

Winter 2014

Successful Fashion Retailing in Grand Rapids, MI

Danielle Weaver
Grand Valley State University

Follow this and additional works at: <http://scholarworks.gvsu.edu/honorsprojects>

Recommended Citation

Weaver, Danielle, "Successful Fashion Retailing in Grand Rapids, MI" (2014). *Honors Projects*. 314.
<http://scholarworks.gvsu.edu/honorsprojects/314>

This Open Access is brought to you for free and open access by the Undergraduate Research and Creative Practice at ScholarWorks@GVSU. It has been accepted for inclusion in Honors Projects by an authorized administrator of ScholarWorks@GVSU. For more information, please contact scholarworks@gvsu.edu.



Successful Fashion Retailing in
Grand Rapids, MI

HNR 499: Honors Senior Project

Winter 2014

By: Danielle Weaver

Table of Contents

Introduction	3
Grand Rapids Research	3
PESTEL Analysis	4
Case Studies	6
Retailer A	6
Mission	6
Target Market	7
Product	7
Place & Presentation	8
Pricing Strategy	8
Promotion	9
Competitive Advantage	9
Recommendations	10
Retailer B	11
Mission	11
Target Market	12
Product	12
Place & Presentation	13
Pricing Strategy	13
Promotion	13
Competitive Advantage	14
Recommendations	15
Conclusion	17
References	18

Introduction

Grand Rapids has been named by Forbes as the “Number One Place to Raise A Family”, a “Top City for Business and Careers”, one of the happiest cities to work in, and a top emerging downtown center (Forbes, 2013). Entrepreneurs are drawn here and often successful, especially in the retail industry. Comprised here is a study of local fashion retailer strategy and the challenges they face in the competitive local market. Retailers in the Grand Rapids market also compete with major shopping centers in Cascade, Grandville, and other suburban areas. This study of local fashion retailer strategy should assist future local entrepreneurs opening fashion and other retail businesses in the downtown area of Grand Rapids, MI.

Key facts about the Grand Rapids city are included in the first section of this report. It describes information from the U.S. Census bureau, local news and business reports, and statistics from Simmons Lifestyle Demographics. The full Political, Economic, Sociocultural, Technological, Environmental, and Legal analysis of the city will further help aspiring retail owners with information they should know.

Also included in this research are case examples of two successful fashion retailers in downtown Grand Rapids which are locally owned and operated. Along with the data and marketing analysis tools, these cases show us what the keys to successful local fashion and other retail businesses are. Descriptive data found from both operations provides some strategy guidance for both retailers and others learning from them. The exploratory research done with interviews from the two retailers answers more in-depth questions about their strategy, challenges, and advantages.

Grand Rapids Research

Grand Rapids information from the U.S. Census is important for any business owner and entrepreneur. Information for estimating the size of the market you want to reach will be found here. In particular, the proportion of females to males, and the distribution of ages in the area stand out. Some key facts about the city of Grand Rapids, MI:

- 2012 Population estimate of the city of Grand Rapids states the total population at 190,426 people.
- The Grand Rapids Metro area has reached over 1 million people.
- Of adults 18 and over: 52.3% are female 47.7% are male.
- The largest age ranges are:
 - 20-24: 11.2% (21,328 people)
 - 25-34: 17.4% (33,134 people)
 - 35-44: 11.8% (22,470 people)
- 28.8 have bachelor’s degree or higher.
- The mean household income in Grand Rapids is \$49,327.

(U.S. Census, 2012)

The Grand Rapids Metro Area as a whole includes over one million people and has the largest population growth of all metro areas in Michigan (MicMillin, 2013). The metro area includes some parts of the surrounding counties and suburbs. This area is home to many of the employees of the downtown area, college students, and other people who travel into the city, who shop at the retail stores and restaurants. The following PESTEL Analysis for the city gives a picture of what opportunities and challenges small retail operations face in the city and metro area. A PESTEL Analysis will explain the current political, environmental, sociocultural, technological, economic, and legal issues which currently affect the Grand Rapids area and businesses.

