

WHY LEAVE TOWN

PRACTICAL WAYS TO ENCOURAGE
PEOPLE TO SHOP LOCALLY



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People to Shop Locally

Ashley Watt

For Kennedy, Elias, Reese and Hadley. May you continue to make my life chaotic and crazy.

For my wife (and editor) Carley. Not only did you help me make four kids, but you now have helped me make a book. I couldn't have done either without you.

And for my Why Leave Town team: Justin, Brad and Nat. You guys are ok.

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INTRODUCTION

There are over 2 million small businesses in Australia. These small businesses account for more than half of the Australian workforce. They are also the heart of most local economies. However, take a stroll through many business districts across Australia and 'for lease' signs hanging in shop windows are an all too common picture.

There are many reasons why local small businesses fail. There are plenty of bad ideas, and plenty of people that possibly should have never gone into business in the first place. But there are also a lot

of good businesses, run by hardworking, intelligent people that still struggle to keep their doors open.

Advancements in transport and upgrading of roads have made it very easy to be mobile, and so shopping trips to nearby larger towns are an everyday reality for most. The Internet has opened up the marketplace in ways we never thought possible, and is not looking at slowing down.

These things make the message of 'shop local' extremely important when it comes to helping local small businesses survive.

Since 2007, I have worked with many communities across Australia through my business Why Leave Town Promotions, trying to encourage more people to shop locally. Why Leave Town Promotions was started by myself and my two business partners, Justin and Brad, in our home town of Narrabri, NSW, as we were all very passionate about our own local community, and so wanted to see more opportunities for the community to grow.

Although Why Leave Town Promotions started in the

area of event management, we soon saw the need for more support of local businesses, and so shifted our attention to this domain. After developing several tools and campaigns around the shop local theme, we then saw the opportunity to help communities outside of Narrabri, and hence started to roll out our programs across Australia.

Our main focus now, is to encourage people all across Australia to think locally first. We believe that local businesses still have a massive role to play when it comes to creating a thriving community. Therefore, our programs aim to not only promote the shop local message to consumers, but also equip local businesses with the tools needed to create a shop local culture.

But why should people shop local? Why is it important? Here are some of the main reasons:

1. The multiplier effect

Although there have been various studies done in this area, all with slightly different results, it is fair to assume that for every dollar that is spent in local stores, at least 45c will be reinvested locally.

This 'local multiplier effect' means that money spent locally will circulate around and around many times in the local community as opposed to money spent with non-local businesses. Theoretically, this means that \$100 spent locally has a compounding impact of \$180 on the local economy.

More money in the local economy means more local trade, and therefore, has a positive impact on local wages. Higher wages means a greater purchasing capacity, and it is this which is the important piece of the puzzle. i.e. a price of \$1 is going to mean completely different things to someone that has \$2 in their wallet compared to the person that has \$1000.

2. Creating local jobs

A higher demand for local products will mean that local suppliers are going to have to produce more, and they will therefore require more people to do so. In addition, increased support of local businesses means that these businesses will be able to continue operating, hence keeping more local people in long term employment.

Consequently, this results in low unemployment, leading to an increase in disposable incomes, and potentially greater expenditure into local stores....and around and around the money goes!

Having a thriving local job market is also important in ensuring that younger generations do not migrate out of the community. This ensures long term population growth from two different angles:

- The youth themselves staying in town and starting their own family
- Stopping parents following their children to other towns (particularly post retirement when grandchildren come on the scene)

3. Increasing (or just maintaining) the range of businesses, products, and services available

We live in a time of instant gratification, and this applies to purchasing habits as well. If we get frustrated waiting more than 4 seconds for a webpage to download, we certainly don't want to be waiting 4-5 weeks for a product to arrive.

Successful shop local campaigns have been able to flip this argument on its head by focusing on the easily accessible local products and services that we take for granted. For example, imagine if you had to drive 100km and back to the next town each week to fuel up your car, or if every time you needed milk you had to jump online and then wait a few days for it to be delivered. These circumstances would be a lot more frustrating than having to wait a few weeks for less urgent goods.

Supporting local businesses means that locals can have accessibility to all the critical things they need on a regular basis.

4. Increased community investment

As stated previously, shopping locally helps maintain and grow a community's population. Higher population means more local taxes collected, which then results in more investment in community infrastructure. i.e. better roads, more community services, more community events, etc.

These four points are by no means an exhaustive list of reasons why shopping locally is important, but

they should be enough for most people to at least consider the concept. In short though, if *you* decide to shop locally more often, then *you* are going to be better off in the long run!

Although there are a number of reasons why people should shop locally, there are also many more reasons why people don't! It is not as simple as just saying to people 'you should shop locally'.

And that is why I decided to write a book. From my own experience, I have seen that encouraging people to think locally first is a difficult task, and needs a very clearly defined plan that includes several different strategies.

Having worked with over 25 different communities across Australia on promoting shopping locally, and having discussed the topic with many more, I have come across numerous ways that communities are attempting to promote this message. It is my hope that by collating this experience and information, this book can become a valuable reference for communities endeavouring to establish their own shop local strategy.

Despite having over ten years' experience operating in the shop local space, as well as having collaborated with many chambers and councils, I felt the need to dig deeper on this subject and hence conducted over 70 structured interviews with people from a variety of backgrounds across Australia. Among those interviewed were representatives from:

- Local shire councils
- Chambers of commerce
- Small to medium businesses
- Regional Development Australia
- Successful entrepreneurs such as Dick Smith and Justin Herald

Many of the examples throughout this book have come from these interviews, and the quotes on the title page of each chapter have come directly from these people.

My background outside of Why Leave Town includes over 15 years working in market research. In particular, my focus has been on large scale tracking programs centred around shopper behaviour, advertising, brand health, attitudes & usage, and

customer satisfaction. Therefore, as a quantitative researcher, I have enjoyed the challenge of taking a more qualitative research approach in producing this book. I am however, very keen to take these findings further by applying a quantitative methodology sometime in the near future.

Based on my own experience and the interviews conducted, I was able to come up with 14 main themes of how we can engage more people to think about shopping locally. These make up the 14 chapters of this book. Within each chapter, I have also given several examples of how each theme can be leveraged.

The themes and examples are by no means an exhaustive list. There are many other ways in which a community can create a shop local culture, such as:

- Population growth strategies
- Investing in infrastructure, including schools, healthcare, sporting facilities, etc.
- Development of industries and/or large businesses within a community
- Micro financing

However, what I have tried to focus on within this book, are relatively simple and tangible ideas that any business or organisation can easily pick up and attempt to implement.

Although my experience and research has all come from the Australian market, I believe a lot of the themes and examples are also relevant on a global basis. My own desk research on global activity in the shop local space, found many similarities in both the issues that communities face, and the solutions they are implementing to try and overcome these.

Given that I personally prefer to read books from start to finish in their entirety, the chapters have been structured in a way that has them flowing on from each other. But if that is not your style, then you may be able to pin point the chapters that would relate better to your community, and consequently jump straight into reading those.

My final comment before I take you through each theme, is to try and maintain an open mind. Encouraging more people to shop locally is a very difficult task and requires several different elements

all working harmoniously. Therefore, my hope for you in reading this book is that you can find the right combination of ideas that will generate a shift in thinking within YOUR community, that will ultimately lead to a more prosperous and flourishing local economy.

CHAPTER ONE

MAKE IT EASY

"Make it easy to shop local! For the most part it is just too hard to shop locally, both at a national and local level"

There are many ways that you can get people to think more about shopping locally. By the end of this book, I hope that you have a number of different ideas that you can go and implement in your own community. I also hope that the ideas written here will help spark fresh trains of thought that produce a whole range of new ways to encourage more people to shop locally.

But trying to change human behaviour is not a simple task, and you will be a very optimistic person to think that every idea you implement is going to

reap the rewards you desire. I am one of those optimistic people who think that most ideas are going to change the world, and have failed to see many of these ideas even get off the ground. Being optimistic I think can be both a blessing and a curse!

What I have learned from personal experience though, is that if you want to make something successful, particularly when small businesses and everyday consumers are involved, you have to make it easy. And by this I mean 'easy' in every way possible. Any barrier to purchase is going to push people away from your idea, and pushes you further away from success.

Although I have put 'Make it easy' as the first chapter of this book, I think it is something that should resonate throughout each of the chapters, because if you ever feel that something is bordering on asking too much of either businesses, consumers or the community as a whole, then more than likely you are going to run into problems.

In this chapter I will look at the following:

1. Community gift cards

2. Trading hours
3. Transport
4. Post-purchase service

1. COMMUNITY GIFT CARDS

It is no coincidence that the first chapter of this book is about using community gift cards in order to get people to start thinking about shopping locally. It was this idea that shaped Why Leave Town, and created the foundation for everything else that came after it.

At the time of writing this book, Why Leave Town operates our community gift card program in 16 different locations across Australia (with a handful of towns looking to commence the program in the coming months) and has helped generate over \$1.7 million in local transactions. That is over \$1.7 million directly into businesses in these local communities.

The idea of gift cards itself is not a new one. And if we can take a step back a little further, gift cards are just a more advanced gift certificate, and gift certificates have been used for many years.

People always need to buy presents for a number of different reasons, be it a traditional gifting occasion like birthdays or Christmas, or just to say thank you or congratulations. It can often be a painful (ok, I might be letting my own opinion come in here) and time-consuming process and hence why gift cards are such a useful product.

Before talking about community gift cards, let's quickly go over the normal gift card purchasing process to ensure the concept is clear:

- First of all, the person buying the gift will go into a store where the cards are sold and buy a card.
- They will choose how much they want to give as a present, for example, \$50 or \$100, and they will pay for it then and there via cash, EFTPOS or credit card.
- Once they have paid for it, they are then given a plastic gift card that holds the value they just paid.

- Finally, this card is then given to someone as a gift and the card can be then used to purchase goods and services.

Another concept that needs to be understood is around open loop versus closed loop cards. A card that is operating in an open loop can be spent anywhere. For example, if you have an open loop Australian EFTPOS card then it can be used in any EFTPOS machine in Australia. Visa debit cards are a good example of an open looped card. Closed loop gift cards, on the other hand, can only be spent at certain stores.

For example, a local butcher may have their own closed loop gift card. This means that if someone was to purchase one of their cards, the only place they could spend or redeem the card would be at that same butcher where the card was originally purchased. Closed loop cards are not restricted to just one store though. For example, a Bunnings gift card can be purchased online and then spent at any Bunnings store all across Australia.

Understanding how a closed loop gift card program

works is the crux of how community gift card programs can be so powerful. The difference with community-based gift card programs is that they operate in a closed loop network across an entire community, but no wider than that.

To highlight this further, I will take you through how Why Leave Town established its first gift card program. Being based in Narrabri NSW, Why Leave Town developed a Narrabri branded card, and acquired around 25 local stores to be a part of the program. This meant that cards could be purchased and loaded at any of these 25 stores, and the recipient of the card could only spend them in these same 25 stores.

The common thing across all these stores is that they are all in the one community. So every time one of these cards is loaded up and given as a gift to someone, it can be assured that this money is going to be spent back in the local economy. I often say that these types of programs are great because they 'force' people to shop locally. Once you have a card you don't have a choice but to use them at one of the local participating stores!

Based on the card provider used, there will be some slight differences in the finer details of how a program like this will work. Here are a few concepts you will need to be aware of when thinking about setting up a community gift card network:

1. EFTPOS - In Australia, all gift card transactions take place via EFTPOS, and so that becomes the only real requirement to be a part of a program.

2. Transaction Fees - The luxury of using the banking system obviously doesn't come free! There will always be bank fees associated with each transaction, but how these are charged will depend on the card provider. Although Why Leave Town has experimented with a few different approaches of how to cover these fees, we have found that absorbing them into the card cost up front reduces confusion for both businesses and consumers.

3. Load Amount - Most card providers will be able to supply cards that can be loaded with any value. This definitely provides a lot of flexibility

for the customer as they may be interested in loading up \$10 cards for small thank-yous, or they may want to load up \$1000 onto a card for a significant birthday (this is more me putting hints out there to my family as my birthday approaches). Pre-determined load values can also be setup through most providers, and can be useful in simplifying the overall offering and process.

4. Load Once, Use Many - Most gift card programs will only allow money to be loaded onto a card once. i.e. once \$100 is loaded onto the card you can't then go and load an additional \$50 onto it to make it a \$150 card. You can, of course, get cards that have this feature but they are more expensive and don't make a lot of sense in a gifting program, since the person who originally loads the card is most often not the person that will end up spending it.

The 'use many' concept refers to the fact that you can use the card across multiple transactions. For example, you may have a \$100 card and you choose to spend \$20 at store

A, then \$50 at store B, and then finally \$30 at store C. This is where gift cards have a big advantage over traditional paper based gift certificates, as splitting up different purchases (either on different occasions and/or at different locations) becomes an easy reality rather than a logistical nightmare.

5. Holding of loaded funds - Again this can vary based on the provider, but in most cases, the value of the funds that are loaded onto each card will sit in a third party trust account until they are spent.

For Why Leave Town this was an important part of our offering as we did not want to hold any funds, nor did we want a local council, chamber of commerce or any single business, to be responsible for this.

The collapse of Borders Books, saw gift card holders left with a worthless piece of plastic. This was a situation we didn't want for our customers. Therefore, in the establishment of our program, we chose a structure that ensured

the protection of the cards holder's funds, in the event that any of the involved parties were to default.

6. Expiry and Breakage - This is possibly the biggest cause of any negative publicity around gift cards. Every six months or so, particularly around Christmas (the main time of the year for gift card purchases), you will see a news story on how card companies are profiting on gift cards that expire. As a standard, most cards will have a 12 month expiry period. This means that after 12 months the value of the card drops to zero and it can no longer be used. The remaining funds on the card is called the breakage.

The breakage offered by different providers varies greatly, and it is therefore, something that you may be able to negotiate. This is a very important part in choosing a provider as the breakage can end up being a considerable amount of money. As a general rule, you can expect around 5-10% of all loaded funds to expire. This general rule has held true across

each of the markets where Why Leave Town operates our community gift card.

It's normally at this point where someone will ask the question as to why the cards can't have a longer expiry date. Again, based on the provider you go through, you may have the option to change the expiry duration to be shorter or longer than 12 months. However, you have to balance the fact that you want to give the customer sufficient time to spend the value on the card, as well as ensure that they don't forget about it altogether. Having longer expiry periods than 12 months can often lead to the card being buried deep in someone's wallet and never being used. Plus, as a business community, you want to encourage holders of the cards to use them as soon as possible.

It is for these reasons, and the fact that it is pretty standard across the industry that a 12 month expiry period is ideal.

It is also worth mentioning here that Why Leave Town made a decision very early in designing our

gift card program to not profit off breakage. Given that our name is 'Why Leave Town' we felt it was a contradiction of our brand to be taking funds out of the communities that we were trying to see prosper. So as of the time that this book was written, Why Leave Town personally receives 75% of the breakage across our programs (from our provider), however, we give 100% of this back to the organisation that has commissioned the program (e.g. the local council, chamber of commerce, etc.). It is then up to them how they use these funds.

The program offers a number of benefits to the customer, the participating businesses, and the community as a whole. Some of these benefits are listed below:

Customer Benefits

- Gift cards are an easy way to shop (and why this idea sits in this chapter!). Gift cards are the perfect gift for that 'hard to buy for' person, and you can easily do all your Christmas shopping in one store, in a minimal amount of time.

- Gift cards are more versatile, allowing the end recipient a greater variety of stores to spend their gift in.

