
2016 REPORT: NEW ORLEANS INDEPENDENT BUSINESS TRENDS

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INTRODUCTION

EXECUTIVE SUMMARY

- A significant majority of businesses are reporting growth.
- Half of retailers reported growth in holiday sales compared to last year while half reported flat sales.
- Competition from larger, internet-based, chain competitors remains a significant challenge for a majority of businesses.
- A majority of respondents will support legislation to cap the dollar value of economic tax breaks that companies can receive.

INDEPENDENT BUSINESSES IN NEW ORLEANS

There's no getting around it: study after study shows us that dollars spent at independent businesses have as much as two to three times the economic impact that dollars spent at national chain stores do. 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 2016, we disseminated to our members an annual, nation-wide 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 member businesses who participated in the survey. The following report is based on data provided by 56 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 "2016 Independent Business Survey," was published in February and gathered data from 3,259 independent businesses. It is available online at ilsr.org.

BUSINESS PROFILE OF RESPONDENTS

In total, 56 StayLocal member businesses completed the survey in January and February of 2016. 52% of respondents are woman-owned and 11% are minority-owned.

Businesses Surveyed

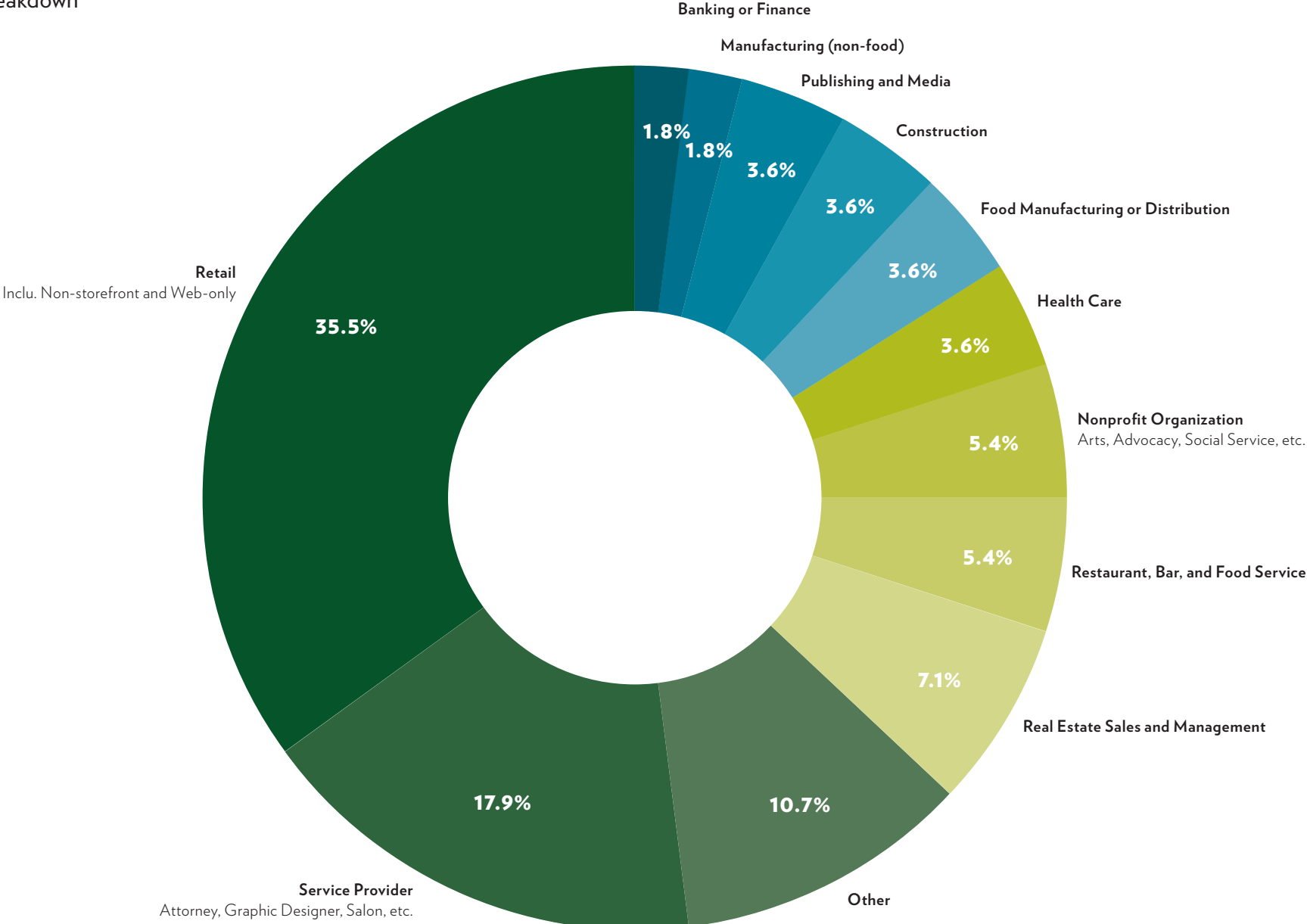


Share of Woman-Owned Businesses

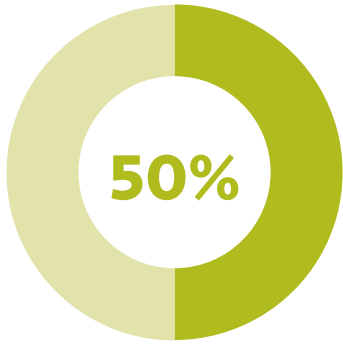
Of the 56 businesses surveyed, 29 are owned by women. That's 52%.



Industry Breakdown

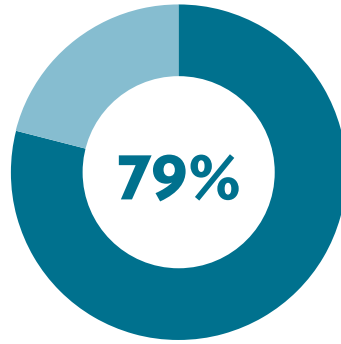


Business Snapshot



of businesses are 10 years old or younger.

(Median: 10 years)



of businesses have 10 or fewer employees.

(Median: 4 employees)

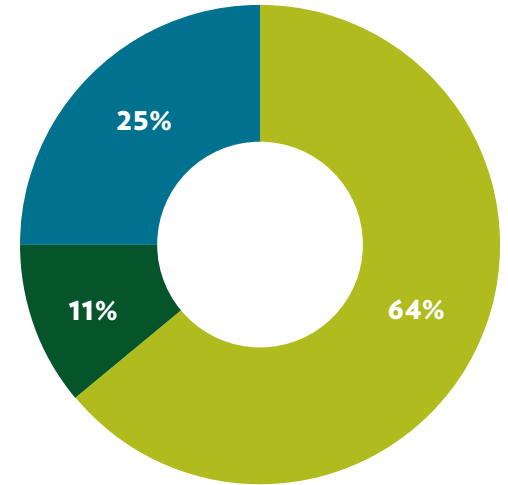


CHANGE IN ANNUAL REVENUE

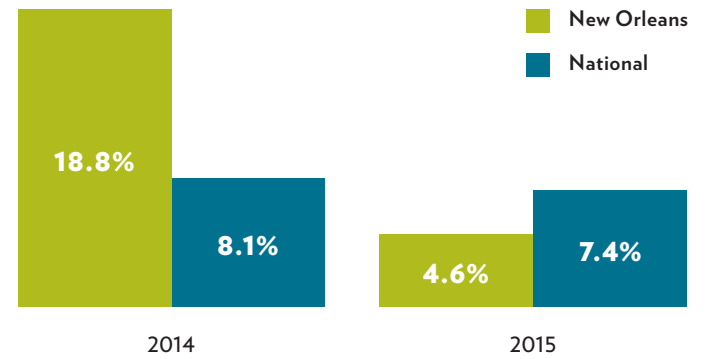
64% of Greater New Orleans businesses reported an increase in annual sales in 2015 over the previous year.

