
2017 REPORT: NEW ORLEANS INDEPENDENT BUSINESS TRENDS

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Urban Conservancy &*

staylocal[™] 

INTRODUCTION

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

EXECUTIVE SUMMARY

- A significant majority of all business respondents are reporting growth.
- Over half of retailers reported growth in holiday sales compared to last year.
- Competition from both large, internet-based and brick-and-mortar chain competitors remain significant challenges for a majority of retailers.
- Almost three-quarters of retailers pay their employees \$10 or more per hour.
- A significant majority of respondents would support legislation in Louisiana to increase the minimum wage.

INDEPENDENT BUSINESSES IN NEW ORLEANS

The contributions of independent businesses to a robust economy have been proven time and time again. They create more jobs, dollars, and opportunities than non-local businesses. In fact, money spent at independent businesses has as much as three times the economic impact that money spent at a national chain does.

Further, independent businesses are owned by our friends and neighbors who are emotionally and financially invested in our city. New Orleans businesses give our city the authentic flavor that draws people here to live, work, eat and shop.

Throughout this report, we periodically feature the retail sector's responses to the survey questions for two main reasons. First, retailers are an intrinsic part of our urban fabric and help shape the character of the neighborhood they inhabit. Second, they are on the front lines of economic shifts, most notably the growth of online consumerism. We note where their experience diverges from overall business respondents and call for specific policy recommendations to strengthen our commercial corridors.

BUSINESS PROFILE OF RESPONDENTS

Total Businesses Surveyed

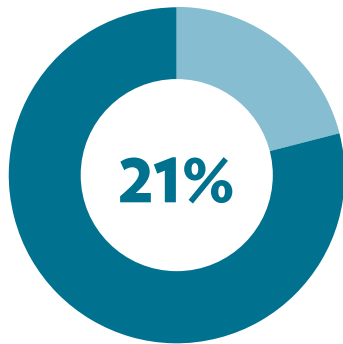
100

Share of Woman-Owned Businesses

Of the 100 businesses surveyed, 62% are woman-owned.

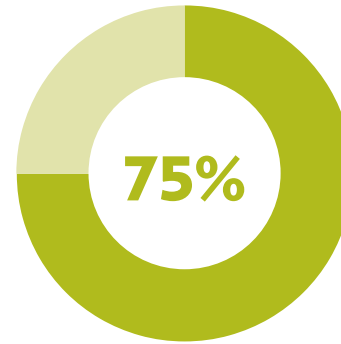


Share of Minority-Owned* Businesses



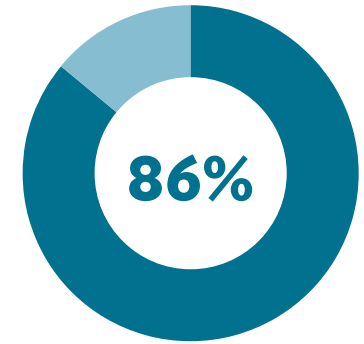
**Minority-owned definition based on race/ethnicity. Excludes gender.*

Business Snapshot



of businesses are 10 years old or younger.

(Median: 6 years)

