



Universitetet
i Stavanger

**UNIVERSITY OF STAVANGER BUSINESS SCHOOL
MASTER'S THESIS**

STUDY PROGRAMME:

Strategic Marketing

THIS THESIS HAS BEEN WRITTEN WITHIN THE
FOLLOWING FIELD OF SPECIALISATION:

Consumer Behaviour/Marketing

IS THE THESIS CONFIDENTIAL? NO

ENGLISH TITLE:

Customer acquisition in rural Norway

An in-depth exploration of how to acquire customers in the middle of nowhere Norway.

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Abstract

The continuous decrease in and aging of the rural population in Norway makes customer acquisition in rural Norway an important topic to investigate. By presenting the rural consumer, the rural business, and factors such as promotional channels, perceived quality, market segmentation and mindset equity, we cast a foundation for qualitative and quantitative study. Since customer acquisition has been a relatively scarce explored topic, particularly in Norwegian rural areas, in-depth interviews with independent business owners shed light on the perception of rural consumers as cautious and price conscious. In addition to this, we found that interpersonal relationships are crucial for the business, but also that the businesses perceived local shopping as a conscious choice by shoppers' vs non-shoppers. Promotional channels available to the businesses were Facebook, Instagram, posters, and the local newspaper, which we chose to explore in the quantitative study. Through a web-based survey we explored the consumers side of rural shopping behaviour. The study validated rural consumers as cautious and price conscious but found no significant evidence that these factors influenced purchasing intentions or visiting frequency. We did however find that relationships are positively correlated with both purchasing tendency and visiting frequency. In addition to this, we found high numbers of positive attitude towards local businesses since Covid-19, clearly in favour of local businesses. Exploration of promotional and communication channels revealed that printed promotional channels such as flyers and local newspapers were most preferred, in addition to Facebook being a good choice for social media visibility. Whilst a perception of calling to be a dying form of communication, the sample had calling as their preferred communication channel in addition to Facebook Messenger. We find that customer acquisition strategies for rural businesses should focus on relationships, personal interaction, and an increased visibility of product/service- and price-range.

Keywords: Rurality, Consumer Behaviour, Customer Acquisition, Relationships, Promotional Channels, Communication Channels, Covid-19.

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Preface

The human mind is delicate and unpredictable. This study intends to shed some light on the unpredicted behaviour of rural consumers. Growing a business contains much trial and error. If any error can be eliminated based on the findings from this study, I see this as a contribution to business practice in the market.

Seen that rural areas are wide and sparsely populated, questions arise why people you know, choose not to make use of your offers. This question only grows bigger over the years, in addition to directing the shopping behaviour of one's fellow friends and neighbours to be a personal decision. "They know I sell these products, why do they still choose to purchase them from someone else?" Through the course of this thesis, I would like to investigate the characteristics of rural consumers, rural businesses, and what can be done to create higher purchase levels. Originating from a rural area myself, I see and experience the lack of knowledge consumers have about the ocean of opportunities available to them in their rural area. In addition, as a consumer on a student budget, I too find myself in situations where a 2-hour drive is worth the time and money one saves by purchasing out of "town". How can these perceptions and actions be influenced, and what are the underlying causes for such actions? THAT is what I wish to explore.

I would like to thank my supervisor Hongyan Shi for guidance and patience throughout the process of writing this thesis. I also thank business owners and other contributors to this thesis for "inside" information, knowledge and above all their valuable time. An obligatory gratitude is also directed to friends and family who enable this thesis.

1.0 Thesis introduction

Both companies and research alike have a tendency to direct their focus towards the retention of customers (Ang & Buttle, 2010; Kumar & Petersen, 2012). Given that the customer acquisition process generally is more expensive and time-consuming than customer retention strategies (Ahmad & Buttle, 2002) one can understand this urge. Businesses situated in urban, well-located, areas often benefit from their location, attracting customers simply through availability and convenience (Shah & Desai, 2013). Rural businesses, however, are not in possession of such luxury (Smallbone, North, Baldock, & Ekanem, 2002) and may see this as their biggest challenge. The existing literature on the topic of rural consumers and customer acquisition is mainly based in areas like China and India (Nagaraja, 2004; Shah & Desai, 2013; Sun & Wu, 2004), which are highly different from Norway.

The research questions are therefore,

“Which social factors influence the attraction of customers to rural businesses in Norway? How do they influence such attraction? And what can a business accordingly do to improve its business performance?”

A constantly changing business world, with a growing trend of online shopping (SSB, 2020), may seem threatening to rural businesses. The division between physical and online shopping gradually decreases as the purchasing process often involves several channels (Virke, 2021). Whilst 24% of Nordic consumers only shop in physical stores, a whopping 61% are agnostic with respect to buying channel (Smidt, 2020). In addition to this, Covid-19 has brought its challenges, including temporary lockdowns and increased unemployment rates, giving consumers less to spend as well as bringing insecurity to business owners. However, Covid-19 has not *only* been negative for local businesses (MasterCard, 2020). The emerging popularity of the search phrase “near me” when looking for stores and/or products in search engines (Sinclair, 2020), lead us to believe that consumers have become more deliberate as to where and from whom to purchase.

In contradiction to this, there are certain elements of the rural business that cause consumers to prefer larger chains or e-commerce (Florvaag, 2019; Hansen, 2019). Examples of such elements are limited opening hours, varying customer service, limited selection of products/services as well as operating with higher prices due to bulk limitations (Florvaag, 2019). Additionally, smaller businesses may lack good store design and/or functionality and implement no or close-to-none marketing efforts (Florvaag, 2019).

Through the course of this paper, we will attempt to account for relevant theories necessary for a business's success with focus on the acquisition process. Through exploratory research we attempt to enlighten some qualities that characterize the rural business, and which strategies that have proven, by experience, to be most effective. With this in mind, we investigate the consumer's point of view through the completion of a quantitative survey. We will look at the results from both the qualitative and the quantitative study and present findings that either coheres with the literature or deviates. If there is one thing we find, it is that we should not be afraid to be personal. Relationships are key to rural success.

2.0 Background

In this chapter we will elaborate the characteristics of rural businesses and rural consumers to show that rural businesses may not be able to directly adopt the successful strategies from non-rural areas.

2.1 Rurality and its implications

Rural - of an occupation, employment, or work: carried out in or involving the country as opposed to a town or city (Oxford English Dictionary, 2021).

Rural environments contain strong characteristics of “rurality” based on density of population or remoteness. Such areas may suffer from a lack of competitiveness based on limited access to resources and peripheral markets (Galloway, Mochrie, & Deakins, 2004).

The Norwegian governmental statistical bureau divides Norwegian municipalities into six categories based on their centrality. They range from 1 – most central to 6 - least central. In NOU 2020:12, municipalities that have centrality levels within categories 4, 5 and 6 are defined as rural areas i.e., “districts”. These three categories include 79 percent of Norway’s municipalities and amount to merely 30 percent of Norway’s total population (NOU 2020:12, 2020; SSB, 2021). In Figure 1 below we can see Norway’s municipalities color-coded with their degree of centrality. The darkest red shows highest degree of centrality: Oslo, whereas darkest blue represents the most rural areas.

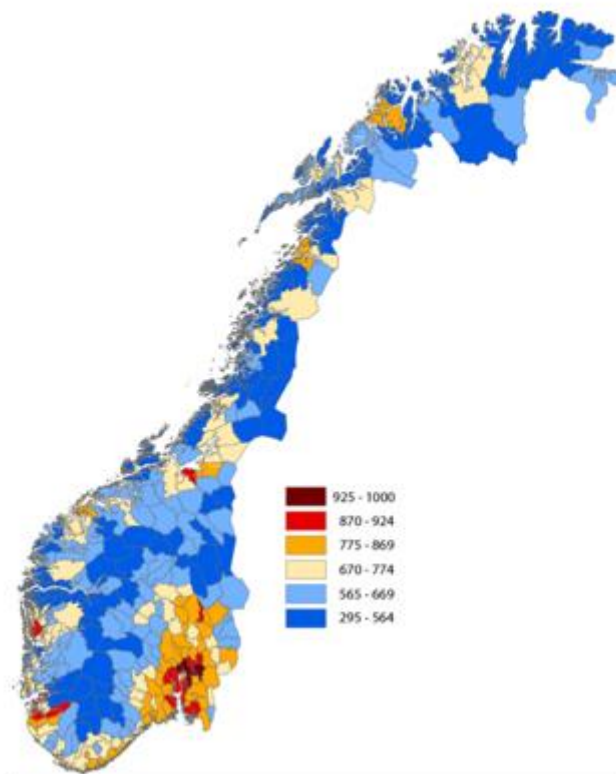


Figure 1: Map of Norway's municipalities colour-coded by centrality (SSB, 2017)

Rural municipalities are characterised by few people living in large areas. This causes large distances between people, workplaces, and services. Challenges for these areas can include the distance between people (low population density) and/or the distance between concentrations of populations. The distance measured in kilometres does not necessarily need to be large, but mountains, fjords and poorly developed infrastructure can make travel long and/or costly. Low population numbers and large distances are causes for a small job market and a limited access to services (NOU 2020:15, 2020).

2.1.1. Rural consumers (in Norway)

The rural districts of Norway are not only troubled with depopulation, but also with a constantly aging population (Leknes, 2020). Elderly above the age of 55 account for an increasingly bigger part of the population and its buying power. In comparison with those under the age of 55, elderly spend more money on private health services, food and beverages, furniture, and household-products (NOU 2020:15, 2020). The decrease in, and aging of, the population are not the only factors that concern the districts. Increased mobility and commuting to and from more central areas, partly due to the limited labour market, lead to an even smaller customer pool (Jussila, Lotvonen, & Tykkyläinen, 1992).

2.1.2. Rural businesses

Bosworth and Turner (2018) determine rural businesses as fulfilling at least two of the following three criteria: 1. Sell a rural product 2. Located in a rural area and 3. Serve rural population, see Figure 2. Most frequently rural businesses will fulfil the two latter criteria, i.e., (C).

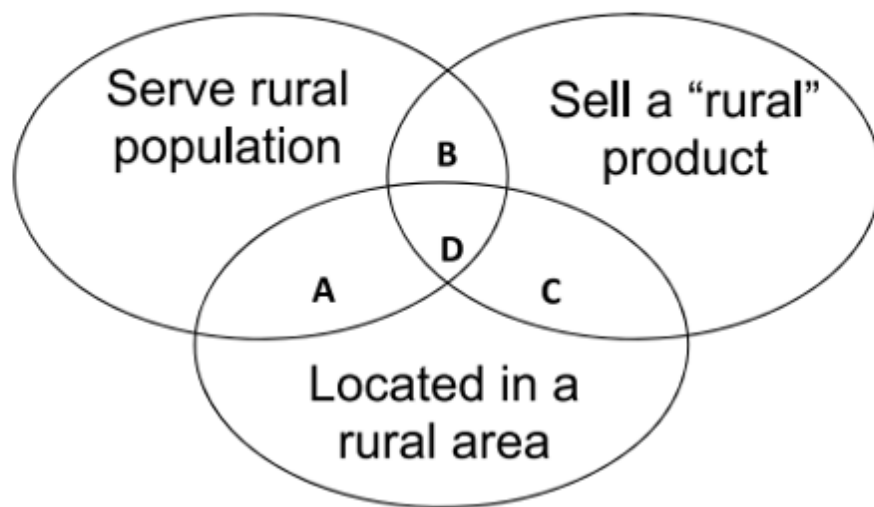


Figure 2: Categorising rural businesses (Bosworth & Turner 2018)

Rural businesses are highly dependent on the changes that occur in the basic sectors of the economy and to the development of the countryside in general. Depopulation and economic restructuring, together with increased mobility and commuting, reduce the possibilities of the rural shops to increase their turnover (Jussila et al., 1992). It is common for small businesses, that are located rurally, to combine multiple services. By offering other personal services, in addition to the core retail activity, synergetic advances are created. Since the rural business usually finds itself in a recessive environment, it can either give in to prevailing market conditions, or as mentioned, develop additional business functions (Jussila et al., 1992). As it is common for a rural business to provide multiple services, they automatically have a more diversified business composition. The more rural (remote) the location of the business, the more likely it is that the business offers multiple services. Additionally, while the purchasing power is diminishing, the rural shopkeepers need a greater understanding of the patronage behaviour of local consumers and the positive and negative features they associate with small rural stores (Home, 2002). According to Smith and Sparks (2000), small retailers tend to have an inherent

sense of self-preservation that causes them to work very hard at their business to succeed. This may be manifested in a small retailer's greater understanding of the local market and an appreciation of the service requirements of customers. Poor site location, and reduced customer flow due to increased activity by larger competitors, emphasizes the need for small retailers to establish a distinctive competence to differentiate itself from the competition.

Consumers shopping outside their local community is a constant challenge for rural businesses. The phenomenon of consumers shopping outside their local community for goods and services is also known as "outshopping" (Sullivan & Savitt, 1997). While it has been over 20 years since Sullivan and Savitt (1997) expressed and explored outshopping as a growing issue of concern for rural businesses, this is still present to this day. Outshopping was found to occur for several reasons: Many residents work in larger cities or towns and can shop at more convenient hours. Additionally, larger cities offer a wider choice of stores, and consumers perceive larger communities to provide cheaper products and services due to a higher supply and demand ratio (Sullivan & Savitt, 1997).

3.0 Theoretical Chapter

In this section, we will present the relevant theories that form the understanding of customer acquisition and customer acquisition processes, which will help to derive hypotheses and give direction on data collection. The relevant marketing theories include market segmentation, customer acquisition strategies, strategic mix, and perceived quality.

3.1 Market segmentation

Market segmentation is the process of dividing a market into subsets of consumers with common needs or characteristics. Each subset represents a consumer group with shared needs that are different from those shared by other groups (Schiffman & Wisenblit, 2019, p. 57). Companies with a larger customer pool often have the luxury of segmenting their market to a high degree (Kumar & Petersen, 2012; Schiffman & Wisenblit, 2019). However, a small customer pool, as found in rural areas, requires the company to target anyone who is remotely eligible for the product, resulting in mass-level acquisition (Kumar & Petersen, 2012). Market segmentation based on demographics is the primary strategy used by marketers, categorizing consumers according to age, gender, ethnicity, income and wealth, occupation, marital status, household type and size and geographical location (Schiffman & Wisenblit, 2019, pp. 56–58). However, geodemographics, a hybrid segmentation scheme, could be a more applicable form of market segmentation. Geodemographics assumes that people who live in the same area are likely to, to a certain degree, have similarities within finance, preferences, lifestyles, tastes and consumption habits (Schiffman & Wisenblit, 2019, p. 62) i.e., some aspects of consumption behaviour is determined by where the consumer lives. The saying “*birds of a feather flock together*” covers this nicely.

