

VISA Where You Shop Matters

Why shopping locally means more than shopping

Foreword

Independent businesses are the backbone of local communities and economies across the UK. In 2020, many small businesses who had previously been reliant on customers coming into their stores have found it especially hard. Many shoppers have changed their spending habits due to the pandemic and the existing online shopping trend in the UK has only accelerated with Covid-19. Local businesses have needed to adjust and adapt over this past year to meet changing customer needs.

Visa has a longstanding commitment to champion small businesses and support them through recovery, helping them to adapt, trade online and get back to business. Earlier this year we announced an initiative to digitally enable eight million small businesses across Europe, and we're committed to achieving this. Through conversations with small

business owners, we have witnessed first-hand the resilience of Britain's local businesses. Many have gone above and beyond to keep serving their customers, introducing new products and services like home delivery and click & collect for the first time.

Our longstanding programme, Where You Shop Matters, encourages consumers to make an active choice to shop with local, independent businesses, both online and in store. This year, to quantify the true social and economic impact of shopping locally, we commissioned research with Centre of Economics & Business Research (Cebr) to uncover what shopping locally means to us all – to individuals and communities, to local economies – and to business owners themselves.

We know that a small choice to shop locally can make a big difference to independent businesses. It is the lifeline

they depend on, and many of them have told us that it's the support of their community which has helped them to keep going through this difficult year.

We can all make a difference to local shopkeepers and our communities at this crucial time.



Jeni Mundy
Managing Director, UK & Ireland, Visa.



Paul Scully MP, Minister for Small Business says:

"This research shows the invaluable contribution small businesses make to their local communities, creating jobs, keeping money in the local area and making people feel good about where they live.

"In the run-up to Christmas, it is more vital than ever that we all do our bit to support local business, whether online or in-person, through the festive period."

Executive Summary

UK consumers could provide a significant and much-needed boost to their local economies this Christmas by choosing to shop locally. Visa's research, developed in partnership with the Cebr (Centre for Economics & Business Research), finds that of every £10 spent with independently-owned local businesses surveyed, £3.80 is retained in the local area.

The report reveals that, while consumers spend just over a fifth of their money locally, by choosing to support local and independent

businesses, online or in person, they can actually double the amount of money that stays in their local economy.

Shopping locally provides much more than financial support to business owners. More than half (54%) of shopkeepers surveyed agree that the support of their local community has been very important and kept them going through this difficult year. Word-of-mouth recommendations (63%) and customers choosing to spend their money with their business

(43%) were the things that meant the most to local business owners surveyed.

The research, commissioned by Opinium, highlights the important relationship between local businesses and the community they serve, with over half of UK consumers surveyed (54%) saying it's important to them to shop locally because they know how much their custom means, while 43% say they get a boost of happiness when they support local shopkeepers.



54% of shopkeepers agree that the support of their local community has kept them going



63% of shopkeepers valued word-of-mouth recommendations



43% of shopkeepers valued customers choosing to spend their money with their business



54% of Brits say it's important to them to shop locally



43% of Brits say they get a boost of happiness when they support local shopkeepers



Fiona Cox, Senior Economist at Cebr says:

"Our research, in partnership with Visa, looked to quantify the local economic impact associated with shopping at local goods and services providers. We hypothesised that such firms would have a more localised supply chain and customer base, and indeed, the results indicate that, owing to the concentration of local suppliers and employees, almost 40% of money that is spent locally, stays locally, providing support to local merchants and to their communities."

The community benefits of shopping locally

Our research finds that shopping locally goes so much further than the initial transaction, it positively impacts the local community and the people that live in the area. Four in ten (39%) people surveyed agree that the small businesses local to them make their area a nicer place to live. More than a third (38%) of consumers say local businesses keep their local area vibrant and buzzing.

This connection is key to fostering a deeper sense of community. Two in five (40%) local business owners we surveyed say that customer interaction has a positive impact on their overall job satisfaction. One in eight (14%) also say people popping in just to say 'hello' means a lot to them.

