isa

independent shopkeepers association

2024 STATE OF RETAIL

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MIDTOWN RENAISSANCE

Thank you for your generosity and support of independent retail in Oklahoma.

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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 important industry, we need to first understand the state of independent shops in Oklahoma.

Each year, the Independent Shopkeepers Association (ISA) conducts an in-depth Shop Census, collecting data from independently-owned local shops throughout Oklahoma. This Census is a foundational step in identifying the challenges, needs and contributions of these micro-businesses to our economy. Through this survey, we gather and study data points to quantify the impact and importance of local shops in our communities.

In 2024, 80 shop owners, ranging from clothing stores to home goods and specialty shops, participated in the Shop Census. These businesses span both large metro areas like Oklahoma City and Tulsa, as well as smaller towns like Muskogee, Woodward and Altus. All respondents are independently-owned shops with a brick-and-mortar store located in Oklahoma and answered up to 75 questions.

Looking through the results from this diverse set of shops gives us a glimpse into the state of independent retail in Oklahoma in 2024 and a better understanding of their strengths and challenges.

ISA's first State of Retail study, published in the summer of 2020, was a landmark report. It not only arrived at a critical time but also marked the first comprehensive effort to collect and analyze data specific to Oklahoma's independent retail industry. To this day, ISA's State of Retail remains the only in-depth study of this key economic driver in our state.

This year's edition is our fifth, and we now have the ability to present not just the current state of independent retail but also how it has evolved over the past four years.

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 2024 and approach 2025.

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 80 members across the state, we 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
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KEY TAKEAWAYS.

1 SLIM MARGINS

Inflation remains the top concern for local shops in 2024. Overall, sales are still increasing but the growth is struggling to keep up with increasing costs. Unlike big box stores, small retailers' margins are already too slim, making it hard for them to keep prices competitive while still making enough profit to pay their bills.

On average, local shops have seen their expenses increase by 16.3% in 2024 while sales have grown by 13.3% in the first half of the year.

2 UNEVEN GROWTH

Overall, 2024 sales are performing better than at the same time in 2023 but as we've seen in past years, the growth tends to be uneven.

So far this year, 60% of shops have seen their sales grow. For them specifically, average growth was an impressive 27%. Meanwhile, 29% of respondents saw their sales decline by an average of 15%.

Clothing and home goods seemed to be performing stronger than specialty stores this year.

3 ONLINE COMPETITION

The threat of online competition saw a huge increase this year with 62.7% of respondents listing it as a primary concern, up 25% from 2022. Shops in metro areas saw the threat of online retailers as their top concern, ranking it higher than inflation. Local shops continue to struggle to find ways to compete with new shipping speed and cost standards set by e-commerce giants.

4 COMPETITIVE AND IMPACTFUL

While shops fear the competition from brick-and-mortar national chains, their growth and sales per square foot continues to be more impressive than many big box stores.

With their proven economic impact, independent shops continue to look to their state and municipal government for more support as opinions on the matter shift and the share of respondents feeling unsupported rises in 2024.

A NOTE FROM OUR EXECUTIVE DIRECTOR.

CLÉO NASH

Each year, the State of Retail report not only sheds light on the challenges faced by Oklahoma's independent shops—fueling our advocacy efforts—but it also underscores the profound and often underestimated impact these businesses have on our economy. This year's report tells two interconnected stories: one of undeniable growth and another of ongoing, persistent challenges.

At first glance, the data offers much to celebrate and ample cause for optimism. Sales among independent shops have grown by 13.34% so far this year, and for many, this growth feels like well-deserved validation for their persistence, ingenuity and resilience. Even more striking, year-over-year growth in 2023 outpaced national averages by far, even surpassing retail giants like Walmart and Target. This type of sales growth speaks volumes about the tenacity and resourcefulness of Oklahoma's independent retail sector.

Yet, a closer examination reveals the ongoing challenges that threaten to temper their success. While sales may be rising overall, so are costs. Inflation has pushed expenses up and small retailers—already operating with slim margins—are finding it harder to keep prices competitive, pay employees fairly and still make a profit. Where big-box stores can more easily absorb these rising costs, small businesses must navigate these hurdles daily to stay afloat.

Despite these challenges, Oklahoma's independent shops continue to punch above their weight and exceed expectations. Their sales per square foot tell a powerful story: these businesses are not just holding their own, they're excelling in ways that matter deeply to our local economy. This is not just a data point—it's a statement about the vital role they play.

The economic impact of independent shops in Oklahoma cannot be overstated. While big-box retailers often dominate the conversation around retail, it is the independent shops that are the true drivers of local economies. In fact, 53.7% of Oklahoma's store locations are independently owned—a powerful statistic that highlights their significant presence and influence.

Independent retailers not only keep dollars circulating within our state but also drive community engagement and local investment in ways that national chains simply cannot match. Unlike big-box stores, which can feel detached and transactional, independent retailers are rooted in the communities they serve, making them irreplaceable contributors to our local economy and contributing to the long-term financial health of our cities and towns. Their ability to create lasting economic growth makes them not just important but indispensable to Oklahoma's future.

As we reflect on the numbers, it's crucial not to lose sight of the bigger picture. Behind every impressive data point is a shopkeeper balancing rising costs and fierce competition—all while facing burnout. The effects of the last few years haven't just strained these businesses financially, they've taken an emotional toll on the people who run them. It is this personal strain, more than any financial metric, that presents one of the greatest challenges for our local retailers today.

So where do we go from here? The 2024 State of Retail report highlights the incredible economic contribution of Oklahoma's independent shops but it also shines a light on the struggles they face behind the scenes. If we want to see these businesses continue to thrive, we need a renewed effort—from policymakers, consumers and communities alike—to provide the support they deserve. With the right resources, they will continue to grow and enrich our state in ways only local businesses can.

A NOTE FROM OUR BOARD CHAIR.

LISA WAKEFIELD

I am writing this three weeks to the day after a car drove through my shop in Tulsa. The accident did a significant amount of damage to my business including inventory, fixtures and the physical structure of the building. And although terrifying, disheartening and with an overwhelming amount of ensuing work, it is no surprise that the news was met by an outpouring of support. We all know Oklahoma is a special place to live and own a business in and the response I received from my customers and the community confirmed just that. I think this year's State of Retail report confirms it as well.

We all know that retail comes with its ups and downs. Even though my case is unusual, it is not unlike other obstacles that have come our way. Although it has now been four years since COVID shut us down, there still seems to be some looming uncertainty in our retail world. We continue to pivot, reinvent, adjust and sometimes guess what consumers' response will be. This election year also drives uneasiness and uncertainty making it hard for us to predict how our customers will react, especially as we enter our final, and for most of us, most crucial months of the year. In general it seems like, for a variety of reasons, it has been a difficult year for most. But I find the results of this year's State of Retail to be comforting.

Despite the day-to-day uncertainty and the challenges we continue to face, like rising costs, online competitors and social media pressure, the report confirms the on-going success and positive impact of local retail in Oklahoma. But most importantly it confirms the value our businesses have in our communities.

The State of Retail is always a significant compilation of data; its value is undeniable. It confirms the impact of local businesses through reporting and actual numbers which is useful for practical purposes, but it also reconfirms to us shop owners the value of our long hours, hard work and uncontrollable anxiety (just kidding - sort of).

We work hard to bring our creative visions to our cities, towns and neighborhoods. We want our communities to have choices - options that go beyond what Amazon can deliver. And we create environments that provide an escape and social outlet - an experience that is relevant and personal. Oklahoma has such a vibrant retail community; it's a combination of unique talents and the personable warmth that Oklahomans are known for. It is not a surprise that our State of Retail shows continued growth.

You, the shop owners and your teams, are the reason your businesses succeed. You inspire each other to keep on and others to join our world. It's hard work, but despite all of the challenges, it's worth it to contribute to our communities in such a meaningful way.

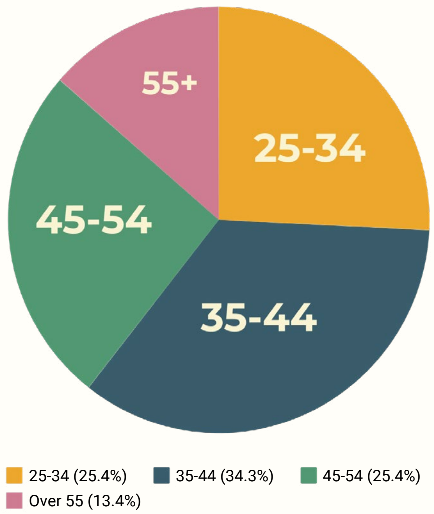
Thank you so much to Cléo, Micah and the ISA Board for all of your hard work. This report would not be available to us without your dedication to small retail in Oklahoma! It is a privilege to work with you all.

Keep up the good work, everyone. Finish the year strong. You've got this!

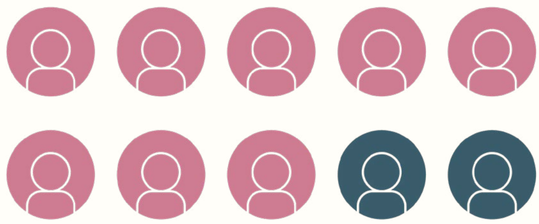
THE SHOPKEEPERS.

A large share of shop owners surveyed, 59.7%, are between the ages of 25 and 44, with the 35-44 age group making up the largest portion at 34.3%. Notably, over 85% of respondents identify as either Gen X or Millennials. However, there is a clear contrast between urban and rural shop owners: in metropolitan areas, 64.71% of respondents are under 45, while in rural regions, half of shop owners are over 45. Almost four out of five responding shop owners were women (79%). This aligns with national trends where retail is the most popular industry for women-owned small businesses[1]. 79.1% of respondents had a bachelor's or higher. 29% of respondents were minority-owned businesses.

AGE

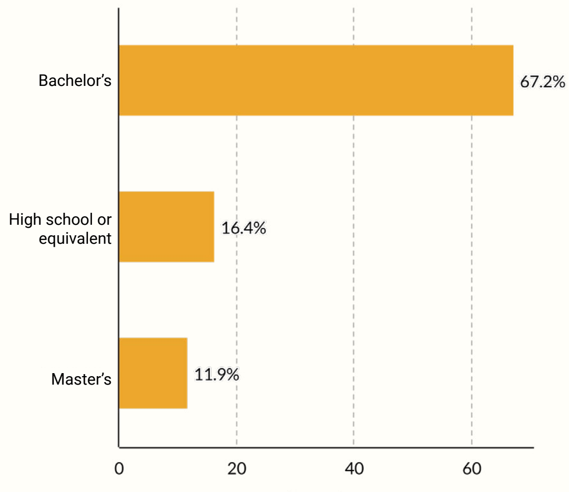


79% WOMEN



21% MEN

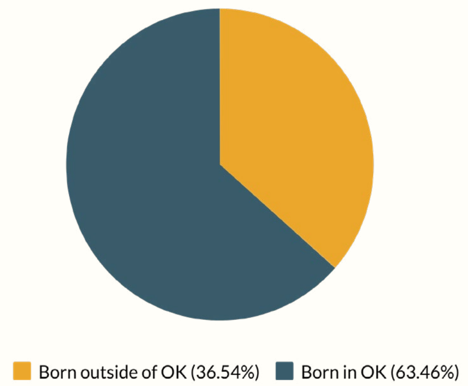
EDUCATION



Parcel Goods + Gifts, Edmond

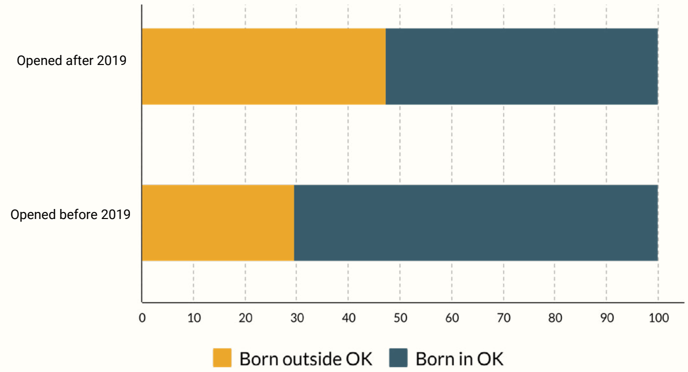
BORN
AND RAISED.

Now the 20th largest city in the U.S., Oklahoma City has seen its recent growth largely attributed to out-of-state transplants. As our state's capital continues to experience rapid growth, a fascinating trend has emerged within the local retail scene.

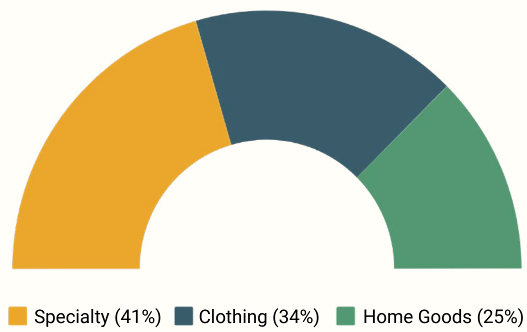


Newcomers to the city, many of whom have relocated from other states, are not just contributing to the population increase—they're also reshaping Oklahoma City's independent retail landscape. According to this year's census, 36.54% of respondents in the Oklahoma City metro were not born in Oklahoma. This means that over one in three of these local shops was created by someone who has relocated to the state. This connection between population growth and the rise of independent businesses offers important insights into the evolving economic and cultural fabric of the city.

This surge in new shops being open by individuals born outside of Oklahoma is recent. For stores opened six years or longer, only 29.6% are owned by someone born outside of Oklahoma. For shops which have opened since 2019, 47.2%, almost half, are owned by a shopkeeper born outside of Oklahoma.



Another interesting trend emerging from this year's census is the type of businesses these shopkeepers create. 41% of the independent shops opened by owners born outside of Oklahoma are specialty stores. These owners are bringing their new niche products, artisan goods crafts and unique consumer experiences that set them apart from the mass-market retailers that typically dominate larger urban areas.

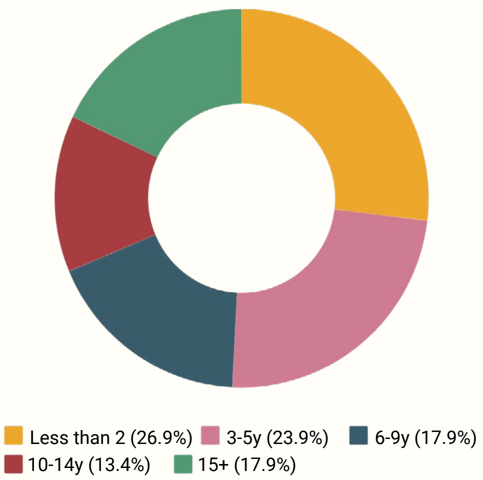


As Oklahoma City continues to grow, cultivating a healthy business climate by supporting independent retailers is vital to ensuring the growth of not only residents but business owners with the potential to contribute to our local economy the most.

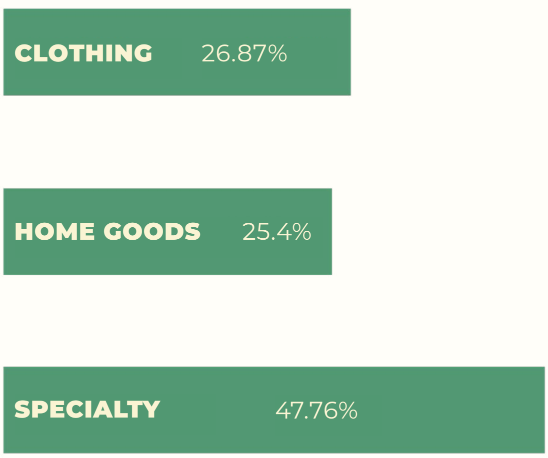
THE SHOPS.

On average, shops have been in business for 7.8 years, slightly younger than last year, indicating ongoing growth in new shop openings. Specialty stores, including categories like beauty, books, flowers, plants and soaps, made up close to 48% of the businesses. The remaining 52% was evenly split between clothing and home goods stores. Nearly half of clothing stores were owned by shopkeepers aged 35-44, while half of home goods stores had owners aged 45-54. This year's Census gathered responses from shops across Oklahoma, representing over a dozen different communities.

YEARS OPEN



PRODUCTS



LOCATIONS

1. Oklahoma City
2. Tulsa
3. Norman
4. Edmond
5. Ardmore
6. Ada
7. Altus
8. Collinsville
9. Woodward
10. Choctaw
11. Yukon
12. Purcell

THE NEW SHOPS

44% of businesses opened in the last two years fall in the specialty category continuing the trend and popularity of concept stores. However, home goods store, which had seen a slower growth in new businesses, represented 33% of new openings in the last two years. This suggests a potential revived interest in a more broad product offering.