Even though geodemographics may help the businesses to a certain extent, Dalen (1989) argues that demographic characteristics are becoming decreasingly explanatory. With values and actions spanning across gender and age in an increasing fashion, e.g., gender neutral clothing, shared political views, then a preferred tool for market segmentation could be the consumers value proposition (Dalen, 1989). According to Dalen the Norwegian population can be placed within one of four “value position” segments, as shown in Figure 3 below:

The Modern Materialist – Characterised by willingness to take risks, interest in technology, status, a high priority of own needs, egocentrism, and materialism. The modern materialist is

much concerned about appearances and seeks status and acceptance by showing of material goods. They typically have a short-term view in terms of spending money.

The Modern Idealist – Often characterized by individuality, self-realization and typically has a high level of income and education. Creativity and community are highly important. Purchases only what they find use for and is not motivated by acquiring or possessing material. The modern idealist typically has a strong need for community and communication.

The Traditional Idealist – Health, puritanism and security are valued high. Typically has a strong focus on long-term quality and trust when making purchases, fitting with their need for respect and security. The traditional idealist values quality and is willing to pay for this.

The Traditional Materialist – Often of lower income and therefore price is of high importance, bargains are motivational as well as low prices and the sensation of a low cost of living.

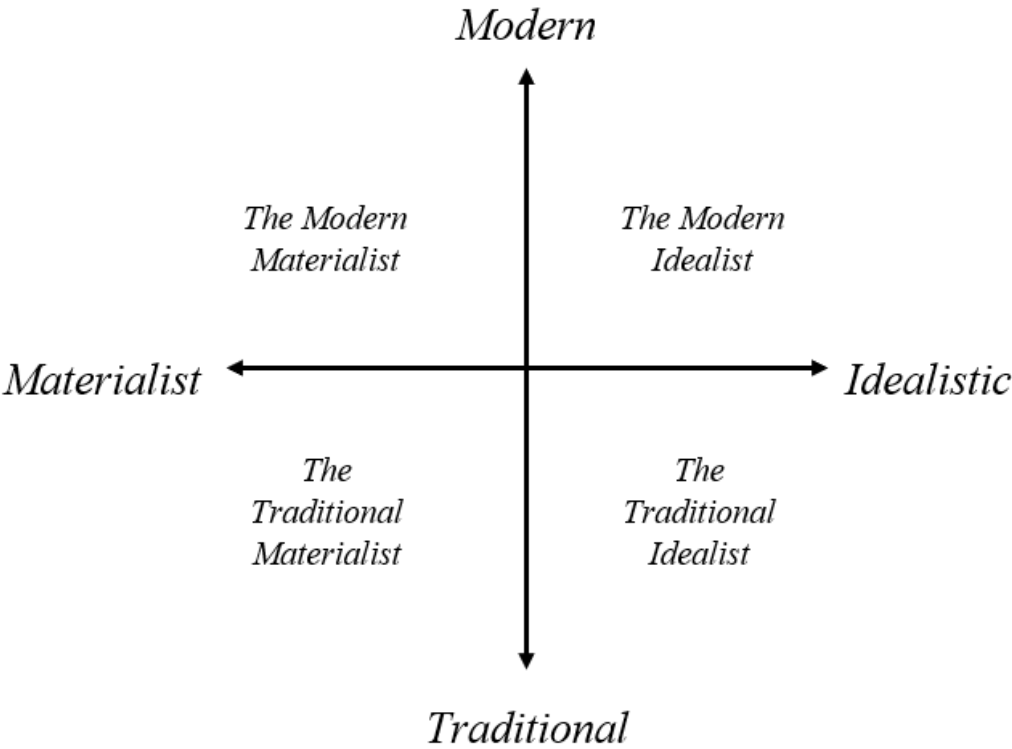


Figure 3: Value map of Norwegian consumers value propositions (Hellevik, 2010, Dalen, 1989)

When exploring the meaning urbanization, or the lack thereof, has on where the consumers place in the value map, Hellevik (2010) clearly found that the higher the degree of urbanization,

the higher consumers score on having “*modern values*”. It is also found that a modern orientation motivates settling in denser areas, intensifying the “*traditional*” orientation of rural consumers that choose to remain in rural areas. Additionally, Hellevik (2010) believes that rural consumers tend to be less materialistic, placing rural consumers as “traditional idealists” (Hellevik, 2010).

To summarise we can say that rural consumers are perceived to value long term quality highly and is also willing to pay for this quality. Additionally, the consumers value trust and requires respect, which influences choices of purchase. Rural consumers are however not experimental and prefers safe choices. A strong focus on health and puritanism also influences purchasing decisions. This is depicted in Figure 4 below. See Appendix 2 for more “established” characteristics of rural consumers.

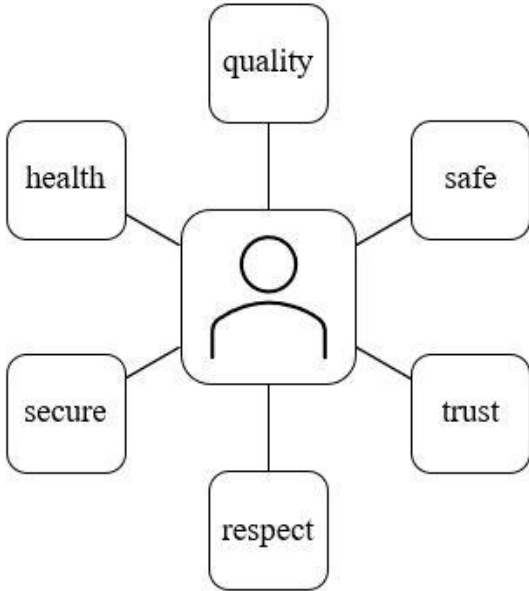


Figure 4: Characteristics of rural consumers.

3.2 Customer acquisition

The process of finding and attracting new customers to one’s business is referred to as the customer acquisition process (Juneja, 2021). When managing customer relationships one can place the customers relationship with the company in one of the four following stages; customer acquisition, customer retention, customer churn and customer win-back, as shown in Figure 5

(Kumar & Petersen, 2012). However, for companies that do not use subscription or contract-based solutions, it may be difficult to recognise in which of the four stages their customers find themselves (Kumar & Petersen, 2012). Such *non-contractual* situations are commonly found within retail firms where customers spend unevenly and infrequently (Kumar & Petersen, 2012), one could also presume that this applies to smaller businesses with less funds. Additionally, it can be difficult for a company to know when a customer first becomes a customer and when they stop being a customer altogether.



Figure 5: Customer Journey

Within many businesses the focus on customer acquisition is often diminished at the expense of an increased focus on customer retention strategies (Ang & Buttle, 2010), for instance the chance of closing a sale on an active customer is 40 percent higher than for a new customer (Griffin & Lowenstein, 2001). So, although customer retention is vital for most businesses, one must first be able to acquire said customers, and whilst customer acquisition is seen as a cornerstone in the *development* of the business (Kumar & Petersen, 2012), it is not a given that only newly developed companies will benefit. Observations show that 25 percent or more of customers from existing companies may need to be replaced annually (Buttle, 2004). Need for replacement can be due to customers rarely making repeat purchases because of the product/service offering of the company, as well as customers evolving and shifting out of their demographic (Ang & Buttle, 2010). The latter of these can be particularly relevant considering the characteristics of a rural business.

3.2.1 Promotional tools

One of the best strategies to acquire new customers is performing promotional campaigns (Juneja, 2021). Promotional channels used to acquire customers include the following media: television, digital, mobile, social media, newspapers, direct mail, magazines, and radio.

Social media as promotional tool. Social media allow marketers to create and share tailored brand content with individual consumers and customer communities. As it is interactive it is a great channel for a company to get in touch with their customers. In addition to being targeted and personal, it is also immediate and timely in the way that social media marketing is

easily adaptable depending on current news. Many social media channels are free or inexpensive to use making it a cost-effective marketing channel. The cost-effectiveness of social media puts them within easy reach of even small business, such as the small rural enterprise, that are unable to afford the high-costs of big-budget marketing campaigns (Kotler & Armstrong, 2018, p. 523). One of the biggest advantages with it is their engagement and social sharing capabilities, as it involves customers in shaping and sharing content, experiences, information, and ideas.

As of the last quarter of 2020, a total of 3.5 million Norwegians have a Facebook profile, with 67 percent of the population (above the age of 18) saying they used Facebook daily. Women above the age of 60 are most frequent Facebook users, and in general women use Facebook more frequently than men (Ipsos, 2021). 2.5 million Norwegians have an Instagram account, with 36% of the total population saying they use Instagram daily. Most users are between the ages of 18 and 29, with women being most active (Ipsos, 2021). For reference: the Norwegian population per the 1st quarter of 2021 is 5 391 369 (SSB, 2021).

Newspapers as promotional tool. Consumers are found to perceive printed marketing as more trustworthy than digital marketing, and when making a purchasing decision newspapers are more trusted than TV, radio and online marketing (Elliot, 2017). Per 2020, 40 percent of the Norwegian population read a newspaper daily, with 38 percent saying they read a printed paper daily. While readers of printed papers have stagnated, there is an increase in the online versions of the newspaper. In addition to this, *local newspapers* still experience a slight increase overall, venturing increasingly into the online sphere as well (Mediebedriftene, 2020).

Personal selling as promotional tool. Personal selling can be defined as a seller's presentation conducted on a face-to-face basis with a buyer. The main attribute of personal selling is that there is essentially a two-way communication flow between the seller and the potential buyer. Personal selling as a promotional communication method is more flexible in its ability to be tailored to an individual consumer. For small retailers where the very nature of being a small business often precludes them from being able to match the cheaper product or service offerings of larger firms, the use of personal selling via experienced and approachable salespeople can help create a more friendly and helpful shopping environment for the consumer (Fam, Simpson, Chung, & Yang, 2007). Personal selling is an inherent part of small businesses,

as it is the most “affordable” way of establishing a distinctive competence and differentiating from the competition (Fam et al., 2007).

Word-Of-Mouth as promotional tool. The personal words and recommendations of trusted friends, family, associates, and other consumers tend to be more credible than those coming from commercial sources such as advertisements or salespeople (Kotler & Armstrong, 2018, p. 163). They are by far the most powerful influence on consumers worldwide: More than 80 percent said that friends and family are the number one influence on their awareness and purchase (Kotler & Armstrong, 2018, p. 435). Highly satisfied customers stay loyal to the same products and brands and are known to give encouraging and positive word-of-mouth to others. As a contradiction to this, less satisfied and dissatisfied customers will have little to no sense of loyalty and are dangerous in the way that they spread negative word-of-mouth which in addition to influencing more, is often exaggerated (Schiffman & Wisenblit, 2019, p. 45).

As well as only spreading positive word of mouth when *very* satisfied, research indicates that consumers are more likely to spread word of mouth about things for which they feel strongly (Yang & Mattila, 2017) e.g. a skincare product that help clear skin problems, a strong relationship with the business(owners) or even the feeling of a great bargain. It is also found that the higher the need for status, the more likely it is for a consumer to talk about a purchase or experience that reinforces this status (Yang & Mattila, 2017). Wangenheim and Bayon (2007) found that a highly satisfied customer, that is perceived by others as an expert, on average will give approximately four referrals with a conversion rate of almost 10%, acknowledging the significance of word of mouth as an acquisition strategy. In addition to this, they found that newly acquired customers are more likely to give WOM and should therefore be encouraged to do so at this stage of the customer relationship (Wangenheim & Bayon, 2007).

There is always a need to optimize and upgrade the traditional ways of marketing channels available. Exploring new methods to entertain customers is important to remain in competition (Juneja, 2021).

3.2.2 Strategical Mix - Convenience

While the four P’s (Price, Product, Place, Promotion) have become foundational in marketing, the four C’s (Consumer, Cost, Communication and Convenience) introduced by Lauterborn in 1990, have an increased focus on the consumer, and are therefore well fitted for smaller businesses (Lauterborn, 1990).

In addition to choosing the promotional tool with which one will reach the customer i.e., *Communication*, there are other elements of a business that affect the extent to which customers choose to visit. *Convenience* involves how easy or convenient it is for consumers to purchase from a business. Convenience can be reflected in the location of the business, store layout, customer service, delivery options and payment methods (Acutt, 2016). E-commerce, gaining an increasingly bigger part of the consumers purchases and magnified by Covid-19 restrictions, has given a whole new meaning to convenience and to what consumers can expect (OECD, 2020). Front-door free delivery, endless payment options as well as extreme user-friendliness has moved the exception to an expectation and made the consumer harder to please than ever before. All these expectations cause challenges for rural businesses as to how they will be able to compete when: a) There is a physical distance between customer and store, and the customer is required to leave their situation to visit the store. b) Online visibility is hard to achieve for most, but particularly hard when funds as well as technical skills are limited. c) Delivery is costly when one does not have access to quantum rebates. d) Rural businesses are dependent on a steady income and may not be able to offer the same flexibility in payment options. e) The rural businesses operate with opening hours which may, or may not, be to the convenience of the consumer's schedule.

3.3 The perception of the business

The likelihood of selling a product and acquiring customers is highly linked to the degree of brand equity. By brand equity one often refers to the relationship the consumer has to products or services at certain stores, which may or may not be driven by physical attributes (Stahl, Heitmann, Lehmann, & Neslin, 2012). The higher the brand equity, the more willingly consumers will be to purchase the company's products or services, making acquisition easier (Stahl et al., 2012). Brand equity can be increased through marketing actions like advertising, promotion, price, and the introduction of new products. According to Keller (2008), when aiming to increase brand equity, one should direct attention towards awareness and familiarity of the brand in addition to creating a strong, favourable brand association (Keller, 2008). For smaller businesses one can assume that the rules that apply for brand equity can be directed towards the mindset equity that the company has acquired. The value of the company may exist in the products they deliver, or in the way the products are delivered. Small businesses are often highly related to the owner(s) of the business and therefore the value of the company is determined by the service they personally provide and the reputation they are known for. The customer relationship may therefore to a higher degree be personal, as the customer and

business owner to a certain degree create a personal relationship as well. Which is also supported by Home (2002), who found that the rural business is connected with many social communication aspects such as personal customer service, friendly sales people and the reliability of the shopkeeper (Home, 2002).

