District Revitalization Tools: Business Development and Marketing

11.439 Revitalizing Urban Business District
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Why Business Development & Retention?

- Independent small firms are the core of most neighborhood districts.
- Their viability and quality is critical to attract customers, keep buildings occupied, and improve the physical environment.
- Merchants need skills, support and sophistication to address increasing competition.

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Small Business Development Tools

- Entrepreneurial Development Corporations
- Microenterprise Development
- Financing Programs
- Technical Assistance Programs
- Ombudsman Offices
- Small Business Incubators
- Mercados
- Business Networks and Associations
- Business Calling Programs
- Community Business Ownership
- Procurement/Set-aside Programs
Core Business Development Activities for MS Programs

- On-going communication and outreach
- “Basic” technical assistance
  - City permitting and licensing
  - Design assistance
  - Business planning and problem-solving
- Partnerships for access to capital
Business Development
Challenges

- Collective capacity: understanding how firms’ success is linked & potential for common action
- Expanding markets served by businesses:
  - Key issue in New Orleans with reduced population
- Providing specialized services for industry-specific needs and to advance commercial district goals
- Addressing displacement threats from rising commercial rents and/or changing neighborhood demographics
Building Collective Capacity

- Learn & organize around business owners’ concerns
- Bring business owners together to build trust, share experiences, discover common concerns, see new possibilities
- Foster business interaction & trust-building in activities
- Organize cooperative services to benefit firms:
  - Cooperative advertising
  - Joint purchasing of general business services, e.g., insurance
  - Cost-sharing for district wide cleaning or security
- Separate business associations
  - Strengthen collaboration and voice
  - Needs dedicated leadership & volunteers to be sustainable
  - Facilitate communication with and services to businesses
Expanding Market Access

- Merchants often serve small markets and lack knowledge and resources to expand their markets
- Link district marketing and business development to grow markets
  - TA to help firms understand and capitalize on new markets
- Success factors from access to market initiatives:
  - A business with a growth-oriented outlook
  - Sustained engagement often for one to two years
  - Services customized to individual business needs
  - Industry-specific expertise and assistance
- Service delivery models:
  - Guided choice: work with entrepreneur to assess needs and get the right assistance
  - Industry-based services tailored to firms in one industry
Specialized Business Development Services

- Specialized assistance is needed to address unique industry needs and district-specific agendas e.g., crime prevention, window displays, customer service, etc.

- Options to supply specialized services:
  - Formal service delivery network via agreements with private, non-profit and government entities (NYC Business Outreach Network)
  - Partnership to deliver a specialized training and services (Boston Economic Justice Program for legal services)
  - Fund for purchasing specialized TA
  - Training on specialized business needs (District del Sol, CBN)
  - Use business incubator, retailing venue or program to deliver and jointly fund specialized services, e.g., shared kitchens, mercados, food courts, and business kiosk programs
Business development can help firms avoid displacement:
- Improve owner’s capacity to manage business profitably and respond to changing markets

Other approaches address real estate issues:
- Assist businesses to secure long-term leases for their location
- TA and financing to help merchants acquire their buildings
- Develop commercial condos for small businesses
- Develop properties with dedicated space & affordable rents for small business
- Advocacy to include dedicated space for small businesses next to chains in new projects
- Flexible and subsidized lease structures
- Community land trust or land conveyances with long term leasing obligations for independent businesses
Marketing Goals

- Build a positive image for the district
- Expand customer base and patronage by existing customers
- Strengthen district role as a community/social center
- Recruit new businesses
- Public relations for the revitalization program
- Set priorities based on local vision, conditions and strategy:
  - Image-building and customer marketing may be deferred until crime is reduced and the business base grows
  - Business recruitment is a lesser priority for developed and occupied districts, but consumer marketing is more important
- Distinct initiatives are needed to advance each goal
District image is shaped by physical, economic and cultural characteristics

Requires a comprehensive approach:
- Identify/define district assets to promote positive image
- Articulate an image based on reinforcing assets that are consistent with vision. Combine physical/visual components and activity/use components in the image.
- Considering renaming district to help promote new image
- Create consensus and buy-in for image and the plan to promote it
- Promote image in an integrated way with physical improvements, signs, public art, individual and collective ads, public relations, and special events
- Emphasize businesses that contribute to the image in advertising and recruitment
Marketing for Customer Attraction

- Target marketing by customer segment
  - Identify the customer groups to attract
  - Define the attractions or reasons for each segment to visit the district—the value proposition for that group
  - Customize marketing information and appeal by each segment and its corresponding value proposition
  - Create specific tools (ads, brochures, news articles, etc.) for major segments
  - Find good marketing media or distribution channels to reach target market segments
- Sustained marketing effort to generate results
District del Sol

- Targeted St. Paul tourists as market
- Cooperative ads in convention & visitor’s guide
- District logo used in business ads
- Included in city cultural guide
Events & Promotions

Type of event needs to reflect goals and audience
- Large events shape and strengthen district image
  - Stockyard Stampede, Cinco de Mayo festival
- Local events enhance district’s role as a community center
  - National Night Out, Hands Across Egleston Square
- Successful regional events can have a large impact on re-imaging and market expansion
- Promotions are typically sales and shopping-oriented
  - Holiday shopping promotions (“Boston Unwrapped”)
  - Back to school sales
  - Store openings
- Long-term promotions to foster shopper loyalty
  - CISA “Be A Local Hero” Campaign
  - Frequent shopper programs
    (Boston Community Change)
Marketing for Business Recruitment

- “Control” of real estate that recruits will occupy is critical
  - Cooperative recruitment by landlords
  - Understandings with individual landlords on target uses and businesses
  - Formal right of refusal for assisted projects
    - Payne Ave Main Streets in return for façade grants
  - Develop your own property
- Management of district vision
Use Formal and Informal Recruitment Methods

- **Formal Recruitment**
  - Define targets for business types and individual stores
  - Approach target firms to encourage them to locate in the district
  - Prepare recruitment package with information on market, vacant spaces, revitalization vision and program, incentives
  - Build relationships with commercial brokers

- **Informal Recruitment**
  - Fostering word of mouth interest
  - Use individual contacts
  - Organizational/community wide “recruitment culture”
  - Attracting tenants via attracting developers
  - Press coverage
Evaluate Marketing Results to Assess Effectiveness

- Promotions tied to specific ads/media to test their impact
- Merchants can track their shoppers & how they learned about the store/district
  - Conversations, credit card receipts, zip codes
- Frequent shopper programs
- Surveys