Business Benefits

- Gift cards are easier to manage than most gift certificates systems.
- Gift cards have a greater pull effect as they are sold in more than one location.
- Gift cards help lock down future sales.
- Gift cards can be used to provide more effective ways to discount.

Community Benefits

- The program is an effective tool that helps leverage the shop local message. Despite the best efforts of many communities to push this message wholeheartedly, it is difficult to convert it into action without something tangible to back it up.
- The program keeps more money within the

local economy, which in turn benefits everyone.

Community gift cards can also be used in a number of other ways that can drive more money into local stores. For example:

- Using cards for sponsoring local organisations means that this sponsorship money is then guaranteed to cycle back into the local economy.
- Using the cards for donations to local raffles, again ensuring your donation is kept local, as opposed to just a cash amount being given away.
- Christmas shopper promotion prizes, rather than having this money flow out of town, if just given as cash.
- Managing business petty cash in order to have tighter control over staff expenditure.

This concept of community gift cards, has been placed into this chapter as it doesn't involve

consumers having to think too much, and also doesn't involve them making any drastic alterations to their own shopping habits.

For various reasons, that are discussed throughout this book, online purchases and out of town shopping are going to be an everyday reality choice for many people, and changing that practice is most definitely a challenge. Gift buying, however, is what I would classify as low hanging fruit, in the shop local sense.

Gift cards make gift buying easy, and hence community gift cards make the decision to support local businesses easy as well. You need very little thought, and it comes at no additional cost, nor do you have to compromise on your personal preference of range or quality.

2. TRADING HOURS

We now live in a world where people constantly seek instant gratification; having what you want, when you want it. Consequently, in order to promote more local shopping, local businesses need to adapt to the desires of local shoppers. One big part of this

is being available when local shoppers need you.

Traditionally, businesses have opted for the Dolly Parton trading hours of 9 to 5, or possibly more 8 to 6 (although it doesn't roll off the tongue as well). The problem with these hours is that this is when a lot of shoppers are also at work themselves. So if a local shopper knocks off work at 5pm and all other stores close their doors at this same time, then it makes it very difficult for this person to do any local shopping.

This instance then ultimately creates an incentive for the local consumer to shop online or even save up their purchasing for a weekend shopping trip to a nearby town.

One way local businesses can obviously combat this however, is to be flexible with their trading hours. Of course, it is not practical for most businesses to be open 24/7, but it may be more fruitful to operate between say 10am and 7pm, or even be available on weekends.

The good thing with this approach is that businesses

can trial many different times, and see what works best. If they are looking to trial different times then it would be worth doing it over several weeks, and ensuring that they have some way of measuring the impact. This way, they are able to properly assess its effectiveness.

For many small business owners the idea of staying open until 7pm or working weekends is unlikely to sound that desirable, however, there are other options they can consider, to the same end. Having their own online store enables locals to shop at a time that suits them, or having an after-hours ordering phone number could also fill consumers' needs.

Whatever the approach taken, ensuring accessibility for local shoppers and providing them with a level of convenience that will encourage them to stay local, is crucial.

3. TRANSPORT

To make shopping locally an easy venture, you need to look at all the existing barriers and ultimately find ways to overcome them. In some regions, simply

being able to physically access local businesses is an issue, and the availability and standard of transport, is a factor that can potentially exacerbate this barrier even further.

Transport issues can include:

1. No transport options available.
2. No transport options available at a reasonable price.
3. Timetables not flexible enough to meet the needs of consumers.
4. Issues with the transport itself (i.e. cleanliness, safety, etc.).

Limited viable transport options can restrict locals from being able to access ALL the different businesses within their community. It could mean, for example, that they are limited to only shopping at those stores that are within walking distance of their home. Limited access can therefore transpire into bigger issues of limited range and uncompetitive prices, not because the range and acceptable pricing is not available, but rather because it can't be accessed. This once again forces the consumer to opt for online alternatives.

Unfortunately, overcoming transport issues can prove a difficult task, but with sufficient collaboration between local transport providers and community organisations (i.e. council, chamber of commerce, etc.), hopefully a unified attempt can be made to address this need of an affordable and accessible service.

Individual stores, who see this as a significant problem for their business however, would benefit from looking at additional ways that they can overcome this issue by bringing their business to the consumer. Having an online store to complement a bricks and mortar store, as well as offering home delivery are two examples of strategies that could be trialed.

4. POST-PURCHASE SERVICE

One thing that local businesses can offer that non-local businesses can't, is fast post-purchase service. One of the main risks that shoppers face when shopping online or in other towns, is that if the product is faulty or the customer is having other problems with it, then it becomes difficult (or at least annoying) to resolve.

Local businesses can therefore earn a genuine competitive advantage by promoting their post-purchase service. This could include such things as replacing faulty items straight away (if in stock), free installation in the customers' home, or offering face to face problem resolution, advice and training.

Each of these post-purchase services add to the ease of shopping experience for the customer and encourages people to put local businesses in front of non-local competitors.

CHAPTER KEY SUMMARY POINTS

- 1.** Keep things simple!
- 2.** Using a closed looped gift card program can provide communities with a tangible tool that can help leverage the shop local message.
- 3.** Having more flexibility in trading days and times can better align businesses to the needs of local shoppers.
- 4.** Ensuring shoppers can easily access local businesses through viable transport options can eliminate barriers to shopping locally.
- 5.** Local businesses have a competitive advantage over online and out-of-town suppliers when it comes to offering post-purchase service, and hence they should optimise this advantage as much as possible!

CHAPTER TWO

GET ONLINE

"Retailers need to understand that they are a part of a global village and therefore must operate with this in mind"

When talking about the barriers to shopping locally, there is one thing that comes up over and over again. This is of course, the rise of online shopping.

To avoid having stats that will likely to be out dated by the time this book is published, I have purposefully left them out. We all know the rise that online shopping has had, and can no doubt predict the impact it will have in the years to come.

Most consumers have moved past the fear of giving credit card details online, and will now happily buy a

vast array of goods and services via the web. Given that a lot of goods can be found much cheaper online than in bricks and mortar stores, this also reduces the financial risk of shopping over the web. Many people are willing to move past the fact that the shoes they buy might not fit, or that the dress worn by the online model doesn't quite have the same appeal when they try it on themselves, quite simply because it is just so much cheaper to shop via this medium.

There are various reasons why people choose to shop online, many of which are covered in other parts of this book as themes that local businesses can tap into in order to encourage people to shop locally. The three main reasons though are price, range, and convenience.

While writing this book, Australia is gearing itself for the next wave of online shopping, with Amazon looking to establish itself on our shores. With an offering that is going to appeal to many Australian shoppers, we can expect to see some major shifts in how they shop.

And if a wider range and cheaper prices weren't going to have enough of an impact, Amazon has also run several trials in both the UK and the US using drone delivery. The proposed delivery service offers certain goods to be on your doorstep within 30 minutes if you live near an Amazon fulfillment center. Although there are no plans as yet for this service to be offered in Australia, it is likely to be considered at some point in the future.

You would be an extremely optimistic person to think that this trend towards online shopping is going to flip around. We now all operate in a global marketplace for better or worse, and understanding this marketplace is the first step to being able to compete with it.

So using the old saying of 'if you can't beat them, join them', local businesses must consider how they too can get on board. In this chapter I will look at four possible ways that this can be achieved:

1. Digital presence
2. Business website
3. Community online shop
4. 24-hour online shop

1. DIGITAL PRESENCE

The first step in competing in the online world is ensuring you have a digital presence. Some years ago this meant having a website, but now it means much more than this. There is a plethora (I always like using that word given my upbringing on movies such as *The Three Amigos*. Those who know and love the movie will understand, everyone else can just keep reading) of ways that you can have a digital presence using platforms such as Facebook, Twitter, YouTube, Instagram, Snapchat, and so on.

I am not going to talk at length about digital strategy and what is better than what, as that is a book in itself (and there are many great books on this topic already out there). I will say one thing though. Every business is different and hence they have to find the right channels that will work for them, as well as what they can manage given their team and budget. There is no one size fits all solution in this area...which is half of the fun of the digital marketing game.

2. BUSINESS WEBSITE

I am still a big believer that every business should

have a website. With so many great digital mediums available now, many have opted to neglect the website and go with just a Facebook page or some other combination of channels.

The reason I still like websites is that they create a base in which everything else can work around. A website can have certain parts that are relatively static, which I believe is still important. A lot of social sites are anything but static, and nor should they be. People are attracted to social pages because of the constant variety. They want to be continually engaged and that means not posting the same things over and over again.

But what can be lost in these continually changing sites is some of the more practical information. For example, what does a business stand for, what do they sell, and how can people buy it. It is this sort of information that the static parts of a website can hold.

To add to this, each digital channel has been developed with a slightly different objective in mind, and hence what is posted on each one should be

native to that channel. Therefore, a website can be the rock amongst all these tools that bring the entire story of a business together.

In addition to having information about a business, a website also offers the opportunity to sell directly to customers in an online store. As mentioned at the start of this chapter, one of the reasons that people choose to shop online is because of the ease and convenience of being able to browse and purchase whenever they want and wherever they are. So by offering customers this choice, a business is at least on even footing in one regard with online sellers.

Most people would assert that they want to support local businesses, but if required to pursue this themselves, there is a good chance it won't happen. This is why, when a business offers customers the option to buy from them via the internet, it is crucial that their business is one of the first things seen when customers search online.

People also prefer to shop with businesses that they trust, and so by putting a local business in front of a local consumer when they are online, it is likely to

lead this person to shop locally.

Being able to rank high on search engines is not an easy task though, and hence why there are many people out there making a very healthy living by improving businesses rankings. Like most things in the digital world, the rules are continually changing and so what works now might not work in six months' time. As a result, businesses will need to be continually adapting their local SEO (search engine optimisation) plan. I will dig a bit deeper into this in later chapters.

One thing that won't change though, is that search engines like Google are looking to maximise the experience for their customers (ok, and to maximise profits from those that are paying to advertise with them). So although things like having relevant keywords all across a site, and having plenty of backlinks, are still factors that should be considered, the important thing is that you are not trying to fake it.

So rather than wasting time looking for ways to trick search engines into thinking a website is valuable to

the masses, spend more time on creating great content! By staying true to what a business is about and also delivering value to customers, it is likely that most SEO will happen organically.

3. COMMUNITY ONLINE SHOP

So far I have talked more about getting a business ready to sell online, and playing the SEO game to try and ensure that locals get onto a website to start with. These are all important hygiene factors and need to be ticked off before attempting anything more advanced, however, it is likely to still be a hard slog getting *a lot* of local customers to fully engage with an online shop.

One way around this however, is for businesses to team up with other local stores and create a community online shop. That is, a website that showcases multiples local businesses in one place.

By combining efforts, businesses can reach more people and give them the opportunity to browse all the different categories that a community can offer. Having a central hub also allows businesses to pool their marketing activities and budgets, ultimately

bringing more people into the sales funnel compared to what a business can do on its own.

Without getting too complex, this could simply be a website that has all the different products and services available locally but when someone clicks on one of these it directs the customer to the particular business's site that offers this product or service for purchase online.

4. 24-HOUR ONLINE SHOP

Maintaining an ongoing online shop can become an involved process for some businesses, and if they are not doing a lot of volume through their store then the cost of maintaining an online shop may outweigh the benefits. If a business falls into this category then that doesn't mean they should give up on trying to sell things online altogether.

Take a few tips from www.clickfrenzy.com.au, the Australian online initiative that runs 24-hour sales offering buyers massive discounts on branded items if you are quick enough to grab it. The initiative was so successful when it launched in 2012 that the site crashed within moments of going live because it

received so many visitors!

This caused a huge backlash from frustrated customers, but also generated a heap more publicity for the site. The technical difficulties that the site faced were soon overcome and the sale went ahead with great success.

So using the learnings from Click Frenzy, businesses may want to consider a 'once off' online sale. To help create buzz around this promotion, the time period may be limited to only 24-hours and should offer several heavily discounted items.

The beauty of this 'once off online sale' approach is that the burden that comes with operating an ongoing web store is reduced. For example, keeping all product details up to date and managing delivery can be bulked into a one-time task rather than something that has to be constantly monitored.

This also might be particularly useful if a business is trying to clear out a lot of old stock, or if they have a new range that they want to showcase.

As mentioned in the previous section, this idea could again work well if a business teamed up with other local stores, thereby creating an even greater buzz around the sale. If locals know that several stores are going to be offering exclusive deals all at the same time, then they are going to be more likely to hear about it, as well as being more inclined to take the time to check it out.

Furthermore, this combined effort may also present an opportunity to work with a local delivery service, who can pick up all the items sold during the 24 hour period from each of the stores, and then deliver them to customers.

The streamlining of this part of the process into one event, can significantly reduce postage and handling fees that would be incurred with lots of individual occasions of delivery. As a result, the savings acquired can be passed onto customers, creating even better deals being offered.

If this approach is found to be successful then it could be made a recurring event. Frequency is a very important consideration however, as some

promotions like this may prove to be more effective if they happen less often to ensure they maintain their appeal.

Timing is also worth some thought, as holding them in line with usual promotion periods or seasons (i.e. Christmas) can potentially increase their value.

CHAPTER KEY SUMMARY POINTS

- 1.** Don't ignore the importance of having an online presence, considering all possible mediums.
- 2.** Create a digital strategy that suits YOUR business.
- 3.** Link it all together via your website.
- 4.** Sell online if you can, either consistently on your own site, as part of a community site, or in a once off promotion.

CHAPTER THREE

MAKE PEOPLE AWARE

"Educate people about what they can get in the local market, including from a tourism point of view, so they can become local advocates"

Most communities of a reasonable size will offer a pretty broad range of goods and services. Yes, product range may be limited, and prices might be higher than elsewhere, but many communities will provide most goods and services that locals regularly need. Despite this, locals still shop elsewhere, simply because they do not *know* that they can get the exact same goods from a local supplier.

One example of this came from an interview with a tri-athlete who preferred to consume grass fed beef for nutritional benefits. He was purchasing this via an online store which was based in a nearby city. When he had some delivery issues he did some research into where the beef was coming from only to find out it was being sourced locally, only a few blocks away from where he lived. The meat itself was actually going through three or four sets of hands until it found its way to him! This knowledge (acquired only after much research) meant that he could source it directly from the producer, cutting down on time *and* cost.

This lack of awareness of one's own backyard becomes a big drain on the local economy. The rise of the internet and mobile phone usage has done this issue no favours either. In the past, if you needed more information about a particular product you would go down to a local store that operated in that category and make enquires. If the business you chose had it in stock the sale would be made then and there, or otherwise, they would offer to order it in for you. If the business didn't trade in this product they would most likely know where to

send you locally to someone that did.

Nowadays, the information gathering process is a lot different, as many people's first inclination when searching is to do so online, which not surprisingly also often results in the item being purchased online, rather than in the local area.

Although an issue for local stores, it is also a big opportunity area as it is one of the easier problems to address. A lot of money can be spent on various types of advertising, but there are also a number of cheap alternatives or no cost approaches that can be considered to address this priority of raising awareness.

It is safe to say that most marketing activities undertaken will no doubt help to address this issue of awareness, as the more a customer can engage with a business (which is the ultimate goal of any marketing), the more they will have a clearer picture of what this business can and cannot provide them with.

