

THE BUY LOCAL INITIATIVE AND ITS EFFECTIVENESS IN A SMALL ISLAND ECONOMY: EVIDENCE FROM THE PACIFIC ISLAND OF GUAM

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ABSTRACT

Small islands around the world are constantly facing the challenge of how to enhance the growth of their economies so as to provide an increased standard of living for their population. The major culprit is these islands' "smallness", which reflects itself in different ways (small population, low total income and per capita income, limited productive resources) results in a lack of economies of scale and economic diversification, which limits opportunities for local production and for producing for exports and instead increases reliance on imports for a wide array of goods and services. Efforts to address these challenges look at solutions that specifically focus on the local economy by trying to keep income and spending from leaking out and instead multiplying within the local economy. In Guam, these efforts lead to initiatives that encourage local buying (as both a short-run and long-run solution), which is complemented by local hiring and local producing as long-run solutions. This paper discusses this initiative in Guam and evaluates its effectiveness in making a positive contribution to Guam's economic development.

INTRODUCTION

"Buying local" can truly be a positive contributor to an economy, especially for a small island economy like Guam, a territory of the United States located in the Western Pacific Region. The resulting positive contribution to the local economy increases with the amount that local consumers buy from local businesses, since it is these businesses that provide the majority of local employment, pay taxes to the local government and give back to our larger island community. The University of Guam-Pacific Center for Economic Initiatives director, Dr. Anita Borja Enriquez, makes this point (*Marianas Variety*, October 20, 2011):

"you make the decision to 'Buy Local' when you buy products that are sold locally instead of ordering them 100 percent from off-island; by hiring Guam residents first before off-island hires; and by using Guam-based businesses instead of 'outsourcing work' off-island."

THE BUY LOCAL INITIATIVE IN GUAM

The Buy Local initiative in Guam, also known as the "Local Guam Movement... Think, Support, Buy", was established in 2010 as a collaborative effort by the University of Guam-Pacific Center for Economic Initiatives, Guam Chamber of Commerce (including the Guam Young Professionals) and the Guam Economic Development Authority (<http://www.buylocalguam.org>). It ...

“is a targeted marketing education campaign that promotes the economic benefits of supporting Guam-based businesses and organizations and Guam-based hiring. It is intended to motivate Guam consumers, businesses, and other organizations to keep the dollars circulating in Guam and shift spending by at least 10% towards Guam-based businesses. It will also promote providing more jobs for Guam's residents. The resulting benefits are more dollars for our local tax base to support public health care, safety, and education; roads and water systems; public parks; reduced carbon-footprint; and better balance of trade. It aims to motivate Guam consumers, businesses and other organizations to keep the dollars circulating in Guam and shift spending by at least 10 percent to Guam-based businesses.”

Since then, events and activities have taken place to educate local residents about the idea behind the Buy Local initiative and to promote the initiative (see examples in Appendix A). Local companies and organizations worked with University of Guam-Pacific Center for Economic Initiative, Guam Chamber of Commerce, Guam Young Professionals, Guam Economic Development Authority, Guam Preservation Trust, Hagåtña Restoration and Redevelopment Authority of the Department of Chamorro Affairs, Guam Humanities Council and *Local First! Guam* to sponsor many of these Buy Local activities and events.

ECONOMIC BENEFITS FROM A BUY LOCAL INITIATIVE

A common way to measure how much local spending stays and circulates (or multiplies) in the local economy is to use the concept of spending multiplier. The spending multiplier captures the process of spending an additional \$1 “in the first round” and how this \$1 leads to subsequent rounds of spending in that, each additional \$1 spent in the local economy becomes income to some local businesses and their employees, from which they would spend in the next round, thus becoming income to some other local business and their employees, from which they would spend in the next round, and so on. In the end, each additional dollar spent generates an amount greater than the dollar spent “in the first round”. Hence, each additional dollar spent “in the first round” is multiplied. If we know what the spending multiplier is that applies to Guam’s economy, we could estimate the resulting total spending on the local economy and then extrapolate the implications for additional tax revenues from Gross Receipts Tax and additional jobs created.

