

**Motivating Communities to Shop Locally:  
Implications of Ethical Behavior Marketing for Independent Businesses**

**By**

**Erin B. Neel**

**M.Ed., Educational Media and Computers  
Arizona State University, 1995**

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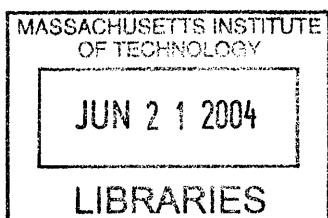
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**Signature of Author:** \_\_\_\_\_  
**Department of Urban Studies and Planning  
May 17, 2004**

**Certified by** \_\_\_\_\_  
**Karl Seidman  
Senior Lecturer, Department of Urban Studies and Planning  
Thesis Supervisor**

**Accepted by** \_\_\_\_\_  
**Dennis Frenchman  
Professor of the Practice of Urban Design  
Chairman, Master in City Planning Program**



**ROTCH**

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## **ABSTRACT**

Local independent businesses are critical to the economic health and quality of life of communities. This thesis examines whether marketing can motivate people to consciously and reliably support local independent businesses in their community. The first chapter provides an introduction to the problem, explains why marketing can be a solution, and describes how one emerging type of organization – the Independent Business Association – is currently engaged in this process. Chapter 2 reviews the literature on social marketing to develop a framework for analyzing marketing campaigns, and the literature on ethical consumerism to recognize trends and identify characteristics of the typical ethical consumer. Chapter 3 uses a social marketing framework to examine four ethically-motivated organizations who market products to consumers: SERRV, Ten Thousand Villages, TransFair USA, and CISA. Each case study discusses the organization's marketing goals, strategies (positioning and target markets), and tactics (product, price, place, and promotion). Chapter 4 provides recommendations to Independent Business Associations for creating marketing campaigns that encourage community support for local independent businesses, and makes conclusions based on the research.

Thesis Supervisor: Karl Seidman

Title: Senior Lecturer, Department of Urban Studies and Planning

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## CHAPTER 1 – INTRODUCTION

### 1.1 BACKGROUND AND MOTIVATION

U.S. cities are in a fiscal crisis. They suffer from years of disinvestment as a result of suburban migration and funding cuts by federal and state governments<sup>1</sup>. As institutions tasked with providing services – and jobs – to their citizens, cities have very few tools to generate the revenue required to provide those services. A city's primary methods of economic development are to attract and retain businesses, and to encourage the formation of new businesses by their residents. Many cities have relied heavily on the former strategy.<sup>2</sup> This reliance on attracting branch stores, offices, and plants of outside corporations has been fraught with problems that are being felt by residents on a daily basis.

First, there is evidence that the tax breaks and 'free' infrastructure used to attract and support these businesses can result in a net loss for the city.<sup>3</sup> Second, this reliance on large publicly-owned corporations and retail chain stores fails to take advantage of an important economic phenomenon – the economic multiplier. First articulated by economist John Maynard Keynes in 1936, and still purported by regional economists today, the economic multiplier describes the impact of a dollar spent in a community. When a shopper spends money at a business, it is used by the business to support its operations; replenishing stock, paying employees, purchasing supplies, and hiring professional services such as insurance agents, lawyers,

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<sup>1</sup> According to a November 2003 survey of 328 cities conducted by the National League for Cities, "more than four out of five finance directors surveyed (81%) said their cities were less able to meet financial needs compared with the previous year, the largest proportion since 1990." And, "as a result of an increasing squeeze on municipal budgets, many cities and towns are cutting staff and services and are increasing fees."

[http://www.nlc.org/nlc\\_org/site/newsroom/nations\\_cities\\_weekly/display.cfm?id=FB522CE9-8551-4CF2-B673BF1480AB93B3](http://www.nlc.org/nlc_org/site/newsroom/nations_cities_weekly/display.cfm?id=FB522CE9-8551-4CF2-B673BF1480AB93B3)

<sup>2</sup> For a discussion of this phenomenon and references to related studies, see "Can Politicians Bargain with Business?" Urban Affairs Quarterly, December 1993. Kantor, Paul and Savitch, H.V.

<sup>3</sup> A study conducted by Tischler & Associates found that the infrastructure required to support big box retail stores is so costly that the stores generate a net annual deficit of \$468 per 1,000 square feet, while "specialty retail, a category that includes small-scale Main Street businesses", generates \$326 in revenue per 1,000 square feet for the city.

accountants or transportation. Generally, a local independent business will hire local residents, purchase stock and supplies from other local businesses, and use the services of local accountants and other professionals. In this way, the money spent at the original local independent business multiplies throughout the community, creating jobs and supporting other businesses in the community. As each of these secondary businesses uses local people and businesses, the money further multiplies in the community.

When city governments heavily rely on large national corporations and chain stores, much of the money leaves the community immediately rather than multiplying its impact. Professional services are usually contracted out to other large national corporations, and profits go to corporate officers outside the community who have little stake or personal interest in the well-being of the community in which the branch operates. Recent studies from the Institute for Local Self Reliance (2003), Civic Economics (2002), and the New Economics Foundation (2002) all support the notion that local independent stores have a larger (up to 3 times larger) economic and employment impacts than chains because of this local multiplier effect. New studies suggest that the introduction of chain stores does not increase sales for a region, but rather replaces sales made by nearby existing businesses,<sup>4</sup> suggesting that many existing primary and secondary jobs supported by these businesses will disappear if these businesses close down in the face of competition.

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<sup>4</sup> The 2003 National Main Streets Trends Survey found that, “almost one-third of all survey respondents reported that competition from big-box superstores and commercial sprawl development was a significant problem for their historic main street districts.” According to Stacy Mitchell of the Institute for Local Self-Reliance, independent booksellers’ market share has dropped from 58 to 17 percent since 1972, and 11,000 local pharmacies have closed since 1990. According to Ken Stone (1977), author of “Impact of the Wal-Mart Phenomenon on Rural Communities,” 10 years after a Wal-Mart has moved nearby, small towns lose up to 47 percent of their retail trade. Another study by Ken Stone (2001) found that Iowa counties adjacent to a county with a new big box home improvement store saw an average sales leakage change from \$2 million to \$5 million over a period of six years following the introduction of a big box store.



**Figure 1.1 Defining Locally Owned Independents and Chains**

**Local Independent Businesses have the following characteristics:\***

- Private Ownership.
- Owned in majority by area resident(s).
- Full decision-making function for the business lies with its owner(s).

**Chain stores have the following characteristics:**

- Part of a group that is owned, managed, merchandised, and controlled by a central office.
- Has many locations across the country or state.
- Branch locations have little operational autonomy.
- Central office and corporate decision makers have no formal interest or connection to most branch communities.

*\*Modified from: [www.amiba.net](http://www.amiba.net)*

Locally-owned independent businesses have also been found to give a greater percentage of their income to charity<sup>5</sup> and have the authority and incentive to donate time, goods and services to help the local community.

Third, the existence of local independent stores allows customers to have more product choices and more products tailored to local tastes. Products offered by national and international stores are determined by a national market, or by the moral standards of the corporate board, who can afford to ban CDs or magazines they find offensive. When small local businesses close down under the pressure of the chain's low prices, shoppers' choices are limited by the decisions of the chains that are left, and local residents have little impact on these decisions.

Architectural variety and visual integration are also benefits not provided by chain stores. The variety of storefronts borne of creative local entrepreneurs is absent from the facades of Target, CVS, the Gap, and K-Mart. Sterile environments discourage the lingering and socializing that allow people to feel a sense of community; uniform designs erase any unique sense of place,

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<sup>5</sup> The aforementioned study of businesses in Midcoast Maine found that local businesses gave four times more to charity per dollar revenue than Wal-Mart and twice as much per dollar revenue than Target.

-- and highways and parking lots physically disconnect the stores from a community and its living and gathering spaces.

A final concern about the proliferation of big box stores is their negative impact on the environment. Many new shopping centers are constructed on the outskirts of town in previously undeveloped land, paving over green spaces. This development trend can lead to loss of farmlands, the disturbance of watersheds that can result in drainage problems and flooding, and the incentive for community members to drive more and longer distances, contributing to air pollution.

As chain stores continue to enter new areas across the U.S., these problems are affecting an increasing number of communities. Communities have used several methods in an attempt to reverse some of these trends and support their independent businesses. In some cases, cities have stopped giving tax breaks to chain stores, other cities have required social and environmental impact analyses to determine whether the project is a net benefit, and some of these cities require fees to counteract the costs of these impacts. Many cities have used zoning regulations and size caps on non-tax-generating businesses. Finally, some cities require public agencies and departments to make all or a certain percentage of their own purchases or service contracts from local businesses.

Each of these methods has the potential to successfully block the construction of chain stores or increase the sales of local independent stores in certain local communities at one time or another. However, most of these methods and policies can be circumvented through loopholes or contested by powerful chains, and they ignore the crucial factor that drives the growth of chain stores: consumer preference.

Chain stores are successful because consumers shop at them. Rationally seeking stores that save them time and money, community members choose to shop at chain stores that are often more

convenient and seemingly cheaper. As long as people prefer to shop at chain stores, they will continue to exist and grow. For this reason, communities must consider consumer preferences and purchase power as potential tools to support local independent business. If the majority of consumers change their preferences and begin to shop at local independent businesses, many of the policy measures listed above will become ancillary. Marketing to community members may effect the social change necessary to turn things around.

In the past few years, a new network of organizations has recently begun to form with this goal in mind. Independent Business Associations (IBAs) are locally-based membership organizations whose primary mission is to support local independent businesses. As new organizations with almost no full-time staff members and very little money, most IBAs have not had the capacity or skill-sets to launch professional marketing campaigns. At the same time, there are many other, more established organizations with similar goals that may be able to provide insights into how IBAs can engage in marketing. As a result, this thesis seeks to answer whether IBAs can learn from other social-mission organizations who have marketed to consumers in the hopes of encouraging them to engage in ethical behavior.

## **1.2 OVERVIEW OF INDEPENDENT BUSINESS ASSOCIATIONS**

In order to understand the context within which these recommendations would be implemented, it is worth discussing independent business associations (IBAs) in more detail. IBAs are locally-based organizations whose primary mission is to support local independent businesses. In the United States, there are two major networks of business associations, and several un-affiliated organizations. AMIBA, the American Independent Business Alliance, was launched in 2001. AMIBA states that it is:

“united to raise community awareness of the benefits of doing business locally, collaborate toward gaining local independent businesses some of the advantages enjoyed by chains, promote the interdependence of community-based businesses, and advocate to help shape local policy that nurtures the community.”<sup>6</sup>

The association has slowly been gaining members over the past two years, with member organizations in twelve cities as of December 2003. Another organization, the Business Alliance for Local Living Economies (BALLE) was also launched in 2001, and has members in twenty cities. BALLE’s mission statement is “to create, strengthen and connect local business networks dedicated to building strong Local Living Economies.”<sup>7</sup>

In both the AMIBA and BALLE models, member organizations in each city pay dues to the national organization to receive materials, guidance, and networking opportunities. Most of the member organizations have only a director and a few volunteers or a volunteer board, and most do not have full time staff. In addition to these two networks, there are also similar, un-affiliated organizations in at least six cities across the U.S.

While the findings and recommendations in this study will most likely be useful for all independent business associations, this thesis will focus its recommendations on members of the American Independent Business Alliance (AMIBA).

AMIBA and its members work toward the following goals: to shift the community conscience toward supporting local and sustainable practices, to change the economic structure of the community, and to establish community self-reliance. These goals are based on a belief that local independent businesses provide important functions to a community and its local economy.

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<sup>6</sup> AMIBA website, <http://www.amiba.net>

<sup>7</sup> BALLE website, <http://www.ballenetwork.org>

Table 1.1 provides a list of the community benefits that result from supporting local independent businesses, according to AMIBA and its members<sup>8</sup>.

AMIBA's local chapters vary significantly in their size, membership structure, and activities. Most IBAs are led by one or two local merchants working part-time, and most of their members are merchants. The directors are unpaid, and they dedicate their time to IBAs after many hours of managing their own stores. There are some exceptions to this merchant-oriented structure. For example, the Santa Fe IBA is led by community volunteers who are not merchants, and their members include both merchants and any interested residents.

As mentioned above, each IBA pays to become a member of the national AMIBA network. At the local level, individual merchants usually pay a yearly fee to their IBA, and receive a variety of benefits, which often include a listing in a store directory (paper and/or online), promotional materials like bumper stickers and window decals, and coupons at other member stores. Many IBAs are still tweaking their fee structures; yearly fees in different cities have ranged from \$1 to \$1000, with many hovering around \$100, and some IBAs offer a sliding scale. These fees are usually the primary income of the organization, while some of the IBAs also make a small amount of money through sales of T-shirts, bumper stickers and mugs. Most IBAs have not received funding from foundations.

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<sup>8</sup> Based on AMIBA and IBA websites, discussions in conference calls, and three separate conversations with the AMIBA Director, and two local IBA members.

<b>Table 1.1 Value Propositions (Benefits of Supporting Locally Owned Independent Businesses)</b>	
1.	Preserves the character of the local community, history of community relationship or the building itself.
2.	Supports the local economy by providing jobs to store owners, supplier business owners, and residents who work at those businesses.
3.	Supports workers through jobs that pay fair wages and provide flexible work environment.
4.	Enhances the well-being of community through monetary and in-kind donations, volunteering.
5.	Allows community members to exert control over local environment.
6.	Provides unique products, more product variety, and products serve the needs of the specific community.
7.	Provides better customer service.

IBAs conduct a variety of activities, and provide several member benefits. Some of the IBAs have run sales promotions such as the Independents Week promotion that started in Tampa, and the Unchained promotion that started in Austin. IBAs have also hosted races and other recreational events, while many have a political focus, working directly with local and state officials and economic development agencies to educate them and ensure that their policies align with those of AMIBA. Letters to the editor and press releases are common activities of IBAs, who have little money for paid advertising. T-shirts, mugs, bumper stickers and window decals are

common low-cost promotional materials used by many of the chapters. In fact, promotional materials are interesting because they reveal a tension between the desire of members to be part of a national movement with a Locally-Owned Independent brand, and the need to promote the uniqueness of their own cities. Being part of a national network has several benefits. First, participation in national events and campaigns help local chapters garner interest from their local news media. Second, creating brands at the national level takes advantage of the creativity of more members, alleviates the design and production burden of local chapters, and provides consistency and repetition that will make the concepts more memorable to those consumers who hear the same message from different cities. Finally, the ultimate goal of most IBAs is to make a fundamental change in the economic structure of the U.S., one city at a time, so national involvement is critical.

However, this desire to create a recognizable national brand must be balanced with the need to celebrate the unique culture of a local place. AMIBA recognizes this tension and works hard to include the ideas of all members then create templates for promotional items that can be customized at each local chapter. A similar tension exists at the local level when trying to create an advertisement or slogan that is detailed enough to be compelling to shoppers while accurately representing the myriad of businesses that are represented by an IBA. This problem and suggested solutions are discussed further in Chapter 4.

IBAs differ from other business development organizations like chambers of commerce, Main Street organizations and Business Improvement Districts (BIDs) in that their common focus is the independent business, and not just a geographic area. Both Main Street organizations and BIDs determine local boundaries to define the neighborhood they hope to improve, while neither

they, nor chambers of commerce, exclude chain stores from their activities. As of today, IBAs are city-wide and focus on bringing to support exclusively to locally-owned independent businesses.

IBAs also differ from these organizations in their activities and resources. While IBAs are similar to chambers of commerce in that they are both trying to change consumer behavior through promotions, chambers of commerce tend to have longer histories, larger budgets and an established place in the community. IBAs may be able to partner with chambers of commerce to develop joint promotions, or work together to have consistent messages. If the local chamber agrees with the IBA goals, IBAs could bring additional members to the chamber in exchange for promotional assistance.

Main Street organizations, with their approach of tackling four points of intervention (design, organization, economic restructuring, and promotion), could nicely complement the work of IBAs. IBAs, focusing on marketing, could alleviate some of the promotional duties of the Main Street district, and provide customer feedback to the organization. In turn, Main Streets can bring significant financial resources and expertise to work on improving the “buy local independent” product. With help from the National Main Street office, city government funding, and partnerships formed through its organizational efforts, a Main Street district can improve facades and streetscapes and provide technical assistance to independent businesses that IBAs could not.

Similarly, IBAs and local Business Improvement Districts (BIDs) could work well together. Again, IBAs could provide customer feedback regarding safety, security and cleanliness to BIDs, who could use this feedback in their prioritization. Because BIDs voluntarily tax themselves, they have sufficient resources to beef up security through public or private patrols, improve and increase frequency of street cleaning, and engage in other design activities that could



be coordinated with IBAs. IBAs can also assist BIDs in their promotion efforts, allowing them to further focus these other activities.

In addition to functional collaboration among these organizations, IBAs in cities with one or more of these business organizations can also collaborate with them on an administrative level. Merchants hoping to control the business environment and increase sales will likely want to work with any of the business development organizations operating in his or her area. If too many organizations exist, time constraints may force them to choose to participate in only one or two. IBAs, Chambers of Commerce, BIDs, and Main Street organizations can be sensitive to the merchants by clearly articulating their different missions and activities, sharing information with each other and their member merchants, and perhaps hosting joint meetings.

Of course, because these other organizations have not historically limited their activities to independent businesses, these partnerships may not work in every case. IBAs may be unwilling to work with organizations that recruit and support chains, and the other organizations may react in the same way. One way that IBAs can approach Main Street districts and BID neighborhoods in cities who have multiple branches of these organizations may be to help them realize that focusing on small independent businesses decreases the chance of different neighborhoods cannibalizing each other. Instead, the focus on independent businesses pulls business away from chains and exurban big box shopping centers and into all of the districts.

So while IBAs may potentially be able to partner with other organizations to work toward their goals, many others will not. Whether or not IBAs work in partnership, they can certainly benefit from assistance with the development of marketing campaigns that are specific to their

mission. These fledgling organizations have little financial or organizational capacity to run marketing campaigns. Often the executive director is a local business owner who is not necessarily a marketing expert. Until now, each local member has run its own promotional efforts with some help from AMIBA. The capacity, fundraising ability, and breadth of activities vary greatly from city to city. This year, the national office, AMIBA, is helping individual members to collaborate, share ideas, and work together on collective national campaigns. AMIBA is developing customizable templates and logos for promotional items and press releases. AMIBA hopes to create a cohesive, recognizable identity and to leverage the strength of national events, while allowing localities to customize the materials and events to meet their own needs and personalities. This branding and localization process is coming together through two new promotional events planned for 2004, an Independents Week during the first week of July, celebrating independent businesses, and an Unchained event which will take place in the fall. As the marketing messages and materials come together for the first time, IBAs can learn from the experiences of other organizations that have used marketing to effect social change. This thesis has been written with the hope that its findings and recommendations will help make these campaigns, and AMIBA's future campaigns, successful.

### **1.3 THESIS STRUCTURE**

The thesis includes three additional chapters. The next chapter reviews two bodies of literature: social marketing and ethical consumerism. Social marketing is the use of marketing techniques to encourage people to behave in ways that benefit society. This literature provides a useful framework to analyze marketing campaigns. Ethical consumerism describes the phenomenon in which consumers make purchase decisions based on the ethics of how a product is

produced or sold. This literature provides encouragement by revealing an increase in ethically-based sales over the past ten years, and provides a snapshot of the typical ethical consumer.

In Chapter 3, the social marketing framework is used to examine four ethically-motivated organizations who market consumer products and whose goals are similar to those of Independent Business Associations. These organizations are SERRV, Ten Thousand Villages, TransFair USA, and CISA. Each case study includes a discussion of the organization's marketing goals, strategies (positioning and target markets), and tactics (product, price, place, and promotion).

Chapter 4 synthesizes the two previous chapters and provides recommendations for Independent Business Associations that are creating marketing campaigns to encourage community support for local independent businesses.

## CHAPTER 2. REVIEW OF LITERATURE

While I was unable to find any academic literature on the use of marketing for buy local campaigns, there are two bodies of literature that provide guidance to the topic: social marketing and ethical consumerism. Social marketing, the marketing of behaviors that benefit society, provides a framework for IBAs to develop their campaigns. My review of this literature focuses mainly on the definition, uses, and basic framework of social marketing. Elements of this literature will be incorporated into later sections of this paper, specifically Chapter 3: Analysis of Ethical Organizations and Marketing Materials, and Chapter 4: Recommendations for Independent Business Associations.

Ethical consumerism is the practice of choosing to purchase products or services based on the ethics of how they were produced or sold. Ethical consumers may choose *not to purchase* a product because it was tested on animals, or *to purchase* a product because its producers were paid a fair wage. The review of this literature provides insight into the prevalence of ethical consumer behavior and helps to formulate a description of the ethical consumer. After looking at several studies, I was able to identify trends, synthesize the demographic and psychographic characteristics, and categorize the behaviors and beliefs of ethical consumers. From these bodies of literature, IBAs can begin to structure their marketing campaigns, identify potential target markets, and target those markets.

## 2.1 SOCIAL MARKETING

### 2.1.1 What is social marketing?

The field of social marketing was originally developed in the early 1970s, and while social marketers have become savvier, the basic concept and underlying framework remain the same.

The most useful definition, as stated by Andreasen (1995), is

“the application of commercial marketing technologies to the analysis, planning, execution, and evaluation of programs designed to influence the voluntary behavior of target audiences in order to improve their personal welfare and that of their society.”

While similar to a version used by Kotler (1971) and Bloom (1981), this definition contains a key concept absent from the others – behavior. As described in all of the social marketing texts and articles, the bottom line is the consumer’s behavior. As Andreason puts it, “social marketers regard what their customers actually do as the bottom line for judging their success.”

Social marketing campaigns have been used primarily in the field of public health to encourage people to engage in more healthy behaviors, such as to exercise, stop smoking, or use contraception. While these behaviors clearly benefit the target audience (consumer), there are also social marketing campaigns that encourage behaviors that benefit society as a whole, such as refraining from drunk driving or giving blood.

There are several related disciplines and activities which may be confused with social marketing. The first is commercial marketing. *Commercial marketing* differs from social marketing in that its ultimate purpose is to benefit the company’s bottom line, not to benefit the customer or society. *Cause-related marketing* may also be confused with social marketing because involves the promotion of social causes. However cause-related marketing is a “strategic positioning and marketing tool that links a company or brand to a relevant social cause

or issue, for mutual benefit” (Pringle 1999). Examples of cause-related marketing are Target’s “Take Charge of Education” campaign and Lee’s National Denim Day to fight breast cancer. The desired behavior in both of these campaigns is to spend money with the corporate sponsor, but the method to encourage this behavior is by associating themselves with a cause. While the related causes do benefit from the money raised, the marketing is not intended to change a behavior that causes the problem in the first place. For instance, providing money to Lee does not prevent cancer in the same way that refraining from drunk driving prevents deaths.

Social marketing experts are also anxious to point out that social marketing is not just social advertising. Advertising is one component of the comprehensive social marketing mix described in the next section. Kotler explains that marketing (including social marketing) is fundamentally different from sales: “Sales is trying to find customers for their existing products. Marketing is trying to discover what the audience wants, and create a product accordingly.”

One example of this “sales vs. marketing” concept is a population control campaign undertaken in the Philippines in the mid-1990s. From the government’s perspective, the product (behavior) was to practice family planning / use contraceptives with the goal of population control and in turn, poverty alleviation. Rather than just selling the behavior with messages like, “Practice family planning to prevent poverty.” or “Slow population growth, use contraceptives,” they used focus groups to discover what related concerns people had. The focus groups revealed that people didn’t use condoms because they believed that condoms were prone to breakage, not because they didn’t believe in the need for smaller families. As a result, the campaign planners created a brand of condom called Trust and used the message “Strong and Reliable Protection” to focus the marketing message on the quality of the condom. This campaign was very successful, according to their sales numbers. This is an example of social marketing – changing

the behavior of the target population (young married adults) for a social good (population reduction and poverty mitigation), while identifying and meeting the needs of the population (safe reliable condoms).

A similar approach may be used by IBAs. Rather than just telling people they should shop at local independent businesses to support their local economy, they can determine what people's shopping needs are, what they like about independent businesses, why they would shop at them, and why they wouldn't. If research reveals that their target market likes the unique products available independent businesses, but find it almost impossible to get to them during open hours, then IBAs can respond in a few ways. They can change the product, by encouraging businesses to stay open later. Second, they can craft messages that both motivate people to shop at the stores by highlighting unique products and break down barriers to action by highlighting their new, later hours.

This 'customer need' aspect of marketing is an important concept for IBAs, who may be initially uncomfortable with and skeptical of associating their work with marketing. To many in public or non-profit organizations, marketing can have a sleazy connotation that is in direct conflict with the social work they are trying to accomplish. Social marketers would argue to the contrary: by engaging in true marketing, organizations will work to meet the needs of their target population, rather than force a behavior down its throat. This customer focus is much less paternalistic, and will feel much less paternalistic to the population. This is the concept of social marketing. In order to create a social marketing plan, IBAs can use the marketing mix framework.

### ***2.1.2 How does social marketing apply to IBAs?***

When interviewed, several IBA members independently indicated that their main goal was to change the way people think about their local economy. While this is true, there will be no benefit to the community if people change only the way they think, and not the way they act. IBAs also want attitudinal change to result in certain behaviors, namely 1) ask whether a business is independently owned, and 2) choose to shop at independent stores instead of chains where possible. For the reasons described in the section above, IBAs believe that engaging in these behaviors will provide several benefits (value propositions in Table 1.1) to the community and to the consumer him/herself. IBA marketing campaigns should try to elicit these behaviors. So, the social marketing campaigns implemented by IBAs can be expected to influence the behavior of their customers in a way that benefits their own welfare and the welfare of society.

### ***2.1.3 The Social Marketing Framework***

The marketing management process and the basic framework for social marketing are almost identical to commercial marketing. The strategic marketing management process is comprised of the following steps (Kotler & Armstrong, 2001, Kotler 1999, Andreasen 1995):

- 1) **Research and segmentation of the target market.** This is the critical first step of any marketing plan. Understanding the target market is the key to successfully effecting the desired behavioral change. Market research can include surveys, focus groups, research from secondary data sources and other methods to learn about the customer and his needs. Once the data is collected, marketers try to develop different customer segments they want to target, and identify how each of these segments behaves. This paper attempts to provide IBAs with a head start in this process by researching the general characteristics of ethical consumers. These preliminary characteristics are described in Section 2.2, and listed in Appendix 2.1. Each IBA can embark on additional research to understand the potential market in its particular city.



2) **Strategic Planning** - Once the target market and segments have been identified, marketers can develop their strategy. They will determine which segments to target and how they will position the product. For IBAs, one way to segment customers is their level of ethical consumerism, broken down into Ethical, Semi-Ethical, and Non-Ethical consumers. IBAs may decide to target the Semi-ethical consumers, perhaps feeling that the Ethicals are already buying independent, and the Non-Ethical will not change their habits. Another possible segment may be high income professional women between the ages of 35 and 55. Strategy also includes the process of positioning: determining how to differentiate the product and offer its key benefits in the customer’s mind. In the case of IBAs, the product is a behavior – buying from independent businesses – and its benefits are the list of value propositions in Table 1.1. IBAs may choose to position the product (buying independent) *to middle age women* as a way to *enhance the well-being of the community* (Value Proposition 4).

<b>Marketing Mix – The Four Ps</b> (Kotler & Armstrong, 2001, Kotler 1999)	
<b>Product</b> Variety Quality Design Features Brand Name Packaging Sizes Services Warranties Returns  <b>Promotion</b> Advertising Personal Selling (sales force) Sales Promotion Public Relations	<b>Place</b> Channels Coverage Assortments Locations Inventory Transportation  <b>Price</b> List Price Discounts Allowances Payment Period Credit Terms

3) **Tactical Planning** - Creating the “marketing mix.” This mix has been used by marketers since its development in 1968 (Kotler 1971). Together, these four elements comprise a comprehensive tactical plan of action to explain exactly how to execute the product strategy chosen above:

- a. **Product** – The product offering and the set of enhancements that make it attractive to the target market. In social marketing, the product is a behavior, such as wearing a seatbelt, or in this case, shopping at independent stores. Product enhancements that would make these behaviors more attractive or easier to use may be automatic seatbelts that move into place when the door closes, or the stocking of a particular item for a specific customer.
- b. **Place** – The way to make the product accessible to the target market. For many traditional products, it might include which stores to shelve, in which area of the city. In this case, it may include other ways to make independent stores accessible to professional women, such as providing their products on the internet, or offering a lunchtime shopping shuttle that enables downtown workers to get to the stores.

- c. **Price** – This includes the entire cost of the product, such as delivery and opportunity costs. For IBAs the cost would include the costs of the products at independent businesses (which may or may not be more than chains), the extra time and money it might take to go to a business district and find parking, and the psychic costs of going out of their way to get there.
  - d. **Promotion** – Communicating the product information such as advertising, sales promotions, events, public relations, and other ways to get the information to the target market. For IBAs, this may include ads on the public radio station with a tagline that expresses the community contributions that independent stores have made, T-shirts with a similar slogan, or stickers on each store window identifying it as an independent, community supporter.
- 4) **Pre-testing** – Before implementing the plan, marketers pre-test their messages on the target audience. Pre-testing can include focus groups, phone surveys, or intercept surveys of a sample of audience members at decision or action locations, or informal discussions with some members of the target audience. Marketers should ask questions to determine whether the messages are clear, believable, and appealing, and most importantly if they would convince them to change their behavior as desired.
- 5) **Implementation** – This is the actual execution of the steps above. It includes identifying who is responsible for each element, what exactly will be done, and when. For example, a consultant may be hired to conduct market research. Some staff members may begin making relationships with media outlets, while others may work with business owners on aspects of the businesses that are relevant to the campaign. Who does what and when will largely be controlled by the organization’s structure, capacity, and timeline.
- 6) **Evaluation** – Methods for data collection, monitoring and feedback should be in place immediately to determine whether the campaign was effective. Evaluations can be comprised of input data that describes what the organization put into the campaign (spent 300 hours working with businesses, spent \$10,000 on advertising), output data that describes the activities (aired 50 radio advertisements, organized three events), and outcome data that measures the actual goal (sales at independent businesses increased by 20% since campaign inception, or 78% of people surveyed could state at least one benefit of shopping at independent businesses). In order for the outcome data to be meaningful, organizations should have baseline data with which to compare the results. This would require similar instruments to be used before the campaign started, and periodically during the campaign. Ideally, evaluations would also include comparisons against other time periods and/or other communities. While most of the organizations in this study have not conducted formal evaluations, CISA has. Their evaluation methodology and results will be discussed in the analysis and referenced in the recommendations.