PESTEL Analysis

Political – The policies of Grand Rapids politicians have created a great environment for entrepreneurship and business. The city is seen as very business friendly and has many local philanthropist/investors helping the city grow in times when the surrounding state seemed to struggle. According to Forbes Magazine, Grand Rapids is ranked in the top 100 “Best Cities for Businesses and Careers” (Forbes, 2013), it is one of the “Top 15 Emerging Downtowns” (Nichols, 2013), and several of the publicly traded West Michigan companies, including Herman Miller and Spartan Stores, have been recognized by Forbes on its annual list of America’s 100 “Most Trustworthy Companies” (Dewey, 2013). These qualities have helped the city become one of the best areas for small business venture.

Environmental – Grand Rapids is a city known for being environmentally friendly. Grand Rapids leads the nation in the number of LEED-certified buildings per capita. And many believe that increasing and supporting this trend could “secure the region's economic future” (West, 2008). The city supports this trend for businesses with its public transportation systems, including hybrid buses, hybrid and electric car charging stations and parking spots, and street cleaning. These efforts keep the area for downtown businesses attractive to residents and travelers, helping the local retailers by supporting motor and foot traffic. An environmental issue to be aware of for downtown retailers is the risks of winter snowfall. During the 2013-2014 winter season, Grand Rapids was the third snowiest city in the country (Tunison, 2014), which challenges business by keeping consumers at home. Especially in a downtown area, where walking and foot travel are the main source of traffic, the extreme weather and snow are liabilities to be aware of.

Sociocultural – The residents of Grand Rapids are a changing demographic over the past ten years, and the cultural trends are changing with them. Since 2000, the number of Grand Rapids rental homes and renting residents has nearly doubled, and its median age has dropped by over 20% down to 30.9 years old (Demographics Now, 2013). The local colleges and universities have contributed to this change, as they grow in size and increase the number of young professionals in the city. These new consumers in the area show support for buying local items and frequent locally owned businesses downtown over chain brands, which is good for

retail entrepreneurs. Further, nearly 25% of the population says they keep up with changing styles and fashions, and 31% says they will pay more for environmentally friendly products (Demographics Now, 2013). Retail business catering to this younger market of professionals and college students will find more growth here than in other Grand Rapids targets.

Technological – Retail technology has become very advanced and less expensive for small businesses with developments in mobile apps, tablet computing, and database systems. Small businesses and individuals can take payments on iPads and other tablets and keep track of inventory and customer information from these mobile systems. The cost for these systems is significantly less for a small retailer than a full POS system of major retailers.

Economic – The economic outlook for Grand Rapids is fairly positive for retail and other businesses. According to a report done by the Upjohn Institute for Employment Research, the Grand Rapids metro area is an “entrepreneurial center,” with 24% reporting as self-employed in professional, scientific, and technical services (Erickcek and Pittelko, 2014, p. 31). The area’s employment in private services has more than recovered from the recession; more specifically, “unlike the nation and the state, GR has fully recovered from the recession” (Erickcek and Pittelko, 2014, p. 17). Household income has also slightly increased in the decade from 2000 to 2010 (Demographics Now, 2013). Demand for living downtown is also increasing as younger “Millennials” fill apartments and lofts in the city center. The demand for new apartments in the downtown area is expected to be 1,200 per year over the next five years. (Harger, 2014). The increasing size of the downtown consumer base makes downtown Grand Rapids even more viable for retail businesses.

Legal – Grand Rapids has multiple resources for legal and other business related advice. The Chamber of Commerce (<http://www.grandrapids.org/business-resources>) offers articles, mentors, and a guide from the Michigan Retailers Association. Acquiring a business license is an easy process that can be done online through the Grand Rapids City website (<http://grcity.us/city-clerk/Pages/Business-Licensing.aspx>). This resource will guide entrepreneurs through city and state licensing and county registration. The easy access to online resources minimizes the legal difficulties of starting a retail business in the city. The major local university, Grand Valley State University, also provides resources for the public and students to access for business. These are outlined here:

- Center for Entrepreneurship & Innovation
- Business Ethics Center
- Van Andel Global Trade Center
- Family-Owned Business Institute
- Family Business Alliance

- Seidman Information Services within the SBTDC
- Michigan Small Business & Technology Development Center
- Michigan Small Business & Technology Development Center Region 7

Case Studies

To further study successful fashion retailing in this modest Midwest city, two profitable retailers were chosen. After facing similar problems and utilizing different solutions with the Grand Rapids' market, the retailers serves as good examples for future business owners.