The Buy Local initiative website (<http://www.buylocalguam.org>) lists the following as *Top Reasons to Think, Support and Buy Local*:

- *More money for Guam. When you buy from an independent, locally owned business, it is more likely that they will then purchase from other local businesses and service providers, thereby strengthening the economic base and keeping the dollars circulating on island.*
- *Job creation. Hiring Guam residents first creates and maintains much-needed jobs to raise the standard of living and support the overall quality of life of Guam residents.*
- *Big impact. Consider shifting 10% of the purchases you usually make from the “Three O’s” (on-line, on-base, and/or off-island) to local businesses that provide the same products at reasonable prices. This small change will make a big difference in the local economy.*
- *Support community groups. Small, local business owners are more likely to support Guam-based, non-profit organizations and events in the community.*
- *Reduce environmental impact. Locally owned businesses make more local purchases, thereby requiring less transportation. This generally means contributing less to congestion and environmental pollution.*

- *Invest in the community. Local businesses are owned by people who live in the community, are less likely to leave, and invest more in Guam's future.*
- *Build Guam's tax revenue base. Local businesses would directly contribute to Guam's tax base, adding much-needed revenue to support public health, public safety, public roads, water, sewer systems, utilities, public education, community projects, and other public service initiatives.*

Ruane (2011) provides a theoretical framework for the Buy Local initiative, starting with a standard version of the spending multiplier is given as

$$\text{Standard Spending Multiplier} = 1 / (1 - \text{MPC}(1 - t) + \text{MPI}_{\text{m}}) \quad (1)$$

Where MPC=marginal propensity by households to consume out of their total/gross household income; t = marginal tax rate on consumer/households' incomes and MPI_{m} = marginal propensity to import. Formula (1) shows the spending multiplier increases with higher MPC, lower tax rate and lower MPI_{m} . These three factors correspond to the three leakages (using John Maynard Keynes' term) from households' ability to spend on the local economy: household saving, taxes, and imports.

In Guam's case, the standard spending multiplier needs to be modified in order to reflect additional leakages from the Guam's economy when household spending goes toward spending at stores in military bases located in Guam, from online sources and from off-island sources. Elsewhere (in Ruane, 2011), I explained that only a portion a_1 of the MPC goes to the local economy as summarized in Formula (2):

$$\text{Guam's spending multiplier} = 1 / (1 - a_1 \text{MPC}(1 - t) + \text{MPI}_{\text{m}}) \quad (2)$$

i.e., only a proportion a_1 of household spending are multiplied in the local economy. The balance $(1 - a_1)$ is assumed to have leaked out. This is in addition to the amount of spending that leaked out through imports.

The policy implications for increasing Guam's spending multiplier are straightforward and as easy as referring to Formula (2). First is to find ways to increase the marginal propensity to consume (MPC). However, caution must be taken in making the distinction between short-run and long-run benefits to the economy and the balance between consumption and saving. Second is to reduce the marginal tax rate, which is not an option for Guam since it adopts the marginal tax rates (t) that prevail in the Continental U.S. Third is to find ways to switch local spending toward local sellers, as opposed to military base, online sales, off-island shopping and imports. If this sounds familiar, this is what forms the basis for the Buy Local initiative. Lastly, one sure way to increase Guam's spending multiplier is to reduce its current dependence on imports by perhaps developing industries that would produce local goods that would substitute for those currently imported, in this case, a "Local Producing" initiative. As Guam Chamber of Commerce President David Leddy said, "development of local industries goes hand in hand with the Buy Local campaign". (*Marianas Business Journal*, 2012, July 16)

Unfortunately, we are not sure what the spending multiplier is for Guam. Estimates by local economists range from 1.2 to 2.0. In December 2011, a study estimated the local spending

multiplier to be 1.30 (*University of Guam-Pacific Center for Economic Initiatives Technical Report, Issue 15*) based on the following calculation:

$$\text{Guam's spending multiplier} = 1 / (1 - 0.71 + 0.48) = 1.2987 (\text{rounded off to } 1.30)$$

This 1.30 estimate already took into account spending/purchasing power that “leaked” out from the local economy to pay purchases from online sources (6.53% of Guam consumers’ annual purchases), off-island shopping (6.86%) and military base stores (15.78%). This means that 71% of Guam consumer’s annual purchases go to local vendors but keep in mind that the full 71% does not stay in the local economy because local vendors purchase some of their merchandise from imported suppliers. The U.S. Department of Commerce-Bureau of Economic Analysis estimates of Guam’s Gross Island Product show that imports make up 48% (BEA, 2012, September 24). The formula and the above explanation imply that the spending multiplier on the local economy can be increased by reducing our purchases from non-local sources, that is, by “buying local.”

