

AN ABSTRACT OF THE THESIS OF

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Title: Inshopping In Rural Communities: Consumers' and Retailers' Perceptions

Abstract approved:

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The ever changing nature of the retail industry, and the additional challenges of doing business in a rural area, mean that retailers in rural communities face a unique situation that makes them especially vulnerable to outshopping by rural consumers. Therefore the purpose of this study was to investigate factors which ultimately affect inshopping behavior. Based on Ajzen's (1988) Theory of Planned Behavior, this study examined the roles of community attachment, satisfaction with local retailers, and local retailer loyalty on inshopping as both an intention and a behavior through a consumer survey in three rural Oregon communities. Retailers in those communities were also interviewed in order to gain a better understanding of the challenges that rural retailers face and the threat that outshopping poses to their businesses' success. Retailers answered questions about their specific business, their communities, and their customers.

Path analysis using maximum likelihood estimation was used to test the proposed model. The results of the path analysis showed that (1) community

attachment is positively related to local retailer loyalty, (2) satisfaction with local retailers is positively related to local retailer loyalty, (3) satisfaction with local retailers is positively related to inshopping intention, (4) local retailer loyalty is positively related to inshopping intention, and (5) inshopping intention is positively related to current inshopping behavior. Although the direct influence of community attachment on inshopping intention was not found to be significant, community attachment was indirectly related to inshopping intention through local retailer loyalty.

The retailer interviews revealed that retailers viewed their communities positively overall, but often described them as economically depressed. The limited population base in rural communities was viewed as the biggest challenge faced by these retailers. Outshopping was viewed as somewhat of a problem, but as an unavoidable reality of doing business in a rural community. Rural consumers were thought to differ from consumers in general because they generally shop with a purpose in mind and rarely shop for purely recreational purposes. Retailers also observed that there appear to be several groups of consumers. Some emphasize shopping locally, while others are more focused on price and selection.

Based on the integrated findings from the consumer surveys and the retailer interviews practical implications are presented. The results of the consumer surveys in this study suggest that elements involving both the community and the retailer influence local retailer loyalty and ultimately inshopping by rural consumers. This has implications for rural retailers and rural communities who wish to reduce market leakage in order to improve the economic vitality of their communities.

The retailer interview results show that outshopping is a concern for rural retailers, but a phenomenon they often feel is inevitable. Retailers pointed to the fact that they are not be able to meet the needs of many outshoppers because these consumers have different needs and desires than their own customer base. However, they also indicated that many rural consumers may not accurately perceive the retail offerings in their own communities.

The limitations of this study include the use of a convenience sample which resulted in a highly educated sample with a high income. This restricts the generalizability of the findings. Additionally the nature of the final sample prevented comparisons between communities from taking place and means that it is impossible to tell if the findings of this study are unique to the community in which most of the consumer surveys were collected.

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Inshopping In Rural Communities: Consumers' and Retailers' Perceptions

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Katy L. Mullis

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I understand that my thesis will become part of the permanent collection of Oregon State University libraries. My signature below authorizes release of my thesis to any reader upon request.

Katy L. Mullis, Author

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CHAPTER 1: INTRODUCTION

1.1 Overview

The retailing industry continues to change. Big box giants with rock bottom prices have grown to dominate the industry. Category killers provide a depth of assortment that is unmatched. Consequently, smaller, locally-owned stores are on the decline (Vias, 2004). The result is that there are now fewer and larger stores and the retailing environment is increasingly hostile for the small, independently owned retailer.

For retailers in rural areas the challenge is even greater. Rural America is also changing. Rural retailers face unique challenges as rural communities shift away from the traditional resource-based economies they once depended upon. As rural communities make this transition, community values are also changing. Rural communities today are, in general, more connected to the outside world, and as such are affected more by urban influences. The changing structure of business, and of government, also means that more decisions are made outside of the local community (Castle, 2002).

The changing structure of the retail industry, along with the changing nature of rural America, present rural retailers with unique challenges. One of these is the phenomenon of outshopping. In rural communities especially, outshopping consumers travel outside of the local community to purchase goods and services. They leave in search of access to credit, specialty stores, department stores, larger assortments,

specific brands, lower prices, and entertainment (Samli, Riechen, & Yavas, 1983). They also take their retail dollars with them.

When dollars that are earned in the community are also spent in that same community, a multiplier effect takes place (Gale, 1995). As these dollars are spent and respent, the impact of those dollars increases. However, if rural consumers leave their communities to shop, dollars flow to outside communities. This may mean that even if a rural community is gaining jobs and industry, the local economy may not prosper if the income earned in those new jobs is spent elsewhere.

In many ways Oregon is representative of these changes taking place in rural America. Oregon's nonmetropolitan counties characterize a variety of the conditions in rural areas. Population change, poverty levels, education levels, income levels, economic dependency, and unemployment are all characteristic of national trends in rural communities (Rural Policy Research Institute, 2006; USDA Economic Research Service, 2006b). Furthermore, these factors vary across Oregon's nonmetropolitan counties, representing a variety of rural conditions.

1.2 Problem Statement

Rural retailers are especially vulnerable to the effects of outshopping by rural consumers. One study found that 20% of all expenditures made by consumers in rural communities were purchases made out-of-town (Papadopoulos, 1980). Others suggest that in some places as many as two-thirds of the retail dollars expended by residents in a community are spent in larger towns (Gale, 1995).

Outshopping poses a significant threat to the viability of rural retailers, but it also affects rural communities as a whole. When residents patronize local retailers,

they keep their dollars in the local community. The multiplier effect magnifies the impact of these dollars, which in turn encourages job growth and economic development in the community by encouraging other small businesses to enter the market (Gale, 1995).

Research on outshopping has generally been focused in two areas. The first area, which includes much of the early work on outshopping, involves measuring outshopping behavior and identifying outshopping consumers. Research has concentrated on identifying the demographic, and to a certain degree psychographic, characteristics of consumers most likely to outshop (Miller & Kean, 1997a; Pinkerton, Hassinger, & O'Brien, 1995; Reynolds & Darden, 1972). There has also been a focus on identifying the extent to which outshopping takes place and the products most likely to be purchased outside the community (Pinkerton et al., 1995; Thompson, 1971). The second area of outshopping research involves exploring the relationship between retailers and consumers. Outshopping has been examined as it relates to satisfaction with local retailers (Herrmann & Beik, 1968; Miller & Kean, 1997a; Samli et al., 1983). There has also been an interest in how the reciprocal relationship between retailers and consumers in small communities affects outshopping behavior (Miller & Kean, 1997b).

Where prior studies have included the concept of local retailer loyalty (e.g., Noble Griffith, & Adjei, 2006), few have distinguished between the concepts of local retailer loyalty and inshopping and examined these as two separate constructs (e.g., Hozier & Stem, 1985). Consequently, also not previously explored is how the two separate constructs might be related and how local retailer loyalty may mediate the

relationship between inshopping and other variables. Furthermore, few studies have examined how constructs relating to both the retailer and the community may together influence these patronage decisions (e.g., Miller & Kean, 1997).

Whereas loyalty and outshopping have been explored from the consumer viewpoint, little research has explored the perceptions of rural retailers regarding their own customers and the impacts of outshopping. One study found rural consumers perceive that local retailers are not always attentive to their needs, which may impact consumers' patronage behavior, indicating that retailers' perceptions are important to consider when examining patronage behavior (Miller, Kean, & Littrell, 1999a). However little has been done to assess the perceptions of these retailers. Retailers' own perceptions, observations, and experiences may provide additional insight into outshopping and the needs of rural consumers.

1.3 Purpose of the Study

The purpose of this study was to explore factors influencing rural consumers' inshopping intentions and behaviors. In particular, this study aimed to examine (1) how community attachment and satisfaction with local retailers influence local retailer loyalty and inshopping intention, (2) how local retailer loyalty is related to inshopping intention, and (3) how inshopping intention and current inshopping behavior are related. This study also aimed to examine rural retailers' perceptions of their communities and their customers and the degree to which rural retailers feel threatened by outshopping. A consumer survey was administered in three rural communities in order to measure community attachment, satisfaction with local retailers, local retailer loyalty, and inshopping intention and behavior of rural

consumers. Retailer interviews were also carried out to gain a better understanding of the perceptions retailers have regarding their communities and their customers and the challenges they face.

1.4 Hypotheses

Based on a review of literature, and incorporating Ajzen's (1988) Theory of Planned Behavior, the following hypotheses were developed:

- H1:** Community attachment is positively related to local retailer loyalty.
- H2:** Satisfaction with local retailers is positively related to local retailer loyalty.
- H3:** Community attachment is positively related to inshopping intention.
- H4:** Local retailer loyalty is positively related to inshopping intention.
- H5:** Satisfaction with local retailers is positively related to inshopping intention.
- H6:** Inshopping intention is positively related to current inshopping behavior.

1.5 Definition of Terms

Attitude: Part of Ajzen's (1988) Theory of Planned Behavior; beliefs about an attitude object based on salient information about that object; result from an individual's assessment about the outcomes associated with a given behavior.

Behavior: The final outcome variable in Ajzen's (1988) Theory of Planned Behavior; an overt action response based upon intent.

Community Attachment: The sociocultural relationships or bonds between individuals and communities; commitment to a community (Gerson, Stueve, & Fischer, 1977; Williams, Patterson, Roggenbuck, & Watson, 1992).

Inshopping: Purchasing goods and services from within the local community instead of traveling to another community to shop (Miller, 2001); the opposite of outshopping.

Intention: Stemming from attitudes, behavioral dispositions closely tied to the subsequent behavioral response; intent to undertake a certain behavior; part of Ajzen's (1988) Theory of Planned Behavior.

Local Retailer Loyalty: A consumer's commitment to continually patronize retailers within their own community; refers not to a specific retailer, but to local retailers in general.

Local Retailers: Independent business establishments in rural communities that are owned and operated locally, as opposed to chain stores, which are owned and controlled by individuals outside of the community.

Loyalty: A consumer's commitment to patronize a retailer or buy a product or a brand in the future; this commitment is strong enough so that situational and marketing influences cannot cause store/product/brand switching behavior (Oliver, 1999).

Outshopping: When a consumer travels outside of their own local community to purchase products or services in another community; usually defined by frequency or percentage of total purchases (Reynolds & Darden, 1972; Samli et al., 1983); the opposite of inshopping.

Satisfaction: A consumer's judgment of a product, service, or retailer, against a standard or expectation, resulting in a pleasurable outcome (Oliver, 1997).

Satisfaction with Local Retailers: Defined for the purposes of this study as a consumer's judgment of the entirety of a community's retail offering in the areas of price, selection, merchandise quality, service quality, and convenience/location.

CHAPTER 2: REVIEW OF LITERATURE

2.1 Rural America

2.1.1 *Why Rural Matters*

In 2005 49.9 million Americans lived in areas classified as rural, and nationally that number is growing (USDA Economic Research Service, 2006b). Whereas this number is only approximately 5% of the nation's population, rural places account for 97% of the nation's land area (Drabenstott, 1999). In Oregon, 25 of the state's 36 counties (approximately 70%) are classified as nonmetropolitan (a common classification of rural), but only 23% of the state's population resided in one of these counties in 2005 (Yohannan, 2006). As rural areas, these places face unique challenges. While rural communities are increasingly connected to the outside world (Castle, 2002), distinct differences still exist in the economic and social makeup of rural communities.

These differences are even more pronounced for businesses and retailers in rural communities. One out of nine consumers in the U.S. lives in a rural market (Frenzen & Parker, 2000). Furthermore, evidence exists that rural consumers do in fact want to patronize local retailers (Miller et al., 1999a), indicating that a distinct rural consumer segment does exist. In fact, most consumer behavior research relies on this distinction and focuses on rural consumers or urban consumers alone.

2.1.2 *Defining Rural*

One common method of defining rurality is the system developed by the U.S. Office of Management and Budget, which classifies rural places at the county level (USDA Economic Research Service, 2007b). The system distinguishes between

metro and nonmetro, or rural, counties and then further classifies nonmetro counties into micropolitan and noncore counties. Metro counties refer to those with at least one urbanized area with 50,000 people or more or counties that are economically tied to urbanized areas through commuting by 25% or more of those employed. Nonmetro counties are those that do not meet metro status. These nonmetro counties are further classified into micropolitan and noncore counties. Micropolitan counties have urban clusters of 10,000 people or more. Noncore counties do not.¹

2.1.3 Rural Economic Environment

Once largely agricultural communities, transformation in the agriculture industry has been a catalyst for much of the change in rural America (Rogers, Burdge, Korsching, & Donnermeyer, 1988). Productivity in farming has increased, but the number of agricultural workers and the number of farms has decreased. Farming as a way of life has been replaced by the business of agriculture. For many who farm, it is no longer their primary occupation, and relationships with government and industry groups are increasingly necessary for survival. As a result, the nature of many rural places is changing, as is the economic base of many of these communities.

Beyers and Nelson (2000) identified six general themes that are currently taking place in rural development. First, while many rural economies are transforming, many are still heavily dependent upon resource based industries, such as agriculture, forestry, and mining. When rural communities develop economically, new economic activity develops alongside existing resource-based activities but does

¹ While this is a common definition, and is one of the primary definitions used by federal agencies, researchers often define rural in different ways depending on the purpose of the study and the place where the study takes place.

not replace these traditional economic industries. Second, the presence of highly specialized niche manufacturing provides evidence of an entrepreneurial spirit in rural areas. Third, migration to rural areas is increasingly motivated by quality of life factors, many of which are based on the presence of environmental amenities. Yet as new members enter the community others are displaced, so significant out-migration still occurs. Fourth, population increases have increased capital flow into rural communities and increased economic opportunities in general as the consumption level of these communities increases. Fifth, few businesses rely on exclusively local markets, and finally, as housing costs increase with population, original community members are often forced to move to adjacent communities.

Due in part to these forces, rural communities are often significantly different than their urban counterparts. Poverty rates tend to be higher in nonmetropolitan areas (Brown & Swanson, 2003; Lichter & McLaughlin, 1995). Part of this difference is often attributed to the lower wages typically found in nonmetropolitan communities (Lichter & McLaughlin, 1995). Accordingly, rural communities with larger proportions of workers in extractive industries, of elderly residents, or of individuals with lower levels of education tend to have higher poverty rates. Every year since poverty was first officially measured in the 1960s the nonmetropolitan poverty rate has been greater than the metropolitan poverty rate (USDA Economic Research Service, 2004). Rural Oregon's poverty rate is approximately 18% higher than that of urban Oregon (Sorte & Weber, 2004).

Job growth is also slower in nonmetro counties than in metro counties, both nationally and in Oregon as well (Yohannan, 2006; USDA Economic Research

Service, 2006b). In 2005, 46% of nonmetropolitan counties in the country were below their 2000 employment levels (USDA Economic Research Service, 2006b). In Oregon, since 1980 employment growth in metropolitan areas has been nearly twice that in nonmetropolitan areas (Yohannan, 2006).

Education and income are also factors that lead to differences between rural and urban areas. In the U.S., 26.6% of adults in metropolitan areas have completed a college degree, compared to 15.5% in nonmetropolitan areas (USDA Economic Research Service, 2003). In Oregon, the difference is even greater. 29% of adults in urban areas have at least a 4-year degree, compared to only 16% in rural areas. When it comes to income, of the 500 counties in the U.S. with the lowest per capita income, 481 of them are nonmetropolitan, and between 1990 and 2000 the gap between per capita income in metropolitan and nonmetropolitan areas increased in all but nine states (Miller & Rowley, 2002). Per capita income in Oregon in 2001 was 31% higher in urban areas than in rural areas, a gap that is growing, and if rural Oregon were its own state, it would be the fourth poorest state in the nation in terms of per capita income (Kaylor, 2003).

However, while there are distinct differences in rural and urban communities, the lines between rural and urban values are becoming increasingly blurred. Mass media and advancements in technology and communications have eliminated geographic barriers and increased orientations external to rural communities. Furthermore, centralization of institutions and power structures has removed decision making from the local level as decision making processes are centralized in larger communities (Rogers et al., 1988).

2.1.4 Rural Population Issues

Population change, which also relates to economic development, are critical when assessing the changes in rural America. Nearly every decade during the twentieth century saw the flow of Americans from the rural countryside to the opportunities offered in urban areas (Adamchak, Bloomquist, Bausman, & Qureshi, 1999). This trend continued into the 1980s when rural areas faced widespread population declines. One study focusing on the Great Plains region found that rural counties not adjacent to metropolitan areas lost approximately one third of their populations between 1950 and 1990. However, the 90s saw the reversal of that trend (Fulton, Fuguitt, & Gibson, 1997; Johnson & Beale, 1994). The population in nonmetropolitan areas increased by 10% between 1990 and 2000, compared to just 3% in the previous decade (Whitener & McGranahan, 2003). In rural Oregon, every county gained population during the 1990s (Kaylor, 2003). Nevertheless, the nonmetropolitan population is still increasing at a slower rate than the metropolitan population (Johnson & Beale, 1994; "Rural America," 2007). Population growth in rural counties is also slowing, and some places are even once again seeing population declines. Increases in all rural counties between 2000 and 2005 were approximately one-third less than the increases between 1995 and 2000, and approximately half of rural counties have actually lost population since 2000 ("Rural America," 2007). In Oregon, 10 out of the state's 36 rural counties lost population between 2000 and 2005 (Rural Policy Research Institute, 2006).

Population growth in rural areas is unevenly distributed as well.

Nonmetropolitan areas that attract those seeking retirement and recreation destinations

are often the ones where population growth is strongest (Johnson, 2003; Johnson & Beale, 1994). However, the fastest growing nonmetropolitan areas are those adjacent to metropolitan centers, especially in places where commuting to another county to work is common. Nationwide, between 2000 and 2005, 89% of the population increases in nonmetropolitan counties occurred in counties adjacent to metropolitan areas (USDA Economic Research Service, 2006b). Consequently, in Oregon, since 1990 the fastest growing rural counties tend to be those located in the western part of the state (Rural Policy Research Institute, 2006). On the other hand, counties traditionally dependent on natural resource industries, such as farming and mining, are the least likely to experience population gains. Of the 556 nonmetro counties in the U.S. whose economies are agriculturally based, only 50% experienced growth during the 1990s (Edmondson & Klein, 1997). Furthermore, while in-migration is occurring, it tends to be more geographically concentrated than out-migration, so fewer rural areas benefit from in-migration (Gibbs & Cromarties, 1994).

Declining population is a concern for many reasons (Rogers et al., 1988). Declining population means an eroding tax base, which in turn jeopardizes the continuance of community services. Institutions, such as schools and churches, may be forced to consolidate with those of other communities, which threatens community identity. Families, especially younger families, may be compelled to leave in search of jobs and economic opportunities. Finally, a declining consumer base threatens the viability of rural businesses.

A particular concern in rural areas is the out-migration of younger individuals. In some places the out-migration rate for 20-24 year olds with college experience is as

high as 55% (Gibbs & Cromarties, 1994). 20-34 year olds constitutes 95% of all net out-migrants from some rural areas. From 2000 to 2005 nonmetro counties experienced an 8% growth in the population 40-59 years of age, but a 5% decline in the population under 20 years of age (USDA Economic Research Service, 2006b). Out-migration such as this has been tied to local economic health. This out-migration of young people tends to reduce overall human capital in rural areas. Overall, rural areas with vital economies and job opportunities are better able to retain educated young people (Gibbs, 1995).

Along with the economic impacts of population change, social aspects of the community are also affected. Population gains change the composition of residents in rural communities (Johnson, 2003). The racial and ethnic, socioeconomic status, life cycle status, work experience, and knowledge level compositions can all change when large numbers of new individuals come into a community. Newcomers may also be significantly different than established residents when it comes to life experiences and social networks. Consequently, their expectations for the community may also be vastly different. Population gains can therefore pose a challenge to rural communities as they attempt to integrate the expectations of newcomers into existing community values.

2.1.5 Retail Restructuring & Rural America

In addition to the challenges posed by their rural environments, rural retailers have also had to adapt to the changing retail industry. Retail environments in rural communities are becoming increasingly competitive as chain stores and large discounters expand into these areas (Vias, 2004). In the retail industry economies of

scale, which focus on improving efficiency by manufacturing and purchasing in large quantities, and economies of scope, which focus on broadening the variety of goods available, are becoming increasingly important. Furthermore, advances in management, logistics, inventory management, technology, and marketing are transforming the industry. These trends have resulted in the emergence of big box stores, and also of larger stores in general. Consequently, smaller, locally-owned stores are on the decline. In rural areas these changes have been even more pronounced. Average store size has increased most dramatically in rural areas. Research by Adamchak et al. (1999), who found that as rural population increases, retail and wholesale trade becomes more concentrated, gives evidence of this trend.

Accordingly one of the biggest challenges facing rural retailers today is the arrival of the discount store in rural America. Many studies have focused on the impact of the largest and most prominent discounters, such as Wal-Mart, and their impact on rural economies (Brennan & Lundsten, 2000; Knotwell, 1995; Peterson & McGee, 2000). While some studies, such as Stone's 1989 report, have found that Wal-Mart can actually increase retail sales in a community and expand a community's retail trade area, generally these sales increases reflect the impact of Wal-Mart's sales alone and often do not reveal the true effects on local retailers (Vance & Scott, 1994). Wal-Mart stores also generally negatively impact nearby communities by attracting trade away from these communities and contributing to a decline in their retail sector. Retailers most prone to the impact of discounters are those that compete directly with the products these discounters sell.

One study exploring the impacts of the entrance of a Wal-Mart store into a market on other retailers found that while a small group of retailers benefited in the long-run, the number of retailers who experienced long-term negative effects is more than five times the size of the first group (Peterson & McGee, 2000). In the same study more than one-third of respondents reported that their sales decreased by 10% or more following the arrival of a Wal-Mart store in their community. Consumers are drawn to the lower prices and larger assortments carried by these stores, and chain store presence in these communities increases competition for local retailers as these large stores gain market share (Brennan & Lundsten, 2000; Carusone, 1970-1971).

2.2 Inshopping/Outshopping

2.2.1 Outshopping Defined

Outshopping is defined as when a consumer travels outside their local community to shop. This concept has been more specifically described in many ways. Samli et al. (1983) defined outshoppers as those who shop outside the local community more than the average resident. Reynolds and Darden (1972) categorized those who shopped out-of-town 12 or more times in the past year as outshoppers. Thompson (1971) defined outshoppers as those who made purchases at least once outside the community in the past six months. Herrman and Beik (1968) expanded the definition further to include those who shopped outside of a five mile radius from a community's downtown area at least once in the past year. Conversely, inshoppers are the opposite, consumers who patronize stores within the community. While outshopping is not exclusive to rural communities, outshopping behavior is generally a

greater threat to retailers in rural areas because these retailers already have a limited customer base.

Where online shopping does constitute making a purchase outside of the community, current research has yet to address this issue specifically as it relates to outshopping. This issue is becoming more relevant as research shows that the once vast rural-urban differences regarding technology ownership and access are now largely gone (Malecki, 2001). Rural consumers have readily accepted online shopping. One study found no differences between students on a rural versus an urban university campus regarding their attitudes toward shopping online for apparel (Xu & Paulins, 2005). In fact many look to online shopping as a viable alternative for rural consumers who have few shopping options in their own communities. In November of 2004 rural Americans were actually 16% more likely to visit online shopping websites than their metropolitan counterparts ("Rural Web Users," 2004).

2.2.2 Who Are Outshoppers?

Early research on outshopping focused on identifying the demographic, socioeconomic, and psychographic characteristics of outshopping consumers. Lumpkin, Hawes, and Darden (1986) identified three shopping orientations of rural shoppers in relation to outshopping behavior. *Inactive Inshoppers* have favorable attitudes toward local retailers, as is reflected in their loyalty to these local retailers. These shoppers generally shop less than others and rank low when it comes to shopping activity. They also tend to be married with older children, and have mid-range incomes. *Active Outshoppers* shop frequently and are not price sensitive. They are more innovative and self-confident, and they show more opinion leadership.

Accordingly, they are the most frequent outshoppers. The final group, *Thrifty Innovators*, is the most self-confident and innovative group. They are highly price-sensitive and are willing to shop around in order to get the best bargain. They are somewhat active shoppers, but their outshopping behavior falls somewhere in the middle of the other two groups. Lumpkin et al. also found that these groups are somewhat evenly distributed. That is, one shopping orientation is usually not more or less common than the others.

Jarratt (1998) also developed a typology of shoppers in the context of outshopping behavior. The first category, *Experiential Shoppers*, enjoys shopping and evaluates the local retailing environment positively. These positive evaluations translate into loyalty to these retailers. These shoppers are also highly aware of the retail environment. However their enjoyment of shopping also leads them to seek entertainment and socializing activities associated with shopping outside of the community. They seek innovation, variety, and stimulation. The *Have to Shopper* does not enjoy shopping. However, they significantly outshop, as they are less loyal to local retailers and evaluate these retailers less favorably. Outshopping activity is also the result of opportunity for this group. These shoppers seek a larger variety of goods. Information is highly important to the *Service Shopper*. Their evaluation of the local retail environment correlates with their loyalty to local retailers, and consequently their outshopping behavior. The merchandise offering is important to the satisfaction of the *Product-Focused Shopper*. They outshop when the local retail offering is not to their liking. The final type of shopper, the *Practical Shopper*, does

not enjoy shopping, but is loyal nonetheless. This shopper's outshopping activity is limited.

Overall outshoppers are younger than those who tend to shop in the local community (Anderson & Kaminsky, 1985; Miller, Kim, & Schofield-Tomschin, 1998; Pinkerton et al., 1995; Reynolds & Darden, 1972; Thompson, 1971). Income and socioeconomic status is another factor positively associated with outshopping behavior (Anderson & Kaminsky, 1985; Herrman & Beik, 1968; Miller & Kean, 1997a; Reynolds & Darden, 1972; Thompson 1971). Research indicates that as income increases consumers are willing to travel farther distances when they shop outside the local community (Herrman & Beik, 1968). Outshoppers also typically come from families in which the head of household has a college education (Anderson & Kaminsky, 1985; Reynolds and Darden, 1972). Length of residence in the community is related to outshopping as well (Thompson, 1971). Those who have resided in the community longer tend to be more loyal to local retailers. Overall, these factors indicate that outshoppers tend to have a more urban or cosmopolitan orientation than those who shop in the local community and have a more local orientation (Herrman & Beik, 1968; Reynolds & Darden, 1972).

Jarratt and Polonsky (1993) also examined the psychographic characteristics of rural outshoppers. They found that consumers with active lifestyles, those who purchase new products, and those who rely on information from advertisements, especially radio advertisements, are the most likely outshoppers. These shoppers are socially active and are innovative when it comes to the products they purchase.

Research on the family characteristics of outshoppers however, is not always consistent. For example, Herrman & Beik (1968) found that those with young children and those with more than three children are less frequent outshoppers. However, Thompson (1971) found the presence of children in the household to have no influence on outshopping behavior. Miller & Kean (1997a), on the other hand, suggest that the age of the youngest child in a family was more an indication of the family's stage in the life cycle than of outshopping behavior.

While extensive research has defined the demographic and psychographic characteristics of outshoppers, Samli et al. (1983) argue that many small communities traditionally are essentially homogeneous populations because they rely on a single industry for economic support, logging or farming for example. Therefore, in a homogeneous population these characteristics alone will not truly describe outshopping behavior. Instead physical access, access to credit, the presence of specialty stores, the presence of department stores, larger assortments, specific brands, prices, the presence of grocery stores, and entertainment facilities were cited as the main motivations that led consumers to outshop.

Geographic location and movement is another factor associated with outshopping behavior. Outshopping has been found to be more common in households in which the primary wage earner is employed outside of the local community. Research also shows that those who live within the local community, as opposed to those who live in more open-country areas, shop locally more often (Pinkerton et al., 1995).

2.2.3 Why Do Consumers Outshop?

Identifying why rural consumers outshop is also important. Often, outshopping behavior varies depending on the type of product in question. The types of goods purchased outside of one's community tend to be fashion goods or shopping goods, such as clothing, shoes, gift items, hobby items, and home décor items (Pinkerton et al., 1995; Samli et al., 1983; Thompson, 1971; Reynolds & Darden, 1972). Herrmann and Beik (1968) classified these as goods that are generally more costly, are highly visible, and are items that carry status connotations. Research by Anderson and Kaminsky (1985) supports this finding. Staple goods, convenience items, and goods in which service is important tend to be purchased within the local community (Anderson & Kaminsky, 1985; Reynolds & Darden, 1972; Samli et al., 1983; Thompson, 1971). These items include groceries, drug items, repair services, barber/beauty services, appliances, and automobiles. Papadopoulos (1980) contends that in more isolated rural communities more costly products are purchased within the local community less because they require major purchase decisions and may require after-sales service. When a community is more isolated, purchases are often final, and therefore, major purchases made outside the community are more risky. Research has also indicated that smaller products that are more easily transported constitute the majority of products purchased on outshopping trips (Papadopoulos, 1980). However, Reynolds and Darden (1972) point out that, while some products are most likely to be purchased outside the community, outshopping behavior is not product-specific.

Researchers often also find outshopping to be related to perceptions of local retailers. Thompson (1971) found the most important motivator for outshopping by

rural consumers is the limited selection in rural communities. Other factors include the desire to see different products in other towns, lower prices in other towns, and newer and/or higher quality merchandise available in other towns. More recent research by Jarratt (1998) and Miller and Kean (1997a) supports the contention that evaluations regarding local retailer still influence outshopping behavior. Income however, may influence which factors are most influential on outshopping behavior (Herrmann and Beik, 1968). While overall, a desire for larger and more varied selections motivated outshopping, higher income families reported higher levels of dissatisfaction with local selection and lower income families reported more concern over higher local prices. Again, more recent work (Miller & Kean, 1997a) shows that this still holds true.

Furthermore, Thompson (1971) observed that rural retailers do not accurately perceive the reasons why their customers outshop. Retailers most commonly cited loyalty to the community and convenience as the reasons local customers patronize their stores. However, rural retailers do recognize that higher prices and limited selection cause their customers to leave their communities to shop. All this provides evidence that satisfaction may play a role in influencing outshopping behavior.

2.3 Satisfaction with Local Retailers

2.3.1 Satisfaction Defined

Satisfaction is the consumer's response to a product, service, or retailer (Oliver, 1997). The use of the term satisfaction implies a judgment on behalf of the consumer resulting in a pleasurable outcome. It is generally accepted that this judgment, and the resulting satisfaction, can only take place if a goal, reference, or

standard exists. In short, consumers judge products, services, and retailers against some expectation in order to determine whether or not they are satisfied.

Therefore satisfaction is the result of both consumer expectations and the level of disconfirmation between those expectations and the actual shopping experience (Oliver, 1980). Disconfirmation refers to this relationship between performance and expectations. If a product, service, or retailer's performance does not match with a customer's expectations, either positively or negatively, psychological discomfort, or dissonance, occurs and dissatisfaction will result. Work by other researchers has also confirmed these findings (Swan & Trawick, 1981; Cadotte, Woodruff, & Jenkins, 1987).

2.3.2 Satisfaction & Store Patronage

Satisfaction with specific retail store elements is often explored in the context of store patronage decisions. Satisfaction in areas such as selection, quality, and price influence store choice decisions in the context of general shopping. Malhotra (1983) contends that variety and selection, personnel and service, price, convenience of location, and physical facilities were all important predictors of store choice. Similar elements were identified by Dixon, Bridson, Evans, and Morrison (2005) as being important in future store choice. They also explored the concept of store functional loyalty, which includes price, product variety, friendliness of store personnel, convenience, and location. Furthermore, Von Freymann (2002) identified location, convenience, price, selection, service/friendliness, selection/assortment, and quality as important factors of store choice. Hutcheson and Moutinho (1998) found quality and value for money to be especially predictive of store patronage. These findings all

suggest that consumers judge these store elements when making patronage decisions. This judgment is part of the satisfaction process and indicates that satisfaction with these elements influences patronage decisions. However, it must be pointed out that most of these store choice studies have been conducted in the grocery segment. Nevertheless, this evidence that satisfaction with specific retail attributes influences general store patronage decisions is an indication that satisfaction with local retailers in areas such as price, quality, and selection may more specifically influence outshopping behavior as well.

It is also important to note that the relative importance of these elements when it comes to store choice is dynamic. Time pressure and gift- versus self-shopping both influence which attributes are more important. For some individuals situational influences may actually change which type of store is preferred and/or which store is visited first depending on which elements are considered most important at the time. For example, individuals are more likely to visit department stores first when they are gift-shopping. For gift-shopping elements such as service quality and brand and product assortment are the more important elements. On the other hand, when self-shopping, price and product assortment are the most important elements. When time pressure occurs mass merchandisers are more likely to be the first store choice, and salesperson attention and product assortment are the most important attributes (Mattson, 1982).

2.4 Local Retailer Loyalty

2.4.1 Loyalty Defined

Whereas satisfaction is a temporary state, loyalty involves a long-term commitment (Oliver, 1999). Store loyalty is a measure of a customer's commitment to a store (Dixon et al., 2005). In a generally accepted definition Oliver (1999) describes loyalty as "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" (p. 34). In the case of store loyalty, the "brand" Oliver refers to is the store. Keng and Ehrenberg (1984) have established that brand choice and store choice are very similar and can be predicted using the same models. Therefore, concepts of brand loyalty can be generalized to include store loyalty. Other definitions of loyalty have also been used to supplement Oliver's definition. The share of a consumer's total purchases in a given category that are made at a specific store is another common definition of store loyalty (Sivadas & Baker-Prewitt, 2000).

Oliver (1999) further described four phases of loyalty. In the first stage, cognitive loyalty, a consumer prefers one brand to another based on attribute information about the brands. In the second stage, affective loyalty, satisfying experiences with the brand cause the consumer to develop a positive attitude toward the brand. With conative loyalty, the third stage, the consumer develops a commitment to the brand. As the consumer reaches the highest level of loyalty, action loyalty, they are so committed to a brand that they are willing to overcome obstacles

to buy the brand. By defining different levels of loyalty, Oliver was able to address concerns raised by other researchers (Day, 1969; Henry, 2000; Jacoby & Kyner, 1973) regarding the differences between loyalty and repeat purchasing behavior.

2.4.2 Loyalty to Local Retailers

While satisfaction relating to certain retail criteria is important, it is also crucial to consider how the concept of loyalty may influence patronage decisions, especially in a rural context where consumers may be committed to local retailers regardless of the influence of satisfaction. There is increasing evidence that retailers have social roles in a community, especially in rural communities, that may influence loyalty. This is especially important given that large chains may be less suited to fill social roles. Doody and Davidson (1964) cite the ever-increasing homogeneity of large retailers and the inability of these retailers to adapt to customers' changing needs and wants. Smaller retailers, they argue, are better equipped to provide personalization, high quality service, and a connection with the customer. In one study over 61% of respondents indicated that they make a deliberate decision to patronize small, local shops (Smith & Sparks, 2000). Furthermore, 61% of consumers in rural villages felt that consumers were responsible for the success of small shops. The researchers concluded that retailers in these communities play a role in social life of the community, which influences the patronage decisions of their customers. In short, regardless of satisfaction with rational factors such as selection and price, rural consumers may exhibit loyalty to local retailers in their communities.

Stone (1954), in his classification of shoppers, found that there is a group of ethical shoppers who value independent retailers and favor them over other stores

based on feelings of moral obligation. Supporting work by Darden and Reynolds (1971) emphasized the importance of chain store depersonalization and local store personalization. They found that consumers perceive chain stores as impersonal, whereas small stores make more effort to get to know their customers. More recent research supports that these conclusions still hold true, such as one study that found 64% of respondents agree that big supermarkets are impersonal (Home, 2002). The same study revealed that rural stores are associated with personal customer service, friendly sales people, and the store as a place to meet friends. This indicates that there may indeed be a segment of shoppers who prefer, and are loyal to, smaller stores.

Miller and Kean (1997b) argue that consumers form interpersonal relationships with retailers that increases their loyalty to that retailer. They cite evidence that moral drives exist in small communities that influence shopping decisions. They suggest, "...In the small market environment, there is much more involved in an exchange transaction than money for goods and services and that consideration should be given to the intangible as well as the tangible side of the exchange" (p.656). Later research by Miller, Kean, and Littrell (1999a & 1999b) also confirmed these findings.

However, these relationships appear to be vulnerable to changes in rural communities. Luloff and Bridger (2003) cite that the personal ties and interconnectedness typical of rural communities no longer exists as urbanization and population change occurs and as rural communities become more connected to urban centers. The role of the community and of relationships within the community become less important as individuals become less oriented toward their communities. Furthermore, Castle (2002) discovered that as economic and social development takes

place in rural communities less emphasis is placed on social relationships, and retail transactions in general become more formal and impersonal.

Such evidence of social factors in store choice decisions indicates that satisfaction with local retailers alone cannot explain these patronage decisions. Loyalty to local retailers must also be considered, as should another factor external to the retailer, consumers' community attachment.

2.5 Community Attachment

2.5.1 Community Attachment Defined

Community attachment is related to a broad array of constructs encompassed by the concept of sense of place. Sense of place can be defined "as a collection of symbolic meanings, attachment, and satisfaction with a spatial setting held by an individual or group" (Stedman, 2002, p.563). Sense of place is considered to be an innate way of connecting with the world and most often carries positive connotations (Relph, 1997). In measuring sense of place, Jorgensen and Stedman (2001) separated the concepts of place identity, place dependence, and place attachment. Place identity refers to the role in the environment in forming personal identity (Proshansky, 1978). Place dependence refers to the strength of association between a person and a place, or the ability of one place to better meet the needs of an individual over any other place (Stokols & Schumaker, 1981). Place attachment, on the other hand, involves a bond between a person and a place and a commitment to that place (Gerson et al., 1977; Williams et al., 1992). Of these three constructs, place attachment was found to be more synonymous with sense of place than the other two concepts. Related to place

attachment, community attachment more specifically refers to the sociocultural relationships between people and places.

Gerson et al. (1977) defined attachment as “individuals’ commitments to their neighborhoods and neighbors” (p. 139). Social involvement and subjective feeling both contribute to attachment, as do environmental characteristics to a lesser extent. Attachment has psychological, sociological, and economic purposes. Seven measures of neighborhood attachment have been identified. They are institutional ties, sociable neighboring, organizational involvement, kin in neighborhood, friends in neighborhood, happy with neighborhood, and unhappy to leave. Attachment, therefore, is multidimensional. While some clustering does occur among these measures, for the most part, attachment expressed through one measure is unrelated to the other measures.

Traditionally two models have been used to explore human behavior in the context of the community, the linear development model and the systemic model (Kasarda & Janowitz, 1974). The linear development model stresses the importance of population size and population density in influencing human behavior and emphasizes the changes brought on by industrialization and urbanization. This model is based on the 1887 work of Ferdinand Toennies. The systemic model, on the other hand, emphasizes the importance of the social makeup of the community. This model takes into consideration systems of friendship and kinship networks that exist within a community. In general, the systemic model is considered superior to the linear development model (Goudy, 1990; Kasarda & Janowitz, 1974; St. John, Austin, & Baba, 1986).

2.5.2 Factors Affecting Community Attachment

Most researchers agree that the length of time a person has resided in a community is the most important variable linked to community attachment (Beggs, Hurlbert, & Haines, 1996; Gerson et al., 1977; Goudy, 1990; Kasarda & Janowitz, 1974; St. John et al., 1986). This is especially true for those who have lived in a community for 21 years or longer (Goudy, 1990). Length of residence increases social ties in the community, increases involvement in the community, and is also associated with more positive feelings about a community. Hunter (1978) contends that length of residence in a community affects attachment to the community but not evaluation of the community as he defined it. He suggests this is because community attachment emerges from relationships and interactions within the community, but evaluations of the community more often involve the standards and values of mass society.

Social ties in and of themselves are highly related to community attachment. Having friends and other acquaintances in a community is known to be highly correlated with community attachment. “Greater attachment through social bonds leads to greater attachment through sentiments toward the local community” (Goudy, 1990, p.183). Furthermore, females, older couples who do not have children, and young parents are more likely to have locally concentrated social networks than are males or older single individuals (Beggs et al., 1996). More educated individuals also have fewer social ties within the local community than less educated individuals do. However, while most research indicates that there is, in fact, an association between social ties and attachment, Gerson et al. (1977) point out that this may in fact be a consequence of attachment, not a component of attachment.