This marketing management process is used in Chapter 3 to analyze the marketing plans and materials of the ethical organizations interviewed for this study, as well as in Chapter 4 to make

recommendations for the IBAs. The primary focus of the organizational analyses will be on the planning (1 -3) and evaluation (6) steps. This is because these four steps are most dependent on the organizational goals and product benefits, which IBAs and the other organizations are hypothesized to have in common. In other words, the planning and evaluation will depend largely on an organization's *goals and product benefits*, while pre-testing and implementation methods depend much more on the organization's *structure and capacity*, which are not hypothesized to be similar among the organizations in this study.

As mentioned above, the “marketing” part of social marketing requires organizations to meet the needs of the target audience. For this reason, it is very important for IBAs to identify their customers and determine their needs and wants. While this generally requires the organization to do research on their specific customers, most IBAs will not have the money or staff to do so. However, a review of the ethical consumerism research, in conjunction with interviews with other organizations, may help. While this is not intended to be a replacement for true market research into their specific audiences, the literature review and interviews may be able to provide a general profile from which IBAs can start.

## **2.2 ETHICAL CONSUMERISM**

The U.K. has a very sophisticated ethical consumerism marketplace, and is the leader in research in this field. Lead by organizations such as the Ethical Consumerism Research Association and The Cooperative Bank, the UK has made efforts to codify, identify, and track ethical practices and ethical consumer behavior. For this reason, most of the data on ethical consumerism comes from the U.K., and to a much lesser degree, the United States.

### ***2.2.1 What Is Ethical Consumerism?***

According to the ethically progressive Cooperative Bank (2003), ethical consumerism is, “personal consumption where a choice of product or service exists which supports a particular ethical issue – be it human rights, the environment or animal welfare.” In other words, when consumers make choices about products based on the ethics of how they are produced or sold. Ethical consumerism manifests itself either positively, in which consumers choose to buy certain products (Fair Trade bananas, sweat-free clothing) or from certain companies (local businesses), or negatively, in which customers choose to boycott products or companies.

### ***2.2.2 How Is Ethical Consumerism Relevant to “Buy LOI” Campaigns?***

As discussed in the section on IBAs above, there are many reasons (value propositions) why consumers may choose to support local independent businesses. It is true that certain of these value propositions listed in Table 1.1 can be considered more self-serving and directly related to the value of the product or shopping experience (VPs 6 and 7: getting unique products, better customer service). However, most of the value propositions are related to ethics, in that they benefit the society at large, or perhaps, one’s neighbors. In much the same way that Fair Trade is an effort to protect and assist workers in developing countries by helping them overcome obstacles to *entering* the global marketplace, buy LOI campaigns are helping the business owners and workers in the community to overcome similar obstacles to *remain* in this marketplace (both local and global). In both of these cases, the economic health of the community is the primary concern. The Ethical Consumer Research Association (ECRA) lists “Local Shops” first on their list of “Ten Shopping Tips for the Ethical Shopper”<sup>1</sup>. Based on this list, the act of local shopping has been recently added to the Ethical Purchasing Index (EPI) used

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<sup>1</sup> ECRA website, <http://www.ethicalconsumer.org>

to track ethical purchases in the U.K. A recent report published by The Cooperative Bank states that “Local Shopping” accounted for 7.8 percent of the Ethical Consumer spending in the U.K. in 2002 (Cooperative Bank 2003).

### ***2.2.3 What Can We Learn From Ethical Consumerism?***

A review of the literature on ethical consumerism is helpful in several ways. First, the trends and current state of ethical consumerism reveal that there is a growing body of people who are willing to factor ethics into their buying decisions. This gives IBAs a reason to believe that there may be a target market for their message, and that ethically-based marketing may be a useful tool to deliver that message. Second, this body of literature can tell us more about the characteristics, beliefs and behaviors of ethical consumers, which will help IBAs to develop the marketing mix most appropriate to target them.

### ***2.2.4 Growth Trends and the State of Ethical Consumerism***

The two most widely-used indicators of EC trends are sales and consumer surveys. A look at both of these indicators helps to paint a picture of the ethical consumerism landscape. Surveys of consumers about the extent to which ethics play a role in their purchasing habits reveal that most people do claim to care about the social and environmental impacts of their decisions, and that this group of people has grown over time. While the surveys reviewed in this paper vary by both population and methodology, they reveal similar trends. It is also important to note when reviewing studies that survey people about their behavior that the answers can be skewed by social desirability bias, where respondents give answers that they think survey administrators want to hear.

When examining this research, it's interesting to look not only at the numbers and trends, but at the extent to which the consumer behavior is involved. The survey questions can be broken down into a few different topics: corporate responsibility, the extent to which ethics play into a purchase decision, willingness to pay more for ethical features, and actual purchases of ethical products.

- **Corporate responsibility is important to about 80% of respondents.** In 2002, 78 percent of US respondents and 80 percent of UK respondents said companies have a responsibility to support social issues or have a “moral responsibility to society” (Adweek 2003, MORI 2003).
- **“Ethical knowledge would influence decisions.” This message has appeared to grow in agreement from 20 – 80%.** The number of people responding that ethics would influence their decisions has steadily increased over time, according to several different polls in the US and UK. For example, a 1996 (Roberts) study found that 20% of respondents said ethical knowledge would influence their decisions, a 1997 US study found 28-40% (Tallontire), and a 1999 study found 66-74% (sweatshops specifically, Marymount). More recently, 2002 (Adweek 2003) and 2003 (MORI) studies found that ethical information would influence the purchase decisions 84% of US survey respondents and 74% of UK survey respondents.
- **Willingness to pay more for ethical companies or products.** A 1999 US survey found that only 15% would pay more for a product to support a cause important to them (Carrigan 2001), while another survey focusing on sweatshops only (Marymount 1999), found that 86% of respondents would pay more to avoid sweatshop-produced products.
- **“Have bought Fair Trade” is true for about 10% of the population.** A 1994 survey of UK consumers found that only 10% of respondents had purchased Fair Trade products, even though 40% of respondents were aware of their presence in supermarkets, (Bird 1997).

Looking at the different levels of involvement consumers claim to have with ethical purchasing, we can see that upwards of 80% of people now feel that companies have a responsibility and that ethics would influence their decisions. However, earlier studies have revealed that many fewer people are willing to pay more for ethical products, and even fewer had actually purchased Fair Trade products.

A better indicator of whether consumers actually do purchase ethical goods is sales. Like stated consumer beliefs, the sales of ethical goods have increased over recent years:

- A 75% increase in Fair Trade coffee and cocoa sales from 1997 to 2001, according to the Fair Trade Labeling Organization International<sup>2</sup>.
- A 173% increase in Fair Trade Purchases in the UK from 1999-2002 (Cooperative Bank 2003).
- A 44% increase in sales of all ethically-marketed goods and services in the UK from 1999 – 2002 (Cooperative Bank 2003).

Belief	<b>Companies have a responsibility to support social issues/have a “moral responsibility to society”</b>
	<ul style="list-style-type: none"> <li>• <b>78%</b> 2002, US (Cone/Roper Adweek 2003)</li> <li>• <b>80 %</b> UK (MORI 2003).</li> </ul>
Action	<b>Knowledge of ethics would influence their purchase decisions</b>
	<ul style="list-style-type: none"> <li>• <b>74%</b> 2003 UK (MORI 2003)</li> <li>• <b>84%</b> 2002 US (if price quality are equal)</li> <li>• <b>66-74%</b> (1999 US sweatshops - Marymount)</li> <li>• <b>28-40%</b> Tallontire 1997</li> <li>• <b>20%</b> Roberts 1996 Curlo 1999</li> </ul>
	<b>Would pay more for ethically produced</b>
	<ul style="list-style-type: none"> <li>• 1999 US 86% sweat-free (Marymount)</li> <li>• 1999 US 15% any topic they care about (Carrigan)</li> </ul>
	<b>Have bought Fair Trade products</b>
	<ul style="list-style-type: none"> <li>• <b>10%</b> 1994 UK 1997 Bird</li> </ul>

<sup>2</sup> TransFair USA website, <http://www.transfairusa.org>

- A 16% increase in total sales at Ten Thousand Villages stores from 2002-2003, according to their annual report (Ten Thousand Villages 2003).

Despite all of this growth in sales, there is still a long way to go to make ethical purchasing the norm. According to a recent Cooperative Bank study, ethical purchasing accounted for less than 2% of the total 2002 market share in the UK, and a 1997 ECRA report stated that well-known Fair Trade coffee products only accounted for 3% of the high-end coffee market.

While sales figures and survey results have both indicated growth in the field over the past decade, there is clearly a large discrepancy between stated belief and actual purchase. With agreements to the concept as high as 75% and market share for ethical products around 2%, there is much room for improvement in changing belief to behavior. This thesis proposes that marketing can help to bridge this gap, and seeks to uncover information that will help IBAs encourage community members to make an ethically-based choice to support their local businesses.

As mentioned above, the field of social marketing can provide a framework for achieving this behavioral change. According to traditional and social marketing experts, one of the first steps of a successful marketing plan is market research: understanding the customer, his wants and needs (Andreasen 1995, Kotler 1999). In order to get a better idea of who these ethical consumers are and how to market to them, recent research may provide some assistance. Research around this topic includes many surveys and focus groups designed to determine how beliefs are formed. The tools used in these studies range from hypothetical willingness to pay scenarios to surveys of consumers' actual behaviors and preferences, to sales trends. The results provide interesting insights into who ethical consumers might be, what they believe, and the motivations and barriers to making ethical purchases.



### 2.2.5 Who Are the Ethical Consumers?

Several researchers have placed consumers into ethical categories. Most of these are similar in concept, but have different names. In this paper we will use the categories listed in Table 2.1 described by Bird (1997):

<b>Table 2.1 Categories of Ethical Consumerism and Their Prevalence</b>
<ul style="list-style-type: none"><li>• <b>Ethical Consumers (5% of population)</b><ul style="list-style-type: none"><li>○ Primarily motivated by their ethical stance</li><li>○ Will trade off other product/brand benefits for the "feel good factor"</li><li>○ Will pay a premium for charity alone</li></ul></li> <li>• <b>Semi Ethical (Armchair ethical 56%)</b><ul style="list-style-type: none"><li>○ Primarily motivated by perceived quality and brand 'status'</li><li>○ Ethical benefits are an emotional bonus</li><li>○ Some suspicions of 'charity' brands, but open to persuasion</li></ul></li> <li>• <b>Selfish (Non-ethical) Consumers (17%)</b><ul style="list-style-type: none"><li>○ Conventional quality/price motivators</li><li>○ Suspicious of any 'charitable' claim</li></ul></li></ul>

Source: Bird 1997

The studies reviewed below covered a wide variety of people and subjects relating to ethical consumerism. Some tried to find characteristics and behaviors of people who could be considered ethical consumers, while others looked at purchase behaviors of consumers in general. Unfortunately, most of these studies did not relate their findings to the categories listed above, although some findings tend to indicate certain characteristics that belong to one group or another. To the extent that ethical consumers can be identified, IBAs should do so, and should determine whether they are targeting the Ethicals, the Semi-Ethical, or the Non-Ethical consumer.

**Demographics and Psychographics** - A review of several studies on ethical consumers reveals some trends and some discrepancies with regards to the basic demographics of ethical consumers.

- Women are more likely to be ethical consumers - Every study that attempted to associate gender with ethical consumerism found that women were more likely to be ethical consumers. Bird (1997) and studies cited by Rayner (2002) found this association between women and general ethical information, while Marymount (1999) found this to be true for sweatshop-related purchases and Tallontire (2001) found it for Fair Trade and organic products.
- Higher income individuals are more likely to be ethical consumers – While the study on sweatshops by Marymount University found income was not very important, several others did. Kane (1992), Bird (1997) and Tallontire (2001) all found that higher income professionals were more likely to be ethical consumers. This was also found in a 2000 survey on Corporate Social Responsibility (GCI 2002). Higher income people are also the target market of Fair Trade marketers Café Direct and Traidcraft.
- Ethical consumers tend to be between 25 and 55 years old – With the exception of Bird (1997), all of the studies that looked for a relationship between age and ethical consumerism found the ethical consumers between the ages of 25 and 55. Several described them as being “over 30” or “over 35” (Marymount 1999) (Tallontire’s Fair Trade and Traidcraft findings), while others capped the age, at 50, 54, or 55 (Oxfam, Kane 1992, and Café Direct). According to Tallontire, the target range for organic foods is very small – 25-34 years old. While some studies explicitly noted that younger people were “apathetic” (Rayner 2002), or “the least concerned” (Marymount 1999), Bird (1997) quoted a 1994 Mintel survey that found those willing to pay more for ethical products were under the age of 35. This discrepancy may be due to the fact that this is a survey, and many of the other sources referred to actual sales, where older people may be more able to actually make the purchases they say they would make.

In addition to looking at demographics, a few studies looked at the psychographic qualities associated with ethical consumers. Anderson and Cunningham’s 1972 study compared people’s scores on the Berkowitz-Daniels Social Responsibility Scale<sup>3</sup> to their demographic and

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<sup>3</sup> The Berkowitz-Daniels Responsibility Scale asks subjects to choose their level of agreement with each of several statements about their attitudes toward helping others and treating others well, participating in social activities and

socio-psychographic characteristics. The experiment found a significant correlation of high social responsibility and the following qualities:

- Pre-middle aged adult
- High occupational attainment and socioeconomic status
- More cosmopolitan
- Less dogmatic
- Less conservative
- Less status conscious
- Less alienated

A later study by Swensen and Wells found similar results. Useful correlates of pro-environmental behavior (Goldberg 1997) may help IBAs identify community-oriented individuals who may respond to their issue. This study looked at two different surveys delivered by DDB Needham in 1992 and 1993, and found a statistically significant correlation between pro-environmental behavior and several other behaviors. While there was nothing on this survey that specifically correlates with the behaviors that IBAs are addressing, it is reasonable to believe that those engaging in environmental behavior would also participate in community preservation behavior. At the very least, this list of behaviors and characteristics should describe people that would respond to environmental or smart growth benefits that are associated with supporting independent businesses<sup>4</sup>. Swensen and Wells provided a list of social marketing implications of these correlates, and IBAs may be able to use them in a similar way.

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keeping promises. This scale is intended to predict the extent to which individuals will act in a socially responsible manner. The scale statements are listed in Appendix 2.3.

<sup>4</sup> These benefits are not currently listed in the value propositions table, but environmental impact studies reveal that big box stores are associated with environmental damage (Biodiversity Project 2000, Squires 2002).

<b>Table 2.2 Social Marketing Implications of Population Characteristics</b>	
<b>Environmental Behavior Correlates</b>	<b>Social Marketing Implications: Ad Copy for a New Behavior</b>
Cosmopolitanism	Emphasize the Global Implications
Community Involvement	Emphasize A Sense of Community
Frugality	Emphasize How the Behavior is Frugal
Planning (and Information Seeking)	Use Strong, Fairly Detailed Scientific Arguments
Healthful Diet	Emphasize the Health Benefits of the New Behavior
Fitness exercise, Perceived Financial Distress (Negative), Dissatisfaction (Negative)	Appeal to the Action Tendencies and Sense of Resourcefulness

*Source: Swenson and Wells, Chapter 7, Social Marketing: Theoretical and Practical Perspectives (Goldberg 1997).*

What may be more useful to IBAs than the categories above, are the actual behaviors listed within each category. Their appendix lists these behaviors, the survey results, and a description of each, and is provided in its entirety in Appendix 2.2 of this document. An additional interesting finding in this study is the fact that while these pro-environmental individuals are associated with frugality, they are also willing to “pay more for a product with all natural ingredients.” This may be good news for IBAs and local businesses whose prices may sometimes be higher than those of chains<sup>5</sup>. In fact, frugality may be considered a virtue in the U.S. to the point where looking for low prices is less about saving money and more about being a good person. If this is true, then marketing messages may be able to help consumers make this subconscious driver conscious, and encourage them to weigh the frugality virtue against the community support virtue, hopefully deciding in favor of community support.

While this information does not substitute for the market research that would be invaluable to IBAs, it does help to paint a picture of who might respond to their ethically-based

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<sup>5</sup> This finding may be useful when prices are truly higher at independent stores. When high prices are a perception and not truth, IBAs can counter this perception by revealing the true price comparison.

messages. With the help of commercial marketing and segmentation tools by Claritas (described in more detail in Chapter 4), this information may also help IBAs locate and market to their most likely ethical consumers.

**Beliefs and Behaviors** - Beyond demographics and psychographics, surveys and studies on ethical consumerism reveal some interesting trends and provide many reasons why people do or do not make purchases based on ethical decisions. I've identified five major categories within which to examine these findings.

1. Purchase Priorities
2. Ethical Information
3. Perceived Efficacy
4. Type of Good
5. The Ethical Cause

**1) Purchase Priorities** - Consumers take many things into consideration when purchasing a product or service. For some ethics plays an important role, while others do not take ethics into consideration at all. However, for almost everyone, there are other factors that override or compete with ethics (Creyer and Ross 1997). It is important for IBAs and other organizations hoping to use ethical appeals to understand what these other factors may be and how they can impact the efficacy of an ethically-based marketing campaign. First and foremost, almost everyone considers quality and price as the most important factors in their purchase decisions. Quality appears to be the most important factor in several studies (Auger 2003, Strong 1997, Bird 1997). In a study of university students and Amnesty International supporters in China and Australia, Auger (2003) found that the average consumer would consider ethics in their purchasing decision, but would not “sacrifice product performance for ethical considerations.” Bird (1997) agrees, and also warned that this can be particularly difficult for Fair Trade and other

ethical products because they may suffer from an historical association between ‘green’ products and low quality.

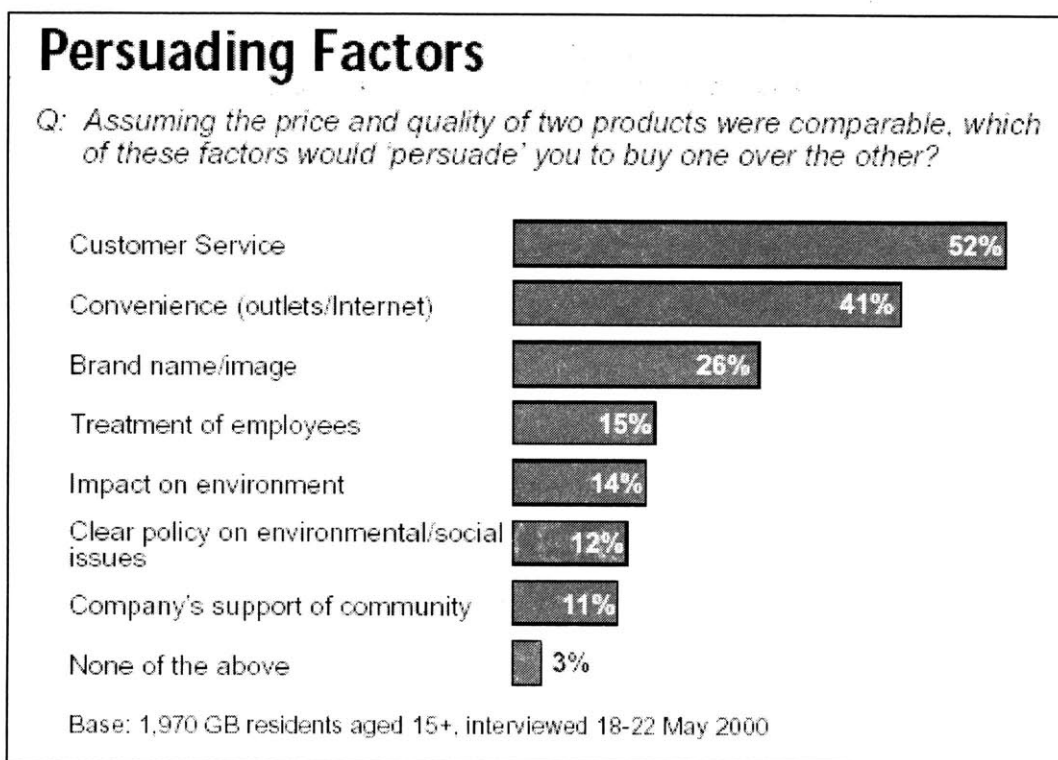
Price is also important, and complicated. While several studies found that a large percentage of people claimed to be willing to pay more, or have actually knowingly paid more, for ethical features (Auger 2003, Carrigan 2001, Marymount 1999), others found that premium pricing is one reason that consumers avoid Fair Trade and similar products (Bird 1997 and Tallontire 2001). This seems to be a clear differentiator of the non-ethical consumers, and is critical information if IBAs hope to attract this target market.

Beyond price and quality, there are many other important factors that people consider, and the Cooperative Bank conducted a survey in 2000 to get a ranking of these factors. The results of this survey are available in MORI’s Report on Ethical Consumerism (2000) and shown in Figure 2.1 below.

According to this survey, most consumers (52%) considered customer service the most important factor outside of price and quality. While this was not mentioned in other surveys on ethical consumerism, it may be a good sign for IBAs for whom customer service is one of their value propositions, one of the major advantages they have over chain stores. On the other hand, convenience was also important to many of the consumers (41%). Convenience came up again and again as a major consideration for the purchase of Fair Trade goods. In England, as in the United States, people are choosing convenience – abandoning the local main streets and avoiding out-of-the-way Fair Trade-friendly store in favor of major department and chain stores (Bird 1997). According to Bradford (1996), 36% of people will try Fair Trade products *if they are in the supermarkets*. As one person interviewed by the New Statesman (2000) said, the main reason he isn’t an ethical shopper is that he’s lazy. Many people will take ethical factors into

consideration if they don't have to go out of their way. While producers and marketers of Fair Trade products are using this information to ensure their marketing strategy includes getting their products into the large department stores and supermarkets, IBAs need to think of ways that independent shops can compete with this trend, either by making the independent shopping experience more convenient or by acknowledging the weakness and playing up other strengths. If the results of this survey describe the IBA target market, then an ethical appeal alone probably won't be strong enough to overcome the convenience factor. In fact, although price and quality were omitted from this survey, for many shoppers convenience (time) is even more important than price (money) for many of those higher income, working adults who tend to be ethical consumers (Pooler 2002).

**Figure 2.1 Persuading Factors in Product Purchasing**



Source: Cooperative Bank <http://www.mori.com/polls/2000/pdf/coop-csr.pdf>

Brand, also considered more important than ethical features, could either be an asset or a liability for independent stores. While consumers often rely on familiar chain stores because they can expect certain consistent features, independent stores can also use branding to their advantage, creating brands that highlight their high quality, unique products, or other important features.

It is also useful to note that respondents claimed that a company's treatment of its employees, impact on environment, and clear environmental and social policies were more important than the support it gives to the community. This raises two points: 1) IBAs should clearly differentiate the worker benefits and environmental impact differences between chains and independent stores, and 2) either support for a community is not very important to consumers or, the vagueness of the statement may have been a reason for its unpopularity. More concrete examples such as donations and volunteer work may be more appealing to consumers.

While consumers may consider many non-ethical features in their purchase decisions, the trends described in the preceding section reveal that ethical features can be and are becoming important factors. The research reviewed in this paper reveals several factors which may affect whether or not an ethical feature is considered by the consumer.

**2) Information** - Information about ethical product features has played a very big role in the research on ethical consumerism. Over and over again, one of the major obstacles to making ethically-based decisions was information. This is a very hopeful fact for IBAs and others who hope that marketing and advertising will help them increase the prevalence of ethical consumerism.

- *Availability of information* – One of the simplest and most significant problems was availability of information. Many people claimed that they would use ethical



information if it was available to them, but it often was not. Sometimes consumers weren't aware of *any* ethical issues surrounding a product; in other circumstances, consumers knew of an issue, but had no way of knowing which product or companies were good or bad on that issue. In the Marymount study on sweatshops and consumer behavior, 56 percent of the survey respondents felt a fair-labor label would most help them avoid buying clothes made in sweatshops, while 33 percent wanted a list of companies and stores to avoid<sup>6</sup>. In Creyer and Ross's survey (1997), most people could not name any socially responsible or irresponsible firm, and in an article on the concept of buying local, the author states, "buy American' programs ... are not practical in some cases because it is tough to figure out what is American-made these days" (Dimeo 1992). This same phenomenon happens at the local level when even those who conscientiously shop at independent stores make the mistake of shopping at a chain because it looks independent<sup>7</sup>. In fact, consumers may always take ethics into consideration, by virtue of the fact that nothing (no label or government warning) leads them to believe there is anything un-ethical about the product or company Curlo (1999).

- *Source of information* – the source of ethical information is also important to consumers. There was not a clear pattern of preferred sources among the studies, but there was a variety<sup>8</sup>.
- *Placement of information* – The placement of information is another potentially important element in marketing. While people may truly believe that they will incorporate ethical information into their decisions, they cannot do so if the information is not available at the point of decision. When consumers, such as semi-ethical consumers, make a decision to buy something, they may not consider ethical features at all. As described by Tallontire (2001), "ethical issues are not always the main concern of consumers until prompted ... People were more likely to say ethical aspects were important if they were prompted." While Tallontire describes this as a flaw in the usefulness of surveys in predicting consumer's ethical decision making, it may be useful in understanding actual behavior. Consumers may require ethical triggers where they make purchase decisions, such as their homes, cars or places of work.
- *Complexity* - One of the potential problems with using ethical information to influence consumer behavior is the complexity of the message (Curlo 1999, Auger 2003, Strong 1997). As a problem becomes more complex, it can become overwhelming, may appear unsolvable, and the lines between right and wrong may blur. As described by a firm that does social marketing, Nancy Low and Associates (Riggs 1990), concepts have to be whittled down to a graspable size. Strong (1997) also feels that complex human issues may leave consumers feeling that they are not

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<sup>6</sup> While Bird (1997) claimed that labels had an 'easy appeal,' and a Gallop poll found that 67% of respondents wanted clearer labeling, others found that labels don't provide enough information (Tallontire 2001).

<sup>7</sup> Interview with Steve Bercu of Austin IBA.

<sup>8</sup> Some of the sources people used or preferred were: advertising, government, labeling, third party certification, social audits, other people, ethical magazines and respected organizations, related topics.

responsible for the problem. Unlike with buying dolphin-safe tuna or avoiding spray cans with CFCs, people have more difficulty grappling with the importance and usefulness of supporting Fair Trade, “given the question of whether or not to buy an Indian carpet labeled as avoiding child labour may produce a different response from the same consumer, that it is “the Indian Government’s responsibility to protect children” or “if you deprive them of employment it will make things worse for them.” This concept of responsibility is definitely a potential barrier for buy LOI campaigns where people can say that if businesses and workers fail, it’s because of the market; there were better people or companies there to fill their places.

- *Volume of information* – another potentially solvable information problem is that of volume. Too much information can add to the complexity of the buying process (Creyer and Ross 1997), and can also lead to conscience fatigue, the phenomenon whereby “the great load of possible environmental causes to be supported becomes too much” (Rayner 2002).
- *Appeal of information* – The appeal of the message can be just as important as the content (Auger 2003). Several studies have referred to the type of appeal made to ethical consumers, and with one caveat, the general consensus is that negative appeals should be avoided. For example, in an article casually interviewing people in the UK about the extent to which they were ethical consumers, one interviewee responded that it was a ‘cranky’ issue in the media (New Statesman, Nov. 6, 2000), and Nancy Low and Associates warns that scaring people doesn’t work for long term behavior change (Riggs 1990). An interesting and useful twist on this is the question as to how to present an ethical issue: do you describe the problem in detail to get agreement, or do you focus on the solution? Known as the “sick baby / well baby” problem, this issue has been addressed and answered in the same way by several different studies (Obermiller 1995, Tallontire 2001). These studies suggest that the “sick baby” approach – focusing on the problem – should only be used when the problem is already salient within the community, and members are looking for solutions. If the issue is not a major topic within the community, it is better to focus on the “well baby” – how the action is a good thing for the community. The studies also caution that either message should be accompanied by a clear description of the action to be taken to remedy the situation. For example, if a neighborhood business district is experiencing major business closings and job losses shown daily on the local news, the sick baby method may work. Ads could focus on the problem and finish with how supporting the remaining independent businesses would help to prevent further job loss and turn things around. If there is not a major focus on closings and job loss, IBAs would be better off focusing on the new jobs and businesses that could be created in the community.

All of these aspects of product information – availability, source, placement, complexity, volume, and appeal – have implications for the marketing of ethical products. The organizations

interviewed for this paper may provide further insight into how to convey ethical messages in the sale of products, and to what extent this information matters in the marketing mix.

**3) Perceived Effectiveness of the Strategy** - One determining factor in whether a person is or is not an ethical consumer is his or her belief that ethical consumerism works. Several people interviewed by the New Statesman mentioned that their purchase decisions could not have an impact on the ethical behavior of large companies (New Statesman 2000). Curlo (1999) found similar characteristics, explaining that some people don't think you can make a difference with one purchase, and others don't believe that shopping is a forum for reward and punishment. Rayner (2002) puts it as follows, "The belief of individuals that they can make a difference is surely the crucial distinguishing feature between ethical and non-ethical consumers." IBAs may be able to use this information by asking a question in a survey of their target market. Answers to this question may help estimate the size of the ethical consumer population, and help determine which messages can be used to target ethical and less ethical consumers.

**4) Type of Good** - The type of good being sold may effect whether consumers will take ethics into account. Drumwright (1996) found that ethical strategies were more effective with luxury goods than with practical goods. Tallontire (2001) also found this, citing the example of gourmet versus instant coffee. People are more likely to consider Fair Trade in gourmet coffee than in other coffees. This may be because ethical consumers tend to be higher income and are therefore more likely to be the consumers of luxury products, or because consumers more give thought to product features in general when they are making higher priced, luxury purchases, or

it may just be that the ethical premium can more easily be absorbed in a higher priced item<sup>9</sup>. If consumers tend to be more willing to include ethics into their decision when purchasing luxury goods, IBAs can tailor their marketing mix accordingly; they can draw people to business districts with ethical messages attached their higher-priced stores, and encourage people to shop for practical items by displaying them (on sale) in nearby store windows.

Another issue related to the type of goods is whether the good is a gift or a purchase for oneself. Shopping is essentially a very selfish behavior, a process of fulfilling needs. Bird (1997) claims that for a certain segment, the act of purchasing “contributes toward self-development and realization.” However, gift buying is a selfless act, and may be more compatible with ethically-based decisions. People may be more likely to buy ethically when giving gifts because 1) as mentioned, the consumer is in an altruistic mindset, 2) the consumer is buying a non-necessity, or luxury, item 3) he or she is willing to be more flexible because its not for him/herself 4) he or she is attentive to product messages as he/she seeks ideas for what to buy. Taking this into consideration, IBAs may want to market certain independent stores as great places to buy gifts.

