

What Retail Characteristics are Important to Small-Town Consumers?

University of Minnesota Extension Service

Authors: Jaeha Lee, Sherri Gahring and Kim K. P. Johnson
 Department of Design, Housing, and Apparel

Background

The retail climate is changing dramatically in many small town communities. The entry of big box retailers (e.g., Wal-Mart), and the introduction of a variety of retail formats such as television and the Internet has increased competition in small town retail markets. As retail competition increases, the survival of small retailers is threatened.

Providing outstanding customer service, offering high quality merchandise, and demonstrating community involvement could result in business success for small retailers. However, it was unknown whether these strategies would meet consumers' expectations concerning local small retailers. Therefore, we sought to identify small-town consumers' expectations and subsequent evaluation of local small retailers. We address the question, "What is important for consumers when they shop at local stores?"

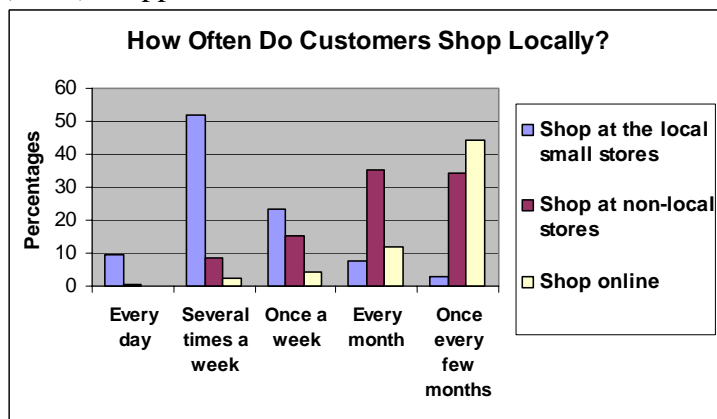
Our goal is to provide information that helps independent retailers as they coexist with big box retailers. A mail survey was conducted with consumers located in three small communities, each with a population between 5,000 and 10,000. Each community had a downtown shopping area where several small retailers were located and at least one big box retailer shared their market. Questionnaires were mailed to 903 individuals residing in these communities, 328 questionnaires were reflected in our results. Participants rated their expectations about their local retailers using 5-point scales (-2= unimportant, -1= slightly unimportant, 0= neutral, 1= slightly important, and 2= important).

Profile of Participants

Of the participants, 66.8% were female and 28.7% were male. Their average age was 51 years and most of the participants were Euro-American (93.7%). Participants were well-educated. Over sixty percent of the participants had some post secondary training (52.6%) or held college degrees (17.8%). Of the 61.9% who were employed, 79.2% worked inside the local community. Participants lived in the community an average of 28 years and almost half of the participants' incomes ranged between \$25,000 and \$74,000.

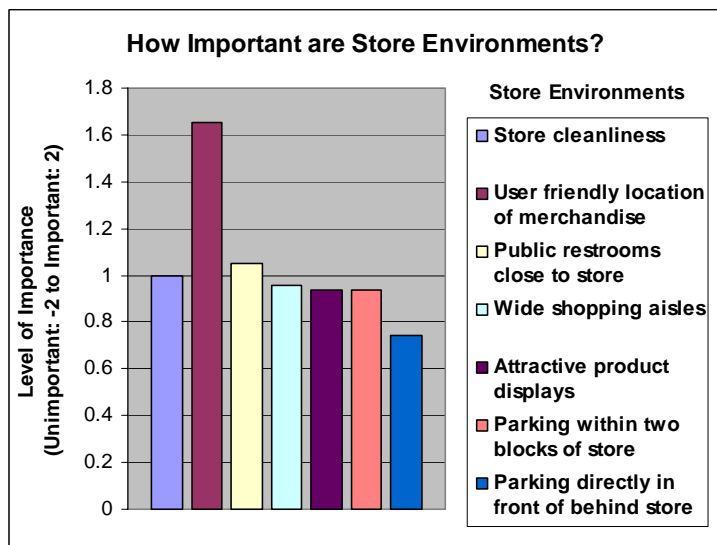
How Often Did Participants Shop Locally?

