



independent shopkeepers association

2021 STATE OF ▶▶▶ RETAIL



The State of Retail Study is presented by the Independent Shopkeepers Association and sponsored by:



Commercial Carpet Contractors



Edmond Economic
Development Authority



MOORE NORMAN
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Independent Shopkeepers Association





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WHAT IS THE STATE OF RETAIL?

Understanding the state of our local retail community is more important than ever.

ABOUT THE STUDY

To better advocate for independent shops in our state and to ensure we can all contribute to the growth of local retail by creating a healthy business climate for this industry, we need to first understand the state of independent shops in Oklahoma by hearing from them directly.

In the summer and early fall of 2021, ISA conducted a Shop Census through its members and other local retailers in our state to get a better understanding of their challenges, needs and contributions to our economy. Through this survey, we were able to gather and study data points to quantify the impact and importance of local shops in our communities.

From clothing stores to bakeries and specialty shops, businesses in large metros like Oklahoma City and Tulsa as well as rural Oklahoma, like Muskogee, Woodward and Altus, 67 shopkeepers participated in the Shop Census to provide information about their businesses and help us analyze the state of retail in Oklahoma.

All respondents are independently-owned shops with a brick-and-mortar store located in Oklahoma, and each answered up to 77 questions.

ABOUT ISA

The Independent Shopkeepers Association is a 501(c)(6) non-profit organization. Our mission is to support, educate, celebrate and encourage the growth of local retail in Oklahoma by providing a platform for independent shopkeepers to grow, support one another and maximize their individual contributions to our unique local culture. We believe that our community is stronger and our culture richer when local retail thrives.

Looking through the results from this diverse set of shops gives us a glimpse into the state of independent retail in Oklahoma in 2021 and a better understanding of the impact and aftereffects of the pandemic.

Whether you are a shopkeeper wanting to benchmark your business against your peers, or a leader and policy-maker looking to better understand the independent retail industry to support their growth, the State of Retail Study is a tool for you to refer back to as we navigate the end of 2021 and approach 2022.

1

COVID IMPACT

Our local shops worked harder than ever, pivoting on a daily basis to make it through 2020. The pandemic caused lasting damage but some shops managed to make it to the end of the year showing growth in sales. This wasn't the case for everyone though as almost half ended the year still showing a decrease in revenue.

2

REBOUNDED SALES

While 2021 saw the lingering effects of the pandemic, the arrival of vaccines and spring kick-started a new season of growth for shopkeepers with respondents showing an average increase in sales of 55% in the second quarter, finally giving our local shop community hope for a better year.

3

LASTING IMPACT

While sales are finally on the uptick, challenges still exist for our local shops. The long-lasting effects of COVID are just now starting to show: supply chain disruption, labor shortage, increased debt load and burnout are all part of the landscape in 2021 and need to be addressed to ensure local shops didn't make it through 2020 to face even bigger challenges ahead.

4

MICROSHOPS

As the local shop community in Oklahoma continues to evolve, new trends are surfacing, including the growth of microshops. From retail incubators and pop-ups to smaller spaces being leased, local shops are putting themselves on the map in a different way and approaching entrepreneurship with innovative ideas.

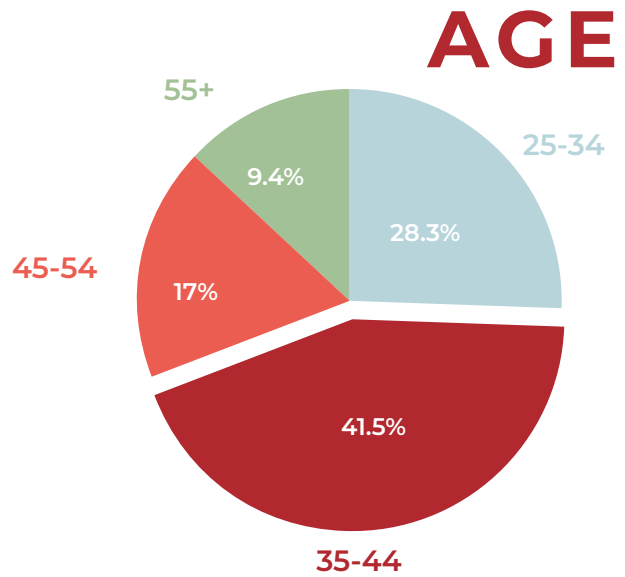


THE SHOPKEEPERS.

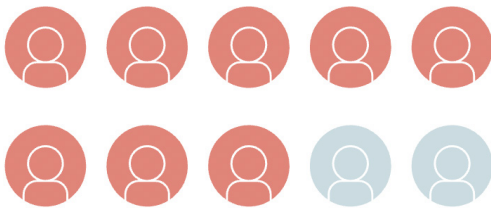
A large majority of shopkeepers surveyed were under the age of 45, with close to 70% of respondents falling in the 25-44 age group. The age breakdown was quite different when comparing rural and urban shops. In rural Oklahoma, 50% of shopkeepers were over the age of 45 compared to 20.9% in urban areas.

Four out of five responding shop owners were women. This isn't surprising considering retail is the most popular industry for women-owned small businesses ¹.

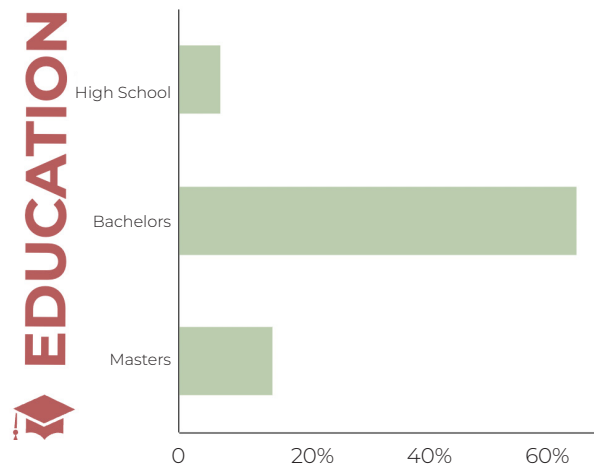
88.7% of respondents had a bachelor's or higher.



81.1% WOMEN



18.9% MEN



Close to 68% of the shops surveyed specialized in clothing or home goods. The remaining 32% were either food/beverage shops (bakeries, coffee shops etc.) or categorized under "specialty" which mostly includes beauty, book, soap and flower shops

A quarter of respondents have been open between 6-9 years with another 32% having been open more than 10 years. About 17% of respondents have two or more locations for their shops.



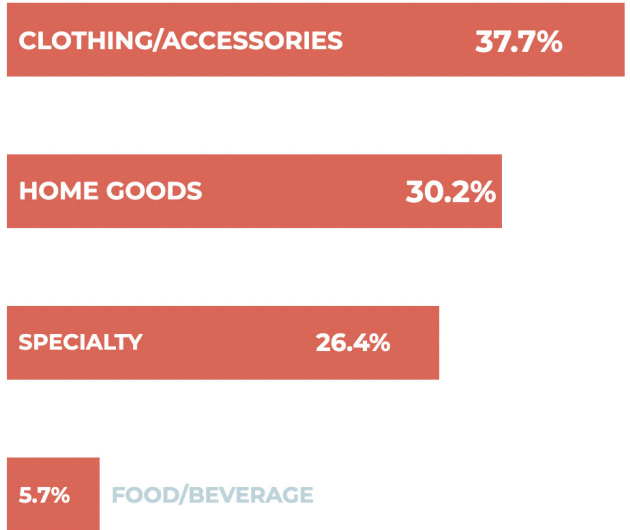
THE SHOPS.

YEARS OPEN



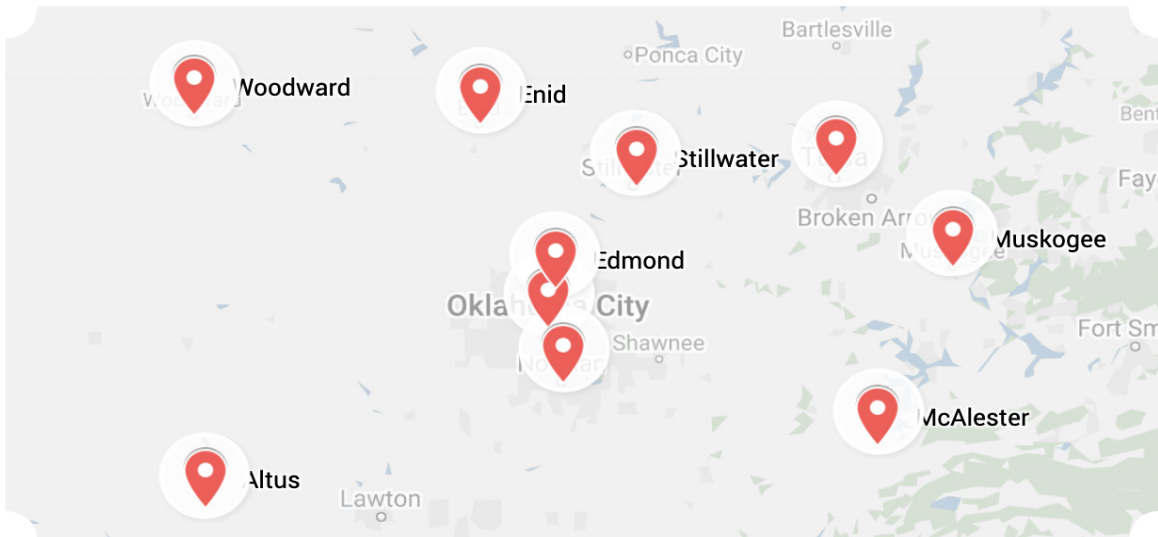
■ Less than 1 year (9.4%) ■ 1-2 years (11.3%)
 ■ 3-5 years (20.8%) ■ 6-9 years (26.4%)
 ■ 10-14 years (15.1%) ■ 15+ years (17%)

PRODUCTS



LOCATIONS

1. Oklahoma City
2. Tulsa
3. Norman
4. Edmond
5. Muskogee
6. Enid
7. Stillwater
8. Altus
9. McAlester
10. Woodward



OPERATIONS.

