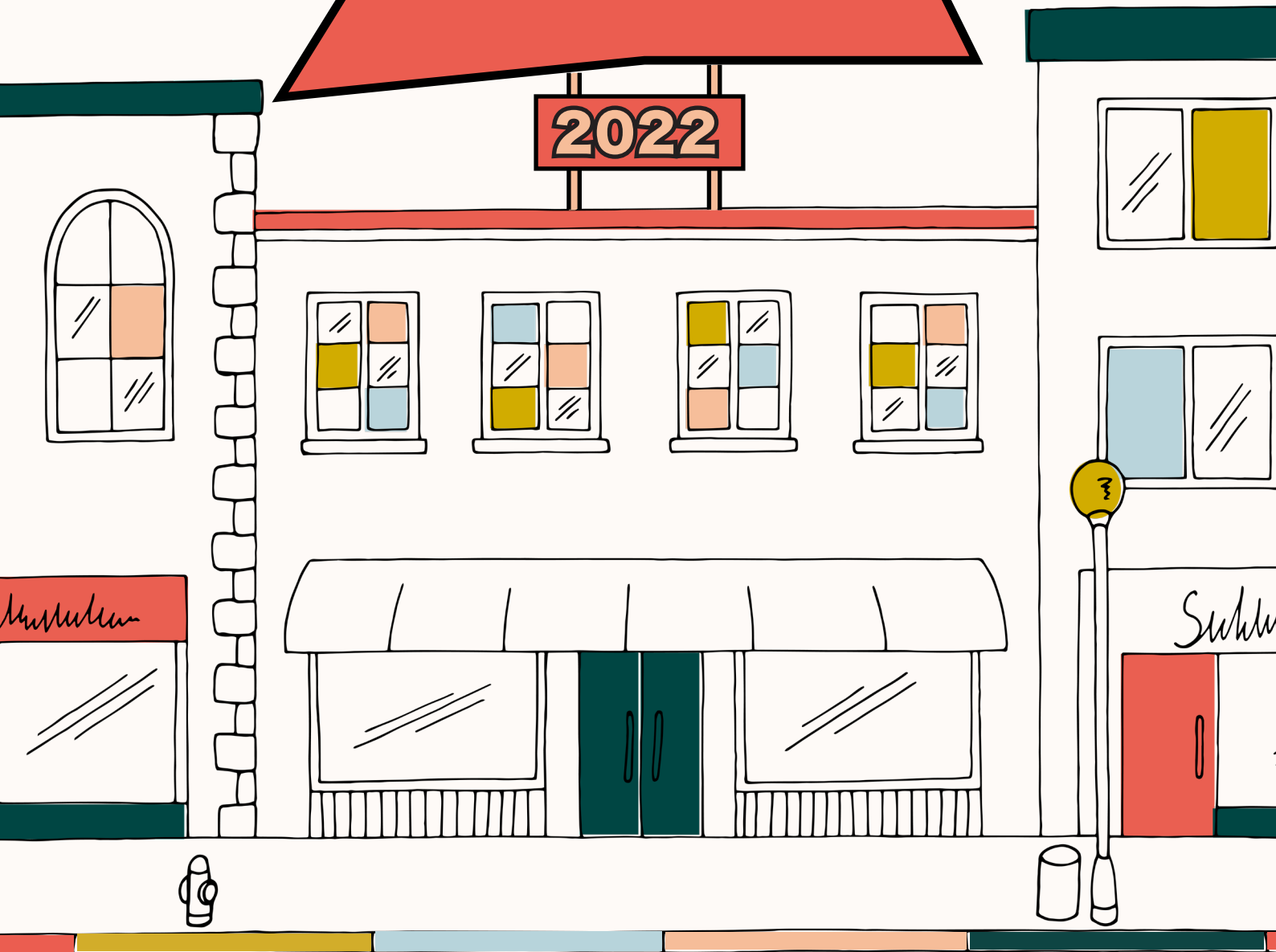


isa

STATE OF

RETAIL

2022



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Thank you for your generosity and support
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WHAT IS THE STATE OF RETAIL STUDY?

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.

Each year, the Independent Shopkeepers Association (ISA) conducts an in-depth Shop Census, collecting data from independently-owned local shops throughout Oklahoma. This Shop Census is the first step towards getting a better understanding of these micro businesses' 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, 65 shop owners participated in the 2022 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 80 questions.

Looking through the results from this diverse set of shops gives us a glimpse into the state of independent retail in Oklahoma in 2022 and a better understanding of the impact and aftereffects of the pandemic.

Our first State of Retail study was published in the summer of 2020. Not only did it come at a critical time, it was also the first time an organization had gathered and studied data specific to the independent retail industry in Oklahoma.

This year's study is our third edition and most in-depth yet. With a few years under our belt, we can now not only present the current state of independent retail, but also its evolution from year to year.

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 2022 and approach 2023.

ABOUT ISA

The Independent Shopkeepers Association is a 501(c)(6) non-profit organization launched in 2020 to support independently-owned shops in Oklahoma through education, advocacy and promotion. With 70 members across the state, we continue to provide a platform for shop owners to grow together. If you are a shop interested in joining or an organization looking to collaborate, visit our website or send us an email at the address below.



Hello@isaok.org

ISAok.org

[@isaokla](https://www.instagram.com/isaokla)

KEY TAKEAWAYS.

1

A HARD YEAR TO FOLLOW

While 2021 was another year filled with new challenges, it also came with much higher than expected growth in sales. On average, our local shops saw their revenue jump by more than 19% last year, largely bringing them back and above pre-COVID levels. The 2021 sales rebound was largely due to customers not only going back to stores but also making up for a “lost year” by spending more than ever before, especially during the holiday season.

2

INFLATION

As expected, a big theme this year is the current state of the economy. Inflation has been a double-edged sword for our shops: customers are being more cautious with their spending while retailers’ expenses are going up. Small shops, which had benefited from a customer awakening on the importance of supporting local, are back to competing with national chains who can afford to slash prices by selling in bulk - a luxury small shops can’t afford as they struggle to keep decent margins.

3

GEOGRAPHIC DISPARITIES

While disparities between urban and rural shops existed before, the pandemic drastically accentuated them. This year’s study takes a deeper look into the gap between both metro and rural shops as well as a new emerging trend: the divergence between shops located in dense downtown districts and those located in strip malls outside the core.

4

MORE HELP NEEDED

The post-pandemic challenges independent retailers are still facing means more help is needed. Not only that, this study clearly shows the economic impact and potential for growth our local shops have in Oklahoma. Shopkeepers from throughout the state agree: government and economic development organizations need to keep the focus on small businesses.

A NOTE FROM OUR EXECUTIVE DIRECTOR.

There are two stories to this year's State of Retail. First, the undeniable economic impact our local shops have on our state. Behind every piece of data is yet another proof of what we've always suspected: independent retail is a driving force that should not be ignored. Whether it be sales per square foot, year-to-year growth or foot traffic recovery, local shops in Oklahoma are showing time and time again they are worthy opponents to the national chains we've too often kept our focus on.

If you happen to miss the "aha" moments in this report, here are a few of my personal favorites: Our local shops' average sales per square foot were higher than Dillard's and equal to Macy's. Our local shops' foot traffic is back to pre-COVID level while shopping malls nationally are still showing a decrease in visitors. Our local shops saw higher year-to-year sales growth in 2021 than Target did.

The second story is more nuanced. While the data provided by this report is essential to quantifying our shops' economic impact and pinpointing areas of challenges and needs, the stories and faces behind these numbers are just as important if we want to be able to convey the full picture.

That is why this year's study saw the addition of special reports highlighting our shopkeepers themselves and their first-hand insights into the small business experience. Because while the data shows positive growth and success stories, the behind the scenes of this small business boom is still filled with obstacles, burnout and feelings of defeat.

The pandemic pushed local shops to the front of the scene, ironically accomplishing what the shop small movement had been trying to convey for decades now. The wave of customer support was stronger than ever, leading to a quick rebound in foot traffic and record sales in 2021. Governments shifted their focus to small

business-centric programs in hopes of saving those most at risk, and for the first time, local shops received funding along with the attention they deserve. But past the global crisis adrenaline fueling the passion for the underdog, what does post-pandemic look like for these business owners?

Once the temporary funding dried up, they were too often thrown back in the ring to fight against big box national chains. They struggled to keep up in the supply chain crisis, they still can't compete with online giants offering free shipping and they're now facing another challenge: the fear of losing to giant retailers who can afford to cut prices and slim down margins while inflation rises. Every day in the life of a small business owner is a new battle and the realization that while many turned to rescue them at the height of the pandemic, this time, they fear nobody is coming.

The stark contrast between these two stories, the successful booming businesses the data portrays as opposed to the burned-out, defeated shop owners behind the counter tells us one thing: more help is needed. Not the temporary, band-aid type help. The permanent kind that will ensure local shops finally become a valued part of our communities and economy. A long-term plan to offer small shops the same stability and opportunities we too often give to big box without a second thought.

If we're willing to spend years of time, energy and resources attracting one more national chain, wouldn't it be easier, more valuable even, to give the same attention and incentives to a dozen small retailers who would have the same collective impact? Are our local entrepreneurs, the ones who decided to stay and invest in Oklahoma, not as valuable and worthy of our help?

We certainly think so and now have the data to show it.

Cleo Nash



A NOTE FROM OUR BOARD CHAIR.

PAIGE BEAL
TULIPS, NORMAN

Being a small business owner is all about adaptation. We learned this more in 2020 than ever before. I do think, however, it was a good lesson for us business owners - learning to be flexible and adaptable in whatever the circumstances may be.

Most of us were very blessed by having a booming year in 2021. Coming off of the pandemic, we expected numbers to be up, but the growth was truly incredible. I personally took it as encouragement after the rough previous year. I thought, "wow all our hard and extra work is paying off and people appreciate us for being here!" It felt that our cities recognized that too. The support from not only customers but also the city governments improved greatly. Since working with ISA, the chambers and other community groups have stepped up to encourage the work of small business owners. For this we can all be grateful!

One of the hardest parts of being a small business owner is competing with the big box stores, not only with prices, but also fast and free delivery. Inflation post-COVID has become one of the biggest struggles. Not only are wholesale prices going up but shipping costs have also become 20-50% higher than before. We are all desperately trying to not make our prices go up too much but, when we are paying more money just for shipping, some of that just has to carry over.

It can be really frustrating when you overhear a someone in your store say, "Oh, I love that candle. I bought it on Amazon." It honestly is just heart wrenching. Paying the extra \$2-5 means supporting local community members working hard to have these same products in their stores for everyone's availability.

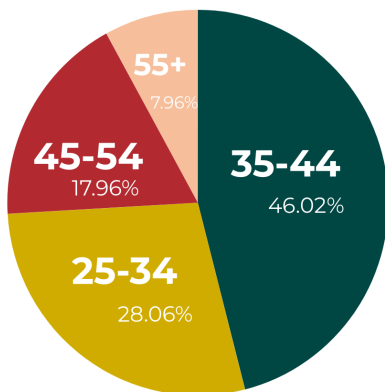
2022 has shown to be another year of growth for many stores, while a time of closing for others. Retail can be tough and it is a lot more than smiles and pretty things. We're all just store owners and employees putting our hearts and souls into our shops. I have a three-year-old son who made recently made an "all about me" book at school. They asked him what he wanted to do when he grew up and he said, "work at mommy's store! To me, that made the hard work all worth it. I hope to be successful for many years so my son can continue to be proud of me. He loves seeing the shop full of fun things for our customers in Norman. When you shop at small businesses, you are not just buying a gift for your friend's birthday, you are fulfilling a person's and a family's dream!

ISA has proven to be such an amazing tool for so many business owners. Whether it's from continued education opportunities, the connection with other business owners, consulting and help to the incredible resources and information we didn't know we needed to know. I feel so blessed to serve on this board and cannot wait to see all the amazing things to come for Oklahoma with the help of ISA!

THE SHOPKEEPERS.

A large majority of shopkeepers surveyed were under the age of 45, with 72% of respondents falling in the 25-44 age group. The largest age group represented was 35-44, with 45% of respondents falling in that range. The age breakdown was quite different when comparing rural and urban respondents. In rural Oklahoma, 40% of shopkeepers were over the age of 45 compared to 25% in urban areas. Close to four out of five responding shop owners were women (78%). This aligns with national trends where retail is the most popular industry for women-owned small businesses. 84.3% of respondents had a bachelor's or higher.

AGE

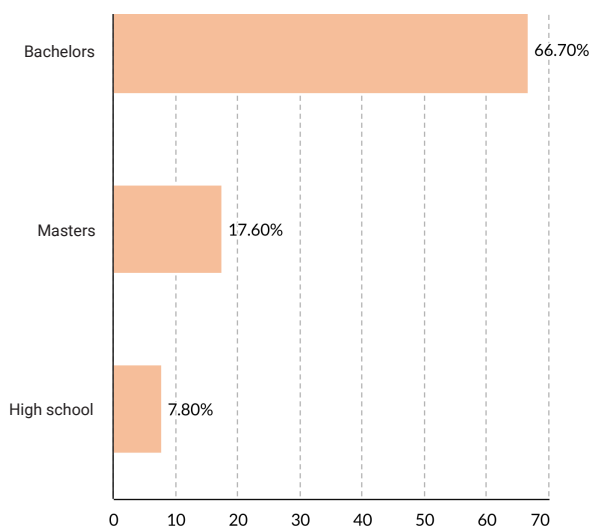


78.4% WOMEN



17.6% MEN

EDUCATION



Chirps & Cheers, Midtown OKC

THE SHOPS.

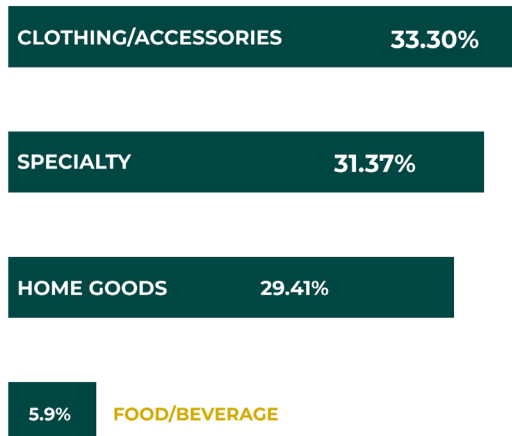
This year's share of respondents being specialty shops went up by five points compared to 2021. Clothing and home goods categories went down by four and one point respectively. The food/beverage category remained the same from last year. Specialty shops have seen a revival in the last five years (candles, soaps, books...) as more new shop owners enter the retail scene with a specific focus. In this year's Shop Census, more than a quarter of respondents had been open less than two years (27.4%). This was up 6.7% from last year's census.