So although this chapter talks about specific ways

that a business can creatively make potential customers aware of their offering, the *actual* list of ways that this problem can be overcome is only limited by one's imagination. The ideas I will focus on are:

1. Market days
2. Garage sales
3. Product giveaways
4. Facebook business share promotion
5. Directory map of local stores
6. Local store tour
7. Local mobile app
8. Local SEO

1. MARKET DAYS

A great way to get people into a store is to participate in market days in conjunction with other businesses. This is particularly useful when a number of stores are all located in a similar space such as a CBD or main street precinct. Market days generally involve a set period of time, such as a Thursday night or Saturday morning, and the stores involved offer special deals. Businesses will often also use this opportunity to ramp up their marketing activity, including in-store presentation. This type of

promotion is very popular in the lead up to Christmas.

These types of events are very common and have had varying levels of success within different communities, but here are just a few tips on how to make them successful.

- Promote, promote, promote! People need to know that the market day is taking place. It is also not wise to spring this on people at the last minute. This means that having a very clear up front marketing plan involving several weeks of lead up activity is essential. Flood the town with in store posters, be loud on social media, and even lash out on some paid advertising to help build momentum into the event.
- Don't expect the customers to come to you, go out and meet them. By this, I am talking about setting up products outside the store so people can wander past and have their attention grabbed by what is being sold.

- Giveaways can also be an effective tool to make market days more impactful, however, caution must be taken to ensure that they relate to the business as well as create opportunities for people to convert to purchase. Otherwise, it will end up costing a lot of money with very little gain achieved. For example, a gym, rather than giving away free hats or stress balls, could offer a free one on one fitness assessment. Or a clothes store could offer a free personal styling session.
- Encourage customers to shop around. For example, having game cards (that once completed go into a prize draw) that get stamped each time a customer visits or makes a purchase at a store, can be an effective way to get people to visit more than one business.
- Be sure to make the shopping experience a priority. Some extras can be added, like having people dressed up as Santa Claus, jumping castles, pony rides, etc. as these help to keep kids entertained and create a fun atmosphere. Just be careful not to do so much

that these things start to detract from people shopping!

- Cross promote where possible. This is a great opportunity for businesses that complement each other to work together and offer bundled products and services. For example, a florist and a lolly shop could bundle a bouquet of flowers and box of chocolates together. This makes it easy for the shopper, firstly because it means they don't have to think too much, and secondly because it removes the need to visit two different stores. It also, of course, opens up an extra revenue stream for each business.

Opinions can often be divided regarding which businesses should be involved in these market days. Ideally, they would be kept to local businesses only, in order to fully push the shop local theme. However, not all products are always available locally, and so market days present an opportunity to *make* these things available in a local setting. Including non-local businesses can, therefore, help increase the attendance levels to these types of

events, which will obviously then have a positive flow on effect to the local businesses.

More regular market days, (particularly around fresh fruit and vegetables) are also a popular way to showcase what the region produces, as well as encourage people to buy from local businesses. These types of markets also present an opportunity to develop a story around local producers, which in turn creates a strong connection with the community.

Building a story around a regular local market is something that the Harvest Market in Launceston has done very effectively, and it has helped grow the markets to attract around 4000-5000 people on a weekly basis.

2. GARAGE SALES

The garage sale concept is very similar to the market day idea but on a much smaller scale, and it is also something that can be done as an individual business. This idea involves offering a lot of stock at reduced prices just like a normal sale, however, the appeal comes with the lack of structure (or at least

perceived structure) of the promotion.

Unlike a normal in store sale where goods are in their usual place with a sale sign above them, or even in a separate organised display, the garage sale concept is supposed to mimic a house garage sale. By this, I am talking about having cardboard boxes filled with stock, limited price tags and maybe even cash only sales. The more it is made to look and feel like a house garage sale, the more the experience becomes unique for the shopper.

The early morning garage sale shoppers are always seeking a bargain. One man's junk is another man's treasure! So making shoppers feel like they are getting normal stock at a steal, will increase their level of satisfaction with the shopping experience.

Just as important as the way the stock is presented, is where the garage sale is held. If simply done in store using discount bins, it could seem too much like a normal sale. If possible, the customers should be taken on a different journey by setting up out the front of a store, or hiring out an empty retail space for a day. A business's back access could also be

used, which makes it even easier, as unsold boxes of goods could simply be dragged out to the back loading dock. The location of the garage sale should be used as a way to increase awareness and draw people into the business (hence why I have it sitting in this chapter).

The rough and ready approach should not be overdone though. The objective is to harness nostalgia, not create the Cletus Spuckler look (google it if you are not a Simpsons fan).

3. PRODUCT GIVEAWAYS

A plain and simple way for a business to let people know what they sell, is to just give it away! People love free stuff and so this is a great way to grab people's attention and entice them to engage with a business. However, just like with other costly awareness strategies, this obviously must be done in a way that will create a return on the investment for it to be worthy of consideration.

Wangaratta Shire Council were able to do this very effectively as part of their #ShopWangaratta campaign. As part of the lead up to their Christmas

market day, they encouraged local shops to provide goods and services as prizes for giveaways to locals. In order to maximise exposure, each time a product was given away, the business in question was showcased on Facebook with a picture of the staff and the product. Locals then had to engage with the post in order to go into the draw to win the prize.

The promotion began with only a few dozen prizes being made available, but on the back of strong levels of engagement, the council had businesses contacting them to give away more products. Each post would generate between 200-400 comments and would have an average reach of around 8000. Towards the end of the promotion period, they were giving away up to three prizes a day!

This is a great example of how giving away products for free can create a lot of interest in local stores, as well as illustrate the wide range of goods and services that are available locally. This particular promotion also had a huge impact on the success of the Christmas market day that followed.

4. FACEBOOK BUSINESS SHARE PROMOTION

Facebook is a great way to engage with customers. Unfortunately, the days of posting something on a business page, and this message getting to the majority of people that follow this business, are well and truly over. There are two main reasons why. Firstly, Facebook is protecting their greatest asset, the user. Facebook wants to ensure that they offer a platform where users are constantly served up content that is relevant and engaging for them, rather than a string of bland advertisements. Secondly, by controlling and restricting the communication pathway between business and consumers, Facebook can charge businesses to access more potential customers.

In creating the best experience for the user, Facebook uses a complex set of algorithms that are constantly being reviewed and updated to ensure that people are getting posts in their news feed that is of interest to them.

One of the many ways that Facebook does this is by seeing what posts people are engaging with at any point in time. So if a post is getting a lot of people

liking it, commenting on it and sharing it, Facebook can assume that the post is offering something of some interest, and hence will push it onto more people's newsfeeds.

A good way to get more likes, comments, and shares on a business post, is for that business to work with other businesses in their local area. I prefer to work in groups of 8-10 businesses when doing these types of promotions, as it is easier to collaborate and also means that each participating business won't have too many shares about other businesses (as that could start to get confusing for their customers).

The mechanics of the idea is fairly simple. Each business will take turns posting something on Facebook. All of the other businesses will then go and like, comment on and share this post.

Having been personally involved in doing these types of promotions numerous times, I have seen quite positive results from this approach, with many businesses indicating their post reach being up to five times higher than usual.

It also helps if the businesses can be linked together in some way. This could be a wider promotion, or even a catchy hashtag that would be relevant to all the businesses involved. The main reason for doing do is to prevent confusing current followers, and to provide some explanation as to why a business is engaging so much with other businesses.

Although I have seen firsthand the success of this style of promotion, I by no means see myself as an expert on the inner workings of how Facebook distributes posts. I could also spend 6 months investigating this in greater detail to only find that Facebook has changed the way their algorithm works.

There are many ways that you can help increase your posts reach on Facebook, and this is just one basic idea. I like it, as it also means that local businesses start working together which obviously also has bigger benefits outside of the social media space.

I think it is also important to point out here however, that trying to 'beat' Facebook by manufacturing

stronger reach is not the best use of time. Businesses are better off spending their time coming up with great content that their customers will want to engage with rather than trying to cheat the system. So creating great content should be the first priority, and then secondary is utilising all the small tricks like this one to help get this great content to as many people as possible.

5. DIRECTORY MAP OF LOCAL STORES

Awareness is not only about knowing what products and services are available in a local community, but also about knowing where to physically find them. The local directory map is a traditional but still effective way to achieve this.

Directory maps are another one of those ideas that I like because of their simplicity. All you need to do is get a map of your local area, identify the businesses you want to highlight, and then plot them on the map. Depending on how creative you are, you can even have some fun with this by making the map look visually appealing rather than just having a map with dots on it. The flexibility of design, however, will largely depend on how many

businesses you need to plot on the map, as well as the size of your town.

If you have a high number of businesses to represent on the map, it might be worth putting the business name on the side or back of the map, and then link these to a number displayed on the image of the map.

Once designed, it is then just a matter of printing and distributing. Distribution can be done by placing the maps around the community in certain stores, or paying a small fee to Australia Post to deliver them into each mailbox in town. Or, if you're keen to get some exercise and have a team of able helpers, you could also do a letter box drop yourself.

These maps are not only good for locals, but are also great to stick in motels so that tourists can get a good idea of what type of stores are in the local area, and where to find them.

Obviously, the cost of this type of promotion will vary depending on how professional you want the end product to look, how many you need to print,

and how you will distribute them. Therefore, you may want to consider charging businesses to be involved to help cover these costs. Many communities have also used this style of marketing as a way to generate revenue for other activities.

6. LOCAL STORE TOUR

This directory map idea can also potentially be taken a step further, by having guided tours of local stores. This could be on foot, or by bicycle or even a mini bus. The decision to go down this path though would depend on the size of the town, the costs, and the time associated with operating this type of service. In communities that have a strong tourism market, this could easily be a regular service.

From a local shopper point of view (i.e. as opposed to targeting tourists), a tour of this type could still be successful but more as a once off event, or held only a few times a year. Combining this with special discounts for those on the tour, as well as including a food and beverage experience, would also help in making this a successful local initiative. Having the tour run out of normal operating hours (e.g. a Saturday afternoon) may also help create some buzz

and local interest.

For bigger towns, the tour may help locals uncover stores they never knew about, i.e. the hidden gems of their town. But for smaller towns where most businesses are possibly already known, it is more about getting locals physically into these stores to showcase exactly what each business can offer. Many locals may think that this is not something they need to do, and so in promoting the tour you need to be clear about the extra benefits locals will get from going on the tour. It may even be effective to promote it as an exclusive tour that will offer once off deals for locals, rather than a 'get to know your local stores' tour.

7. LOCAL MOBILE APP

Also related to the local directory map previously discussed, but taking a more modern approach, is the idea of creating a local mobile phone app. A local app can cover many things including:

- Directions to local stores
- Search functions for certain products and services

- Local offers (which can also be delivered via push notifications)
- Local news and events
- Community and business profiles
- Local advertising
- And the list could go on based on your own creativity and imagination!

With smartphones now being fully integrated into many aspects of our everyday lives, it makes perfect sense to help push the shop local message through this medium as well. It also provides local businesses with an opportunity to engage with local consumers in real time and at times that are convenient for them.

There are two main barriers to setting up a shop local tool of this type:

1. The initial outlay of costs - Costs can vary significantly based on how detailed you want the app to be. Obviously, it is always good to seek a local supplier first, but one may not always be available. The number of providers in this space is quite big and so that can make

finding the right one difficult. Always make sure you get more than one quote, and don't always assume that the highest price will give you the best results, or that the lowest price is the best option, as I could list countless examples where this is not the case.

The main thing is to have a very clear brief, with your exact requirements and expectations of timings specified, and ensure that everyone agrees to this up front. It also helps if you can find a developer who has created something similar to your desired app, so that you can take a look at their work beforehand.

2. Having someone responsible for its ongoing maintenance - Information apps are great as they allow you to keep your target market fully informed on what you are trying to provide. However, this also means that you need to ensure that the information on the app is always up to date.

It is also handy to continually have fresh and new content that the user can engage with. If

you don't do these things then you run the risk of the users dropping off and hence the app becomes ineffective.

8. LOCAL SEO

A final note around creating awareness in a local market is concerning local SEO (search engine optimisation). The internet is a huge barrier for local shopping, however, it can also be a huge asset if used correctly, and hence why I have dedicated an entire chapter to the online medium in this book. It is going to be almost impossible to stop people from searching online for products and services. However, if a business is amongst the top results in online searches, then locals will be more likely to click on the link to that page rather than non-local competitors. Most people want to shop with local people they know, so it is about being top of mind when these people are making their purchase decisions that become key.

Local SEO is the pathway to getting to the top of the list of search results, however, for those that want to be serious about competing in this space, I strongly recommend looking at employing the services of an

SEO expert to help make this happen.

Local SEO has many different elements, and search engines are constantly updating their algorithms to ensure that users are getting the best experience possible (and so that they can earn more money from advertising).

Without going into too much detail on this, businesses first want to ensure that search engines can find them. This means having a digital footprint, e.g. a website, social media, a Google My Business account, Trip Advisor & Yelp listing, Do Yourself a Favour listing (this is a unshameable plug for Why Leave Town's own travel app – head to www.whyleavetown.com and shoot me an email and mention this book and I would be more than happy to set you up on this app for free for 12 months), and any other medium that is appropriate for the business type.

Within each of these mediums, all the details should be filled out accurately and kept up to date. In particular, the inclusion of contact information, opening times, address, and also the reason why

someone should interact with a business is essential.

Within the website, all keywords should be in place and each page should have a full description of what it is about. Some websites will also ask if certain pages are to be found on search engines such as Google. The majority of the time the answer to this will be a big YES! Having credible links to the website is also going to help search rankings, so seeking out opportunities to partner with other site owners to set these up is recommended.

Similar to my comments previously about Facebook, there are heaps of tricks that will help increase search ranking, and an SEO expert is the best person to provide guidance on these. However, again these short cuts should not over shadow spending time on developing great content and maintaining platforms that provide value to the target market. If this is done, then links, visits, etc. will all come organically.

Reviews are also a great way to increase local SEO. Encouraging customers to leave reviews in all digital platforms where this is possible is highly

recommended. Having regular reviews also helps, so it is suggested to not go for one big review push and then forget about it for several months. Constant positive comments can show potential customers that firstly a business is still open, and secondly that they can be trusted.

But once again don't try and cut corners on this! Reviewing yourself looks cheesy (and is not allowed on some platforms) and fake reviews are dishonest and misleading and are not something that a business should be built on.

So instead, businesses should work hard at encouraging 'real' customers to write reviews, and be ready to respond to negative reviews in an appropriate way. By this, I don't mean to dismiss any negative comments, but instead be honest and show that these comments have been taken on board to help improve future customer experiences.

CHAPTER KEY SUMMARY POINTS

- 1.** Locals need to be made aware of what they can buy in the local market. It is not only about knowing what businesses are local, but also what products and services that they can offer.
- 2.** Promotions that get products into the street where local consumers can see them are a good way to increase levels of awareness.
- 3.** If used correctly, giving away products as well as using social media (both at an individual business level, and at a collaborative level), can lead to higher levels of awareness that can convert to sales.
- 4.** Directory maps, local apps, and local tours can be used to generate awareness for both local consumers and tourists.
- 5.** Most people want to deal with people they know and trust, and so by utilising local SEO methods, a local business can be at the top of online search results.

CHAPTER FOUR

ENCOURAGE CONSIDERATION

"Don't just sit back, you have to be active and seek customers, pull not push! You need to go outside your comfort zone"

Although I use the terms 'shopping locally' and 'shop local' repeatedly throughout this book (around 70 times in fact), I am generally not necessarily always talking about creating a final sale.

This is, of course, the ultimate goal of all the different ideas mentioned, but there are always going to be several factors that are out of the control of business operators.

I am a bit of a fan of conversion funnels and when talking about shopping locally you can go with a fairly basic funnel as shown below.