3.3.1 Perceived Quality

The consumers perceived quality of the business is not only dependent on the perceived quality of one single type of product/brand that they carry but is a sum of multiple conditions. It is dependent on brands sold and their prices, the level of service, the business's physical environment and ambiance as well as its typical clientele (Schiffman & Wisenblit, 2019, p. 133). Retailers often choose to carry large number of products to attract as many customers as possible. They fear that a reduction in number of products will cause consumers to perceive them as having a small i.e., limited assortment and reduce the likelihood that consumers shop with them (Schiffman & Wisenblit, 2019, p. 133). It is however found that the unique benefit a business provides weighs stronger than the number of items they carry. For this reason a reduction in assortment may even be beneficial in terms of clarifying the business's image, giving them an even stronger identity since consumers often use brand, store image, and price together as a product-quality indicator (Schiffman & Wisenblit, 2019, p. 134).

Too many products from too many brands will only be confusing for consumers. Since the less favourable image is enhanced at the expense of the more favourable image when it comes to product-retailer association, a large assortment may lead to a less positive association than a reduced assortment would. How a consumer perceives the quality of the service which a business provides depends on the gap that exists between the customers' expectations of the service, and the customers assessments of the service actually delivered (Zeithaml, Parasuraman, & Berry, 1990). *Perception of service quality* can be increased by influencing either expectations, service delivered or both to decrease the gap between the two. *Expectations* can be influenced by providing sufficient information about the service or changing price, whilst service delivered can be influenced by improving knowledge, time, customer service and more.

3.4 Theory section summary

To be able to survive in rural areas, the business must offer diverse products and services covering a largest possible need. Promotional tools that may be used are social media, Newspapers, word of mouth and/or personal selling. Acquiring new customers may however prove to be difficult because of outside competition (e.g., chains and e-commerce) as well as limited funds for marketing means. It is therefore important to stay focused on increasing the perception of the business through mindset equity and increasing consumers perception of quality through a well thought out price- and product-range.

4.0 Exploratory Study

When performing any research there is a wide selection of methods to choose from. The decision must be made between quantitative and qualitative research as well as to whether one will retrieve information using surveys, telephonic interviews, in-depth interviews, observations, experiments and more. The lack of existing research on customer acquisition processes in rural Norwegian areas suggests the use of an exploratory approach to begin with for this study.

4.1 Method

When the topic or phenomenon being researched is difficult to narrow down, an exploratory study is a good way to gain insight about said topic or phenomenon. Using exploratory research, one wants to answer questions that start with “what” and “how” in addition to figuring out whether the topic is even worth pursuing. Exploratory research can be done in several ways; interviewing “experts” on the subject, in-depth individual interviews or conducting focus group interviews. Because of their exploratory nature, these interviews often rely heavily on the interviewees participation and is often relatively unstructured with the interviewer merely motivating to further discussion. The broad focus that one may have started the study with will due course narrow itself down to recurring themes. It is however important that when conducting an exploratory study one remains open to themes that occur naturally even if they don’t fit into pre-imagined conclusions (Saunders, Lewis, & Thornhill, 2019, pp. 186–187).

4.2 Design

The research interview can be conducted at any stage of the timeline. The nature of a research interview makes it not only suitable for exploring certain topics or phenomenon, but also for guidance when research questions or objectives are not yet formulated. The research interview is a purposeful conversation between interviewer and interviewee(s) which relies on the establishment of some level of rapport between the parties (Saunders et al., 2019, pp. 434–435)

One form of research interview is in-depth interviews. These interviews are informal and are used to explore in depth a general area that one is interested in. Such interviews are unstructured, which means that they do not follow an interview guide or go through predetermined themes. While being unstructured, the interviewer will direct the interviewee to the topic one wished to explore as well as continuing the conversation for deeper exploration. This exploration should however go deeper into what the interviewee shares and not focus on the interviewers pre-made assumptions. This will motivate the interviewee to share experiences,

behaviours, and beliefs freely. In-depth interviews may be useful for exploring a topic or event, to deconstruct and understand meanings, to generate stories as in a narrative interview, to focus on participants perceptions by recording their experiences, or some combination of these. An in-depth interview may often take the form of a dialogue (Saunders et al., 2019, pp. 438–439).

Dialogic interviewing may occur in a situation where the interviewer and participant engage with one another in an open dialogue in which the interviewer is non-critical and accepting and the participant freely reflects on and questions her or his own assumptions and beliefs. Using this type of interview will often create trust between the parties easier and allow a more open discussion about, among other things, pre-conceived ideas and beliefs. Reflexive engagement by the interviewee may help explore his or her underlying assumptions and beliefs. For a dialogic interview to become “successful” it is vital that a sense of trust and safety is created between the interviewer and the interviewee, giving an exclusive insight into inherent features (Saunders et al., 2019, pp. 439–440).

4.3 Sample

Once it was decided that an exploratory study would be conducted in this thesis, it became apparent quite quickly who would be interesting participants. As Saunders et al. (2019) pointed out, an in-depth interview builds on the ability to create rapport between interviewer and interviewee. Participants chosen were therefore either personally known to the researcher or with one human link between the researcher and the interviewee, creating a form of foundational relationship.

Given that in-depth interviews require time; five interviews were conducted. Four of five interviewees were independent business owners, and one interviewee had a counselling role for rural business owners, both big and small, giving the sample a sense of validity. Even though the individual interviewee may not be perceived as an “expert” their daily experience gives them valuable insights. This sample was perceived as, whilst unable to generalize, large enough to shine light upon behaviours and attitudes that could be specific for the rural business and its customers.

4.4 Data collection

Two of the participants were Facebook friends with the researcher and contacted through the Messenger function. The remaining three were contacted through phone call. The participants were merely informed about the researcher’s identification, the human link connecting them to induce benevolence to participate, and the research topic. While being uncertain about their own ability to bring valuable insight to the topic they agreed on a meeting. As this was taking

place during Covid-19, business was still slow, and participants were met in their opening hours/at their place of work. Appointments were set at times most convenient for the interviewees. The interviews were conducted between the 18th of February and the 1st of March 2021.

Unstructured in-depth interviews were conducted with no pre-decided time frame. The beginning of the interview started with the researcher introducing herself, telling a bit about her educational background before settling down to start the interview. Verbal permission was asked for recording of the interviews something all participants agreed to. The researcher also gave a verbal reassurance that answers would be kept anonymous as well as customer visits would be removed from the tapes. The interviews started with general discussion about the start of the business. As they continued, the researcher directed the interview around the customer, while still letting the interviewee speak freely. Seeing the interviews took place in opening/working hours, the interviews were stopped every now and then, when customer service was provided. This was however also helpful as it gave the researcher the chance to observe the way the interviewee interacted with his or her customers.

The interviews ended naturally, varying from lasting one to more than three hours. The rapport created between interviewer and interviewee did cause the interview to, at times, deviate from the topic, but managed to always return. The interviewer had no desire of stopping the interviewees stories, when they would deviate, as there in every story could appear something relevant within the topic or explaining more about the personality of the interviewee. Something that in turn could be significant for his or her way of doing business.

4.5 Data analysis

The data collected by the in-depth interviews were transcribed manually. The dictate function on Microsoft Word, even though great when talking clear, did not work that well with the different dialects that the researcher's participants had. The manual transcription was time consuming but gave the researcher time to reflect about what was said and to envision back on what happened while the interview was conducted. The transcripts were categorised into emerging themes, and the following was found.

4.6 Findings

To investigate the rural shop and the shop owners' opinions and observations about their consumers, customer acquisition and the impact ruralness has on them, four case studies are selected representing various product markets/services. All presented businesses are situated in what SSB defines as the most rural areas i.e., the brightest blue on the map we introduced in

the theory section (Figure 1). Using these studies, we attempt to enlighten the challenges rural businesses face, in addition to discovering characteristics that may show specific for rural areas. The cases are: (A) a clothing store offering various brands. Situated in municipality with population density < 10 residents per square kilometre. (B) a beauty care and wellness salon operated by one person. Situated in municipality with population density < 10 residents per square kilometre. (C) A gift shop also serving coffee/tea & ice cream. Situated in municipality with population density < 7 residents per square kilometre. (D) a retailer selling agro-products and providing maintenance services. Situated in municipality with population density < 15 residents per square kilometre. Due to the nature of the contents from the interview with the rural business counsellor, we do not include it here. However, the counsellor helped influence the thesis in its entirety through valuable insights into areas such as rurality and its implications, rural consumer behaviour and challenges rural businesses face.

This research is not only interested in figuring out what may be specific for small businesses in rural areas, but also what may be specific for their customers. By interviewing business owners situated in rural areas in the Norwegian counties of Møre & Romsdal and the formerly known Sogn & Fjordane, it was interesting to hear whether there were some resemblances in the business owners' experiences. The characteristics of an in-depth dialogic interview led to no interview guide being followed to the letter. The interviewees did however, despite of no strict following of an interview guide, provide answers to the main questions.

4.6.1. Finding #1: Rural consumers are perceived as price conscious and cautious in their shopping behaviour.

To investigate the behaviour of rural consumers the researcher was interested in whether there were some characteristics the business owners could use to describe most of their customers. The interviewer asked if there were traits or means of behaviour, they felt were typical for their *local* customers. The interviewees were hesitant to, and found it difficult to, generalize but some characteristics stood out.

“I’m thinking price.... When I have offers people come straight away... so good offers and price”

“We have taken in a higher quality brand that a lot of people spoke highly about, but it just doesn’t sell, because it is more expensive”.

In the areas of which these interviews were conducted a well-known saying is that people originating from the geographic area explored “swim inwards” i.e., they spend frugally and are always looking for bargains. See Appendix 2. The interviewees responses validated this. Price

consciousness is however not synonymous to being less wealthy. Consequently, the fact that price is important for their local customers does not necessarily reflect the population's size of wallet but may be specific for spending money locally. In addition to price, the business owners' experience is that consumers are cautious in the way that they shop. They seldom "go big."

"I think maybe they spend easier when they are shopping in the city..... maybe they think; what if I can get this cheaper elsewhere."

In addition to the importance of price and the cautiousness of consumers, they are also sober in their behaviour. The local consumers from these areas are not easily wooed by what one has to offer them.

"You can go the extra mile and beyond, people still react with 'not bad' ... Janteloven you know."

The phrase "not bad" is often associated with consumers from the areas in western Norway. From the interviews we can also see that this in fact has a lot of truth behind it. Consumers are not easily impressed and are reluctant in showing emotion, whether this is positive or negative. "Janteloven" a text written by Aksel Sandemose in 1933, characterises not conforming, doing things out of the ordinary, or being personally ambitious as unworthy and inappropriate, see Appendix 3. *Janteloven* is conversationally used, in amongst others Norway, as a sociological term to denote a social attitude of disapproval towards expressions of individuality and personal success, it emphasizes adherence to the collective. Soberness of the consumers may well have to do with this imprinted in their existence.

Yet, knowledge of consumers price consciousness alone does not necessarily mean that one can offer more affordable products or products at reduced prices. Smaller retailers do not get the same bulk prices as bigger chains do, and brands are still a point of comparison. The ability to price-match online, increases the need for quality. One of the businesses aired an example of a product that they normally offered to a very competitive price. A competing chain store regularly offers this product at a discount, but their "normal" price was much higher than what the business owner offered it for. The business owner expressed that they preferred to always be affordable, instead of such price management.

From this finding we denote the following presumptions:

- a) **Rural consumers are price conscious.**
- b) **Rural consumers are cautious when they shop locally.**

4.6.2 Finding #2: Flexibility improves business.

Larger operations, such as chain stores, often operate under strict opening hours, rules, and procedures. Smaller operations, such as the small business situated in rural areas, is blessed with the ability to offer flexibility. Independency enables amongst other opening hours that are most convenient and profitable, since the business owners pay-check relies merely on themselves.

“Officially we are open to N hour...but if a customer comes of course the process stops. Everybody is welcome.”

One of the interviewed business owners expressed the importance of flexibility to give the small market pool one has, the chance to make use of what you are offering. They found that a reduction in opening days, but an increase in opening hours, turned out to be more profitable. This because many consumers were busy during the standard time slot of 08.00-16.00 but had the chance to use their offers when provided later that day.

The ability to contact the business for services on messaging platforms such as Messenger or Direct Message on Instagram increase the business as well since

“...many do not like calling.”

In addition to consumers increasingly preferring texting over calling, the business owners, as is in their own financial interest, are available for contact well beyond opening hours, whatever they themselves decide suits them best.

“I’m very flexible, I can answer messages at night, IF I want to.”

In addition to being flexible regarding ways of contact, the businesses show flexibility in making use of their services as convenient as possible. The clothing store lets familiar customers try on clothes at home and the Agro-products provider offers to put products outside for late-night pick up.

From this finding we denote the following presumption

c) Rural consumers prefer other communication channels over phone call.

4.6.3 Finding #3: One must offer things that cannot be purchased online.

As rural businesses do not have the advantage of being part of a shopping street and hereby gaining exposure, they rely on consumers making a deliberate choice to visit. Three out of four of the businesses offered a service in addition to their product-range. The experience of the

interviewer/researcher is that, in coherence with previous research (Jussila et al., 1992), a service is necessary for the consumers travel. One of the interviewees explains:

“I started with only the shop ... and when wife and children were looking and enjoying themselves the husband was uncomfortable and couldn't wait to get out...but you know men, when you have a small shop with a lot of fragile things, they get scared... so when I had the chance to expand, I bought a coffee machine and some tables... where they could sit and relax... and now most of my customers are men that sit outside and have their coffee.”

If this is not provided the shop must offer something *unique*. The one businessowner that did not provide a service expressed the perception that consumers rarely purely stop by the business to shop.

“I don't think they have it in themselves to drive here... than they need another reason to go here as well.”

“Quite a few customers come in because they have an appointment somewhere else as well... most of the time they have other plans too.”

The businessowner also expressed that if they would start over again, they would probably want to provide a service, encouraging consumers to visit because they require something that “only they” can give.

This finding coheres with the findings from Home, where the cost of a shopping trip is not very important if one has other business as well. This however often leads to “outshopping”, since more populated centres have more offerings (Home, 2002).

4.6.4 Finding #4: Word-of-mouth is the essence to acquisition.

When asked which media were used to advertise for their businesses the business owners mentioned Facebook, Instagram, and adverts in the local newspaper. Having the experience that these actions did help to a certain extent; all business owners still came back to the same repeating marketing tool: Word-of-Mouth. Being situated in an area with low population one has the benefit that most people know, or know of, each other. In an ideal situation it is therefore likely that everyone in the area at least knows of one's business existence.