**5) The Ethical Cause** – As mentioned in the section above on complexity of information, one of the important aspects of whether consumers will use ethical information is the content of the message itself. In the example above, Strong argued that human issues may not receive the widespread support that environmental or animal cruelty issues generally get. A few articles reviewed for this study suggest that localness of the beneficiaries may play an important role. It is not surprising that people are more concerned about their neighbors than those far away. According to Drumwright (1996) there is some evidence that consumers prefer local to national

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<sup>9</sup> Bird (1997) found that consumers who were willing to pay the ethical premium would pay between 10 pence to 18 pence per pound (£).

causes, and the social marketers at Nancy Low and Associates found that for donors to the Nature Conservancy in Middlebury, Vermont, it was important for people to know that their money was protecting land in Middlebury, and not to an organization in Washington, D.C. (Riggs 1990). This is very good news for IBAs for whom all of their ethical messages concern the well-being of the shopper's own community. Finally, while it was implied in Strong's argument, consumer disagreement with the ethical message itself was conspicuously absent from the studies in this review. However, it is plausible that certain messages will meet not just disinterest, but disagreement, with certain consumers. IBAs should be careful to test any message with their target before launching a promotion.

### **2.3 SUMMARY AND IMPLICATIONS**

This chapter reviewed two sets of literature to help inform and shape an analysis of marketing campaigns for local independent businesses. The first field, social marketing, is the application of commercial marketing techniques to encourage social or ethical behavior. Because Independent Business Associations are hoping to encourage shoppers to engage in an ethical behavior, social marketing provides a useful framework to 1) analyze the campaigns of organizations interviewed in Chapter 3 and 2) structure the recommendations in Chapter 4. The analyses and recommendations will be organized according to the following elements of the marketing framework:

- 1) Research and segmentation – how organizations have gathered information about potential consumers and how they can be segmented into groups.
- 2) Strategic planning – which segments the organizations chose to target and how they choose to position the behavior.
- 3) Tactical Planning - exactly what behavior will be marketed, the monetary, psychic, and convenience aspects of its price, location of the behavior, placement of messages, and how to promote the behavior.

4) Evaluation – whether the marketing activities have been successful.

Reviewing each of the case studies as well as independent business associations through this framework will bring to similarities to light, and will offer suggestions for IBAs as they plan their marketing.

The other field of literature reviewed in this chapter is ethical consumerism – the practice of choosing to purchase or boycott products based on the ethics of how they are produced, sold or used. While studies in the U.K. and U.S. indicate that ethical consumerism is on the rise, many suggest that dedicated ethical consumers are only a small portion of society, and that most of society is comprised of semi-ethical and non-ethical consumers.

Many studies reviewed in this chapter suggest that ethical consumers are more likely to be high income women between the ages of 25 and 55. While IBAs should attempt to characterize their own target markets through research, these characteristics may be a useful starting point. Chapter 3 will examine whether these characteristics hold true in the case study organizations.

According to this research, general consumers are likely to be most concerned with quality, price and convenience, and may take ethics into consideration *once these factors are satisfied*. It is also suggested that only dedicated ethical consumers will pay a premium for ethical aspects, but that premiums can be absorbed into a gourmet or luxury product.

In order for people to take ethics into consideration, they must have the proper information. In general, this information should

- 1) Clearly provide the ‘correct’ action, and how take that action
- 2) Be easy to find at the right time and place (for IBAs, this is when consumers are deciding to shop, not when they are in the store)

- 3) Be simple enough to understand
- 4) Be from a trusted source
- 5) Have a positive, optimistic appeal.
- 6) Include a reason to believe that the action can make a difference
- 7) Not be in competition with many other ethical appeals that may cause conscience fatigue.

Finally, it is important to remember that some people may not agree with the ethical message at all. For instance, some may respond to a “helps the local economy” message, by thinking that people should be able to find jobs themselves if they work hard enough.

The next chapter looks at current practitioners faced with issues similar to IBAs, examines whether they know, corroborate with, and use this information about the ethical concerns of consumers, and discusses whether and how successfully they have utilized social marketing techniques to reach consumers.

## **Appendix 2.1 Ethical Consumer Characteristics**

### **Demographic**

These characteristics were consistently found to describe ethical consumers.

- Female
- High Income
- Ages 25 – 55

### **Psychographic (Potential)**

These characteristics were identified by two different studies as being correlated with pro-environmental behavior. They are provided to incite thought about potential marketing appeals; they are not meant to describe all ethical consumers. More detail about these characteristics is in Appendix 2.2.

- Cosmopolitan
- Involved in the Community / Social
- Frugal
- Planner and Information Seeker
- Healthful Eater
- Exercises Regularly
- Satisfied with Financial Situation
- Satisfied with Own Abilities
- Less dogmatic
- Less conservative
- Less status conscious



## Appendix 2.2 Environmental Behavior Correlates

Source: Swensen and Wells (Goldberg 1997)

### Scales

The individual items that make up the following scales were all significantly related to pro-environmental behavior at  $p < .001$  in both 1992 and 1993. Items were standard before adding together in scales. The numbers following each item are the percent who agree, or who do an activity within the lower and upper quartile of the Pro-environmental Behavior Scale. These figures are from the 1992 survey.

#### Cosmopolitanism

- I would feel lost if alone in a foreign country (69,54) [reverse scored]
- I prefer to vacation in the U.S.
- I am interested in the cultures of other countries
- Used a travel agent for personal travel
- Took an airplane trip for personal reasons
- Stayed at an upper priced hotel while on a personal trip

#### Liberalism

- The father should be the boss in the house.
- A woman's place is in the home
- I think the women's liberation movement is a good thing
- Men are smarter than women
- Men are naturally better leaders than women
- I am in favor of legalized abortion
- Communism is the greatest peril in the world today.

#### Community Involvement

- Went to a club meeting
- Did volunteer work
- Worked on a community project
- Wrote a letter to an editor of a magazine or newspaper
- I am interested in politics

#### Social Networking

- Gave or attended a dinner party
- Entertained people in my home
- Sent greeting cards

#### Frugality

- Sent in for a manufacturer's rebate
- Used a 'price-off' coupon at a grocery store
- Used a 'price-off' coupon at a drug store or discount store
- Bought a generic product
- Shopped at a warehouse club or wholesale club

#### Planning

- Before going shopping, I sit down and make out a complete shopping list
- I consult Consumer Reports or other publications before making a major purchase
- I seldom make detailed plans
- Used a toll-free telephone number to get information about a product or service.
- Mailed away for a free informational or education brochure
- Attended a lecture
- Attended a class or seminar

#### Perceived Financial Distress

- I pretty much spend for today and let tomorrow bring in what it will
- Our family is too heavily in debt
- I am not very good at saving money
- Our family income is high enough to satiate nearly all our important desires
- No matter how fast our income goes up we never seem to get ahead.

## Appendix 2.2 Environmental Behavior Correlates (Continued)

### Dissatisfaction

- I am very satisfied with the way things are going in my life these days
- I often wish for the good old days
- If I had my life to live over, I would sure do things differently
- I dread the future
- Everything is changing too fast today
- My opinions don't count for very much

### Healthful Diet

### Fitness exercise

### Out-of-home entertainment

- Visit an art gallery or museum
- Went to a pop or rock concert
- Went to a classical concert
- Went to the movies
- Went to the zoo

### Magazines

- Newsweek
- US News and World Report
- Money
- National Geographic
- Travel Magazines
- The National Enquirer

### Television

- Documentary programs
- Public Broadcasting System programs
- Knots Landing
- In the Heat of the Night
- Matlock
- Daytime serials/soap operas
- Fresh Prince of Bel Air
- National talk shows ("Donahue," "Oprah Winfrey," "Geraldo," etc.)
- "America's Most Wanted"
- "Unsolved Mysteries"
- "Rescue 911"
- Religious Programs
- Game Shows

### Cable Channels

- Nashville Network
- Family Channel

### Radio

- National Public Radio
- Classical music
- Jazz
- Country and Western
- Religious/Gospel

### **Appendix 2.3. The Berkowitz-Daniels Social Responsibility Scale**

Subjects are asked to rate their level of agreement from "Strongly Agree" to "Strongly Disagree" for each of the statements below. The score is used as a predictor of a person's likelihood to act in socially responsible manner.

1. It is no use worrying about current events or public affairs; I can't do anything about them anyway.
2. Every person should give some of his time for the good of his town or country.
3. Our country would be a lot better off if we didn't have so many elections and people didn't have to vote so often.
4. Letting your friends down is not so bad because you can't do good all the time for everybody.
5. It is the duty of each person to do his job the very best he can.
6. People would be a lot better if they could live far away from other people and never have to do anything for them.
7. At school I usually volunteered for special projects.
8. I feel very bad when I have failed to finish a job I promised I would do.

## **CHAPTER 3. ANALYSIS OF ETHICAL ORGANIZATIONS AND MARKETING MATERIALS**

The literature review in Chapter 2 provided an understanding of the field of ethical consumerism, current trends in the field, and a profile of the typical ethical consumer. It also described social marketing and provided the framework we will use throughout the remainder of this thesis. Using the social marketing framework, this chapter analyzes the marketing strategies and tactics of four ethical organizations in order to provide marketing suggestions for independent business associations, and to further test the ethical profile developed above. The organizations studied are SERRV (Sales Exchange for Refugee Rehabilitation Vocation), Ten Thousand Villages, TransFair USA, and CISA (Community Involved in Sustaining Agriculture). Each of these organizations is a non-profit entity that markets products with the ultimate goal of benefiting society. They are the four organizations remaining from a body of ten that were originally chosen. All ten were originally identified as potential case studies because their ethical practices provide social benefits (value propositions) similar to those provided by IBAs (listed in Table 1.1). Of the ten organizations, these four organizations were willing to participate. Table 3.1 illustrates exactly how each organization maps to one or more of the IBA value propositions identified in Chapter 1.

<b>Table 3.1 Linking IBAS with Case Study Organizations</b>	
<b>IBA Stated Benefits of Buying from Local Independent Stores</b>	<b>Orgs with Same/Similar Claim</b>
1. Preserves the character of the local community	CISA – Communities Involved in Sustaining Agriculture 10,000 Villages SERRV TransFair USA
2. Supports the local economy (residents, store owners)	CISA
3. Supports workers by paying a fair wage (and providing a flexible, understanding work environment)	10,000 villages SERRV TransFair USA
4. Allows residents / shoppers to exert some control over local environment	CISA
5. Provides unique products and product variety	CISA 10,000 Villages SERRV TransFair

Information for this analysis was collected through phone and in-person interviews as well as through a review of marketing materials and organization websites. Phone interviews were conducted with the marketing professionals of SERRV, Ten Thousand Villages, TransFair USA, and Communities Involved in Sustaining Agriculture (CISA). An in-person interview was conducted with the manager of the Ten Thousand Villages’ Cambridge store.

Other organizations who met these criteria and were considered for this study included the Fair Trade Federation, Co-op America, the Body Shop, UK’s The Co-op Bank, the National Council of Farmer Cooperatives, and Ben and Jerry’s<sup>1</sup>. These organizations were contacted, but were unable or unwilling to be interviewed or did not return calls or email inquiries. Ethical

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<sup>1</sup> Fair Trade Federation did not have staff available, but did point me to TransFair USA, who I interviewed. Co-op America enthusiastically responded to my initial emails, but did not respond to subsequent attempts to contact them. The Co-op Bank stated that they did not have time to participate in an interview or answer any questions. Emails and phone calls to multiple departments at Ben & Jerry’s, The Body Shop, and the National Council of Farmer Cooperatives were unreturned.

consumer organizations that focus on environmental practices or animal rights were not considered for this study because their benefits have less overlap with independent business associations, and any lessons learned were not as likely to be applicable to IBAs.

This chapter provides a description of each of the four organizations studied, and an in-depth discussion of their marketing plans. Specifically, each case study includes information about the organization's

- Marketing History and Goals
- Market Research
- Strategic Plan, including
  - Targeted Market Segments
  - Benefits and Value Proposition
- Tactical Plan, the 4Ps of Marketing
  - Product and Enhancements
  - Place /Convenience / Availability
  - Price
  - Promotions

Finally, this chapter concludes with a summary of all of the case studies, including similarities and patterns found among the case studies, and some of the successes and failures of their plans.

Chapter 4 makes marketing recommendations for independent business associations based on these findings, information from the literature review, and knowledge about independent business associations.

### 3.1 CASE STUDY 1 - SERRV (SALES EXCHANGE FOR REFUGEE REHABILITATION VOCATION)

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#### 3.1.1 *The Organization*

SERRV, formerly known as Sales Exchange for Refugee Rehabilitation Vocation, is a non-profit organization that markets and sells the handcrafted products of villagers in developing countries all over the world. As an alternative trade organization, their goal is to reduce poverty by helping the producers in these villages earn a livable, predictable wage through the sales of their products in the global marketplace.

SERRV was chosen for this study because, like IBAs, it tries to change consumer behavior and attitudes in order to help preserve communities, and enable small producers and businesses to compete in a global marketplace.



#### 3.1.2 *SERRV Marketing History and Goals*

Despite being in existence since 1949, SERRV only began to focus marketing efforts in early 2003. As Nancy Potter, the newly appointed and first-ever Director of Sales and Marketing explains, “there has been a consistent desire to put out the message, but it hasn’t always been done consistently.” With a historically small budget for promotions, SERRV’s branding and imaging has been weak. They are now creating their image and will promote it across their many sales channels (discussed below). With relatively new competition from stores like Pier One and Cost Plus, and the fact that their core market – older women in churches – is literally dying off, this new marketing strategy is critical.

In order to fulfill its mission of helping to alleviate poverty and create a steady income for producers, SERRV's major goals are to increase its sales and to generate more predictable orders over time.

### ***3.1.3 SERRV Market Research Findings***

Because SERRV has historically made the majority of its sales (40%) via individual salespeople at churches, it has a good understanding of its typical customer. The following customer characteristics come primarily from these personal interactions, and not the result of formal market research:

- Female
- Older
- Above average education
- Above average income
- Affiliated with a church
- NPR listeners

As Ms. Potter puts it, the older “ladies in churches were phenomenal customers...Females are more receptive to our product and our messages.”

### ***3.1.4 SERRV Strategic Plan***

#### **Market Segments to Target**

Because the organization's traditional customers are dying off, SERRV has begun to target a younger version of that person, but not affiliated with a church or spiritual community. These characteristics are identical to those above, replacing “older” with “middle age and younger.”



-- This list of characteristics is very similar to those most often associated with ethical consumers, as discussed in the literature review in Chapter 2 Section 2.2.

### **Benefits/Value Propositions**

Historically, SERRV's major value proposition has been that it offers unique products from unique people. With increased competition in the marketplace, it becomes more difficult to make uniqueness one of its value propositions. However, it can and does use the 'unique person' message, as it has a more personal relationship with and more stories about individual producers than its competitors. As a result of this relationship, SERRV's product line is usually higher quality as well. A list of SERRV's current value propositions includes:

- High quality products
- Unique products, made by a unique person
- Psychic benefits to the customer
  - Doing good for the producers – supporting better wages, education and healthcare.
  - Connection to other parts of the world
- Provided by credible, trustworthy organization

According to Potter, the traditional customers appreciate the 'intangibles,' the feel-good benefits of knowing the people behind the products.

### ***3.1.5 SERRV Tactical Plan – The 4Ps of the Marketing Mix***

#### **P1 - Product and Enhancements**

With its new marketing initiative, SERRV's product will remain the same; they will continue to sell handmade products from villages across the globe. These products include small household items, jewelry, toys, games, and textiles; there is much overlap with Pier One and Cost-Plus. However, SERRV is already practicing savvy product marketing, because it carefully tailors its product line to its target customers. SERRV monitors sales and takes this information back to the producers, helping them to improve the quality of existing products, craft variations of these products, or even create new products that will sell in the marketplace. SERRV has designers on staff who fly to the villages and work one-on-one with local craftspeople for this purpose. Where the commercial competitors would change their product line and drop the producer in response to slow sales, SERRV maintains its relationships with their producers and tries to make them more responsive.

#### **P2 - Place/Availability/Convenience**

It's easy to forget that place is one of the most important features of SERRV's marketing mix, as they bring the products overseas to the customers, overcoming an otherwise insurmountable barrier preventing shoppers from finding these products. As mentioned above, SERRV has sold most of its products through church sales. In addition to the dwindling customer bases, SERRV is also seeing a dwindling sales force. Once one of the rare and coveted jobs available to women in the church, this sales position is much less appealing for women today who have many job opportunities. Customers do have a few other places to buy SERRV products:

- Two retail stores
- Paper catalog
- SERRV Website

While the web provides a very convenient place for consumers to purchase SERRV products, the organization experiences another convenience-related problem: back orders. A common problem with alternative trade organizations, SERRV must carefully handle situations in which producers do not send their products on time. Unlike mainstream commercial organizations, SERRV provides producers with a second chance when they encounter problems. Inevitably this leads to an occasional late order or inferior product that cannot be sold to the public. While traditional customers are generally committed ethical consumers and therefore understanding, the newer target market – which is more quality and convenience oriented – may not be so lenient.

### **P3 - Promotion**

*Advertising* - As mentioned above, SERRV is in the process of creating its new promotional materials. Currently, the only consistent material is the hang tag on each product. Once the new image and branding are complete, they will be consistently used in all materials, from the website to the catalog to flyers for sales events. While this is not complete, Potter did say that the message would be two-fold focusing both on

- Their ethical focus
- Product quality

Ms. Potter also indicated that Heifer International's very commercially-oriented, smiling and optimistic materials (Figure 3.1) may serve as an inspiration for SERRV's materials. This

approach is similar to the ‘well-baby’ approach discussed in the literature review on ethical consumerism. Because research suggested that the well-baby approach should be used in markets for which the problem is not salient or urgent, this seems to be a reasonable appeal as they branch out to their new target market.

**Figure 3.1. Heifer International’s Optimistic Marketing Approach is Illustrated on the Front Page of their Website**



**Sales force (Direct sales)** - While church sales will play a smaller role in SERRV’s overall marketing campaign, they will continue to be part of the mix. As such, the organization plans to make these consignment sales less time consuming and more efficient by creating and providing a “Concept sale in a box” to sales people. These kits would provide posters and instructions in advance to significantly reduce the amount of time it takes to make a sale (historically it has taken 40 sales-person-hours to make one sale). Other direct sales events and locations include:

- Universities
- Community group events
- Fitness events such as the Nationwide Hunger Walk

- Regional church events

**Public Relations** – SERRV’s public relations include:

- Press releases
- Newsletters to church customers and retail stores
- Volunteers, who provide a form of public relations in their networking

**Direct marketing** – A large portion of SERRV’s sales come from direct marketing.

- Retail Catalog sent to paid mailing lists and church customers
- Website Catalog

When they can afford to, they occasionally do

- Mass mailings
- Telemarketing

#### **P4 - Price**

SERRV's product range varies in price from \$2 to \$200. According to Ms. Potter, the price has to be comparable to competitors, as people will pay only a small premium for Fair Trade. As mentioned above, another aspect of price to the customer is the price of inconvenience when products are back-ordered and not available when expected. This higher price is a serious concern when competing with mainstream competitors for mainstream consumers.

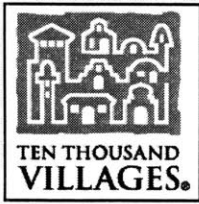
#### ***3.1.6 Implications for IBAS***

Despite the fact that SERRV has just begun to formalize their marketing efforts after many years, there are still a few things that IBAs may take away from their story. First, the target market identified by SERRV is very similar to the ethical consumer profile we discovered

in the literature review. Second, SERRV uses several tactics to stay competitive. They provide technical assistance to producers to ensure that their products are marketable. IBAs could do the same thing for merchants, helping them to make their product lines, service, and other aspects of the buying process more appealing to the customer. SERRV also uses a message of quality and uniqueness that stems from the intimate knowledge they have of the producer. IBAs could also incorporate the personalities and histories of local stores to enhance their image, and convey a sense of quality that only comes from committed store owners like those at independent businesses. SERRV also works to keep its pricing comparable with competitors and acknowledges that prices are more than just the sticker cost, that price can include the inconveniences often associated with their products. IBAs should also be careful to help merchants comparably price their products where possible, and to help merchants think about and account for other costs associated with purchase. IBAs may consider the positioning messages that SERRV uses, combining quality with ethical messages and ensuring that the ethical messages are positive and hopeful. Last, SERRV has the potential of reaching a large market through their catalogs and website, both of which may be viable ways for local independent businesses to counteract potential convenience barriers.

## 3.2 CASE STUDY 2 - TEN THOUSAND VILLAGES (TTV)

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### **Ten Thousand Villages**

provides vital, fair income to Third World people by marketing their handicrafts and telling their stories in North America.

### **3.2.1 The Organization**

Like SERRV, Ten Thousand Villages is also a Fair Trade organization that markets handicrafts from around the world. Their goals are to help producers enter the global marketplace, earn a reliable, fair wage, and maintain their community's traditional lifestyles. Deliberately re-named Ten Thousand Villages in order to evoke the feeling of a global community, the organization primarily sells its products through retail stores in the U.S. and Canada, and has been in operation since 1946.

Ten Thousand Villages is also like SERRV in that it is trying to change consumer behavior and attitudes in order to help small

producers compete in a marketplace dominated by large corporations. It too, provides useful lessons for IBAs attempting to motivate consumers to shop at locally-owned independent businesses.

### **3.2.2 TTV Marketing History and Goals**

Ten Thousand Villages has not done much in the way of market research, but is now starting this process with the help of a university. However, the organization has produced both large scale promotional efforts out of its headquarters and small scale customized efforts out of each of its retail stores. In order to achieve their mission, Ten Thousand Villages hopes to inspire consumers to:

- 1) Shop at 10,000 villages

- 2) Think about the impact of their money and where it goes, in terms of all products, including Fair Trade coffee and farmer co-operatives
- 3) Ask questions about Fair Trade.

### ***3.2.3 TTV Market Research Findings***

#### **Target market**

While the organization has not conducted any formal research on its target market or existing customers, Doug Dirks, Director of Marketing, has been able to identify certain characteristics, based largely on the demographics of successful store locations. He describes two different markets, the shoppers and the volunteers.

#### Shoppers

- Female
- Between 25-55
- Upper middle class / higher income
- Relatively well educated, some college education
- Some international travel experience
- Listens to NPR
- Eats at ethnic restaurants

#### Volunteers

- Alternative
- College educated
- Lower income bracket than shoppers

Mr. Dirks elaborates, “the people who work and volunteer at the stores are from a different income bracket, but have same education background” as the shoppers. Stores that do better are in university or college towns, with ethnic restaurants within walking distance.



### ***3.2.4 TTV's Strategic Plan***

#### **Markets to target**

The primary market being targeted by Ten Thousand Villages already matches the shopper profile listed above, for the most part. As Mr. Dirks noted, a big part of TTV's work is to transfer some of the money of the wealthy to the poor, so they are not targeting the volunteer demographic, which is generally lower income. TTV's Media Coordinator, Juanita Fox, adds that the target market also includes those who are socially conscious and environmentally sensitive. While not explicitly stated by either of the TTV representatives, their media selections – discussed later – imply that they are also targeting homeowners and people interested in home décor.

#### **Benefits/Value Props**

Not surprisingly the value propositions offered by TTV are very similar to SERRV's:

- Product quality and uniqueness – TTV realizes that its product line has to be interesting enough to attract customers and unique enough to differentiate them from competitors.
- Psychic benefit – A connection with communities, sense of authenticity and humanity achieved through the personal producer stories told by TTV materials and employees.
- Psychic benefit – Sustainably-produced products. Ten Thousand Villages helps producers implement sustainable practices, such as reforestation for wood carvers in Africa, and clean dyes for textile workers.

### **3.2.5 TTV's Tactical Plan – The 4Ps of the Marketing Mix**

#### **P1 -Product and Enhancements**

In general, Ten Thousand Villages describes its product as ‘handcrafted items.’ Specifically, TTV offers approximately 1800 products. Typically about one half of these are home décor and furniture accessories, one quarter is jewelry and personal accessories, and the remainder includes giftware, holiday decorations, and Fair Trade coffee and chocolate. Like SERRV, they compete with Pier One; Crate and Barrel, and Pottery Barn also offer similar products,

**Figure 3.2 Typical Products at Ten Thousand Villages**



although customers do not generally comparison shop between TTV and the mainstream stores. For the most part, TTV's regular customers go there because they believe in the store's mission. Ten Thousand Villages enhances the products in several ways:

- TTV ensures the quality and marketability of its product line by providing financial and technical assistance to the producers. This assistance includes 50% advance payments, advice on product pricing, design assistance, and quality assurance.
- TTV incorporates the psychic or ethical qualities into the product packaging. Almost every item in their product line includes a tag with a story about the person or village that created it.
- TTV purchases many items specifically to match seasons and holidays.

#### **P2 - Place /Availability/Convenience**

All products are sold in retail stores – either in TTV’s own stores, or in some cases, inside other alternative-type stores that carry their products. TTV has over 180 stores across the US and

**Figure 3.2 NPR Ad Copy**

“Ten Thousand Villages supports WHY? Ten Thousand Villages in Ephrata, Pennsylvania, is hosting a limited time rug event through February 28th. Featuring over 2,000 **hand-knotted** rugs in all sizes. These rugs are crafted by **fairly paid** adults in Pakistan. At Ten Thousand Villages you can find the **handcrafted** rugs you are looking for while **preserving the fairness** that the artisan deserves. Information at 717-721-8400 or [ephrata.tenthousandvillages.com](http://ephrata.tenthousandvillages.com)”

Canada, and they tend to locate in or near university or college towns where their target customers are likely to live. Like SERRV, this has brought the goods to a market that the producers would never reach on their own. However, in terms of consumer convenience and competition, they may suffer from similar problems as IBA member businesses, where shoppers are going to malls and big box stores instead of small business districts. This possibility was not discussed in interviews with Ten Thousand Village staff members.

**P3 - Promotion**

**Advertising** – Ten Thousand Villages has a centrally-located promotions office that manages the message and media for the organization overall, while the individual stores are given a budget and some flexibility in how they will advertise locally. Local efforts have tended to focus on NPR underwriting, small newspapers ads and direct mailers. NPR has consistently been well-received; as Mr. Dirks describes, listeners on NPR “are ready to hear the message...If you provide quality and price, extra (ethical) info helps to make the difference.” NPR underwriting was particularly successful in advertising for a recent rug sale at the US flagship store in Akron, PA. The text of this ad is shown in Figure 3.2. Notice that the ad conveys both quality and fair

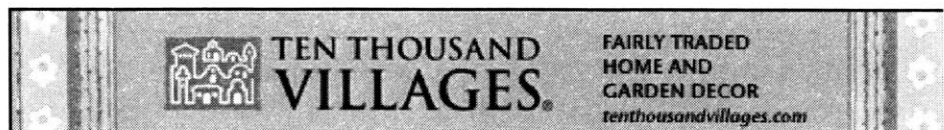
Trade concepts (emphasis added to ad copy). NPR is often used to highlight seasonal and holiday items as well.

According to Media Coordinator Juanita Fox, most of their major advertising is in magazines. TTV is in the process of changing its overall message and media tactics, and will begin its new tactics in April 2004. Descriptions of both the old and new tactics are provided below.

Prior message and strategy – Until this spring, TTV targeted two different audiences with its large scale advertising:

- Mainstream audience – TTV used a product-focused message with high-color glossy photos of products in mainstream lifestyle magazines such as Southern Living, Yankee, and Midwest Living. This focus on quality products and unique gifts was an attempt to bring people into the store with the product, and then give them the Fair Trade message once they get there; no Fair Trade message was in the ad itself. These messages were very well received, as indicated by the large number of customers who mentioned the ads both at HQ and in local stores. TTV decided that the photos were an important factor in their success, and plan to keep them in their new campaigns.
- Ethical audience – this audience was targeted through regional “alternative” magazines such as Utne Reader, e-Magazine, and Hope, using messages that focused on peace and Fair Trade. This ad was also in the organization’s only national media effort – the Christian Science Monitor magazine and website (Figure 3.3). According to Ms. Fox, TTV did not receive a huge response from these ads, possibly because the readership of these magazines is smaller, and because the publications did not offer a “Reader’s Service,” allowing TTV to hear from interested readers.

**Figure 3.3 TTV Banner Advertisement  
on the Christian Science Monitor Website**



New message and strategy – After reviewing these campaigns, TTV has decided to combine the product quality and ethical messages in their ads. The new messages include slogans like, “Shop Fair Trade. Invest in Your World,” and encourage people to “indulge in home décor” while investing in “education, housing, and hope for villages in 32 countries.” Abandoning the product *illustrations* often used in past ads, these new messages accompanied by glossy color *photos* in Natural Home magazine. This is a very targeted tactic: readers of this magazine care about leading healthy and environmentally-friendly lifestyles, and about how to incorporate these values into their homes. If possible, TTV will also run these exact same ads in the mainstream publications mentioned above.

**Sales force (Direct sales)** – TTV sales staff members spend the majority of their time in the stores. There, they provide a high level of customer service, and add value to the sales experience because they are all well-versed in their product line and the organization’s mission, and many have visited or have come from a producer community. In addition to in-store sales, the sales staff attends and presents community and educational events for PR purposes, but not for direct sales.

**Sales Promotions** – Ten Thousand Villages conducts several different sales promotions. In addition to the rug and holiday sales advertised on NPR, they also run promotions with the following

- Customer Appreciation Night
- World Fair Trade Day
- Women’s Friendship Day

TTV's Juanita Fox describes their successful advertising as product oriented and timely, with a small Fair Trade message.

Local advertisements have included product illustrations and copy such as:

- Storage in Style
- Hand to Hearth
- Language of Peace
- Your Purchase Makes a Difference

During the winter holidays, TTV also encourages people to augment their purchases with donations to specific communities; this is similar to the work of Heifer International, in which donors provide money toward the purchase of a cow or other livestock needed by villagers. This practice by TTV further emphasizes their ethical nature, and encourages a sense of good will among customers.

**Public Relations** – PR forms a large piece of Ten Thousand Villages’ promotional efforts, and one of their major objectives is to spread the word about Fair Trade in the communities around their retail stores. While they are currently working to break through to national TV or radio, they have had successful and widespread press releases in local newspapers, and continually have a local presence through store-initiated public relations. In general, when TTV pitches a story to the media, they talk about the fact that they do business differently than everyone else, that they are not in the business to make money, and that they have a long history of operating this way. TTV headquarters often provides easily customizable press releases to each of its retail stores. Some examples of their work are listed below.

- During the unrest in Haiti in early 2004, TTV sent out a press release reassuring customers and producers that they would continue to work with the producers in the country, explaining that while they may not be able to contact villagers directly, they are committed to working with them throughout the conflict and beyond. This was picked up by newspapers in ten major cities across the U.S.
- TTV works closely with community groups and universities to educate the public on Fair Trade principles through lectures and information tables. Sales staff are extensively trained and educated to speak about the producers’ lives, Fair Trade, and the movement’s political and economic aspects.
- In Boston, the store was featured on a local TV program called “Toward a Quality of Life” on the Boston Neighborhood Network.