YEARS OPEN



Less than 1 year (3.9%)
 1-2 years (23.52%)
 3-5 years (7.81%)
 6-9 years (29.43%)
 10-14 years (19.62%)
 15+ years (15.72%)

PRODUCTS



LOCATIONS

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

CONTINUED GROWTH

Despite the pandemic, the number of independent shops in Oklahoma continued to grow from 2020-2022.

Most new shops have opened in larger cities and metro areas.



OPERATIONS.

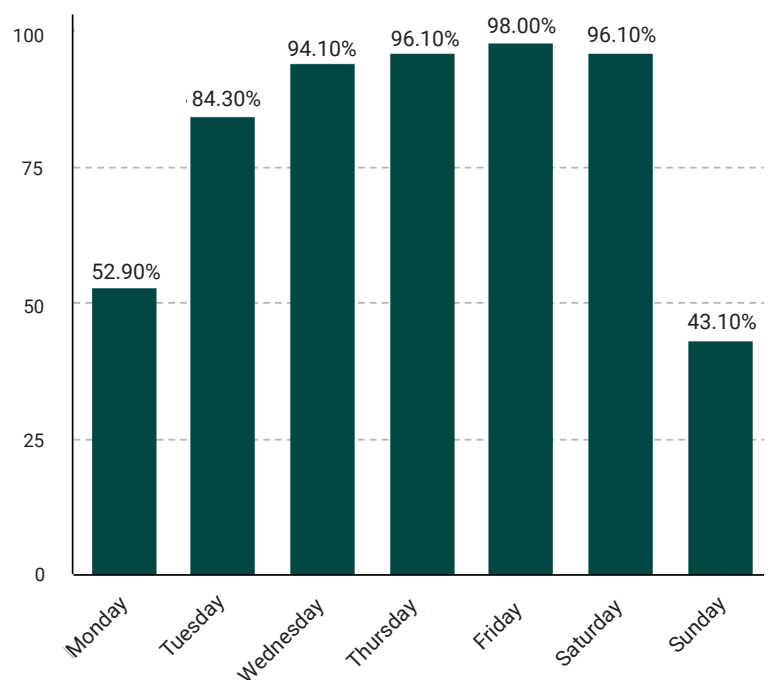
DAYS



Only 52.9% of shops reported being open on Mondays. Sundays were once again the least popular day with only 43.1% of respondents being open, although the percentage was up by 1.5% from 2021.

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, largely due to staffing challenges.



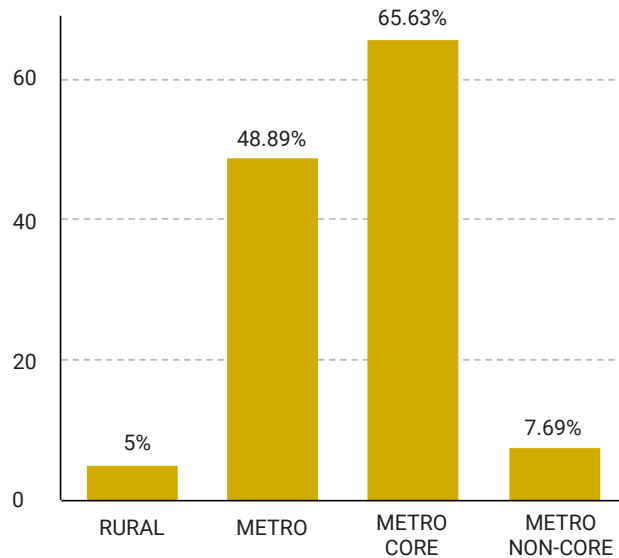
SUNDAYS.

THE SUNDAY DIVIDE

While Sunday continues to be the least popular day for local shops to be open, this varies widely by location. Only 5% of shops located in rural areas open Sundays compared to almost one out of two shops in the metro.

The divide goes even further when comparing shops located in or near the downtown area, within clearly defined and organized districts, and shops outside of the core, mainly located in shopping centers and less dense areas. Within the first group, more than 65% reported opening Sundays compared to only 7.69% outside the core.

While opening Sundays carries many benefits, it does require a density of neighboring businesses carrying the same or similar hours of operations. Districts often have more density and non-retail activation making them weekend destinations for visitors looking to spend a day exploring, eating and shopping.



When asked why shops decided not to open on Sundays, the top reasons were:

1. Nearby businesses are closed too
2. Low foot traffic
3. Short staffed

WEATHER DAYS

Oklahoma weather can be very unpredictable and we know how hurtful bad weather days can be to retail. To better understand that impact, we asked respondents how many days their shops had to close for severe weather each year.

4.22 AVERAGE
DAYS CLOSED
DAYS FOR WEATHER

THE BENEFITS

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.

Sundays are a highly popular shopping day with customers whose weekdays are limited due to work schedules and often see their Saturdays filled with sporting events and other kids activities. Shops located in areas with sufficient foot traffic should consider the potential sales increase from opening Sundays instead of Monday or Tuesday.

RACHAEL GRUNTMEIR
THE BLACK SCINTILLA

THEIR STORIES



WHEN I DECIDED TO MOVE
BACK TO OKC EIGHT YEARS
AGO I COULD THINK OF NO
BETTER PLACE TO OPEN A
LOCAL BUSINESS:

I had already witnessed how much Oklahomans support small businesses and knew I wanted to be here because of that. And I was right. We have the best customers. Everyday we have the best people walking through our doors. We share life together, stories, I get to see their children grow up, meet their fur babies and everything in between.



The pandemic is still affecting us. We are still seeing the ripple effects trickle down to this day.

There are so many challenges that small businesses face. Pandemic aside, the biggest challenge is keeping up with increased rent and other costs that make it so expensive to run your own business.

The pandemic is still affecting us. We are still seeing the ripple effects trickle down to this day. Materials needed to make items are in high demand causing delays during production, employees getting sick then not being able to

go to work add to delays in production, and the same with shipping companies. Every way we turn we are facing challenges and trying our best to pivot and adjust daily. 2022 has been a good year so far but small businesses are still trying to get back on their feet. Inflation has definitely hit the retail world. The cost of goods has gone up and we do our absolute best to minimize passing those costs on to our customers. We pride ourselves in staying affordable and competitive.

Who knows what the next year will be like. People will always need that last minute gift or outfit because Amazon didn't ship their items on time and the holidays will always be a great season for us. However, local businesses cannot survive on that alone. We will constantly be trying to figure out how to reinvent the wheel and compete with the ever-changing market, customer needs and big businesses.

We need help: tax breaks for true small businesses (not the businesses of 500 employees or less, but the ones of 20 and less), educating the public on why shopping local is vital to their economy and landlords working with us.

Owning a business is one of the hardest and most rewarding things I have ever done. It has provided me with opportunities and meeting people I never would have encountered otherwise. Some of my closest friends have come from collaborating and working together to support one another. And isn't that what a community is? Supporting one another through the lows and cheering each other on in the highs?



We will constantly be trying to figure out how to reinvent the wheel and compete with the ever-changing market, customer needs, and big businesses.

There are so many reasons why local shops matter. Small businesses make a major economic impact. We pay back sales tax to our cities and combined, we pay back more than large corporations.

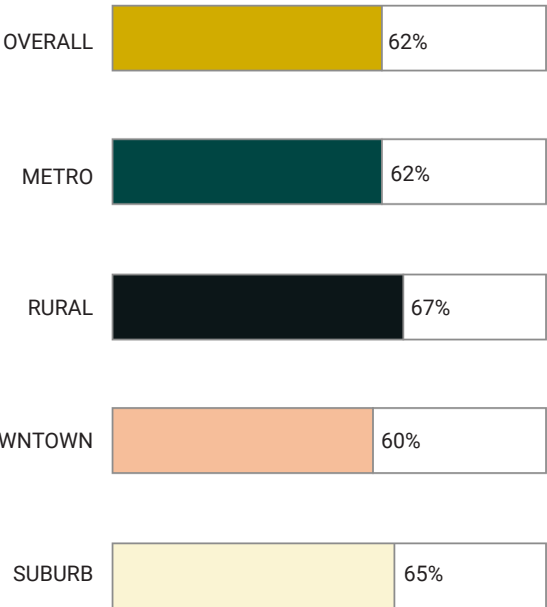
For every dollar you spend in our stores, about 60 cents of that dollar stays within your community, as compared to large corporations where it's only 40 cents. Spending locally helps support our communities economically. We are the ones supporting, sponsoring little leagues and pom squads, and purchasing your children's fundraising items. We donate to your non profit organizations and create gift baskets for your

fundraising events. We're the faces you see when you walk in our doors and we know you by name. We know where your children go to school, style you for galas and help you pick out just the right outfit for your next vacation. We generate new jobs and internships. We hand wrap your birthday presents, anniversary gifts and holiday packages while offering the best customer service and handwritten notes.

We go above and beyond to meet your needs on a daily basis, far more than any big business does. And why? Because we care. We genuinely care about each person who comes through our doors and our community.

THEIR CONVERSION.

Our local shops competitiveness with national chains continues to show through their conversion rates. Overall, respondents reported a 62% conversion rate, meaning more than three out of five visitors end up purchasing an item. Close to 59% of respondents actually have a conversion rate higher than 70%. That’s an important achievement when compared to national retail where the typical conversion rate is 20-40%¹.



HIGHER THAN NATIONAL

One new interesting data point this year comes from rural shops who showed the highest conversion rate: 67%, while shops in the metro, where customers have more anonymity and perhaps a stronger tendency to browse shops without a specific purchase in mind, reported an average of 62%. Each category went down a few points from our 2021 report, continuing the post-pandemic trend of visitors shopping for experiences.

Still, the comparison to national averages remains clear: customers visiting local shops are more likely to purchase an item than they are when visiting a department store.

CLOTHING/ACCESSORIES



HOME GOODS



FOOD/BEVERAGE



SPECIALTY



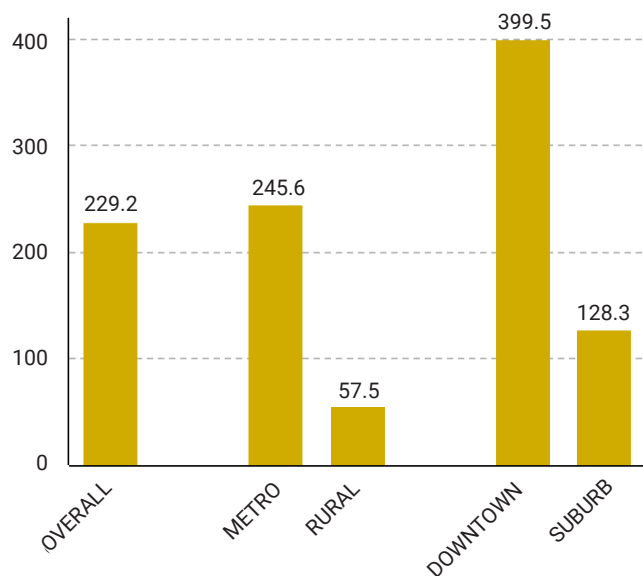
THEIR FOOT TRAFFIC.

Overall, foot traffic bounced back quickly to pre-COVID-19 levels. The 2022 average of 229 visitors is on par with 2019 rates when small retailers reported seeing an average of 230 visitors per week in our very first Shop Census (conducted in summer of 2020 with foot traffic data from pre-COVID). Around the country, small local shops are outperforming national retail chain trends when it comes to foot traffic recovery. Nationally, shopping malls are still reporting a 6.5% decrease in foot traffic².

PRE-COVID LEVELS

Foot traffic patterns continue to vary widely between pedestrian-friendly districts and strip malls, leading to a deeper divide between the two in 2022.

Shops located in large cities' downtown core saw three times as many customers on average weekly than shops outside the core. The gap between urban and rural shops is becoming even wider with shops in the metro seeing five times the amount of customers rural shops do each week.



1 DECEMBER
2 NOVEMBER

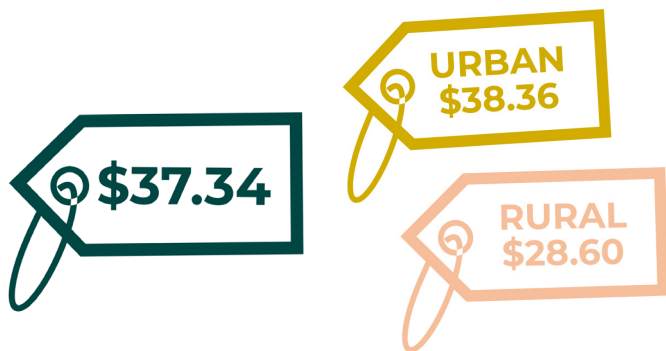


1 JANUARY
2 JULY



December and November continue to be the strongest months for both sales and foot traffic. The busy holiday season is followed by the slowest month of the year, January, with another dip in sales in July.

THEIR PRICE POINT.



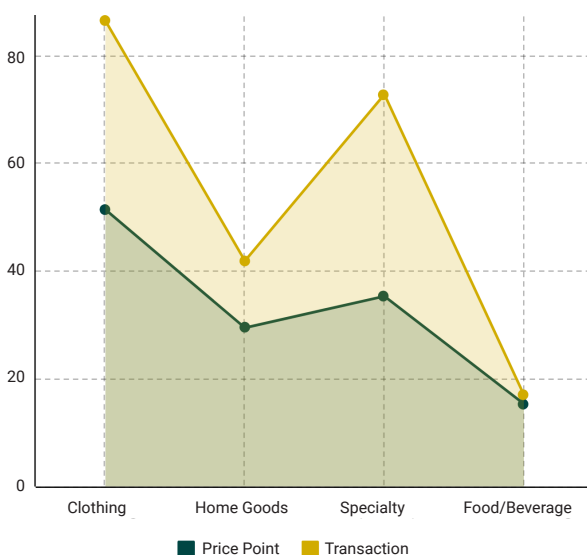
PRICE POINT

Our local shops average price point slightly dropped with an average of \$37.34 overall compared to close to 40% in previous reports. This coincides with a higher number of specialty shops focused on smaller items (i.e., candles, soap or plants).

Clothing continues to have the highest price point. Additionally, rural shops' price point was almost \$10 lower than metro shops.



Rosegold, Nichols Hills



TRANSACTIONS

Specialty and home goods stores saw the highest items per transaction rates with customers purchasing 3.64 average items in specialty shops and 2.98 in home goods shops.

Clothing scored the lowest with an average of 2.3 items sold per transaction. This makes sense considering clothing store respondents had an average price point 37% higher than the overall average.

While price points in the metro tend to be 34% higher than in rural areas, transactions tell a different stories with metro shops' average transaction only being 18% higher than rural.