“...you know what also helps? This: ‘oh my god, I went to visit her, and it was amazing’. And that is how I have grown and grown.”

Especially since a small rural enterprise often is limited in budget and the businessowner(s) runs the business either entirely or mostly by themselves, word-of-mouth is the “easiest” and “cheapest” way of marketing. Being personally involved and dependent on the business’s financial success is a good motivation for the business owners to increase their positive word-of-mouth. As a friend and former business owner put it:

“...in small places everyone knows everyone... the credibility of word-of-mouth will be dependent on the announcer.”

Negative word-of-mouth will therefore, if this is expressed verbal, and not anonymously on an online platform, have less chance of damaging the business when expressed by certain people. On the downside, this also applies reversely.

From this we denote the following assumption

- d) **Rural consumers rely heavily on WOM regarding exploring and visiting a local business for the first time.**

4.6.5 Finding #5: The business is not merely a business.

All the businesses interviewed are mostly run by the business owners and serve both as owner as well as service provider/employee. This causes us to investigate the effect these people have on the business. As discussed in the theory section, brand identity focuses on the relationship the consumer has with a business’s products or services. The researcher interprets this to also include the relationship the consumer has, not only with the service or products, but also the person who provides these services or products. For this reason, it was interesting to see to what extent the owner of the business may influence the business. As expected, the businessowner does not know to what extent customers come because of them, as this is not normally a natural conversation to have. But from observation in the businesses the interviewer clearly noticed that all four business owners are: social human beings, open and easy to talk to. In addition to this, living and breathing in the society where you have your business naturally gets one invested in what is going on with who, because the children go to school together, and most social circles are intertwined. Because of these factors the business quickly becomes a social hang-out space.

“I have people that come in, not necessarily to shop...”

Reflecting the second role the business plays, not only as provider of a service or product, but also as a social arena. Enhancing the importance of the businessowner to be someone to converse with.

“They want ME to be there. I who know who they are and what goes on in their lives.”

From observations with customer interactions the interviewer notices the large extent the business owners know their customers, and not only their customers (old or new) but also their customers family, friends and maybe even colleagues. This bond that is created through casual conversations will strengthen the relationship with the businessowner and in turn make the business more “top-of-mind”. The creation of such a friendly relationship may make the interaction more pleasant for both parties and lowers the threshold for visiting the business. In fact 37% of Norwegian consumers say that they shop to support local businesses (Virke, 2021).

From the finding we denote the following presumption:

e) Relationships lead to more local purchasing.

4.6.6. Other interesting findings

Social media platforms are heavily used by the small business owner as a way of advertisement. Platforms such as Instagram and Facebook are used because they are free in addition to being easy to use. This partly because one already is familiar with the platform from private personal usage. The businesses use these platforms to a varying extent but help in making the business visible.

As well as reminding people of one’s existence, the businesses also reach out to new potential clients on the platforms. The ability to track other people’s actions on the platforms as in “this person liked this post” or “this person checked in here” make the business visible for new customers in addition to the sharing of posts.

“I have a lot of friends that share my Facebook posts and that is good publicity so that people who don’t follow me on Facebook also know of me.”

Social media platforms and ads in the local newspaper are physical features the local business uses to spread the word and advertise for their business. Activities that help acquire new customers are not limited to offering special products or prices but can also be the hosting of events. In rural areas there is a limitation to recreational activities something that in turn may strengthen the potential of events. One of the businesses host a yearly “girls-night” and says:

“...when we started, we had a turnout of approx. 20, last time we were more than 100... we had people come from other municipalities and it was starting to get really big...the rumour had spread.”

As rural businesses do not have the advantage of being part of a shopping street and hereby gaining exposure, they rely on consumers making a deliberate choice to visit.

The effect of Covid-19. As the businesses interviewed are relatively small, the density of people in the store is most of the time less than in the bigger cities. Thinking of Covid-19, this has in some ways been positive as the limits of people in the store has had less of an impact on the bottom line. In addition to this, Covid-19 has been more flourishing in denser areas limiting the demanded closures of the shops. Despite this, consumers stay more at home, shop less often in physical stores because of Covid-19, and need much less of certain products (Virke, 2021). The clothing retailer comments:

“The Christmas collection had to hang, because nobody was going to any parties...”

They were also aware of the fact that many clothing retailers were going to disappear during the pandemic situation as online shopping only increased. The offerings from big chains to get free home-delivery did not play in favour for the local retailer. Despite this, summer season of 2020 was better than usual since the “lockdown” forced Norwegians to travel in their own country. The gift shop also experienced a calmer period, but the summer season was good for them too.

“Summer was very good, Christmas was very good, and the rest we (as in all the rural businesses) just try to survive”.

The retailer and service operator of chainsaws and lawnmowers experienced an extremely slow period in the beginning of the pandemic because people were so afraid. Facilitation of safety measures and informing the customers about these measures improved the customer flow. Then there was a good spring/summer season because people were busier in their yard. But sales are very seasonal and weather dependent.

The beauty salon did experience more of the fear that people had concerning meeting people. The salon could however only think of one frequent customer that they may have “lost” in the pandemic.

“I have one person that comes to me often... but now she is more like; I don't know if I should... and of course, if you don't feel it's safe, don't come.”

As their business is one-on-one the 1-meter distance is not possible to maintain and facemasks are more of a normality. The only upside is that rural locations have lower infection rates, and one may feel safer with someone because you know them or know of them.

“...but people feel safe. Because I try to be careful and take care of myself. If I feel any kind of potential symptoms I stay at home.”

4.7. Section summary

In this section an exploratory study was presented due to the lack of knowledge around the topic of customer acquisition by rural businesses in rural areas. Four rural businesses were interviewed in-depth providing the paper with the information that: a) Their customers spend money sparse and are sober in shopping behaviour b) It is no longer enough to have limited opening hours and being available by phone. It is now required that it is possible to reach the business through other communication channels such as Facebook Messenger. Being able to offer their customers a little extra regarding customer service and flexibility is also seen as a competitive advantage c) The business must offer some sort of service in addition to products to promote visits d) The businesses interviewed are familiar with Facebook, Instagram, and the local newspaper as promotional channels. While the local newspaper is seen as a good promotional tool, it is seen as too expensive for the effect that it has. WOM is seen as their best promotional tool e) Personal relationships are of high importance for the success of the rural business. Several visits to the business are more of a social visit than it is for purchasing, emphasising the importance of the role of the businessowner and employees. In addition to this information, we have gained insights into the effect that Covid-19 has had on the businesses. Restrictions and lockdowns have not been beneficial for the businesses while there has been an increase due to Norwegians vacating in their own country, having more money to spend domestically in addition to more time for home projects. In the next section a quantitative study will be conducted with the aim of validating some of the business owners' perceptions.

5.0 Quantitative study

For this thesis, it is not only interesting to explore how the business owners perceive their customers and their behaviour, but also how the consumers perceive themselves. To achieve an insight into consumer perception and behaviour regarding local shopping in rural areas, we chose to conduct a quantitative study.

5.1. Method

Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explore a particular phenomenon (Babbie, 2010). Quantitative data can be collected through polls, questionnaires or surveys, of which questionnaires is one of the most widely used data collection methods (Babbie, 2010; Saunders et al., 2019). The goal of conducting a quantitative research study is to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) within a population. Quantitative research designs are either descriptive (subject usually measured once) or experimental (subjects measured before and after a treatment). A descriptive study establishes only associations between variables while an experimental study establishes causality. Quantitative research deals in numbers, logic, and an objective stance. Quantitative research focuses on numeric and unchanging data and detailed, convergent reasoning rather than divergent reasoning [i.e., the generation of a variety of ideas about a research problem in a spontaneous, free-flowing manner]. Main characteristics of quantitative research are that the data usually is gathered using structured research instruments, the results are based on larger sample sizes that are representative of the population and the research study can be repeated or replicated. Additionally, there are clearly defined research questions, the data are in the form of numbers and statistics are often arranged in charts, Figures, or tables (Babbie, 2010; Saunders et al., 2019). Since we are interested in determining attitudes of rural consumers, and to a certain extent wish to be able to generalize, a quantitative research seems beneficial.

5.2 Design

One way of collecting quantitative data is through questionnaires. Questionnaires can either be self- completed or researcher completed. Researcher completed questionnaires include face-to-face options as well as telephone options where the researcher personally asks the questions and records the responses. Self-completed questionnaires are usually completed by the respondents and can be divided into internet questionnaires, SMS questionnaire, postal questionnaire and delivery and collection questionnaire (Saunders et al., 2019). The choice of questionnaire mode depends on several factors: What are the characteristics of those you wish to collect data from? How important is it to reach certain individuals? How large do you need

your sample size to be? How many questions do you need answered (Saunders et al., 2019)? Additionally, choice of questionnaire may depend on time available for data collection, financial implications of data collection, availability of help (such as research assistants) and which data collection software designs that are available.

Self-completed internet questionnaires were chosen for this quantitative study. This mode was chosen because of its cost efficiency, quick response, easy to reach out to large sample size and the type of questions (closed questions).

Since the questionnaire only offers one chance to collect the data from respondents it is crucial that the questions included are well thought through. The questions need to be able to answer research question(s), meet one's objectives as well as being analysable.

Factual and demographic variables included in the questionnaire are gender (man, woman, do not identify as these), age (18-29, 30-39, 40-59, 60+ (Ipsos, 2021)) and residency. The respondents were shown the same map of Norway, see Figure 1, where respondents chose the colour presenting their areas rurality (Burgundy, red, yellow, white, light blue or blue). While it would have been possible to register residency by county or municipality, the author chose the map for privacy reasons. Some municipalities are very small, and the mix of age, gender and municipality may reveal identity. Additionally, counties would not have measured respondent's rurality.

Based on the findings from our exploratory study, the quantitative study aims to verify or discard business owners' assumptions and beliefs. However, since the completion of a questionnaire depends on its length, not all findings from the study were chosen to be investigated in the questionnaire. Since the aim of this thesis is to explore which factors influence customer acquisition in rural areas, we measure our independent variables (hypothesis) against *two* dependent variables: how often they visit a local business (visiting frequency) and how often they purchase products locally when this is possible (purchasing tendency). In the previous section we found that consumers are perceived to be price conscious; they rarely "go big" when shopping locally and they are attracted to discounts and sales offers. Our hypotheses are therefore as following:

H1v: The more price conscious rural consumers are, the less they visit local store(s)

H1p: the more price conscious rural consumers are, the lower is their local purchasing tendency.

Price consciousness consists of three variables measured in agreement (5 categories) including: *tendency to shop at discount stores, comparing prices and shopping elsewhere because of an assumption of local businesses as being more expensive.*

The interviews also revealed a perception of rural consumers as being cautious in their shopping behaviour; they are not easily wooed and do not seem to visit a business unless there is a reason. Impulsiveness does not seem to be on the agenda for most rural consumers. Our hypotheses are therefore as following:

H2v: the more cautious rural consumers are, the less they visit local store(s)

H2p: the more cautious rural consumers are, the lower is their local purchasing tendency.

Cautiousness consists of three variables measured in agreement (5 categories) including: *the tendency to feel guilty leaving a local business empty handed, the tendency to visit a local business without predetermined cause and the tendency to purchase personal items “out of town”.*

Additionally, we found that business owners perceive rural consumers to appreciate the interpersonal relationship between them, sometimes resulting in more of a social visit than actual purchase of items. Our hypotheses are therefore as following:

H3v: The more important relationships are for the rural consumer, the more they will visit local store(s).

H3p: The more important relationships are for the rural consumer, the higher is their local purchasing tendency.

Relationships consists of four variables measured in agreement and frequency including: *how much they liked shopping from people they knew, if they wanted to support local community, if they would avoid businesses run by people they didn't like as well as their perception of local businesses as being affordable.*

Given that the current situation with Covid-19 is quite unique, it was almost obligatory to include this in our questionnaire. In our exploratory study we discovered that even though the business owners were affected by the situation, resulting in temporary lock downs and decrease in certain periods, they also perceived an increase in spending behaviour once purchasing. From the literature we found that the use of search phrases such as “near me” had increased during

the pandemic suggesting an increased positive attitude towards local businesses. Our hypotheses are therefore as following:

H4v: Higher awareness of local businesses because of Covid-19 leads to more frequent visits of local store(s).

H4p: Higher awareness of local businesses because of Covid-19 leads to higher purchasing tendency at local store(s).

Attitude since Covid-19 consists of three variables measured by frequency and agreement including: *how often they used the search phrase “near me” or similar*, whether they are *more conscious about supporting local community since Covid-19*, and whether they are *more conscious about checking local businesses for merchandise before “outshopping”*. When using the phrase “*Since Covid-19*” we refer to March 2020 when causes and restrictions started to be implemented in Norway to this date.

In addition to the measurement of these dependent and independent variables, we were also interested in exploring preferences of promotional and communication channels. Given that the interviews revealed Facebook being used by most businesses, Instagram by some of them, and printed advertising, such as local newspaper scarcely, it is interesting to see how rural consumers perceive these promotional channels. In addition to promotional channels, the businesses perceived consumers contacting more through Messenger functions, as well as businesses relying on word-of-mouth to promote their business. The self-completed internet questionnaire therefore also included questions such as: *how often do you contact your local business when there is something you wonder about? Given these communication channels which would you use? Given these promotional channels which would be most visibly to you?* As well as a measurement of word-of-mouth (more elaborate explanations will be found in the data analysis section).

5.3 Sample

As this thesis is limited in scope (both financially as well as timewise) the sample reflects this. Given that 14% of Norwegian citizens reside in the two most rural areas in Norway, this amounts to approximately 750 000 ($5.391.369 \cdot 14\%$) residents (SSB, 2021). However, this also includes those in the population under 18. The author was able to approach roughly 400 respondents. A confidence level of 95% with an accuracy of $\pm 5\%$, would suggest our sample to have a size of 384 - 400 (Hardwick research, 2021; Saunders et al., 2019).

In addition to these 400, some of the respondents were willing to share the questionnaire with others creating a snowball effect (Saunders et al., 2019). The chosen sample is somewhat of a convenience sample, given that respondents are approached through Facebook Messenger. However, we argue that the demographic variable in the questionnaire will ensure their validity.