While social ties are important, Goudy (1990) discovered that familial ties in the community are actually associated with less involvement in community affairs. Goudy suggests that this may be because the demands of family at times may conflict with the demands of the community. However, Kasarda & Janowitz (1974) found that having relatives in the community increases sense of community. Discrepancies in such findings are often the result of the many different measures of attachment utilized by researchers. For example, while Goudy measured attachment to community affairs, Kasarda and Janowitz measured sense of community.

Status is another important factor related to community attachment. Goudy (1990) observed that those with higher incomes tend to know more people in the community, be more involved in community organizations, and have a greater interest in community affairs. These findings are supported by Kasarda & Janowitz (1974). However, it has also been argued that high status community members have a smaller proportion of their friends within the local community. Gerson et al. (1977) agree that families in higher social classes are more active in local organizations, but that they are also less likely to have friends and family in the neighborhood. Overall, Hunter (1978) concluded that occupational status has no impact on community attachment, but that those with more resources (higher status) have more social ties, have more consistent social ties, but engage in less sociable neighboring.

Age, or stage in the life cycle, is also associated with community attachment. Older adults are more likely to be involved in community organizations (Goudy, 1990). However, in later life stages community involvement may decline (Goudy, 1990; Kasarda & Janowitz, 1974). This is assumed to be the result of reduced social

interaction due to decreased mobility. Families with children are most strongly connected to the neighborhood, but of couples without children, younger couples are more connected to their neighborhood than older couples (Gerson et al., 1977). Furthermore, women who are not employed outside the home are also more connected than those who are.

Researchers stress that attachment and satisfaction are two separate constructs when it comes to community (Gerson et al., 1977; St. John et al., 1986). Environmental factors, such as the appearance and physical condition of buildings in a community, do not influence community attachment as much as social factors. However, satisfaction with environmental aspects of a community does contribute to community attachment. These findings suggest that active involvement in the social network of a community is not necessary for community attachment to develop.

When it comes to community satisfaction, men are generally more satisfied with their local communities. Those with higher incomes are generally less satisfied with the local community. Researchers suggest this may be an indication that those with higher incomes have higher expectations for the community, and therefore may be more critical in their evaluation of the community (Gerson et al., 1977). However, when the scale of the study is defined as the neighborhood, it was found that homeowners and those that live in higher quality housing evaluate their neighborhoods more positively. Those who are members of community groups also express more positive sentiments about the community (Beggs et al., 1996).

2.6 Theoretical Framework

2.6.1 The Theory of Planned Behavior

This relationship can also be placed in the context of Ajzen's Theory of Planned Behavior (Figure 1). The Theory of Planned Behavior is an extension of the Theory of Reasoned Action which was previously proposed by Fishbein and Ajzen (Ajzen, 1988). This model explains the relationship between attitudes, intentions, and behaviors. At the most basic level, the model suggests that behavior is a function of beliefs. These beliefs are based on evaluations concerning salient information about an attitude object. These beliefs are, in fact, attitudes about the world around us. Attitudes about behaviors result from individuals' assessments about the outcomes they associate with those behaviors.

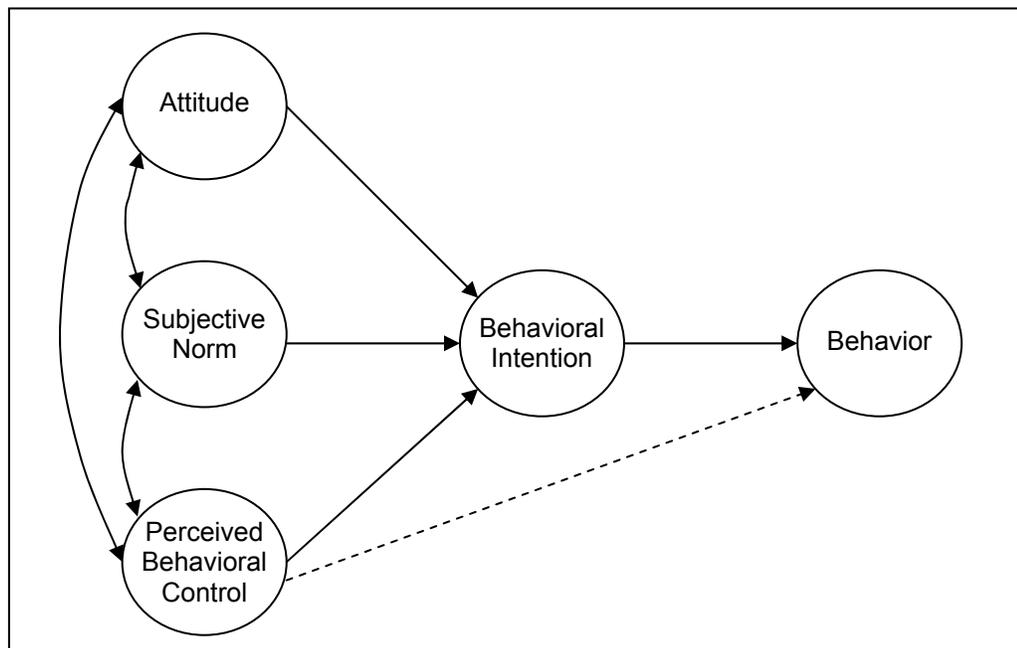


Figure 1: Ajzen's Theory of Planned Behavior

In the Theory of Planned Behavior, these attitudes also interact with subjective norms, or beliefs about how the behavior will be evaluated by others. This refers to an individual's perceptions of how others will approve or disapprove of their actions. The final antecedent in the model that influences behavior is perceived behavioral control. Perceived behavioral control refers to internal and external limitations on behavior. Perceptions of perceived behavioral control include evaluations of how easy or difficult it will be to perform the behavior and relies in part on past experiences. In general, perceived behavioral control is greater when both attitude and subjective norm are more favorable. These three constructs, attitude, subjective norm, and perceived behavioral control, together influence intention, which in turn leads to behavior.

2.6.2 Proposed Conceptual Model

Based on the preceding review of literature, and in conjunction with Ajzen's (1988) Theory of Planned Behavior, the following conceptual model is offered (see Figure 2).

In the context of this study, community attachment, local retailer loyalty, and satisfaction with local retailers can all be viewed as consumers' attitudes. Satisfaction with local retailers represents consumers' beliefs about local retailers' performance in specific areas (service quality, merchandise quality, price, selection, and convenience/location). Community attachment reflects an individual's beliefs about their community. Similarly, loyalty is a consumer's beliefs about patronizing local retailers. Based on the Theory of Planned Behavior, it is local retailer loyalty as an attitude that should influence intention and behavior because it represents beliefs that

refer directly to the behavior of patronizing local retailers, or inshopping. Whereas community attachment and satisfaction with local retailers can be considered attitudes, they are not attitudes that directly involve the behavior in question. Therefore, community attachment and satisfaction with local retailers are said to influence local retailer loyalty, which in turn will relate to inshopping intention. Based on Ajzen's model, the intention to shop local, independent retailers should consequently reflect the actual current inshopping behaviors of these consumers.

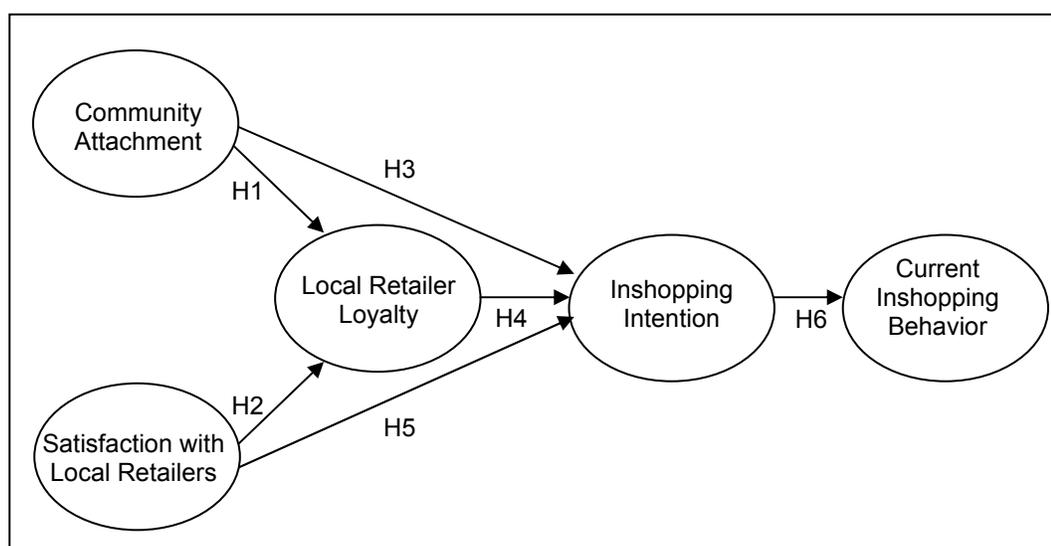


Figure 2: Proposed Model

Not examined specifically in this study, the subjective norms in this case might be considered the perceptions of others and feelings of moral obligation reported by Stone (1954) and Miller and Kean (1997b). The external community environment to a degree refers to the construct of perceived behavioral control. If a consumer perceives that they lack choice, their ultimate behavior may be affected despite their attitude and/or intention. However, it is important to note that the community environment

does not relate directly to perceived behavioral control as Ajzen intended. According to Ajzen (1988) the perceived behavioral control construct does not refer to actual behavioral limits, only perceived behavioral limits to carrying out behavioral goals. The assumption might be made that characteristics of a community would be indicators of perceptions of behavioral choice within the community, but these perceptions are not specifically evaluated in this study.

A relationship based on this model is supported by research connecting both satisfaction (Cronin, Brady, & Hult, 2000; Herrman & Beik, 1968; Jarratt & Polonsky, 1993; Lumpkin et al., 1986; Oliver, 1980; Reynolds & Darden, 1972) and community attachment (Jarratt, 2000; Miller, 2001; Miller et al., 1998) to store patronage behavior, as well as literature linking attitudes about local retailers to intentions to patronize local retailers (Jarratt & Polonsky, 1993; Lumpkin et al., 1986; Miller & Kean, 1997b; Reynolds & Darden, 1972). However, research often focuses on only one of these relationships. Patronage intentions are usually explored by examining factors such as store, community, and consumer characteristics alone or by exploring the social dimension of patronage intentions. However, few studies have taken into account how two or more of these elements combined may affect local retailer patronage behavior. Based on existing research however, it makes sense that constructs relating to the retailer, such as satisfaction with local retailers, and the consumer, such as community attachment, should be considered together in their influence on local retailer loyalty and ultimately on patronage decisions.

2.7 Hypothesis Development

2.7.1 Community Attachment & Local Retailer Loyalty

Little research has shown a direct relationship between community attachment and local retailer loyalty, however there are indications that such a relationship may in fact exist. Hozier and Stem (1985) concluded that, among other factors, beliefs about a community are more consistent predictors of retail patronage loyalty than consumers' evaluations of individual retail stores. Miller (2001) considered satisfaction with reciprocity, or the social norm that influences an individual to reciprocate "good" behaviors, along with community attachment as a determinant of local retailer loyalty. Through reciprocity, retailers build social capital, and local residents are more likely to shop locally. Reciprocity was found to be a mediating variable between community attachment and inshopping. In turn, community attachment also influences reciprocity. She found that rural consumers believe that local merchants will be fair and honest in their interactions with local residents, and as such, because they are more familiar with community residents than nonlocal retailers, they will provide products and services tailored to their customers' needs.

Home (2002) also found evidence of such a relationship when he segmented rural consumers into three groups, one of which was identified as rural store loyalists. He discovered that this group was most likely to be involved in their local community and hold positions of responsibility within the community, an indication that community attachment and local retailer loyalty may indeed be related. Home also noted that his profile of local store loyalists is similar to profiles of inshoppers

identified by other researchers. It therefore follows that evidence linking community attachment and inshopping (discussed later in Hypothesis 3) might also be used to support a relationship between community attachment and local retailer loyalty.

Therefore, the following hypothesis was offered:

***H1:** Community attachment is positively related to local retailer loyalty.*

2.7.2 Satisfaction & Local Retailer Loyalty

The relationship between satisfaction and loyalty is one that is generally accepted and well documented (Cooil, Keiningham, Aksoy, & Hsu, 2007; Dixon et al., 2005; Hallowell, 1996; Jones & Reynolds, 2006; LaBarbera & Mazursky, 1983; Oliver, 1999; Sivadas & Baker-Prewitt, 2000). Sivadas and Baker-Prewitt (2000) contend that satisfaction leads to favorable attitudes toward a retailer, which then translates into store loyalty. Terblanche and Boshoff (2006) also found that satisfaction with a retail shopping experience positively influences loyalty, as both an attitude and an action. That is, when satisfaction occurs, consumers' attitudes toward retailers become more positive and consumers will patronize those retailers more. Based on this established relationship it was predicted that:

***H2:** Satisfaction with local retailers is positively related to local retailer loyalty*

2.7.3 Community Attachment & Inshopping Intention

Research exploring community attachment is limited when it comes to consumer behavior, but there is evidence that a relationship exists. Miller and Kean (1997a) established that community involvement affects consumers' intentions to inshop and suggested that factors related to community attachment should be

examined further. Miller (2001) has also linked outshopping and community attachment through the concept of reciprocity. She established that community attachment has a positive effect upon reciprocity, which in turn has a positive effect upon inshopping behavior. Miller et al. (1998) provided further support of this relationship when examining how levels of social activity influence the consumer behavior of older adults. They discovered that those with higher levels of social activity intend to shop in the local community more than individuals with lower levels of social activity. This behavior is less morally motivated in older adults, but more morally motivated in more socially active individuals.

Furthermore, Cowell and Green (1994) established a relationship between community attachment and local spending. They found that consumers who have higher levels of community attachment spend more within their communities. When modeling outshopping behavior, Jarratt (2000) also noted the relationship between shopping area commitment (comprised of both local loyalty and tenure in the community) and outshopping behavior.

Whereas most of this evidence focuses on the relationship between community attachment and actual shopping behavior, based on Ajzen's (1988) Theory of Planned Behavior, it is expected that this relationship will be mediated by behavioral intention. Indeed, Stedman (2002) has established a relationship between attachment and behavioral intention. Therefore, it was hypothesized that:

H3: Community attachment is positively related to inshopping intention.

2.7.4 Local Retailer Loyalty & Inshopping Intention

Terblanche and Boshoff (2006) examined loyalty as both an attitudinal and a behavioral response. They found that satisfaction with a shopping experience affected not only attitudinal loyalty, but in turn also influenced behavioral loyalty, or the amount of money spent in a store by a customer over time, an indication that attitudinal loyalty will in fact affect shopping behavior. Further evidence is provided by Hozier and Stem (1985) who discovered that general retail patronage loyalty, that is a consumer's general tendency to be a loyal customer, is a stronger predictor of outshopping behavior than either retailer attributes or demographic variables.

Again using Ajzen's (1988) Theory of Planned Behavior as a model, it is expected that intention will mediate the relationship between local retailer loyalty and the behavioral inshopping response. Accordingly, the following hypothesis was offered:

H4: *Local retailer loyalty is positively related to inshopping intention.*

2.7.5 Satisfaction with Local Retailers & Inshopping Intention

The relationship between satisfaction and intention has been explored in more general consumer behavior research. Cronin et al. (2000) found a relationship between satisfaction and behavioral intention in the context of service encounters, and work by Oliver (1980) also supports a link between satisfaction and intention. However, in Oliver's study satisfaction and attitude were measured as two separate constructs, with attitude mediating the relationship between satisfaction and intention.

In the context of inshopping specifically, findings by Herrman and Beik (1968), indicating that outshopping is more common by those who feel there are

problems with local retailers, and by Lumpkin et al. (1986), indicating that dissatisfaction with local retailers is highly related to outshopping behavior, further support the relationship between satisfaction with local retailers and inshopping. In another study Miller and Kean (1997b) found that attitudes toward local retailers were the biggest predictors of outshopping behavior in the home furnishings category. Their study suggests that 30% of consumers' intention to shop within the local community can be explained by these attitudes. Similarly, Samli and Uhr (1974) contend that outshopping stems from attitude toward local retailers, and that the more dissatisfied a customer is with local retailers, the more likely that person is to shop outside their own community.

As before, although evidence exists linking satisfaction to inshopping behavior, based on Ajzen's (1988) Theory of Planned Behavior, it is expected that the relationship will be mediated by behavioral intention. In fact, Miller and Kean (1997a) have established that consumers' attitudes toward local retailers are the biggest predictor of inshopping intention. In this study attitude and satisfaction were used interchangeably. However, the two concepts often overlap in measurement, and these findings do provide evidence of a relationship. Miller et al. (1999b) later confirmed this relationship between satisfaction and inshopping intention in the context of reciprocity.

Further evidence lies in research examining more specific store attributes, such as merchandise quality and price. In many studies, satisfaction with local retailers is reflected in consumers' attitudes toward these more specific store attributes. For example, Herrmann and Beik (1968) found outshopping to be most frequent by

consumers who reported dissatisfaction with elements such as selection. Similarly, in research examining specific retail attributes and store choice behavior (Lumpkin et al., 1986; Papadopoulos, 1980; Pinkerton et al., 1995), it is the consumer's judgment of those retail attributes, which essentially reflects their satisfaction or dissatisfaction with those attributes, that ultimately affects patronage behavior. Reynolds and Darden (1972) provide evidence that perceptions of inadequate selection and lack of variety affect outshopping behavior.

However, where many researchers have examined satisfaction with specific retailers, Jarratt and Polonsky (1993) took a more generalized approach when exploring the role that satisfaction with retailers plays in outshopping behavior. Their findings consequently stress the fact that consumers' evaluations of individual retail establishments are not as important as their evaluations of the overall retail environment. In earlier research across several types of communities, Papadopoulos (1980) also examined how the general retail environment affects outshopping patterns. He concluded that when the retail environment is perceived as inadequate, outshopping is a widespread phenomenon and is done by many residents in many product categories. However, if the retail environment is perceived as adequate, outshopping is less prevalent. Then only a small proportion of residents outshop and only in a limited number of product categories. Based on this evidence, it was predicted that:

H5: *Satisfaction with local retailers is positively related to inshopping intention.*

2.7.6 Inshopping Intention & Current Inshopping Behavior

Based on Ajzen's Theory of Planned Behavior, the relationship between intention and behavior is one that is generally accepted and has been well documented. In fact, now many researchers rely only on measures of intention because it is usually such a good predictor of behavior. Examples of such research related to consumer behavior include Patch, Tapsell, and Williams (2005) who explored the purchase of novel foods, LaRose and Kim (2007) who investigated music downloading, and Kalafatis, Pollard, East, and Tsogas (1999) who used the Theory of Planned Behavior in relation to green marketing. Examples in which both intention and behavior were measured include Spence and Townsend (2006) who examined the purchase of genetically modified foods, Penz and Stöttinger (2005) who looked at the purchase of counterfeit products, and Bosnjak, Obermeier, and Tuten (2006) who studied bidding in online auctions. The results of these studies support the relationship between intention and behavior. As such, the following hypothesis was presented:

H6: Intention to inshop is positively related to current inshopping behavior.

CHAPTER 3: METHODOLOGY

3.1 Overview

The purpose of this study was to examine how community attachment, local retailer loyalty, and satisfaction with local retailers influence inshopping behavior in rural consumers. Rural retailers' perceptions of their customers and outshopping in their communities were also explored. Therefore, there are two parts to this study. In Part I, rural consumers were surveyed in order to evaluate community attachment, local retailer loyalty, satisfaction with local retailers, as well as their inshopping intentions and current inshopping behavior. This part of the research was used to evaluate the model presented earlier.

In Part II, rural retailers were interviewed regarding their perceptions of their customers and the degree to which they feel their business is threatened by outshopping. These findings provided insight into retailers' perceptions of rural consumers and the conditions and issues of retailing in rural communities.

3.2 Research Communities

Research was conducted in three different communities with different the economic and retail characteristics. Counties were identified as rural using U.S. Office of Management and Budget definitions (USDA Economic Research Service, 2007b). Using county level data, Oregon's rural counties were then sorted by population size and rural classification, adjacency to a metropolitan county, presence of a discount store, unemployment rate, percentage of population in poverty, percentage of state median income, retail trade employment growth, and population change. Three counties were selected for the purposes of this project, and the county

seat of each county was then used as the focus community for the purposes of this project.

The first county, Wallowa County, represents one of the most rural counties in Oregon. It is a noncore county (Rural Policy Research Institute, 2006) with just 6,875 people, making it the fourth smallest rural county by population in the state (U.S. Census Bureau, 2007). Wallowa County is located in Northeast Oregon hundreds of miles away from the nearest metropolitan county (Rural Policy Research Institute, 2006). Surprisingly retail trade employment growth in the county has been high compared to the rest of rural Oregon, at 2.6% between 2002 and 2005, 5.4% in 2005 alone (U.S. Department of Commerce, 2007a & 2007b). Economic indicators are moderate for Wallowa County. Unemployment in 2006 was at 6.8% (versus 5.4% for the state), 12.6% of the population is below the federal poverty line (making it one of the few rural counties in Oregon with a poverty rate below the state level), and the median household income in the county is 81.7% of the state median household income (USDA Economic Research Service, 2006a & 2007a). Enterprise, the county seat for Wallowa County, was the community examined in this study. The city of Enterprise had a 2000 population of 1,895, making it home to almost 28% of the county's population (U.S. Census Bureau, 2008a).

The second county, Klamath County, represents a larger rural Oregon county. It is a micropolitan county (Rural Policy Research Institute, 2006) with 66,438 people, making it the fifth largest rural county by population in the state (U.S. Census Bureau, 2007). Klamath County is located in Southern Oregon adjacent to a metropolitan county (Rural Policy Research Institute, 2006) and also has several large discount

stores, such as Wal-Mart and K-Mart. While retail trade employment grew in the county in 2005 at 3.2%, growth between 2002 and 2005 was slow at 0.5% (U.S. Department of Commerce, 2007a & 2007b). Economic indicators are also low for Klamath County. Unemployment in 2006 was at 6.8% (versus 5.4% for the state), 16.6% of the population is below the federal poverty line (versus 12.9% for the state), and the median household income in the county is 79.3% of the state median household income (USDA Economic Research Service, 2006a & 2007a). Klamath Falls, the county seat for Klamath County, was the community examined in this study. The city of Klamath Falls has a population of 19,462, over 29% of the county's population (U.S. Census Bureau, 2008b).

The final county, Tillamook County, represents a noncore county as well (Rural Policy Research Institute, 2006) with 25,380 people (U.S. Census Bureau, 2007). Tillamook County is located in Western Oregon along the coast and adjacent to a cluster of metropolitan counties (Rural Policy Research Institute, 2006). The county has been experiencing moderate retail trade employment growth of 1.54% in 2005 and 0.9% between 2002 and 2005 (U.S. Department of Commerce, 2007a & 2007b). Economic indicators are moderate for Tillamook County. Unemployment in 2006 was at 5.6% (versus 5.4% for the state), 12.9% of the population is below the federal poverty line (equal to the state level), and the median household income in the county is 85.6% of the state median household income (USDA Economic Research Service, 2006a & 2007a). Tillamook, the county seat for Tillamook County, was the community examined in this study. The city of Tillamook has a population of 4,352, just over 17% of the county's population (U.S. Census Bureau, 2008d).

3.3 Part I: Consumer Surveys

3.3.1 Sample

Consumers (individuals 18 and over who are community residents) in each of the three communities were eligible to participate in the survey. Local contacts and local organizations, such as Chambers of Commerce and Oregon State University Extension offices, were contacted in order to identify potential means of recruiting participants. Therefore a convenience sample was utilized.

In Enterprise the retailers who participated in the interviews, as well as select other business owners suggested by local contacts, were asked if they would be willing to distribute announcements with the survey web link and/or the surveys themselves to employees, friends, family, and customers who they felt might be willing to participate. In Klamath Falls local contacts distributed the survey at one professional meeting and several other places of business for employees to complete. In Tillamook local contacts at the Chamber of Commerce and the Economic Development Council volunteered to distribute both announcements and paper versions of the survey at community gatherings. One such community meeting was attended by the researcher as well. As it was anticipated that this recruitment method might potentially include a disproportionate number of business owners, a control question was added to the surveys distributed in this community and the web version of the survey. Ultimately three survey responses were discarded because the respondents indicated that they owned a local retail store.

3.3.2 Instrument Development

The survey included items related to community attachment, local retailer loyalty, satisfaction with local retailers, inshopping intention, and current inshopping behavior. See Appendix A for the complete survey. All items were adapted from scales available in existing literature with established reliability and validity. All items used in the survey utilized seven-point Likert-type scales.

Inshopping Intention and Behavior.

Items from Miller (2001) were adapted to evaluate both inshopping intention and current inshopping behavior in ten product categories. For these questions respondents were asked to indicate the frequency they intend to purchase or have purchased items from a given product category within their own community, or indicate if the product was not available in their community or they have not or do not intend to purchase a product. There is an underlying assumption for these scales that more frequent inshopping is equated with less frequent outshopping. Measuring inshopping rather than outshopping however eliminates the need to distinguish between out-of-town purchases, online purchases, and catalog purchases, all of which represent sales made outside of the local community. Miller reported these scales to have alpha coefficients of 0.70 or above.

Loyalty to Local Retailers.

Three items from Noble, Griffith, and Adjei (2006) and six items from Hozier & Stem (1985) were adopted to assess loyalty to local retailers. Noble, Griffith, and Adjei reported a composite reliability for their scale of 0.84.

Satisfaction with Local Retailers.

Five items related to satisfaction with local retailers were adapted from Hozier and Stem (1985).

Community Attachment.

Six items related to community attachment were adapted from O'Brien and Hassinger (1992). O'Brien and Hassinger utilized two factors in examining community attachment, one with an alpha reliability of 0.81, the other with an alpha reliability of 0.68.

Demographics.

Finally, a final section regarding demographic questions was also included. This section included an open-ended question asking respondents to indicate which community they live in.

3.3.3 Procedure

When possible, paper copies of the survey were distributed through local contacts, local groups, and at local gatherings identified through the assistance of local contacts. A web version of the survey was also created through the Oregon State University College of Business' web survey service to give potential participants another means of taking the survey. The surveys were identical in terms of how the purpose of the survey was explained and in the questions that were asked. Two announcements were created, one which was designed to be used in conjunction with the paper version of the survey and one which included the survey web link. This ensured that potential participants were given the same information regarding the

origin and purpose of the survey before deciding whether or not to complete the survey. The announcements used are included in Appendix B.

The first page viewed on the survey web link, as well as the first page of the paper version of the survey, provided information about the origin and purpose of the survey, the nature of the survey, and the estimated time of completion. However, signatures regarding informed consent were not collected due to the limited risk posed by participation.

3.4 Part II: Retailer Interviews

3.4.1 Sample

Retailers in each of the three communities were recruited to participate in interviews. All retail stores that are locally owned and operated, are not chains, and that are not part of a franchise were eligible for participation in the interviews. Both store owners and store managers were identified as potential participants. A purposive sample was used in order to select retailers in product categories for which outshopping may be an issue. For this reason service providers were not included in this potential sample.

3.4.2 Procedure

Using the above criteria, a list of retailers in each community was generated using local Chamber of Commerce websites and online yellow page listings. Suggestions from local contacts in each community were also used to supplement this list. From this list of retailers, potential participants were randomly selected and contacted by phone. The store owner or manager was asked for and retailers were invited to participate in an interview regarding retailing in rural communities. If the

owner or manager was not available a message was left. The first four retailers in each community who agreed to participate were selected to be interviewed and no further efforts were made to recruit retailers from that community. Once retailers agreed to participate, if possible, a time was arranged when the interview could be conducted in person at the retailer's place of business. In one case it was not possible to arrange a time when the researcher and retailer were available to conduct the interview in person. In this case the interview was conducted via phone. All participants were asked to read and sign an informed consent document (See Appendix C) before the interview began. In the case of the phone interview the informed consent document was mailed to the participant prior to the interview, and the informed consent document was read and verbal consent was given. The participants also completed a short paper-based survey regarding demographic information about the nature and size of their business (See Appendix D). These responses were anonymous and were not associated with the interview data. All interviews were audio recorded. Retailers were asked general questions regarding their business and their perceptions of their community, as well as questions about their customers and what they feel are threats to their business. See Appendix E for the interview outline. Interviews lasted approximately 20 to 40 minutes.

From the audio recordings the interviews were transcribed verbatim (See Appendix F for complete transcriptions). Community names, business names, and other identifying characteristics were removed from the transcriptions to maintain anonymity. To interpret the interviews the transcripts were first read through and retailers' comments were labeled with the general subject of the comment. Based on

these general labels, thematic categories were then created and the transcriptions were reread again using these categories. These thematic categories then served as the basis for qualitative analysis.

CHAPTER 4: RESULTS

4.1 Overview

The purpose of this study was to explore factors influencing rural consumers' inshopping intentions and behaviors. In particular, the influences of community attachment, satisfaction with local retailers, and local retailer loyalty were examined. This study also aimed to explore retailers' perceptions of their customers and the degree to which rural retailers feel threatened by outshopping. This chapter presents the results of the consumer surveys (Part I) and the retailer interviews (Part II).

4.2 Part I: Consumer Surveys

4.2.1 Sample Characteristics

A total of 126 surveys were obtained. The sample included responses from all three of the target communities as well as additional outlying communities in two of the counties. As survey responses were limited in Enterprise and Tillamook additional efforts were made to collect surveys in Klamath Falls. This is reflected in the fact that 73.02% of the survey responses came from residents of Klamath Falls. An additional 13.49% of the survey responses came from other communities in Klamath County.

The sample size in the three different communities varied too greatly to allow for comparison between groups. The demographic characteristics of the community with the largest sample size, which was Klamath Falls and other outlying areas in Klamath County, was compared to the demographic characteristics of the sample as a whole (See Table 4.1). This comparison revealed no substantial differences between these two samples in terms of demographic characteristics. Therefore it was deemed

appropriate to utilize all of the responses collected in the final analysis despite the differences in sample sizes between communities.

Table 1: Comparison of Demographics

	Complete Sample	Klamath Only
Gender: Male	23.39%	18.52%
Female	76.61%	81.48%
Age:	45.62	44.42
Ethnicity: African American	0.00%	0.00%
Asian/Pacific Islander	0.81%	0.93%
Hispanic/Latino	0.81%	0.93%
Native American	1.63%	1.87%
White	91.06%	90.65%
Other	5.69%	5.61%
Household Income: Less than \$10,000	0.87%	0.98%
\$10,000 to \$24,999	6.96%	5.88%
\$25,000 to \$49,999	11.30%	10.78%
\$50,000 to \$74,999	33.04%	33.33%
\$75,000 to \$99,999	25.22%	23.53%
\$100,000 and over	22.61%	25.49%
Education: Grade School	0.00%	0.00%
Some High School	0.00%	0.00%
High School (or equivalent)	10.48%	9.26%
Some College or Vocational School	25.81%	25.00%
Bachelor's Degree	25.00%	25.00%
Graduate Degree	38.71%	40.74%
Years Lived in Community:	23.58	24.1

In this final sample the majority of survey respondents, 76.61%, were female. Respondents ranged in age from 18 to 75, with the mean age being 45.62 (SD = 13.20). Reflective of the communities they live in, over 91% of respondents classified their ethnicity as white. Overall the sample is highly educated and also has a high income. More than a quarter of respondents had attended some college or vocational

school, a quarter of respondents held a bachelor's degree, and over 38% held a graduate degree. Accordingly, 33.04% reported a household income between \$50,000 and \$74,999, 25.22% reported a household income between \$75,000 and \$99,999, and 22.61% reported a household income of \$100,000 or over. Respondents had lived in the community between 0 (less than a year) and 71 years, with a mean of 23.58 years (SD = 15.78). See Table 4.2 for complete the demographic characteristics of the final sample.

Table 2: Sample Characteristics²

	Mean (SD)	Frequency	%
Community:	Enterprise	1	0.79%
	Klamath Falls	92	73.02%
	Klamath County	17	13.49%
	Tillamook	12	9.52%
	Tillamook County	4	3.17%
Gender:	Male	29	23.39%
	Female	95	76.61%
Age:	45.62 (13.20)		
Ethnicity:	African American	0	0.00%
	Asian/Pacific Islander	1	0.81%
	Hispanic/Latino	1	0.81%
	Native American	2	1.63%
	White	112	91.06%
	Other	7	5.69%
Household Income:	Less than \$10,000	1	0.87%
	\$10,000 to \$24,999	8	6.96%
	\$25,000 to \$49,999	13	11.30%
	\$50,000 to \$74,999	38	33.04%
	\$75,000 to \$99,999	29	25.22%
	\$100,000 and over	26	22.61%
Education:	Grade School	0	0.00%
	Some High School	0	0.00%
	High School (or equivalent)	13	10.48%
	Some College or Vocational School	32	25.81%
	Bachelor's Degree	31	25.00%
	Graduate Degree	48	38.71%
	Years Lived in Community:	23.58 (15.78)	

² In the state of Oregon 50.4% of the population is female, the median age is 36.3, 86.6% of the population is white, 26.3% have a high school education, 27.1% have some college education, 16.4% have a bachelor's degree, 8.7% have a graduate degree, and the median household income is \$40,916 (U.S. Census Bureau, 2008c).

4.2.2 Preliminary Analysis

Preliminary analyses were first performed to determine adequate scale reliability. The reliability of each construct's scale was evaluated using Cronbach's alpha. The community attachment items yielded a Cronbach's alpha of 0.87 once one item was removed to improve reliability. The local retailer loyalty items yielded a Cronbach's alpha of 0.85. The satisfaction with local retailers items yielded a Cronbach's alpha of 0.76. The inshopping intention items yielded a Cronbach's alpha of 0.87. The current inshopping behavior items yielded a Cronbach's alpha of 0.85. The reliability of all scales was thus deemed adequate for further analysis.

Scores for the inshopping intention and behavior constructs were coded so that the product categories respondents indicated they did not purchase or that were not available in their communities were not assigned item scores. Therefore the following equation was used to calculate both the inshopping intention and behavior composite scores.

$$\text{Total Inshopping Score} = \frac{\sum \text{Inshopping Item Scores}}{\# \text{ of Items Scored}}$$

For all other constructs, composite scores were calculated by averaging the multiple items in the scale. Table 4.3 gives the summary statistics for the resulting composite scores for all construct variables as well as the inter-item reliabilities for the items used to create the composite scores. Table 4.4 shows the correlations among these variables.

Table 3: Summary Statistics of Construct Variables

	# Items in Scale	Scale α	Mean	Standard Deviation	Minimum	Maximum
Community Attachment	5 ¹	0.87 ¹	4.60	1.13	2.2	7
Satisfaction with Local Retailers	5	0.76	4.26	0.91	2.2	6.6
Local Retailer Loyalty	9	0.84	4.66	0.92	2.2	6.7
Inshopping Intention	10	0.87	5.27	1.24	1.3	7
Inshopping Behavior	10	0.85	4.81	1.09	1.4	7

¹After 1 item was removed to improve alpha

Table 4: Variable Correlations

	Community Attachment	Local Retailer Loyalty	Satisfaction with Local Retailers	Inshopping Intention	Inshopping Behavior
Community Attachment	1.00				
Local Retailer Loyalty	0.44	1.00			
Satisfaction with Local Retailers	0.33	0.55	1.00		
Inshopping Intention	0.24	0.44	0.39	1.00	
Inshopping Behavior	0.17	0.36	0.32	0.74	1.00

4.2.3 Path Analysis

Path analysis provides a simultaneous evaluation of the set of relationships among multiple variables (Hair, Anderson, Tatham, & Black, 1998) and was used to test the six hypotheses proposed in the conceptual model as well as any possible indirect effects (see Figure 2) using Mplus. Maximum likelihood estimation indicated an acceptable model fit. The model yielded a Chi-square value of 0.745 ($p = 0.8625$), a CFI (Comparative Fit Index) of 1.000, a RMSEA (Root Mean Square Error of

Approximation) of 0.000 (with a confidence interval of 0.000, 0.079), and a SRMR (Standardized Root Mean Square Residual) of 0.012.

4.2.4 Hypothesis Testing

Results of the path analysis, using the direct effects, were used to evaluate each hypothesis.

Hypothesis 1: Community attachment is positively related to local retailer loyalty.

The results of the path analysis showed that community attachment is positively related to local retailer loyalty ($\beta = 0.27$, $t = 3.50$, $p = 0.000$). Therefore, an individual with a higher score on community attachment is expected to have a higher score on local retailer loyalty. Thus Hypothesis 1 was supported.

Hypothesis 2: Satisfaction with local retailers is positively related to local retailer loyalty.

The results of the path analysis showed that satisfaction with local retailers is positively related to local retailer loyalty ($\beta = 0.45$, $t = 5.91$, $p = 0.000$). Therefore, an individual with a higher score on satisfaction with local retailers is expected to have a higher score on local retailer loyalty. Thus Hypothesis 2 was supported.

Hypothesis 3: Community attachment is positively related to inshopping intention.

The results of the path analysis showed that community attachment is not significantly related to inshopping intention ($\beta = 0.04$, $t = 0.50$, $p = 0.615$). Therefore Hypothesis 3 was not supported.

Hypothesis 4: Local retailer loyalty is positively related to inshopping intention.

The results of the path analysis showed that local retailer loyalty is positively related to inshopping intention ($\beta = 0.32, t = 3.23, p = 0.001$). Therefore, an individual with a higher score on local retailer loyalty is expected to have a higher score on inshopping intention. Thus Hypothesis 4 was supported.

Hypothesis 5: Satisfaction with local retailers is positively related to inshopping intention.

The results of the path analysis showed that satisfaction with local retailers is positively related to inshopping intention ($\beta = 0.22, t = 2.24, p = 0.025$). Therefore, an individual with a higher score on satisfaction with local retailers is expected to have a higher score on inshopping intention. Thus Hypothesis 5 was supported.

Hypothesis 6: Inshopping intention is positively related to current inshopping behavior.

The results of the path analysis showed that inshopping intention is positively related to current inshopping behavior ($\beta = 0.76, t = 12.89, p = 0.000$). Therefore, an individual with a higher score inshopping intention is expected to have a higher score on current inshopping behavior. Thus Hypothesis 6 was supported. Figures 3 and 4 give the unstandardized and standardized model results. Table 4.5 gives the complete path analysis results. Table 4.6 shows the results regarding the hypotheses.

4.2.5 Additional Analysis of Indirect Effects

To better understand the results and to examine the predictive validity of the hypothesized model, decomposition of effects using Mplus was performed. The indirect effects for local retailer loyalty, inshopping intention, and current inshopping

behavior are presented in Table 4.5 along with the direct effects. Overall the results show that the hypothesized model explained 36.3% of the variance in local retailer loyalty, 24.3% of the variance in inshopping intention, and 57.2% of the variance in current inshopping behavior.

Corresponding with the results of the direct effects, for which Hypothesis 3 was not supported, the indirect effect of community attachment on current inshopping behavior through inshopping intention was not significant. Community attachment and current inshopping behavior however were indirectly related through local retailer loyalty and inshopping intention ($p < 0.05$). All other indirect relationships were also significant. Satisfaction with local retailers had a significant indirect effect on current inshopping behavior through both inshopping intention ($p < 0.05$) and also through both local retailer loyalty and inshopping intention ($p < 0.01$). Both community attachment ($p < 0.05$) and satisfaction ($p < 0.01$) had significant indirect effects on inshopping intention through local retailer loyalty. Finally local retailer loyalty had a significant indirect effect on current inshopping behavior through inshopping intention ($p < 0.01$).