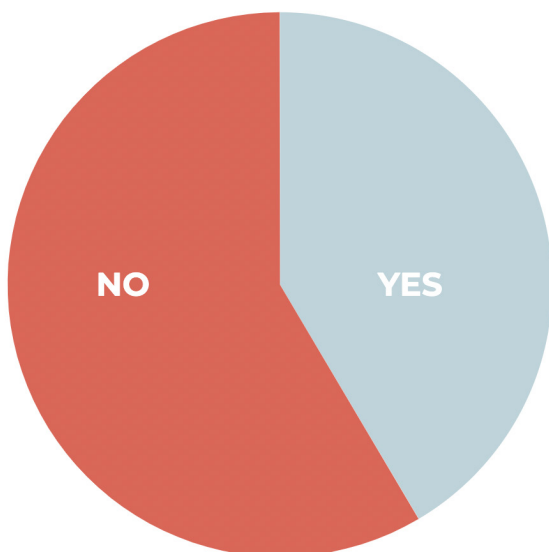
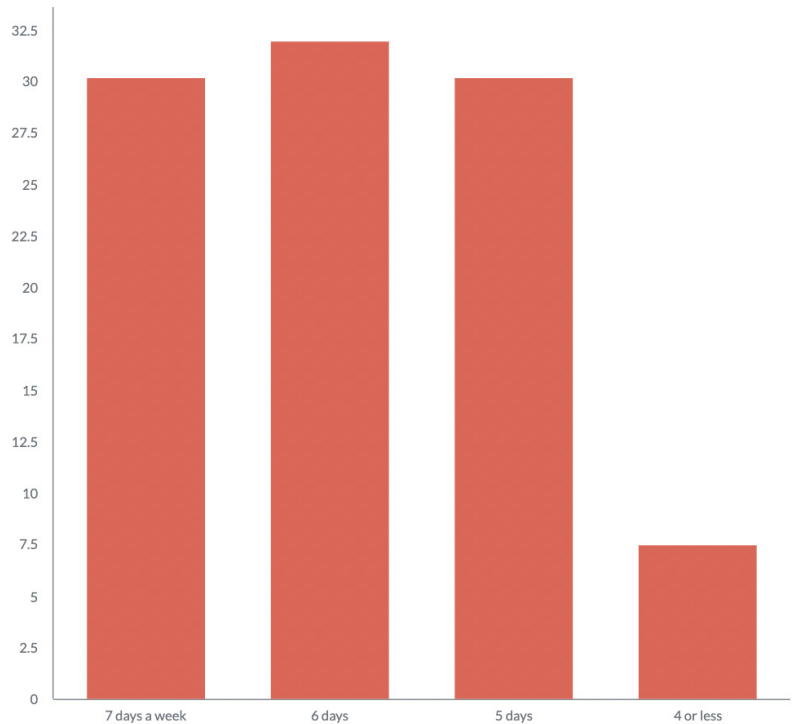
DAYS



Only 54.7% of shops reported being open on Mondays. Sundays were the least popular day with only 41.7% of respondents being open.

A large majority of shops who do open on Sundays are located in large cities, in dense areas where adjacent businesses follow similar hours.

In general, less than one out of three shops are open seven days a week.



Are you open on Sundays?

SUNDAYS



While Sunday seems to be the least popular day for local shops to open, it can often be a missed opportunity for one of the largest sales days of the week. Shops who do open reported Sunday sales to be their second or third highest of the week.

While lack of foot traffic is often the reason for not opening on Sundays, more often than not, it is also due to lack of staffing and shopkeepers not being able to work seven days a week.

When considering opening on Sundays, shops need to consider following similar hours to adjacent businesses (retail, restaurant, entertainment etc.). If opening an additional day is too burdensome on the team, swapping Sunday for a Monday or Tuesday could be extremely beneficial sales-wise. Don't be afraid to experiment and always keep your customers up-to-date on your business hours.

SERVICES



ACCOUNTING

80% use Quickbooks for accounting. Other 20% use services like Bench, Waveapp and AccountEdge.



POINT OF SALE

32% use Shopify. 26.4% use Square. 11.3% use Lightspeed. Others: Quickbooks, Shopkeep.

SERVICES SHOPKEEPERS OUTSOURCE

67.9% of shopkeepers hire an accountant.

Legal services = 30.2%
Cleaning services = 20.8%
Hiring / HR = 5.7%
Marketing = 5.7%

24.5% don't ever outsource anything.

Considering 1 out of 4 shopkeepers do not outsource anything and wear every single hat, it's easy to understand the level of burnout a year like 2020 can bring.

However, 2021 has seen more shopkeepers starting to outsource hiring and marketing services.

HOLIDAYS

53% of respondents said Small Business Saturday was their highest sales holiday.

Mother's Day was in second place, with a majority of home goods shop listing it as one of its top two grossing holidays.

Valentine's Day was in third, mainly because of flower shops, spas and other specialty stores.

Father's Day and Tax Free Weekend were tied in last place.

No surprise there knowing that Small Business Saturday falls during the already busy holiday season where shoppers are buying for multiple friends and family members, including themselves.

In contrast, holidays like Mother's Day and Valentine's Day see shoppers only buying for one person.

BENCHMARKS INSIGHT

We asked shopkeepers what the most important factor was to benchmark their business growth:

Increasing sales = 86.8%

Growing team = 11.3%

Opening a second location = 1.9%



GENERAL DATA.

The average conversion rate for respondents was 65%.

CLOTHING/ACCESSORIES



HOME GOODS



FOOD/BEVERAGE



SPECIALTY



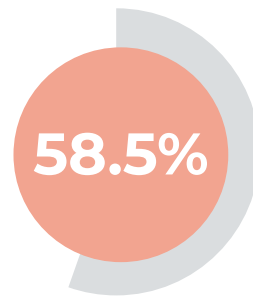
Across the board, conversion rates were still higher than national trends. For example, department stores typically have a 50% conversion rate⁷. However, conversion rates in our respondents seemed to have dropped slightly from their 2019 data.

While clothing stores reported an average conversion rate of 61% for 2020, last year's report listed them at 66.7%. For home goods, the conversion rate went from 60% to 51%. Specialty stores and food and beverage remained the same compared to last year.

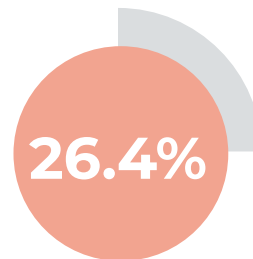
This drop in conversion rate could be linked to the new way customers are shopping post-pandemic. As we see in our customer trend reports from late 2020, shoppers are more and more looking for experiences. As local shops reopened from their closures and offered one of the safest spaces for people to venture out of their homes, this meant more browsing for pleasure rather than purchase-focused shopping only.

The lack of impact on specialty and food and beverage shops would make sense as these types of stores are not conducive to browsing.

Thankfully, the drop in conversion rate doesn't seem to have a lasting impact on sales and seems more tied to an uptick in foot traffic in some dense shopping areas.



Have a conversion rate higher than 70%



Have a conversion rate between 50-60%



GENERAL DATA.

Foot traffic varies widely from pedestrian-friendly districts to strip malls.

AVERAGE VISITORS PER WEEK



212

The average foot traffic per week for respondents was 212. With that said, only 39.6% of shops surveyed reported keeping track of foot traffic with the use of a door counter - a widely underused piece of data.

The highest foot traffic counts were reported by shops located in downtown Oklahoma City (750 visitors per week), specifically in pedestrian-friendly districts with high activation and a diverse tenant mix.



Car-oriented strip malls in metros reported average foot traffic of 125 visitors per week while main streets shops in rural Oklahoma reported foot traffic in the 50-100 visitors per week range.

Considering the higher population surrounding strip malls in the metros, the main streets foot traffic showed to be quite competitive, likely thanks to their pedestrian-friendly environment and higher concentration of businesses.

1 DECEMBER

2 MAY



HIGHEST FOOT TRAFFIC

1 JANUARY

2 AUGUST/FEBRUARY



LOWEST FOOT TRAFFIC

1 DECEMBER

2 NOVEMBER



HIGHEST SALES

1 JANUARY

2 FEBRUARY



LOWEST SALES

As expected, December remains the month seeing both the highest foot traffic and highest sales for a majority of independent shops. January and February continue to be the slowest months for retail.