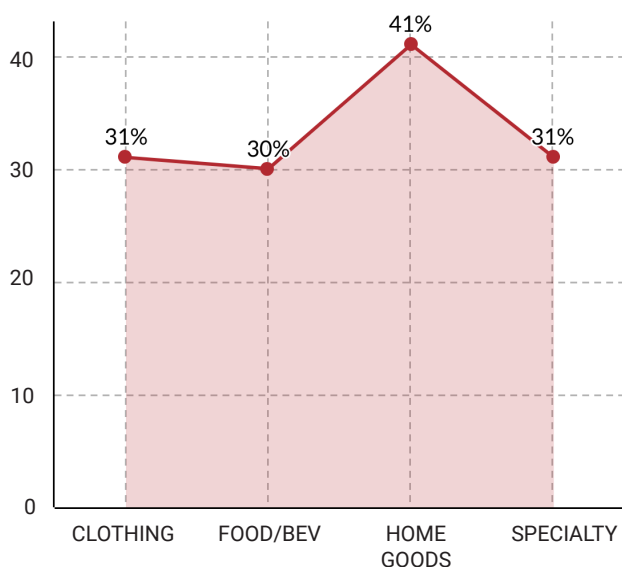
THE HOLIDAY SEASON.

MAKE-OR-BREAK

We know the holiday season is crucial to retail. But how much of our local shops annual sales are made between the months of November and December exactly? Respondents reported making more than one third of their annual sales during the holiday season. That share was even higher for shops selling home goods who reported seeing 41% of their total sales come in the last two months of the year. How does this compare to national retail trends? It's much higher. Reports show nationally, holiday sales make up between 19-25% of annual retail sales³. Customers in Oklahoma tend to turn to local shops more during the holiday season as they've leaned into supporting small businesses in their search of unique gifts.



SALES BY CATEGORY



A Date with Iris, Western Avenue

SALES

PER SQ. FT.

\$220

Average sales per sq. ft.

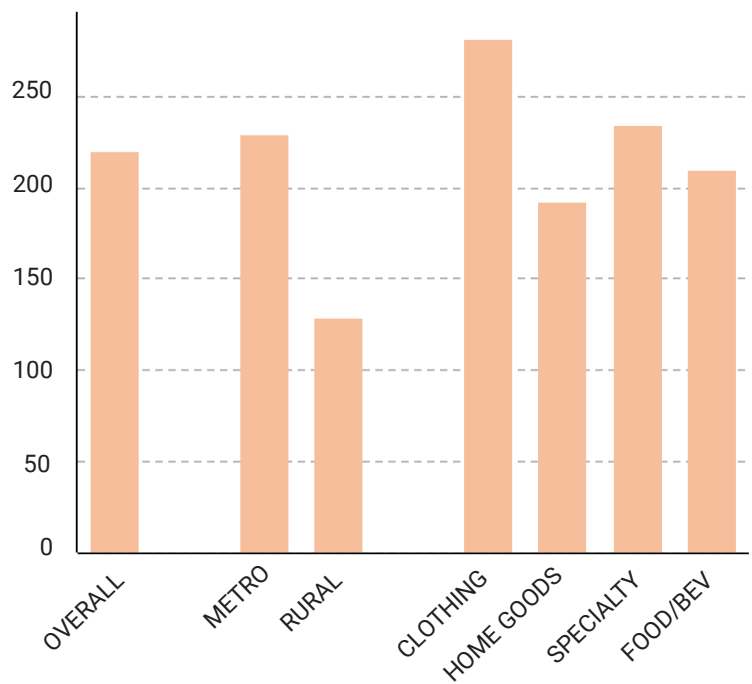
ON THE RISE

One thing the State of Retail has always highlighted is the competitiveness of local shops. Yes, they're much smaller in size than national chains. But collectively, their economic impact is often largely underestimated. Independent shops' sales per square foot in 2021 came in at an impressive \$220. That's a 30% increase from their sales per square foot pre-pandemic, largely due to the decrease in square footage we've observed, coupled with retail sales growing back faster than the average retail growth in 2021.

To put this in perspective, Dillard's sales per square foot in 2021 were \$138. Macy's had sales per square foot of \$218 that same year⁴, virtually equal to our local shops.

Clothing stores had the highest sales per square foot at \$281, followed by specialty at \$234. Home goods had the lowest at \$192 while also having the largest spaces.

Smaller spaces do not mean smaller revenue when micro shops' sales per square foot are often double their larger-sized peers'.



SHIFTING FOCUS

While state and local government often look to big national brands to bring in more sales tax revenue, this data clearly shows that investing in the growth of more local businesses can collectively have the same, if not bigger impact while simultaneously enriching our community and cultivating our identities.



OAK CITY VINTAGE



OAK CITY VINTAGE
A Community Center Gallery

CHIRPS & CHEERS

Sage Sotheby's

CHIRPS & CHEERS

Oak City Vintage, Midtown

MORGAN HARRIS
GREEN BAMBINO

THEIR STORIES



I OPENED MY SHOP, GREEN BAMBINO, IN 2010 FOR THE SAME REASON MOST PEOPLE OPEN A SHOP:

I saw a need in the community and thought “how hard can it be?” That same passion for filling a need in the community drove me from beginning to end, through all the evolutionary stages of my store. Owning a retail store means every day is different and you can never stop learning. Both of these things fill my cup in a big way. I loved meeting new people, traveling for expos, market and training, and learning all the ins and outs of crafting a well-run business.



As my business was about to turn 10, the pandemic hit. Overnight, I had to become a master of pivoting.

For months, I felt like I reinvented my business model every two weeks. I had Plans A through F documented, and then even more “what if” scenarios plotted out. It kept us creative in how we solved problems and looked for unique opportunities, and it forced us to tighten things up and be more efficient. We actually had our best year ever in 2021 - thanks in large part to the improvements and efficiencies we made earlier in the pandemic.

But even with sales rebounding in 2021, staffing

challenges and supply chain issues were chronic problems. Supply chains had started to stabilize for us by this past spring, but I’m not sure it will ever get back to what it was in early 2020. Lead times are double or triple what they were. Gone are the days when it might take you a couple of months to fill an open position. Since late 2020, we’d come to expect it would take six to nine months to find a qualified candidate for entry-level roles. We tried to stay just a bit overstaffed to help account for any sudden departures,

THE STATE OF MAIN STREET

By Kelli Yadon,
Program Coordinator, Oklahoma Main Street Center

There has been the idea social media and online shopping helped level the field for small-town retailers (those under 50,000 in population) against the behemoths of the online world.

The pandemic of 2020 showed clearly that is not the case. Of the Main Street businesses surveyed at the beginning of the pandemic, only 30 percent used social media and online shopping as a tool to generate sales. If the

business was owned by a person of color, that percentage was even lower. The notion has been “build it/use it” and the sales will come. However, there are several hindrances to this philosophy.

Over the last two years, several factors have emerged as pressing issues to small-town retailers that take precedence over spending the money to compete online.



ACCESS TO CAPITAL

Often times smaller entrepreneurs are not aware of all of the resources available to them outside of traditional banking. In turn, most don't qualify to use traditional bank funding options because of lack of proper business plans, poor personal credit or the inability to demonstrate how they have been negatively impacted by the pandemic.

Lack of access further limits their ability to grow their business whether online or by traditional means.

CHILDCARE

Heard repeatedly in many smaller communities is the lack of quality childcare for the workforce which in turn limits WHO can work and WHEN they can work. Often times, our smaller retailers lose out to bigger companies in larger neighboring towns on this issue alone.

WORKFORCE

Not having enough people able or willing to work has put business owners in a tight spot; having to spend more time themselves working in their business than possibly previously before or not able to staff it and having to shorten hours of operation. Some have even closed their doors because of lack of staffing. With no available extra time – online presence takes a hit. While everyone is facing this issue around the state, it is even more crucial and apparent in smaller communities.

BROADBAND

While a consistent topic for the last decade or more, it became a hotter topic during the pandemic and clearly pointed out the haves and have nots with regard to consistent, reliable internet capabilities. This continually hinders smaller retailers competing for those online dollars.



Due to these issues, and likely a few others, many of our smaller retailers chose not to invest in, or further develop, their online presence due to lack of time, money or the confidence they would still be in business a few months down the road.

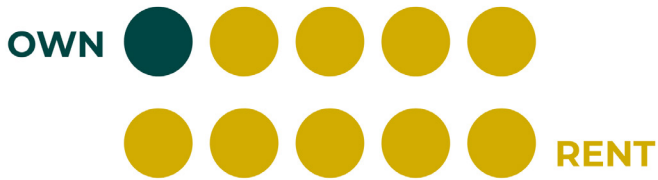
This isn't to say it's all doom and gloom on Main Street! Hardly! Many businesses were

able to grow and thrive during this time taking advantage of renewed, refocused "shop local" initiatives.

However, these issues continue to exist and grow during this evolving time in our smaller communities.

And, that is the state of retail on Main Street in 2022.

THEIR LEASES.



RENT OR OWN

More than 90% of local shops rent their space with less than 10% owning it.

LEASE TERMS

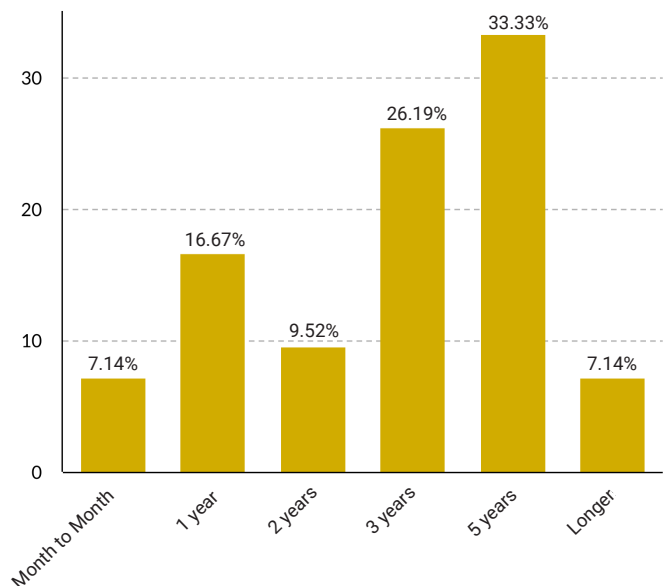
Lease terms have evolved too. While the average lease term for all respondents was 3.76 years, lease terms of five years or more were only found for shops who had been open more than six years.

Shops who opened in the last two years reported having either one-year-terms or month-to-month. If not already the case, landlords need to be open to more flexible, shorter lease terms for potential new shops.

The way local shops enter the retail scene has drastically changed in the last five years and the trend is here to stay.

Additionally, landlords need to remember all shops are different and open communication between landlord/tenant has proven to be the key to a healthy long-term relationship ensuring retailers' success and low turnover.

3.76 AVERAGE
YEARS LEASE
TERM



THEIR SIZE.

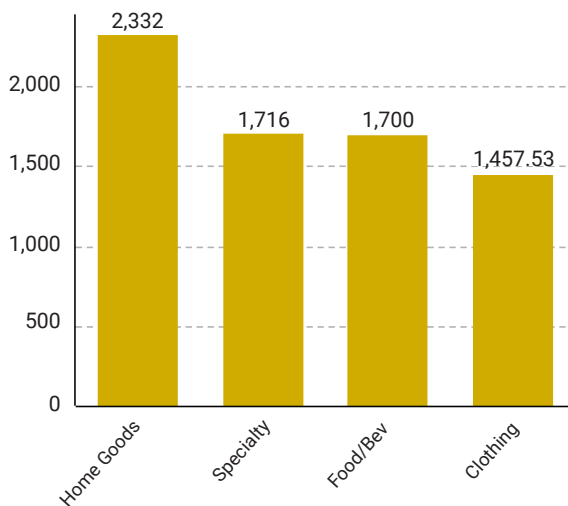


1803.19
AVERAGE SQ FT

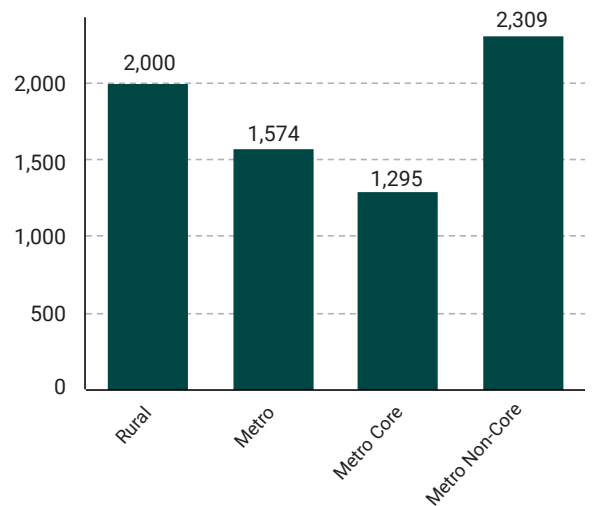
THE MICRO SHOP BOOM CONTINUES

Average size continues to shrink as the retail scene in Oklahoma offers more unconventional and innovative ways for local shops to join the community. This year's average is 1,803 square feet compared to 2,158 in last year's report. The smaller, more flexible spaces, tend to be found in metros' downtown areas while rural shop sizes averages at 2,000 square feet and stores in shopping centers outside of the core average on the higher end at 2,309 square feet.

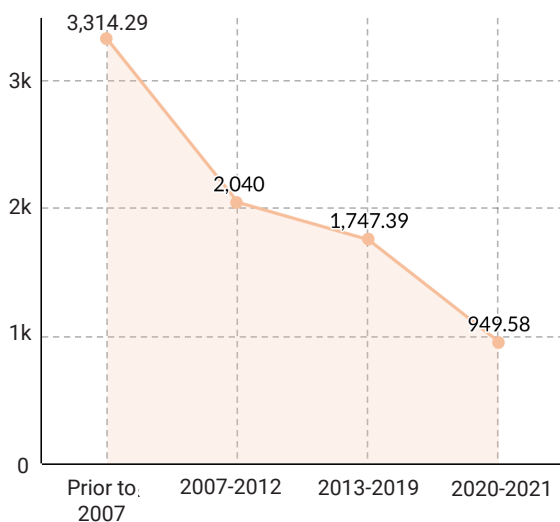
BY CATEGORY



BY LOCATION



BY YEAR OPEN



THE EVOLUTION

New shops continue to open their doors in smaller spaces. Through unconventional brick-and-mortars like retail incubators, micro spaces or shop-in-shops, local retailers who have opened in the last two years have done so in spaces averaging less than 1,000 sq ft. This is less than a third of the average size of local shops that opened in 2007 and before and half of the ones who opened ten years ago.



Common Dear, Automobile Alley

RENT COST.

Average monthly rent:

\$2,255

- Average monthly rent in cities smaller than 300,000 residents is \$1,571.60.

Median monthly rent:

\$1,900

- Average monthly rent in cities larger than 300,000 residents is \$2,342.90.

