

# Shopping: Buying local gives big boost

A greater proportion of dollars spent at locally owned stores stays right here in Maine.

This holiday season, analysts are predicting that the average American will spend about \$800 on gifts. It's no secret that this number is a big deal for the economy.

There has been extensive speculation in the media about whether high gas prices and the mortgage crisis will dampen spending and what the economic consequences would be.

For Maine's economy, what matters even more than how much people spend is where they choose to do their shopping. Will Mainers opt to buy gifts at locally owned stores or do most of their holiday spending at big chains?

A few years ago, the Institute for Local Self-Reliance and Friends of Midcoast Maine analyzed the financial records of eight locally owned businesses in Maine.

We found that, for every \$100 in sales, these stores pumped \$45 back into the local economy and spent another \$9 elsewhere in the state.

A similar analysis of a large big-box retailer revealed that only \$14 of every \$100 spent at the store stayed in Maine. The other \$86 left the state.

What accounted for the difference?

One factor was that the locally owned stores had all of their payroll in Maine.

While chains carry out managerial, marketing, and other functions at their headquarters, local stores are usually run



2006 Associated Press File Photo

**Maine-made** cheese is among the items likely to be found at a locally owned store.

## ABOUT THE AUTHOR

**Stacy Mitchell** of Portland, a co-founder of Portland Buy Local, is a senior researcher with the Institute for Local Self-Reliance. An online directory of local businesses can be found at [www.portlandbuylocal.org](http://www.portlandbuylocal.org).

entirely on site. Every dime these local businesses spend on wages goes into the pocket of a Maine resident.

Another major factor was that the local retailers bought many goods and services from other Maine businesses.

They all banked at local banks. They hired local accountants, Web site designers and other professionals. They advertised in local media. They sourced some of the goods they sold from local farmers, artisans and manufacturers.

While local retailers rely on other local businesses, the chains have little need for local services and acquire most of their inventory from overseas.

Studies in other states have reached the same conclusion. If you choose a locally owned store instead of a chain, your

spending will generate more activity in your local economy and sustain a larger number of local businesses and jobs.

Instead of flowing out of state, the dollars that you spend will eventually make their way back to you in the form of a stronger Maine economy that produces more opportunities and increased household incomes.

How much difference can our holiday shopping choices make?

If the 180,000 adults who live in Greater Portland do all of their holiday shopping at chain stores, only about 14 percent of their spending, or \$20 million, would recirculate in the state's economy.

If they instead opt to buy all of their gifts at locally owned stores, more than half of what they spend will stay in Maine, generating an extra \$56 million in economic activity.

That's a gift that we could all use this year.

And supporting locally owned businesses would yield more than economic benefits.

Much holiday stress can be traced to the high-pressure consumer frenzy and traffic snarls that are often part of shopping at big-box stores and malls.

Our downtowns and local stores offer a very different experience, both less stressful and more in keeping with the values our winter holidays are intended to honor.

Holiday shopping on Main Street is a special chance to enjoy our public squares and historic buildings, to socialize with our neighbors, and to support enterprises created and operated by our fellow Mainers.

— Special to the Press Herald