

FEBRUARY  
**2014 NEW  
ORLEANS  
INDEPEN  
DENT  
BUSINESS  
TRENDS  
REPORT**

*brought to you  
by the good  
folks at Urban  
Conservancy &*

staylocal™ 

# INTRODUCTION

## 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 than dollars spent at a national chain store.

Because they are independently owned by our friends and neighbors who are emotionally as well as financially invested in our city, these businesses give New Orleans the authentic flavor that draws people here to live, work, eat, and shop.

Finally, a strong economy is a sustainable economy, and a sustainable economy has as many built-in local networks as possible. Independent businesses are uniquely suited to building and maintaining these relationships.

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 responding to an increasingly competitive environment, and arms us with insight on how best to foster a thriving independent business sector.

## Background Information on the Survey

Over the course of two days in May, 2013, and with the help of 20 student volunteers from Mount Royal University in Calgary, Canada, Stay Local! administered a 30-minute survey to 40 locally owned, independent businesses in Orleans parish. These businesses were a healthy mix of retailers, restaurants, and service providers. The survey's goal was to take the temperature of New Orleans' independent businesses. Questions were designed to determine how businesses were doing, and to identify the major challenges facing the independent business community. Responses to the surveys were entered into a spreadsheet and analyzed using the data analysis program Stata.

## Next Steps and Recommendations

In a nutshell, this survey points to a considerable optimism among New Orleans' independent businesses, and that's encouraging. Many businesses reported steady revenues, and an even greater number are experiencing revenue growth. At the same time, this report presents ways to improve New Orleans' independent business climate.

Survey respondents indicated a strong conviction that the City can stimulate greater wealth creation and retention by developing a coordinated strategy that focuses on local business growth first and national retail attraction second. Specifically:

- \* Independent business owners would benefit from more forums aimed at connecting them with qualified employees and improving their personnel management skills.
- \* Streamlined permitting at City Hall via the One Stop Shop is helping and must remain a priority.
- \* Expanding financing options and improving communication about existing financing options available to small businesses is necessary.
- \* A public awareness campaign that clarifies who local providers of "big-ticket" items like banking and insurance are could result in more procurement from local sources of those services.

Stay Local 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.

# SURVEY RESULTS

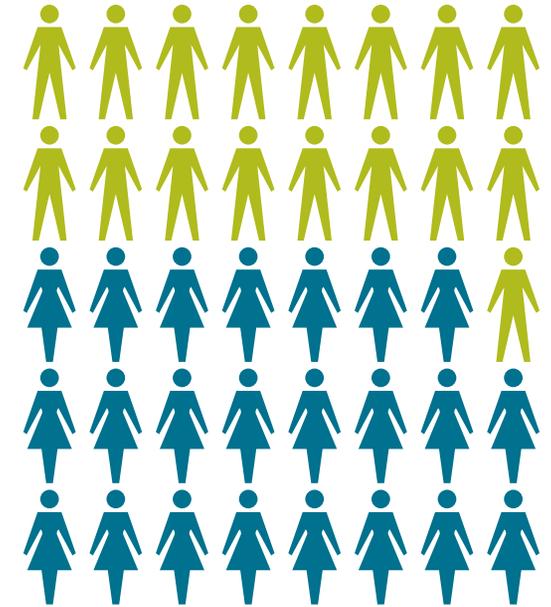
A majority of businesses surveyed were Stay Local member businesses. Additionally, the main criteria we used for selecting the businesses to survey was proximity to other businesses in our network. Surveys were mainly performed in neighborhoods where volunteers could walk from one business to another. These included Oak St, Mid-City, OC Haley Ave, Magazine St, and the CBD, and one group performed interviews over the phone.

In total, 40 businesses in Orleans Parish were surveyed. Eighty-two percent of those surveyed were owners, and 18% managers. Fifty-seven and a half percent were female-owned, and 18% were minority-owned. The median business was established in 2003-2004, putting them in business for just under ten years, and 63% of those surveyed reported it being their first business.

