A Qualitative Study: Small Business Merchandising Strategies in Rural Minnesota

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This study was motivated by a desire to develop strategic guidelines tailored to solve the unique problems small, rural retailers face in today's competitive retail environment. Because there is limited understanding of the actual experience of rural retailers' operations and experiences, it was necessary to explore and accurately capture the experience from participants' perspectives. The objective of the study was to provide an in-depth understanding of the rural small retailer's perceptions of the business environment, merchandising strategies, challenges, and opportunities. In-depth interviews were conducted with eight small business owners from a rural county in Minnesota. A criterion-based sampling approach was used to recruit the participants from a variety of business types. Five emergent themes were identified: localism, experiential retailing, niche market, awareness, and marketing strategies. These themes provided a deeper understanding of the actual experience that rural retailers face in today's competitive retail landscape. Extension educators can use these findings to help educate retailers about future best business practices and develop tailored technical support programs catered to the retailer's specific industry needs.

Keywords: Rural, retail, Extension, local, small businesses, merchandising strategies

Introduction

With the rise of e-commerce, over-expansion of malls, rising rent costs, bankruptcies, and low quarterly profits, retailers have been shutting their doors at a rapid pace (Thompson, 2017). In 2017, big retailers, such as JCPenney, RadioShack, Macy's, and Sears, decided to close 6,752 stores nationwide (Benhamou et al., 2017). This phenomenon, known as the retail apocalypse, had a significant impact on rural towns where big-box chains and department stores close their doors in communities where the profit is not as high. Due to this, rural strip malls and retail main streets have become vacant as retailers are leaving for larger cities that have higher profit potential. Locally owned small businesses can help fill the void created by the loss of national retailers in rural areas.

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Small businesses in rural towns are still an essential part of the community by providing direct access to products such as food, clothing, and hard goods (Lennon et al., 2007). These businesses are critical for providing jobs and generating sales tax that sustain the local economy (Schenke, 2017). In an environment where national retailers are absent, the importance of small retailers in rural communities is enormous.

However, previous research on rural small businesses found that rural retailers are placed at a disadvantage due to geographic isolation, restricted population segments, increased competition with online retailers, and uncomplimentary cost structures (Paddison & Calderwood, 2007). Small rural consumers are increasingly shopping online due to greater merchandise selection and the convenience of at-home delivery (Lennon et al., 2007). Therefore, developing retail merchandising strategies within the context of the local market environment and national/international competition is critical for small rural retailers' success.

This study was undertaken to develop strategic guidelines addressing problems small retailers face in rural communities. Because there is a limited understanding of rural retailers' operations and experiences, it was necessary to explore and accurately capture the experience. Therefore, the objectives of the study were to (a) provide an in-depth understanding of the rural small retailer's perceptions of the business environment, merchandising strategies, challenges, and opportunities, and (b) develop strategic guidelines for Extension educators and city economic development commission offices to educate retailers on future best business practices.

Literature Review

Rural

Throughout the literature, the term rural is defined in multiple ways. Although there are varying definitions, all definitions share three commonalities, including (a) the number of households and businesses that fall below a certain threshold, (b) the level of population density, and (c) areas considered non-urban (Shucksmith, 1990). The United States Department of Agriculture defined rural areas as municipalities as those with under 10,000 residents and within thirty minutes of a town above 10,000 people (United States Department of Agriculture Economic Research Service, 2019). In 2019, 41% of the U.S. population lived in areas that were considered rural (United States Department of Agriculture Economic Research Service, 2019). Although this is a large percentage of the population, it accounts for 97% of the land area in the United States (United States Department of Agriculture Economic Research Service, 2019). This large landmass puts individuals far away from town centers that contain businesses, schools, and retail outlets. Due to the large geographic dispersal, rural towns with declining populations and economic revenue are concerned about their ability to produce enough revenue to stay economically viable (Rogers & Burdge, 1972). A declining customer base threatens the survival of rural retailers' existence (Stone, 1995; Strange, 1996).