The funnel works in the way that you can't achieve a certain level in the funnel without first having those things above it. i.e. someone won't purchase a product unless they are first aware of it, and would consider buying it.

There are circumstances where this may not be the case, for example, you could have 'emotional loyalty' to BMW cars, but have never actually purchased one. But for our purpose here, we will keep things simple and assume that shoppers move down the funnel in sequential order.

Thinking about local business, we can define each level of the funnels as follows:

Awareness – I have heard of that business.

Consideration – It is a business I would be willing to shop at. Most people will have a 'consideration set', which is essentially a number of different places that they would be willing to shop at.

Purchase – It is a business that I shop at on a regular basis.

Loyalty – I do the majority of my shopping in this category at this business.

I could split this funnel up even further by adding in a trial stage after consideration, and we could have several different levels of purchase and loyalty, as well as varying timeframes. Again, in the interest of keeping things simple however, we will stick with the four level approach shown above.

It makes sense for this chapter to follow the

previous one of creating awareness for local businesses, as you cannot possibly have someone consider your business if they are not aware that you exist!

So, as per the funnel, once awareness has been achieved in a market, the next focus needs to be in getting people into store to fully understand what is on offer, so that the business is *considered* next time a consumer needs to purchase something within this category.

One of my personal frustrations with smaller community advertising, is that it either focuses on awareness, or on purchase, and completely misses the consideration phase. Awareness advertising, in particular, is an area where I think considerable money is wasted in smaller communities.

In many instances, the majority of the community in small towns are already aware of most businesses by default, and so focusing just on general awareness is fruitless, particularly in the case of an established business. Yes, staying top of mind is important, and you continually have new people

entering the local market, but I firmly believe that there is better 'bang for your buck' by focusing paid advertising, at least, on the lower levels of the funnel.

And this, of course, is not to contradict the previous chapter that was all about creating awareness. It is rather about knowing what sort of awareness needs to be created. Sure if a business is completely unknown then top level brand awareness is going to be important. But if a business is *already* well known, then they need to focus on making people aware of what they can actually offer them, e.g. product range, additional service, price discounts, etc.

Many shoppers bypass local stores as they have the perception that what they require in terms of type or range is simply not on offer, or that the price will not be competitive. This could be due to a straight out lack of knowledge of a business, or rather a preconceived thought.

To help overcome this misconception, businesses need to either get people into their store, or have

them engaging with their out-of-store platforms (i.e. website, social media, etc). And of course, once this interaction is achieved, they need to ensure that the customer has an informed positive experience, so that their business is *considered* again in the future.

In this chapter I will look at the following in terms of encouraging consideration:

1. Free trials
2. Staying relevant and fresh

1. FREE TRIALS

As mentioned previously, people love getting things for free. So inviting potential customers into a business to experience what they can offer, without any financial obligation, is a great way to move a business into their consideration set.

Depending on the industry, free trials will take all sorts of forms and will come with various costs to the business. It is therefore important for the business to first assess what they are trying to achieve, then determine who their target is, and finally decide how much they are willing to spend.

A certain business may only attract predominately 'regulars' into their store. Therefore, having free samples sitting on the counter is just targeting people who already shop with that business. However, move this outside of the store and offer the same thing, and now potential new customers are being targeted.

The above example, of offering free samples outside a store, also has some limitations as it only targets those people that are walking past a business, which may not be a huge problem if the business is located in a high traffic area in the town's CBD. But if this location advantage isn't the case, or if the desired reach is wider, then other ways to elicit trial and consideration need to be thought out.

Here are just a few suggestions on how this could be done:

- Mailing out samples of product to locals. Although this approach is not very targeted and could be quite costly.
- Mass market advertising asking people to

present a coupon in store to receive a free trial. Assuming this coupon offer is good enough to move people to take action, this could be effective, but again could be costly, especially if a lot of current customers take up the offer.

- Targeted social media campaigns offering free trial coupons. Social media advertising is becoming more sophisticated, allowing for very specific targeting, which can reduce costs compared to mass market approaches.
- Sophisticated loyalty programs collect a lot of information on purchasing behaviour, enabling identification of lapsed customers. This information can then be used to send free offer coupons to these people.

If a business decides to go down the path of offering free trials, the main thing they have to take into account is what sort of post-trial action they are looking for. To assist in understanding this, it is worth asking the following questions:

1. Are you looking to create a regular customer in a short period of time?
2. Are you happy just to increase the number of locals that are willing to consider shopping with you?

The answer to these questions will determine what sort of free trial is offered, as well as the nature and frequency of the follow up activity.

2. STAYING RELEVANT AND FRESH

It is important to note, that once a business is in the consideration set for local shoppers, it doesn't necessarily mean that they will stay there. Businesses must continually reinvent themselves to stay top of mind with their customers.

Staying relevant means always being able to meet the needs of customers and sometimes even knowing customers' needs (or wants) before they do. Staying fresh is about continually looking for new ways to excite and engage customers. This doesn't have to be limited to products and services that are delivered, but also includes how a business

markets themselves, how they speak to their target customers, and how they engage with the community in general (i.e. supporting local causes etc.).

People are connected to the global marketplace and are presented with new alternatives every day, so local businesses must keep up with this pace in order to be competitive. Businesses need to look for ways to constantly 'disrupt' themselves (i.e. be constantly evolving) otherwise they will get 'disrupted' (i.e. be forced to shift) by the competition.

People are attracted by new products and experiences, so constant adaptation is essential, e.g. monthly menu changes. Often, one of the first things that the competition does to disrupt other businesses is to drop the price, therefore businesses have to offer enough outside of price to keep customers loyal.

If a business can't stay relevant and fresh then they run the risk of being forgotten, and *consideration* by local shoppers will, therefore, be lost.

CHAPTER KEY SUMMARY POINTS

- 1.** Don't neglect the importance of advertising that targets aspects other than general awareness and inducing regular purchase.
- 2.** Offering non-existing or lapsed customers free product trials can help move a business into the shoppers' consideration set, however, businesses need to be cautious not to be giving away products outside of the target market.
- 3.** Don't stand still! Continually look for ways to stay relevant and fresh, in order to keep a business top of mind for both current and potential customers.

CHAPTER FIVE

CREATE AN EXPERIENCE

"Many businesses don't understand the value in building a local relationship with a customer...even if it comes at a loss"

If shopping is turned into a straight out transaction, then it is likely that customer stickiness will be lost very quickly. Unless a business is providing a very specialised service that requires a high level of skill, or if they have a product that simply can't be bought anywhere else in the world, then there are always going to be other providers out there that will be competing for their customers.

By moving away from 'just a transaction' and into a

'shopping experience', a business is able to offer something unique. This unique experience gives people a reason to shop with them, rather than heading to another town or shopping online.

Online retailers have also picked up on this and invest a lot into creating an enjoyable shopping experience. In one sense online retailers have an advantage in this area as they are able to use cookies (not the eatable ones, although they too can make for an enjoyable shopping experience), and past purchase data, to tailor each visit to their website into a unique shopping experience. Browsing ease, links to product info videos, live chat, and banner ads of carefully calculated products that you might be interested in (based on previous behaviour), are all examples of how this can be done in the online environment.

So not only do local stores need to firstly create a shopping experience for their customers, but they also have to compete with the experience that can be gained online.

Before an experience can be created though, a

business first needs to understand their target market, and discover what that target market's ideal experience would be. Traditionally, customers could have easily been segmented by males versus females, and young versus old, and then create unique shopping experiences based on that. Such a simplistic approach is not as viable now, however, as the lines between these groups have blurred somewhat in our ever growing fluid society.

This is not to say that these segments don't still exist to some extent though, as I am sure there are still groups of female shoppers who like the weekend shopping adventures, and you only have to walk around any shopping centre to see that there are plenty of bored looking males sitting outside women's clothes stores (myself included).

Once the key target market/s has been identified, the next step is to think about what drives these people and what can be offered to turn the shopping transaction into a shopping experience. I have come up with two fictitious segments in order to illustrate how an experience can be created given a particular target market.

1. Young affluent group shopper.

This group sees the idea of heading out for the day with a group of people to shop and eat as a social adventure. Window shopping also becomes part of this experience, as well as trying on different clothes and maybe eating things that you wouldn't usually eat. It is an experience from start to finish and hence each component is about adding to the overall utility of the event.

On one level it is hard for local shops to compete with the day out experience, however, they can take some learnings from this and look to tap into the idea of the shopping adventure. Things like main street beautification, outside eateries and having music playing in the street are all examples of trying to make the shopping trip an enjoyable and social experience.

The instore experience can also be made into more of an adventure through the way that the store is laid out, and how products are displayed. For example, clothing stores can make the process of buying outfits more of a social experience by having a welcoming area where you can try

clothes on with your friends. The experience can also be added to by offering free tea and coffee.

2. The middle aged time poor shopper.

For these shoppers, the experience itself doesn't have to have all the bells and whistles attached to it. Keeping it simple is best as they want to be able to get in and get out with ease and speed. Such things as 15-minute parking outside a business, display of key products at front of store, and staff that are trained to identify a need and deliver to it quickly, are all ways that the desired shopping experience for this segment can be delivered.

I personally can relate to this group, and often talk about one of my more enjoyable shopping experiences when buying shoes. The entire process of finding what I wanted, trying the shoes on for size and paying for them would have been no longer than 2-3 minutes in total. I was so pleased with the experience that as I walked from the store (in my new shoes), I turned back to the shop assistant and said: "now that's how you buy shoes". Not sure she appreciated my humour, but

my experience was great all the same.

Of course for some people, this would be the complete opposite of an enjoyable experience, and hence the importance of understanding the target market and knowing how to deliver to them.

Throughout the rest of this chapter, I will go through examples of how different businesses have been able to create an experience that delivered to their target market. Note that given the number of different types of consumer groups, an exhaustive list of examples could have been a book in itself! I have therefore chosen to highlight just the five examples below:

1. Ambience
2. Personalisation
3. Relationship building
4. Pop-up shops
5. Destination marketing & clustering

1. AMBIENCE

Part of creating a shopping experience involves being able to generate a certain level of ambience in the shopping environment. Ambience is mainly built by appealing to the five senses of sight, hearing, taste, smell, and touch. At a store level, this includes such things as:

Sight

- Clearly displayed products
- Easy to navigate aisles
- Well planned out shop window displays
- Visually appealing décor

Hearing

- In-store music – studies have been done that show that there is a relationship between the type of music that is played and the resulting shopping behaviour, so maybe do your research here!

Taste

- Free samples to taste if appropriate

Smell

- A candle burning in a gift store
- New leather spray in a furniture store
- Perfume/aftershave in a clothing store

Touch

- Encouraging people to fully lie down on beds in a bedding store
- Fitting rooms in clothes stores
- Instruments available for trialing in a music store

There is no set formula for creating store ambience, as it will depend on the type of business and what sort of customer is trying to be attracted. For example, a second-hand goods store may prefer to be more cluttered as it gives their customers a sense of discovery which adds to their personal shopping adventure.

Creating ambience though, does not need to be limited to the in-store experience. Many communities have invested a lot of time and money into creating a shopping district that is inviting for locals (and tourists) to cluster in. Street music (be

it live or recorded), parking, lighting, seating, alfresco dining, closed off malls, strategically placed gardens, etc. are all examples of things that have been done to create an environment that is appealing to shoppers.

Having all stores, or at least key stores, within walking distance of each other, helps create more of a shopping mall experience and will encourage shoppers to park in one place and then shop. This enables browsing of other stores that lie amongst the ones that the shopper intended to visit. Of course, ample parking to access this community of businesses is going to be important in creating this feel.

Obviously, store positioning within a shopping precinct is not something that can be easily altered, but consideration of this point should be given when making larger scale development decisions.

Many people will choose to have weekends away in other towns (particularly larger cities) either by themselves or with friends, in order to create a shopping experience for themselves. This will

include not only retail shopping, but also eating out and other entertainment. It is always going to be hard to compete with this form of escape, however building a local shopping environment that is a desirable place to visit, can at least help to reduce the frequency of these types of trips.

A street scape has a much harder task of creating a united front though, when compared to an indoor shopping mall. Shopping malls will normally have a corporate body that each business will pay into, that will help promote all stores. This creates not only a budget but also an opportunity for a unified approach to promoting shopping at the stores within the mall.

Outside of shopping malls, businesses can still attempt to create this same organisational structure, be it through the local chamber of commerce or some other organised group of businesses. Granted, it is harder to get everyone on board with this approach which is essentially voluntary, compared to a shopping mall where it would be a compulsory requirement.

2. PERSONALISATION

Personalising the shopping trip is going to help the customer see it as more of an experience rather than just a transaction. Local stores have an edge in this space as they are more likely to personally know their customers, as well as have some insight into what makes them tick. This 'local/personal' knowledge should definitely be used to their advantage.

As mentioned at the start of this chapter, the online shopping environment is very sophisticated when it comes to artificially creating a personal experience, by tapping into past behaviours, webpage search history, and social interactions. This is all very valuable, but there are some additional things that just can't be found in stored data. For example, the big tackle a customer did in the local footy game on the weekend, or that a business owner sat next to their customer in history class 20 years ago. It is *this* 'local' knowledge that stores need to tap into, and use along with the knowledge of their customers product preferences, to create a personalised experience.

At the basic level, personalisation can simply take the form of conversation with customers. The more specific this conversation for a particular customer, the more personal the shopping experience will be. Moving beyond this basic level though, is in being able to link this personal connection to what a business is selling. A simple example would be when a café knows exactly how you like your coffee, or that you prefer to have your salad in a bowl rather than on a plate, removing the need for you to ask.

To go beyond this even further requires much more work (and potentially even research) from the business operator, but the benefits will definitely be worth the extra effort.

An example of this 'extra effort personalisation' would be for a clothing store to offer for a regular customer to be measured up at the start of the season. The store owner would then seek out a number of outfits specifically for that person from their suppliers. The customer would then be invited back into the store for a personalised fashion parade or fitting, whereby all the modelled clothes are

targetted at them.

This example actually came from an interview I conducted with someone that doesn't even operate in the fashion industry but understood the importance of creating a personal experience.

Furthermore, to expand on this idea, it could be done with a group of customers at one time, and with the use of some comfortable seating, nibbles, and free tea, coffee or wine. This could potentially create a whole afternoon shopping experience that is specifically targeted.

I found this idea to be quite ingenious, as it works on so many levels, all of which add to creating a unique, enjoyable shopping experience.

While this example is specific to the fashion industry, the idea could also work well for other business types. For example, a craft beer brewer could invite customers in to sample a selection of beverages that have been specifically chosen based on the customer's preferred taste profile. Or a fishing store could hand select lures that would suit particular

fishermen and then setup a free afternoon BBQ on the local river where their customers could trial them.

The main thing with each of these examples is that the business operator has taken the time to think about the needs of their customer, and has changed their sales approach to accommodate this. The odds of converting this customer to buying will then significantly increase, and more importantly, the chances of them repeat purchasing will surely improve.

3. RELATIONSHIP BUILDING

Taking the idea of personalisation to another level is the idea of building a relationship with a customer. A relationship is not something that can be formed in just one or two exchanges, but rather needs to be built up over several interactions. It is a long term game, that requires an investment of time and maybe even money, but if done correctly will bring future profits.

In one of the interviews I conducted for this book, I spoke with a hardware retailer who had a very

strong focus on building relationships with his customers. For example, during peak harvest season he knew that his customers in the farming industry always needed cutting discs. So every Friday afternoon he would fill his truck with cutting discs as well as an esky full of beer, and would drive around and visit these farmers. He would have a beer with them and then supply them with any cutting discs they required.