The following two case studies are from local fashion retailers based in Grand Rapids, MI. Both small businesses have been successful in growing their sales and customer base through different marketing approaches and sales offerings. Each store has a location in downtown Grand Rapids, and one store has a second location in East Grand Rapids. Information from these stores was gathered through in person interviews with their owners during February and March 2014. For privacy, the stores will be referred to as Retailer A and Retailer B. The following sections will outline the businesses' missions, target markets, products, location and presentations, pricing strategies, promotions and competitive advantages, and then provide answers to the owners' questions and specific recommendations for improvement.

Retailer A

Retailer A is has been successfully operating for one year in a prime city center location in Grand Rapids. The owner pinpoints the store's success in finding the location downtown and quickly paying off the business loan to enable profit in its first year. The owner is looking at expanding with a second store opening planned for the last quarter of 2014. Future small business can learn from this business' strategy of mobile systems, new product ordering, and media and public relations.

Mission

Retailer A's concept is simple. They use a tagline for their brand which comprises the ideals and brand name. The idea is to encompass influences from all over the world – fashion and cultural influences – and bring them to one central place. The store's owner works to pick unique pieces that are not available or even similar to those carried in mall stores. Uniqueness is its biggest quality and small quantities of a product are ordered at a time. There is no formally written mission statement, merely a vision by the owner of what it can be. Retailer A focuses on being a central place for quality apparel at reasonable prices and unique items which are pre-trend,. It is not a Forever 21 fast fashion retailer, hopping on trends as they come. The owner/manager wants the store to attract a cultural shopper who is setting the trends in this smaller market.

Target Market

The target market of Retailer A is college and young professional women, ages 22-32. The target woman shops, works, and lives downtown, is familiar with the urban lifestyle and ahead of the trends, and wants a good price. The target customer is not brand driven, but is loyal to the local shops and city she loves. In Grand Rapids, multiple college campuses provide women in this target. The offices and shops in the surrounding area also supply the women in this demographic. Currently the owner is focusing on increase the number of college students and young adults shopping her store. Communicating to this target is crucial to build up a customer base for the expansion plans.

The manager of Retailer A wanted to know some specific things about the people the store markets to. These facts about the customers for Retailer A answer those questions and provide insight for others.

- A typical Grand Rapids household will spend \$1,667 on apparel annually.
- The majority of that will be spent on women's and girls' apparel.
- These same reports indicate that women are willing to spend nearly \$70 on dresses and over \$120 on tops in a year.
- 14.5% of Grand Rapids residents say they want to make a unique fashion statement.
- Only 9.5% have a budget which allows them to buy designer clothes.

(Demographics Now, 2013)

The manager of Retailer A can use statistics like these from *Demographics Now* to estimate price ranges which their target is willing to buy in and, habits as a whole. Having this estimate of what a consumer will spend in a year helps the business owner to price and target accordingly. Further, approximately 15 percent of the GR population wants to make a unique fashion statement; this equates to approximately 28,564 people with the current population estimates. Store management can use these numbers to estimate customer demand and the market size they can reach.

Product

Retailer A's focus on uniqueness involves a strategy of ordering small quantities frequently. Types of merchandise include a variety of women's casual clothing, costume and statement jewelry, dresses and leggings. They receive at most six of an item ordered, and when it is gone, it will likely not be reordered. Online wholesalers are the primary sources, with unknown brand names and unique trends. The owner will have multiple brands in the store at a time. Vendors also visit the store to sell product directly to the shop, however this is always more expensive than the online wholesalers. The owner, who is in charge of all of the buying process, prefers to get the best prices from online vendors in order to translate it to lower prices for the final customer.

Certain challenges with the online ordering strategy are that purchases are based off of a picture. This makes it tough to gauge the quality of the garment. If something is ordered and

once it arrives the quality is not up to the store's standards, there is a restocking fee for the returned items. Being detail oriented is the key to success with online wholesalers. It is absolutely necessary for quality control to analyze everything and know what to look for (such as defects, sizing, fabric quality, etc.).

Eventually the goal is to be able to travel to trade shows and do the ordering in person. Within the next year the owner of this store plans to travel to trade shows in Las Vegas to build in person vendor relationships with potential wholesalers and eventually will be going to see the vendors in New York City. The first challenge is to build the business and demand up to that point.

