Destination Retail: Enhancing Lexington’s Retail Experience

Speaker: Jamie Goodin, Main Street Lexington
Your Takeaways

- Learn how to create a retail enhancement program for your community
- Learn how to design a mini-grant program
- Learn how to cultivate a cohort of retailers
The Context: Lexington, Virginia

- Lexington Population 6,912 and Trade Area 23,923
- 33% is 45 or older
- 56% is 18-34
- Location of Virginia Military Institute and Washington and Lee University
The Context: Main Street Lexington

- Founded in 2012 by a group of passionate volunteers
- Our Philosophy: Main Street Lexington’s vision is to make downtown Lexington a hub of arts, entrepreneurship, and innovation, a magnet for destination travelers and a place bustling with people living downtown.
- Signature Projects:
  - Children’s 4th of July Bike Parade, Rock the Bridge, Lexington Christmas Parade, Freedom Food Fest, W&L Get Downtown! Downtown Trick or Treat
  - Lexington Holiday Shopping Lotto, Restaurant Weeks, Sidewalk Sales
  - Upstairs & Underground Real Estate Tour
  - Launch Lex Business Training & Pitch Competition
  - The Lexington Collaboratory & Makerspace
The Context: Our Transformation Strategies

**VISION #1**
“Lexington is bustling with people living downtown.”

**VISION #2**
“Lexington is a hub of innovation, art & technology.”

**VISION #3**
“Lexington is a destination for days-long eventers.”

What do YOU think? Tell us how you think we can make this happen!
A Solution: Destination Retail

- A customized business training & development opportunity exclusively for Downtown Lexington retail shops
- Inspired by Main Street Virginia Downtown Intersections 2016, featuring Destination Retail expert Jon Schallert
- Funded by City of Lexington & Virginia Main Street with support from Shenandoah Valley Small Business Development
A Solution: Destination Retail

The concept behind DESTINATION: RETAIL is to help businesses identify and build upon the unique aspect of their retail offering to transform them from an ordinary shop to an extraordinary, must-visit retail experience. It’s the difference between a customer saying “I need a new tie; I guess I’ll go to Pete’s House of Ties in Lexington” and saying, “I don’t care where Pete’s Ties is, it’s the only place for ties, so I’m going to Lexington!”
The Process: Destination Retail

So, how did we do it?

1. Design the Destination Retail program
2. Create and execute the application process
3. Conduct participant self-assessments prior to the program
4. Offer a 12-week curriculum based on self-reflection, collaboration & discovery
5. Provide mini-grants for retailer projects
6. Evaluate the process
Step 1: Designing the Destination Retail Program

Goals:

- Support our transformation strategy, “Lexington is a destination for days-long eventers”
- Empower retailers to become destinations, as defined by Destination University
- Facilitate a program based on education, collaboration and business development
- Provide funds for participant projects
Step 1: Designing the Destination Retail Program

Program parameters:

- Small group, hands-on evaluation of where your business stands and where it could go, combined with expert training, thoughtful goal setting and group support on follow-through
- Weekly meetings & concrete task list; group reporting & support
- Membership in the national “Destination University” program, webinars, case studies and other materials
- Visits by experts on topics of direct relevance to your individual business
- Field trips to other businesses in the class
- Classes will be 1 ½ hours for 10 weeks, beginning in January 2017
- Opportunity to apply for small grants to implement what you’ve learned
- Cost: Free! The only thing you’ll need to spend is time, commitment & energy
Step 1: Designing the Destination Retail Program

How did we fund this?

- Virginia Main Street Funding: $5,000
- City of Lexington Funding: $6,000
- Main Street Lexington Funding: $325
- Shenandoah Valley Small Business Development Center: $0
Step 1: Designing the Destination Retail Program

<table>
<thead>
<tr>
<th>Destination: Retail</th>
<th>January - March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td>Amount</td>
</tr>
<tr>
<td>City of Lexington</td>
<td>$6,000</td>
</tr>
<tr>
<td>VMS Technical Assistance</td>
<td>$5,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,000</strong></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>Grant funding for participants</td>
<td>$3,300</td>
</tr>
<tr>
<td>Destination University membership</td>
<td>$500</td>
</tr>
<tr>
<td>Individual Shop Assessment Visits</td>
<td>$6,400</td>
</tr>
<tr>
<td>Mileage Reimbursement for SBDC rep</td>
<td>$205</td>
</tr>
<tr>
<td>Meeting Refreshments</td>
<td>$65</td>
</tr>
<tr>
<td>Margie Johnson travel &amp; hotel</td>
<td>135</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$10,605</strong></td>
</tr>
<tr>
<td>Covered by Main Street Lexington</td>
<td>$395</td>
</tr>
</tbody>
</table>
Step 2: Create and Execute the Application Process