The above theoretical framework, combined with the numerical estimate for the local spending multiplier, allow us to calculate the potential positive contribution of “buying local” on the Guam economy as follows:

- The spending multiplier of 1.30 says that every additional \$100 spent in the local economy would generate an additional \$30 on top of the \$100 spent in the “first round”, or a total of \$130 of additional spending/income.
- This additional spending represents additional sales receipts of \$130 would result in additional gross receipts taxes of \$5.20 (=4% of \$130). Also, this additional spending represents additional income of \$130, which would generate additional income taxes of \$19.50, calculated at an assumed average tax rate of 15%.
- The impact on job creation can be estimated using the following information: Guam’s economy is approximately \$4 billion per year (using latest estimate for year 2010) and provides around 60,000 jobs (rounding off recent Guam Department of Labor employment data). This suggests that every \$100,000 worth of spending/sales/income on the local economy would yield 1.5 local jobs.

SURVEY ON THE EFFECTIVENESS OF THE BUY LOCAL INITIATIVE

Methodology

This survey was developed in early 2012 under the leadership of the University of Guam-Pacific Center for Economic Initiatives Director, Dr. Anita Borja Enriquez, with inputs from Drs. Karri Perez, Annette Taijeron Santos and Fred Schumann and Ms. Eileen Agahan. A shorter version of it was piloted in July at the Chamorro Village in conjunction with the Guam Buy Local initiative called “Think, Support, Buy Local at Chamorro Village”, which ran from June 22 to July 18, 2012 (<http://www.buylocalguam.org>). A longer version of a related survey was conducted on September 15 at the Micronesia Mall during a UOG-organized event called “Green Energy Career Expo”. In November, the survey instrument was expanded by Dr. Claret Ruane in order to measure a change in awareness, perception and support of the initiative, with the goal of measuring (quantifying to the extent possible) the effectiveness of the Buy Local initiative approximately one

year since the marketing campaign was launched. This report will focus on the last survey conducted.

The survey consisted of 13 questions designed to measure Guam consumers' awareness, perception and support of the Buy Local initiative and the initiative's effect on consumers' purchase decisions. The survey instrument received the approval of the Committee on Human Research Subjects as #12-111.

Several survey questions were designed to capture different levels of involvement with the initiative or the idea behind the initiative:

- Awareness is the lowest level of involvement and constitutes having heard of the initiative or having some information/understanding about the idea behind the initiative.
- Perception of importance is the next level of involvement and is a progression from being aware of the initiative to developing an opinion about it in general and its importance, in particular. At this level, one would agree or disagree, to different degrees, that the initiative is important. This includes agreeing that the initiative is important *in principle* but not necessarily in practice.
- Being supportive or giving support is the highest level of involvement among the three considered here and translates awareness of the initiative and the belief in its importance into action of support or moving the initiative forward. This level is a manifestation of *putting the idea/principle behind the initiative into practice*.

The ultimate goal of this survey is to measure in a quantifiable manner the effectiveness of the Buy Local initiative in terms of how much desired action resulted from the initiative, with desired action measured as *additional purchase from local vendors and reduced purchase from non-local vendors*, which include military base stores, online sources and purchases made off-island during a trip and brought back to Guam.

Conducting the survey

The survey was conducted in face-to-face format on November 10 and 17 at Agana Shopping Center as part of Learn Local event aimed at “promoting the importance of thinking, supporting, and buying local” (<http://www.buylocalguam.org>). The Learn Local event was announced through a variety of means, including the Buy Local website <http://www.buylocalguam.org>, UOG main website, news coverage by the local media, email to social networks and by word of mouth. Responses to the survey were later inputted in Microsoft Excel.

Survey Respondents

A total of 435 individuals participated in the survey. Efforts were made to achieve a sample of respondents with diversified backgrounds, but because the survey is voluntary, this goal was not always achieved. The respondents' profile is presented in the Appendix B.

SURVEY RESULTS

First Learned About “Buy Local”

When respondents were asked where they first learned about “Buy Local” in Guam, 36.36% heard about it first on the radio, 16.32% from family members, friends and someone else (not including from a teacher in a classroom-setting), and 14.45% from TV. Although respondents were asked to choose only one answer, 10.02% indicated multiple answers, several of them included the same three channels already mentioned (radio, word-of-mouth and TV). The results are found in Table 1.