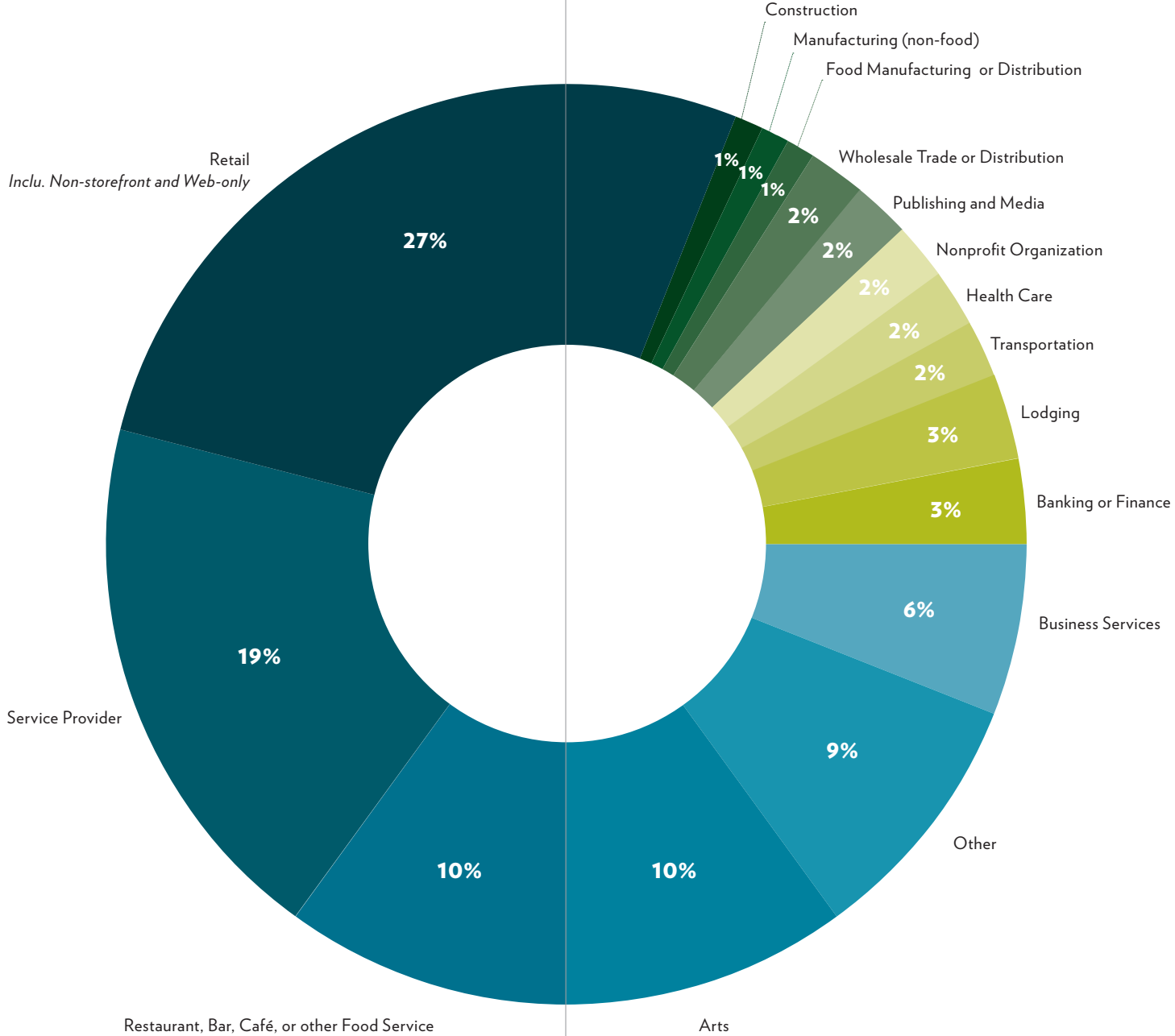


of businesses have 10 or fewer employees.

(Median: 3 employees)



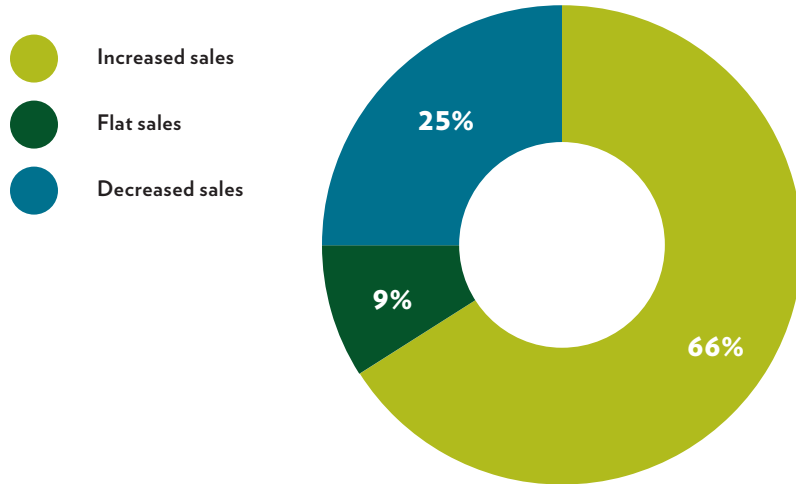
Industry Breakdown



CHANGE IN ANNUAL REVENUE

66% of Greater New Orleans businesses reported an increase in annual sales in 2016 over the previous year. This year, the average change in revenue among respondents was an increase of 8.2%, which closely mirrors national averages of 8.1% in 2014 and 7.4% in 2015.