Characteristics of Rural Retailers

Rural retailers are based in towns that are considered rural with a limited selection of retailers, making the presence of existing retailers essential to the local economy. Identifiable features of rural retailers include individual ownership, distinct location, short periods of ownership, dependence on part-time staff, long hours, a wide range of merchandise, and a focus on customer service (Paddison & Calderwood, 2007). These retailers are strongly rooted in their local community, both economically and socially. Economically, the sales revenue generated from rural retailers continuously recirculates through the local economy as wages, taxes, and charitable giving (Myles, 2010; Robinson & LaMore, 2010). Also, rural retailers tend to have strong social connections with the local community. This is especially true in rural communities, where commerce is often merged with social relationships.

Hozier and Stem (1985) and Cowell and Green (1994) found strong correlations between commitment to the community and retail patronage behavior to other local retailers. These correlations are explained by the social capital theory (Coleman, 1988; Putnam, 1995), as one's level of community sentiment and involvement represents community attachment. The stronger one's level of sentiment is toward the community, the more likely they are to shop at stores within the community (Miller, 2001). Miller (2001) used social capital theory to predict the rural community in-shopping behavior. Results indicated that the social relationships between the residents and retailers were a key indicator of rural marketplace relationships.

Threats to Rural Retailers

Large discount stores have entered into rural America and created increased competition for existing small retailers. This has been a significant trend since World War I, when discount stores began in abandoned textile mills and then quickly spread to metropolitan areas across the United States (Brennan & Lundsten, 2000). Large retailers have had a significant impact on rural commerce despite offering consumer benefits, appealing to a variety of market segments, and offering economic growth to the community (Arnold & Luthra, 2000). Studies found that when large discount stores entered small towns, consumers favored their low prices and larger variety of merchandise. In addition, when big box stores entered rural markets, local businesses in the downtown core experienced a decline (Arnold & Luthra, 2000; Brennan & Lundsten, 2000).

An additional factor for the rural retail decline has been a boom in e-commerce shopping opportunities for rural residents (Stevens, 2016). Online shopping offers consumers the convenience of being able to purchase anything from fashion to staples, often at a lower price than from the local retailer. Companies such as Amazon.com offer incentives to customers such as free shipping and returns, including 2-day delivery. Rural consumers, those that drive ten or more miles to shop for everyday products, now buy up to 73% of their products online (Stevens, 2016). This replicates consumer shopping behavior of the past, where rural consumers used catalogs to purchase hard-to-find items. Compared to catalogs, online shopping offers greater

merchandise selection, personalization, and vast information searches (Van den Poel & Leunis, 1999; Walsh & Godfrey, 2000). Because of the competition, many brick-and-mortar rural retailers have been unable to sustain their businesses.

Competing with Large Discounters

However, rural retailers have the opportunity to compete with large retailers in their communities. Successful strategies include offering increased product assortments in categories not carried by the chain stores, providing higher quality merchandise selection, and a unique branded product (Brennan & Lundsten, 2000). Many small retailers tend to focus on personalized customer services, exemplary service, including friendliness, recognition of customer uniqueness, high level of support provided by the sales associate, and customization of product offerings to fit customer needs. These attributes are positively correlated with loyalty (Bitner et al., 1994; Levesque & Boeck, 2017; Surprenant & Solomon, 1987). Personalization has been an essential component in a retail setting that keeps customers returning to stores. Personalization was an essential component for the consumer in the offline setting (Zeithaml et al., 2005). In today's retail context, personalization is key to making the local retailer stand apart from their big-box competitors by offering personalized service to each customer that they encounter in their store.

Purpose of the Study

The purpose of the study was to describe how rural retailers self-evaluate their business environment, merchandising strategies, challenges, and opportunities. Based on an understanding of rural retailers' operations and experiences, the outcome objective was to develop strategic guidelines tailored to solve the problems of small retailers in rural communities.

Methodology

This study employed qualitative methods to better understand merchandising strategies used in rural retailing. The Institutional Review Board at the University of Minnesota approved the study. Due to the lack of research in a rural context, a grounded theory approach guided the deductive identification of concepts and relationships (Charmaz, 2014). Using this method, interview transcripts and field note summaries were coded for themes. In-depth semi-structured interviews were conducted with eight small business owners from March to November 2019. Business owners in a rural county in Minnesota were used as the sampling frame.