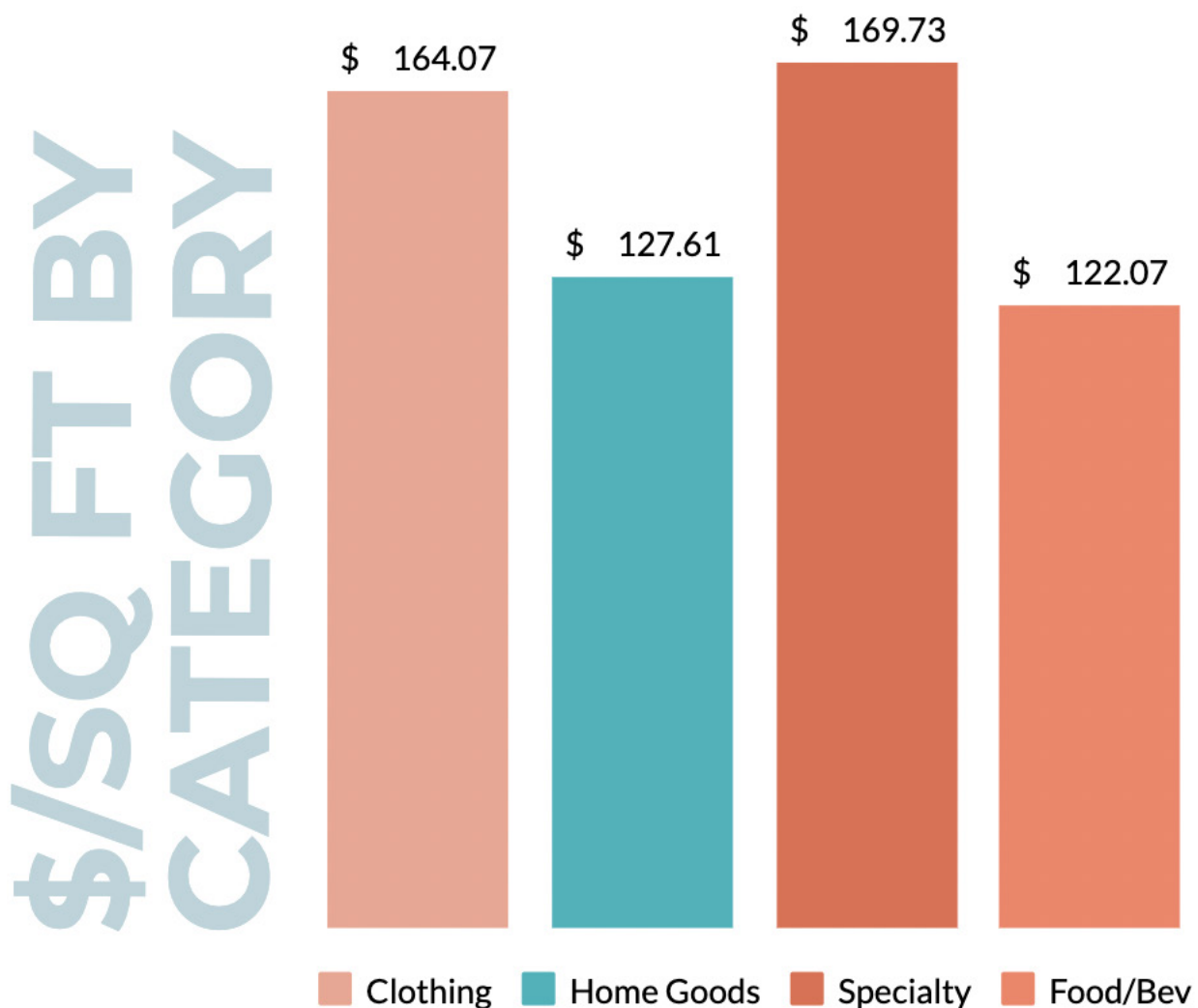
GENERAL DATA.

Local shops' average sales per square foot are the same as Macy's.

\$151.22/SQ FT

Average sales per square foot

This is much higher than Dillard's department stores which had annual sales per square foot of \$90 in 2020. It's comparable to Macy's, with its \$153.5 per square foot².



\$38.49

Average
Price Point

AVERAGE PRICE POINT

The highest price point by category was for home goods with \$47.50.

The average price point for clothing stores was \$41.45.


The average price point for specialty stores was \$31.18.

The lowest average was for food/beverage shops with a price point of \$6.50.



On average, shop's monthly gross sales in 2020 were **\$27,040**.

ANNUAL AVERAGE GROSS SALES IN 2020 BY CATEGORY



CLOTHING	HOME GOODS
\$300,131	\$386,034
SPECIALTY	FOOD/BEVERAGE
\$325,489	\$168,018

\$67.43

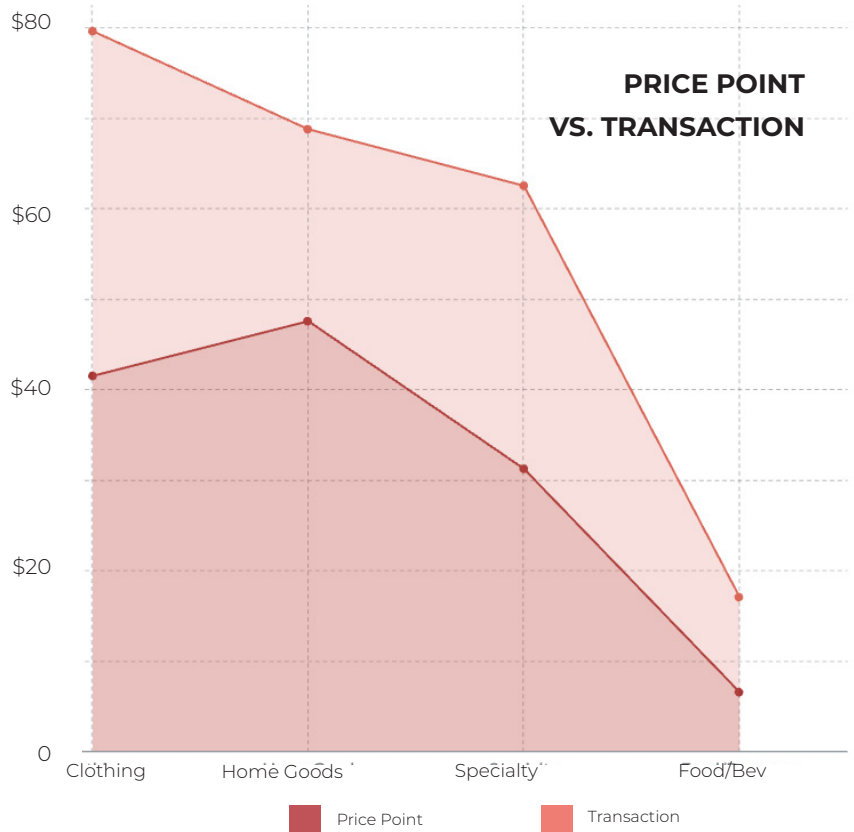
Average
Transaction

AVERAGE TRANSACTION

The highest average transaction was for clothing with an average of \$79.55.

The lowest was for food/beverage shops with an average of \$17.

Home goods had an average transaction of \$68.71 and specialty was \$62.46.





RETAIL SPACES.

A large majority of shopkeepers still rent.



RENT



OWN

- 9 out of 10 shopkeepers rent the space their shop is in.
- 4 out of 5 shopkeepers who own their space have been open more than 10 years.

Cost.

Average monthly rent:

\$2,452

- Average monthly rent in city smaller than 300,000 residents is \$1,926.

Median monthly rent

\$2,000

- Average monthly rent in cities larger than 300,000 residents is \$2,682.

\$21.6

AVERAGE RENT
PER SQ. FT. IN
CITIES LARGER
THAN 300,000

\$14.30

AVERAGE RENT
PER SQ. FT. IN
CITIES SMALLER
THAN 300,000



RETAIL SPACES.

A deeper look into shops' sizes.

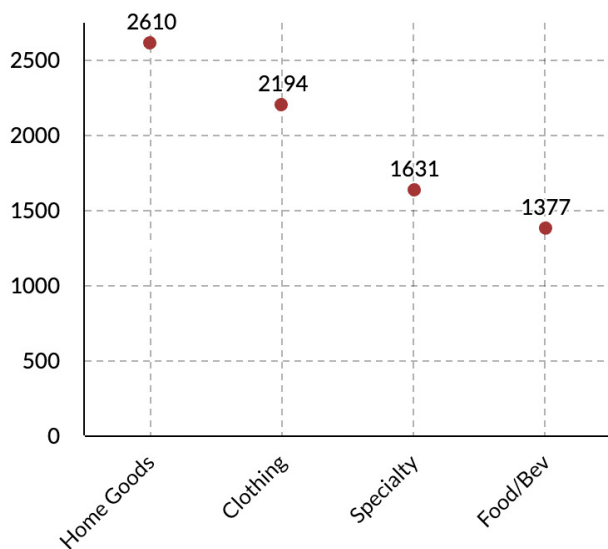
Average size:
2,158 square feet

- Median size is 1,850 square feet.
- 27.2% of spaces are under 1,000 square feet.
- Shops reported much larger square footage in smaller cities with a median size of 2,100 square feet. In large cities, the median size was 1,328 square feet.

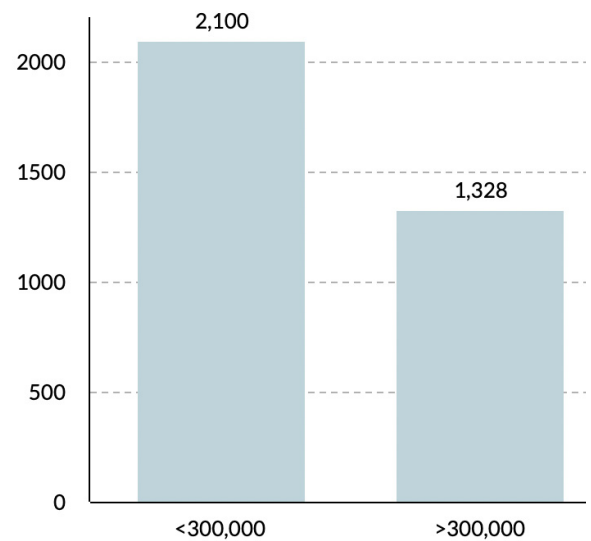


Swaddle

SIZE BY CATEGORY



SIZE BY POPULATION



THE MICROSHOP BOOM.