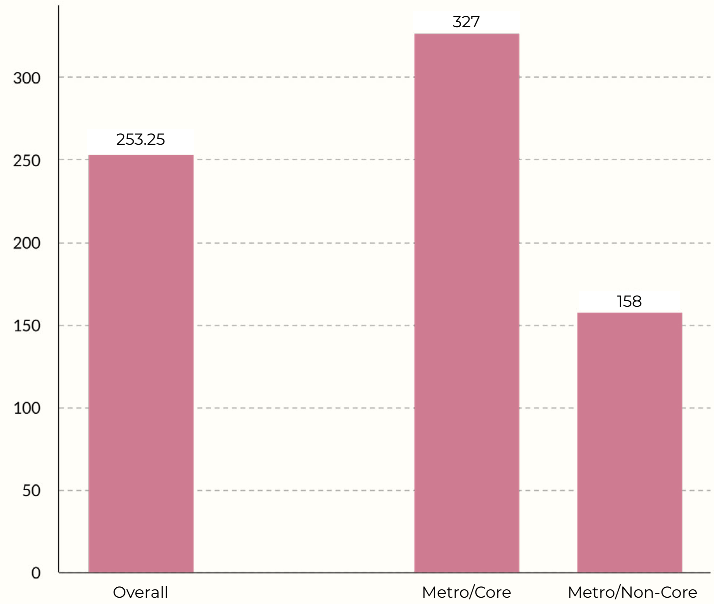
THEIR FOOT TRAFFIC.

In 2024, local shops saw continued year-over-year growth in foot traffic, averaging 253.25 visitors per week—a 4.5% increase from 2023. This rise marks another success for independent retailers, as the national average for retailers showed a smaller increase of just 3.1% over the same period[2]. Department stores, in particular, saw even lower growth, with foot traffic rising by only 1.8% nationwide. Independent retailers continue to outperform in key engagement metrics, underscoring their resilience and strong community ties.

FOOT TRAFFIC

Foot traffic patterns continue to vary widely between pedestrian-friendly districts and strip malls. A shop located in a metro's downtown core tends to see more than twice as many customers each week than a shop outside of the core.

Thankfully, the higher conversion rates for the outside core group help balance out this deficit. It is also worth noting foot traffic data outside the core saw its first increase since 2021, while shops in business districts seem to have the same amount as last year.



1 JANUARY
2 JULY

1 DECEMBER
2 NOVEMBER

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.
ISA launched the Weekend of Local initiative in July 2021, calling on Oklahomans to shop and support local the third weekend of the month to help boost sales and foot traffic. More info at weekendoflocal.com.

THEIR STORIES

HELEN HAN

ELEVATE PET BOUTIQUE

I've always loved animals ever since I was a child - I even founded an Animal Cruelty Awareness Club in high school! I knew I wanted to make a difference in dogs' and cats' lives, as well as bring joy to the pets and pet parents of our community. I noticed that OKC lacked a specialty pet store to serve all the modern, conscientious pet parents who want to support minority-owned brands and purchase ethically-sourced, high-quality pet foods.

With the overwhelming selection of items at major pet supply stores and online retailers, it can be hard to discern what's actually beneficial versus harmful to our animals. Because integrity is one of Elevate's core values, I commit to never selling anything I would not feed my own pets. Thus, I do extensive research and obsessively read over every label to make sure they are up to my standards. I believe building this trust with my customers keeps them coming back to Elevate.

I absolutely love getting to meet all the local pet parents and their fur babies. I always greet them with a pup cup and take a Polaroid picture of them for our Very Important Pup wall. I also love offering canine nutrition consultations for those who are curious about feeding fresh, healthier options to their pets.

This year, I became a Certified Professional Canine Nutritionist. I am extremely passionate about educating other people about their pets' diets and this training program allowed me to dig deeper into the pet food industry so that I can give credible, research-based diet advice to my customers. Elevate's biggest challenge has been slower foot traffic though and competing with major corporations like Petsmart, Petco, Chewy, and Amazon. Retail is definitely tricky to navigate sometimes - I try my best to keep popular items restocked while bringing in new, highly-requested items even with a limited budget. Keeping up with social media can also be difficult as a one-woman operation, so I'm working on more creative and consistent marketing methods. In addition, I had initially expected the residents in my building to be my most consistent clientele; however, that has surprisingly not been the case. Locationally, my storefront is not very visible because it is tucked away with no signage opportunities and fairly limited parking.

We've been having more consistent online sales lately and we hope to expand our local delivery service for more convenience. This year, we began partnering with local rescues for fundraising events featuring pet photography and raffles, and I am excited to continue hosting more fun events in the future.

Supporting small businesses directly supports the people in your community. Local shops make our city so unique, create our identity, and help us thrive. We small business owners genuinely care about building relationships with our regulars and strive to make a difference in our community!


LIFE IS
better
YOU
BUDDY
BUDDER
instax

Painted Door, Bricktown

OPERATIONS.

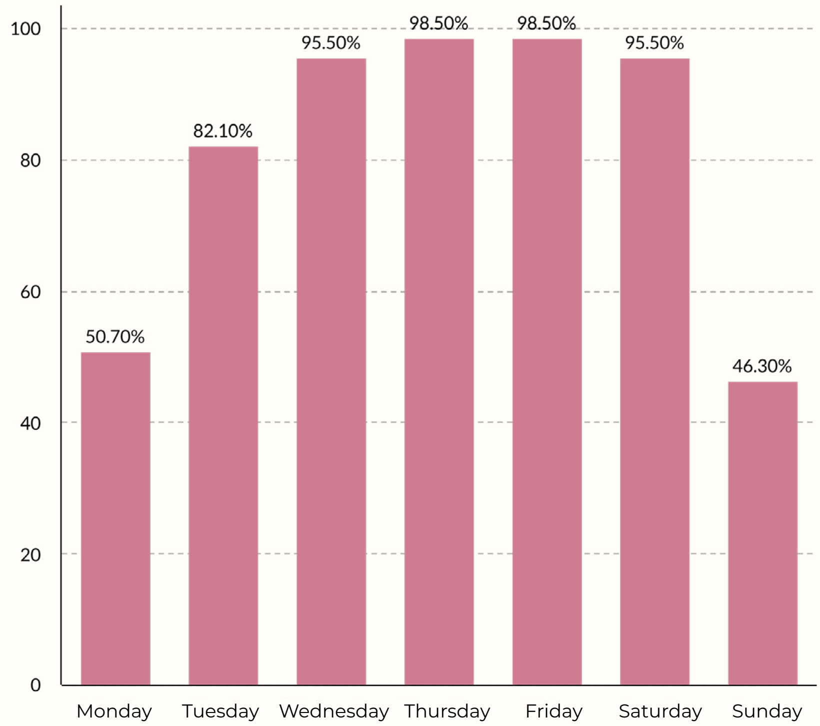
DAYS

On average, respondents are open 5.6 days a week, with a majority of them being open six days a week. Only one out of five shops reported being open seven days a week.

In the metro area, more than one out of two shops are open on Sundays, while only 20% of rural respondents reported the same.

The divide still exists between metro shops located in core business areas as opposed to those further away from downtown. 63.9% of core metro area shops open on Sundays as opposed to 31.3% outside of the core.

Overall, 46.3% of all respondents open for business on Sunday which sees a continued increase since we started the Shop Census in 2020 when only 41% did so.

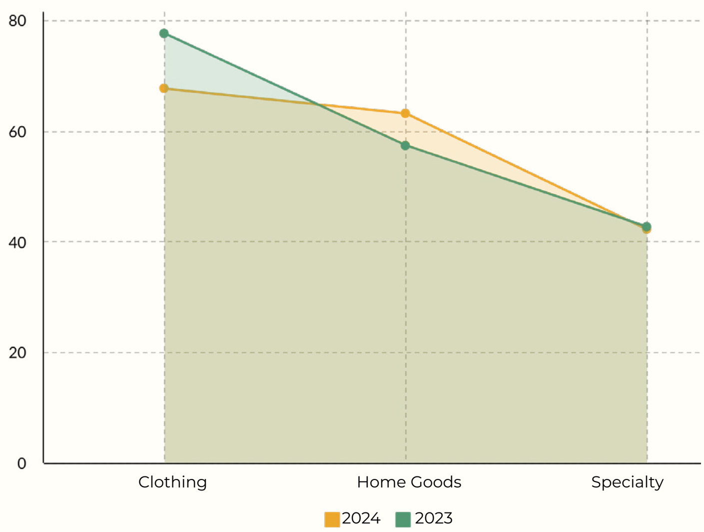


THEIR
PRICE POINT.

PRICE POINT

Despite higher costs across the board, local shops' average price point remained consistent year over year with an average of $34.11 compared to $34.09 in 2023. These numbers don't point to any inflation in our independent retailers' price point even as they struggle to keep healthy profit margins. The average price point in rural areas was even lower at $25.77.

Clothing stores had the highest price point at $37.67, followed by specialty stores at $34.06. Home goods had the lowest price point at $31.80.



Tin Lizzie's at Will Rogers International Airport

TRANSACTIONS

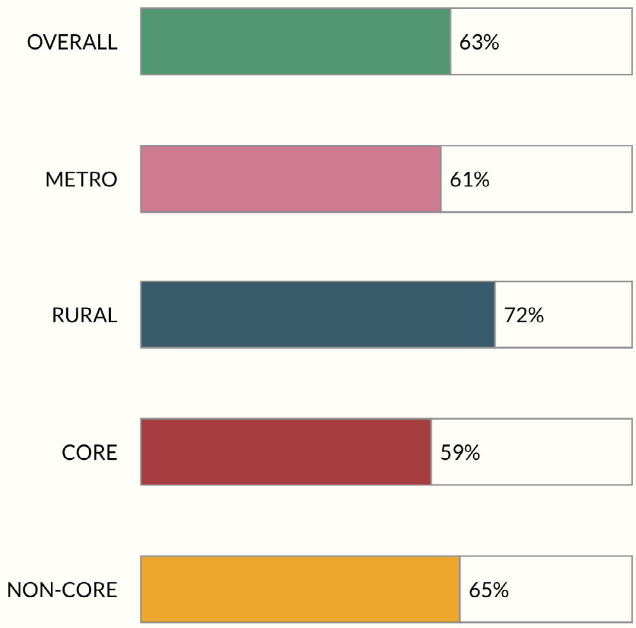
While the average shopper spends $49 during a Target trip, our local shops saw stronger numbers at $54.63 overall. The average transaction was slightly higher in the metro ($55.80) compared to rural shops ($50.23).

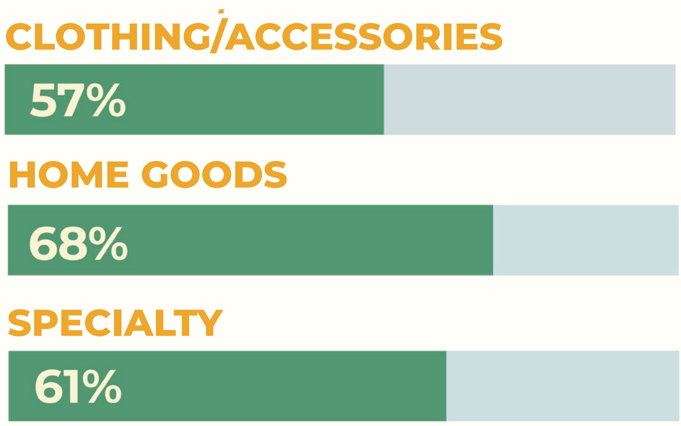
Clothing shops see average transactions of $67.61 while home goods recorded an average $63.13 per transaction. Specialty stores came at a lower average of $42.17.

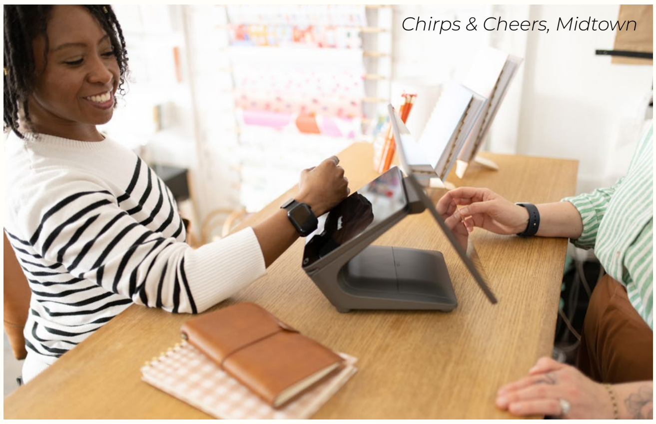
When looking at how many items shoppers pick up in local stores, the average was 2.79, consistent with previous years.

THEIR CONVERSION.

Local retailers' conversion rates continue to be strong, even increasing slightly from last year, with an average conversion of 63%. Considering the average for national retail falls somewhere between 20-40%[3], our independent retailers continue to outpace big box stores in this area. For every five customers walking into a shop, more than three will purchase an item from a local retailer as opposed to one to two at a national chain.






Chirps & Cheers, Midtown

A DEEPER LOOK

While conversion rates had slightly dropped in last year's report, they jumped back up in 2024 matching their previous 2022 level.

Rural shops and those located outside of a metro's core continue to show higher conversion rates (72% and 65% respectively) as customers typically have to drive further to visit them, often with a specific goal in mind. On the other hand, shops located in the metro's core saw a lower, but still very strong, conversion rate of 59% as their higher foot traffic includes more casual browsing.

Clothing shops and specialty stores both saw a 4% jump in their conversion rates. Home goods was the only category to see a slight decrease while still having the highest rate of 68%.

THE
HOLIDAY SEASON.

Annual revenue generated during holidays

THE MOST CRUCIAL TIME OF THE YEAR

We know the holiday season is vital for retail, but just how much of our local shops' annual sales occur between November and December? Respondents reported that 33% of their yearly sales happen during this period. The breakdown across categories was relatively consistent, with specialty stores generating 31% of their annual revenue and clothing stores and home goods seeing 33% of their income generated during these two months.

How does this compare to national trends? It's significantly higher. Nationally, holiday sales account for about 19% of retail sales[4]. This makes local shops much more vulnerable to external factors like street construction and weather, which could negatively impact their holiday revenue.

Out on a Limb, Plaza District

SMALL SHOPS RISING:
THE FALL OF BIG BOX RETAIL

The story of national chains appearing in the 1960s and quickly taking over a majority of the market at the expense of mom-and-pop shops is a tale that reshaped the retail landscape of America. In the span of just a few decades, big box stores and sprawling shopping malls became the dominant destinations for consumers, often at the direct expense of smaller, independent businesses that had once been the lifeblood of local communities. This transformation had profound impacts on local economies, consumer behavior and the culture of shopping itself.

For many consumers in the 1960s and 1970s, the appeal of these national chains was undeniable. This “one-stop shopping” concept quickly gained popularity, drawing customers away from small, specialized shops often deemed obsolete. Even in popular culture, small businesses were always portrayed as hopeless against the domination of the trendier big box stores.

While this representation has lingered, the landscape of retail and consumer mindsets have undeniably shifted. E-commerce may be a very real and substantial threat, especially with the arrival of Shein and Temu, but the allure of national chains has drastically faded in the last decade. Malls and big box retailers across the United States have faced growing financial challenges, leading to a wave of store closures and, in some cases, complete shutdowns. While these stores once symbolized the convenience and affordability of modern retail, many are now closing their doors for good, leaving behind a trail of abandoned storefronts as evidence the heydays of big box stores may be a thing of the past.

Meanwhile, consumer mindsets have undergone a profound shift, especially post-pandemic, with many shoppers reevaluating their priorities and values when it comes to spending. The last five years have forced many to rethink the nature of commerce as consumers are increasingly gravitating toward businesses that offer community, sustainability and unique experiences—qualities that small shops have long excelled in.

This year’s State of Retail once again shows this trend in numbers. Local shops in Oklahoma have higher sales per square foot than many of the department stores and national chains that boomed in the 1990s and 2000s. Beyond that, their year-over-year growth beats giants like Target and Walmart for the second year in a row.

As local shops have come into this new position of strength, national chains are now ironically trying to replicate their model by opening smaller storefronts and even offering curated partnerships with local makers in an effort to rebrand themselves and combat their evident decline in popularity.

Ultimately, the post-pandemic shift in consumer mindset reflects a broader societal change. The rush of consumerism that dominated the pre-pandemic years has given way to a more thoughtful, conscious approach to spending. Consumers are now prioritizing businesses that align with their values, offering authenticity, local connection and sustainability.

This shift in consumer behavior has proven to be a powerful advantage for small businesses, which have long been built on the foundations of community, personalized service and unique, curated offerings. Unlike the faceless, mass-produced items of big-box stores, small businesses have the ability to provide customers with experiences that are authentic and meaningful —qualities that larger corporations often struggle to replicate. Many small businesses are locally-owned-and-operated, which means they are not just vendors; they are integral parts of their community. The bond between small business owners and their customers is not just commercial and transactional, it's personal.

Looking ahead, the future of retail may well belong to businesses that offer meaning and connection rather than just convenience. Consumers, especially new generations, are now equipped with more information than ever before and they are increasingly discerning about how their dollars are spent. They want to know that their purchases support businesses that share their values. This shift in consumer behavior is not a temporary trend, it reflects a deeper, more sustained transformation in how people view their role as consumers in the larger social and economic ecosystem.

In this era of mindful consumption, where people are making more deliberate choices about where and how they spend their money, the businesses that align themselves with purpose and community will be the ones that thrive. Small businesses, with their ability to forge close relationships with their customers and provide personalized, ethical and locally-rooted experiences, are more prepared than ever to meet the needs of a new, conscious generation of shoppers.

The Black Scintilla, Midtown

THEIR
LEASES.