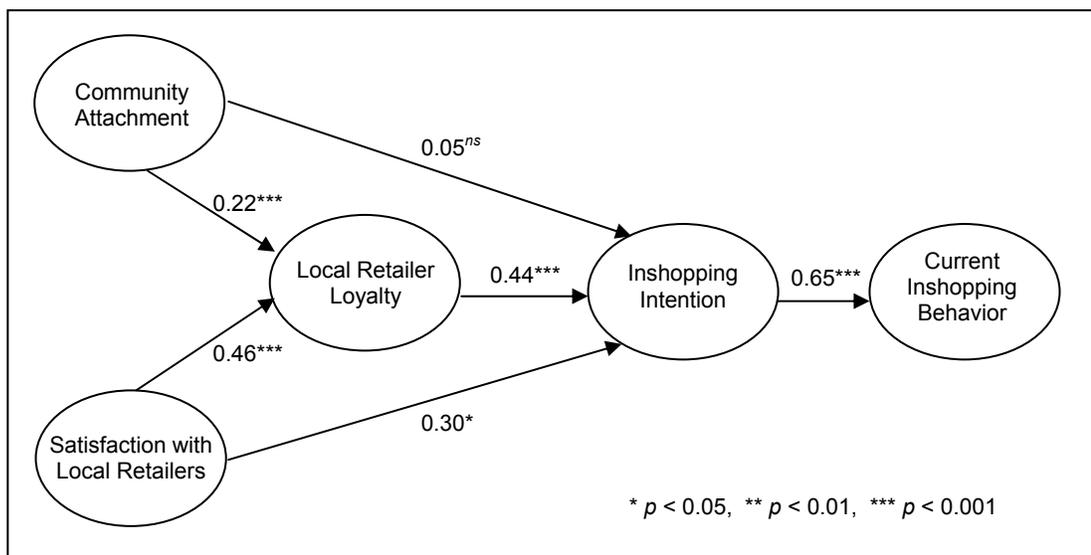


Figure 3: Unstandardized B's

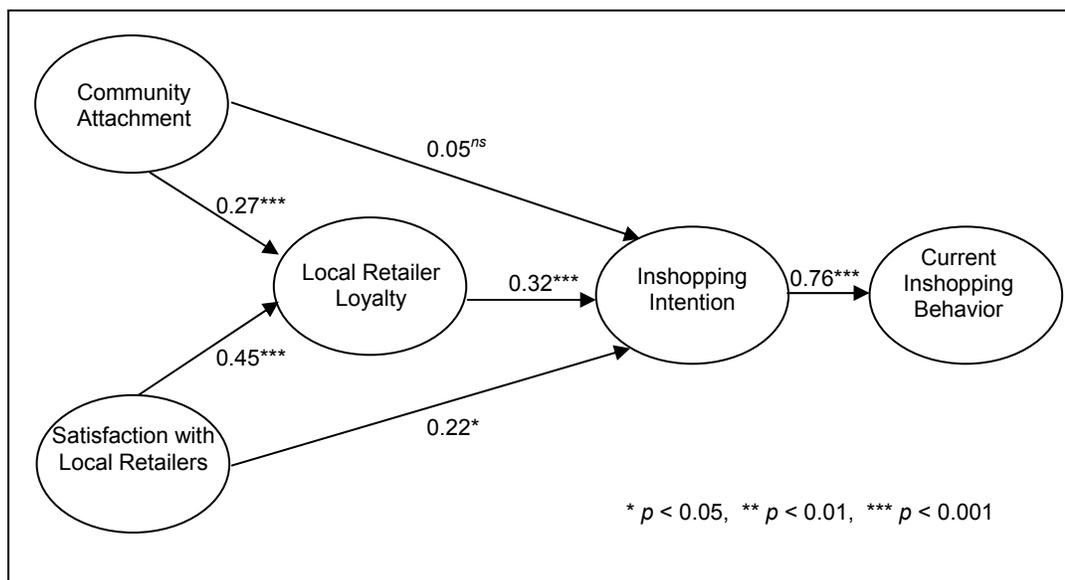
Figure 4: Standardized β 's

Table 5: Path Analysis Results

Predictor Variable	Outcome Variable				
	Local Retailer Loyalty				
	B (S.E.)	<i>t</i> (Unstandardized)	β (S.E.)		
Direct Paths					
Community Attachment	0.22 (0.06)***	3.50	0.27 (0.08)		
Satisfaction with Local Retailers	0.46 (0.08)***	5.91	0.45 (0.07)		
Inshopping Intention					
	B (SE)	<i>t</i> (Unstandardized)	β (SE)		
Direct Paths					
Community Attachment	0.05 (0.10)	0.50	0.04 (0.09)		
Satisfaction with Local Retailers	0.30 (0.13)*	2.24	0.22 (0.10)		
Local Retailer Loyalty	0.44 (0.14)***	3.23	0.32 (0.10)		
Indirect Paths					
Community Attachment <i>Through Local Retailer Loyalty</i>	0.10 (0.04)*	2.38	0.09 (0.04)		
Satisfaction with Local Retailers <i>Through Local Retailer Loyalty</i>	0.20 (0.07)**	2.83	0.14 (0.05)		
Inshopping Behavior					
	B (SE)	<i>t</i> (Unstandardized)	β (SE)		
Direct Paths					
Inshopping Intention	0.65 (0.05)***	12.89	0.76 (0.04)		
Indirect Paths					
Community Attachment Total Indirect	0.09 (0.06)	1.47	0.10 (0.07)		
<i>Through Inshopping Intention</i>	0.03 (0.06)	0.50	0.03 (0.07)		
<i>Through Local Retailer Loyalty, Inshopping Intention</i>	0.06 (0.03)*	2.34	0.06 (0.03)		
Satisfaction with Local Retailers Total Indirect	0.33 (0.08)***	3.90	0.27 (0.07)		
<i>Through Inshopping Intention</i>	0.20 (0.09)*	2.21	0.16 (0.07)		
<i>Through Local Retailer Loyalty, Inshopping Intention</i>	0.13 (0.05)**	2.76	0.11 (0.04)		
Local Retailer Loyalty <i>Through Inshopping Intention</i>	0.28 (0.09)**	3.13	0.24 (0.07)		
* $p < 0.05$, ** $p < 0.01$ *** $p < 0.001$					
Model Fit Statistics					
df	χ^2	CFI	TLI	RMSEA	SRMR
3	0.745	1.000	1.037	0.000	0.012

Table 6: Hypothesis Testing

Hypotheses		Result
H1:	Community attachment is positively related to local retailer loyalty.	Supported
H2:	Satisfaction with local retailers is positively related to local retailer loyalty.	Supported
H3:	Community attachment is positively related to inshopping intention.	Not Supported
H4:	Local retailer loyalty is positively related to inshopping intention.	Supported
H5:	Satisfaction with local retailers is positively related to inshopping intention.	Supported
H6:	Inshopping intention is positively related to current inshopping behavior.	Supported

4.3 Part II: Retailer Interviews

4.3.1 Sample Characteristics

The interview sample consisted of 12 retailers, four from each community. Although retail managers were eligible to participate, all of the participants were business owners. The demographic surveys indicated that the retailers interviewed represented retail establishments that have been in business between less than a year to 49 years. On average the businesses had been in operation for over 21 years. The retailers also represented a variety of product categories, including two selling clothing and accessories, two selling furniture, and one each representing arts, crafts, and gifts; beads and gifts; books; jewelry; kitchen, home décor, and gifts; music instruments and supplies; office supplies; shoes and boots; and sporting goods³. The sales volume of these stores was also greatly varied, ranging from \$120,000 to \$2,500,000 (excluding two retailers who did not answer that item). The stores had an average annual 2007 sales volume of \$637,777. However, this average falls to

³ One of the retailers interviewed owned two stores in that community, so 13 retail establishments were represented.

\$279,444 once the two stores in the sample with a sales volume of \$2,000,000 or over are excluded. Table 4.7 gives the complete demographic characteristics for the retailers interviewed.

Table 7: Retailer Characteristics

Years in Business	Category	Sales Volume (2007)	Years of Residence in Community
4	Office Supplies	\$250,000	30
3.5	Beads, Scrapbooking, & Collectibles	—	1.5
33	Jewelry	\$2,500,000	45
7	Arts & Crafts, Gift Items	\$120,000	7
8	Furniture	\$350,000	37
15	Clothing & Accessories	\$130,000	54
32	Books	\$220,000	20
74	Gifts, Kitchen, Home Décor	\$167,000	15
2.5	Clothing & Accessories	\$250,000	15
49	Furniture	\$2,000,000	45
30	Sporting Goods	\$850,000	36
0.95	Music Instruments & Supplies	—	1.5
20	Shoes & Boots	\$178,000	20

4.3.2 Interview Analysis

From the interview transcripts thematic categories were created. Comments in the interviews generally fit into seven categories: (1) Who are local retailers?, (2) retailers' perceptions of their communities, (3) the local economic environment, (4) community support for local retailers, (5) challenges for rural retailers, (6) rural consumers, and (7) outshopping.

Who Are Local Retailers?

While the business owners included in the interviews represent varied product categories and store sizes, commonalities in the origins of the businesses were noted.

Many of the businesses had family origins. Four of the business owners were at least second generation owners who took over a family business. Additionally two businesses were operated by husband-wife teams and two businesses were started by mother-daughter teams. Therefore, three-quarters of the business owners interviewed indicated some family element involved in their business' origins.

Furthermore, five of the business owners indicated that they had moved to their community specifically to start or buy their business. Three other business owners revealed that opening a retail business was a way for them to create their own job in their community. One business owner (Community A, Interview 2) revealed, "...I'd quit my job to be home with the kids... and [my husband] lost his job, and so that's kind of one reason why we opened the store was because we wanted to still live in this community... And so we kind of created our own jobs here."

Retailers' Perceptions of their Communities

When asked to describe their communities, business owners often referred to the words and imagery that are typical to rural America. "It's like coming to Mayberry," one retailer (Community A, Interview 1) said. Their communities were also referred to as close-knit, warm, and friendly. They were described as places that are slower paced, community-oriented, with lots of involvement, where people take care of each other.

Interestingly, these rural communities were often described by comparing them to larger communities. One business owner (Community A, Interview 1) commented, "It does still have that community feel, where you don't get in a larger city, and you know that you have people that will help you and just a different way of life

basically.” Another (Community A, Interview 3) described their community, “It’s a neat place to live. It’s a neat place to raise your kids, because there’s basically no crime or you know nothing like you have to worry about in the big city. So if you like the quiet life, if you like the mountains, you like to hike, hunt, fish, that kind of thing, then you would love it here.” References like this to the outdoor amenities offered in their rural communities were also common.

Furthermore, because they live in rural areas retailers’ definitions of what constituted their communities were often different. One retailer (Community A, Interview 2) explained, “The thing about this community is, it’s almost not viewed as not [the town] being the only... I mean [the town] is its own community, but yet the county seems to kind of band together in many cases as a community.”

The Local Economic Environment

However, not all references to their rural communities were positive ones. Any negative comments were always directed toward the economic environment of these communities. In these cases the communities were described as struggling and economically depressed. In all the communities examined the recent influence of both tourism and an influx of retirees was also noted, always as a positive influence. However, this also meant a changing consumer base for retailers. One (Community C, Interview 1) explained, “...You’re getting a larger population of retired, white collar and second-homeowners who happen to be of the higher income that they can afford a second home. Those individuals are expecting more from their local retailers.”

Changes in these communities, most notably those regarding the decline in natural resource sector industries, were cited as influencing these communities. Tied

to this idea was the often expressed feeling that these communities lacked job opportunities, especially for middle-wage, family-wage type jobs. These conditions were also thought to influence local retailers. “You can’t expect a lot when you live here and know that people don’t have high-paying jobs,” one retailer (Community A, Interview 3) commented. Doing business in these communities was described as challenging and tough.

A common problem in all of the communities examined was the presence of vacant stores, in other words an empty Main Street. One retailer (Community A, Interview 2) explained, “For years there wasn’t a lot of change on Main Street and then when the older people, when people who’d been here for years and years got to be retirement age, nobody wanted to buy their business and so they just ended up closing up.” Retailers described conditions in which many businesses come and go, try and fail. In describing these conditions the same retailer commented, “And in fact when I say that we’ve been here eight years I feel I’m really kind of bragging.” Having so many empty storefronts affected the businesses in every community. One retailer (Community A, Interview 4) explained how this impacts the store’s traffic, “It’s nicer for me when there’s more retailers in my block, which there aren’t right now so people really have to think about going to the bookstore.” When there are more stores in one area retailers benefit from the increased traffic brought by other retailers. Another retailer (Community B, Interview 2) elaborated how a new store opening down the street benefited them. “We have a new store on Main Street that sells clothing. And I’m kind of one of those people who feel like the more we have the better, to a certain point. So I’m grateful, for example this store that does sell

clothing is downtown. Because I feel like it just gives more reason to come down. If you're in the mode of shopping for clothing, you might as well go to two places."

Retail competition in these communities was varied. Six retailers cited one of their main competitors as locally-owned stores in the area. Five times, local chains or franchises were cited as a main competitor. Six times, chains in neighboring communities were cited as competitors. Locally-owned stores in neighboring communities were also cited once as a major competitor.

Community Support for Local Retailers

In terms of feeling supported by the community, most retailers interviewed felt that they were supported. However, retailers who felt they were not supported by the community had very strong feelings. One retailer (Community A, Interview 3) explained, "I don't sometimes feel [the community supports us] as much as they should because of all the, you know, donations and contributions that we make, you know for the activities and the schools. You know I feel like in turn they should do more for us." The retailer continued, "And we just, we gave away so much money, and now when it's time for people to return the favor or at least say thank you by coming in and buying a blouse every once in awhile, they don't. Yeah, you do take it personally. If you were in a big city you wouldn't care because you wouldn't see the same person twice, but in a small town where you know everybody it can hurt."

When the same retailer talked of retiring and closing their store, they commented on how the community might react. "They'll be mad [if I close] because they always are. You know we had a really neat men's clothing store... but people didn't support it, so you know he couldn't make it. But there were people that were

mad... But my thought is, oh well. I'm mad too... It's hard. People, they want you here, but yet they only want you here when they need you.”

Retailers' opinions of the formal business support in rural communities were overwhelmingly consistent. Only one retailer felt the formal community support, through business and economic organizations, was good. Ten retailers, so therefore retailers in all three communities, indicated that they felt these organizations did not benefit them or misunderstood their needs. The general feeling was that these forms of support were in place in the community but that they did not see any impact on their businesses resulting from these organizations. As one retailer (Community B, Interview 1) commented, “If you want to be involved in the Chamber there's things that they do that they claim help promote your business. I don't have a lot of faith in that.” Another retailer (Community B, Interview 2) even explained, “...They still haven't snapped out of that feeling of ‘Oh, it's just [a small town]. There's nowhere to shop.’ Or, ‘Don't even bother. Just go on over to [the next town].’ Right from our own Chamber...” Despite these general feelings, most retailers interviewed were members of Chamber of Commerce organizations.

Economic development organizations in these communities were similarly viewed. One retailer (Community B, Interview 3) explained, “Economic Development here is very attuned to drawing in new business.” This was a feeling shared by other retailers as well, that the focus of these organizations is on new business, not on providing assistance and support to existing businesses and encouraging development through these established businesses. The same retailer

continued, “I don’t really agree with that. You know we’ve been here a long time and we pay a lot into the tax base, add a lot into our community.”

Challenges for Rural Retailers

The retailers interviewed almost universally felt that the limited population base of their rural communities posed the biggest challenge to their businesses. They indicated awareness of a limit to the size and number of businesses that a rural community can support. When asked about future plans for their businesses they commonly commented that expansion would not be practical. Two retailers actually at some time had expanded by opening additional branch stores, but in both cases these stores were sold or closed and are no longer part of the business. These concerns were especially prevalent in communities experiencing limited population growth. However, when population growth was brought up, one retailer expressed concern over the increase in competition that might accompany such growth.

Rural retailers explained that this limited population base has forced them to grow and adapt in different ways. Instead of increasing the number of customers, rural retailers in several cases instead attempt to provide more products and/or services to their existing customers. Many cited the necessity of adding additional services, product lines, and product categories. For example, a bookstore also featured works from local artists and contained a coffee counter. In another case a retail store served as a drop-off and pick-up location for a weekly dry-cleaning service that is operated out of a neighboring town. The same store also housed the community’s only tanning bed.

The limited population base is also a concern because of the fact that everybody knows everybody. While many described this as a positive aspect when describing their communities, some drawbacks emerged as retailers talked about business, something one retailer referred to as a double-edge sword. One retailer (Community A, Interview 3) explained, "...Small towns are cliquy just like high school, so if you've got a group over here that boycotts the store I guess for lack of a better word, they'll take all their little groupie friends with them. All it takes in a small place like this is to lose five or six of your clientele and it's a big crunch." Additionally in small towns, where retailers often see and interact with their customers outside the store, business must be conducted differently. Customers may take things more personally and therefore resist more aggressive selling styles that may be more common in larger communities.

Population was also a concern in terms of the changing composition of those living in these communities. In all of the communities examined retailers perceived that a lack of family-wage jobs and an increase in second-homeowners and retirees is changing the composition of their communities. In some cases these changes were positive for retailers, but concern was still expressed about increasing polarization between the haves and the have-nots in these communities.

Rural retailers also had concerns about the economy in general. Several cited the current economic state of the country as a challenge, along with rising oil prices. The later presents additional challenges to rural retailers who have to pay transport costs of goods to their stores, as well as in some cases delivering goods to their customers. Several explained that they have to order more goods at one time than

retailers in bigger towns might because dealers and wholesalers are less willing to transport to more rural areas and may require larger minimum purchases. As such, access is also an issue, especially for those communities that are “going to” places as opposed to “going through” places.

Rural Consumers

Rural retailers perceived that their customers were different from those in more urban areas not only in the products they buy, but also in how shopping functions for them. For some goods, in this sample notably furniture, rural consumers were perceived as having very different tastes than more metropolitan consumers. They were described as preferring less modern and fashion-oriented products. In this sense then, the retailers in rural areas were better suited to meet the needs and wants of their rural consumers.

It was also perceived that consumers in rural areas shop differently than those in more metropolitan places. Namely, in rural places shopping is usually not viewed as a recreational activity. “...I think about people in the city, there’s a lot more recreational shoppers, and I think if you live out here and you’re a recreational shopper, you’re in big trouble. So I think people that live out here have other things to do in their lives, so they shop for, to some extent for amusement, but not like in the city,” commented one retailer (Community A, Interview 4). Others noted that even though rural shoppers, when they travel to larger communities, may make a day of it, they usually have some purpose and are not shopping for shopping’s sake alone.

Even when shopping in their own community rural residents are more likely to take a day to accomplish all of their shopping at once because they tend to be traveling

greater distances. "...This is a really spread out community too when you take the whole county. You know then they could take the whole day when they come into town say from like the city or [a neighboring community]. They do all the things they need to do on that one day so they aren't going back and forth," explained one retailer (Community C, Interview 1).

Outshopping

Where not all retailers viewed outshopping in the same way, most agreed that it is an issue for rural retailers. Three viewed outshopping as a significant problem that impacts their business. However most (seven) only described it as somewhat of a problem. These retailers expressed that for them outshopping is simply a reality of doing business in a rural area that cannot be changed. Only two retailers indicated that for them outshopping is not too much of an issue. These were also the two retailers with arguably the most specialized businesses, who also do not compete on price.

Those who viewed outshopping as a reality of business described outshoppers as a segment of the market that cannot be captured. One retailer (Community B, Interview 3) explained, "And I'd like to think that there's kind of 15 to 20 percent of the low-end people that probably would never consider buying new furniture because of their economic conditions. There's maybe 15 to 20 percent on the high-end who would never consider buying home furnishings in [this community] just because they don't have to or they feel that they can't get the quality or the style they want here." Another retailer (Community A, Interview 2) confirmed the notion that there is a market segment unwilling to make certain purchases locally. "There's a segment of

people who look down their nose at anything you can buy [in this] county, as though it may be inferior because we're a small community.”

However rural retailers also felt that, while rural residents may leave town to shop in search of lower prices and larger selections, many rural consumers are actually unaware of the retail offerings in their own communities. One retailer (Community A, Interview 2) elaborated, “I know that there are people that I personally know, we've been in the store for eight years, and there are people that I personally know that have never been in our store. And that kind of gripes me you know. And I don't think it's because they have anything against us, I just think that they think that we won't have what they want.” Another (Community B, Interview 3) commented, “I think that there's a certain part of the population that just says you know, ‘We're not going to be able to find it here. We're not even going to look.’”

Outshopping was rarely viewed by retailers as an economic decision by customers. In fact many retailers revealed that they can often match or even beat the prices offered by chains and stores in larger communities. Retailers felt that consumers often do not accurately perceive the competitiveness of the prices that they offer. “Some of my best friends have businesses, but they'll go to [a chain store] to get their office supplies. They won't even bother to ask me to bid the job. They just assume that it's going to be cheaper and worth their while to go to [a larger community] to get their supplies,” one retailer (Community C, Interview 1) explained.

Outshopping was viewed as less of a problem for retailers selling high-ticket items who felt trust was a concern with these larger purchases. Retailers also reported that the items commonly purchased outside the community tend to be clothing related.

Surprisingly, lumber and hardware was another product category mentioned more than once as one frequently outshopped.

Also, one retailer mentioned that the Internet was a significant competitor and one more mentioned a major cataloger as a significant competitor. Again, the Internet was viewed of less of a threat for retailers selling more expensive products and products that may require service.

It is also worth noting that outshopping functions in the opposite way for many of these retailers. For the purposes of this study communities were selected that have an adequate retail sector in their communities. While each community loses business to other nearby larger communities, they also draw from smaller, more remote towns in the area that may or may not have their own retail establishments.

Despite the challenges posed by outshopping, when asked if overall they would describe their customers as loyal, all retailers interviewed answered yes. Retailers described two distinct segments of customers. The first is a group that consciously supports local retailers. “There’s a segment of the population that is very committed to supporting local business,” one retailer (Community A, Interview 2) explained, “But it’s not always the people you’d think... It’s just something that either someone has that commitment or they don’t. It doesn’t matter whether they’ve lived here all their life or just moved here from another area, which that’s always surprised me.” The second group is critical of local retail offerings and outshops significantly. The same retailer continued, “...Some people will want to offer everything here and they’ll complain about the things you can’t get here, but they

don't shop here anyway." This also illustrates that many retailers felt rural consumers do not realize the effects of outshopping on the success of local businesses.

The retailers who felt outshopping was a problem also expressed that they sometimes take consumers' patronage decisions personally. One retailer (Community A, Interview 3) gave an example, "Well, an example is a girl that came in... and she was talking to another girl and you know knew I could hear her and she just said, 'I didn't have time to get to [the larger, nearby community] so I had to come here.' And you know, I mean that just, oh, because you try so hard to be here for people when they need you, but you know don't tell me that. I don't need to hear it; I already know it."

CHAPTER 5: DISCUSSION

5.1 Part I: Consumer Surveys

Overall the path analysis results provide support for the proposed model. These findings support the existence of a relationship among community attachment, satisfaction with local retailers, local retailer loyalty, inshopping intention, and current inshopping behavior. Both community attachment and satisfaction with local retailers had significant effects on current inshopping behavior through local retailer loyalty and inshopping intention. In short, both local retailer loyalty and inshopping intention mediated the relationship both community attachment and satisfaction with local retailers have with current inshopping behavior. Satisfaction with local retailers also had a significant direct effect on inshopping intention, but the presence of a direct relationship between community attachment and inshopping intention was not supported in this research.

The findings of this study, which demonstrate a relationship between community attachment and inshopping through local retailer loyalty, provide support for prior research by Cowell and Green (1994) which established a relationship between community attachment and local spending. However this study failed to support a direct link between community attachment and inshopping intention. Although this relationship was predicted, this finding is also consistent with Miller's (2001) research regarding the role of reciprocity. Miller found a relationship between community attachment and inshopping that was mediated by reciprocity, but no direct connection between community attachment and inshopping. This confirms that community attachment influences factors that in turn influence inshopping, but does

not directly influence inshopping itself. That is, there is a relationship between community attachment and inshopping, but only when it is mediated by another variable.

The findings of this study, which also support the role that satisfaction with local retailers plays in influencing local retailer loyalty, confirm prior research as well (Cooil et al., 2007; Dixon et al., 2005; Hallowell, 1996; Jones & Reynolds, 2006; LaBarbera & Mazursky, 1983; Oliver, 1999; Sivadas & Baker-Prewitt, 2000). Research by Sivadas and Baker-Prewitt (2000) established that satisfaction leads to favorable attitudes toward a retailer, which then translates into store loyalty. Terblanche and Boshoff (2006) also found that satisfaction with a retail shopping experience positively influences loyalty, as both an attitude and an action. However this study provides evidence that the same relationship between satisfaction and loyalty holds true in the context of a community's general retail offerings. That is, a consumer's overall satisfaction with a community's retail offerings is positively related to that consumer's loyalty toward local retailers in general.

The presence of a direct relationship between satisfaction with local retailers and inshopping intention and an indirect relationship between the two through local retailer loyalty also supports existing research by Cronin et al. (2000) and Oliver (1980) who both found connections between satisfaction and behavioral intention. However, this study again provides support for the relationship specifically in reference to inshopping intention and in the context of satisfaction with a community's general retail offerings. This supports findings by Hermmann and Beik (1968) and

Lumpkin et al. (1986) who found outshopping behaviors to be most common for those who were dissatisfied or felt there were problems with local retailers.

The final relationship between inshopping intention and current inshopping behavior also supports more general research linking intention and behavior (Bosnjak et al., 2006; Penz & Stöttinger, 2005; Spence & Townsend, 2006), but in addition provides support for the conceptual model based on the Theory of Planned Behavior. This means that outshopping behaviors by rural consumers are preceded by attitudes toward both their communities and local retailers and by the intention to leave their communities to shop.

Furthermore, the overall model provides support for the premise that local retailer loyalty and inshopping are in fact two separate constructs and should be examined as such. According to the model and the theoretical framework behind it, local retailer loyalty is part of a consumer's attitude regarding the retail offerings within their own community. Inshopping, on the other hand, can be considered both as an intention and an actual behavior. While the results of this study show that the two constructs are positively related to one another, it should not be assumed that the behavior will necessarily accompany the attitude and vice versa.

While the results do provide support for the proposed model, this must be considered in the context of this study's sample. This consumer sample was highly educated and accordingly also had high incomes. In the state of Oregon 8.7% of the population has a graduate degree (U.S. Census Bureau, 2008c). In Klamath Falls, the community where most of this sample is from, this number is only 7.6% (U.S. Census Bureau, 2008b). However, in this study's sample nearly 40% of respondents had a

graduate degree. Prior research shows that income and education are related to outshopping behavior (Anderson & Kaminsky, 1985; Herrman & Beik, 1968; Miller & Kean, 1997a; Reynolds & Darden, 1972; Thompson 1971). Therefore it is expected that the nature of the sample may have impacted the final results. When income is lower, rural residents have fewer resources with which to travel. In these cases individuals with lower socioeconomic status shop locally more frequently than others, not because they are loyal, but because they lack alternatives. Therefore staying in their own community to shop may be more a necessity than a choice. This perhaps suggests that the relationship between local retailer loyalty and inshopping behavior found in this study may not be the same in a different sample representing more rural residents of lower socioeconomic status.

5.2 Part II: Retailer Interviews

The retailer interviews carried out in this study give insight into the issues faced by retailers in rural areas and reveal issues related to both rural communities and rural consumers. All of the retailers interviewed described their communities as good places to live. The same was not true when retailers described the economic environment of those same communities. Retailers referred to their communities as economically depressed and cited changes in the natural resource sector. This finding is consistent with many of the changes that have been taking place in rural America (Rogers et al., 1988). Retailers felt that these economic conditions limited the potential success of their businesses due to the limitations their prospective customers face in such tough economic situations.

In terms of the retailers' roles in the community, four of the retailers interviewed (out of twelve) were at least second generation business owners, which suggests that these businesses were established and well incorporated into their communities. On the other hand, five of the retailers interviewed had moved to their communities with the specific purpose of buying or opening their business. Therefore, it may be assumed that the retailers included in this sample varied regarding their own place in the community. Retailers did indicate that they themselves support the community through volunteerism, donations, and participation in civic organizations. This suggests that these retailers do consider their own role in the community and how it impacts their business.

When asked about the retail environment and competition they face, retailers did cite chains stores and discount stores, both within their own communities and in neighboring communities, as competitors. However, many retailers felt that their own stores differed so much from these chains that each is able to serve a unique customer base that the other could not adequately accommodate. The retailers often felt their own customers tended to be those who value personalized service and want to support local businesses, while customers who frequent the chain and discount stores are more focused on price, and to a certain extent selection. Also it should be noted that retailers cited locally owned stores as often as they cited chain stores in neighboring communities and more often than they cited chains stores within the community as their biggest competitors.

One of the most surprising findings from these interviews was the retailers' opinions regarding formal support in their communities. When asked about

community support retailers automatically referred to support from fellow community members and had to be prompted to address formal support. In some cases retailers even had to be further prompted with examples of Chambers of Commerce and economic development programs. However once the support of these organizations was addressed the overwhelming consensus from the retailers interviewed was that these types of organizations were not a direct benefit to their businesses. One retailer even noted such an organization advising individuals to leave the community to shop.

The interview results also provide evidence of how these retailers are affected by outshopping by members of their communities. The interviews revealed that overall retailers feel that outshopping is a problem. However, they often indicated that they felt outshopping to be a reality of doing business, not only in rural communities but in all places, and for the most part considered it something that cannot be influenced by the retailers themselves. A few retailers also viewed outshopping in much the same way that they viewed chain store shoppers, as a consumer segment very different from their own, whose needs most likely they will not be able to meet and who is not part of their potential target market.

It was also expressed that while consumers may leave town in search of lower prices and larger selections, their perceptions of local retailers in these regards may not be accurate. Retailers perceived that many rural consumers outshop without first looking around in their own communities. They felt these consumers may not be aware of what the retail offerings are in their own communities and may misjudge the prices offered by local retailers. This observation is important to note given the finding from Part I showing that satisfaction with local retailers is significantly related

to local retailer loyalty and inshopping intention. This observation by retailers suggests that perhaps satisfaction toward local retailers in some cases may not be the result of actual experiences with local retailers and in fact is more related to perceptions of the local retail environment regarding such factors as price and selection.

5.3 Implications for Rural Retailers and Rural Communities

The support for the proposed model in this study suggests that rural communities and rural retailers wishing to deter rural consumers from leaving town to shop would benefit from understanding the role that both community attachment and satisfaction with local retailers play. The fact that satisfaction with local retailers positively influences inshopping indicates that rural retailers would benefit from collective actions aimed at creating satisfying shopping experiences within the community. Given that this study examined satisfaction with a community's retail offerings in general, such efforts aimed at improving satisfaction with the retailers in a community in general may be more effective than efforts by individual rural retailers focused solely on their own business.

Collective efforts may be crucial in keeping rural consumers in their own communities, which is especially important to note given retailers' perceptions regarding formal support within their communities. It seems most logical that such collective efforts would occur under the coordination of formal organizations like Chambers of Commerce. However, given retailers' perceptions in these communities, this seems unlikely and suggests that such efforts to reduce outshopping through

collective efforts aimed at increasing satisfaction would only be successful if the roles of these formal organizations and their relationships with rural retailers change.

Fostering local retailer loyalty and inshopping through community attachment is slightly less straightforward as it is unlikely retailers themselves will be able to influence general attitudes community members have about their communities as a whole. However some researchers include measures of community involvement as part of community attachment (Miller, 2001). This indicates that efforts to increase community involvement, perhaps initiated by community civic and government organizations, may ultimately influence loyalty towards local retailers and the likelihood that rural residents will stay in their own communities to shop.

The model also supports the premise that attitudes regarding both the community and local retailers affect local retailer loyalty and ultimately inshopping intention and behavior. This suggests that communities wishing to prevent market leakage would benefit from focusing on both of these factors. Both consumers' views of their communities and the stores in them affect whether they will shop in town or out of town. Neither factor should be ignored by rural communities and rural retailers.

The role that local retailer loyalty plays as a mediator for both community attachment's and satisfaction with local retailers' influence on inshopping points to the potential implications of this variable. This suggests that other efforts to improve local retailer loyalty may in fact also influence inshopping by rural consumers. Along with community attachment and satisfaction with local retailers, reciprocity (Miller, 2001), relational quality (Odekerken-Schröder, De Wulf, Kasper, Kleijnen, Hoekstra, & Commandeur, 2001), interpersonal relationships (Miller & Kean, 1997b), and local

store personalization (Darden & Reynolds, 1971) are other variables that have been found to influence loyalty. Therefore efforts to build and maintain personal relationships with customers that are based on the best interests of the customer, along with emphasizing the personalized experience that local retailers can provide, may be influential in fostering local retailer loyalty and ultimately affecting inshopping behavior in rural communities. According to the model results, the construct of local retailer loyalty is not identical to the construct of inshopping. It therefore should be deemed an additional variable that may influence inshopping and the other factors which influence it should be considered for their effects on inshopping as well.

Where many retailers indicated they felt outshopping to be out of the realm of their control, the results from the model indicate that this may not be true. That the direct relationship between community attachment, a factor the retailer does not have much influence on, and inshopping intention was not significant, but the direct relationship between satisfaction with local retailers, a factor that individuals themselves do contribute to, and inshopping intention was significant suggests that satisfaction with local retailers may be a stronger influence than community attachment. In fact, post-estimation analysis indicates that satisfaction with local retailers is a statistically stronger influence on local retailer loyalty than community attachment.

In this study satisfaction was measured as pertaining to the local retail environment in general. However, individual retailers do contribute to and are part of that environment. This also may mean that efforts directed toward improving the overall vibrancy of a community's retail environment may be influential when it

comes to outshopping in rural communities. This is especially relevant since retailers overall felt that the formal business and development organizations, which are often designed to do just that, ultimately did little to impact their business' success.

The retailers' observations that rural consumers may not accurately perceive the retail offerings in their own communities suggests that altering these perceptions may be one way that rural communities and rural retailers might improve satisfaction with local retailers, ultimately affecting both loyalty and inshopping. Increasing awareness of local retail offerings might also be beneficial since retailers also perceived that rural consumers are more likely to shop with a purpose. If indeed rural consumers shop with a specific purpose, or purchase, in mind they may be more likely to go where they know their needs can be met, which may be outside the community, instead of spending the time to look around in their own communities where they may not find what they are looking for. If these consumers know that a product is available in their own community, and for a satisfactory price, they may be willing to stay in their own communities to shop.

This study also has broader implications for rural communities who are making the transition away from resource based economies. More than once retail was mentioned as a way to create a job for oneself and remain in the community despite less than favorable economic and employment conditions. Also, in each community the roles of both tourism and an influx of retirees moving into the community were mentioned as trends that, for good or bad, are helping these communities survive economically. This suggests that retail may play a vital role as rural communities make these transitions. Retail is not only a way to create jobs and remain in the

community when employment is an issue, but retail is also well suited to accommodate future change. Retailers in fact may benefit from increased in-migration and tourism. In some cases a vibrant retail sector might even facilitate this transition and encourage such changes in a community by making a community a more desirable destination.

Recent research has distinguished between ‘New West’ and ‘Old West’ rural communities (Winkler, Field, Luloff, Krannich, & Williams, 2007). New West communities are those that are transforming socially and economically as they shift away from extractive based economies and rely instead of activities based on the natural amenities available, such as tourism and second-homeownership. In fact all of the communities included in the sample are amenity-rich. Enterprise is located near Wallowa Lake and is surrounded by National Forest. Klamath County is home to the state’s only National Park, Crater Lake, and Tillamook is situated on the Oregon Coast. Retailers’ comments that the communities in this study are increasingly relying on tourism and the in-migration of retirees is another indication that these communities might all be moving in the direction of New West communities and making economic transitions that will find them relying more and more on these industries in the future.

CHAPTER 6: CONCLUSION

6.1 Overview

The purpose of this study was to investigate factors which ultimately affect inshopping behavior in rural communities in Oregon. This study examined the roles of community attachment, satisfaction with local retailers, and local retailer loyalty on inshopping as both an intention and a behavior through a consumer survey in three rural Oregon communities. Retailers in those communities were also interviewed in order to gain a better understanding of the challenges that rural retailers face and the threat that outshopping poses to their businesses' success.

Results of the consumer surveys show that both community attachment and satisfaction with local retailers influence local retailer loyalty. Satisfaction with local retailers additionally impacts inshopping intention. Local retailer loyalty is related to inshopping intention, which in turn leads to inshopping behavior. The overall findings from the consumer surveys suggest that elements involving both the community and the retailer influence local retailer loyalty and ultimately inshopping by rural consumers. The retailer interviews revealed that outshopping is often viewed as an unavoidable part of doing business in a rural community. Retailers also observed that there appear to be several groups of consumers. One group of consumers appears to emphasize shopping locally, while other consumer groups are focused on price and selection. The findings from both the consumer surveys and the retailer interviews provide implications for rural retailers and rural communities who wish to reduce market leakage in order to improve the economic vitality of their communities.

6.2 Limitations

As with any research there are limitations to this study. The first limitation is the study's sample regarding the consumer surveys. From the beginning a convenience sample was utilized, meaning that the generalizability of the results is limited even within the communities examined. This convenience sampling method resulted in a final sample that had higher levels of education and higher incomes than the communities that were examined and also of Oregon in general. Income and socioeconomic status are two factors typically associated with outshopping behavior (Anderson & Kaminsky, 1985; Herrman & Beik, 1968; Miller & Kean, 1997a; Reynolds & Darden, 1972; Thompson 1971), and consequently this sample is one in which outshopping is expected to be more prevalent. This further limits the generalizability of the results. However, one could also argue that findings related to a group more likely to outshop in the first place, are especially relevant and in fact may be more helpful to rural retailers and rural communities wishing to reduce outshopping than findings relating to the population in general.

Furthermore, the final sample included responses predominately from only one community. This eliminated the possibility of making comparisons between communities. This means that it is impossible to tell if there were differences in the three research communities that impacted the results. Comparisons between communities would have provided additional indications regarding inshopping. This sample represented three different communities, of three different sizes, and three very different retail environments. Klamath Falls, which represented most of the sample, is a larger rural community with a retail offering that includes a variety of chain stores

and several large discounters. This may have impacted the final results, as these stores may mean that residents in this community have fewer incentives to leave town to shop. Those shoppers who value price and selection may in this case be satisfied with the local offerings provided by these stores. The comparison of communities with and without a variety of chain stores, and especially a discount store, would have provided additional information in regards to the influence this has on inshopping.

A second limitation in regards to the consumer surveys and the proposed model involves the measurement of inshopping behavior. As it was not possible to monitor and track actual current inshopping and outshopping behavior, past inshopping behavior was instead relied upon in the assumption that these past behaviors would reflect ongoing current behaviors. This, however, also means that the respondents' ability to recall their shopping behaviors influenced their responses, and consequently the results.

6.3 Suggestions for Future Research

Future research utilizing a more extensive sample and representing multiple communities in order to allow for comparison would be beneficial. Comparison between communities would reveal whether the results observed are unique to this sample alone or might be consistent with other similar communities. Research utilizing random sampling would also be beneficial regarding the generalizability of the findings and would create a sample more representative of the communities in question.

The cumulative results of the consumer surveys and retailer interviews suggest that consumers' perceptions may not always be accurate. More qualitative consumer

research would provide valuable information regarding whether consumers accurately perceive the retail offerings in their communities and whether their opinions are based on experience. It would also be helpful if retailer interviews could be compared to survey information specific to that store's customers.

Finally the overwhelmingly consistent perceptions rural retailers had regarding the formal support in their communities suggests that the topic warrants further investigation. Retailers did not perceive that formal support organizations, such as Chambers of Commerce, benefited their businesses. Yet the retailers for the most part still participated in these organizations. Further research regarding what formal support networks are available for rural retailers, the programs and services they provide, and the degree to which they are utilized might provide additional insight into the observations reported in this study.

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APPENDICES

APPENDIX A:
CONSUMER SURVEY

**Design and Human Environment**

Oregon State University, 224 Milam Hall, Corvallis, Oregon 97331

Tel 541-737-3796 | Fax 541-737-0993 | <http://www.hhs.oregonstate.edu/dhe>

You are being invited to take part in this study, which is investigating retailing in rural communities. The purpose of this study is to find out more about rural consumers and rural retailers.

You are being invited to participate because you are 18 years of age or older and you live in this community. If you choose to participate in this study you will be asked to complete the attached survey. Your participation is entirely voluntary and you may refuse to answer any question or stop the survey at any time.

