

SMBs GET SOCIAL, SPOTLIGHT BRAND VALUE TO STAND OUT

In today's retail climate, with traditional brands struggling to engage consumers and reel in sales, smaller retailers have a gigantic opportunity to stand out. SMBs can take advantage of consumers' desire for differentiated offerings that provide more experiential and personal journeys, using their nimble nature to set themselves apart from competitors.

It appears SMBs have been doing just that in recent years, **with the top 25 retailers (excluding Amazon) losing 0.9% of their combined retail market share to small- and mid-level players.** 🐦 That market share shift translated into \$41 billion in sales in 2015, according to the *Deloitte Retail Volatility Index*. Whether it's within their limited store space or via their e-Commerce offerings, SMBs are taking advantage of a new reality in which:

- The brand has become more valuable to the SMB's success than ever before;
- Storytelling drives word of mouth marketing;
- Social media communication bridges the gap between SMB owners and consumers; and
- Small Business Saturday continues to bring in revenue, awareness and new customers.

Brand And Consumer Connections Rise Above The Fray

Today, retail competition is fierce whether a brand is top-of-mind with a large audience or known to only a few. With many businesses selling commodity products that also can be found in brick-and-mortar stores or on e-Commerce sites, every company must focus on a unique brand experience, especially smaller retailers.

"The number one factor that all small businesses have to deal with is deciding what your brand is and who you are," said Laurie Hammersmith, General Manager of **Farm & Home Hardware**, a garden center and retailer of power equipment, paint and lumber. "Try and figure out your 'why.' Why are you still here? Why are you in business? What separates you from others?"

In the case of Farm & Home Hardware, which operates one shop in Wellington, Ohio and an [e-Commerce site](#), part of building the brand experience included creating a consistent logo for all products, and introducing a "Best Rewards" loyalty program and a personalized direct mail strategy powered by media delivery platform Valassis.

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- DELOITTE RETAIL
VOLATILITY INDEX

The Farm & Home Hardware team marketed the direct mail program locally to current and potential shoppers, to increase pool supply sales and gain new customers. The retailer combined its own customer data with Valassis' data to tailor images, messages and names to the individual postcards mailed out.

Even with only one store, the pre-summer marketing campaign for Farm & Home Hardware generated tremendous results:

- **440% return on investment;**
- **Redemption rate increase to 5.7% (above the industry average of 3% to 4%);** 🐦 and
- Customer acquisition success, with 46% of redemptions coming from new customers.

In an industry dominated by big players such as **Lowe's** and **The Home Depot**, Farm & Home Hardware's results illustrated the importance of creating a strong brand connection, one that larger retailers may not be able to forge on such an intimate level.

"It still goes back to being the consumer, and for any strategy I try to think of myself as the consumer," Hammersmith said in an interview with *Retail TouchPoints*. "We're small and family oriented, so we have to own that and be that store that remembers your name, cooks burgers for the high school football team, raises money for your local social services organization, or makes arrangements to set up a fountain at an old lady's house when she needs it. Everything that everybody wants to get access to, our brand needs to be part of to be that hometown store."

These efforts tell stories about what the brand represents, giving consumers a relatable narrative that remains fresh in their minds. SMBs can create stories by hosting events, creating how-to guides for products or uploading videos to YouTube in the hope of going viral.

If shoppers are satisfied with their experience with the brand, they may share their own stories with family and friends to create positive word of mouth. Then SMBs can develop brand advocates without draining their (generally limited) marketing budgets.

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- LAURIE HAMMERSMITH,
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"Businesses need to take that extra time and invest it in their customers," said Brian Moran, a consultant for SMBs and Publisher of SmallBusinessEdge.com. "If I have a good experience, I'll tell everyone I know. Retailers need to be storytellers, they need to use content to tell their story and they need to get their customers to become their advocates to also help tell their story. The story needs to be a simple one; the less complex it is, the easier it is to tell. It makes people who haven't shopped there more interested in coming in and becoming one of their advocates. But if you offer none of this and there's no personality behind it, how do you compete?"

Small Business Saturday Sets Tone For Yearlong Success

Perhaps the greatest opportunity for SMBs to tell their own story occurs during Small Business Saturday, which took place this year on Nov. 26, the day after Black Friday. While Black Friday is actually becoming more known for its e-Commerce sales bonanza than traditional in-store traffic jams, the results from Small Business Saturday prove that consumers are drawn to shopping locally.