Cargo Room at Citizens RISE

One of the most striking data points studied in this report was undoubtedly the change in square footage over the last ten years.

While the average square footage of shops opened ten or more years ago was 3,059 square feet, new shops opened in the last two years are occupying spaces averaging 1,181 square feet. Three out of four shops who have opened in the last two years are in spaces smaller than 1,000 square feet. It's hard to ignore this drastic change in size.

Microshops have been an emerging trend worldwide for several years now and their growth in popularity was only accelerated by the pandemic.

The benefits of micro-retailing are clear:

Less square footage, often combined with shorter lease terms, simply costs less money. The rent is lower and so is the need for inventory, staff and fixtures. The low overhead is undoubtedly the most attracting feature of a microshop.

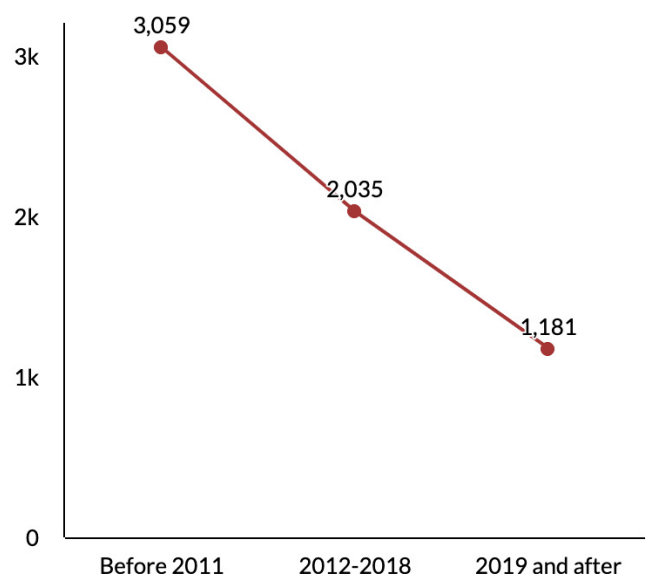
So is the low-risk opportunity to experiment. With less of an investment and long-term need to cover overhead, microshops in short-term leases can easily pivot and adapt to meet the customers needs and feedback.

Microshops in Oklahoma City have emerged in several different formats: retail incubators or pop-ups, shop-in-shop and short-term leases on smaller spaces.

Retail incubators are a great platform for new shop owners to not only test the market, but also their ability and even desire to own a brick-and-mortar in the long term. Several retail incubators have appeared in Oklahoma City and Edmond since the start of the pandemic, two of which the Independent Shopkeepers Association has helped create: Citizens RISE and the West Village Pop-Ups.

Retail incubators rely mainly on partnerships with developers and landlords willing to lend their space to the business experiment. Citizens RISE was created in partnership with Citizens Bank of Edmond, a bank already known for its forward-thinking and innovation, especially when it comes to supporting the small business community.

A TIMELINE OF SHRINKING SPACES:



“ONE SIZE FITS ALL DOES NOT FIT INDEPENDENT SHOPS.”

Thanks to their desire to fill some of the empty space in the bank with a small business incubator, RISE was started in November 2020, at the peak of the pandemic, to give an opportunity for new and existing shopkeepers to test the market in downtown Edmond with little to no overhead.

The experiment has not only given a platform for aspiring shopkeepers to open their first physical retail space, it has also made a point to include existing shop owners wanting to grow and open a second location. This came at a critical time when the pandemic hit local shops the hardest. Through RISE, the winners were able to expand their sales while keeping their overhead low.

The West Village Pop-Ups were created around the same time in an effort to fill empty storefronts and generate more foot traffic in the young district. While Citizens RISE has a firm timeline to be able to accommodate more shops, the West Village Pop-Ups gave winners the opportunity to renew their lease at the end of the two-month term. This led to two new shopkeepers staying in their retail space or even moving into an adjacent, larger store.

For developers, retail incubators are an easy way to fill empty storefronts, making the space more appealing for future tenants, or even by forming relationships with the current aspiring shopkeepers for a potential long-term lease. On both ends of the deal, for the tenant and the landlord, retail incubators are a low-risk program with the potential for high-reward.

Another popular type of microshop is the “shop-in-shop.” The concept isn’t new, especially when looking at department stores and large retailers, but it has recently gained momentum in local storefronts. A shop-in-shop is simply a designated space, inside a larger shop, where a business can sell its goods. Much like incubators, a shop-in-shop is beneficial to both parties. The existing shop can breathe new life into its store, attracting new customers into their space. The same benefit exist on social media, with two brands present, there is double the online visibility. While the occupying shop gets to test the waters with little risk, the existing shopkeeper can benefit from the rent income and not worry about

merchandising or staffing the space.

An example of a successful shop-in-shop is Southern Window, located inside of Shop Good in Oklahoma City’s Automobile Alley. The partnership started in 2019 and has been beneficial to both parties involved.

“When I decided to make the leap and open Southern Window Plants, there were so many factors to running a small business I had never considered. Starting inside of Shop Good, I’ve been able to grow my business, learn the basics of “small business 101” and have had the benefit of having Audrey and Justin to turn to for help and advice I would have never received on my own.”

When looking at shop-in-shop opportunities, both parties need to consider several factors to ensure its success: Are the brands compatible and complementary? Will they attract similar customers without overlapping each other? Is the space available defined enough to not confuse customers?

DEVELOPERS, LANDLORDS AND DECISION-MAKERS NEED TO WORK CLOSELY WITH LOCAL RETAILERS

While cities around the nation are turning to retail incubators and pop-up spaces to fill vacated storefronts due to the pandemic, Oklahoma City can take advantage of its current economic growth to include retail into it rather than expect it to follow on its own. For most of our young city’s history, the health of our local retail sector has been tied to our downtown’s economy and vice-versa. While a strong economy will eventually lead to more local retail development, nurturing its growth at the start is key. The success of many of our most popular shopping districts is the direct result of close landlord-tenant partnerships.

One size fits all simply does not fit independent retail. Flexibility and creativity from landlords and local and state government are crucial in ensuring our local shops survive and thrive.

“This new trajectory to long-term shopkeeping brings a refreshing safety net.”



Southern Window

THE MICROSHOP BOOM CONT.

Microshops are not only changing our retail landscape, they are also bringing new life to the shopkeeping experience.

Shopkeepers who opened their business five or more years ago could only do so by taking a giant leap of faith, signing a long-term lease on a large space and figuring it out as they go. However, this new generation of shopkeepers is benefiting from a much lower-risk format of entrepreneurship.

Through retail incubators, short-lease microshops or shop-in-shop opportunities, new shopkeepers can easily test the market, grow their customer base and generate income before deciding to commit to opening a permanent, larger-sized shop.

This new trajectory to long-term shopkeeping brings a refreshing and necessary safety net but it also remains to be seen what percentage of temporary microshops will eventually become permanent fixtures of our local shop community.

Because of personal financial commitment, debt and long-term leases, “veteran” shopkeepers had no

choice but to make it work through the inevitable difficult first years of small business ownership. On the other hand, new shopkeepers entering the small business world through incubators or pop-up shop programs are given the opportunity to back out at any time without much long-term consequence.

While this means not all new shops opening up through these programs will decide to remain in business, it also gives all of them some extra time to define themselves and their brands and meet the customers’ needs prior to fully committing financially.

Having a space to open up shop isn’t the only tool necessary to succeed. Retail incubators can highly benefit from making sure new shopkeepers have easy access to educational opportunities throughout the program, along with connections to industry leaders who can help them better navigate loans, leases, accounting and the ins and outs of starting a small business. Preparing tenants for the next step of shop ownership will benefit everyone involved.

HATTIE'S HOUSE

VINTAGE MARKET & BOUTIQUE

HATTIE'S HOUSE
VINTAGE MARKET & BOUTIQUE
200 S. MAIN ST.
918-912-2281
SUNDAY-MONDAY CLOSED
TUESDAY-FRIDAY 10:00-5:30
SATURDAY 10:00-4:00

200 S. MAIN ST.

NO SOLICITING

Pepper's Garden

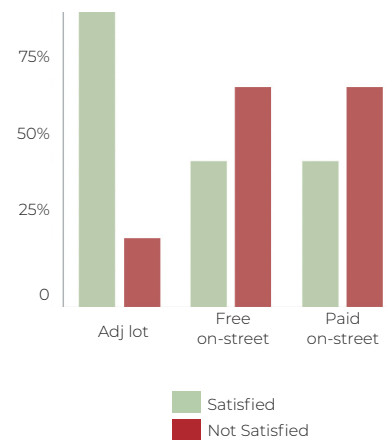


EXTERNAL FACTORS.

PARKING

62.3% OF SHOPS WERE SATISFIED WITH CUSTOMER PARKING AVAILABILITY AROUND THEIR SHOP.

- Respondents with paid-on street customer parking reported a much higher satisfaction than in our 2020 report (40% satisfied compared to 20% last year). Considering all shops with paid-on street parking are located in large cities' downtowns, the uptick in satisfaction could be due to less competition over parking with fewer people working in downtown offices.
- While we could assume shops with free on-street parking would be more satisfied than paid on-street parking shops, they actually polled at the same satisfaction level. The challenge for shops relying on free on-street parking remains unchanged: with no enforcement of free parking, drivers tend to not follow the 2-hour limit, leading to low turnover in availability.