Place & Presentation

The location was the aspect that took up the majority of the owner's time in research before launching. The owner was able to negotiate a space in a small downtown retail center. It holds multiple, small retail areas within one building in the urban center of Grand Rapids. The small space, shared windows with other retailers, and shared foot traffic makes the space affordable and is modeled like a miniature mall in an urban space. Tenants include a clothing resale boutique, bakery, footwear store, and gift shop. All the shops aim for young adults living in the city, both men and women. The small square footage can be limiting, however the short term leases, flexible usage, and entrepreneurial environment make it a great place to test out concepts and start-ups. Foot traffic from downtown is high, as it attracts local city dwellers, tourists and office workers from the many nearby firms. The owner's goal with this space was to be part of the upswing of retail and growth in the downtown area.

The presentation of product in the store is important because of the small space and window. The manager wants to catch people's eyes on a busy street with lots of sights to see. The brightest colors are often chosen to be in the window to the street or near the door where people walk by towards other shops in the building. Since the size of the store is a challenge, the vertical space on the windowless walls is used to display smaller items. Clearance items are on the smallest rack and actually outside the door along the path of customers towards other stores which attracts bring them in the Retailer A. Because the store lacks space, the owner wants to sell out of items fast and replenish the racks fast. The window displays are changed weekly and the whole store is designed to be flexible and it is easy to rearrange displays in order to fit the needs of the customer.

Pricing Strategy

Promotions and pricing are the vital part of being profitable and important for most of the store's target market when deciding when and where to shop. The manager decides mostly through trial and error what works best for the business. From the experience over the past year, it was discovered that "door buster" sales at a specific lowered dollar price point have had the most success for the products and customers. This is frequently combined with a promotion for a percentage off other items to increase the average units per transaction. The owner frequently shops the competition's promotions and adapts them to Retailer A. Looking at sales the stores

nearby are having for local events, such as Art Prize or Laughfest promotions, and adapting them to its own product is an example of this. The goal is to keep the pricing simple for the customer to understand. Further, discussions and networking with other business owners have provided some of the best ideas to which the target market has responded.

Promotion

In order to communicate to its target customer, Retailer A has used mostly free publicity and public relations. The retailer used paid ads in *Out of Town Magazine*, and Grand Rapids' based *A la Mode* fashion magazine. These were simple print ads which had a clear message with the store logo, address, and shots of the product. The owner did not measure the results of those ads or their unpaid efforts. Free publicity has proven effective for now with the start up. Articles appearing on *MLive* and in the *Grand Rapids Press* and television spots on local news FOX 17 and local lifestyle programming Eight West have given the business the first essential publicity it needed.

Social media has been the retailer's biggest platform. The store operates Facebook, Twitter, and Instagram accounts run by the owner. Compared to other social media accounts, Facebook allows the best tracking on posts and online presence. The Facebook Insights program allows for the management to track the best times and days to post, the most interactive or shared posts, and which items are seen the most. Similarly there is Google Analytics for the website, a program the owner chooses not to utilize, but hopes to in the future once online shopping software is implemented on the store's website. The website provides some help in generating traffic to the store because it provides photos, directions and other contact information, however it is not the main driver for most shoppers who come into the store.

Rewards programs are popular ways for stores to create loyalty and offer perks or deals easily to their customers. The cost of individual loyalty cards is too great for the current business right now, however the store does have an email list which allows subscribers to get exclusive coupons including bi-monthly specials. This has been a successful tactic for repeat customers. It is really the only coupon marketing system the owner can track easily. This has also created regular customers who come in as often as once a week.

Since most customer expansion comes from word of mouth for the store, local partnerships are important to the business. This helps gain it free publicity as well. Retailer A frequently partners with other stores in their building for events and deals to increase overall traffic. It works with Downtown Grand Rapids Inc. (www.downtowngr.org) for city wide events like Laughfest. Merchant meetings between the store owners in the local area provide each other with feedback on sales and events. For Retailer A's owner, networking with other successful businesses is part of a constant process to improve.

