

Economic Vitality
a Workshop for Michigan Main Street and
Main Street Oakland County
By Todd Barman, Barman Development Strategies, LLC

Main Street Refresh

THE MAIN STREET APPROACH

West Virginia

COMMUNITY VISION MARKET UNDERSTANDING

QUANTITATIVE OUTCOMES QUALITATIVE OUTCOMES

MAIN STREET ON TRAC


Economic Vitality Focus

- Retail Marketing Trends
 - New and upcoming trends in small business marketing strategies
- Effective Methods to Ring the Cash Register
 - How to provide the proper/unique merchandise for your target market & low cost, effective business promotions
- Market Analysis Data and How to Use It
 - "So What?" – What does the data mean for your downtown and how can you use it effectively
- Business Retention, Expansion, and Recruitment (BRE & R)
 - Effective and innovative strategies for growing businesses and entrepreneurs



Retail Marketing Trends


New and upcoming trends in small business marketing strategies



Retail Marketing Trends

New and upcoming trends in small business marketing strategies

- What trends are you seeing?



Definitions

- **Internet of Things (IOT):** More and more "things" are interconnected and communicating through the Internet including wearable technology (e.g. activity trackers, Bluetooth headsets, smart watches, web-enabled glasses)
- **Micro-moments:** Any time a consumer uses their smartphone
- **Omnichannel:**
 - "Omnichannel (also spelled omni-channel) is a multichannel approach to sales that seeks to provide the customer with a seamless shopping experience whether the customer is shopping online from a desktop or mobile device, by telephone or in a bricks and mortar store."
<http://searchcio.techtarget.com/definition/omnichannel>
 - "In omnichannel, a retailer is working toward a 360-degree view of its customers' purchases across all channels, in multi-channel they're just offering customers a selection of channels to choose between"
<http://www.techinsights.com/defining-omni-channel-retail>
- **Omnishopping:** Using a computer, smartphone, tablet or in-store technology in shopping

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Retail Marketing Trends

New and upcoming trends in small business marketing strategies

- 3 Digital Marketing Trends for Retail and E-Commerce in 2016; Inc.; Jonathan Lacoste; Dec 22, 2015 (<http://www.inc.com/jonathan-lacoste/3-digital-marketing-trends-retail-ecommerce-2016.html>)
 - Micro-Moment Marketing
 - Location-Based Marketing
 - On-Site Personalization (*through technology*)

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Retail Marketing Trends

New and upcoming trends in small business marketing strategies

- 9 Retail Trends Tips for 2016 You Need To Know Now; Rieva Lesonsky; Jan 6, 2016 (<http://smallbiztrends.com/2016/01/future-of-retail-trends-tips-for-2016.html>)
 1. Create Confidence: **Product immersion, Guided recommendations**
 2. Eliminate Obstacles: Anywhere purchasing, Shop ahead, One-click transactions
 3. Recognize and Personalize (*again through technology, e.g. CRM*)
 4. Promote Transparency: Reciprocal relationships, **Storied products**
 5. Partnerships: Cross-channel rewards, Additive experiences
 6. Optimize Ownership: **Cultivated expertise**, Always-on support
 7. Cultivate Community: **Cultural hubs**
 8. Encourage Advocacy: Crowd buy-in
 9. Deliver Delight: **Insider exclusives**



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Retail Marketing Trends

New and upcoming trends in small business marketing strategies

- Retail trends & predictions 2016; Vend's (a point of sale software company) 2016 Retail Trends and Predictions report (<https://www.vendhq.com/university/retail-trends-and-predictions-2016>)
 - Retailers will give consumers more payment options
 - Mobile will play a bigger role in click-and-collect initiatives
 - Retailers will unify their online and offline data collection
 - Retailers will continue to remove friction from shopping
 - Merchants will adopt in-store mobile devices
 - **Old school loyalty programs are on their way out**
 - **Retail pure-plays will disappear**
 - More retailers will opt for single-view and cloud-based solutions
 - Retailers will invest in omnichannel fraud management
 - Social will grow as part of the omnichannel mix
 - **Stocking up on more merchandise won't cut it anymore**
 - More retailers will look into the Internet of Things to enhance the shopping experience