Whilst sampling via Facebook is no substitute for probability-based techniques, the popularity of Facebook supports the decision to use it as a sampling tool (Fricker, 2008). This kind of sampling has strengths (e.g., lower survey costs, fast, instantaneous data transmission, reduce socially-desirable responding) and limitations (e.g., sample bias, lower response rate) similar to other forms of web-based research (Brickman Bhutta, 2012). Indeed, recent research suggests that data collected over Facebook are likely to be as reliable and valid as data collected through other data sources (Rife, Cate, Kosinski, & Stillwell, 2016).

5.4 Data Collection

We chose to implement our self-completed internet questionnaire in the survey software called Survey Monkey. This software provided us with the option of sharing a link address to the survey. Our sampling procedure consisted of approaching respondents via Facebook Messenger with the following request.

“Hello, I would highly appreciate it if you would answer this survey connected to my master thesis. It would only take a few minutes of your time. www.link-address.com”

The Messenger approach was chosen instead of creating a Facebook group (e.g., Skallerud & Wien, 2019). This decision was made based on the perception that people are more likely to respond to personalised requests, and hereby increasing the response rate. After completion, the link automatically referred the respondents to the home page of Survey Monkey prohibiting them from answering the survey multiple times diluting the answers.

The final sample size amounted to 273 answers, giving us an approximate response rate of $\frac{273}{450} = 61\%$, of which 123 respondents were resident to the most rural area (blue), 39 from the second most rural area (light blue), 29 from the third most rural area (white) and 82 from the three most central areas (yellow, red, and burgundy). The survey was designed so that answers were required for each question before one could submit the survey, meaning that all cases were valid. The effective size of the sample, those residing in rural areas i.e., blue, and light blue areas, therefore consisted of 162 responses, giving us an active response rate of $\frac{162}{450-111} = 48\%$.

Of these 162, 46% of the sample belonging to the age segment 18-29 and a majority of 66% female.

5.5 Data Analysis and results

In this section we will analyse the data from the consumer survey and present the results. Firstly, we choose to present the measurements to give an overview. Following we will perform regression analysis to see how our dependent variables *visiting frequency* and *purchasing tendency* are influenced by our independent variables. We will then test our hypotheses. Additionally, we will explore consumers preference for promotional- and communication channels.

5.5.1 Validating measurements

In this section we will take a closer look at our measurements to confirm or reject their validity.

To reveal the relationship consumers have with their local businesses, they were asked two questions (1) how often they visited a local store, using a 5 point Likert scale: daily, weekly, twice a month, once a month and less, and (2) how often they purchased from a local business given that they provided what they needed, using a 5 point Likert scale: all the time, most of the time, some of the time, rarely and never. Both these measures were chosen for the purpose of measuring whether people shop locally once they shop. *“How often do you shop in your local area, instead of ordering online or purchasing somewhere else, given that they offer the products or services you are looking for?”*

The measurement of purchasing from local businesses, when possible, shows a mode of 4 (often) and a mean of 3.88. With a standard deviation of .72 which tells us that the data is concentrated, along with a kurtosis of 2.24 telling us that the distribution is pointed and leptokurtic. The data are negatively skewed [-1.05] and we find a long tail to the left i.e., the data is not normally distributed. See Figure 6.

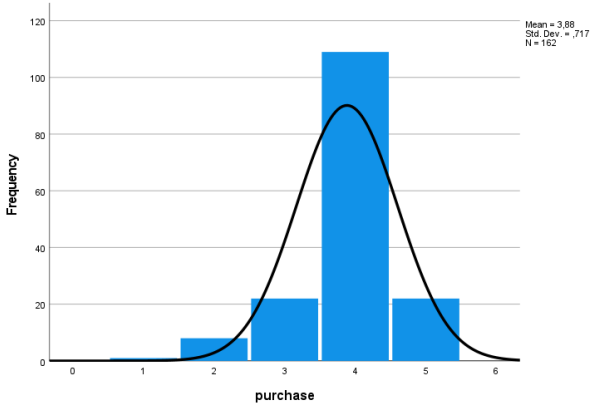


Figure 6: Distribution of measurements for purchasing tendency.

As for the measurement of how frequently one visits a local store; “*how often have you visited a store in your local area this last year? (Not counting the general grocery shopping)*” we find a mode of 4 (weekly). Mean of the sample is 3.04, with a standard deviation of 1.086 telling us that the data is spread. Kurtosis of -0.7 tells us that the data is slightly flatter than perfect normal distribution and is hereby platykurtic. The data are also slightly negatively skewed [-0.49] meaning that the data is heavier distributed to the right. However, the data is relatively normally distributed as depicted in Figure 7.

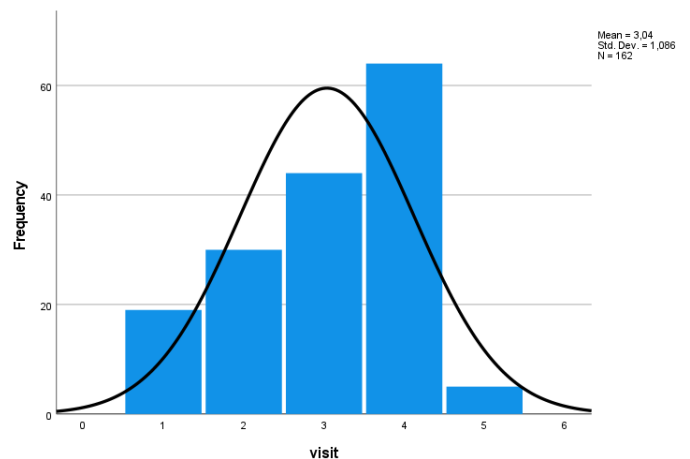


Figure 7: Distribution of measurement for visiting frequency.

Our measurement for price consciousness shows a mean of 3.75 i.e., the data shows relatively high price consciousness, with a standard deviation of .78 the data is relatively concentrated. Kurtosis of .98 tells us that the data is slightly more pointed than normal distribution with a tail to the left [skewness -.914], a sign that the sample shows relatively high levels of price consciousness. See Figure 8 below. Moving on to cautiousness, also measured in the same scale where 1 represents little cautiousness in shopping behaviour, and 5 represents much cautiousness when shopping locally. The data shows a mean of 3.01 i.e., the data shows neutral levels of carefulness. A standard deviation of .77 shows that the data are quite concentrated. Kurtosis of -.262 shows that the distribution of the data is flatter and platykurtic. A negligible negative skewness [-.061] implies a near to symmetrical distribution. With the measurement relationships, where 1 is relationships are not important to 5 very important, we see a mean of 3.09 and a standard deviation of .587 showing that the consensus of the sample is quite neutral. The kurtosis of .06 shows that the data is slightly pointed and a skewness of -.155 represents a little tail to the left. Our measurement for the effect Covid-19 has had on local purchase, where 1 represents little positive effect, and 5 presents high positive effect, shows a mean of 3.27 with a standard deviation of .98. Kurtosis of -.468 tells us that the distribution is quite flat and platykurtic, negative skewness [-.214] tells us that the distribution has a tail to the left.

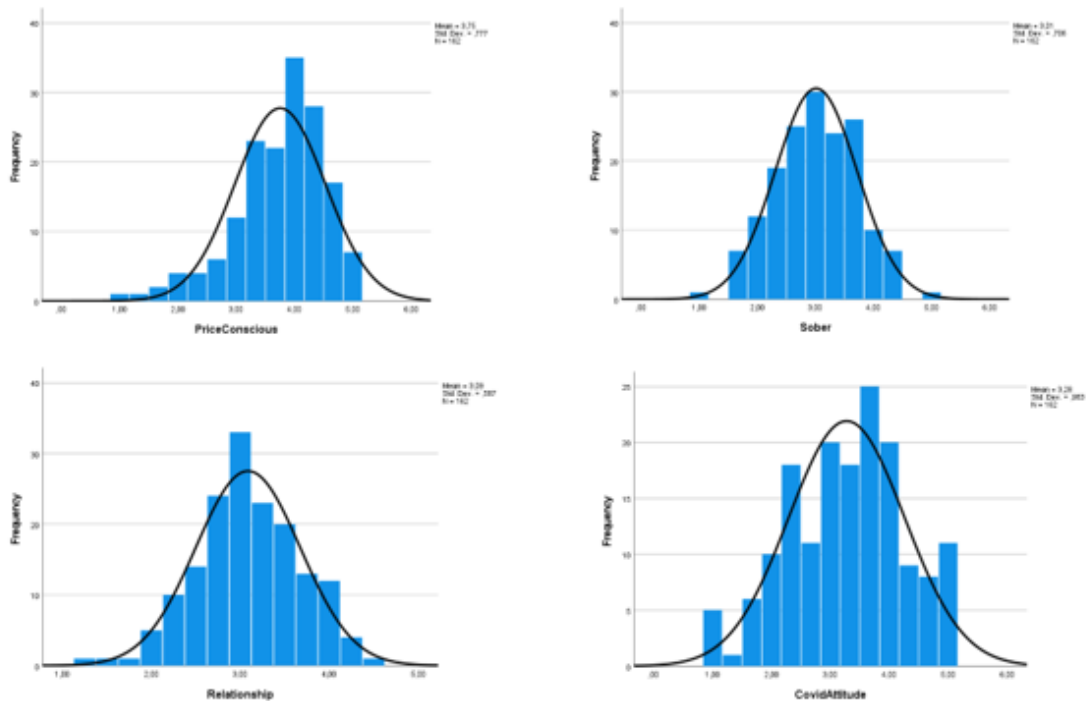


Figure 8: Distribution of measurements

5.5.2 Multiple linear regression

Local purchasing tendency. Since we are interested to see if and how purchasing tendencies is influenced by our variables: *price consciousness*, *cautiousness*, *relationships*, and *attitude since Covid-19* we perform a multiple regression. We first check to see if our variables and data satisfy the assumptions required to use a multiple regression. Both our dependent variable *purchase* and our four independent variables are metric variables as they are measured by interval scales. We test for independency of variables by using Durbin-Watson. Durbin-Watson statistic can range between zero and four, where a value towards zero indicates positive autocorrelation and a value towards four indicates negative autocorrelation. Our Durbin Watson statistic is 1.88, and we can say that there is a good independence of variables. Additionally, there needs to be a linear relationship between the dependent variable and each of our independent variables, and the dependent variable and the independent variables collectively. From partial regression plots we can validate this assumption. A P-P plot and histogram confirm homoscedasticity in our data. The data shows no collinearity with tolerance not lower than .86 and no correlation between independent variables higher than .36. The data cannot contain significant outliers, high leverage points or highly influential points. Highest studentized deleted residuals is 2.4 and well below the critical value ± 3 . Highest leverage value is .12, which is less than .2, and highest Cook's value is .37, which is below 1. Finally, we check the

scatterplot to confirm that the residual errors are approximately normally distributed, see Appendix 5 for visual demonstration.

In the previous section we derived the hypothesis that the more price conscious a rural consumer is, the lower their purchasing tendencies will be. From the model we find that *PriceConsciousness*, with a coefficient of (-).053, is *not* statistically significant ($p = .43$). We also hypothesized that the more cautious rural consumers are, the lower their purchasing tendencies will be. From the model we find that *Cautious*, with a coefficient of .004, is *not* statistically significant ($p = .95$). Additionally, we hypothesized that the higher rural consumers value relationships, the higher their purchasing tendencies will be. From the model we find that *relationships* with a coefficient of .327, is statistically significant ($p < .001$). Hypotheses were also made that the better the attitude since Covid-19, the higher the purchasing tendency. The model shows that this variable, with a coefficient of .183, is statistically significant ($p = .001$).

Our predicted model for purchasing tendency is:

$$\begin{aligned} \text{Purchasing tendency} = \\ 2.46 + (-).053\text{PriceConscious} + .004\text{Cautious} + .327*\text{Relationships} \\ + .183*\text{AttitudeSinceCovid19} \end{aligned}$$

From R Square we find that the independent variables explain 18.6% of the variation in purchasing tendency. We can assume that independent variables such as store attributes, income and more would help cover more of the variation of the dependent variable, but which is beyond the scope/purpose of this thesis.

Visiting frequency. In addition to testing how our variables influence *Purchasing Tendency* we wish to test how these variables influence *visiting frequency*. As with the previous regression we must test to see if the assumptions are met to use a multiple linear regression. Both our dependent variable *visiting frequency* and our four independent variables are metric variables as they are measured by interval scales. A Durbin Watson statistic of 1.995 means that there is a good independence of variables. Additionally, there needs to be a linear relationship between the dependent variable and each of our independent variables, and the dependent variable and the independent variables collectively. From partial regression plots we can validate this assumption. A P-P plot and histogram confirm homoscedasticity in our data. The data shows no collinearity with tolerance not lower than .86 and no correlation between independent variables higher than .36. The data cannot contain significant outliers, high

leverage points or highly influential points. Highest studentized deleted residuals is 2.7 and below ± 3 . Highest leverage value is .12, less than .2. Highest Cook's value is .071, below 1. Finally, we check the scatterplot to confirm that the residual errors are approximately normally distributed, see Appendix 6 for visuals.

In previous sections we hypothesized that the more price conscious rural consumers are, the less they will visit local stores. From the model we find that *PriceConsciousness*, with a coefficient of (-).074, is not statistically significant ($p = .475$). We also hypothesized that the more *Cautious* rural consumers are, the less they will visit local stores. From the model we find that *Cautious* with a coefficient of (-).121, is not statistically significant ($p = .294$). Additionally, we hypothesized that the higher rural consumers value relationships, the more they would visit local stores. A p-value of less than .001 shows that relationships statistically significantly influence visiting frequency with a coefficient of .577. Hypotheses were also made that the better the attitude towards local businesses since Covid-19, the more frequent would rural consumers visit local businesses. However, a p-value of .105 shows no statistical significance, with a coefficient of .143.

Our predicted model for visiting frequency is:

$$\begin{aligned} \text{Visiting frequency} = & \\ & 1.43 + (-).074\textit{PriceConscious} + (-).121\textit{Cautious} + .577*\textit{Relationships} \\ & + .143\textit{AttitudeSinceCovid19} \end{aligned}$$

From R Square we find that the independent variables explain 15.3% of the variation in visiting frequency. Studies performed by Miller & Kean (1997) and Sullivan and Savitt (1997) also included independent variables such as store attributes which could help cover more of the variation of the dependent variable, but which is beyond the scope/purpose of this thesis. Additionally, visits may have been limited due to Covid-19 restrictions and therefore not giving an “accurate” depiction of visiting frequency.