This example was not about trying to generate more revenue from cutting discs, however. It was more about serving a customer need while at the same time creating a social connection with them. This would also mean that some Friday's this retailer would run at a loss on this activity, but it was about building a long term relationship with the customer, so the loss was in fact an investment and hence justifiable.

4. POP UP SHOPS

One way that businesses (or ideally a group of businesses) can create a local shopping adventure, is through the use of pop-up shops. This concept involves setting up a business for a very short period

of time.

Restaurants, in particular, have used this concept well to attract crowds of people by offering a unique dining experience. The concept though, can be applied to any type of business.

The main thing required is to offer a point of difference. i.e. there is no point 'popping up' in a town and selling shoes if there are five other shoe shops in town. However, if this pop-up shoe shop focused on a particular range of shoes that were not available in the local stores, or were heavily discounted, then it has a point of difference that would ultimately draw customers in.

This strategy is also a great way to utilise empty retail spaces, which seems to be a big problem across many communities in Australia. Empty stores create a ghost town style atmosphere and have the complete opposite impact of creating an enjoyable shopping experience. For property owners, this may generate some short term income, or they could even offer this space free of charge in an attempt to show potential business owners how their retail

space could be utilised.

This concept can have a multiplied effect if done in conjunction with other businesses. This could be in the form of one store that offers goods from various stores, or having several pop-up stores next to each other. In particular, having retail stores coupled with a pop-up café or restaurant can be very effective.

One thing to avoid with this style of activity, however, is the pop-up 'closing down sale'. I have always said that I would never go into the rug business as it seems that they always are having closing down sales. Although these businesses possibly do get a solid trade when popping up for a week in a community, this chapter is focusing more on creating a shopping experience rather than getting a quick sale, so there is a slight difference between the two approaches.

5. DESTINATION MARKETING & CLUSTERING

Although destination marketing is often discussed from a tourist point of view, it can also have numerous benefits for encouraging local shopping.

Destination marketing involves having a very clear strategy centred around a particular location. Wine regions are good examples of this where they leverage the experience of searching for, tasting, purchasing, and drinking of wine in a consistent way. This is often coupled with food as well.

Clustering is very closely related to destination marketing as it involves bringing together several different businesses to create an overall experience. Clusters usually form when a particular sector is under threat and so people have to work together to overcome this.

Various food clusters have been established across Australia, but this strategy is definitely not limited to food and beverages.

For example, the Cairns region utilised several different industry types to create a cluster focused on 'super yachts', which was mainly targeted at those who were visiting for the 2000 Olympics.

Attracting tourists and being able to export to overseas markets can have obvious benefits to local

businesses, but that is a bit outside of the scope of this book. However, these same strategies can also help spark local shopping interest by adding to the shopping experience.

A simple example would be creating a café culture that encourages locals to meet in the CBD for coffee and general socialising. This helps create a social buzz and increase foot traffic to where local stores are situated. It is then up to the local business owners to use various other tactics to convert this CBD foot traffic into sales within their store.

CHAPTER KEY SUMMARY POINTS

- 1.** People are drawn in by a shopping experience or adventure. However, the desired experience will differ for different people, and therefore it is important to first understand your target market and what makes them tick.
- 2.** Shopping experience involves not only what an individual store can offer, but also what the entire shopping outing delivers. Hence, having a unified approach across many businesses will further help to encourage local shopping.
- 3.** Ambience can help create a shopping experience and can be generated by appealing to the five senses.
- 4.** Taking a personal approach and attempting to build relationships with customers has a positive flow on effect to the overall shopping experience.
- 5.** Pop-up shops can be used to create new experiences for local shoppers.

CHAPTER SIX

SERVE THE CUSTOMER

"Personal service is the key. You have to understand that you are there to serve"

Leading on from the previous chapter, a big part of creating a shopping experience is exceptional customer service. There are certain aspects of most businesses where owners hands are tied in what they can and can't do, price competitiveness being one example. Customer service though, is something that can be controlled and is something that you can build an entire business around.

For sole operators, the situation is even easier to

control. They alone can choose how to personally approach each working day, and how much effort they want to put into ensuring that their customers leave the store happy.

For those with staff, the task becomes a little more difficult as they need to instill these same values across all those that are representing the business to ensure the *consistent* delivery of service. This starts with how staff are treated, as well as how much staff are brought into the decision making process for the business. It also depends on how well staff are encouraged and rewarded for going above and beyond a normal level of service delivery.

Staff that feel like their contribution makes a difference to how the business operates, and who get praised for their great customer service, are going to be just as motivated as the business operator to ensure that the customer receives a positive shopping experience.

Great customer service can take many forms, including how you greet shoppers when they enter the store, the level of product knowledge you

provide, added benefits you give, problem resolution, and post-purchase support. And when talking about local shoppers it can also include personalisation as discussed in the previous chapter.

Local stores can be the kings of customer service. They have the advantage of personally knowing a lot of their customers, and hence are able to offer them added benefits, both in-store and outside of the store.

For example, a furniture store can offer to deliver goods for free, and even construct flat packs in the homes of their customers. A green grocer can offer free home delivery, and a baby wares store can nurse children and offer a play area while the shopper browses around the store.

However, great customer service can really be a lot simpler than this. Just having a smile on your face and verbally expressing appreciation to customers, can go a long way to producing a positive shopping experience. Unfortunately, it is often the *absence* of these basic functions that end up creating a negative shopping experience that leads to out of town or

online shopping.

Customer service is something that also needs to be worked on continuously, as positive experiences can slowly build loyalty, but it only takes one or two negative experiences to undo this hard work.

Although customer service is generally the responsibility of the individual store, taking a macro approach can also be extremely effective. If locals know that they have a pleasant service experience at numerous stores in their local shopping district, then naturally they will choose to shop there more frequently.

On the flip side of this, it only takes one or two bad apples to spoil the lot. If a store is known for their bad customer service then local shoppers could defer their entire shopping trip completely, even though some of the stores they would visit do a great job in this area.

Any community that is looking to implement a shop local campaign should, therefore, ensure that they have multiple strategies in place that will encourage

high levels of customer service across the board for their shopping district.

In this chapter I will focus on the following customer service improvement strategies:

1. Training programs
2. Business awards evenings

1. TRAINING PROGRAMS

Many community economic development organisations such as shire councils, chambers of commerce and Regional Development Australia have effectively identified the importance of investing in the growth of local businesses, and hence provide a range of free workshops and training programs. Social media training and general marketing training are high on the list of courses that have been made available, as has customer service.

Formal customer service training gives business owners and their staff practical knowledge that they can then employ in their day to day operations to improve the customer's experience.

Formal training programs can take many forms and

can vary greatly in price. There are a variety of free resources available as well as subsidised programs. There are also many customer service experts who are more than willing to share their knowledge and success stories for a fee.

If you are looking to invest in paid training, like any business expense, it is important to measure the return on your investment. Tracking customer service levels via market research is an effective way to do this, and is something that I would strongly suggest.

There is a belief among many that were interviewed in the preparation of this book, that staff training is not considered as highly as it once was. This decrease in the importance placed on training staff, coupled with the fluidness of employees in relation to staying in one job or even industry for an extended period of time, has contributed to a generation of staff who do not exercise a high level of customer service.

One of my favourite quotes that came out of the interviews for this book talks directly to this issue. It

came from a café owner who trained up his staff extremely well. In fact, he trained them so well that they became an attractive commodity and so were often then poached by other businesses. The café owner was asked if he was angry that he had invested so much time and money into training his staff only to see them leave. His response was that he would be angrier if he hadn't trained them up and they had stayed!

2. BUSINESS AWARDS EVENINGS

Another way to help place importance on delivering high levels of customer service is by having a medium where this type of behaviour is rewarded. Individual businesses could seek to do this internally by rewarding their staff either sporadically (e.g. bonuses) or periodically (e.g. employee of the month).

This may also be something that could be built into staff's key performance indicators and reviewed on a regular basis.

For sole operators or small businesses with only a few employees however, this approach may not be

relevant, and therefore it is important that this type of behaviour is also rewarded at a community level.

Business awards nights are an appropriate way to encourage and celebrate high levels of customer service in an environment where the entire community can acknowledge it. Many communities already have annual business awards that recognise exceptional customer service from both businesses and individual staff.

These evenings are a good opportunity to not only reward praiseworthy customer service, but also demonstrate to the rest of the business community how desirable it is to deliver added value to local customers in the form of great service.

CHAPTER KEY SUMMARY POINTS

- 1.** Local stores can own customer service as they are likely to already know a lot about their customers. They then need to use this knowledge to best serve the customer.
- 2.** Good customer service doesn't need to be complicated. It can be simply a smile and a friendly, helpful attitude.
- 3.** Investing the time and money into training programs that focus on customer service can be beneficial for business owners and their staff.
- 4.** Acknowledging and rewarding exceptional levels of customer service can help build an environment where great customer service is the norm.

CHAPTER SEVEN

COMPETE ON PRICE

"The value proposition needs to be sold to consumers. Businesses needs to ask themselves, why would a consumer want to buy locally, and then sell that back to them"

There are many reasons why people choose to not shop locally. But by far the biggest reasons is price. Unless you are one of the very few people in this world who have the luxury of not having to pay attention to the cost of things you buy (in which case I am sure you are doing more exciting things with your time than reading this book), then you are going to be at least partially driven by price.

Price is such an interesting topic when it comes to

shopping locally. Along with managing costs, it ultimately determines if a business can operate profitably, and is one of the easiest things in the marketing mix to alter. Unfortunately for many local businesses, particularly when talking about small to medium enterprises, price is not something that they can compete with on a global scale.

One example of this came from a bottle shop operator who said that the price that he could purchase his goods for was higher than what some of the big box retailers were selling it for to the public.

There are several reasons why this occurs, such as the bigger retailer generating a higher turnover and hence being able to negotiate a cheaper price from the supplier. Or the ability of the bigger retailer to stock loss-leader products as a strategy for attracting customers.

Shoppers should not consider price in isolation though, and hence businesses and community groups need to hone in on the other factors that influence purchase value in order to compete in this

area. Factors such as:

- the quality level of the goods being purchased
- the cost of delivery
- the cost of travelling to another town to purchase a good for a slightly cheaper price

This mainly comes down to communication though, and ensuring that locals are taking these things into consideration when deciding on where they should purchase certain products. All of these should be addressed in any shop local campaign (see the chapter 'Educate the Community' for more discussion on this).

In this chapter, rather than focusing on ways to communicate the above considerations, I am going to instead look at different strategies that specifically incentivise people to shop locally, as a way to overcome price differentials that can't be avoided. This includes:

1. Shop local purchase prize draws

2. Gift card load up promotions
3. Price matching

1. SHOP LOCAL PURCHASE PRIZE DRAWS

A common method used across numerous communities throughout Australia in encouraging people to shop locally, is to offer entry into a prize draw for every time that you shop at a local business. You can see why these types of promotions are popular as they are very easy to administer and they are simple for local shoppers to understand.

For those not familiar with the concept, they generally work in the following way:

1. Local stores sign up to participate, and this will usually come at a cost to cover the prize, marketing, and operating expenses. Some communities have been lucky enough to have the costs sponsored, or donated via the local chamber, council or another organisation.
2. Every time someone shops in one of these stores, or every time they spend over \$x at

one of the stores, they get an entry ticket that goes into a prize barrel either in store or at a central place in town.

3. Finally, after the promotion period, a winner, or winners, are drawn from the barrel.

Most often these promotions take place in the lead up to Christmas in order to encourage people to shift more of their Christmas spending into local stores. Consequently, the draw is often associated with a local carnival late night shopping event in the week before Christmas Day.

Although these types of promotions can generate a little bit of buzz in a community, particularly if the prize is something big like a house and land package or a car (which some lucky communities have been able to offer), they often fail to fully maximise their potential as they are kept too simplistic. Here are a few ways I can recommend for you to get more out of this type of promotion:

1. Try and obtain as much information out of entrants as possible. By this, I am mainly

talking about email addresses and permission to be added to a local mailing list. This may require a little bit of data entry post the promotion if you are using paper based entry tickets, but it will definitely be worth the time. If you can get away with having people enter online or via a mobile app, that's even better so you can avoid the data entry.

2. Think carefully about your prizes. Often I see a great promotion run, but then the organisers go and give, for example, \$10,000 in cash away at the end. The winner then heads off on holidays with the \$10,000 and so this money leaks out of the local community. Using vouchers from local stores, or even giving the money in the form of a community gift card is a much more effective way to finish the promotion. Why Leave Town has supplied gift cards for several promotions across Australia for this exact purpose. Organisations used the community gift card approach as discussed in previous chapters, but in just a once off promotion rather than an ongoing program.

3. Don't skimp on your in store advertising material. Spend a little bit extra (with a local designer) to get some posters that draw in people's attention. Even if you print these yourself, having something that looks great is going to help create the buzz you want.

4. Link the tickets to the amount spent. Someone that spends \$500 should get five times more tickets than someone that spends \$100. You want to encourage people to spend more as much as you can!

5. Have a big prize along with several smaller prizes. People want to feel like they have a chance of winning, and including multiple smaller prizes achieves this. The bigger prize is also important though, as that becomes your main carrot to draw people in. Depending on how you operate your promotion, you may be able to get the participating businesses to donate some of the smaller prizes in exchange for showcasing these businesses and their prize on social media etc.

6. Linked to the last point, as well as having the major prize draw at the end of the promotion, look to do several smaller draws throughout the campaign. i.e. have a weekly draw that only comes from those tickets placed in the barrel that week. This will entice people to shop in local stores more frequently during the campaign period, rather than just in one or two instances, thereby increasing the chance of a greater total spend.

7. Often the distribution of tickets can become unstructured and unprofessional, with a handful of tickets being given for a small purchase either because the shop owner wants to get rid of them, or the customer is a family member or friend. As soon as you devalue the tickets in this way the campaign itself is devalued and consumers will be less driven to seek out local shopping opportunities. This one is hard to control, but do what you can to ensure that tickets are given out fairly and accurately.

8. Try and build in a loyalty component. For

example, if someone is able to get tickets from ten different stores, or shops at one certain store five times during the campaign they receive bonus tickets.

Overall, with all of the above suggestions, what you are trying to achieve is to get people to change their behaviour. If someone makes a purchase in store, and is then just thrown a few tickets for something they know nothing about, then the promotion will never accomplish what it set truly out to do, which is drive people to spend more money locally!

2. GIFT CARD LOAD UP PROMOTIONS

The second strategy that I will discuss that can be used to add an extra incentive to shopping locally, involves using gift cards.

As previously illustrated in the 'Make it Easy' chapter, gift cards can be a very effective way to encourage more money to flow into local businesses. However, utilising this system outside of the normal gifting occasions can also have huge benefits.

One way to do this is to run what I like to call a 'load

up promotion'. In short, this involves encouraging people to load up gift cards but without the intention of necessarily giving the card away as a gift. To induce this sort of behaviour though you need to give the person loading up the card an incentive to do so, which has to be much more than just 'supporting local stores'. By incentive, I am mostly talking about offering entries into a competition and that is what I will focus on in this section. The incentive could be different to this, however, such as access to particular discounts or entry into an exclusive event.

This particular idea of using a prize as the incentive is something I have had first-hand success with, and I will use my personal experience as the example to illustrate how this can work.

Leading up to Christmas of 2016, Why Leave Town ran such a promotion in our base location of Narrabri, NSW.

The promotion mechanics were quite simple. We would 'sell' 200 cards, each valued at \$500. This would create a pool of funds of \$100,000. To entice

people to purchase the cards, each card that was purchased would equal one entry into a prize draw to win \$10,000 in local gift cards. To cover the \$10,000 prize we would charge local businesses to be a part of the promotion.

