

# BUYING LOCALLY



## *Things to consider before adopting a “Buy/Shop Local” campaign*

By Dennis Lauver

**YOUR RETAILERS LIKE THE IDEA, THE LOCAL ECONOMY NEEDS A BOOST,  
AND IT NATURALLY FITS WITH YOUR MISSION... SO THERE SHOULD BE  
NO PROBLEM CONDUCTING A “BUY/SHOP LOCAL” CAMPAIGN.**



Right? Perhaps, but not necessarily... and not necessarily everywhere. Here are some ideas you may not have thought of, both pro and con, as well as some shared experiences from several ACCE members.

### **THE POSITIVES**

In some markets, Buy/Shop Local campaigns work great because the community is reasonably isolated from other retail. If the closest mall is a lengthy drive away, local stores can often benefit from keeping shoppers local. That was the case for the **Clinton (IA) Area Chamber of Commerce**, which evaluated its

“[Our campaign] pointed out that it costs quite a bit of money to shop out of town—even before you actually open your purse or wallet.”

—Julie Allesee, Clinton (IA) Area Chamber of Commerce



location between a regional retail market 60 miles to the north and one 45 miles to the south and determined that a Buy/Shop Local campaign could be successful. It therefore joined forces with another Iowa-based chamber and two Illinois-based chambers (located just across the Mississippi River) to create an initiative that was branded “Live, Shop, Save Here.”

“One of the campaign’s key messages was that it cost time and money to drive to the regional malls,” says **Julie Allesee, president** of the Clinton Area chamber. “We used the IRS mileage rate and figured out the cost of driving round-trip away from our trade area. We then calculated the cost of people’s time by multiplying average wage rates by the time needed to drive back and forth. We added the numbers together and pointed out that it costs quite a bit of money to shop out of town—even before you actually open your purse or wallet.”

Even if the distance to bigger or supposedly “better” retail centers is not great, many communities have made Buy/Shop Local campaigns successful. In these cases, investment in establishing retail community identity is critical.

Another big plus for Buy/Shop Local campaigns is that it’s usually easy to obtain free or low-cost advertising, which comes with the added bonus of plenty of positive exposure for the chamber. Local media is usually eager to support the effort because there is something in it for them... a good story and a new excuse to call on business. If your effort is well organized, a “co-op marketing” piece can generate non-dues income for the chamber, and you get the benefit of the media’s sales people calling on your customers about the campaign—which is one less time that you have to be the one asking your members for money for yet another new project.

Often, a gift certificate program or member-to-member discount program provides the opportunity to sustain the initiative. Shoppers are fickle, and so are your members. It is important to keep expectations of the community realistic in terms of required duration of the commitment and delayed response of the buying public. The program will need to be kept alive for an extended time if you are going to change shopping habits. Your retail members might have worshipped the ground you walked on three months ago when the program was first established, but now they want to know your plan to make the campaign viable both today and tomorrow.

The **Hudson (OH) Chamber of Commerce** has operated a highly successful, long-term, plastic gift card program for about seven years, according to Steve Kreye, co-founder of Cardvark, Inc., the company that designed the Chamber’s gift card program.

Initially, it utilized a “closed loop” gift card program, similar to the plastic gift cards you see at most major retailers. The cards could be loaded with any dollar amount from \$1 to \$10,000 and redeemed at any participating merchant. Through the closed loop gift card program, the Chamber had complete control of the gift card funds and frequency of reconciliation with the merchants at all times. When the program launched, over 500 cards were sold in the first two weeks alone. The popularity of the cards was due, in part, to the ease with which the local high school students could participate. The students’ ID cards were specially coded before the school year began, allowing students to “load” money on their ID cards that could be used at local shopping venues, such as the ice cream shop, sporting goods store, and bookstore.

By 2007, however, the Chamber faced an interesting dilemma. A new “LifeStyle” shopping mall came into town with its own gift card program. To assure that the Chamber’s gift card remained “THE” gift card to buy in town, the Chamber converted its closed loop gift card to an “open loop” program that could be accepted at any participating merchant in town that accepted MasterCard or Visa. This allowed the Chamber’s gift card to be redeemed at both the local merchants as well as the stores in the new LifeStyle center.