Recruiting participants was a challenge, and we used multiple strategies. First, we relied on referrals from community partners. The community partners were employees at the Economic Development Commission and were actively involved with local businesses. Community partners compiled a list of eleven local retail businesses qualified to participate in our study. After reaching out to all suggested businesses, business owners agreed to participate in the study.

Participants were also recruited from thirty local business owners who were enrolled in a Retail Design Workshop co-hosted by the University of Minnesota faculty and students from the Retail Merchandising program, community partners, and the Center for Community Vitality, University of Minnesota Extension. A total of four business owners from the workshop agreed to participate in the study. This resulted in a total sample population of eight small business owners from a rural county in Minnesota, yielding a total response rate of 19.5%.

This response rate is similar to previous research focused on local retailers (Kim et al., 2014). In addition, previous research on local retailing has used fewer than 12 participants in the sampling frame due to participants' low willingness to participate in research (Jackson & Stoel, 2011; Kim et al., 2014, 2018). As rural retailers are a hard-to-reach population, this sampling method was appropriate (Shaghaghi et al., 2011). The product mix of the stores includes retailers from various categories, including fashion, floral, home decor, consignment, and an armory. However, the sample is not representative of all rural retailers throughout Minnesota or the United States.

The interviews were conducted one-on-one in-person at the business location during regular business hours and lasted about one hour in length. The interviews were conducted by one researcher, who was female and Caucasian. The researcher had participated in the 12-week design seminar and was familiar with the participating businesses.

A semi-structured interview protocol was used by the researcher and peer-reviewed to ensure that data on key points were collected consistently (Castillo-Montoya, 2016). The open questions were designed to establish trust and comfort between the interviewee and interviewer. The interview began with a basic question, "Please describe your business to me." This invited the interviewee to share information about their business. This "big picture question" was followed by several subsections that continued to expand on the initial question. Follow-up questions were then used to better understand the big picture and help the participants expand their answers.

Knowledge-based questions were used to extract factual information from participants, such as "Please walk me through a typical business day at your store" and "What type of merchandising strategies do you use to reach customers?" Finally, an opinion-based question was used to better understand how the participants felt about their competition. These questions provided order throughout the interview, and additional probes and prompts were provided by the researcher to extract more information during the interview.

Interviews were recorded using the voice record application on the iPhone, and field notes were taken by hand during the interview. Following the interviews, field notes were summarized for each participant, and interviews were transcribed verbatim and verified for accuracy and revisions by the researcher. To ensure the plausibility, credibility, and trustworthiness of our study, several methods were adopted to promote qualitative research validity. First, interpretive validity was used to accurately understand the participant's "viewpoints, thoughts, feelings, intentions, and experiences" (Johnson, 1997). To properly achieve validity, member checking

was used. After collecting, interpreting, and making conclusions from our data, the findings were shared with participants and other members of the research team so that the participants could judge the accuracy and credibility of the results. This is one of the most critical techniques for establishing credibility in the research (Lincoln & Guba, 1985).

Second, data were collected over an extended period. Using the extended fieldwork strategy, the researchers built rapport with the participants, which involved multiple visitations and correspondence with participants over an eight-month time frame (Creswell & Poth, 2016). This allowed sufficient time to study participants and their setting to establish behavior patterns (Johnson, 1997).

Last, the research underwent a multi-round peer-review process with "disinterested peer researchers" who were not involved in the study (Johnson, 1997). This helped improve the initial quality of the methodology and the overall quality of the data interpretations. The researchers also performed reflexivity to reduce the threat to validity in our study (Hammersley & Atkinson, 1995; Merriam & Tisdell, 2015). This process involved critical self-reflection by identifying potential predispositions and biases that may affect the research process and conclusions.