The first step of establishing this idea was to approach local businesses to participate. Although each business was charged a fee to participate, we used the total promotion pool of funds of \$110,000 (\$100,000 in loaded cards plus the \$10,000 prize) as a way to entice them to join.

Although we couldn't guarantee any return, we could at least say that assuming we had 30 stores come on board, on average each store should expect to receive over \$3500 in sales. We also communicated the cost of not being involved, i.e. there is going to be \$110,000 spent in the local economy, and the only way you can get any piece of this pie is to participate in the promotion.

Once all stores were locked in, the next step was to release the cards to the public. The big selling point to customers was that it didn't really cost them

anything to get a 1 in 200 shot to win \$10,000! They would hand over \$500 cash and receive a \$500 gift card in return. The only costs involved for the customer were the two opportunity costs:

1. They had to 'spend' \$500 now (i.e. move \$500 out of their bank account and onto a gift card)
2. They had to spend the \$500 locally

In order to avoid anyone coming in and buying all the cards in one go so as to guarantee themselves the \$10,000 prize, we also placed a restriction of a maximum of 5 cards to be purchased by any one person. Furthermore, this ensured that a variety of consumers entered the promotion, therefore creating the potential for the money to be spent around the participating stores more evenly.

Success was measured in three main ways for this promotion:

1. Getting enough stores to participate to cover the costs of the prize and general operating expenses

2. Selling all 200 cards so as to maximise the pool of funds

3. Having an even distribution of redemptions across the participating stores

Success factors one and two above were both met, with the last few cards being sold an hour or two before the prize was drawn. In terms of point 3, there were some skews as to who did really well out of the promotion, but on the whole, most stores got their fair share of sales. Out of the 32 stores that participated 29 at least made back their initial investment, and 19 made back at least double their initial investment.

A less direct success factor but just as important, was the level of engagement amongst the businesses and the community. Although hard to accurately measure, the buzz around the promotion was very positive and it did spark interest in the shop local message. It was also decided to draw the winner of the final prize as part of the Christmas Mardi Gra that is held in the CBD a week or so before Christmas. The level of interest in the

announcement was quite high which showed a good level of community engagement.

Overall, this type of promotion is a very effective way to inject money into the local economy. It is a bit labour intensive in that you need to get each store on board, and the sale of cards to consumers is more of a drip feed over several weeks. However, if you can afford for someone to put the man hours into such a promotion, then it can definitely have a positive impact.

The other argument against this promotion would be if these people would spend the money locally anyway. Feedback from those that participated in the promotion said it did change the way they shopped during this period. Many people knew that they would do some level of shopping locally in the lead up to Christmas, and so this made it easy for them to be involved in the promotion. However, having a large amount of 'local cash' in their wallet encouraged them to seek more local shopping opportunities in order to use up the value of the card quickly.

3. PRICE MATCHING

Inviting local customers to bring competitor prices into a store so that the price can be matched is an effective way to potentially gain a sale that wouldn't have been received otherwise.

One bold and effective way of doing this came from an example of a business owner that setup a computer in his store for customers to use to try and search for better deals online than what he was offering. If they found a better deal then he would match it. This straight forward openness is a great way to show that the business is committed to serving its local customers!

Price matching may not be possible for some businesses, or at least not in all product categories. However, if a business can price match and still return a profit on that product, then it should definitely be considered as a way to lure in local customers.

CHAPTER KEY SUMMARY POINTS

- 1.** Price can be very difficult to compete on, therefore, businesses need to look at other ways that they can provide a financial incentive to their customers.
- 2.** Prize draws for shopping locally are a popular choice for those attempting to encourage people to shop local. However, to maximise the impact of such a promotion, you need to ensure you are setting it up in a way that is encouraging people to change their shopping behaviour.
- 3.** Gift cards linked to prize draws can be an effective way to incentivise people to shop locally.

CHAPTER EIGHT

WIDEN THE RANGE

"By not having a decent range of products in stock, you are taking away from the experience. You have to have what people want!"

For most products and services, people want an extensive range to choose from. Range gives choice, and more choice leads to a higher likelihood that the consumer is going to walk out happy with what they have purchased. Range can mean a lot of different things though, and here are just a few examples:

- Type range: e.g. being able to choose the colour you prefer
- Size range: particularly important when talking about clothing

- Price range: to suit both your budget and also the need (i.e. sometimes you aren't seeking the highest quality item and hence don't want to pay top price)
- Product range: again an important one when talking about clothing, as no one wants to turn up to a function in the exact same outfit as someone else (particularly if the other person is doing a much better job of wearing it!)

Of course, there are instances when too much choice can be a hindrance, particularly when dealing with products that fulfill a simple need and have little emotional connection. But on most occasions, shoppers like to have a reasonable level of choice in order to match the product or service to their direct need.

Despite the benefits, the difficulty of offering a wide range of products is the extra expense for a business in holding more stock.

For smaller communities, this becomes an even bigger problem, as there may only be a few businesses operating in a particular product category

and so if each of these is limited in what they can offer, it creates a local range gap.

This local range gap then becomes a big deterrent of people shopping locally. The internet has been very successful in enabling shoppers to get exactly what they want with the click of a few buttons. It has also helped build a generation that is not satisfied with second best.

Many shoppers also hold off on buying locally in order to wait for their next trip to a larger town or city where they can browse many shops to find exactly what they want.

So when trying to encourage people to shop locally, how can this be overcome? The simple answer is that a solution will not come easily. Some battles you have to admit defeat and hope that you can counteract them via other means, such as the other themes discussed throughout this book.

However, the fight is not completely hopeless. The rest of this chapter talks about some potential ways to help address this problem.

These are:

1. Middle man marketing
2. Buying groups
3. Looking for holes in the market

1. MIDDLE MAN MARKETING

If a business can't stock something consistently in store, then they can still offer a wide range by promoting to customers that they can *source* other products for them. As a good friend of mine often says when I ask him if his business stocks a certain product: "No, but we can get it in for you".

Internet shopping has made this really difficult as anyone can quickly jump online to find for themselves an item that they cannot source locally. Businesses, therefore need to be able to provide added value in the 'order in' process. This can be done through such things as:

- Offering free delivery
- Having an effective returns policy
- Free installation or construction
- Post-sales service

2. BUYING GROUPS

When businesses align with other businesses in the form of a buying group a number of advantages can be gained. Bulk buying that decreases unit price is one of these, as is the ability to access more products to increase range.

Many franchises are based around a buying group, enabling all participating stores to reap the benefits of cheaper stock prices and increased range. Buying groups are not limited just to franchises, however. There are a number of buying groups across Australia that businesses can link into in order to gain these benefits.

When talking about encouraging shopping locally though, it is also worth a business looking within their area to see if there are other businesses that they can connect with to create their own buying group. This approach may not suit all businesses, as it is likely that those businesses that are buying the same stock are going to be local competitors. However, there could be a business in a nearby town that sells similar products but targets different markets, e.g. Agriculture versus Mining. By

consolidating orders to get cheaper pricing, a business can then pass on these discounts to their customers and/or maintain higher margins.

Working with other local stores could also mean dividing up the range, i.e. we stock red and you stock green, or even agreeing to stock slightly different products from the same supplier, so that a lower price from the supplier can still be negotiated but without going head to head against another local business on the exact same product.

3. LOOKING FOR HOLES IN THE MARKET

If lack of range is a barrier for shopping locally, then this can also be seen as an opportunity for businesses. If a business is aware of certain products or services that many locals often look to the internet or other towns to supply, then this could be an opportunity to expand the range of their own offering in order to deliver to this need.

The first caution with this approach though, is to ensure that although there might be a hole in the market, make sure that there is a market in the hole! There might be some very good reasons why

no other local business supplies a certain product and so venturing in this direction may prove to be a costly exercise.

I don't want to discourage businesses from trying to develop a new local market, but want to make sure it is well thought through first. Even if another business has tried and failed with a certain range in the past, doesn't mean that it still can't be a success. After all, let's face it; some people are just better at some things than others, so a new entrant into a product range could very easily succeed in pulling it off.

In looking for holes in the market I would suggest looking out for the following:

- What products can't you get locally?
- What products can you get locally but the range is limited?
- What products would complement other successful locally supplied products?
- What products could you stock at very little cost in order to test the market?

A good example of this comes from a hardware store operator who saw that no one in town sold goldfish. After making the decision to stock goldfish in his hardware store, he turned over \$1000 worth of fish food in the first week and then \$3000 in week two.

By the time he had sold his business, he was doing \$30,000 per annum in goldfish and fish food! This is a great example of how expanding your range of products by just a small amount can produce a tidy profit.

CHAPTER KEY SUMMARY POINTS

1. Businesses do not have to stock a product in order to offer it to their customers. As long as a business can offer value to a customer above what the customer could gain from jumping online and ordering the product themselves, then the business can operate in this market.

2. There is power in numbers, and businesses can gain a lot by teaming up with other businesses (be they local or not) and creating a buying group. This enables several benefits including being able to offer a wider range of products.

3. If many shoppers are unable to find what they need locally, this may present itself as an opportunity for a local supplier to enter this market.

CHAPTER NINE

CREATE A NICHE

"Create a unique offering and do it well!"

In encouraging more people to shop locally, it helps if a clear point of difference compared to shopping online or in other towns can be offered. Having a niche offering means that more energy can be poured into one particular area and hence provide a distinct reason for people to shop local.

If the niche is a product or service, then there is a clear advantage in encouraging locals to shop locally, as they are being offered something that may be hard to find elsewhere. However, this is also dependent on the assumption that there is a big

enough demand for the niche.

The niche doesn't have to be a product or service though. The niche may be based on things that I have already discussed such as a unique shopping experience or exceptional customer service. Anything at all that can be delivered that is distinctive and has a strong enough demand can be an effective niche.

As a business community, a collective niche can also be created, be it across multiple product/service categories that have a binding element, or within a certain category. This idea has already been discussed somewhat when talking about destination marketing and clustering. As long as each business isn't offering the exact same niche product or service (which would over supply the market), then this can be an effective group strategy.

Of course having a niche offering doesn't mean that this has to be the only product that you supply. It may not be sustainable to risk an entire business on one niche product or service. In this case, the niche offering can be used as a point of difference to

attract customers, but then a constant revenue stream is maintained off other goods.

On the flip side of operating in a niche, is diversifying the product or service delivery. Depending on the industry operated in, it may not be possible to just operate in one category. Many businesses that I have spoken to, particularly in smaller regional areas, have said that they had to expand their business into other categories in order to generate enough revenue for the business to be sustainable.

Changing the product mix of a business is out of the scope of this book, and so in this chapter I will simply focus on one area that encourages the creation of niche offerings, and that is 'supporting local entrepreneurs'.

1. SUPPORTING LOCAL ENTREPRENEURS

I thought this would be a good section to talk a little bit about working as a community to help create businesses that can offer a unique point of difference for your town. It is more of a strategy that can be employed at the macro level by say the

local shire council or chamber of commerce, but the benefits spread across all businesses.

In any given community there are often plenty of budding entrepreneurs who have not yet made their mark in the world. They have brilliant ideas, as well as the skills to turn these ideas into thriving businesses, that not only can serve the local market but also be exported to both tourists and external markets. But what these people often lack is the funds to get a business off the ground. Hence the support of the local market is vital to growing these types of businesses.

Support can come in a number of forms, some of which are listed below:

- Community grants for start-ups.
- Free or discounted rent for first 6 months of trading. This is a beauty as it also solves a common problem across many communities, i.e. empty shop fronts. If landlords can be willing to take a short term risk, then they can end up with long term tenants as well as help

to build a thriving local economy.

- Discounted stock from other local businesses.
- Free or discounted advertising from local media providers.
- Micro financing.

Losing local entrepreneurs and having local businesses either not get off the ground or closing their doors creates a huge vacuum on the local economy and can lead down the path of a ghost town. Hence the investment and encouragement of new local businesses is something that needs to be constantly facilitated in order to promote shopping locally on the whole.

Renew Newcastle (www.renewnewcastle.org) is a good example of how growth can be generated by providing opportunities for local entrepreneurs to prosper. Starting in Newcastle NSW in 2008, this model aims to address the problem of vacant properties by connecting entrepreneurs with community minded property owners. The scheme

benefits both parties by giving potential business owners a headstart, while at the same increasing property appeal, ensuring maintenance, and minimising the risk of vandalism for property owners. The model has since been replicated in several other locations across Australia.

Although this chapter is about assisting in the creation of a niche offering, the learnings in this particular section can also be applied to any new business start-up.

CHAPTER KEY SUMMARY POINTS

1. If you want to encourage more people to shop locally, then give them something they can't get anywhere else. But be cautious to ensure it is something that people will buy!

2. As a community, you should provide many avenues for entrepreneurs to create and market new products and services. Not only does this give them a local a foot-up, but it also results in locals being able to access potential niche products.

CHAPTER TEN

REWARD LOYAL CUSTOMERS

"Incentivise shoppers and show a transparent benefit. You have to hit their back pocket!"

Many businesses talk about building loyalty, and for good reason. Keeping a current customer happy and having a regular flow of revenue from them, is much more cost effective than trying to win new customers. Having a strong loyalty base of customers also helps in predicting future sales, which can be used to make decisions about business expansion, leading to greater potential for further growth.

For local businesses, building loyalty amongst local consumers is often the life blood of their business. Local businesses also have some advantages in being able to create loyalty, as they are more likely to already have a historical connection with their customers, and can build upon this by repeated positive shopping experiences. Of course, this history can also present itself as a barrier in some instances, and factors outside of a local businesses control (such as price and range) can also restrict strong loyalty.

Before going further though, I think we should decipher the difference between a reward program and a loyalty program. Although the two are very closely related and can often be intertwined with each other, there are slight differences that I will outline.

A **reward program** is one that offers the customer something in return for shopping with a particular business. For example, a store may offer a 10% discount for all local shoppers. This presents itself as a straight out reward. It doesn't matter how often you shop at this store, or if you shop

elsewhere. You will always get this discount each time you make a purchase with this business.

In this example, has the store created any real level of *loyalty*? Not really. Yes by creating a reason to shop locally the store has helped generate a sale, and this coupled with many other factors may lead to a loyal local shopper, but the link between the reward and real loyalty is not that strong.

Loyalty programs, on the other hand, will not only reward consumers for shopping at a particular store but will also take into consideration a customer's spend elsewhere. Ultimately a loyalty program will reward those customers that choose to spend more of their budget in that particular store.

It is almost impossible for one business to understand their customer's shopping behaviour outside of their store, and so a loyalty program has to include an extra incentive for more frequent purchases or a perceived loss from not shopping with a particular store.

Deciphering if a program is a reward or a loyalty

program is often difficult to determine, and the lines will be blurred somewhat. For the rest of this chapter, I will, therefore, look at a variety of reward and loyalty programs, but, with them listed in order of where they would sit on a reward to loyalty spectrum. We will start off with those that sit further towards the rewards end of the spectrum and gradually move more towards the loyalty end. These are:

1. Membership discounts
2. Points programs
3. Cash back programs
4. Stamp cards

Note also that there is no right or wrong answer when it comes to choosing between reward programs and loyalty programs. What a business should choose will be based on the type of their business, how often customers move into their category's purchase cycle, their budget, and what they wish to achieve from this activity.

1. MEMBERSHIP DISCOUNTS

Providing discounts to members of a certain group is one way to reward people for shopping locally. A

business may choose to provide discounts to certain groups within a community (e.g. members of a sporting club that they might sponsor) or create their own membership program.