- Ten Thousand Villages also sells products that act as a form of public relations, such as books with stories and photos of the producers.

**Direct marketing** – Ten Thousand Villages does not offer catalogs or an e-commerce website, but they do direct mail pieces such as flyers and postcards. These often highlight events, new and seasonal items, and provide some product descriptions.

#### **P4 - Price**

The Ten Thousand Villages product line ranges in price from \$2 to \$700. In general, these prices are fairly competitive, and for most products it is necessary to remain so. Some of what TTV knows about pricing comes from the International Fair Trade Association, IFAT, and the experiences with Fair Trade coffee. Some of the important pricing facts revealed in interviews with TTV staff include:

- For some products they can charge a Fair Trade premium, but they have to be able to trace that money back to the producer, and prove that it's not going to TTV.
- With coffee, people will not pay more for Fair Trade unless it competes with gourmet.
- About 10 - 15% of the general public states it will pay a little more if something is fairly traded.
- As mentioned above, this premium is sometimes expected or unnoticed because TTV shoppers are different from mainstream shoppers. Most of the customers are not comparison shopping with Crate and Barrel, and Pier One.

These comments echo findings in ethical consumerism research, revealing that a very small portion of consumers will pay a premium for Fair Trade itself, while the premium paid by others is really a *quality* premium, not a Fair Trade premium. In order to compete in a mainstream market, price needs to be comparable.

### ***3.2.6 Implications for IBAs***

Many of the potential marketing ideas generated by SERRV's case study were reinforced by the examination of Ten Thousand Villages. The target profile was, again, similar to that of the ethical consumer, with education level being particularly significant here. Ten Thousand Villages has also recently chosen to use a combination of quality and ethical messages in their promotions, and like SERRV, they showcase the producers and their lifestyles to add value to the products. TTV was also similar in its dedication to producers and the fact that it offers technical assistance to ensure the marketability of products.

There were a few additional ideas and concepts that IBAs may want to consider. For example, when the local merchants cannot match chain store prices, they may be able to justify prices because of higher quality. If this is true, it can be made explicit in promotions – for products in which quality matters. This tactic won't work for convenience items. TTV felt that higher prices could sometimes be justified because of higher wages to producers, this may or may not work for merchants who pay their employees higher wages than chains. While not every IBA community is a college town, those communities who have higher educational institutions may want to target their faculty and staff as customers, and may want to recruit students as volunteers. IBAs can do outreach at university events and merchants can bring products to these events as well.

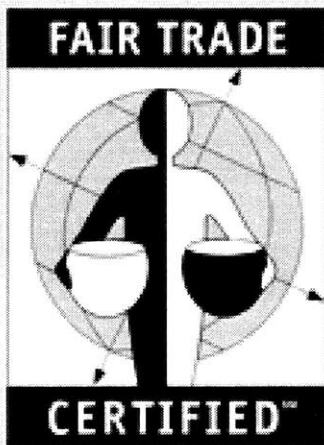
IBAs should note that TTV's ethical-only advertisements in progressive magazines didn't seem to generate as much response as the luxury oriented, glossy photo advertisements in lifestyle magazines. One hypothesis for this is that alternative magazine readers may not be thinking about shopping while reading these magazines, while shopping is very top-of-mind



when reading the other magazines. If true, it suggests that IBAs should consider the consumer's frame of mind and target those media that lend themselves to a shopping frame of mind. This link between product and reader may also be useful for IBAs, because they may want to consider creating ads that feature stores of a similar type. For instance, IBAs could have an ad that showcases all of the furniture stores, another that features auto repair shops, and one that features clothing stores, allowing them to strategically advertise in places where consumers are looking for those particular items. Another media success that IBAs may want to consider is NPR underwriting, which TTV staff felt brought many customers into their stores. Finally, IBAs may want to consider helping merchants use PR in the way that TTV does when they highlight their long-term dedication to Fair Trade. Merchants can individually or collectively highlight specific ways they've supported the community over the years.

### 3.3 Case Study 3 - TransFair USA

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TransFair USA is the only independent, third-party certifier of Fair Trade practices in the United States. Through regular visits to Fair Trade farmer cooperatives conducted by Fairtrade Labeling Organizations International (FLO), and partnerships with US companies, TransFair verifies that the farmers who produced Fair Trade Certified™ products were paid a fair price.

#### *3.3.1 The Organization*

TransFair USA has been the sole certifier of Fair Trade practices in the US since it began in 1999. Their mission is to alleviate poverty and empower family farmers in developing countries. TransFair USA does not produce or sell products. However, in addition to certifying that farmers are fairly paid, they manage labeling and marketing of Fair Trade products such as coffee, chocolate and bananas in the United States.

While they focus specifically on farmers in developing countries, TransFair USA, like IBAs, SERRV and TTV, works to change consumer behavior and attitudes in order to help small producers compete in a marketplace dominated by large corporations. TransFair USA has some of the most sophisticated marketing in the ethical marketplace and provides important lessons for IBAs.

#### *3.3.2 TransFair USA's Marketing History and Goals*

TransFair USA started a major marketing campaign one year ago. Prior to that, their efforts were more grass roots, revolving around local community organizers who gave talks to churches, unions, and universities. Like the other organizations profiled in this study so far, TransFair USA has two major goals; it encourages people to

- Buy Fair Trade products
- Ask questions about how and where products are produced

### ***3.3.3 TransFair USA's Market Research Findings***

According to TransFair USA Marketing Director Haven Borque, the profile of Fair Trade coffee and cocoa customers is that of the typical gourmet coffee consumer:

- Female
- 35-45 years old
- Relatively high income - 60k and above\*
- College-educated BA beyond, or current college student
- Lives in US West Coast or East Coast City

\*with the exception of current college students

### ***3.3.4 TransFair USA's Strategic Plan***

#### Market Segments to Target

TransFair USA targets its marketing to the gourmet coffee drinker and food consumer described above. This segment includes both mainstream gourmet coffee drinkers, and those in the advocacy community (ethical shoppers). She considers the former their core constituency, and wants to raise awareness with the latter. TransFair also markets to distributors, wholesalers, and retailers, to encourage them to stock their products.

#### Benefits/Value Props

- Gourmet, award winning coffee and chocolate (product quality and uniqueness)
  - Coffee – Won first, second and third places at coffee cupping event at a recent Specialty Coffee Association of America expo
  - Chocolate - Food and Wine magazine, Culinary Institute of America gave Fair Trade cocoa #1 prize. Several famous chefs use only Fair Trade coffee and chocolate.

- Often organically or sustainably grown
- Produced by small farmers who were given the opportunity to
  - Make a decent, predictable wage
  - Send their kids to school
  - Live on their own family land
  - Build infrastructure and healthcare
  - Exert control over their operations and in their own communities
- Profitable for distributors, wholesalers and retailers

### ***3.3.5 TransFair USA's Tactical Plan – The 4Ps of the Marketing Mix***

#### **P1 - Product and Enhancements**

TransFair USA explains that, like in SERRV and Ten Thousand Villages, farmers are given technical assistance, in terms of business and finance as well as in tailoring the product to the market. They are given feedback on the taste of the coffee and the packaging preferences of consumers in the U.S. They use this feedback to ensure that beans are grown appropriately (often shade grown to appeal to environmental customers), are harvested and processed at the right times and temperatures to ensure they meet the flavor preferences (often different than their own local preferences), and transported in an appealing package (often expensive jute sacks that provide a more natural look than the plastic bags they would otherwise use). Most of the conversation about Fair Trade products has focused on coffee and chocolate. Many of these product specifications are required for certification. The core product elements are:

- Quality award-winning gourmet coffee and chocolate, grown, harvested and prepared by real, human farmers who are paid a fair wage
- High quality bananas grown by farmers who are paid a fair wage
- Great tasting

- Organic or sustainably grown and harvested

## **P2 - Place /Availability/Convenience**

Place is a very important aspect of Fair Trade products certified by TransFair USA. Not only does the Fair Trade movement get products from producers in the developing world to the countries of consumers, they also work hard to get the products at the right sales locations in those countries. Fair Trade products have been moving from small specialty grocery stores and coffee shops to more mainstream grocery stores and coffee shops. TransFair USA recognizes that availability at main stream cafés and stores is critical to increasing sales. As Ms. Borque puts it, “Availability is the key to the mainstream market.” The products must not only be conveniently located at these places but must also be visible and well-signed. Currently, it is easy for Fair Trade products to get lost in the large mix of choices available at the stores and cafes. There is also a geographic element to Fair Trade sales in the U.S. as suggested by the market segment characteristics mentioned above. Ms. Borque revealed certain hotspots, cities where Fair Trade has taken off. These cities can usually be predicted by a large presence of organic food stores. In summary, place characteristics of Fair Trade products are as follows:

- Geographic - Organic store hot spots Milwaukee, Minneapolis-St. Paul, Austin. Chapel Hill Raleigh Durham.
- Currently available at many specialty food stores and cafes.
- Slowly entering grocery stores and mainstream coffee shops but they are a minority within the product line.
- Need for signage and visibility of Fair Trade within mainstream establishments.
- Easy availability is critical for getting mainstream (non-advocacy) customers.

### **P3 - Promotion**

**Advertising** – As indicated above, the messages being used by TransFair USA to market their goods combines concepts of quality product and convenience with the ethical message of helping farmers. Trying to attract the mainstream with the ethical customer, Ms. Borque explains that they try to impart that they offer “interesting and available inventory.”

These messages combine the cup of excellence concept with the image of the authentic traditional farmer with his age-old methods. Ads use photographs to connect target markets with the farmers and their lifestyles, while labeling sends the message that there is a rigorous audit trail and people can be confident that their purchase is socially and environmentally responsible. At the same time, Ms. Borque says that they try not to bog down the message with heaviness. Balancing this complicated mix of ideas has resulted in their new campaign messages:

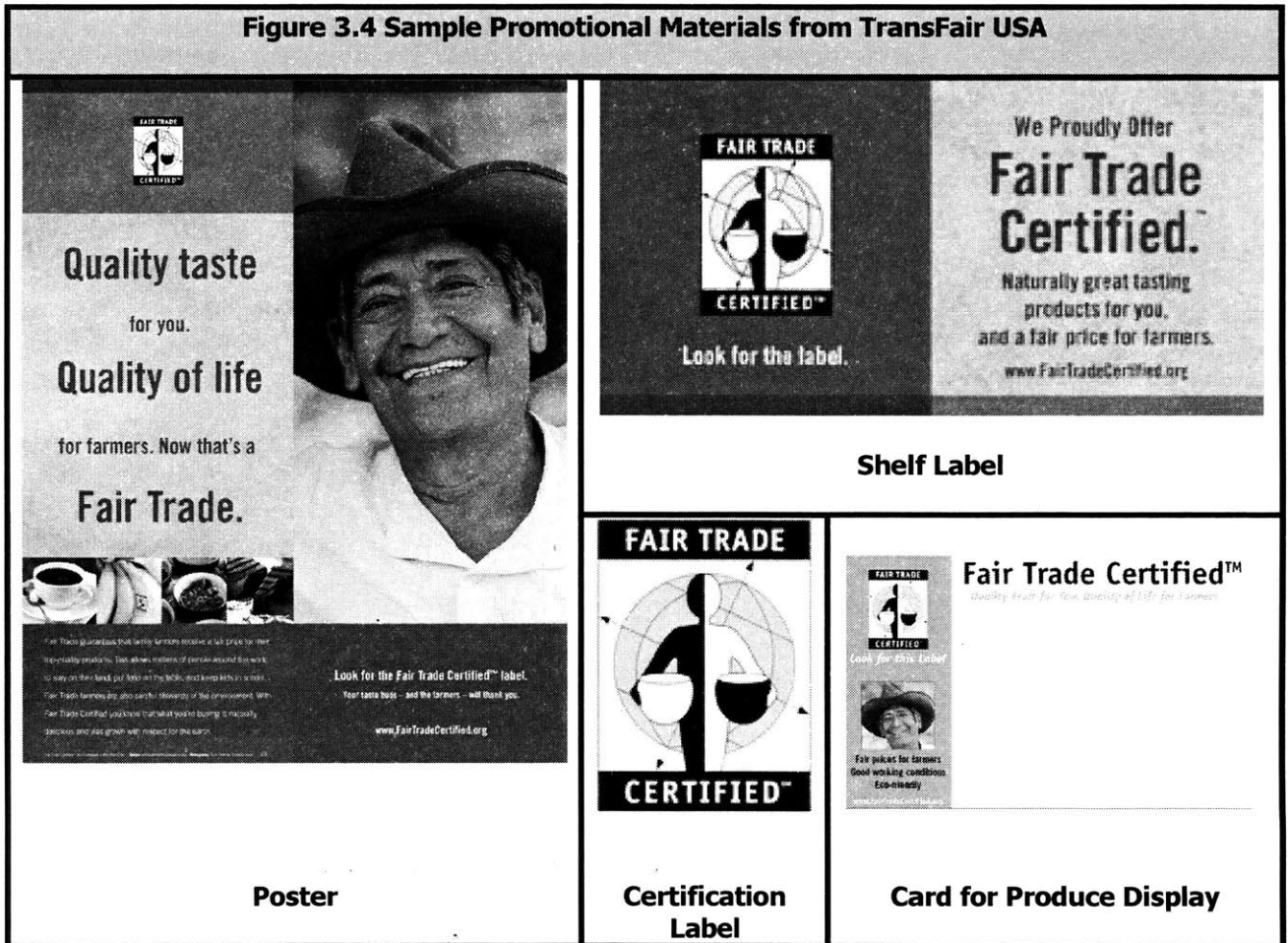
- “Quality Taste for You, Quality of Life for Farmers. Now that’s a Fair Trade.” This message is the slogan on almost all of the marketing materials, from billboards and magazine ads to posters, brochures, and other point of purchase materials.
- “Naturally great tasting products for you, and a fair price for farmers.” This is one example of a variation on the theme. While the two concepts are the same, the exact wording changes based on context – namely its location and exact target audience. This particular slogan is placed on shelves next to the Fair Trade products.
- “Fair Trade Certified. Direct to You from Farmers Around the World.” This version sits on café tables, and is augmented with more detailed – yet still simple – information about how Fair Trade helps farmers and their families.
- “Fair prices for farmers. Good working conditions. Eco-friendly.” These messages are on signs designed to be displayed next to Fair Trade fruits, and are typical of the additional ‘details’ provided in the text of table tents and other displays.
- “When you offer Fair Trade Certified products, everyone profits.” This is the major message on “Sell sheets” provided to individuals and institutions that could sell Fair

Trade products, such as retailers, wholesalers and distributors. The sheets are augmented with the typical messages of quality taste and quality life that are directed at consumers.

- The certification label and a directive to look for it are on all consumer-focused advertisements at all locations. Including and drawing attention to labels (logos) is very important for the Fair Trade movement. According to Borque, logos account for about 95 to 98% of their visible advertising. Coffee is a challenge because Fair Trade labeling (or branding) ‘competes’ with labels for organic, shade-grown and sustainable. As mentioned in Section 2, this is less of a problem on many fruits because they do not have their own branded packaging, and so there is a much less cluttered surface on which to display the Fair Trade Certified label. It is Ms. Borque’s hope that the multiple certifiers will merge to create one label. In the meantime, TransFair USA will continue to foster awareness of the logo as part of its advertising. For example,
  - The bottom of posters shows the Fair Trade Certified label image, and the text, “Look for the Fair Trade label. Your taste buds – and the farmers – will thank you.” So, not only do they provide the labels, they actually promote the labels themselves in their advertising.
  - “Look for the Fair Trade Certified label, your guarantee of: Fair prices for farmers, Good working conditions, Eco-friendly farming practices, The best quality fruit.”
- In addition to the stores and points-of-purchase locations, these clear, consistent and compelling messages are being delivered in a variety of places:
  - Outdoor media including billboards and bus shelters.
  - TV and radio (PSAs)
  - Major magazines whose readership matches their target markets, including Women’s Day, Health, Organic, Yoga Journal, Social Justice, Mother Jones, Utne Reader.

So, while the value propositions of Fair Trade are many (quality product, fairness to farmers, poverty alleviation, keeping kids in schools, protecting and preserve the environment), they must be boiled down and distilled to their essence to create the simple clear, consistent and compelling message “Quality Taste for You, Quality Life for the Farmers. Now That’s a Fair

Trade.” These messages are going out to the general public of target cities and to specific audiences via specific magazines and other targeted channels.



Source: TransFair USA website <http://www.transfairusa.org> April 2003.

**Sales Promotions** – TransFair USA organizes, participates in, and creates partnerships for many sales promotional events, including:

- Farmer visits to schools and other institutions
- Coffee tastings at local cafés
- Informational tables at community events and grocery stores
- Public education presentations



- Coffee and gourmet food conferences and cupping events

***Public Relations*** –TransFair USA is very active in public relations; it sends out many press releases, and gets good radio, TV and newspaper coverage. They are especially successful at the regional level, and events such as the SF Fancy Food Show, press releases of new products, and focused media efforts have resulted in recent publicity in specialty food and organic publications, major papers such as The Boston Globe, San Francisco Chronicle, USA Today and others, as well as online at Fruitnet.com.

***Direct Sales and Direct Marketing*** - As one piece of the vast Fair Trade institutional landscape, the TransFair USA organization does not do any direct sales or direct marketing such as unsolicited mailers and emails. However, they do offer subscription email newsletters for consumers and industry partners. They also provide people with the information needed to find Fair Trade sellers. For example, their website provides links to 66 online retailers, contact information for 23 national stores and coffee shops, and searchable contact information for local retailers across the U.S.

#### **P4 - Price**

As mentioned above, Fair Trade products are comparably priced with gourmet products. While this means that products are sold at a slight premium, it can be viewed as a quality premium rather than an ethical premium.

### ***3.3.6 Implications for IBAs***

The TransFair USA case study reinforces many of the concepts provided in the first two case studies. Use of the typical ethical consumer, providing technical assistance to improve product marketability, the use of a combined quality and ethical message, and framing price as a quality (or gourmet) premium are common among these organizations. TransFair USA also heavily relies on public relations, and IBAs should continue to use this inexpensive and less commercially-connotative promotional method.

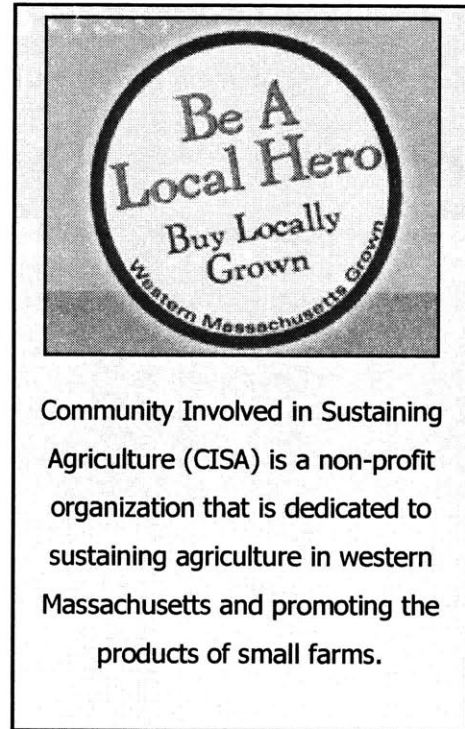
TransFair USA is very focused on convenience and is working very hard to get their products in mainstream sales outlets. This is something IBAs should consider for local independent merchants. While IBAs shouldn't be trying to move the merchants, they can help make the merchants easier to reach, and make the products available in more places, so that customers can see and make purchases more easily. IBAs should also take note from TransFair USA's targeted efforts toward distributors, wholesalers and retailers. While IBAs would not target these exact audiences, it points out that they can target other audiences outside the consumer audience, including city governments, real estate developers, non-profit organizations, and others who may have the choice to work with independent businesses instead of chains. Finally, IBAs may want to adopt TransFair's use of subscription email newsletters to nudge those interested non-shoppers, and to encourage and reward current shoppers.

## **3.4 CASE STUDY 4 - COMMUNITY INVOLVED IN SUSTAINING AGRICULTURE (CISA)**

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### ***3.4.1. The Organization***

CISA Community Involved in Sustaining Agriculture is a non-profit organization that works to protect small farms and farmers in western Massachusetts. In addition to services such as providing technical assistance to farmers, creating institutional purchase agreements, and maintaining a farm directory, CISA has also created and manages a very successful campaign to encourage residents to buy food from local farms. Started in 1999, the program slogan is “Be a Local Hero, Buy Locally Grown.” This campaign is the result of professional market research and has also been formally evaluated. The goals of CISA are almost identical to IBAs, but from a food perspective, as CISA wants to encourage people to support their local economy and environment by purchasing locally grown foods. It has done testing to determine which marketing messages would get the greatest response and be the most likely to change the shopping behavior of community members. IBAs can benefit from their research.



### ***3.4.2. CISA’s Marketing History and Goals***

As described above, CISA began its Be a Local Hero campaign in 1999, and has continually evaluated and made improvements to it over time. The goals of this campaign are to persuade

people to buy locally grown food from farms, farm markets, and grocery stores, as well as to ask restaurants to use locally grown food and to patronize those restaurants who do.

### ***3.4.3 CISA's Marketing Research Findings***

CISA hired a strategic market research firm to conduct their market research. The firm Penn, Schoen & Berland Associates, Inc. conducted 450 phone surveys to gather data about the community members' demographics, media preferences, and their knowledge, attitudes and behaviors with respect to locally grown food. This research resulted in a characterization of two target groups, based on their current habits and attitudes about buying local food; these groups were Committed and Swing shoppers. Committed shoppers already spent at least 11% of their grocery bill on locally grown food. Swing shoppers expressed a willingness to buy local foods, but spent less than 11% of their grocery bill on local foods. Other shoppers did not show much interest in the concept of buying local. These descriptions are very similar to the Ethical, Semi-Ethical, and Non-Ethical categories described in Chapter 2 on ethical consumerism. The consultants recommended that CISA target its campaign to the primarily to the 'swing' shopper, and secondarily to the committed shopper. The characteristics of the Swing target market are listed in the strategic plan below.

### ***3.4.4 CISA's Strategic Plan***

#### **Market Segments to Target**

Market consultants Penn, Schoen & Berland found the following characteristics about the market segment most likely to be influenced by the campaign ('swing' shoppers):

- 35-49 years old
- Slightly lower household incomes
- Slightly less education
- Shop less frequently others (not less in total, just purchase more per trip)
- More children

*Other characteristics, such as gender, total grocery spending, or household location (Springfield city area vs. rural counties) were not significantly different among the groups of shoppers.*

This list might look surprising compared to the very consistent descriptions of highly educated, high income females in the previous case studies and in the research on ethical consumerism in Chapter 2. This is partly due to the fact that those descriptions were of those audiences most likely to be ethical shoppers, while this description is not of the committed ethical shoppers, but of the swing (semi-ethical) shoppers. In fact, if you look at the education and income statistics for the committed (ethical) group, their education levels are slightly higher (67% of those reporting education level have college degrees or higher compared to 53% of swing shoppers), and so are their incomes (62% of those reporting incomes have income of \$35k and over, compared to 53% of swing shoppers). It is also important to note that these comparisons (less education, lower income, etc. are relative to other community members, not to the national population.

CISA took the advice of the researchers and chose to target the swing voters. The phone survey gave them behavioral and attitudinal data about swing shoppers, which was even more useful than demographic data for the purpose of creating the right messages.

The most important reasons swing shoppers would buy locally (in order of popularity):

- Freshness
- Supports the local economy / your neighbors

- Quality
- Taste

Reasons swing shoppers do not shop for locally grown food:

- Perceived inconvenience
- Lack of selection

The messages of freshness, supporting the local economy, and convenience were determined to be the most effective for swing shoppers, and according to the research, would also be effective with committed shoppers, encouraging them to increase their local purchases. The concepts were clearly used in almost all of the campaign materials. Descriptions and examples of these messages are in the marketing mix section below.

### **Benefits/Value Props**

Fortunately the products from CISA's member farms provide many benefits to the local community and to the shoppers themselves. These benefits include:

- Food that is
  - Fresh
  - High Quality / Good Tasting
  - Healthy
- Contributes to a healthy diverse economy
- Supports family farms
- Contributes to a healthy, less toxic environment
- Preserves the rural landscape, open space

These benefits were the potential messages that CISA thought might be used to encourage people to shop locally. The market research firm tested the messages in their phone surveys to

determine if people would find these messages believable and whether they would make people more likely to shop for locally-grown foods. The results of this message testing shown in Figure 3.5 on the next page.

**Figure 3.5 Message Testing of Locally Grown Foods**

Message	Believability		More Likely to Buy	
	Very	Total	Much More	Total
Buying locally grown food greatly contributes to the local economy.	64%	92%	44%	78%
When you buy locally grown food you are supporting your neighbors.	58%	86%	40%	75%
When you buy locally grown food you are helping to preserve the rural character of your region.	47%	80%	36%	72%
Locally grown food usually tastes better.	40%	78%	39%	75%
Buying locally grown foods is a way for people to make a statement about making the future better for today's children.	26%	62%	25%	55%
When you buy locally grown foods you are helping to save the environment because local farmers use environmentally safe agricultural practices, like less pesticides.	25%	60%	28%	59%
Buying locally grown foods is a way to improve your personal wealth and individual well-being.	18%	52%	20%	50%
Locally grown foods are always safer because local farmers are less likely to use unsafe methods such as pesticides.	18%	49%	26%	55%

Total Believability: Percentage Very Believable + Somewhat Believable  
 Total More Likely to Buy: Percentage Much More Likely + Somewhat More Likely

Source: Fires of Hope Marketing Campaign Final Research Report, Penn, Schoen & Berland Associates, Inc., March 1999.



### ***3.4.5 CISA's Tactical Plan – The 4Ps of the Marketing Mix***

#### **P1 - Product and Enhancements**

Farmers represented by CISA sell vegetables, fruit, herbs, flowers, beef, pork, timber, wool and other locally-grown items. CISA provides technical assistance to farmers; encouraging them to implement sustainable practices, and helping them to attain organic certification in many cases. As a result, their farm products are fresh, high quality, and healthy for people and the environment. In creating the tactical marketing plan, CISA did not significantly change the farm products to fit customer needs. One additional way that CISA perceived the product is as a menu ingredient at local restaurants. This aspect of the product allows for additional ways to reach customers with the buy local message.

#### **P2 - Place /Convenience/Availability**

Place is an important aspect of selling locally grown produce in Western Massachusetts. As CISA's market research revealed, the biggest reason that swing shoppers don't buy local food is because it isn't convenient. While this may be true in some instances, it may also be a perception and advertising problem, more so than a problem of distribution. Locally grown foods are available from the following locations in Western, MA:

- Farms and roadside farm stands
- Grocery store
- Farm markets
- Certain local restaurants

CISA discovered a few things about the placement of these goods. First, consumers may not realize that the products are in grocery stores, therefore concluding that they need to go out of

their way to buy them. This has led CISA to point-of-purchase (POP) advertising in front of the produce at grocery stores. Second, road side stands and farms can actually be more convenient than grocery stores when someone only needs to pick up a few items. Unlike grocery stores which require you to find a parking spot, cross the lot, walk through a large store and wait in line, farm stands allow people to pull up, pick their food, often throw their money in a jar, and go. So, for those people who pass farms on the way home from work, this is actually a much more convenient way to get a few items. Recognizing this fact has allowed CISA to promote accordingly. Finally, knowing that inconvenience is the biggest barrier has meant that CISA delivers counter messages of convenience wherever possible to change the perception.

### **P3 - Promotion**

***Advertising*** – The market research discussed above has helped CISA to craft the effective messages that they use throughout all of their marketing activities. This message includes the concepts of freshness, good for the economy, and convenient. While these messages were found to be effective for swing and committed shoppers, Campaign Director Mark Lattanzi explained that the messages would work for everyone. Luckily, and unusually, they did not need to do different messages for different market segments. The broad concept of a local hero can apply to almost anyone. Message examples include:

- “Be a local hero, buy locally grown. It’s fresh, it’s convenient, and it helps the local economy.” – The Main Slogan
- Locally Grown. What could be fresher? – Newspaper Ad
- “Be a Local Hero. Buy Locally Grown. Western Massachusetts Grown.” – Logo / Buttons / Stickers
- “We Sell Locally Grown Products. Western Mass – produced food tastes better, and it helps our economy grow.” – Point of Purchase Sign for Markets

- What could be Fresher? Be a Local Hero. Buy Locally Grown. Contact info – Billboard
- “Experience a country market” “When you are tired after work, you want to get home in a hurry. Our farm is one of Granby’s finest and we have everything you need—local bread, local milk, local eggs, sweet corn, tomatoes, baked goods, and deli salads. Come by—we want you to visit us today. What could be fresher...” – Newspaper Ad
- Farmer talking about his farm, followed by a spokesperson with hours and the following line: “At the farm stands, in farmer’s markets, in the grocery store, look for Local Hero food. What could be fresher?” – Radio Spot
- “Dine on Locally Grown – These area restaurants proudly use locally grown farm products in their menu items...” – Print Advertisement.

While freshness is an easy concept to get across, the messages around convenience and its impact on the economy could be more difficult. However, the ads are fairly straightforward, often just saying, “convenient,” and “it helps the local economy.” Perceptions about convenience are also countered by providing the locations and hours of places where products are available, and in some cases, even prompting consumers with the idea that it’s quick and easy to stop by “on the way home from work” and “get everything you need.”

Figure 3.6 Sample Promotional Materials for CISA



Billboard Advertisement

**Harvest some green!**

Support local growers and save money.

Pick up the freshest produce from these participating Local Hero farmers at the farmer's market or farm stand and take \$1 off your purchase of \$10 or more.

what could be fresher?

Be A Local Hero Buy Locally Grown

**\$1 off** Get \$1 off a purchase of \$10 or more. To receive \$1 off the information below, make your selection, and present this coupon to the cashier at one of the business listed on left. Offer expires October 31, 2002.

