

## Coexisting With Big Box Retailers: Success Strategies for Independent Retailers

By Sherri A. Gahring and Kim K. P. Johnson, Department of Design, Housing, and Apparel, University of Minnesota\*

Ken Stone (1995) author of *Competing with the Retail Giants*, identified big box retailers as the single largest threat to the survival of small-town independent retailers. In order for small stores to be successful, Stone recommended specific strategies concerning marketing, merchandising, business operations, and customer service. Since Stone did not test his recommended strategies, a team of University of Minnesota researchers decided to determine whether successful independent rural retailers in Minnesota were implementing any of Stone's recommendations.

In 2003, we conducted interviews with 27 rural retailers who were identified as successful by their local Chamber of Commerce Directors. Each business owner conducted business in one of three rural communities with populations between 5,000 and 10,000 and shared their market with at least one big box retailer. We asked participants to answer open-ended questions concerning their marketing, merchandising, and customer relations to learn if they were practicing what Stone had recommended and whether they believed these strategies contributed to their success. Our participants shared the following marketing, merchandising, and customer service strategies they believed made a difference in their business.

- **Know your market.** Retailers knew demographic information (age, gender, income) about their customers. They also shared that they thought they knew the type of service, merchandise, and level of loyalty of their customers.
- **Know what customers think about your store.** Retailers believed customers thought their stores were clean, safe, and liked the customer service provided. Retailers also indicated their store was a place for customer's to get their questions answered.

- **Improve store promotion.** Retailers provided promotional events for customers including but not limited to participation in trunk shows, open houses, downtown community events, demonstrations, and donations to community auctions and fundraisers.
- **Develop or improve power aisles/end caps.** Retailers had a power aisle or featured location within the store for promotional items.
- **Develop "no hassle" return policies.** Retailers had what they termed a "liberal" return policy. Liberal for many participants meant doing whatever the customer requested.
- **Shop the competition regularly.** Retailers looked at assortments and prices of competitors as well as level of product knowledge of sales associates; merchandise displays, customer services offered, and customer behaviors.
- **Fill competitor's voids.** When retailers carried products similar to those carried by big box retailers they were higher in quality. Retailers filled voids by offering a complete product line or exclusive items. They described their inventories as branded, high quality, and fashion forward.
- **Get out-of-stock merchandise quickly.** Retailers found a way to get merchandise quickly for their customers by doing special orders or traded with



colleagues in the same business. A few even recommended other places to get the product.

- **Know your merchandise well enough to explain it.** Retailers indicated their sales associates were very knowledgeable about their merchandise. Some of the associates had been working at the store for over 10 years.
- **Provide a personalized shopping experience.** Retailers knew their customers often by name, cared about them, and provided them with a pleasant shopping atmosphere.
- **Offer something extra in comparison to big box retailers.** Retailers offered alterations, delivery/pick up service, and knowledgeable sales associates as the something “extra.” A few provided seminars and classes, advice (e.g., design service), installation, and mailed customer’s store notices.
- **Get employees involved in the store.** Retailers solicited employee opinions through store meetings. Some retailers assigned areas of the store to be managed by their employees or put employees in charge of store areas such as merchandise displays.
- **Control shrinkage.** Customers were acknowledged upon entry into the store and not allowed to shop unnoticed. In addition to customer contact, some retailers used security cameras and one-way glass to monitor customer behaviors.

Our research findings demonstrate that it is possible for independent retailers to successfully coexist with big box competitors. Take a moment to reflect on what marketing, merchandising, and customer service strategies you have in place. As you analyze your business consider what are your strengths and where are your opportunities for change.

---

Stone, K.E. (1995). *Competing with the retail giants: How to survive in the new retail landscape*. New York, NY: John Wiley & Sons Inc.

*\*Author note: Sherri A. Gahrning is an associate professor and extension specialist with the University of Minnesota Extension Service specializing in the Community Vitality capacity area. Kim K. P. Johnson is a professor in the retail-merchandising program in the Department of Design, Housing and Apparel at the University of Minnesota.*