In terms of size, 55% of businesses surveyed had 1-4 employees, 20% had 5-9 employees, 7.5% had 10-19 employees, 15% had 20-49 employees, and 1 business (2.5%) had over 50 employees. The mean number of total employees is 10.47, but the large standard deviation (18.3) indicates that the businesses surveyed vary widely in terms of size. Another important gauge of size, annual revenue, showed that 50% reported revenues of less than \$250,000; 13% report \$250,000-500,000; 21% report \$500,000-999,000; 8% report \$1M-2.49M; 8% report over \$2.5M.

## We Surveyed 40 Businesses...

OF THE  
BUSINESSES  
SURVEYED,  
23 ARE  
OWNED BY  
WOMEN  
THAT'S 57.5%



### HOW MANY EMPLOYEES DO YOU HAVE?



### WHAT WAS YOUR REVENUE IN 2014?



# MARKETING

Marketing decisions are among the most important, and therefore the most daunting, decisions a business owner must make. Because so much rides on getting the message and the medium “right,” and “right” is different for every business, choosing where and how to spend those marketing dollars can be one of the most stressful aspects of local business ownership.

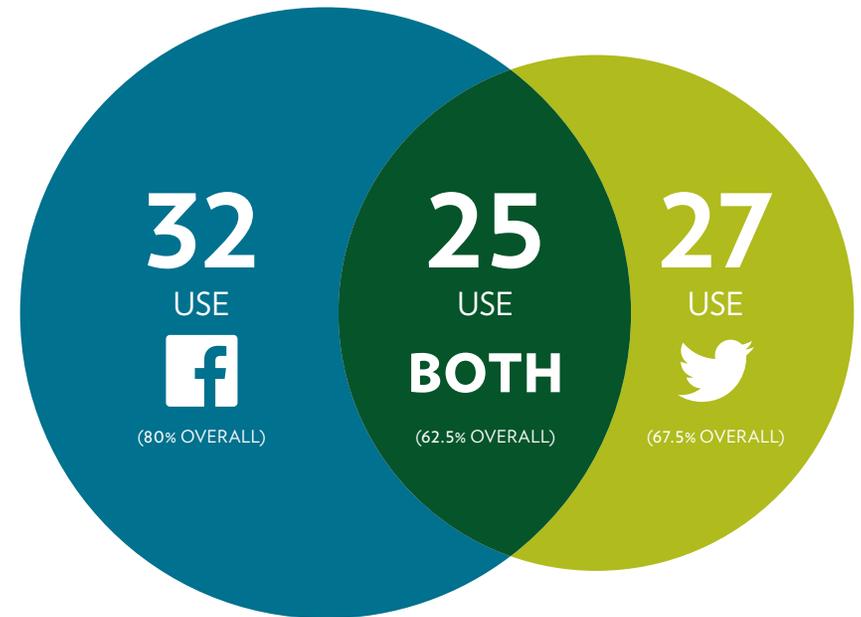
Annual marketing expenditures of the surveyed businesses are as follows: 15% spend \$0-99, 10% spend \$100-500, 23% spend \$500-2,500, 31% spend \$2,500-10,000, 18% spend \$10,000-50,000, and 3% (1 business) spends \$100,000+.

What about free and low-cost online marketing tools? Eighty percent of businesses surveyed reported that their business uses a Facebook page, 67.5% use Twitter for their business, and 62.5% use both.

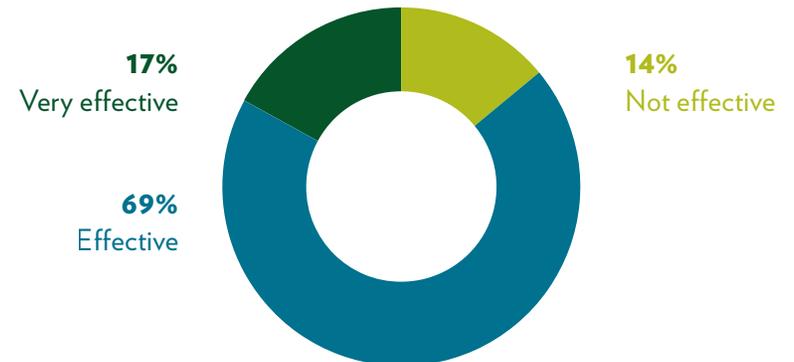
Additionally, 38% of respondents reported that they conduct sales online. Of these, online sales comprise an average of 12% of their total sales.