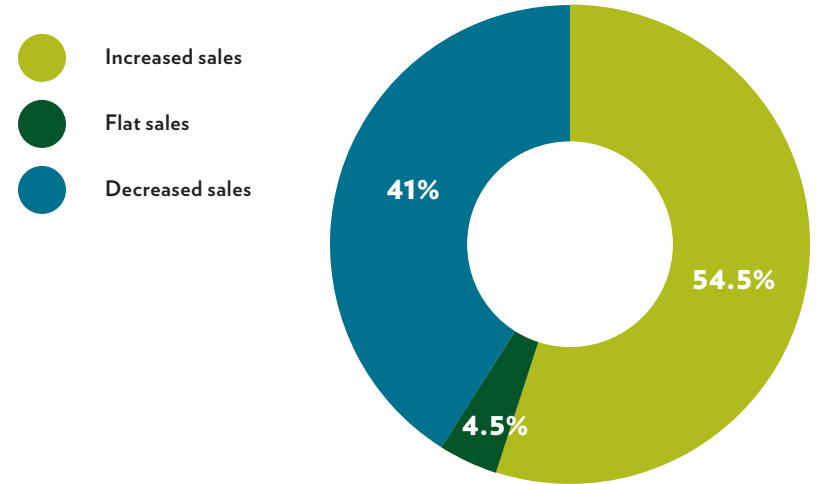
Change in Annual Revenue



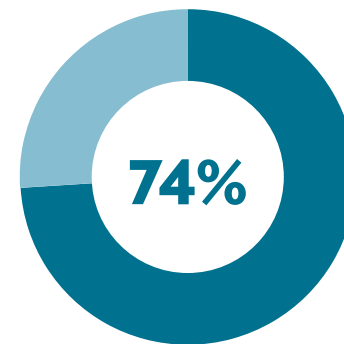
HOLIDAY SALES

55% of retailers reported an increase in sales in 2016 compared to the 2015 holiday season. The average change in holiday sales compared to 2015 was an increase of 3.3%.

2016 vs 2015 Holiday Sales



Small Business Saturday is nationwide holiday on the Saturday after Thanksgiving that celebrates and encourages holiday shopping at small businesses.



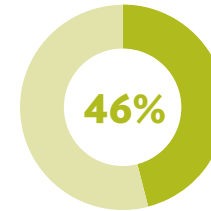
74% of businesses participating in Small Business Saturday responded that the campaign had a positive impact on their sales

CHALLENGES AND POLICY ISSUES

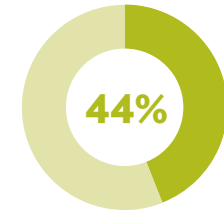
Businesses were asked whether the following issues were significant challenges to them, with “1” being not at all and “5” being an extremely significant challenge. The following shows the share of local respondents who ranked these challenges a “4” or “5.”

All businesses and the subset of retailers shared the same top 4 concerns in different orders. Among all independent businesses, marketing and health insurance received the highest average scores. Among independent retailers, competition from online mega-retailers and competition from national brick-and-mortar chains received the highest average scores.

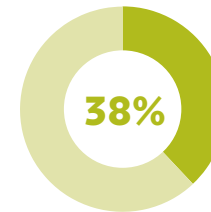
Top Challenges for Independent **Businesses**



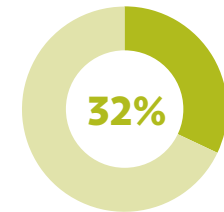
Can't afford to market my business well



Health insurance benefits too costly

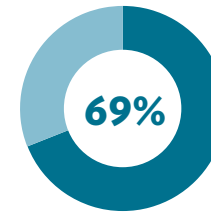


Competition from brick-and-mortar chains

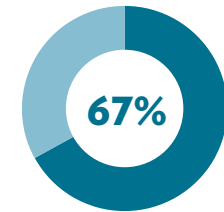


Competition from online mega-retailers

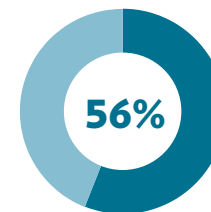
Top Challenges for Independent **Retailers**