This type of activity is a good way to get shoppers to think more about spending their money at a certain business, as they know they can get products cheaper through their membership. When comparing apples to apples, i.e. two alternative stores that provide the exact same product at the exact same price, then the membership discount acts as a big incentive as the customer is going to be better off if they shop at the business where they are a member.

Even when not comparing apples to apples, the membership discount could be the deciding factor in a purchase decision. i.e. shopping online you might be able to get a product \$10 cheaper, however, with your membership discount, you can get \$10 off the price of the product when purchased locally. Hence the membership discount has made the local store competitive with the online alternative.

While this can help create a loyal customer over time however, there is no disincentive for the shopper if they choose to shop elsewhere on certain occasions. i.e. they could receive the discount today, and then not shop in this store for six months, but when they return they still receive the same discount.

Without this clear disincentive, many shoppers could also simply forget that they even get a membership discount at a particular store and hence the initiative loses its effectiveness altogether. Worst still, if the competition also offers a membership discount, then the shopper can simply switch between either store and continue to be rewarded, thereby making the concept of loyalty redundant.

On the plus though, these types of programs can be very cheap to implement and maintain, and are useful in drawing in new or lapsed customers.

2. POINTS PROGRAMS

Earning points for shopping at certain stores is a concept that has been around for a long time. Credit card companies, supermarkets, and frequent flyer programs all utilise this type of concept.

Generally, the concept is pretty straight forward in that you shop, earn points, and then subsequently use these points to buy other things. The complexity often comes in knowing how to redeem your points.

One criticism for these types of programs is that you have to spend a lot of money before you can earn enough points to redeem anything of significant value. Given this aspect, there is not really much of an incentive to remain loyal to program stores.

Personally I quite like points programs. I have had my frequent flyer account linked to my credit card for many years and will, therefore, do most shopping through my credit card. Every year or so I can then redeem these for supermarket gift cards, essentially providing my family with a month's worth of groceries for free. This is a great little bonus and I am essentially getting something for nothing as I am not changing my shopping habits at all to earn these points. Therefore I don't really mind if I am not earning that many points for each dollar that I spend.

But this also means that these programs are not really turning me into a loyalist (except maybe in terms of loyalty to my credit card provider).

As far as promoting shopping locally, these types of programs can be done one of two ways:

1. At an individual store level – although in most cases the shopping frequency is not going to be high enough to earn points quick enough to be able to receive any great value from it

2. As a group of stores – this creates the required frequency, but becomes hard to manage

Technology has enabled these types of programs to be more accessible for many stores, but it still involves a certain level complexity which turns many business owners away.

What points programs do allow though is the ability to reward 'loyalty' by offering more points for more frequent expenditure, or having tiered customers

based on spend and/or frequency. For example, a more regular shopper may earn 'gold status' which entitles them to receive double points on each purchase. Frequent flyer programs use this tiered approach well.

Like most examples throughout this book though, it comes down to the type of business (or group of businesses) being operated in order to determine if this approach will work.

3. CASH BACK PROGRAMS

Cash back programs that give a shopper an instant cash reward for shopping with a certain business, sit more towards the loyalty end of the spectrum. Although they are essentially the same as both membership discounts and points programs, they operate slightly different in order to generate loyalty.

To begin with, compared to membership rewards, a cash back program also will give a discount. Whereas a discount program might offer 10% off a \$100 item and hence the total price is \$90, a cash back program offering the same deal will still charge \$100 but will then give \$10 back in cash. The end

financial result is exactly the same, but putting the cash back into the customer's hands makes the saving much more tangible.

To take this one step further, systems that allow for the cash back to be placed in some other account that the customer can easily access and track, means that the customer can accumulate funds over time, and an extra level of satisfaction arises in the customer seeing the balance increase.

This accumulation over time is exactly the same as a points based system, but linking it directly to the financial benefit (i.e. a dollar figure) again makes it more tangible. Plus, most cash back programs will offer a bigger reward compared to points system (which in fact use points as a way to mask the fact that you are only getting a few cents back on your purchase. i.e. "earn 500 points" sounds much better than "receive 50c back"!).

I believe the overall tangibility of cash back programs, as well as the added disincentive of not seeing your cash balance grow if you shop at another store, moves them more towards the loyalty

end of the spectrum.

Furthermore, the instant cash reward as opposed to points, make cashback programs much easier to manage, while at the same time maintaining the sophistication of being able to collect a large amount of customer data.

Advancements in mobile technology are also making these types of systems much more readily available for local businesses. "The CashBack App" which is set to launch around the same time that this book is being published is one great example.

Having the cashback go into a central account that then can only be spent in certain stores also helps turn this into more of a loyalty concept.

4. STAMP CARDS

A popular promotion with coffee shops is the use of stamp cards. E.g. buy 5 coffees and get the 6th one free. The concept is pretty straight forward and relatively cheap to administer. There is a risk of someone manipulating the system by being dishonest, depending on how the system is

managed. However, this is a relatively low risk, as it is likely this will be picked up quickly and so the damage will be limited.

This type of activity is effective for a few different reasons:

1. It is really simple for customers to understand what they need to do to get the reward.
2. People love getting things for free and many would prefer this over a discount (even though the benefit over time is the same).
3. There is a strong loyalty element because every time you shop elsewhere you are one step further away from getting your reward.

There are also a number of mobile apps that have modernised this concept by eliminating the need for a paper based system. Turning the stamp card into a digital system also means that more data on customers can be collected compared to the paper based system.

CHAPTER KEY SUMMARY POINTS

- 1.** In deciding on choosing a reward or loyalty program, a business should think carefully about what they are trying to achieve, and if their chosen approach is delivering to this.
- 2.** Offering discounts to certain membership groups can be used to reward people for shopping locally. However, this approach offers no disincentive for shopping at other stores.
- 3.** Points systems are simple for shoppers to follow, but the connection between purchase and earning real rewards can often be too distant to really drive loyalty.
- 4.** Cash back programs make the reward very tangible for customers, which can help build a stronger connection to a business.
- 5.** Stamp cards are easy to administer (although they can be hard to monitor) and help build loyalty by encouraging shoppers to spend more in a particular store.

CHAPTER ELEVEN

EDUCATE THE COMMUNITY

"Educate people how shopping locally can benefit them directly. Why? Because price matters and selfishness takes over, which is hard to overcome"

Across many of the interviews that were conducted as part of the research phase of compiling this book, a large majority of people mentioned some need to educate the community about what it really means to shop local. The flow on effect of shopping locally is enormous, but many people are just not aware of this influence, which is, therefore, a very obvious barrier to them choosing to do so.

The reality is however, that most people are just

selfish. We have an in-built desire to fulfill our own needs and those of our family, which results in behaviour that prioritises self-gratification. Of course, there are some rare exceptions to this rule, but if you are looking to market to the masses then I think it is better to view this topic through such a lens.

And when I talk about selfishness in a shopper behaviour setting, it's not necessarily said with a negative point of view. Why shouldn't consumers be looking out for their own needs first? Why should someone pay more or accept an inferior good just for the benefit of a business? It makes perfect sense that the shopper will be making decisions that are going to be in their best interest.

So rather than try and change human nature and logical norms, businesses need to understand this and market accordingly. What I mean here is that it's not enough to say that people should shop local because it helps local businesses, but rather they need to link the benefits of shopping locally back to the consumer. i.e. what's in it for them!

The benefits of shopping locally to consumers has already been discussed in the introduction of this book, so I won't go back over these, but this chapter will rather focus on different ways that this message can be communicated to consumers so that they can be made fully aware of the benefits to them in shopping locally.

Note also that educating a community of these benefits is not something that should be treated as a once off activity. It needs to be a message that is continually reinforced and approached from various angles in order for it to fully integrate into the community.

Additionally, the community is forever changing, with children growing older into regular consumers as well as new residents moving to the area. Both of these highlight the need for a shop local message to be consistently communicated.

In this chapter I will cover the following:

1. In-store material
2. Social media
3. Traditional advertising

1. IN STORE MATERIAL

Many shoppers will often use their local stores as an opportunity to browse different products, try them on or try using them, and also ask several questions of staff members before heading home and buying online for a cheaper price. This hits the local business from two different angles as not only do they miss out on the sale, but they have also incurred the service costs of making the sale.

As a way of combatting this common practise, business owners could use these browsing occasions as an opportunity to remind people of the benefits of shopping locally. This could be done in the form of posters, window stickers, display boards both inside and outside the business, or any other available medium in store. This doesn't have to be over complicated, and could just use a simple message such as "for each dollar you spend in this store today, the following will happen...." and then list out all the benefits that will have a direct impact on the customer.

This type of communication can also be very effective when done with a number of other stores in

the area, with a variety of different but related messages being displayed. This helps to build a reinforced and consistent message.

2. SOCIAL MEDIA

Social media, in all its forms, can be an effective educating tool for shopping locally if used correctly. It provides a great medium to story-tell and bring things to life. The use of videos in particular, enables businesses to add a personal touch and evoke local connection.

One of the common reasons *for* shopping locally is the impact that this has on the local job market, particularly for younger generations. One example of using social media to build a local story would be to show a series of videos of local youth that have been employed by local businesses. Part of the message here needs to be that this wouldn't be possible without the support of local shoppers.

Another example would be to post pictures or videos (including live feeds) of community events where local businesses have supported the event via sponsorship. In fact, any time a business gives any

financial support to the community then they should make this known. Using social media to communicate this support also has the added bonus of allowing locals to interact with the news.

Some businesses may prefer not to self-promote themselves when they are giving to community events, however, they are missing out on a huge opportunity. This is the perfect time to position the business as being community focused and will help build upon any long term shop local strategy.

Many shop local campaigns will talk about how supporting local businesses will allow for these businesses to support the community, however, this message is much more powerful when there is a real life (and real time) example of it. Hence, why social media is a great avenue to communicate such a message.

3. TRADITIONAL ADVERTISING

Using traditional methods such as television, radio, and print, as well as more modern approaches, is also a way to help educate consumers on the importance of shopping locally. This can be done

with well-crafted adverts that clearly explain the benefits of shopping locally to the wider community.

My main hesitation with most traditional forms of advertising is around the costs involved in undertaking this activity. In trying to educate consumers I have already mentioned that you need to have a consistent ongoing message. To be doing this via traditional mediums can end up being a very expensive process and therefore puts a lot of pressure on the return on investment equation.

Therefore I would suggest using these mediums as part of a complimentary campaign that is utilising several other channels that either have very low or no costs at all. The paid advertising should be strategically utilised as a once off burst or a small string of bursts to help reinforce the overall campaign objectives.

I would not suggest running a campaign that is limited to only these traditional mediums. The investment needed to generate a big enough return is just too high. Simply relying on these mediums does not maximise the advertising dollar, as

essentially the many low cost or free mediums that should complement the traditional approaches are being neglected.

CHAPTER KEY SUMMARY POINTS

1. Any shop local strategy should include some level of community education about the benefits of shopping locally. However, it is important to focus on the benefits to the *shopper* rather than the benefits to the business.

2. Point of sale within local businesses should be used as an opportunity to remind shoppers why it is important to shop locally.

3. Social media is an effective way to build a story around local businesses, as well as the flow on benefits to the shopper when they choose to shop locally. Videos and real time posts in particular can generate high levels of engagement.

4. Traditional media such as television, radio and print still have their place in promoting shopping locally, but should be used to compliment a wider strategy rather than in isolation.

CHAPTER TWELVE

BUILD COMMUNITY PRIDE

"It is about thinking locally and having passion for the community. You have to be genuine, have clear communication and tell a story"

Having a strong sense of community spirit and a genuine interest in the success of those around you, is strongly correlated to the willingness to shop locally. Communities who have suggested that they have a loyal group of local shoppers, also seem to have other aspects of local pride attached to them.

Anecdotally, community pride does seem to have some demographic skews. For example, remote locations appear to create more of a connection

between businesses and residents, which is not surprising given that you would expect a higher likelihood of a personal connection in these areas almost by default. It has also been suggested in some communities that younger people are less likely to be as loyal to local stores, presumably because we are now seeing a generation that is far more disengaged with society in general.

In trying to improve local pride in your community, it is a good idea to first understand the extent of pride that already exists. Some basic market research of residents using an appropriate battery of statements will enable you to gauge a level of local pride that can be tracked over time, and more importantly will enable you to understand if there are any demographic skews. Based on these results it would then be a case of working out what types of activities would help increase this measure amongst different groups of people.

In this chapter though, I will mainly focus on ideas that can appeal to a large cross section of people in different geographic locations. These are:

1. Social campaigns

2. Fundraising card
3. Local currency

1. SOCIAL CAMPAIGNS

Traditional advertising can be used to help push messages that hit at the heart of community pride, but to get true engagement and participation, a social media campaign would be much better suited. These campaigns focus on marketing the community to locals, allowing them to interact in real time, and eventually creating a sense of belonging and ownership.

Social media platforms are intended to facilitate multi directional communication that enables locals to interact with any material posted, allowing for the story to unfold further. The more a local story can unfold, the more personal it becomes and hence the more people will engage with it, which ultimately builds momentum for the campaign.

When thinking about local social campaigns, two examples come to mind that I think captures the essence of this idea. Both of these coming from my home town of Narrabri.

The first instance, was a simple post by an ex-local with no intention of promoting the town or generating any buzz in the community. He was back in town for a weekend and took a picture of a chicken, chip and gravy roll and a locally produced soft drink (both purchased from an iconic local business), with the simple post text of something along the lines of “great to be home”.

Within no time at all the post had a number of likes, shares, and comments. People were commenting in agreeance and bringing up all sorts of stories about other local icons and past experiences. I loved this content for its raw and simplistic nature and its ability to really hit hard at the local identity.

The second example came from a more strategic post that Why Leave Town did when a long standing local Chinese restaurant closed its doors for the final time. Knowing the nostalgia connected to this restaurant at the local level, we took a rushed pic of the two owners standing outside their business. Being a last minute thought the photo wasn’t very creative and so the post was fairly bland compared to others that we have done.

However, again the level of engagement with this simple post went through the roof and for a long time held the record as our most successful post. The reason it performed so well was that it resonated with locals as everyone had a story to tell about this restaurant (which generally involved several other people which were then tagged in the post) which helped it gain even more momentum.

Both of these examples not only show how easy it can be to build local buzz on social media, but it also shows how social media can be effective in creating a sense of pride in where you live. Highlighting local personalities, products, businesses, and organisations are all great ways in pulling at the local heart strings.

Any shop local social campaign would therefore benefit greatly by including a large amount of local imagery along with the key messages. It's all about making it real and relevant to the audience so that emotion is evoked.

One of the downsides of social media, is that it can also be a place where negativity can brew and have

the complete opposite effect on community pride. The so called 'keyboard warriors', as one interviewee described them, can be very destructive from behind the shield of their computer at home. I don't necessarily have an answer in eliminating this type of behaviour, but I can suggest that we all personally take responsibility of our own actions, and be mindful about what grievances we bring up in the social sphere, knowing that they can impact our local community considerably.

2. FUNDRAISING CARD

In an attempt to leverage the success of our gift card program and also find a way to support local community groups, Why Leave Town developed what we labelled 'That Fundraising Card'.

This idea works very similar to the Load Up Promotion mentioned in the 'Compete on Price' chapter where gift cards are loaded up with the purpose of using them personally rather than giving them as a gift. The same structure is used in that there are a number of participating stores that help fund the promotion, and then a given number of cards need to be loaded up to make it work.

