

Independent Retailers Would Like to Source More Goods Locally, Survey Finds

Portland, ME (Dec. 1, 2009) — A survey of over 100 independent retailers in New England has found that almost all (98%) would like to source more of their inventory from manufacturers and other producers within the region. But there are barriers to doing so, including, most notably, a lack of an easy and efficient way for retailers to identify New England companies producing the kinds of goods they carry.

The survey, conducted by the New England Local Business Forum and the Institute for Local Self-Reliance, gathered data from 109 independent retailers. Most (87%) operate only a single location. They average just under 8 full-time employees. All are actively involved in "buy local" and "local first" campaigns that urge people to choose local, independent businesses. Being involved in these initiatives may have increased their own interest in purchasing more of the goods and services they need to run their businesses from other local businesses in the region.

Major findings of the survey include:

- Although the survey included retailers carrying a wide variety of goods, it had heavier representation in certain categories and an outsized number of retailers who also make the goods they carry (e.g., jewelers). Respondents reported that an average of 24% of their merchandise was made in-house and 23% was purchased from producers within New England.
- Among retailers who source or produce at least 20% of their merchandise in New England, the top product categories were: groceries, art, jewelry, clothing, furniture, pet supplies, and toys.
- The 13 grocers and specialty food stores in the survey reported that 62% of the food they sold was produced in New England.
- Among those who sourced very little in the region, the top product categories included: shoes, books, appliances, clothing, music CDs, pharmaceuticals, housewares, and toys.
- Scale appears to be a factor in the degree to which retailers source from local and regional producers. The smallest retailers — those spending less than \$250,000 a year on inventory — source 51% of their goods from New England producers. Larger retailers — those buying \$1 million or more a year in inventory — source only 21% of their goods within the region.
- Of those retailers who already source at least 20% of their merchandise in New England, 50% indicated that a primary barrier to sourcing more from the region was the lack of an easy and fast way to identify New England manufacturers that produce the goods they carry. Other barriers cited included that the goods they carry are not produced here (37% report this barrier) and small producers often fail to meet standard wholesale practices regarding payment terms, delivery, order-taking, etc. (27%). (Respondents could select more than one barrier.)
- Of those firms that purchase a majority of their merchandise from large national or global companies, 80% said the biggest barrier to sourcing in New England is that the goods they sell are not made here. Other factors include the difficulty of identifying regional manufacturers and higher prices for goods produced in New England.
- When asked what would help them source more goods regionally, 55% of the respondents indicated that a website showcasing regional producers and facilitating wholesale orders would be helpful. Just under half (49%) said that assistance identifying producers of the goods they stock would be helpful, and 44% voiced support for a tradeshow of New England manufacturers.

The New England Local Business Forum is a coalition of more than a dozen local business alliances, representing about 3,000 independent businesses in six states. NELBF serves as a resource for the growth and development of these organizations, and promotes support for independent businesses across the region. www.nelbf.org

The Institute for Local Self-Reliance is a national nonprofit organization that conducts research and provides innovative strategies to support environmentally sound and equitable community development. www.ilsr.org

NEW ENGLAND SOURCING SURVEY RESULTS

PART I: ABOUT YOUR BUSINESS

1. How many retail stores do you own/manage?

single location	87%
2-4 locations	10%
5-9 locations	3%

2. What category of goods do you sell?

The respondents spanned a wide range of product categories. Top categories included: apparel; gifts; jewelry; books; groceries & specialty foods; art; furniture & home décor; housewares; music CDs; toys; pet supplies; and shoes.

3. In what year was your business founded?

Before 1970:	11%
1970s:	16%
1980s:	13%
1990s:	17%
2000s:	43%

4. How many full-time equivalent people work at your business (including yourself)?

Total (all respondents):	847
Average:	7.8
Median:	3

5. How much merchandise/inventory do you buy per year for your retail store(s)?

under \$100K	45%
\$100K - \$250K	16%
\$250K - \$500K	23%
\$500K - \$1M	6%
\$1M - \$2.5M	5%
\$2M - \$5M	2%
over \$5M	4%

6. How many different suppliers (distributors, wholesalers, or manufacturers) do you source inventory from in a typical year?

1-5 suppliers	18.3%
6-10	22.0%
10-20	12.8%
21+	46.8%

PART II: SOURCING

7. Please estimate what percentage of your merchandise is:

Produced in-house by you and your staff:	24%
Produced within your state:	12%
Produced in other New England states:	11%
Produced elsewhere in the United States:	29%
Produced outside the country:	24%

8. Regardless of where it is produced, please estimate what percentage of your merchandise is:

Produced by large national or global companies:	33%
Produced by regional or mid-sized companies:	26%
Produced by small independent manufacturers, artisans, farmers, etc.:	41%

9. Would you like to purchase more of your inventory or supplies from producers within New England (including manufacturers, artisans, farmers, etc.)?

98% said "yes"

10. What are the main barriers or challenges to purchasing more goods and supplies from local and regional producers: (Please check up to 3.)

No one in New England produces the types of goods my store carries.	48%
There's no easy way to identify or locate local and regional producers.	29%
Small regional and local producers often fail to meet standard wholesale practices.	23%
New England produced goods are too expensive.	20%
Without a distributor, it's too time-consuming to deal with many small manufacturers, growers, or other producers.	16%
Small regional and local producers often cannot produce the quantity my store needs.	15%
My customers want national brands and goods made by large companies.	13%
New England produced goods are of poor or inconsistent quality.	4%

11. How many of your customers value locally and regionally produced goods?

Most	65%
Some	26%
Only a Few	4%
None	0%
Don't Know	5%

12. How do you find or learn about new merchandise that you might like to carry? Please check all that apply.

Going to trade shows, craft fairs, and similar events	73%
Sales reps	69%
Reading trade publications or product reviews	58%
Catalogs	55%
Browsing the internet	54%
Suggestions from other retailers or goods seen in other stores	40%
Unsolicited calls or emails from vendors	29%
Specific websites (such as Etsy.com)	24%

Visiting manufacturer showrooms	13%
From a retailer buying group or wholesale cooperative	10%

13. Which of the above channels is your biggest/primary source for finding merchandise and supplies for your business?

Going to trade shows, craft fairs, and similar events	30%
Sales reps	14%
Browsing the internet	13%
Catalogs	11%

14. What would help you source more goods and supplies produced by New England manufacturers, artisans, or farmers?

Website that would showcase regional and local producers, and facilitate wholesale orders.	55%
Assistance identifying local producers of the goods I need.	49%
Tradeshaw that would showcase regional and local producers, and offer opportunities to network.	44%
Distributor that would handle goods from many producers.	30%
Training to help local and regional producers be more consistent or competitive in their operations.	18%