NAME \_\_\_\_\_  
 STREET \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_  
 PHONE \_\_\_\_\_  
 FAX \_\_\_\_\_  
 PARTICIPATING FARM \_\_\_\_\_

CISA Community Involved in Sustaining Agriculture  
 Call toll free: 877-MAFOOD3 • www.buylocalfood.com

Jasmine Tree Farm Amherst Farmers Market 413-238-9902	Natural Roots Amherst Farmers Market 413-369-4209	Hill Tavern Farm Chatham 413-629-9008	Chester Hill Winery Chester 413-354-2340	Creston Farm Stand Dorchester 413-772-0790	Wrens Cakes Bakery Dorchester 413-685-4511	Breezy Acres Granby 413-467-3276	Red Fire Farm Granby 413-367-7645	North Hadley Sugar Shack Hadley 413-585-8420	Berkshire Sweet Gold Maple Farm North 413-337-8300	The Beacon Place Hutchinson 413-332-2040	New Salem Preserves New Salem 978-844-3437	Melrose Dell Farm Northampton 413-586-0515	Saves of Solidarity Orange 978-844-7504	Boakite Orchards Southampton 413-527-9091	Universal Farm Sunderland 413-640-2045	Diamond Farm Windsor 978-544-3509	Hessons Farm Windsor 413-645-3400	Dufresne's Sugar House Windsorburg 413-268-7529
--	--	---	--	--	--	--	---	---	---	--	--	--	---	---	--	---	---	--

Coupon Advertisement

Experience a country market

Evelyn Hatch, Breezy Acres Farm, Granby

"When you are tired after work, you want to get home in a hurry. Our farm is one of Granby's finest and we have everything you need—local bread, local milk, local eggs, sweet corn, tomatoes, baked goods, and deli salads. Come by—we want you to visit us today."

Breezy Acres Farm  
 Monday-Friday 9 a.m.-7 p.m.  
 Saturday-Sunday 9 a.m.-6 p.m.  
 25 Pleasant Street  
 Granby, MA  
 413-467-FARM

what could be fresher?

Be A Local Hero Buy Locally Grown

CISA Community Involved in Sustaining Agriculture  
 Call toll free: 877-MAFOOD3  
 www.buylocalfood.com

Newspaper Advertisement

Like TransFair USA with Fair Trade, CISA doesn't bog down their ads with heavy economic concepts or try to explain exactly how buying locally helps the community, they just state the concept simply. The ads abstract this concept even further and turn it into an emotional appeal by just implying that buying locally is a good deed (social norm) – "Be a Local Hero." Simple messages around the economic concept were possible and preferred, because 92% of those surveyed found the concept to be believable before the campaign even started. As Be A Local Hero Campaign Director Mark Lattanzi explains, they realized that

they aren't trying to educate people; they're trying to motivate people to purchase the food. Confirming these existing beliefs is a powerfully effective advertising concept.

Certain messages were not chosen to be in the campaign as a result of the market research, as well. As CISA states in its campaign manual

“If we had followed our initial instincts and gone with an environmental message, we would have had to first convince people that buying local actually supports the environment and then motivate them to act on that new belief. We learned from our researcher that we shouldn't try to convince people that they ought to believe something they don't. Instead, focus on what they already believe and value. Your message should convey that you have what they already want.” (Lattanzi 2002).

Many of these messages profile local farmers, are delivered by local farmers, or show photos of the farmers because the market survey revealed that 86% of people thought that farmers would be convincing spokespeople to deliver the campaign messages. With the exception of a health professional (78%), no other particular person or type of spokesperson was considered nearly as convincing. Because the messages were down to earth and community oriented, the farmer was chosen as the only type of spokesperson they would use.

CISA went all out with this campaign, using many different kinds of media. Surveys revealed that newspapers had a high readership rate in the area, so hundreds of ads were placed in local newspapers. The campaign also included:

- Seven (7) radio stations broadcasting more than 40 spots daily – These ads were humorous and featured local farmers, providing a very friendly and personal connection with the local farmers. CISA found these to be successful. They have avoided PSAs on television, feeling that they won't get enough airplay when their audience is watching (or awake).
- Seventy-two (72) busboards. These were one of the less successful promotional pieces, and were discontinued. However, because the bus company uses non-profit ads / PSAs to fill empty advertising space, they still run occasionally.

- Point of purchase (POP) materials in 50 grocery stores and markets. These materials – free to the retailer or grocer who displays them – include price cards with their logo, stickers for products, posters, bumper stickers and buttons.
- A Farm Products Guide, listing all of the participating farms – available on paper and searchable on the web.

***Sales Promotions*** – CISA also participates in and manages many events that provide sales promotional opportunities, including

- County fairs
- Farm tours, food festivals and farm events
- Farmers markets
- Fall Farm Tour and Feast
- “Seasonal Celebration” buffets

While many events ranked lower in recognition than other forms of promotion, they often created valuable community relationships and provided appreciation and feedback to farmers. The fall farm tour was a fundraising event that included hayrides, activities and lunch at a local restaurant. CISA is often a very popular table at events because they sometimes dress like vegetables and hand out colorful stickers. Kids love the stickers, and this helps to engage the parents.

***Public Relations*** - CISA has been very proactive and successful in its public relations efforts, which have resulted in numerous newspaper articles and television news stories.

***Direct marketing*** – In the first year of the campaign, CISA sent out full-color mailers to every household in a two-county area, but it had a very low awareness rate. As a result, they have not done any additional direct mail pieces.

#### **P4 - Price**

In many ways, price is not much of an issue for the farm products that CISA markets. Most people surveyed were not as concerned with price as with other issues, and many feel that local foods are worth a little extra money if they are higher quality. In fact, locally-grown food prices are not consistently higher or lower than non-local products. Until farmers became aware of the fact that they were under-pricing their goods (often through CISA), their prices were lower, so the perception that local foods are cheaper pervades among older community members. At the same time, some prices have gone up, and are often comparable to non-local goods. There are many consumers who know this, and expect the prices to be comparable.

CISA's experience with coupons is another indicator that price of local foods may not be an important factor in consumer decision-making processes. Survey results suggested that coupons would be effective enticements to shop locally, but in practice they were not. Coupons placed in local newspapers gave people \$1 of any purchase of \$10 or more at participating farm stands. However, CISA did not have much success with the coupons and have stopped the promotion. In addition to being a possible indicator that actual cost is not important, the failure of coupons may be another indicator that convenience cost is. Shoppers may feel that it is not worth \$1 to go out of one's way to redeem a coupon, or that cutting out and remembering the coupon itself may be a costly inconvenience.

### **3.4.2. CISA's Successes**

Unlike the other organizations in this study, CISA has had the opportunity to conduct formal evaluations of their campaign, and have found it to be incredibly successful. Their evaluation instruments included surveys with customers, farmers, and retailers. Some of the results are listed below.

#### **Highlights from the Farmer Survey** (2001 Year-End Survey)

- 74% reported product sales increases
- 12% of the *listed* products increased up to 10%
- 29% of products increased 10-20%
- 40% of products increased 50% or more
- 50% received higher prices in 2001 than in 2000
- 78% of Local Hero farmers reported increases in farm stand sales, 39% “significant” increases

#### **Highlights from the Consumer Survey** (2001 Telephone survey conducted by marketing consultants)

- Changed Behavior – 65% of those surveyed said that “advertising had an impact on their decision to buy locally grown food.”
- Convincing – More than 80% of those polled said the advertising made a convincing case about why people should buy locally grown food. They also agreed that it is important to continue the message so that residents are kept aware of the benefits of buying locally grown food.
- Favorability – 86% of the residents of western Massachusetts are favorable toward the advertisements and believe they make a convincing case for buying locally grown food.
- Awareness – 78% can recall the major theme and slogan without being prompted by pollsters.



- Support for restaurants - 64% want restaurants to serve locally grown food, and the same number said they would support restaurants that made an effort to buy from local farmers.
- Local Non-Farm Businesses Also Benefit - 57% of respondents thought that the ads were convincing people to support local retailers and businesses unrelated to farming. An owner of a small non-agricultural business in Hampshire County has told CISA that her customers say they support her shop instead of a big chain store in town because of Local Hero advertising.

The campaigns awareness and influence exceeded CISA’s expectations, were “unusually high” according to CISA’s pollster, and provide hope that IBAs will be able to create successful campaigns as well. This is particularly true because the major reason people believed that should buy local foods is because it supports their local economy and their neighbors, which is also a major value proposition of IBAs. Chapter 4 suggests ways that IBAs can use information about CISA’s campaign to develop their own marketing strategies.

**Kids Love the  
“Be A Local Hero” Campaign**  
Excerpts from the Campaign Manual

“At one grocery store where staff keeps a basket full of buttons and stickers, a six-year-old boy pawed through the collection, ignoring Harry Potter and Pokemon logos to choose a ‘Be A Local Hero’ button. Turning to his mom he said, ‘We buy local, don’t we, Mom?’”

“A CISA member was shopping for apples. Local apples were displayed next to imported varieties. Her eight-year-old son saw the local apples with the Local Hero sign hanging above them and said, ‘Mom, you have to buy those. They are better for all of us.’”

### **3.4.7 Implications for IBAs**

Fortunately, many of CISA’s findings about ethical consumers, and choices about positioning messages were the same as those in the three case studies above. However, CISA also provides a few unique ideas for IBAs. First, and foremost, market research and evaluation were extremely valuable for CISA. Market research helped them determine who to target, which

... messages to use – in contrast to their original expectations – and where to deliver them. CISA's formal evaluation told them that most of their research-driven tactics were good and that the campaign was very successful overall. As a result, IBAs should strongly consider doing market research, if possible. If IBAs are completely unable to raise enough money to hire a researcher, it is worthwhile for them to do some on their own. Second, CISA's consultant recommended that they target 'swing' shoppers. This is a useful concept for IBAs, if they can act on it. By targeting swing shoppers, IBAs might be able to change the behaviors of a larger number of people than if they only target already committed shoppers. However, CISA found that the appeal worked for both committed and swing shoppers, and they did not need to be target separately. Because CISA's campaign is so similar to the IBAs', this may be true for IBAs, too. This would be ideal, allowing IBAs to focus on their two target market segments with one set of messages.

A third idea raised in this case study is the perception of locally grown food as an ingredient; this idea lead CISA to encourage restaurants to use locally grown food. IBAs can modify this idea by encouraging local merchants to support each other, as well as encouraging other businesses such as local real estate developers and professional service providers to support local independent businesses. CISA also worked very hard to combat the convenience barrier discovered in their market research. They ensure that their products are available in more and more mainstream stores, place point of purchase advertising in each location, and use convenience messages and actual hours open in their advertising.

Like IBAs, one of CISA's value propositions is that the behavior benefits the local economy. After confirming this is a believable and influential message with their customers, CISA began using the concept in their ads in very simple ways, just stating "it helps the

economy,” rather than explaining how. They also get this across via a more emotional appeal, with the phrase, “Be a Local Hero.” Similar simple messages and emotional appeals can be used by IBAs, as well, and they suggest that IBAs shouldn’t expend too much time or money creating complex messages explaining how shopping at local independents helps the economy. Of course, this would depend on whether those messages are believable at face value by the market.

Finally, CISA’s use of local farmers to deliver commercials and appear in ads could easily be adopted by IBAs who probably have several interesting merchants to profile in ads.

### **3.5 CASE STUDY CONCLUSIONS**

Each of the case studies above tells a unique and interesting story. These organizations have chosen different marketing strategies and tactics, have different histories, and offer a variety of products. However, there are many common experiences and possible lessons that can be learned from these experiences. This section attempts to look holistically at the case studies to seek possible patterns and identify ideas that may be useful to independent business associations.

#### **Product**

The products sold in the case studies above range from home décor to handicrafts to personal accessories to foods and farm products from both local farmers and farmers in distant developing countries. However, all of these products have been reviewed and often modified by the marketing organizations. Each of the four organizations interviewed made special efforts to ensure that the products they sold met the market demands. Because the goal of each of these organizations is to help the producers of these products and the environments in which they live, the marketers do not switch producers when products were below par, became stale or unseasonable, or are delivered late. Rather they worked with the producers to improve quality, taste, cultural appropriateness, and timeliness, in essence making sure that the producers' product met the market needs. IBAs can adopt this approach to help merchants improve the local independent buying experience. With information about consumer preferences, IBAs can work with merchants and partner organizations to focus efforts on improving service, hours, accessibility, product inventory, or whatever the target market says it needs.

In many cases the organizations studied here work hard to ensure that products are not only of competitive quality, but that they are of gourmet or superior quality. For example, award-winning Fair Trade coffees and chocolates, local products that are fresh and healthy, and home décor and accessories that are handcrafted and unique. The quality aspect of the products is *augmented* by the ethical aspects of the products such as Fair Trade, supporting one's economy, and engaging in environmentally sustainable practices. This fact indicates that while each of them is using marketing to encourage behavioral change, they are not engaging in social marketing. In fact, in some ways they are only partly promoting ethical consumerism. They are increasingly engaging in product marketing with a social twist.

This discovery raises important questions for independent business associations who are, at first glance, doing similar work. As described in the first section of this thesis, IBAs have begun the process of social marketing. They are encouraging the act of ethical consumerism, marketing the social behavior of shopping at independent local businesses. This discrepancy between IBAs and such similar organizations leads us to the question – should IBAs be engaging in more traditional product marketing? If so, what is the product they are selling? Is it the experience of shopping at local independent stores, or is it – like the ‘fresh’ aspect of local farm products – the ‘variety’ aspect of independent businesses? Unfortunately, the selection of tangible products sold at local independent businesses is large and doesn't lend itself to simple all-inclusive adjectives or marketing messages. However, a hybrid product and social approach may still be possible. In conjunction with helping merchants improve their products, IBAs can also help them identify their advantages (quality, uniqueness, etc), and combine these advantages with the ethical messages to create a successful promotional message. While IBAs may not have the capacity to market specific products for each merchant, they can help merchants by providing

ad templates that allow them to insert product messages into a generic IBA ad that includes ethical (and perhaps convenience) messages. IBAs may also be able to identify clusters of similar businesses that they can market together, showcasing the quality and variety of a particular type of product or service in the business districts. Again, this cluster ad can also include the ethical message.

### **Typical Customers and Target Markets**

This aspect of the marketing plan is one of the most interesting and consistent of those studied. There was a surprising amount of agreement not only among the case studies but between the case studies and the profiles of ethical consumers found in the literature review. While almost identical for most of the case studies, we will discuss the typical customers and target markets separately.

Typical customers – The typical customers in these case studies is for the most part the definition of the ethical consumer. Combined the common characteristics are:

- Highly educated, college or above ( 4 of 4)
- Higher than average income (4 of 4)
- Female (3 of 4)
- Late 20s to early 50's in age (3 of 4, ranges vary slightly)
- NPR listeners (2 of 4)

Other characteristics (mentioned only once) to describe these shoppers were:

- Older women (SERRV)
- Church-affiliated (SERRV)
- Some international travel experience (Ten Thousand Villages)
- Like to eat at ethnic restaurants (Ten Thousand Villages)

- Live in west coast or east coast cities in US (TransFair USA)
- Specialty gourmet food consumer (TransFair USA)
- In the advocacy community (TransFair USA)

The characteristics described above describe the committed ethical consumer, or typical consumer of these ethically-based, often gourmet, products. According to marketing theory, these customer types can be targeted to increase participation among the population(s), and to provide positive reinforcement that encourages the current shoppers to continue their behavior.

These consumers are not an exact overlay of the target markets stated by the organizations. For each of the organizations, these committed consumers will remain part of their target market, and they have identified additional characteristics to describe their expanded target. These additional characteristics are:

- Middle age and younger females, in addition to older women (SERRV)
- Not necessarily affiliated with the church (SERRV)
- Socially conscious (Ten Thousand Villages)
- Environmentally sensitive (Ten Thousand Villages)
- Homeowners / home décor conscious (Ten Thousand Villages)<sup>2</sup>
- Slightly lower household incomes than community average (CISA)
- Slightly less education than community average (CISA)
- Shop less frequently others (CISA)
- More children than average (CISA)

So it seems that these organizations are wisely continuing to market to their base of ethical consumers, while actively targeting other groups. While the ethical consumer characteristics are fairly universal and useful for IBAs, the additional characteristics appear to be

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<sup>2</sup> While not specifically articulated by TTV staff, home ownership and interest in home décor describe the readership of the magazines they've chosen to target and found to be successful, including Southern Living, Yankee, Midwest Living, Natural Home.

much more specific to the organization, its products and its local community, and therefore potentially less useful for IBAs. The one exception is Ten Thousand Villages, who added Environmentally and Socially Conscious to the list, which are certainly already part of the ethical consumer and IBA market descriptions.

Once identified, market characteristics can be used to create meaningful messages and can be combined with media demographics and other data to find appropriate media outlets, programs, locations, and times. Depending on the capacity of IBAs, they may be able to conduct their own market research to determine which characteristics to target. If this is not possible, IBAs may want to start with the aggregate profile used here. Because the profile is quite consistent, the strategy seems valid.

<b>Table 3.2 Characteristics of Committed Ethical Consumers</b>					
	SERRV	Ten Thousand Villages	TransFair USA	CISA	Lit. Review
Higher Income	X	X	X	X	X
College Educated	X	X	X	X	X
Female	X	X	X		X
Age 25-55		X	X	X	X
Listens to NPR	X	X			
Int'l traveler /Cosmopolitan		X			X
Social / environmental advocacy communities		X	X		
Church affiliated	X				
Eats at ethnic Restaurants		X			
Gourmet food aficionado			X		
Live on west coast or east coast			X		



## **Product Positioning**

The positioning messages used are generally a subset of the product's value propositions. As shown in the CISA case study, not every value proposition will be used to market the product. CISA discovered that the messages they assumed to be popular and effective were not deemed to be as effective by the target market members surveyed in the market research. Because each organization sells different products, we would expect multiple case studies to reveal very different positioning. However, this was not the case. At a root level, the organizations studied here had positioned their products very similarly. For some of the organizations, it has changed over time. The following is a list of the product positions currently used or proposed by the organizations:

- High quality – including taste and freshness (4 out of 4)
- Authentic – produced by real people in villages and farms (4 out of 4)
- Fairly traded – supports producer well-being (4 out of 4)
- Sustainably produced (3 of 4)
- Sold by a respectable organization (2 of 4)

In addition to the 3 universal positioning statements, CISA used a few more:

- Good for (consumer's) local economy
- Convenient
- Healthy for consumer

As mentioned in the discussion of product above, many of these positioning statements are tied directly to a product and can be considered typical product marketing positions. In particular, quality, authenticity, and the respectability of the organization are all commonly used by traditional for-profit companies. In these case studies, quality came up as the most important

and most ubiquitous product position. These positions enable the organizations to compete with for-profit competitors on some of the consumer's most important shopping priorities. In many cases IBAs and member merchants should be able to identify quality messages, and could use the authenticity appeal that these organizations used. Charming, popular, and knowledgeable local merchants would fill the farmer/producer role quite well. Ethical messages can then be included to provide an additional value-add. As mentioned in the literature review on ethical consumerism, ethical characteristics are becoming more important to customers, but are only critical for about 5% of the population. This combination of traditional and ethical positions seems to be a smart mix. Hopefully, IBAs will be able to determine exactly which ethical messages will work best in their community – whether it's helping the economy, preserving the environment, or providing good jobs.

Other important product characteristics that surfaced in the literature review were price and convenience. With the exception of one organization, neither price nor convenience were mentioned as a positioning strategy – at least in part because these products are neither cheaper nor more convenient to purchase than their competitors' products. However, convenience was explicitly brought out in the positioning for CISA. This was based on market research results revealing that inconvenience was a major barrier for swing shoppers. CISA was fortunate to discover instances in which its product was more convenient than or just as convenient as its competition, and could therefore make it part of its positioning. Depending on their relative price, IBAs may be able help some merchants use price messages and others to use premium messages. They may also be able to identify hidden costs of chain stores that can be turned into benefits of independent stores. The same is true for convenience. A close look may reveal

... convenience advantages that independents have, or technical assistance may result in innovative ideas that provide new advantages that should be promoted.

### **Place/Availability/Convenience**

More than just positioning a product as convenient, organizations must work to make the shopping behavior truly easier for the consumer. Like IBAs, all of the organizations studied here have problems with product placement that acts as a barrier to purchase for many shoppers.

- Retail stores, co-ops, and cafes – many of Ten Thousand Village’s stores, as well as the stores that carry TransFair USA’s certified products, are in neighborhood business districts. These are bound to suffer from one of the major problems that IBAs are fighting – the increasing tendency of consumers to shop at malls and big box stores. While they are well-placed to get the ethical consumers, who are likely to shop in quaint downtowns, they are not well-positioned to get the mainstream crowd. Beyond the placement of these stores and cafes, the actual environment and emphasis on Fair Trade may also keep mainstream consumers out, as they look for familiar places, and avoid hippie establishments. This can prevent products from being put in front of consumers who may actually make purchases for their quality and authenticity (not their ethical value). As mentioned before, TransFair recognizes this problem and is increasingly getting products placed in mainstream cafes and grocery stores.
- Catalogs and websites – both SERRV and TransFair offer ways to purchase goods online, and SERRV offers a paper catalog. With the exception of a time-lag for the consumer, these are very convenient ways for consumers to purchase the products. However, both of these require heavy advertising or name recognition in order to get traffic. They do not have the advantage of a physical presence that acts as its own advertisement for passers-by. Without major advertising, catalogs and websites are likely to be used by the same committed ethical consumers.
- Events - While several of these organizations sell their products at events, these are not convenient long-term places for shopping. Events are useful for promotion, but cannot provide steady long-term sales. In addition, most of these events are visited by the same ethical consumer crowd, which is great for continuing sales and broadening sales within that market, but not so good for getting the mainstream market.
- Churches – SERRV has historically done most of its sales out of churches. Realizing that both the sales people and the shoppers are disappearing, they are in the process of changing their distribution chain.

- Farms and farm stands – As mentioned in the CISA case study, many people surveyed felt that buying local food was inconvenient. This was partly a promotional problem, because people didn't realize it was available in many grocery stores, partly true, as products only available at certain farms are not convenient for many people, and partly a perception problem. CISA was able to recognize that farms and farm stands can actually be more convenient for certain shoppers and tasks, and they are helping consumers to recognize it as well.

Overall, place seems to be a challenge for many of the ethical organizations studied here and also for IBAs. As TransFair USA and CISA products and local foods continue to be placed and promoted in more and more mainstream shops and grocery stores, place should become an asset rather than a liability. With enough of the right promotions, SERRV's convenient catalog and web locations can mean a large market conveniently served. Ten Thousand Villages and IBAs will probably need to find creative ways to get their products and customers together. Catalogs, websites, mobile carts, cross-merchant promotions and delivery options are all possible solutions. These solutions can help IBA merchants increase sales without moving from their critical community-oriented locations.

### **Price**

Four major price-related findings emerge out of this study. First, in general, organizations in this study feel that their goods need to be comparable to competitors. SERRV, Ten Thousand Villages, and TransFair USA all consciously and diligently work to keep their prices near their competitors, even though their ethical practices are costly and much less standardized. CISA is fortunate in that the prices of locally grown foods were historically lower than or equal to imported foods, and could remain at this low level.

Second, premiums are generally tolerated if associated with very high quality. Both Ten Thousand Villages and TransFair USA found that Fair Trade coffee would compete with the gourmet price range, and this is now standard practice.

Third, a small segment of the population is willing to pay an ethical premium, as long as quality isn't compromised. Both Ten Thousand Villages and CISA found – through experience and surveys, respectively – that this is true. Doug Dirks from Ten Thousand Villages explained, however, that they must be able to trace the extra cost of any higher priced goods back to the benefit of the producers.

Last, other non-product price factors may be a burden unique to ethical companies. For example, SERRV explained that they are more willing to tolerate late or incorrect orders than for-profit companies. While a few committed ethical consumers may be willing to pay the cost of inconvenience associated with late orders, mainstream consumers most likely will not. All of the other inconveniences discussed in the place section above can also be considered costs to the consumer in the same way.

As mentioned above, IBAs may want to research prices on products provided by independent stores and chains, then develop strategies accordingly. They can advertise prices that are lower, can market higher priced items as higher quality, if true. They can also assess other costs associated with shopping at each store and advertise any of those advantages. Finally they may be able to help merchants cut costs (and therefore prices) by instituting bulk contracts for certain services and supplies that are used by many of the merchants.

### **Messages**

The message is where the product positioning is turned into the actual slogans and copy used in promotions. A few patterns emerge among the messages used by these four organizations.

-- First, most messages contain several of the positioning points together in a succinct slogan or advertisement. For example, consider the main slogans of Ten Thousand Villages, TransFair USA, and CISA:

- A new slogan of Ten Thousand Villages contains both product and Fair Trade messages: “Indulge in home décor while investing in education, housing, and hope for villages in 32 countries,” and “Shop Fair Trade. Invest in Your World.”
- TransFair USA also combines product quality with Fair Trade: “Quality Taste for You, Quality of Life for Farmers. Now That’s a Fair Trade.”
- CISA combines product quality and ethical messages while also countering the perception of inconvenience: “Be a local hero, buy locally grown. It’s fresh, it’s convenient, and it helps the local economy.”

Each of these slogans is simple, and clear. Though the concepts of Fair Trade or supporting one’s economy are complex, the meaning and complexity is avoided. Only the concept itself is mentioned. In addition to the slogans with product quality and ethical behavior, each of the four organizations positions its products as authentic, and creates messages that exude authenticity. Often these messages are visual cues, such as the farmer photos in TransFair USA and CISA ads, or product tags, as used by SERRV and Ten Thousand Villages. Other signals of authenticity include sales people from or knowledgeable about the producer communities, products, such as Ten Thousand Villages’ books, and the words of a farmer herself, as in the CISA radio ads.

Within all of these messages is a positive emotional appeal, sometimes humorous, but generally hopeful, and suggestive of success. As mentioned above, these ‘well-baby’ appeals may work well for each of these organizations because the issues of Fair Trade and the state of local farms are not salient or urgent in the communities.

Finally, both TransFair USA and CISA deliver messages of quality and trust by using labels. TransFair USA advertises the fact that their products passed a strict certification process

by placing the “Fair Trade Certified” labels on products, while CISA uses its Local Hero logo to identify member farms and their products in grocery stores. Both organizations actually advertise the label itself with message such as “look for the Fair Trade Certified label,” and “look for Local Hero food.”

All of these tactics can be incorporated by IBAs. Using a local merchant as a spokesperson, an ad or slogan could talk about the quality products, knowledgeable staff and convenient delivery service provided by stores in Central Business District. The ad could mention that the businesses help the economy and give back to the community, while providing quality, locally-tailored products, from an inventory “you,” our customers, have created over the years with your requests. These ads could even mention special orders that certain businesses get for specific customers each month. For instance, Telly’s Bake Shop always has 2 dozen éclairs waiting for Calvin to take to his weekly Sunday brunch.

In summary, the organizations interviewed for this study tend to use

- Simple clear slogans that include many of their product positioning messages
- Photos and audio that bring a human, authentic feel to their advertisements
- A positive emotional appeal
- Certification labels and advertisements directing consumers to these labels

The next section discusses the media each of the organizations used to deliver these messages.

### **Media Outlets and Promotions**

Unlike many of the tactical choices discussed here, there are very few patterns that emerge in terms of media. The variety of media outlets and promotion types can be easily seen in Table 3.3. Despite the large variety of tactics, two are widely used: press releases and community events. This is not surprising given that these tactics usually do not have usage fees. While there are still costs associated with staff time to write releases and contact the press, or to create materials and attend events, these methods are much cheaper than creating and airing TV and radio advertisements or using billboards. Additionally, both press releases and community events are methods that convey legitimacy and help non-profits maintain the image that they are doing important work and are not just companies trying to increase their sales.

All of the other promotions and media types listed in this table are only used by one or two of the four organizations. CISA choose to discontinue two of its advertising initiatives because of the low awareness rates they received in evaluations; these are busboards and direct mail. While this research does not provide much help to IBAs choosing promotional tactics, the individual case study descriptions may spark new ideas, and IBAs may be able to use market data to help them choose which promotions are best suited to their particular markets.



<b>Table 3.3 Current or Planned Media Outlets and Promotions</b>				
	SERRV	Ten Thousand Villages	TransFair USA	CISA
Press Releases, TV, Radio, Newspaper	X	X	X	X
Community Events	X	X	X	X
Radio ads/PSAs			X	X
Point of Purchase Materials			X	X
Labels			X	X
Producer Tours/Lectures			X	X
Billboards			X	X
"Alternative" magazines		X	X	
Lifestyle Magazines		X	X	
Staff Lectures		X	X	
Newspaper ads		X		X
Direct Mail	X	X		
Web -- E-commerce	X		X	
Product Related Magazines		X		
NPR underwriting		X		
Catalogs	X			
Churches	X			
Telemarketing	X			
Web Banner Ads		X		
Television PSAs			X	
Trade Shows			X	X

### **Successes and Failures**

The findings described above reveal many patterns and indicate a level of consistency among marketing plans of the four organizations. While this is interesting and conveys a sense that these common tactics are the right way to go, patterns themselves do not prove success. Even methods based on marketing research, while sensible and smart, are not assured to work. Formal and informal evaluations are the only way to get a sense of whether these strategies and tactics were successful. Unfortunately, with the exception of CISA, these organizations are either new to marketing or have not had the money required to conduct formal evaluations. Nevertheless, each organization did provide some informal evaluative statements, each with their own measures of success.

### Successful Tactics:

- NPR – NPR has been consistently well received by the local markets of Ten Thousand Villages shops, as evidenced by the number of customers who come in for advertised sales and mention the radio ads.
- High quality product-oriented ads in regional lifestyle magazines (Yankee, Southern Living) were very successful for Ten Thousand Villages. One reason for the success suggested by TTV staff is the use of color product photos. This success was also measured by foot traffic at stores and references to the ads by these shoppers.
- Press Releases have been very successful for Ten Thousand Villages, TransFair USA, and CISA. The organizations did not track sales or shopper response to the press releases, but were energized by the coverage itself, as they were able to get their messages out to several important newspapers.
- Radio and newspaper advertisements and product directories were very successful for CISA. According to their evaluation, customers were able to recall these ads, and those who were surveyed said that the ads impacted their decision to buy locally grown. Regarding the directories, the farmers noticed people with directories in hand as they approached the farm or stand.
- Color Posters that CISA placed in grocery store produce sections were well recognized by survey participants.

### Less Successful Tactics / Challenges

- Direct sales – SERRV's reliance on a small and diminishing group of direct sales people and committed market, has required them to re-think their marketing strategy, create a brand, and choose new tactics.
- Message of uniqueness – With the arrival of stores such as Pier One and Cost Plus, both SERRV and Ten Thousand Villages can no longer rely on the uniqueness of their products as a major message.
- Direct mail – Direct mail was found to have a 2-3% response rate by SERRV, and had the lowest recognition rate of all of CISA's promotional materials, such that they choose not to repeat this promotional tactic.
- Fair trade-oriented ads in alternative magazines did not generate much of a response for TTV. They speculated that this may be due to the magazines' small readership or lack of a Reader's Service. Other possibilities may be that the ethical consumers also require quality-based ads to get their attention, and will respond to the quality-ethical combination, or perhaps readers tend not to think about purchases while reading these types of magazines, whereas lifestyle magazine readers may be in a consumer frame of mind while reading.

- Busboards were one of the less successful advertising media for CISA. However, they found that their bus company would run non-profit ads for free when they have blank space to fill.
- Coupons were not very successful for CISA. This may be due to the general lack of concern about price, the small size of the coupon value, or the inconvenience associated with either the coupon itself or the place of redemption.

