Local Label: Why Localism Matters and a Business Plan to Address It.

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Local Label: Why Localism Matters and a Business Plan to Address It.

by

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An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of Science in Business Administration in Innovation and Entrepreneurship and Marketing.

Sam M. Walton College of Business
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Reflection

When starting this process, I was unaware of the obstacles that I would face. Being an entrepreneur is a vulnerable position to be in, especially as a young female. In this section of my thesis, I will outline what resources impacted my journey as an entrepreneur and my experience with this project.

The University of Arkansas

Having a dual major in Innovation and Entrepreneurship and Marketing has given me access to professors and classes that are highly accredited. For example, two of my favorite classes have been with Professor Jesse Core and Dr. Rogelio Garcia-Contreras. Both professors taught an entrepreneurial course, and both have highly successful experiences within the entrepreneurial space. The professors at the University of Arkansas maintain the university’s high expectations in every aspect of coursework. I have been impressed not only with the professors but with the guest speakers we get to interact with. One of the guest speakers was Andy Murray, who taught about customer-centric innovation.

In the spring semester of 2023, in my marketing management class, I had the pleasure of listening to Andy Murray speak. Andy Murray is a serial entrepreneur specifically in the retail space. He has had a huge impact on the retail industry and how we approach customer-centric innovation. I look to create a customer-centric innovation. I leaned on the five questions Andy Murray proposed as the foundation of creating such innovation. The questions are as follows:

1. What is the biggest single problem worth solving?
2. What is the single most important outcome?
3. What is the single biggest barrier that must be overcome?
4. What is the single measure that moves us towards success?
5. What is the one thing everyone can do every single day?

Andy stated that many entrepreneurs fail when they don’t consider the list of previous questions. To have a successful business, there must first be a problem to solve and a problem worth solving.

Internships

During my four years at the University of Arkansas, I was hired for two different internships, both in innovation. My first internship was with I2I Labs, a startup that connects upcoming innovations with industry leaders, through the Office of Entrepreneurship and Innovation’s Venture Internship Program. Through this internship, I gained many of the soft skills needed to be an entrepreneur. I interacted with local stakeholders and sat in on meetings with other small businesses. This experience strengthened my networking skills and I attribute much of my success in networking to this experience. My second internship was also through the Venture Internship Program. I worked with Innovation Junkie, a branch of Startup Junkie, to partner with Healthtech Arkansas and the Arkansas Children’s Hospital. In this internship, I had my first experience with customer discovery. I had the honor of working with the hospital’s Chief Technology Officer in conducting interviews with nursing staff on a new innovative solution. This experience furthered my ability to interact with people and learn how to ask questions.

The Office of Entrepreneurship

The Office of Entrepreneurship and Innovation connected me to both of my internships. They also provide many other resources for those curious about this space. One of their most valuable contributions to the university is that they make their resources available university-wide and have created an interdisciplinary space for students. The resources span from
workshops to one-on-one advice from mentors from the industry. I have been able to not only meet mentors but also have had the opportunity to meet undergraduate and graduate students who have created and implemented their businesses. I was able to learn a lot during my time working for the Heartland Challenge organized by the office. This gave me a chance to understand what investors look for in businesses. It also made me realize the importance of having a good team to work with when creating a business and the importance of having good mentors and advisors.

**Mentorship**

When I finished my first draft of my business plan, I looked to two mentors to help me revise it. This was the most impactful advice regarding my plan. I met with two different supervisors from my internship. The first had experience in evaluating ventures and working with early-stage businesses. He helped me uncover the gaps within my business plan and challenged me to always seek out critics. He taught me that there was value in not letting emotions dictate your ability to take criticism but to also believe in the product. Customer discovery is important and an aspect I struggled with. Our conversation led me to understand that customer discovery is impossible without two people involved in the process. It is important to be able to engage with a target customer and not be distracted by note-taking, this was a problem that I had run into during that process.

My second mentor gave me insight into how to target investors. She suggested creating an investor profile once the business plan is finalized. She also gave me some more local resources to investigate when thinking about the development of my product.

**Thesis Experience**

The aspect of this experience that I struggled with the most was the customer discovery interviews. When I speak to these businesses or peers in the targeted demographic, I found it quite difficult and at times overwhelming. I was not able to be fully present in the conversation and was not able to take as detailed notes as I would have preferred. This brings me to the next, and greatest challenge of this process. With the experience that I gained this last year, I now know that if I were to continue with this business plan, I would need a partner or a team. I believe I work best when I work with people. I have a new appreciation for collaboration after this project. One of the aspects of working alone that I struggled with was keeping timelines and managing stress expectations. Working with small businesses proved to be challenging because many times, businesses would not follow up on an email thread or phone call. I had heard many times in entrepreneurship classes and my marketing classes that failure and rejection were a part of the process. While I would not consider my business plan a failure, it took a shift of intrinsic motivation to move forward through obstacles.
Introduction

During my studies at the University of Arkansas, I have been able to take classes specializing in entrepreneurship, marketing, and sustainability. What I found was that the tools that businesses use can have a large impact on our planet, the economy, and the people that work in it. The following plan is a business idea that I initially came up with during my freshman year attending the university. Since then, my idea has been shaped by my experience and learnings over the course of three years. I drafted this plan during my junior year and continued to develop it as my honors thesis project. Local Label is a solution to a problem that I always come across while I am shopping. That problem is the lack of an efficient way of shopping, comparing prices, and accessing up-to-date inventory.

When beginning this project, I wanted to understand if Local Label would be a viable product. To validate the business idea; I went to Mintel, a widely accredited marketing research database. The data I received contextualized the state of e-commerce, mobile retailing, and attitudes toward small businesses. Through this data, I have been able to support my claim of the necessity for an accessible mobile storefront option for small businesses.

