



Reciprocity

in the rural community and in the retail marketplace **No. 4**

Attracting Customers to Towns

Many people today are willing to drive many miles to get what they want. Research shows that communities differ in their ability to attract customers. Why do some communities appeal to consumers more than others? What can small-town retailers do to improve sales?

This publication is fourth in the *Reciprocity* series and is based on a survey conducted at Iowa State University in 1995. The survey investigated relationships between consumers and retailers in three rural Iowa communities with populations from 6,000 to 8,000.

How did communities differ?

The towns studied were different in their “pull factors.” Pull factors, introduced by ISU Economist Kenneth Stone, are a measure of a town’s ability to attract consumer trade based on its population and statewide average expenditures.

When a pull factor equals 1, the retail sales are as can be expected based on population. If greater than 1, then the town is attracting more shoppers than would be expected based on its population. A pull factor less than 1 means that the sales are less than might be expected based on population.

What was the survey’s purpose?

The purpose of this research was to find out if consumers in three communities (with pull factors of less than 1, 1.0 to 1.5, and more than 1.5) differed in their

- reciprocity attitudes;
- moral, social, and economic motivation;
- satisfaction with local retailers;
- intention to shop locally; and
- community attachment.

The other concepts listed above were explained in *Reciprocity 3: Rural Consumers’ Perceptions*, PM 1767.

- Community attachment includes ideas of
- amity—strength of friendships locally,
 - sentiment—satisfaction with community, and
 - involvement—participation in community.

What was the sample size?

A survey was mailed to 1,000 consumers in each community. Of the 3,000 surveys mailed, 1,172 were completed and returned.

What were the findings?

Consumers in the community with the low pull factor scored significantly lower on all measures of reciprocity and motivation than those in communities with higher pull factors.

- Consumers in low pull factor communities were
- less apt to shop locally;
 - less satisfied with local retailers, their products and services;
 - less motivated by moral, social, or economic concerns;
 - less satisfied with reciprocity between community residents and local retailers; and
 - less sentimental about their community in terms of interest or satisfaction with community activities.

Female respondents had higher levels of sentiment for the community than males. Males were more likely than females to be motivated by economics and satisfaction with retail product offerings.

Does product category affect shopping behavior?

Consumers seem more likely to shop away from their local communities when they want a broader selection of merchandise. In this part

The “pull factor” score approximates the level of local or regional consumer spending within a community relative to other areas in the state.

Pull Factor (PF) equals “sales per person in the town” divided by “sales per person in the state.”

Pull factor scores were found to be a fair approximation of many personal and interpersonal exchanges occurring in the community as well as a strong indicator for consumer/retailer exchange in the local marketplace.

Businesses that understand the older segment of the market will have the advantage in planning successful marketing strategies and expanding their market share.

of the study, apparel and home furnishings products were considered because consumers often travel a distance to buy these items.

Apparel shoppers were more likely to shop in their own hometowns when they

- were satisfied with local product offerings,
- were satisfied with the local retailers, or
- had children living at home. As the number of children in the family increased, the likelihood of shopping locally increased.

Apparel consumers were less likely to shop locally when they had higher levels of income and education. Age and sex were not significantly related to apparel shopping behavior.

Home furnishings shoppers were more likely to shop locally when they

- were satisfied with local product offerings,
- were satisfied with local retailers,
- had stronger community attachment, and
- were older.

Home furnishings consumers were less likely to shop locally when their incomes were higher.

Should retailers pay attention to older shoppers?

Results of an additional investigation of attitudes of the consumers over 50 years old in the sample suggest that small-town retailers should try to appeal to older shoppers.

Older shoppers are longtime residents with many social and business relationships that affect their shopping behavior. Consumers who had high levels of involvement with friends and acquaintances and who were active in community organizations and activities were more likely to intend to shop locally. Their moral and social motivation was higher, and they were more satisfied with local retailers and their products.

Suggestions to build business

- Appeal to the social side of business.
- Know the age of your shoppers; offer merchandise that appeals to those age groups.
- Appeal to older consumers who tend to shop locally.

- Specialize. Find a niche in which you can offer a broad selection.
- Offer apparel for young children that is affordable to lower income families.
- Keep apparel current; mark down last season's styles and offer the latest trends.
- Identify slow-moving items and eliminate them quickly through markdown.
- Take advantage of suppliers' ability to provide quick response.
- Provide customer service by showing expert knowledge and providing information about your products.
- Contribute time, talent, and/or money to local causes.
- Attend business seminars and keep track of trends.
- Investigate computer systems designed for small businesses.
- Cooperate with local government, the library, schools, and other retailers to get everyone on the Internet.

References

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For more information, see other publications in this series:

- *Identifying Attitudes* PM 1765
- *Rural Retailers' Perceptions* PM 1766
- *Rural Consumers' Perceptions* PM 1767
- *Community Values and Marketing Strategies* PM 1769

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File: Communities 3-2 Retail Trade Analysis

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