

Boutiques or Big Box Stores: Where does your city rank? Share of Spending at Small and Medium Enterprises

Small businesses and medium enterprises are important contributors to local economies. Policymakers at the federal and state and local level devote considerable resources to helping small businesses grow and these firms can be a crucial source of job growth.¹ Despite the attention paid to small businesses and medium enterprises, there is little systematic information about how these businesses are faring in local economies around the country. Building off of 12.4 billion [anonymized](#) credit and debit card transactions in 15 metropolitan areas, the JPMorgan Chase Institute’s recently released [Profiles of Local Consumer Commerce](#) (PLCC) can help better understand which cities have the most consumer spending at small and medium enterprises.²

Which metro area has the largest share of spending at small and medium enterprises?

2015 Q2

Rank	Metro Area	Share of Spending
1	New York-Newark-Jersey City, NY-NJ-PA	74.7%
2	Los Angeles-Long Beach-Anaheim, CA	71.4%
3	Chicago-Naperville-Elgin, IL-IN-WI	67.5%
4	San Francisco-Oakland-Hayward, CA	66.0%
5	Seattle-Tacoma-Bellevue, WA	64.5%
6	San Diego-Carlsbad, CA	64.4%
7	Houston-The Woodlands-Sugar Land, TX	63.2%
Fifteen City Average		62.8%
8	Denver-Aurora-Lakewood, CO	62.7%
9	Portland-Vancouver-Hillsboro, OR-WA	61.7%
10	Miami-Fort Lauderdale-West Palm Beach, FL	61.2%
11	Atlanta-Sandy Springs-Roswell, GA	58.6%
12	Phoenix-Mesa-Scottsdale, AZ	58.4%
13	Dallas-Fort Worth-Arlington, TX	56.5%
14	Detroit-Warren-Dearborn, MI	56.0%
15	Columbus, OH	54.4%

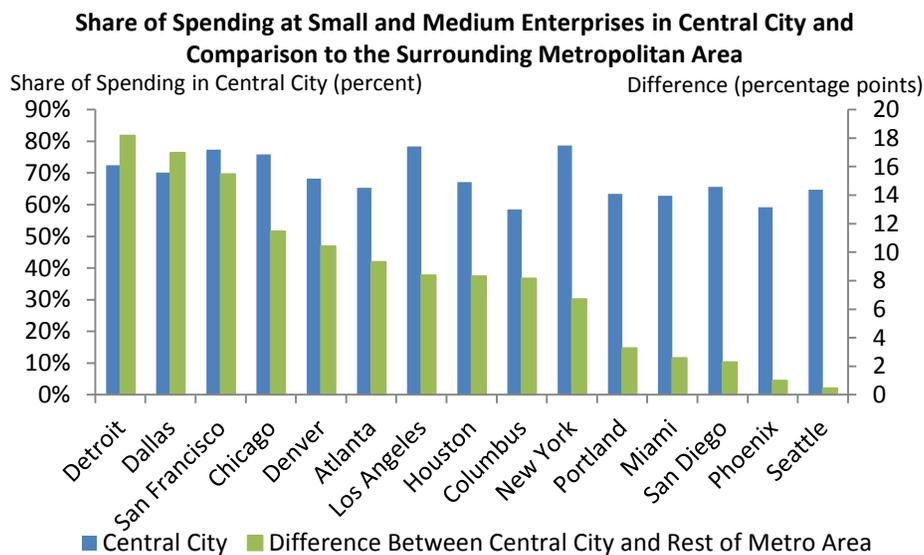
Source: JPMorgan Chase Institute.

¹ A 2010 [report](#) found that 56.3 percent of job creation is due to new firms and 41.8 percent is due to expansions of existing firms. In contrast, only 1.9 percent of job creation in a state can be attributed to relocation of firms from another state.

² We define small and medium enterprises as businesses with less than eight percent market share in their market segment in a given metro area.

Small and medium businesses account for the majority of consumer spending in large cities, but there is a wide range across cities. In New York consumers made the highest share of local commerce purchases at small and medium enterprises in 2015 Q2, as much as 75 percent of all spending. This share was twenty percentage points higher than the share in Columbus, where local commerce spending at small and medium enterprises was just over 54 percent of total spending. And larger metropolitan areas typically have a greater share of spending at small and medium enterprises than smaller metro areas.

But the metro area shares above mask an important point. If we break the metropolitan areas down into the central city and the surrounding areas, as our PLCC data allow us to do, we find that central cities uniformly have more spending at small and medium enterprises than do their surrounding metropolitan areas.



Once again, there is considerable variation across cities as to the difference in the share of spending at small and medium enterprises in the central city versus the surrounding areas. As shown in the graph above, Detroit had the biggest gap: inside the Detroit city limits, consumers spent 72.5 percent of their total consumption at small and medium enterprises—18.2 percentage points higher than the small and medium enterprise share in the rest of the metropolitan area. Other cities with large gaps include Dallas and San Francisco with a gap of 17.0 and 15.5 respectively. At the other end of the spectrum, Seattle and Phoenix had only a slightly higher share of spending at small and medium enterprises in the central city than in the rest of the metropolitan area.

As we have seen, larger metro areas can support more small businesses and medium enterprises, and a greater share of spending in central cities takes place at small and medium enterprises relative to the surrounding areas. But the large variations across cities evident in the JPMorgan Chase Institute’s [Profiles of Local Consumer Commerce](#) is an important data source to better understand small and medium businesses and devise better policies to help them succeed.

The JPMorgan Chase Institute is committed to delivering data-rich analyses and expert insights for the public good. Our recently released report [Profiles of Local Consumer Commerce](#) tells the story of the decline in everyday retail spending across fifteen metro areas. As part of a five week series, the JPMC Institute will explore the differences between the metro areas through a series of blog posts ranking the cities across select dimensions from the report. Last week we looked at [Spending by Seniors](#).