

# When Stores Align

*American Independent Business Alliance co-founder Jeff Milchen explains how local businesses can band together—and brand together—to take advantage of the ‘strength in numbers’ approach big chains have been capitalizing on for years*

*By Emily Sinkins*

When Jeff Milchen, co-founder and outreach director of American Independent Business Alliances (AMIBA), was in Toronto for BookExpo Canada as a guest speaker for CBA Super Saturday, he was on the hunt for food. Just a few light grocery items to keep in his hotel room for snacking on during down time. He asked a clerk at the hotel's front desk where he might buy these items, and she directed him to a Loblaws Super Store a few blocks away. Upon making his purchases there, Milchen was chagrined to discover himself just steps from St. Lawrence Market, a massive bustle of independent vendors selling every kind of meat, produce and baked good imaginable—all fresh, all locally produced.

This anecdote demonstrates the work that needs to be done in creating awareness of locally-owned businesses now that big-name-chain stores have so masterfully developed their name recognition—and with it a sense of comfortable familiarity. They've managed to equate size and uniformity with convenience and satisfaction in the minds of consumers.

For independent businesses to survive in this branded age, they need to band together. They must recognize their common interests and strengths and then promote what their community of businesses, collectively, has to offer. Forming an alliance, creating group promotional materials (a local directory to be distributed in hotels, for instance) are first steps toward raising awareness of local businesses and changing the way people think about shopping—something AMIBA has been doing for years.

## **The beginnings of the Independent Business Alliance**

The origins of AMIBA, a non-profit organization dedicated to helping com-

munities and independent businesses thrive, can be found in Boulder, Colorado, where a little more than ten years ago, a bookseller named David Bolduc began talking to his fellow business owners about what could be done to fight the proliferation of outside-owned, chain stores in their community. (Bookstores have played a leading role in about half of the Business Alliance in the States, according to Milchen.) Inspired to act, these local business owners organized to form the first Independent Business Alliance (IBA). Less than a year later, word was spreading among communities across the country about the benefits of aligning; interest swelled, and AMIBA was formed. The organization has been helping citizens launch and successfully operate their own Independent Business Alliances (IBAs) ever since.

For stores defined by their independence, perhaps the alliance concept seems foreign. But bookstores have always partnered with like-minded organizations, libraries, schools, theatres, etc., to promote books, culture and literacy. To promote your business community, you just need to examine the bigger picture. “Think expansively about the types of businesses you want to engage,” says Milchen. This means including not only fellow retailers, but banks, utilities, restaurants, farmers, even your suppliers. There is “opportunity in reaching beyond businesses facing direct retail chain competition,” notes Milchen.

## **Redefining value**

Raising public awareness begins with debunking some of people's long held beliefs. Cheaper is better, as far as the average customer is concerned, and how can independents compete with chain stores on pricing? The first step, says Milchen, is “getting past the dominant paradigm of cheapness” and “getting

folks to think broadly about value.” You won't win a price war against Amazon, he explains, but you can communicate the value of a sales staff that is dedicated and knowledgeable.

Success in transmitting your message does not necessarily mean creating “independent purists,” say Milchen: “All you need to do is reach a broad spectrum and have a few more people spend a few more dollars locally.” And now—a time when investing in chains is risky, when, according to Milchen, “In the US, we have more empty Wal-Mart's than you do filled ones”—consumers are receptive to these messages. When chains are beginning to co-opt the term “local” in advertisements (which is why Milchen recommends the term “independent” instead), you know the mood in the marketplace is shifting.

There is plenty of proof that shopping locally is not just good for the shops, but good for the community. Dollars spent locally have a multiplying effect on the local economy. This “Multiplier Effect” means, Milchen explains, that 3-3<sup>1/2</sup> times as much money is coming into the local economy when a dollar is spent at a locally owned business rather than an outside-owned chain. There is three times the job creation, three times the tax revenue. Independents also give back about twice as much to communities as big box competitors (in local sponsorship, for one thing). These facts present a persuasive argument.

## **Get personal**

It's not all about the numbers, though. It's important to promote the personal angle, says Milchen. “Ultimately, you need to tell compelling stories—part of that is putting names and faces on all your independent businesses.” He shares an anecdote of a woman who frequented her local hardware store but had always

bought her books on-line ... until shopping in that hardware store and seeing a poster in support of local businesses prompted her to reconsider her web-purchasing ways.

### **Shopping as an experience**

Avoid the didactic and make your campaign fun, advises Milchen. Shopping at an independent store should be viewed as an enjoyable experience. Milchen provides some sample slogans from campaigns throughout the States that evidence this approach: “Keep Louisville Weird,” “Local Spoken Here” (Austin) and “Keep it Querque” (Albuquerque). Another store proclaims on its gift cards, “This Gift was thoughtfully purchased at an independent locally owned business in Portland.”

### **Convenience is key**

Convenience is a buzzword with the chains, so in order to compete you have to make shopping locally just as easy for the time-pressed public. An online directory of members of your business alliance is a must-have. “Don’t let big competitors seize all the opportunities,” says Milchen. They capitalize on inter-store dependence in many ways that you and your fellow alliance members can emulate—gift cards that can be used from store to store, for example, or volume purchasing. Milchen tells of a group of local cafés that together purchased a large quantity of cups with all of their names on them. Not only did these cups cost them less in the initial order, but the cafés ultimately negotiated a way for each store to buy on demand while still taking advantage of volume discounts.

### **Address your audience**

“Think about your various constituencies and what message is going to appeal to them,” Milchen suggests. A magazine-

friendly message might be “You’re not a clone, why shop at one.” For students, humour and irreverence always go over well. With various types of businesses involved, you’ve got a wide and varied audience: the cross-promotional potential is significant.

### **Play to your strengths**

Independents have advantages chain stores do not, says Milchen. They can respond more quickly to changes in the market, and they “have the discretion to make decisions not entirely about the bottom line.” He offers by way of example a store owner who installed solar panels. It was a decision made out of environmental concern, and it helped

can be few that demonstrate the great potential of a concerted independent business alliance campaign as well as Austin, Texas—a city so committed to keeping its diverse, distinct identity that it commissioned an Impact Study when a Borders store loomed on the horizon. The municipal government was offering a \$2.2 million subsidy to this proposed ‘anchor store’ for a downtown development. Based on the study’s findings, the government pulled the subsidy off the table and Borders walked away—saying, in effect, or so Milchen believes, “we’d rather not compete on a level playing field.” With the help of AMIBA, Austin’s Independents were able to “fundamentally transform a devastating decision by


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identify the store as prioritizing energy conservation over profit. And, as it turned, out “Their somewhat altruistic decision became a solid bottom-line decision.” The environmentally friendly angle is one local businesses should certainly play up. The desire to save fuel—and save money on paying for high-priced gasoline—has created a real disincentive for shopping at far-off shopping centres.

### **Success story**

Where case studies are concerned there

local government.” And by the end of it all, the government and the people were behind the Independent cause, reclaiming their communities.

“Building the culture of support for independent businesses is the most important thing our IBA can accomplish,” concludes Milchen. The most important thing for booksellers: “Go back home and take some action.” 

*For more information about American Independent Business Alliance, visit <http://www.amiba.net/>.*