Goals:

- Alert a wide application pool of downtown retailers
  - Direct Emails
- Create a “goldilocks” application—not too easy and not too difficult
  - Two week deadline (July)
  - Kick-off meeting in October
  - Used Google Forms
- Clearly establish the level of commitment for all parties
Step 2: Create and Execute the Application Process

Application Questions

- How long has this business been operating in Lexington?
- In a few sentences, describe your retail business (for instance, what it sells, major focus, primary customer base)
- Does the business have employees (apart from owner and/or family)?
- Employees?
- Gross Annual Revenues for 2015
- Sales Trends
- Profitability Trends
Step 2: Create and Execute the Application Process

Which of the following ways have you learned about the retail business? (Check all that apply) *

☑ Worked in other shops

☐ Started a business prior to this one

☐ Took business classes at undergraduate level

☐ Took business classes at graduate level

☐ Have attended specialized retail-business seminars

☐ Read retail-business specialty publications

☐ Attend retail business conferences or conventions

☐ Attend local general business training (Chamber seminars, etc.)

☐ Other: _________________________________
Step 2: Create and Execute the Application Process

Which of the following Main Street Lexington retail promotions have you participated in? (Check all that apply) *

- [ ] Lexington Lotto
- [ ] Love Our Local Shoppers Day
- [ ] Spring & Summer Sidewalk Sales
- [ ] Get Downtown (W&L First-Year Orientation Event)
- [ ] Co-op advertisements (e.g. "Heart of Virginia" TV segment)
- [ ] Other.
Step 2: Create and Execute the Application Process

Which of the following types of professional assistance have you used for your business? (Check all that apply) *

- [ ] Bookkeeper
- [ ] Certified Professional Accountant
- [ ] Lawyer
- [ ] Business coach (formal or informal)
- [ ] Website developer
- [ ] Social media coordinator
- [ ] Retail expert (secret shopper, layout advice, etc.)
- [ ] Marketing professional
- [ ] Other.
Step 2: Create and Execute the Application Process

This section is meant to assess how comfortable you might be in a small group setting where business details are shared, problems openly discussed, and critical feedback is given and received.

How comfortable are you providing candid critical feedback to peers? *

1  2  3  4  5

Uncomfortable   Very Comfortable

How comfortable are you receiving candid critical feedback from peers? *

1  2  3  4  5

Uncomfortable   Very Comfortable

How receptive are you in general to trying new tactics with your business? *

1  2  3  4  5

Not Very Receptive   Very Receptive
Step 2: Create and Execute the Application Process

How comfortable are you sharing problems and business data with your retail peers? *

Uncomfortable 1 2 3 4 5 Very Comfortable

How interested are you in receiving critical feedback on your store from professional retail experts? *

Not At All Interested 1 2 3 4 5 Very Interested

How willing are you to collect measurable data to determine the success of a specific promotion or strategy? *

Unwilling 1 2 3 4 5 Completely Willing
Step 2: Create and Execute the Application Process

If selected for the program, I could commit to the following (check all that apply)

- One 1.5 hour pre-program meeting in October, 2016 to meet the group & do a self-assessment
- Attend ten (10) one-and-a-half hour weekly morning meetings between January 9 and March 15, 2017
- Apply myself to reading or other homework for an additional 1-2 hours per week during the course
- Complete a pre-program self- and business-assessment questionnaire
- Complete a post-program assessment
- Agree to undertake at least one destination-retail project specifically geared to my business, as well as measure and report the outcome
Step 2: Create and Execute the Application Process

Participants (11)

- Artists in Cahoots (Gifts & Art)
- Cabell Gallery (Art Gallery)
- Cocoa Mill Chocolatier (Gourmet Chocolates)
- Gladiola Girls (Fine Clothing)
- Hess & Co. Jewelers (Fine Jewelry)
- Ladles & Linens (Housewares)
- Rockbridge Music (Music)
- Stonewall Jackson Museum Shop (Gifts)
- The Stitchin' Post (Hobby)
- Walkabout Outfitter (Outdoor Apparel)
- Yesterday Once More (Furniture)
Step 3: Self-Assessments

