

THE POWER OF LOCAL: 3 Reasons to Rethink Your Amazon Account

Stay Local! is Greater New Orleans' Independent Business Alliance.

Our mission is to create an environment for local businesses to thrive through research, education, and advocacy.

Why "pick" on Amazon?

They are
HUGE

- More than half of all online shoppers skip search engines and go directly to Amazon to shop.
- \$1 out of every \$2 spent online is spent on Amazon. That's 50% of all online purchases!
- They're in nearly every industry: retail, grocery, shipping, web services, video, TV, and music streaming, data and web hosting, and book publishing. They have seven fashion lines, are the national top seller of apparel, the second largest seller of electronics, have their own products including the Kindle and Echo, and are opening brick-and-mortar stores.

1: Level Playing Field

1) MARKET DOMINANCE

Amazon is a privately controlled marketplace with market dominance that gives sellers little alternative. Amazon both competes with companies and sets the terms by which these businesses reach the market.

Example: Two-thirds of all books are sold online, and Amazon captures 70% of those sales. Removing a book from Amazon could cause its sales to plummet 50%.

2) MASSIVE AMOUNTS OF DATA

Amazon collects data they use to:

- **Control consumer choices** and decide what we do & don't see
- **Adjust prices**, estimated 2.5 million daily price changes
- **Take advantage of third party sellers and producers**

Example: Upstream Commerce tracked 857 apparel items first offered for sale by Marketplace sellers. Within 12 weeks, Amazon was selling 25% of their top-selling items.

- R E S L U T**
- **Loss of Product Diversity and Innovation:** Traditionally products found their way to consumers through multiple streams (in-store, online, events, etc). When consumers only look for products on one platform, they are less likely to discover lesser known or new products.
 - **Difficulty Starting a Business:** The number of new businesses launched each year has plummeted by more than one-quarter in the last decade.
 - **Stunted Job Growth:** Larger competitors crush small businesses that are responsible for virtually all, new jobs. Small businesses created nearly 2-million of the roughly 3-million private-sector jobs generated in 2014.

2: Economic Prosperity

1) Fewer jobs created than eliminated

By the end of 2015, Amazon displaced enough sales at brick-and-mortar stores to force the NET loss of almost 149,000 retail jobs (see chart on the right).

2) Amazon's jobs are not pathways to wealth

Formerly full-time jobs in warehousing and shipping are replaced with temporary positions. Temporary employees are not eligible for benefits or labor law protections.

Amazon pays warehouse workers on average 15% less for comparable work. Low wages disproportionately affect African-American and Latino workers who compose 45% of Amazon's warehouse teams, but only 8% of their management team.

3) Subsidies + incentives

Nationally, Amazon received a total of \$760 million in public subsidies from 2005-2014 for their fulfillment and data centers. As of 2017, the incentives now total closer to \$1 billion.

Amazon's Net Job Impact in the U.S.

Full-time, part-time, and temporary employees on Amazon's payroll in the U.S. **145,800**

Displaced jobs at brick-and-mortar stores **-294,574**

-148,774

Net job losses at the end of 2015

www.ilsr.org/amazon-stranglehold 

3: Local Investment

Amazon's focus has never been its shoppers' communities. Their expansion on a local level has led to property vacancies, job losses, and revenue shortfalls that all fall on communities to fix. **Local businesses however...**

1) CREATE JOBS

- For every \$10 million in sales:
Local retailers employ 47 people;
Amazon only employs 19 people
- **Example:** 25 local businesses in New Orleans employ 350 people (full time and part-time).

2) KEEP DOLLARS LOCAL

- 48% of a purchase at a local business is re-circulated locally vs. less than 14% at chains.
- Dollars spent in local businesses have almost 50 times more of an impact on your community than buying from online mega-retailers.

3) IMPACT OUR COMMUNITY

- Local businesses create a sense of place, generate social capital, promote civic engagement, and spur job growth. Plus, they bring enjoyment beyond the monetary exchange for goods.

We can make a change!

Shift your shopping and sourcing: In StayLocal's "Thinking Outside the Box" report, we found that if New Orleanians shift just 10% of their shopping from a national chain store to a local business, \$60 million annually would be injected into the local economy in the form of re-circulated dollars. At the seven-parish metropolitan level, a 10% shift would add an additional \$235 million into the regional economy.

Policy approaches: (1) Limit mega retailer's influence (2) Protect workers rights (3) Promote small business growth.

Every dollar you spend is a vote you cast for the world you want!

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