While these anecdotal successes and failures may or may not be applicable to independent business associations, they may provide ideas, or help steer the thinking of staff members. One useful outcome from the evaluations of these organizations may be the instruments and measures of success used by CISA in their formal campaign evaluations. These will be discussed in detail in Chapter 4.

### **Implications for IBAs**

While this chapter has drawn upon the similarities between IBAs and the case studies to derive potential marketing lessons, there are also a few important differences between IBAs and these organizations that have implications for the way they market. First, all of these organizations sell a cohesive group of products that can be marketed and promoted together. For example, SERRV and Ten Thousand Villages sell home décor and hand-crafted items. These types of products can be easily promoted as distinct groups of products with particular adjectives and particular audiences. TransFair USA and CISA are both marketing food items which can be promoted as “gourmet” or “fresh.” IBAs, on the other hand, are marketing a large variety of products and stores, such that one message or adjective cannot describe them. For this reason, IBAs must devise ways to market the traditional product aspect of their campaign. Chapter 4 provides suggestions for approaching this unique problem.

One additional idea that IBAs may be able to take from the case studies is the branding concept used by TransFair USA. While TransFair USA does focus heavily on the “great taste” aspect of their product, it is also beginning to brand a more nebulous aspect—Fair Trade. As the type of products under TransFair USA’s purview begins to include non-food items, the organization will still have a way to describe all of its products – as fairly traded. IBAs can begin this same process by making “local independent” a brand. Introducing this terminology and labeling stores as such will help to create a brand, and hopefully a value that can be used to promote the businesses. Chapter 4 examines these issues further. By combining the findings from this chapter with the ethical consumerism literature findings, and the characteristics and goals of IBAs described in Chapter 1, Chapter 4 offers strategic and tactical recommendations for IBA marketing campaigns.

## Appendix 3.1 Case Study Interview Guide

### **COMPANY MISSION AND ETHICAL PRACTICES**

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Organization Name:

Organization Description:

What are the ethical standards or practices your company promotes or engages in?

### **BENEFITS OF THE ETHICAL BEHAVIOR**

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Who or what is the beneficiary of your practice/cause?

How do they benefit?

Are these benefits immediate, short term or long term?

How/do you make the benefit(s) explicit in your marketing?

Are these benefits tangible / measurable to the beneficiary?

If the beneficiary is not the customer, are the benefits tangible /measurable to the customer?

Do you report results / successes to your customers? Examples:

### **GOODS, SERVICES AND SALES**

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Description of intended consumer behavior

Describe the good(s) or service(s) you sell/promote.

How do these compare to competitors' offerings? (in terms of price/quality)

Do your target consumers know/agree with this comparison? (Evidence?)

Convenience: Is this good as easy to access and purchase as regular competitor goods?

### **TARGET CUSTOMERS**

---

Are you targeting a specific type of customer? (already bought in, people of a certain type who are likely to switch, people who aren't aware at all, don't tend to think about anything other than price/quality)

If so, describe your targets (characteristics, behaviors & habits)

Already bought in:

Likely/Prone:

Not aware:

## **MARKETING**

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Have you had marketing campaigns or events that you consider successful or unsuccessful?

What are the elements of these campaigns? (target audiences, messages, media used, branding, labeling)

- Market Segment
- Messages/Value Props
- Appeals
- Media/Format
- Events

How did you measure success? (sales, surveys?)

Can you share the cost and time it took to carry out these campaigns?

Do you have any documentation, data or reports on any of these campaigns that you can share?

Do you have any campaign materials I could see or hear (borrow)?

## **GENERAL REFLECTIONS AND MATERIALS**

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Are there any additional comments you would like to make? Anything we did not talk about? Any questions I should add to my interviews?

Are there other people I should talk to in your organization?

Are there people I should talk to in other organizations or businesses?

## **CHAPTER 4 - RECOMMENDATIONS FOR INDEPENDENT BUSINESS ASSOCIATIONS**

### **4.1 INTRODUCTION**

The previous chapters of this study (1) provided the context and motivation for examining the marketing campaigns of IBAs, (2) reviewed the ethical consumerism and social marketing literature to determine what is already known about ethical consumers and provide a framework for analyzing marketing campaigns, and (3) examined the marketing activities of four ethically-motivated organizations. Many of the findings from the literature review and case studies can help IBAs to formulate their marketing plans and processes. This chapter applies these findings to make recommendations to Independent Business Associations in three areas: (1) Marketing Strategy, (2) Tactics, and (3) Evaluation. These recommendations are meant for IBAs whose human resources and financial capacities are limited; they focus on ways that IBAs can quickly develop marketing strategies and implement tactics that are grounded in research and relevant to their goals.

Before discussing these recommendations it is important to recognize that IBAs can and often do focus their marketing and promotional efforts on audiences other than consumers. These audiences include city agencies or other entities that can create public policies relevant to their mission, potential partner organizations, news media, advertising and PR professionals, and funding organizations. They can also target non-profit organizations, other businesses, and real estate developers who can choose to work with and purchase from local independent businesses rather than chains. While many of the messages developed in the marketing planning process for consumers can be used or altered to attract or elicit agreement from these other audiences, the

focus of this chapter will be on consumers, and on the goals of changing their attitudes and behaviors toward shopping at local independent businesses.

## **4.2 LEARNING FROM ETHICAL CONSUMERISM LITERATURE**

The literature on ethical consumerism reveals a hopeful trend. Both sales and surveys indicate that ethical consumerism is on the rise, and that there is much room for growth. This growth can fill the large gap that currently exists between consumer belief in the practice of ethical consumerism and their actual purchase behavior. There are several reasons for this gap, including

- Availability of ethically produced products
- Unfavorable consumer purchase priorities (quality/convenience/price)
- Inadequate ethical information
- Perceived inefficacy of ethical consumerism
- Type of good being sold
- Disagreement with the ethical cause being targeted

IBAs and other ethical organizations can at least partially address all of these through their marketing activities. Throughout this thesis, we have seen ways in which ethically-produced products can become more available and easily accessed by consumers, and how technical assistance and promotions can ensure that ethical shopping meets the consumers' purchase priorities, including quality, price and convenience. Promotions and labeling can help ensure that information about ethical shopping choices is sufficient, clear, and compelling, comes from a reliable source, and is available at the right time and place. Promotions can include success stories to explain how the practice is effective at making real change, and technical assistance can be used to create high quality products that can absorb ethical premiums. Finally, targeted marketing can ensure that the ethical messages are getting to the people most



likely to respond to them. Learning these lessons from the case studies above, IBAs can also use marketing to close the gap between ethical beliefs and consumer behavior. This chapter provides recommendations to help them do so.

### **4.3 DEVELOPING IBA MARKETING STRATEGIES**

Lessons learned from the research presented in this thesis can help IBAs quickly choose a segment to target and determine how they would like to position their “product.” While marketing texts and practitioners recommend starting all marketing campaigns with formal market research, this chapter assumes that IBAs do not have the capacity to do so. For those IBAs that may have such capacity, suggestions for market research are provided in Appendices 4.1 - 4.3.

#### ***4.3.1 Choosing the Market Segment to Target***

IBAs can begin their campaigns by targeting the ethical consumers profiled in this thesis. This profile includes four common characteristics of shoppers that are most likely to respond to ethical messages or purchase ethically-produced products:

- Highly educated
- High income
- Female
- 25 – 55 years old

To a lesser degree, the following additional characteristics were also identified:

- NPR listener
- Cosmopolitan / world traveler

- Member of social / environmental advocacy communities

It is reasonable for IBAs to start with this profile for several reasons. First, the ethical consumer profile is very consistent in the literature and is used by three of the four case studies examined here. While the committed ethical consumer may be a small portion of the population, it is conceivable that the demographic characteristics that apply to this type of consumer also apply to the semi-ethical consumer. In other words, while most ethical consumers are high income, highly-educated females, there are likely to be many of these same females who are NOT ethical consumers, but are semi-ethical consumers instead. Because they are in the same demographic profile, IBA messages targeted to ethical consumers will often reach these consumers, and may influence them as well.

Second, by targeting the ethical consumers (i.e., those most likely to respond to ethical messages) IBAs are most likely to achieve success in their campaigns. This in turn, will help them gain confidence in their ability to run a marketing campaign, and prove themselves to funding organizations that may support expanded efforts.

Last, committed ethical consumers may be leaders that help to create a trend. Rather than ethical consumers being the only market segment that will ever respond to ethical messages, it is possible that this group of people is merely *the first* to embrace ethical consumerism. As they influence their peers and the trend grows, it could become a more mainstream activity. This phenomenon is seen in technology, as some people are likely to adopt new technologies quickly, while others slowly begin to adopt them after seeing their successes. This phenomenon also describes the evolution of organizations such as Mothers Against Drunk Driving (MADD), and Group to Alleviate Smoking Pollution (GASP). Members of these organizations were once seen as radicals, but over time, their behaviors and beliefs have been adopted by mainstream culture.

So, by targeting and strengthening ‘buy local independent’ behavior among the committed ethical consumers, IBAs may be starting a trend that will eventually reach more mainstream individuals such as the semi-ethical and non-ethical consumers.

This consumer profile can be used as a starting point to learn additional information about their local ethical consumers. IBAs can use several resources to discover their habits, beliefs, travel patterns and media consumption. Appendix 4.3 provides assistance in using various data sources and media outlets to obtain and use this information.

Finally, if IBAs increase their capacity and become capable of conducting market research, they should do so. This will provide an even better profile of their target market. Resources for conducting this market research are available in Appendices 4.1 and 4.2.

#### ***4.3.2 Choosing How to Position the IBA Product***

Once IBAs have developed an understanding of their target market, they can choose how to position their product – the “buy local independent” behavior. Positioning is the process of making the behavior more desirable than competing behaviors (such as shopping at chain stores, stores outside the community, or through the web or mail order). IBAs should carefully choose their positioning by examining (1) their own value propositions, (2) their potential weaknesses, (3) the positioning used by the organizations profiled in this study, and (4) the shopping priorities identified in the ethical consumerism literature. Figure 4.1 was derived through this process, and it provides a list of positioning statements that IBAs may want to use.

**Figure 4.1 Recommended Positioning Messages for IBAs**

**Shop at local independent stores because they:**

**1) Provide quality products. They are high quality because they:**

- Are chosen by owners and staff who have knowledge of, passion for, and often a family history with the business/products
- Are unique products that cannot be found at chain stores

**2) Have low prices**

- Have lower or comparable prices to chain stores

**3) Are convenient**

- Are easy to reach and park near
- Are open when shoppers want to shop
- Provide a variety of items needed in one trip

**4) Are more ethical**

- Support the local economy and create a well-balanced, diversified, and resilient economy
- Provide more high-quality jobs
- Support the community through donations, volunteering, etc.
- Are less damaging to the environment

**5) Have better customer service**

- Can solve problems and customize solutions because the owner is available to make decisions
- Have more knowledge about their business and inventory
- Know their customers

Of course, not all of the positioning statements listed in Figure 4.1 can be used by all of the IBAs; each IBA should choose those that are true and relevant for their businesses and target market. However, the case studies and literature do suggest that IBAs should consider focusing on not just one, but a combination of several positioning messages. This combination should (1) counter weaknesses and misperceptions, (2) showcase unique strengths over competitors, and (3) incorporate ethical aspects as a differentiator.

Second, it is important to realize that IBAs can address all of their critical positioning statements in a marketing *campaign* without cramming them all into one *advertisement*. Often, many of the statements can be in the same advertisement, while sometimes a series of consistent ads allow different positioning statements to be addressed in each ad.

In fact, IBAs can use multiple ads that have similar themes and slogans, with each version focusing on a different positioning statement. This allows IBAs to be consistent while also providing more additional details and a narrowly-targeted message where necessary. To see examples of this, review CISA's various advertisements in Figure 3.5 or on their website.<sup>1</sup>

When considering whether and how to focus on countering perceived weaknesses, IBAs should realize that weaknesses are likely to be quite salient to consumers, and are also likely to be the reasons people are shopping elsewhere. Resolving or invalidating these problems in the customers' minds will help to overcome the barriers and enable customers to *consider* shopping local independent stores. Second, these messages can easily be presented in a positive light.

Once barriers are removed and independent businesses are considered as possible shopping options, customers need to be convinced that independents are in fact, a *better* choice. This is the point at which the truly unique value propositions of independent businesses come in, and messages concerning both traditional product quality and ethical benefits should be included.

The need for a product quality message provides a particular challenge for IBAs. As mentioned in Chapter 3, each of the case study organizations sells a particular product or relatively cohesive product line, so that product-related messages are natural. For example, TransFair and CISA both sell food items that can be lumped together with descriptions such as "fresh" or "gourmet." Ten Thousand Villages and SERRV can both describe their product lines as "hand-crafted," and can focus on home décor. IBAs, on the other hand, are marketing for a wide variety of businesses with a wide variety of products and services. Product and quality messages cannot be generally applied to all of the businesses. However, there are two approaches that IBAs may consider using for product and quality-related messages.

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<sup>1</sup> Several of CISA's advertisements are available on their website at <http://www.buylocalfood.org>

- Focus on the quality experience of shopping at local independent businesses. Rather than use quality messages that try to apply to products sold at the businesses, IBAs can focus on (1) the sensual experience provided by the character and uniqueness of the stores and business districts, (2) by the special experience that comes from a staff of experts, decision-makers, and people who know you well. In this case, the product and quality messages are focused on the experience, not the products being sold.
- Focus on a cluster of related products and stores. In this approach, IBAs can create different series of positioning statements focusing on businesses that sell related products. For instance, one positioning statement would talk about the local offerings at independent bookstores and record stores around town, while another would focus on the unique clothes offered at independent boutiques. This method allows IBAs to truly focus on product quality in a meaningful way.

Once IBAs both combat weaknesses and provide product advantages, they should include ethical messages. The ethical consumerism research indicates that an increasing number of shoppers will respond to ethical messages once the other product requirements are satisfied. In addition, one of the most important reasons that consumers have not been incorporating ethics into the shopping decision is a lack of information about the ethical aspects of products or companies. By including ethical positioning statements with traditional positioning statements, IBAs can confront two of the largest barriers to ethical shopping, and hopefully, shopping at independent businesses. IBAs have already identified several ethical messages from which they can choose (see Table 1.1, Chapter 1). To the extent they are known, IBAs should use the ethical messages that appeal to their target market. Some communities may respond to messages about the environment, while others care more about jobs and the economy. This was a critical message learned by CISA, who assumed that environmental messages would be more important to their community, and market research reveal that messages about the economy resonated much more.

## 4.4 DEVELOPING IBA MARKETING TACTICS

### 4.4.1 Product

The product being marketed by Independent Business Associations is not actually a tangible product, but rather a behavior. Just as companies producing and marketing tangible products can alter features of their product based on market research, so can IBA alter elements of the behavior of shopping at local independent businesses. Like positioning messages that can highlight strengths or counter perceived weaknesses, changes to the *behavioral experience* can also be made in response to strengths or weakness. This was a very successful strategy used by all of the case study organizations, who always provided feedback and helped producers redesign products to become more marketable. Appendix 4.4 provides recommendations for potential product changes based on some of the IBA value propositions, and the possible weaknesses of buying independent.

While IBAs may not have the authority or capacity to complete all of the appropriate product improvements or enhancements, they may act as leaders and/or may be able to partner with other organizations such as Chambers of Commerce, Business Improvement Districts, and Main Street programs, who can execute some of their ideas. IBAs may choose to take a more passive role, by prioritizing product elements and providing a list of these elements with ideas for action to merchants or the aforementioned organizations, who can take on the challenge and choose their own specific actions. Providing this list (or even better, a list of community concerns cited in market research) in a brainstorming session with merchants may also be a powerful way to motivate change, energize merchants, and allow them to develop their own or joint solutions. For example, IBAs can provide all ‘product’ feedback from shoppers (either from

market research or from this document) to merchants and other organizations in the community. At the same time, they should incorporate product successes and improvements into positioning messages and advertisements. Any important positive product change or discovery can be advertised to community members. If the merchants provide a delivery service, the service should be promoted, and if prices are lower on most items, this fact should be promoted as well.

#### ***4.4.2 Price***

All of the case study organizations are careful to keep prices comparable with competitors, even though the nature of their relationship with producers often results in higher costs. When they were forced to raise prices, Ten Thousand Villages and TransFair USA countered the higher prices by justifying them as quality premiums. Both the case studies and ethical consumerism research suggest that by making and promoting items as high quality, gourmet, or luxury items will make them more able to absorb any ethical premium. To the extent that IBA merchants can offer quality messages, they may be able to survive with higher prices on those types of products. Higher prices might also be accepted by ethical or possibly semi-ethical shoppers if they are aware that the prices are going to better wages for employees, as in the case of Ten Thousand Villages. IBAs and other business development organizations can help merchants determine where these approaches might work.

At the same time, the social marketing concept of price is broader than just the numbers on a product price tag. Price includes all costs to the target market when performing the desired behavior or a competing behavior, including monetary costs, perceived risks (psychological, social, and physical) and time costs (Kotler 1989). In this case, the price of shopping at



independent stores or chain stores can include the many monetary and non-monetary costs listed in Appendix 4.5.

While IBAs may not be able to solve every cost-related problem or use every cost advantage to their benefit, they should take the entire cost of the behavior into consideration when attempting to market the behavior. And in some cases, they may be able to use cost advantages in their marketing. For example, the costs associated with big box store tax breaks may not be salient to the target market, but the market may care very much about the issue if they become aware of this practice and its consequences. IBAs could increase awareness of this issue through their marketing campaigns. IBAs should examine each of these costs of the shopping behavior, and determine both how the cost of shopping at independent shops could be lowered, and how any cost advantages could be positioned and promoted. It is important to note that this list is not meant to be comprehensive, but rather to encourage IBAs to think of the price of shopping at independent stores more broadly and to add other potential factors to the list.

#### ***4.4.3 Place***

Place is a very important and difficult tactical issue for IBAs, as it was for the case study organizations. One of the biggest problems with encroaching big box stores is the perceived ease with which they can be accessed. Independent businesses must compete with acres of free parking at highway exits, and drug stores at almost every corner. However, it is not impossible to compete with these options. At first glance, the concept of shopping at local independent businesses seems inextricable with the concept of place, and the stores themselves appear fixed in place. Unlike TransFair USA who could just bring its products to mainstream (chain) stores, IBAs are trying to change the habit of going to these stores. For some purposes, the stores are

fixed. When the primary goal of supporting these shops is to preserve historic structures and neighborhoods, or to encourage a sense of community through walkable business districts, place is paramount. However, many other goals and benefits of supporting local independent businesses are not place dependent.

While most people would agree that a certain number of shoppers must visit a business district in order to keep it alive and vibrant, it is not necessary for all independent business customers visit the district all of the time. Purchases made from the businesses will still provide economic and other benefits to the community if they are made outside of the business district. So, how can IBAs reduce the barrier of place? There are two major ways: 1) bring the shoppers to the products and stores, or 2) bring the products to the shoppers. Examples for each of these methods of increasing consumer access are provided in Appendix 4.6. As with product improvements, many of these ideas cannot be undertaken by IBAs alone, but can be suggested by IBAs, and implemented through collaborations among merchants and other organizations, such as those discussed above.

#### ***4.4.4 Promotion of Independent Businesses***

Regardless of the form, however, promotional messages should be clear, consistent, compelling,<sup>2</sup> and should be based on the positioning chosen during the strategic planning process. This section provides recommendations to IBAs for the development and delivery of promotional messages.

The alchemy of promotion development is complex. To create successful promotional pieces, IBAs must combine their goals and objectives, the product features and strategies,

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<sup>2</sup> The helpful phrase “Clear, Consistent and Compelling” was used by TransFair Director of Marketing, Haven Borque in a personal interview with the author.

consumer characteristics, and an understanding of human behavior. This thesis attempts to provide a method for creating promotional messages that takes all of these things into consideration. The method includes five steps: (1) Define the promotional objective, (2) Define your target audience, (3) Determine your positioning statements, (4) Determine your appeals, and (5) Provide a call to action. Appendix 4.7 is a short how-to guide which takes IBAs through these 5 steps. Some of the important elements of the steps are provided here.

To determine how to craft their message, IBAs must first identify the objective they are trying to achieve with the message. IBAs have two overarching objectives for their marketing campaigns: (1) an attitudinal one: to increase the number of people think that supporting independent businesses is a critical step in maintaining and improving their community's quality of life, and (2) a behavioral one: to increase the number of people who make a concerted effort to shop at independent businesses instead of chains when possible. The objective of a given promotional message may only be one aspect of one of these two major objectives. This is because the stages that a person goes through to actually make a purchase may require different prompts and promotional messages (Goldberg, Fishbein, & Middlestadt, 1997). These stages can be modified into the following IBA promotional objectives:

1. To catch people's attention and make them aware of the concept of shopping at independent businesses
2. To convince them that it is better for them or society
3. To convince them that it is urgent, easy and worthwhile for them to do
4. To remind and reward people who are already shopping at local independents
5. To encourage the committed shoppers to influence others

IBAs should choose which of these objectives they hope to achieve with their message. More information about these objectives and how to address them is provided in Appendix 4.8.

Once an IBA has identified its promotional objective, it can determine *which positioning statements* might encourage their target market to carry out the behavior. As discussed in Section 4.3.2, IBAs can choose the positioning messages that would best address the needs of the target market (see Figure 4.1).

Next, IBAs can write these positioning messages in a way that *appeals* to their market. Generally, there are three types of appeals: rational, emotional, or moral. Depending on the characteristics of their target market, IBAs can choose to use one or more of these appeals. Let's imagine that research into the concerns of educated stay-at-home moms in Springfield reveals that their biggest concerns and emotional interests are the safety of their children (security), their desire to be good parents (sense of accomplishment), and their wish to maintain the level of intellectual ability and mental acumen that they were able to display during their education and work life (self-respect). IBAs can appeal to some of these concerns and interests by presenting their positioning statements in certain ways. Table 4.1 provides examples of how concerns can be addressed through appeals.

<b>Table 4.1 Mapping Appeals to Market Concerns</b>	
<b>Market Concern</b>	<b>Possible Appeals</b>
Security	Stores offer tested products chosen by knowledgeable staff
Sense of accomplishment	Address consumers as concerned parents who make good decisions
Self-respect/intellect	Use facts and statistics, cultural, or literary references

... In addition, IBAs should also consider a few final appeal-related aspects of an advertisement: language, spokespeople, and humor. An important part of a promotional appeal is the language used. While a marketer may correctly chose a positioning statement and type of appeal that works for a particular audience, if the language used in the ad does not feel comfortable to the audience, the ad could flop. For example an advertisement targeted at highly educated new mothers may use the phrase ‘it takes a village.’ This may remind people of Hillary Clinton, which could be very appealing to some of the women in the target market and unappealing to many others. In this case, IBAs should adjust the ad copy so that it still appeals to their intellect, but appeals more broadly. A less partisan public figure or statistics on charitable donations may be appropriate replacements to appeal to a highly-educated mother.

The use of a spokesperson is another aspect of the appeal that IBAs can use. CISA, for instance, used local farmers in their radio and print advertising because market research revealed that they would be the most convincing messengers<sup>3</sup>. SERRV, Ten Thousand Villages, and TransFair USA also used their producer personalities to help sell products. In the case of local independent businesses, business owners may be the most appropriate spokespeople. Using business owners can also help to create a sense of brand, which was one of the most important purchase factors in the MORI study (The Cooperative Bank 2003). The radio ad copy above could be delivered by business owners themselves. While it seems plausible that local business owners, particularly knowledgeable and passionate ones, could provide a credible and effective message to IBA target audiences, we cannot assume this to be true. Community members in Western Massachusetts understand the importance of farmers to their local community, and have a respect for the tradition of family farms, but community members across the United States may

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<sup>3</sup> Audio clips of CISA’s farmer-delivered radio ads is available on CISA’s website at <http://buylocalfood.com/about.html>

or may not feel the same about business owners. Informal testing with target markets would indicate whether this approach is likely to be effective. IBAs may find, for example, that a local government official is more effective. In addition to the person's role in the community, a person may be chosen by his/her personality and fit for the particular appeal.

Finally, humor, if done very well, can be both attention-getting and memorable. It provides that positive message usually preferred by marketers. Of course, if done poorly, humor can also be attention-getting and memorable in a very bad way. Humor is powerful tool, and IBAs should always test the humor with a sample of the targeted market before launching the ad.

As mentioned earlier, before producing and delivering this advertisement or any promotional piece, IBAs should *pre-test* the messages with audience members to ensure its effectiveness, and edit if necessary. Once the ad is produced, IBAs should test the piece again before delivering it to the audience, to ensure that all of the elements added in the production process – such as a person's voice, a photograph, or a music clip – are attractive (not offensive or annoying!) to the target market. Appendix 4.9 can help IBAs consider all of these elements to create appeals that are appropriate for their particular markets.

Once the promotional message has been developed to meet the objective, IBAs conclude with a call to action. In most IBA promotional pieces, this *call to action* will be to shop at independent businesses. The final call to action tells people what to do (i.e., “shop at independent stores”) and how (i.e., “look for the capital I independent logos in store windows around town”). Another effective ‘how’ message would be to include the URL for a community website that provided a directory of the independent businesses, as many of the local IBAs have online directories, or are in the process of developing them. See Appendix 4.10 to see how these five steps have been used to create a sample IBA radio advertisement.

Not surprisingly, a particular mix of positioning statements and appeals developed by an IBA can be used in a variety of different promotional formats and media. The next section will discuss the mechanisms IBAs can use to deliver these messages.

### **Media Outlets and Promotions**

Exactly which promotional tactic or media outlet each IBA chooses for the different aspects of their marketing campaign will depend on many factors, including the objectives, calls to action, and target markets, as well as the budget constraints, media relationships and partnerships of each IBA.

The objectives and behaviors that an IBA hopes to achieve with a promotional piece will determine in which medium and at what time a message should be delivered. For example, messages aimed at introducing people to the concept of choosing local independent businesses over chain stores for the first time will be delivered in very different ways, places, and times than messages that encourage people to shop or to encourage them to talk to their friends and family about the concept.

Introduction messages, for instance, may be more successful as advertisements in the coupon section of the Sunday newspaper, than if placed at the counters of local independent stores, as the target audience of these messages is less likely to be shopping at the stores in the first place. However, rewards and reminders to committed independent shoppers, as well as encouragement to talk to their friends and family, should definitely be placed at store counters.

When the promotional objective is to convince believers into shoppers, the media choice becomes difficult. While CISA and TransFair have the luxury of being able to place and advertise their products at the point of purchase, IBAs almost always need to encourage people

to make the decision to go somewhere else. They need to impact people at the *decision to make a purchase*. Because people often plan their shopping trips as part of their day, independent businesses need to be in the shopper's mind when he or she is making the daily plan, or when they remember they need to pick something up. IBAs should think about how to reach people at that moment. Are shoppers making their lists on notepads in the morning before work? Maybe producing a notepad with key IBA messages and a URL would work. Are they planning their routes home from work? An afternoon drive-time radio spot or keychain might be good choices. Is your target market using a PDA or cell phone for organizing? IBAs could work with a university student to create a simple directory of businesses for mobile devices.

The characteristics of an IBA's target market will help determine which media are used to reach them. Most advertising outlets, including radio and television stations, newspapers and outdoor media companies have detailed demographic data about their viewers and consumers, and the times of day they reach them. This will be very helpful for IBAs who have enough funding to produce some of these advertisements. As described in Chapter 3, CISA, TransFair, and Ten Thousand Villages all used some paid advertising in their campaigns to varying degrees of success. Radio was popular for both CISA and Ten Thousand Villages, and NPR underwriting may be a good choice for IBAs because of their likely target market. Public relations played a major part of the campaigns examined in this thesis, partly because it is free, and partly because this method helps to build credibility for a message that is ethically-based. For example, when the information comes from newspapers rather than paid advertisements, it can seem less self-serving and profit-motivated to the target audience. Many IBAs, as well as the AMIBA office, successfully use PR on a regular basis. Those members who have not used PR should consult the AMIBA office for advice on writing and publishing press releases, find out whether their



member merchants have established relationships with local PR professionals, and try to establish these relationships where none exist. Appendix 4.11 provides CISA's suggestions for working with local media.

Budget constraints will certainly have a large impact on an IBA's ability to get its messages to their target market. In addition to PR, community events are another inexpensive way to get the word out. Examples of events used by IBAs in the past include, Independents Week, Austin Unchained, local 5k races, holiday and charity events, weekly farmer's markets.

Finally, IBAs should look for free advertising and do public service announcements (PSAs) where possible. Often media outlets will provide free advertising to non-profit organizations.

Sales promotions and direct mail are other possible promotional tactics IBAs can use. However, the case studies did not provide many specific suggestions or success stories with these two tactics. CISA held several promotional events such as tastings and tables at fairs and festivals. While the year-end survey revealed that these events did not have high consumer recognition compared to many other promotional materials, CISA felt they provided good relationship building and morale building for the growers. As AMIBA and member IBAs embark upon two new national sales promotions this year, they can view these promotions as the launch and revitalization of an ongoing campaign and dialogue with their communities. With this in mind, IBAs should carefully craft their positioning messages and appeals to meet their target markets, and ensure that their messages and images are consistent throughout the year. By providing clear, consistent and compelling messages that will be repeated throughout the year, they will have the best chance of successfully getting their messages into the minds of those who are experiencing them.

Finally, while the case studies did not provide any successful models for direct marketing, IBAs may find some direct marketing tactics useful. For instance, email lists may be an inexpensive method for IBAs whose objectives are to influence people. Individuals who are aware of the benefits of shopping locally but need to be reminded, can sign up for an email list similar to TransFair USA's email subscriptions. Periodic emails can provide them with news items with success stories, as well as stories about the impact of chains, and about loss of local stores or jobs. Emails to this group could also include sale items at local stores, tips from local merchants, and reminders of hours and product variety, to assure them that shopping at independents is easy. Committed shoppers could also be targeted via an email list, which could include letters of appreciation, loyalty discounts, and encouragement to include family and friends on their shopping trips. Emails could be timed to go out before popular shopping times identified during market research (for instance, Wednesdays at noon, or Thursday afternoons).