All of the mechanics work in the same way as the Load Up Promotion, however rather than being focused on generating money for local stores, the main focus becomes raising money for charity. i.e. the motivation for participation in the Load Up Promotion was mainly around the prize draw and the created pool of funds that would be spent back in local stores. Whereas in the Fundraising Card promotion, the main motivation comes from raising money for a community organisation.

The benefits of this promotion come in the following forms:

1. Helps organisations attract donations -

Charity organisations can often find it difficult to get both donations and sponsorship from local businesses. Often they have to rely on the generosity of the business owner and their willingness to support whatever the cause is. Although there are plenty of very generous businesses out there, this promotion gives the organisation an extra carrot to dangle in front of the businesses, hence allowing for fundraising to be made much easier.

2. Businesses can give AND receive - Most businesses want to support charities, particularly locally based organisations. However, it is not always financially possible for them to support as many causes as they would like. This promotion makes this decision to support a lot easier, as there is a direct tangible benefit to the business. If they 'give' to this fundraiser then they also 'receive' the opportunity for consumers to spend the generated pool of funds in their store.

3. Locals get a chance to win - Local residents also benefit from this type of promotion, as they firstly get placed into a prize draw, and secondly support a worthy cause. But best of all, it hasn't cost them a thing, as all they need to do to get both of these benefits is to commit to shopping locally.

Overall this is a multi-win strategy which makes it very appealing to all parties. Having the promotion focused on a charitable cause as well as supporting local businesses, can also add to the feeling of pride and connection to the local community. This should

also be a big part of the marketing campaign around a promotion like this, so that it not only has the short term impact but can also plant seeds for long term gain in the community.

3. LOCAL CURRENCY

Similar to the gift card solution discussed in the 'Make it Easy' chapter of this book, is the idea of creating a local currency. While the gift cards essentially create a local currency, some communities have taken this a step further by getting their own coins and notes produced.

The multiplier effect that is created when money is spent locally has already been discussed, and creating a local currency hits right at the centre of this desirable effect. A local currency has no other option but to circulate around and around the local community.

It is actually not that far removed from a bartering system; it encourages locals to help other locals out, but uses the currency as a way to standardise transactions.

Many local councils around the globe have used this approach to help revive economic conditions in their local area, particularly during times of global economic instability.

The biggest barrier to this type of approach is the cost of maintaining such a system, as well as ensuring that all regulations are met.

What a local currency does do though, is make the idea of supporting local businesses very tangible and visual to all those in the community. It helps bring to life the idea and the importance of having a tightknit community that takes pride in itself and supports each other.

CHAPTER KEY SUMMARY POINTS

- 1.** Social media can be very effective in developing community pride. One of the big benefits of social media is that this can be achieved with very little effort. All you need to do is to think about what it is that stirs up local feelings and connects people to their community, and then focus on that!
- 2.** Combining shopping locally with fundraising for local or non-local causes can help create pride in the local community.
- 3.** Many communities have gone as far as manufacturing their own currency in order to help promote shopping locally. This not only encourages people to shop at local businesses, but can also create a level of belonging within the community. The associated costs of satisfying regulations however, could prove to be a barrier to implementing such a system.

CHAPTER THIRTEEN

HARNESS B2B

"Don't forget about the business next door. You need to create a local tribe. Many business owners go to networking events but don't really network!"

Businesses are somewhat limited in what they can do to influence the purchasing behaviour of local consumers. The needs of consumers are not always 100% aligned with that of the needs of local businesses and so there is always going to be some level of conflict. Of course, businesses should consistently try and tap into the needs of consumers in order to provide locals with value, but it is essentially going to be a difficult task.

What businesses do have control over however, is how they go about their own business. i.e. Where

do they shop? Who do they support? Who do they advocate for?

The needs of a business are going to be much more aligned to that of other local businesses, and so it makes sense that this is utilised for mutual gain. Working together and supporting each other can have significant advantages on various fronts, and so should not be overlooked.

It is also a matter of practicing what you preach. Local businesses that promote the shop local message should also seek opportunities to buy from other local businesses, rather than sourcing things either online or from out of town. By creating this shop local B2B culture businesses will hopefully see this reciprocated, and it may even rub off onto local consumers as well.

Encouraging B2B local shopping can take many forms, and the benefits can be enhanced with a clear strategy from local business minded organisations (local councils, chamber of commerce, business groups). B2B transactions also have the ability to be the lifeblood of a community, as these

types of transactions can often involve large sums of money, particularly in the case of tendering for local infrastructure.

A community with a strong shop local focus is also likely to have a 'local tribe' driving this. This term came from one of the interviewees for this book, and I thought it was a great illustration of a community working together.

The idea of a local tribe will generally start with a group of businesses that share the same vision for their community and actively strive to promote this.

This 'tribe' will not only work together to try and pull in as many local consumers as possible, but they will also support each other in order to create the necessary strong "backbone".

The rest of this chapter goes over a few ways in which a community can attempt to build a successful shop local B2B culture. These are:

1. Local procurement
2. Local business networking

1. LOCAL PROCUREMENT

When discussing shopping locally with those from local councils, a very common theme was the idea of weighting tenders in favour of local businesses. For some councils, this was a formal arrangement where local businesses responding to tenders had their quotes weighted by a certain percentage so as to make them more competitive with external quotes. For others, it was more of an informal process where local businesses were at least looked upon more favourably when competing against non-local businesses.

Be it formal or informal, the support of local councils for businesses in their shire has multiple advantages. The obvious advantage of keeping money local through this process has been discussed at length throughout this book. But in addition to this, the council can then be a great example for others in the community to follow, whether they be businesses or consumers. Generating any type of culture is a difficult thing to do, but if you have buy-in from those in leadership positions, then this goes a long way in developing such a culture.

Local procurement should not be limited to just councils though, as this is something that local businesses can also implement. By having an internal shop local policy, whereas a business decides to support other local businesses through their purchasing behaviour, they can lead the way within their community in this area.

The idea of local procurement has been taken a step further within Geelong Victoria, with GROW, an initiative of G21 (Geelong Region Alliance) and Give Where You Live. Having identified the large number of people in the local area that live below the poverty line, GROW attempts to address the problem economically rather than socially. This consequently helps create opportunities for disadvantaged people in the local area.

GROW's focus is on local procurement and ensuring people are thinking locally first, and even weighting their purchase decisions towards locals. It was found that 17-18 billion dollars in services were procured out of the area, and through statistical modelling, they found that a 7% shift towards local businesses would generate a billion dollars a year to

the area as well 2500 jobs, 500 of which would be in the target disadvantaged group.

2. LOCAL BUSINESS NETWORKING

Networking with other local businesses isn't necessarily about shopping locally with other businesses in your community, however, I thought it made sense to include it in this chapter as it talks about the importance of building local relationships.

As previously highlighted, there is so much strength in numbers, and working together with other local businesses opens so many more doors.

The objective of any business organisation, whether it be a chamber of commerce or some other body, is to bring businesses together for the greater good of the entire business community (or at least for those that are involved in the organisation).

But real networking involves more than just sitting around a table in a structured meeting environment. Businesses need to talk one on one with each other to understand each other's needs and desires, before they can start to find ways to work together.

Many business organisations already do this well, encouraging networking through after hour drinks, dinners and group activities, so make it a priority to get involved.

CHAPTER KEY SUMMARY POINTS

- 1.** It is very difficult to change the shopping behaviour of local consumers. However, local businesses all share a similar goal and so encouraging more B2B transactions is an easy place to start to generate more business for local stores.
- 2.** Weighting local tenders towards local suppliers is a very effective way to support local businesses as well as help promote the shop local message to consumers.
- 3.** The more opportunities that local businesses can get to interact with each other, the more likely they will start to work together. Therefore, regular business networking events can be very effective in creating a 'local tribe' culture.

CHAPTER FOURTEEN

ENCOURAGE WORD OF MOUTH

"Local advocates are the key! You need people out there buying from local stores and then telling people about it!"

Either for your benefit or detriment, local communities can often be built on a fast flowing word of mouth foundation. And the smaller you go in terms of community size, the faster this communication channel will operate.

It was traditionally said that the world operated on six degrees of separation, although this has now been revised to around three degrees with the explosion of social media. When looking at a

community level however, this can often be only one or two degrees, which means everyone usually knows everyone else, and local news can get around very quickly.

Businesses have to manage this in two different ways. Any piece of information that is remotely positive about their business, needs to reach the entire community. On the other hand, if there is a story of a bad experience circulating, this should be addressed quickly before the business name is tarnished.

In terms of negative word of mouth, the only advice I will touch on for this book is that businesses should always respect their customers and be prepared to humble themselves and be honest if something goes wrong. This is not to say that businesses have to live by 'the customer is always right' attitude, but rather take solutions focused ownership of an issue when there is one, and always be willing to put themselves in the customers' shoes, thereby allowing for this negative experience to be turned around.

In this chapter though, I am going to focus more on the positive aspects of word of mouth and how local businesses can use this to help drive the shop local message. These are:

1. Become a local advocate
2. Referrals

1. BECOME A LOCAL ADVOCATE

For a community to thrive, ALL local businesses should also be local advocates. Being a local advocate involves having detailed knowledge of your local business community and encouraging shoppers to always think locally first.

Often local shoppers will seek out certain products or services within their community and will do this by asking local businesses if they can deliver them. Rather than just saying no and letting the customer walk out the door because a certain product is not sold at that business, if the staff are educated on what is available in their town then they can help lock down this sale for the local community.

This shows that the business cares about helping out the customer regardless of the financial gain to

them, and will help attract this customer back for future sales. It will also drive more money into local businesses, which will in turn, find its way back into the advocating business in some form.

By generating business for other local stores in the community, businesses are also more likely to have this behaviour reciprocated in the future, which will again see more customers come their way.

This concept can also be taken further as a strategy that is aimed at not only encouraging local shoppers, but also at the tourism market. Of particular note is the vital 'visiting friends and family' segment. This strategy was adopted in Wangaratta Victoria in order to help grow their local wine market.

The Wangaratta region has a number of wineries, however a disconnect between these wineries and the local hospitality industry was identified. Hence, the Rural City of Wangaratta Shire Council ran wine appreciation courses for staff of restaurants in the area. Among other things, the courses gave local staff a better understanding of the types of wines that were available in the region and what food they

would best go with. Local restaurants then agreed to pour local wines for a whole month, coupled with table cards that showcased the local produce.

The results showed an increase in the sale of local wines during this period. Restaurant staff, now being more informed about local wines, were able to start to educate local consumers when they frequented local restaurants, and also encouraged these consumers to visit the local wineries.

This in itself was a great strategy to generate local shopping, however, the impact of this activity was much wider. With a more educated and informed community as a whole, when family and friends were to visit the region, the locals then themselves became local advocates for the wineries in the area. This, as a result, helped generate a lot of tourism dollars for the local wineries.

Businesses who want to create local advocates for their own business, need to look at ways of getting people into their store, and then providing them with a positive experience that they will go on to tell other people about.

2. REFERRALS

Local advocacy can also become a more formal process rather than just a verbal recommendation. One tool that I have found to be really powerful in facilitating a formal referral system is ReferUS.com.

This web app enables a business to invite people to recommend their business to potential clients, which in turn helps generate leads that will hopefully transfer to sales. If the lead does turn into a sale then the business can reward referrers accordingly.

Such a tool can save a lot of time and money in trying to generate new leads for a business, and also eliminates the leakage that can happen in traditional referrals. i.e. "I know a guy that can help you out with that, I'll send you his details".....and then this never goes any further. By formalising the process and rewarding those people that refer a business, clear incentive for people to refer businesses more often is created.

If you are a business owner, it is definitely worth taking a look at this tool to see if it is something that would suit your business. You can also receive a

25% discount on the price of the tool by entering the promo code "ASHLEY25" (and yes this means I will get a small commission from you signing up after reading this book and going to the website, but take a look and make your own mind up if it will work for your business or not).

CHAPTER KEY SUMMARY POINTS

- 1.** All local businesses should be advocates for their business community. Working together to encourage more people to shop local will benefit the entire local business community.
- 2.** Having a formal referral system can also help create local advocates by setting up a channel where they can be rewarded for their advocacy.

SOME FINAL WORDS

If you have been reading this book as a business owner, or you are involved in a local shire council, chamber of commerce or some other association, I hope by now this book has at least sparked some new thoughts on how you can get more people to consider shopping locally in your community.

As stated at the start of this book, I don't believe that the issues surrounding the lack of shopping locally can be solved by one or two things, nor do I think that it is something you can change quickly. I also don't think that the ideas I have discussed

throughout each chapter are an exhaustive list.

As a business or community, you need to be able to find the right formula for you, which may be made up of many of the ideas I have presented or may be a completely different set of strategies. At very least though, I would suggest that you consider each of the 14 themes discussed, as this should at least assist you in designing your plan of attack.

There is a common theme intertwined throughout each chapter though, that you have possibly already picked up on. This is that there is so much more strength in numbers. For the majority of ideas that were discussed, the results are amplified when working across more than one business. This doesn't necessarily mean that it has to be a council or chamber policy, as even having just two businesses working together can have great benefits.

Ideally though, a shop local strategy should be designed at the community level with all businesses and relevant associations working together and singing the same tune. This has several very

tangible benefits:

1. Allows for the pooling of funds
2. Brings many resources together
3. Means less work for each individual
4. Presents a unified message to locals
5. Encourages more local B2B transactions

Whatever approach you choose to take, whether it is from this book or something completely new, I would love to hear from you. I would also like to hear about what different strategies you have applied in the past, including both those that have worked and why they haven't worked. So please drop me an email at ashley@whyleavetown.com and tell me about your own shop local experiences.

There have also been several strategies throughout the book that Why Leave Town has implemented in communities all across Australia, and so I am always happy to discuss these further with anyone that is looking to do something similar. The entire subject of shopping locally is something that I am very passionate about so please give me a shout, even if it's just to bounce ideas around over emails.

My final piece of advice for anyone looking to push the shop local message further in their community is to not give up after you hit the first few hurdles. I have come across many such obstacles and it can be very disheartening, to say the least. However, to truly change shop local behaviour you need to be playing a long game, and you need to be consistently reinforcing the message.

If you persevere you will start to see the fruits of your actions and will help build the type of community that we all want to live in.

As for me....where next on my shop local journey? The quantitative researcher in me is crying out to get stuck into some robust statistical investigation and analysis that supports the themes discussed throughout this book. So watch this space!

IN AN AGE OF HIGH MOBILITY AND GLOBAL CONNECTIVITY, IS THE IDEA OF SHOPPING LOCALLY DEAD?

CAN LOCAL BUSINESSES SURVIVE IN A MARKETPLACE THAT IS FLOODED WITH EXTERNAL COMPETITION?

Why Leave Town: Practical Ways to Encourage People to Shop Locally, digs deep into the issues facing small to medium businesses across Australia, from a shop local perspective.

The book details 14 themes on how businesses and communities on a whole, can successfully create a flourishing shop local culture. Each theme is further embellished with practical real life examples on how communities throughout Australia are leveraging these ideas, as well as how they can be implemented.



Ashley Watt established Why Leave Town Promotions in 2007 along with his business partners, Justin Smith and Brad Graham. The business is built on the foundation of promoting the shop local message and hence has seen Why Leave Town work with dozens of communities all across Australia.

Ashley's professional background is in market research, having spent over 15 years working across a number of industries. In particular, his area of expertise has been in large scale tracking programs that have focused on shopper behaviour, attitudes, usage behaviour, advertising, brand health, and customer satisfaction.

Having been born and raised in a small community in regional Australia, Ashley has seen firsthand the importance of creating a shop local culture, and the unquestionable fruits that arise when you get it right.