Sonoma County's Go Local expands amid growing pains

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Go Local Sonoma County and other “buy local” efforts around the country can point to ways that consumers are helping small independent businesses survive against national chains.

What’s less clear is what impact those efforts have in boosting local economies.

On the one hand, county businesses credit the seven-year-old program with helping build customer support for their products and services.

The 400-member cooperative, which on Thursday held its annual meeting, may be best known for the circular blu “GO LOCAL” stickers found in store windows around the county. It also publishes Made Local Magazine and last year collaborated with the county’s Economic Development Board to produce a free map and guide to local beer, cider and spirits makers.

“I see a huge increase in awareness,” said Lisa Waltenspiel, the outreach and marketing manager of Community Markets, which has stores in Santa Rosa and Sebastopol. “People see the value in shopping locally.”

Nationally, the movement’s boosters note the expansion of independent bookstores, whose trade groups were among the first to promote the benefits of buying local. The ranks of such bookstores have grown by more than 20 percent in five years, and locally, Sebastopol-based Copperfield’s Books has grown to eight stores, with openings in the last two years in San Rafael and Novato.

In the county, another sign of change is the expansion of local food products at
grocery stores like Cotati-based Oliver’s Markets. In the last five years, the company’s three stores have nearly doubled the number of local items they carry, and purchases of county-based products are growing at a faster clip than overall sales, said CEO Tom Scott.

Even the Fourth Street Safeway in Santa Rosa now touts the array of local products on hand, including milk from Clover Stornetta Farms and bread from Alvarado Street Bakery, two Petaluma food producers.

The Pleasanton-based supermarket chain’s decision to highlight local options made Go Local co-manager Terry Garrett smile.

“We couldn’t be happier, because those are our local companies,” Garrett said.

On the other hand, not all Go Local programs have succeeded, and the cooperative is now contending with a lawsuit by a former executive director that reflects friction in its ranks in the past. Also, there are experts who question whether buying local really has any impact on local economies.

Go Local’s four-year-old effort to promote its own form of electronic currency — Go Local Bucks — remains limited to about 40 businesses. The program allows rebates earned at one company to be spent like cash at other participating merchants.

However, this year a key business, Community Market, temporarily suspended its involvement with the currency and a related rewards program. Waltenspiel said the company is currently seeking to refinance its Sebastopol store loan and is using all available resources to pay down existing debt.

About 160 members do offer varying discounts with the Go Local rewards card, which last year involved $8.5 million in sales transactions.

Also, the cooperative and its for-profit management company, Sustaining Technologies, both have been sued in federal court for copyright infringement over the iconic blue GO LOCAL design. The lawsuit maintains that Kelley Rajala, a founder
and former executive director of the cooperative, created the GO LOCAL circular design and first displayed it to the public at a 2008 conference on sustainable enterprise. It furthers asserts that Rajala has a copyright for the design and that Go Local continues to use the logo without making payments to her.

Go Local’s Garrett denies the allegations in the January 2015 lawsuit filed by Rajala, also the co-founder of the Made Local Marketplace store in Santa Rosa.

When touting benefits, supporters of buying local insist that such commerce boosts the hometown economy. They offer up economic studies, including a recent one for Oliver’s Markets, and maintain that shopping locally brings more jobs and more wealth for a community.

However, some economists flatly reject the idea that buying local makes any difference for a local economy.

“It’s all nonsense,” said Donald Boudreaux, an economics professor at George Mason University in Virginia. Boudreaux acknowledged that such efforts can increase sales at particular businesses, but he called it “virtually impossible to trace” where dollars come and go within a community.

Regardless, the movement continues to grow.

In the past decade, the number of buy local organizations around the U.S. increased to 160 from 40, according to Bill Brunelle, co-founder of Independent We Stand, a buy local consumer awareness campaign based in Virginia Beach, Va.

The campaign, started by Stihl outdoor power equipment maker, began in 2010 with the 9,000 independent retailers that carry Stihl products and has grown to a membership of 120,000 businesses, Brunelle said.

When Whole Foods co-CEO Walter Robb spoke to a 2013 food conference in Santa Rosa, he noted that the trend of buying local is becoming more appealing to grocery stores than sales of organic products and “continues to grow in spades.”
Similarly, Copperfield’s Books marketing director Vicki DeArmon said at a booksellers institute this winter in Denver, “The buzz was totally about go local.”

The gathering came at a good time for independent bookstores, said DeArmon. A Wall Street Journal story last week noted the number of such businesses grew to 1,712 last year from 1,410 in 2010.

Meanwhile, major national book retailer chain Barnes & Noble has decreased the number of its outlets to 640 from 726 six years ago.