TABLE 1: Where did you first learn about “Buy Local” in Guam? (Check one only)			
Radio	156	36.36%	#1
TV	62	14.45%	#3
Newspaper (Of the 31 respondents, 20 indicated <i>Pacific Daily News</i>)	31	7.23%	
Magazine	0	0.00%	
Word-of-mouth	78	18.18%	#2
Teacher/In class	8	1.86%	
Multiple answers	43	10.02%	
Other answers, including <i>In a business/restaurant/store or at a mall (23 respondents)</i> <i>UOG (6 respondents)</i> <i>Guam Chamber of Commerce/Guam Young Professionals (2 respondents)</i> <i>First time/at the survey booth (10 respondents)</i>	51	11.89%	
Responses	429		
Skipped	22		

What “Buy Local” Means

From the beginning of the Buy Local initiative and even while the marketing and education campaign was going, one challenge the initiative faced is the meaning of the phrase “Buy Local”. Although the initiative was clear in its use of “Buy Local” as “supporting Guam-based businesses and organizations and Guam-based hiring”, implying that the term “local” means “Guam-based” or “located in Guam”. (<http://www.buylocalguam.org>)

Another attempt to clarify the meaning of a “local business” is made in the December 2011 publication entitled *Buy Local Holiday Gift Guide*, which was circulated as an insert in the *Pacific Daily News*. That publication stated that “... local businesses are broken down into three different tiers: locally-owned and independent businesses, businesses that offer local products and services, and businesses that support the local community.” Whereas the first explanation emphasized the location of the business (and hiring), i.e., “Guam-based”, the latter statement brought up issues such as ownership of the business, product offerings as well as support for the local community. These two interpretations of the term “local” highlight why we expect local residents and survey respondents to have different interpretations or understandings of the meaning of the term “local” or “buy local”. This concern motivated the survey question “What do you think “Buy Local”

means?” Respondents were given six different possible answers or were given the option to write in their own interpretations. The most popular answer indicated by 41.12% of the respondents interpreted “Buy Local” to mean “Buying products that are made in Guam from Chamorro-owned stores/businesses located in Guam”, which highlights the type of product (Guam-made), the ownership of the business (Chamorro) and the location of the business (Guam). Note that “Chamorro” refers to the native people of the island of Guam and its culture. 17.76% interpreted “Buy Local” as “Buying products that are made in Guam from stores/business located in Guam (including military base stores), even they are not Chamorro-owned”, i.e., product made in Guam sold by a business located in Guam regardless of the ethnicity of the business owners. The third most popular interpretation of “Buy Local” representing 13.55% of the respondents is “Buying products INCLUDING both made on and outside of Guam from Chamorro-owned stores/businesses located in Guam,” which focused on the ownership of the business (Chamorro) and location (Guam) but not where the product was made. A summary of survey answers to this question is in Table 2.

Effectiveness of the Buy Local Initiative

How effective has the Buy Local marketing/educational campaign been after one year? To do this, the survey question tries to measure local residents’ awareness of the initiative, how important they perceive of it and how supportive they have been of it. The survey question then asks to what extent the initiative has translated into desired action, in this case, to a shift of purchase in favor of local vendors.

Table 3 shows an increase in awareness of the Buy Local initiative over a one-year period, with awareness measured by respondents indicating that they are “aware”, “very aware” or “extremely aware” of the Buy Local initiative one year later (in this case, in November 2012 when the survey was conducted) compared to their awareness one year earlier. Whereas only 50.35% of the respondents were aware (as defined above) of the initiative a year ago, 83.29% are aware of the initiative one year later.

Table 4 also shows an increase in the respondents’ perception of how important buying local is to the island economy of Guam, from 80.47% of respondents indicated that they think buying local was “important”, “very important” or “extremely important” to the local economy a year ago to 93.78% indicating the same responses one year later.

Table 5 shows an overwhelming support to the Buy Local initiative even one year ago, which only increased over a year’s time. 73.5% of respondents indicated that, one year ago, they were “supportive”, “very supportive” or “extremely supportive” of buying local, which increased to 87.1% of respondents indicated the same responses to describe how supportive they are of buying local one year later.

Speaking of being supportive, additional survey questions reveal overwhelming support to local farmers and local small businesses. Tables 6 and 7 show 95.63% and 97.7% of respondents indicated being “supportive”, “very supportive” or “extremely supportive” of local farmers and local small businesses, respectively.

TABLE 2: What do you think "Buy Local" means? (Check only one answer.)

Buying products that are made in Guam from Chamorro-owned stores/businesses located in Guam.	176	41.12%	#1
Buying products INCLUDING both made on and outside of Guam from Chamorro-owned stores/businesses located in Guam.	58	13.55%	#3
Buying products that are made in Guam from stores/business located in Guam (including military base stores), even they are not Chamorro-owned.	76	17.76%	#2
Buying products INCLUDING both made on and outside of Guam from stores/business located in Guam (including military base stores), even they are not Chamorro-owned.	34	7.94%	
Buying products that are made in Guam from stores/business located in Guam but NOT on the military bases, even they are not Chamorro-owned.	26	6.07%	
Buying products INCLUDING both made on and outside of Guam from stores/business located in Guam but NOT on the military bases, even they are not Chamorro-owned.	28	6.54%	
Multiple answers	28	6.54%	
Other answers including <i>Buying from local farmers/buying local produce/vegetable</i>	2	0.47%	
responses	428		
skipped	23		