You will be asked questions about shopping, about local retailers, and about your community. The survey will take approximately 10-15 minutes to complete.

There are no foreseeable risks associated with your participation in the study, and there are no direct benefits for participating. In the future others might benefit from the study, because the results may provide retailers and community members with valuable information when it comes to retailing in rural communities.

The information you provide will be kept confidential to the extent permitted by law. The information obtained in this study will only be viewed by the researchers. This information will be stored in a securely locked cabinet and in computer files that are not accessible to the public. Individual responses will not appear in the study's results.

If you have any questions regarding this survey please contact Katy Mullis at mullisk@onid.orst.edu or 541-737-0991, or Minjeong Kim at minjeong.kim@oregonstate.edu or (541) 737-3468.

Thank You!

Section 1

The following section asks about your purchases in several product categories. Think back to the **last 12 months** and any purchases you have made in these product categories. Please indicate how frequently you would estimate you made purchases from these product categories **within your local community** by circling the number that corresponds to your answer. If you have not made purchases in a product category or a product is not available in your community, please instead check the appropriate box.

	Never Purchase In My Community	Very Infrequently	Infrequently	Neutral	Frequently	Very Frequently	Always Purchase In My Community	Not Available In My Community	Have Not Purchased In The Last Year
Books & Music	1	2	3	4	5	6	7		
Apparel & Shoes	1	2	3	4	5	6	7		
Gift Items	1	2	3	4	5	6	7		
Crafts & Hobbies	1	2	3	4	5	6	7		
Hardware & Lumber	1	2	3	4	5	6	7		
Appliances	1	2	3	4	5	6	7		
Home Furnishings	1	2	3	4	5	6	7		
Groceries	1	2	3	4	5	6	7		
Agricultural & Garden Supplies	1	2	3	4	5	6	7		
Gasoline	1	2	3	4	5	6	7		

Now think about **future purchases** you might make in these same product categories. How likely are you to make purchases in these product categories **within your local community in the next year**? Please circle the number that corresponds with your answer. If the product is not available in your community or you will not a certain product in the next year, again check the appropriate box.

	Very Unlikely						Very Likely	Not Available In My Community	Do Not Plan To Purchase
Books & Music	1	2	3	4	5	6	7		
Apparel & Shoes	1	2	3	4	5	6	7		
Gift Items	1	2	3	4	5	6	7		
Crafts & Hobbies	1	2	3	4	5	6	7		
Hardware & Lumber	1	2	3	4	5	6	7		
Appliances	1	2	3	4	5	6	7		
Home Furnishings	1	2	3	4	5	6	7		
Groceries	1	2	3	4	5	6	7		
Agricultural & Garden Supplies	1	2	3	4	5	6	7		

Section 2

This section asks questions about local retailers. Please consider the general shopping conditions in your community, not any one retailer in particular. Circle the number that corresponds with your answer.

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree
I shop locally to support locally owned and operated merchants.	1	2	3	4	5	6	7
I owe it to my community to shop at locally owned and operated merchants.	1	2	3	4	5	6	7
I am loyal to locally owned and operated merchants.	1	2	3	4	5	6	7
I will pay slightly more for products if I can buy them locally.	1	2	3	4	5	6	7
I shop outside my local retail area before looking to see what is offered locally.	1	2	3	4	5	6	7
I shop at local stores because it is important to help my community.	1	2	3	4	5	6	7
I do not shop locally to even though it supports the local merchants and business districts.	1	2	3	4	5	6	7
Shopping at local stores is an enjoyable experience.	1	2	3	4	5	6	7
I shop outside my community when the selection/variety of goods is poor.	1	2	3	4	5	6	7

Section 3

This section asks you to evaluate local retailers. Again, please consider the general shopping environment and not any one retailer in particular. Circle the number that corresponds with how you feel local retailers perform in the following areas.

Customer Service:									
Poor	1	2	3	4	5	6	7	Excellent	
Quality of Merchandise:									
Poor	1	2	3	4	5	6	7	Excellent	
Selection / Variety:									
Limited Variety	1	2	3	4	5	6	7	Large Variety	
Price:									
Not At All Competitive	1	2	3	4	5	6	7	Very Competitive	
Convenience / Location:									
Inconvenient	1	2	3	4	5	6	7	Convenient	

Section 4

Now think about what things are generally important to you when you shop. The following is a list of 7 factors that you might consider when shopping. Please rank the following items from 1 to 7 in order of (1) the factor that is most important to you, to (7) the factor that is least important to you.

- _____ **A wide selection to choose from**
- _____ **Low prices**
- _____ **Shopping local retailers**
- _____ **A convenient location**
- _____ **High quality merchandise**
- _____ **Excellent customer service**
- _____ **Maintaining personal relationships I have with retailers**

Section 5

This section asks question about your community. For the following questions please circle the number that corresponds with your answer.

<p>If for some reason you were to move out of this community, how happy or sad would you feel?</p>								
Sad	1	2	3	4	5	6	7	Happy
<p>How much alike or different would you say your lifestyle is to most other people in this community?</p>								
Different	1	2	3	4	5	6	7	Alike
<p>How well do you feel that you fit into your community?</p>								
Poorly	1	2	3	4	5	6	7	Well
<p>How much do you have in common with most of the people in your community?</p>								
Nothing	1	2	3	4	5	6	7	Everything
<p>How rewarding is your life in your community?</p>								
Disappointing	1	2	3	4	5	6	7	Rewarding
<p>Imagine your ideal community; where would you rank your present community from farthest to closest to your ideal?</p>								
Farthest	1	2	3	4	5	6	7	Closest

Section 6

In this final section please answer the following questions about yourself.

Gender (check one): Male Age _____ years
 Female

Ethnicity (check one):	Household Income (check one):
<input type="checkbox"/> African American	<input type="checkbox"/> Less than \$10,000
<input type="checkbox"/> Asian/Pacific Islander	<input type="checkbox"/> \$10,000 to \$24,999
<input type="checkbox"/> Hispanic/Latino	<input type="checkbox"/> \$25,000 to \$49,999
<input type="checkbox"/> Native American	<input type="checkbox"/> \$50,000 to \$74,999
<input type="checkbox"/> White	<input type="checkbox"/> \$75,000 to \$99,999
<input type="checkbox"/> Other	<input type="checkbox"/> \$100,000 and over

How many children under the age of 18 live in your household?
 _____ children

How long have you lived in this community? _____ years

Which county do you live in? _____

Do you live in the same community that you work in? Yes No

If you work outside you home, about how many miles is your commute?
 _____ miles

Thank you for your participation!
If you have any questions regarding this survey please contact
Katy Mullis at mullisk@onid.orst.edu or 541-737-0991.

APPENDIX B:
SURVEY ANNOUNCEMENT



Design and Human Environment
Oregon State University, 224 Milam Hall, Corvallis, Oregon 97331
Tel 541-737-3796 | Fax 541-737-0993 | <http://www.hhs.oregonstate.edu/dhe>

This is a survey that is part of a master's thesis project for Katy Mullis, a graduate student at Oregon State University. The study is looking at retailing in rural areas, and the researchers would like to find out more about rural consumers in your community. If you are willing, please take a few minutes to fill out the survey. Your participation is greatly appreciated!



Design and Human Environment
Oregon State University, 224 Milam Hall, Corvallis, Oregon 97331
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The following is a web link to a survey that is part of a master's thesis project for Katy Mullis, a graduate student at Oregon State University. The study is looking at retailing in rural areas, and the researchers would like to find out more about rural consumers in your community. If you are willing, please take a few minutes to complete the survey. Your participation is greatly appreciated!

https://surveys.bus.oregonstate.edu/BsgSurvey2_0/main.aspx?SurveyID=2353

APPENDIX C:
INFORMED CONSENT



Design and Human Environment
Oregon State University, 224 Milam Hall, Corvallis, Oregon 97331
Tel 541-737-3796 | Fax 541-737-0993 | <http://www.hhs.oregonstate.edu/dhe>

INFORMED CONSENT DOCUMENT

Project Title: **Inshopping In Rural Communities: The Role of the Community, the Store, and the Consumer**

Principal Investigator: **Minjeong Kim, Design and Human Environment**
Student Researcher: **Katy Mullis, Design and Human Environment**

WHAT IS THE PURPOSE OF THIS STUDY?

You are being invited to take part in this study that is investigating retailing in rural communities. We are interested in knowing about retailing in your community and about your customers. The results of this study will be part of a Master's degree thesis project and may be published in the future. We are studying this subject because it may provide information that will help retailers in rural communities.

WHAT IS THE PURPOSE OF THIS FORM?

This consent form gives you the information you will need to help you decide whether to be in the study or not. Please read the form carefully. You may ask any questions about the research, the possible risks and benefits, your rights as a volunteer, and anything else that is not clear. When all of your questions have been answered, you can decide if you want to be in this study or not.

WHY AM I BEING INVITED TO TAKE PART IN THIS STUDY?

You are being invited to take part in this study because you own or manage a locally owned and operated retailer in this community and are 18 years of age or older. **You must be 18 years of age or older to participate in this study.** Your participation in this study is entirely voluntary and you may refuse to answer any question or stop the survey at any time.

WHAT WILL HAPPEN DURING THIS STUDY AND HOW LONG WILL IT TAKE?

If you choose to participate in this study you will be interviewed. Questions will be asked about your community, your business, your customers, and yourself. The interview will last approximately 30 minutes and will be audio recorded.

WHAT ARE THE RISKS OF THIS STUDY?

There are no foreseeable risks associated with your participation in the study.

WHAT ARE THE BENEFITS OF THIS STUDY?

There are no direct benefits for participating. In the future, others might benefit from this study because the results may provide retailers with valuable information when it comes to retailing in rural communities.

WILL I BE PAID FOR PARTICIPATING?

You will not be paid for being in this research study.

WHO WILL SEE THE INFORMATION I GIVE?

The information you provide during this research study and the audio recording of your interview will be kept confidential to the extent permitted by law. To help protect your confidentiality, the information obtained in this study will only be viewed by the researchers. This information will be stored in a securely locked cabinet and in computer files that are not accessible to the public. The responses you give and the identity of both the individuals and the retailers who participated will not appear in the study's results.

DO I HAVE A CHOICE TO BE IN THE STUDY?

If you decide to take part in the study, it should be because you really want to volunteer. You will not lose any benefits or rights you would normally have if you choose not to volunteer. You can stop at any time during the study and still keep the benefits and rights you had before volunteering. If you choose to withdraw from this project before it ends, the researchers may keep information collected about you and this information may be included in study reports.

WHAT IF I HAVE QUESTIONS?

If you have any questions about this research project, please contact: Katy Mullis at (541) 737-0991 or by e-mail at mullisk@onid.orst.edu or Minjeong Kim at (541) 737-3468 or by email at Minjeong.kim@oregonstate.edu. If you have questions about your rights as a participant, please contact the Oregon State University Institutional Review Board (IRB) Human Protections Administrator, at (541) 737-4933 or by email at IRB@oregonstate.edu.

Your signature indicates that this research study has been explained to you, that your questions have been answered, and that you agree to take part in this study. You will receive a copy of this form.

Participant's Name (printed):

(Signature of Participant)

(Date)

APPENDIX D:
RETAILER DEMOGRAPHIC SURVEY

Please answer the following questions about your business.

How long has your store been in business? _____ years

Which of the following best describes the largest part of your retail business
(please check one):

- Arts & crafts
- Books
- Clothing & Accessories
- Furniture & Home Furnishings
- Hardware, Lumber, & Building Materials
- Jewelry
- Office Supplies
- Sporting Goods
- Other (please write in) _____

What was your store's approximate sales volume in fiscal 2007? \$ _____

Which county is your business in (check one)?

- Klamath
- Tillamook
- Willowa
- Other (please indicate) _____

Please answer the following question about yourself.

How long have you lived in this community? _____ years

APPDENIX E:
RETAILER INTERVIEW OUTLINE

Interview Outline

1. First I'd like to know a little bit about your community.
How long have you lived here?
How would you describe this community?
Is it a good place to live and do business? Why or why not?
What is it like to do business in your community?
2. Now tell me about your business.
How long have you been with this business?
What is its history?
What do you see for the future of this business?
What do you perceive as being the biggest threats to this business' success?
Do you think there are particular challenges in operating a business in a rural area?
3. I would like to know which factors you feel are most important to your customers when they shop, not just your store, but in general. How important are:
 - A wide selection to choose from
 - Low prices
 - Shopping local retailers
 - A convenient location
 - High quality merchandise
 - Excellent customer service
 - Maintaining personal relationships with retailers
4. Tell me about your business' customers.
Generally, who shops at your store?
What is the typical customer like?
Would you describe your customers as loyal?
Do you know most of them personally?
Do you think that shoppers in rural areas like yours are different from other shoppers?
Do shoppers in your community make an effort to patronize local shops?
Do many community members shop in neighboring towns?
Do you feel this is a threat to your business?

APPENDIX F:
INTERVIEW TRANSCRIPTS

Community A, Interview #1

Interviewer: So the first thing, I'd just like to know a little bit about the community and how you perceive it. How long have you lived here?

Interviewee: Seven years now.

Interviewer: Seven years. What brought you here?

Interviewee: My husband and I sold our business in Vancouver, Washington, and we had a little girl and so we were looking for a small town to raise her in.

Interviewer: How would you describe this community maybe to someone who hasn't been here?

Interviewee: It's like coming to Mayberry. It's just very community oriented, spiritual-based, lots of involvement with just the community, being seniors or parents or just everyone seems to help everybody.

Interviewer: So would you describe it as a good place to live?

Interviewee: Oh definitely.

Interviewer: Why? Any reason in particular?

Interviewee: Because it does still have that community feel, where you don't get in a larger city, and you know that you have you know people that will help you and just a different way of life basically.

Interviewer: So how about doing business in the community? Is it a good place to do business?

Interviewee: No.

Interviewer: No. Why not?

Interviewee: Because most of the industries that did create jobs here are gone now. You know we had the logging and the Forest Service. The logging is gone. The Forest Service is downsized. There's not a lot of new industry coming in because we're kind of in an area where it's a going to place, not a going through place, so the access is poor. High tourism, so it's a tourism driven... But not, I would say not a good...

Interviewer: Not a great place to do business. How about in terms of the community... I know that there's a Chamber of Commerce here isn't there? Do you feel support from the community doing business?

Interviewee: No.

Interviewer: No. Do you kind of feel on your own?

Interviewee: Oh definitely, definitely. I would say that the city's involvement and the Chamber of Commerce involvement and we even have some economical development groups here that... And I've been in business in other businesses for lots of years, but they don't get the big picture about what it takes to bring people in here. They keep thinking that bringing a small business, whether it supports one or two people, is going to make a difference, where it's not.

Interviewer: So you think the city needs big industry to get people here?

Interviewee: No, I don't think they need big industry. I think what they need to do is they need to really focus on what the strengths are here. And what the strengths are is basically tourism and the beauty of the area. So it used to be a ranching, farming community too, and that's really gone downhill also because they can't make a living at it anymore. So they need to look at other ways of bringing people that haven't even heard of this place into here, and especially during the wintertime when it's, when it just slows down tremendously... How to bring in winter type tourism, such as the snowmobiling or the cross-country skiing or you know the winter sports, and bringing those in, advertising, focusing on those also. And the two businesses that I see that would help the most here, that could come here and actually do well, is a prison, which nobody wants a prison...

Interviewer: Of course not.

Interviewee: Or a casino. You know, because everybody goes to casinos, and we have Indian land all around us, and it would become a destination spot, would create lots of jobs. If you look at the casino that's in [Neighboring Community 2], I think they're the number one employer now in the [Neighboring Community 2] area, even larger than I think it was the prison system that was over there and then the [business name] where they do the frozen foods was another large industry over there, and they've out, you know, succeeded them as far as employment.

Interviewer: Ok. So now I'd like to know a little bit about your business. How long has your business been open?

Interviewee: It's been seven years, and I actually came here to open this.

Interviewer: You came here to open it. So you opened it yourself then? So in those seven years can you tell me a little about the history? You obviously opened it... Have you expanded or...

Interviewee: Oh yeah, I've definitely expanded. It was about half a block east of here in a barely thousand square foot building, started out with about 300 bolts of fabric. And then within two years I bought this building, which I only use half of it and rent out the other half, and this half is approximately 8,000 square feet.

Interviewer: So much bigger.

Interviewee: And there's about 3,500 bolts of fabric in here. And so, yeah...

Interviewer: So what do you see for the future of your business? Do you see continued growth or do you have any goals or things like that?

Interviewee: I don't see continued growth as far as walk-in traffic. If I really wanted to grow more than what it is now I will have to do internet or go into the pattern book designs of quilts, and maybe getting to designing fabric myself.

Interviewer: Are those things you're considering?

Interviewee: Well, I already design patterns, but I've never really pushed them to a certain extent. So I wouldn't mind doing the pattern portion of it.

Interviewer: Do you have a website?

Interviewee: I had one. It's under construction right now.

Interviewer: Ok, that's what I thought.

Interviewee: And that's probably my weakest point in my business, is I don't like computers.

Interviewer: So do you do the website yourself or did you hire someone?

Interviewee: I paid someone to do the website, but then you know to keep it up and change it you have to do it yourself. And it's very time consuming. You almost need a full-time person to really do that. And I'm not at the point where I can, you know, hire someone and support someone to do that.

Interviewer: So what do you perceive as being the biggest threats or maybe kind of challenges to your business' success?

Interviewee: No growth in the community.

Interviewer: In terms of like population?

Interviewee: Yes, population. Because you need growth somewhere. Of course the recession and the economical status of the country. I would say those are the... And of course the cost of goods you know increasing because of oil prices and so forth. Those are probably the three major ones. Before I went into this business I actually studied where things were growing and they said for the next 40 years it would be anything to do with travel, industries such as RVs or you know the campgrounds or so forth, or actually craft/hobby industry. Because the baby boomers are just starting to retire, and so that's what they'll want to do.

Interviewer: So you've also been a business person in another community as well, right?

Interviewee: Yes.

Interviewer: So being in a rural area, what are the particular challenges you face that probably businesses in larger areas don't have to deal with?

Interviewee: Once again it's the population. I mean if I picked up this store and went to a more populated area I'd probably be doing four times the gross sales than what I'm doing here. So that's the, I would say the biggest challenge.

Interviewer: But obviously you're here for a reason, so do you kind of feel that it's worth it to be able to live here?

Interviewee: Yes and no. I mean it's really hard. When we came here, like I said I came with my husband and we had a certain game plan. But unfortunately he died a couple of years after we got here, and so that really kind of changed the whole focus of where your life goes. And I'm a registered nurse by, you know was my profession before, and I could certainly be making a lot more money doing that. And so you know I have to consider that versus, you know continuing with this. And I haven't made up my mind yet to be honest. And I have a nine year old daughter that I'm still raising, so you know those are some of the things I have to think about. One of the things is that I've just got tremendous friends from having this business, because you know we've got classes and fun groups and just an awesome friend base.

Interviewer: So now I'd like to know a little about your customers and who your customers are. What do you think are the most important things to them, why they choose to shop in your store?

Interviewee: Once again it's customer service, friendliness, and selection. But quilters are a different breed. I mean, they're... I haven't met a quilter yet that I haven't liked to be honest.

Interviewer: Well that's wonderful.

Interviewee: I mean there's some you like better than others, but usually they're very caring, giving people. And because a lot of quilters will have a non-profit entity that they're working with, you know giving babies quilts or a cancer situation or so forth. So it's mainly your friendliness, listening to them. A lot of times I feel like I'm a counselor kind of. Because women come in and they just want to chat and kind of unload, and they have a cup of coffee.

Interviewer: So do you know a lot of them, like first name basis?

Interviewee: Oh yeah.

Interviewer: The majority you would say?

Interviewee: The majority. And I make it a priority to, because that gives you, that gives them ownership in your business and a reason to be coming back.

Interviewer: Where is who you would consider your nearest competitor? The closest thing to a competitor you have?

Interviewee: Well there's two stores actually in this area that sell fabric. So there's one about half a block down and she sells, she's a craft store mainly. She doesn't have the selection of fabric or anything.

Interviewer: I would imagine.

Interviewee: But she has other crafts. And then there's one up in [Neighboring Community 4], and they're just starting out, and you know they're competitors. Anyone who sells fabric it a competitor, so those are the closest.

Interviewer: How about as far as bigger towns like maybe [Neighboring Community 1]? Do people shop in [Neighboring Community 1]?

Interviewee: They do, but actually their stores are smaller than mine in [Neighboring Community 1]. There's two in [Neighboring Community 1]. But they're not... So it's a distance thing. I think if I was in [Neighboring Community 1], you know of course they'd still be a competitor but... Someone told me once "Don't look over your shoulder to see who's behind you. You always need to look forward. Otherwise, you'll fall backwards." And I take that advice.

Interviewer: So how about in terms of how important you think prices are to your customers?

Interviewee: Well the prices are kind of... Prices are important to everybody in every situation so there's... But you can go to Wal-Mart and you can buy a piece of fabric for like three bucks a yard. The average piece of fabric in here starts at eight dollars a yard. But the quality is different.

Interviewer: You're not going to find that at Wal-Mart.

Interviewee: Right. So if they're a true quilter and they know the difference then it's not so much price. I mean, and you know every quilt store pretty much stays around you know I'd say within a buck of each other.

Interviewer: So it's not too competitive?

Interviewee: Yeah.

Interviewer: You mentioned that you know a lot of customers. So generally would you say it's local individuals who shop here?

Interviewee: Locals, [Neighboring Community 2], [Neighboring Community 1], [Neighboring Community 5].

Interviewer: Do quilters like travel to go to quilt stores? Is it one of those things?

Interviewee: Yeah. Oh yeah. If you have a good quilt store, you'll get the people in. I mean I have people that come from [Neighboring Community 8]. A lot of times it has to do with, you know they know they're coming to the area so they make it, "Oh, I gotta stop there" type of thing. I mean it's not like they come every week. But you know I probably see them once or twice a year. During the summertime it's just repeat tourism that knows that I'm here.

Interviewer: So you do see the influence of tourism?

Interviewee: Oh definitely, definitely.

Interviewer: So would you say that shoppers in like a small town like this, you think they're different from shoppers in general? Do you think they're looking for different things? Or do you think overall...

Interviewee: I think they make do.

Interviewer: They make do with what they have?

Interviewee: A lot of them do, and with the internet now days, you can get anything over the internet. For us to go shopping... To be honest I don't go to [Neighboring Community 1] because there's not too much in [Neighboring Community 1] besides [a discount store], and you know I'm not a big [discount store] fan. So I usually head to [Neighboring Community 3] is where I go to do my shopping because it's actually a really growing area and very good shopping at this point. So...

Interviewer: What kinds of things would you buy on a trip there?

Interviewee: Clothes mainly. Clothes, [the home improvement chain]... What else would I buy there? Food at [the membership club]. There's a [the membership club] there. Mainly clothes. I mean you've got to go somewhere. Because we don't have... We have, we have a couple of places you can get clothes, but they're more cowboy/ranch oriented. I'm not a cowboy or a rancher so... And there's nothing wrong with that. It's just not my style.

Interviewer: How often do you make the trip to [Neighboring Community 3], like a year?

Interviewee: I don't go too much in the wintertime, but probably six times in the summer.

Interviewer: Really? That much?

Interviewee: Six to eight.

Interviewer: How far is it?

Interviewee: It's about two hours from here, and it's only 86 miles but you have to go down [the pass], which is very windy.

Interviewer: Ok. I think that's almost all my questions we covered. I'm looking down my list, and we've covered everything earlier. Are there any other comments you'd like to add about operating in a small town and small town customers?

Interviewee: Well you know, I don't think there should be any difference between operating in a big town and a small town. I think if you want to be successful you need to make it personal, and I think that's what's really lacking in big towns anymore. And I think that's why people when they come from out-of-town enjoy coming in here, because luckily I've been blessed with a memory that can remember a face. I might not remember the name, but I can remember the face and little details about them. And I'll ask them, even though it's been a year, "Well, what's going on with your life and how's it been going?"

Interviewer: That's definitely an advantage then.

Interviewee: That makes a big difference and I think, because I've been in quilt stores where you walk in and no one even acknowledges you there and you walk out and think, "Well why should I go back? They don't really care." And so that makes a big difference. But that's any business because I've owned other businesses even in the bigger cities, and I've always given that kind of service to all my customers and that's kept them pretty loyal to me.

Community A, Interview #2

Interviewer: Ok, so the first thing I'd like to know about is the community in general. So how long have you lived here?

Interviewee: I was born here.

Interviewer: You were born here, ok.

Interviewee: And then I moved away after high school, and then lived away from here. And then when [my husband] and I got a chance to move back here, I was transferred, I was a banker at that time and I got a chance to transfer back here in '88, and then so we've been here since '88. Total I would say 37 years.

Interviewer: So how would you describe this community to someone who maybe has never been here?

Interviewee: The thing about this community is, it's almost viewed as not [Community A] being the only... I mean [Community A] is it's own community, but yet the county seems to kind of band together in many cases as a community in many cases, you know. And so the community as a whole I'd say is very close knit, but I don't say that in a bad way. Because sometimes in those types of communities then, there's an apprehension for new people to come, and what I've found is that these communities seem to embrace new people. It's not like they keep them away, you know. It's not too long until some of the newcomers seem like old-timers you know, so from my point-of-view, but maybe from their point-of-view they might look at that differently.

Interviewer: So do you consider it a good place to live?

Interviewee: Yes.

Interviewer: Why? Anything in particular?

Interviewee: Well, the people take care of each other, and that's something that I am very proud of. That if there's a need, that everybody pitches in, helps that person. Our schools, you know like a lot of the schools across the state, have been, have had lots of financial challenges, and we were one of the, [Community A] was one of the first schools in the state to start an education foundation. And so the people in the community then have helped to keep programs in the school like art and music and home ec and shop and things like that, which is a pretty big undertaking for a small community. One thing about the community that I feel a little bit bad about is when I was raised here there were more jobs for, you know middle wage jobs, people who had families. And so there were a lot more families and children here, and now I think that we've kind of went to more of a retirement community than what we used to be. And I think that's unfortunate because I have children and some of the programs that I had offered to me as a child I can't offer to my own children. Like our swimming pool was closed, so now there's not a public pool in the county, which I think is really bad, you know. And I wish the community

could get together and do something for that because it would not only benefit the kids but even the elderly, but they don't see it that way you know so.

Interviewer: You mentioned opportunities in jobs. Do you see a lot of younger people moving away to work? Or do they make an effort to stay?

Interviewee: I don't know.

Interviewer: Or you haven't really noticed that?

Interviewee: I think younger people who want to stay, if they really want, and I could say this about any age, if they really want to stay here they find a way to do it. But it's not easy. You know, like [my husband] and I our jobs kind of, his job, I'd quit my job at the bank to be home with the kids and then he had had a job for many years at Safeway. And he lost his job, and so that's kind of one reason why we opened the store was because we wanted to still live in this community and... So I took some money that I'd had saved for a rainy day and we started with half, we started on that side of the building and we just opened with a very minimum inventory and just built it without going way into debt and so we kind of created our own jobs here. And for the first couple years one of us would work, like he worked at the hardware store for awhile and I worked at this store. And then he worked, his job there didn't work out so he started working here and I got a job at the medical clinic as a office manager, and so I worked there for a couple of years. So when we were starting we kind of had to, you know we couldn't count on this for a wage. But now we do, and so... The thing about living in [this] county is there's very few people, there are some wealthy people here, but most of them didn't make their money here. And so it's, I don't know that we'd be doing any better if we worked for someone else. And we kind of like working for ourselves so... There's a little bit of stress involved sometimes but...

Interviewer: So how about in terms of doing business in this community? Is it a good place to do business, do you consider it?

Interviewee: Well, in ways. There's a segment of the population that is very committed to supporting local business. But it's not always the people you'd think. It's not, like you'd think all the people who... It's just something that either someone has that commitment or they don't. It doesn't matter whether they've lived here all their life or just moved here from another area, which that's always surprised me. Because you'd think that if they'd moved here from a big city then they wouldn't have a qualm about turning around and going back to the big city to do their shopping. But I think a lot of those people like that, the fact that this is a small community, and if it's, if it were to offer all the things that you could get in Portland, then it would be Portland. And so, and yet some people here, some people will want to offer everything here and they'll complain about the things you can't get here, but they don't shop here anyway. And so the thing that's bad about [Community A] is that it's not really that far from [Neighboring Community 1] and so people like to go to [Neighboring Community 1] for an outing, and to eat at the different restaurants, and then they end up shopping a lot there, you know. I think, and I don't think this is probably just specific to this community but, in the last couple years I've really noticed a lot more people who seem to shop the internet a lot. They'll look at the choices that they have on the internet, and then they'll come in here and expect to get what they've seen on the internet,

you know. But then there are still some people who wouldn't think of doing that, and there have been people who, in this community who for years even back to the '20s when they would do catalog shopping, and really it's kind of the same thing, and yet some people won't shop out of catalogs because they feel like they're hurting the local businesses. So it's kind of the same deal you know.

Interviewer: So you mentioned that people in the community support each other. Do you feel that as a business, that people support your business, that the community, maybe through like the Chamber of Commerce or organizations like that? Do you feel supported?

Interviewee: Well, we have kind of a, we're probably not very good, we're not very good joiners, you know so... We kind of like to do things on our own. And there's not a lot of retail in [Community A], so we will... We've seen times, there isn't currently an active merchant association in [Community A]. That's disbanded. And I think part of it is that there's so little retail here. They have a lot of the office, a lot of the storefronts have been changed to offices. And so it's hard to get a big promotion, you know like going on or big events going on that support the retailers when you don't hardly have any, when you just have a handful of retailers you know. There is a [County A] County Chamber of Commerce but we're, and I think we pay dues maybe, or maybe we don't. Maybe decided, or opted not to do that. I don't know. If we were a member possible they would. But I don't... I never felt like it was a benefit, so we never joined. So maybe we're missing an opportunity there, but I don't know.

Interviewer: So now I'd like to know a little bit more about your business. Can you tell me a little bit more about its history? Any changes it's gone through? Things like that?

Interviewee: Ok. Like I said, I'll show you a little bit here. Because this side of the building, when we first moved in, this was a clothing store here. When we first opened up, this was closed in so there were two separate stores. And this over here was our furniture store. And we started out with three sofa and loveseat sets, three mattress sets, and a couple of dining room tables, and we just opened the doors. And so that only filled up about this much of the store. And we, and then as sales picked up, well we went for a few months without wages because we knew that that, you know we just knew we'd have to do that. And we expected that. And we just built our inventory off of our profits from our sales and then we eventually filled this up until it was full. And then the stores over on this side were going through some changes. The clothing store went out and then another little store went in and then they went out. And so we found that this was vacant. And so we decided to rent this side also and open this back up. And at that time we started doing flooring. And flooring takes up, the displays take up quite a bit of space. And so we wouldn't have been able to do that if we still had the furniture over here you know. And so we've been doing flooring for, I think, probably the last three years. And then just this year we've added cabinets. We just have one little cabinet display so far, but we're looking forward to you know adding more with that. And we'll do it the same way we've done everything else. We're trying to make the cabinet end of it pay for itself. And so we'd like you have a bigger display you know like a little kitchen vignette. And, but that's expensive, but it will showcase the cabinets a little bit better than just the one little display. And, but we're trying, like I said we're trying to make it pay for itself, so as we sell the cabinets then we will add displays and things like that, and we're also... One reason we wanted to do the cabinets is we thought that it

would give us an opportunity to cross some more flooring. You know if somebody's doing their kitchen anyway, they do the flooring. Then it might pay, help with that a little bit. And then, oh yeah, we started this [window treatments] last year a little bit. It hasn't, it could be a big deal but not everybody around here wants to spend the money on it. They're expensive, and so, but we have it available.

Interviewer: So you mentioned before retailers going in and out of this space. Is that something you see a lot here?

Interviewee: Yes. And in fact when I say that we've been here eight years I feel I'm really kind of bragging. Because...

Interviewer: You've outlasted them all.

Interviewee: Well not all of them, but you know for years there wasn't a lot of change in, on Main Street and then when the older people, when people who'd been here for years and years got to be retirement age they, nobody wanted to buy their business and so they just ended up closing up. And then so the people that've come here since, generally, it's not unusual for them to come and go.

Interviewer: So you've mentioned this a little, but are there any other things you see for the future of your business as far as expanding? Any goals you might have?

Interviewee: We'd really like to see the cabinets take off. And in the eight years we've kind of changed our product mix a little bit, and we know, we have historic records now to know which products we make the best money on. And so we've tried to only, tried to kind of narrow our furniture selection down to carry more of the things we historically have sold. Like for one thing mattresses, we had no idea what, how much profit we'd have in mattresses. You know because we sell, probably 30% of our sales is in mattresses you know. And so that's something of course we don't want to turn loose of. And, but things like dining room furniture and occasional tables and entertainment centers, you know those don't, we don't sell very many of them but people expect to see them when they're in here. So what we end up doing is just having a couple on the floor, then we have a book that people can order from. And that, and then some of our companies, one of the advantage to us of the internet is some of our companies have pretty good websites so if people see something that they like online and they're going to order it anyway, then we can order it for them and it can be shipped with some of our stuff and save them some money on freight.

Interviewer: So what do you perceive as maybe being the biggest threat, or maybe more like challenge or limitation, for your business' success in the future?

Interviewee: Well it really depends on which way we go. I wonder how this, I wonder what the internet really is going to do to us or for us. You know it could, in ways it helps us, it ways it hinders us. We had a lady who earlier this year who bought her leather sofa set over the internet.

Interviewer: Really?

Interviewee: Yeah, which I thought was...

Interviewer: Yeah I wouldn't think people would buy furniture online too much.

Interviewee: Yeah I thought that was pretty weird. And it was delivered to her and in the first week it started falling apart. And so that was kind of good for us because we had a leather set here that she could actually sit on and know how it felt and all that. And she finally got them to come and get it and she didn't lose any money on the deal, see that's what I would be afraid of that I'd get ripped off you know that way, but it just turned out to be kind of a headache for her. But so in that regard it has been good for us. The thing that I think is people, as more and more people get more comfortable with the internet and the age of people who are buying furniture, when they you know, computers and internet seem to be for the most part something the younger people have accepted a little bit better. Well, as they start aging and furnishing their houses, are they going to be comfortable enough to do that over the internet? You know, and so that's one thing I think is, I wonder about, I don't know that it's a threat. We have the other big, a big flooring store in town is getting a new building, and they're building it and it looks like a pretty big building. So we're kind of wondering what else are they going to offer. Are they going to offer products that we might also have? You know, but we've had, there's always been someone else in town that's had furniture and we've done okay you know so... I don't know about, a big challenge that we have on the flooring side is we don't have an employee on the payroll that installs flooring for us, and so we're kind of at their mercy. And they usually are, put the other, bigger store ahead of us. So we've thought if we, if the cabinets take off and if we feel like we can afford it, we'd like to have somebody on staff that can do the installation of both cabinets and flooring. And then we'd have a little bit more control, because sometimes we have to wait like eight weeks for somebody to install, and so that's a long time if they can get it quicker at our competition.

[Interruption for customer.]

Interviewer: So anything else you want to add about challenges?

Interviewee: Well, of course the price of oil doesn't help us too much, because the foam, foam prices go up when oil prices go up. And then and of course heating costs go up, and then freight to get things here. That goes up. And then the, we do deliveries, and so like I have a... Are you familiar with our area?

Interviewer: Not too much.

Interviewee: Ok, there's a, like one of my deliveries, we try not to deliver to [Neighboring Community 6] and [Neighboring Community 7] because they're really on the outskirts of the county and it's a big county. But we had an elderly couple that really needed a king size mattress, and so I told them we'd deliver it. And so [my husband] says like, "Do you know how much it's going to cost us?" Because it takes like an hour to get there, and so it's not like just delivering it a few blocks. So that's something that, what else is new, that impacts every business I think and household really.

Interviewer: Do you think there are any particular challenges you think you face just because you operate in a small area, in a small town that if you were in a bigger town you wouldn't have to deal with as much? What you just said ties to that a little bit...

Interviewee: Yeah, because of our distance, and we're not on the way to anywhere. It's not like, there are smaller towns that are close to the freeway that might not have as much of an impact as us. You know getting freight here is kind of a challenge. Because you either, you can't go the [Neighboring Community 3] highway with the big trucks because it's too narrow and twisty. So trucks always have to come over the [the pass], which they don't make good time on that, that's not on a freeway or anything so a lot of times they'll put us... They don't want to come here so they put us on a backburner, so sometimes it takes longer to get things you know. And bigger minimums I think because they don't want to come out here you know so...

Interviewer: Next I'd like to know more about your customers and who they are. In general, what do you think is most important to them, why they shop at your store?

Interviewee: I think that their commitment to shop locally is something, and then there are some who just, you know they won't buy something if they can't sit on it and it might not be convenient for them to go to [Neighboring Community 1] or somewhere else you know. So convenience probably, and a commitment to support the community that they live in I would say are probably the two, probably the two main things.

Interviewer: How about in terms of customer service, price, selection, those things?

Interviewee: Well, I think that's important. I think that if we priced our items higher... I think that people will shop locally if they don't feel like they're being cheated. You know that's how I feel too. I know before we had a store here, I'd always, and I still do, I try to shop locally, but if I feel like I can't afford to, you know if there's a big cost difference, then I don't feel bad going out of town. I mean I'm not going to shop here at all costs because maybe... I'm trying to raise a family too, and I have a budget. So, and we do hear though that people who shop in [Neighboring Community 1] for furniture, sometimes they'll come back here and we'll hear that our prices are very good or the same as theirs, so better or the same. I think that's not a perception that people have. You know I think they perceive that because we're a small store then we can't compete price-wise. And we can, you know. And, now on the flooring end, that's a little harder because our competition up here is in a kind of a chain, so it's kind of like they're a big store. You know because they're, like if they have products in [Neighboring Community 1], then they'll just bring some of the products up here, and so if they're not selling in one location... And so they have that advantage that we don't have you know. But then they have the overhead too so... Selection, you know we don't have as much selection as we would like to. There are small furniture stores outside of the area. But a lot of times outside the area you'll see a bigger, warehouse type furniture store where you have a lot more selection. But we try to explain to customers that, say that chair for example, that green chair there, I've got... Say they like the chair, but green won't work for them or they don't want a print. Well if I explain to them that I can order that chair in any of these fabrics, and on each one of these sheets there's like five to seven other colors. You know, then that really is giving them a lot of selection.

Maybe, and we don't discourage special orders, and some furniture stores do because they want to move their product on the floor. Well, to us, we want repeat customers and we want that sale. And so if they're willing to wait to have that chair made, then they really do have that selection you know.

Interviewer: Do you do a lot of special orders?

Interviewee: Yeah, and what else... Service. We try to, I think that we do give good service. [my husband] and I both have a customer service background, and I think that's something that we're committed to. And so that's, I feel like we give better customer service most places, small or large really.

Interviewer: So it's a small town. Do you know a lot of your customers?

Interviewee: Yeah. I don't know all of them. But I do know a good share of them. A lot of times though people that shop here are new to the area because they have moved into a new house and their own furniture doesn't work or they've left it behind you know. So we get a chance to meet a lot of the new people to the area.

Interviewer: So in general who shops at your store? What would the typical customer be like? Can you describe them? They're probably from the area I would think.