The good news is that most of the surveyed businesses felt their marketing efforts were effective. Overall, 14% of respondents rated their marketing efforts “not effective;” 69% rated their marketing efforts “effective;” and 17% rated their marketing efforts “very effective.”

## Does Your Businesses Use Social Media?



## How effective are your marketing efforts?



# BUSINESS GROWTH

Sixty-two percent of businesses surveyed report revenue growth compared to the previous year, with 21% reporting no change and 17% reporting a decline. Businesses reporting growth attributed this growth mainly to better establishing themselves in the community and the resulting word of mouth exposure, though respondents also mentioned an improved national economy, an improved surrounding neighborhood, and the influx of newcomers coming to town as contributors to their growth. Those reporting decline were predominantly businesses with national chain competitors, and thus attributed their decline to increased competition from these businesses, as well as the overall health of the national economy.

Thirty-eight percent of respondents reported that they were planning or were in the process of raising capital for 2013. Of these, 46% of respondents will use the capital for general expansion purposes, which includes hiring additional staff and expanding to additional locations. Twenty-six percent of respondents will use the capital for general improvements, which includes renovations and upgrading inventory; 21% will use capital to cover operating costs; and 7% will use it for marketing investments.

Business owners were given an open-ended opportunity to offer the greatest challenges to expanding their businesses. The two most common answers involved difficulty finding the right people to hire, and the overall business climate, which includes the economy and competition from chain retailers.

Impressively, 97% of respondents answered that they are optimistic about the present business climate in New Orleans. As a follow-up, we asked what could make them more optimistic. The top three answers were an improved national economy, streamlining City Hall, and making it easier to access or expanding the “limited financing” opportunities available in New Orleans.

## Is Your Business Growing?



## What's Your Biggest Growth Challenge?



# BUYING LOCAL

At Stay Local!, we spend a lot of time encouraging residents to shop at local businesses. We wanted to find out the extent to which local businesses themselves used Louisiana-based companies for their “big ticket” purchasing decisions- insurance, banking- that might get overlooked when one hears the standard “shop local” message, but are a consistent source of quality, middle-class jobs.

Also, due to the amount of “local-washing” (non-local businesses marketing themselves as local) that can be observed in these sectors, we sought to find how well respondents were able to identify a business as Louisiana-based or not.

Forty-nine percent reported using a Louisiana-based company for business owners insurance. After cross-checking the answers with their stated business owners insurance company, only 31% actually do, meaning 33% incorrectly labeled their out-of-state provider as Louisiana-based.

Forty-three percent reported using a Louisiana-based company for liability insurance. After cross-checking their answers with their stated liability insurance provider, 25% actually use Louisiana-based companies, meaning 30% incorrectly labeled their provider as Louisiana-based.

Thirty-eight percent reported using a Louisiana-based company for workers compensation. After cross-checking their answers with their stated workers comp provider, 33% actually use Louisiana-based companies, meaning 19% incorrectly labeled their provider as Louisiana-based.

Finally, 47% reported using a Louisiana-based bank for their businesses’ banking. After cross-checking their answers with their stated bank, only 23% actually do, meaning 19% incorrectly labeled their bank as Louisiana-based. The large discrepancy here was mainly due to those who bank with Whitney identifying it as Louisiana-based, when it is now owned by Mississippi-based Hancock Bank.

## Are Local Businesses Buying Local?

BUSINESS OWNER'S  
INSURANCE



LIABILITY  
INSURANCE



WORKER'S  
COMPENSATION



BUSINESS  
BANKING



**Whoops\*** *This indicates that a business incorrectly labeled their out-of-state provider as being Louisiana-based.*

## 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 locally-owned businesses. The next time you shop, look for businesses that display our decal to be sure they're both local and independently owned. Learn more about what we do at [www.staylocal.org](http://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.



LOCAL, INDEPENDENT NEW ORLEANS BUSINESSES:  
LEARN MORE ABOUT STAY LOCAL MEMBERSHIP AT  
**[STAYLOCAL.ORG/JOIN-NOW](http://STAYLOCAL.ORG/JOIN-NOW)**

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