TABLE 3: A year ago, how aware were you of the idea of buying local? (Check one box only)
VERSUS Today, how aware are you of the idea of buying local? (Check one box only)

Awareness of Buy Local	A year ago		Today	
Not aware at all	71	16.47%	8	1.86%
Somewhat aware	143	33.18%	64	14.85%
Aware	107	24.83%	138	32.02%
Very aware	52	12.06%	105	24.36%
Extremely aware	58	13.46%	116	26.91%
AVERAGE (out of 5)		2.7285		3.5963
% AWARE, VERY AWARE, EXTREMELY AWARE		50.35%		83.29%
responses	431		431	
skipped	20		20	

TABLE 4: A year ago, how important did you think is buying local to our island? (Check one box only)
VERSUS Today, how important do you think is buying local to our island?

Importance of Buy Local	A year ago		Today	
Not important at all	17	3.95%	3	0.69%
Somewhat important	67	15.58%	24	5.53%
Important	127	29.53%	50	11.52%
Very important	63	14.65%	141	32.49%
Extremely important	156	36.28%	216	49.77%
AVERAGE (out of 5)		3.6372		4.2512
% IMPORTANT, VERY IMPORTANT, EXTREMELY IMPORTANT		80.47%		93.78%
responses	430		434	
skipped	21		17	

TABLE 5: A year ago, how supportive were you of buying local?
VERSUS Today, how supportive are you of buying local?

Supportive of Buy Local	A year ago		Today	
Not supportive at all	23	5.30%	3	0.69%
Somewhat supportive	92	21.20%	52	11.98%
Supportive	140	32.26%	116	26.73%
Very supportive	94	21.66%	134	30.88%
Extremely supportive	85	19.59%	128	29.49%
AVERAGE (out of 5)		3.2903		3.7581
% SUPPORTIVE, VERY SUPPORTIVE, EXTREMELY SUPPORTIVE		73.50%		87.10%
responses	434		434	
skipped	17		17	

TABLE 6: How important is it to support local farmers? (Check one box only)

Not important at all	1	0.23%
Somewhat important	18	4.14%
Important	31	7.13%
Very important	122	28.05%
Extremely important	263	60.46%
AVERAGE (out of 5)		4.4437
% IMPORTANT, VERY IMPORTANT, EXTREMELY IMPORTANT		95.63%
Responses	435	
Skipped	16	

TABLE 7: How important is it to support your small businesses who operate in Guam? (Check one box only)

Not important at all	0	0.00%
Somewhat important	10	2.30%
Important	42	9.66%
Very important	144	33.10%
Extremely important	239	54.94%
AVERAGE (out of 5)		4.4069
% IMPORTANT, VERY IMPORTANT, EXTREMELY IMPORTANT		97.70%
responses	435	
Skipped	16	

One measure of how effective an initiative has been is to find out to what extent it resulted in a desired outcome in the form of some action, a change in behavior. As mentioned earlier, in an initiative like the Buy Local initiative in Guam, the desired outcome is for local consumers to shift their purchases to local sources and away from non-local sources, which include the “Three O’s”: on-base (military stores), online and off-island. Our survey results suggest that the Buy Local initiative has been effective, with only 9.4% of the respondents indicating that the initiative has not encouraged them to purchase more from local vendors, leaving 90.6% who now purchase more from local vendors. Among the 90.6%, 22.65% indicated they “now purchase 41% to 60% more from local vendors”, 18.31% “now purchase 61% to 80% more from local vendors” and 17.11% “now purchase 81% to 100% more from local vendors” instead of other sources.

Why support local buying?

As to the reasons why to support buying local, our survey shows the top three answers lead back to the economic benefits of a Buy Local initiative: multiplying local spending, creation of local jobs and generation of additional tax revenues. Allowing for multiple responses, these three reasons correspond to the following survey choices: “Locally owned businesses keep the dollars circulating on island” (23.08% of responses); “Hiring Guam residents first creates and maintains much-needed jobs” (18.03% of responses); and “Local businesses in Guam would directly contribute to Guam’s tax base, adding much-needed revenue to support public service initiatives” (13.68% of responses).

TABLE 8: Compared to one year ago, by how much have you increased your purchases from local vendors instead of the military base, online source or shopping during your off-island trip(s)?