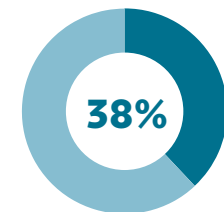
Competition from online mega-retailers



Competition from brick-and-mortar chains



Can't afford to market my business well

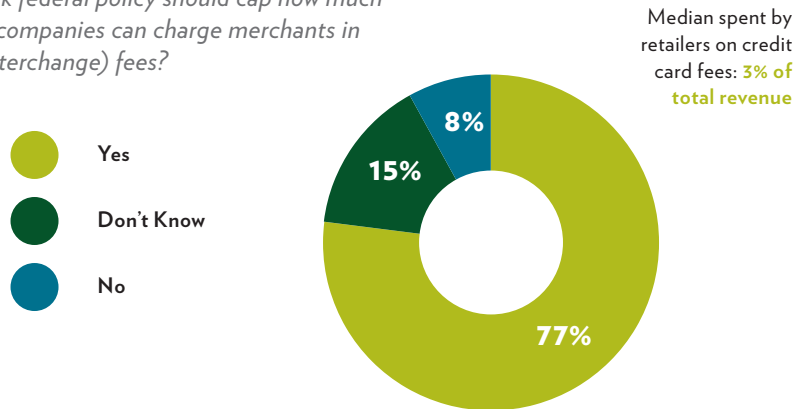


Health insurance benefits too costly

POLICY ISSUES CONTINUED

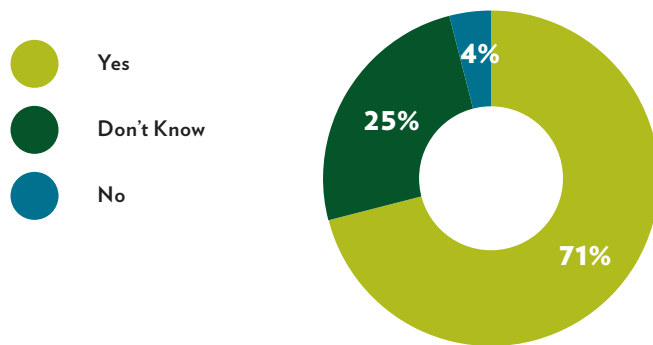
Retailers reported spending a median of 3% of their revenue on the fees paid to credit card companies. Over three-quarters of respondents reported that they thought federal policy should cap how much credit card companies can charge merchants in swipe fees, also known as interchange fees, as other countries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

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



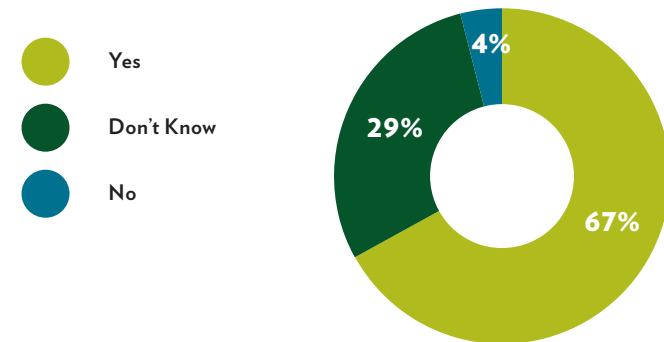
Businesses also expressed strong stances on economic development incentives, which are disproportionately awarded to their publicly traded competitors. Of all survey respondents, 71% said they would support legislation to cap the dollar value of economic tax breaks that companies can receive, while only 4% were opposed.

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



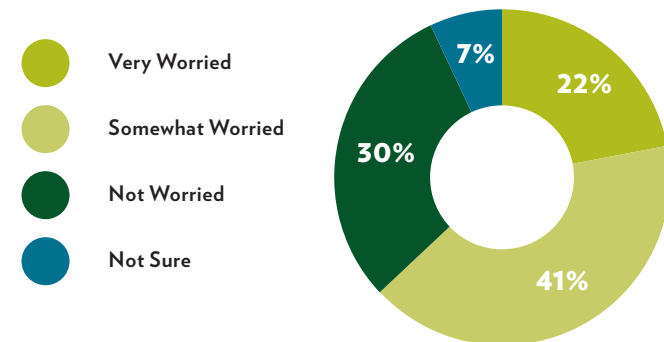
67% of all respondents thought that regulators should more vigorously enforce antitrust laws against dominant companies and just 4% disagreed.

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



Another notable challenge was the rising cost of commercial rents. Among the independent businesses surveyed in the Greater New Orleans area, 63% are worried about lease changes.

