



# City of San Antonio

## Agenda Memorandum

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**Agenda Item Number:** 3

**Agenda Date:** May 23, 2023

**In Control:** Economic and Workforce Development Committee Meeting

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**DEPARTMENT:** Economic Development Department

**DEPARTMENT HEAD:** Brenda Hicks-Sorensen

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Briefing on Buy Local Assessment to estimate local market share captured by independent businesses in selected retail and dining categories in San Antonio.

**SUMMARY:**

This briefing will provide background and overview of the findings in the report developed by Civic Economics that quantifies the local market share currently captured by major chain retailers and restaurants and locally independent businesses. The study analyzed national and local data and research to quantify economic impact of a hypothetical ten percent shift in consumer behavior toward locally independent businesses.

**BACKGROUND INFORMATION:**

In 2019, the Economic Development Department (EDD) partnered with the Maestro Entrepreneur Center to implement the Buy Local, Grow SA program. The initiative is a free centralized database site of entrepreneurs that includes access to small business resources. The collaborative effort

aimed to scan and track local business utilization, cultivate, and grow small businesses with the aim to encourage citizens to shop locally. A total allocation of \$50,000 in funding was given to Maestro for the creation and administration of this program in 2019. Program support concluded in 2021.

In January 2022, EDD contracted with Jamee Haley Consulting to perform research and develop a Buy Local Community Assessment as part of the City's buy local initiative. The purpose of the assessment was to strengthen San Antonio's local economy, celebrate its unique culture, and increase access to opportunity for all by building awareness of the value of locally owned, independent businesses. The research included a community-wide survey, focus groups, and interviews with local businesses and business support organizations. In summary, the assessment concluded that San Antonio residents have significant awareness of the role of locally owned businesses in building a strong local economy and celebrating local culture and history. However, this awareness is not put wholly into practice since data shows San Antonio consumers visit chain businesses weekly and locally owned businesses only several times a month. Recommendations from the Assessment include citywide marketing, policy shifts, alignment of consumer behavior with values, place-based tourism, and displacement prevention. The results of the Buy Local Community Assessment were presented to the Small Business Advisory Commission (SBAC) on July 12, 2022.

To supplement the Buy Local Community Assessment, in March 2022, the City entered into an agreement with Civic Economics to develop an estimate of local market share captured by independent businesses in retail and dining categories. The goal of this study was to understand the proportion of total revenue that independent businesses recirculate into the local economy in the form of profits, wages, local procurement goods and services for resale, and charitable giving. In addition, the Civic Economics Report would also provide a quantitative review to complement the qualitative research conducted in the Buy Local Community Assessment.

To continue this work, the ARPA Small Business Implementation Plan included funding to support the implementation of a robust localism program based on the recommendations from the Buy Local Community Assessment. This was included in a Request for Proposals (RFP) for Small Business Support that was open from August 18 to October 21, 2022. The localism proposals reviewed by the Evaluation Committee in November and December 2022 were not in line with the project vision and therefore the allocated \$475,000 for Localism was not recommended to be awarded.

A briefing on Civic Economics study findings and update on Buy Local Assessment next steps was presented to the Small Business Advisory Commission on May 9, 2023.

## **ISSUE:**

The Civic Economics Report concluded that independent retailers and restaurants provide a substantial economic impact boost compared to their chain competitors. In the research, Civic Economics analyzed a variety of specific sectors within retail and restaurants to understand their market share more in depth.

The report found that retail chains hold a lower share of the market as compared to the Texas and national averages due to the brand loyalty and prominence of H-E-B in San Antonio. However, there is still significant opportunity and economic advantage to boosting local independent retailers. Fast food chains and full-service restaurant chains hold a higher market share than state and national average, highlighting the opportunity to shift dollars to local independent restaurants.

Local independent businesses recirculate revenue in the local economy through profits paid out to local owners; wages paid to local employees; procurement of goods and services for internal use; procurement of locally produced goods for resale; and charitable giving within the community which keeps more money local and creates a multiplier effect. Specifically, in retail, 52.9% of dollars go back to the community compared to 13.6% by chains and in restaurants, 64.1% of dollars go back to the community compared to 30.4% by chains.

The report concluded that impact of supporting locally owned businesses would have a positive economic impact for San Antonio. In their research, Civic Economics quantified that a feasible ten percent shift in retail and restaurant market share to independent businesses would produce significant economic impact each year:

- 6,000 jobs
- \$267 Million in local earnings
- \$720 Million in total impact

The Buy Local Community Assessment and Civic Economics Report both share similar results and recommendations. Both studies identify the significant awareness San Antonio consumers have towards the importance of supporting locally owned businesses but also a disconnect between consumer values and actions. Both studies highlight San Antonio's uniqueness and strength as being rich in history, culture and diversity and recommend the establishment of a city-wide effort to create opportunities for locally owned independent businesses.

Per recommendations of both studies, utilizing a \$475,000 ARPA allocation, EDD will partner with Jamee Haley Consulting to develop a business model for a first local alliance and facilitate its implementation, if feasible, to promote buy local initiatives in San Antonio.

#### **FISCAL IMPACT:**

This item is for briefing purposes only.

#### **ALTERNATIVES:**

This item is for briefing purposes only.

#### **RECOMMENDATION:**

This item is for briefing purposes only.