\$20.1

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

\$10.9

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

PARKING.



SATISFACTION

31.4% of respondents reported being unsatisfied with their current parking situation. Currently almost one out of two reports customers using free on-street parking.

GROWING PAINS

Upcoming changes to parking options for certain downtown retail customers has sparked some anxiety with shop owners. 70% of shops reporting being unsatisfied with parking were located in a metro downtown area (Tulsa, OKC, Norman...). As cities look at different ways to redesign parking options in these areas, government and relevant organizations need to keep in mind the importance to support local shops through these growing pains by addressing the challenge of customer. If the goal is to create a more accessible destination, local shops should keep having a seat at the table and be kept a priority as new parking options become normalized.



URBAN VS RURAL

The pandemic accelerated a lot of things. It also reinforced existing discrepancies and widened the gap between urban and rural shops.

As we took a deeper look into this year's Shop Census data, the disparities between independently-owned shops located in metro areas compared to those in rural Oklahoma were clearly showing in almost every aspect of these businesses. The inequalities, which have existed since long before COVID, seemed to have been made even larger by the pandemic.

As we all know, one of the most important pivot small businesses took on in the early days of the pandemic was their online presence. While a vast majority of urban shops already had an e-commerce platform in place and were able to use those few months to strengthen their presence and build more robust online shops, those located in rural areas typically had to start from scratch. Lack of access to technology and sometimes even broadband accentuated the gap as rural shops struggled to play catch up. The first few months of the pandemic, as shops closed their doors to the public, were crucial to the trajectory of the next few years. While urban shops benefited from their established

online presence and maximized on those sales as much as possible, rural shops were often left behind.

The disparity showed in government funding as well. Our 2021 State of Retail Study found that 38% of our rural respondents had not received any type of COVID relief. Not only did they receive less funding from the federal programs, their local government also had less available funding than larger cities, like Oklahoma City, Norman or Tulsa, which supported small businesses through local programs.

As a result, 83% of respondents located in rural areas felt the pandemic had a negative impact on their business, as opposed to just 64% of shops in urban areas. The long-term consequences are showing today: rural shops' sales are growing at a much slower pace than urban shops who were able to minimize the losses in 2020 and rebound quickly in 2021.



The Stag, Ardmore

CORE VS NON-CORE



DNA Galleries, Plaza District

The pandemic has not only changed the way shops do business, as they constantly find new ways to pivot and adapt, but it has also shifted consumer shopping habits.

As we reported in last year's study, customers' need for experiences and connections, following a year of forced online shopping, meant independent shops finally had an edge on national chains. This shift pushed customers to seek out small local shops for community-focused experiences, which more often than not means visiting retailers in dense commercial districts, sometimes leaving behind shops outside the downtown core.

This new trend started appearing in this year's study, as shops located in larger cities' downtowns saw much higher sales

and foot traffic growth than those located in strip malls and shopping centers. The 2022 numbers are pretty drastic: shops in downtown areas have had an average growth in sales of 12.18% through the first and second quarter of 2022, while shops outside the core saw a much smaller increase at 7.95%.

When looking at Oklahoma City specifically, while its downtown had virtually no retail ten years ago, customers shopped local by driving from store to store, focusing on specific needs they had. Now that districts like Midtown, Automobile Alley or even Plaza District have curated a diverse tenant mix with retail, restaurants and even entertainment, customers can easily spend a whole day in one area without driving. These districts offer the level of community-focused experiences consumers crave as they look to shopping as a fun and fulfilling activity rather than just another errand to run.

Districts should keep activating their areas through events, diverse tenant mix and by fostering strong relationships between businesses to keep drawing the foot traffic local retail needs to survive. Shops located outside of commercial districts can work and collaborate with neighboring businesses to attract more customers to their area.

SOFTWARE AND SERVICES.

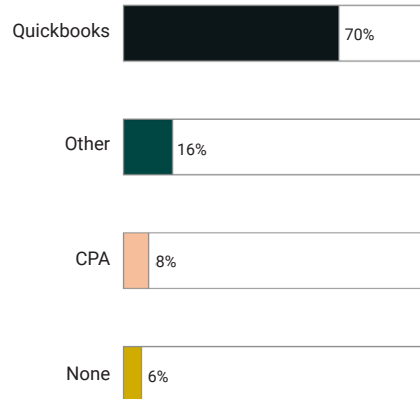
It's no secret small business owners wear many hats. For the first time though, we're seeing more of them outsource more services and delegate some of their duties. While the cost can still be a roadblock for them, many have shifted their priorities post-pandemic and looking for ways to avoid burnout. When it comes to point of sale, this remains a pain point for many, especially in rural areas, as assistance can be hard to come by.



ACCOUNTING

Quickbooks leads the way

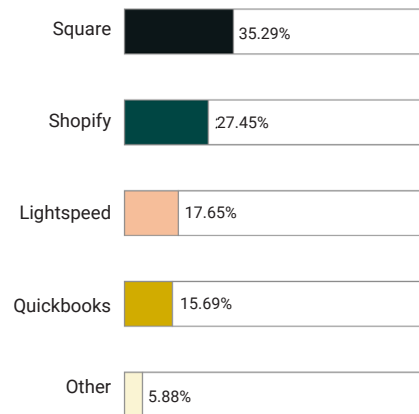
70% of shops use Quickbooks for their accounting needs with other platforms only adding up to 16% collectively. Just 8% relying on a CPA only.



POINT OF SALE

A pain point for many

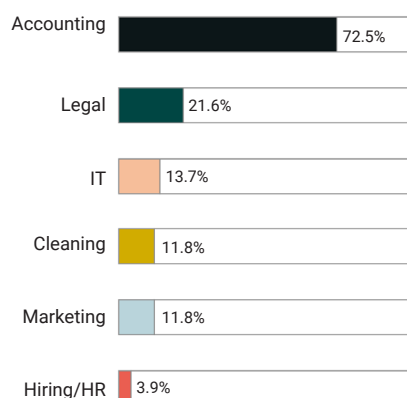
While 35% of shops reported using Square as a point of sale, the platform also comes with the most complaints. Lightspeed and Shopify both get higher reviews.



SERVICES

More outsourcing

In 2021, one out of four shops reported not outsourcing any service. This year, only 15% still take on everything themselves.



SOCIAL MEDIA.

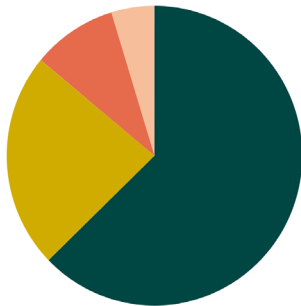
Social media continues to be the most essential tool for local shops as they work to broaden their audience, reach new customers and stay at the forefront of consumers' minds. But visibility isn't the only benefit of it anymore. While very new to the scene, adding the option to buy products directly from social media has already become the norm for many, especially through the pandemic.



SOCIAL MEDIA SHOPS

Yay or nay?

Only 23% of shops do not have a Facebook or Instagram shop) compared to almost 40% last year. Shops also tend to go all out by using both platforms rather than focusing on a specific one.



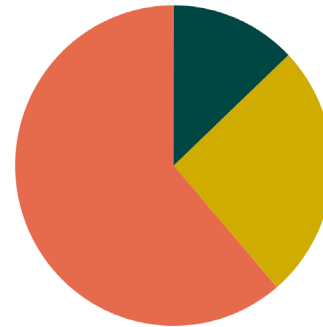
Both (62.74%) Neither (23.28%) IG only (9.29%)
FB only (4.7%)



IMPACT

Mostly positive

Only 12.9% of shops using Instagram or Facebook shops reported not seeing any positive impact from it. A quarter only saw a small difference but more than 60% believe it is definitely helping their online sales.



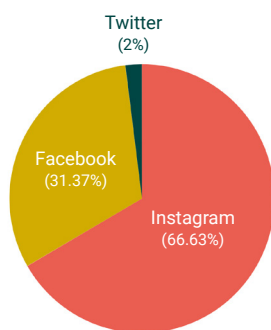
No (12.9%) A little (25.81%) Yes (61.29%)

MOST FOLLOWERS



Instagram remains strong

While Instagram remains the preferred and most useful platform for shop owners, rural shops tend to prefer Facebook.



Blush, Norman

ADVERTISING.

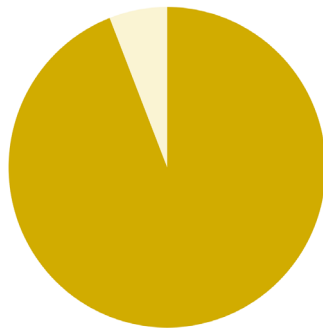
The most interesting piece of data collected about advertising this year is the amount of money shops spend on it. While 2021 saw an increase in their advertising budgets, the number came back down this year, likely as shops reconsider their spending on what they might consider non-essential due to the current inflation.



MEDIUM

No surprises

Social media continues to be the preferred advertising medium for virtually all shops.



■ Social Media (94.1%) ■ Print (5.9%)



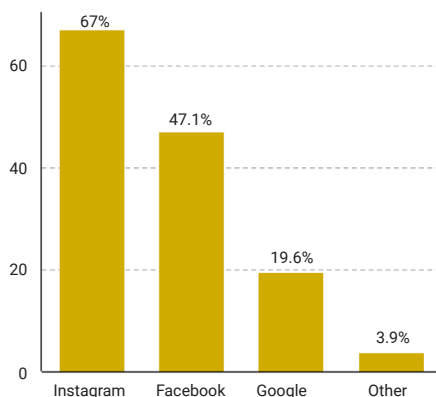
In Fine Feather Boutique, Weatherford



SOCIAL ADS

Online Advertising

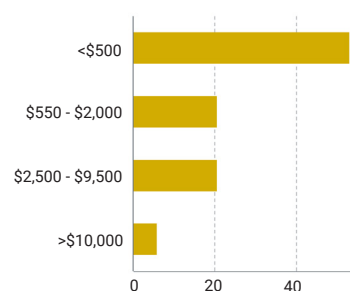
When using paid ads, shops largely prefer doing it on Instagram.



BUDGET

Lower than last year

The average spent on advertising was \$2,144 with a third of respondents not spending any money on advertising.



E-COMMERCE.

It's no surprise the presence of local retail online has been accelerated by the pandemic and customers now expect to be able to shop local on their tablets and smart phones. The challenges for shopkeepers remain though, with lack of time and difficulties competing with big box when it comes to shipping cost. Still, overall, shops reported an increase in online sales from last year.

**9.34
HOURS**

On average, shop owners spend less than 10 hours per week working on their website, with some spending upward of 40 hours weekly on it and others as little as 30 minutes.



84.3%
Have an online shop
(No change from 2021)



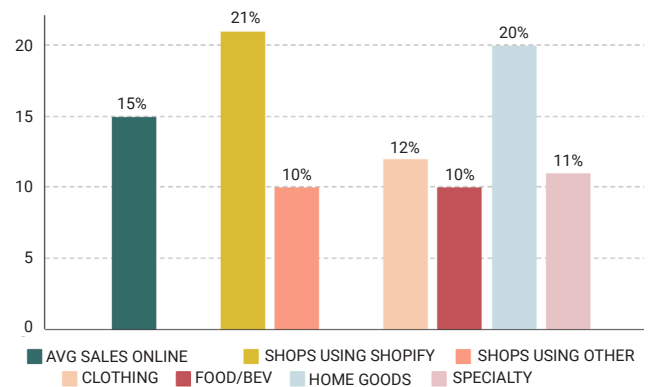
15%
Average total revenue
made online

The good news is shops are reporting higher revenue from their online shops, with now 15% of their total sales coming from e-commerce, as opposed to less than 10% in 2021. As we dove deeper into their e-commerce habits, three elements stood out:

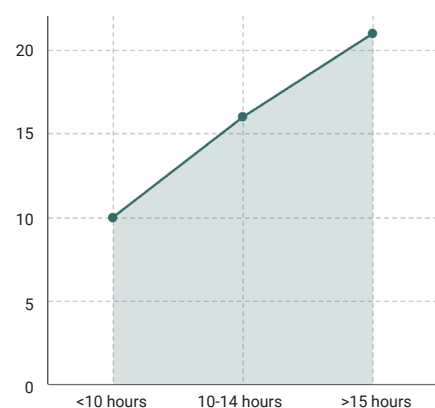
First, and not surprisingly, the more time a shop spends on their e-commerce platform, the higher their revenue share is. Considering that time can be spent both on improving the website and adding inventory but also on processing orders, that correlation can easily go two ways: the more you invest timewise, the more you sell; or the more you sell, the more time you have to spend on those orders.

Second, and likely most importantly, trends in data seem to show a connection between the sales volume and the platform used. When looking at retailers who use Shopify as their e-commerce platform, their share of total sales made online was above 20%. Shops who used other platforms, like Squarespace or Wordpress, collectively averaged at only 10%. While learning a new system can be daunting, Shopify has been known to be more customer and user-friendly than others, which in turn shows in sales.

Lastly, seeing that the percentage of respondents not having an e-commerce platform has remained the same over the last 18 months, it is safe to expect that small percentage will remain offline. When looking at that demographic specifically, shops who have not made the move online tend to have been open for more than 15 years and /or be located in rural areas.



2 OUT OF 3
SHOPS WITHOUT E-COMMERCE
HAVE BEEN OPEN MORE THAN
15 YEARS



**CHRISTINA CARTER
PLANT PEOPLE**

THEIR STORIES



Owning a plant shop is something I've always wanted to do but always thought it could wait, even maybe until retirement. Before the pandemic hit, I was already doing something I love, insurance (believe it or not). However, that came to a sudden stop and the opportunity to turn what I love doing into a career came at the perfect time. So I opened up Plant People in the summer of 2020.

Starting a business during the height of COVID-19 was really scary, especially in the small space we originally had. On top of the challenges of opening up a new business, everyone's safety was always a top concern. But I always knew plants would be the "little quarantine therapy" we all needed.

As a business owner, my plate is always full though. Home and work balance is important but not easy when you're a shop owner doing it all yourself. As we keep growing, I hope we'll be able to add an amazing team, offer more products and services and even be open more hours. But that's part of the growing pains right now. What I do know is local shops matter to our community's growth. We care because we live here, we shop here and we work here. I couldn't be more proud of being part of the small business community in Oklahoma.

THEIR STORIES

I love visiting shops when I travel and have loved seeing how shop owners curate their goods. It's always something I've wanted to do myself and it inspired me to open up my own shop. There are so many beautiful things out there that I wanted to bring to Tulsa. I'm so glad I did because I have met some of the most amazing people and customers through my shop.

Consistent traffic has been my biggest challenge over the years though. Figuring out the best platforms to advertise and drive customers into the shop is a constant battle. But for all the negative impact the pandemic had on our shop and retail in general, it did force me to get my online shop up and running and that was a huge positive!