Data Analysis

The researchers developed a rigorous, innovative strategy to analyze and interpret the data based on the research questions addressing how rural business owners operate their businesses. After the interviews were conducted, the interviews were recorded and then transcribed for coding. The interviews were transcribed using QSR NVivo qualitative analysis software version 10 and then checked for accuracy against the recordings (Richards, 2014).
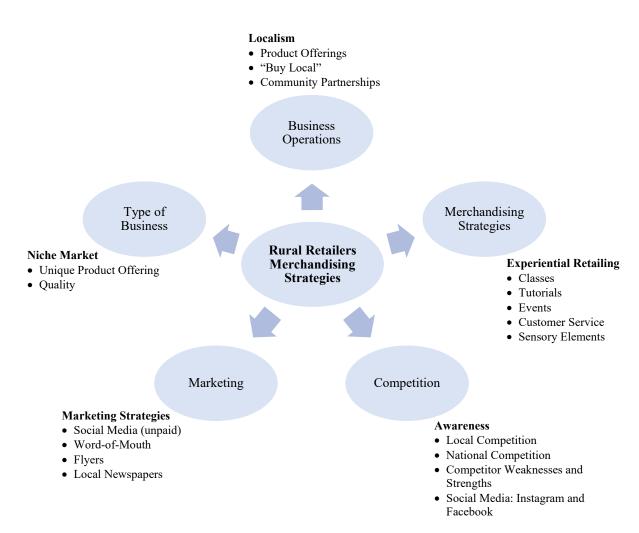
Following transcription, the researchers first used open coding methods recommended by Strauss (1987) to determine the initial categories that had similar properties and characteristics for each retailer. The researchers developed an open coding scheme that used sentence-by-sentence analysis of the transcribed interviews to identify categories of merchandising strategies. Frequency counts were used in the coding process to analyze repeated words or phrases found in the data (Namey et al., 2008; Ryan & Bernard, 2017). Second, axial coding was used to identify relationships between the categories and concepts. Researchers used the categories identified in the open coding process to determine how they were related to each other (Strauss & Corbin, 1998). Finally, selective coding was used to determine the core themes of the data (Strauss & Corbin, 1998). From the eight interviews, a total of five themes emerged. Only repeated themes found in at least three of the participant's interviews were included in the analysis.

Researchers in the data collection process also used memo writing. The memos ranged from detailed analysis of specific merchandising strategies to simple notes taken by the researcher. The memos helped to explain and confirm emerging concepts and relationships in the evolving theory.

Results

Data analysis resulted in five clear themes of merchandising strategies used by rural retailers. Merchandising strategies can be defined as a set of strategic methods intended to promote the goods and services of a business to increase sales and maintain a competitive product (Business Dictionary, n.d.). The emergent themes consisted of (a) localism, (b) experiential retailing, (c) niche market, (e) awareness, and (f) marketing strategies. These emergent themes provide a deeper understanding of the experience that rural retailers face. The emergent themes were then divided into subcategories. A concept map depicting these five themes is presented in Figure 1, and a summary of the results and sample statements of the analysis are shown in Table 1.

*Figure 1. **Concept Map of Rural Retailers Merchandising Strategies***

Localism
- Product Offerings
- "Buy Local"
- Community Partnerships

Business Operations

Type of Business

Merchandising Strategies

Rural Retailers Merchandising Strategies

Niche Market
- Unique Product Offering
- Quality

Experiential Retailing
- Classes
- Tutorials
- Events
- Customer Service
- Sensory Elements

Marketing

Competition

Marketing Strategies
- Social Media (unpaid)
- Word-of-Mouth
- Flyers
- Local Newspapers

Awareness
- Local Competition
- National Competition
- Competitor Weaknesses and Strengths
- Social Media: Instagram and Facebook

Demographics

Participants for the study consisted of a diverse group of small business owners from a rural county in Minnesota. Each participant had been in operation for over two years and had less than two retail locations. The business owners consisted of both males and females between the ages of 35-70 years old. The businesses were a combination of individual and family-owned and operated establishments from various industries, including men and women's apparel, home décor, second-hand merchandise, floral, and guns.

Localism

A prominent theme that emerged from the data was localism. In prior literature, localism was used in reference to a social movement that supports strengthening local economies and reducing dependency on nonlocal sources (Ciuchta & O'Toole, 2018). The localism movement advocates that consumers shop from local businesses in their town and not from big-box retailers (Kurland et al., 2012). Key components of localism within the retail context include shopping with your local retailer, producing goods locally or within the United States, and using local resources. Through the series of interviews, retailers identified local components as key merchandising strategies for their retail operations.