<b>Table 4.2 Current or Planned Media Outlets and Promotions</b>				
	SERRV	Ten Thousand Villages	TransFair USA	CISA
Press Releases, TV, Radio, Newspaper	X	X	X	X
Community Events	X	X	X	X
Radio ads/PSAs			X	X
Point of Purchase Materials			X	X
Labels			X	X
Producer Tours/Lectures			X	X
Billboards			X	X
"Alternative" magazines		X	X	
Lifestyle Magazines		X	X	
Staff Lectures		X	X	
Newspaper ads		X		X
Direct Mail	X	X		
Web -- E-commerce	X		X	
Product Related Magazines		X		
NPR underwriting		X		
Catalogs	X			
Churches	X			
Telemarketing	X			
Web Banner Ads		X		
Television PSAs			X	
Trade Shows			X	X

When the promotional materials are complete, IBAs can implement their marketing plan. Because implementation is more specific to an individual organization's human resource and financial capacity, environment, timeline, and partnerships, this thesis does not discuss implementation steps. However, many of the product and social marketing texts referenced throughout the thesis, as well as the handbook developed by CISA, provide frameworks and best practices for implementation. These sources are available in the references section. The next and final recommendation section provides suggestions for the evaluation of an IBA marketing campaign.

## **4.5 EVALUATION**

Once a campaign has been underway for awhile, or a phase has been completed, IBAs should evaluate the campaign. This evaluation can help IBAs determine whether their time and money has been well spent, what they should continue doing, and what they should discontinue or change. With the exception of CISA, the organizations examined in this study did not have results from any formal campaign evaluations. However, this section will draw upon these case studies to provide recommendations to IBAs for structuring their campaign evaluations. As with the market research portion of the marketing plan, the type of evaluation IBAs conduct will be dependent upon their financial and organizational capacity to conduct the evaluations. However, regardless of how little time or money IBAs have, they should perform some evaluation of their hard work. As CISA found, the positive results of an evaluation can keep a campaign energized and funded, can help improve the campaign and cut ineffective programs, and can maintain a dialogue among the marketing organization, its clients and its consumers. IBAs can begin this process by reviewing the evaluation suggestions and sample survey questions in Appendices 4.12 and 4.13.

## **4.6 IMPLEMENTATION**

Using the recommendations in this thesis, IBAs can quickly develop reasonably sophisticated marketing strategies, promotional messages, and advertising copy. However, some aspects of an IBA marketing campaign will require more resources to implement. Changes to the product, the design, production and delivery of promotional materials, the pre-testing of messages and materials, and the evaluation of the campaign can be more costly. Fortunately, AMIBA has been able to procure pro-bono graphic design services and provides the designs of any template-based

material to IBAs at no cost. This is especially useful to create consistent national messages that can be tailored to local needs. Several individual IBAs have also been able to find free graphic design services. Others may find designers among their member merchants, at local universities, or from non-profit design firms.

Because promotion is the major activity of most IBAs the costs of production and delivery of promotional materials are not unexpected. Additionally, they can use some of the low cost and free media described in this chapter (Section 4.4.1), including press releases, public service announcements, events, and the free advertising offered to non-profits by local media outlets.

The pre-testing and post-campaign evaluation of messages and promotional materials would be costly if administered by professional marketing firms, but IBAs may be able to use some of the low cost market research solutions described in Appendix 4.1. They may also approach and survey attendees at local events and in stores to help test their messages.

As mentioned above, this thesis assumes that IBAs do not have the capacity to conduct formal market research, and hopes to provide guidance that can steer IBAs in the right direction without it. However, market research would be invaluable to IBAs, and they should pursue funding for this research when possible. Economic development foundations and public agencies as well as local community development foundations may be interested in funding such research, and the IBA members may be able to pool their resources to conduct research in multiple locations to benefit everyone.

Finally, changes to the product may be more difficult for IBAs to manage. When IBAs have reason to believe that the products, pricing, or placement should be changed to meet the

needs of consumers, they may be able to partner with organizations already doing such work, such as Business Improvement Districts, and Main Street organizations.

#### **4.7 SUMMARY OF RECOMMENDATIONS**

This chapter provided recommendations for independent businesses associations who hope to market the concept of shopping at independent businesses. The recommendations were based on interviews with independent business association staff members, a review of the ethical consumerism and social marketing literatures, and the case studies of four ethically-motivated organizations involved in marketing. This research provided insights that led to a suggested initial target market, potential marketing strategies and tactics specific for IBAs, and methods and measurements for campaign evaluation. Specifically, this chapter provided recommendations that IBAs can implement immediately with little human resource or financial capacity. As IBAs increase their capacity, they may be able to conduct market research that will further inform their target markets and help refine their strategies. Resources for this market research are available in Appendices 4.1 and 4.2.

IBAs need to choose how to position their product against chain stores and other competing shopping options; a list of potential positioning statements is provided in Figure 4.1 of this chapter. IBAs should choose a combination of positioning statements that highlight strengths, counter salient weaknesses, and include ethical factors.

IBAs can turn these strategies into concrete tactics by following the traditional four Ps of marketing. First, it is recommended that IBAs should work with merchants and other local business development organizations to determine how their ‘product’ can be improved. In other

words, strengths and weaknesses identified by customers, such as lack of variety or early closing times, can be communicated to merchants and partner organizations for improvement. These merchants and organizations can brainstorm and implement solutions together. IBAs, while participating in this process, can also communicate improvements back to consumers via promotions.

IBAs must consider all aspects of price when thinking about how to market independent businesses. In addition to the ticket prices of goods, customers also consider the monetary costs of travel, as well as non-monetary costs such as time, and inconvenience. IBAs should consider that both chains and independent businesses have current and future associated costs that can be highlighted or minimized.

The third P of marketing tactics, Place, often seems inextricable from the behavior of shopping at independent businesses. However, people can shop at local independent businesses without always stepping foot into the district. IBAs should work with merchants and partner organizations to examine the ways in which customers can more easily access, park, and move within the district. Road repairs, parking improvements and validation, and subsidized shuttles are all ways to bring people in. Products from independent businesses can also be delivered to the customers through delivery services, internet and mail, as well as pushcarts at local events and colleges.

Promotions are a major function of IBAs. The creation of promotions can follow a systematic five-step process. First, IBAs will determine the objective of a given promotion. Is it to introduce the concept of shopping at independents, to convince people that supporting independents is better than shopping at chains, to convince people that it is important and easy to shop there, to reward them for dedicated support, or to encourage them to spread the message to

their friends and family? Second, IBAs should choose the target audience for the promotions. Next, they choose the positioning statements, keeping in mind that they can mention many positioning statements in every ad, and drill down to detail on one positioning statement per ad. Fourth, they can choose an appeal that would catch the attention and interest of their target market. In addition to the emotional, rational and moral appeals, IBAs should pre-test the language of their ads, and can also consider using appropriate spokespeople and humor to interest people. Finally, they must include a call to action. Once a promotional piece has convinced someone of their arguments, they must know what they should do, and how. Most of the time, this will be something like, “Shop at our community’s local independent businesses. Find them online at [www.amiba.net](http://www.amiba.net), or look for the big I in the window.” Once promotions have been created, they should be consistently delivered so that people don’t forget and slip back into their original behavior. As CISA’s Mark Lattanzi said, “Coke doesn’t stop advertising. Pepsi doesn’t stop advertising.” Neither does Wal-Mart.

Promotional media and timing are also important choices IBAs must make. Most IBA ads should stimulate thinking at the moment that people choose to shop, not while they are already shopping. IBAs should choose paid outlets wisely, using demographic and other target market data to help them spend their dollars well. They should ask for non-profit discounts and free offers by local media, and use PSAs and public relations as much as possible. They should also establish relationships with media outlets and reporters to make promotions easier and more likely to get distributed. Use events to launch or continue consistent year-round messages. This repetition will increase the chances that people will hear and react to the messages.

This thesis recommends that IBAs evaluate their campaigns in order to determine their success, and identify ways to make improvements. While not covered in detail suggestions for



recommendations are available in Appendices 4.12 and 4.13. With careful message creation, attention to consumer needs, and IBA objectives through the marketing planning process, these evaluations should reveal that the campaign succeeded with flying colors.

## **4.8 CONCLUSION**

This thesis was a personal search to determine whether people will support their local independent businesses if they know it is good for their community. Can you really motivate people to make purchases for ethical reasons? In the process of seeking this answer, I explored the fields of ethical consumerism, social marketing, product marketing, and to some extent, Fair Trade.

My review of literature on the field of ethical consumerism revealed a hopeful, growing trend. There has been a steady increase in the number of organizations attempting to change economic structures by engaging in ethical production and by developing sales models that are humane, pay fair wages, encourage creativity, and respect the environment. While the number of people who are committed ethical consumers is still very small, consumers are increasingly buying into this model.

Both the literature and the organizations I examined found similar characteristics among those most likely to make purchases for ethical reasons. That profile is a 25-55 year old high-income, well-educated female. It appeared that while she is most likely to make purchase decisions and even certain sacrifices based on the ethical features (e.g. sweat-free, fairly traded, locally, organically, or sustainably grown), there are a few things she – and others – will not sacrifice. The main feature that will not be sacrificed is product quality. Convenience, price and customer service are also very important to consumers and usually supercede ethical features.

However, many committed ethical consumers are willing to pay a small ethical premium, and many others will pay a premium if it is associated with quality, gourmet or luxury items.

In addition to this ethical consumer, who is said to account for about 5% of the population, several researchers have described the semi-ethical and non-ethical consumers, who, according to one study, account for 56% and 17% of society respectively. The semi-ethical consumers can probably be nudged to make ethical purchases, if you remove the additional barriers of inconvenience and price. This is critical in thinking about how to attract more people to engage in ethical consumerism to support their local independent businesses.

According to the literature, another major barrier to ethical consumption for these semi-ethical consumers is lack of information. Consumers claimed they would consider ethical features if they had appropriate information to make the decision. This bodes well for the use of marketing to change consumer behavior, indicating that if more people realize the importance of supporting their local independent businesses, the more they will do so. At the same time, research also revealed that this information should be simple and usually have a positive spin. All of the case study organizations followed this model with simple, hopeful messages and images about supporting farmers, producers or communities.

The framework of social marketing helped me interpret the activities of the four ethical organizations I interviewed. Through this lens, several elements of their campaigns become clear and potentially relevant for IBAs. It seemed that the case study organizations were all engaging in a hybrid of product marketing that focused on producing the product that people wanted to buy, and social marketing that focused on how to change the consumer's behavior to benefit society. As a result, their campaigns (and by extension the Independent Business Association campaigns) seem to require certain elements. Through both product enhancements

and promotions, they should ensure and showcase product quality, make price and convenience either competitive advantages or non-issues, and include the ethical message as a value-added feature. Combine this with market research, the right media outlets, a clear and concise positive appeal, and I think there's a good chance that communities can motivate many of their residents to support their local independent businesses.

## Appendix 4.1 Conducting Market Research

Marketing text books and practitioners highly recommend that organizations engage in market research before beginning a campaign, either by hiring a professional market research firm, getting assistance from other organizations or conducting research in house. Most IBAs do not currently have the capacity for these activities. For those who do or who develop the capacity, this appendix and Appendix 4.2 provide some resources to help IBAs begin the process.

### 1) General Market Research Resources

#### **Knowthis.com**

<http://www.knowthis.com/research/marketingresearch.htm>

#### **Inc.com**

[http://www.inc.com/guides/write\\_biz\\_plan/24018.html](http://www.inc.com/guides/write_biz_plan/24018.html)

Inc.com > How-to > Market Research

#### **Entrepreneur.com**

[http://www.entrepreneur.com/Your\\_Business/YB\\_Node/0,4507,452-----,00.html](http://www.entrepreneur.com/Your_Business/YB_Node/0,4507,452-----,00.html)

Entrepreneur.com > Marketing > Market Research

#### **The Market Research Toolbox: A Concise Guide for Beginners**

by Edward F. McQuarrie (Author) 1996 sage publications Thousand Oaks

### 2) Hiring and Working with a Market Research Firm

#### **What to Look for When Selecting a Market Researcher**

(excerpt from CISA's Be Local Hero handbook, Lattanzi 2002)

- The higher the recognition of the firm, the better. If you'll use data only internally, finding a firm with the requisite skills is probably enough. But if you're going to release the results to the public, use the best-known firm because their name carries the most weight.
- Timeliness and responsiveness – will the firm spend the time it takes to do a good job for you?
- Examine the firm's track record. Have they done work similar to what you need?
- Is the firm willing to give you a price that is all-inclusive and very specific – and in writing?
- Does the primary contact person know your issue and care about it? Does that person understand your organization and what you are trying to accomplish?

#### **What the Market Research Firm Should Do For You**

(modified from CISA's Be Local Hero handbook, Lattanzi 2002)

- Help you refine your marketing goals and determine what information should be collected and with what method. CISA's consultant explained that for message testing and market characteristics, telephone surveys were the best method, and focus groups were not necessary.

- Design data collection instruments. While an IBA can provide initial questions, the marketing research firm should write valid questions that can provide the best data.
- Design for future evaluations. When preparing research and data collection instruments, researchers should design with follow-up evaluations in mind. Surveys and methods that can easily be modified and re-used to provide mid- or post-campaign feedback that can be compared to the pre-survey results will save IBAs money and give the most robust results.
- Conduct the surveys. While it may seem that volunteers could easily conduct the surveys using the professionally-designed instruments, volunteers generally will not have the training and skills needed to be systematic and unbiased. Using volunteers also puts the organization at risk of providing results that aren't respected by outside organizations.
- Analyze the results and write the report – The research firm should provide analysis and a written report of the findings, not just the raw data. CISA recommends that any contract with a market research firm should include all of the data analysis and a final written report to ensure that there are no additional fees. It should 1) give you a demographic profile of the consumers you should target because of their stated willingness to change, 2) provide you with the factors that influence these consumers to shop or not shop at local independent stores, and 3) provide you with a list and description of which media outlets this target market consumes most often. With this information, you'll be able to improve the shopping experience to meet their needs, design positioning messages and appeals that will attract and influence them, and reach them through the right media.

### 3) Getting Others to Help with Market Research

**Free market research from MBA students.** The Small Business Institute program, works to create collaborations, in which students conduct research for small businesses for little or no cost. There are Small Business Institutes at over 250 colleges and universities in the U.S. Small Business Advancement National Center (501) 450-5300.

**Business research centers.** Academic libraries often have a business research center that provides research to businesses at very low cost. Contact libraries at your local colleges or universities.

**Article: *How can I find an affordable market research service?***

**Mie-Yun Lee**, Inc.com website, April 2003.

<http://www.inc.com/articles/2001/05/22722.html>

### 4) Conducting Your Own (Primary) Research: Surveys, Focus Groups, etc.

**Article: *Check out these effective market research options that won't take a toll on your budget.*** By Mie-Yun Lee, BuyerZone.com September 30, 2002

<http://www.entrepreneur.com/article/0,4621,303380,00.html>

**Article: *Researching Your Market.***

The best methods for finding market data. Laura Tiffany Entrepreneur.com website, August 07, 2001. <http://www.entrepreneur.com/article/0,4621,291713,00.html>

## **Developing Surveys**

### ***Book: The Survey Kit.***

Arlene Fink. Sage Publications, Inc. 2002.

### ***Book: Handbook of Marketing Scales*** Ref. HF5415.3.B323 1999

A compilation of measures used in consumer behavior and marketing research. Useful as a guide to instruments for use in survey research.

### ***Article: Conducting a survey online is cheap and fast—and you can do it yourself.***

Melissa Campanelli. Entrepreneur magazine - July 2001

<http://www.entrepreneur.com/article/0,4621,290041,00.html>

## **Free Online Survey Creators**

**Zoomerang** - Ask up to 30 questions per survey up to 100 responses per survey. Survey data stored for only 10 days after survey launch, some analysis capability. Expanded services with paid subscription (\$600/year). <http://www.zoomerang.com>

**CreateSurvey** - Five free surveys, with up to 50 questions and 500 responses each. Includes online tools to analyze the results. Stays online for 1 month. Expanded services with paid subscription (\$99/month, \$949/year – can be discounted for non-profits).

<http://www.createsurvey.com/>

## **Conducting Focus Groups**

### **The Focus Group Kit. Sage Publications.**

A series of 6 easy-to-read books on conducting focus groups.

<http://www.sagepub.com>

## **Learning from Buy Local Food Studies**

***Harvesting Support for Locally Grown Food: Lessons Learned from the Be a Local Hero, Buy Locally Grown Campaign.*** By Community Involved in Sustaining Agriculture (CISA) and the FoodRoutes Network. This handbook can be ordered, and campaign samples and summary can be found on CISA's website.

<http://buylocalfood.com/about.html>

***Attracting Consumers With Locally Grown Products.*** Produced for The North Central Initiative For Small Farm Profitability.

<http://www.farmprofitability.org/local.htm>

### **FoodRoutes Network. Survey and Focus Group Results**

<http://www.foodroutes.org>

## Appendix 4.2 Sample Marketing Research Questions

This document is provided as a starting point for IBAS to brainstorm and create their own surveys, whether delivered by professional firms, or in-house.

**Describing the consumer.** This body of questions can help IBAs determine which media outlets to use and what positioning statements and appeals might work for them.

Please select the characteristics that apply to you:

### Age

- 18-24
- 25-34
- 35-49
- 50-64
- 65+

### Income

- Less than 20k
- 20-34.9k
- 35-49.9k
- 50-74.9
- 75+

### Education

- HS or Less
- Some college
- College Grad
- Grad School

### Number of Children

- 0
- 1
- 2
- 3
- 4

### Age ranges of children (select all that apply)

- Younger than 5
- 5-10
- 11-15
- 16-18
- 19-24
- over 24

### Hobbies and Recreation

Please list activities in which you are interested or participate:

---

**Shopping Habits** – This information will help IBAs and merchants to estimate the size of the market and their spending potential, improve the shopping experience (the product) and to create promotional messages that customers will identify with and respond to.

### Which Days of the week do you prefer to shop?

- Monday
- Tuesday
- Wednesday
- Thursday
- Friday
- Saturday
- Sunday

**What time of day do you prefer to shop (please select all that apply)?**

**Monday – Friday:**

- \_\_\_\_\_ Before 10 am
- \_\_\_\_\_ 10 - 12 noon
- \_\_\_\_\_ 12-2:00 pm
- \_\_\_\_\_ 2:00-5:00 pm
- \_\_\_\_\_ 5:00- 7:00 pm
- \_\_\_\_\_ 7:00 – 9:00 pm
- \_\_\_\_\_ after 9:00pm

**Saturday and Sunday:**

- \_\_\_\_\_ Before 10 am
- \_\_\_\_\_ 10 - 12 noon
- \_\_\_\_\_ 12-2:00 pm
- \_\_\_\_\_ 2:00-5:00 pm
- \_\_\_\_\_ 5:00- 7:00 pm
- \_\_\_\_\_ 7:00 – 9:00 pm
- \_\_\_\_\_ after 9:00pm

**In general, how often do you shop at:**

- Business district X \_\_\_\_\_ times per week / month
- Mall Y \_\_\_\_\_ times per week / month
- Big box shopping center Z \_\_\_\_\_ times per week / month
- Outside the city \_\_\_\_\_ times per week / month
- Online \_\_\_\_\_ times per week / month
- Via mail order catalog \_\_\_\_\_ times per week / month
- Other: \_\_\_\_\_ times per week / month

**Do you consciously choose/prefer to shop at local independent stores over chain stores?**

Yes / No

**If so, why:** \_\_\_\_\_

**How do you identify a business as a local independent business?**

\_\_\_\_\_

**Would you like independent businesses to have a logo or icon that identifies them as such?**

Yes / No / Don't Care

**Beliefs, Concerns and Appeals** – This information will help IBAs determine what their target market cares about, whether and why they would be likely to shop at independent stores, and what types of appeals would attract them.

**Message testing** – For each of the following, indicate whether the statement is

- Believable (very, somewhat, not very, not at all)
- More likely to buy (much more, somewhat more, no effect)

**Products**

The products at independent stores are higher quality  
The products at independent stores are chosen by owners and staff who have knowledge of, passion for, and often a family history with the business/products  
Independent stores have unique products that cannot be found at chain stores.  
Independent stores have products that meet the needs of local residents.



Independent stores stock products that individual community members request.

### **Price/Convenience**

Independent stores have lower or comparable prices to chain stores

Independent stores are easy to reach and park near

Independent stores are open when you need to shop

Independent stores provide a variety of items you need in one trip

### **Community**

Independent stores strengthen the local economy

Independent stores provide higher quality jobs than other retail stores

Support the community through donations, volunteering, etc.

Have better customer service

### **Customer Services**

Can more easily solve your problems and customize solutions

Have more knowledge about their business and inventory

Know their customers

### **Rank the reasons to shop at local independent stores**

- \_ Product quality
- \_ Product uniqueness
- \_ Product variety
- \_ Price
- \_ Convenience
- \_ Good for the economy/jobs
- \_ Good for the community
- \_ Interesting stores
- \_ Sense of community downtown

### **Rank the reasons why you choose to shop at a certain store**

- \_ Product quality
- \_ Product uniqueness
- \_ Product variety
- \_ Price
- \_ Convenience
- \_ Good for the economy/jobs
- \_ Good for the community
- \_ Interesting stores
- \_ Sense of community downtown

### **If you choose to shop at a mall or chain store rather than at local independent businesses, please rank the reasons why:**

- \_ Price
- \_ Convenience
- \_ Near my house
- \_ Quality of products
- \_ Selection of products
- \_ Customer service
- \_ Lack of information about available products
- \_ No particular reason – just doesn't occur to me

**Please select any/all statements with which you agree**

"I would shop at local independent stores more often if..."

- They had better prices
- They were easier to get to/park at
- They were near my house
- They offered higher quality products
- They offered a better selection of products
- They had a larger variety of stores in one area.
- They had better customer service
- I knew what products they offered
- I knew they benefited our economy
- I knew they supported our community
- I knew they were better for the environment
- No reason – I would not change where I shop

**If local independent stores had these characteristics, would you want them to have a logo to identify them?**

Yes/No/Don't Care

**Appeals**

**Which people would you most trust/believe to speak on the shopping benefits of local independent businesses?**

- Specific local people: names \_\_\_\_\_
- Politician: Local / National / Either
- Sports figure: Local / National / Either
- Actor/musician: Local / National / Either
- Local business owners
- Non profit leaders
- Church leaders
- University professors/administrators

**Which people would you most trust/believe to speak on the community/economic benefits of local independent businesses?**

- Specific local people: names \_\_\_\_\_
- Politician: Local / National / Either
- Sports figure: Local / National / Either
- Actor/musician: Local / National / Either
- Local business owners
- Non profit leaders
- Church leaders
- University professors/administrators

**Media Consumption** – These questions will help IBAs determine where to place their messages so that they are most likely to reach the target market.

**Which media and publications do you listen to/watch/read most often?**

- List specific Radio stations / programs
- List specific TV stations / programs
- List specific Newspapers / sections
- List specific websites
- Other: \_\_\_\_\_

**Travel Habits**

Complete and circle the correct interval

How often do you:

- Drive a car \_\_\_\_\_ times per day /week / month
- Ride the bus \_\_\_\_\_ times per day /week / month
- Take the subway \_\_\_\_\_ times per day /week / month
- Take a taxi \_\_\_\_\_ times per day /week / month
- Ride a bike as transportation (not exercise/recreation) \_\_\_\_\_ times per day /week / month
- Walk for transportation (not for exercise / recreation) \_\_\_\_\_ times per day /week / month

**How far is your usual work commute (if applicable)?**

- \_ N/A or 0 miles
- \_ 1-15 miles
- \_ 16-25 miles
- \_ 26-50 miles
- \_ over 50 miles

### Appendix 4.3 Product Tactics for IBAs

In addition to creating promotional pieces, a true marketing campaign includes product modification to ensure that a product meets consumer needs. The table below helps IBAs to identify possible areas for modification of the 'shop local independent' product, and suggests tactics for making these modifications.

<b>Product Tactics for IBAs</b>		
<b>Behavioral Aspect (Product Feature)</b>	<b>Potential Strength or Weakness</b>	<b>Recommended Response (May be undertaken by IBAs, Chambers of Commerce, Business Improvement Districts, or Main Street Organizations)</b>
Celebrates/provides community character	Strength	<ul style="list-style-type: none"> <li>• Encourage façade and other physical improvements of historically significant or community-specific items.</li> <li>• Find and highlight stories about the stores, their owners, etc.</li> </ul>
Provides good/flexible jobs	Strength	<ul style="list-style-type: none"> <li>• Determine actual number of resident jobs provided by businesses.</li> <li>• Compare this number to chains.</li> <li>• Determine and encourage job quality (wages, benefits, training, flexible hours).</li> <li>• Adopt / use job quality standards that can be incorporated into promotions.</li> </ul>
Supports local economy	Strength	<ul style="list-style-type: none"> <li>• Help merchants determine their local multipliers and encourage them to increase this number by purchasing locally.</li> </ul>
Supports community through donations, volunteering, civic involvement	Strength	<ul style="list-style-type: none"> <li>• Determine extent to which businesses are getting involved in the community.</li> <li>• Provide ways to make involvement easier, make suggestions for logical partnerships.</li> <li>• Encourage merchants to set up programs that link sales to civic donations (for example \$.01 of each dollar spent goes to Little League Baseball).</li> </ul>
Provides unique products, more product variety, and products that serve the needs of the specific community	Strength	<ul style="list-style-type: none"> <li>• Identify uniqueness, variety and localness of product stock.</li> <li>• Identify special orders and favors made for customers (like a weekly order of special candies Isaac Jones to give to his grandchildren).</li> <li>• Help merchants develop feedback mechanisms to identify special needs and products that they can provide customers.</li> <li>• Gather product variety availability among several stores and compare to breadth at chains.</li> <li>• Compare product quality of items to those at chains.</li> </ul>

**Product Tactics for IBAs**

<b>Behavioral Aspect (Product Feature)</b>	<b>Potential Strength or Weakness</b>	<b>Recommended Response (May be undertaken by IBAs, Chambers of Commerce, Business Improvement Districts, or Main Street Organizations)</b>
Allows community members to exert control over local environment.	Strength	<ul style="list-style-type: none"> <li>• Encourage merchants to involve customers in community activities and decisions by soliciting questions, facilitating discussions, organizing political or volunteer events, running "get out the vote" drives.</li> </ul>
Provides better customer service through better knowledge and immediate access to decision makers OR Has slow or generally poor service	Strength or Weakness	<ul style="list-style-type: none"> <li>• Identify outstanding merchants and employees for customer service.</li> <li>• Investigate morale and job quality/satisfaction as possible reasons for poor service.</li> <li>• Help design or suggest training and mentoring to pass skills of exceptional people on to others.</li> <li>• Reward merchants for their service via monthly recognition – similar to employee recognition, but on a business level. Or recognize individuals at the neighborhood level.</li> </ul>
High Prices	Weakness	<ul style="list-style-type: none"> <li>• Enlist a university to conduct a study comparing prices of independents and chains.</li> <li>• If values fluctuate, identify products that are offered at a better price. Highlight these items.</li> <li>• If prices are generally higher at chains, promote this.</li> <li>• If prices are generally lower at chains, IBAs may be able to focus attention on the price increases chains have made as independents are driven out of a community, or focus other immediate (non-product) costs of shopping at chains.</li> </ul>
Inconvenience Location – out of the way or difficult to access	Weakness	<ul style="list-style-type: none"> <li>• Encourage development of infrastructure that would improve access.</li> <li>• Provide shuttles or other transportation options that make access easy.</li> <li>• Provide delivery services that bring products to the customer, perhaps partnering with other businesses who currently or who would like to begin delivering.</li> <li>• Help local merchants provide their products in other locations, such as on push carts at events and or on the Internet.</li> <li>• Target residents in near vicinity first.</li> </ul>
Need to visit multiple stores for several items	Weakness	<ul style="list-style-type: none"> <li>• Spearhead a community-owned department store.</li> <li>• Help merchants build a district-wide inventory and encourage businesses to fill critical gaps.</li> <li>• Provide product guides that help people find the items they need and plan their trip.</li> </ul>

<b>Product Tactics for IBAs</b>		
<b>Behavioral Aspect (Product Feature)</b>	<b>Potential Strength or Weakness</b>	<b>Recommended Response (May be undertaken by IBAs, Chambers of Commerce, Business Improvement Districts, or Main Street Organizations)</b>
Parking - lack of, cost of, or time restrictions on	Weakness	<ul style="list-style-type: none"> <li>• Work with merchants and local authorities to change illogical and burdensome parking policies and fee structures.</li> <li>• If necessary identify new convenient areas that are available to be used for parking.</li> <li>• Provide bikes or other transportation options within the district.</li> <li>• Provide lights and other safety features to discourage crime.</li> </ul>
Hours – not open when they want to shop	Weakness	<ul style="list-style-type: none"> <li>• Encourage merchants to lengthen or adjust their hours. Encourage a few or several merchants to agree on new hours together, to make the transition easier.</li> </ul>
Selection – few choices or unpredictable stock	Weakness	<ul style="list-style-type: none"> <li>• Provide a regularly updated directory to showcase the breadth of choices.</li> <li>• Encourage merchants to arrange and label shelves to</li> <li>• Provide assistance with supply-chain management to minimize empty shelves.</li> </ul>

## Appendix 4.4 Gathering (Secondary) Consumer Data

If IBAs cannot conduct their own market research, there are several sources they can use to find lifestyle and media usage information. This information can be used in conjunction with the typical ethical consumer profile (Appendix 4.4) to locate and attract the ethical consumer.

### 1) Demographic characteristics of residents of a zip code

Once you know the demographics of your target market, you can use these data sources to find out how many live in your community and in what neighborhoods they live.

#### **U.S. Census - American Factfinder**

Population, housing, and economic data by geographic area down to neighborhood or block. The quickest community profile can be found by entering the name or zip code on the American Fact Finder Fact Sheet web page by going to [www.Census.gov](http://www.Census.gov) > American Fact Finder > Fact Sheets.

[http://factfinder.census.gov/servlet/SAFFFacts?geo\\_id=& geoContext=& street=& county=& cityTown=& state=& zip=& lang=en& sse=on](http://factfinder.census.gov/servlet/SAFFFacts?geo_id=& geoContext=& street=& county=& cityTown=& state=& zip=& lang=en& sse=on)

**Statistical and Metropolitan Area Data Book.** Offers statistics for metropolitan areas, central cities and counties.

**Statistical Abstract of the United States.** Data books with statistics from numerous sources, government to private.

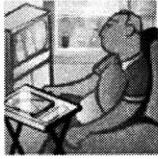
### 2) Lifestyle data and consumer patterns by geographic area

#### **Claritas: You Are Where You Live tool.**

<http://www.clusterbigip1.claritas.com/claritas/Default.jsp?main=6&subcat=freeinfo>

Information provided: Breakdown of different types of people (Claritas segments), number of people in each segment in the zip code, descriptions of each segment, including income, ethnicity, marriage status, age, education, and housing type. This level of data is free, and would require IBAs to look up each zip code separately. Claritas charges for more data and in-depth or custom analyses. <http://www.claritas.com>

## Sample Claritas segment profile:



### 59 Urban Elders

BACK

For Urban Elders - a segment located in the downtown neighborhoods of such metros as New York, Chicago, Las Vegas and Miami- life is often an economic struggle. These communities have high concentrations of Hispanics and African-Americans, and tend to be downscale, with singles living in older apartment rentals.