Change in Annual Revenue

- Increased sales
- Flat sales
- Decreased sales



Revenue increases for New Orleans businesses more closely mirrored the national average in 2015.



I live, work, and shop in the middle of the SELA drainage construction projects in New Orleans. We all do. Retailers that carry my products are feeling the impact as well. But I think we can all agree that in the long run it's worth it to live in New Orleans. To quote Tennessee Williams, "Everywhere else is Cleveland." StayLocal helps a small local business like mine because they offer help with marketing, planning, internet and social media without rolling their eyes at me like my son does.

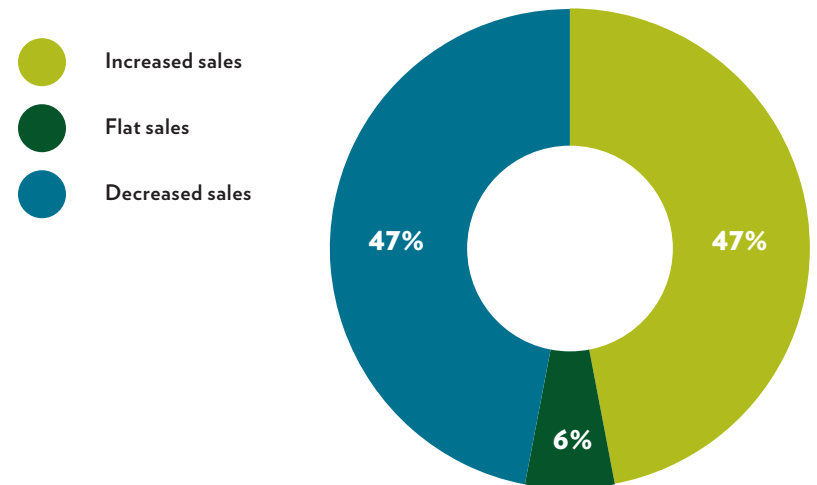
Dave Holt
Owner of Nola Beaux Ties and StayLocal member

HOLIDAY SALES

47% of retailers reported a modest increase in sales in 2015 compared to the 2014 holiday season. The average change in holiday sales compared to 2014 was 1.1%. Nationally, independent businesses with a Local First initiative saw an average increase of 3.2%.

50% of businesses participating in the Small Business Saturday campaign responded that it had a "significant" or "moderate" positive impact on their business.

2015 vs 2014 Holiday Sales



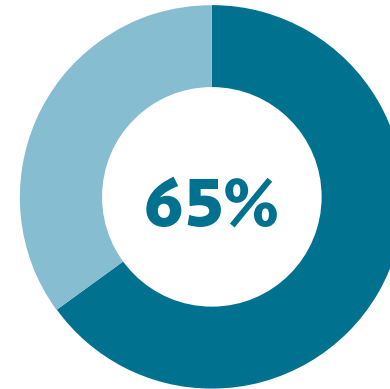
CHALLENGES AND POLICY ISSUES FOR INDEPENDENT BUSINESSES

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 local respondents who ranked these challenges a “4” or “5.”

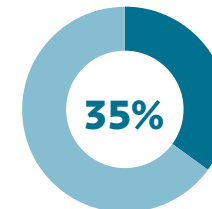
Among independent retailers, “competition from internet sales” received by far the highest average score and was ranked as a top challenge by 65%.

Top concerns for small businesses in 2015 were the rise of internet-based competitors, affordability of marketing, the high cost of health insurance, finding qualified employees and the increasing cost of commercial rents. The national report did not include questions about business disruptors like street repair or construction.