DeArmon, a former board member of the local cooperative, concluded from her time in Denver that “our go local movement was one of the strongest in the country.”

Support for that view came from Jeff Milchen, co-director of the American Independent Business Alliance based in Bozeman, Mont. The county cooperative is a member of the alliance, known in the movement as AMIBA.

The Rohnert Park-based Go Local is “one of the more sophisticated and successful alliances,” said Milchen. It also remains unusual because it is managed by a for-profit company. Instead, he said, most such groups are operated by nonprofits, similar to chambers of commerce and other business trade groups.

Go Local’s Garrett, a board member for the county’s economic development board, characterized the program’s management as entrepreneurs helping other entrepreneurs who happen to own local businesses.

The operation currently is limited to Garrett and co-manager Janeen Murray, but the pair hope to hire two more employees this year.

Among the initiatives in development is a Go Local streaming radio channel that would allow members to customize both the music and messages played over their business sound systems. DeArmon said Copperfield’s is planning to test the program.

Go Local wants to encourage more grocery stores to follow Oliver’s lead and post
“made local” tags by its county-made items.

It also has been developing a grocery store program to group together in one space county-made beer, cider and spirits so consumers would “know you’re in the local section,” said Garrett.

The emphasis on local food producers and grocers is no accident.

“We need to focus in this county on the stuff we’re good at,” Garrett said.

He provided data from Harvard Business School’s Institute for Strategy and Competitiveness that ranks Sonoma County fifth in the U.S. for employment in food processing and manufacturing. That high mark is mostly due to the wineries here, but the county also ranks 10th among all counties for employment in the specialty foods and ingredients sector.

When it comes to buying local, Sonoma County residents have an unparalleled selection of locally produced foods, said Oliver’s CEO Scott. He said his stores now carry upwards of 7,000 individual food items, or “stockkeeping units,” known in the industry as SKUs.

“I don’t think there’s another county in the United States where you could find 7,000 SKUs,” Scott said.

And consumers are responding, he said. Oliver’s annual sales increased to $104.7 million in 2014 from $75.7 in 2011. Even more striking, the portion of local sales during that growth spurt has climbed to 27 percent from roughly 22 percent.

So what does it mean for local economies? Supporters point to studies such as a 2012 study on independent booksellers that proclaimed a significant economic benefit over chain stores in areas ranging from overall employment to more dollars recirculating in the community.

Boudreaux of George Mason remains unpersuaded. To him, the buy local campaigns are “only talking about the margins.” Proponents, he argued, don’t advocate limiting
all purchases strictly to local products, as most agree that would be too confining and end up making communities poorer.

Also, Boudreaux maintained that the studies in question fail to measure the business activity that isn’t taking place due to buying local. The presumption is shoppers have chosen to spend more to support a local business, but that means they have less money to spend elsewhere, perhaps eating out less often or scrimping on some other part of life.

Garrett, though, cited a 2013 study by the Federal Reserve Bank of Atlanta, subtitled: “Do Local Business Ownership and Size Matter for Local Economic Well-Being?”

In the study of U.S. counties, author Anil Rupasingha wrote that his findings “clearly show that employment in micro and small-sized local establishments are favorable for county income and employment growth and poverty reduction.” He suggested that fostering smaller local businesses may be good for economic development.

Closer to home, Sonoma State University economics professor Robert Eyler released a private study in December that found an economic benefit when shoppers buy local at Oliver’s Market compared to purchasing national brand products sold at a chain store headquartered outside the county.

A $100 purchase of local goods at Oliver’s generates $128 of additional business revenue in the community, while the same dollar purchase of “non-local” goods from the chain store generates only $50.18 in additional revenue.

The biggest economic impact comes when an item is solely produced and sold in the county, “from dirt to mouth,” in the case of a food product, Eyler said. “That’s where the real magic happens.”

This week, Go Local officials and former director Rajala are slated to meet in an attempt to resolve the copyright infringement lawsuit, now set for trial in September.

“I’m looking for acknowledgment and compensation for my role in creating the
branding,” she said last week.

Both sides were reluctant to expand on the dispute. But Garrett strongly denied Rajala’s allegations.

“There is no infringement and there is no damage,” he said.

Looking ahead, buy local supporters predicted the movement will continue to grow nationally.

As it does, more consumers likely will want to know exactly how far away a product can be made and still be called local. And even supporters said local merchants won’t succeed if they fail to provide quality products, good service and fair prices.

“Don’t support them just because they’re local,” said Brunelle of Independent We Stand. “That doesn’t work for anybody.”

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