Interviewee: Most of the time. We get a few... Well, there're people who live here. The other thing is there are people who... We kind of have two groups of people in a way. We have the people who live here and they buy from us, and we have people who have vacation homes here. And so it's like we have kind of two busy seasons in a way, and we merchandise with that in mind. Because we might have a store full of merchandise, and it might not move as fast as it would move in some stores that get more foot traffic. But there are a lot of times there are some local people that only come shopping around the holidays. And so if we have, it's because this isn't, we have some people that just shop for furniture out of recreation. You know that just come in and just snoop around and see what's going on. It's, you don't, people don't need furniture that often in their life. You know so it's not like going to a clothing store and buying something once a month, buying a shirt once a month or something. And so, but a lot a times people come in around the holidays because that's what they're in the habit of doing. They're in the habit of shopping during the holidays. And so we have, kind of that's one of our peak seasons. And the other one is in the summertime when a whole different group of people come because they're here for the summer because of their summer homes. And so they might, they only come in once a year too, so I know that we've turned our merchandise in that length of time you know. And so we also try to move, people kind of give us a hard time, especially me because I'm the one that does it, but we're moving the furniture all the time. We change our displays once a week in the windows, because we get a lot of, that's one of our best marketing tools is our window. And so every week we change a different window, and so that means we have to change everything in here. And then if something sells we have these holes to fill up. It's funny how, and then once a year we do, shake everything up and change the whole pattern. You know and right now we have the walkway down the center, well sometimes we have it coming two ways, sometimes we have a zigzag. And so it's funny how somebody, if you don't

come in here everyday, even if you come in here even a couple of times a month, people that just like to look around. Then they come in and say, "Oh, you have so many new things." And we're like, "Oh yes, we're always getting new things." And it's the same things they saw last time. You shake it up a little bit and they think it's something different.

Interviewer: So would you describe your customers as loyal? I know people don't buy furniture that often, but when someone buys something from you, generally the next time they need something do you think they come to you?

Interviewee: Yeah, and I think they loyalty comes in with furniture in that they will, most people, well some people do, but most people don't refurnish their whole house at one time. Now we have some people that every five years they think they need a whole new house. Some people do it, not everybody does. But the loyalty factor comes in I think in that they will tell their neighbors or their family members. You know so we feel like if we treat them well, then they'll share that information. And so one of the advantages of having a close knit community is people will say, one person will say, "Well I got my mattress at [a competitor in a nearby town]." And the other person will say, "Oh yeah, why didn't you go to [the local retailer]?" You know, and they kind of kid. And then they'll say, "You know, they did good by me. They delivered it. They were nice to me. They took the old one off. You know I know that they're trying to raise a family here." And so they will, that's where the loyalty factor comes in, not so much in the repeat business by that one family you know.

Interviewer: So maybe in that way, or other ways, do you think consumers in small towns like this are different from other consumers in general? Do you think they're looking for different things? Or do you think overall everyone's pretty much...

Interviewee: Well I think they are looking for different things. And I don't know if it's because if there a small, if it's because we're a small community or if it's because we're a rural community. But I know that people buy different furniture here than they do in a metropolitan area or in a, there's areas in the United States I know that buy furniture that has a more modern look, or what am I trying to say...

Interviewer: So do you think because you're local you know more what the local tastes are and can provide what they want more?

Interviewee: Well I don't know. I don't know. I think people around here for example they decorate their houses country, most of them decorate country or lodge or cowboy, you know western. And I know that not everybody does in the United States because I have to buy the, I have to buy for them so they can buy from me. And I know there's not that much out there. And so I have to be real selective on what I get for our customers because they're not going to buy something... Well like this [fabric selection]. This is what our chair company has all across the United States. Well, people here don't buy this. They don't buy this, or some of this. So I have out of this, this looks like a great big thing of fabric, now they'll do florals, but there's a big percentage of that that has you know this, they're not going to buy it here. So I think that people like that style around here, so I try to keep my ears open and listen to that and we could do special orders of things with these more modern fabrics or more modern lines. And we can do

that for them, and we have to, you have to keep your ears open all the time because if people are looking for, if we have repeat requests for something that we don't offer, then we have to consider bringing it in here. But we, instead what we see is people coming in and saying, "I can't find this stuff anywhere else." And they might go to [Neighboring Community 3]. Now [Neighboring Community 3] has lots of furniture stores, but we have people that live in [Neighboring Community 3] that buy their furniture here because they don't, they're not stocking the same type of things. They're more modern and contemporary, and we're more country and lodge and western. And so if they want that kind of stuff they'll go to where they can find it you know.

Interviewer: So you've mentioned a couple places. Who do you consider like your biggest competitor, even if they're out-of-town?

Interviewee: For furniture I would say [a competitor in a nearby town] in [Neighboring Community 1]. And then for flooring it would be [local chain]. And then we're just getting into the cabinets and they're telling us that they feel like, I don't know I think that either, if we can get the word out that we're doing the cabinets I feel good about how we'll do because people, they're either more expensive than us for the quality that we're offering or they're maybe in a business like a lumberyard or something that does lots of things other than the cabinets and they don't really care so much about the cabinets. So I'm hoping that, well and then I know the big box stores like in the Home Depot and things like that, a lot of people will get their cabinets there, but we've found that we're equal in price to Home Depot and hopefully we'll, we have a computer program to design kitchens, they same program they have at Home Depot. So we're hoping, what we've seen people, we've heard that people do because they've told us they've done it, is they'll have Home Depot plan their kitchen and then they'll come back to the local lumberyard and order their cabinets. Well, we're feeling like if we can design the kitchen for them, and if we're selling cabinets, then maybe we'll get the whole thing here.

Interviewer: So do you feel like people leaving isn't that much of a threat then, people leaving to shop I mean?

Interviewee: Well...

Interviewer: Do you leave town to shop ever?

Interviewee: I do sometimes. Like I said I try to buy things here, but sometimes I'll end up finding things here that I wouldn't find in a bigger town. You know I think if you give people here a chance, then I think you'll be surprised at what you can find. But you have to know where to go. It's like somebody was looking for men's t-shirts, somebody here on vacation last summer, and I said I think the only place you can get them is at the [local retailer]. Well who could think that you'd get t-shirts at the [local retailer]? You know you have to know that that's there. And the thing that we see that really just gripes [my husband] is whenever he sees like an [national chain store's] truck, which is [the business name], and we sell [that brand] here. So he'll see [that chain's] truck here or a [competitor in a nearby town's] truck, or any kind of furniture truck. It just bugs him, because his theory is if everybody who goes out of town would shop here first, our sales would probably double. But I know that there are people that I

personally know, we've been in the store for eight years, and there are people that I personally know that have never been in our store you know. And that kind of gripes me you know. And I don't think it's because they have anything against us, I just think that they think that, that we won't have what they want.

Interviewer: They just assume you can't compete?

Interviewee: They just assume, yeah. And I had an example this, well it was around we were having a sale after Christmas I guess is was, and a gal that works in the community then she comes in here on her lunch hour and shops quite a bit. She knows what we have, and she'd told her husband that for her birthday she'd wanted this set of end tables. Well, they were way on sale and so they were a great value, but he did have to buy them as a set. And he came in to pick them up, and he said looking around that he'd never been in here. And he said, "Wow, I had no idea your prices were so good." And it's like, okay well we've been here eight years. You've had probably just as much opportunity to come in here as you have had to drive 60 miles and go to [Neighboring Community 1] you know." And yet people have this notion, and you have that and you have the other... There's a segment of people who look down their nose at anything you can buy at [this] county, as though it may be inferior because we're a small community. And so you have those two things. But some of those people we have sold things to eventually. But people get ideas in their head. It's kind of hard to convince them otherwise I think unless they want to be convinced.

Interviewer: Well that's all the questions I have. Do you have anything else you'd like to add about doing business in a rural community or your business?

Interviewee: Well, it seems like we've talked about lots of different things.

Interviewer: We have.

Community A, Interview #3

Interviewer: All right. So the first thing I'd like to know a little bit about the community. You've lived here your whole life; how would you describe the community to someone who maybe hasn't been here before?

Interviewee: Very small obviously. Warm, friendly. At this point, struggling.

Interviewer: How so?

Interviewee: With the economy. Well [this] county, and [this part of] Oregon basically, it was timber industry. That was our main focus. And in the '90s when they took out the timber industry, then the small towns just... I don't know. Other than tourism [this] county probably would be non-existent at this point. But we do have [the] lake, you know which is a major attraction for tourists, so that helps three or four months out of the year. But the other months are, it's hard to survive. It's a neat place to live. It's a neat place to raise your kids, because there's basically no crime or you know nothing like you have to worry about in the big city. So if you like the quiet life, if you like the mountains, you like to hike, hunt, fish, that kind of thing, then you would love it here. Otherwise, you're too far from shopping malls and that makes it hard on a lot of people.

Interviewer: How about in terms of doing business in the community?

Interviewee: Well that's hard. Even though gas prices are high, I think that a lot of it has to do... There's always that stigma about not liking to shop at home.

Interviewer: Yeah.

Interviewee: No matter where you are, you always go somewhere else to shop so they say. Just the fact that people need to get out of here once in a while. So they save up, and when they go they do all their shopping. Then they're done for awhile, so it's hard. You don't really, you know, get rich in business in [this] county.

Interviewer: Do you feel support from the community for your business?

Interviewee: Yeah.

Interviewer: You feel like they support you?

Interviewee: They do. I don't sometimes feel as much as they should because of all the you know donations and the contributions that we make you know for the activities and the schools. You know I feel like in turn they should do more for us. But I'm still here so I guess that there must be more support than I sometimes realize.

Interviewer: How about in terms of maybe more formal support, like Chamber of Commerce, economic development, those kinds of things? Do you see those impacting your business, benefiting you?

Interviewee: No.

Interviewer: No? Are you a member of those things?

Interviewee: Used to be.

Interviewer: But not anymore?

Interviewee: Well in fact, you know forever there was a Merchants' Association for each little town, and [Community A] is the only one that doesn't have one now. There's too many outsiders that came in and seemed like they wanted to change things. But sometimes in a small place like this the changes that they want to make don't fit. So unfortunately that dissolved. They do have a County Chamber. They do a lot, but it's mostly for tourism. You know there's no real focus on... In fifteen years I haven't seen where they've done anything for me.

Interviewer: So now I'd like to know more about your business. Can you kind of tell me about its history and how it's changed over the years? How it started?

Interviewee: Yeah, I purchased it. It was the [former store name], which was strictly a baby store, originated in, I believe it was 1940-something. And I bought it in '92 and changed the name. It was, it still is legally [store name]. And let's see until two years ago, so thirteen years it was just a kids' store, from baby/newborn through size 18 boys'. And all of a sudden there were no more, we used to have a lot of clothing stores in [Community A]. And two of them went out the same year, and then we were left with nothing but western stores. And not everybody, though we live in the country not everybody dresses like that. So anyway I just thought I would take a gamble and take on women's. And that was, that has been hard, because that's like starting a whole other business, you know financially you know. It's still too early to tell. It's doing okay. I'm going to market as a matter of fact on Friday, you know so I plan to continue it for at least another year. But I don't know, with the competition of mostly [a discounter] unfortunately... Clothing is hard. It's a hard industry to sell right now. And then I brought on lingerie, because there was absolutely no place around here to buy any kind of underwear, anything like that, and not so much for the local people but for the tourists.

Interviewer: Oh yeah.

Interviewee: That's the one thing they leave home, they forget to bring with them. So in the summertime that part of it does really well. And then I decided there was no tanning, so I did that. I had an extra room so I decided to bring that in. And you just have to do whatever you ... In [county name], in this small county anyway... And so far so good I guess. I mean it could be better. You can't expect a lot when you live here and know that people don't have high-paying jobs.

Interviewer: So who do you see as the closest thing to competitors you have? Maybe in town or even out-of-town?

Interviewee: Well...

Interviewer: You mentioned [the discounter]. Is that [Neighboring Community 1]?

Interviewee: Yeah, in [Neighboring Community 1]. Yeah, I mean that... On any given day you can go to [that discounter] in [Neighboring Community 1] and see 30 people from [Community A]. There's a store in [Neighboring Community 4] that carries a lot of the same things I do. She opened last year. She was already opened, but she started carrying women's clothes last year. So that has hurt me. But mostly [the discounter]. [Neighboring Community 3] is not that far away. A lot of people go there. You know [a department store] is over there. So I don't know if the women's thing is going to be good or not. The kid's thing is a novelty for grandmas, so that seems to do better than the women's. But I don't know. We'll see.

Interviewer: Are there any other plans you have for the future of your business, or any goals you have maybe?

Interviewee: I don't know how much more I can expand. I just got back from a market last week, and they, and I was talking to, and it was a kids' market, and I say often I wish that I would have just stayed with kids' because I did well with it. I can always go back. That might be the next thing I do, is decide to get rid of the women's and do strictly kid's.

[Interruption]

Interviewer: So what do you perceive as being the biggest threats, or maybe challenges would be a better word, for your business' success?

Interviewee: The young families with money having to leave. You know a lot of the people, it seems like in 50 years the population of [Community A] has never changed. People leave and people come in, but it's always around the same population. The type of people, over fifty percent of the people that live here now, I believe anyway, are not necessarily older but retired, work at home off the internet you know. So those kind of people don't, they don't come to town to shop. It's easy for them to just shop online. And that's my other, that's probably the biggest competitor of all is the online shopping because it's so easy. They type of people that have had to leave here because of jobs would be the ones that would support me almost. And they're gone now. I see that just the change in the type of people that live here is going to be the biggest challenge.

Interviewer: So who would you say, who's leaving? Is it the younger...

Interviewee: The younger families. You know because there's no, unless you work at the hospital or in some type of government business, there are no high-paying jobs here, you know to support a family. So those people have had to leave. When the timber industry was here,

those were good paying jobs. But when that industry left, then a lot of families had to leave. Consequently, they took their money with them.

Interviewer: So, because you know the community and have been here awhile, are there any other changes that you've seen in the community over time that you think impact how difficult or easy it is to do business?

Interviewee: One thing that makes [Community A], the ones of us that are still here, struggle is there are so many empty stores here on Main Street now where it used to be every one was full. People would come to town. Now if there's only two or three stores in town people don't stop. You know because I guess it's not worth their time to come to town and walk the streets for one store. If all the stores were full like they used to be I think that you would, I think it would make a big difference.

Interviewer: So do a lot of businesses come and go in this town? Do you see a lot of people...

Interviewee: Yeah, they don't last very long. The ones that are... Let's see, there were businesses here when I was little up until ten years ago. But in the last ten years all those businesses are gone and those that have tried to start a business are also gone.

Interviewer: So what's... Is it the population change in the last ten years? Losing those jobs and things?

Interviewee: Yeah, the '90s. It's just, it's hard to make it in a... And if my husband and I didn't own a logging business. And the timber industry's gone, but we still want to live here. But most of the time he logs out of here. But we do okay financially there. If I had to solely survive on this, I would have to live here, work six days a week to make it.

Interviewer: Ok. So are there any kind of things you see in general that are common in retailers that are successful and survive? What do they do that the other ones don't? Is there anything in particular that you can think of?

Interviewee: Well if I knew I'd be doing it.

Interviewer: Well you must be doing it though.

Interviewee: Well I'm here, but I think that there are others that do better. I think diversify for one. That's probably what's helped me the most is having, well we also are a drop-off station for dry-cleaning. People bring their dry-cleaning here.

Interviewer: This store does everything.

Interviewee: And a truck comes and picks it up and takes it to [Neighboring Community 3], and this is a once a week turnaround. You know so that and being the only tanning bed has brought people in that might not have ever come in the doors. I want to say advertising, but sometimes my accountant gets really down on me because I advertise too much.

Interviewer: What kinds of advertising do you do?

Interviewee: You know just local newspaper, radio. I did have a billboard, a huge one in [Neighboring Community 1] for a year. Thought that would help. No, didn't help. So I don't know if keeping your name out there constantly helps or not. I don't really get a lot of feedback from it.

Interviewer: Do you feel like people in the community know you're here already a lot?

Interviewee: Most of them, but a lot of people that move in here. They might come in with dry-cleaning after they've been here four years and say, "Oh you know somebody told me that I could get my dry-cleaning done if I brought it here, and I had no idea you were here."

Interviewer: So the next thing I'd like to know is more about your customers and who you think they are. So in general, when they shop and they choose to come to your store, what do you think is most important to them? Why do they choose to shop here?

Interviewee: As far as the kid's clothes, it's because they've always been because they are a little more high-end, spendy, you know cost more money, but it's novelty. Strictly novelty you know. If it's a shower gift, you know or just a special baby gift, or a grandma gift, they're willing to spend a little more money. So just having a reputation in [this part of] Oregon for number one being the only specialty store for kinds, and I go to market I bring home clothes that people aren't used to seeing. As far as the women, I don't know about that yet.

Interviewer: You'll see?

Interviewee: You know because I carry a lot of the same brands that [the department store] does. If people would shop around and pay attention, you know I tell them. [The department store] is a huge mark-up, huge. And I prove that to myself over and over because I carry, and they don't call it, in [the department store now they don't call it [the brand name]], which is a [name of a larger] brand. I carry the same brand, and a lot of times you know we go to the same markets you know in Seattle or Vegas. And they pick out the same exact styles that I do. I go to their store in [Neighboring Community 3] or [Neighboring Community 8], I see these items hanging on the racks. You know I make note, I write down style numbers, prices, and then I come home and sure enough, I'm selling the same thing for anywhere from 15 to 18 dollars cheaper.

Interviewer: So you're able to beat them on price?

Interviewee: I beat them on price, but it doesn't make any difference.

Interviewer: Do you think that people don't know that? Don't expect that?

Interviewee: Well I tell them. I try to tell them. You know, but I don't want to overdo it so you know. But it's just the idea that they're shopping at [a department store].

Interviewer: Do you think price is an important factor that a lot of people in this town consider?

Interviewee: Huge.

Interviewer: ...Why they might shop...

Interviewee: At Wal-Mart.

Interviewer: How about, do you think there's a group of people that choose to shop at your store because it's a local store and they want to support a local business? Do you see that at all? Do you feel that at all?

Interviewee: Few. There's a very few, a very few. And they might be really strong supporters of the school, and they know that I'm an alumni of the school so I'm a huge supporter myself. A lot of my money goes toward the school. So those kind of people support me, but others, I don't think they really pay any attention.

Interviewer: So, in general what's the kind of person that shops at your store? A local person probably?

Interviewee: Most of the time, other than you know the tourists in the summertime, but a lot of those are repeats.

Interviewer: So even then...

Interviewee: They do come back. Local. The people that are one step above shopping at [a charity organization's thrift store], you know or we have [a charity organization's thrift store] and we have two secondhand stores in town. And they're always way busier than I am.

Interviewer: Really?

Interviewee: Yeah.

Interviewer: So people are looking for a little more quality maybe, willing to spend a little more...

Interviewee: Yeah, when they come here. And you know a lot of times, the baby clothes that's a whole different issue. Because most moms, I don't have very many moms who come in here and shop for their kids like they would go into Gymboree or whatever, but a lot of shower gifts and just baby gifts. As far as the women, it's too early to tell where that's going to go.

Interviewer: So would you describe your customers as loyal overall?

Interviewee: Yeah.

Interviewer: Yeah. Do you know a lot of them personally?

Interviewee: Yeah.

Interviewer: Do you have that relationship with them? You know them by name when they come in, those kinds of things?

Interviewee: Oh yeah. We know most everybody.

Interviewer: Do you think shoppers in rural areas, in rural communities like this are different from shoppers in bigger towns maybe? Do you think they're looking for different things, expect different things? Or do you think overall everyone pretty much is the same? Just your perceptions as a retailer.

Interviewee: I think there's a few that I think, well there's a lot of people that live here now that lived in the city and shopped in malls, and I think a lot of them, well I don't think they say they're disappointed because there's nothing around. Even though they know they're hurting your feelings when they say it, but they just say it, "God there's no place to shop."

Interviewer: Do you think they expect more choices kind of?

Interviewee: I think they'd like to have it. But, and they would still have all those stores in [Community A], but they didn't support them. You know, and they, people think, they want us here for emergency situations. They come in and they'll say, "You know I didn't have time to go to [Neighboring Community 1]." Well, an example is a girl that came in for a shower gift two Saturdays ago, and she was talking to another girl and you know knew I could hear her and she just said, "I didn't have time to get to [Neighboring Community 1] so I had to come here." And you know, I mean that just, oh, because you try so hard to be here for people when they need you, but you know don't tell me that. I don't need to hear it; I already know it.

Interviewer: How about in terms of like customer service? Because I would assume that in your store customers can expect different service than probably in a [department store], or definitely in a [discount store].

Interviewee: Yeah, it's a personal thing here, just because we know everybody. And the fact that you know there's not maybe more than, on a good day there might be five people in here at one time you know. But normally it's a one-on-one or one-on-two type thing. You know and then we have a playroom right outside around the corner there, and all the kids know about it so as soon as they walk in the door they run straight for the playroom. And moms aren't afraid to just leave their kids and go shop around or you know go tan and let their kids play in the playroom. It's just different from being in a mall. And you know a lot of people say they like to shop here because it's quiet. You know they've got the whole dressing room to themselves, if they want to spend an hour. It's like a little boutique. You know, so you're not rushed and I don't know, we try to keep it really clean, and you know just make it a friendly place.

Interviewer: How about, you've mentioned that people leave town a lot to shop, do you feel obviously that that threatens your business?

Interviewee: Yeah.

Interviewer: So do you yourself shop out-of-town?

Interviewee: I went out-of-town not too long ago because I was out of copy machine paper. You know that kind of stuff you can't get around here, so I go out of town for supplies. For clothes, well no I order one extra for myself when I order this stuff. I go out of town for shoes because you can't here. But yeah, I do, but I'm not a... If I didn't ever have to leave [this] county in the wintertime I wouldn't.

Interviewer: Yeah, I can imagine.

Interviewee: I try to shop locally, and I always have. I've always shopped as much as I could.

Interviewer: So do people, just your perceptions here, so they make special trips just to shop, or are they doing something else already so they're going to stop by the mall?

Interviewee: That could be both.

Interviewer: A little of everything?

Interviewee: Yeah, I think a lot of them like to, well one of my best friends when she first moved here from Kentucky she and here friend went either to [Neighboring Community 3] or [Neighboring Community 1] twice a week. Yeah, just because they didn't like the small community and...

Interviewer: That's a lot of driving.

Interviewee: A lot of driving for nothing you know, and it's like "What did you see when you got to [Neighboring Community 1]?" you know. "Well we could spend three hours just," cause Kentucky, Wal-Mart's a big thing back there, "spend three hours just walking around Wal-Mart."

Interviewer: So it's recreation?

Interviewee: Yeah. Go to lunch you know. But you've got to have money to be able to do that kind of stuff.

Interviewer: Time and money.

Interviewee: Time and money, yeah. Yeah, she worked at the hospital too, but on her days off rather than stay home, you know which is what most of us like you do on your day off, they'd hit the road.

Interviewer: So in that sense do you think someone from her background probably has different views about shopping than someone who's born and raised in [Community A]?

Interviewee: Oh yeah.

Interviewer: It functions differently for them?

Interviewee: Yeah, most definitely. She's the type that would get up at midnight, you know wake up and couldn't get back to sleep, so she'd just get up and go shopping. I mean, and you know you can't do that here so...

Interviewer: Yeah, I guess we're not conditioned to it. Well that's actually all of my questions. Is there anything else you'd like to add about doing business in a community like this or about your business or your customers?

Interviewee: I'm getting close to retiring I think.

Interviewer: And what will happen then?

Interviewee: I think I'm just going to go home. I'm just going to go home and stay involved in our logging business you know, and we have a ranch where we hay and we have animals. And you know I can stay busy.

Interviewer: Yeah. Will the store close? Will you sell it?

Interviewee: My husband wants me to sell it. I want to just close it, because I don't think anybody's going to buy it. You know there's been a lot of stores for sale around here. They never sell, so people just have to close them down. I don't know. I'm talking to my accountant right now about it, so it's something that probably might not happen for two or three years.

Interviewer: But you're thinking about it?

Interviewee: I'm thinking twenty years, that's enough. You know I do like it. At times it's disappointing, you know when it's time to pay all these huge bills because it's basically a two season. You know everything's coming in right now in March, April, and May for the summer, and then starting in July is when all the fall and winter stuff comes in. So basically twice a year you have these humungous months with bills that are hard to pay. So that part's, every year that's when I say I going to quit.

Interviewer: When the bills come.

Interviewee: But it, you know you got to do something. In a small community if you can't, like I said, work for the hospital or work at the, in government then you have to make your own job, and I guess that's what I've done. But if I sell it and I get enough to pay everything off that I will owe at the end of this journey, then I guess it will be fine because at least I had fun doing what I was doing. Like I said, you'll never get rich, unless they know something I don't know.

Interviewer: So you're kind of a unique retailer in this town. If you just retire and leave it and there's no store like this, do you think that people will notice? Obviously. Do you think they'll kind of regret it?

Interviewee: They'll be mad, because they always are. You know we had a really neat men's clothing store. I mean it was here when I was born and it went out in the last ten years and people were mad. You know, but he couldn't, it was him and his wife, and she was a school teacher so that helped their income, but people didn't support it, so you know he couldn't make it. But there were people that were mad.

Interviewer: But they're still mad?

Interviewee: But my thought is, oh well. I'm mad too because I'd like to keep running this place, but if I'm just doing it for a hobby you know. I used credit cards when I started the women's business you know, and I don't like credit cards. But I had no choice. It was like starting over. And I didn't want to take away from the kid's part you know to pay the women's. Now I've got credit card debt that I have to pay. Without the local support you know that isn't going to happen. So I don't know. It's hard. People, they want you here, but yet they only want you here when they need you. So if I didn't, like I said if I didn't have logging, my husband's logging business, and he was just working for wages and I was doing this, well I probably wouldn't still be doing it. I'd have to go somewhere where I could make money.

Interviewer: Do you take it personally when you hear comments like the ones you've mentioned?

Interviewee: Especially when you've lived here your whole life. Yeah, because you know I grew up here, my dad was a music teacher here for 20-something years you know, he's still alive and he's still got the title "Music Man," and you know so it's not like people didn't know who we were. And when my husband's logging business took off in '76, you know we did really well, until the industry went bad. And we just, we gave away so much money, and now when it's time for people to return the favor or at least say thank you by coming in and buying a blouse every once in awhile, they don't. Yeah, you do take it personally. If you were in a big city you wouldn't care because you wouldn't see the same person twice, but in a small town where you know everybody it can hurt.

Interviewer: Do you think people just don't realize, they don't make that connection that you don't feel that support? Do you think it's just they don't even think about it?

Interviewee: Some people maybe, and others... You know obviously not everybody's going to like you, and small towns are cliquey just like high school, so if you've got a group over here that boycotts the store I guess for lack of a better word, they'll take all their little groupie friends with them. All it takes in a small place like this is to lose five or six of your clientele and it's a big crunch. And then there's probably some people that don't understand what it's like. You know and they come by for handouts all the time. You know and you don't really realize it until the end of the year and you get on the computer and you look and see how many thousands of

dollars you actually gave away for education dinners or a hospital sponsorship or you know FCCLA, and just at the end of the year it really adds up. And sometimes I get so upset I just think, I want to write a letter to the local paper you know and say, you know sarcastically, "Thanks for the support. This is what I did for you." But I would never do that.

Interviewer: But it'd be nice.

Interviewee: Maybe when I retire. When it won't matter. Other than that, it's a struggle, but everybody's got to do something.

Community A, Interview #4

Interviewer: So the first thing I'd like to know a little bit about the community and your perceptions living here? How would you describe it to someone who's never been here maybe?

Interviewee: Well, it's a, it's a wonderful community. And it's obviously very remote to get here. And there's only 7,000 people in the whole county, so they're far-reaching, all over, but it's, I've never lived anywhere that had such a sense of community about it. People have widely divergent opinions about everything in the universe, and feel free to tell each other about it and discuss it and all that. But something, if someone needs help with something, the community just is right there, and so that's been a really wonderful experience.

Interviewer: Would you say it's a good place to live?

Interviewee: It's a wonderful place to live.

Interviewer: How about in terms of doing business? It is a good place to do business?

Interviewee: It's a challenging place to do business for sure. Again our remoteness is kind of a, against that. So you do have to, I mean we do get tourists in the summer, so you get an influx of people. But you are again, but now you're depending on those influx people to support your business. And people do largely support local businesses, some do, some don't, but there's traveling out-of-towners, the internet, that sort of competition. But people are at least aware of the fact that local businesses keep the money in the community, channel it to the schools and all of that. So, yeah it, generally I think finding work in the community is tough, so a lot of people I think go into their own business because there's not a lot of employers.

Interviewer: So how about more formal support in the community for your business, like Chamber of Commerce, economic development sorts of things? Do you feel that? Does it help you?

Interviewee: I myself have not availed of that. They're out there. There are all those things, Chamber. There is an economic development council. There's business counseling. And I guess of any of that I have taken advantage of a little of the business counseling, but that's about it, personally.

Interviewer: So now I'd like to know more about your business. Can you tell me about its history and how it's changed maybe over the years?

Interviewee: Sure. The store was established in 1976, and it was in a different location up the street a little bit. And at that point it was just a bookstore. And two local people had started the business. And then they moved here in, probably I don't know in '78 or '79, to this location and expanded it to have a coffee shop kitchen. And they ran the store and all that stuff. And in 1988, oh and then at some point a couple of local artists sort of sublet the very back space where there's now a gallery with local art. The artists kind of ran that and the bookstore owner just did the sales for them. In, I bought the store in 1988, kind of as is. And then a few years later the

artists kind of ran out of steam and I took over the whole running of everything, the gallery and all. So it is bookstore, coffee shop with baked goods, and art gallery with local art.

Interviewer: So what do you see for the future? Do you have any plans or goals for your business?

Interviewee: Keeping the status quo. I went through a period of expansion. In 1996 I decided that I needed to have a branch store in [Neighboring Community 4], [Neighboring Community 4] being the tourist hub. And my paranoia level being very high, and so I opened a second store over there and operated it for about five or six years, basically successfully, although I had to pay someone else to be up there, so it wasn't necessarily making me personally money, but it was paying its way. But [Neighboring Community 4] is extremely seasonal, and that and the factor of not really gaining me anything, and it being a whole lot of extra work. I came to my senses and was fortunate enough to be able to sell it, so I regressed to this one store, where I've been very happy ever since. And yeah, so this is a good size business because I run it myself. I work most of the hours here myself. It's a one person operation type of deal. I mean I have part-time help but... But I'm very happy, and I just intend to keep doing what I'm doing as best I can.

Interviewer: What do you perceive as being the biggest threats, or maybe challenges would be a better word, to your business' success?

Interviewee: Well, certainly maintaining loyal, local customers, is probably the main thing. You know the internet presence having come on the scene during the course of my ownership.

Interviewer: So have you seen the effects of that?

Interviewee: Well, you know not so much in bottom line. The store has done well the whole time I've had it. And it, initially when all that internet stuff started happening again I was younger and more paranoid, and you know thought that I had to compete with Amazon.com. And finally I realized I can't compete with them, and I'm my own thing. And so again just kind of realizing that to do one thing and to do it really well and not trying to be everything to everybody, and people that want to shop online will shop online. People that want to come in and get customer service and look at books will.

Interviewer: Are there any other things that you can think of that you think you face as a retailer in a small community, rural community that you probably wouldn't have to deal with if you were in a larger town?

Interviewee: Well certainly things take a little bit longer, I do a lot of special ordering, so things take a little bit longer to get here, not fearsomely so but a little bit more. And of course I pay freight on things, you know there's that kind of thing. And I guess just you know less population base, but that's sort of to me offset by the fact that there's also less population.

Interviewer: Who do you consider your competitors, whether it be in town, out of town, internet?

Interviewee: Well you know there's [the membership club].

Interviewer: Where's the nearest [membership club]? [Neighboring Community 3]?

Interviewee: Yeah, [discounters], some extent the same. The internet probably, you know Amazon. And then that's it. I mean our grocery stores sell some paperbacks. So I would say the internet probably or the [the membership club].

Interviewer: So now I'd like to know more about your customers and who they are. When they choose to shop at your store what do you think, why do you think you choose... What are the things that are important to them that you have that those other places don't offer?

Interviewee: Well I, of course there's the hands-on experience, and I have been a book reader my whole life and so I feel like I have a really good assortment of a little bit of everything, not everything about everything, but a little bit of everything. And so I think people like to come in and just browse and find things. I also do feel like I give really good service, and I do a lot of special ordering. So if I don't have it on my shelf, I can get it and people know that I'm, that I will do that.

Interviewer: How about price? How important do you think price is to your customers?

Interviewee: Well, price is certainly an issue, especially in an area like this where the economy is not the most robust. But, so I don't know. That may be where I lose sales, and yet in order for me to stay in business I can't afford to discount. I have to you know try and do other things.

Interviewer: How about, do you think there are people, do you think your customers choose to shop at your store because they want to patronize a local store? Do you think that matters to them?

Interviewee: It matters to some people. It does matter to some people. And the store is kind of a community hub too, so I mean some people come in for the social aspect of it. And yeah, I mean I like to think that people do care enough about keeping, and there are some people say you know, "I'm shopping here because I want your store to stay in business."

Interviewer: That's nice to hear.

Interviewee: It is very nice to hear. Or people will look on Amazon and then say, "Oh, I looked it up, but I want you to order it." So that stuff does happen.

Interviewer: Do you know a lot of your customers personally?

Interviewee: Oh yeah, very much so, yeah.

Interviewer: Have relationship with them?

Interviewee: Right, so when I'm looking at new book lists I can think of, "Oh this person would like this book," you know that kind of thing.

Interviewer: So overall would you consider them loyal?

Interviewee: I would say yes.

Interviewer: Do you think that shoppers in rural areas, in rural communities are looking for different things, are different from shoppers in general, or do you think that overall we're all pretty much looking for the same thing?

Interviewee: I think overall people are looking for the same things. It's just, there's other, I think about people in the city, there's a lot more recreational shoppers, and I think if you live out here and you're a recreational shopper, you're in big trouble. So I think people that live out here have other things to do in their lives, so they shop for, to some extent for amusement, but not like in the city. So I think that your shopping needs aren't satisfied with basic essentials things.

Interviewer: Do you think they have different expectations for local retailers or retailers in small communities?

Interviewee: Well I think they understand they're not going to get the cheapest necessarily, and I think they're more used to ordering things. They understand they may not have immediate gratification.

[Interruption for customer.]

Interviewer: So we've talked a little bit about people shopping locally and people leaving town to shop. Do a lot of people in general you think, not just for books and stuff, leave town to shop?

Interviewee: Yes, people do.

Interviewer: Do you leave town to shop?

Interviewee: I don't.

Interviewer: You don't? Why not?

Interviewee: Because my needs are simple and I don't enjoy shopping. I am not a recreational shopper. And I own a local business. So sometimes months go by, we never leave the county. So I get my needs satisfied here.

Interviewer: In general do you think people do though, leave?

Interviewee: Oh yeah.

[Interruption for phone call.]

Interviewer: So for your business particularly, do you think that influence of people leaving or the internet, which has been, more affected you? Can you say really?

Interviewee: I don't know if I can say. It's a mix. Yeah, I mean it's a mix. I think initially when people were a little more afraid of the internet it would be... But now everybody orders on the internet.

Interviewer: So since your business has been here awhile, are there any other changes in the community or in doing business that you've seen over time?

Interviewee: Yeah, the demographics are shifting a little bit in the community.

Interviewer: How so?

Interviewee: When I first more here, relative to now, there were more jobs, so there were more what they call family wage jobs and consequently families. And you know the Forest Service used to be a huge employer and a lot of seasonal workers. And a lot of seemingly jobs for people who would tend to frequent a bookstore. And a lot of that, the jobs have gone away and a lot of the families have gone away. Now what's, so who's moving in are retired folks and telecommuters. And so those are still both good markets for me, but the people aren't here all the time. You know the retired folks maybe a lot of people maybe have second homes and so they're not here all year-round. So that's probably been the major thing is shift in jobs and shift in people that I've seen. County hasn't really grown...

Interviewer: How about in terms of the other businesses and the mix and who's here and what's here?

Interviewee: Boy, you know I've been in this store for 20 years and the businesses on, in [Community A] at least and in [Neighboring Community 4] too, they come and they go, and they come and they go. And there's empty storefronts and then everything's full, and the mix, you know people try different things. I'm just fortunate in my longevity because other retailers have not had the success that I have had. So but in terms of affecting me, it's nicer for me when there's more retailers in my block, which there aren't right now so people really have to like think about, oh, going to the bookstore.

Interviewer: Just your own personal observations with the retailers that have lasted and stuck around, is there something that makes them able to...

Interviewee: Well I think certainly quality of customer service is a big thing, and a consistency of hours is a big thing. So that when the people do think about coming to your store, you're actually there. So I think that those two factors, and the fact that people start up businesses and they have no idea the time commitment that they're talking about. So I would say those kind of things.

Interviewer: So when you bought the bookstore, can you tell me what prompted you to do that? How did that come about?

Interviewee: I was managing one of the bigger stores in Portland, which has since gone out of business. And so, but I always in the back of my mind was hoping to someday have my own store. And so I kind of had my eye out. Just where? Every place has a bookstore. And I, through very quirky means, I heard about this bookstore being for sale, and I had never actually been to [Community A], but my husband and I had been traveling in the [area], and we knew the area generally. So I, more on whim than anything, called up and enquired about it and got into a conversation with the former owners...

[Interruption for customer.]

Interviewer: Ok, so you were telling me about buying the store.

Interviewee: So I talked to them. And then my husband's job at that point was traveling sales, so we could move from Portland. So we came up. I saw the store. I fell in love with the store, and then had to find financing, which was kind of a tricky deal but nonetheless. So it worked out, so we moved up here basically to buy the bookstore, for me to have that. And initially like I said my husband had a job that could be backup to that, that could support that.

Interviewer: So actually that's all the questions I have. Is there anything else you'd like to add about your business or your customers or doing business in this community?

Interviewee: Well, I guess I've probably said it all. It's been a very positive experience for me, and a lot of that I think has to do with the fact that I'm doing something that I love and am passionate about and so that helps when I'm putting in long hours.

Community B, Interview #1

Interviewer: All right. So the first thing, I'd like to know how you perceive your community. So how would you describe your community to someone who has never been there?

Interviewee: A small, rural, agricultural-based community. I think that would be it.

Interviewer: That would be it, okay. Is it a good place to live in your opinion?

Interviewee: Yes.

Interviewer: Why?

Interviewee: The small town atmosphere is very good. There's a lot of outdoor things to do here, which draws a lot of people here. The climate's very favorable. People are friendly.

Interviewer: Okay. How about in terms of doing business? Do you consider it a good place to do business?

Interviewee: I do. I consider it a good place to do business, yes.

Interviewer: And why would you say so?

Interviewee: Mostly because we do well here.

Interviewer: Because you do well... Well that's a good reason.

Interviewee: Our business is healthy. Because we're very isolated, and there's little bit of a lack of competition. A little bit, it's changed over the last few years.

Interviewer: How so?

Interviewee: A little more competition than there has been in the past. But overall compared to what other like retailers, similar retailers to me, experience in a larger community, the competition is more intense and they have a much harder time with that. So I think that that makes this favorable.

Interviewer: Ok, how about, how would you kind of describe the business environment, kind of the support you receive from the community maybe from the Chamber of Commerce, economic development organizations, that sort of thing?

Interviewee: If you want to be involved in the Chamber there's things that they do that they claim help promote your business. I don't have a lot of faith in that. I think that there are opportunities that they provide. As far as any economic development that's mostly, at least in [this community], is designed to bring new businesses to the community. It doesn't benefit established businesses in the least.

Interviewer: Okay, I see. So now I'd just like to know a little bit more about your business. Can you tell me about its history just a little bit?

Interviewee: My father bought this, the corporation in 1975, and it was a small store in a strip mall. Five years later a new enclosed mall was built in [Community B], the [local mall], and he opened a store there. And so we had two stores in [Community B] at that time. Five years later in 1985 he had an opportunity to open another jewelry store downtown, and he opened a store there. And so for a period of time we had three jewelry stores in [Community B]. The business, the community you know, there wasn't enough business to support all three stores, and so we closed the original location and about two years later then we closed the downtown location and had just the [local mall] location. A year and a half ago, or two years ago I guess, the mall was bought by another company and they restructured the enclosed mall into a strip mall. And at that point 19 months ago we moved into a freestanding location in the parking lot of the mall in a building that was already owned by the mall. And that's where we are now.

Interviewer: So you've described a lot of changes. In your experience how have those affected your business, in terms of the mall opening, going inside and outside? Has that affected you a lot or are you established enough that you've kind of been able to weather all that?