Share of Independent Retailers Rating Each of the Following as a Top Challenge



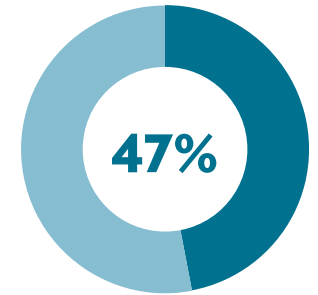
Competition from internet retailers



Finding qualified employees

Competition from brick and mortar chains

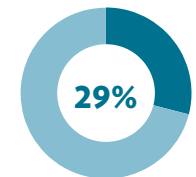
Cost of rent or occupancy



Competitors receive better pricing & terms

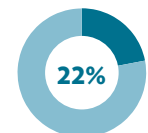
Can't afford to market my business well

Cost of health insurance



Customer base is struggling financially

Overall traffic to location is down

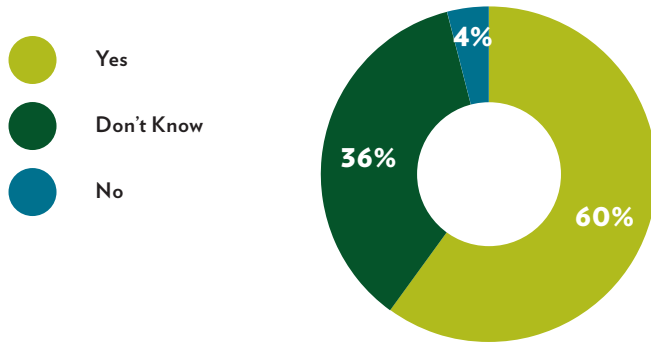


Obtaining loans or financing to grow

POLICY ISSUES CONTINUED

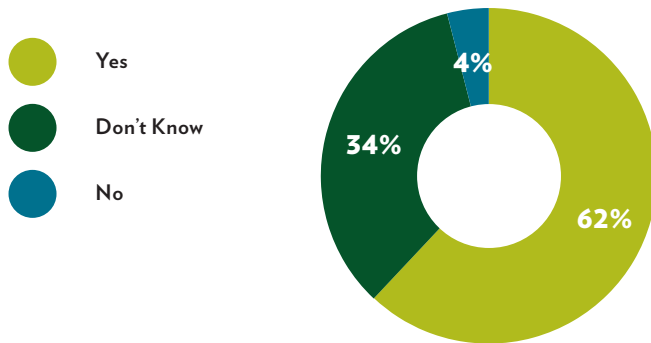
60% of all respondents thought that regulators should more vigorously enforce antitrust laws against dominant companies and just 4% disagreed.

Do you think regulators should more vigorously enforce antitrust laws against dominant companies?



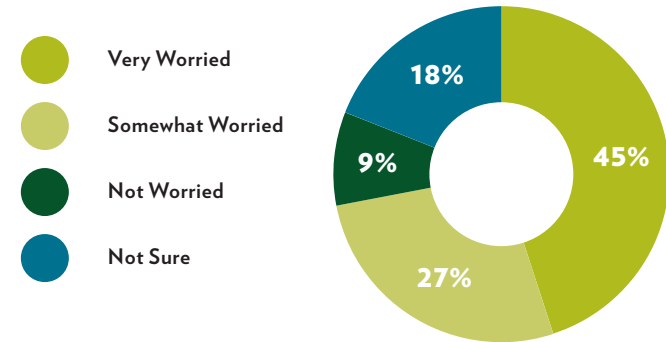
Businesses also expressed strong stances on economic development incentives, which are disproportionately awarded to their publicly traded competitors. Of all survey respondents, 62% said they would support legislation to cap the dollar value of economic tax breaks that companies can receive, while only 4% were opposed.

Would you support legislation to cap the dollar value of economic tax breaks that companies can receive?



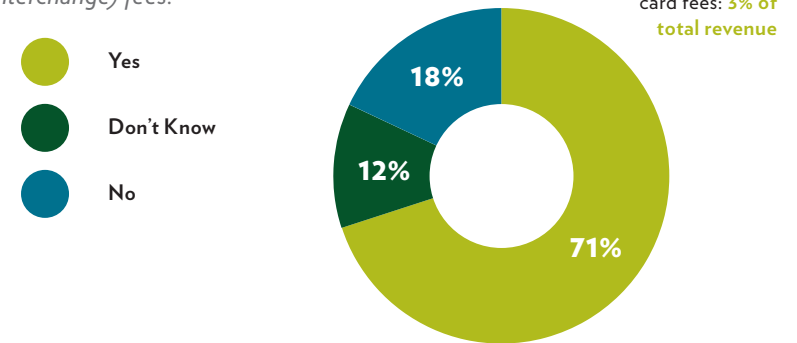
Another notable challenge was the rising cost of commercial rents. Among all independent retailers in the greater New Orleans area, 35% rated this as a top challenge.