0% (no change in purchase decision)	39	9.40%	
I now purchase <u>1% to 20% more</u> from local vendors	65	15.66%	
I now purchase <u>21% to 40%</u> more from local vendors	70	16.87%	
I now purchase <u>41% to 60%</u> more from local vendors	94	22.65%	#1
I now purchase <u>61% to 80%</u> more from local vendors	76	18.31%	#2
I now purchase <u>81% to 100%</u> more from local vendors	71	17.11%	#3
responses	415		
Skipped	36		

TABLE 9: What are good reasons for supporting buying local in Guam? (Check all that apply)

Locally owned businesses keep the dollars circulating on island.	23.08%	#1
Hiring Guam residents first creates and maintains much-needed jobs.	18.03%	#2
Shifting at least 10% of purchases from online, on-base, and/or off-island to local businesses will make a big difference in Guam's economy.	9.90%	
Small, local business owners in Guam are more likely to support Guam-based, non-profit organizations and events in the community.	11.79%	
Locally owned businesses in Guam make more local purchases, thereby requiring less transportation and contributing less to congestion and environmental pollution.	11.22%	
Local businesses in Guam are owned by people who live in the community, are less likely to leave and invest more in Guam's future.	12.30%	
Local businesses in Guam would directly contribute to Guam's tax base, adding much-needed revenue to support public service initiatives.	13.68%	#3
respondents	1586	

CONCLUSION

Our study shows that the Buy Local initiative in Guam has been effective one year since its marketing/educational campaign. Based on the survey of local residents, the initiative has been success in increasing local residents' awareness of buying local, their understanding of how important buying local is to Guam's island economy, and their support of the Buy Local initiative. Our study shows that the top reasons that local residents support buying local are to keep the dollars circulating/multiplying in the local economy, to create local jobs, and to increase local tax revenues.

More importantly, the initiative has been effective in changing local residents' spending behavior by shifting their purchases toward local businesses instead of buying from non-local sources such as the military base stores, online vendors or off-island vendors while shopping during a trip. The above evidence is expected to translate to stronger local demand for a wide array of goods and services and, consequently, greater employment opportunities in both the short-run and the long-run.

“Local Buying” is only one part of a three-part economic development strategy for Guam. The remaining two parts are “Local Hiring” and “Local Producing”.

The economic benefits to the local community made possible by these greater employment opportunities could be maximized as more and more of these jobs are performed by local residents. It is true that U.S. labor laws clearly show a preference for “Local Hiring”, i.e., employing qualified U.S. citizens and legal residents first before considering foreign workers for employment in the U.S. but, as noted earlier, small island economies are often faced with the challenge of limited productive resources, in this case, availability of skilled labor. Although in the short-run, some of the available jobs may go to foreign workers (whose spending toward the local economy is reduced by remittances sent to their home countries), long-run strategies (such as education and training) are in place to enhance the qualifications and availability of local residents to fill the available jobs.

The positive contribution of the Buy Local initiative to the local economy increases the more local businesses produce their own merchandise (“Local Producing”) or the more they buy their merchandise from local sources instead of importing them. To this end, there have been efforts to increase local production of certain products that cater to local residents; for example, fruits and vegetables, including hydroponically grown lettuce and tomatoes grown by a local company called Grow Guam LLC as well as products for tourists and foreign markets (for example, Coco Jo’s cookies and chocolates, which have been popular souvenirs for tourists but whose exports to Japan have grown since February 2012 (*Marianas Business Journal*, May 20, 2013)). More recently, the University of Guam-Pacific Center for Economic Initiatives has been exploring opportunities for “Local Producing” through the Guam Enterprise Initiative, which focuses on Guam’s agriculture and identifies what products could be produced by each village along the lines of the One-Village-One-Product (OVOP) approach. According to Meyer as cited in Li and Schumann (2013), one way that the OVOP approach will benefit Guam’s local economy by “increasing backward linkages to reduce leakages”, which translates to increasing products that are supply locally instead of imported.

The economic development efforts discussed in this paper might be “business as usual” to policymakers and residents in larger, more sophisticated economies but to a small island economy like Guam and others, these efforts represent one of a limited number of options to try to move their economies forward. It might represent simply a “hope” for something positive or a “promise” of a better future but these hopes and promises could make a difference between a stagnant or, worse, a regressing economy and a slowly developing one.