5.5.3 Testing of hypotheses

Where the null hypothesis (H_0) is that price consciousness does not affect local purchase nor visiting frequency, our alternative hypotheses (H_{1v+p}) were that price consciousness has a negative effect on local purchase and visiting frequency. From our regression models we can see that there is *no* significant evidence for us to say that the more price conscious rural consumers are, the less they will visit local stores, and/or the lower will their purchasing tendency be. Our alternative hypotheses are not supported, and we keep the null.

Where the null hypothesis (H_0) is that cautiousness has no effect on local purchase nor visiting frequency, our alternative hypotheses (H_{2v+p}) are that cautiousness has a negative effect on local purchase and visiting frequency. From our regression models we can see that there is *no* significant evidence for us to say that the more cautious a rural consumer is, the less they will visit local stores, and/or the lower will their purchasing tendency be. Our alternative hypotheses are not supported, and we keep the null.

Where the null hypothesis (H_0) is that relationships have no effect on local purchase nor visiting frequency, our alternative hypotheses (H_{3v+p}) are that relationships have positive effect on local purchase and visiting frequency. From our regression models we can see that there *is* significant evidence for us to say that the more rural consumers value relationships the more they will visit local stores, and the higher will their purchasing tendencies be. Our alternative hypotheses are supported, and we can reject the null.

Where the null hypothesis (H_0) is that Covid-19 has had no effect on local purchase or visiting frequency, our alternative hypothesis (H_{4v+p}) is that Covid-19 has had a positive effect on local purchase and visiting frequency. From our regression models we can see that there is significant evidence for us to say that the better the attitude towards local businesses since Covid-19 are, the higher is the rural consumers purchasing tendency. However, we found no significant evidence that an increase in positive attitude since Covid-19 would lead to an increase in visits. This means that we have found support for our alternative hypothesis H_{4p} but we have to keep the null hypothesis concerning H_{4v} .

H1v	-.074 ($p = .475$)	Not supported
H1p	-.053 ($p = .430$)	Not supported
H2v	-.121 ($p = .294$)	Not supported
H2p	.004 ($p = .953$)	Not supported
H3v	.577 ($p < .001$)	Supported
H3p	.327 ($p < .001$)	Supported
H4v	.143 ($p = .105$)	Not Supported
H4p	.183 ($p = .001$)	Supported

Table 1: Testing of hypotheses

5.5.4 Preferred promotional channels

As the in-depth interviews revealed, business owners promote their business through Facebook, Instagram, and the local newspaper. To explore the preference of consumers for said promotional channels the following statement was developed: “Given that your local businesses used all of the below mentioned marketing channels, where would you find them?” Respondents were asked to rate the level of frequency to which they would find the business in the different platforms, ranging from never (1) to very often (5). Looking at the average responses of rural consumers we find that *flyers* are most preferred with a mean of 3.43, second most preferred is *Facebook* with a mean of 3.37. Compared to non-rural consumers we see a higher preference for flyers in rural areas as well as a higher preference for local newspapers. Instagram as a promotional channel is clearly more preferred among non-rural consumers.

	<i>Average (Rural)</i>	<i>Average (Non-rural)</i>
<i>Flyers</i>	3.43	2.79
<i>Facebook</i>	3.37	3.30
<i>Local Newspaper</i>	3.11	2.40
<i>Instagram</i>	2.51	2.75

Table 3: Promotional Channels

Given the aging rural population, preferred marketing channels segmented by age reveals that consumers above the age 40 prefer printed advertisement in the form of flyers and local newspaper. The segment 18-29 prefer Facebook over any other promotional channel, where the local newspaper is the *least* favoured promotional channel. Looking at differences between men and women we find that in the age segment under 40 women are more positive to social media, whereas in the group 40 and up men are more positive to social media channels. We can also see that men have a higher preference for newspaper than women, see table 4.

	18-29	men	women	30-39	Men	Women	40-59	Men	women	60+	Men	Women
Flyers	3.16	3.14	3.17	3.64	3.75	3.71	3.60	3.08	3.75	3.76	3.70	4.00
Facebook	3.59	3.46	3.67	3.45	3.00	3.50	3.42	2.75	3.63	2.56	2.70	2.57
Local Newspaper	2.80	2.89	2.74	2.82	3.00	2.71	3.50	3.58	3.48	3.36	3.30	3.57
Instagram	2.85	2.46	3.09	2.45	2.25	2.57	2.46	1.75	2.67	1.64	1.60	1.71

Table 4: Desired marketing channel accounting for age difference

Word of mouth as a promotional channel. Business owners expressed that their promotional activities, however good, could never reach up to the effect of word-of-mouth on customer acquisition. Of all the respondents, 47 percent say they often or very often find a local business through recommendations from friends and family, see Figure 9. Validating the importance of word of mouth and the effect that it has.

I hear about businesses from friends and family

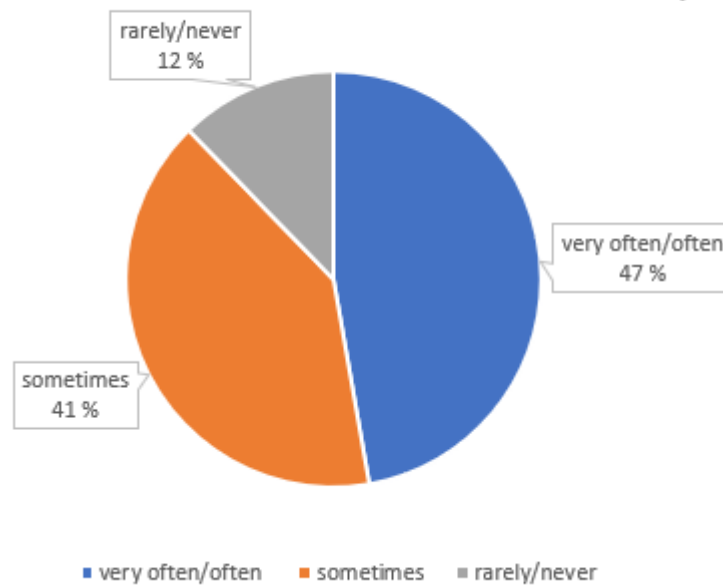


Figure 9: Recommendations from friends and family (WOM)

5.5.5 preferred communication channel

The exploratory studies also revealed business' perceptions that the consumer is less inclined to call than sending messages. We asked the consumers whether they tend to contact their local business, and if so, which communication channel they preferred for this contact. For those that contacted their businesses frequently, preferred communication channels were calling with a mean of 3.81 and the use of Messenger with a mean of 3.50. However frequent consumers

contact their businesses, calling remains number one communication channel whilst Messenger comes in second. Looking at the effect age has on preferred communication channel we see that an increase in age increases the gap between the preference of calling and Messenger. As expected, the higher the age, the lower is the preference for Instagram’s communication channel, Direct Message. In addition to this, sending e-mails to contact the businesses is not that preferred.

I contact my local business	Very often-often	Sometimes-rarely	Never
Call	3.81	3.71	2.80
Messenger	3.50	2.86	2.53
e-mail	2.67	2.83	2.27
Direct message	2.54	2.05	1.87

Table 5: Preferred communication channel (5=strongly agree 3= neutral 1=strongly disagree)

5.6 Section summary

While business owners perceive the rural consumers as being price conscious, we find no support in our data to suggest that the consumers level of price consciousness affects their tendency to purchase or frequency to visit a rural store. Business owners also expressed a perception of the consumers as cautious, and here we do not find any support in our data that suggests that the level of cautiousness affects the tendency to purchase nor the visiting frequency to a local store. As deduced from our qualitative study, personal relationships have a positive effect on the visiting frequency and the purchasing tendency, which is validated by our data, in cohesion with the finds from Home (2002). An increased awareness of the local business thanks to Covid-19 has led to a positive tendency to purchase. As assumed, recommendations by friends and family have a high impact on customer acquisition and awareness of local businesses. The printed media *flyers* are the number one preferred promotional channel followed by Facebook and advertisement in local newspapers. Preferred communication channel remains the most intuitive option; phone call, followed by Facebook Messenger.

6.0 Interpretation and discussion

In this section we will interpret and discuss the findings from both the exploratory study as well as the quantitative study. We will attempt to explain the results of our data analysis as well as what this means for customer acquisition processes for rural businesses.

Price Consciousness. From our in-depth interviews we found that business owners perceived rural consumers as price conscious, prohibiting them from both visiting the store, as well as making purchases. However, no significant evidence for this was found in our sample. The sample *does* reflect a “trend” that the higher the tendency is to purchase locally and therefore the more focus on relationships and supporting businesses, the lower is the perception that local businesses are pricy, in cohesion with the findings of Sullivan and Savitt (1997), see Figure 10. Nevertheless, a mean of 3.2 shows that rural consumers in general perceive local businesses as pricy.

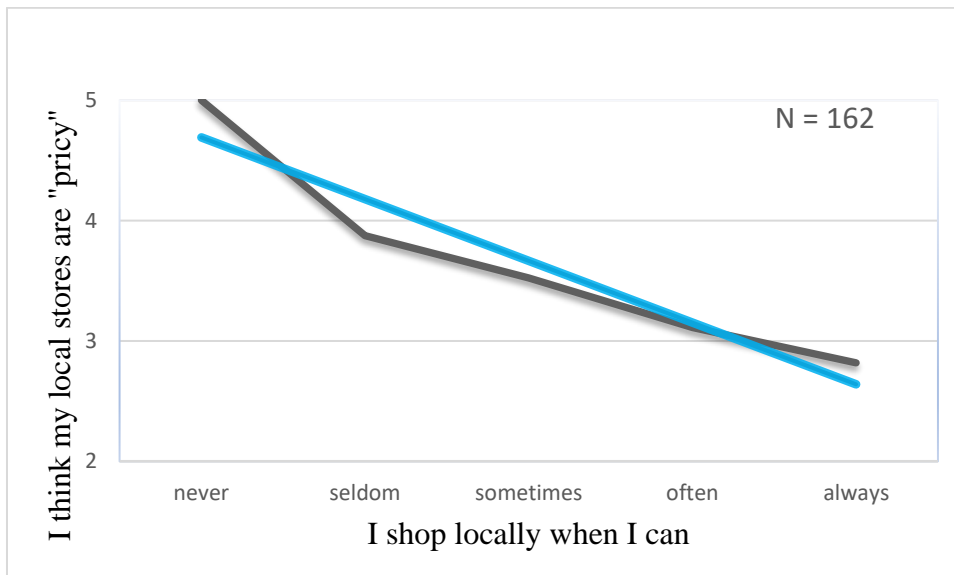


Figure 10: Perception of local businesses as pricy by purchasing tendency.

In addition to perceiving rural business as pricy, rural consumers compare prices and shop at discount stores when they have the chance. While not proven to have a significant effect on purchasing tendency or visiting frequency, the rural consumer can be said to be price sensitive (*compares prices* $\mu = 3.99$, *shops at discount stores when possible* $\mu = 3.91$). In cohesion with perceiving the local stores as pricy, rural consumers reveal that they have purchased products outside of their local community because they *assumed* the product was cheaper there [$\mu = 3.35$].

From these findings we can suggest that while most rural businesses are limited in size and turnover, decreasing their chances of quantum rebates and more, the businesses can try to put

more focus on what one “saves” by purchasing locally. Additionally, since perception of price and focus on relationships are negatively correlated, emphasizing importance of supporting local businesses would not persuade or affect the perception of a rural business as pricy. Then, as mentioned by Florvaag (2019), it would be better to offer unique products that are more difficult to compare in price, than to offer “regular” products at higher prices. A greater price visibility would either validate the consumers perception that the products/services offered in fact are pricy **or** will prove them wrong converting them into purchasing customers. In such situations the business will have nothing to lose by advertising their prices.

Relationships. Accelerated by Covid-19, the feeling of loneliness is to be battled. Virke (2021) points out that the human, personal, real, imperfect, close and emotional is becoming increasingly important for consumers. This is validated by business owners and literature alike who see the personal relationship created in small communities as a competitive advantage, making consumers choose local businesses over others because they “like to shop from people they know” [$\mu = 3.8$], and “they try to support their community” [$\mu = 3.9$]. Something that was also validated by our sample, showing a significant positive relationship between the measurement “*relationships*”, and visiting frequency and purchasing tendency. Since rural consumers want to support their local businesses and like to purchase from people they know, a more personal relationship would be favourable. Avoiding a store because of their owners or employees is not common for the rural consumer [$\mu = 1.8$], and therefore more emphasis should be put on creating positive relationships.

Given that consumers do not seem to avoid people, but rather are *more* attracted to people they know, connecting the person with the business to a higher extent could only have positive outcomes. The consumers that may not favour the person, will continue to purchase, or will decide to purchase based on the business’ product offerings and prices, while those that *do* favour the person may purchase *more* out of support and loyalty because they now know that this person is connected to the business. In similarity to Miller and Kean (1997) one could suggest that retailers, as community members, should improve their level of involvement. Their apparent offering of themselves, as well as their time and money, would indicate the retailer also works for the community. This could for example be in the shape of voluntary work, famously known in Norway as *dugnad*.

Cautiousness. Business owners were of the perception that consumers typically are careful in their shopping behaviour and that this could affect the extent to which one purchases or visits. The collected data did not show statistically significant to support this perception.

However, rural consumers do not visit a store unless they have a specific purchase in mind [$\mu = 3.43$], and contradicting business owners' beliefs, rural consumers do not mind leaving a local store having purchased nothing [$\mu = 2.61$]. One could therefore promote visits by making product range more visible, creating a larger possibility to find a "purchase".

Awareness since Covid-19. Newspapers and additional media tend to lay focus on supporting local businesses in the currently ongoing pandemic. While these are recommendations from both businesses and authorities, it was interesting to check whether this intention and behaviour in fact was measurable at the consumer's side. Since Covid-19, consumers express a higher loyalty to their local businesses, where 61% say they have grown more conscious about supporting local businesses ($\mu = 3.3$). 47% of consumers say that they first check if a local business has the merchandise before they order online ($\mu = 3.7$), showing an increased desire to use them. While literature and trends point to the use of the phrase "near me" in search engines growing in popularity and use, the rural consumers from the sample rarely use these functions. Overall, attitude towards rural businesses since Covid-19 showed statistically significant for purchasing tendencies, where an increase in positive attitude coheres with an increase in purchasing tendency. High means(μ) also point to a general increased positive attitude towards local businesses since Covid-19. Based on this, rural businesses should exploit this period by winning-over (or back) rural consumers, through offering new, more, and better products and services.