Merchandising strategies of the localism theme included local merchandise assortment, the "buy local" movement, and community partners. Localism is promoted through the retailer's merchandise assortment. All retailers in the study identified specific products they sell that were produced using local resources. For example, one retailer sold goods from both local artists and consignment vendors. These products consist of artwork, hand-painted furniture, and homemade signs. By incorporating local elements into their product offering, they created a unique product offering at their store, making them stand out from larger, national chains. In addition to product offerings, retailers indicated support for the "buy local" movement within their community. The primary goal of this movement was to strengthen and grow the local community. This can be achieved by keeping dollars circulating throughout local businesses rather than shopping at national chains (Kurland & McCaffrey, 2016; Myles, 2010). Retailers indicated doing this through two methods: (a) creating group events with other local businesses in the community and (b) forming partnerships with other businesses. The creation of these partnerships created repeat business for the stores and gave the stores added visibility in the community. Retailers were also able to use these partnerships for joint marketing initiatives to promote their local events.

Last, localism was seen through community partnerships. Local businesses indicated support from their local Chamber of Commerce, University Extension Office, and the Economic Development Commission office. These community partners provided support through business development opportunities and local marketing initiatives. Through these partnerships, businesses can stay visible and active in their local community. This is essential in the localism movement, which emphasizes support from the government in enhancing economic development

by encouraging purchases from independently-owned businesses in the area (Hess, 2009; Kurland et al., 2012). Community partnerships were also seen through donations to the local community. Retailers reported participating in local community auctions and donating unsold merchandise to local organizations, providing an opportunity to give back to their communities.

Experiential Retailing

The second theme that emerged was experiential retailing. Experience in retailing has become an essential component for retailers as a way to differentiate themselves from competitors. Offering a unique experience entices customers to visit the store and creates repeat customers. Experience in the retail environment can be in the form of an activity, event, or in-store customer service.

The retailers identified creating a customer experience as a strength of their retail operations. Experiential retailing for the retailers was also event-driven. Retailers created events to drive customers to their retail store locations. One way this was achieved is through in-store classes. The creation of classes for the retailers was found to drive consumers to the store and created an added profit for the retailers beyond just the merchandise assortment.

Customer service was seen as a key element of the in-store experience that made the retailers stand out from big-box competitors. Across all participants, retailers discussed their superior customer service offerings in the form of educated sales staff and customer relationship management. Educating sales staff was seen as a top priority for multiple businesses. Customers relied on the sales staff to educate them on their decision-making process and the product. In most retailers, sales staff were primarily the owners and a few part-time, trusted employees.

Finally, sensory elements were observed and discussed as a component of the consumer's overall store experience. Multiple retailers in the study indicated that the five sensory elements, including sight, smell, hearing, taste, and touch, were important elements of their merchandising strategies. The addition of these small sensory elements significantly impacted their overall customer experience in the store and added to repeat customers.

Niche Market

Participants indicated niche marketing was a common practice used by all rural retailers. A niche market is a subset of the market which is focused on a specific product offering. The market niche is identified through specific market needs such as price range, quality, and demographic needs (Teplensky et al., 1993). In a study by Parrish et al. (2006), niche marketing was found to be a strategy used by retailers to stand out from their competitors. Niche marketing was achieved by rural retails by carrying unique products not offered at big box stores.

In addition to unique products, quality of merchandise was identified as a top factor setting the interviewees apart from their competition. Customers will seek out specific retailers to get high-

quality merchandise that they cannot find at other retailers in the area. Customers would drive long distances of over a thirty-mile radius to visit the retailers. This was due to a lack of product offerings in their local areas and a desire for good quality merchandise that was limited in their surrounding area.

Participants noted they were not threatened by big-box local brick and mortar stores such as Wal-Mart or online retailers such as Amazon. The retailers felt their niche product offering differentiated them from these national stores and appealed to customers who were not satisfied with the online-only experience.