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APPENDIX A: EXAMPLES OF EVENTS AND ACTIVITIES AIMED AT PROMOTING THE BUY LOCAL INITIATIVE

- The Guam Chamber of Commerce Small Business Committee hosted a seminar in conjunction with the Small Business Expo on June 30, 2011. The theme of the expo and the seminar is "Buy Local."
- The Guam Young Professionals, a committee of the Guam Chamber of Commerce, held a "Buy Local" mixer on July 20, 2011 (*Pacific News Center*, July 18, 2011)
- An announcement on September 1, 2011 by the U.S. Department of the Interior-Office of Insular Affairs for the \$150,000 initial grant to the UOG-PCEI and GEDA, paving the way to the launch of the "Think, Support and Buy Local" is the marketing campaign of the Buy Local initiative in Guam that was officially launched on October 19, 2011 at the Bernardo's Dragonfruit Farm in Chalan Pago. This campaign is an economic development strategy to promote awareness of the benefits of supporting local (Guam-based) businesses and hiring. Dr. Enriquez said that "the 'buy local' movement is not a new one" but just "... hasn't built momentum in Guam until now." (*Pacific News Center*, October 18, 2011)
- *Buy Local Holiday Gift Guide* was published by the *Pacific Daily News* in December 2011. According to Mr. David Leddy, President of the Guam Chamber of Commerce, "By using this resource Guide and discovering the wonderful products and services available locally, you help support our economy. Dollars spent locally helps to create and protect jobs, keep businesses open, provide needed funds for government services and enhances economic development."
- "Listen Local: An iHeart Local Music Event" to showcase local music talents on January 28, 2012
- "Buy Local Commitment", a company's pledge to "Think, Support and Buy Local" on February 29, 2012. As of December 21, 2012, sixty-eight (68) local companies, government agencies and local organizations made the pledge to support and sign the Buy Local commitment on a monthly basis. See Appendix A for a list of these Buy Local organizations.
- "Maila' Ta Fan Chesa" on March 23, 2012. Hosted by the Micronesian Chefs Association, the event featured local chefs who created appetizers, desserts and beverages using fresh fruits, vegetables and herbs from local village farmers.
- "Why Local Exhibit and Forum" at the Pacific Hotel and Restaurant Expo on April 12-13, 2012. (<http://www.buylocalguam.org>)
- "Savor Guam Food Festival", which celebrated sustainability and the use of local products and resources on April 22, 2012

- “Think, Support, Buy Local at Chamorro Village” campaign and contest from June 22 to July 18, 2012 aimed at promoting thinking and buying local by supporting the Guam Product Seal program participants, Chamorro Village tenants and vendors, and BuyLocalGuam businesses. (<http://www.buylocalguam.org>). Note that “Chamorro” refers to the native people of the island of Guam and its culture.
- “A Buy Local Affair” on September 28, 2012 at the UOG-School of Business and Public Administration Building. The event showcased products made in Guam such as artwork, music, packaged edible goods and more from Guam Product Seal businesses, Buy Local vendors, Isla Center for the Arts, and other businesses and organizations and was part of the University of Guam's 60th Year Anniversary celebration. (*Pacific News Center*, September 26, 2012)
- “Learn Local: Totes for Teachers” in October 2012. Guam Department of Education fifth-grade teachers and students received tote bags filled with items, such as folders, magnets and stickers, to help promote the initiative. The objective is to reach households in order to help families understand the value of supporting Guam-based businesses and the resulting positive multiplier impact to the local economy. (<http://www.buylocalguam.org>)
- “Greeting card design contest” in October 2012 on the theme of “What does Christmas/Holiday in Guam mean to me?” The winning designs had their artwork featured on Zories Only greeting cards and sold as a local product. Zories Only will then donate a portion of greeting card sales to the schools, thereby supporting public education. (<http://www.buylocalguam.org>)
- “Cash Mob” on December 7, 2012 where “a group of people armed with at least \$5 spend that money at a designated local business”. (*Pacific Daily News*, December 5, 2012)
- Unveiling of “San Ignacio Barrio,” the first historic Hagåtña corridor, by the University of Guam’s Pacific Center for Economic Initiatives, in collaboration with the Guam Preservation Trust, on December 27, 2012 (*Marianas Variety*, December 26, 2012)
- Launch and Block Party at the San Ignacio Barrio, in collaboration with the The University of Guam Pacific Center for Economic Initiatives, in collaboration with the Guam Preservation Trust, Hagåtña Restoration and Redevelopment Authority of the Department of Chamorro Affairs, Guam Humanities Council and Local First! Guam, on December 5, 2013 (*Pacific Daily News*, December 4, 2013)

APPENDIX B: LIST OF LOCAL COMPANIES, GOVERNMENT AGENCIES AND ORGANIZATIONS THAT HAVE MADE THE BUY LOCAL PLEDGE AS OF DECEMBER 10, 2013