Competitive Advantage

Retailer A has an advantage over other fashion retailers in the downtown Grand Rapids market with its selection of very unique pieces which turnover very quickly. The owner does not

want items customers could easily find in a mall store and wants higher quality merchandise than the mass produced items. The consistently changing pieces, which are picked out and ordered personally by the owner, also give the store an advantage. Not having to go through a long corporate distribution process makes changing product easier and faster. It also attracts a younger crowd than many other boutiques in the downtown center. According to Fincham and Minshall (1995), younger individuals are updating more frequently and the businesses achieving a larger sales volume are the ones updating more frequently. Reaching more of this market is critical to Retailer A's success. The owner's past experience as a retail merchandiser for a large company is a further advantage for this shop over other small stores. This experience which other owners do not necessarily understand helps the management of this shop utilize its relatively small square footage most effectively. With most space in the city being much smaller than a suburban mall store or established competitors, the owner knows how to catch peoples' attention and make the product look most appealing.

Recommendations

A SWOT analysis completed for Retailer A clearly shows the challenges and opportunities the owner/manager faces:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Highly visible, well known downtown location • Consistent new product deliveries and reliable vendors • Differentiated product from other downtown retailers and mass retailers • Strong relations with public media and press 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Little resources to invest in marketing or advertising • Unclear expansion plan for future space or stores • Not reaching the target age with media used
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Online advertising needs to be utilized because of low cost • Mobile payment system allows the store to sell elsewhere and reach target more places • Online sales would be easy to start and they can work with their online vendors 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Relatively easy business model and plan to replicate • Downtown development makes current location more difficult to reach, drive to, or find • Expensive downtown living costs keep target market from the area

As Retailer A plans its first expansion, the owner/manager should address the challenges faced by the first store. First, the store does not have a written mission statement or strategic plan. The idealized version of the store which the owner pictures will more effectively and efficiently become a reality with a definitive plan of action for the store to increase SKU numbers, better reach the desired target, increase sales and open the second store.

The boutique seems to have a challenge hitting the target it aims for. The promotional and marketing plans are not effectively reaching the college-aged and young twenty demographic it desires. Local college women are not the key audience of their promotional appearances on FOX 17 or Eight West or the local magazines in which ads have been placed. Possible solutions to this problem include expanding its distribution and promotion marketing by using mobile sales abilities and doing pop up shops on campuses, fashion shows and on campus events, and partnering with sororities and other campus groups to get brand ambassadors influencing the target group. Utilizing the marketing channels most used by the 22-32 age demographic the shop wants to attract would be a better use of resources and create long term, loyal buyers who feel connected to the store in a more personal way than other stores.

Further, tracking the effectiveness of the ads and promotions that the manager does engage in would be a good idea for the future. Whether the customer has to bring in the ad to the store or mention a keyword for a discount, this would provide better feedback for the manager to track without greatly increasing its costs. Currently, most feedback is from word of mouth and is uncounted. This is not as measurable of a system to achieve its reach and growth goals. Google Ads would be the best advertising for them to utilize because it can aim exactly at its target age, gender, and location. Tracking views and clicks is extremely simple and more of its target will see these ads than its current publicity strategy.

The store should focus its limited resources on growing its different channels of selling. Creating a small online shop to supplement its current brick and mortar business would be the least expensive way to expand in a shorter amount of time. Making use of technological developments with online shopping cart software and its current Square System iPad software would be the easiest channel for the owner. This, combined with online advertising, would increase overall sales, awareness of the brand, and help the store to generate revenue which could be used to expand to the second store.

Retailer B

The second downtown Grand Rapids retailer is an operation that has been successful for three full years and has two locations in the city. One is in East Grand Rapids; the other is downtown in the city center. The eastern location opened first, over three years ago, and the downtown location has been open for a year and a half. This shop has a broader range of product than Retailer A, uses a different vendor relationship strategy and places more effort on socially responsible practices. The challenge for this store is to adapt its suburban shopping center success and strategy to their downtown location and customer.

Mission

Retailer B states its mission as “To provide fun, funky, classic and cool lines of jewelry, apparel and small gift items. Keep our inventory made in the USA, and buy local! Work hard to keep prices reasonable and inventory constantly changing. Be a part of the community and do social good.” This shop focuses on giving back to the customers and local area as much as it

does on growth and profits, a strategy making it attractive to the customers and residents in the area where buying local and small business are supported.

Target Market

This shop aims for a more established target market in its East Grand Rapids location compared to the downtown store. It is looking for the late twenties-early thirties woman with a steady disposable income. It hopes to reach a similar market downtown. The ideal shopper for the store is a young professional woman who values unique, locally made pieces, and gifts for others. Its clothing lines are also higher priced garments than other local competitors like Retailer A. The challenge with its downtown location is the younger age of many surrounding residents and the lower income for college women and young professionals. The East Grand Rapids location has more women who are more advanced in their careers and have extra discretionary income.