Local purchasing tendency. Our data shows that the rural consumer does try to purchase locally, given that the product or service is available. Whilst some might perceive this as the most convenient option and therefore self-explanatory, one must not forget how easy it is to order products online. Given that the consumers do try to purchase locally, businesses should aim at enlarging the consumers understanding of their product- and price range. High scores on purchase tendency \neq purchasing all possible products locally, this may for example be due to unawareness. For the consumer to make the choice whether to shop local or not, they must first be made aware of the fact that there *is* a choice.

Visiting frequency. Rural businesses are not visited that frequently, which could mean that product/service selection is limited, or that general spending behaviour is limited. Since this survey was conducted during Covid-19, we can assume that (government) restrictions have decreased the frequency of visits.

Promotion and Communication. Most rural consumers prefer Facebook over Instagram, both as a communication channel as well as marketing channel. Printed advertisement is still favoured where local newspapers and flyers are expressed to be efficient channels to reach them as customers. Recommendations from friends and family also seems to be an efficient way to learn about local businesses and their offers. Despite the belief that calling is passé, the rural customer does contact the local business when required. The preferred channels for contact are through phone-call with Facebooks Messenger on second place. E-mails are used by some, while Instagram's Direct Message is not that popular. In terms of the businesses being available for contact outside of working hours, it might be sufficient to focus on one social media channel, preferably Facebook Messenger based on the findings.

Interesting finds from this study that stood out to the author are that consumers have a high preference for flyers as promotional channel. While this, as most print options, is expensive, local business could benefit from exploring this option. Local newspapers are also on top of the list of preferred promotional channels and is probably worth the pennies that it costs to advertise. Business owners have expressed their assumption of advertisement in newspapers having low effect on sales but could lead to a good increase in consumer *awareness*. One must not forget that while the consumer may not need your offerings now, they might someday. Therefore, it is important to be *top of mind* when this day arrives.

From our findings we have proposed some suggestions that rural businesses can implement to increase their acquisition- as well as retention rates, see Appendix 7.

7.0 Conclusion

While customer acquisition generally focuses on *predicted* consumer behaviour, this study has looked at the *current* consumer behaviour, with the believe that “*birds of a feather flock together*”. We believe that an insight into consumers *current* beliefs and behaviours will provide valuable information and resources for acquisition strategies when attempting to grow or develop a rural business. In-depth interviews with independent business owners as well as quantitative data collection from consumers have revealed several important qualities of both rural businesses as well as rural consumers. Coming back to our research questions:

“Which social factors influence the attraction of customers to rural businesses in Norway? How do they influence such attraction? And what can a business accordingly do to improve its business performance?”

Our studies have shown that the factor “*relationships*” has the highest influence on the tendency to purchase from local stores, as well as on the frequency of visits to local stores. The more the consumer is positive to support their local community, and the higher their appreciation of purchasing with people they know, the *higher* their purchasing tendency as well as their visiting frequency. While rural consumers may be price conscious as well as cautious in purchase behaviour, this does not have a statistically significant impact on either the tendency to purchase locally, or the frequency of visiting local stores. This implies that while rural consumers have both these “qualities” this does not significantly impact their willingness to use rural businesses offerings. Rural businesses can therefore choose to focus on increasing their relationship with consumers through connecting on a personal level and be involved in the local community, whilst accommodating products and services to these inherent “qualities”. Word-of-mouth accounts for a large portion of customer acquisition in rural areas, and people tend to give more positive word-of-mouth about things or people they feel strongly about. The strengthening and creation of relations will therefore help increase positive word-of-mouth in rural areas.

To acquire new customers, we have found that rural consumers most likely find local businesses through printed media such as the local newspaper and flyers, whereas Facebook is a good alternative option. Additionally, while it is easy to fall in the generalisation pit and assume that phone calls are passé, rural consumers in fact prefer calling when in need of contacting a local business. Facebook Messenger takes a solid second place in terms of preferred communication channel. *One must however keep in mind that Instagram is a relatively new medium compared to Facebook and coming years could cause a greater shift.

The collected data also suggests that the higher rural consumers perceive local stores as being pricy, the less important is it for them to support local businesses. This would mean, that for a rural business to acquire these consumers as customers it would not help to focus on qualities of the business that focus on localness, support, community, or relationships. To acquire *these* customers focus should rather lay on informing about selection, product range and price range. Additionally, it could be beneficial to explain that there are certain benefits the business loses by being situated in a rural area and that prices therefore are set to their range. The business should also point the consumers attention to the benefits that they receive by purchasing from rural businesses, these include no shipping fees, no waiting time, assistance when needed and flexibility.

8.0 Limitations

Initially, the author was reluctant to conduct a survey because of the chance that consumers rate their purchasing intentions and motivations higher than their actual behaviour (Morwitz, 1997). This is sometimes also called for an attitude-behaviour gap where there is a disconnect between components of an attitude and actual behaviour (Schiffman & Wisenblit, 2019). The choice was however made to conduct such a survey after all, but with control questions to ensure residency in rural areas, as well as survey questions phrased in such a way that answers would be based on *actual* previous behaviour and not on predicted future behaviour.

Due to the convenience sampling, the data may contain many respondents from the western part of Norway and cultural differences may have influenced the results e.g., higher levels of cautiousness and/or price consciousness. Additionally, whilst the collected data is relatively small, we hope that this thesis has been able to explore and cover some topics that can be relevant for rural businesses. In coherence with Dalen (1989) and Hellevik (2010) we also believe that rural consumers in several ways share similar behavioural patterns and that the collected data can be valid for more than just those in our sample.

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Appendix 1: Variable descriptive

	vars	n	mean	sd	min	max	range	se
purchase	1	162	3.882716	0.7170142	1	5	4	0.0563340
visit	2	162	3.037037	1.0856998	1	5	4	0.0853006
locpricy	3	162	3.154321	0.8745610	1	5	4	0.0687120
compare	4	162	3.993827	0.8152042	1	5	4	0.0640485
discountst	5	162	3.913580	0.9677730	1	5	4	0.0760354
cause	6	162	3.438272	1.1844823	1	5	4	0.0930617
conscience	7	162	2.611111	1.2068644	1	5	4	0.0948202
priv	8	162	2.993827	1.3021574	1	5	4	0.1023071
assume	9	162	3.351852	1.1282495	1	5	4	0.0886436
selection	10	162	3.197531	0.8402862	1	5	4	0.0660191
support	11	162	3.895062	0.9298903	1	5	4	0.0730591
rel	12	162	3.777778	1.0632191	1	5	4	0.0835344
negrel	13	162	1.827160	1.1982402	0	5	5	0.0941426
facebook	14	162	3.370370	1.0856998	1	5	4	0.0853006
instagram	15	162	2.512346	1.2068009	1	5	4	0.0948152
localpaper	16	162	3.111111	1.2055771	1	5	4	0.0947191
flyers	17	162	3.425926	1.1078801	1	5	4	0.0870433
wom	18	162	3.456790	0.8923329	1	5	4	0.0701083
contact	19	162	3.030864	1.0361350	1	5	4	0.0814065
messenger	20	162	3.018518	1.2080076	1	5	4	0.0949100
email	21	162	2.716049	1.1115941	1	5	4	0.0873351
dm	22	162	2.203704	1.1097473	1	5	4	0.0871900
call	23	162	3.654321	1.0112472	1	5	4	0.0794511
nearme	24	162	2.796296	1.4792095	1	5	4	0.1162177
cosupp	25	162	3.722222	1.0529462	1	5	4	0.0827273
loy	26	162	3.308642	1.2070391	1	5	4	0.0948340

Appendix 2: A little more on rurality in Norway

Once having clarified that the rural consumer is aging, decreasing and traditional in mindset we have built a good foundation for the understanding of this consumer market. However, investigating the rural market in Norway requires a deeper dive in not only statistics and research, but also unwritten knowns for this specific market and its population.

“Bygdedyret” is an expression grown in popularity over recent years, to describe residents from rural areas in the outskirts of Norway. These areas are often in lack of creativity and developing dynamics. The expression “bygdedyret” is meant to characterize attitudes that counteract initiative and innovation, and which holds certain entrepreneurs back through jealousy and backbiting. Tolerance and open vision are qualities that belong to the environment where the “the creative class” thrives, while “bygdedyret” likely will push this group away. Not exactly promising for the outskirts (Baldersheim, 2014). Janteloven, see Appendix 3, is still relevant to this day, suppressing both creativity as well as individuality. One should preferably not think of oneself as better than others, nor stand out of the crowd.

An additional way to describe rural Norwegian consumers is their strength of dogmatism. Dogmatism is a personality trait representing one’s degree of cognitive rigidity – the opposite of being open-minded – toward information and opinions contradictory to one’s own. A person who is highly dogmatic approaches the unfamiliar defensively and with uncertainty and discomfort (Rokeach, 1960; Schiffman & Wisenblit, 2019, p. 94). It is also found that dogmatic people feel less of a need to experiment with personal appearance or to enhance their individuality.

When purchasing locally, villagers are nothing but supportive. Until the business seems to make money. A common phrase among rural business owners is that “as long as you don’t make any money, you’ll do fine”. Villagers do not want other equals to get rich on their behalf. A business should therefore attempt to avoid other people knowing how well business is going. As the rural areas are characterized by few people in large areas, most residents know, or know of, one another. Owning and running a business in such areas therefore involves more emotions than running a business in a denser area would. Bad relations between families, feuds, and more, may all have an impact on local purchasing behaviour. Given that rural areas are small and may be limited in offerings, some might perceive it to be fancier to shop outside of the village, which is supported by Miller and Kean (1997). It may be undesired to have the same products as everybody else (e.g., clothing). This may be particularly applicable for youth, focusing more

on certain brands and thereby not “fitting in” unless they are wearing a specific brand. If the local store does not provide this, they will go elsewhere*.

Additionally, there is often a relationship present between the rural consumer and the rural business. Where one develops relationships, is where the relationship involves more than just a customer relationship: passing each other on the street or sitting next to each other on the bus. Meeting frequently over several arenas helps, especially when these meetings involve common interests: parent teacher meetings at schools or kindergarten, organisations, fairs etc. Particularly in villages one often meets such a tight web of meeting points. People meet in different contexts and are presented to each other over several different occasions. This builds a foundation for knowing each other as more holistic people – for good and bad. To meet over several relations means that one gets to know each other better, as well as getting a better understanding of one another. However, this can also be demanding when dealing with disagreements and conflicts (Bakke, 2020).

Nevertheless, some rural business owners may still be in the business not because they live and breathe for the business they are in, but because they are financially bound to it. While they were once motivated for their business and putting extra effort in making the business a success, time and age has influenced this passion and business owners are burnt out and tired. Limited funds and financial worries do not increase motivation either. Because of this, opening hours are often to the convenience of the businessowner, instead of the convenience of the consumer.

* The clothing retailer the author spoke with was selling a popular brand a certain period but could not any longer because of the brands quantum or/and income requirements. This makes it impossible for a small business with limited customer base to compete with stores in city centres.

Appendix 3: Janteloven

1. You are not to think *you* are anything special.
2. You are not to think *you* are as good as *we* are.
3. You are not to think *you* are smarter than *we* are.
4. You are not to imagine yourself better than *we* are.
5. You are not to think *you* know more than *we* do.
6. You are not to think *you* are more important than *we* are.
7. You are not to think *you* are good at anything.
8. You are not to laugh at *us*.
9. You are not to think anyone cares about *you*.
10. You are not to think *you* can teach *us* anything.

(Sandemose, 1933)

Appendix 4: Survey template (excluding measurements of preferred communication and promotional channels).

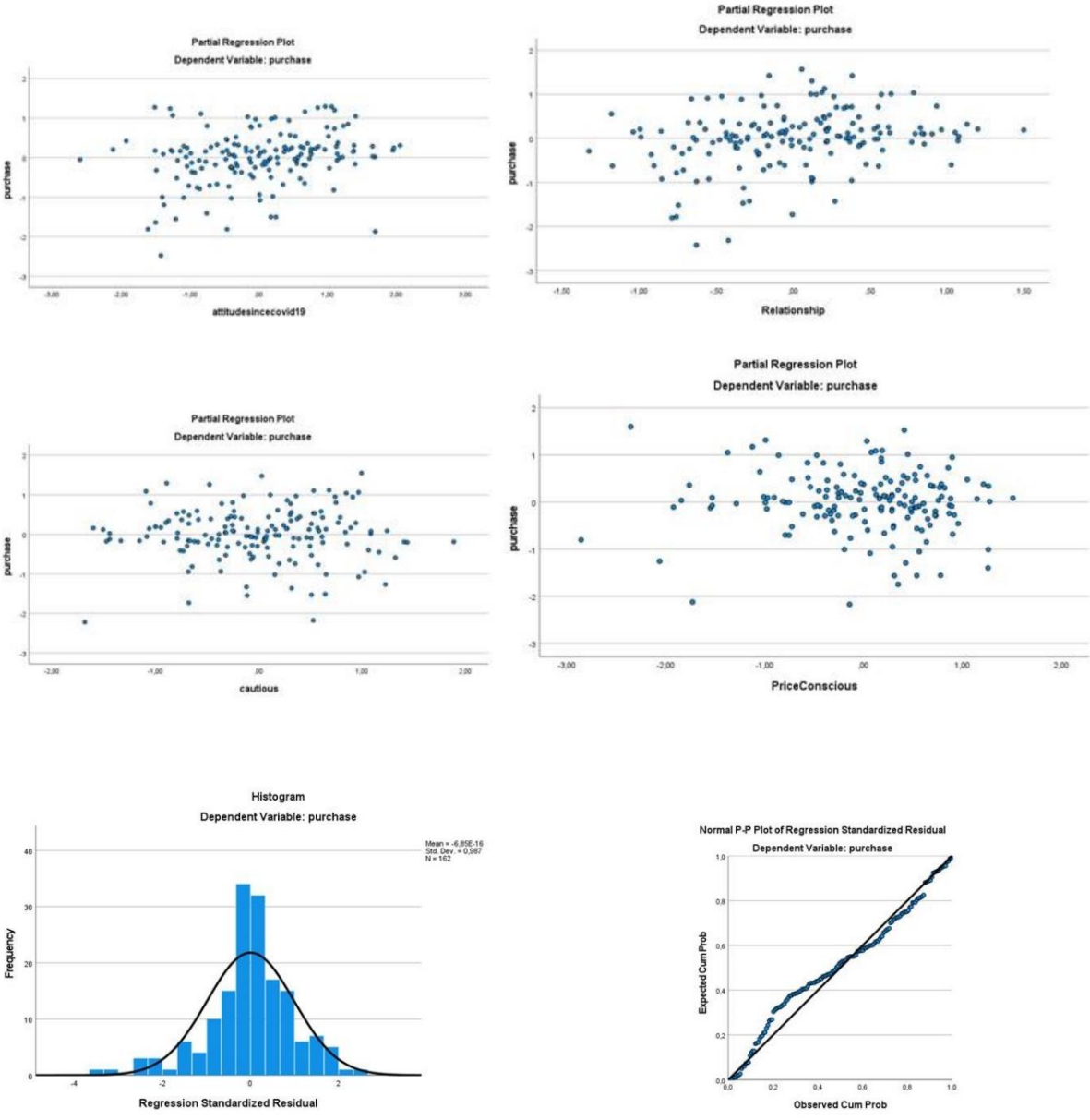
Purchasing tendency	- I purchase from local businesses, instead of ordering online or from somewhere else, given that the product is available. <i>(Always, often, sometimes, rarely, never)</i>
Visiting frequency	- I visit a local business (apart from groceries) <i>(daily, weekly, twice a month, once a month, less)</i>
Price consciousness	- I compare prices when possible <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i> - I shop at discount stores when I have the chance <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i> - I have shopped outside my local area because I <i>assumed</i> it was cheaper <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i>
Cautiousness	- I feel guilty leaving a local store having purchased nothing <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i> - I do not visit a local business unless there is something I need <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i> - I have purchased items outside of my local area because of personal reasons (e.g., pregnancy test, underwear, alcohol) <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i>
Relationship	- I like to purchase from people I know <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i> - I like to support my local community <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)</i> - I think my local stores are affordable <i>(Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree)*</i>