Small-town consumers preferred shopping at the local stores in their community. More than half of the participants shopped at their local small stores *several times a week* (51.7%) or *everyday* (9.4%). Over half of the participants shopped at non-local stores *every month* (35.3%) or *once every few months* (34.4%). A very few (6.9%) shopped online *more than once a week*.



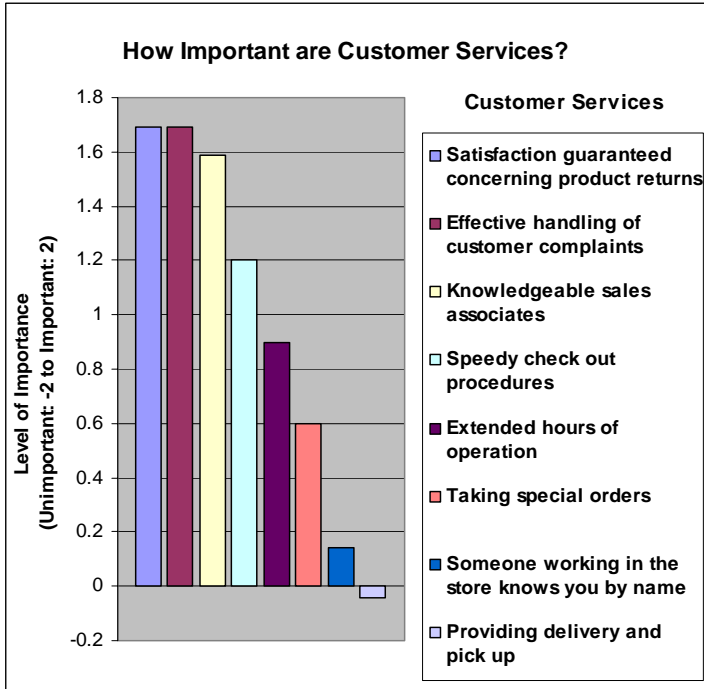
Store Environments

Participants valued all aspects of their local stores' environments. Participants identified *user-friendly location of merchandise* as the most important followed by *public restrooms located close to store* and *store cleanliness*.



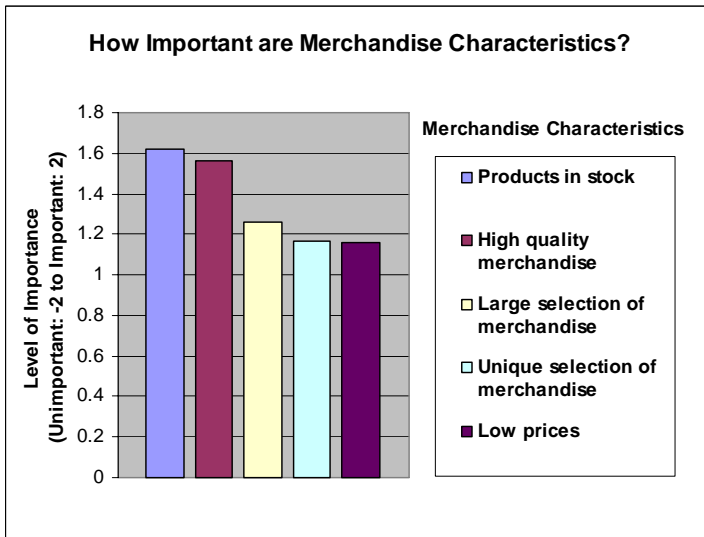
Customer Services

Most customer services were valued by participants. *Satisfaction guaranteed concerning product returns, effective handling of customer complaints, knowledgeable sales associates, and speedy check out procedures* were selected as highly important aspects of a store when these consumers shopped locally. Only *providing delivery and pick up* was rated as unimportant.