So far 2022 has been a good year, but it also seems up and down. I think people are becoming more comfortable with life post-COVID which also means they are traveling more and doing the things they have put off. In some cases I think that has led to slower retail for us especially over summer.

Because of that, I think our state and local communities need to continue to push the value of small business. Our leaders need to listen to business owners whether it be about security, streets or tourism and continue to support those who have invested in making our state a better, more vibrant place to live.

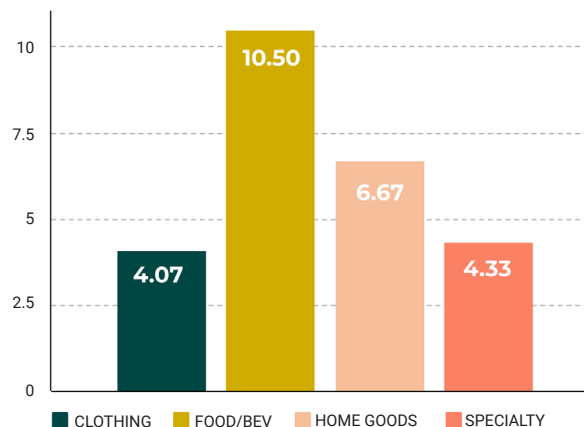
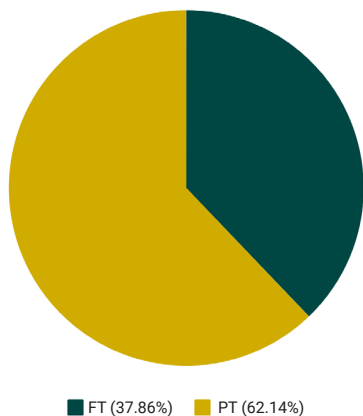
Local shops and businesses are the character of our communities. Each district or neighborhood has its own distinct personality and the business owners are the people that bring their creativity, experience and expertise to their shops to share with their customers. Local shops provide a creative social space that just can't be found in a chain store or online.

LISA WAKEFIELD
JENKINS & CO.



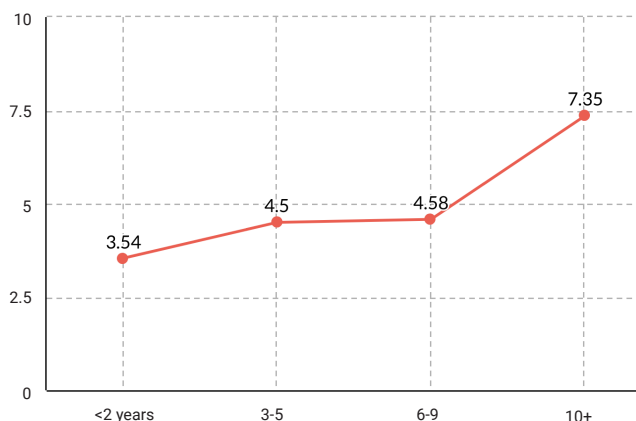
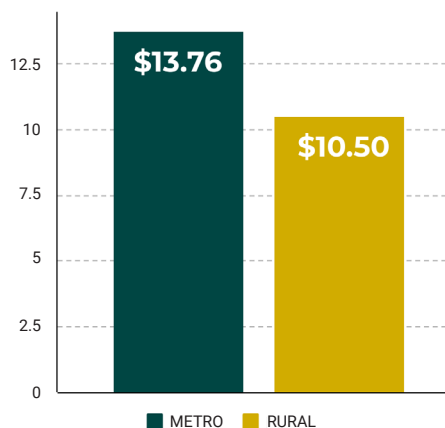
EMPLOYEES.

Staff shortages continue to be a challenge for companies across the country and it has been no different for our local shops who have had to balance more responsibilities and customer experiences (e-commerce, in store, curbside...) while struggling to hire more help. On average local shops have about 5.15 employees, largely categorizing them as micro businesses with needs and challenges vastly different from the small business qualification of 100 or less employees. One out of five respondents did not have any employees.



WAGES

Wages for local retail employees grew from 2020 and 2021 with an hourly average of \$13.41 in 2022. For management positions, the average was \$17.22. Metro wages were about 30% higher than in rural areas (\$13.76 compared to \$10.50). Overall, local retailers provide higher hourly wages than most national chains in Oklahoma where the average retail sales associate pay is \$12.32 per hour.



PLATEAUS

For shops who decide to hire employees, there seems to be a plateau in staff growth at the six to nine year mark. While shops who have been opened less than two years average 3.54 employees, the number grows to 4.5 when shops have been open three to five years. Staff size did not show any growth until local retailers hit the 10 year-mark and jumped to 7.35 employees. This six to nine year plateau could likely be explained by the timing of the pandemic and ensuing labor shortage though.

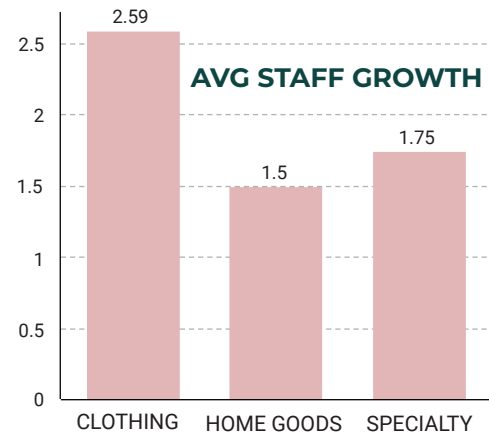
STAFF GROWTH

The last year has been a year of growth for shops' staff. Two out of three shops saw their staff size grow over the last year with 67.5% of them adding positions. Clothing stores saw the highest growth with an average of 2.6 positions added over the last 12 months. Home goods stores remained the most neutral with more than 30% neither adding nor eliminating any positions. Overall their staff size grew by 1.5 employee. Specialty stores saw the most shops reducing their staff size with 18% of them eliminating positions. However, the 72% of them who added positions saw their staff size grow by 1.75 employee.

When asked about expected growth in the next year, shops are much more conservative with their expectations with only 50% planning to add positions.



■ Added positions (67.5%) ■ Eliminated positions (10%)
■ No growth (22.5%)



BENEFITS

1

HEALTHCARE

63.6% of shops offering benefits to employees offer healthcare.

2

PAID VACATION

63.6% of shops offering benefits to employees offer paid vacation.

3

PAID SICK LEAVE

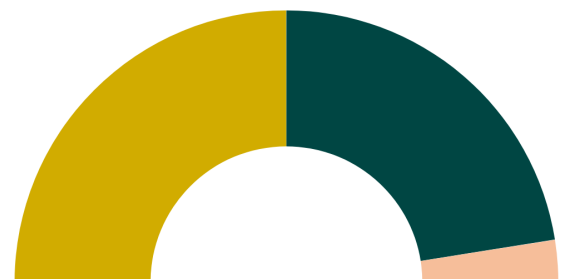
63.6% of shops offering benefits to employees offer paid sick leave.

4

RETIREMENT

9.1% of shops offering benefits to employees offer retirement benefits.

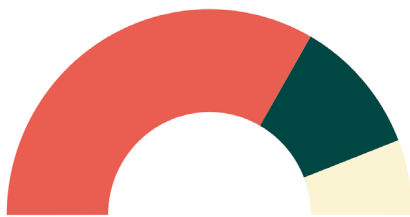
FUTURE STAFF GROWTH



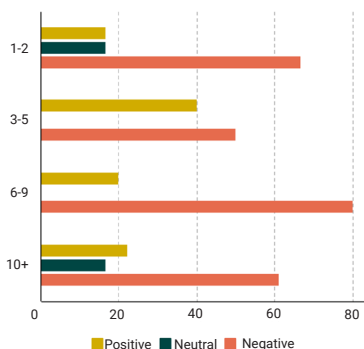
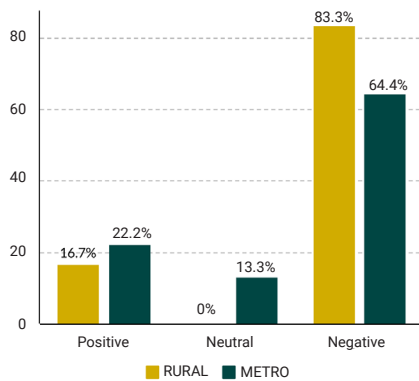
■ Plan to add more employees (50%)
■ Plan to not grow or reduce staff (45%)
■ Plan to have less employees (5%)

A LOOK BACK ON THE PANDEMIC.

Our very first study was conducted in the summer of 2020, only a few months into the beginning of the crisis. Two years later, as we all navigate whether the pandemic is over or not, we do have much more insight on how those last few years have impacted businesses. We asked respondents to gage how the pandemic has affected them, whether it ended up being negative, positive or just neutral. Not surprisingly, two out of three deem the pandemic negatively affected their business. However, 21.6% of respondents found it turned out to have a positive impact on their shop with just 11.8% choosing neutral.



■ Negative (66.6%) ■ Positive (21.6%) ■ Neutral (11.8%)



While we expected most, if not all, to find the pandemic to have a negative impact, we dug deeper into the data to find out who the 20% of respondents with a positive impact from the pandemic were.

The most obvious finding to point out is geographic. While 64% of shops in the metro considered the pandemic to have a negative effect on their business, that number jumped to 83% for rural shops.

The second interesting finding was the shop's age. Only one out of two shops opened in the last 3-5 years reported a negative effect with 40% of them finding the pandemic to positively impact their business. The answers were drastically different for shops opened in the last 6-9 years with 80% choosing negative. This seems to align with the plateau found in staff growth.

More than two years since the start of the pandemic, a pattern is starting to show: local shops who had been opened for 4-7 years at the start of the pandemic seemed to have been hit the hardest. While older shops were more stable and younger shops had more room to change and adapt, this group was just entering the next stage of growth when the world came to a halt.

THEIR PIVOTS.

Pivot has easily become one of the biggest key words of the pandemic when it comes to business survival. From the first day shops closed their door all the way up until today, as they navigate new challenges brought on by the crisis, pivoting has become a constant practice for shopkeepers, often leaving them feeling burnt out. We took a look back on the ways local shops in Oklahoma changed the way they do business at the start of the pandemic and how this has helped them in the long-term.

1.

ESTABLISHED A STRONGER ONLINE PRESENCE.

As we know, local shops focused the first two months of the pandemic on growing or establishing their online presence. This not only helped them survive while their doors were closed but allowed them to solidify their relationships with current customers while broadening their audience and reaching new customers who might have not visited their shops pre-pandemic. While e-commerce comes with its challenges, it has broaden many shops' horizons and connected them with a larger target market.

2.

MADE CHANGES TO PRODUCTS AND SERVICES

One out of two shop owners pivoted by making changes to products and services they offered. Unlike big box chains, small local shops are much more in tune with their customers and community and can quickly adapt to offer them what they want and need. We saw it in the early days of the pandemic: shops offering hand sanitizer or masks. We still see it today as the crisis has forced many to always evolve and not stick to the same niche they chose when first opening their business.

3.

DIVERSIFIED REVENUE STREAMS / EXPANDED WHOLESALE

More than just online presence and product offerings, many shops pivoted at a much deeper level, by changing the way their business operates. Some focused more on wholesale, others on customer orders, all to diversify their revenue streams both to survive and also to be more stable in the long-term. Out of all pivots, this one seemed to have the biggest impact. Shops who responded they pivoted by diversifying also reported a much higher growth in sales in 2022 than others.

BRENDA VALENCIA IN FINE FEATHER

THEIR STORIES



IN FINE FEATHER STARTED AS A FAMILY PROJECT.

We're two sisters from the panhandle (Guymon) who came to Weatherford for college. After working in retail for a few years, my sister Liz decided to fill a gap she had noticed by bringing in a mix of affordable, yet trendy, fashion. Her love of people and friendships inspired the name In Fine Feather which means well-dressed, surrounded by good spirits.

A mix of life changes along with the pandemic led me to take over most of the operations in 2020 as I transitioned from healthcare to retail before my sister moved away to Washington.

“ *Being a part of the community is by far my favorite part of owning a local shop.* ”

Each day is different and the best part is always the connections we make. Whether it's a new or familiar face walking through the doors, everyone has a story and we love being a part of that. We get to be part of our customers' graduations, weddings, baby showers and so many other important milestones in their lives. That's our favorite part of owning a local shop.

But it doesn't come without its challenges, especially always having to learn new skills. Being a small business means we have a lot of hats to wear at once. The pandemic hit at a hard time for us too. We had closed the shop for a remodel for a majority of 2019 and then ended up having to shut down for another three months when COVID-19 happened.

Like many others, we had to learn to adapt. We took the shop officially online in 2020 when the pandemic hit. We also increased social media presence and diversified by looking to find new areas to fill our customers' needs. But supply chain issues added to the challenges and completely changed the way we ordered products for the store.

This year has been different but not quite

the normal from before the pandemic. We've noticed an increase in special events and gatherings. The increase in costs has affected how we plan our orders and stock the shop. We notice shoppers are looking for safer options rather than trendy choices.

Our city has begun to grow and we continue to see traffic from surrounding cities or states which is positive given the spike in gas prices.



At the state level, my hope is that there can be an open discussion on tax relief for small businesses.



A BREAKDOWN OF 2021 SALES.

Before evaluating where shops are today, we took a deeper dive in 2021 data and the results tell an important story. 2021 was an unusual year shadowed by the continuation of the pandemic, supply chain challenges and staff shortages but also filled with more growth than shops had experienced even pre-pandemic. Overall, their sales increased by an average of 19.49% from 2020. When considering that these shops only saw a 4% decrease in 2020 compared to 2019, this is more than just getting back to pre-COVID levels.

