Lessons All Entrepreneurs Can Learn From the Shop Local Movement

Big-box retailers may be hurting due to ecommerce. But small businesses have learned how to thrive.

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*Apocalypse. Meltdown. Doomsday. I*f you've been reading the headlines lately, there's been nothing but hand-wringing going on over the state of retail. Seemingly with good reason: Amazon's wide-sweeping commoditization of goods has made almost everything available with just a few clicks, leaving big-box retailers like Walmart scrambling to compete.

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But there's one sector of the retail economy that is proving to be surprisingly resilient: *local retail*. Here's why:

Amazon isn't a threat to local retail.

Visit the main street or city square of any city in America, and you're likely to see a handful of bustling locally owned stores. This sector of the American economy is massive, with over one million independent retailers generating almost $1 trillion in annual sales (according to U.S. Census data) — and it's growing, something to celebrate as we close out May, the

time of the year we observe Small Business Week.

Contrary to conventional wisdom, local retailers aren't simply trying to get by — they're thriving. Deloitte's *Retail Volatility Index* shows that across all categories of retail, small businesses have grabbed significant market share from larger players: The 2018 *Mastercard SpendingPulse* report showed local retail actually outgrowing all retail sales from 2015 to 2018.

Independent jewelry stores, for example, are outgrowing big chains like Signet, and local hardware stores have already won back half of the market from Home Depot and Lowe's (as included in the *Deloitte Retail Volatility Index*). Since the Borders bookstore chain bankruptcy in 2011, the number of independent bookstores in the United States has increased every year by an average of almost 10 percent.

And, the USDA has reported that for the grocery retail category, small-format stores had the greatest growth over the last decade.

Understand the reasons for this trend.

The reason for this surprising trend? Small retailers have already been through their version of the retail apocalypse. They spent the past 50 years figuring out how to compete against chain retailers who had larger assortments and lower prices — exactly what Amazon is using to beat the chain stores today.

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The small stores that survived then evolved to attract customers with personalized service, curated experiences and serendipitous discovery. That's why a Comscore survey of

shoppers’ purchasing preferences revealed that 93 percent of consumers polled said they preferred to shop/buy locally.

The logical conclusion: Curation, product quality and in-person experience will always win out over convenience when it comes to buying certain goods.

This brings us to the Shop Local movement, whose success offers entrepreneurs three lessons:

Deliver memorable experiences.

Consumer expectations just keep getting higher. They want more and more for less. Without economies of scale, of course, it’s always going to be tough for small business owners to offer the lowest prices. But if you’re one of these owners, you can use your independence as an advantage in other ways. Your focus on specialty and authenticity can set you apart in the minds of your customers to keep them coming back.

One important point here is that offline shopping is no longer utilitarian. Local retailers realized they could win by crafting shopping experiences for their customers that couldn’t be found anywhere else.

According to the UPS *Pulse of the Online Shopper*, 61 percent of consumers in one survey said they shopped locally because that is where they find unique products. While ecommerce was solving for logistics and convenience, local retailers curated stores that inspired discovery.

Do what they do: Think of your customers as guests; obsess over what will surprise and delight them, and then deliver on that over and over again.

Bring your community together.

Retail has always been a hub of community and belonging. After

all, trade is what brought us together into communities in the first place. Today, boutiques are a vital part of the color and character of communities across the country. Their focus on human interaction and on being a gathering place is why people delight in visiting their local specialty grocer or look forward to bringing home a beautiful item they discovered while on vacation.

Independent booksellers are particularly adept at fostering community and growing their business in the process. Indie bookstores across the country have turned Independent Bookstore Day (April 27) into a national celebration in five short years. In 2019, more than 500 bookstores celebrated this buy local holiday with discounts, book swaps, and author readings.

These actions not only increased foot traffic, but gave customers a reason to stop in and share their love for books with one other.

The shift toward localism

Earlier this year, I interviewed Ryan Raffaelli, assistant professor in the Organizational Behavior Unit at Harvard Business School. When we got to the topic of local booksellers, he told me: “While indie bookstores make up less than 5 percent of overall book sales, they’ve seen a 40 percent increase in their numbers over the last eight years.

“With bookstores, it’s linking [customers] to the community,” Raffaelli continued. “The [economic] shift that happened in 2009 is the shift towards localism. It’s linked to identity marking – consumers are defining themselves through their purchase.”

This type of community engagement in indie bookstores ripples out to the surrounding community, with 28 percent of all revenue immediately recirculated in the local economy

(according to the American Booksellers Association's *Prime Numbers: Amazon and American Communities* report). The impact bookstores make on their customers is so tangible, in fact, that the city of Austin scrapped a planned $2.1 million public subsidy for a proposed Borders in favor of locally owned stores.

Consider how you might foster connection among your customers beyond the moment of transaction.

Use technology to level the playing field.

Tech simply can't replace years of experience outright, but it can level the playing field. Ecommerce and big-box retailers have access to big databases and consumer insights to build their competitive advantage. But small retailers' adoption of new tech tools – like payment solutions or our wholesale marketplace – has allowed them to streamline the tedious aspects of the business.

Consider small businesses' ability now to accept non-cash payments, for instance, using tools like Square. Or how they're improving inventory management with software like Stitch Labs. Or their ability to run an ecommerce story through Shopify. These new things have made it possible for small retailers to grow a thriving and competitive small business.

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So, take advantage of these trends this small business month – or any month! Look for tech solutions that help you focus on what you do best.

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