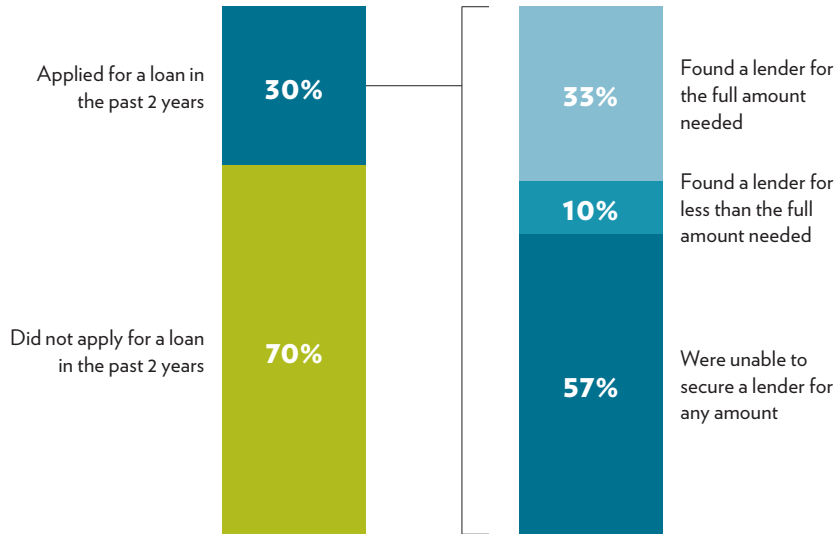
For locations you lease, how worried are you about change in rents?



ACCESS TO CREDIT

30% of respondents reported needing a business loan in the last two years. Of those who needed a loan, 33% found a lender for the full amount, 10% obtained less than the full amount, and 57% could not get a loan.

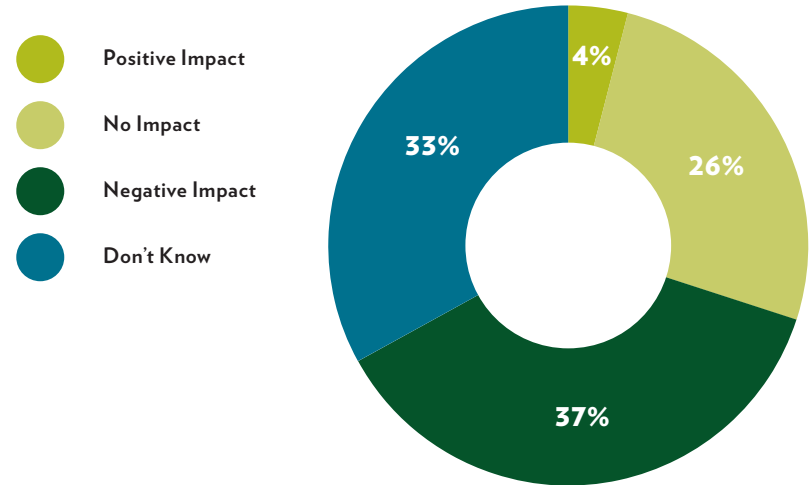
Respondents Seeking Business Loans



Some respondents reported positive experiences with the following Louisiana banks: **IBERIABANK**, **Gulf Coast Bank & Trust Co.**, **Investar**

E-FAIRNESS

Remote retailers were not previously required to collect and remit sales tax as brick-and-mortar sellers have always been required to do by law. This led to a government-imposed competitive disadvantage for local business. In 2016, over one third of retail respondents reported that the lack of equal sales tax collection had a negative impact on their sales.



The Louisiana Senate has taken steps to level the playing field by passing the following legislation in 2016:

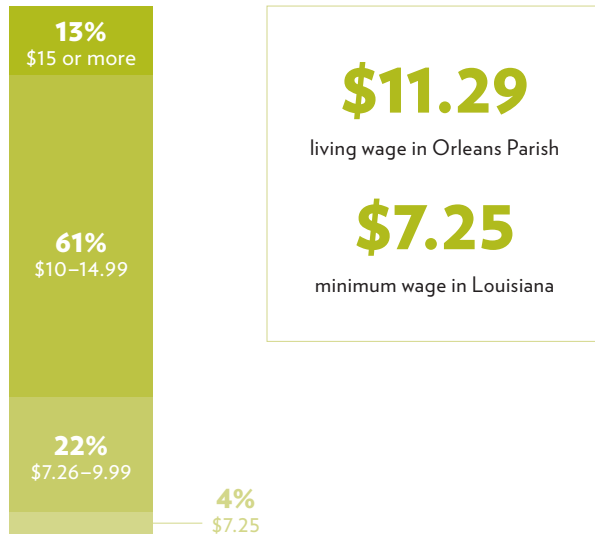
- **HB30** - States that remote retailers with Louisiana affiliates are responsible for collecting sales tax on Louisiana sales.
- **HB121** - Requires remote retailers to inform consumers how much sales tax they owe if the retailers did not collect sales tax at the point of purchase.

As a result, Amazon began collecting sales tax in January 2017. Despite these changes to tax collection policy, online mega-retailers continue to pose a major threat to our independent brick-and-mortars.