And the sustainability of the program? “So far, Hudson’s cards have generated almost half a million dollars in revenue for the local economy,” says Kreye.

Another advantage to Buy/Shop Local campaigns is the ability, when executed effectively, to build and reinforce critical identity. **Vicky Tebbets, Esq.**, is **vice president** of the Vermont Hospitality Council, the travel and tourism division of the **Vermont Chamber of Commerce**. She credits various shop local campaigns initiated by a number of organizations across Vermont for a strong 2008 retail holiday season. As an example, she cites a shop local campaign that a radio station launched in anticipation of the 2008 holidays. “The ‘Local First Vermont’ effort encouraged Vermont shoppers to seek out the logo of a white maple leaf on an orange background when shopping,” she says. “Since Vermonters generally value sustainable living and the success of our neighbors, and since the Green Mountain State has long been recognized as possessing the attributes of being ‘green,’ the campaign tied buying local with staying green and supporting our local merchants. It was quite successful.”

#### POTENTIAL PITFALLS

Despite many positive attributes, there can be some pitfalls to a Buy/Shop Local effort. It is helpful to be aware of these



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potential problems so you can make an educated decision about whether such a program can succeed in your community. Knowing these potential hurdles can also ensure that if you go forward, they don't short-circuit your success.

#### Working with outside vendors

One possible danger can arise when using an outside vendor to run or finance a Buy/Shop Local program, as demonstrated with the recent failure of CertifiChecks. (For more on how to set up safer agreements with such companies, see the operations column "Got Paper" on p. 38 of the Summer issue of *Chamber Executive*.) When your Buy/Shop Local program involves the distribution of "Chamber Bucks" or similar kinds of gift certificates that are sold by the chamber and honored as money by local businesses (usually members of the chamber), you must ensure that the money behind the certificates is really there and

will be usable as legal tender. If your program's financial backer is not a bank, then be sure that the money used to purchase the certificates goes into escrow and is not used to finance the daily operations of the backing company. Otherwise, the company could run into hard times and may use your money to keep afloat, hoping that new projects in other communities will bail it out. If the company continues to flounder, it may not be able to honor your gift certificates, and you will end up with a black eye in the community and possibly with many members who expect you to pay them back for their losses.

#### Problems from within

Your own membership might have issues with your Buy/Shop Local campaign. For example, some members might sell directly to their customers. Since they have no local point of retail sales, these types of businesses will probably



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## ORGANIZING A SUCCESSFUL BUY/SHOP LOCAL CAMPAIGN

There are many things to consider when creating a strategic plan for a Buy/Shop Local program. This outline can guide you toward a successful outcome.

### SITUATION ANALYSIS

What is the status quo? Is the retail pull factor growing or shrinking? What other markets attract dollars from your local economy? Why?

### OBJECTIVES

What are your short-term and long-term objectives? What are your measurable marketing goals?

### CONTENT OF THE MESSAGE

Define simple to understand and easy to repeat talking points. Sample advantages to buying merchandise and services in the target area might include:

1. Save money and time when you shop near home
2. Keep money in our own area economy
3. Build our schools and cities (assumes a local option sales tax)
4. Provide property tax relief (assumes a local option sales tax)
5. Keep family and friends employed in your community

### TACTICS

Define various methods that will be used to repeat the talking points and to spread the gospel of shopping locally:

- Letters to the editors and editorial endorsements
- Grass roots lobbying
- Website development
- Media placement
- Collateral and advertising support
- Speakers bureau

### SCHEDULE

Create a detailed schedule of activities that will extend the message over a longer period of time.

### BUDGET

What are the sources and uses of resources that will allow for the plan to be effectively implemented?