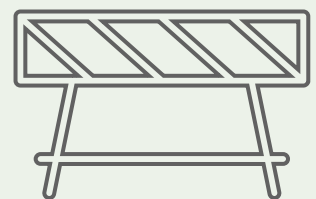


ROAD CONSTRUCTION AND STREET CLOSURES

ONE OUT OF TWO RESPONDENTS HAVE EXPERIENCED A STREET CLOSURE IN FRONT OR NEAR THEIR SHOP. OF THOSE:

92.3% SAW A DECREASE IN SALES.

- **65.3%** saw a decline in sales greater than 30%.
- **34.6%** saw a decline in sales greater than 50%.
- The average decrease in sales due to a street closure is **39%**.



HOLIDAY STREET CLOSURE MORATORIUM

City of OKC's Public Works worked with ISA in 2020 to implement a holiday street closure moratorium. From Thanksgiving to Christmas, the busiest season for independent retail, closures for non-emergency construction were put on pause on streets in the urban core with retailers relying heavily on on-street parking and foot traffic. This is an easy step other municipalities can take to cultivate a healthier business climate for its small retailers.

For more information on how your city or town can implement a similar policy, email hello@isaok.org.

**SHOP
GOOD**
TEE SHIRTS & GIFTS



MARKETING AND ADVERTISING.

ADVERTISING



BUDGET

The average spent per year on online ads was \$2,373.95. 28.3% of respondents did not have a budget for advertising and another 20% reported spending more than \$10,000 per year.



MEDIUM

96.2% of shops selected social media as their preferred advertising medium, with another 3.8% preferring print. None of the respondents selected billboards, TV or radio ads.



Painted Door Gift Boutique

SOCIAL MEDIA



PLATFORM

71.7% of shops reported having the highest following on Instagram and 28.3% selected Facebook. None of the respondents selected Twitter and all respondents had at least one social media account for their business.



FREQUENCY

Shops reported being very active on social media with 45.3% of them posting at least once a day. 41.5% of them post on social media several times a week and 13.2% post less than once a week. The COVID-19 crisis only accelerated the shops' social media efforts.

47.2%

Have an Instagram shop

43.4%

Have a Facebook shop

E-COMMERCE.



84.9%

Have an online shop



64.5%

Make 10% or less of their total sales online

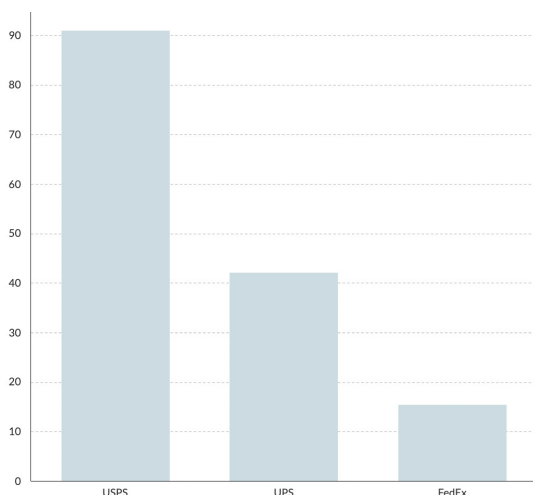
+80%

80% of shop owners work on their website themselves with 17.8% delegating online tasks to employees and only 2.2% hiring a professional.

When asked what their biggest challenge with e-commerce was, 80% of shopkeepers mentioned lack of time. They struggle to keep inventory up-to-date, add new products and package/ship orders while also taking care of their physical store.

The other challenges mentioned were difficulty gaining exposure online along with not feeling tech savvy enough.

It can be concerning to hear the struggles small shops are facing with e-commerce knowing how small of a portion of their sales are made online. We can only hope online shopping for local shops was not just a temporary effect of the pandemic and these struggles will be addressed to help them stay competitive.



A vast majority of shopkeepers use USPS for their shipping needs. About 41% also use UPS while only 15% go through FedEx.

The two biggest complaints related to shipping services were cost and timeliness:

“With Amazon and other big boxes offering free shipping it’s hard to stay competitive because my customers don’t want to pay for shipping and I can’t afford to offer free shipping on all orders.”

“The forced isolation will make us seek out in-person shopping experiences.”



Okie Outfitters Company

HOW WILL CUSTOMERS SHOP POST-PANDEMIC?

Shopping habits have completely changed in the last year and they are going to continue to evolve post pandemic. We all know online shopping has exploded in the last 18 months and it's obviously here to stay. But because we have been forced to rely on e-commerce only for so long, our online shopping habits will evolve in a different direction than they would have if we didn't have a pandemic in 2020.

The pandemic has also brought an increased interest in shopping small and keeping dollars in our communities. This last year and a half of staying home has given us all a deeper appreciation for our community and shown us to not take anything for granted either. Those are essentially the two main themes the shopping small movement has tried to convey for decades.

Not only are local shops becoming a safe haven for us to shop, customers are now seeking out places giving them a sense of connection and belonging. After feeling isolated for so long, connection is what we're looking for. As convenient and fun as a Target shopping spree can be, it doesn't leave the customer with much sense of connection to their community. Going to visit a local shop where the owner is a friend, a neighbor, working to make our city stronger - that's going to give us that feeling of connection.

The forced isolation will make us seek out in-person shopping experiences. And the key word here is experience. We're going to visit stores that will provide us with that experience and entertainment.

Online shopping has always relied on and taunted its convenience and there's no denying the attraction to convenience is going to stay. But that also comes with online shopping fatigue. What this looks like moving forward is online shopping focused more on mundane, restocking of essential items.

In-person shopping, on the other hand, will be for intentional shopping, discovering new items, browsing exciting places, socializing with shopkeepers and customers. This is where local shops can shine. They know their customers better than anyone and can curate unique experiences that will target their community specifically - something a giant national retailer can't do.

Local shops are at an advantage for post-pandemic shopping. As destructive as the last year has been to small businesses, it's also set them up to come out of it stronger, with customers focused on supporting them, seeing their value and seeking out all the benefits local shopping brings to our daily lives: a safe place for us to connect and grow stronger communities.

WEEKEND OF LOCAL

CONTINUING THE PUSH FOR SHOPPING LOCAL.

As devastating as the pandemic has been on our local shops, 2020 saw a strong customer awakening on the importance to shop and support local. The movement's been around for decades but the wave of support small businesses received last year was the biggest the shop small movement has ever seen.

Now that customer awareness has increased on the importance of shopping local and the public is more educated on the benefits of doing so, independent shopkeepers and their advocates are hoping the support doesn't disappear as quickly as it appeared in the early days of the pandemic.

Shopping local during the holiday season is great. Shopping local year-round is even better and even more needed. Organizations supporting local businesses need to continue the push now more than ever before the movement loses its momentum.

It's out of this mindset that ISA rallied more than 20 chambers of commerce, district leaders and main streets across the state of Oklahoma through its first Weekend of Local campaign in July 2021. By working with organizations throughout the state, ISA was able to feature more than 300 participating shops in its campaign asking customers to shop local throughout the whole weekend. With 17,000 views on its directory and 100,000 customers reached on social media, it became quickly obvious the campaign will become an annual event going forward.



Weekend of Local in Altus



Weekend of Local in Enid



EMPLOYEES.



1 OUT OF 4 PROVIDE BENEFITS

Nationally, the percentage of micro-businesses (3-9 employees) providing group health insurance has been declining for the past decade down by 12 points from 2009 to 2019 ⁷. The smaller the business is, the less likely they are to offer benefits because of increasing costs. Although a majority of shopkeepers expressed a desire to offer benefits, they felt they couldn't afford it.

BENEFITS

1

HEALTH CARE

84.6% of shops offering benefits to employees offered healthcare.

2

PAID VACATION

84.6% of shops offering benefits to employees offer paid vacation.

3

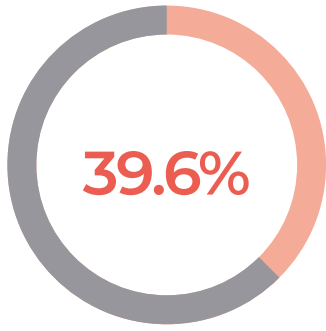
PAID SICK LEAVE

76.9% of shops offering benefits to employees offer paid sick leave.

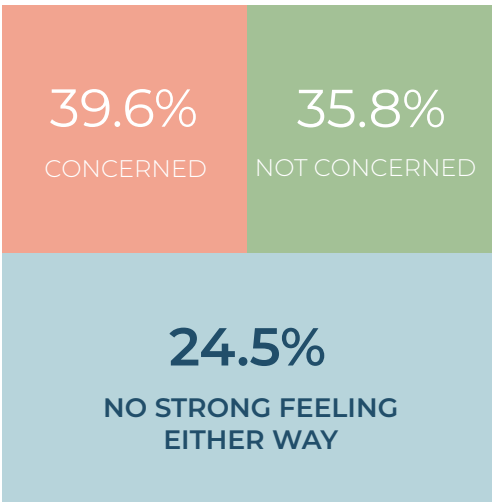
4

RETIREMENT

30.7% of shops offering benefits to employees offer retirement benefits.