Pre-Program Participant Self-Assessment

- How to repackage ourselves to appeal to a younger market
- How to integrate owners' visions/goals into mine and make them cohesive
- I feel confident but also know there is always much to learn!
- I've never written anything up nor analyzed very well
- I think I have the correct business concept but need to hear constructive criticism from more experienced merchants
- My business is multi-faceted bringing in at least three distinct groups of customers. Juggling/managing that--making sure I'm providing what each group needs -- is a challenge for me
- I am not a great boss and don't know how to motivate employees
- How to more clearly convey business information to owners and superiors
- How to balance the cost of expansion/renovation against sales growth from it
Step 3: Self-Assessments

Pre-Program Participant Self-Assessment

- I am currently a 1-person enterprise with an accountant to do my income tax. I'm pretty clueless about resources that may help me, and I can't afford to hire anyone
- Would like to build stronger relationships within downtown merchant groups and how to piggyback on each other
- I think we know what we should do but we need to prioritize
- Obviously a huge area of opportunity here. As someone w/ a nursing degree, this has been a learn as I go part which some tutelage would be fabulous. Definitely could learn more
- We need to become more "techy" - Facebook and other social media need to be explored. Also, still trying to figure out when to be open and when to be closed
- I don't even use a cash register! I need to do more in promotions sometimes. I like the more casual approach but I have nothing to compare it to
- I know what the business needs but can't get funding
### Step 3: Self-Assessments

<table>
<thead>
<tr>
<th>Business Concept</th>
<th>Level 1: Beginner</th>
<th>Level 2: Learning</th>
<th>Level 3: Knowledgeable</th>
<th>Level 4: Experienced</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can clearly and concisely explain my business concept, including my vision for its future, and I know why and how it will succeed.</td>
<td>0</td>
<td>7</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>I can clearly describe my range of products and why they are the appropriate ones for my business.</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>I know which of my revenue sources are most profitable.</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>I can clearly describe my ideal customer in terms of age, income, life style, and other attributes.</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>I know my target market(s) and who my customers are or will be.</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>I know who my key competitors are and can describe how my business is unique.</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>
Step 3: Self-Assessments

<table>
<thead>
<tr>
<th>Customer Relations/Marketing</th>
<th>Level 1: Beginner</th>
<th>Level 2: Learning</th>
<th>Level 3: Knowledgeable</th>
<th>Level 4: Experienced</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have – and use - a promotional plan appropriate to my target market and budget.</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>I know the best media (social, print, etc.) to get my message out to the right target(s).</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>I know the best messages to use for my targets and for my goals.</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>I actively use networking strategies to improve my business connections.</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>I – and my staff – know how to maximize sales to existing customers.</td>
<td>1</td>
<td>6</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>I have a business brand that is strong and understood by staff and customers alike; it is much more than a good logo.</td>
<td>0</td>
<td>2</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>
Step 3: Self-Assessments

<table>
<thead>
<tr>
<th>Organization</th>
<th>Level 1: Beginner</th>
<th>Level 2: Learning</th>
<th>Level 3: Knowledgeable</th>
<th>Level 4: Experienced</th>
</tr>
</thead>
<tbody>
<tr>
<td>I know why my ownership structure is the best one for me and my business.</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>I know what staffing levels and job roles are needed to sustain and grow this business.</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>I have identified and use outside resources (accountant, attorney, insurance, suppliers, other local businesses) to assist my business growth.</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>I have consistent and productive internal processes and procedures to assure smooth operations in my business</td>
<td>3</td>
<td>6</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>
### Step 3: Self-Assessments

<table>
<thead>
<tr>
<th>Operations</th>
<th>Level 1: Beginner</th>
<th>Level 2: Learning</th>
<th>Level 3: Knowledgeable</th>
<th>Level 4: Experienced</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am comfortable managing the financial aspects of my business; I understand the basics of bookkeeping and accounting.</td>
<td>1</td>
<td>6</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>I know how much volume I need to break even.</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>I know the cost of sales for my products and my margins</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>I can accurately predict my levels of sales and expenses over the next 3 years.</td>
<td>6</td>
<td>4</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>I have appropriate physical facilities for my business brand and volume of business.</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>I have appropriate technology to support my business.</td>
<td>2</td>
<td>8</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>
### Step 4: The Curriculum