Interviewee: We've been able to weather it all very well. Before we left the mall, over the 20-plus years that we were in the mall, there was a lot of changes there in that we had, through one reason or another, we had the two anchors of the mall end up closing down over a period of years. And when new stores came in, because of kind of the new business model of corporate stores, they closed off the entrances to the mall. And so we basically had an enclosed mall that was sealed at both ends with access to the anchors, which hurt business dramatically. And our location had been very favorable, and we were close to one of the very busy anchors. And we didn't have to advertise very much, so our marketing budgets were very low. And when they sealed off the end of the mall and stopped our walk-by traffic we had to pick up our marketing and advertising a great degree, and that was a big change. And now that we've moved out of there, we have more exterior exposure. Inside the mall we had very little exposure. Somebody was driving by... The two busiest streets in town go right by us, if somebody driving by they had no idea there was a jewelry store in the mall. And now we have a lot of signage on the outside of the building, and somebody driving by can see our location. And our location is much more beneficial than where we were before.

Interviewer: So recent changes have been very positive for you then?

Interviewee: They have. And there's a lot of economic growth in the community also. You know now instead of, you know five years ago or even two years ago, we were in a mall that had very few successful businesses in it and a lot of vacancies. And now we're freestanding in a parking lot of a full and bustling strip mall center, which has nothing but a positive benefit on our business.

Interviewer: So what do you see for the future of your business?

Interviewee: Well I think that with, the community's continuing to grow with a lot of influx, from California for the most part but different areas of the country also, and there seems to be more businesses coming and retailers growing to a great degree here. And that is bringing more people to town. And there's a big retirement community here which is continuing to grow also. And that's bringing people that are retiring here. And people from California, their families are following them also. So I think the community's going to continue to grow. And there is more growth in my business available for as much as I'm willing to go after it and market it.

Interviewer: Okay. What do you see as the biggest threats, or maybe challenges would be a better word, to your business' continued success or growing success?

Interviewee: Well I think as the community grows in population and as other businesses discover that the community's growing and the potential that is here for this community, I think that there's a very good probability for increased competition. I think that other stores will recognize that there's a good opportunity here, and maybe some of the chain stores that we don't have much exposure to now could come here and open up new stores, and that would increase that quite a bit.

Interviewer: You've mentioned for you that there are kind of some benefits to operating in a smaller town? Do you think there are also any particular challenges that you face that a similar retailer in a bigger town might not have to deal with?

Interviewee: There's definitely challenges that we face here. Being as isolated as we are, it's 70 miles to the nearest town of any size, our potential is limited to some degree. There's, you know within our population base, some other jewelers that I know from around the country they have done some demographic research on the people that make a hundred thousand dollars within a five mile radius of their jewelry store, and I have similar information on our market. And the numbers that they have are dramatically greater than what we have in this community. And so I think that we are limited, in that our prospective customers or future clients, there's not as many in a smaller community that you have to market to and marketing to somebody 70 miles away in an already bustling community is not a productive endeavor.

Interviewer: Now I'd like to know a little bit about your customers. So I kind of have a list of factors that people might consider when they shop, like selection and price. What do you think in general makes your customers shop at your store? What do you think is most important to them?

Interviewee: I think selection.

Interviewer: Selection. Okay. Do you think price less so, or not so much in your area?

Interviewee: You know our store price is not... I don't advertise price. I don't sell price. You know we sell quality and selection and uniqueness.

Interviewer: Okay. How about customer service?

Interviewee: Yes. Yes, that's a big part of what we do. We have a very vibrant repair department and custom jewelry department. I have four jewelers on staff, and so service is a very big part of what we do.

Interviewer: Do you see, of your customers, a certain segment that shops at your store because they want to shop locally, or are they coming in for those other reasons, because you have the best selection and the best service already, do you think?

Interviewee: I think most of them come to see us because of what we have to offer. There are some that do concentrate on shopping locally, but I think that we have a lot to offer people and that's the main reason they come in. A lot of people in a small community like this travel a lot. It's very easy and they leave frequently so they have a lot of opportunities to buy elsewhere. But we still have a pretty loyal customer base.

Interviewer: People traveling to buy, probably in a bigger town, do you feel that's a problem for you or not too much?

Interviewee: I'm unsure how big of a problem it is. Jewelry is such a trust based market that I think most people, the majority of people, buy where they know people, where they, a business they can trust and know is going to be there when they have trouble. And I don't think we have as big a problem with that as other businesses in the community do.

Interviewer: And for the same reason would you say that growing online retailing hasn't affected you as much as well?

Interviewee: It probably has affected us more than people traveling out of the area.

Interviewer: Really?

Interviewee: There's always people that travel out of the area. But there are, we see quite a few people that come in that say, "I've seen this online," or "I bought this online." And I've seen a lot of people buy on the TV shopping thing. Those are so price-oriented that the people who are very bargain-based in what they buy, they don't feel one bit ashamed about buying there.

Interviewer: So do you feel that's kind of a different customer, where those customers that are shopping on price?

Interviewee: For the most part. I do see some of our regular clientele that come in and say, "Oh I just bought this on the Home Shopping Network," or something and you know. But it doesn't seem to cut into our business, because we couldn't have filled that need for them because we don't carry that kind of product.

Interviewer: Ok, now I'm not sure how with your type of store, as far as repeat purchasing goes, do you see a lot of that? Do you have a lot of regular customers?

Interviewee: We do.

Interviewer: You do. So overall would you describe your customers as pretty loyal?

Interviewee: Yes.

Interviewer: And do you think that influences them, kind of maintaining that relationship they have with you, is that important?

Interviewee: It goes back to the trust that they need in you know making major purchases. You know jewelry is a major purchase for the most part of something that they don't know a lot about, so they have to have trust in someone and so we see quite a bit of that.

Interviewer: So what would you say your typical customer is like, kind of who they are?

Interviewee: It's hard to categorize our customer. One thing that I think that has been the success of our business over the years is that we, not exactly, but we try to be all things to all people. We have inexpensive merchandise, not what I'll call low-quality merchandise. We have inexpensive merchandise we keep. You know I have watches in the store that are \$75 and then I have watches that are \$5,000. And so I cater to both ends of the spectrum with quality merchandise. And that is a, has kept us in the you know... So to be able to say who our particular customer is, if it's an age, you know an age demographic, or a financial demographic, it's hard to pin it down because being in a small community we do try to be all things to everybody, and so it's a broad demographic.

Interviewer: Most of your customers are local, from the area, correct?

Interviewee: The majority are, and we have a... Well a unique thing about [Community B] it that [Neighboring Community 3] is a hundred miles away, [Neighboring Community 2] is 90 miles away, and we're the nearest population center for both of those places. And we draw a lot of customers from there. So to say they're out of the area, it depends on what you define as the area. We also have a number of people, customers that have moved, used to live in [Community B] and have family in [Community B] and have shopped here, and they return here to buy jewelry from all over the United States actually. That once we gain their trust, they like to buy from us. People seem to come back even if they move away.

Interviewer: So overall based on your impression would you say that shoppers in small towns like yours are different from shoppers in general? Do they look for different things or overall do you think they're pretty much the same?

Interviewee: I think that they're pretty much the same in the fact that they're going to be looking for the same things. They're going to be looking for somebody they can trust. There's a certain component that are just looking for a good deal. But the majority of jewelry shoppers I think are looking for a store they trust with decent quality merchandise and where they have a good selection.

Interviewer: Because you've been there awhile and know the community pretty well, have you seen changes in the consumer base over time? Do you think it's pretty much the same type of consumers, looking for the same kinds of things in a jeweler?

Interviewee: Yes, I don't think it has changed to a great degree. I think that with, like you mentioned earlier with the Home Shopping Networks and the internet, that there has been some erosion of customer loyalty, but for the most part not a great degree, just a small degree of erosion.

Interviewer: And how about, who do you consider your competitors? Do you consider them other kind of jewelry stores like yours? Or have you seen changes with, kind of the big box carry a lot of jewelry, has that not influenced you too much?

Interviewee: No I think our competitors have remained the same. And it's more the local jewelry stores are our biggest competitor. As far as, I think we're also fortunate here there's not a big box jeweler, unless you consider [the discounter]. They're the biggest, we'll call major corporate competitor that we have here in town. We don't have a [membership club] to deal with, which I understand that when [a membership club] comes it creates headaches for the local jewelers in a pretty big way. But we don't have a lot of that kind of competition.

Interviewer: So that's not too much of an issue for you now. So do you anticipate more, with like the [membership club] coming in, do you anticipate that being more of a problem in the future?

Interviewee: If or when [the membership club] comes I think it could be a problem.

Interviewer: Are you planning for that at all or are you just...

Interviewee: I'm not. I don't think there's a lot that can be done to combat that that we're not doing now. I think a lot of what we do now combats it, in just having a good selection of good quality merchandise, and building trust with customers.

Interviewer: Well those are actually all the questions I actually have. Is there anything else you'd like to add about your business or how you feel it is operating in a small community? Anything else I need to know?

Interviewee: I think that you know for a, there's a lot of benefits for a small community, as far as knowing our customers and the comfort of that and you know the customer loyalty we see. And you know seeing them in the community when we're out and about. You know that's always nice to have, and you don't have as much of that in a larger community. And as far as actual business benefits, well I can't think of anything else really.

Community B, Interview #2

Interviewer: So my first questions are about the community, and how you perceive the community, and just your impressions living here. So how long have you lived here?

Interviewee: 15 years.

Interviewer: 15 years, you've been here a while. So how would you describe it to someone who has maybe never been here?

Interviewee: Small, tight-knit community, but really on the verge of growing a lot. And so we're having, we're dealing with those issues of a community that is sort of taking off, and people are starting to appreciate the lifestyle here, and finding it and learning about it, and actually leading up to moving here. Still a little economically depressed because of our lack of industry that used to support the area, the timber, and agriculture has taken quite a hit. So I think we're trying to reinvent ourselves and really push for tourism dollars to make up for that, and there's a big effort for that going on in town. So I feel like it's coming of age a little bit.

Interviewer: Do you consider it a good place to live?

Interviewee: I have a family, and I think it's a great place to live to raise a family. And I know retirees are starting to find the area. Lifestyle's great. And it's also the size that you can really contribute to, and really make a difference in as far as your volunteer hours. You get a lot of bang for your buck in that. And so it's a great size for that.

Interviewer: How about in terms of doing business? Is it a good place to do business in this community?

Interviewee: Challenging.

Interviewer: Challenging. How so?

Interviewee: Very challenging. We're very much a community focused on the "mart" shopping, [discounters], discount stores. And so having two higher-end stores⁴, it's kind of taking a while to educate the customer. I think the customer is starting to really understand what we're doing and appreciate it. And giving them reasons to stay in town to get the product that they would normally go out-of-town for.

Interviewer: As far as support from the community for your business, maybe more formal support like the Chamber of Commerce, but also informal support, how do you, how is that here?

Interviewee: You know it's kind of unbelievable. It's kind of a funny thing. For a while, after opening [this business (#2)], it was like being a celebrity. It was weird. I think it was such a new concept that people were just a little wowed by it. And that was a little awkward at first, and that's really, really calmed down. And I think now people are just really appreciating it, so

⁴ This retailer owns two retail stores in the community (referred to as #1 and #2 in the transcript).

lots and lots of support. I think we had to break some, break down some barriers because people felt like, “Oh, this is ridiculous. This is just [Community B]. We don’t need this.” And I think over time people are realizing it’s okay to have a nice store. You know, and so it’s been good. It’s been really good.

Interviewer: How about the formal support like the Chamber or Economic Development or anything like that? Do you feel those impact your business? Or do you belong to the Chamber?

Interviewee: I do. I think that that’s a tough one because I think the support’s there and... We’ve had some issues with that particular organization, because they still haven’t snapped out of that feeling of “Oh, it’s just [a small community]. There’s nowhere to shop.” Or, “Don’t even bother. Just go on over to [Neighboring Community 1].” Right from our own Chamber, so that’s, that’s a tough one because I don’t like to be negative, but it’s been a struggle in that respect. Now the newspaper on the other hand, they want to come in and interview me every other week. And I’ve had to say, “I can’t do that. I can’t be on the front of the paper every other week.” Because I think it, I don’t think that, I think there’s a point where it becomes counterproductive.

Interviewer: Too much?

Interviewee: Too much, and I’ve had to just... It got to be a little much. So it’s there. They want to be supportive and have tried. It just got a little much.

Interviewer: Yeah. That’s interesting.

Interviewee: It is interesting. In fact it just happened this week. They wanted to interview me for... Oh, they wanted to take a picture of me hanging my sign for the parade. And I thought, you know there’s several other people on Main Street that are doing the same thing, so you know don’t just automatically think...

Interviewer: She’ll say yes.

Interviewee: Yeah. It just... It got to be a little much. So just kind of an interesting little side bit there.

Interviewer: That is interesting. Now I’d like to know more specifically about your business, so here you can talk about both. Can you tell me a little about the history of each?

Interviewee: Well, [business (#1)] used to be name [former business name] and was primarily the china, crystal, and flatware store that brides would go for dishes and that kind of thing. But as times change and brides are much less formal and they’re more transient. And what I mean by that is that they want to get a Pottery Barn dish that in 5 years if they want to change their mind they haven’t spent a bunch of money. They don’t want to commit to china. They don’t, it’s not part of the current culture. So we gave up a large part of that business, and now we’re evolving, trying to be more the Pottery Barn, the Crate & Barrel, which is more well received by the younger group. So we’re trying to appeal to the younger group, the next 50 years of

customers. You've got to catch them when they're 20 and 30 and get them loyal. So that's why the remodel and the new name.

Interviewer: How long has it been under the new name?

Interviewee: A year and a half.

Interviewer: And it was in your family before that, correct?

Interviewee: Yeah.

Interviewer: Was it opened by your family?

Interviewee: Yes, 74 years ago.

Interviewer: Wow.

Interviewee: So lots, a lot of history there, a lot of tradition, one of the last few long-time businesses on Main Street. So that is evolving into a little bit of a different entity to, just to go with the current culture a little bit... And as far as [business #2] goes, it was just an underserved area I saw. I saw people wearing this kind of fashion around and I knew they were getting it out of town or through a catalog or online. So it was just another, it was just an offering that gave them another option to stay in town.

Interviewer: You kind of mentioned about the other store, but do you have any goals for your business? Or what do you see for its future?

Interviewee: For [business #1]?

Interviewer: Yeah, or this one too.

Interviewee: For [business #1], brides still want to register...

Interviewer: Do you still offer that service?

Interviewee: We still do it, just much different than in the past. So we have a website we're going to build by the end of the year and then have online bridal registry, which we feel like is really, really necessary for the 20-somethings. They want online. And so that's our goal for the year. And just to continue strong in our niche. And protect our lines that we have that can't be anywhere else. I would say that's our biggest goal, online registry.

Interviewer: How about here? Do you have any particular goals?

Interviewee: Interesting because I feel like here it's really going to be about just making it through this tough economic time. Because I feel like it could be one of the first things off

people's lists, high-end clothing. So for right now I'm just really focused on just getting through the year because it really is going to be tough I feel like, interesting year.

Interviewer: What do you see as the biggest threats to both businesses, to their potential success, to their growth maybe? What's kind of holding them back, or is a challenge maybe is a better word? What are the biggest challenges?

Interviewee: I would say just educating the customer on quality. Because we have the quality, but people get caught up on the price-point. And so for [business #1] specifically we, it's educating the customer on the benefits of getting an All-Clad pan. We offer the other ones for that price-point. We try to do both. I think it's just educating the customer on the quality, educating them why a hundred and fifty dollar pair of jeans is better than a seventy dollar pair of jeans, and so that's a challenge when you get them educated. Inventory control. It's a challenge. It's something I have to deal with every single day. I can't let it go at all. I have to stay on top of it.

Interviewer: Are there any particular challenges you think you face because you're in a small town that probably someone in a larger town wouldn't have to deal with? Any issues?

Interviewee: Just a smaller customer base.

Interviewer: Not as many people.

Interviewee: Not as many people, exactly.

Interviewer: All right, so now I'd like to know more about your customers, what you feel is most important to them. So when they choose, it might be different for both stores too, when they choose to shop at one of your stores what do you think, what are they looking for? Is it quality or price or service? What kinds of things are most important?

Interviewee: Probably the customer service, because they can't get that at big stores. And that has to be something we do really well, because it has to be a good experience to shop. So customer service is good. Some are looking for quality.

Interviewer: Yours probably aren't as price sensitive too much would you say?

Interviewee: Which one?

Interviewer: Both I would think. Because you're higher-end, they're not as price-sensitive maybe overall. Or are they still looking for a bargain you think?

Interviewee: They're getting better. The price-point, yeah they're still a little fussy about the price-point. You have to be pretty careful. But I think now people are getting it and that's... They know what we are now. And so they just know. So yeah, I would say customer service is a big one, and unique. It's not going to be... I only have four of any one style, so not

everyone's going to have the same thing. So that's important to some people. And then over at [business #1] it's really about finding a unique gift they can't find anywhere else in town.

Interviewer: Do you think that there are customers, that you have some that maybe choose to shop at your stores because they want to patronize a local store? Do you see that?

Interviewee: More and more.

Interviewer: More and more. Really?

Interviewee: Yeah.

Interviewer: Would you say you know a lot of your customers personally or...

Interviewee: Ninety percent.

Interviewer: Ninety percent. Really? That's a lot. First name basis I noticed earlier...

Interviewee: Yes, definitely. And I think that's part of the good customer service.

Interviewer: So overall would you describe your customers as loyal?

Interviewee: Yes, very.

Interviewer: So typically who are you customers? If you could describe them...

Interviewee: Demographically? Like age groups and stuff?

Interviewer: Yeah, anything like that.

Interviewee: Gosh, [business #2] the bulk is probably, I think 35 to 50.

Interviewer: Really.

Interviewee: Very few... Yeah, 35 to 50 is bulk of our customer here. At [business #1] it's probably, it's coming down a little bit, but it was really, more like 45 to 60. People who grew up here and remember the store and the tradition, but that's starting to come down a little bit. We've gotten a few brides that have really gotten hooked on the store, and so they're you know 30-somethings, 20-somethings. But a little older just because of the history.

Interviewer: Because you've been in the community a while, do you see the population changing at all in general? Any shifts maybe that have impacted maybe who you see in your stores?

Interviewee: Our area's really attracting a lot of retirees. And so I know that's a big part of the population that's moving here. We had, from a retail perspective the luxury of having a very

large company recruit about 50 of their upper management people to [this community] about two years ago. That's [large manufacturing company]. And they all of a sudden just wanted to centralize everyone and so that's a lot of higher-paying jobs that went to this area. And we are impacted by that in a big way. And I wish we would get more families. It's really hard to recruit families to [this community] because our education and our schools are in such disarray, tough, tough thing. But I hope that will change as the [Neighboring Community 1] and [Neighboring Community 8] areas get so expensive that people will then look to [this community] as another option that's not quite as expensive as [Neighboring Community 8].

Interviewer: You mentioned earlier talking about the community kind of that tourism is a place we're looking. Do you see any impact of that on your business? Maybe some seasonal shifts or would you say most of your customers are local?

Interviewee: We see a large impact at [business #1].

Interviewer: Really?

Interviewee: People wandering the street. They're in town for a couple of days, looking for little shops to go in. They're way more likely to buy a little gadget or thing over there than they are to pick out a new outfit, when they're on the road. So a little bit here, but mostly at [business #1].

Interviewer: And you mentioned earlier about people leaving town to buy was one of the reasons you... Do you still think that impacts your business, that even though you're here that people still go to other places or go online...

Interviewee: I do. I think as far as going out of town, it's kind of in our nature. We could have all the stores we needed here in town. People still have that need to travel. And I used to get real frustrated about that. But now I've realized it's not completely about what's not here, I think it's just our nature to want to do that. And so I don't know that we'll ever, ever stop that flow of people leaving town or finding that neat thing online. I just think that it's all about just giving them another option. When they're in a bind they don't have time to get out of town. They'll have... "Oh I'll come to [business #1]." So...

Interviewer: Who do you consider like the nearest thing you have to a competitor? Is it kind of the bigger boxes that don't sell quite what you do? Is it the internet or maybe stores in other communities?

Interviewee: I think for [my business #2] it would be the [Neighboring Community 8] and [Neighboring Community 1] boutiques. There's quite a following, I hear from the business owners in those communities that they rely, they have a lot of [this community's] business. So I would say that. The, we have a new store on Main Street that sells clothing. And I'm kind of one of those people who feel like the more we have the better, to a certain point. So I'm grateful, for example this store that does sell clothing is downtown. Because I feel like it just gives more reason to come down. If you're in the mode of shopping for clothing, you might as well go to two places. I'd rather have that than them be somewhere else. So I'm grateful for the closeness

of those other stores. We don't have a lot of competition locally. As far as [business #1] goes, probably a little more pressure from [an off-price retailer], has home décor. Or certainly [discounters] all have the home décor thing now and the kitchen stuff. Little different competition locally for [business #1] than for [business #2].

Interviewer: You mentioned downtown. Because you've been in the community a while, have you seen those changes? Just my own impressions, it seems like recently there's kind of been a revitalization. Do you feel that as a business owner? Have you seen that, and how has that impacted you, if it has?

Interviewee: We have had quite a lot of momentum. It's helped us a lot. I'm getting a little concerned because in the last two weeks we've had four or five Main Street businesses close.

Interviewer: Really. So do you see a lot of turnover like that?

Interviewee: A lot of turnover. And it's almost like we take three steps forward and two steps back. And I mean I think we're going in the right direction, but just real recently there's been four or five.

Interviewer: Just your own impressions, are there things you think the successful stores have in common? Things they do that make them successful? In general. Just your own impressions, why some last and some don't.

Interviewee: I think, personally, people go into business without giving it a full effort a lot of times. "Oh, I think I might try a little da, da, da." And they don't give it, they don't go into it with a 100% effort. They want to just try it and see if they're going to like it and then they go. But I don't think that works. I think you have to do the full picture from the get go so people know you're serious. And they're going to appreciate that, that you've made that extra effort. And so that's my personal observation. I'll, you know watch an opening, and just think "I don't know." Because they just don't feel like they've given it the full effort. And it's honestly, I just see it happen. So that's my personal opinion. You have to go into it very seriously. It's not easy. Retail's not easy at all. And I think people think, "Oh, I just might try it. See what it's like." But it's hard. It's hard work. So that's my opinion.

Interviewer: That's actually all my questions. Is there anything else you'd like to add about your businesses or doing business in a community like this?

Interviewee: I'm just very fortunate that I've the opportunity because, I used to be a nurse and I was a nurse for 14 years and very different stress level here, but I enjoy it because I know I make or break it. I'm not relying on anyone else to do that, you know. And I'm lucky that I have the financial backing to get through the tough times, so no, not really...

Community B, Interview #3

Interviewer: All right. So the first thing I'd like to know a little bit about your perceptions of the community, living here. How would you describe this community to someone who hasn't been here?

Interviewee: Well, [Community B] is kind of, kind of redneck USA, for want of a better term. I don't think we're any different from a lot of small, rural communities in that we maybe have different politics than there is on more of an urban or metropolitan area. We feel that, I mean, we're kind of a red county in a blue state. And so that, that affects not only the way that we need to merchandise, but the way that we run our business. And of course we do business with a lot of people. Of course the furniture business now has become a lot of importing and stuff, but we do a lot of business now with more urban areas, meaning business from my vendors. And so they maybe will show me styles or price-points or colors or any number of things that were maybe better suited to, there again, that more urban population, metropolitan population. So I have to be a little careful you know seeking out styles, vendors, places and things that maybe cater more to our clientele. [Community B] is a rural, a lot of, a more aging population. We're seeing people move in that are more, that are retirees from California that, you know like the idea that the, that the cost of living is quite a bit less here. There's, seems like there's a lot of polarization between the haves and the have-nots.

Interviewer: So how long have you lived here?

Interviewee: I've lived here all but about two years of my life.

Interviewer: Do you consider it a good place to live?

Interviewee: It is. It's a good place to live. It's a good place to raise a family. It's a little bit slower paced. It's not as spread out, so you know when you hear people say, "Well I've got to go all the way across town," you know, it's like ten minutes from one place to another. So it's not a huge undertaking. You know like I said it's a good place to raise kids. A small, rural community is nice in the respect that you get to know and meet a lot of people. You know my kids always tease me when we go to restaurants or to a grocery store or whatever, they say, "Man you know everybody there is," which is nice both personally and from a business standpoint too. Because about, if I know you or I know your family and you're looking for some products I might have, you know I definitely have an advantage of you coming in and calling you know, "Hey Katy, how are you?" You know, "How's your mom?" or whatever, so you know I think there's some real advantages to being in a small town that way.

Interviewer: How about other things about doing business in this community? Is it a good place to do business overall would you say?

Interviewee: The community itself isn't bad. Oregon is kind of an anti-small business state. You've probably heard that from other small retailers. It's expensive to do business. Taxes are expensive. This small town is nice in the respect that because the cost of living is less I can attract high-quality people at smaller wages than if I was doing business in a bigger area. It's

been good for us; we've been here almost 50 years. So you know I can't picture doing business anyplace else.

Interviewer: Do you feel support from the community?

Interviewee: Very much so.

Interviewer: Very much?

Interviewee: Very much so, yeah. I, there again being in a you know small town and knowing a lot of people, I think that folks that get an idea, "Hey I need a new lamp or I need a new sofa," or something. "We'll go down to [store name]. You know, they've been there a long time." You know I hear people a lot of times say, "You know I want to buy locally." Although we do get a lot of market bleed over the hill to [Neighboring Community 1] or even to locations further. I think that the higher up the income scale you go, the more chance there is for that. In other words the people that are more affluent would say you know, "We don't really want to buy stuff here. We can go to Seattle or we can... You know we're going to go to New York next month to do whatever and we'll look for something there." And they can afford to do those kinds of things.

Interviewer: How about more formal support? Maybe the Chamber or Economic Development? Do you feel that? Do you feel that it benefits you?

Interviewee: The Chamber up to this point, it's funny that you'd ask that because I have some good friends that are in the Chamber now and before that I really felt the Chamber was very unresponsive to small businesses, especially established small businesses. I'd write the check every year to them and say, "You know, well we're members of the Chamber," but think in the back of my mind you know, "What are we getting?" You know, which was kind of a minimal cost. You know the Chamber now, through the new leadership and stuff, at least locally here, is trying to do more things that will help business. As far as Economic Development goes, and I was involved with the Economic Development people here for awhile, I was on the board of directors, Economic Development, and I don't know if it's different in other places, but the Economic Development here is very attuned to drawing in new business. And so, you know when I'd go to them and say, "I want to do this but I need your guy's support," whether it be financial or to ease some restrictions or whatever. You know I'd get a lot of lip service from both Economic Development and from the city fathers and stuff, but not a lot of action there. So you know I think that a new person coming in, you come in and talk to Economic Development and say, "Hey I'm going to start this new business, and I'm going to hire 30 or 40 people." You're a pretty attractive thing. You know when I go to them and I say, "Hey, I want to increase this or that." That's going to increase, me adding say two new positions, two new fulltime positions, they'll go, "Ho hum. Big deal." And I don't really agree with that. You know we've been here a long time and we pay, you know, we pay a lot into the tax base, you know add a lot into our community. And so those types of businesses, whether they're furniture businesses or jewelry stores or hardware stores, would probably get more support from that.

Interviewer: Now I'd like to know a little bit more about your business? Can you tell me a little about its history, how it started, how it has evolved?

Interviewee: Sure. Sure. Our business started in the '30s. My grandparents came from Tacoma, Washington. My grandfather was an upholsterer by trade. He came here for a 12 month job with US Bank. He was going to reupholster all their office stuff. And they liked it, and they stayed. He opened an upholstery shop. And then as my father got out of high school and through World War II, he came back and joined my grandfather in the business. And then my uncle, who was a few years younger had come back. They started making mattresses, they were upholstering, but making mattresses. You know buying mattress units and put all the upholstery over them and sell them out. As a matter of fact we still get some back that have tags on them that say, "Made Exclusively By [store name]." In 1959 they opened a retail furniture store. That was just on this part over here where we walked through. In 1969, there was a shed over here and an apartment here, in 1969 they razed that down and built this two-story building here. My grandparents were active in the business. My grandmother was active until she died in 1978 I believe. My grandfather was active in the business until he died in '84. I started, I came into the business in '81. I really kind of took over and started running the business, my father and uncle were running the business up to that time, I started running the business in probably the early '90s. It's evolved quite a bit. We've changed the way that we do business through technology. We have everything's all databased and computer-based. I get sales reports that show me gross margins, net, shows my GMROI on specific products, turns. You know all that stuff has really changed the way that we merchandise, the way that we buy things, the way that we price and sell things also. So you know what, we're not by any stretch of the imagination cutting edge, but we're not, you know like some of the old mom-and-pops might still, you find might still write stuff up on a carbonless piece of paper and say, "Here's your copy," kind of thing.

Interviewer: What do you see for the future of the business? Do you have any changes in mind or any goals?

Interviewee: Well yeah sure always have goals. Of course you know the short range easy goals are you know increase sales and increase profits. You know to do that of course is being sharper on product categories that I'm buying. Maybe identifying ones that are doing better and buying more of them. Identifying ones that maybe we're neglecting and trying to find new vendors to fill those spots. Long terms goals, we own this building across the street that we use as our warehouse, and although it's been a good facility I would love someday to see that go away and have a modern warehouse back behind our facility here where we can house products, make it easier to move things in and out, maybe make it easier to keep track of things. So no real plans for any other big expansions. I feel that, we have about 25 thousand square feet here, so we're probably about as big as we need to be.

Interviewer: What do you perceive as being the biggest threats to your business' success, or maybe challenges, the biggest challenges you face?

Interviewee: Well probably threats and challenges, probably both a good term, and they're maybe synonymous a little bit. I think that competition from multi-conglomerate entities, like I

was just reading this morning about Warren Buffet and Nebraska Furniture Mart and how he owns that and he owns one of the big jewelry chains and you know I mean he's making bigger and bigger forays into retail. And those types of things of course, you know it's kind of like the David and Goliath story. You know you got somebody that's got a lot of purchasing power, and there again with a lot of the import product coming from China now and stuff, if you can buy containers or all kinds of stuff. And you know bigger purchases I guess to make your dollars go further. Then you know competing on price alone is something that a little mom-and-pop can't do. You know I think that the internet, I don't really see it as a competition, but I see it maybe as a challenge. I think that furniture stores in general to survive need to embrace the internet, not necessarily as internet sales, but having you know a very informative website, so especially young people like you. You know and you're a prime example of the consumer that we want to attract, because you know you're going to buy now and then you're going to buy later and you're going to buy later and you're going to buy later. You know so people like you are more internet savvy. And if you're thinking, "Oh, I want a sofa or I want a chair," you're probably going to do a lot of your pre-shopping on the internet and look for styles and brands and colors and things that maybe attract you. And then you're going to go and you know look physically for them. And so I think that's important to maybe embrace that.

Interviewer: Who do you see as your biggest competitors?

Interviewee: Locally here, [regional chain store], which is a regional chain, would probably be our largest competitor. Ashley Home Stores, which has opened stores throughout the country, they're privately owned but they have a corporate name on the front. I think that there's, going back to your other question about challenges and all, I'm seeing that happen more and more. So smaller stores are competing against vendors. You know, I mean you're sitting on a La-Z-Boy piece, and La-Z-Boy opened stores. They're again privately owned, but they say La-Z-Boy on the front. So I'm kind of competing against the people I'm buying this from. So I see that as kind of looming as a bigger challenge you know.

Interviewer: Are there any things that you think are challenges for you because you operate in a rural community that probably you wouldn't have to deal with if you were in a bigger city?

Interviewee: Well, market bleed. We talked a little bit about market bleed. And I think that that's probably a challenge that all retailers face, so I think that you know where we live people go to [Neighboring Community 1]. I think people that live in [Neighboring Community 1] will go to [Neighboring Community 9] or Portland. People that live in Portland will go to Seattle or you know. It just kind of goes on and on. And I think that some of that happens in reverse too. I think that if you live in a big metropolitan area, you know you might find it charming or more effective or nicer to go to a smaller community and buy something just because you get that personal service. I think that politics makes it harder for a rural community to do business just because we don't have a lot of political clout. You know I mean we're so small in population that you know even though we may vote one way, you know the rest of the state votes another. So it, whether it be, you know from overhead perspective of more taxes or you know more social programs or all kinds of stuff like that. I think that those, those are probably a bigger challenge in a rural community just because you don't have the say so. You know our isolation makes it a little bit harder to receive goods on just a practical day-to-day operations standpoint. You know

I've got to order probably more product because I've got to get it all coming at one time, make a hit so to say on 40 or 50 pieces from one vendor, rather than if I was in a more metropolitan area and there was trucking lines that came there all the time and I'd order 10 or 12 pieces. So those are some of the challenges.

Interviewer: Now I'd like to know a little bit more about your customers and who they are. When they choose to shop your store what do you think, what kinds of things are the most important to them? What makes them choose you?

Interviewee: Well I think that you know our longevity is one. I think that work-of-mouth and the service that we give helps people feel comfortable. You know, "Hey if I come and buy that sofa and there's something wrong with it they're not going to make me stand on my head and whistle Dixie to get it fixed, you know jump through a bunch of hoops." So I think that's part of it. I think that the merchandising that we've done and where we've tried to place ourselves in the market as being the middle guy. You know there's a lot of different segments of population, but we try to merchandise to kind of the middle segment. And I'd like to think that there's kind of 15 to 20 percent of the low-end people that probably would never consider buying new furniture because of their economic conditions. There's maybe 15 to 20 percent on the high-end who would never consider buying home furnishings in [Community B] just because they don't have to or they feel that they can't get the quality or the style they want here. So that leaves about sixty percent, which is the largest segment, that we kind of try to cater to. So I think that's, being the middle guy is kind of an advantage, especially in a, kind of in a middle income type of community.

Interviewer: You've kind of touched on this before that you have a certain segment who wants to shop locally and that's why they choose you. You feel that? You see that?

Interviewee: I do. I do, and I think there again there being the longevity that we have. You know, I've seen competitors come and go, and there, we have new competitors in town now, and whether they stay or they go, there'll always be competition you know. But a lot of people, especially people that have been here for a long time realize that we've been here a long time. I'm seeing generational buying. I'm seeing, you know you come in because your mother bought something, and she says, "Yeah you know we bought something from [store name] and it was okay and they didn't make me mad, so maybe you should go there." So we're seeing generations coming in, you know grandparents, parents, sons and daughters and stuff. So, and I don't think you can gain that unless you do have a long history of being in business.

Interviewer: So overall would you describe your customers as loyal?

Interviewee: Overall, I think so. I think that with any major purchase I think that a lot of people will shop. And I hear that a lot. People will come in and they'll say, "You know we go around and we look at other places but it seems like we always come back here to buy." And those are just the ones that I meet or that I talk to. Obviously there's ones that we've done business with that go elsewhere and find something else that they want. Because we are kind of middle-of-the-road, we don't cater to that kind of fringe stuff. If you come in and you want French Provincial or you want something that's really kind of out of the norm, you know that's not real

mainstream, then I can probably order it for you, but you're not going to come in and find it, you know kind of thing. So I think we miss sometimes on that. But that's from a merchandising standpoint. I can't buy a lipstick red leather sofa because I'm going to have one or two people a year looking for that lipstick red sofa. You know I've got to have this, that we get several turns in out of the year that you know we buy and we sell, we buy and we sell, that's what we do.

Interviewer: So when you say people sometimes look around and then come back here, is it your selection? Is it your prices? Is it your service, that they know you?

Interviewee: I think it's kind of a package.

Interviewer: All of it?

Interviewee: Yeah, I think that's it just again anytime that you're shopping for a big ticket item, you know you go around and depending on the experience you get, you know you go back where you feel comfortable. You know I try to tell my sales staff all the time, it's the first thing you got to do is you got to make people like you, you got to sell yourself and make them feel good about you know buying something from you. As humans we don't like to buy things from people that we don't like or can't trust. I mean I guess we all do that at times because we have to, but I think that you know to make it a comfortable, easy experience is essential. We work real hard at keeping our store clean, at keeping our displays nice. You know we try to make it so it's a pleasant experience, when you walk in you can envision how this might look in your room. You know it has tables and lamps that go with the upholstery. It's not all crammed together so you've got to crawl over things. You know I think that those, they're little things, but I think that they're important things. And when I travel and we go to other retail places, you know I'm very hyper-critical of stores, just because of that. I'll go, "Geez, that's not displayed very nice," or "They didn't put that together right," or you know, "Wow, they've really done a great job of making this very attractive and making you want to spend your money here."

Interviewer: So overall if you could describe your typical customer, what is that person like?

Interviewee: Oh, you want my demographics. My demographics are probably female, married, single household dwelling, 35 to 65, maybe 70, maybe 30, you know different areas there. The reason why I say female is because that's usually who kind of runs the house, who makes the design decisions. You know, "Well yeah, you can pick the pick-up or you can pick the duck boat," whatever, "But I'm going to paint this wall blue. I'm going to put this sofa in front of it," and stuff. Not always, but sometimes. Medium income, probably anywhere from, when I've run mailers and stuff before I've run them all the way down to about thirty thousand annual income, upwards of you know two hundred and fifty thousand. But that's kind of, that's kind of the meat I guess, a lot of fringe on either side. You know and if I told you we didn't ever sell men, well that would be a lie, but that's probably where we're shooting for. People about like you actually, you're probably a little young, but about like you.

Interviewer: Income's a little low... Someday though.

Interviewee: But you're working on that.

Interviewer: I'll get there. Hopefully. Would you say you know a lot of your customers personally? Do they come back often enough? I know big purchases, I mean they're not that frequent, but...

Interviewee: Oh sure, definitely, definitely. And I think that there's other things that we've done in our marketing that's maybe helped that. My father and I are both very active in a very large rotary club. I've been active in, well like I said I wasn't active in the Chamber. They did ask me to be on the Board, but I didn't do that. But you know [the community's] Economic Development, you know the school districts. You know I have kids in school, being active in the parent teacher kind of things. Both my father and uncle are very active in churches. They belong to the local country clubs; they have a lot of contacts there. You know, I mean we're known pretty well throughout the community, not only as what we do here, but you know what we do outside of our business. And so a lot of times maybe, you know somebody's thinking about purchasing something that we might sell, but because they know us we've kind of got an in. And at least they're going to come and see us and say, "Hey what do you have?" you know kind of a thing. So yeah, we have a lot of repeat customers. We're just running a direct mail campaign that we're going to run here in two weeks. My present software system is a little over four years old, and out of that we've generated fifty-two hundred separate names that we're going to, that we're going to send out our direct mail pieces to. So that kind of gives you I guess a scope of you know number of folks, and I can go back and I can look at sales history from a lot of those people and I can see they bought in November of '04 and then they bought in September of '06 and then you know I mean. So you know they'll come back, a lot of them, you know if we don't make them mad. You know and that's kind of where the customer service comes in.

Interviewer: You mentioned earlier that kind of people in this town are looking for different merchandise than probably someone in an urban area. Are there any other differences that you think that your customers might have compared to customers in general or those in bigger cities? Different things they might be looking for? Or different things they might expect?

Interviewee: I think that people in rural areas probably are a little bit thinner skinned about the hard sell. And I think that if they come in and we're very forceful and aggressive and say, "Katy, you really need to take this table home today. You know this is a great buy," or whatever, I think that turns people off that are in more rural areas, not that it doesn't turn people off in urban areas, but I think just because of where you live you expect it more and you just go, "Get away from me." You know and you don't take it personal. And I think in a rural area that's a little bit more, people are a little bit more thin skinned or a little bit more sensitive to that. You go, "You know I don't care if that guy's going to give me that sofa, I don't like him. You know, aggressive and rude and mean to me, and I'm not going to go back." So I think that that's maybe part of it. I think that probably people in a rural area are more willing to drive further. We have a lot of customers from [Neighboring Community 2], [Neighboring Community 3], [Neighboring Community 4], of course [Neighboring Community 5]. We draw some from as far north as [Neighboring Community 6]. So you know when you draw, when you're taking about demographics and you draw a circle around our building, you know it's about a hundred mile radius, not necessarily very far west, maybe going to [Neighboring Community 7]. But then you know going way east and way south. So I think those people are

probably, I can't imagine somebody in Tigard driving to Gresham to buy a recliner, you know unless they happen to know somebody in Gresham or whatever. But you know what I'm saying. I mean how many furniture stores do you have to drive past before you go, before you get to the one you're going to? That here I think people are more in tuned to that. And we'll have people show up from [Neighboring Community 2], and they'll have you know a horse trailer or something. And you know we'll see them pull up, and it's like, "Oh these people are pretty serious."