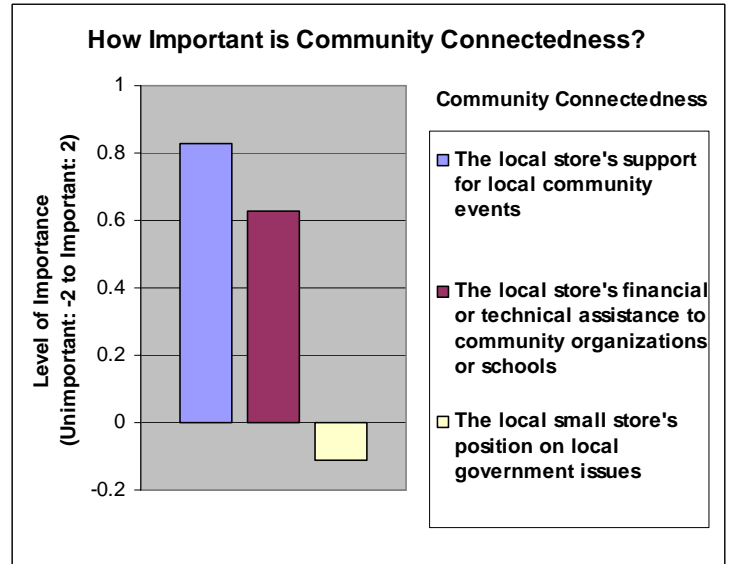
Merchandise Characteristics

Participants placed high importance on all of the merchandise characteristics of their local small stores. They valued stores that *had products in stock, high quality merchandise, and a large product assortment*.



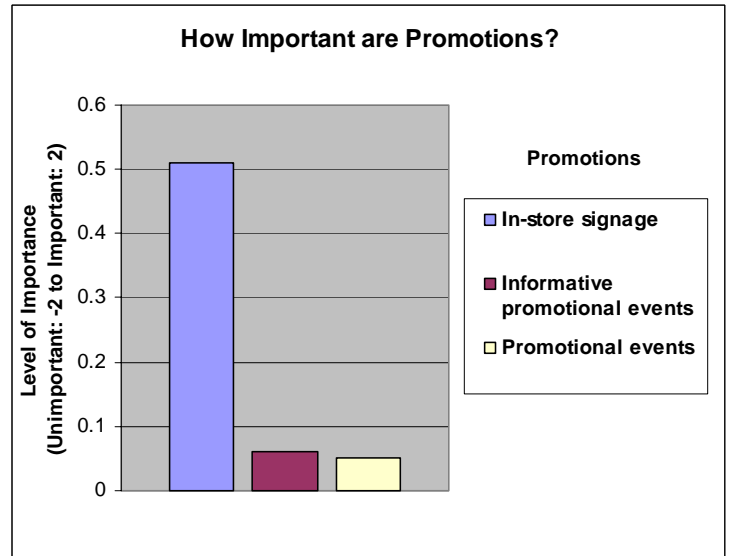
Community Connectedness

Small town consumers considered *the local store's support for local community events* and *the local store's financial or technical assistance to community organizations or schools* as slightly important.



Promotions

Participants considered promotions with only slight importance. *In-store signage* was the most important aspect of promotions.



Implications for rural retailers

In order to co-exist with big box retailers, small town retailers may increase customer traffic and sales by emphasizing the availability of high quality merchandise in stock and convenient customer services such as satisfaction guaranteed on product returns, effective handling of customer complaints, and knowledgeable sales associates. Also, addressing store environment issues such as user friendly location of merchandise, store cleanliness, wide shopping aisles and public restrooms located close to the store may be beneficial for small town retailers who are trying to differentiate themselves from large discount competitors.

The research reported herein is part of a larger project, "Small store success strategies: How to compete with big box retailers", supported by a grant from the University of Minnesota Extension Service, the Center for Small Towns, and Minnesota Experiment Station. Research team members were: Dr. Seung-Eun Lee, Seahee Lee, Sherri Gahring, and Dr. Kim K. P. Johnson in the Department of Design, Housing, and Apparel.