LEASE TERMS

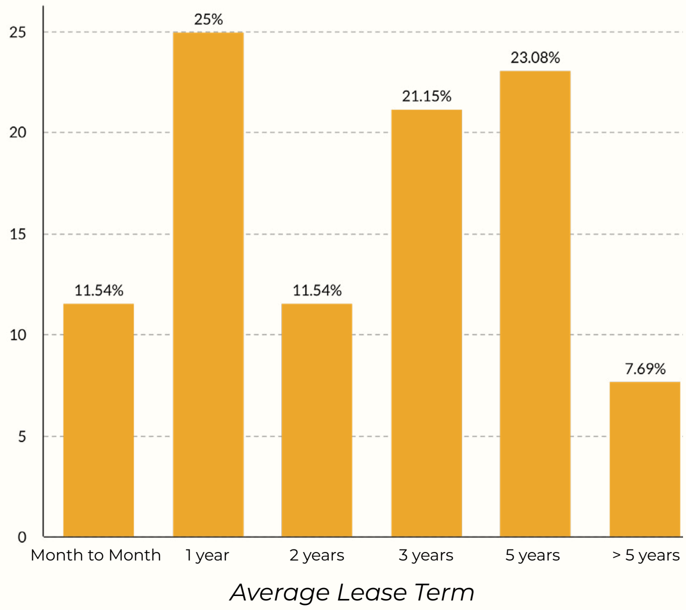
Lease terms for independent retailers in Oklahoma remain below national averages for commercial leases. This year, the average lease term for local shops was just 3 years.

More notably, month-to-month leases nearly doubled from its plateau of 6-7% in the last few years to 11.54% of respondents this year. Of shops with lease terms of one year or less, half had been open less than two years, confirming the jump is largely attributed to new shops.

New businesses continue to favor flexible short-term leases for their first brick-and-mortar experience. Shops that opened 10 or more years ago have an average lease term of 4.4 years as opposed to 2.3 years for shops opened in the last two years.

40% of local shops opened since 2022 opted for one-year lease terms or shorter. Only 16% signed 5-year leases.

3 YEARS **AVERAGE LEASE TERM**



Dog Daze Vintage, Plaza District

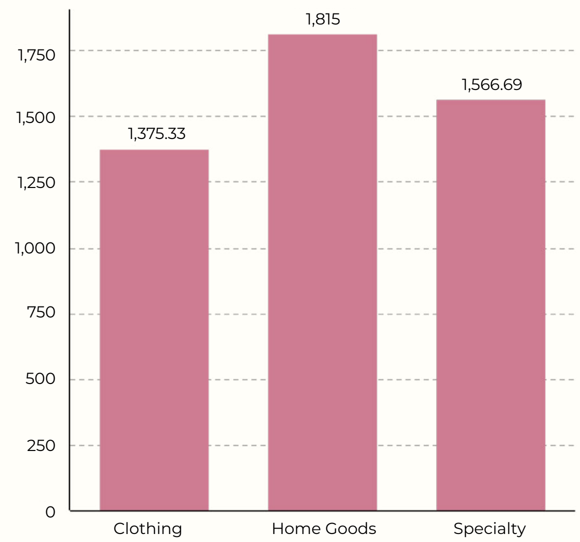
THEIR SIZE.

1,584.8
AVERAGE SQ FT

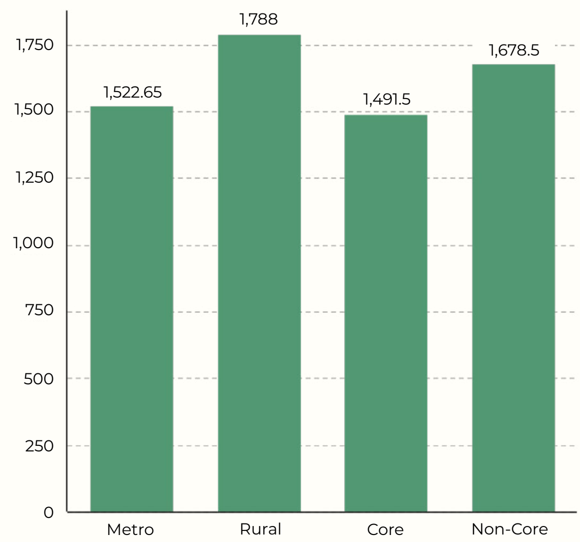
DOWNWARD TREND CONTINUES

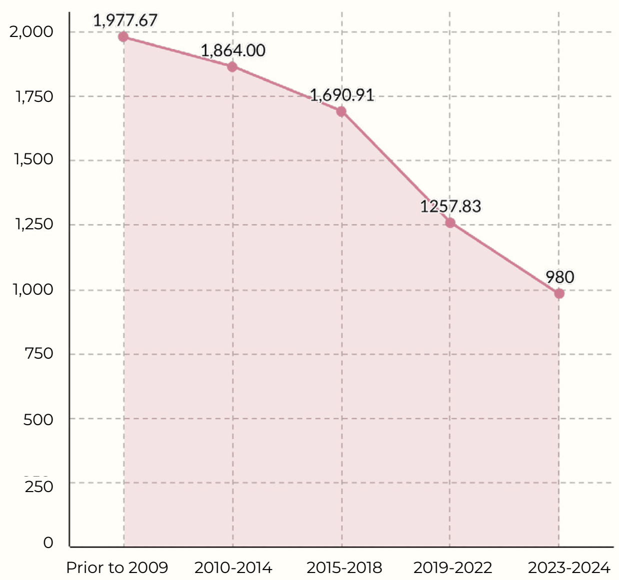
The shrinking of retail spaces is another pattern we noticed in our 2021 study. Three years later, the downward trend continues. The average square footage of our independent retailers this year was 1,584 square feet compared to 1,630 last year. Clothings stores saw the biggest shrinkage with their new average at only 1,375 square feet. Metro's core districts continue to see retailers in the smallest storefronts with an average of 1,491 square feet. However, shops outside of the core are also seeing a shrinking trend with an average space of 1,678 square feet as opposed to 1,980 square feet last year. Rural shops continue to have the largest spaces.

BY CATEGORY



BY LOCATION





WHY MICRO SPACES?

For a long time, larger spaces were synonymous with growth. However, smaller storefronts are becoming increasingly attractive due to higher sales per square foot and lower overhead. This year's census revealed that stores under 1,000 square feet achieve impressive average sales of $412 per square foot, more than double the $200 per square foot seen in larger spaces. Although independent stores have led the charge on this trend, large national chains are now catching on and opening micro shops of their own.

PLENTY Mercantile, First National

RENT COST.

Average monthly rent:

$2,136

- Average monthly rent in cities smaller than 300,000 residents is $1,425.20.

Median monthly rent:

$1,775

- Average monthly rent in cities larger than 300,000 residents is $2,298.23.

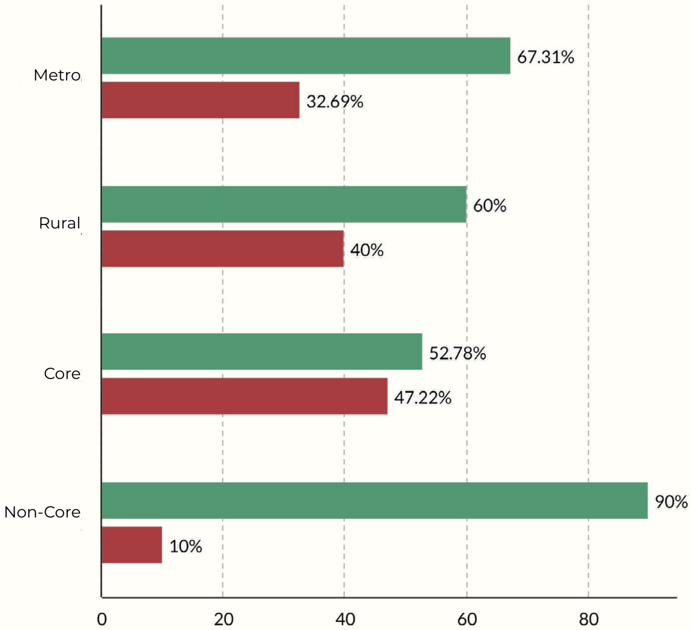
$20.32

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

$13.75

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

STREETS & PARKING.



Parking satisfaction

PARKING

Parking satisfaction amongst shop owners went down in the past year with 34.3% of respondents reporting being unsatisfied (as opposed to 27% last year).

As expected, shops located in core business districts were the least satisfied with only 52.78% feeling they have adequate parking for their customers. This was a 15% decrease from last year for this demographic.

STREET CLOSURES

Although most shop owners agree street construction is necessary for infrastructure improvements, it is important to note that small retailers see an average 29.2% drop in sales during street closures. When considering these businesses see a third of their income and foot traffic during the holiday season, it is important for municipalities to avoid closures during such a crucial time of year to limit this impact. The Independent Shopkeepers Association has previously helped the City of OKC implement a holiday construction moratorium for business districts. 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.

THEIR STORIES

STEVE "ECHO" GOOCH
THE FLOATING BOOKSHOP

WHEN THE SCHOOL WHERE I HAD BEEN TEACHING PRE-K CLOSED DOWN AFTER COVID, I TOOK OVER RUNNING THE BOOKSTORE I HAD BEEN WORKING AT PART-TIME.

After a couple years there, I decided it was time to try my own store.

I've been inspired by the magical and unique bookshops, comic stores and other retailers that functioned as third places in cities I've been lucky enough to live or spend time in, like Wacko, Secret Headquarters, and Skylight Books in L.A.; Quimby's in Chicago; Wonder Fair in Lawrence, KS; and Printed Matter in NYC. I hope The Floating Bookshop keeps growing into one of those magical third spaces that is as much a community hub as it is a retail space.

We're 14 months old, so the biggest challenge has been building - from literally putting together our fixtures through buying our opening inventory, to creating a community around the store. We're currently located in an area of downtown OKC that hasn't really had any retail presence in decades, so getting people to think of the area as a place to go has been really important. I feel like we've pretty successfully managed to get on people's radar, and the support has been wonderful.

My favorite part of owning a local bookstore is the conversations I have and the relationships I've been able to build with customers. At this point, even though we're a new shop, thanks to my time running another local bookstore, I have people that have been buying books from me for five years. This means that for the younger set, I've sold their parents board books to read to them as babies and now get to help them pick out their very own early reader titles.

Being in downtown means that I've also had tons of great conversations with people visiting OKC for work or pleasure. It's a gift, because talking to visitors daily allows me to glimpse the city through a myriad of perspectives, and helps me remember what an incredibly dynamic time it is for Oklahoma City.

Based on the conversations I have daily with people visiting OKC for the first time, I expect a continued growth in tourism and business visits to the metro area. I also expect that the city and the suburbs will continue to grow at a remarkable pace as those visits continue to show people that there's a whole lot more to Oklahoma City than they may have expected. If our developers and regional governments focus on human-scale, walkable and unique communities, I think the next year and beyond will continue to be a time of excellent retail growth.

I firmly believe that doing absolutely everything possible to encourage smart development and policies that increase access to and reflect the diverse and inclusive community that is OKC will do the most to help local businesses succeed. OKC has been playing catch-up in creating human-scale infrastructure for decades, but the focus on expanding public transportation with the rollout of the Embark Rapid bus service, the streetcar and building hundreds of miles of bike lanes and sidewalks, means that if these policies continue, we'll soon get ahead of the curve.

In general, I think by far the most important thing to increase foot traffic is to get people out of their cars. A diverse set of businesses that are walkable to each other and to housing are the key to foot traffic. Policies and development that prioritize people over cars is the key to a vibrant community, for retail and beyond.

The OKC metro is a massive area and this increased ease-of-access combined with the recent and ongoing projects that infill and increase density and community spaces, like the Wheeler District, OAK, The Half and more, will multiply local shoppers, rather

> *Without local shops the world would be a sad, homogenous place, without room for much creation or discovery.*

than dilute them. Hopefully OKC's massive success with such projects will soon be reflected at the regional and state level with commuter rail from Guthrie to Norman and Amtrak service to Wichita and beyond (and, fingers crossed, someday a train to Tulsa!).

The pricing pressure is the one we feel the most though. Online and national retailers will never be able to replicate our ability to give customers personal recommendations and host events.

Competition with that giant online store named after a river in South America is an existential threat to all local businesses but because of their history, booksellers are acutely aware of their monopolistic and anti-competitive practices. The fact that there are times that I see a book for sale on their site for less than I can purchase it wholesale –direct from the publisher – can be incredibly disheartening. Thankfully, a lot of the book-buying community realizes what essential community hub bookstores are and makes a conscious effort to buy local.

So (hopefully) most people already realize how much more money from small, local businesses stays in the local economy versus chains and online, that we pay our fair share of local taxes and that we create quality jobs that more frequently lead to the growth of new businesses. For me personally, the biggest reason why local shops matter is that they are a massive component of the character of a community– they both reflect and help shape the creative culture of their place.

OKC wouldn't be OKC if it were just filled with big box retailers and chains, just like Tulsa wouldn't be Tulsa, Denver wouldn't be Denver, L.A. wouldn't be L.A., Tokyo wouldn't be Tokyo, etc. Without local shops the world would be a sad, homogenous place, without room for much creation or discovery.

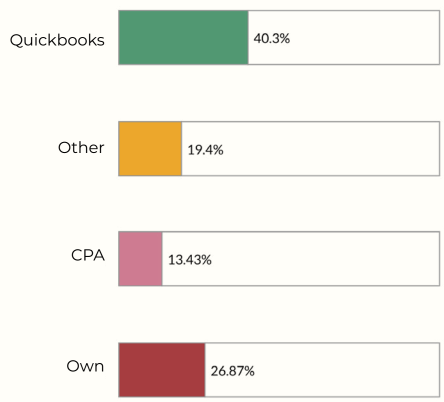
SOFTWARE AND SERVICES.

In today's fast-changing retail environment, local retailers are encountering both significant challenges and new opportunities. To stay competitive and adapt to shifting market trends, they are increasingly turning to software solutions that streamline operations, improve customer experiences and can enhance overall profitability.

ACCOUNTING

Diversifying

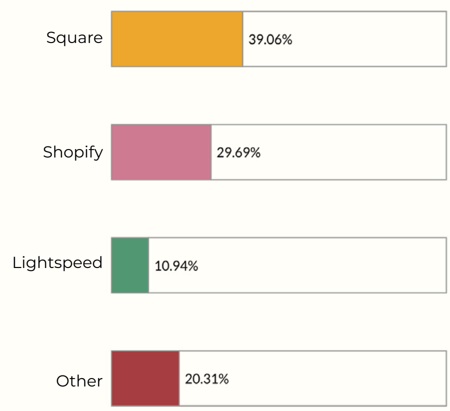
More shops seem to be looking for cheaper options this year as the amount of owners using their own system jumped by 6.5%.



POINT OF SALE

Less Lightspeed users

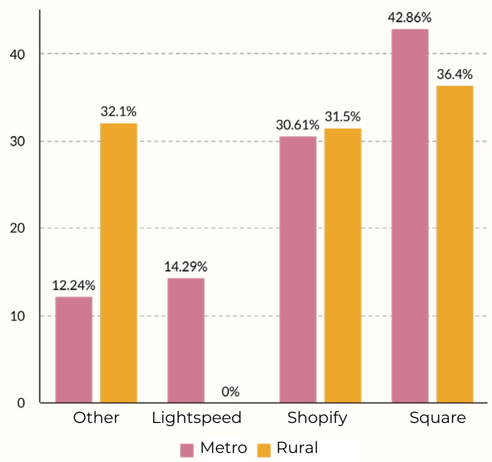
The percentage of shops using Lightspeed decreased once again with only 10.9% of shops using the platform as opposed to 15.5% last year. Square and Shopify have become the clear favorites, especially for newer shops.



METRO VS RURAL

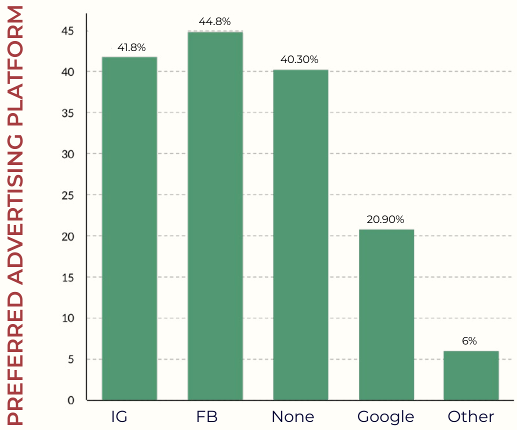
Breakdown

While Square and Shopify take up more than two-thirds of the market for shop owners in both metro and rural areas, a third of rural shops use smaller companies for their POS as they search for better customer service.



ADVERTISING.

As inflation drives up expenses, local shops are increasingly cutting back on advertising, with more than half no longer allocating any budget for it. Those who do continue to invest in advertising have raised their budgets in an effort to achieve better outcomes, as frustration with social media ads and their declining results grows.