Retail Marketing Trends

New and upcoming trends in small business marketing strategies

- The Top 10 Marketing Trends That Will Define 2016; Forbes; Daniel Newman; Nov 3, 2015 (<http://www.forbes.com/sites/danielnewman/2015/11/03/the-top-10-marketing-trends-that-will-define-2016/#4a7ba70b745b>)
 - Embrace the Customer Experience Model** (*again through technology*)
 - Will Ad Blockers Change the Game?
 - Dream and Market in 3D (*again through technology*)
 - Marketers Will (Finally) Recognize Social Media as a Channel, Not a Strategy**
 - Omnichannel Will be Retail's Best Friend
 - Big Data IS for Marketers
 - Mobile, Mobile, Mobile
 - Video Use Explodes While Live Streaming Finds a Purpose
 - No Rest for Content** (influencers and storytelling)
 - Data (Read: Results) Will Be an Overarching Theme



Retail Marketing Trends


New and upcoming trends in small business marketing strategies

- Fashion Forward: Top 10 Retail Trends for 2016; Karen McCandless; December 21, 2015 (<http://www.business.com/retail-and-restaurant/fashion-forward-top-10-retail-trends-for-2016/>)
 - The Workforce Goes Mobile
 - IoT: Everything Gets Connected
 - Data Gets Bigger
 - The Rise of Machine Learning
 - Mobile Moves in Store
 - The Store Gets a Makeover**
 - On Demand: Shopping Goes Social
 - Customer Personalization Increases (*again through technology*)
 - Wearables Go Mainstream
 - Making a Game Out of It




Final Thoughts (for now)

- "...truly real-time offers and promotions or interactions with consumers... Great marketing will be about superb content, emotional connections and less hindered by device or platform constraints." (Top 5 Retail Trends to Watch in 2016; Justin Honaman; January 04, 2016; <http://risnews.edgl.com/retail-news/Top-5-Retail-Trends-to-Watch-in-2016103949>)




Effective Methods to Ring the Cash Register

How to provide the proper/unique merchandise for your target market & low cost, effective business promotions



First, appreciation/understanding of how good business works

- Measuring how businesses work
- Pro Forma – Operation
- Retailing 101



Measuring how businesses work

- Total tickets (total dollar value, total transactions, average sale amount)
- Sales compared to sales on the same day the year before
- Market share, customer profile
- Brand awareness
- Profitability (by item, category, space, employee)
- Stock turn
- Interception rate (% of shoppers with employee contact)
- Conversion rate (the % of shoppers who become buyers)
- Time spent shopping per store visit
- Footfall, dwell time, wait time
- Loyalty, frequency

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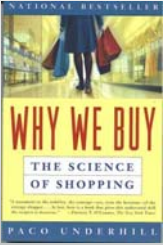
Pro Forma -- Operation

- Gross Scheduled Income (GSI)
 - Less: Vacancy
 - Plus: Miscellaneous Income
- Equals: Effective Gross Income (EGI)
 - Less: Fixed Expenses
 - Less: Variable Expenses
 - Less: Reserve for Replacements
- Equals: Net Operating Income (NOI)
 - Less: Debt Service (DS)
- Equals: Cash Flow (CF)

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Why We Buy: The Science of Shopping


Paco Underhill



- Retailing 101: balance between...
 - Design (the premises)
 - Merchandising (whatever you put in the premises)
 - Operations (whatever employees do)
- *How does this change in light of Retail Marketing Trends?*

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Six key business practices



- Write down the business processes
- Set financial goals/cleanup financial statements
- Have a marketing budget
- Keep track of customer information
- Keep employees in the loop
- Do a literal housekeeping, cleanup

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How to provide the proper/unique merchandise for your target market



- First, know your target market
 - Build the capacity of downtown businesses to pose and answer questions to inform their decisions (more on this later)
- Identify new market opportunities
 - New customers & new sales to existing customers

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Keep pace with the market, reposition

Relative to a changing market and downtown's position

- Shift:
 - Products offered
 - Services offered
 - Hours of operation
 - Price points
 - Business concept
- Spinoff:
 - The expansion of a product or service line into a stand alone business
 - Its own storefront
 - Its own name/identity
 - Same business owner
 - The startup of an additional business by the same entrepreneur that complements the original business



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Effective business promotions

- Retail events?
- What are you seeing?