The manager of Retailer B wanted to know some specific things about the people the store markets to. These facts about the customers for Retailer B answer those questions and provide insight for others.

- A typical Grand Rapids household will spend \$177.27 on apparel accessories annually.
 - Of the people who shop in Grand Rapids, 59.1% of shoppers in the area always look out for special offers.
 - For apparel, 31.2% of the shoppers always look for a brand name and 39.6% always look for favorite brands first.
 - Of people in Grand Rapids, 50.5% say they have a conservative dress style.
 - Only 9.5% have a budget which allows them to buy designer clothes.
- (Demographics Now, 2013)

For Retailer B, knowledge of what the average person will spend on the store's typical products in a year is important for pricing strategy and demand estimates. With the majority of customers also always looking for special offers, it can tailor its online or email presence to offer deals and get consumers in the store. Many are always looking for a brand or a favorite brand, something the locally focused store does not necessarily offer. The statistics on attitudes about apparel can be very helpful in strategizing each store's offerings and pricing or sales.

Product

The product Retailer B sells ranges from small gifts, hand-crafted jewelry, and some clothing. Most jewelry items are individual or very few quantities of the same item are ordered. These come from local artists and gift suppliers. The clothing is bought from domestic designers and clothing makers. The owner and manager of this store works on finding vendors and buys product herself, looking for offerings that are not too trendy or ostentatious, but not overly conservative either. The owner finds just the right pieces which have a classic look, different from the more unique boutique shops in the downtown area, which sets them apart. Clothing and other gift items are often found at these shows with the jewelry, but much of that is bought online as well, from verified made in America sources. Items are often bought together as

collections or it is requested that items are made with certain colors or features to match certain trends.

Trade shows and craft shows are where the owner finds most great pieces. Travelling to these in the West Michigan area and outside the region, and networking forms great relationships with suppliers. Travelling to tradeshow is expensive though, which contributes to higher prices in the store. However, this expense and the buying process as a whole garners great quality products. Making sure the products are quality and are made and sourced locally or at least domestically is a motivation for the owner/manager to invest in traveling to shows.

Place & Presentation

For Retailer B, both locations have been successful, and starting out in the East Grand Rapids location helped it build its customer base before expanding by adding a second store the more expensive and difficult downtown location. The original East Grand Rapids location has a larger, open floor plan with two main windows to the street with other shops close by. The downtown space is in the center of the city and gets the majority of foot traffic from nearby businesses and downtown events. The store itself utilizes spaces with lots of wall display space and looks for locations with good window visibility to draw in the most street traffic. Its goal is to get its product seen by as many people as possible. When the owner looked for the downtown location for expansion, initially the chosen space was in a less visible spot without direct site to the street. After six months, Retailer B switched to a larger space on the outside of the building to be more visible. Once moving to a spot with a street facing window, there was a significant increase in traffic, according to the owner. Almost all the wall space is used for presentation in the downtown location. The East Grand Rapids location has much more floor space, and therefore sells more clothing and gift items which require more room to display.

Pricing Strategy

Prices vary greatly for Retailer B in comparison to Retailer A and other apparel retailers. It has a mix of higher end pieces and higher quality pieces with lower priced trinkets and garments. The shop uses flat dollar amounts as prices, rather than going with an odd pricing strategy. This makes it easier for its customers and the store. Promotional strategies the boutique uses include “buy one get one” events for a percentage off, which is particularly successful with its clothing products. All the products have an even dollar amount for their original price and anywhere from a fifty to one hundred percent markup depending on the product. For the most expensive jewelry items or hand crafted items, including an extra service like personalization or gift boxes with the purchases are successful and increase demand. The challenge of having high end pieces in the shop is that discounting them too much can be difficult, because products are not seen as prestigious.