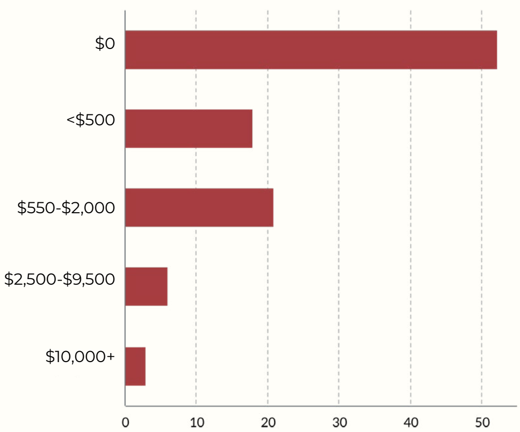
SOCIAL ADS

The number of shops stepping away from paid advertising increased by 8% over the past year. The use of Instagram for paid ads saw a notable decline, as many shopkeepers voiced frustration with the platform's performance and lack of results. This shift reflects a broader trend of retailers re-evaluating their advertising strategies, seeking more effective ways to reach their audience.

BUDGET

More than half of respondents (52.2%) reported not spending any money on advertising this year, marking a 13% increase from last year, which itself had already seen a 6% rise compared to 2022. This steady decline in advertising investment highlights the growing trend of local retailers opting to forgo paid ads as they face mounting costs.

For those who continue to allocate funds for advertising, the average annual budget is $3,081, a slight increase over the previous year. However, many shop owners feel that social media ads, particularly on platforms like Instagram and Facebook, are becoming less effective unless they are able to significantly increase their spending. This has led to frustration, as smaller shops struggle to compete with larger businesses that can afford higher ad budgets, prompting some to explore alternative marketing strategies.



E-COMMERCE.

The online presence of small shops has remained consistent over the past three years and the challenges they face are largely unchanged. Many small businesses lack the time or staff to adequately invest in their websites, resulting in lower online revenue. However, for those who can commit the necessary resources to e-commerce, the rewards can be significant.

13.2 HOURS

On average, shop owners reported spending 13.2 hours per week working on their website. This is up 57% since last year when the average was 8.4 hours weekly.

72.13%

Have an online shop. 74% of those in the metro have e-commerce compared to 63.6% in rural areas.

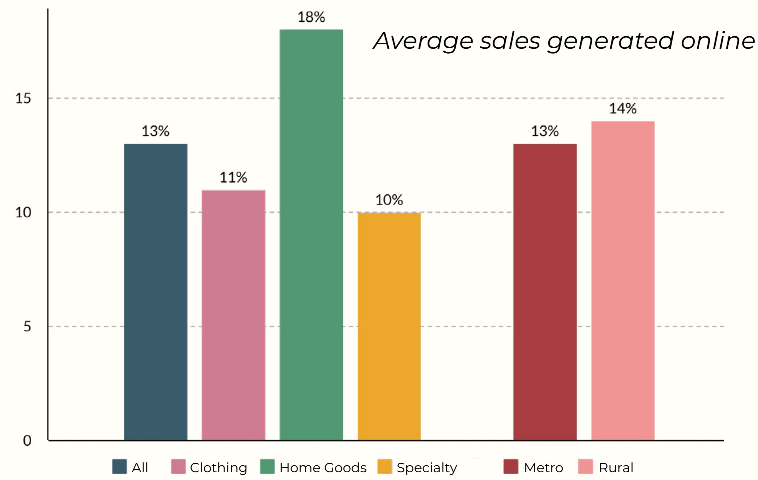
13%

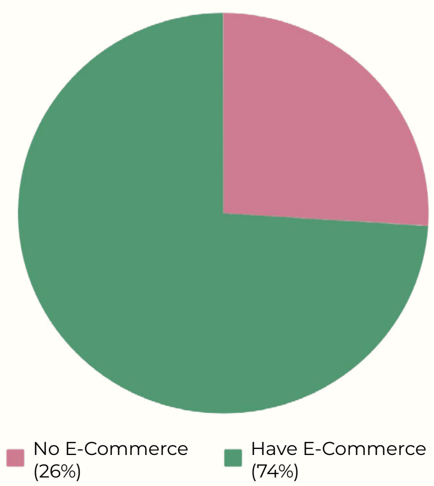
Average total revenue made online, this remains unchanged from 2023.

The presence of local shops online boomed in 2020 and 2021 as a result of the pandemic. Since then, the share of businesses without e-commerce has remained virtually the same, even slightly increasing in 2024. This uptick is partly attributed to newer shops that have yet to establish their websites.

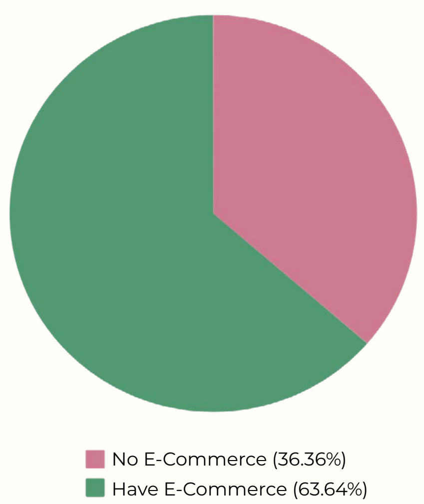
Clothing stores remain the most present online with 83.33% having e-commerce platforms. Home goods stores are more split with only 62.5% being online. The discrepancy between metro and rural shops remains: only 63.64% of respondents in rural areas reported having and maintaining an e-commerce platform in 2024 as opposed to 74% in the metro.

Overall, shops with e-commerce platform saw an average 13% of their sales take place online. Those who spent 20 or more hours a week maintaining their site were able to generate a lot more with an average of 21% of their total sales coming from online.





METRO



RURAL

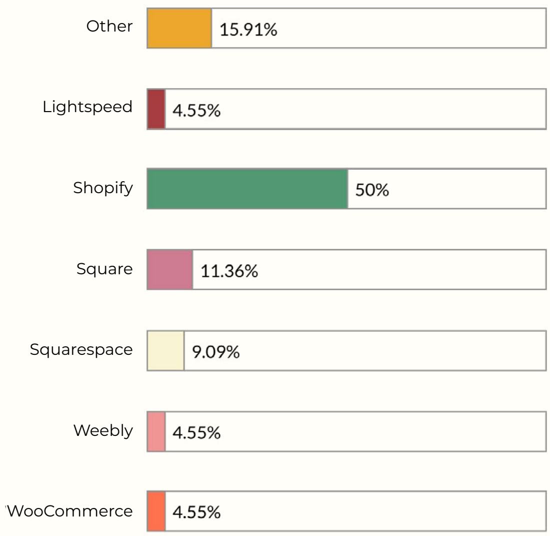
Out on a Limb, Plaza District

E-COMMERCE PLATFORM

While Shopify had experienced steady growth in recent years, the percentage of local shops in Oklahoma using the platform surged to 50% in 2024, as more businesses shifted away from other platforms.

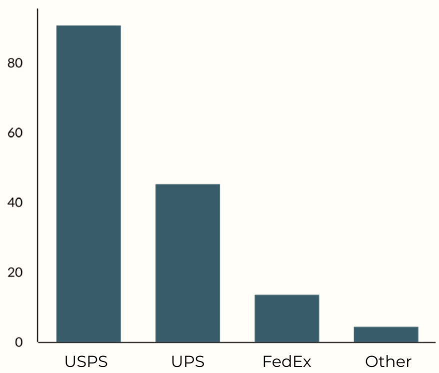
Shopify users tend to achieve higher sales, with an average of 15% of their total sales made online, compared to 10% for businesses on other platforms.

Square also saw a modest increase, ranking second with 11.36% of shops using it for their e-commerce needs.



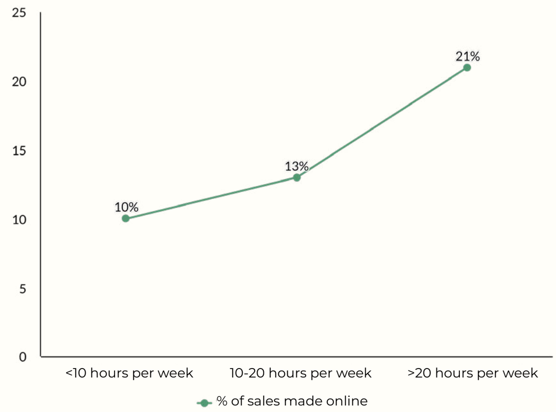
SHIPPING

Rising shipping costs remain the biggest frustration for shopkeepers when it comes to e-commerce. Over 90% of them now use USPS for shipping needs, moving away from UPS and FedEx.



TIME

On average, shops dedicate 13.2 hours per week to managing their online platform. Those who were able to invest more than 20 hours a week saw a significant boost in their online sales.



THEIR STORIES

PAIGE BEAL
TULIPS HOME & GIFTS

RETAIL HAS BEEN IN MY FAMILY FOR DECADES and I truly fell in love with it while working at my mother's, Susan Potts, store "Occasions" in high school and college. Being a business owner has always been a dream of mine and when the opportunity to purchase Tulips on Campus Corner in Norman, my hometown, became available, I jumped at the opportunity.

I love everything about Tulips. From the customers to buying the inventory and being a mentor to my college employees, there is just so much to love about being a small business owner. Being a business owner you wear so many hats.

The biggest struggle for me is making sure I'm being a present mother to both my child and my store. I have so much love and passion for both aspects of my life but I can't always give my all to both. So balancing which hat I'm wearing can be a struggle.

The good news is our foot traffic has been higher than ever this year. I think the hype and excitement around OU joining the SEC has had a big impact on that. I love that we are in a walkable space and are gaining new customers from all over the country.

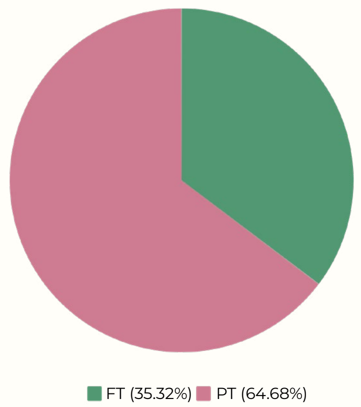
There are definitely certain brands we carry though that unfortunately are now more accessible on wider known platforms that have affected our sales for those products. However the fun part about retail is you adapt and find new things that aren't through those platforms. You'll never be able to compete with the personal touch that is small business. Going into shops like ours and the employees helping you put together gifts will always be a unique experience that an online platform just can't give you.

In my opinion small businesses and local shops are the heartbeat of a city. They are what make each city unique. When I travel, my favorite thing to do is to go find a local shop or two. I believe that those shops are what show the true character of the city and that is what I hope people feel when they come to Tulips.


570
SHOP LOCAL
Tulips

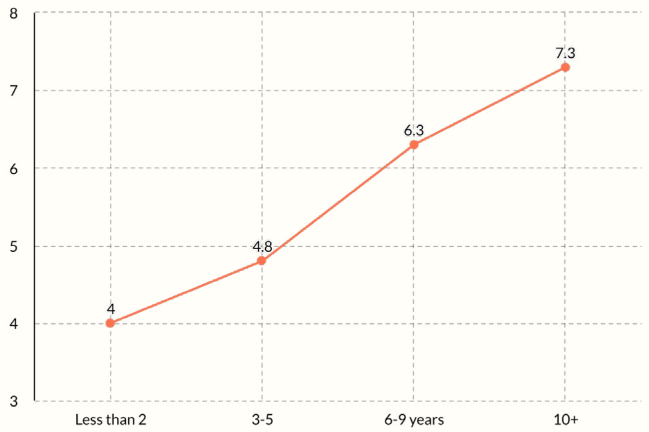
EMPLOYEES.

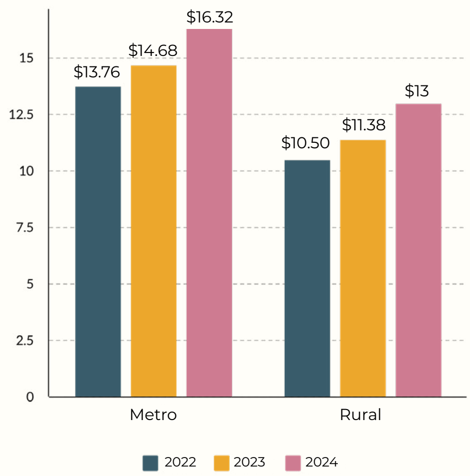
A third of local shops do not have employees and manage all tasks themselves. For those with employees, the average staff size is 5.85. While finding employees remains a challenge, shops saw healthy growth in their staff size in 2024 after a slowdown in 2023. Wages for local shop employees continue to rise with a new average hourly pay of $15.85, a 10.67% increase from last year. In the metro specifically, employees made an average of $16.32 per hour (11.12% growth from 2023).



Average staff size since 2022

Staff size by age





WAGES

Wages for local retail employees have continued to grow in the past year. On average, hourly wages have grown an impressive 18% since 2022. On average, local shop employees earn $15.85 per hour meaning local shops are already paying above the new minimum wage proposed in SQ 832. Managers are paid an average $20.20 per hour, a 5.58% growth from last year. Overall, local retailers provide higher hourly wages than most national chains in Oklahoma, where the average retail sales associate pay is $12.79. per hour[5].

Brass Tacks Provisions, Western Avenue

STAFF SIZE

While one out of three respondents don't have any employees, those who do have an average staff size of 5.85 employees. A majority of shops without employees have been open less than two years.

Clothing stores continue to have the largest staff with an average of 6.15 employees. Shops that have been open more than 10 years have the largest average staff size of 7.3. The average tenure of local shop employees is 4.51 years.

STAFF GROWTH

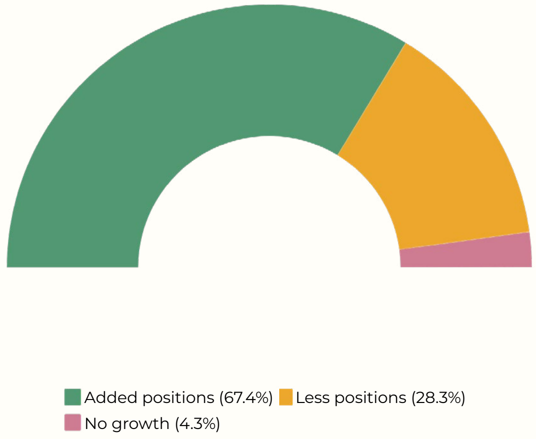
In last year's Census, only 40% of respondents expected to grow their staff in 2024. Yet, 67.4% of shops ended up adding one or more positions. Only 4.3% decreased their staff size while 28.3% kept the same number of employees.

On average, local shops created 1.3 new positions in the last year. Specialty stores experienced the largest growth with an average of 1.7 positions added.

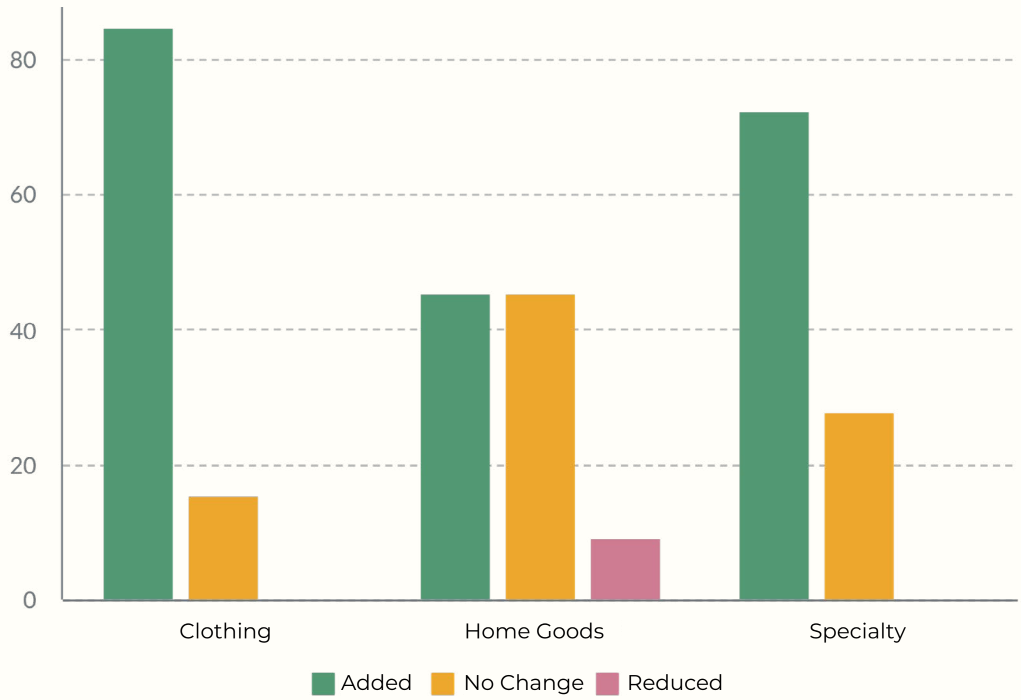
Clothing stores saw strong growth as well with 84.6% of them adding employees in the last year. On average, they created 1.2 new positions

Home goods had the slowest growth with an average 0.8 new position. They also saw the highest rate of shops decreasing staff size (9% of these respondents had less employees than last year).

In rural Oklahoma, all respondents increased their staff size with 11% of respondents creating more than three new positions.



Average Staff Growth



FUTURE STAFF GROWTH

While shops had a more conservative outlook in 2023, they seem more optimistic about staff growth in this year's census. 48% of them expect to add new positions in the next year as opposed to 40% last year. None of them expect to cut positions in the next year.

