

**KEWAUNEE COUNTY  
BUY LOCAL FORUM  
SUMMARY OF  
PROCEEDINGS**



May 15, 2008

Algoma Farm Market Kitchen

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*This report was written and compiled by Claire Thompson, UW Extension and Jennifer Brown, Kewaunee County Economic Development Corporation.*

# Executive Summary

The Kewaunee County Buy Local Forum was a day long session which focused on the imminent need to grow the local economy, as well as how to accomplish a grass roots effort. It was an opportunity for business and community leaders to discuss how to strengthen local market share and how to encourage Kewaunee County business and residents to “buy local.” Hosts of the forum included the Kewaunee County Economic Development Corporation, Algoma Chamber of Commerce, Kewaunee Chamber of Commerce, Luxemburg Chamber of Commerce, Farm Market Kitchen, Community Improvement of Algoma, UW-Extension Kewaunee County and Lakeshore Networking Association.

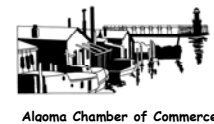
The forum kicked off with keynote speaker Richard Brooks who discussed the benefits of a local business network that could mutually promote themselves through a number of strategies including, cooperative advertising, gift cards and a business directory. Forum participants also looked at recent studies of Kewaunee County’s local economy which shows significant amounts of spending “leakage” each year, that local retailers are especially dependent on the tourist markets, and that overall profit margins in the retail sector appear to be falling. In order to sustain a healthy and vibrant economy, Kewaunee County must sustain a year round economy that both captures local market share and capitalizes on the tourist market.

In addition, a group of local panelists discussed business to business buy local strategies and presented some of their own efforts to increase local consumerism. There was overall agreement that a local network of businesses promoting local consumerism would positively impact the local economy.

Forum attendees discussed the importance of continuing the “buy local” discussion beyond May 15<sup>th</sup>, 2008. Many were anxious to begin a county-wide collaboration to develop a Kewaunee County brand, which would promote a unified experience. Additionally, attendees felt a county-wide brand would assist in promoting local businesses within and outside the county. Attendees agreed that a “buy local” network would move Kewaunee County towards collaboration and collective benefits.

The Buy Local Forum provided an opportunity to foster a grassroots initiative to grow the local economy. If there is enough local business support and commitment, a network will be created and the group will discuss “buy local” strategies for Kewaunee County. Ideally as the network grows and the strategies are implemented, consumers will become more aware and increase their local spending.

This report provides a detailed synopsis of the forum proceedings. Video tapes and compact disc recordings of the forum are available for viewing at the Kewaunee County UW Extension office.



# Building the Community Economy by Supporting Local Business: Practical Steps



## Richard Brooks

*Mr. Brooks is the co-founder of the Dane County Buy Local Initiative (DCBLI) and is an Outreach Manager at the UW-Madison Division of Continuing Studies. With a background in community development and social marketing, the core of Mr. Brook's work has been to tap people's natural motivations to support initiatives that benefit the common good.*

“How can local communities regain control over their own destiny?” This was the leading theme throughout Mr. Brook's presentation. All communities around the world are subject to outside forces that influence the local economy, such as high gas and energy prices. One way the business sector responds to these forces is by growing larger to achieve greater economies of scale. Larger corporations may buy out or put smaller businesses out of business, and the resulting impact is less local ownership and less control over what is sold and purchased at the local level. Mr. Brooks emphasized that his points were not meant to be a criticism of large corporations, but to clarify that large corporations tend to make investments primarily based on sound economic principals and don't always consider quality of life factors with the same importance as locally owned businesses.

The general purpose of any buy local initiative is to empower local communities and promote a high quality of life for businesses and the community at large. How can we bring very diverse businesses and people together to make a difference? The DCBLI began with a small group of local business owners over a number of breakfast meetings. Initially they talked about what they valued most in their local community . . . local people they know and care about. They also began to learn the genuine value of local products and services; that having a relationship with local business owners is highly valuable and unique; and, that large corporate-owned chains simply cannot compete with the personal service achieved by locals.

Mr. Brooks shared some parameters of membership to the DCBLI. First, he emphasized that businesses were never pressured “to join the DCBLI.” The attitude in how businesses are approached is very important to setting the stage for success as a “mutual promotion network.” All businesses that agreed to be promoted by the network through joining DCBLI must be 51% or more locally owned, the owner must have decision-making power over what products and services are sold, and the company cannot be publicly traded. Mr. Brooks said they include franchises if they meet these standards. Currently there are nearly 60 buy local alliances representing over 20,000 businesses nationwide. Participating businesses are asked to “buy local whenever you can.” Some DCBLI strategies include:

- posters, Buy Local shopping bags, and ID stickers for front doors of local businesses
- cooperative advertising purchases in weekly newspapers
- business directory – hard copy and on website
- Gift cards – that are honored by all members
- networking meetings for members to become more familiar with each others' business.

Mr. Brooks encouraged Kewaunee area businesses to consider developing a “Buy Local” type initiative and to utilize the supports already in place from other initiatives in the Country.

