11.439 Revitalizing Urban Main Streets
Spring 2009

District Revitalization Tools: Business Development and Marketing
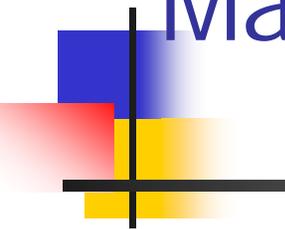
11.439 Revitalizing Urban Business District

April18, 2009

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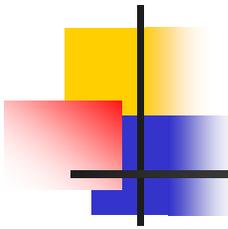
Small Business Development Tools
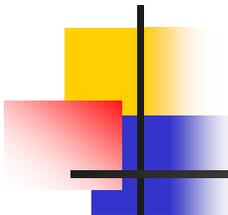
- Entrepreneurial Development Corporations
- Microenterprise Development
- Financing Programs
- Technical Assistance Programs
- Ombudsman Offices
- Small Business Incubators
- Mercados
- Business Networks and Associations
- Business Calling Programs
- Community Business Ownership
- Procurement/Set-aside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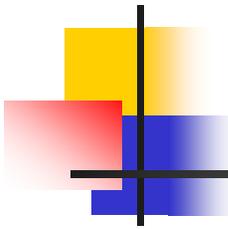
# Core Business Development Activities for MS Programs

- 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
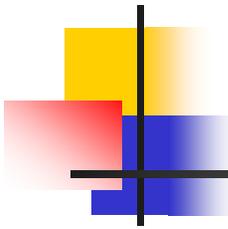
Building Collective Capacity

- 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
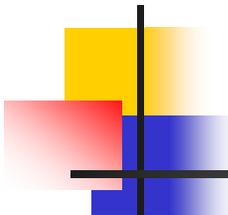
Expanding Market Access

- 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
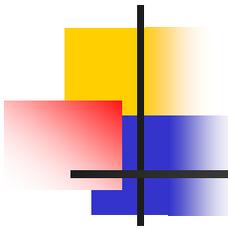
Specialized Business Development Services

- 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
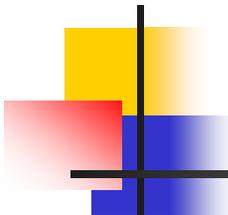
Gentrification & Displacement

- 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
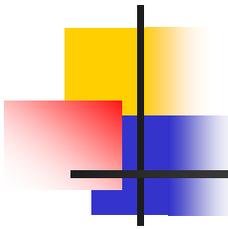
Marketing Goals

- 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
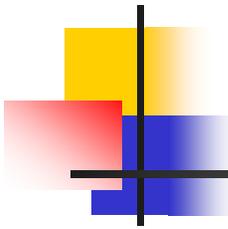
Image Building

- 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
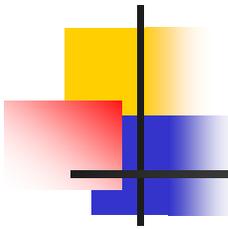
Marketing for Customer Attraction

- 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
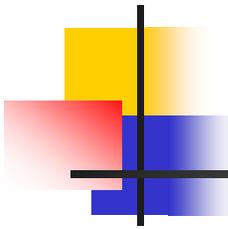
District del Sol

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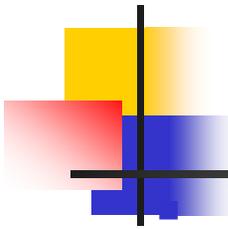
Events & Promotions

- 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)
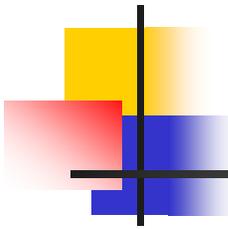
Marketing for Business Recruitment

- "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
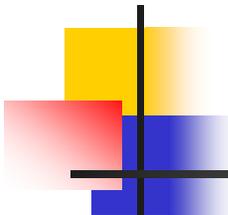
Use Formal and Informal Recruitment Methods

- 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
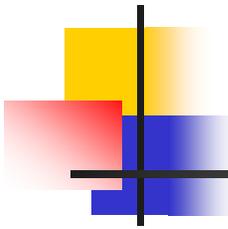
Evaluate Marketing Results to Assess Effectiveness

- 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