#### Destinations: Retail

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 1</td>
<td>January 9, 2017</td>
<td>Introduction to Destination: Retail: Proof of concept via case studies</td>
</tr>
<tr>
<td>Class 2</td>
<td>January 16</td>
<td>Product Differentiation: Have you nailed your Customer Value Proposition?</td>
</tr>
<tr>
<td>Class 3</td>
<td>January 23</td>
<td>Market Segmentation: What happens when you think bigger?</td>
</tr>
<tr>
<td>Class 4</td>
<td>January 30</td>
<td>Field Trips: Peer &amp; Expert Evaluations of Our Shops</td>
</tr>
<tr>
<td>Class 5</td>
<td>February 6</td>
<td>Midpoint Eval: What Needs to Change? I can’t change what I don’t acknowledge</td>
</tr>
<tr>
<td>Class 6</td>
<td>February 13</td>
<td>The Internet is Not Your Enemy: Evaluations &amp; suggestions for improving digital presence</td>
</tr>
<tr>
<td>Class 7</td>
<td>February 20</td>
<td>Building a Plan, Measuring Impact, Failing Forward</td>
</tr>
<tr>
<td>Class 8</td>
<td>February 27</td>
<td>Cultivating New Habits: Building customer relations in all media, at all times</td>
</tr>
<tr>
<td>Class 9</td>
<td>March 6</td>
<td>Learn together, Earn together: Building Lexington as a Destination for the Group</td>
</tr>
<tr>
<td>Class 10</td>
<td>March 13</td>
<td>GRANT PROPOSAL PRESENTATIONS</td>
</tr>
<tr>
<td></td>
<td>March 15</td>
<td>Grants Awarded</td>
</tr>
<tr>
<td></td>
<td>March 15 - May 30</td>
<td>Plan Implementation Period</td>
</tr>
<tr>
<td></td>
<td>June 5</td>
<td>Measurement &amp; Reporting</td>
</tr>
</tbody>
</table>
Step 4: The Curriculum
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Sample Homework Assignments:

- Complete the attached questionnaire from Margie Johnson
- Complete the second product mix worksheet
- Read these short articles and post a short thought, response or reflection in the Facebook Group
- Complete the two customer worksheets. Email Joyce (krechjh@jmu.edu) if you need a digital copy
- Create a single-sentence USP for your business.
- Check out these articles about market segmentation:
- Please come prepared with a statement following this format: "My business is the only ___________________ that _______________ in ___________________.”
- We will be covering digital marketing, focusing on social media. Please send me any topics you'd like to learn about ASAP
Sample Homework Assignments:

- **USP:** Next week, be prepared to share a revised USP using this template: "*My business is the only __________________ that __________________ in Virginia.*" Do your research. Is your statement true? Does your statement appeal to your target audience?
- Further refinement of USPs, taking into account what was discussed today. Please come to the next meeting with an updated USP.
- Begin creating an action plan to make your USP shine through your organization inside and out. Please create a list of 5 things you can do in the next 6 months to highlight your USP.
- Constructive feedback of each other's shops. In the next two weeks, please visit each shop and write down at least 3 improvements for each one!
Step 4: The Curriculum

Margie Johnson

- Individual Store Visits
- Open seminar for all of the community
Step 4: The Curriculum

Cohort Visit Feedback

- Nice placement of merchandise to draw the eye up and down, little treasures tucked away everywhere while NOT being crowded
- Smells good to me! But I’ve had customers say to me that smelly shops are a deterrent to them
- Couldn’t tell walking down the street that it was jewelry store - signage, yes, but there is contradictory signage
- I was greeted right away! :) 
- I could hear EVERY WORD of the couple across the room
Cohort Visit Feedback

- Some packed boxes were out (not in counter area) looking messy
- LOTS of inventory!! Not sure if that is a good thing or a bad thing
- Windows and signage ALWAYS catch my eye!
- Back room has lots of “easy to pocket” items while out of sight
- I went at end of day and wasn’t sure if still open so looked online. Hours not easy to find on website (mobile version anyway). At end of block I saw that OPEN banner was flying so assumed open, but it wasn’t. Left me feeling rather frustrated
Step 5: Mini-Grants

Mini-Grant Examples

- Video production and display
- Display to highlight hand-painted/restored furniture
- Create an intimate, lounge room to chat with brides
- Create a kiosk for ordering yarn
- Create a space for outdoor experiences
- Create a space highlighting cooking tips
- Pay for extra staff hours
Step 5: Mini-Grants