Shops have continued raising wages to stay competitive in the hiring market. However, as small businesses, the cost of offering benefits—particularly healthcare—remains a major obstacle. Many shop owners view healthcare as their biggest challenge in the marketplace.

Paid vacation and sick leave remain the most popular benefits offered by shops with 91.7% of shops who provide benefits offering these two options. Two out of three shops providing benefits offered healthcare. Many respondents expressed a desire to offer health insurance but just could not afford the cost.

When discussing hiring challenges, shop owners mentioned difficulty finding candidates. When asked about retaining employees, the lack of benefits was their second biggest challenge. In general most of their employees leave when they graduate college or outgrow their position. Still, local shop employees have a healthy average tenure of 4.51 years.

BENEFITS

1 **PAID VACATION**

91.7% of shops providing benefits offer paid vacation.

2 **PAID SICK LEAVE**

91.7% of shops providing benefits offer paid sick leave.

3 **HEALTHCARE**

66.7% of shops providing benefits offer health insurance.

4 **RETIREMENT**

25% of shops providing benefits offer retirement benefits.

THEIR STORIES

AUDREY & JUSTIN FALK

SHOP GOOD

WE WERE CUSTOMERS OF LOCAL SHOPS BEFORE WE HAD EVER HAD THE INKLING TO OPEN ONE OURSELVES.

We slowly got to know the owners of some of our favorite shops, visit by visit, and once we'd decided to try to open our own, they were all kind enough to answer our questions over coffee and dinner. We could never have found the courage to start Shop Good without their advice, insight and encouragement. It was such an advantage we had from the very beginning to have peers let us benefit from their experiences and who were transparent in sharing numbers with us as a benchmark for our own success.

While the customers will always be our favorite part of what we do, maybe the most unexpected benefit of opening Shop Good has been the many opportunities to be more civically engaged and connected to others who care deeply about the advancement of Oklahoma City on the whole.

We've had the chance to speak at City Council meetings as a representative of local businesses, on Chamber of Commerce panels to a room full of investors and developers, with the Mayor about MAPS and the Lieutenant Governor about how COVID-19 recovery was coming along. It's a gift to be able to be an active part of the renaissance of Oklahoma City in the last 15 years and even more so to be recognized for our dedication to helping make that happen.

Our biggest challenge is creating space to work on our business, instead of just in it. It's been a shift for us as the business has grown to need to spend more time planning, budgeting, managing employees and checking the business's pulse financially.

What comes most naturally to us is chatting with customers, making sales, arranging displays and doing all the day-to-day tasks of creating a memorable shopping experience.

But now that we're 15 years in, with 10 employees, those things are no longer our most valuable contribution - training our team to do them excellently while we manage the bigger picture is. Now that the business has grown to this point, it really feels like a completely different job than what we signed on for in the beginning.

We've felt a big shift in consumer confidence this year in particular, which is really unsettling and makes business decision-making very tricky. It feels like we're having to work harder to earn every dollar, as our customers are feeling unsure about the economic future and feeling the pocketbook pinch of inflation.

Local businesses don't have the cash reserves to survive long periods of uncertainty or steadily declining sales - so our challenge has been trying to keep growing when a holding pattern feels safer. It really has felt like a year of holding our breath while we wait to see if the holiday spirit will be able to soothe some of the collective nervousness.

Debt is an everyday part of operating a small business, but it's become much more expensive to carry the burden of it as interest rates are sky high. While there are federal loans available, they are hard to get, and the process takes an incredibly long time.

Local governments would really be standing in the gap to open up additional opportunities for businesses to inject cash into their operations through competitive grants or low-interest loans, to consolidate debt at a lower interest rate or offer more access to affordable business mentorship and financial advising.

> *"Local businesses tell the story of a place, keeping its history alive, while bringing its values into each new day.*

In addition to our traditional retail sales, we've been working the last few years to create other revenue streams. We design and create our own goods to sell directly to other shops and we also design and create custom goods for clients to their specifications.

This year was really a year of incredible growth, both in new wholesale accounts and amazing custom jobs for incredible clients. It's exciting to see that the local shops we stock are thriving and to get to lend our expertise in screenprinting and product creation to meaningful projects and organizations.

While we're cautiously optimistic about economic forecasts, we are expecting that it will remain vitally important for local retailers to stay adaptable, to stay nimble and to keep finding new ways to create memorable experiences for consumers.

As finding ways to connect with others, to be present in the moment and to find joy in life's small pleasures become more and more valuable in an online-centered world, we still expect local retail to surprise and delight customers by providing all of those things.

In the last few years, our shared human experiences have shown us the importance of strong communities. Local businesses tell the story of a place, keeping its history alive, while bringing its values into each new day.

When you walk down one of America's many Main Streets, you'll see window fronts that are well-kept and worth pausing at for a second glance, sidewalks that are beautified by spaces for greenery or conversation, shopkeepers who are happy to help you choose a gift or offer directions to the perfect lunch spot.

Local shops attract out-of-town visitors with an experience that's original and memorable and they offer locals a chance to turn errand-running into a way to care for others and for themselves.

SALES
PER SQ. FT.

$246.35/sq ft
Overall Average

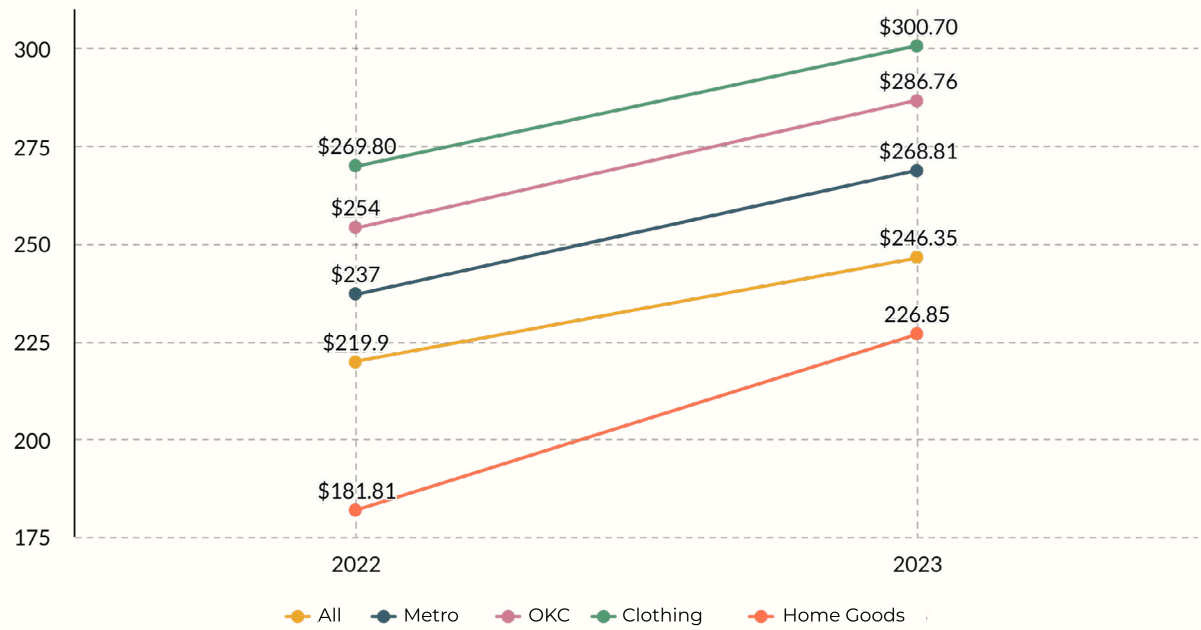
$286.76/sq ft
Oklahoma City

Independent retailers may be considered small shops but their collective economic impact is much larger than most realize. To put it in numbers, our respondents' average sales per square foot in 2023 increased to $246.35.

For Oklahoma City specifically, the number is much higher at $286.76 per square foot, 36.6% higher than Macy's $210 per square foot, 40% higher than Kohl's $202 per square foot and double Dillard's $143 per square foot[6].

The most notable increases were found in the metro area with a growth of 13%. Clothing stores saw a healthy increase of 11.5% as well, rising from $269.8 per square foot in 2022 to $300.7 in 2023 - marking the first year a subcategory of local shops has reached Target's $300 per square foot.

This data underscores a key strength of local retailers: their ability to optimize smaller spaces to generate more sales, proving their agility and resourcefulness in a competitive market.

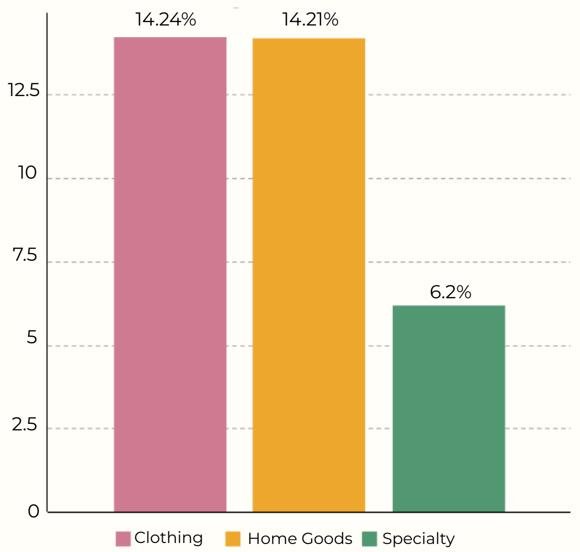


2022 vs 2023 Sales per Square Foot

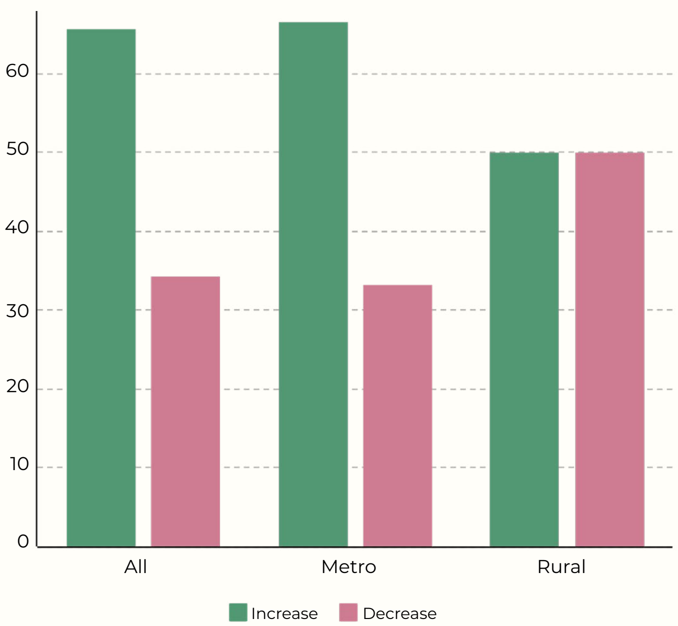
Umber, Tulsa

A BREAKDOWN OF 2023 SALES.

Before evaluating where shops are today, we took a deeper dive into their 2023 data. The previous year, local shops in Oklahoma had seen a healthy growth in sales of 9.86%. The trend continued in 2023 with a slightly higher increase. On average local shops sales were 10.2% higher in 2023 than in 2022. This growth was much higher than the national average as the National Retail Federation found retail sales in the US only grew by 3.6% in 2023. As we've seen in the past, not everyone experienced growth. 34.29% of shops saw a decrease from 2022 to 2023 which was an improvement from the previous year when 42% of shops had lower year-over-year sales. For those who experienced a decrease in sales, the average decrease was -12%. For those who experienced growth, their average increase in sales was 21%.



Average 2023 Sales Growth



Addis Ceramics, Tulsa

WHO EXPERIENCED GROWTH?

Metro shops performed better in 2023 with 66.67% of them seeing a sales increase from 2022 as opposed to 50% of those in rural areas.

Clothing shops and home goods saw the highest growth with their sales increasing by 14.2%. This was an even larger increase than the previous year when they experienced a 10% growth in sales from 2021 to 2022.

Specialty stores on the other hand are seeing a slower growth at 6.2%.

HOW DO OUR LOCAL SHOPS COMPARE TO NATIONAL RETAIL?

While our local shops' struggles and challenges are crucial to highlight and understand, it is also important to recognize their victories. Once again, our independent retailers saw much higher sales growth in 2023 than most of their peers and competitors.

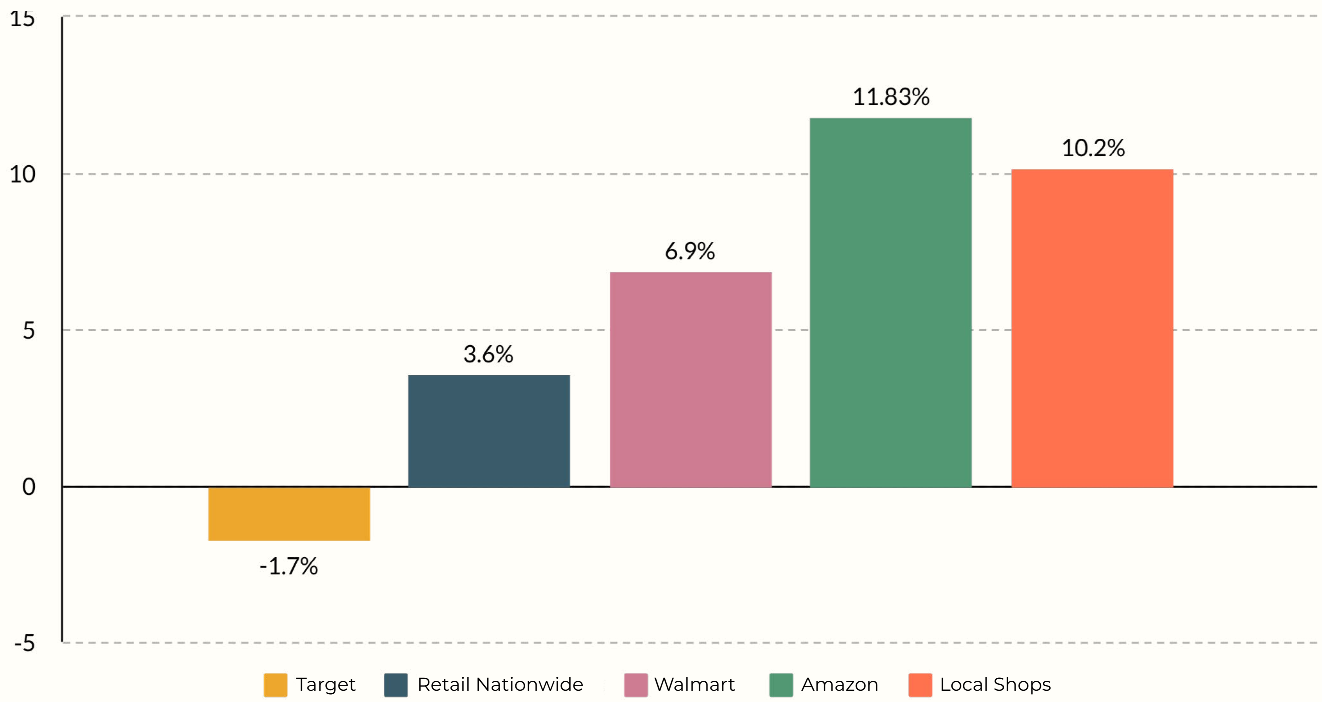
According to the National Retail Federation, retail sales in the U.S. grew by 3.6% from 2022 to 2023[8]. That's close to three times less than our independent shops. Two other retail giants also came in much lower.

Target's sales growth took a toll in 2023 with a 1.7% decrease from the previous year[9]. While Walmart performed better than national averages, its 6.9% growth[10] was still lower than our local shops.

When looking at clothing specifically, these local shops saw a 14.2% increase in 2023. Meanwhile, Zara's sales grew by 10.4%[11], H&M grew by 6%[12], Nordstrom's by 5.8%[13] and Old Navy's by 5%[14].

Amazon's growth in 2023 was slightly higher but very comparable to Oklahoma's independent shops with sales going up by 11.8%[15].

This leaves us with one major competitor, especially to independent clothing stores, Chinese fast fashion retailer SheIn[16]. The online giant's sales grew by 40% in 2023, proving once again to be small shops' biggest threat when trying to attract and retain customers.



GROWTH DISPARITIES:
THE UNEVEN ROAD TO SUCCESS

While trends and data points can vary year-over-year, one thing remains consistent. The growth these local shops are showing in numbers and on paper is uneven and nuanced. As has always been the case, not every single business, small or large, will see their profits grow every year. Even if the overall numbers show impressive growth for local shops, it isn't the case for all. The retail landscape is complex, with some businesses thriving while others face struggles.

Approximately 29% of respondents have seen a decrease of sales year-over-year in the first half of 2024. In last year's report, 34.3% of them were experiencing lower year-to-year sales. Back in 2022, it was 29%, indicating a fairly consistent rate of decline. While the growth rate is uneven between respondents, the share of those growing compared to those with shrinking sales remains consistent and in line with national standards. According to a 2023 survey conducted by the National Federation of Independent Businesses, 50% of small business owners reported year-over-year growth last year, with the other half experiencing deficits or no growth[7].