Awareness

A fourth theme identified from the interviews was awareness of the competition in the current retail landscape. Awareness was defined as being aware of the competitive market characteristics, including resources and market commonalities that other retailers used in their business operations (Kelly & Booth, 2004). By having an awareness of the competition, retailers were able to gain a competitive advantage over their competition. A strategic way to identify competition is through social media, such as Facebook or Instagram, which allowed the business owners to identify the potential competition and follow their activities.

Awareness was also discussed in terms of competitor weaknesses and strengths. Identifying positive and negative traits of competitors helped to strategically place retailers above their competition and differentiate themselves in the market. Sellers contrasted their products with competing products in the market and emphasized the unique aspects that made them superior against competing businesses (Product Differentiation, 2018). Retailers can use this to gain a competitive advantage by demonstrating that their products were unique to other sellers.

Marketing Strategies

Marketing Strategies emerged as the final dominant theme of the research. Rural retailers can use marketing strategies to gain visibility in the community and grow their business. Rural retailers indicated the use of primarily social media and word-of-mouth marketing tactics to reach customers. These two forms of marketing were free sources of advertising, relying on their existing customer network to generate future business. Social media marketing strategies included posting pictures of new merchandise, hosting events, and connecting with their local community. For word-of-mouth advertising, customers would use social media to share the retailer's post with their friend network. Also, the retailers relied on previous customers to promote their business to future customers.

Traditional marketing strategies, such as radio and the local paper, were also used to reach the retailer's community network. The use of these marketing initiatives was primarily event-driven, promoting their in-store events for a specific time. Some interviewees indicated working with the

local paper and radio to promote their in-store events, and others indicated being highlighted in the local paper with a feature story.

Finally, some retailers relied on new forms of technology to grow their customer base and create more awareness of their business outside their community. This was done through the use of third-party platforms, which already had a large customer reach. Retailers would market their products on these platforms, and then the third-party platform would connect the rural retailer with the customer. For some retailers, this brought in over 60% of their business. Although the use of technology was successful for some retailers, others indicated a lack of technology use in their business. Some reported not having a website or point-of-sale system for operating their business due to the financial cost associated with these third-party platforms; most felt that the additional use of technology was not a necessary expense to operate their business. Those who indicated they did not use third-party technology systems to run their business still reported using a social media platform, either Facebook or Instagram, to market their business. These platforms gave them the best reach to their customers in an affordable, easy-to-operate system.

Table 1. Themes and Sample Statements

Theme	Merchandising Strategies	Sample Statement
Localism	Local Merchandise	Dave and Maggie, home décor store owners, said, "We are getting our own candle line coming in, in which we have a local artist who is creating candles for us, and we are branding that ourselves."
	Community Partners	Rhonda, a clothing store manager, said, "Small towns are dying across the U.S., and the Chamber helps connect stores to their local community. Our local Chamber is very involved in supporting our business which helps create a buzz in our town."
Experiential Retailing	Creating a Customer Experience	Rachel, a women's clothing store owner, said, "I'm more, good with experience part of it because ladies like to come and have fun trying things on."
	Event-driven	Sandra, a floral farm owner, said, "My classes are huge! Everyone wants that experience, social gatherings type of thing, whatever a night out, that entertainment thing."
	Customer Service	Travis and Peggy, furniture store owners, said, "Customers rely heavily on the sales staff knowledge to make their final decisions."
		Tonya, a women's clothing store owner, said, "Most of my customers look to me for guidance on what to wear next, what brands, what will fit them; I have 20 years' experience in this."
		Rachel, a women's clothing store owner, said, "I will stay open late for specific customer requests and to meet their individual needs."
	Sensory Elements	Travis and Peggy, furniture store owners, said, "You know it's the little things, we play Beyoncé in the store, on Saturdays we serve coffee complimentary and just do little samplings and such. It's the little things that make us stand out."