\$401,783

Clothing

+29.32% from 2020

\$430,926

Specialty

+14.65% from 2020

\$590,397

Home Goods

+10.40% from 2020

\$370,666

Food/Beverage

+34.46% from 2020

\$492,750

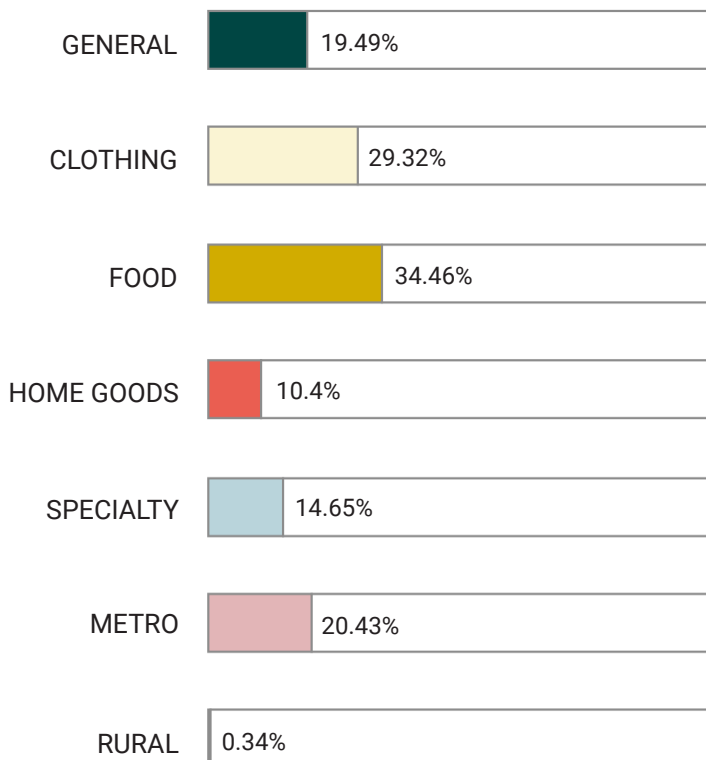
Metro

+20.43% from 2020

\$292,666

Rural

+0.34% from 2020



LOCAL SHOPS LEAD IN GROWTH

According to the National Retail Federation, retail sales in 2021 grew by 14% compared to 2020⁵. That's almost 5.5% lower than our local shops. Target, for example, saw sales grow by 13.2% in 2021⁶. Online giant Amazon saw higher growth, at 22%⁷, comparable to local shops in our metro areas.

When looking at Oklahoma City specifically, while sales tax revenue grew 16.59% from January-December 2021 compare to the previous year, retail specifically saw a lower growth of 13.6%, once again lower than our local shops.

The most drastic difference within local shops comes once again from metro vs rural where respondents located in rural Oklahoma saw virtually no growth while metro shops reached above 20%.



isa

**TODAY IS A
PRIME DAY
TO SHOP
LOCAL**

@isaokla

SHOP GOOD

ALL
TOGETHER

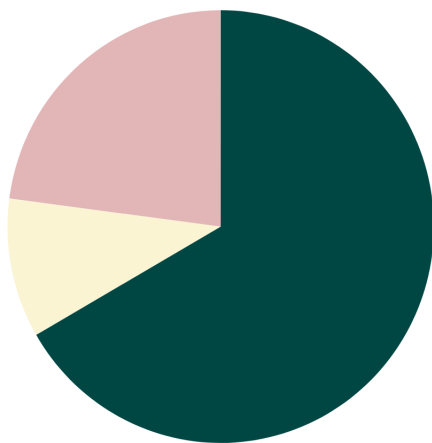
2022 FIRST QUARTER.

WHILE WE THOUGHT 2021 WAS AN UNEVEN YEAR, 2022 HAS PROVEN TO SHOW EVEN MORE DISPARITY IN SHOPS' SALES PERFORMANCES.

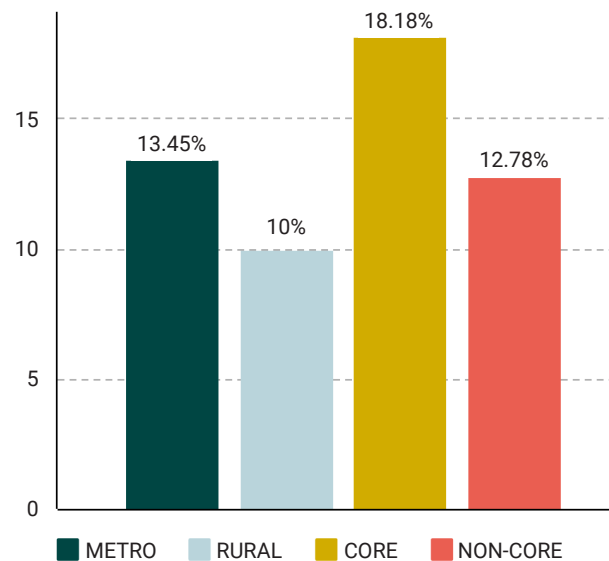
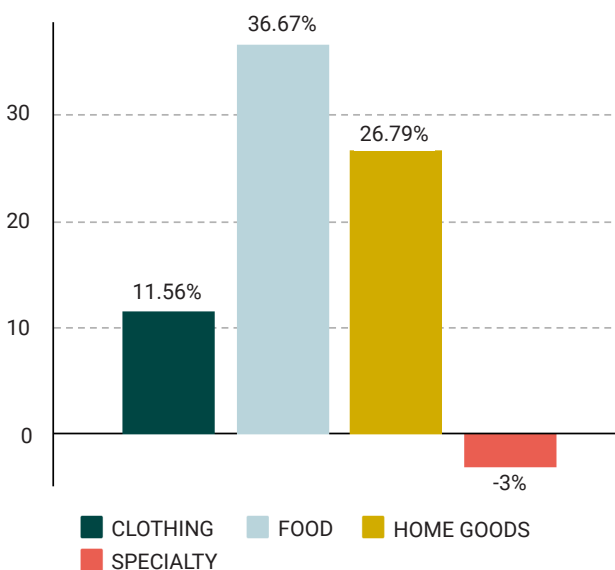
We asked shops to compare their 2022 first quarter (January-March) to last year's. 62.8% of them saw an increase in sales while 21.6% saw a decrease. About one in ten had sales on par with 2021.

Overall though, shops saw a 13% increase from year-to-year in that first quarter. Food/beverage and home goods retailers saw the highest increases with 36.67% and 26.79% respectively. Clothing saw a smaller but healthy growth at 11.56% while Specialty was the only category to see a decrease overall with sales down by 3%.

Shops in large cities' cores saw the highest growth, at 18.18%, while shops outside of downtown only saw their sales rise by 12.78%. Rural shops saw the slowest growth with an average of 10%.



INCREASED (66.67%) SAME (10.4%) DECREASED (22.93%)



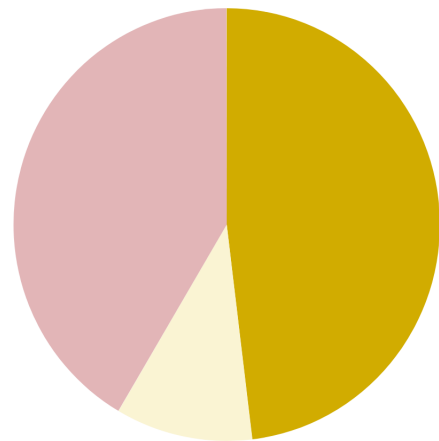
2022 SECOND QUARTER.

Last year's second quarter saw exponential growth, mainly due to vaccine rollouts bringing people back to stores when 2020's second quarter saw shops close their doors to the public. Because of this, comparing 2022 to 2021 can be a difficult task as it fails to show the bigger picture. Still, it remains important to know how this year's second quarter unfolded.

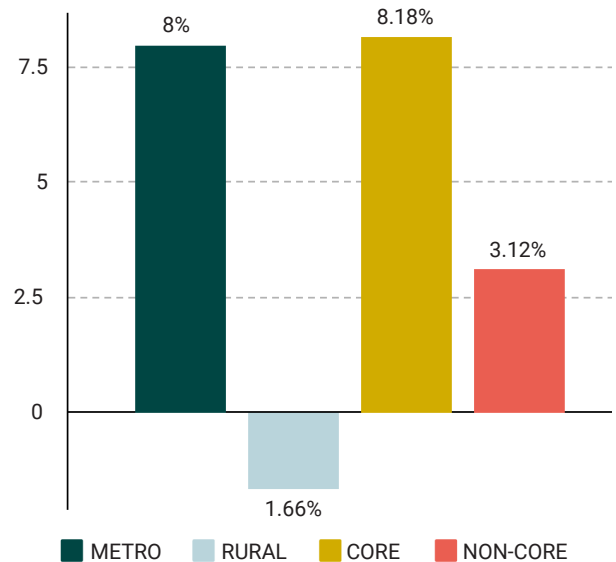
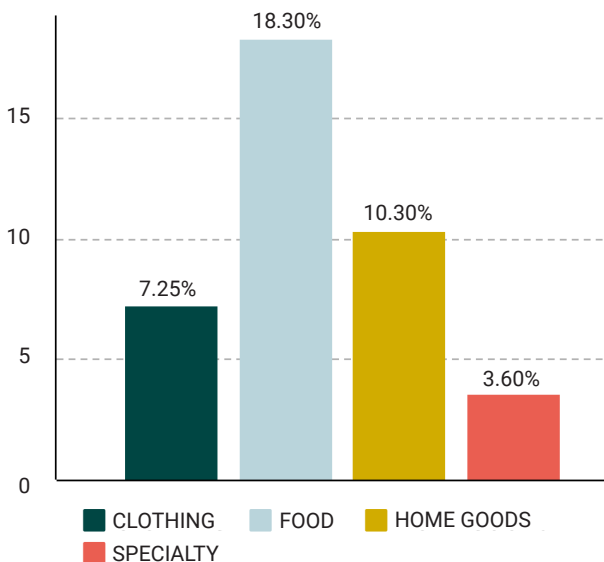
Overall, shops saw a much slower growth - the smallest they've seen since 2020 - with an average of 7.8%. Less shops saw an increase than in the first quarter, about 48% of them compared to 66.7%. Those seeing sales go up though saw an average increase of 28.9%. Shops who experienced a decrease in sales saw a smaller loss than in the first quarter (16.8% compared to 20% in the first quarter.)

The gap in location continued to widen as large cities' downtowns saw a 8.18% increase compared to 3.12% outside the core and an overall decline of 1.66% in rural areas.

A SLOWDOWN IN GROWTH IN THE SECOND QUARTER WITH AN AVERAGE OF 7.8% INCREASE IN SALES FROM 2021.



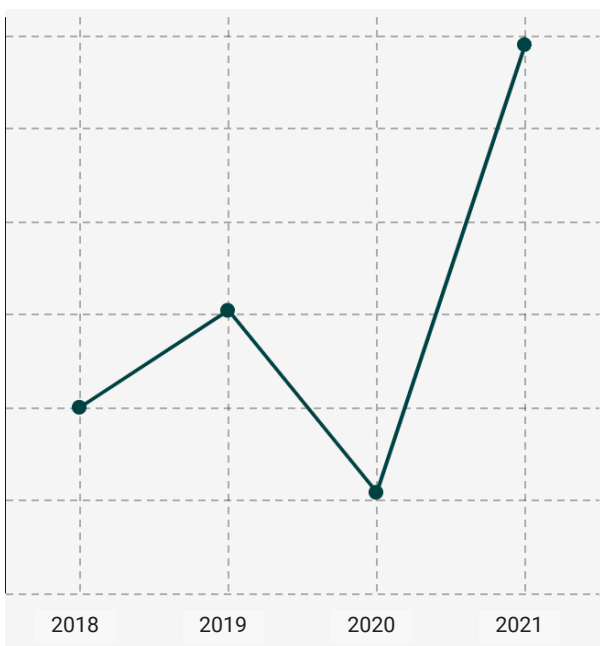
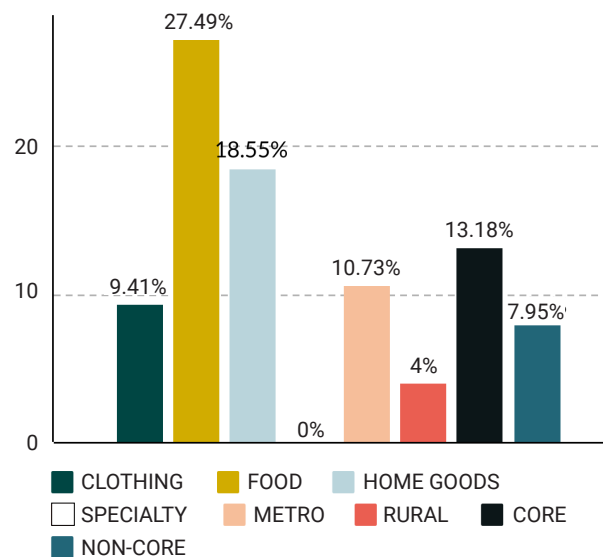
■ INCREASED (48.09%) ■ SAME (10.4%)
■ DECREASED (41.51%)



2022 SO FAR.

WHEN LOOKING AT BOTH QUARTERS TOGETHER, SHOPS SAW AN AVERAGE GROWTH OF 10.20%.

Food/beverage saw the highest average growth at 27.49% followed by home goods at 18.55%. Clothing saw a year-to-year growth of 9.41% while specialty stores' loss in the first quarter evened out thanks to their small growth in the second quarter. The trend of large metro's downtown shops recovering and growing faster becomes more evident as these shops saw sales increases of 13.18% compared to 7.95% outside of the core.



With half of the year still unaccounted for in this data, many are left wondering where their business will stand in 2023. It's crucial though to remember how unusual 2021 was, not just compared to 2020. While 2019 saw a 5% growth from 2018 and 2020 saw an expected dip in sales (only by about 5%), 2021 saw sales not just higher than 2020, but often 15-25% higher than pre-pandemic. When evaluating their businesses, shops need to keep in mind that 2019 might be a much better comparison point than 2021.

52.9%

project an increase in sales

27.4%

project a decrease in sales

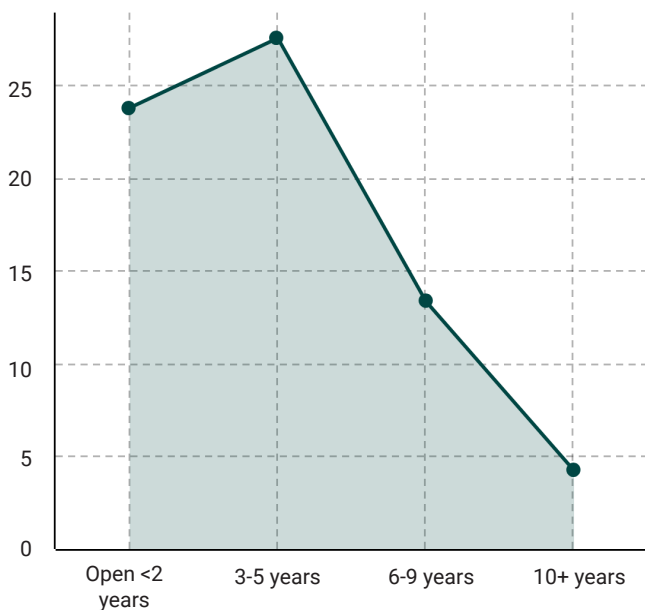
17.6%

project no change

More than half of shops expect they will see an increase in 2022 compared to 2021. 27.4% expect to see a decrease while 17.6% don't think they will see any change in sales from 2021. Overall, local retailers expect to experience a 13.42% growth in sales this year despite the end-of-year uncertainties. Shops who have been open less than five years are projecting the highest growth at 25.6% while shops opened more than 10 years only expect to see their sales increase by 4.22% this year. The shops in the six to nine year range project they'll see a 13.33% increase.