# By Our Bootstraps: Growing Our Retail Sector

## Claire Thompson

*Ms. Thompson is a Community Development Educator for UW Cooperative Extension, Kewaunee County. Steven Deller, a UW Extension Specialist from the Department of Agriculture & Applied Economics at UW-Madison, provided research and support for this presentation.*

Ms. Thompson began with an overview of two tourism related studies conducted in the summer of 2007, one for the City of Kewaunee and another for the City of Algoma Marina. Those studies suggested two findings: that the retail sector relies heavily on tourists throughout the summer months, and without that injection of outside dollars local retailers would be hard-pressed to make ends meet. Community dialogue that followed asked how Kewaunee area retailers could encourage locals to “buy local” and strengthen local market share.

A historical look at the retail sector in Kewaunee County in comparison with the State and National averages shows that:

- Population growth in Kewaunee County has been 9%, trailing the State of Wisconsin (28% growth), and the U.S. (50%) over the past forty years.
- Retail jobs in Kewaunee County have grown 13% over the past forty years, whereas they’ve grown 89% in the state and 118% in the rest of the country.
- Retail earnings in Kewaunee County, once adjusted for inflation, have actually gone down by 16% over the past forty years. Yet, retail sales growth in Kewaunee County adjusted for inflation have increased about 74% in the same time frame, suggesting dramatically diminishing profits. In the rest of the state, retail earnings have increased by 126% and sales have grown 136%.

In looking at specific components of the retail sector, the analysis shows that:

- Building materials and hardware stores, food stores, and automobile dealerships in Kewaunee County have essentially kept pace with those in rest of the state in terms of growth, with slight variations over the years.
- Gasoline stations’ sales growth is high in comparison with the rest of the state and nation, reflecting our tourist economy.
- Eating and drinking establishments grew 85%, another tourist oriented sector. Yet, that is still less than the state average growth of 126% and the national average growth of 245% in the same timeframe.
- General merchandise, apparel and accessories, and furniture and home furnishings all experienced significant declines or flat growth when adjusted for inflation.

Ms. Thompson then discussed the economic impacts of growth in the retail sector. For retail components that exceeded expected growth norms (such as gas stations) we see a “surplus” of dollars coming into the local economy. And, retail components that did not meet expected growth norms (such as furniture and apparel) we see a “leakage” of dollars leaving the local economy. In other words, surpluses and leakages give an indication as to how well local retailers are doing in attracting local market share.

As exhibited in Table 1, the end result is a net loss of \$63.4 million from local retailers on an annual basis, with the majority of losses in General Merchandise. These losses could include

locals shopping at regional shopping centers, such as those in the Green Bay area, as well as on-line sales.

Table 1: Retail Surplus & Leakage, Kewaunee County

Retail Component	Surplus and Leakage
Total Retail Sales	\$ (63,448,837)
Building Materials and Hardware	\$ 3,714,153
General Merchandise	\$ (29,890,278)
Food Stores	\$ 588,700
Automobiles Dealers	\$ 576,061
Gasoline Service Stations	\$ 4,781,579
Apparel and Accessories	\$ (5,798,957)
Furniture and Home Furnishings	\$ (6,615,895)
Eating and Drinking Places	\$ (4,885,636)
Miscellaneous Retail Stores	\$ (3,953,976)

The crux of any buy local initiative is to spur local purchasing at local businesses. A reasonable question would be what would happen if we successfully implemented an initiative such as this? If we could increase retail sales by 10% across all retail sectors, what impact would it have? In a nutshell, it would generate about 68 jobs, \$1.5 million in wage income and \$2.3 million in total income.

Table 2: Impact of 10% increase in Retail Sales, Kewaunee County

	Jobs	Wage Income	Total Income
Ag, Forestry, Fish & Hunting	0.1	3,063	3,190
Mining	0.0	4	6
Utilities	0.0	1,484	5,520
Construction	0.2	7,781	8,175
Manufacturing	0.7	32,300	39,970
Wholesale Trade	0.2	14,282	25,430
Transportation & Warehousing	0.7	16,962	19,919
Retail Trade	60.2	1,196,564	1,864,417
Information	0.5	11,148	14,863
Finance & Insurance	0.3	10,759	28,419
Real Estate & Rental	0.3	3,400	14,348
Professional, Scientific & Tech Services	0.4	22,270	23,466
Management of Companies	0.5	57,199	73,712
Administrative & Waste Services	0.4	10,677	14,508
Educational Services	0.1	2,127	2,913
Health & Social Services	1.0	51,417	57,064
Arts, Entertainment & Recreation	0.6	4,345	6,161
Accommodation & Food Services	1.1	9,187	13,470
Other Services	0.6	10,583	12,031
Government	0.1	4,469	114,018
<b>Total</b>	<b>68.0</b>	<b>1,470,022</b>	<b>2,341,600</b>

Multipliers are small because of weaknesses in the retail sector. However, if over time the retail sectors in the county were to be strengthened these multipliers would become larger. Through the multiplier effect we can see that all sectors of the economy will be positively affected by increasing retail sales.