Theme	Merchandising Strategies	Sample Statement
Niche Market	Product Offerings	Dave and Maggie, home décor store owners, said, "We carry unique brands tailored to our target customers. … We are constantly adding and removing brands to keep the assortment fresh for those that are repeat customers."
		Sandra, a floral farm owner, said, "Everything I grow is pretty much a novelty, unique item. I grow novelty flowers. I don't grow carnations or daisies, these are more California-grown product setting. Your baby's breath is all grown commercially in the greenhouse setting, so what I grow is more a novelty cut flower."
	Quality	Mary Ann, Guns and Amo owner, said, "People notice good quality merchandise and lesser quality merchandise does not last that long."
	Lack of Threat from Big-Box Retailers	Tonya, a women's clothing store owner, said, "Some people like to golf. Some people like to eat. Some people like to garden. Some people like to shop, and Amazon doesn't do it for them. They like to touch it. They like to feel it. They like to walk around. They like to go from one store to another, and that isn't satisfied through online."
Awareness	Self-comparison to Competition	Rachel, a women's clothing store owner, said, "They don't have a lot of merchandise, but what she has, she is like pushing out the door. Because the models are like modeling it every Tuesday on their Instagram, and they have a good customer base, I'm guessing. I'm thinking she probably does around $400,000 a year at least in sales, so she is doing three times more than me."
	Weakness and Strength to Competition	Rhonda, a clothing store manager, said, "her merchandising, and her display and her presentation, when you walk in the door, it's like you feel like you better buy something, you don't go in there without like knowing that and she has her clothing. I would like her to just come and organize clothing, but I know she probably never will. She has 2 or 3 girls working for her full time too, so she has a machine moving for her where it's just me on my own, and I'm like, what do I do?"
Marketing Tactics	Social Media	Dave and Maggie, home décor store owners, said, "We utilize Facebook a lot, and it has been phenomenal for us because for starters, it's free, and we have a lot of people that personally subscribe to our Facebook page for anything new that we might have coming in or any events that we might have coming up. We have had some very good participation of people sharing our posts, so we're able to reach quite a few people with anything new that we share."
	Word-of-Mouth	Janice, a floral boutique owner, said, "Ninety percent of what I do is all word of mouth, and because I'm at the two hospitals, the word-of-mouth from hospitals just is better advertising than anything you can do."
	Third-Party Platforms	Sandra, a flower farm owner, said, "I get a lot of my business from the third-party sites. Customers can go on and shop for their arrangement, and then the business gets sent to us from the site."

Discussion

The study gave insight into the experience of rural retailers' operations and experiences. The themes that emerged during the study indicate that rural retailers face unique challenges due to smaller populations and limited resources (e.g., Brennan & Lundsten, 2000; Hozier & Stem, 1985). The data implied that small rural retailers did not see big-box retailers as a threat to their business operations. This is contrary to previous studies, which found the entrance of large big-box retailers, such as Wal-Mart, into a rural community as an imminent threat to their survival (McGee & Peterson, 2000; Parnell & Lester, 2008). Big-box retailers can offer lower prices and a greater assortment of products; however, local retailers offer unique goods and services that customers cannot find elsewhere (Brennan & Lundsten, 2000). The retailers were strategic in their product offerings to their customers and their marketing efforts and connection with the local community.

To create a unique product assortment, retailers took two approaches. First, retailers sold locally-made products produced by local artisans or business owners as part of their merchandise assortment. Products consisted of a range of goods, including apparel, floral, art, and furniture. These goods created a unique product offering for retailers. Offering unique, local products enticed consumers to shop locally (Zebal & Jackson, 2019). Studies found that shopping locally helped boost the local economy by bringing money back to the community (Paddison & Calderwood, 2007; Smith & Sparks, 2000; Williams, 1997). Also, shopping locally can promote a cleaner environment (Kurland et al., 2012). When goods are produced within the community, they do not have to travel as far to get to the end consumer. This has a reduction in the product's environmental footprint (Kurland et al., 2012).

Second, each retailer had a specific product that they were selling, making them stand out from their competitors in areas such as brand selection and high-quality merchandise. Retailers differentiated themselves in the market by carrying a product assortment not found in large, big-box retailers (Brennan & Lundsten, 2000). The retailers also positioned themselves as destination retailers, enticing consumers to drive long distances to visit their store for reasons such as price, quality, service, merchandise selection, and entertainment (e.g., Hermann & Belk, 1968; Papadopoulos, 1980; Thompson, 1971).