Effective business promotions

An acquired list

- Incentives (e.g. free giveaways and pricing discounts; could tie to referrals)
- Events (unique and tailored to business)
- Publicity/Public Relations
- Participation/Partnerships (including cross promoting with businesses in your niche/cluster)
- Social Media (Facebook, Pinterest and Instagram are good bets) and Google +
- List Building (e.g. email addresses)
- Search engine optimization (SEO)
- Bricks and Mortar (Be a landmark)
- Business cards (delivered with a handshake)
- Creative donation of products/services or space (e.g. for meetings or other people's events)
- Establishing yourself as an expert (e.g. free class or seminar, articles)
- Influencer marketing
- Contests or games



Effective business promotions

Sources for acquired list

- 5 Cheap and Cheerful Ways to Promote Your Retail Business; Kim Stiglitz; March 26th, 2015 (<http://www.verticalresponse.com/blog/5-cheap-and-cheerful-ways-to-promote-your-retail-business/>)
- 5 Low-Cost Tips for Marketing a Retail Business; Shari Parsons Miller, Demand Media (<http://smallbusiness.chron.com/5-lowcost-tips-marketing-retail-business-81363.html>)
- 16 Ideas for Low-cost Promotion; SMB Reviews (<http://smbreviews.com/articles/16-ideas-for-low-cost-promotion/>)
- 25 Free Or Cheap Ways To Market Your Business; Annie Mueller; Partner, Mueller Creative, LLC; September 26, 2011 (<https://www.americanexpress.com/us/small-business/openforum/articles/25-free-or-cheap-ways-to-market-your-business/>)
- Five Low-Cost Local Marketing Ideas; Jeff Slutsky; July 5, 2012 (<http://www.entrepreneur.com/article/223917>)



Effective business promotions

Implied from Retail Market Trends

- Personalization (personally), guided recommendations
 - "This could be in the form of a personal shopping assistant on a site, a "find your style" guide, a site navigator, or recommendations based on previous activity and preferences." (Jonathan Lacoste)
 - Curating
 - "services make it easier for customers to discover and select products, thus saving them time and preventing decision fatigue...the best and most relevant assortments for their target market" (Vivard)
- Product immersion, education
 - Cultivated expertise
- Storied products, storytelling
- Influencers
- Cultural hubs, community
- Insider exclusives (the best retail/business events)
- Customer Experience Model, Experience-based retail
- A response to Omnishopping?

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From National Main Street Center's Economic Development Philosophy

- Development responsibilities
 - Space
 - Markets
 - Businesses
 - Partners



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Develop space

- Space that communicates a brand message
 - For each business
 - For the district
- Space that scripts people's experience
 - To avoid loss of interest, stopping, and turning around
 - To avoid single destination shopping



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Develop markets

- Craft a marketing plan
 - Market the ability to comparison shop (competitive niche/cluster)
 - Market the ability to power shop (complimentary niche/cluster)
 - Market to a shared customer (compatible niche/cluster)



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Develop markets



- Collectively settle on a single brand
- Coach businesses on co-branding
- Promote and build brand awareness during the time between your signature events

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Market Analysis Data and How to Use It

"So What?" – What does the data mean for your downtown and how can you use it effectively

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The development process/practice



- A market driven process/practice
- A relationship driven process/practice
- An action inspiring process/practice
- A coordinated process/practice




Market driven development

- Step 1: Define a market to go after
- Step 2: Use numbers (e.g. demographics, consumer expenditures) to inform decision making
 - To position development within regional and local markets (market position)
 - To gauge quantity of customers (demand) versus leasable space (supply)
- Step 3: Add a little gut intuition
- Step 0: Don't do business specific market research