AVERAGE PROJECTED GROWTH

13.42%



Resonate Gifts, Moore

SUSAN FOSKIN
PAPER ARTS

THEIR STORIES



PAPER ARTS HAS BEEN IN THE EDMOND AREA FOR OVER 30 YEARS.

In the early days, it was owned by a couple different people. When I frequented this shop and would talk to the owners, I saw their passion for the craft. I love to create and paper and inks are some of my favorite mediums to use. When life threw me a few curves but landed me in a position where I could become the owner of Paper Arts and thus keep it from closing in the beginning of 2018, I knew my time had arrived.



My biggest challenge is just trying to get folks to realize the quality and value of the product offered in my store.

My favorite part of owning this shop is getting to meet some amazing people and along the way introduce others to the joy of crafting. So many customers come in and say "I love the stuff but I'm just not crafty." When they leave the store with confidence and a smile because I was able to break it down for them so they weren't intimidated and were able to complete their project - that's the best feeling.

My biggest challenge is just trying to get folks

to realize the quality and value of the product offered in my store. Many are used to just running to a big box store and grabbing items with a coupon, on sale or even at a ridiculously low daily price. So when they walk into my store, it takes a bit of educating and explaining that the papers and supplies that I carry come from all over the world (although I do try to support made in the USA as much as possible), the weight of the papers are a better, thicker quality and customizable.

The pandemic was hard on my store, just like lots of other local businesses, because the supply chain was lagging in many areas. It forced me to embrace an omni experiential plan for my shop and grow around that. I entered 2022 with great hopes. It was going to finally be the year that things were going to be brighter, we were going to pull out of the pandemic and start the upswing of getting back to the way things should and could be.

However, it just hasn't been that. There have been bright spots in the year but overall, folks are not shopping like I had anticipated. That's not to say that it has been a bad year, it just has been a different kind of year. I am exhausted by the word pivot, but I feel like that is the way that I'm having to operate now.

I'm not sure what to expect for the future. I think that a lot of it will depend on upcoming elections and the security that people feel coming out of that. For my business, I have plans for amazing

events and guest artists and I'm praying the community is comfortable enough to continue supporting local stores such as mine.

I see how our local and state governments get excited about big corporations deciding to move or expand in Oklahoma, but it would be really great if they would look around and maybe think about what local businesses they or their family frequent. If they could get just as excited about us and talk and promote us as well. It doesn't take much to share on social media. It doesn't cost anything to help pass along a favorite to others.

Local shops, small brick and mortar stores like mine, contain the knowledge and experience to educate the consumer. We can help guide and direct people's purchases to best fit their needs and goals. Big box can't do that. We are here, day in and day out, to serve the community.

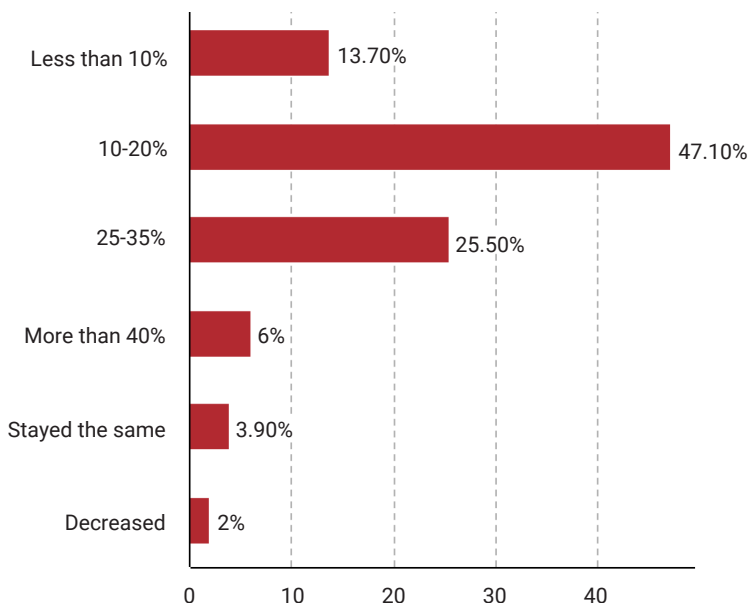
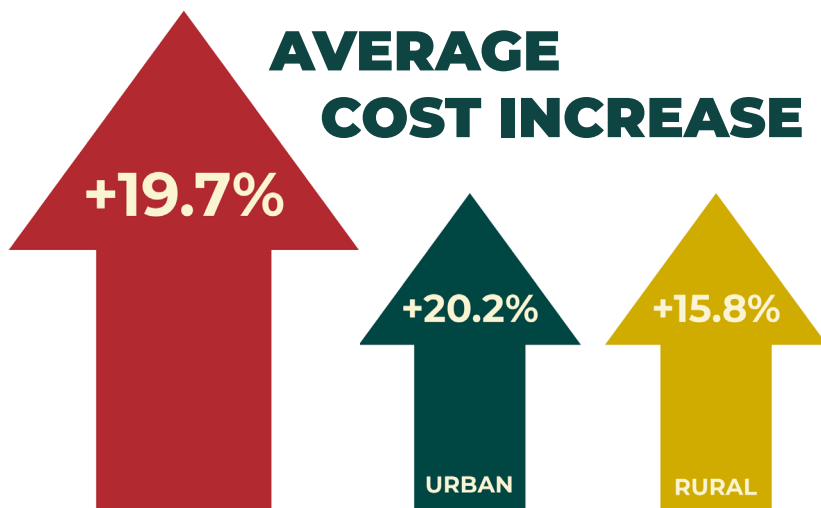


I am exhausted by the word pivot but I feel like that is the way I'm having to operate now.



THE IMPACT OF INFLATION.

Supply chain crisis and staff shortages might have been at the forefront of everyone's mind during last year's State of Retail study but this year, inflation has been added to the list. For shop owners, it's a double-edged sword: customers spend less while their own expenses increase. On average, local shops saw their cost increase by almost 20% in 2022., with no sign of slowing down. One out of three retailers had their cost increase by more than 25%.



CATCH 22

As cost increase for shopkeepers, customers are also shopping around more than before to find the best deals, which often means reverting back to big box.

Local shops are currently struggling to offer competitive prices. Their margins simply can't be lowered to match national chains selling in bulk if they also want to make enough of a profit to stay in business.

On top of that, when consumers are having to spend more on necessities like groceries and gas, non-essential items often are the first to be cut out of consumers' budgets.

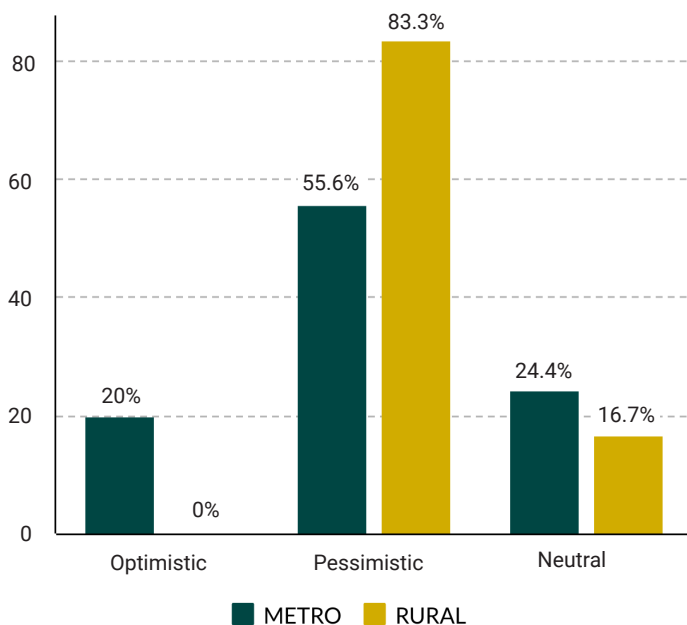
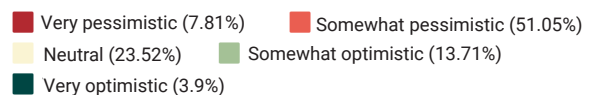
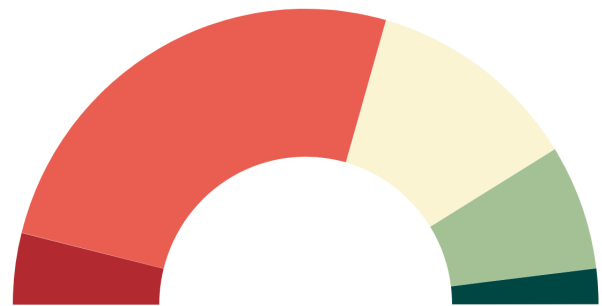
As we enter the most crucial months of the year, the holiday season, many shopkeepers have expressed concern in how shoppers will choose to budget for gifts this year. This is a drastic shift from the 2021 season where customers made up for the lost 2020 holidays by spending more than ever.

THE CURRENT STATE OF THE ECONOMY.

CONCERNS RISE

After two years of worrying about a pandemic, closures, supply chain delays and staff shortages, the new concerns about inflation has many shopkeepers worried about what the future holds.

When asked how they felt about the current state of the economy, close to 59% were either somewhat pessimistic or very pessimistic. Only 17.5% reported being somewhat optimistic or very optimistic and almost one out of four remained neutral.



When ranking current concerns, inflation was at the top of the list for 64.7% respondents, followed by staffing challenges and competition from online retailers.

When looking at rural shops specifically, the outlook was worse. None of them reported being optimistic (as opposed to 20% in the metro) and 83.33% said they felt pessimistic about the current state of the economy.

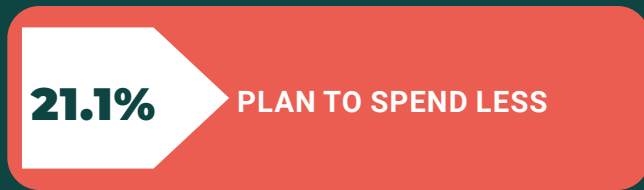
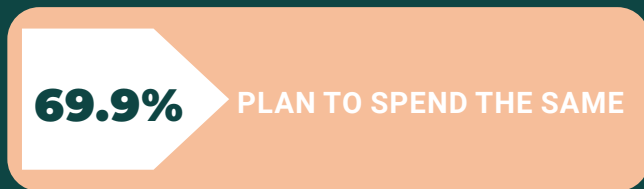
Still, many of the respondents reported not having seen much, if any, impact to their sales yet but were feeling uneasy about the possibility of too much inflation talk scaring customers away from small retailers.

2022 HOLIDAY CONSUMER TRENDS

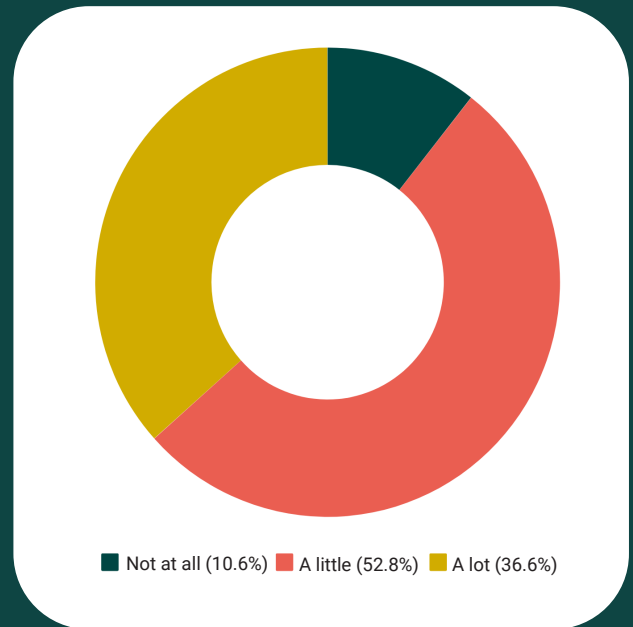
We reached out to customers throughout Oklahoma to find out how they plan to shop this upcoming holiday season. These answers are from a sample of 282 customers who took the survey in September 2022.

HOLIDAY SPENDING

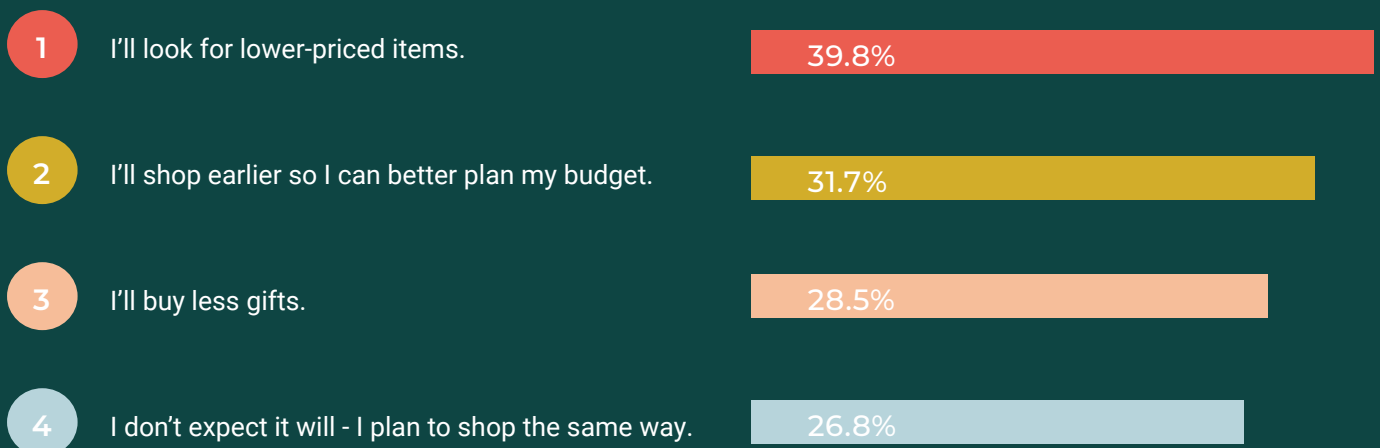
Compared to 2021.