Our data also suggested that retailers must have an awareness of the retail environment around them. This can be accomplished by developing relationships with external organizations (an essential strategy for small business development; Street & Cameron, 2007) and closely following the competition. The study participants were members of community groups, which featured like-minded business owners that shared similar passions and enthusiasm for their businesses. Having these groups created a sense of community amongst competitors, thus creating a common bond (Paddison & Calderwood, 2007). According to a meta-analysis by Street and Cameron (2007), by having membership in external organizations, small businesses

had increased access to business development and planning tools, external resources, and increased awareness of their competition in the community.

To stay connected and aware of the competition, participants used social media. Social media use resulted in increased awareness of competition, enhanced relationships with customers, the ability to reach new customers, and the promotion of products online (Jones et al., 2015). As small businesses operate on a smaller marketing budget compared to large big-box retailers, social media provides the ability to attract customers for free or lower cost compared to traditional marketing outlets (Jones et al., 2015). Each participant had a business page on Facebook or Instagram, which allowed them to connect with new and existing customers, market new merchandise, and follow other businesses.

In addition to social media, word-of-mouth marketing was another free source used. Word-of-mouth marketing relies on acquiring new customers through previous customer recommendations (Stokes & Lomax, 2002). Many participants found that previous customer recommendations were a primary source to gain new customers for the future. As these small businesses have a closer relationship with their customer, this was a successful marketing tactic (Vered, 2007).

Implications for Extension Educators

Extension educators can use these findings to help educate retailers on future best business practices. First, this can be achieved by creating educational opportunities within the community for business development in the areas of marketing, assortment planning, target marketing, and business operations (Kim et al., 2014). These areas, identified from the research, would help provide rural retailers with tailored support based on their business needs. As rural retailers have limited resources available to them in both time and money, a retail design seminar tailored to the specific needs of rural retailers can help guide rural retailers in best practices. Second, Extension educators can help connect local retailers to their Chamber of Commerce and Economic Development Commission office. As identified by the participants, local government organizations help to support retailers and make them visible in the community. Establishing a connection with the local government agencies is key to the success of rural retailers. This creates high visibility and provides support for businesses.

Third, Extension educators should recognize that rural retailers are not a heterogeneous group (Kim et al., 2014). Each rural retailer has specific business obstacles and customer demands that may create barriers to their success. Many retailers have not received formal training in the areas of retail management, merchandising, and entrepreneurship. Extension educators can design tailored technical support programs to work one-on-one with retailers to meet their specific industry needs. This can provide the added support needed by retailers to succeed in today's retail environment.

Limitations and Further Research

The qualitative methods employed for the study used the grounded theory to develop the theoretical framework for the study. Through a series of eight interviews, small business owners in rural Minnesota were interviewed to develop a deeper understanding of rural merchandising strategies and better understand the retailers' unique circumstances. This study is based on interviews with business owners who volunteered to be in the study from one rural county in Minnesota, so it was a convenience sample. Since this sample focused on just one county in the United States, it may not be generalizable to other rural businesses or other rural towns. But because this is a qualitative study, it is not intended to be generalizable to the entire population but rather to be context-specific to rural retailers merchandising strategies.

During the interviews, noticeable limitations emerged. First, the interviews were conducted in the retail store locations during business hours. As a result, the interviews were interrupted by regular business operations, such as telephone calls and customers. However, this provided additional observation opportunities for the analysis. In addition, the study was conducted in partnership with the University Extension office. Extension offices provided a connection to the community but may not provide a high level of theoretical foundation to the study.

This study was limited to the U.S. retail industry, but the findings could be translated to other countries facing comparable rural retailing issues. Similar research should be conducted in different countries and settings to develop a deeper understanding of the unique problems that rural retailers face. Future research can also be conducted quantitatively to determine the extent to which the variables studied influence rural retailer's business strategies. Other factors, such as the consumer point of view that did not appear in the study, could be investigated further. Thus, future research could explore rural retailing from a consumer's perspective and analyze their perspective of rural retailing merchandising strategies and barriers to shopping at these retailers.

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