This division paints a clear picture of the varied economic realities faced by small businesses, highlighting the uneven playing field in the independent retail sector. Local shops often operate in an environment where geographic location, product offering and external factors like consumer trends, weather events and broader economic conditions play a significant role in determining whether a business flourishes or struggles. For instance, a small boutique in a downtown area might benefit from high foot traffic while one in a suburban strip mall may struggle due to lack of visibility or competing with nearby larger retailers.

Street construction, neighboring business closures or even changes in local demographics can dramatically impact a small business's ability to draw in customers. Moreover, the thin margins under which many local shops operate mean that even a small dip in foot traffic or sales can make a significant difference in whether a shop has a year of growth or decline. Unlike larger retailers, small businesses typically lack the buffer of vast reserves or access to large-scale financing, making them more vulnerable to external pressures.

The uneven growth and challenges faced by small businesses reflect broader systemic issues that require attention from both lawmakers and consumers. Local retailers, despite their vital role in supporting the community, are too dependent on external factors that can tip the balance between success and struggle. The disparity in businesses growing and declining underscores the need for a more robust support system for these critical economic players.

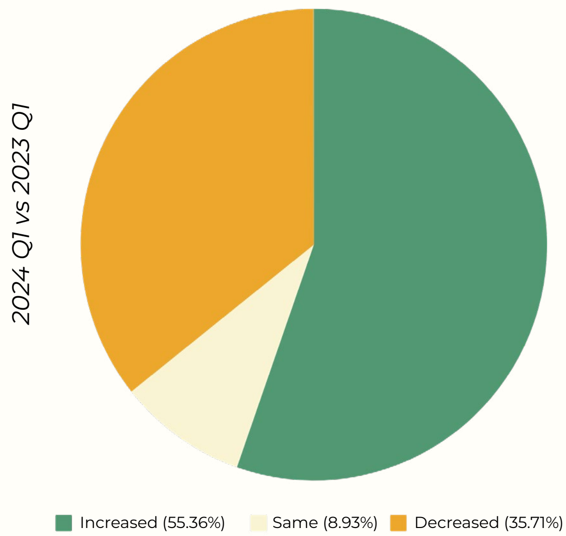
Parcel Goods + Gifts, Edmond

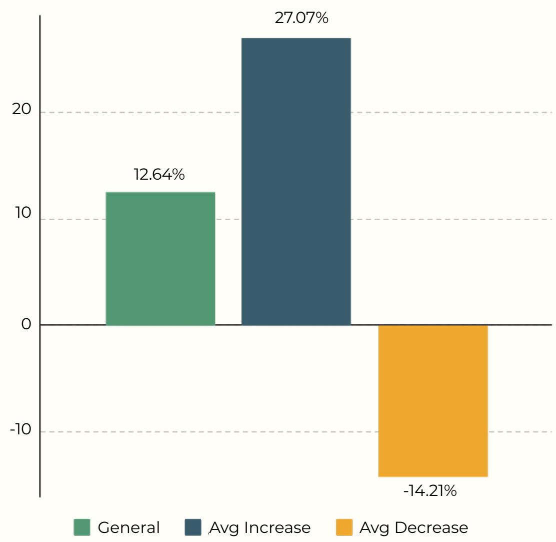
2024 FIRST QUARTER.

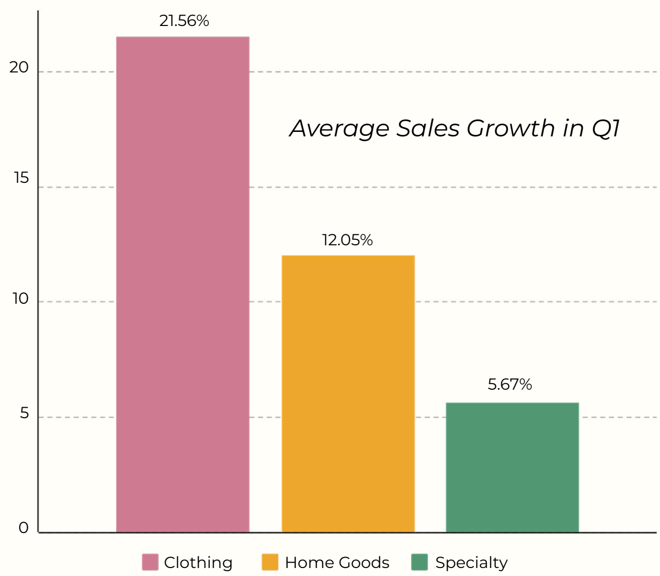
We asked shops to compare their first quarter sales (January-March) in 2023 to the previous year. Of those surveyed, 55.36% reported an increase in sales, while 35.71% saw a decline and 8.93% experienced no change.

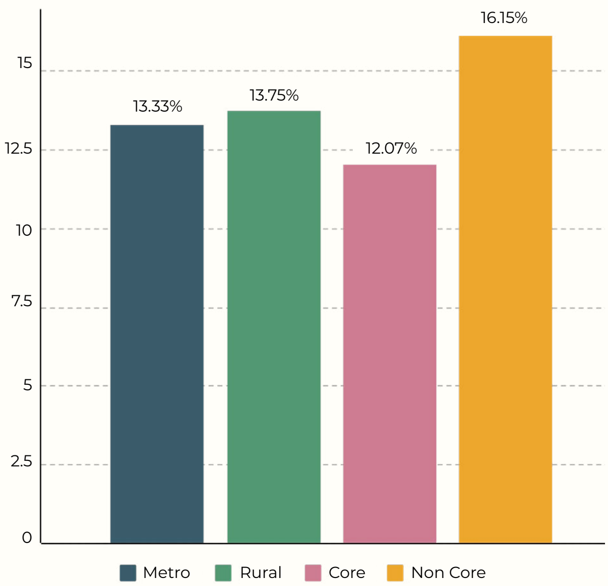
Overall, shops reported a 12.64% year-over-year growth for the first quarter, consistent with their 2023 growth compared to 2022. Clothing stores led the way with an impressive 21.56% average increase, while home goods and specialty stores saw more modest gains of 12.05% and 5.67%, respectively.

Interestingly, shops in metro areas outside of the core performed the best during Q1, with an average growth of 16.15% compared to 2023, a shift from previous years.





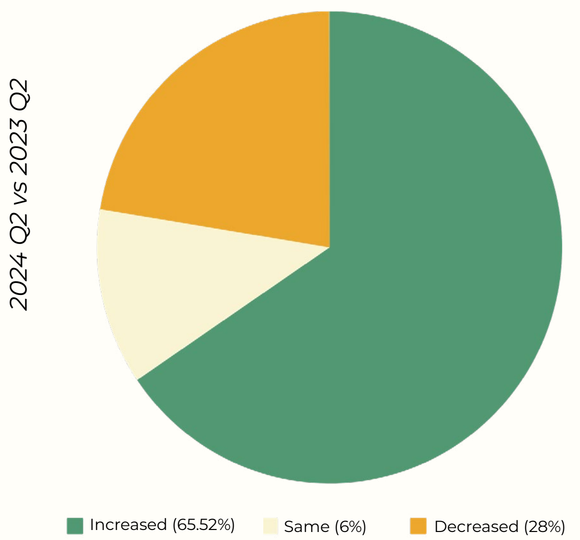


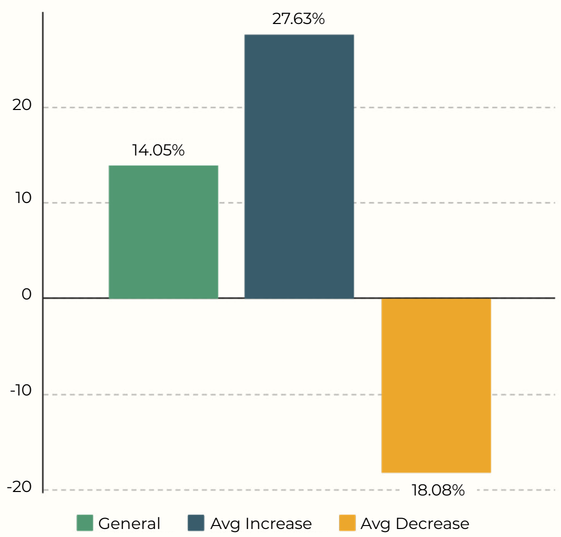


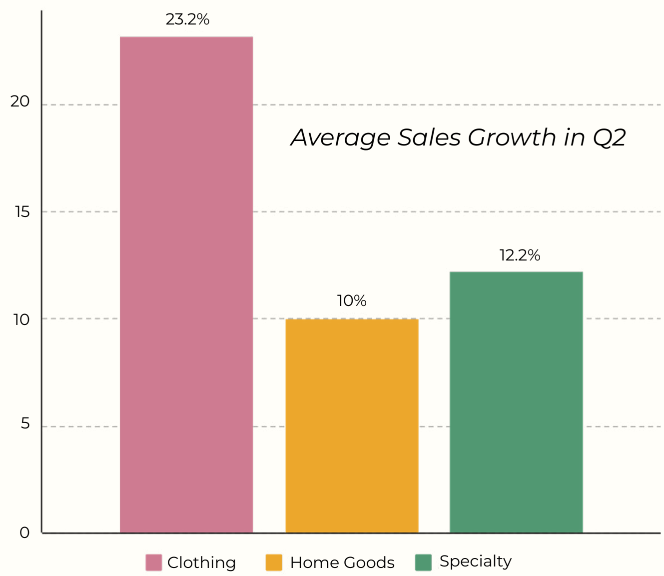
2024
SECOND QUARTER.

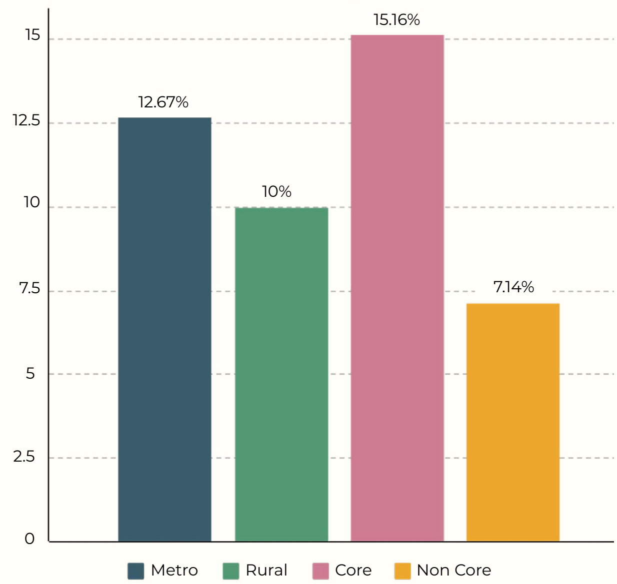
This year's second quarter (April-June) saw slightly higher growth for local shops than the first quarter. Overall sales were 14.05% higher than the same time in 2023. More shops saw growth as well compared to Q1 with only 28% seeing a slowdown in sales.

Clothing stores continued to experience the highest growth at 23.2% while home goods and specialty stores saw year-over-year growth of 10% and 12.2% respectively. As the warmer months arrived, shops located in the metro's core took back their first place with the fastest sales growth (15.16%).







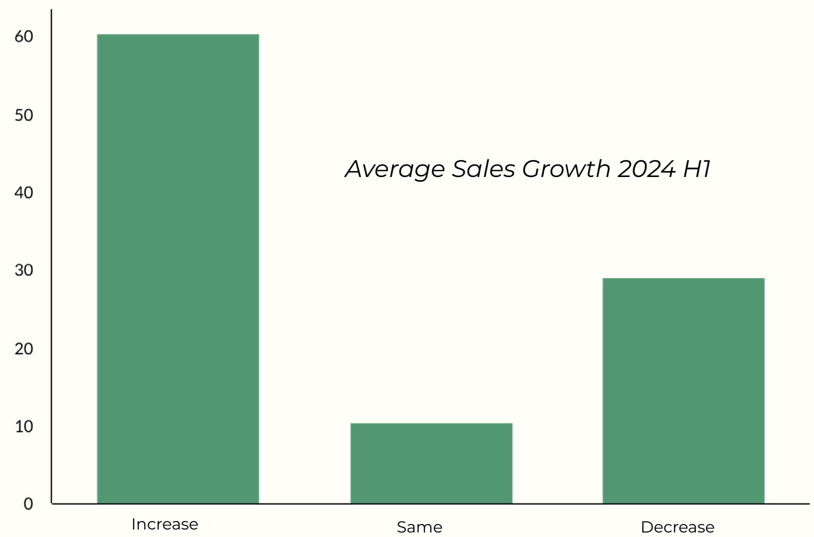


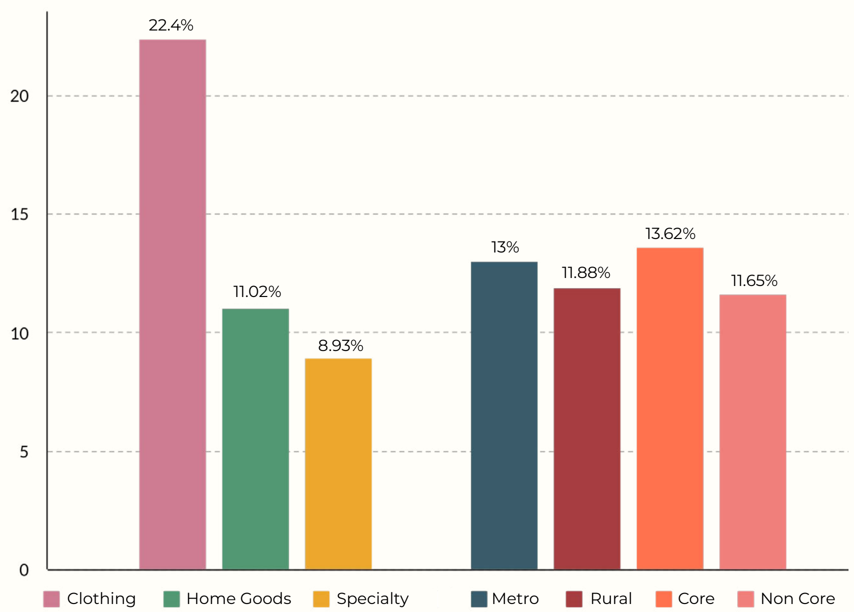
2024 SO FAR.

WHEN LOOKING AT THE FIRST HALF OF THE YEAR, SHOPS SAW AN AVERAGE GROWTH OF 13.34%.

As a whole, local retailers saw their sales grow by 13.34% in the first half of 2024 compared to the same quarters in 2023. This was a higher growth than the previous years when shops saw their sales grow by 10% in the first half of 2023.

As we've come to see, this doesn't mean everyone experienced growth though. 29% of respondents saw their sales decline, typically by 15%. For those who saw their sales increase, the average was a growth of 27%.





Clothing stores performed the best in the first half of 2024 with a growth of 22.4%. Home goods stores saw their sales increase by 11% while specialty shops had a slower growth of 8.9%.

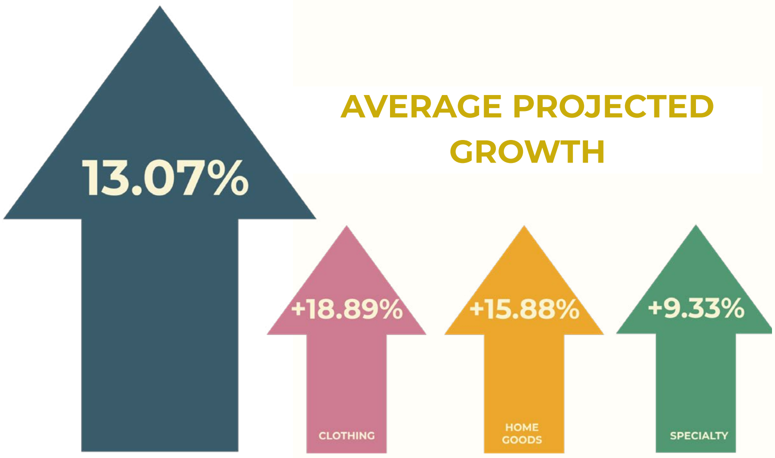
The divide between metro and rural isn't as pronounced as in previous years with only a 1.2% difference. In metro areas specifically, shops in the core saw better growth (13.62%) compared to those outside the core (11.65%), although the latter had a strong first quarter.

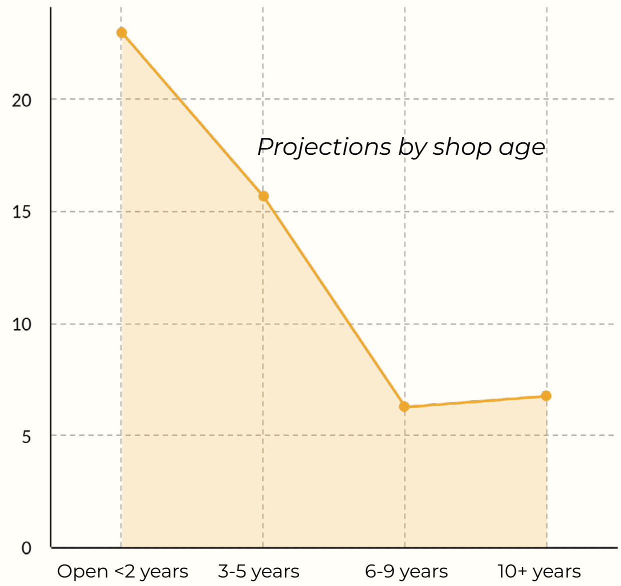
69%	20%	11%
project an increase in sales	project a decrease in sales	project no change

Even with sales growing faster than in 2023, shops were more conservative when asked about projections for the year-end. While the percentage of those expecting a decrease in sales was the same as last year, 7% more expect to not see any change in their sales from year to year in 2024.