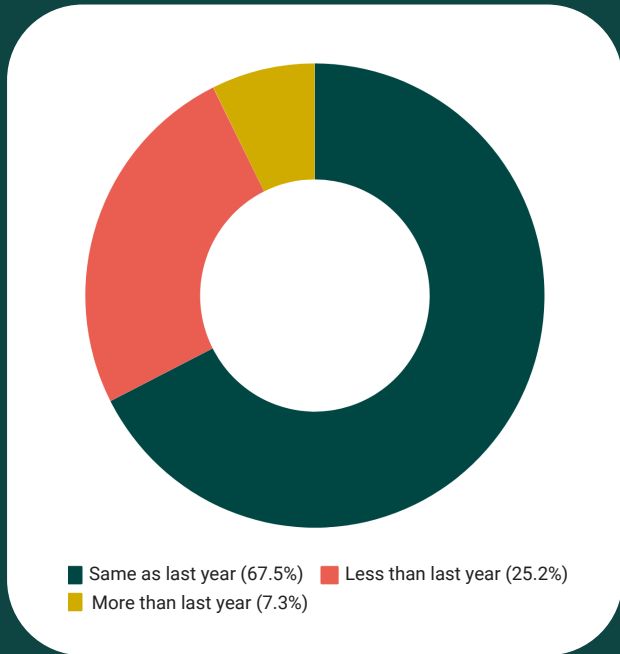
FEELING THE EFFECTS OF INFLATION



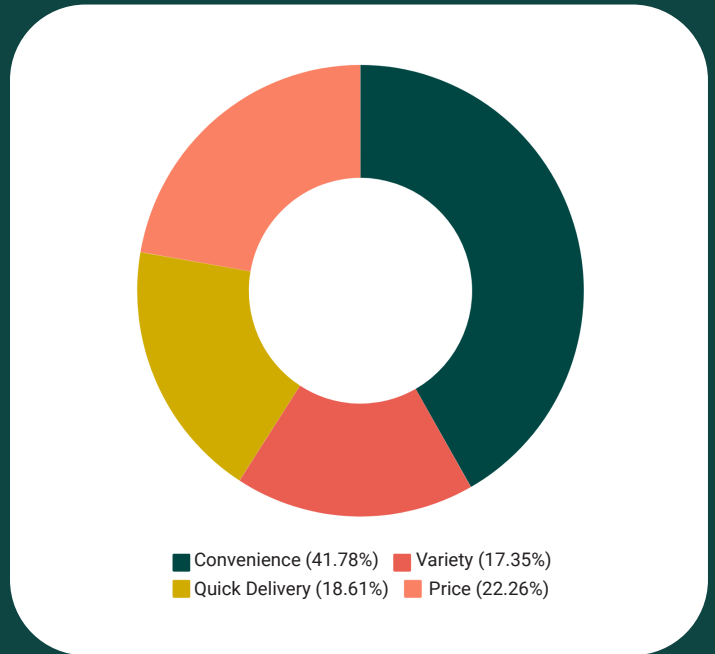
HOW WILL INFLATION INFLUENCE YOUR HOLIDAY SPENDING?



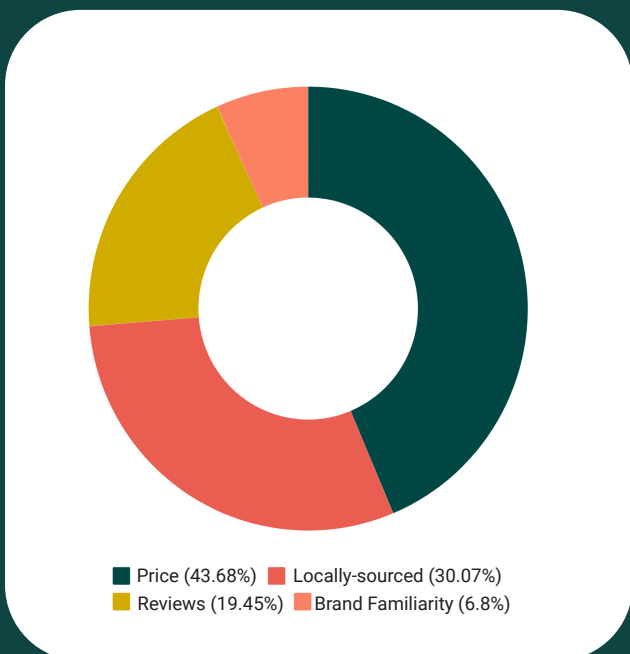
HOW MUCH DO YOU PLAN TO SHOP ONLINE THIS YEAR?



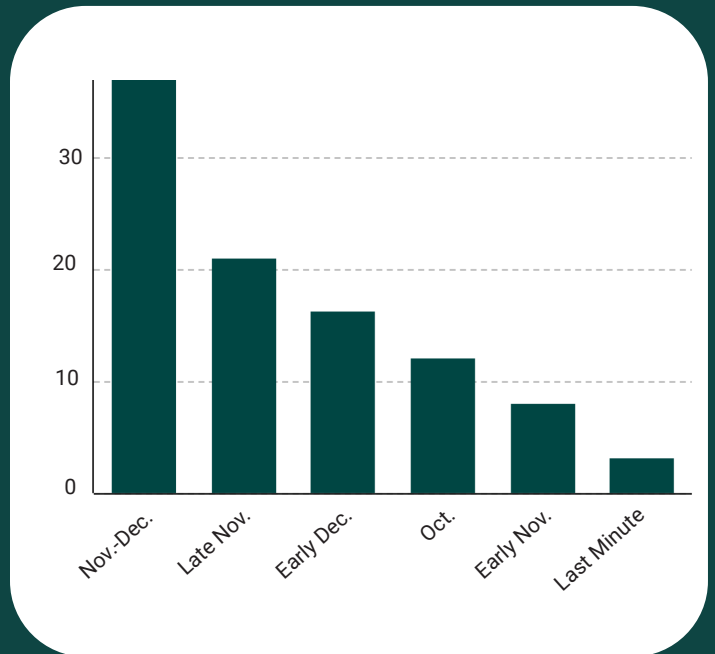
BIGGEST TEMPTATION TO SHOP ONLINE OR BIG BOX



WHAT INFLUENCES YOUR PURCHASES THE MOST?



WHEN DO YOU PLAN TO DO MOST OF YOUR HOLIDAY SHOPPING?



TAKEAWAYS

Four out of five shoppers plan to spend the same or more than last year.

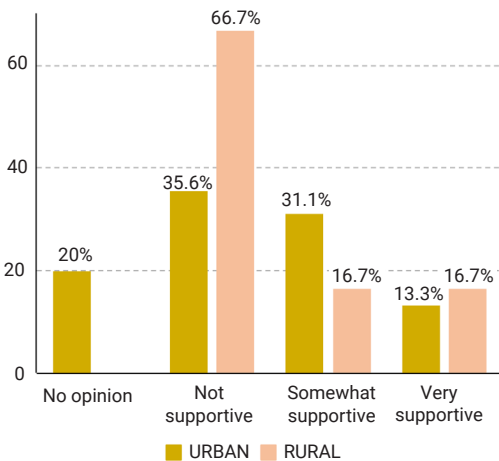
A large majority are feeling the effects of inflation but most say it hasn't affected them a lot yet.

As far as holiday spending, about 40% of customers say they'll generally look for lower-priced items even if they plan to spend the same amount as last year. Why? Inflation has triggered a "thrifty" mindset in stores even if it doesn't show on people's budget.

HOW SHOPS FEEL ABOUT THEIR GOVERNMENT.

While federal programs like PPP and EIDL were largely discussed and studied on the national level for their effectiveness in COVID business retention and recovery, less of the spotlight has been shone on the impact of similar local and state programs. Besides monetary help, the overall feeling of support small businesses feel from the forms of government closest to them has an undeniable effect on our cities and state business climate. We asked local shops how supportive they thought both their state and local government were of small businesses like theirs.

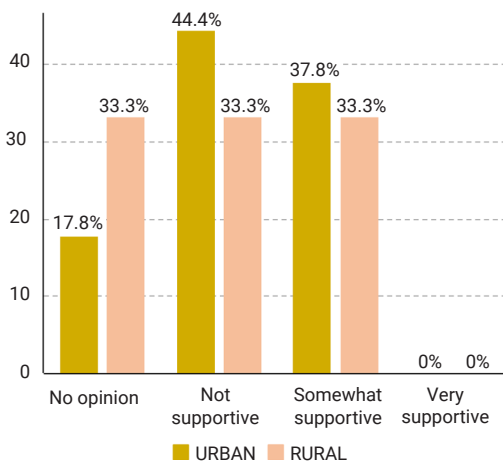
LOCAL GOV.



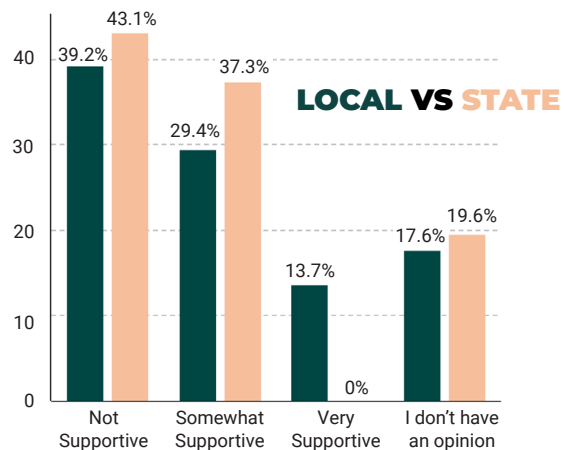
Overall, local shops found their local government to be more supportive of their business than state government. 43.1% of respondents expressed that their local government was either very supportive or somewhat supportive. When asked about state government, 37.3% thought they felt somewhat supported with no respondent choosing “very supportive.”

When comparing urban and rural shops’ views of government support at the state level, almost one out of two urban shops thought their state government was not supportive of their business and one out of three rural shops felt the same. Urban shops seemed to have more strongly-formed opinions with only 17.78% stating they didn’t feel strongly either way, compared to 33.33% rural shops.

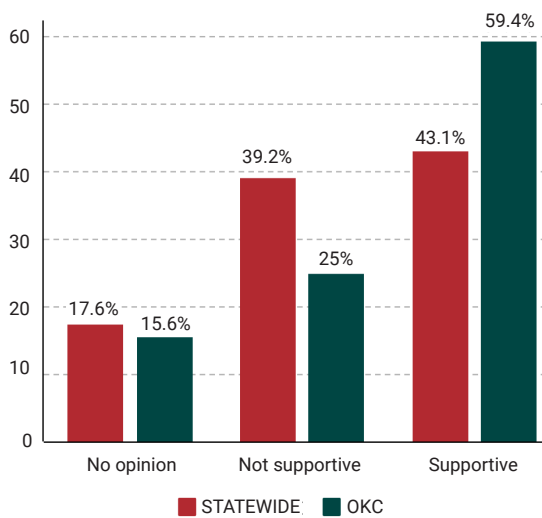
STATE GOV.



This trend flipped when looking at local government with two out of three rural shops feeling unsupported compared to one out of three in the metro.



A DEEPER LOOK INTO OKLAHOMA CITY



While we saw overall disparities between the level of support respondents felt they receive from both state and local government, another outlier stood out from these responses: Oklahoma City shops felt far more supported by their local government than shops from other cities or town across the state. Close to 60% of respondents located in Oklahoma City felt their government was either somewhat supportive (34.38%) or very supportive (25%) of small businesses. In comparison, 43% of all respondents statewide selected the same answer.

One of out four respondents in Oklahoma City felt their local government was not supportive enough of small businesses, compared to 39.2% of respondents statewide. Clearly, local shops in Oklahoma City, while they still feel there is room to grow and improve, do feel closer to and more supported by their local government than most other cities in the state. When asked what made them feel more supported, respondents mentioned specifically the Small Business Continuity Program, mask requirement, holiday street construction moratorium and vocal support from Mayor and Council members, including through social media posts. While OKC shops feel the pandemic has helped give them a seat at the table on the local level they felt they did not have before, many still worry this wave of support could fade post-pandemic.

Historically, local shops have felt and still feel they receive less support than big box stores and national chains looking to enter the local market and wish independent small businesses would receive equivalent incentives to remain part of the business landscape.

AVIS SCARAMUCCI
PAINTED DOOR

THEIR STORIES



PAINTED DOOR HAS JUST CELEBRATED 31 YEARS OF DOING BUSINESS IN OKLAHOMA CITY. IT HAS BEEN SOME OF THE MOST MEMORABLE AND ENJOYABLE YEARS IN MY LIFE.

The inspiration for Painted Door gift boutique was SandMark Gifts, a small retail boutique in Norman, OK. It was a place of warmth, charm, and generosity. I always aspired to someday perhaps offer the same!



My staffing has ever remained sturdy and steady. I have truly incredible people that work with me.

My favorite part of owning a local shop is getting to be an integral part of the community, as well as Oklahoma City. I have also enjoyed being an ambassador throughout the years for our many guests (both local and worldwide).

Running a small business comes with its challenges though, primarily managing labor and understanding how to best compete with the internet. I learned that great customer service,

the personal touches of gift wrap, wonderful smells and unique products all come together to offer a memorable shopping experience not available on the internet.

The pandemic brought its share of good and bad. The bad news: We were closed. We were limited on product availability. It was an unknown as to when or how the shutdown would end.

It was also frightening as there was not yet a good understanding of the pandemic itself. The good news: It was a very thoughtful time for me. I became more attuned to how I could best continue my efforts in the retail industry. We worked smarter and harder and never let go of the dream to reopen and once again to do “business as usual”.

The future is always unknown though, but as we continue to better understand this pandemic, we hope the numbers of all our guests, whether local or out-of-town, will continue to increase.

I think both the City and State should be proud of our local businesses and promote them regularly.

Local shops are the ambassadors to our city and state. We provide a unique shopping experience that cannot be reproduced in a corporate setting. Retailers also provide a space and place for people to come and enjoy themselves. Together, we are a true representation of the culture and the people within our many communities.



Local shops are the ambassadors to our city and our state.



TESTIMONIES.

We asked shopkeepers to describe what 2022 has been like for them.

"This has been a uniquely challenging year for me so far on many fronts, a lot of which are just unforeseen challenges I had no control over. Overall, I am exhausted, frustrated, overwhelmed, and worried- but I do remain hopeful much of this is temporary. I am very optimistic for the holiday season, and hope to be on track to grow by at least 10%."

"2022 has been a roller-coaster ride already. Amazing growth but paired with unease about where our country/ state is heading politically/socially. My employees are amazing and I'm happy to be able to raise their base pay and give them steady full time jobs that they are happy at."

"Up and down, and consumer buying habits are more erratic."

"Although we seem to be returning to a more normal life routine, business is slower than 2021. It has been stressful, but I'm hoping for a strong finish to the year."

"In 2022 we have already experienced growth in sales and foot traffic due to the increase in tourism.

It is important for the state to continue to bring large conferences/events to the state and promote exploration of local businesses."

"Such a mixed bag. We've seen incredible growth, but are experience incredible strain with staff and uncertainty about the future."

"Whiplash. Q1 was amazing. Q2 has come to a screeching halt (at least it feels that way). I had hoped that the uncertainty and unpredictability of the last 2 years would have begun to ease, but it only seems to be increasing."

"2022 has already had it challenges. I feel like we are still just readjusting and figuring out how to keep growing."

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

Citizens



ENDNOTES.

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independent shopkeepers association

MICRO SHOPS.
MACRO IMPACT.