Promotion

Retailer B promotes itself by using consistent communication from each of its stores and hopes to get customers to visit both locations. Strong communication with customers in store and utilizing the store’s website are the biggest ways the owner promotes the shop. Management

primarily used the social media sites Facebook, Instagram, and Twitter, to communicate the opening of the second store and continue to use these tools to promote both locations. The store had some publicity for the grand opening through local news articles on MLive and other sites, but for the most part operates and promotes without much media attention. The store does not pay for television or printed ads due to budget constraints. The social media platforms keep promotion free or very low cost. One technique used is promoted posts on Facebook to increase page views and this way can reach specific locations, genders, and ages. Google Ads and analytics are paid for and used to track all social media, website and online advertising. Advertising and tracking through Google seems to provide the best value for Retailer B, which can afford to spend on online marketing and promotion more than a single, newly opened store, such as Retailer A, can.

Retailer B does not utilize any rewards programs or frequent shopper programs. An email list is utilized through a free online marketing service to send out newsletters. These newsletters communicate sales, new lines, or new artists the store features. One newsletter is sent for both locations, so a challenge may be to tailor it to the two customer bases and products in stock, but for current resources, the single communication tool is effective. The store reports a high open rate of the emails, around twenty five percent on average. Coupons in the emails are effective and easily counted by the store. Most repeat business is generated this way. The most used coupons are for an even dollar amount off of a certain amount purchased (e.g., \$5 off \$35 purchase) or a percent off on a certain day (e.g., %10 off on Valentine's Day).

Additional promotion comes from partnerships with local charities and non-profit organizations. The owner of Retailer B has personal connections with Ele's Place (<http://elesplace.org/>) for children, Relay for Life in Grand Rapids, the American Cancer Society and the local children's hospital. The store hosts events and fundraising days where a percent of purchases goes to a charity. Events and days are chosen for holidays, the store's anniversary, and when business slows down in off seasons. The cross promotion of the local organizations and the shop itself has helped bring in new customers and created good brand perceptions from shoppers.

Competitive Advantage

Two particular features set this store apart from other local fashion retailers. What has made it successful so far is the ability to find American and local made fashion, jewelry, and gifts. The shop builds relationships with its vendors who sell directly to them. The trend of "reshoring" and sourcing products domestically is driving many retailers, including the larger brands in 2013 and beyond (S&P Capital, 2013). This strategy is something that Retailer B embraces, and wants to source all items domestically. Secondly, the customers and vendors know the store and management works closely to fundraise and promote the local community through its partnerships. According to research from Shim and Drake (1991) details about community or public services in their product, store, and services was a key factor associated with profitable locally owned women's apparel stores.

Recommendations

A SWOT analysis completed for Retailer B clearly shows the challenges and opportunities the owner/manager faces:

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Strong customer base in east location to support downtown location • Online shopping cart and sales capability • Good relationship with local sources for product • Strong relationship with local non-profits and charity work 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Higher price for lesser known brand; seen as less valuable than other store brands to consumers • Does not keep track of much customer data other than email addresses • Less publicity through local media than competitors
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Chance to gain a younger market in downtown location • Partner with other local retailers to increase overall business downtown • Update website to offer more options than just the jewelry category 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Other retailers selling similar product at lower prices • Some of the higher priced items can be replicated by other artists, vendors, or retailers • Other local jewelry sellers sell better known branded product and have already established a downtown presence.

Some select issues for the retailer to address include trying to reach a younger customer, often with less disposable income, in the downtown location. The owner would also like to see the downtown customer visit the original location, which is larger and offers a wider selection. Also, making frequent customers of the East location aware of the downtown store is an issue. Getting the customers to visit both locations is a challenge and hard to control. Using the online ad targeting and emails to communicate about both stores is necessary. Overall getting more customers, younger customers, and in both of the stores is important for success.

Retailer B's online presence is strong, and they have the capabilities for customers to purchase online. However, only limited jewelry and gift items are available online. If expansion of the online store included the apparel lines, they could gain more online transactions and compete with other online retailers in addition to the brick and mortar stores in the city.

Another difficulty for the store is the other jewelry sellers in the area which sell better known brands of product. These jewelers may have an advantage with an existing customer base and selling national brands of jewelry or cheaper imitations. The prices for Retailer B's jewelry are higher than what the typical Grand Rapids resident would pay for accessories. According to the statistics from Demographics Now and CEX, the average household in the Grand Rapids Metro area only spends an average of \$177 on apparel accessories annually (Demographics Now,

2013). This would equate to only one or two pieces of the average item from Retailer B. For the store to compete, creating a stronger brand name for the store will help create more value for the customer based on where the items were bought.