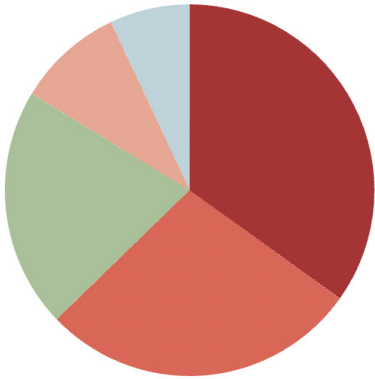
Worry about increasing minimum wage



The more established a shop is, the longer employees stay.

70% of shops which have been open for 10 years or longer have an employee longevity of 5+ years. Nationally the average tenure in retail is about 3 years ³.

LONGEVITY

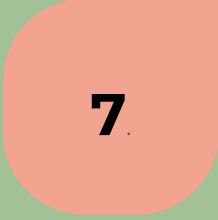


- Less than one year - 7%
- 1-2 years - 34.9%
- 2-3 years - 27.9%
- 3-5 years - 9.3%
- 5+ years - 20.9%

MORE INSIGHT



Of shops offer a discount to their employees. The average discount is 30%.



Home good shops have the highest average staff size.



Specialty shops have the lowest average staff size.



Of shops don't have employees.



COVID IMPACT.

How sales were affected by the pandemic.

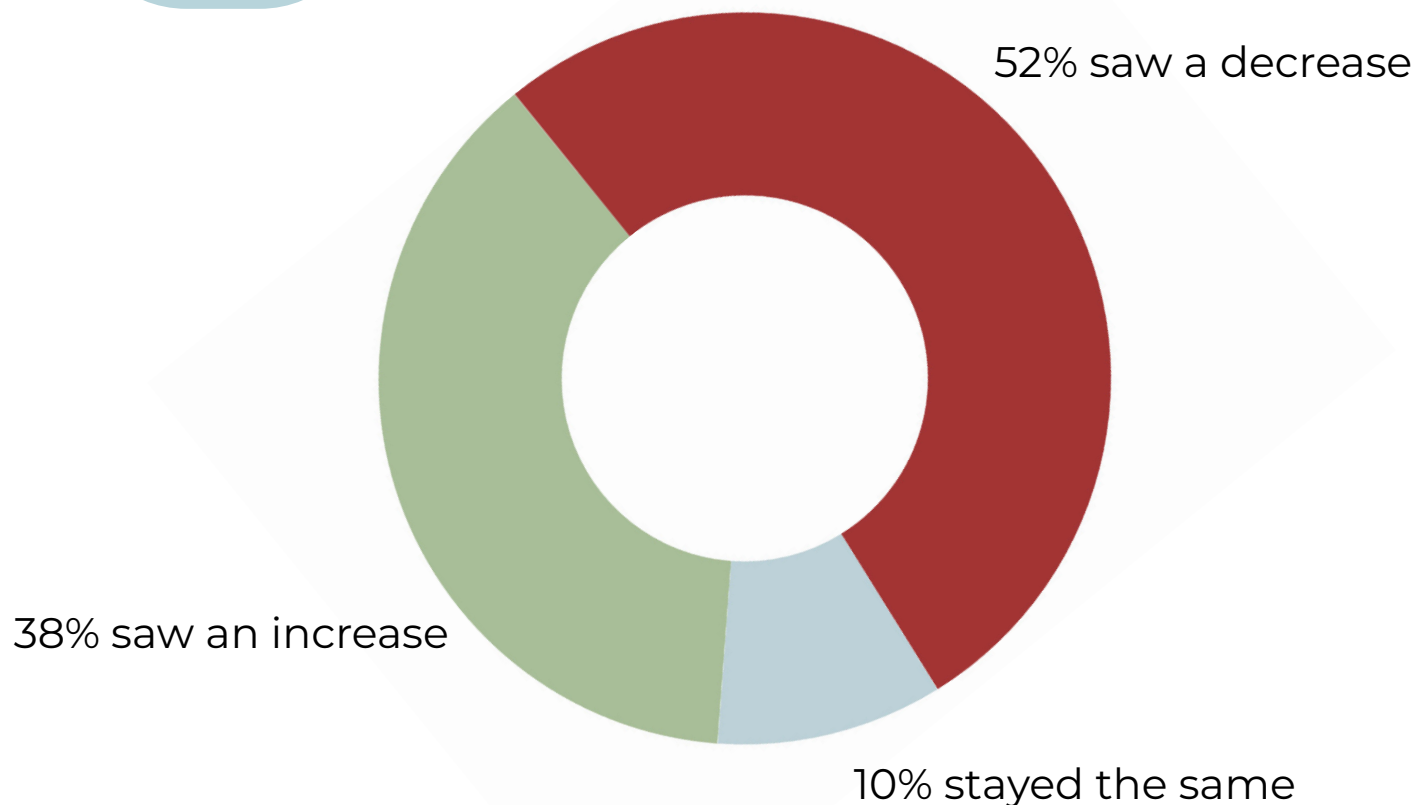
Last year's State of Retail Study, published in August, showed 84% of shops experienced a decrease in sales from March-May with an average drop of 60% in revenue.

As the year ended with customers focused on shopping local through the holiday season, we can now see the overall 2020 impact. More than half of shops still ended the year with a decrease in sales with the average year-to-year sales for all respondents being down 4%.

48% of respondents managed to either increase sales or stay at the same level as 2019.

-4%

Overall, local retail saw a decrease in sales in 2020 of -4%.





COVID IMPACT.

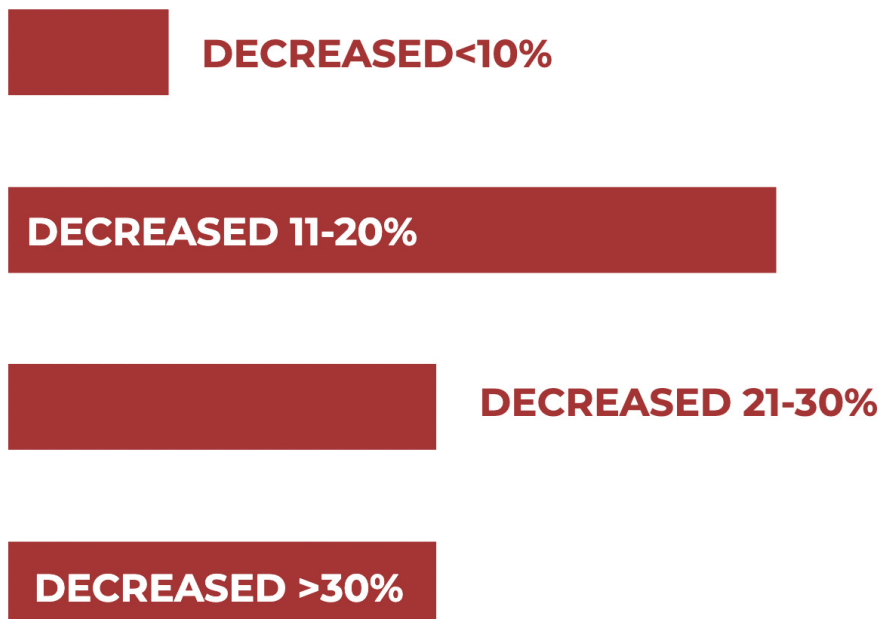
The financial impact on shops' sales was very uneven.



For shops who managed to see their sales increase in 2020, most of their income came during the fall and holiday season. 1 out of 3 shops saw an increase of less than 10%, a quarter saw an increase of 11-20% and another one out of three saw an impressive increase of 20-30%. The larger increases were for shops providing essential goods.

Still, more than half of shops experienced an overall decrease in 2020 with generally a higher impact than the ones experiencing increases. Close to 50% of them saw their sales drop by at least 20% and 43% saw their sales decrease between 11-20%.

The average sales decrease for these shops was 20%.





LONG-TERM IMPACT.

It's no secret closures had a big impact on our small businesses in 2020, but supply chain disruption and labor shortages continue to burden our local shops in 2021.

SUPPLY CHAIN DISRUPTION & SHIPPING

2020 was the year of pivots for our local shops and unfortunately, 2021 wasn't much different. After a year of adapting to constantly changing regulations, closures and navigating financial aid, a new challenge emerged in 2021. Supply chain challenges forced small businesses to change the way they operate and pivot once again.

A survey conducted nationally in October 2021 showed 45% of small businesses experiencing domestic supplier delays. Earlier this year, in January 2021, the percentage was at 26.7%.

Our local shops are having to order earlier, which also means disrupting their cash flow and overhead. For some shops, ordering earlier isn't an option as they can't afford to front the money this early in the year - an issue bigger national chains are unlikely to face.



TESTIMONY

“Beginning in the summer of 2021, lead times on many products increased from a few days to 2-3 months. Delays like these lead to considerable revenue losses and affect our ability to serve our customers. To account for these delays and make sure we have what customers want and need for Holiday 2021, we had all of our Q4 orders ship in September. This affects our cash flow (we have to pay for these goods MUCH earlier than usual) and required us to secure an extra storage unit (which is an additional expense).”

Between the supply chain challenges and the ongoing difficulties with recruiting new employees, 2021 is so much harder than last year. I thought 2020 sucked, but it pales in comparison to what retailers are dealing with in 2021. Retail stores need product and people, and right now, we pretty much can't get either. “

- Morgan Harris, Green Bambino



LONG-TERM IMPACT.

STAFFING

Difficulties filling open positions is a national challenge in 2021 and local shops are not immune. Our shopkeepers task lists have grown, from needing more bodies on the floor to ensure a safe shopping environment to more time needing to be dedicated to online sales, updating websites, posting on social, packaging, shipping and fulfilling curbside pickup orders.