Overall, shops expect to see their sales grow by 13%, on par with the first half of the year. Clothing stores were the most optimistic with an expected growth of almost 19%.

Newer shops seem to be a lot more optimistic than the rest. The graph below illustrates that growth projections decrease the longer a shop has been open with a significant drop after the 5-year mark.





Cargo Room, Automobile Alley

MITCHELL GAGE

BRASS TACKS PROVISIONS

THEIR STORIES

AT THE TIME I STARTED TO FORMULATE THE IDEA OF OPENING MY OWN SHOP, I WAS COMPLETING MY MASTERS DEGREE IN OPERA PERFORMANCE AT OKLAHOMA CITY UNIVERSITY.

While I had plans with my degree, I didn't quite see stability and financial prospects for me going down that path. There were certainly possibilities but that road was unclear. Then the stroke occurred, which furthered the plans for the store. There were actually a multitude of things that inspired me. Both my parents are entrepreneurs.

I had experience in retail and loved it. Additionally, I found myself always scrolling on social media at brands I now carry and I remember being in awe of aspects they had that were hard to find: quality, detail and perseverance. My previous experience had been in fast fashion but I quickly became attracted to slow fashion.

Obviously, the clothing is great as I'm in the process of rebuilding my wardrobe post-stroke, but the best part has been the people. I've had the best time connecting with people locally and nationally. We are one of the only stores nationally that is all American-made clothing and people have started seeking that out.

Along with that, there are a few people that have made the store really what it is becoming. Allan Pelligrin, my assistant manager, has been instrumental in so many ways it's hard to count, including product knowledge, selling and lots else. Ashley Scott shoots all of my seasonal photo shoots. Clayton Peliti has been extremely valuable in photographing all of our general photo and video content, local musician features and more. Kaycia and Robb Redden from Redd Vintage provide our vintage selection. McKenna and Wiley Sanders from WTRMLN Creative have been godsends with creating my branding over a three year period including a hiatus during stroke recovery.

Our biggest challenge by far has simply been being noticed. Most of the time, converting a customer into a purchase is no problem once they walk in the door. It's getting them to us that has been difficult. Foot traffic has been an issue. We have great parking and an incredible location. We simply just don't have businesses in our building that you would go from place to place. They are more like destinations.

Fast fashion, chains and large conglomerates are a large issue not only for the store but the brands we carry. There are large positives to them: inexpensive, constant new options, inexpensive manufacturing and hiring costs, etc.

We want to change that. Pricing is higher in our store for various reasons: the labor that went into the garment and its fabric, the quality meant

to last for years, even decades, and the time spent on it. We deliver less new options because brands are either backed up on production or do not have the means to do so. Items tend to only exist in a small batch in our shop and may not see reproduction until the next year, if at all.

That all being said, these items are highly unique and a rarity. Because of their small batch nature, you hardly see them again. For this reason and the primary fabric found in our goods being cotton, these items are highly sustainable. Diversity also plays a part in the selection process. We are so fortunate to feature a black-owned denim company and the first Native American-owned denim company. We also try to stock Oklahoma businesses - we're currently stocking Tallgrass Supply Co., Simpleton Goods and the work of Aldo Delara.

Local retailers are the foundation of any community, state and so on and so forth. They complete any functioning society. They are more than just shops - they are their own environment filled with connections, aspirations and uniqueness.

THEIR CONCERNS.

As expected, inflation remained the foremost concern for all business owners in 2024. However, online competition surged to the top of the list for metro shops, marking a significant jump from 2023. Foot traffic continued to be a challenge, and competition from brick-and-mortar national chains saw a substantial increase as a concern. On the other hand, hiring and rent costs, while still day-to-day challenges, saw a notable decrease in concern. Despite these shifts, shop owners are constantly adapting to these evolving pressures, balancing short-term challenges with long-term strategies for growth.

1.

RISING COSTS

For the third year in a row, our local shops' biggest concern in 2024 has been inflation. 65.7% of respondents listed inflation as one of their top three concerns. This was an even bigger concern in rural Oklahoma with 80% listing it as a main challenge.

2.

ONLINE COMPETITION

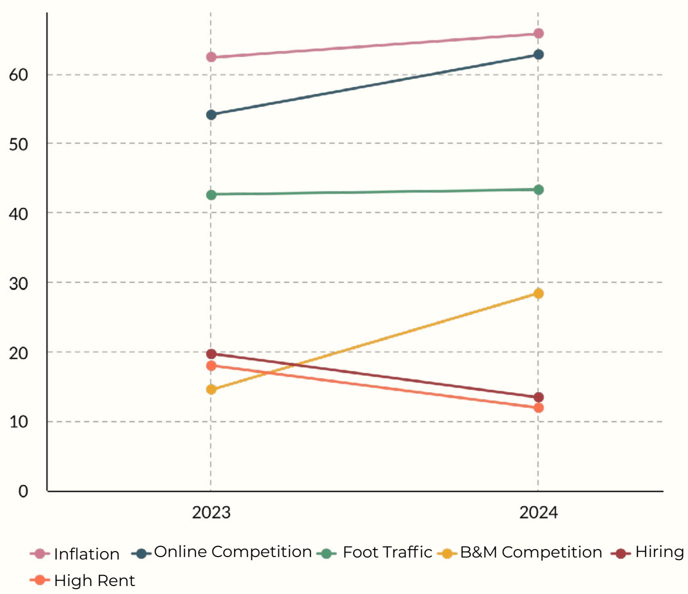
The threat of online competition, while second overall, saw a huge increase in 2024. 62.7% of shops listed it as a primary concern, up 8% from 2023 and 25% from 2022. For shops in the metro, online competition ranked even higher than inflation.

3.

FOOT TRAFFIC

The lack of foot traffic remains the third biggest concern for local retailers. 43.3% of respondents reported it was a main challenge, on par with 2023 numbers. This continues to be a larger issue for shops outside of the core.

Concerns 2023 vs 2024



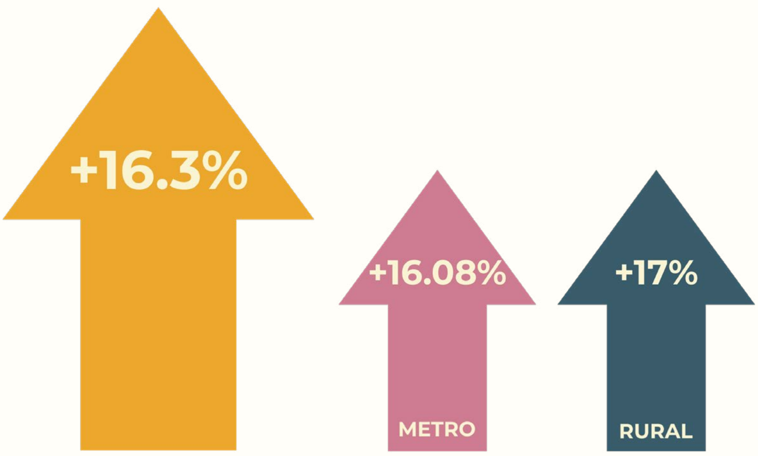
While the percentage of shops concerned with foot traffic and inflation remained steady over the last few years, competition from online giants along with competition from brick-and-mortar national chains have been increasing over the last two years.

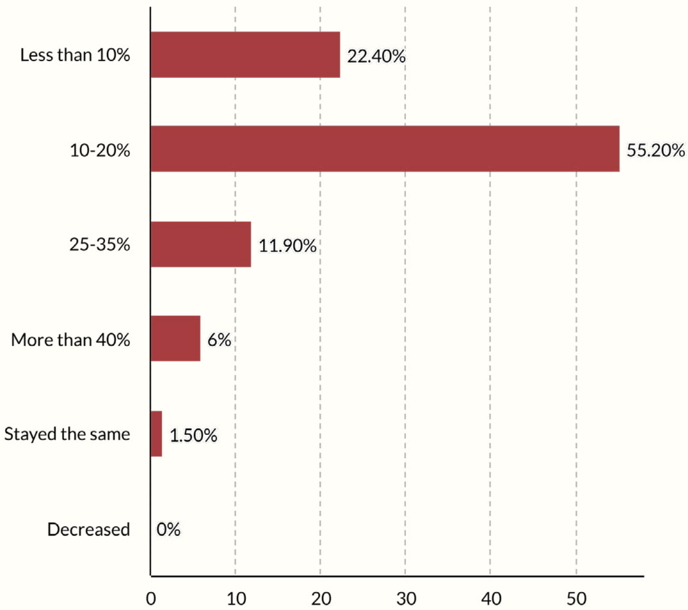
One out of three respondents in the metro feel big box stores are a threat to their success and longevity. This number has doubled since 2022. While the pandemic shifted focus to inflation, supply chain and hiring, the last two years have seen a resurgence in what has always been the main concern for small shops: competing with retail giants.

PLENTY Mercantile, Automobile Alley

EXPENSES AND INFLATION.

Inflation has been a major concern for both business owners and consumers over the past few years, and 2024 is no exception. On average, shop owners reported a 16.3% increase in expenses this year, with little variation between metro and rural respondents. More than half (55.2%) of shop owners experienced expense growth between 10-20%, while only a small fraction (1.5%) saw their costs remain stable. These rising costs have intensified the pressure on local retailers to manage slim margins. Many shop owners are actively seeking ways to control costs without sacrificing service quality or customer experience.





INFLATION IMPACT

Considering shopkeepers saw a similar increase last year and an even bigger one in 2022 (19.7%), the long-term impact to these businesses remains a major concern.

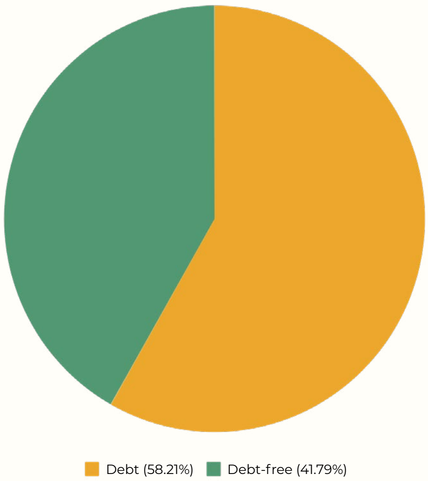
As seen in the price point data described on page 11, shopkeepers have not increased the cost at which they sell their goods. This means they are taking the bulk of inflation on themselves rather than passing it on to customers. Many feel stuck in a situation where they need to control prices to retain customers who are tempted to shop with national chains for lower prices while also keeping healthy margins to afford higher wages, rent and utilities.

Rising costs remain at the forefront of their mind, with 65.7% of shops putting inflation as a top concern in 2024. The concern is even higher in rural Oklahoma where 80% of shopkeepers feel inflation is their biggest concern in 2024 as opposed to 61% of shops located in metro areas.

Inflation seems to be the last remaining and longest-lasting effect of the pandemic leaving many shops still facing daily challenges four years later.

THEIR DEBT.

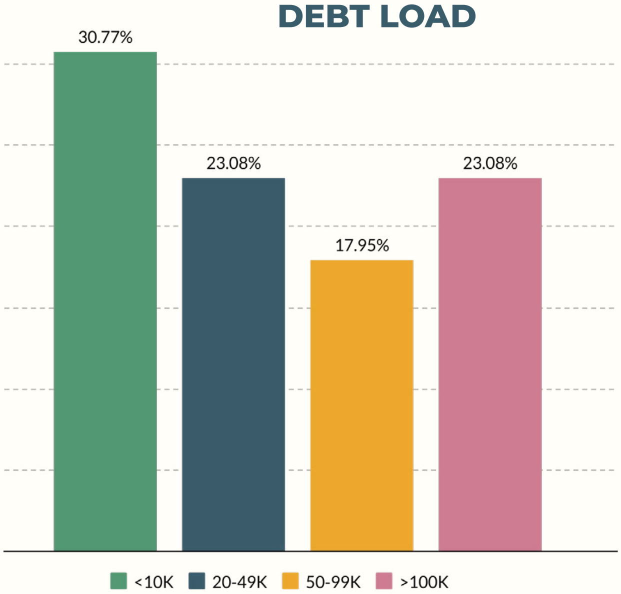
As we continue to explore the financial state of local shops, we took a closer look at their debt burden. Notably, 41.79% of shops remain debt-free, with many owners making a deliberate effort to avoid taking on loans. However, a majority (58.21%) currently carry debt, with an average debt load of $53,625 and a median debt of $10,000. Nearly half of those in debt (47.92%) rely on credit cards, while 23% have bank loans and 18.75% hold SBA loans. Only 10.42% of shops with debt carry personal loans. The data highlights that while many independent retailers are managing without loans, those who do take on debt often rely on high-interest options like credit cards.



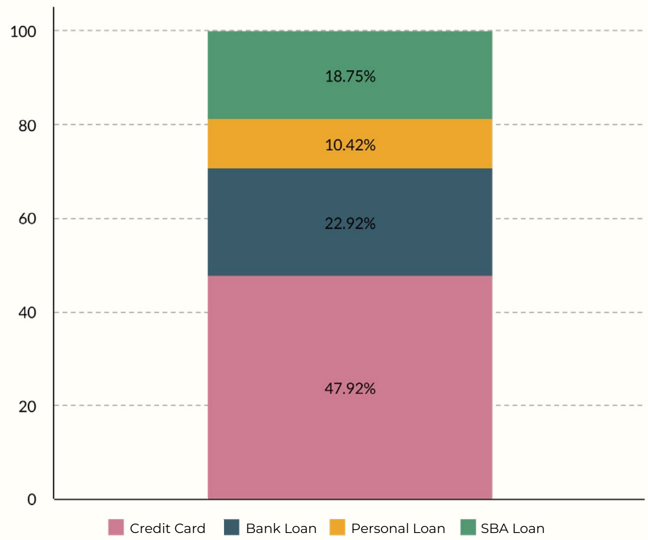
WHO CARRIES THE MOST?

We took a deeper look into who was carrying this debt. Metro and rural shops virtually have the same percentage of businesses with and without debt. And while the age of the business didn't seem to make a difference in the share of those with debt, it did have an impact on the actual debt load they carry. Shops that have been open less than five years have an average debt load of $25,000 while those open for more than 10 years have an average debt load of $85,000.

DEBT LOAD



TYPE OF DEBT



2024 HOLIDAY CONSUMER TRENDS

We reached out to customers to find out how they plan to shop this holiday season. These answers are from a sample of 297 customers who shop in Oklahoma. The survey was conducted in late September and early October over 15 days.

HOLIDAY SPENDING

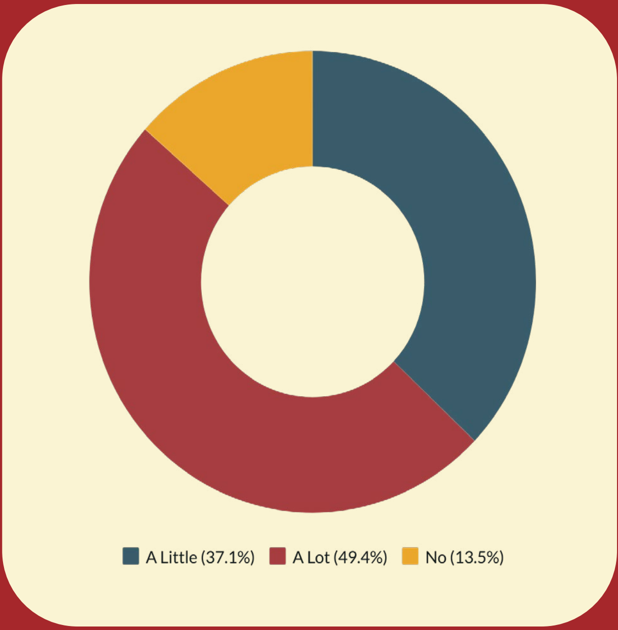
Compared to 2023

64% PLAN TO SPEND THE SAME

29.2 PLAN TO SPEND LESS
+3.3% FROM LY

6.7% PLAN TO SPEND MORE
-2.2% FROM LY

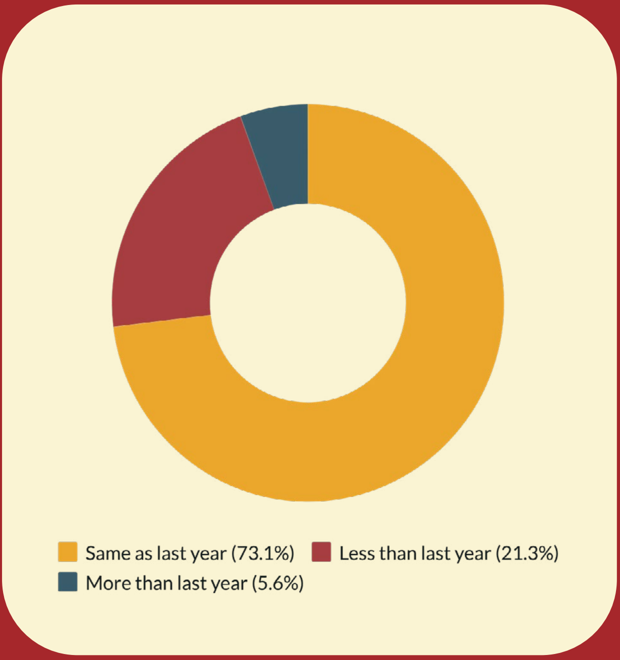
FEELING THE EFFECTS OF INFLATION



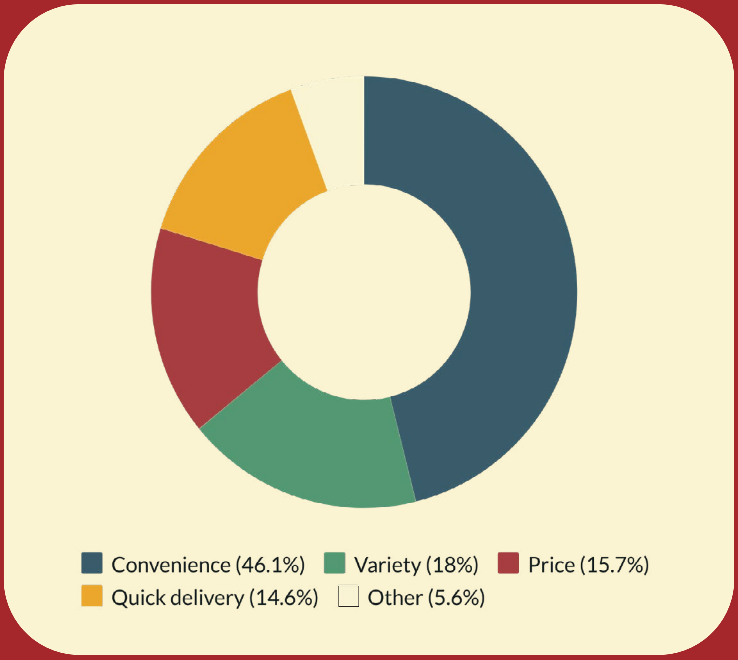
HOW WILL INFLATION INFLUENCE YOUR HOLIDAY SPENDING?