More than half (54%) of consumers surveyed say it is important to them to shop locally because they know what it means to independent business owners and their staff. Half (50%) enjoy the personal service they receive when

they shop locally, such as knowing their name or usual order, and 43% of us just get a boost out of supporting local shopkeepers and businesses.

Meanwhile, local businesses say that being part of a community (23%) and contributing to the local economy (18%) positively impacts their job satisfaction.

Supporting local businesses will be a driver in rebuilding communities across the UK. As business owners continue to blend their online and offline offering as a way to reach their customers no matter the circumstance, ongoing support from their local communities will help to keep the business going into next year and the future.



Derick Johnson from Hop of Hackney in East London says:

"I love that we can offer a localised, boutique service to shoppers in Hackney. One that encourages people to seek out an independent shopping experience, and lets people support the local area. Through the Hackney Toy Appeal, we've been able to make a difference to vulnerable families in the area, which goes to show how by shopping locally your spending is helping more than just the business you buy from."

What people love most about shopping locally:



Being able to get the things I need within an easy distance (40%)



Knowing my support is making a difference (35%)



Bumping into people I know (28%)



The sense of community on my local high street (26%)



Chatting to local shopkeepers – over 55s are twice as likely to enjoy this as 18-34s (27% vs 11%)

What shopping locally looks like

The report finds that for every £10 spent with a local business included in the research, more than a third (£3.80) stays within the area, as a result of a local-concentrated employee base and a supply chain composition. The analysis was performed by Cebr subject to steady state assumptions regarding the structure of supply chains in the local economy.

The research of 2,000 UK consumers also revealed how much money they spend with local businesses, revealing that Brits do a quarter of their spending with local businesses (£2.26 of every £10). However, consumers admit that, by making an active choice to shop local, they could spend up to half of their money with local businesses (£4.98 of every £10).

In real terms:



Getting your Christmas tree from a local florist for £40 means £15.20 could stay in the local area



Picking up your Christmas turkey from your local butcher for £36 could keep £13.68 in the local area



Buying your children's gifts from a local toyshop for £50 means £19 could stay locally



Visiting your local wine shop and buying a bottle for £15 could keep £5.70 in your local area

Likelihood to shop local across the UK

Our research finds that as a nation, we are already supporting our local economy by shopping locally and hiring locally owned service providers. Despite this support, three in five consumers (62%) are worried that independent businesses will not survive without the backing of their local community this Christmas.

The majority of consumers surveyed (81%) are supporting local businesses as much as – or more than – they were before the COVID-19 pandemic. In addition, more than half of UK consumers (54%) plan to do at least some of their Christmas shopping with local, independent businesses in their area, either online or in-store, in line with restrictions.

This figure rises to two thirds (66%) among 18-34-year-olds, meaning younger people could be the saviours of local businesses across the UK.

Research showed Londoners* are the most likely to shop locally, currently spending £3.05 of every £10 with independent businesses near them. However, consumers estimate that they could spend up to £5.78 of every £10 locally if they chose to further support businesses in their area.

Darren Willis,
owner of Grape &
Grind in Bristol says:

"Shoppers in Bristol are passionate about supporting local, independent businesses and this year has only seen this support strengthen. The Christmas period is so important for local businesses like ours and we want to help encourage people to support how they can, but we're confident that through the fantastic support from Bristol shoppers that we'll continue to thrive."

*In the wider London region



Invaluable support during a challenging year

Consumer support in 2020 has been crucial for many independent businesses, proving the power of community spirit during lockdown. In fact, over half of shopkeepers (54%) admit the support of their local community has meant a lot and helped them to keep going through this difficult year.

Word-of-mouth recommendations were the most valued type of community support (63%) followed by customers choosing to spend money with their local business (46%) and support their business on social media (19%).

Despite the importance of in-store custom, more than a quarter (26%) of all independent local businesses expect to grow their online presence during 2021.