However, many of our local shops are struggling to find applicants for their new positions, leaving them overburdened and sometimes forcing them to scale down their hours and days of operations, ultimately impacting their overall sales.

While all industries are facing a staffing shortage, retail seems to be struggling more. Many are speculating on the potential causes for it and there likely is more than just one. Throughout the pandemic, our social media feeds were filled with videos of retail and restaurant employees being put in the impossible position to enforce safety measures, sometimes leading to verbal and physical altercations. Service employees were the face of mask enforcement leading to exhaustion, burnout and many leaving the industry while new, younger potential employees quickly turn to other opportunities. Local retail positions have also often been filled by mothers seeking part-time opportunities to fit their parenting schedule. After a year like 2020, many simply didn't return to work as childcare continues to be a financial burden working a part-time retail job cannot offset.

While national retailers can afford to increase wages and offer sign-on bonuses, these options are not always available to smaller retailers already struggling to make ends meet.

TESTIMONY

“Trying to hire for the business has been one of the most difficult challenges we’ve faced this year. We pay well above minimum wage, offer storewide discounts, paid time off after completing a 90 day introductory period and several other benefits. But finding any candidates, let alone quality candidates, has been a massive struggle to say the least.

I know I am not the only business owner experiencing these issues. Fellow shop owners locally and across the country are also facing the same problems. I worry what the small business landscape will look like in the next couple of years if businesses are unable to keep their doors open due to lack of employees.”

- Rachael Gruntmeir, The Black Scintilla

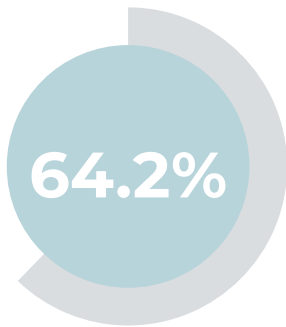




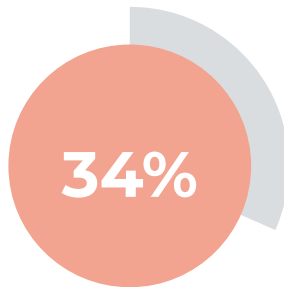
COVID FUNDING.

Which programs did Oklahoma local shops benefit from?

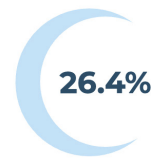
PPP seemed to be the most popular form of financial aid received during the pandemic with almost two out of three shops reporting receiving forgivable loans in the program's first round. Only one out of three were able to receive additional aid in the second round as many of them didn't qualify for the 25% in reduction eligibility criteria, although they often came very close.



Received a PPP loan in the first round



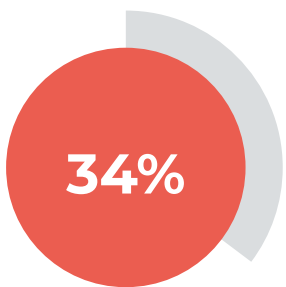
Received a PPP loan in the second round



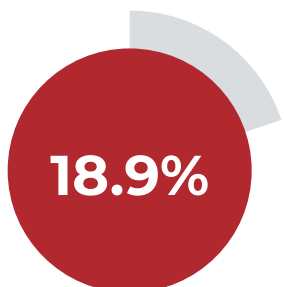
RECEIVED AN EIDL LOAN



OF THOSE WHO RECEIVED FUNDING IN PPP'S FIRST ROUND DIDN'T RECEIVE MORE IN THE SECOND ROUND



Received funding from a local program



Didn't receive any aid



OF RESPONDENTS IN RURAL OK DID NOT RECEIVE FUNDING



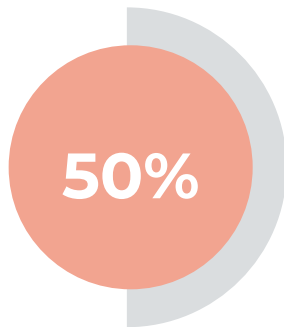
COVID FUNDING.

How much aid did local shops in Oklahoma receive through the pandemic?

As reported in the 2020 State of Retail Study, the amount of aid received by Oklahoma local shops was much lower than the national average and disparities between urban and rural shops were large. One out of two shops are still feeling an impact from the pandemic and one out of three feel they didn't receive enough help.



Average funding received



Still feeling a financial impact



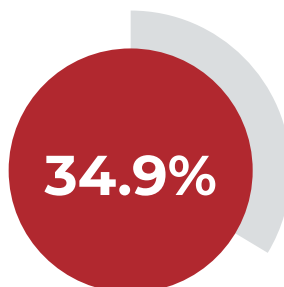
One out of three respondents incurred debt from COVID financial aid, mainly EIDL loans. This is debt load they will likely carry on and be paying for the next 30 years.

Small businesses simply cannot and should not be repaying for a natural disaster like a pandemic until 2050.

Lawmakers should look at ways to forgive EIDL loans for micro businesses.



Average funding received for shops in rural Oklahoma



Feel they needed more financial aid



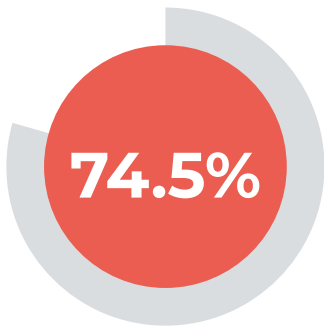
2021 SALES.

January - March

Considering the pandemic's official start was in mid-March 2020, the first quarter of that year saw mostly growth for shopkeepers. In 2021, spikes in COVID cases lingered into the winter with vaccines not rolling out until the end of that same quarter. Nevertheless, most shops persevered to generate growth.



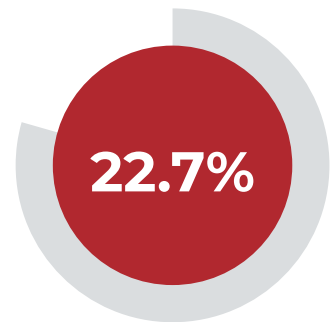
Brittney Matlock and Traci Walton, owners of PLEN TY Mercantile



Saw an increase in Q1 compared to 2020



Saw a decrease in Q1 compared to 2020



Average loss for shops experiencing a decrease

The average growth in Q1 for clothing stores was 23%.

For home goods, it was 22.2% and 15% for specialty.

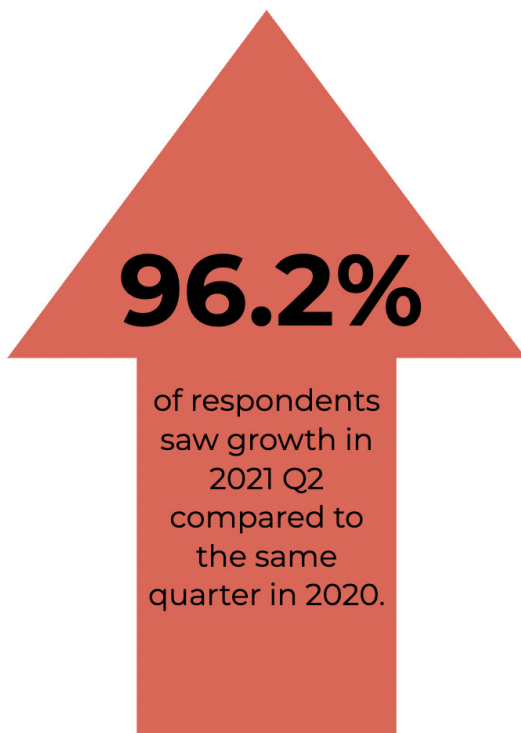
Of the shops experiencing a decrease in sales in Q1, most were specialty stores.



2021 SALES.

April - June

With the arrival of spring and vaccinations, shops' efforts to stay afloat turned into undeniable growth for most.



This year's second quarter saw rebounding sales across the board as vaccinations rolled out. 96.2% of respondents reported an increase in sales in April-June 2021 compared to the same months in 2020. The 3.8% respondents who saw a decrease in sales were all providing essential products during the early months of the pandemic (i.e., cleaning products, hand sanitizer...) and were part of the minority of shopkeepers who saw increased sales in the early days of COVID-19.



Not only did shops see their sales increase in this second quarter, the average growth was 55.3% with a third of respondents seeing their sales jump by 70% or more.

The average growth for clothing retailers was 59.5%. Home goods and specialty saw similar growth at 50.9% and 50.4% respectively.

Of the few shops seeing a drop in sales during those months, the decreases were all under 10%.

Growth seemed to be higher in large metros while smaller cities and towns saw lower increases in sales during those months. It seems urban shops are rebounding much quicker than rural shops who are sometimes still struggling to reach pre-COVID levels.



NEEDS AND CHALLENGES.

To be able to offer the help independent shops need, we need to first listen to their concerns.

The road to recovery for small businesses and independent shops is still paved with many challenges. As we continue to find ways to assist them to ensure they can survive and thrive, hearing directly from them on what their challenges and needs are should be the first step to determining what can be done to help.

1.

COMPETITION FROM AMAZON AND ONLINE RETAILERS

The big dark cloud over local retail remains competition from Amazon and other large online retailers who offer things they can't: lower prices and free shipping. One can hope that after a pandemic forcing to exclusively shop online, our need for in-store experiences will lead customers to seek out local shops over online convenience.

2.

COMPETITION FROM BRICK-AND-MORTAR NATIONAL CHAINS

The second most mentioned challenge by local shops is direct competition from brick-and-mortar national chains. The glory days of malls and department stores might be dwindling but Target and other big box stores are still dominating the market.

3.