Interviewer: Yeah, they're ready.

Interviewee: They're going to put something in there. They're going home with it kind of thing. I think that's the other part of it too, that people expect from us is, and we try really hard to do that, is to have merchandise in stock and ready to go. I hear a lot of complaints of people going, "Oh yeah we went here and we went there, and they said we couldn't have the one off the floor," or "They had to order it, and we have to wait," and I think that that, you know people in urban areas are probably more used to that. You know it's like, "Well no, you can't have the floor model. We don't have one. We'll get this." And they go, "Okay." But I think because of what people are doing here, whether they're traveling a long distance or not they, "No, no. I want to be done with this today. I want to take it home. I want to put it in my room, and I want to move on to something else." You know, so I think more that immediate gratification. Although I think metropolitan people are maybe the same way, maybe a little bit more forgiving in saying, "Yeah we can wait," or you know.

Interviewer: But if you're driving 90 miles, you want it now.

Interviewee: You want to take it home.

Interviewer: As far as people that live here leaving to shop elsewhere, do you consider that a loss? I mean do you feel that influence? Or are those kind of customers who aren't going to shop your store anyway?

Interviewee: Oh definitely, definitely, I think it's a loss. I see people go to other locations, whether it's in [Neighboring Community 1] or [Neighboring Community 8] or Portland or whatever, and they might buy the exact same thing that I have here, they buy the same brand and stuff. You know people like to shop, and especially when it's, well most people anyway, and especially when it's a big ticket item they almost like to make it an adventure. You know it's like, "Well we're going to make a day of it. We're going to go and find something" and you know it's almost like a treasure hunt. And so it's a little discouraging when I see people you know buy things that they could have bought here locally. I think about, well it's not really an economic issue then because if you factor in their time, their gas, you know how do they get it back, all this other stuff, they pay more for it than if they would have bought it locally. But you know I mean like I said it's kind of an adventure. You know, "We'll go and we'll make a day of it." You know it always floors me when people at Christmastime say, "Oh we're going to..." You know they'll be three or four people, and they'll climb in a car and drive over to [Neighboring Community 1], and they'll shop all day for all their Christmas stuff. And it's like, "Well don't you think that those stores stock the same stock that these stores stock here?" And I

mean that's, you know locally there's a big cry for you know, "Oh well our life will be so much better if there's a [membership club] in this town."

Interviewer: Oh yes, the [membership club] always comes up.

Interviewee: Yeah, and it's like "Do you think that [the membership club] handles anything different than [discounters] or [local grocer] or [another discounter] or?" You know it's going to be another location that you can buy that same stuff at, maybe some different things and maybe in different quantities and stuff. But that's not going to make your life better. You know it's kind of sad when people think that you know a new retailer or a new restaurant's going to make their life more exciting.

Interviewer: So do you think people don't make an attempt to shop locally, don't even look around locally before they leave?

Interviewee: I think that happens. I think that happens. You know I just cringe there again talking about [the membership club], people saying, "Yeah you know we go over there you know twice a month, and you know we'll spend two or three thousand dollars and buy a bunch of stuff." You know and it's like, "Do you realize what kind of economic impact that has here?" and you know why you can't go and spend that money you know at any one of the local retailers here, support them, support the workers that are here, you know help them pay their taxes. So you know that all goes to the infrastructure of [this] county. Yeah, but I think that there's a certain part of the population that just says you know, "We're not going to be able to find it here. We're not even going to look." You know I meet other people who say you know, "We went to [Neighboring Community 1]. We went to [Neighboring Community 8]. And we found some stuff that we like, but we really didn't want to buy it there because we didn't want to have to worry about driving it back or if there was a service issue you know what are we going to do, so you know we came here, we came here locally anyway, and that's kind of where we wanted to buy." So but yeah, there's I think, especially with big ticket items, I think there's a lot of people that with automobiles, just say you know, "The automobile dealers in [Community B] won't deal, so we'll go elsewhere." And I hear that, and I'm friends with a lot of the car dealers in town, and I think that's really kind of a bum deal. You know, not really a factual statement.

Interviewer: It's the perception they have.

Interviewee: That's what it is.

Interviewer: Well that's actually all the question I have. Is there anything else you'd like to add about doing business in this community or your community?

Interviewee: I think [Community B] is a great community, and I think there again it's a great place to raise kids. I think that the majority of the people are hardworking and honest people. I think that some of the new additions that we've had of the California transplants coming in, these people are good people. They understand what they're moving to. They don't, you know there's a lot of talk about, "Oh these dumb Californians, they don't know what they're getting into," or whatever. I think that if most people, if they're going to invest several hundred thousand dollars

into property and stuff and change their lifestyle, they have a real good understanding of what they're getting into. And that's what they want. I think that they're good additions to the community.

Interviewer: Do you think that they're different as consumers from the locals who have been here a long time? Do you think that they have different expectations or do you think they know?

Interviewee: I think that sometimes they're actually better consumers, because they're maybe a little bit easier-going, don't expect as much because they're coming from a bigger area. And they go you know, "We're going to go to Podunk USA, and you know what are we going to find there?" And so you know they're going, "Okay, well yeah, you know that's cool that we find stuff that's not only you know within our budget, you know but the people are nice and they bend over backwards to try and help us and stuff." And so that's been a real boon to our business, not necessarily in the past 18 months with the housing market and the way the economic conditions have been, but prior to that you know we'd have people come up and you know a lot of those people would sell their house and they'd sell their home furnishings and guess what, when they move here guess what they need. So they would, you know they'd come in and they would buy, and they'd buy, and they'd buy, maybe two or three times you know over a short period of time. So yeah, you know if they're different I would think that they'd probably be different in a good way, not in a bad way. And I think that there's, you know everybody's different, I've met people that say, "Well yeah we bought everything before we moved, and boy was that a mistake because it didn't fit in the house," or you know whatever. But I'm sure there are people that have done that and have been really pleased that they did do that and say, "Well, good we didn't have to buy from up there." You know we have, we have kind of a unique situation in Oregon because we're a non-sales tax state, and so a lot of people that you know, and we're so close to the border that we have a lot of that you know happen there that people go, "Well geez if we're going to move to Oregon, why would we buy something in Sacramento, you know an expensive item in Sacramento and not only have to deal with getting it there but having to pay sales tax too when you can buy it there and not pay the sales tax?" They don't realize that the property taxes are going to take up you know everything that they'd save in sales tax. But so, I think that's been a positive to our community. I wish that our community, there again talking politically, didn't have so much political strife, meaning the county commissioners, the city council. You know, he said, she said. You know and then all this kind of division of school districts, and you know the county and the city, I don't know how familiar you are with [Community B] but you know I mean all that. I don't think that helps our community, and I think that if there was really some, some strong leaders that came in, they would do everything they could to try to unify the community and make it all, you know, one big thing rather than several different factions, so that's kind of the negative part of doing business just here. And I don't know, I imagine other rural places have that same issue, you know us against them you know kind of thing.

Interviewer: I think everyone has those issues to a degree.

Interviewee: I think so too. So ok.

Interviewer: Ok. Great.

Community B, Interview #4

Interviewer: So the first thing, I'd like to know a little bit about your perceptions of the community. How would you describe this community to someone who's never been here?

Interviewee: For, just in the retail aspect?

Interviewer: In general.

Interviewee: We've found that, in general, it's a nice community. We have a lot of people that come here from other areas, especially California, that just seem to like the smaller town atmosphere. And still relatively good atmosphere in general, a few things that pop up drug-wise and stuff that are just little problem areas. But in general it's a pretty good place to grow up and raise kids.

Interviewer: Okay, now how about in terms of doing business?

Interviewee: Business-wise it's always, it's kind of a unique environment. With [the local resort development] you've brought in some of the higher dollar clientele, but it's still, [Community B] has always been a kind of, at least all the time that I've been here, a little more of a depressed economy in general, so we don't see the big up and down swings. We saw a little bit with the real estate market kicking in. Every year we just seem to increase sales a little bit. It's not a, it's definitely, we've never seen a real big like [Neighboring Community 8] or something like that is exploded. We're seeing a little bit of the growth. It's still more of a depressed community in general.

Interviewer: As a business do you feel you're supported by the community?

Interviewee: Yeah definitely. And it's just over the years, we have a lot of people that will come to us first. We've had several new competitors in the last 15 years come in, so and they're bigger stores. You know everybody thought when [the sporting goods chain] came in or when [the big box] came in, thought we'd disappear, and it's not the case. We still continue to thrive pretty well, and if anything they get them thinking about sporting goods when they're doing advertising and stuff like that. And they'll always, a lot of our loyal customers come back to us anyways, and we can be competitive.

Interviewer: How about in terms of more formal support, like maybe the Chamber or economic development? Do you feel those things?

Interviewee: The Chamber's pretty good. I think we get a little newsletter from them each month. Just kind of, I think they do just from what I saw from the Chamber, was a little more active a few years ago before the kids were grown up. It was, they were, they seem to kind of get into the politics of it more than the actual... I haven't seen a Chamber member come in in four years. So they aren't as much coming out to see how the businesses are doing or what they can do for the business necessarily. I think it's more of a, what I saw, was more of a political deal. It wasn't really, all it's cracked up... We're still members of the Chamber of Commerce

and pay our dues and stuff, but I don't know that they necessarily are out there kind of promoting [Community B] as much as they could.

Interviewer: Now I'd like to know more about your business. Can you tell me a little bit about its history, how it started, how it's changed maybe over the years?

Interviewee: Actually dad started it back in '77, and then he was actually a manager at [a larger franchise], as a sporting goods retailer in that department. Just wasn't able to get the support there that he wanted, so he just decided to open his own store. We pretty much, the family had owned all the property around here. This was just a garage basically, so he just started building it up. It started out with I think thirty thousand dollars in total inventory, and then worked getting that paid off over the first couple of years he was in business, he didn't take a wage from it at all. And then it just slowly started to just grow and grow. And then I started back in, probably was it about '85 just after school working here, but it's just continued to kind of grow. We've seen certain markets kind of surge and then fall back. The skis were bigger years ago. Snowboarding kicked in for awhile. Now that one's kind of tapering off. It's just a matter of keeping up with those trends. We added in paintball and some other stuff that help during certain times of the year to keep it busy. The bulk of our stuff is still kind of the fishing and the guns. So like I say it's just kind of been growing, growing. Our inventory's up there quite a bit in comparison. And then our big thing is kind of we've been trying to get different lines that will help us. Oakley was one. We just picked up Under Armor for a brand this year. Just trying to find those that the mart's aren't going to carry, and that's what's going to keep us sustained ten years to come. It's kind of where we're at now.

Interviewer: Are there any other things you see for the future of the business? Any goals or places you'd like to grow? You've kind of mentioned it but...

Interviewee: Yeah, it's kind of, yeah we're definitely going to hit some different markets but there's also that, finding quality help is an issue, especially being in an industry where we're dealing with firearms. We have to have people that are responsible and trustworthy, so that's the big thing. One of the bigger things we're running into, I think any small business is, are like being able to provide benefits. The health care's just outrageous now so... We do offer it, but it will curtail kind of who we hire too. A few of our guys are veterans and they automatically get their benefits, which is a bonus for us too because we know they're covered. On the other hand, we don't have to pay for that fo So I think that's going to be a huge issue in years to come, the small businesses what we have to pay for insurance is just crazy so until they get, if they can form a group or something like that, you'll see a lot of them that... If my wife isn't working in the hospital fulltime like we are now we have to provide those benefits. It's definitely a bit of a burden.

Interviewer: How about other challenges or threats to your business' success?

Interviewee: Don't see so much threats. We do have, there's issues potentially with the community college down the road wanting to maybe purchase the property because they're kind of around mine right now, so that might be something down the road that we would have to move because of that. There's really sort of a huge economic turn somehow, and being kind of a

depressed community to begin with it won't affect as much. People still seem to want to go out and do their recreation, will sacrifice some other things some times and still keep their ability to go fishing and stuff.

Interviewer: Are there any challenges you face because you operate in a small town, in a rural area that a retailer in a larger community wouldn't have to deal with? Or maybe for you it might be an advantage?

Interviewee: Somewhat an advantage just because we do, and being on this end of town we get a lot with the farmers, the ranchers that are out in this area. They seem to be very loyal clientele. I think too one of the advantages being out where we're at, we don't have kind of the foot traffic, so you don't, the pilferage is very small in comparison to some of the other stores. It's an issue that kind of kept us out here too. Somebody comes out, they're coming for that reason for shopping. They aren't just going to drop in and mill around. So it's kind of an advantage more than a disadvantage being in a smaller town.

[Interruption for customer.]

Interviewer: Okay, so now I'd like to know more about your customers. So when they choose to shop at your store, as opposed to one of the marts maybe, why do you think they choose you? What things are they looking for?

Interviewee: They're looking for the service is one of the big things. And then a lot of our, we do some advertising, but a lot of it's just word-of-mouth over the years and you just, if you treat people right they're going to come back and also they'll rave about you to other people and next thing you know you've got their friends coming in. And that's kind of what we've found, it's a lot of that customer service and just being nice to the customers in general. We have other, there's a couple other stores in town that they're just a little gruff with the customers and the next thing you know they're coming down here. Once they're here it's rare they'll shop elsewhere after that. So we've just built up over the years. It's worked out pretty well.

Interviewer: Would you say there's a certain segment that shops here because they want to support a local retailer?

Interviewee: Yeah. There's that too. And there's some of the radio, and there's some advertising that says, "Support local retailers." And it's pretty vital. We do, over the years we try to give back to the high schools and all the organizations around here. That's something the other places won't do. It's also, same thing, it helps us because it's word-of-mouth that we're helping out as well. It's everybody benefits from it so... And they definitely come, I guess we get a lot from that as well. If you donate something to a small raffle the name's out there. And they say, "Hey let's go to [business name] the next time we need something." And it's important for everybody so...

Interviewer: So overall would you describe your customers as loyal?

Interviewee: Very loyal, yeah.

Interviewer: Do you know a lot of them personally? Do you have a lot of repeat customers, things like that?

Interviewee: Yeah. The tough part's, there's probably about a hundred of them you can call by name, but there's thousands of them we can remember their faces and know that they're a customer. And that's when, you know you run into somebody else somewhere in town, you can't always... You know you know them, but you just can't put a name to it readily. And trying to remember everybody's name is virtually impossible and where everybody that comes in knows our name immediately, so it's kind of awkward.

Interviewer: If you were to describe your typical customer, how would you describe them?

Interviewee: For the most part you're in that probably 30 to 50 to 60 year old male. Just people that enjoy the outdoors and have grown up with recreation in their families and stuff. A lot of them just keep that going. We are seeing more of the families that are kind of my age generation that are coming in. They've got their kids now. They're passing it along to their kids too. It's future customers down the road as well so... I think that's kind of key. Over the years, we started out, there was no customer base to begin with 30 years ago, and now we're starting to see the people that dad worked with years ago, a lot of those their kids are my age, and so it's just kind of rolling over. It will probably continue that way.

Interviewer: Where do you draw customers from? Are they mostly locals?

Interviewee: Yeah. We probably I would say we're 80% local, probably 20% from out of town. We do get some traffic just passing through to check out [a local attraction] and stuff and check out the [area] in general. But it's not, our core is definitely our local clientele.

Interviewer: Because you do business in a small town do you think your customers are different from maybe customers in general, in bigger towns maybe? Do you think they have different expectations?

Interviewee: I think somewhat yeah. I think they do, having been here this long, they do expect the service, and they also appreciate it too. We have a lot of customers that express how happy they are to shop here. And it seems to be a good atmosphere in general.

Interviewer: You've obviously been in business a long time. How have like the marts and chains coming in, have they changed the way you've done business or changed your customer base at all?

Interviewee: I don't think it's changed our customer base and the way we've done business. It has, it just kind of keeps everybody in check in general. There are certain items they'll be, that just because of their buying power they can buy them for less and then they can beat us on a price. But a lot of times we can be competitive. And there's a classic example of a rifle, a Ruger that we sell, they sell them sometimes ten to fifteen dollars less, and our margin on a two hundred dollar gun is ten dollars that we make on it initially. So we don't have a markup but we

can offer you know to mount a scope and bore sight it and have it ready for them for you know twenty dollars more than the other store's selling them for, but they get that service with it too. And then the nice thing when it comes to like optics and stuff that we make sure we buy them from a distributor that we're pretty open with. We buy a lot from... If they have an issue they just bring it back. I give them a new one. And just that's our big advantage. The box stores I think they're losing a lot of customers, every time you look at, especially [one big box] anytime I go in there there's nobody in there, and they were a giant years ago. [Another big box], we just saw an article in one of the trade magazines that they're cutting the size of their fishing department. They try to, they just don't have the ability to come in like we do here, and if the fishing's good in a particular area, we can tell them, we can tell them what to use, what's going on. Whereas the other stores, unless they have somebody that's really into the sport that wants to work there, you know you may get somebody from automotive that doesn't know anything about sporting goods. So that's our big advantage. I think that will continue to be an edge that we have over the other, bigger stores.

Interviewer: Who do you consider your biggest competitors?

Interviewee: The, and probably just because they've been there awhile, but [a local franchise is] probably our biggest one, and yet pricing wise they're not as competitive.

Interviewer: Do you think consumers don't see that? Do you think they have the perception that you're going to be more expensive?

Interviewee: It could be. And too, it's just we try to do advertising over the years to get the point across that we are competitive, and we're seeing a payoff. Just over time they do, they come back once they're here. And it's a little bit of a balancing act too where keeping enough customers coming in without getting kind of overrun where we have to hire a bunch more people, so that's an issue.

[Interruption for customer.]

Interviewer: How about the internet? Have you seen, has that influenced your business at all?

Interviewee: It also, we saw it, somewhat with the internet, but also Cabela's sending their catalogs out years ago. We just, that governed us as well on our pricing, and allowed us once we started, especially with optics, pricing with theirs or even slightly below theirs, we sold a lot more optics in general. And that, the thing is you almost have to be at what they have in their catalog. People don't calculate shipping. It's like yeah, and we've done advertising to counter that as well to where you know you have two people on the radio and one says, "You know I just got these and this is the issue," or, "I made a great buy." And the other says, "I just bought them at [business name] for the same price and if something goes wrong..." So we just have to... It's been a challenge on that. The internet, it's a tough one because you get, we've seen it with electronics somewhat, we carry the GPS units and they'll get on there, you can buy them for less money. And then it's still, our advantage still is that we buy them from a distributor that if that one, if it goes bad, I just give it to them, I give them a new one. They're set and they're happy. Whereas if you buy it online, and we try to explain that to them too. We've seen a lot of people

buy from us because of that. There's a couple large, there's gun brokers on stuff, that they'll buy guns but they have to have them shipped here, AFL, so with that a lot of time... We had a customer just recently, insurance agent, that bought two. He had them tracked down online. You know I said, "Do you mind if I ask what you're getting?" He told me. I said, "You know we can get them for this and this." And we actually, we saved him over like 40 dollars over what he was buying them on an auction for. And people just don't realize. They're sitting at home at nine o'clock at night with nothing to do, and it's like okay I'll get online and see what's there, and next thing you know they've got a gun bought. So we're seeing quite a bit of that in the last few years. You just never, short of somebody passing away and wanting to have the gun transferred or something for a family purpose, but now we're seeing a lot of it to where we get guns from the auctions and stuff. And it's a little bit of an issue, but it also gets people in the door as well. We don't prefer that. We'd rather sell it ourselves. And if we can save them money and make a little extra than we normally would through just a regular transfer, then it works out well for both parties too.

Interviewer: How about, I know a lot of people here go over the hill to shop, do you think that impacts your business?

Interviewee: The same thing. We get, I get a lot of people... [A sporting goods chain] opened up over in [Neighboring Community 1] about, it's probably about three or four months ago. But I have a lot of my customers that will be over there shopping, I've had people at a Cabela's looking at something, they'll call me wherever they're at and ask what we can get it for. And a lot of time, same thing... I just had a guy call, we have a high line of shotguns and Benelli, and he was calling to check pricing. And he said, "Do you match [a sporting goods chain]?" and I quoted him our price, and actually we had them beat by, it wasn't much, but six or seven dollars, and just our regular price was less than their price. I see it more, and my wife's terribly frustrated, in the clothing department. There's just nothing here. There's a couple shops that she can occasionally get a shirt in or something like that, but it's I mean really it'd be beneficial for the community to have some of the bigger stores, just a Gap or an Old Navy or something like that. That's just something that it's always been. The reputation's always been [catalogs], that people just order stuff all the time. It's tough to get over that too. We, like the fellow that was just in, the nice thing is we have a distributor in Portland for our stuff and we can pull it in in a day, so even though we can't carry everything we can make the extra effort to get the stuff.

Interviewer: That's actually all the questions I have.

Interviewee: That's it?

Interviewer: Is there anything else you'd like to add about...

Interviewee: Nope. That's pretty much...

Community C, Interview #1

Interviewer: The first thing I'd like to just know a little about how you perceive the community. So how would you describe this community to someone like me who's never been here?

Interviewee: It's a rural, agricultural based community, which is depending more and more on tourism, basically. And second home owners. And that's basically what it is.

Interviewer: Okay. So how long have you lived here?

Interviewee: It's 30 years. I moved down here in '76.

Interviewer: So how about doing business in the community? How is the community's business environment would you say?

Interviewee: It's tough.

Interviewer: Tough?

Interviewee: Very tough. We're only, you know, 80 miles from [Neighboring Community 1]. People are going to [Neighboring Community 1] every day anyway. And so they have to see a real value to shop local, and so that's your biggest obstacle.

Interviewer: So do a lot of people commute that live here, to work?

Interviewee: Not to [the larger area] to work, but they go all the time. It takes only 2 hours to get there. It's no big deal.

Interviewer: So do you think it's a good place to do business or a challenging place to do business would you say?

Interviewee: Challenging, but I mean, it works. So far it's working. You know you have to diversify. You can't be very, very specific. You know we aren't totally just an office supply. We're moving more and more into graphics, printing, digital printing, which is away from the old offset press type, you know print shops. We're just looking at more income streams to make it, the bottom line better.

Interviewer: Ok, now I'd like to know more a little bit about your business and its history.

Interviewee: We bought the business 4 years ago in July, from that gentleman just down there. And he had had it for like 30 years.

Interviewer: So it's been in the community for a long time?

Interviewee: Yeah, we were both, found ourselves in middle age with no jobs, and didn't really want to move. And so we made a decision to buy this. Unfortunately two years after we bought it we had a fire. And so we spent last year rebuilding from the fire, and we just got reopened about a year ago February. And so it's been a whole different, we've had some challenges that most people don't. It mean it was an arson fire. It was, it was, totally destroyed the building. And a lot of people said, "Don't bother. The investment in [Community C] isn't worth it." But we're still at the age we need to work for a living. So we rebuilt it.

Interviewer: How about support from the community as far as businesses? Do you feel that?

Interviewee: You get, I would say you get about, I mean intellectually they support you, but not necessarily financially. Some of my best friends have businesses, but they'll go to [office supply chain] to get their office supplies. They won't even bother to ask me to bid the job. They just assume that it's going to be cheaper and worth their while to go the [larger shopping area] to get their supplies.

Interviewer: So how far away are your nearest competitors?

Interviewee: Well we have a [local print shop] which is just around the corner here is a commercial print shop. Plus he has a lot of the same items, so we do carry a few of the same things, but we're friendly rivals. As far as the box stores, you've got to go into [Neighboring Community 2]. I think there's [another office supply chain] in [Neighboring Community 3], but most people don't go down, up and down the [area], I mean up and down the [area].

Interviewer: So what do you see for the future of this business?

Interviewee: Well, like I said, we're looking at other income streams, some diversification. We may end up buying another business just to not put all our eggs in one basket.

Interviewer: Same type of business?

Interviewee: Probably not. My husband does some consulting for a firm that does entertainment things, and so we have that also. He can go to work as a consultant with them. He goes out and manages projects for them occasionally. So you know, you just you always need to, you know the mom and pop stores of the world are not going to survive unless they transform themselves into something more.

Interviewer: So what do you feel are the biggest threats to your business in general? Is it those people leaving? Is it just the small community environment? Is there anything...

Interviewee: It's the whole thing. They don't make, and you know also we have some governmental issues that don't make it attractive for other businesses. If we can attract other businesses it's only going to help our own. The parking issue in [Community C] is a huge issue, and has been for years. They're always tweaking with it and thinking that they've solved it, you know. Being right on [the highway], then we have the whole ODOT situation and we have to deal with them. Our most recent example is we all got notices to say our sidewalk are in

violation of code. So we're all having to replace our sidewalks. You know, why didn't they tell me a year ago when my store was totally destroyed from the fire. I could have done it then, you know. But no they wait and give me the winter months and tell me if I don't do it immediately I'll be fined, which is not going to happen. But, I mean, you know it's those kinds of challenges. There are a number of downtown business people who have, I worked for the newspaper for 20 years before we bought this so I've always been part of the downtown. There's downtown business owners that have been involved in the downtown association for years. And they're burnt out. They work and work and work, and it doesn't get them anything. So the voices aren't being heard or responded to. So, I don't know, that is...

Interviewer: An issue?

Interviewee: Yeah.

Interviewer: Ok. So now I'd like to know about who your customers are. In general, when people shop at your store or when they're choosing where to shop, what do you think is most important to them? Is it price? Is it selection?

Interviewee: Price is an issue. Selection can be an issue. But as long as you maintain a store of this size, in this community, it's customer service. It's the only thing that you can offer that they can't get at the same level by walking into a [big box store]. They're not going to get the level of customer service we... I mean that's what we say.

Interviewer: So you think that's why your customers shop you rather than them?

Interviewee: I do. I do. Yeah.

Interviewer: Do you think there is a group of consumers that shop, that wants to shop locally and chooses to do so because of that?

Interviewee: Oh yeah. I do. I believe there is. I don't think it's a very large group, but I think it exists.

Interviewer: And how about the convenience of shopping in town? Do you think that matters or do you think...

Interviewee: I think it does because I think that sometimes, people don't realize that if they want something, they don't want to drive to [Neighboring Community 1]. And they'll come in and they'll say, "Can you get it?" And I'll say, "Let me look. If it's in [Neighboring Community 1] I can have it tomorrow." And when I tell them that they're just shocked. They're, "I didn't know you could get it that fast. I mean I thought you'd have to... Maybe two or three weeks." But once they find out, they're going to at least call first and ask.

Interviewer: So generally who shops at your store? Is it local people I would assume?

Interviewee: 99% of the people. Because a lot, we have more and more of large contractors because we have an oversize copy machine that can do blueprints and those like that. Also we do have the [corporate] wireless franchise, so we get the local [corporation's] customers for that.

Interviewer: Sounds like you're pretty diversified, so this may not apply. But do you have like a typical customer? More businesses? More individuals maybe? Or a lot of everyone?

Interviewee: I'd say it's a pretty close mix.

Interviewer: The customers you do have, would you describe them as loyal customers?

Interviewee: Yeah. I mean loyal as opposed to just coming in because they've got no other place. I mean this isn't [a big box store]. I mean 99% of the stuff I've got they can get at [a big box store].

Interviewer: Do you know a lot of them personally?

Interviewee: Yeah. I mean that comes from being in the community. Both of us have been in the community for that many years and involved in a lot of the community groups and stuff.

Interviewer: So do you think that helps?

Interviewee: Oh yeah. Definitely. Definitely.

Interviewer: So, in general, because you're in a small town, do you think the consumers here are different than in general? Do you think the rural consumers, different things matter a little more maybe? Or do you think everyone's just looking for the same thing.

Interviewee: I think you have a different mindset in a rural community. I lived in the city for the first part of my life and, you know, you went wherever... Driving across town was no big deal. I mean, but people here, because this is a really spread out community too when you take the whole county. You know then they could take the whole day when they come into town say from like the city or [Neighboring Community 4], they do all the things they need to do on that one day so they aren't going back and forth. Where in [Neighboring Community 1] you do that all the time. You know you don't even think about it. So I think they're different. I mean, they adjust because they don't have the convenience that you have in a metropolitan area.

Interviewer: So do you think they have different expectations for retailers in any way?

Interviewee: Probably not as high of expectations, but they're surprised when they find it.

Interviewer: So you think when they do find those higher expectations do you think that contributes to their coming back?

Interviewee: Yeah, I think that creates a loyalty.

Interviewer: So you've mentioned it already, about people leaving town to shop. Is that a big issue, do you think, for your business?

Interviewee: Huge issue. It's a huge issue for almost all retail in this community. I mean, people will go, you know lumberyards, granted a little higher prices than if you go to [a chain lumber store]. People will drive to [Neighboring Community 1] to buy that stuff. Which how much does that cost now, to drive to [Neighboring Community 1]? Especially if you have to take a truck to bring back your building materials. You know, but that's just... So yes, going to the [nearby shopping area] is a huge, it takes a huge bite out of our business.

Interviewer: So you've been in the community a long time, do you see changes that have happened in how shopping...

Interviewee: Well it's gone more from... We lost, I mean there were a ton of downtown, small retailers prior to [the big box]. A lot of them blame [the big box]. I personally don't blame [the big box]. These were businesses that were old and tired and ready to go away anyway. It just happened to fall about the same time, so a lot of those people blame [the big box], or use [the big box] as an excuse. So we're pretty much down to bare bones. We haven't had, take for instance, we haven't had a women's clothing store, other than [the big box], that has made a go of it since [the big box] came in. But that's a very specialized market. I hear there's one going to try to go in again, but...

Interviewer: Do you see a lot of businesses come and go, try and fail?

Interviewee: Yeah, you see a lot.

Interviewer: Any other changes you've seen in the community your time here that have affected business?

Interviewee: It is in a sense you're getting a larger population of retired, white collar and second-homeowners who happen to be of the higher income that they can afford a second home. Those individuals are expecting more from their local retailers.

Interviewer: So you think those are different from the people that have been here forever?

Interviewee: Right. The original, when I first came down, people were farmers, worked in the woods or fishing industry... Sure we had tourists but it wasn't like it is now. And it wasn't a huge population of second-home and retired white collar.

Interviewer: So do you see the population shifts, do you see that influencing how the community changes, what direction it takes?

Interviewee: Yeah, we've actually talked about the fact that when the boomers all decide to retire and the ones that are healthy enough can live in a community like this, that's going to be your market pretty much. I mean because on the other end of it, the few that aren't farming or working in the woods anymore are in the service industry. You know, either restaurants or bars

and small retail operations that are seasonal and tourist oriented. Those people aren't earning living wages, most of them. So you have, you're going to have a huge gap between those and those who do not in this community, I think. So I don't know if there's any way to change that short of industry coming in here, and it's not very likely.

Interviewer: So would you say employment is a problem in this community maybe? Finding good jobs?

Interviewee: Oh yeah. Definitely. Living wage jobs just are very far and few between. You know, and as an employer that is, it's very difficult. Because I mean I feel like I should pay, but at the same time I can't pay more than I can afford, you know, and I would love to give my employees benefits but when you're self-employed, you know, everything goes. And you know we can hardly pay insurance for ourselves, more or less for our employees. So there's all of those challenges.

Interviewer: So you've mentioned tourism. I would assume for your business that that's not too much of a factor. As a whole, would you say the community relies a lot on tourism?

Interviewee: Oh yeah. Definitely.

Interviewer: And so seasonally how does that affect the community?

Interviewee: It's not as seasonal as say a ski area. Because we still get a lot of people down during the winter months. And proximity to [Neighboring Community 1], they can come for the weekend. It's not a big deal. Yeah, but in the summer you see more out-of-state tourists, people on long trips, you know. So yeah, you start in about May and go through September, and then it evens out.

Interviewer: So it's not too fluctuating?

Interviewee: It's not huge.

Interviewer: And then you've mentioned some of the things that your business has done to kind of adjust to the changes in the community and kind of meet some of the challenges. Have you seen other things that other retailers are doing? Or are other retailers doing anything in your perspective?

Interviewee: I haven't really discussed that with any of them. I mean, I don't see their day-to-day and I don't have, you know we don't sit down and say "What are you doing better or going to do?" So I don't really, I don't have, I'm not a good judge of that.

Interviewer: Well, I think you've answered all my questions actually. Is there anything else you'd like to add about doing business in this community, the challenges, or the opportunities that you've seen, or the consumers in this community?

Interviewee: Not really. I've told you what I thought.

Community C, Interview #2

Interviewee: ...The town is small. If it was a town, gosh, of just around 50,000 I think I would do just great.

Interviewer: You need more people?

Interviewee: But I'm not moving either. The summertime is better.

Interviewer: So do you have a lot of tourists?

Interviewee: Yes. But everything affects everything... You like that one? With the gas, and I don't watch television but I hear on the news they're talking about how bad it is, and the election and everything. That all has to do with the business. I mean it all affects the business. But the way my business is, I welcome the people who just spend a dollar, on up or whatever. You can make a pair of earrings for less than a dollar, and I think that's exciting.

Interviewer: That is.

Interviewee: Because it's supposed to be a hobby that's... And people, then they start making stuff and selling and so on. And it gets more involved. But actually, I just set it up so it's just to make you feel good to be able to create something. And it makes me feel good.

Interviewer: Good.

Interviewee: So what else would you like to know?

Interviewer: Well first, can I ask you a little bit about the community and how you perceive it?

Interviewee: Sure.

Interviewer: How long have you lived here?

Interviewee: A year and a half.

Interviewer: A year and a half, so you haven't been here... Where were you before that? Were you near here or...

Interviewee: Ok, I was born in Los Angeles, so I'm from Southern California. And then when I was 50 I moved to Myrtle Creek, Oregon, and I was there for about 14 or 15 years. And then since my daughter lived here, and she started the store...

Interviewer: So you've been in Oregon awhile?

Interviewee: Yeah.

Interviewer: So your daughter started the store. Did she start it just with the intention that you were going to come up and take over?

Interviewee: Yes, and she started it for me, because I had all the beads. And she's a scrapbooker, so that's how that got... And I had the collectibles I'd collected for years.

Interviewer: So how would you describe this community maybe to someone who hasn't been here?

Interviewee: Depressed.

Interviewer: Depressed? Why so?

Interviewee: How would I describe it? It's just a very small community. Word-of-mouth is more important here than it is in a larger community, and it's amazing what that does.

Interviewer: So do you think it's a good place to live? Do you consider it a good place to live?

Interviewee: It's fine. For younger kids, I'm sure they would move away. You know, because there's dairies and there's lumber and that's about it.

Interviewer: Not much else?

Interviewee: No, but for me at my age, it's just fine.

Interviewer: It's fine.

Interviewee: Yeah, and all I do basically is come to the store and go home. But for the younger adults, I think it would be a little, I think they'd get into a little more trouble here even though it's a small town because there's not that much to do.

Interviewer: So how about doing business here? Do you think it's a good place to do business or...

Interviewee: The people are loyal. They're, most of them are very nice. And they seem to appreciate what I'm trying to do. And it's a low income town, so that's why I don't have my prices higher than they are. And business-wise it's, it goes with... If we have a flood, which it seems to be every year or every other year, you know everybody 'woo.' And there's always something going on here. So it's depressing.

Interviewer: Do you feel like people support each other in this community?

Interviewee: Yeah. Yes.

Interviewer: You do. So that's a positive?

Interviewee: Yeah some people that come in new... Well, they say there's just not that much support. Well, I think there is, and it's just that how many coffee houses can you have in a small town? You know so, and little diners. Just right around this area there's all kinds of them, so they don't get a lot of money either.

Interviewer: So you think the town can't necessarily support new business?

Interviewee: No, because you see them going out of business. The town itself needs to understand, and I don't know how you control this, but... We started out with a bead shop here because a lady moved away. Then some other people came into town and they opened up a bead shop. Then the lady that no longer wanted a bead shop opened up another bead shop. So there, at one time there was three bead shops here. And you're going, "Well how are we going to do this?" And then one moved away and so on. So now it's...

Interviewer: So now are you the only one in town?

Interviewee: No, there's another one over there.

Interviewer: So are you guys like friendly competition?

Interviewee: Yeah, I used to sell beads to [the other owner] wholesale, but I recommend her and she does the same to me. But it's, if she wasn't here I think I would do a lot better. Because then I'd be by myself.

Interviewer: So what do you see for the future of your business?

Interviewee: That's a good one. I don't know. I hope it, word-of-mouth, because people come back from Montana when they're visiting here and [Neighboring Community 1] a lot and everything. And I think it will continue to grow the more stuff I have in. But as far as really producing big bucks I just, I don't know.

Interviewer: Ok.

Interviewee: Sounds depressing.

Interviewer: What do you see as the biggest threats to your business' success? What's holding you back or kind of standing in your way do you think? Anything in particular?

Interviewee: What's holding me back? They need more people here. When any... Ok, if there's a disaster, that sounds greedy doesn't it, but when there's a flood or something that always affects the business. Bad weather affects the business, which we can't do anything about, and that's the way it goes. But holding me back would just be not enough business.

Interviewer: Not enough people?

Interviewee: Yeah.

Interviewer: Is there anything else you can think of that might make it a particular challenge to operate a business in a rural area, besides the not enough people?

Interviewee: What particular challenges...

Interviewer: That maybe businesses in big cities don't face...

Interviewee: Well, it's the people base. And what their interests are. In a rural town they don't usually keep up with, well, fashion. You know, and they do out of magazines, whatever, but they don't. You see people walk by, they're dressed in their blue jeans and their sweatshirts, and you know that's about it.

Interviewer: Does that affect your business, because your business is kind of related to fashion? Do you think that influences...

Interviewee: Yeah, well can't you tell? Yeah, that has a great deal... I get people that, even though they're wearing their blue jeans and sweatshirts the like to wear the dangly earrings, so that's fun. But I don't know how to explain it except that... I don't know how to... I'll think of everything to say tomorrow.

Interviewer: You can call me and tell me everything.

Interviewee: Oh, thank you.

[Pause for phone call.]

Interviewee: I have to tell you, what I'm saying is like that, there's four or five restaurants that put out a flier, you know one of those question/answer things and they're at your table and I can't even think. But anyway, she's saying for the one ad it's only \$560 a year. And I'm going, "What?" And YellowPages is 600-something a year. And then I, do I, with all the advertising, does it pay off? How do I know?

Interviewer: And I heard your ad on the radio just now.

Interviewee: You did?

Interviewer: I did. The weather sponsored by [store name].

Interviewee: Oh you did.

Interviewer: I did. So you do do advertising then. A lot?

Interviewee: Yeah, but it's like, the magazines, they're expensive, and I don't think I'll carry them anymore. And for the simple reason, my customers know I have magazines, right? And the Bead & Button and the other ones. But this one lady went to the store, and she came in to

buy some beads, and she says, "I just bought three magazines at Safeway." And I thought, "What?" And so it's, what is the term you use when you're shopping and stuff and you're, when you see something you buy it?

Interviewer: Impulse buying kind of?

Interviewee: Yeah. So people don't really come in for a magazine. Once in a while they do, but it's not worth two, three hundred dollars a year.

Interviewer: So you think it's more convenience for your customers? So they probably just don't think...

Interviewee: That's exactly it, and I'm probably going to, since all the major grocery stores, we have two big ones here, they carry the magazines. I'm going to quit carrying them. So advertising in a small business or large business is very important, but where do you draw the line? Where? Now the thing on the radio, that was good. And that was for a hundred dollars, for I think it was a month or more. And that was affordable. And that would catch more attention than anything else I would think at this time. But I'm trying to cut back because it's been very nothing.

Interviewer: You don't see results from it that you can tell?

Interviewee: Right. You mentioned it. Do you want to buy some beads? But I mean that's good to hear. But you're the first one that has.

Interviewer: Really?

Interviewee: Yeah, in a month.

Interviewer: So you talked about convenience. What else do you think motivates your customers when they shop? What do you think they're looking for?

Interviewee: They're looking for someone who treats them like a human being and cares about them.

Interviewer: Customer service you think is the most important then?

Interviewee: Yes ma'm.

Interviewer: Do you think it's more important than price and selection and all those things?

