



Reciprocity

in the rural community and in the retail marketplace **No. 5**

Community Values and Marketing Strategies

How do community values affect marketing strategies used by small businesses? Are businesses that have high community values more successful?

This fact sheet is fifth in the *Reciprocity* series that examines the relationship between small businesses, their customers, and the communities they reside in.

What communities and businesses were studied?

More than 1,000 small business owners or managers in 30 small Iowa communities were interviewed by telephone. The communities ranged in population from 500 to 10,000. Small businesses in this study had gross sales of less than \$1 million and fewer than 25 employees.

The businesses contacted were

- retail (43 percent);
- service sector (26 percent);
- finance, insurance, and real estate (13 percent);
- wholesale (8 percent); and
- other, including agriculture (10 percent).

What was the purpose of the study?

The purpose of this survey was to examine community values of small business owners and managers to determine how these values affect their marketing strategies.

What were the community values studied?

The community values that were examined included

- level of community attachment,
- sense of responsibility to the community,
- support for the community,
- community leadership, and
- perception of high level of collective action in the community.

How did community values differ among managers/owners?

The owner/manager sample was divided into three groups—those with high, medium, or low community values—based on their responses to questions about community values.

The owners/managers in the high community value group were more supportive of their community, provided more leadership, and perceived higher levels of community action.

Compared with the lower community value groups, the high community value group was predominately male, more highly educated, married, and older.

Furthermore, the high community value group had long-established firms, earned higher incomes, and thought their businesses were more successful, as compared to the other groups.

Small business strategy formation differs by the owner/manager's level of value for their community.

How do community values affect marketing strategies?

The business literature suggests two types of marketing strategies: differentiation strategies and scope strategies.

Differentiation strategies are designed to set products and services apart from their competition.

Scope strategies are designed to tailor product or service offerings to satisfy consumer demand.

All community value groups considered that offering quality products and services was important.

The high community value group considered use of new advanced technology to be more important than the other groups.

Businesses that valued their community found the following strategies important:

Differentiation strategies

- customizing products
- offering distinctive goods
- improving store image
- using new technology
- using consultant's advice
- offering contemporary products

Scope strategies

- working to strengthen the local community
- providing wider consumer choices
- cooperating with other local firms
- developing professionally as an owner/manager
- networking with businesses outside the community

How can small, local businesses thrive?

- Practice reciprocity!
- Recognize the strength of a competitive spirit and cooperative action.
- Look for ways to become more involved in the local social network of the community in which business is located.
- Work toward making local community a better place to live and work as well as a good place to shop.

Reference

Besser, Terry; Harrod, Wendy; Lee, Motoko; Mulford, Charles; Miller, Nancy; Baumler, Scott; Chee, Kyong Hee; and Terry, Andy (1996). *Doing business in Iowa's small towns*. Rural Development Initiative Project, College of Agriculture, Iowa State University.

Written by Nancy J. Miller, assistant professor, textiles and clothing, ISU. Reviewed by Janis Stone, ISU Extension specialist in textiles and clothing. Edited by Carol Oувerson and Mark Jost, ISU Extension Communication Systems.

For more information, see other publications in this series:

- *Identifying Attitudes* PM 1765
- *Rural Retailers' Perceptions* PM 1766
- *Rural Consumers' Perceptions* PM 1767
- *Attracting Consumers to Towns* PM 1768

For more information about the 30 Iowa communities, contact Terry Besser (515) 294-6508 or your local County Extension Education Director.

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File: Communities 3-2 Retail Trade Analysis

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