## Locally Grown, Locally Purchased

### Mike Sipple and Jim Smidel

*Mr. Sipple is Vice President of Operations for Trega Foods and Jim Smidel is part owner of Smidel Brothers Farm. Mr. Sipple and Mr. Smidel discussed how Trega Foods and Brothers Smidel Farms tie into the local economy, in addition to the impact of the dairy industry on Kewaunee County's economy.*

Mr. Sipple introduced Trega Foods as long-time business residents of Kewaunee County. Trega Foods has invested roughly \$40 million dollars in their Luxemburg-based facility. Producers of mozzarella cheese, provolone cheese and whey protein products, Trega Foods employs 120 people, mostly Kewaunee County based. The company paid \$40 million to Kewaunee County Dairy Farmers in 2007, but sells a majority of its product outside of the state.



Mr. Smidel explained that Brothers Smidel Farms is a 125 cow dairy with approximately \$600,000 in revenue in 2007. Like many smaller dairy farms, the Smidel Brothers purchase only what they need to operate. Most, if not all purchases are local including feed and land rental. Brothers Smidel Farms has a working relationship with Trega Foods.

Mr. Sipple and Mr. Smidel presented the following information about the Dairy Industry in Kewaunee County (2006, 2007 data):



- Dairy Cows: 31,500
- Annual Milk Production/Cow: 21,100 lbs
- Total Annual Milk Production: 665 million lbs.
- Over \$126 million in direct revenue to milk producers in Kewaunee County
- Dairy jobs employ: 760 people

## Business Testimonials

### Susan Heim, Melody Lacey, Pat Quinn and Jim Rabas

*Susan Heim is the owner & operator of Quali-T in Luxemburg, Melody Lacey is the owner & operator of The Fishmonger in Kewaunee, Pat Quinn is the owner & operator of Mackinaw's Grill & Spirits in Green Bay, and Jim Rabas is the owner & operator of Algoma Motors in Algoma. They shared their personal experiences of making business-to-business purchasing a priority, and explained how they have successfully increased local customer loyalty.*

Panelists began by discussing what made their businesses unique. The most distinguishing factors in their operations include high levels of customer service, the fact that their business is locally owned, that they offer locally produced products, and they ensure high quality products for their customers.

Panelists offered suggestions as to what communities and businesses can do to improve the “buy local” mentality. Suggestions included:

- Trade with vendors – businesses can exchange products and/or services with other vendors.
- Develop “rewards” cards and/or purchase punch cards for repeat customers.
- Offer tabs or “accounts” – some patrons, especially other businesses, may like to run tabs or have an account with your company if they shop with you often enough.
- Promote the use of Chamber Bucks – businesses can purchase Chamber Bucks and infuse them in the local economy.
- Local Care Cards- a percentage of local purchases are donated to local non-profits.
- “Coopetition” – this concept merges cooperative and competitive business practices. Business owners can educate themselves on offerings of other businesses to both refer customers when appropriate, and improve their own products and services.
- Creation of a Buy Local Network with members; this could be in conjunction with the Chambers. Incentives for referrals could be created.
- Develop partnerships to promote projects like bag-stuffers, Christmas promotions and location convenience shopping.

Panelists addressed challenges & opportunities that they currently face, which include location and human capital. More specifically, the panelists discussed the following:

- Customers don't travel beyond 35 miles without some incentive to make the trip; that incentive can be a shopping “experience,” one they cannot get on the internet.
- The county does not market or promote collectively, which may be due to lack of county dollars for tourism & promotion.
- Businesses can still collaborate through Chambers or a Buy Local network to create a consumer experience.
- It is difficult to retain & recruit a quality workforce. When you have the workforce, it is difficult to keep them motivated.

Panelists addressed concerns about the high cost of buying local business to business.

- Businesses need to make each other aware of cost concerns and maybe a compromise on price can be reached.
- Hold yourself accountable as a business owner by establishing a percentage of local purchases such as 15%.



# Community Dialogue

Participants discussed various strategies to developing a buy local type initiative for Kewaunee County. Highlights of the discussion are below:



- As a community, we need to provide a “welcoming” environment to newcomers; develop a stronger “sense of worth” of new residents to the area.
- Stronger promotion of community assets so that people want to work and live here.
- Put to rest historic high school “rivalries” within the business sector.
- Develop more cross-community networking opportunities for local business owners.

- Combine some efforts of the three Chambers.
- Stronger all around working relationships among Chambers, KCEDC, Main Street, LNA, UW Extension, FMK.
- Further develop Chamber sites’ with business profiles.
- Cluster advertising/Cooperative advertising.
- Developing a Community-wide brand.
- Blog connecting all websites.
- Send someone to the BALI convention.



## Next Steps

- This report and its findings will be disseminated to area business leaders and other community organizations that have a stake in developing the local economy.
- The Buy Local Forum planning committee will determine the feasibility of implementing the various ideas presented at the forum.
- The Buy Local Forum planning committee will determine how a Buy Local Initiative might be organized for Kewaunee County area businesses.
- Plans for an initiative will be shared with the public as appropriate.

Hosted by:



Algoma Chamber of Commerce



**UW**  
**Extension**