For locations you lease, how worried are you about change in rents?



Retailers reported spending a median of 3% of their revenue on the fees paid to credit card companies. Nearly three-quarters of respondents reported that they thought federal policy should cap how much credit card companies can charge merchants in swipe fees, also known as interchange fees, as other countries have done.

Do you think federal policy should cap how much credit card companies can charge merchants in swipe (or interchange) fees?

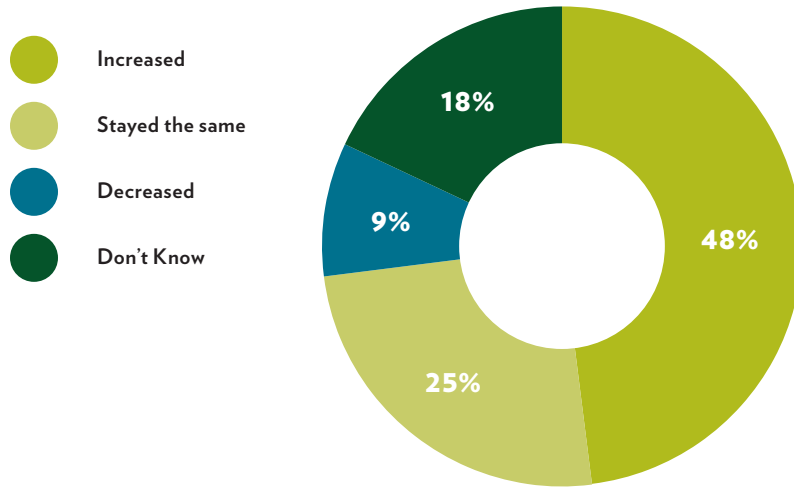


SUPPORTING LOCAL BUSINESS

48% of businesses reported that public awareness of the benefits of supporting locally owned businesses in the greater New Orleans area has increased in the past year.

100% of businesses actively marketing their participation in StayLocal reported a “significant” or “moderate” positive impact on their business.

Public Awareness Change Over Past Year



CONCLUSION

2015 presented unique challenges and opportunities for the New Orleans small business community; the common issues that surfaced in the ILSR survey highlight the importance of StayLocal’s ongoing advocacy work. Top concerns for small businesses in 2015 were the rise of internet-based competitors, affordability of marketing, the high cost of health insurance, finding qualified employees and the increasing cost of commercial rents.

Survey respondents reported a significant decrease in both annual revenues and holiday sales in 2015 when compared to 2014. There are a number of possible contributing factors including the continuing challenge of competing against online retailers, the rising cost of commercial leases, and business disruptors such as major road construction. StayLocal will continue to monitor the economic well-being of our independent businesses and provide targeted support.

StayLocal remains a fervent advocate for the best interests of local business in Greater New Orleans. StayLocal was a founding member of the Louisiana Coalition for E-fairness and supported a bill that regulates the collection of sales tax from large internet-based retailers who sell goods in Louisiana. In early 2016 the bill passed and will result in millions of dollars of sales tax collected in future years.

Our work with businesses, consumers, and the City of New Orleans will address concerns for small business owners including permitting, commercial real estate issues, access to equitable business opportunities, and the affordability of marketing and advertising.

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 independent businesses, including promotion and marketing, workshops and events, and advocacy. We also raise public awareness of the benefits of supporting locally-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 THE URBAN CONSERVANCY?






The Urban Conservancy, which founded and operates StayLocal, catalyzes equitable policies and practices related to New Orleans' built environment and local economies through research, education, and 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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