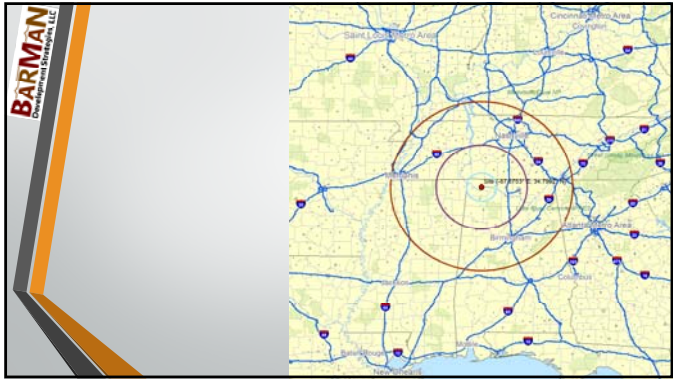
Market Position Statement

- What the district is best at selling (target or primary product/service)
- To whom the district is best at selling (target or primary customer)
 - Defined geographically, demographically, psychographically



Working Market Position Statement example

- Downtown Florence's entrepreneurs excel in artistically offering dining, fashion, and personal care services primarily to discerning residents within 25 miles and secondarily to similar individuals making day trips (within 75 miles) and overnight trips (150 miles). The community of Florence offers art downtown (visual and performance art including a variety of live music); a complement to the products and services artistically offered by entrepreneurs.



PRIZM Household Distribution 2014
 Secondary Market Data
 Radius 1: S COURT ST AT E COLLEGE ST, FLORENCE, AL, 0.00 - 25.00 Miles, Total

PRIZM Code	Name	Area Households	Pct.	US Base Households	Pct.	Index	Rank
58	Back Country Folks	7070	9.50%	2,704,410	2.25%	422.1	1
56	Crossroads Villagers	5892	7.92%	2,409,894	2.01%	394.8	2
53	Mobility Blues	3423	4.60%	1,609,648	1.34%	343.4	3
41	Sunset City Blues	3405	4.58%	2,298,039	1.91%	239.3	4
64	Bedrock America	3318	4.46%	2,052,117	1.71%	261.1	5
51	Shotguns and Pickups	3303	4.44%	1,838,425	1.53%	290.1	6
38	Simple Pleasures	3265	4.39%	2,596,719	2.16%	203	7
20	Fast-Track Families	1830	2.46%	1,988,524	1.65%	148.6	19
Total		74414	100.00%	120,163,305	100.00%	100	

Prepared By: Barman Development Strategie
 Nielsen Solution Center 1 800 866 6511
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Psychographics: Buying personality (primary trade area)

PRIZM Household Distribution 2014
 Secondary Market Data
 Radius 2: S COURT ST AT E COLLEGE ST, FLORENCE, AL, 25.00 - 75.00 Miles, Total

PRIZM Code	Name	Area Households	Pct.	US Base Households	Pct.	Index	Rank
58	Back Country Folks	55618	10.23%	2,704,410	2.25%	454.4	1
56	Crossroads Villagers	44287	8.14%	2,409,894	2.01%	406	2
51	Shotguns and Pickups	31354	5.76%	1,838,425	1.53%	376.8	3
64	Bedrock America	30562	5.62%	2,052,117	1.71%	329	4
45	Blue Highways	25792	4.74%	1,837,140	1.53%	310.2	5
33	Big Sky Families	25532	4.69%	2,198,802	1.83%	256.5	6
20	Fast-Track Families	15650	2.88%	1,988,524	1.65%	173.9	13
Total		543891	100.00%	120,163,305	100.00%	100	


Prepared By: Barman Development Strategie
 Nielsen Solution Center 1 800 866 6511
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Psychographics: Buying personality (secondary trade area)




Negative TOTAL retail market opportunity all three trade areas

1. All three regions are fully developed for retail in general (a national trend). Positive market opportunities are likely and appear to be found in specialty niches.
2. All three regions are capturing nonresident retail sales (visitors/tourists including business travel and most likely internet sales), with the tertiary trade area (which includes Nashville, Memphis, and Birmingham) doing the best.
3. The tertiary trade area is capturing further sales from the region beyond 150 miles from downtown Florence.