LOW FOOT TRAFFIC

Shops in strip malls and outside of urban core districts mentioned low foot traffic as one of their biggest challenges. High foot traffic depends highly on two factors: density and diversity of surrounding businesses (retail, restaurants, service and office). Unfortunately, in a state like Oklahoma, where infrastructure often favors cars over pedestrians, building foot traffic momentum can be hard to achieve.



OPENING A SHOP CHALLENGES.

To be able to empower the next generation of local shops, we need to know the challenges they face.

To better understand the challenges facing future shopkeepers and prepare to assist them, we asked our respondents what the biggest challenges they faced were when first launching their business.

1.

LOGISTICS

Understanding and setting up logistics was the primary challenge for most shopkeepers (about half said they struggled with this aspect when launching their business). Figuring out accounting, payroll, e-commerce, taxes and inventory often left shopkeepers feeling overwhelmed. More assistance and education is needed to help future shopkeepers feel more prepared for the challenges ahead.

2.

FINDING A SPACE

41.5% of respondents mentioned finding a space as one of their earliest challenges. Not knowing industry standards, real estate and legal verbiage or even important factors to consider (location, location, location) can lead shopkeepers to engage in long-term leases unfavorable for their business model. Microshops, retail incubators and pop-ups are all a great first-step solution for shops to grow and learn before making the leap.

3.

MARKETING

Getting the word out is a challenge for any shopkeeper. One out of three respondents felt this was one of their biggest challenges when launching their shop. While word-of-mouth has always been a shopkeeper's best friend, considering budgeting for marketing professionals can be highly beneficial for younger shops looking to grow.



TESTIMONIES.

We asked shopkeepers to describe what 2021 has been like for them.

“Sales bounced back so much faster than we expected this spring, and we have seen great numbers for most of this year. We are on track to have our best year ever. But the uncertainty continues to weigh heavy, and we’re feeling hesitant to spend too much or increase payroll too much, etc. We are also seeing the most insane inventory and supply shortages. We have waited as long as six months to receive orders this year, and there are so many key products and supplies that we just can’t get right now. We’re constantly having to settle for plan B or even C or D.”

“My industry has been hit hard by the interruption in the supply chain and shipping. We have been extremely busy, as well! Trying to keep inventory and explain to customers why their orders are taking so long, has been a daily struggle.”

“2021 has overall been a good year for business growth and recovery from 2020. As a new shop owner learning the ropes, every day presents new challenges and problems, but I have been pleased with the results thus far.”

“2021 has been an interesting year. We’ve had the best month we’ve ever had in 10 years and we’ve also lost project printing for large gatherings, which has made typically good months in to scramble-for-projects months.”

“2021 has been pretty good. I have Pivot PTSD from the last 18 months, though.”

“It’s been better than 2020, but still a new series of challenges. We’ve had a lot of staffing turnover because people are struggling financially and need more income.”

“Emotionally exhausting riding this COVID roller coaster it’s like building an airplane while we are flying it.”

“2021 honestly has been one of our best years, we have been in business for six years and it has taken this long to gain some stability financially. It is definitely a marathon not a sprint!”

“Thanks to the community’s constant support we were able to not only survive 2020, but see our business grow in 2021. This means so much to a small business owner to see your community rally around you!”

A BITTERSWEET YEAR.

Our first State of Retail Study was published in the summer of 2020, in the midst of the most difficult year our shopkeepers have ever had to experience. 2020 was a year of challenge, survival and constant unknown for them.

As we rung in 2021, while the unknown was still clouding over us all, many shopkeepers entered the new year with some hope and optimism following a strong rebound during the holiday season, which for some even made up for the losses of early 2020. Hope also stirred from the wave of community support our local shops received from customers during the holidays.

This second State of Retail Study is being published in November 2021, as we close in on another year of pandemic. The hope and optimism felt earlier in the year is still present for some - often for the newer generation of shopkeepers who, having opened months or even weeks before the shutdown, are finally getting to experience a small level of normalcy in their brick-and-mortar shops.

But we would be remiss to assume hope and optimism are the only feelings out there. 2021 has been a bittersweet year for shopkeepers, a year of conflicting feelings and obvious dualities of optimism and pessimism, confidence and fear.

The hope is still mixed in with the anxiety of another unprecedented event. The optimism is often squashed by the realities of the challenges still present. The pride they sometimes feel when realizing they've "made it through 2020" is directly tied to the one feeling all shopkeepers have felt this year - burnout. Burnout from pivoting every single day in 2020 and still having to adapt in 2021.

The pandemic has not only impacted our local shops' financial stability, it's also affected their mental health. And while this report shows sales rebounding and heading in the right direction, what the data doesn't show is the effects the past 18 months have had on these shop owner's wellbeing. An impact that will likely last much longer than any decrease in sales.

While we spent the early months of the crisis fearing our local shops would be forced to close for good - which unfortunately was the case for some - as the pandemic fog dissipates, it becomes clear the biggest threat to our local businesses isn't financial anymore but personal.

By burdening our smallest business owners with debt load incurred from EIDL, forcing them to compete with retail giants in the supply chain crisis or ignoring their struggle with labor shortages as their job duties grow every week, we risk waking up to a mass exodus of local retailers who simply cannot handle one more challenge without help in sight.

Beyond the need for help from decision-makers and lawmakers, our community needs to continue rallying behind them. Our shopkeepers' hope and optimism is fueled by interactions with customers and the unfortunately rare feeling that small shops are valued more than national chains. As we enter the 2021 holiday season, we ask all Oklahomans to show up and focus their spending on local retail. Let's boost their spirit and ensure they know how invaluable they truly are to our cities and towns.

Cléo Rajon

Independent Shopkeepers Association
Executive Director



A LETTER FROM THE CHAIR

As I sifted through and sat with the data from this year's State of Retail study, there were so many takeaways that felt contradictory. Some shops saw significant growth and scaled unexpectedly, while others struggled just to keep the lights on. Some opened up new streams of revenue, while others pared down to focus in on their strongest assets. Some shopkeepers had to navigate solo, weighed down by wearing a thousand hats, while others were responsible not only for their own health, wealth and happiness, but felt the overwhelming burden of keeping their employees afloat mentally, physically and economically as well.

For me, the chaos actually crystallized the themes of 2021 for locally-owned and operated retailers.

On the surface, it was all about making the pivot, right? When the pandemic drastically shifted humanity's priorities, local shops needed to respond in kind. What need is being met, what service is provided, what experience is there to be meaningfully shared? In a new world where we're all recognizing anew our interdependence and need for connection, retailers needed to signal their commitment to playing a part in caring for and comforting their customer.

Shops who successfully made the pivot in reaching out to their customer - meeting them at home through delivery services or free shipping, offering products that conveyed compassion and gave voice to shared feelings, infusing their messaging with positivity and authenticity and hope - these shops, seemed to weather the storm a little better and come out with some fresh ideas and new methodology for evolving their business plan.

But for so many mom-and-pops, the ability to simply "bootstrap" themselves to success was only a fanciful dream. Making it to the next level depends not only on saying "yes" to taking the leap, but also having the right shoes to cushion your landing, the developed muscle to make it all the way across the divide and the training to

know whether you're launching yourself across a gap in the path or a giant yawning fault line. Business owners needed more than guts and grit to grow in 2021 - they needed advice from seasoned professionals to make good decisions, cash infusions to keep making purchases and paying the bills, debtors willing to negotiate or re-structure payables and a well-trained team to provide support and execute changes to the plan.

And this is where ISA comes in. Members were able to tap into shared resources, to access experts and get news alerts, to be encouraged and advised through daily decisions. There were group chats about how to reasonably request rent relief, how to evaluate a need for a new business loan (and how much debt to go into), how to shift operating hours and offer support to struggling employees. There were regular calls with the State Department of Commerce, the Greater Oklahoma City Chamber, the SBA and others who helped business owners stay in sync with all of the available helps to survival. And there was personal connection with other empathetic shopkeepers to assuage the feelings of isolation, anxiety and exhaustion.

The pandemic, and our protracted recovery from it, has spotlighted the need for small business owners to have access to tools and training that can help them make the pivot in whatever "unprecedented" event is next in our timeline. Because from the determination, crazy long working hours and self-sacrificing I've witnessed from local shopkeepers over the last two years, they're not giving up any time soon. ISA plays a critical role in providing opportunities for our main streets to stay open for business, no matter what our small business owners have to navigate in the years to come.

Thank you for your support of ISA, the mom-and-pop shops we represent, and the communities who benefit from their citizenship.

Audrey Falk
2021 Chair of the ISA Board
Owner of Shop Good

THANK YOU TO OUR ISA CHAMPIONS
FOR HELPING US ACHIEVE OUR
MISSION OF SUPPORTING
INDEPENDENT SHOPS IN OKLAHOMA

Heartland

Citizens



ENDNOTES.

1. "2020 Trends for Women in Business." Guidant Financials, 2020. <https://www.guidantfinancial.com/small-business-trends/women-in-business/>.

2. "Sales value per square foot of selected department store retailers in the United States in 2020." Statista, May 11, 2021. <https://www.statista.com/statistics/752193/department-store-sales-per-square-foot/>.

3. "Table 5. Median Years of Tenure with Current Employer for Employed Wage and Salary Workers by Industry, Selected Years, 2008-2018." U.S. Bureau of Labor Statistics. U.S. Bureau of Labor Statistics, September 20, 2018. <https://www.bls.gov/news.release/tenure.t05.htm>.



independent shopkeepers association

SMALL SHOPS MAKE A BIG DIFFERENCE