54% of shopkeepers admit the support of their local community has kept them going



46% valued customers choosing to spend money with their business



19% valued support for their business on social media



26% of all independent, local businesses expect to grow their online presence in 2021



46% of retail businesses expect to grow their online presence in 2021



63% say word-of-mouth recommendations were the most valued type of community support

**Amanda Allan from
Heavenly Sensations in
Kirkcaldy says:**

"Most of our business comes from the local community and I've been overwhelmed by their support while we were closed, continuing to buy products and vouchers from us online through platforms like ShopAppy.com. When we reopened our customers were even refusing to use the vouchers, saying they would rather pay in full or use the vouchers next year – I still get really emotional at the generosity they have shown."



What shopping locally means to UK local business



Karl Shatford from the Honest Wine Company Ltd, a Barclaycard Business merchant in Derby says:

"People in our community are definitely keen to shop locally at the moment. We had a couple of late-night shopping evenings just before the latest lockdown and the support meant everything to us. Shoppers were making a conscious effort to support us as they knew we were going to struggle having to close in this key period. The success of the late-night shopping means we're now considering plans to stay open later to try and encourage more of this support."

Tricia Stirling, Vanity Fair Ltd, a Barclaycard Business in Scotland, says:

"This year has been a real challenge, but I love running my business because of our loyal customers and the support from them makes it all worth it. It goes without saying we'll be relying on our sales this Christmas more than before, and although it's tough, I still can't be anything but optimistic. The support from the local community has given us great strength and has kept us going this year which we are so grateful for."



Alex Davies, Raglan Garden Centre, a Barclaycard Business in Monmouthshire, Wales says:

"An understanding about how crucial our local community is in helping our business to succeed is at the centre of everything we do. Our customers trust us to deliver that personal service and we rely on them for their continued support. That's what independent businesses like ours really have to offer, we employ people who are passionate about what they do and feel empowered to make the customer experience the best it can be. It's incredibly important shoppers support local businesses this year and just take a moment to stop and think about where they are buying from this Christmas."


Visa's commitment to local businesses

Visa's *Where You Shop Matters* campaign is a long-term commitment recognising the essential role that local, independent businesses play in our communities. They create jobs, foster innovation, and keep our local areas vibrant. Visa has also committed to digitally enable eight million small businesses across Europe.

As part of this commitment, we have worked closely with our network of industry, technology and community partners to give these businesses the tools, resources and advice they need to adapt, get online and keep serving their local community. Visa is also supporting the broad roll-out of contactless-enabled terminals, cards and mobile devices to help consumers shop safely, online and in person.

For more information, go to visa.co.uk/whereshopmatters

To celebrate what shopping locally means to independent businesses, this year's Christmas campaign from Visa features real businesses from across the UK talking about what the support of their community means to them.



Kristina Currie, owner of eco-conscious children's store Bon Tot in Edinburgh and winner of Visa's competition to re-create its 2019 Christmas film says:

"Having a strong community of independent businesses working together is great as it gives both consumers and business owners an opportunity to connect with each other and get that personal interaction which we know is needed more than ever right now. It was exciting to be asked to be part of Visa's Christmas campaign again and build on the relationship we established last year. After the nerves and excitement of waiting to know if we had won last year, this year it's like the icing on the cake to be featured again!"

Research methodology

This research was commissioned by Visa and produced by the Centre for Economics and Business Research (Cebr). Survey work supporting the research was carried out by Opinium Research.

For consumer data points, the total sample size was 2,000 adults surveyed from 30th October to 3rd November 2020. The figures have been weighted and are representative of all UK adults aged 18+. For merchant data points, total sample size was 506 small business owners with 1-10 employees, surveyed from 28th October to 4th November 2020. Cebr also used secondary data in addition to this primary data to develop this economic impact model. The analysis was performed subject to steady state assumptions regarding the structure of supply chains in the local economy, influenced by pre-COVID assumptions which we think will hold true as the economic recovery from the COVID-19 pandemic continues.