Personal case

- Use of market data in my own development (purchase of a late 1930s gas station and drafting retail business plan)



Fun tools

- ZIP Lookup from esri (www.esri.com/data/esri_data/ziptapestry)
- Esri reports a la carte (www.esri.com/products/BuyReports/configure)
- Radius Around Point (<https://www.freemaptools.com/radius-around-point.htm>)



Business Retention, Expansion, & Recruitment (BRE & R)

Effective and innovative strategies for growing businesses and entrepreneurs



Pitch for Business Retention & Expansion (BRE) Programs

- The temptation of recruitment
 - The need for immediacy
 - The need for visibility
- Reasons for BRE first
 - The majority of job growth or loss stems from the success or failure of existing businesses.
 - It is more efficient to retain and grow than to recruit.
 - Many revitalization programs lose existing businesses while they are out recruiting
 - Many revitalization programs aren't prepared to support a business they successfully recruit
- Don't settle for just retaining businesses



10 Steps to a Comprehensive Business Retention Program

(Valecia Crisafulli, Main Street News, January 2003)

- Establish a business retention team.
- Know the market.
- Create a market positioning statement and market strategies.
- Identify key businesses.
- Identify & offer needed business assistance.
- Plan for effective business promotion.
- Help businesses identify & develop opportunities for growth & expansion.
- Learn to recognize early warning signals.
- Plan for business transition.
- Support existing businesses personally.

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The first missing link



- The relationship: Have you ever tried to get an independent business owner to accept help?
 - *Let go of your fear*
 - *Know who you are and your potential value*

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Relationship building


- On the clock
 - BRE/business visitation program
 - Business/building owner survey
 - Block captain program
 - Ambassador program
 - Mentor program
 - Staff visits
 - Mailings, newsletters, email blasts, web pages, social media
 - Gatherings
 - Breakfast meetings
 - Luncheon speakers
 - Business after hours
 - Open and staffed office with library
- Off the clock

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Relationships and credibility/competence

From National Main Street Center Business Coaching presentation

- Resume
 - Annual report
- References
 - Use a third party to vouch for your character and competence or serve as an intermediary
- Reputation
 - Testimonials
- Demonstration
- Data
- Guarantee
- Keeping your problems to yourself
- Being well-run



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Relationships and trust

From National Main Street Center Business Coaching presentation

- Trust on your part
- Trustworthy behavior on your part
 - Be respectful
 - Be open and transparent
 - Be empathetic (care)
 - Be useful
 - Be dependable, reliable
 - Be visibly accountable
 - Build shared experiences



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Sources

From National Main Street Center Business Coaching presentation

- "How to Cultivate Good Business Relationships", WorkEtiquette
- "Trust in Negotiations", Deepak Malhotra
- "Trust in a Business Environment", C. Becton, A. Wysocki, K. Kepner
- "Trust in Your Business Relationships", Martin Haworth
- "Trust in a Relationship", www.wikihow.com
- "Trust in Your Business", Doug Hall
- "Building Trust Results in Customer Loyalty", Thomas Young, MBA
- "Cultivating the Trust Factor in Your Business", Robert Momet

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Don't forget property owners



- Equally important to develop a relationship based on credibility/competence and trust

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Main Street strategies to build relationships

- Match each business and property owner with the right liaison
- Create business owners and property owners groups
- Foster landlord/tenant collaboration, partnership
- Take the lead on developing economic partners



Georgetown (TX) Breakfast Bites

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Final relationship tip

- Work to combine 1 part humility with 1 part confidence
 - Humility alone may reduce investor confidence
 - Confidence without arrogance
- Provide leadership
 - Be conscious of your own powers and abilities (strengths) and your limitations (weaknesses)

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The second missing link

- Appreciation/understanding of how good business works
 - Measuring how businesses work
 - Pro Forma – Operation
 - Retailing 101

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BRE visit response

Using what you learn

- Helping increase profits (internal focus, coaching)
- Decrease disincentives (external focus)
- Increase incentives
 - Market existing (including organization, design, promotion) than supplement
 - Technical assistance
 - Financial assistance
- Facilitate transfer of ownership (Six key business practices)