1. I'll look for lower-priced items. 42.7%
2. I'll buy less gifts. 31.5%
3. I don't expect it will - I plan to shop the same way. 27%
4. I'll shop earlier so I can better plan my budget. 25.8%

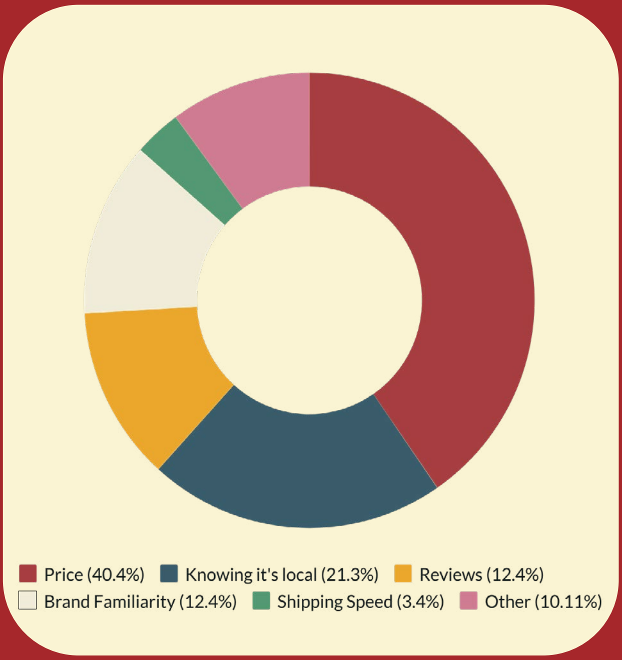
HOW MUCH DO YOU PLAN TO SHOP ONLINE THIS YEAR?



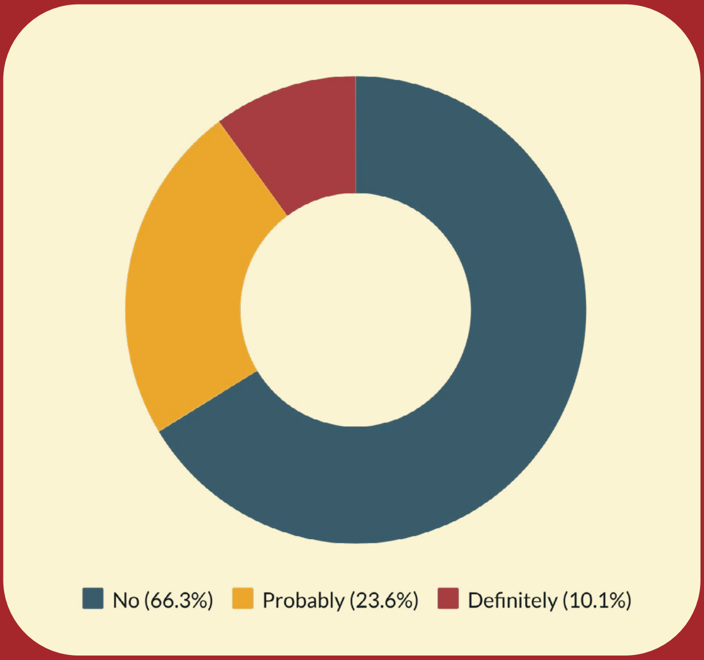
BIGGEST TEMPTATION TO SHOP ONLINE OR BIG BOX



WHAT INFLUENCES YOUR PURCHASES THE MOST?



WILL ELECTION RESULTS INFLUENCE YOUR SPENDING?



HIGHLIGHTS

· 70% of customers plan to spend the same or more than last year.

· The share of those planning to spend less went up by 3.3% from last year.

· 86.5% are feeling the effects of inflation, 12% less than in 2023.

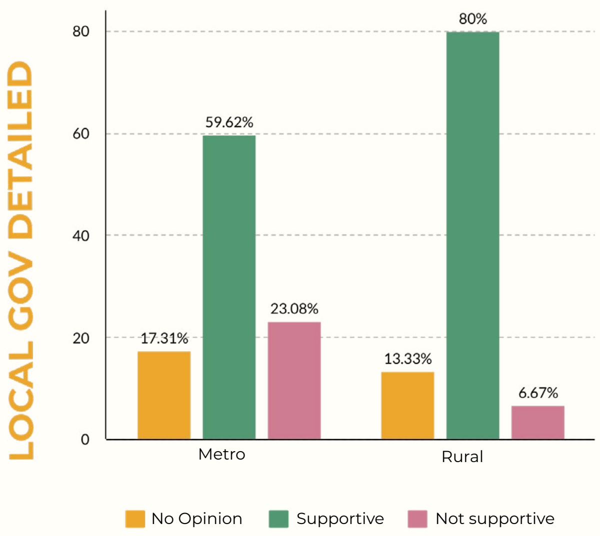
· Two out of three respondents don’t plan to adjust their spending based on election results.

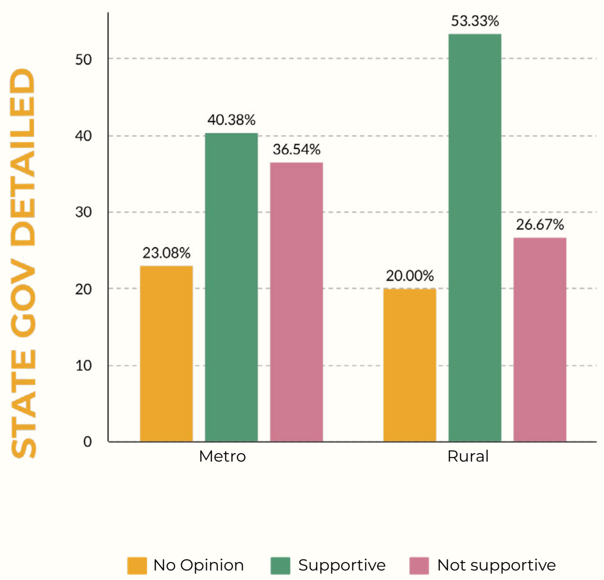
HOW SHOPS FEEL ABOUT THEIR GOVERNMENT.

Independent retailers continue to feel more supported by their local government than their state government. Overall, 64.2% of shop owners felt their municipal government was supportive of small businesses as opposed to 43.2% feeling the same way about their state government. This year's big change however came from those who previously did not have an opinion. As a result, the share of respondents who felt their municipal government was not supportive enough jumped from 14.8% last year to 19.4% in 2024, with an even bigger gap in metro areas.

Overall, rural shops felt more positively towards their municipal government than shops in metro areas. Only 6.67% of rural stores felt their local government was not supportive enough as opposed to 23.08% in the metro.

In Oklahoma City, the percentage of respondents not feeling supported enough by their municipal government jumped from 6.98% in 2023 to 21.05% in 2024. This increase came directly from respondents who reported not having an opinion in previous years while the share of those feeling positively towards their municipal government remained unchanged.





When asking shops how supportive they felt their state government was to small businesses like theirs, opinions in the metro varied widely.

In the metro, 40.38% felt their state government was supportive and 36.54% felt it was not, a 6% jump from last year. 23.08% did not have an opinion, a 13% drop from 2023.

For rural shops, respondents felt a bit more optimistic with 53.33% feeling supported by their state government. 26.67% reported not feeling supported and 20% didn't have an opinion.

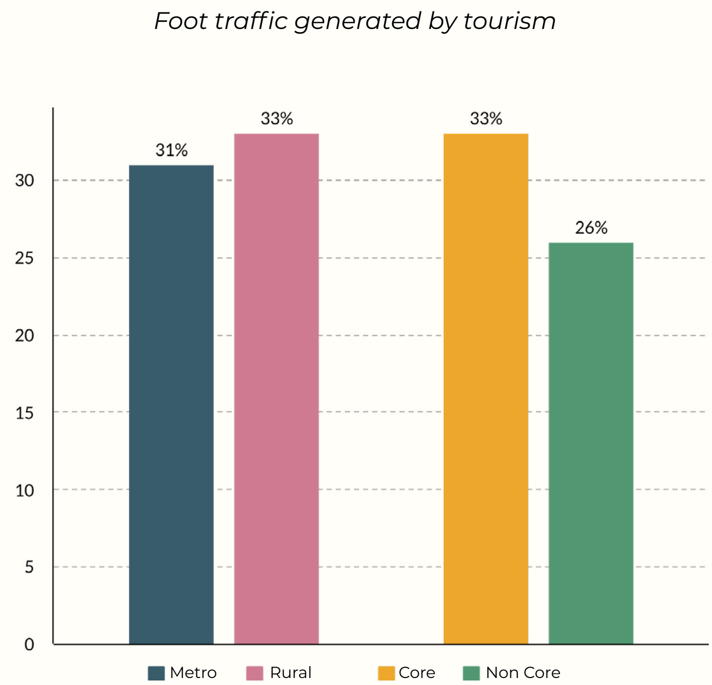
Overall, while the gap is smaller this year, local shops still feel more supported by their local government than their state government.

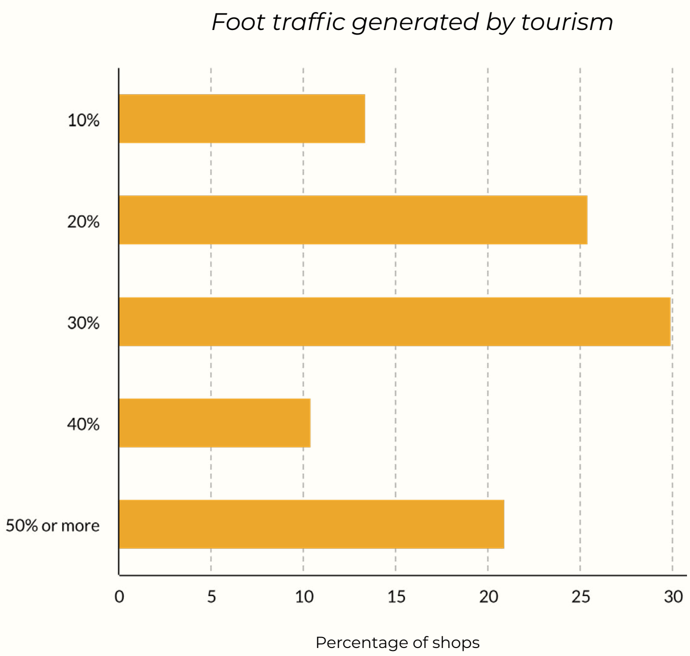
THE IMPACT OF TOURISM
ON LOCAL SHOPS.

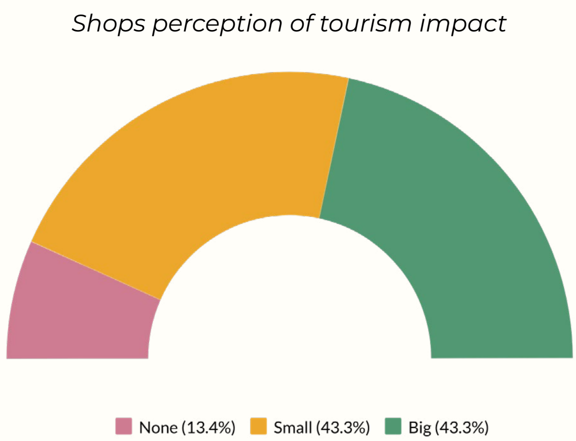
On average, shopkeepers reported that 31% of their foot traffic comes from out-of-town visitors, meaning tourism accounts for nearly one in three local shop customers. This impact was similar for both metro and rural shops. However, stores located in strip malls outside city centers saw a smaller share of tourists, with only 26% of their customers coming from out of town.

Perceptions of tourism's influence on business have shifted notably. Last year, 18% of respondents felt tourism had no impact on their shop, but this figure dropped to 13.4% in 2024. Meanwhile, the percentage of shop owners who believe tourism significantly boosts their foot traffic and sales increased from 36% in 2023 to 43.3% this year.

This growing awareness highlights the importance of attracting and engaging tourists for local retailers.







THE HIDDEN COST OF CREDIT CARD SWIPE FEES: A GROWING BURDEN FOR INDEPENDENT RETAILERS

Credit card payments are essential for most businesses, particularly independent retailers competing with larger retailers and e-commerce giants. However, while credit card payments offer convenience for consumers, they come with a significant hidden cost for small business owners: swipe fees. These fees, charged each time a customer uses a credit card, consistently eat into already slim profit margins.

As they continue to rise, independent retailers are finding themselves under increasing financial strain. Meanwhile, growing scrutiny of credit card giants' practices has eventually led the U.S. Department of Justice (DOJ) to file an antitrust lawsuit against Visa, accusing it of monopolistic practices that harm both consumers and businesses, especially small retailers.

According to an NFIB survey[17], 92% of small business owners believe they should have the right to choose between multiple credit card processing networks. For many, these fees are among their largest expenses after payroll and rent. While large retailers can negotiate lower rates, small businesses, which collectively pay $10 billion annually in swipe fees, struggle with these high costs. Visa and MasterCard control more than 80% of the U.S. credit card market, allowing them to set high interchange fees, limiting competition and burdening smaller retailers, who have little bargaining power.

The DOJ's lawsuit aims to break up Visa's monopoly and increase competition in the payment processing industry. This could result in lower interchange fees, helping to ease the financial burden on independent retailers. This could also allow small businesses more flexibility in negotiating terms with payment processors and exploring alternative payment methods, ultimately creating a more competitive and consumer-friendly landscape.

The DOJ's lawsuit could mark a significant turning point in how credit card fees are structured. Lower swipe fees would allow independent retailers to retain more of their revenue, giving them a better chance to reinvest in their businesses, offer more competitive prices and grow.

Umber, Tulsa

Chirps & Cheers, Midtown

TESTIMONIES.

We asked shopkeepers to describe what 2024 has been like for them.

"It's been about what we projected and expected. Lots of talk about how inflation is hurting people and we've certainly seen a contraction in spending from 2021-22 when spending was high. We continue to be extremely grateful for our loyal community."

"2024 continues to present headwinds to small business owners. Costs across the board are up yet foot traffic and consumer spending are down drastically."

"2024 has been a roller coaster. It seems like anytime we have a good numbers day, it is met with a slow week to equal it out. Lots of other stores similar to ours are opening in the area and affecting our business. Good overall, just a lot of ups and downs!"

"The uncertainty regarding the economy has led to a need for increased efforts in marketing and value creation."

"Tourism feels strong and continues to bring more people to our store."

"2024 started out with great traffic and sales. Unfortunately, after 12 weeks of city construction directly in front of our shop, we took a big hit. We are still struggling to recover from these losses and are fearful how these lost months are going to affect us as we try to prepare our business for the fourth quarter."

"2024 has been our best year yet! I am so grateful for our growth and the support we are receiving!."

"We've been learning the importance of location as we moved our store to a different city and an area with established restaurants and traffic. We've seen the value of being in an area with a supportive community and whose interests and tastes match ours as business owners."

"2024 has felt slower than normal, but the numbers show a slight increase. Hopefully this trend continues although the upcoming election creates a feeling of uncertainty."

independent shopkeepers association

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