Conclusion

Nationally, as stated by the Standard and Poor's outlook (2013), new jobs are giving more consumers money to spend, and low interest rates and looser credit standards have made consumer financing attractive and more accessible. This is good news for all retailers, especially since the 2008 recession. With the Grand Rapids area improving and the local outlooks seemingly positive, fashion apparel retailers have great prospects in the area for consumers and profits. In the past, nationwide studies have showed that for profitable women's apparel shops some of the most important promotional activity was fashion shows, followed by visual promotion and sales promotion (Shim and Drake, 1991). In today's market, the local retailers have great opportunities to connect with their customers further through personal connections and become actively involved with the consumers and can tailor similar promotional tools easily.

The research collected here on the Grand Rapids area and fashion apparel retailers found two successful business strategies. Though not perfect, these businesses looked at what made them stand out in the area and utilized all available resources. Retailer A is reaching for the young, constantly changing, unique residents increasingly living and working downtown. Retailer B is the classic all-American shop for gifts, jewelry and apparel which appeals to two segments and locations in the area. From the in depth data available for this research, interesting answers to their questions could be found on the changing attitudes and populations they are aiming at. The two case studies are examples of success in the field. This paper will hopefully provide future entrepreneurs in the area information and insight into the industry and market they will enter.

References

- Demographics Now. (2013). Retrieved from <http://library.demographicsnow.com/>.
- Dewey, C. (2013, April 12). West Michigan companies make Forbes' most trustworthy list. *Grand Rapids Business Journal*. Retrieved from <http://www.grbj.com/articles/76587-west-michigan-companies-make-forbes-most-trustworthy-list>
- Erickcek, G., & Pittelko, B. (2014, January 14). 2014-2015 Forecast for the Grand Rapids MSA. *Upjohn Institute for Employment Research*. Retrieved from http://www.upjohn.org/sites/default/files/wmich/presentations/homebuilders%202-14-2014%20v2_0.pdf
- Fincham, L. H., & Minshall, B. C. (1995). Small Town Independent Apparel Retailers: Risk Propensity and Attitudes Toward Change. *Clothing and Textiles Research*, 13, 75-82.
- Harger, J. (2014, March 2). A downtown apartment is an elusive and expensive dream for millennials." *MLive.com*. Retrieved from http://www.mlive.com/business/west-michigan/index.ssf/2014/03/downtown_housing_is_an_elusive.html
- S&P Capital. (2013, November). Industry surveys apparel & footwear retailers and brands. *Standard & Poors Capital IQ*. Retrieved from <http://www.netadvantage.standardandpoors.com/NASApp/NetAdvantage/showIndustrySurvey.do?task=showIndustrySurvey&type=pdf&code=apf>
- MicMillin, Z. (2013, March 14). Metro Grand Rapids, swelling to 1M people, leads Michigan metros in growth. *MLive.com*. Retrieved from http://www.mlive.com/news/grand-rapids/index.ssf/2013/03/grand_rapids_leads_state_metro.html.

- Nichols, M. (2013, March 26). Grand Rapids makes Forbes list of emerging downtowns. *Grand Rapids Business Journal*. Retrieved from <http://www.grbj.com/articles/76462-grand-rapids-makes-forbes-list-of-emerging-downtowns>
- Shim, S., & Drake, M. F. (1991). Profitability of women's apparel shops: business practices, promotions, and store/owner characteristics. *Clothing and Textiles Research*, 10, 68-75.
- Forbes. (2013, August 1). The best places for business and Careers. *Forbes Magazine*. Retrieved from <http://www.forbes.com/best-places-for-business/list/>.
- Tunison, J. (2014, March 1). Snowed in: Grand Rapids still 3rd in nation for snowfall. *MLive.com*. Retrieved from http://www.mlive.com/news/grand-rapids/index.ssf/2014/03/snowed_in_grand_rapids_still_3.html
- American FactFinder (2012). U.S. Census. Retrieved from http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_1YR_DP02&prodType=table
- Weaver, D. (2014, February 20). Retailer A. Personal Interview.
- Weaver, D. (2014, March 15). Retailer B. Personal Interview.
- West, E. (2008, October 1). America's greenest city. *Fast Company*. Retrieved from <http://www.fastcompany.com/1007062/americas-greenest-city>