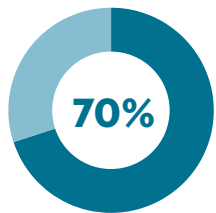
RETAIL WAGES

Retail respondents reported that 74% of their employees make \$10 or more per hour, 13% of which make more than \$15 an hour. Three-quarters of New Orleans retailers pay above Louisiana's minimum wage of \$7.25; however, the living wage for one adult without children in the Greater New Orleans area is \$11.29.

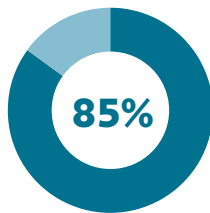
Hourly wages for retail employees



Would you support legislation in Louisiana to increase the minimum wage?



All Businesses



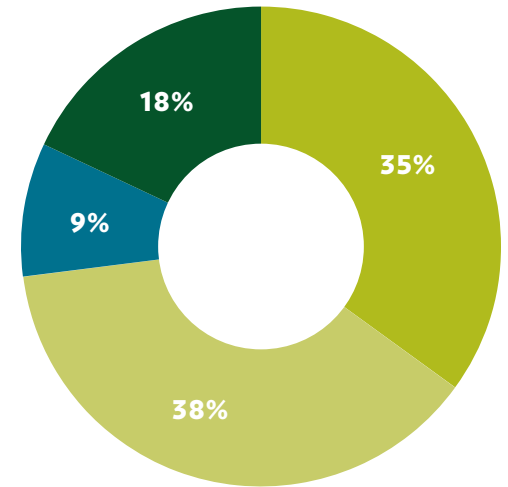
Retail Businesses

Although **70% of all business respondents** would support an increase in the minimum wage, the willingness of retailers in particular suggests it is a good sector in which to promote job growth.

SUPPORTING LOCAL BUSINESS

35% 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.

Public Awareness Change Over Past Year



CONCLUSION

New Orleans' businesses continued to report steady growth in 2016. Many of their top challenges remained consistent over the past three years, including the growth of internet-based competitors, continued competition against brick-and-mortar chains, and the high cost of health insurance. This year, affordability of marketing also ranked prominently, potentially signifying a need for better connections between local businesses and local media outlets.

These issues highlight the importance of StayLocal's ongoing advocacy campaigns. We encourage businesses and residents to shop, source, and support local so New Orleans can keep our dollars, talent, and opportunities in our city.

A majority of independent businesses support more vigorously enforced antitrust laws and a cap on the value of economic tax breaks awarded to publicly traded companies. Their stances on these policy issues shed light on the threat of Amazon's monopoly power and on the disproportionate investment in attracting competitor chains to New Orleans. StayLocal works to retain our independent businesses, level the playing field, monitor the well-being of our local economy, and provide targeted support.

StayLocal remains a fervent advocate for the best interests of local business in Greater New Orleans. This report presents ways to improve New Orleans' independent business climate. Specifically:

- Equip retailers with the tools and knowledge to help them compete more effectively as competition from online retailers intensifies.
- Pass state level legislation in Louisiana to raise the minimum wage above \$7.25.
- Build upon our previous "Local First" campaigns to promote businesses, economic corridors, and markets across the area.
- Examine financing disparities that prevent independent businesses from equitably accessing capital required to grow and sustain operations.

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

BACKGROUND ON THE SURVEY

Throughout March of 2017, StayLocal asked local independent businesses to participate in an annual survey. This report grew out of the nation-wide survey facilitated by the Institute for Local Self-Reliance (ILSR), who previously provided StayLocal with local and national results in years past. This year, StayLocal conducted the survey independently. This “2017 New Orleans Independent Business Trends” report was published in August 2017 and is based on data gathered from 100 independent businesses in the Greater New Orleans area. The intent of this study is to highlight current concerns and conditions expressed by members of Greater New Orleans’ independent business community, and to provide policy recommendations based on their feedback.

This report and past studies are available at staylocal.org/BizTrends.

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.

The logo for StayLocal, featuring the word "staylocal" in white lowercase letters on a dark teal square background, with a white downward-pointing arrow icon to the right.

StayLocal provides services to independent businesses including marketing opportunities, workshops and events, and advocacy. We also work to raise public awareness of the benefits of supporting locally-owned businesses. Learn more about what we do at 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.

The logo for Urban Conservancy, with the word "urban" in a bold, dark teal font above the word "conservancy" in a lighter teal font.

JOIN OUR KREWE!

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

GET IN TOUCH!

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