Interviewee: Price and customer service. Those are the two top things. Well, of course, if you're here on time that really helps. But in this town if they're going to go someplace the storeowners will just put up a little sign, "I'll be back in an hour." And that can be irritating. Very much so. But customer service... I count back change. And they say, "People don't even

do that anymore.” And I just care about the people. Because they’re coming in here to shop. I want them to have a good time. I just want it to be a place where you don’t have to come in but you want to come in. You know, there’s certain things when you’re making jewelry you have to have. But I want them to, you know, enjoy themselves.

Interviewer: Do you think there are some customers that make an effort to shop at local stores?

Interviewee: Yes.

Interviewer: You do think there are?

Interviewee: Yes.

Interviewer: Do you see that in your business?

Interviewee: Yes.

Interviewer: And do you have personal relationships with customers?

Interviewee: What do you mean by that?

Interviewer: Like do you know them really well?

Interviewee: No. I mean I don’t... There’s some people that come in and sit down and want me to entertain them, but I, I can’t do that. I’m too busy, making messes. But, I don’t know, people... I like the people, and they know it, and they come back. And I try to remember their names even though I’m senile. It’s hard. But all that I feel is important in any business, small town, large town. But it gets away from people in the larger towns because they’re busier I guess. Did that answer your question?

Interviewer: Yes, it did. So, in general, who shops at your store? Is it local people? Because I know beads, people like travel to go to bead stores, don’t they?

Interviewee: It’s local people. And local people they hold, how can I say it? The local people keep me going, but they people from out-of-town, they keep me going farther, longer. When the summer comes, you know they come into the shop, and they come back. Like a lady came in yesterday from Sandy, Oregon. And I don’t even know where that is. But she comes back, “I love this shop.” And she wanted, “Do you have a coffee cup with a seagull on it?” Well guess what, I did. And so she bought three different cups and it was fun and I enjoyed that. And they enjoyed coming in. I guess because I do care about them. It’s customer service. I do think that’s real important. So there.

Interviewer: You mentioned like tourism in the summer, so do you see fluctuations a lot?

Interviewee: Oh yeah.

Interviewer: Are they big?

Interviewee: Yeah. They are. Summer, when they're on vacation, and I've seen it happen before, they want to buy. And their kids may not want to buy, but they want to buy their kids something. And they try and encourage them, which I have never quite figured out. But what I do is I have seashells. If you go to the ocean you don't find hardly any shells, so I have, and I have to put them out again, seashells for the kids, and I give them a little baggie and I say, "You can pick out your seashell." And they're free. And the people don't forget it, the kids don't forget it, and I think it's fun, just plain fun. It doesn't cost them anything, and if they... I should run up and down the oceanfront and throw seashells all over just to make the kids happy. But anyway that helps. It does.

Interviewer: So would you say, it sounds like maybe the tourists make larger purchases, but your local customers probably come in more often maybe, more frequently?

Interviewee: Yeah smaller purchases, but when I was in the building industry and everything it's still important. The smaller customers hold you up. So there. So there you go.

Interviewer: In general would you describe your customers as loyal?

Interviewee: Yes. I do recommend that they go you know across the street, and she does the same. So the other day a lady came in and she wanted a certain color necklace. She picked out some pearls, and she couldn't find the crystals so she went over there and found the crystals. So that kind of made me feel good.

Interviewer: Do you feel that you receive support in the business community? In that way and maybe in other ways?

Interviewee: Yes, because I've had people come in, and from different businesses, and say, and what do they say, that "A lot of people like your shop and like you." And a stained glass lady did it and another lady over there did it. And they recommend, we try and recommend. And I got this brilliant idea that, there's a shop over here, [a local business], and [a local business], and [a local business], to find out what they're carrying. Ok. And so when somebody asks, well "Do have this or do you have that?" then I could definitely refer them. And I think that we could all do that, and it'd be a good idea.

Interviewer: Do you find those kind of informal networks to be more effective than say like the Chamber of Commerce or those kind of formal organizations? Do they do more for you? Like how you were saying the business owners support each other, and recommend each other...

Interviewee: By word-of-mouth.

Interviewer: Do think that helps more, is more important than like the Chamber of Commerce?

Interviewee: Yes. What does the Chamber of Commerce do?

Interviewer: You don't think they do anything for you?

Interviewee: I don't know. It costs a hundred and fifty dollars.

Interviewer: You are a member, correct?

Interviewee: Well not right now I'm not, because I couldn't pay. No but it's a hundred and fifty dollars a year. I'm not sure... If you go to the building there they say "Here's a bead shop" or I don't know what they do.

Interviewer: So you don't really see any...

Interviewee: No. I'm, maybe I'm... Yeah but I don't.

Interviewer: So the informal things work better?

Interviewee: Yeah, they just want money. They need money like everyone else but... So there.

Interviewer: Is there a downtown association here?

Interviewee: Not sure.

Interviewer: You're not a member if there is.

Interviewee: Well I don't know. In a small town, in a radius of a small block, why would you let three bead shops be... Don't they have something to do with that? And they're not. So I can't support them if they can't support me.

Interviewer: I know because you're so close to [Neighboring Community 1] that a lot of people travel to shop, leave to shop. Do you feel that that affects your business? Or maybe not because you're pretty specialized, not so much?

Interviewee: What do you mean?

Interviewer: Do you feel like people maybe would go to a bead shop in [Neighboring Community 1] instead of shopping here?

Interviewee: Well if they do they'll get a big awakening. No, I've had people, a lot of people, because I always ask where you're from if I don't recognize you. And usually the people from [Neighboring Community 1] or people from out-of-town, they're different, don't smell like manure. But, they come back because they like the prices. And when they want to go drive to the ocean, and they'll always come in.

Interviewer: You actually attract business then?

Interviewee: Yes. Yes. How do you like that? How come I'm not rich and famous?

Interviewer: I don't know. Well I think that's about it for my questions. Is there anything else you'd like to add about doing business in the community or your customers or things you think would help you, things you think that should be done that would help you? Anything in general?

Interviewee: Finish getting everything put up would really help me. But that's impossible.

Interviewer: What do you mean? In what way?

Interviewee: Well so I don't have that [points], and tidier, and more filled up. But that just has to come with time.

Interviewer: Do you run the shop alone now?

Interviewee: Yes. It's really a lot of fun.

Interviewer: Sounds like a lot of work.

Interviewee: It is. But guess what, I can sort beads for... The longest I've sorted beads for is 12 hours.

Interviewer: Oh my goodness.

Interviewee: I know. Of course I stopped and ate.

Interviewer: I'd be cross-eyed.

Interviewee: Well I just love it. Don't ask me, it's probably because I'm insane. But I do, you know just going through this, I like it. And so that's really good. But that's what everybody says, "I'd go crazy." But that's the one good thing; I'm doing something that I like doing. And I've always wanted to open up a shop. And it all started with the change of life and garage sales. How do you like that?

Interviewer: So you kind of amassed your collection and then opened the shop with stuff you already had?

Interviewee: Yeah. Yes, and then I get people here and there selling and so on. But that's how it all happened, and I just grew and grew and wanted it for a shop, and that's when my daughter came in and did that wonderful thing for me, so... But having a small shop is fun and it's great, but... The most important thing...

Interviewer: I'm ready.

Interviewee: My daughter said "No credit cards, we're not going to buy anything on credit." Thank god in heaven she did that because that's the only reason why we're still okay. Because once you start that... I've know other bead shops that started the whole mess with credit cards.

Bumped them all the way up, have all this extra stock, and they have to close. And that's just... Either you do it... You know that was... That saved us. That has saved us. But this year it's worse as far as selling than the previous years.

Interviewer: Do you have a theory as to why or do you think it's just...

Interviewee: I think it is the gas prices and the economy, and people are starting to realize that... The younger people don't seem to get it yet, but the older people, they come in here and voice themselves. The older people are just, they are, what's the word, panicked. They think it's a depression again. I know. And they're finding ways to walk instead of driving their cars, and so on and so on, which is good for them, but... Anyway, it will all turn out one way or the other. Is that everything?

Interviewer: That is everything.

Community C, Interview #3

Interviewer: So the first thing, I'd like to know a little about the community. How long have you lived here?

Interviewee: A year and a half.

Interviewer: So you're a newcomer kind of?

Interviewee: I went to school here, but then I moved away for a long time.

Interviewer: Ok, so you came back.

Interviewee: Yes. I've been back a year and a half.

Interviewer: So how would you describe the community to someone who maybe hasn't been here before?

Interviewee: Quiet.

Interviewer: Quiet. Ok.

Interviewee: Yes quiet. Beautiful. Friendly people.

Interviewer: So do you consider it a good place to live?

Interviewee: Yes.

Interviewer: And why would you say that?

Interviewee: But only if you already have a job. It's a hard place to get a job you know that pays decent if you're not already established in something.

Interviewer: So how about doing business? Is it a good community to do business in?

Interviewee: Yes, depending on the business, but yes. This business, music store, it's a wonderful place to be in.

Interviewer: Why?

Interviewee: Because there's so many musicians around here and this town doesn't have anything, except for the bowling alley, for the teenagers to do, so they hang out here a lot of the time. And it's makings for a better future for us I believe. And because music is good. Music is peace, depending on the music.

Interviewer: So as a business do you feel supported by the community?

Interviewee: Yes I do. There isn't everywhere else some of this stuff, unless you go to [Neighboring Community 1] or over the internet, which it's easy to do. I just appreciate all the support that we get because I know if they wanted they could get it somewhere else. They, you know, are just hoping to keep us here.

Interviewer: So do you consider those probably your biggest competition, internet and stores in [Neighboring Community 1]?

Interviewee: Yes. Yes.

Interviewer: How about more formal support from the community? I noticed the picture of the Chamber Event over there. Do you feel that organizations like that, do you feel that they help you out?

Interviewee: Yes I do. I think that the town support from the other businesses and just from people is very good here.

Interviewer: May I ask where you moved from?

Interviewee: I moved from Oregon City.

Interviewer: So do you feel there are differences in the communities, or would you say that is a similar community?

Interviewee: Oregon City is way, way different.

Interviewer: So this is way different, better you would say?

Interviewee: Yes. Much better.

Interviewer: In what ways?

Interviewee: For support, I think for community support because when I lived in Oregon City for a few years I saw a lot of businesses open and have to shut down because of no, not enough support. You know, Oregon City has a couple music stores. You know one of them had to shut down. They just don't... Around here you get a lot of support from the people.

Interviewer: Do you see a little bit the businesses going in and out, having to close around here, just in the time you've been here?

Interviewee: Yes. Yeah, right down the street. It's a shame too. Right down the street, there's been two in the same building, two businesses since we've been here, last since May of last year. And they've been in and out. And that's a lot of work to set up a business, and then gosh seems like just two months later.

Interviewer: Can you tell me a little more about your business? How you came to own it? And maybe any history you know about before you came to own it?

Interviewee: Before I came here I was in Oregon City as I said for a few years, and I had my own business.

Interviewer: Was it a similar business?

Interviewee: Similar? No, not really. Mine was called [business name]. I went to adult foster homes as activities coordinator director, and I brought a little keyboard and songbooks that I made of old songs.

Interviewer: So you were still doing music though?

Interviewee: Yes. And my mom always played music, all my life, and sang and always loved music, and my whole family.

Interviewer: So what made you come here and how did you come to own this?

Interviewee: My family started moving out of Oregon City down here, so finally...

Interviewer: You followed them.

Interviewee: Yeah.

Interviewer: And were you familiar with the store before?

Interviewee: No. Not at all.

Interviewer: So was it for sale? Or how did that happen?

Interviewee: It wasn't for sale. My mom just went in there one day and she just asked, flat out asked the owner if she'd be interested in selling. And the owner came up with a price, and my mom said, talked to me, and we said, "Yeah that's good, we want it."

Interviewer: So you and your mom did it together?

Interviewee: Well we did, until February first it's just mine. I'm just the owner and...

Interviewer: How long had the store been in the community before you? Do you know?

Interviewee: I heard it was about eight years. And it was down the street.

Interviewer: So did you move it?

Interviewee: We moved it.

Interviewer: Why did you move it?

Interviewee: Oh, this came available right when we bought that. The same landlord that owns the buildings told us, and we said, "Oh please, let me have it."

Interviewer: Is it bigger here?

Interviewee: Oh, the other place was only as big as like from here to there. With a bathroom and a little tiny break room.

Interviewer: So what are your future plans for the business? Do you have any plans or goals?

Interviewee: Yes I do. My goals and my plans are to keep expanding, to keep putting more money into it. Because I want to stock it fully stocked, so when someone comes in we have what they want. And, so that's a plan and a goal to always try to do in here. And I want to, I've been thinking to volunteer, like maybe not just myself doing it, but I want to make it big enough so that I can hire someone else full time with me. And I want to start giving activities, you know in music, volunteering to some of the nursing homes or stuff, or adult foster homes. I think that's important, and it's fun.

Interviewer: What are the particular challenges you face? What are the biggest obstacles maybe to your success that you see? Anything in particular that you've noticed? I know you're pretty new still, so maybe nothing comes to mind.

Interviewee: The biggest challenge is how to deal with customers. Because they're not all nice. Sometimes they're not nice. That is my biggest challenge, it is. And I pray everyday for strength to be able to, and kindness you know, for people that are not kind. For me to still be kind it's very hard.

Interviewer: Speaking of customers... I'd like to know a little bit about who shops in your store. So people who choose to shop here, what would you say is the most important thing? What brings them to your store? Do you think it's convenience or price or selection or what kinds of things like that?

Interviewee: Convenience is number one I believe. Yeah, and the second thing is our prices. Everything in here is way lower than the book says for you to sell it for. And they can see that in the book.

Interviewer: Why did you choose to price your things that way?

Interviewee: Because I want to make lots of little bits instead of once in awhile making a lot. I want to keep things flowing in here. I don't want guitars to sit here very long. Yeah, and they don't. Things go really fast in this store. It's amazing.

Interviewer: Do you think there's a group that shops here because they want to support a local retailer?

Interviewee: Yes. Lots of my customers. They could get it off the internet you know easily, but they come here because they don't want me to close down you know.

Interviewer: So you think they realize that and make an effort to support you?

Interviewee: Yes I do, I really do. And I try to always give good prices, and I, so many, many, many times I give discounts you know, even though things are already discounted. I just want them to come back.

Interviewer: If you could describe your typical customer, how would you describe them? Do you even have a typical customer?

Interviewee: Typical customer is happy. Happy and busy looking around in here, and just excited to be in here looking at all this stuff.

Interviewer: Is it someone who probably does music as like a hobby? Someone like that?

Interviewee: Yeah.

Interviewer: Local people mostly?

Interviewee: Yes.

Interviewer: Do you see the influence, I know this is a big tourism town, do you see fluctuations?

Interviewee: We get lots of tourists, many, many. Probably half, no probably a third of our customers are people from out-of-town, because musicians, they just like to stop anywhere they see a music store, and they usually buy something too. Like when they buy a guitar from this store I know that our prices are good, if they're from [Neighboring Community 2] or [Neighboring Community 5]. And many time, you know people came from [Neighboring Community 5] and bought a drum set from us. And I knew that our prices were really good.

Interviewer: Do you see seasonal fluctuations? Have you seen that in your time, like more in the summer, less in the winter? Does that make a hardship during the slow times or is it not too much?

Interviewee: It's more in the spring, summer, yes. In the winter, for like three months, I was opening up at 12:30 each day because business was slow. And the locals got used to that. It seemed to work out okay. Plus I had another job; I did a paper route.

Interviewer: So you just kind of adjust to make it work?

Interviewee: Yeah, that's right. You just do what you have to do.

Interviewer: Would you describe your customers as loyal in general?

Interviewee: Yes. Yes.

Interviewer: And do you know a lot of them personally?

Interviewee: Yes.

Interviewer: First name basis?

Interviewee: Yeah.

Interviewer: You do, okay. Do you think that because a lot of the local people here, they're from a small town, do you think they're different from shoppers who may come in from bigger towns? Do you think they're looking for different things or have different expectations?

Interviewee: Yes. I've noticed that a lot of people from out of town, mainly it's the biggest percentage out-of-town people, they think that I'm trying to rip them off.

Interviewer: Really? So they expect that in a small town, in a small shop, automatically they prices are going to be unfair kind of?

Interviewee: Yes, but they're not.

Interviewer: So you don't think the locals perceive that?

Interviewee: No, not at all.

Interviewer: That's interesting.

Interviewee: I think the locals, they know that we have good prices, and there's some things that you can get for less money other places, but like I said our guitars and instruments are really low.

Interviewer: And you've mentioned people shopping, I know people here shop a lot in [Neighboring Community 1] and things like that, do you feel that affects your business or do you feel that you're able to compete enough that it doesn't too much?

Interviewee: I feel that I'm able to compete enough, because I check other prices you know. If somebody comes in and tells me, "Oh yours are that much. I can get those for way less at [a chain store]," I get out my catalog, "Well let's see," and I'll match the price.

Interviewer: So you are able to compete? Because [the chain store] is like a chain is it not?

Interviewee: It is. And theirs are so inexpensive because they buy big quantities. I can't. I buy one guitar of each kind you know. They buy probably 50.

Interviewer: So in that sense, do you still match the prices though?

Interviewee: Well not always. But what I do is, that did happen recently on an effects pedal. My price was a lot more than theirs in the book, and I knew what I had to pay for it. So after my customer left, and I just said, "I'm sorry you know. I guess they're giving a good deal." What else could I say? "Go shop there." I called the company I bought it from and I told them and I said, "Wow is there a mistake or something?" And they said, "Well they just buy really large quantities."

Interviewer: So your customers, some of them at least must know that and shop around then?

Interviewee: Yeah, and some of them walk out and put their item down on the counter and just, "Well I'll get mine somewhere else."

Interviewer: Well then you have to drive to [Neighboring Community 1] too.

Interviewee: That's right, and you have to buy lunch.

Interviewer: Of course, and all the other things you'll buy.

Interviewee: Yeah.

Interviewer: So do you kind of feel there are maybe two kinds of customers, the customer you maybe just described, willing to drive to [Neighboring Community 1] to get a lower price, and the one that sees that maybe it's worth it? Do you see that?

Interviewee: Yeah.

Interviewer: If one group was bigger than the other... Would you say they're about even or maybe is one more...

Interviewee: I think that the loyal customers are way bigger.

Interviewer: Really? Well that's good for you.

Interviewee: Yes.

Interviewer: Well that's actually all my questions. Is there anything else you'd like to add about your business or doing business in this community or anything like that?

Interviewee: I really appreciate your coming here.

Interviewer: I really appreciate your time.

Community C, Interview #4

Interviewer: So the first thing, I'd just like to know a little bit about your perceptions living in this community. How long have you lived here?

Interviewee: We've lived here just a little over 20 years.

Interviewer: 20 years. So how would you describe this community to someone who maybe has never been here?

Interviewee: It's getting better, but when I first came here, very closed.

Interviewer: Closed. What do you mean?

Interviewee: You have to... It takes awhile to become integrated into the system. And actually it was very similar to a community that I grew up with in North Dakota. So basically your German, Scandinavian people, a lot of church, community involvement, and that type of stuff. You just kind of have to get into the loop.

Interviewer: So how was that business-wise?

Interviewee: Well actually I had a couple of the older gentlemen, dairy farmers that when I came here I think the first few years, the first couple of years they would come in and bring stuff in to get fixed every once in awhile that they wouldn't probably normally have gotten fixed. But they just kind of wanted to make sure I had some business and things were going well.

Interviewer: Well that's good.

Interviewee: But it was very, it's almost like *déjà vu* because the thinking and attitude of most of the people, because then it was you started with the farmers and the loggers and that stuff, and in North Dakota it's the farmers and cattlemen and stuff, and just, it was almost like you could take and set it here or set it there and you're in the same place, dealing with the same type of personality with the customers and stuff, so it was very easy for me on that part.

Interviewer: So would you call this a good place to live?

Interviewee: Oh yes. Well you have, if you don't mind a lot of people knowing a lot about you.

Interviewer: Okay.

Interviewee: Which is kind of a double-edged sword because you'll have someone if your dog's running over there, somebody will come and say, "There's [the storeowner's] dog." They'll either call you or they'll go catch him and take him home. You have that kind of thing. And it's just a little more interpersonal type things. I'm dealing now with grandfathers, sons, and grandsons. I have dads or grandfathers bringing in their sons or grandsons to make sure they have a good boot to start with.

[Interruption for customer.]

Interviewer: So would you describe this community as a good place to do business?

Interviewee: I've found it so. And mainly I've provided a service. And I've developed a business to where I have a lot of, well you can see all this is all customer stuff that's been rebuilt. So I've stayed with the higher quality products that can be repaired. And then I've built a good base like I said, so now it's kind of feeding itself. And then I still get a little, you get a little extra boost from being on [the highway]. I used to be in a mall stuck back in a corner, and this works so much better. They'll give up the parking to have the visibility.

Interviewer: Do you feel supported by the community as a business owner?

Interviewee: There, oh yeah, the... My particular business, well you can see I'm sitting between two empty buildings on that side and a remodeled one on this side, and I had a slight increase in my business last year. So the people, my old customers find me and with this location now I'm getting more new customers.

Interviewer: How about in terms of more formal support, like Chamber of Commerce, economic development, those kinds of things?

Interviewee: They kind of, they, oh like the city business manager and people like that, they stop in every once in awhile and check and just kind of do the sounding board type thing and see how things are going. And because we've lost several businesses again downtown, just a little, people that have tried to start up, and it's very hard anyplace to start a business. And we had a western store that went out of business last fall. We just had a little lady's shop, [store name], but it was just a little tiny shop, a boutique, and it's, there's not enough people. People are wanting that, people that are here are wanting that but there's not enough of them to support that kind of a business. It just isn't, it doesn't work.

Interviewer: Since you've been in this community awhile, are there any changes you've seen in the business environment, in the types of people that are moving in and out, or just any changes overall?

Interviewee: Well it keeps getting to be a bigger... And the world forces everybody to change. And the people of [Community C] County because of the, because of the way it's isolated, has been slower than a lot of the communities to change and they resisted it. And the, like the lady, she had an article in the paper here several weeks ago, she figured if you haven't lived here 20 years you're still an outsider, and it's really true to a lot. But then there's so many people that have summer homes and different things, but for me I have those people as regular customers. It doesn't make any difference if they live here or not.

Interviewer: Doesn't matter to you.

Interviewee: Well, and I know them as well as I know a lot of my local people, people from all over the state. Because they come here, when they come here they drop something off. When they go home the next week they stop and pick it up. So it works out real well for me. But no, there's a lot of that. But there's been a lot of changes now in the 20 years forcing people to change. Like [the big box].

Interviewer: How long have they been in here?

Interviewee: Over ten years.

Interviewer: Because everyone brings them up.

Interviewee: And people just go ballistic, and they figure, "Oh they've killed these businesses and downtown," and whatever, but truthfully if they realized that if [the big box] wouldn't have come in here ten years ago, there would be less businesses than there are now by far. Because [the big box] creates an environment. They stop people. And fortunately I have worked for many years with Safeway in the corporate office with the merchandising and stuff, and we would build our stores on the same lot. I mean the closer you can get to [the big box], because they create such a traffic, the better off you are. I mean it's just, that's the way it is. Every time they plant something it's like [a regional shopping center]. You know they've got that, and everything around them keeps getting mushroomed. And [the big box] has the same affect everywhere they go. The businesses that went out of business when [the big box] came in would have went out of business anyway. I mean they were doomed. There were some of them that were because of landlord problems, building problems, whatever, but most of them were just, they were poorly managed, marginal businesses to start with. But I find [the big box] creates business for me. I mean I always have people coming in where people down at [the big box] have sent them down here because they don't have what I have, and I don't try to compete with [the big box]. Now they've got the 89, 69 dollar Chinook, Caterpillar, all that. And the guys that work and stuff, "Oh if you want a little better shoe you might go up and see [store name]."

Interviewer: So for your customers quality really is the draw?

Interviewee: They, and it keeps getting more so now that the, it's not, I don't know if it's good or bad to say but, the economy like this for me is good. Because I've seen it happen in other really depressed areas like when I first started 25 years ago in North Dakota in a little town, the farms were dying in the mid-'80s, I mean it was just incredible, and the, when I started the quality of boots I worked on was the \$49 junk. By the time it was two years later I was working on the Justins, Tony Llamas, because people were wanting value for their dollar. So even though they were hard-pressed to get the buck, when they spent it they wanted to spend it on something that would do a good job. And I find that more and more people are looking for U.S. products, well-made products, and products that you can fix again or maintain. So it works, that part of it. And then the repair business I've kind of got a double-edged sword, because if someone can't afford to buy a new pair of shoes, they repair them. So it kind of, it's almost the tighter the economy gets the better my business will get.

Interviewer: That's interesting. No one else says that.

Interviewee: But really, if you're providing a service, when times are good people think nothing of running into town. Well, now with three and a half dollar gas, it's an issue. And if you can provide the same service that somebody in [Neighboring Community 6] or if you can provide the same quality of product then they're not going to bother with going over there and looking. And that's what [the big box] does. He stops people. He stops them so they can look around. When they're not there they just keep...

Interviewer: They don't even stop, they leave.

Interviewee: They don't stop. They don't even see all the other little stores. So it works.

Interviewer: Can you tell me a little more about your business, its history, how it started, how it's evolved, those kinds of things?

Interviewee: Actually my dad bought a repair shop after I left home in North Dakota in '61. And he had it for about 18 years, and then in '84... In '83 I had decided to go back and work with him and take the business over. In the meantime he got ill and passed away and I went and did it anyhow because I got to practice on the people I grew up with. And that's the way these people do it, is they figure if your dad could do it you could do it. I mean anymore things aren't quite like that, but that's the way it was there and to some extent here. So I went back and I was there for two and a half years. Fortunately found someone who wanted to be in North Dakota worse than I did and sold him the business. And I came to [Community C] by accident. I was just looking for equipment for a hobby business in my garage; I still had my house in Milwaukee and, or Oak Grove. And I ran across a little place down here that was sitting empty with the machinery in it and I made them an offer and it was all in there and stuff and well I hadn't gotten back to my regular trade, merchandising and selling and corporate. And said well we always vacationed over in this area and stuff and always like it, and said well we might as well give it a try and see what happens, didn't cost anything but a little bit of rent. So I started, and 20-some years later here we are. But it just keeps evolving. I started with just the repair, and then I the boots and a few more. And ten years ago, I think nine years ago I went into the full retail. And now this last year I moved up here and sold the repair part to a fellow that had worked for me for several years. So he does that offsite, so I don't have to deal with the hard work anymore. But I like to do the sales, I mean that's what I basically trained for all of my life. And I like what I do, and it's always nice to have a job where I can have someone walk in limping, fit them for a pair of orthotics, and have them walk out without any foot pain. It is really kind of, besides making a dollar on it, you have some personal satisfaction out of the deal too.

Interviewer: What do you see for the future of your business? Do you have any changes planned or goals, things like that?

Interviewee: For me, I'm just kind of, I just wish I had more time, because it keeps getting bigger and better. And like your, well because of your, well is it this year or next year half our population will be on the 55-plus. Well those people a lot of them are at the point where they really need to start taking care of themselves. Well feet are a big, such a major part of that because of the back and walking and all this type of stuff. And the orthotics and all that type of

stuff, the support shoes, and walking shoes and all that keeps getting bigger and bigger. And then they're passing down the information to the younger ones, you better start taking care of your feet or you're going to be like mom or dad where you won't be able to walk around the block without some help. And so it just kind of, there's virtually no limit once you get into this thing. And I just have really, the first ten years I was working too hard to see all of the possibilities, and it just keeps getting bigger and bigger. I mean with a little bit of education and stuff all of a sudden this year instead of making 25,000 you make 55,000. And it just keeps, like that little section up there with those orthotics and that computer and stuff, that's the single best area of profit in the entire store.

Interviewer: Really?

Interviewee: If I was to give up, had to give up parts of my business I would keep that sewing machine and this workbench and that orthotics system. And I could make a pretty good living just with that, without all of this.

Interviewer: What do you perceive as being the biggest threats, or maybe challenges, to your business' success? Is there anything in particular that's kind of an obstacle, something you have to overcome?

Interviewee: Well you have to, when you're a small-businessperson you have to pretty much be aware constantly that you are the business. And if you aren't there, you aren't going to have a business, because you can't develop 25, 30 years of experience and have some person walk in that's 18, 19 years old, and eight bucks an hour, and expect him to maintain your business. It's not going to happen, not without constant, immediate supervision. Well and that's pretty much the thing is, you know I could have someone buy this business and probably in three to six months transpose a lot of my skill or experience, knowledge to them, but you could never... If someone walked in and thought, "Oh this is a great business," and hand me the money, the odds of him surviving would be 50-50 at best.

Interviewer: Are there any particular challenges that you think you have to deal with because you operate in a small town, in a rural area, that maybe if you had the same store in a big area you wouldn't have to deal with?

Interviewee: Well always your volume, because you constantly, you know I'm watching [a sporting goods chain store] ads, and one of my biggest aggravations is the Danner company and their company store.

Interviewer: Where is it?

Interviewee: It's in [street name]. And they have developed a thing to where they literally compete with their dealers with the company store. And when you're this close, well and now it isn't that close you know it's 90 miles.

Interviewer: But in this community...

Interviewee: But people are used to driving over the hill. So you'll get, and I know when I recognize a seconds boot, but now they're... There's a lot of stuff that affects my business that I can't control. The new sales vice president at Danner... A case in point is the Danner company now. They've raised my cost three times and haven't changed the suggested retail. But the first time, now the last two times they've actually lower the suggested retail. It's a major issue with Danner dealers, because what they used to do, and all the big companies, the solid companies like Red Wing and Justin, will give you the dealer cost and the manufacturer's suggested retail and most companies will have the minimum suggested retail for ad purposes so people aren't out there kicking each others brains out and basically can have a decent margin profit. You know and you can charge whatever you want to an extent, but Danner has eliminated the two columns. So now they actually just have one column. They have the wholesale cost, and they had, before it was the suggested ad price, they changed the company store prices to all suggested ad prices. So any customer that goes online and looks at a pair of these boots at Danners is going to see the price that they suggest the retailer sell them for at ad price.

Interviewer: How has the internet changed, have you seen its effects on your business over the years? Has it changed anything for you?

Interviewee: Oh yeah. You have people that come in, and I know what they're doing. They come in and have me spend a half hour fitting them so they get a good fit on a pair of boots, and they order them online. So you have to be conscious of the prices of the catalog, like Cabela's, people like that, so if a customer comes in here and sees I have this Danner for \$209, he can go online and buy it for 199 bucks, but he's got to have it shipped to him.

Interviewer: He's got to wait for it.

Interviewee: And he's got to wait for it. And if he has any problem with it, he's got to send it back to them. So in some cases it works for me. And that there again it goes back to the service. If you take care of your customers, the old Greek fellow told me, they will take care of you.

Interviewer: So you've kind of mentioned a couple of these things before, what your customers are looking for. So you think quality maybe versus the higher service maybe versus the internet?

Interviewee: Quality and service. I try to measure both feet of a customer before we start trying on shoes. I have many times, it's not uncommon for people in their 50s and 60s that have never had their left foot measured. They just haven't. And there's a lot information about feet that I pass on and maintenance on shoes that I pass on and stuff, that they just don't get. And so it... But it all adds to what I'm charging them, so they... And a lot of people, now I have people that walk in, they will grab a pair of boots. Well I can go in my box for the premium boots, and well you got that last pair eight years ago, and you got this size, "Order me another pair." Or they'll call me. And so I have a hand record. It'd be nice to have that on a computer probably because I've got two file boxes now. But you do that kind of thing for the customer, they don't have to send in a warranty card or anything like that. They've got... If they've got a problem they come and see me. So that part works well.

Interviewer: Do you think there's a segment that shops here, buys their boots from you because they want to support a local retailer? Do you feel that?

Interviewee: Oh yeah.

Interviewer: Do you think there's a group that consciously makes that decision?

Interviewee: More and more. More and more people want local. And just will straight out tell you, "We're just so glad that you're here," and they want to know how your business is going. And they don't want to hear bad things. Even if it isn't going too good that day, "It's great." But, and I, because you can get into a mindset that gets passed to your customer. If you start complaining about, "Oh the buildings are all empty..." it permeates through the whole community, and all of a sudden you have somebody, "Well I'm not going downtown anymore because there's no stores there." Well, yeah there is. There's a lot of them. But the attitude is... A person that has their own business I think has to work very hard at maintaining a positive attitude, because I mean even if it's, well like this year I didn't, I tried not to look at my books for the whole quarter. Because I kind of felt, well, because I'm not working as hard as I used to with the repairs and stuff, not as good as it was last year. And last Saturday night before I went to visit my sister I did a quick calculations, well I've got a nine or ten percent increase over last year for the first quarter. Well now if you go and tell most any other businessman in Oregon and Washington that you'd expect them to have a nine or ten percent increase, they're lucky, they're feeling fortunate if they only have a nine or ten percent decrease. So I feel that again back to what you were saying, people want to support you that you're here. The gas price helps me. I mean it's a reality. And [the big box] helps me. And all the people, like this guy is getting this building ready. When he gets that ready it will enhance everything a little more, so it just kind of keeps... But yeah you've got to keep the attitude or you're dead in the water. I mean that's, when I worked for corporate in Safeway, that was one of the parts of your job when you're a store manager and things is to keep your employees positive. Because boy, you get a checker in a check stand...

Interviewer: We've all had them.

Interviewee: Yeah, I mean and it's the toughest job in the world, but if you get one that's had an extra bad day and wants you to know it, it really puts a bumner on your day. Now that's the last person you see before you go home. And then, "Aw geez, the world really dumped on her today and might have splashed on me too." But no you really have to just kind of keep all the... In my old shop I used to have the three monkeys, the hear no evil, see no evil. I had them sitting here and right below it I had a hand printed sign that says, "But we will discuss politics and/or religion." And people like to do that, and if you can keep it to where you can vent but not get angry. Because people really need to talk about this stuff now without getting, because it can make you crazy, real fast. Because there's just so much, you start talking about our administration and the war and all that, and people would get, are just ready to... But if you can kind of keep it light.

Interviewer: Yeah, that's the hard part.

Interviewee: It's amazing. You'll have customers that come in just to see what you're thinking about this time, and vice versa and get a little rebound. And it's... But you can't, I can't imagine doing what I do like in [Neighboring Community 2]. I have probably somebody go out and get a rock and throw it through my window. But then it's I guess knowing your customers is part of the job too.

Interviewer: So in what ways do you think your customers, being in a small, rural area, are different from those customers in [Neighboring Community 2]?

Interviewee: I try to get them to slow down and take time to fit, try them on, walk around the store.

Interviewer: Do you think they're more willing to do that?

Interviewee: They're more willing to do that. Well they're, a lot of people are kind of surprised when someone comes and measures their feet and explains to them why they should probably have this shoe instead of this shoe, so why this shoe is better for them than this shoe, just different things like that. And some people come in wanting to shop like they would in [Neighboring Community 1] in a [sporting goods chain], go in and dig for and get your own pair and pay for it and leave. And some of them here, part of the social fiber is well you come in and, "Well how's the ball team doing or the kids' Dornbecker fund drive?" Or just everything is part of the fabric. You have to stay a little bit connected. And you can't have a problem of, if I don't have a product I need to, you have to have the ability to say, "If you go over to this guy," who's basically your competitor, "He'll have the thing that you're looking for." And so you send them to the sporting goods store, or [the big box], or the feed store, or wherever. And people appreciate that too, just the fact that you're not just there to get their dollar.

Interviewer: That you have their best interests in mind.

Interviewee: That you have their best interest.

Interviewer: Do you know a lot of your customers personally?

Interviewee: Not real... I mean there's I guess, what would you call it, it would be like a waitress in a restaurant. That somebody comes in pretty regular, they get to know them a little bit. You know their kids have, getting married, and all of a sudden you see the kid and he's got a two year old. So time passes in between, but you've got to stay connected with everybody a little bit. Now I used to do the fair booth. Every year I'd be out there for four days, and so everybody would come through and that was the place where you'd just renewing an acquaintance or "Well we haven't seen you for awhile," or whatever, "Do you still do this or that?" Just a catch-up connection type thing.

Interviewer: Overall would you describe your customers as loyal?

Interviewee: Well, my core customers, yes. They make, they'll, and I have some of them that will, they'll, they've been customers for 15 or 20 years and they'll just really flat tell you, "Well

I'd get this, but I've seen that one and I'd really like to try that one," and they'll go try it. But they've even come in and asked me my opinion, and you know, "Okay, try it that time." And with any luck at all, sooner or later they'll be back.

Interviewer: So they still want to stay connected even if they may be looking around?

Interviewee: Oh yeah.

Interviewer: In that sense do you kind of see two groups of customers, the ones that are loyal and want to shop your store and are looking for quality and maybe ones that are more focused on price and are going to shop around?

Interviewee: Oh you always, you can't have business without having that segment of customer that will drive into [Neighboring Community 1] to save a dollar. I mean they really will. They have a mindset of they want the cheapest price and they don't care if it comes from China, if it comes from Brazil.

Interviewer: And if it costs them five dollars to get there.

Interviewee: Being here in [Community C], if they can get it for a nickel or a dime cheaper, that's what they'll buy.

Interviewer: If you could describe maybe your typical customer, how would you describe them?

Interviewee: Boy that's pretty hard because I run everything from the kids getting out of school to the retired people and from the loggers, dairy, timber, doctors, lawyers.

Interviewer: Mostly local people, or even then it's a mix?

Interviewee: Probably at least 70% of my product is men's product. Over 50% of my customers are ladies.

Interviewer: How does that work?

Interviewee: Well and that's why I have the Robeez up in front there. I have some hand soap in there. I have Hobo purses. Because most people I would say the last four pairs of shoes that got rebuilt that got picked up, were picked up by the wife. Ok, and if you want to lose customers, you can be kind of rude to a guy, you can tell him what you think, and they'll come back. You tick off a lady and you may never see her, or it will be a long time before you see here. I mean it's just human nature. And on the other hand if you do a good service they will, I think ladies will be more likely to come back regardless of price than men. Men will wear, I mean it's incredible what men will wear to work all day just because. And if their wife decides that they only need 49 dollar boots from [another chain store], that's what they wear. Now and their feet may kill them, their back may kill them and stuff, but if their wife's decided that's what they're going to wear, they're going to wear it. Now if their wife thinks they need a better shoe and they think they only need the cheap one, nine times out of ten they'll end up with the better shoe. So

the lady really controls a lot of what gets, and it's really surprising how many couples will come in to shop for his boots and or even my orthotics. The man's having problems walking or with his back and stuff and he comes in and gets checked and she's standing there watching this thing and says well she really doesn't have any problem with her feet. Well you put here on the machine and her feet are in worse shape than his, but they're taking care of the guy first. I try to be extra careful with my lady customers.

Interviewer: Treat them extra well, right.

Interviewee: Yeah, you just really, you need to take time. And I think that's the biggest thing any business has is any business has is everybody gets in a hurry to be running to the till and ringing it up. And if you're going to be that way and you're going to have a small business like mine, you're not going to make it. If you stand there... If a customer comes in the door and you stand there and wait for them to go find something to ring up and buy, it's not going to happen.

Interviewer: You'll wait while.

Interviewee: Yeah, they're going to look at stuff, and then they're going to leave because they didn't see what they wanted, have anybody telling them what they need or might be good for them. You have to take care of your customer, and especially the ladies.

Interviewer: Well you've actually answered all my questions. Is there anything else you'd like to add about your community, doing business in your community, or your business?

Interviewee: I think it's really a good place to live. You get sometimes you'd like to have the amenities of being close to [a regional shopping center] because you've got all that stuff there. But in reality it's kind of nice when you have a storm or something and people can't really get into town, then they discover that we have an awful lot of stuff here. And where we're located here, well we've got the downtown [grocery store] and you've got the new library. They've redone the other... Everything is, it's all primed to do another cycle of really good. And I, even though I turn 66 in February, I plan to be around awhile to take advantage of it. I can't imagine not doing what I'm doing. I don't sit and grouse about having to wait another year for retirement. It's just I'd like to change the way I work a little, maybe have a few more three or four day weekends. But other than that I enjoy what I'm doing, I enjoy my customers. Works pretty good.