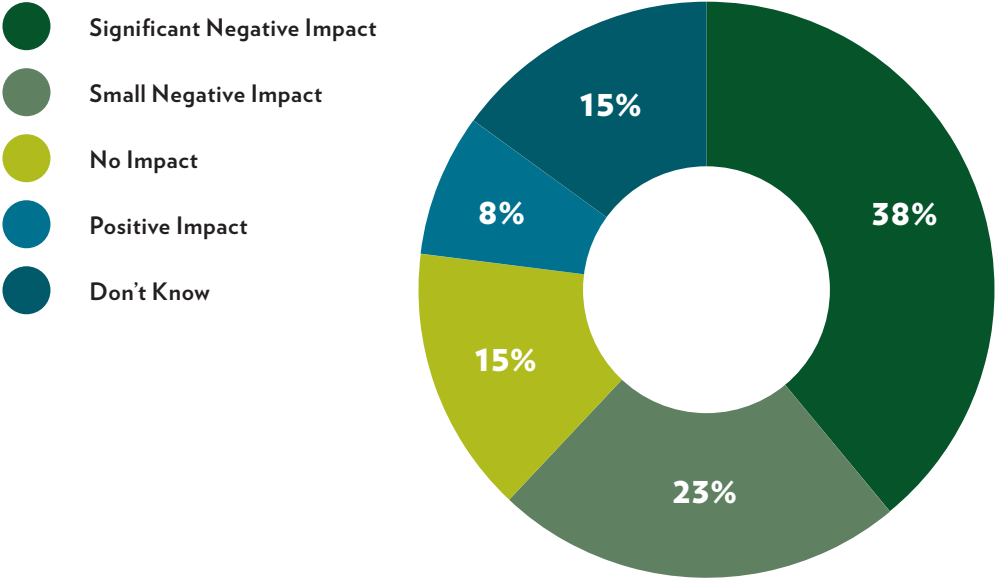


E-FAIRNESS

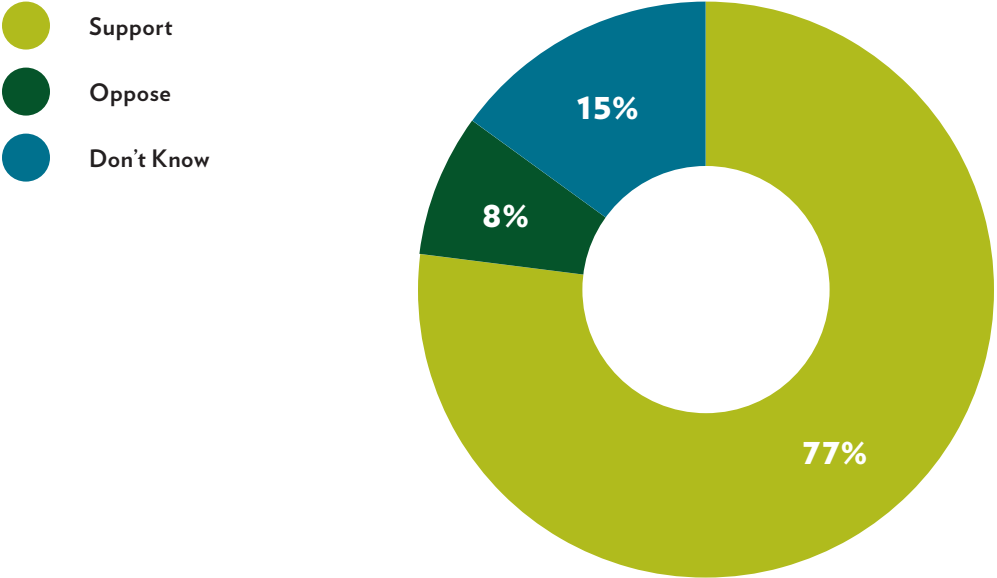
In 2015, Congress reintroduced the Marketplace Fairness Act, which passed the Senate in 2013 but died in the House of Representatives. States across the country are also taking action to address “E-Fairness.” E-Fairness describes how online sellers are not required to collect and remit sales tax as brick & mortar sellers are required by law to do, leading to a government-imposed competitive disadvantage for local business.

61% of retail businesses reported that the issue of E-Fairness has a negative impact on sales, with 38% of respondents reporting a significant negative impact. 77% of retail businesses would support state-level legislation to require large, out-of-state internet retailers to collect sales tax on purchases made by residents.

Impact of E-Fairness Issue on Retail Sales



Support of State-Level E-Fairness Legislation



CONCLUSION

This survey points to a positive atmosphere in which the majority of independent businesses are experiencing growth as well as out-performing independent businesses throughout the rest of the country across a number of categories. Business owners are also reporting an increase in general awareness of the importance of local businesses, which may reflect the work StayLocal and similar like-minded companies and individuals have been doing, as well as the emergence of localism as an increasingly mainstream principle across the country.

At the same time, the report presents ways to improve New Orleans' independent business climate. Specifically:

- Louisiana should pass state level E-Fairness legislation that would require out of state, online sellers to collect Louisiana sales tax as local businesses are required to do.
- Build upon previous “Shop Local for the Holidays” campaigns that may have been a contributing factor to large gains in holiday sales compared to previous years.
- Equip retailers with the tools and knowledge to help them compete more effectively as competition from online retailers intensifies.
- Examine access to credit issues that may be preventing local businesses from accessing capital required to grow and sustain operations.

StayLocal will perform this survey on an annual basis in order to track changes and continually evaluate how we might better foster an environment in which our city's independent businesses can thrive.

WHO IS STAYLOCAL?

We are Greater New Orleans' independent business alliance, a non-profit membership organization that connects locally-owned, independent businesses with customers, resources and each other.

We provide a number of services for the independent businesses, including promotion and marketing, workshops and events, and advocacy. We also raise public awareness of the benefits of supporting local-owned businesses. The next time you shop, look for businesses that display our decal to be sure they are both local and independently owned. Learn more about what we do at www.staylocal.org.

WHO IS URBAN CONSERVANCY?

Urban Conservancy, which founded and operates StayLocal!, promotes the wise stewardship of New Orleans' urban built environment and local economies through research, education & advocacy.








JOIN OUR KREWE!

To learn more about the benefits of a StayLocal membership, visit staylocal.org/join-now

GET IN TOUCH!

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