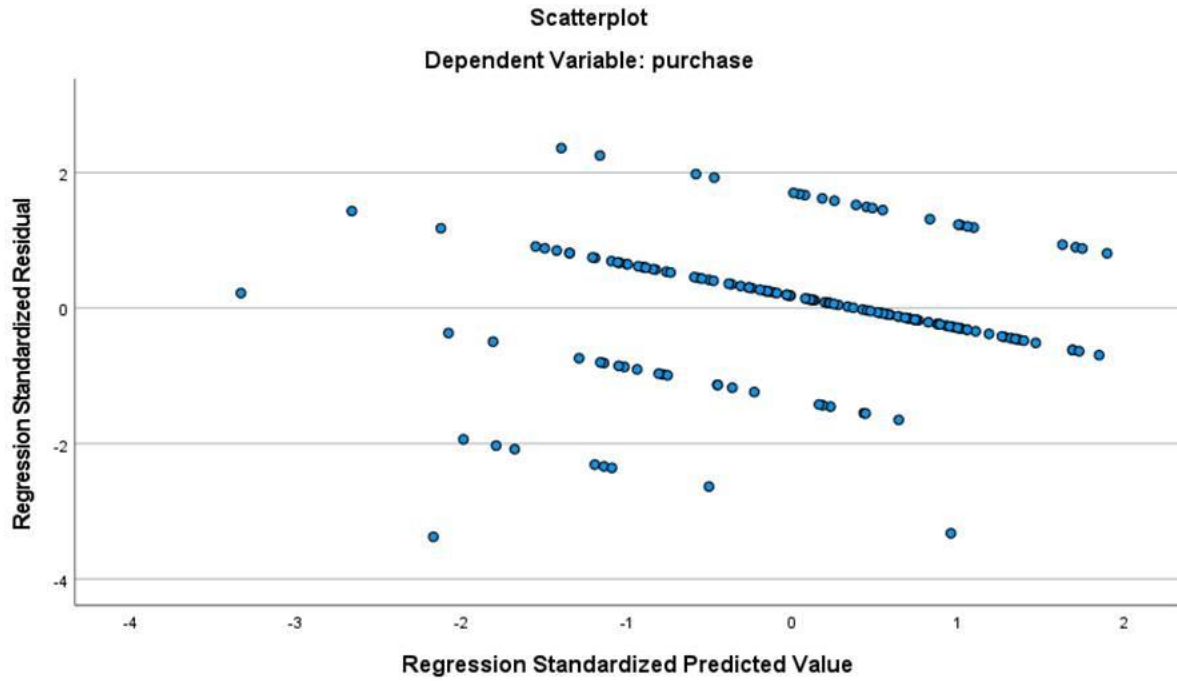
Covid-19 effects

- I have chosen not to shop from a local business because I did not like the owners/employees (*Very often, often, sometimes, rarely, never; I have still shopped, not relevant*)
- I have used the search phrase “near me” in search engines since Covid-19 (*Very often, often, sometimes, rarely, never*)
- Since Covid-19 I am more conscious about supporting my local businesses (*Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree*)
- Since Covid-19 I always check with my local store(s) before purchasing a product online or somewhere else (*Strongly agree, agree, neither agree nor disagree, disagree, strongly disagree*)

*This question was originally meant to be a measurement of price consciousness but fitted better with the measurement of relationship. The better the relationship the higher the perception of affordability.

Appendix 5 Multiple regression, dependent variable is purchasing tendency.



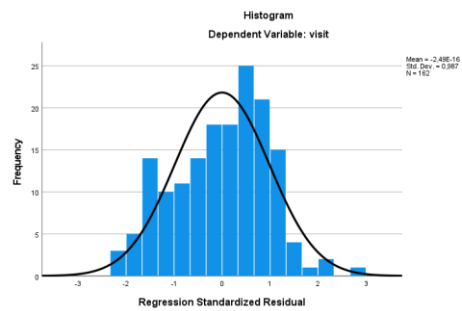
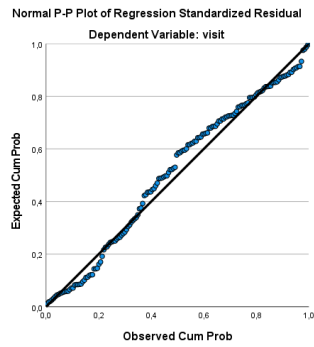
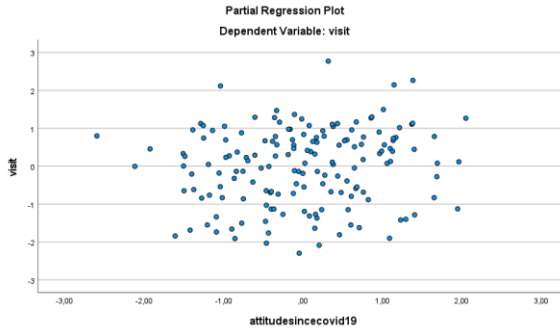
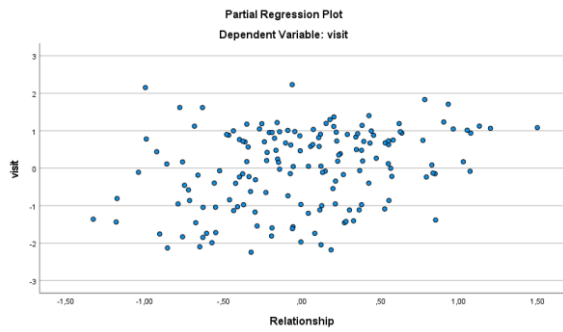
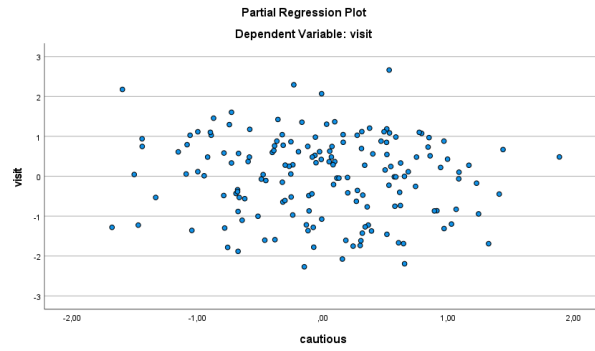
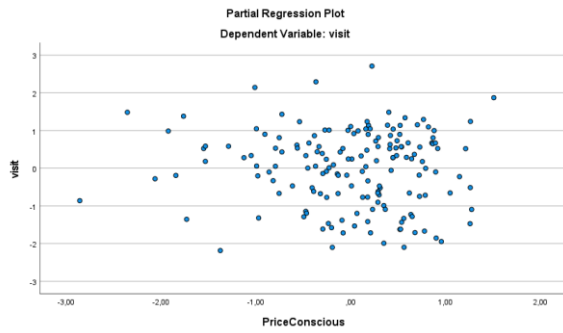


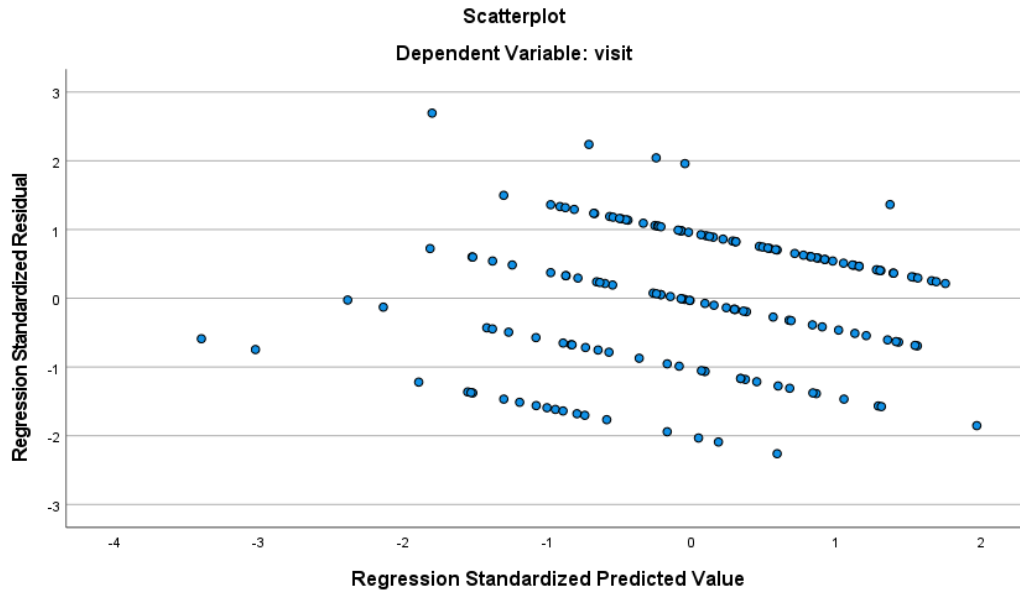
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
		B	Std. Error				Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	2,460	,421		5,851	<,001	1,630	3,291					
	PriceConscious	-,053	,067	-,058	-,791	,430	-,186	,080	-,045	-,063	-,057	,977	1,024
	cautious	,004	,074	,004	,060	,953	-,142	,151	,003	,005	,004	,969	1,033
	Relationship	,327	,095	,268	3,448	<,001	,140	,514	,356	,265	,248	,861	1,161
	attitudesincecovid19	,183	,057	,251	3,236	,001	,071	,295	,349	,250	,233	,860	1,163

a. Dependent Variable: purchase

Appendix 6: Multiple regression. Dependent variable is visiting frequency.





Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	1,431	,649		2,204	,029	,148	2,714						
	PriceConscious	-,074	,104	-,053	-,716	,475	-,279	,131	-,050	-,057	-,053	,977	1,024	
	cautious	-,121	,115	-,079	-1,054	,294	-,348	,106	-,090	-,084	-,077	,969	1,033	
	Relationship	,577	,146	,312	3,946	<,001	,288	,867	,360	,300	,290	,861	1,161	
	attitudesincecovid19	,143	,087	,129	1,631	,105	-,030	,315	,237	,129	,120	,860	1,163	

a. Dependent Variable: visit

Appendix 7: Suggested acquisition strategies for rural businesses

From the information gathered throughout this thesis the following customer acquisition strategies can be helpful for a rural business:

1. Create a Facebook account and enable the Messenger function. Make sure your Facebook is a good representation of your business and use it frequently. Make sure that Messenger is answered in opening hours, and if you can, also when closed. Since rural consumers like to purchase from people they personally know, the personality of the owner(s) and employees should be visible on the companies Facebook page. Facebook currently has opportunities to display merchandise on the business page as well, increasing product visibility. Preferably the Facebook page includes an address, opening hours, products, price and contact options like Messenger and phone number.
2. Advertise in the local newspaper. While small ads will help, one could benefit of providing product information, price points etc. As the business owners have expressed, rural consumers generally like good discounts, so this can be used in your favour.
3. Print flyers. These do not have to be for special occasions but can be just for informative purposes. One can contact local delivery services or, dependent on location, cover some areas oneself. Again, the flyers should be a good representation of the business, and for relationship purposes, inform about owners/employees.
4. Focus on building relations. Positive relationships promote purchase. Increase your network, do not be afraid to be personal. Greet customers by their name when possible and offer personalized services. As theory has revealed, and while a concern for many small rural businesses, there is no separating the person from the business. To meet consumers need for safety (Hellevik, 2010; Virke, 2021), one must focus on creation of trust by showing personality, being honest, available, and authentic.
5. Think smart about the products you are selling. If you cannot offer a product at a competitive price point, consider instead a similar product which is either (a) not sold that many places or (b) is unique.
6. Either *create* a service or *be* a service. Online shopping has become too convenient for retailers to compete with unless they are able to offer “that little extra”. Find a way to create an experience for your consumers. If you only sell products, do like one of the businesses interviewed and arrange “lady’s nights” or “men’s nights” or “spa-days”. Additionally, consumers desire experiences whilst shopping (Virke, 2021), and to accommodate, businesses should attempt to build emotional and social spaces around products and store, involving human interaction. Businesses should also attempt to

create shareable experiences as well as focus on design in terms of atmosphere, light, smell, and sound. It is important to remember that whilst humans are very visual, consumers now also have a need to share experiences (on social media). So, when possible, make sure that your product, service, event, store, or even *you* are worth sharing!

7. Emphasize how *easy* it is to shop from your store. Consumers are always looking to make life as easy as possible, and therefore your business should focus on the “benefits” that consumers receive by shopping from you. Whether you offer home delivery, customized purchasing help, expert advice, special package delivery or free maintenance for a given period, make sure that you advertise this!
8. *This strategy requires coworking of multiple local businesses in the rural area. Creating a platform (webpage, “mail order” book, Facebook etc) where all available products in the area are posted with prices. This could be sorted in categories, places, or price. It becomes quite apparent that while consumers intent to use local businesses, they, to a certain degree, are unaware of all the choices of products that are available to them.