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Increase incentives - financial


- Find, understand, and promote all available financial resources and providers and make referrals
 - Investment Tax Credits
- Fill gaps by creating new incentives
 - Matching Grants (design and promotion)
 - Small-scale building improvements (including signage)
 - Business startups
 - Business improvements, expansions, spin-offs, and transitions
 - Small Specialty Training Grants to keep business up to date in their sector
 - Low (or No) Interest Loan Pools and Revolving Loan Funds
 - Major building rehabilitation
 - Free or Below Cost Land or Rent
 - Equity capital
 - Local angel investment funds targeting local entrepreneurial ventures

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Develop businesses




- Businesses that communicate a brand message (through concept)
 - For themselves
 - For the district (cumulatively/collectively)
- Businesses that script people's experience (through "floor" strategy)
 - To entertain (in the store and on the street)
 - To avoid loss of interest, stopping, and turning around
 - To avoid single destination shopping




Develop businesses

- Effective combination (niches) AND effective location (clusters)
 - Competitive businesses sell the same type of products and services
 - Complementary businesses sell related products and services
 - Compatible businesses share customers
 - Anchor businesses generate traffic within and for each of these niches and clusters



Who is an entrepreneur?

- My definition of entrepreneur: A business owner who is a tinkerer (never quite satisfied, always trying something new to improve the business)
 - Entrepreneurs by definition are never satisfied and forever working on their business (tinkerers). Business owners may be satisfied simply working in their business Monday-Friday from 9-5 or less.



Economic Restructuring Vitality roles from the National Main Street Center

- Planting the seed for entrepreneurship and growing entrepreneurial spirit/culture
- Growing entrepreneurial ventures (Phase 1)
- Attracting entrepreneurs to the Main Street district and fielding entrepreneur inquiries
- Continuing to grow entrepreneurial ventures (Phase 2)
- Proactively recruiting entrepreneurs

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from the
 National Main
 Street Center

**Plant the seed for entrepreneurship & grow
 entrepreneurial spirit/culture**

- Show and tell people the value and importance of homegrown, independent, and entrepreneurial businesses
- Establish or support entrepreneurship coursework in schools
- Create and maintain an entrepreneurial network
- Be entrepreneurial as a committee and organization



Ellensburg Downtown
 Association's Emerging
 Entrepreneur Symposium

National Main Street
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from the
 National Main
 Street Center

**Grow entrepreneurial ventures
 (Phase 1)**

- Learn how good businesses work then communicate best business practices
- Be a Business Information Center
- Facilitate access to existing human and financial capital



Corvallis, OR Lending Library

Main Street
 Orrville
 Entrepreneurville
 Center for
 Business Innovation

National Main Street
 Center
National Main Street Center
 National Main Street Center
 National Main Street Center

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from the
 National Main
 Street Center

**Attract entrepreneurs to the Main Street
 district and field entrepreneur inquiries**

- Document and communicate your tangible and intangible successes
- Market your Business Information Center and available human and financial capital
- Market the district as being entrepreneurial friendly



How do I find a mentor?
 How do I know what I don't know?
 How do I know what I need?
 How do I know what I want?
 How do I know what I can do?
 How do I know what I should do?
 How do I know what I must do?

Starting your
 Business
 BIDDEFORD

HOB
 Heart of Business

National Main Street
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from the
National Main
Street Center

**Continue growing entrepreneurial ventures
(Phase 2)**

- Become an incubator-without-walls
- Provide personal training/coaching
- Create new financial capital
- Reduce disincentives
- Incentivize targeted entrepreneurial ventures
- Develop community-owned and supported businesses
- Take the lead on creating leasable space



H-PUP (Cambridge, MD)

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from the
National Main
Street Center

Proactively recruit entrepreneurs

- Prioritize entrepreneurs within your entrepreneurial network
- Prioritize entrepreneurs running business outside the downtown
- Prioritize entrepreneurs running home based businesses
- Build relationships with priority entrepreneurs
- Celebrate successful entrepreneur recruitment



"Home Based Business" membership level (Emporia, KS)

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Any unanswered questions?

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