### EVALUATION

Determine how you will measure the effectiveness of the initiative.

never see the benefit of dedicating staff and volunteer time/energy to the project. Creative communication is important as you articulate the value of the initiative, which may differ for various segments of your membership. The retailer's perspective toward the potential campaign is obvious, but if your non-retail members seem indifferent, you will need to still show the value to them. Perhaps your community has a local option sales tax, in which a portion of the tax proceeds provides a form of property tax relief. You can show the non-retail members how retail sales tax revenues help fund state or local education systems, thus helping to train their next generation of employees.

It is inevitable that Buy/Shop Local initiatives will result in the chamber seeming to play favorites. Those who are willing retail participants in the campaign are highlighted by the chamber and promoted through the program. If they are "good," there could be a perception, rightly or not, that the chamber is saying others are "bad." Whether the non-participants are just outside the area, or ineligible for any number of other reasons (company rules, definition of "local," excluded business categories), the chamber runs the risk of appearing to tell a member that their business is less worthy in one way or another.

Another issue can be larger corporate members who purchase massive quantities of items. These businesses typically don't care about local programs because they don't impact them. In fact, they might even be opposed to the idea. A large employer in your community might have purchasing decisions made at the corporate office that is two time zones away. The local branch might fear it will be perceived as "bad" for not supporting the program, but be bound by corporate purchasing policies. How will you handle such situations when this large employer is a major dues paying member? Be ready.

One way to deal with issue is to simply accept the fact that you might not impact the purchasing habits of this company. Instead, you can seek to target, with the firm's blessing, its *individual employees*. Develop strategies to allow you access to their employees and drive your message to that audience. Large employers have significant payrolls that typically dwarf their budget for goods and services. By focusing your efforts in this manner, you can still have success and provide an avenue for involvement to almost every member.

### Regionalism

Regionalism is something else to consider. Although chambers usually think of regionalism as a positive thing, Buy/Shop Local programs often work against regional perceptions and markets. An effective strategy to address potential problems is to creatively define "region." There may be broader policy benefits to working with the traditional "other" city that you normally compete against. If a nearby community starts a similar Buy/Shop Local program to counter yours, will anybody win, and could your retailers lose?

As the two Iowa and Illinois chambers noted in their business plan for the "Live, Shop, Save Here" program, "By working as four chambers of commerce, our efforts can focus on the fact that keeping purchases in the target area will benefit each of the communities that are located" ▶

along U.S. Highway 30. Working together is the best way to eliminate any perception that shopping local is to the benefit of one community at the expense of another... Perhaps most important, a joint effort will put into action the mutual desire to create and demonstrate area cooperation. Working together we can 'walk the talk' of regional cooperation."

### Quantifying success

At times, a Buy/Shop Local program can be hard to quantify because there may be no effective way to benchmark and track success. So many factors, including increased purchasing of items via the Internet, influence buying decisions and shopping trends. Did local sales increase because of the program or was it the appeal of new stores? Did a slowing economy impact sales? Would sales have slumped more without a Buy/Shop Local effort? Without a way to validate success, the program can create frustrated members who then question the value of your next great project.

The **San Francisco (CA) Chamber of Commerce** found a way to allow merchants to know exactly when a purchase was being made because of the promotion, which helped fuel support for and participation in the initiative. According to **Paula Zamudio, small business marketing manager**, "Our 'Show Your Zip' program allowed businesses to provide discounts to people living within the nine Bay Area counties simply by showing proof of their ZIP Code. In its first year, the program

generated more than 300 merchant and service provider participants and was so successful it was extended through the month of January."

### Campaign management

Other major considerations chambers should examine prior to establishing a Buy/Shop Local campaign involve the management of the campaign. Administration and marketing of these programs is far from automatic and can be potentially costly. Does your Chamber have the capacity to handle all this and/or vendor partners that are both good and affordable? How much time will it take to work with gift card companies, banks and media outlets? Will there be group decision-making requirements for a subcommittee of your Board, determining such things as eligibility and vendor selections?

As you can see, there are more things to ponder regarding Buy/Shop Local campaigns than you may have at first realized. But with careful planning and evaluation of your community's needs and shopping habits, you might just find that keeping your shoppers local will give both your Chamber and your region a much-needed economic boost. ☐

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