Group: Urban Cores

<b>2003 Statistics:</b>	<b>Demographics Traits:</b>
US Households: 1,486,329 (1.36%)	Ethnic Diversity: High Black, Asian & Hisp.
US Population: 3,647,705 (1.26%)	Family Types: Singles
Median HH Income: \$22,495	Age Ranges: 55+
<b>Lifestyle Traits</b>	Education Levels: Elementary/H.S.
1. Shop at Banana Republic	Employment Levels: Service, BC, WC,
2. Collect stamps	Housing Types: Renters
3. Watch Steve Harvey show	Urbanicity: Urban
4. Watch Daytime TV	Income: Poor
5. Drive a Dodge Neon	

### Lifestyle Market Analyst

A guide to consumer markets covering 300 U.S. metropolitan markets and providing a mix of demographic, geographic, and lifestyle information. Helps in identifying customers, how they spend their time, and how they differ from other markets.

### The Sourcebook of Zip Code Demographics

Provides data for U.S. counties and for residential zip code areas, noting for each area its composition in terms of population, households, families, race, age, income, and market potential for several broad product categories.

**Almanac of Consumer Markets: the Official Guide to the Demographics of American Consumers.** (Ithaca, NY: American Demographics Press, 1990.) Facts about consumers' height, weight, education, income, ethnicity, employment, marital status, expenditures, health, weekly shopping. Details the data by age group. Contains useful maps and graphs. American Demographics has a reputation for producing high quality demographic information.

**Demographics USA.** Sales and Marketing Management Magazine. Annual. (New York: Sales and Marketing Magazine). This source gives a highly detailed market analysis of spending patterns and detailed market, population, household, and retail sales data for the U.S. as a whole, for states, and for counties.



### 3) Local media and advertising outlets

Given the demographics you'd like to target, you can match them to particular radio programs, newspaper sections, billboards and bus shelters, or even regional or national magazines for collaborative efforts.

**Local media sources, including newspapers, radio stations, TV stations, outdoor media companies.** Often local media companies provided their demographic data online; others require advertisers to call their sales staff to get this data for free. Usually, they provide demographics of viewers, readers, riders, as well as times and frequency of use or viewing.

The demographic information for Boston.com readers (online version of the Boston Globe) is provided on their website:

"Over 3.5 million unique users visit each month<sup>1</sup> to get their fix for the day, or even the hour. In comparison with the national online average, our readers are:

- **Local.** Nearly 80% reside in the Boston DMA.
- **Well-educated.** Boston.com readers are 80% more likely to have a bachelor's degree and 170% more likely to have a post-graduate degree.
- **Well-paid.** Average household income is over \$82k. Nearly 30% have household incomes above \$100k.
- **Decision makers.** They are 160% more likely to work in an executive or managerial capacity.
- **Right on target.** 70% of our audience falls into the attractive 25-54 year-old age demographic."

**National Report: *Power Users: A Profile of Online Newspaper Consumers, MORI 2002.*** This telephone- and Internet-based survey provides information about news reading habits, buying habits and demographics of U.S. consumers.  
[http://www.moriresearch.com/news/presentations/2002 Online Consumer Study.pdf](http://www.moriresearch.com/news/presentations/2002%20Online%20Consumer%20Study.pdf)

## Appendix 4.5 Costs of Shopping

When considering Price tactics, IBAs should take into consideration that the consumer pays more than just the ticket price of an item they have bought. The entire shopping experience, whether at local independent stores, chain stores, or online, includes many additional costs. IBAs should consider these costs to the shopper, use them to identify their strengths and weaknesses compared to other shopping options, and should incorporate them into their promotions where possible.

### Monetary and Non-Monetary Costs of Shopping Choices

#### 1. Monetary Costs

- Actual cost of products
- Actual cost of gas
- Actual cost of parking

#### 2. Time costs

- Driving to the district
- Parking
- Visiting several different stores
- Waiting for the store to open
- Waiting for a product to arrive

#### 3. Perceived risks

- Inclement Weather
- The psychological cost of paying more than necessary for an item
- The psychological cost of supporting a chain store in a pro-independent business community

#### 4. Less immediate costs

- The cost of losing open space and greenery
- The opportunity cost of sitting in congested traffic
- The cost of increased taxes to support infrastructure
- The cost of tax relief provided to big box stores by some communities
- The cost of jobs lost in the community

## Appendix 4.6 The Place Aspect of the IBA Product

Placement of a product being marketed is critical to its success. Because convenience is a very important consideration for shoppers, IBAs must ensure that shopping at independent businesses is convenient as possible. There are many ways in which independent stores may be able to make the shopping experience easier and more convenient, and ways to make their product more accessible. The table below provides some suggestions. Many of these suggestions may be implemented with the help of partner organizations such as Main Street associations and Business Improvement Districts.

### Improving the Place Aspect of Shopping at Local Independent Businesses

**Bring the shoppers to the products and stores.** In general, this is what is already happening. People are going to the districts by car, bus, foot or other means. However, shoppers may find this process difficult for many reasons, some of which can be addressed:

- Infrastructure – Work with merchants and public agencies to improve road conditions and access, calm traffic, create bike lanes to make traveling to the district easier.
- Public transportation – Consider working with merchants and public agencies to improve public transportation access, and possibly provide subsidies or free passes on certain routes at certain times.
- Parking – Work with local agencies to make parking accessible, safe, cheaper or completely subsidized, and logically regulated. Consider parking validation schemes with merchants.
- Shuttles - Suggest that the city and / or business districts provide shuttle services to business districts from targeted areas during prime shopping hours. Shuttles can be entirely free, or a fee service that is free with merchant validation.
- Weather – Encourage businesses with harsh weather conditions to offer awnings and other protection from rain, snow and sunshine that may make shopping at malls and big boxes seem more inviting on harsh days. For example, many stores in Tempe, Arizona provide large awnings with water misters that provide relief to shoppers on a dry hot day. These misters are not only eliminating a liability, their cool spray and inviting look have made them an asset.
- Directories, Maps, and Convenience messages – while these are not product alterations, they are strategies used by CISA to bring people to the farms. Like CISA, IBAs can use radio ads to remind customers that it's easy to stop by on the way home from work. Most IBAs have, or are in the process of creating directories. Maps may also be helpful for trip planning and parking information.

**Bring the products to the shoppers.** Another way to approach the problem is to reverse it. As mentioned above, not every person needs to go to the business district to keep the businesses alive. Some can purchase the products and support the local economy without going to the district. Some of the ways IBAs and merchants can take their products and services to the customer are listed below.

- Delivery services – Encourage individual stores, groups of stores, or entire districts to provide delivery services to their customers. This service can be combined with the shuttle to save costs and reduce environmental impact.
- E-commerce and catalogs – Suggest merchants jointly create an e-commerce website that offers products from local independent stores, or allow shoppers to place orders by phone. In both cases, these orders can be picked up by the customer at their convenience, delivered by mail or local delivery service. SERRV and TransFair USA each offer a way to purchase online, and SERRV also has a paper catalog. These are great ways to allow consumers to avoid the inconvenience of driving and parking downtown. However, web sites require extensive promotion themselves or a loyal customer based that will switch to the web before they become popular and can be a significant source of income.
- Vendor pushcarts and tables in other locations around town – Help merchants devise ways to bring their product to popular events and locations via vendor carts or tables. Like SERRV who set up their tables at churches, merchants may be able to set up tables at events in the community and college campuses to expand their sales outlets.
- Cross-selling – Help merchants sell related products in each other's stores to make them more accessible and reduce the number of stores a customer needs to visit in one trip. Ten Thousand Villages does this to a small degree. While their sales are primarily made at their own stores, they do provide products to a few other alternative retailers across the U.S.
- Branch locations within the city – Encourage certain merchants to open branches in other parts of the city to get access to more customers.

## Appendix 4.7 Developing IBA-Specific Promotional Messages

This 5-step process can be used by IBAs when developing their marketing campaign, and specific promotional messages within the campaign. IBAs may want to use this to develop a general slogan that will have a broad appeal and be used throughout the campaign, then use it again to create specific advertisements for target audience segments or in different media or locations.

### 1) Define the promotional objective.

For most IBAs, the promotional objective will be one or more of the following:

- To catch people's attention and make them aware of the concept of shopping at independent businesses.
- To convince people that shopping at independent businesses is better for themselves and / or society. (Change their beliefs).
- To convince people that the need to begin shopping at independent businesses is urgent, and that the action is easy, and worthwhile for them to do. (Move them to action).
- To remind and reward people who are already shopping at local independents.
- To encourage the committed shoppers to influence others.

### 2) Choose and describe your target audience (market segment).

IBAs may conduct market research that helps them identify and choose their target market(s). One or more of these markets should be explicitly targeted in your slogan or promotional piece. Describe the market for your target market(s) here:

- Demographics
- Lifestyle
  - Priorities, concerns and daily activities
  - Shopping Preferences
- Media Usage

An alternative market is that of the ethical consumer. Their characteristics are likely to be:

- Demographics:
- Highly educated
  - High income
  - Female
  - 25 - 55
- Lifestyle
- Cosmopolitan / world traveler
  - Social / environmental advocacy communities
- Media
- Listens to NPR

This profile can be more narrowly described by matching some of the demographic data with lifestyle and media data specific to your community.

**3) Develop your positioning statements – include at least one traditional and one ethical statement.**

The following positioning statements are likely to work for local independent businesses and their target markets.

**Traditional**

**1) Provide quality products.**

- Chosen by owners and staff who have knowledge of, passion for, and often a family history with the business/products
- Unique and/or locally-tailored products that cannot be found at chain stores

**2) Have low prices**

- Have lower or comparable prices to chain stores
- Particular items
- Including other costs

**3) Are convenient**

- Are easy to reach and park near
- Are open when you need to shop
- Provide a variety of items you need in one trip

**4) Have better customer service**

- Can solve your problems and customize solutions because the owner is available to make decisions
- Have more knowledge about their business and inventory
- Know their customers (you) better

**Ethical**

**1) Support the local economy / Provide more high quality jobs**

**2) Support the community through donations, volunteering, etc.**

**3) Are better for the environment**

#### **4) Develop the appeals.**

After meeting their needs with positioning statements, you can appeal to the target market in different ways. The appeal you choose will determine exactly how you word your positioning statement. Possible appeals include:

##### **Rational Appeal**

1. Quality
2. Economy
3. Value
4. Performance

##### **Emotional Appeal**

1. Self-respect
2. Sense of accomplishment
3. Fun and enjoyment in life
4. Security
5. Being well-respected
6. Sense of belonging
7. Warm relationships with others
8. Excitement

##### **Moral Appeal**

##### **Modifying / Augmenting the Appeal**

- **Language** – test the wording of the advertisement to ensure it appeals to and feels natural to the target market
- **Humor** – consider carefully using humor as part of some ads with positive appeals
- **Spokesperson** – consider using a spokesperson, possibly a merchant or local celebrities, if your research indicates that they are believable to your target audience.

#### **5) Provide a call to action.**

Conclude your promotional piece by telling them exactly

- What they should do.
- How to do it.

**Once you've created your message, remember to TEST IT with the target market!  
Test it again when you have produced the first copy of the promotional item.**

## Appendix 4.8 Promotional Objectives

**Defining the promotional objective.** To determine how to craft your message, you must first identify the goal you are trying to achieve with the message. While IBAs have two major overall objectives for their marketing campaigns, an attitudinal one: to increase the number of people think that supporting independent businesses is a critical step in maintaining and improving their community's quality of life, and a behavioral one: to increase the number of people who make a concerted effort to shop at independent businesses instead of chains when possible – the objective of a given promotional piece may be one aspect of one of these objectives. This is because the stages that a person goes through to actually make a purchase may require different prompts and promotional messages. According to Andreasen (Goldberg, Fishbein, & Middlestadt, 1997), there are four stages of consumer purchasing. These four stages and their relevance to local independent shopping are as follows:

**Pre-contemplation** – People are not thinking about the concept of supporting local independent right now. IBAs must catch people's attention and introduce the concept. This would not only be non-ethical consumers, but also semi-ethical and committed ethical consumers who just have thought about shopping at independent stores, possibly because they have not been made aware of the ethical dimensions of shopping locally.

**Contemplation** – People are thinking about shopping at local independent stores and evaluating this against shopping at chains. They need to be convinced that shopping at independent stores is more beneficial to them (or their community) than shopping at chains.

**Preparation/Action** – People in the preparation state have decided to act or are convinced it's a worthwhile act, but need further prodding and convincing that it is easy enough and urgent. People in the action stage need to be reminded of the action and its benefits when the behavioral decision is being made. For instance when planning one's day, or in the car on the way home from work.

**Confirmation/Maintenance** – At this state, people are committed to shopping at independent stores and have no intention to return to their earlier behavior. However, they need to be constantly reminded of the importance of their behavior, and when possible, should be given rewards for shopping at local independent stores.

**Evangelism** – While not one of Andreasen's four stages of purchasing, one potential objective of IBA marketing could be to create evangelists among the committed independent shoppers. Once shoppers have become committed, they can be targeted to start convincing their friends and families to change their behavior<sup>4</sup>. This objective necessitates tactics that are different from the prior stages.

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<sup>4</sup> Tallontire (2001) found that family and friends have a strong influence on ethical purchase decisions. This technique, often referred to as viral marketing, is used widely by companies today, hoping to interest and influence their target audiences strongly enough that they will in turn, tell their friends about the product.



### **IBA Promotional Objectives**

Based on these stages of purchase, IBAs should decide for any given promotion piece, what is their exact objective:

1. To catch people's attention and make them aware of the concept of shopping at independent businesses?
2. To convince them that it is better for them or society?
3. To convince them that it is urgent, easy and worthwhile for them to do?
4. To remind and reward people who are already shopping at local independents?
5. To encourage the committed shoppers to influence others?

IBAs should realistically consider that it may not be possible to achieve all of these objectives within one slogan or commercial, and that a marketing campaign may include a staged approach of walking people through each step. On the other hand, they may try a multi-pronged approach with many promotions simultaneously addressing people at different stages. In some ways, the CISA slogans are able to target almost all of these stages. Recall:

**"Be a Local Hero, Buy Locally Grown.  
It's fresh, it's convenient, and helps the local economy."**

To achieve the first stage objective – introducing the concept of shopping at local independent businesses to people for the first time – the promotion must catch the attention of people who are not thinking about the issue at all. Messages, visuals, and audio should be instantly compelling, and repeated often to gain the mindshare of new shoppers. While it is difficult to determine from CISA's slogan whether these ads would catch the attention of new people, staff members believe that, for example, the bright and friendly graphics of the printed materials help draw attention. In fact, many children notice and remember the ads.

The second stage is also covered in this CISA advertisement. By stating that it is fresh and good for the local economy, people are being told that the behavior benefits both them and society. Stating that it is convenient at least partially addresses stage three – telling people that it is easy to do. Finally, the phrase "Be a local hero" implicitly rewards those who are already engaging in the behavior by calling them heroes. With two simple sentences, CISA was able to address the cognitive state of individuals in all four of Andreasen's stages of purchase.

## Appendix 4.9 Ethical Consumers and Emotional Appeals

Once they have chosen the objective, target market segment, and appropriate positioning statements, IBAs should determine what *appeal* they think might be appropriate for their audience. Marketing theory identifies three types of personal appeals that people will respond to: rational, emotional, and moral. The tables below include definitions and examples of the three marketing appeals.

Types of Promotional Appeals
<p><b>Rational Appeal</b> – A logical argument persuading the consumer to think or act in a certain way.</p> <ol style="list-style-type: none"><li>1. Quality</li><li>2. Economy</li><li>3. Value</li><li>4. Performance</li></ol>
<p><b>Emotional Appeal</b> – Customer’s feelings and emotions towards what is on offer. Emotional appeals can be either positive or negative. As discussed previously throughout this thesis, positive emotional appeals are a safer bet most of the time.</p> <ol style="list-style-type: none"><li>1. Self-respect</li><li>2. Sense of accomplishment</li><li>3. Fun and enjoyment in life</li><li>4. Security</li><li>5. Being well-respected</li><li>6. Sense of belonging</li><li>7. Warm relationships with others</li><li>8. Excitement</li></ol>
<p><b>Moral Appeal</b> – Directed to the audience’s sense of what is right and proper. Certainly, moral appeals will play a significant role in any promotional material aimed at ethical consumers.</p>
<p><b>Modifying /Augmenting the Appeal</b> – The following should also be considered when developing the message:</p>
<p><b>Language</b> – test the wording of the advertisement to ensure it appeals to and feels natural to the target market</p>
<p><b>Humor</b> – consider carefully using humor as part of some ads with positive appeals</p>
<p><b>Spokesperson</b> – consider using a spokesperson, possibly a merchants or local celebrities, if your research indicates that they are believable to your target audience.</p>
<p><i>Sources: Kotler (1999) and Andreasen (1994). The positive emotional appeals are from a list of universal human values by L.R. Kahle in 1984 (Andreasen, 1994).</i></p>

<b>Ethical Consumers and Emotional Appeals</b>		
<b>Potential Ethical Consumer Characteristics</b>	<b>Likely Appeals and Concerns</b>	<b>Sample Appeals</b>
Mothers, working mothers	Emotional: Safety  Rational: Time savings	Our knowledgeable staff will help you choose the safest products for your baby.  Delivery services from our business district everyday until 8pm
Highly Educated	Rational: Scientific basis behind claims  Emotional: Pride in education/intellect, part of an elite club	The LM3 methodology has been tested in rural, suburban and urban communities.  Cultural, literary, or other academic references or phrases that make people feel like they are in on the joke. A good example of a company who does this is Trader Joe's grocery stores. They sell products such as 'Apocryphal Pitas' and Trader Joe-San Rice Crackers. Of course, these also have a humorous appeal.
High income	Rational: Good value  Emotional: Discriminating taste  Emotion: Pride in accomplishment	High quality long lasting goods  Authentic, borne of family tradition, time-honored methods, original artwork, hand-crafted  Reward yourself
Baby boomer	Trying to stay young and hip  Achieved financial success.  Shopping for the soul, for the inner self <sup>5</sup>	From i-Pods to Wi-Fi, Baby Phat to Prada our independent businesses stock the latest and greatest gear for your head and body.  Our exquisite boutiques and fine furniture galleries offer unique and luxurious items not available anywhere else.  Only Springfield Spa offers mudbaths with the healing qualities of the nutrient-rich soils found in our own community.

<sup>5</sup> These characterizations of baby boomers are from, "Demographic Targeting: The essential role of population groups in retail marketing," by James A. Pooler (2002). More information about baby boomers, other demographic groups, and market segmentation in general, is available in this book, and in "Lifestyle Market Segmentation," by Ronald D. Michman (1991).

## Appendix 4.10 Sample IBA Advertisement

The sample radio ad copy below was developed using the five steps described in Appendix 4.7.

"With over 120 combined years of experience raising children and selling children's products, the staff at Springfield's six independent children's stores have researched and tested hundreds of products, and each day they help concerned parents make informed decisions about the toys, clothes, and books they give to their children. These passionate staff members also feel, in the words of Elie Wiesel, that we must protect our children by changing the world. We have collectively contributed \$5000 in products and funds as well as hundreds of volunteer hours to Children's Hospital and day care facilities. Together, they work to ensure that Springfield is the best community to raise children."

"Shop Springfield's local independent stores to find a knowledgeable staff, quality products, and a commitment to our community. Look for the Independent logo in store windows at shopping districts throughout the city."

### Analyzing the sample ad

The steps below detail how the advertisement above was created.

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**Step 1: Define the promotional objective**

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Convince people that shopping at independent stores is better for them and society (Appendix 4.8 Objective 2).

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**Step 2: Determine your target audience**

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Highly educated, high income mothers of young children.

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**Step 3: Determine which positioning statements best fit this objective and audience**

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Children's products at independent stores are high quality.  
Independent stores support the community.

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**Step 4: Determine which appeals best suit the audience.**

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Emotional: Safety

Rational: Scientific basis behind claims

Emotional: Pride/concern about parenting skills

**Resulting Ad Copy:** "With over 120 combined years of experience raising children and selling children's products, the staff at Springfield's six independent children's stores have researched and tested hundreds of products, and each day they help concerned parents make informed decisions about the toys, clothes, and books they give to their children.

Emotional: Pride in education/intellect

**Resulting Ad Copy:** These passionate staff members also feel, in the words of Elie Wiesel, that we must protect our children by changing the world.

Spokesperson: This ad could be delivered by a local merchant or other respected individual

Language: The reference to Elie Weisel may have been preferred to a reference to Hillary Clinton, which was unappealing to some members of the target audience.

Humor: Humor was not used in this advertisement.

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**Step 5: Conclude with a call to action.**

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Shop at local independent children's stores.

**Resulting Ad Copy:** "Shop Springfield's local independent stores to find a knowledgeable staff, quality products, and a commitment to our community. Look for the Independent logo in store windows at shopping districts throughout the city."

## **Appendix 4.11 Working with Local Media**

CISA provides the following advice to help organizations establish relationships with local media (Lattanzi 2002):

### **Establishing Relationships with Local Media**

1. Call reporters and give them advance notice when you are sending them something
2. Ask the reporters what is interesting to them
3. Send thank you notes and provide T-shirts, hats or similar gifts if possible
4. Send targeted and compelling stories, such as an article that includes an interesting store or merchant profile
5. Hold events and invite the media
6. Write a press release; make sure it is truly newsworthy

## Appendix 4.12 Evaluation of IBA Marketing Campaigns

IBA Goals and Measures of Marketing Campaign Success	
Goals and Objectives	Measurement Data
<p><b>Goal:</b> Encourage people to make a concerted effort to shop at local independent businesses when they have a choice<sup>6</sup></p> <p><b>Objectives (Desired Outcomes):</b>            Increase the number of people who shop at local independents.</p> <p>Increase the frequency with which current shoppers go to local independents.</p>	<p>Change in sales at independent stores before and after.<sup>7</sup></p> <p>Change in number of respondents who say that they consciously choose to shop at independents.</p> <p>Change in frequency of visits to local independent stores by respondents who already preferred to shop at local independents.</p> <p>Change in number of respondents who claim that they are influenced by IBA ads to purposely shop at local independents.</p>
<p><b>Goal:</b> Convince people to believe that supporting local independents is <b>good for them, their community, and their local economy.</b></p> <p><b>Objectives:</b>            Increase the number of people who agree with the three statements that supporting local independents is good for</p> <ol style="list-style-type: none"> <li>1) themselves,</li> <li>2) their community, and</li> <li>3) their local economy.</li> </ol>	<p><b>Message credibility:</b> Change in number of survey respondents and customers who claim that they agree that local independents are good for them, community, economy.</p> <p><b>Message appeal:</b> Percentage of survey respondents and customer who thought favorably of the ad.</p> <p><b>Message recall:</b> Percentage of survey respondents and customer ability to recall campaign messages and different media.</p> <p><b>Message reach:</b>            Percentage of survey respondents and customers who recognize the campaign messages (for each medium / channel used in the campaign).</p>
<p><b>Goal:</b> Convince people to believe that supporting local independents is a <b>critical step</b> in maintaining and improving quality of life for their community.</p> <p><b>Objective:</b>            Increase the number of people who agree with the statement that supporting local independents is a critical step in maintaining and improving quality of life for their community.</p>	<p><b>Effectiveness of campaign to convey weight/importance of issue</b>            Change in number of survey respondents/customers agree to statement that supporting local independent stores is a critical activity to maintain and improve quality of life for their community.</p>

<sup>7</sup> While sales data alone cannot provide this answer, time series or community comparison data could make a case for campaign impact CISA also used sales data as an outcome measure for farmers, and suggested

### **Collecting the data.**

There are several ways that IBAs can collect the data they need to measure their outcomes.

1. Surveys conducted by a market research firm. CISA chose to evaluate their campaigns by conducting surveys of consumers, farmers and retailers. Consumer surveys were conducted by the same firm that did the original market research. As mentioned in section 4.1, IBAs may want to work with market researchers to develop the evaluation surveys at the same time they create the market research instruments.
2. Surveys, questionnaires and interviews conducted by the IBA. IBAs may also want to consider modeling their in-house evaluation methodology after CISA, who continually provides written questionnaires to and conducts interviews with farmers and retailers each year.
3. In-store customer feedback. Ten Thousand Villages gauged the success of their NPR underwriting and magazine ads through feedback from customers who came to the store. IBAs may choose to solicit feedback from customers as well. IBAs could work with merchants to ask a question or two at checkout to identify where they heard about the store, or why they chose to shop at the store, or they may have staff systematically ask customers throughout the store to answer questions. These more informal methods will not be able to capture demographic or other data about the customer, but may provide insight into whether the advertising is being heard and remembered, and whether it has influenced some community members.
4. Promotional Codes, Phone Numbers and Incentives. IBAs may also be able to collect outcome data through their advertising calls to action. Ads with coupons, telephone numbers, or an incentive to tell merchants where they heard of an offer can also reveal which promotional methods are working.
5. Merchant interviews, questionnaires and sales data. Like CISA's farmer surveys, IBAs can also gather data from the merchants themselves. As mentioned above, merchants can provide IBAs with data that can show whether sales have increased during and after the campaign. Merchants may also be able to recognize whether they are seeing new customers, and provide anecdotal information about whether customers are hearing and acting on the promotional messages.

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asking for *percentage change* in sales to make it less invasive for merchants who may not want to reveal their actual sales.



## Appendix 4.13 Sample Campaign Evaluation Questions

These questions are provided to help and inspire IBAs in the creation of their own evaluation questions. In order to design valid survey questions, IBAs should consult the resources provided in Appendix 4.1

### Questions to Ask Merchants

Ask the following questions to determine whether and how much sales and visits have increased since the campaign began. Where appropriate, average the answers to get a number that represents the overall change to the community.

- By what percent did your sales increase or decrease this year compared to last year?
- How many people participated in xx promotion?
- Have people mentioned xxx advertisements?
- Have you noticed any new regular clientele over the past year?
- How do customers hear about your store (merchants could ask this question at the checkout counter)?

### Questions to Ask Consumers

As mentioned above, these are ideas to get IBAs started. Actual survey questions and methodology (random telephone, web, and email) should be developed with assistance from the market research resources provided in Appendix 4.1.

**Include demographic questions to identify the survey respondents (see Appendix 4.2)**

### **Measure change in desired behavior:**

1. Do you consciously choose to shop at stores because they are independently owned?
2. If so, how often
  - a. 100% of the time, whenever I can
  - b. Most of the time, unless it is too expensive, low quality, inconvenient
  - c. Sometimes/when I remember
  - d. I never consciously choose to shop at independent stores.
3. Before (date/campaign), did you choose to shop at stores because they were independently owned?  
If so,
4. How often?
  - a. 100% of the time, whenever I could
  - b. Most of the time, unless it was too expensive, low quality, inconvenient
  - c. Sometimes/when I remembered
  - d. I never consciously choose to shop at independent stores.
5. Have the (Campaign slogan) ads influenced you to choose to shop at local

independent stores more often?

If not

6. Have the (Campaign slogan) ads influenced you to start choosing to shop at local independent stores?

**Measure effectiveness of message argument/believability:**

To what extent do you agree or disagree with the following statements (statements will exactly reflect the messages used in the campaign)

7. Local independent stores are good for the community.  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree
8. Local independent stores are good for the (local) economy.  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree
9. Local independent stores are good for the environment (help prevent pollution, save green space, or other specific claim).  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree
10. Local independent stores provide better customer service than chain stores.  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree
11. Local independent stores provide higher quality products than chain stores.  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree
12. Local independent stores have better deals than chain stores.  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree

**Effectiveness of campaign message appeal to be memorable for the intended audience:**

13. Have you seen or heard any advertisements about shopping at local independent stores,  
OR
14. Have you seen or heard any advertisements for [community IBA]?
15. Can you describe any of the ads?
16. What is the advertising slogan for [community IBA]?

**Effectiveness of campaign message distribution to reach the intended audience:**

Percentage of survey respondents and customers who recognize the campaign messages when prompted.

17. Have you seen or heard any of the following slogans/ads/etc....

- \_\_\_ Ad copy / slogan / description 1
- \_\_\_ Ad copy / slogan / description 2
- \_\_\_ Ad copy / slogan / description 3

18. Which of the following have you seen or heard with one of these slogans?

- \_\_\_ Radio advertisements on station x
- \_\_\_ Radio advertisements on station y
- \_\_\_ Billboards on Route X
- \_\_\_ Advertisements in newspaper X
- \_\_\_ Advertisements in newspaper Y
- \_\_\_ Advertisements on buses
- \_\_\_ Advertisements in subway station
- \_\_\_ Advertisements in bus shelters

**Effectiveness of campaign to convey weight/importance of issue:**

To what extent do you agree or disagree with the following statement

- 19. Shopping at Local independent stores is critical to maintain and improve the quality of life of (community).  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree
- 20. It is my/everyone's responsibility – duty to the community – to shop at local independent businesses  
Strongly Agree / Agree / Not sure / Disagree / Strongly Disagree

**Event-Related Measures (Independents Week, Unchained)**

IBAs should begin to prepare evaluations instruments for the effectiveness of the two events planned this year. AMIBA and members can provide merchants with forms, hand click counters or other tools to make evaluation easier for them. Some of the measures that can be taken from these events include:

- 1. Total Sales Generated (vs. same day previous year or comparable days)
- 2. Number of sales transactions (not dollar amounts)
- 3. Number of people in stores (possibly using counters)
- 4. Demographics of people in stores (by observation, using a form)
- 5. Number of first time customers (question at counter "Have you ever been/shopped with us before?")
- 6. Number of promotion/game booklets handed out
- 7. Number of booklets placed in raffle
- 8. Attendance at events outside the stores

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## INTERVIEWS

<b>Name</b>	<b>Title/Organization</b>	<b>Date of Interview</b>
Jennifer Rockne	Director American Independent Business Alliance (AMIBA)	January 27, 2004
Steve Bercu	Austin Independent Business Alliance	February 11, 2004
David Kaseman	Santa Fe Independent Business Alliance	February 9, 2004
Nancy Potter	Director of Sales and Marketing SERRV	February 6, 2004
Doug Dirks	Director of Marketing Ten Thousand Villages	February 18, 2004
Juanita Fox	Media Coordinator Ten Thousand Villages	March 17, 2004
Fiorella Triaca	Store Manager, Cambridge, MA Ten Thousand Villages	March 5, 2004
Haven Borque	Marketing Director Transfair USA	February 27, 2004
Mark Lattanzi	Campaign Director Community Involved in Sustaining Agriculture (CISA)	March 8, 2004
Joani Walsh	Program Coordinator FoodRoutes Network	March 31, 2004

Additional information about AMIBA and its member organizations was collected by joining in several of their conference calls and via multiple emails with Jennifer Rockne, the Director of AMIBA.