

Was Small Business Saturday a Success?

By Sam Thacker, November 28, 2011

Small retailers have long had problems attracting bargain-hungry shoppers, let alone making sustainable profits. This year may turn out differently though. For the second year in a row, the big Christmas shopping season was kicked off with a national campaign to buy local. “Small Business Saturday” was supported by heavyweight companies such as American Express, FedEx, and Facebook.

Local groups of main street merchants also got involved, and were often able to get local TV and radio stations to support the efforts.

Small Business Saturday didn’t try to compete with Black Friday and price wasn’t the focus. Instead, buying local from unique boutiques and other types of retailers was the message.

That message is critically important. In the past four years I have seen a number of local merchants go out of business mostly because they couldn’t compete with big-box retailers. But there are signs that efforts to support local small businesses is beginning to pay off.

American Express, which supported the same awareness campaign last year said that in 2010, participating businesses saw a 28 percent jump in sales compared with the same shopping day in 2009. That has a significant impact to the bottom line as many small business owners rely on robust sales in October, November, and December to have a profitable year. (Of course, last year, Amex also included charitable donations and \$25 rebates to the first 100,000 participating consumers. That didn’t seem to be part of the program this year.)

Overall, private retailers (which are typically smaller) have enjoyed stronger growth in 2010 and 2011, according to Sageworks, a financial analysis company that collects near-real-time financial information about businesses. But that may be because they’re starting from a lower base.

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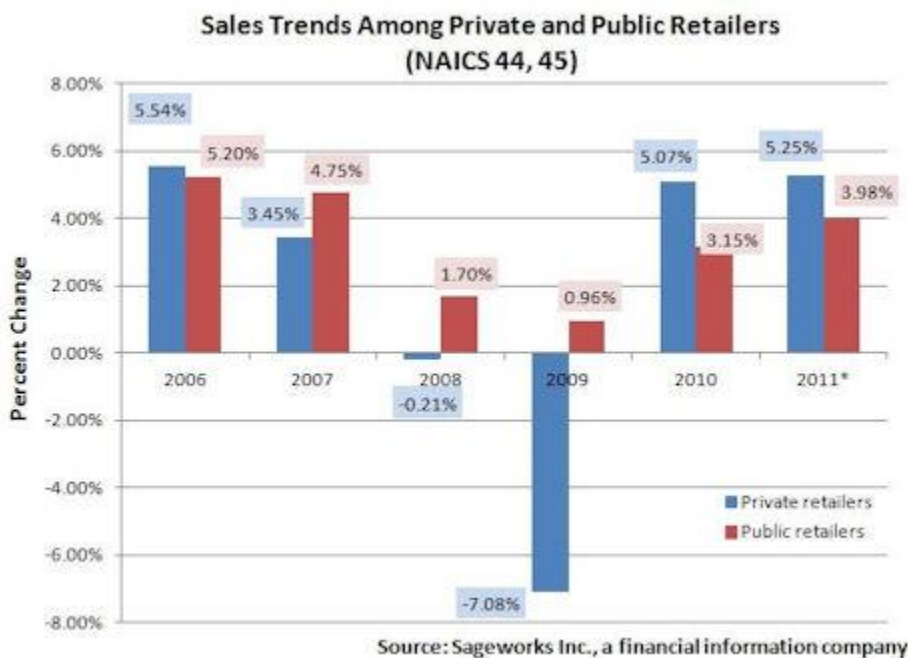
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“In general, it seems that privately owned retail has shown stronger sales growth than their public counterparts, at least partly because they took a bigger hit in sales growth during the low points of the recession,” said Sageworks senior financial analyst Michael Lubansky. “As such, some of the higher sales growth now is likely a rebound from the low numbers in 2009.”

The chart below (provided by Sageworks) shows the trends of private and public retailers over the last six years.



In addition to recovering from a deeper drop, I see two major reasons that the smaller private retailers have done better at the expense of their large public counterparts.

First the buy-local campaigns appear to be working. Second, many people are avoiding -- or even boycotting -- mammoth retailers like Wal-Mart. And it makes sense that this anti-big-business trend is helped by the various “Occupy” groups around the country who are protesting the concentration of wealth in large corporations.

Whatever the reason, we should be happy that small business retailers are doing better than they have in recent years. I personally am going to do my share of buying from local merchants this holiday season.

For the full story featuring Sageworks’ data and analysis, please visit [All Business - Was Small Business Saturday a Success?](#)