1. A&L Crafts
2. Agana Shopping Center
3. Amot Taotao Tano Farm
4. ASC Trust Corporation
5. Black Tie Events & Floral Designs
6. Bensin Guam Enterprises, Inc.
7. Budget Car Rental
8. Cars Plus
9. Chamorro Island Bar B.Q.
10. Cham's Cuisine
11. Che'lu
12. Cycles Plus
13. Construction Resources
14. Cutie Petunias
15. Deloitte & Touche, LLP
16. Dipstixx
17. Docomo Pacific
18. Eleventh Essence
19. First Hawaiian Bank
20. Freedom Air
21. Galaide Group, LLC
22. GPSI Guam
23. Grow Guam
24. Guam Cornerstone
25. Guam Chocolate and Pastry
26. Guam Reef Hotel
27. Guam Style
28. Guam Strategic Development, LLC
29. Hava Java Cafe
30. Horizon Properties, Inc.
31. Ifit Addao yan Famaguon
32. Ifil Shop
33. IMG Studio, LLC
34. Inspire Ad Agency
35. International Distributors, Inc.
36. Island Pacific (I.P.) Coffee Shop
37. J&F Tropical Hot Rod Hut
38. Kaduku Cards and Shirts
39. Ken & Dan & Flo Farmers Market
40. Kristal Kollektion

41. Loco Promos
42. M-80 Systems, Inc.
43. MainStreet Delicatessen & Bakery
44. Market Wholesale Distributors, Inc.
45. The Mermaid Tavern & Grille
46. Moda Gino's
47. My Secret Garden
48. New Memories
49. O&M Safety Analysis
50. Ohana Hawaiian BBQ
51. Onward Beach Resort
52. Outback Steakhouse
53. Pacific Human Resource Services, Inc.
54. Paradise Auto Spa
55. Payless Car Rental
56. Perez Bros., Inc.
57. Pika's Café
58. Puppy Love Guam
59. Salon Paradis
60. Security Title, Inc.
61. SEI Guam
62. Sky Dive Guam
63. The Occasion
64. Thrifty Car Rental
65. Tony Roma's Restaurant
66. Triple J Enterprises
67. Triple J Five Star Wholesale Foods, Inc.
68. United Airlines
69. Xerox Corporation
70. Guam Chamber of Commerce
71. Guam Economic Development Authority
(GEDA)
72. UOG Pacific Center for Economic
Initiatives (PCEI)
73. Guam Contractors Association
74. Guam Hotel and Restaurant Association

APPENDIX C: SURVEY RESPONDENTS' PROFILE

Gender	% of total respondents
Female	67.92%
Male	32.08%
Respondents	424

Age	% of total respondents
18-25	19.81%
25-30	12.89%
31-40	20.05%
41-50	22.20%
51-60	16.23%
61-65	4.30%
65+	4.53%
Respondents	419

Ethnicity	% of total respondents
Chamorro	54.69%
Other Pacific	7.28%
Filipino	19.95%
Other Asian	3.05%
Caucasian	5.63%
African-American	0.23%
Others	3.05%
Mixed ethnicity	6.10%
Respondents	426

Marital Status	% of total respondents
Single	44.34%
Married (including common-law unions)	50.94%
Others	4.72%
Respondents	424

Annual Household Income (in \$1000s)	% of total respondents
0-25	36.88%
25-50	29.38%
50-75	14.38%
75-100	8.75%
100+	10.63%
Respondents	320
Average household income	\$51,480
Median household income	\$36,000

Number of Dependents in the household	% of total respondents
0	28.02%
1	18.13%
2	15.38%

3	14.56%
4	9.89%
5	5.49%
6	4.95%
7 or more	3.57%
Respondents	364

Occupation/Line of Work	% of total respondents
Banking, Insurance, Financial Services	6.55%
Communications/Utilities	2.02%
Construction	2.77%
Education	4.28%
Federal Government	8.82%
GovGuam	19.90%
Hotels	2.27%
Medical/Health Services	6.05%
Military	3.78%
Restaurant	6.05%
Retail Trade	8.82%
Services	7.30%
Tourism/Tour Agencies	1.26%
Wholesale Trade	1.76%
Self-Employed	1.76%
Non-Profit/Community Organizations	2.02%
Retired	5.04%
Students	3.23%
Unemployed/Homemaker	4.79%
Others	1.51%
Respondents	397

Education Level	% total respondents
Some high school	5.50%
High school graduate	33.49%
Some college	25.36%
College degree	25.60%
Master's degree or higher	10.05%
Respondents	418

Years living in Guam	% total respondents
less than 1 year	3.52%
1 to 3 years	2.58%
3 to 5 years	2.82%
5 to 10 years	6.34%
More than 10 years	84.74%
Respondents	426