



# Building a Thriving, Equitable and Sustainable Entrepreneurial Ecosystem in Buffalo

Strategic Management Consulting (SMC) was retained by Westminster Economic Development Initiative (WEDI) to conduct a Financial Feasibility Study to quantify and qualify the impact of the expansion of its West Side Bazaar (WSB). All financial indicators strongly support the creation of a new and expanded West Side Bazaar, WEDI's entrepreneurial incubator. Research confirms that such a cultural and community destination will serve as an attraction for relocating or returning residents, new business investment, and hasten the city's economic expansion.

For more than a decade, the Bazaar has been a catalyst for business development, community enrichment and investment, and a draw for customers from all walks of life. It is often the first stop for prospective employees and family visitors when nearly any Buffalonian has a visitor in town and it is a "must-see" according to Yelp, Travelocity, and countless international guidebooks.

As the United States, and in particular Rust Belt cities, reckon with a legacy of systemic financial inequities and suppression, and contracting populations, the West Side Bazaar will have powerful social and economic impacts on Buffalo. Over the past decade, thanks in large part to an influx of immigrants and refugees into the population, Buffalo's population

**"Let's start by first holding ourselves accountable and deliberately accelerating the journey towards entrepreneurial ecosystems that are diverse, inclusive and fair. Now is the time to bring our communities together and do better."**

— International Business Innovation Association (InBIA) is a global nonprofit organization that has helped to structure, support and encourage entrepreneurial organizations for over 30 years

has grown 6% and neighborhoods like the West Side are experiencing a renaissance characterized by job-creating small businesses.

The West Side Bazaar is more than the sum of its parts. As a business incubator, it identifies diverse clients who represent the demographics of its host region, including women and minority entrepreneurs. As a kitchen incubator, the Bazaar utilizes industry best practices. As a community hub and touchstone, it is a gathering space that uses the universal language of food to bridge divides, allowing strangers to share cultures and, perhaps, become friends.



# Small Businesses Fuel the American Economy

- 99.9 % of US businesses are small businesses. They employ 47% of the private workforce.
- Prior to Covid-19, incubators and other entrepreneurial centers had been expanding dramatically as revitalization mechanisms in urban, suburban, and rural communities across the globe. Typically launched with investments by local and regional government funding and foundations, incubator operations are funded by earned income, philanthropic investment, and government funding.
- In 2018 45% of small business owners were from minority ethnic groups, representing a 400% increase year over year between 2017 and 2018, particularly in Black small business owners. And yet, the share of US venture capital going to Black-founded companies stood at a woeful 3% of the \$147.6 billion of 2020's overall deal volume.<sup>1</sup>
- A recent study by Yelp, the largest retail and restaurant aggregator, demonstrates a clear consumer desire to support Black, Latinx, Asian, and women business owners<sup>2</sup>, and highlights the surge in interest in these businesses during the pandemic in light of the devastating impacts on underserved communities.<sup>3</sup> The Bazaar capitalizes on that interest.

## 2020 Small Business Profile<sup>4</sup>



**31.7M**  
Small Businesses  
(99% of United States  
Businesses)



**60.6M**  
Small Business  
Employees  
(47.1% of United  
States Employees)



DIVERSITY

**5.2M**  
Self-Employed  
Minorities

EMPLOYMENT

**1.6M**  
Net New Jobs

TRADE

**285,334**  
Small Business  
Exporters

## Searches for Asian, Women, Black and Latinx-Owned Businesses Surge

**Asian-Owned  
Businesses**

  
**+130%**  
searches

**Women-Owned  
Businesses**

  
**+164%**  
searches

**Black-Owned  
Businesses**

  
**+3,085%**  
searches

**Latinx-Owned  
Businesses**

  
**+4,077%**  
searches

1 <https://www.yelpeconomiccoverage.com/diverse-business-report.html>

2 Guidant Financial, a BBB A+ rated financial institution that specializes in small business lending and SBA loans to small businesses,

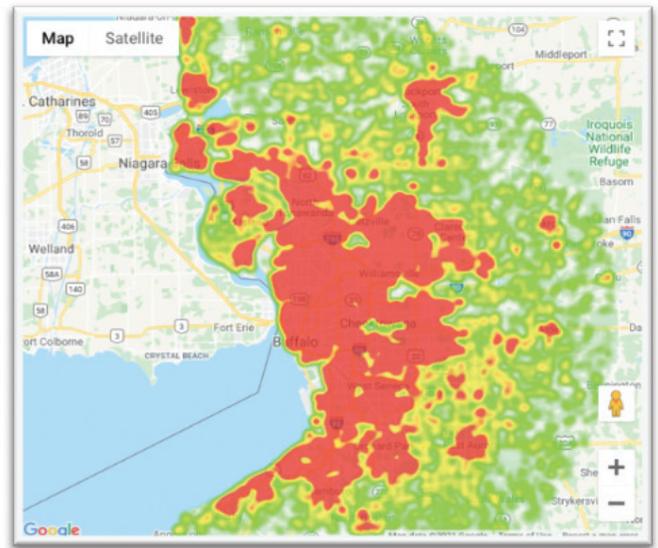
3 April Joyner and Arriana McLymore, "Analysis: For Black Founders, Venture Funding Remains Elusive despite New Funds," Reuters (Thomson Reuters, February 22, 2021).