Yesterday Once More

- Unique Selling Proposition: Finding high quality pieces, restoring them & selling them at unbeatable prices.
- They identified people's love of watching transformations as their USP. Mark does all the furniture restoration and he's great at it.
- They decided to use their mini-grant to set up a section of their store as the transformation zone, with a workbench and tools, so that customers can come watch Mark work.
- Their red bench carries the new slogan "Find it. Paint it. Adore it." It's great fun to watch!
Step 5: Mini-Grants

The Stitchin’ Post

- Unique Selling Proposition: Lexington’s destination for all things yarn-crafted.
- In the Destination: Retail class, she identified the opportunity to provide extra service to her customers as a potentially distinguishing feature of her store. So she used her mini-grant to purchase a small notebook computer that customers can use to access online knitting/crochet patterns and print them out right there. The patterns are put into a plastic binder and Erin helps them locate all the materials they need for the project. It’s proven very popular since she launched it.
Step 5: Mini-Grants

Hess & Co. Jewelers

- Unique Selling Proposition: Lexington’s premiere custom jewelry concierge.
- They decided that their USP was the fact that owner Eddie Clowser is a jeweler who can customize anything. In addition, their space needed to be taken better advantage of.
- They used their mini-grant to help offset the cost of reworking one of the bank vaults into a private showroom for customers who want some special assistance, either in the purchase of a piece of investment jewelry (engagement rings etc) or who want to talk about creating a custom piece of jewelry. It has comfortable seating, great lighting -- and a small wet bar!
Step 5: Mini-Grants

Cocoa Mill Chocolatier

- They used their grant money to offset the cost of producing a series of videos to fully convey the handmade nature of their product, as well as installing a monitor to display the video.
Step 5: Mini-Grants

Ladles & Linens

- Unique Selling Proposition: The tools and the hands-on experiences to make cooking easy.
- They used their mini-grant to help create in-store cooking classes.
Step 6: Evaluate

Goal Review:

- Support our transformation strategy, “Lexington is a destination for days-long eventers”
- Empower retailers to become destinations, as defined by Destination University
- Facilitate a program based on education, collaboration and business development
- Provide funds for participant projects
Step 6: Evaluate

“I thoroughly enjoyed the experience. I was working for the Commonwealth of Virginia by way of Virginia Military Institute and the Stonewall Jackson House. Though the outcome was not for my own personal financial gain, I approached the information and assignments as if the Museum Shop was my personal business. I believe that I gained valuable insight into methods for deciding who my customers were and how to approach them. I hope I passed a few of those gems on to my successor.”

“I really enjoyed the experience. I had to make myself get up, adding another meeting to my week wasn't want I "wanted" to do, but it was totally worth it. Just getting to know the other store owners and their challenges was a huge value. through the class, we developed a familiarity and rapport with each other that really allowed us to open up and discuss the challenges we each face. The mini-grant was wonderful! It allowed us to do somethings that we had been wanting to do for a long time but hadn't been able to budget. It’s amazing how just a little bit of money can make a huge difference. We used most of it to get improved signage for the front of our gallery and it has made such an impact!”
“I continue to be grateful I took the opportunity to participate in the Destination: Retail program. It was a great opportunity to focus our business’ goals and intentions within our community locally as a jumping point to present ourselves on a much larger scale. With the knowledge of our presentation goals, we were able to also tailor our internal customer service in a much finer way than we would have otherwise. I’m also grateful for the opportunity I had to connect with other merchants and retailers within the community, as we worked together to create a more cohesive vision for what Lexington has to offer. 2. I am honestly grateful for the mini grant aspect of the destination retail project. I was able to justify adding more personnel hours to our payroll so we could experiment with a couple after hours events, small social media pushes, and sprucing up our flower boxes a bit. The little things here and there, afforded by the mini grant, helped me to learn a lot about the business I run, and its place in our community. In all honesty, I would participate in a program like this again, even without the promise of grant money at its conclusion. The knowledge I gained as a store operator, and the relationships we all created were, in my opinion, well worth the cold and early January mornings.”
Step 6: Evaluate

Our Takeaways:

- Cohorts are key!
  - Being an entrepreneur/retailer can be lonely
  - Ongoing opportunities for gathering are vital
- There is money available
- Lean on the expertise of others
- Zooming out is good mindfulness
- Becoming truly unique is an ongoing process
Questions & Discussion

Jamie Goodin
Email: goodinjr@gmail.com