American Express created Small Business Saturday (SBS) in 2010 to support local businesses. In its seventh year, the initiative has captured the attention — and opened the wallets — of an increasing number of consumers.

Shoppers spent \$15.4 billion in retail stores and restaurants on SBS, according to the *Small Business Saturday Consumer Insights Survey* released by the National Federation of Independent Business (NFIB) and American Express. **An estimated 112 million consumers reported shopping at small businesses on SBS, marking a 13% increase over 2015. 🐦**

"It's encouraging to see that at a time when increasing numbers of consumers are opting to shop online, that they are choosing to also spend some of their holiday shopping on Small Business Saturday," said Nicole Leinbach-Reyhle, the Spokesperson for Small Business Saturday. "They're prioritizing visiting brick-and-mortar shops on the day and beyond, thanks to that #ShopSmall message that has really resonated with customers."

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- SMALL BUSINESS
SATURDAY CONSUMER
INSIGHTS SURVEY

Social Media Captures Shoppers' Hearts And Minds

Part of what makes Small Business Saturday such a key driver for the rest of the holiday season is the **social media engagement** that drives consumers into local stores.

From Nov. 1 through Nov. 26, there were nearly 250,000 social media posts on Facebook, Instagram and Twitter using #ShopSmall, #SmallBizSat and/or #DineSmall, and more than 150,000 were posted on Nov. 26 alone. 🐦

"A lot of this engagement has to do with the businesses themselves that are supporting Small Business Saturday and the 'Shop Small' message year-round," Leinbach-Reyhle said in an interview with *Retail TouchPoints*. "A big part of that is using that hashtag #ShopSmall. That has a huge influence on customers. We live in a social media-driven world, so certainly that impacts how customers are making decisions about how they're spending their time."

While social media has kept Small Business Saturday fresh in the minds of consumers, SMBs can leverage what they learn from this outreach to continue momentum throughout the year.

Data indicates that the overwhelming majority of SMBs understand the importance of social media as a business driver. To raise their companies' profile, 89% of small business retailers will utilize social media this holiday season; of those, the greatest number are using Facebook (81%), according to the *American Express Holiday Growth Pulse*, a survey of 1,500+ SMBs.

"Social media makes someone who stands alone as a small business or an independent business suddenly become involved in something bigger in the sense of numbers," Leinbach-Reyhle said. "These business owners can leverage hashtags, SEO and search, whether incorporated into social media or even email marketing, so what is a singular business now has a much larger audience that they are linked in to. Since customers use it as well, it works both ways."

Over the past 10 years, social media has helped rebuild a severed relationship between many SMBs and their consumers. In the second half of the 20th Century, the growth of large shopping centers and strip malls helped longstanding brands thrive, and pushed "Main Street" retailing into the nostalgia column. These days, social media can bridge the communication gap between small business owners and consumers.

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- THE AMERICAN EXPRESS HOLIDAY GROWTH PULSE

However, Moran of SmallBusinessEdge noted that the onus is on small business owners to extend themselves and talk to their consumers, in order to understand which social platforms they prefer. That way, brands can set their own strategy based on the demographics of their target shoppers.

"That turns a cold call into a warm introduction," Moran said in an interview with *Retail TouchPoints*. "Around 15 to 20 years ago, the retailers controlled the discussion. It was a really a monologue. They would advertise in traditional media like the local newspaper, TV or radio, and they would talk about what they had going on, such as sales or new products that came in, and people would come in. Now, the majority of the shopping is done before the consumer even steps foot in the door. You know exactly what you want, if the store has it, how much they're selling it for and how much other stores are selling it for, so you have a much more informed consumer."

Success Depends On Proactivity

Since today's knowledgeable consumers can be quite picky about where they want to shop, SMB retailers are going to have to meet these consumers at every step of the way, whether through targeted marketing, storytelling, brand advocacy, upgraded e-Commerce experiences, social media engagement or Small Business Saturday promotions.

Given that so many tools are now in place for these businesses to compete with larger retailers, it's now up to small business owners to educate themselves about where their operations can improve.

"The business owners need to be proactive in their approach to business," Moran stated. "They can't treat it like a hobby, and they can't claim they don't know how to take certain steps necessary to succeed going ahead."

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- BRIAN MORAN,
SMALLBUSINESSEGE.COM



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