4 SBA, Business Employment Dynamics, Bureau of Labor Statistics

# \$34 Million and Counting

- Over a five-year period, the West Side Bazaar can be expected to add significantly to the regional economy – nearly \$34M using the BEA RIMS II analysis, with less than 30% attributed to one-time construction expenditures.
- Loyal Bazaar customers include a large percentage of the coveted Millennial demographic, who tend to frequent social-mission businesses and eat out often. The Bazaar also has a large percentage of 50+ age group, which tends to spend more per visit, often over \$50.
- Despite its popularity, the West Side Bazaar remains unknown to many. There has historically been very little, if any, marketing or advertising. New branding and marketing campaigns are raising the organization’s profile.
- Niagara Street is undergoing a transformation funded by federal, state, and regional agencies. With a budget recently estimated at \$50+M, the busy artery is bursting with mixed-use buildings, homes, and shops in restored former factories.
- Bicycle paths, proximity to highways, thoroughfares and public transportation, corporate headquarters, a new film studio, and other businesses help assure a strong customer base.

## Residents Interested in Gourmet Food & Wine



Source: ReferenceUSA

Standard restaurant penetration rates are 2-5% within a 10-mile drive; even a 1% penetration rate will yield 250,000 unique visits for the West Side Bazaar.

## The local customer base is promising:



**600,000**  
residents within  
a 10-mile radius



**WSB price points** are varied, attracting a range of customers from different socio-economic levels and neighborhoods



American diners eat out on average 4.9x week and 54% will travel up to 30 minutes for specialty food



Local residents have a household income range between \$32K and \$100K, with many spending at much as \$5K annually on dining out



More visits could generate as much as \$22M in customer spending that goes directly in the pockets of Bazaar entrepreneurs



Income taxes and up to \$2M in sales taxes benefit the entire city

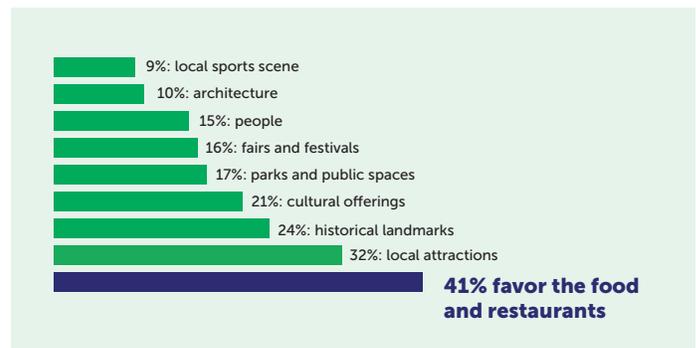
# Good for Small Business = Good for Buffalo

Achieving economic balance isn't simply about giving minority business owners a chance at owning their own business. It is fully about creating a thriving region that keeps people employed at living wages and building a tax base that supports education, infrastructure, and community assets such as downtown shopping districts and open spaces.

- Buffalo's renaissance over the last decade has left many people behind. Programs like the Bazaar attract other business investment, demonstrate a city's "culture," and can help to attract new residents and employees.
- With the global culinary tourism market reaching \$1.1+B in 2019, the Bazaar is a powerful draw for visitors regionally, nationally or beyond.
- 46% of people will venture to a new neighborhood for a new restaurant, leading to ancillary spending around the city.
- Hospitality is often a first job or a first business venture for people who may not have a university degree or speak English as a first language. Stable employment opportunities for all underpin community well-being and reduces crime.

- Immigrants at all entrepreneurial levels have a net positive impact on job creation and wage growth.<sup>5</sup> What starts as a stabilizing force that keeps money circulating in a neighborhood attracts others to the community,
- The most desirable attributes a city can boast for attracting and retaining residents is support for entrepreneurs, quality food and cultural experiences, and historical architecture.

## What people love about visiting cities:



Source: The State of the City Experience, Sasaki Urban Planners

## WSB: Getting Ready for Business

- Since its inception in 2011, the West Side Bazaar has created or induced hundreds of jobs, provided financial stability for and become a cornerstone of the community.
- WEDI and the Bazaar have a track record of supporting populations that have historically been excluded from entrepreneurship: 80% are people of color, 63% foreign-born, and 85% previously low-income.
- Low-income entrepreneurs often start businesses in their own neighborhoods and hire from the community.
- The Bazaar's diverse portfolio of businesses regulate the flow of deliveries, employees and customer traffic. Diverse revenue streams and usage patterns help all weather economic storms.
- 54% of WSB customers are white, while they comprise 77% of the Buffalo-Cheektowaga area, indicating the business model appeals to many different people.
- Incubator best practices are important indicators of success. The new WSB will possess 7 out of 10 of the most vital. While WSB isn't currently gluten-free, its online ordering, 24-hour kitchen access and a community of support keep it going strong.
- Two out of three startups fail within the first five years, but 87% of businesses that began in an incubator are still viable after 5 years.
- For 10 years the West Side Bazaar has helped make entrepreneurs out of neighbors and graduates out of entrepreneurs. The Bazaar's dining area overflowed before the pandemic, and during the Covid-19 shutdowns, Grant Street was often filled with lines of 300+ cars waiting for takeout.

5 [https://www.kellogg.northwestern.edu/faculty/jones-ben/html/Immigration\\_and\\_Entrepreneurship\\_in\\_the\\_United\\_States.pdf](https://www.kellogg.northwestern.edu/faculty/jones-ben/html/Immigration_and_Entrepreneurship_in_the_United_States.pdf)