Description of Products and Services

Product Description

Local Label is a mobile retail app that connects local consumers to all accessories, shoes, and clothes available at local retailers. The app would be a hub for local retailers to promote their apparel and accessories. Local Label leverages its marketing to be in sync with local events, special occasions, and holidays. The app’s front-face design would allow customers to shop by store, brand, item, or occasion. After selecting a filter, a consumer would be able to see all clothing options available within their region. Providing that customers enter their orders within a given retail store’s working hours, Local Label leverages the accessibility of local shopping by running A.I.-created routes to offer 12–24-hour shipping. After continuous usage of the app, Local Label will provide its retailers with data insights on the local market and how they compare.

Data Insights

As customers shop for products, data will be stored to understand the shopping patterns in a local region. Categories would be created to help businesses decipher what is selling well. Categories could include but are not limited to dresses, tops, bottoms, accessories, and/or shoes. Within these categories, they can be broken down further into types. For example, the dress category could be broken down into formal dresses, long dresses, short dresses, and mid-length. From this, a store could know how they compare to the rest of their market in dresses, understand the seasonality of their inventory, and compare their growth to the rest of their local market. Data insights positioned to their local competitors will give businesses the ability to make well-informed decisions.

Examples of Consumer experience

Local Label will provide curated notifications depending on the customer profile.

Example 1: Lola is a female, 18, Student, First Year, Size 14, $0.00-$75.00 preferred price range. A week before the Razorback game, she would be asked if she would like to shop game day outfits. The initial selection would include tops, bottoms, shoes, and accessories available in her size, matching her price point from all accessible inventory at local boutiques. The price point is geared towards a college student trying to save money.
Example 2: Jack is a Male, 22, Size L, $0.00-$100 preferred price range. He is a senior in college. Around September and March, we offer a selection of clothing and call it “Interview Season” which offers business professional and business casual clothes for their selection. When Graduation approaches, we would offer a selection of clothes that could be used to attend award ceremonies and/or for senior pictures.

**Features and Benefits**

Features for Businesses:
- Greater visibility to the public
- Local delivery service
- Up to 4 specialized ads per year
- Access to data highlighting engagement, trends, and seasonality

Features for Shoppers:
- Greater accessibility to local retail outlets
- 12–24-hour delivery
- Personalized profiles
- Advance filter options
- Lower delivery prices

Benefits for Businesses:
- Increased insights on customer demographics
- Increased insights on local market position
- Increased communication with customers
- Cost savings from delivery

Benefits for Shoppers:
- Increased visibility of local apparel options
- Increased efficiency in shopping
- Cost savings by the ability to compare prices and deals.
- Mobile accessibility to local brands
- Increased privacy in terms of discreet shopping

**Competitive Advantage**

One of the competitive advantages that Local Label has is my unique connection to this region and established relationships in my target market of Fayetteville, AR. I have lived in Fayetteville for four years and am a part of the target demographic of many of the boutiques. My network gives me access to sororities, fraternities, and many other students on campus. I have access to and relationships with professors that have connections to industry and entrepreneurial spaces. Currently, the University of Arkansas has a program that helps early-stage businesses create products. Also, my mentors are marketing professors who take on projects for free to give students hands-on experience in creating marketing plans. When I graduate, I will be an alumnus of the Walton Honors Program and the Honors Program. Both programs often highlight alumni for their current work, this would provide me with an opportunity to be freely marketed to the target demographic of college students.

**Current Stage of Development and Intellectual Property**

The domain name “mylocallabel.com” is also owned by the company, though there has been no development of an official website yet. Another website used to communicate and connect with local businesses is now functional at locallabel1.durable.co. This website will be
used to help connect with businesses in the future during customer acquisition. The website will be used as a form of communicating and clarifying what Local Label is and our mission. I have also created an Instagram account, “mylocal.label”, that I will focus on curating content for as I develop a prototype. The purpose of the Instagram account is to highlight some of the clothing options in Fayetteville and begin a following for a more collaborative platform in local retail.

Mock-ups for the app are available in Appendix Section.

Customer and Market Analysis

Target Market

Businesses:

The target market of businesses is independently owned businesses that sell clothes, shoes, or apparel. These shops would range from stores that sell only clothes to businesses that only sell clothing merchandise.

Shoppers:

In the report on the state of retail and e-commerce, according to Mintel, Gen Z, and millennial shoppers are more likely to engage in mobile purchasing. Mintel states “Gen Z and Millennials significantly over-index versus all adults (29% on average versus 19%) when it comes to seeing value in mobile shopping, including the option to purchase through apps and social media. Because of this, our target market for a pilot would begin in Fayetteville due to the large population of this demographic at the University of Arkansas. After expanding from the Fayetteville area, scaling will focus primarily on college towns and cities.

Go to Market Strategy

My pilot for Local Label will begin in Fayetteville, Arkansas. The region has access to many resources and is a familiar region to me personally. Because I am local to this region, I can more easily establish credibility by connecting with local businesses. who would include the app in their marketing strategy. We will also use brand ambassadors, given the large college-aged demographic.

Brand ambassadors will be used for tabling events at the University of Arkansas, they will also be asked to post about local clothes that were bought off Local Label. Instagram takeovers, highlight reels and general media content will be provided by ambassadors as well. Our plan for scaling the business, after proving the concept, will be to focus on similar sized towns with a large university. This targets our user demographic as there is a large number of Gen Z and millennial shoppers, with local boutiques. Relationships within a given region would be managed and supported by an Area Director that would be from the local area. As it scales Local Label will have more experience and as a result more credibility when it comes to integrating businesses into an already working system. The use of seasoned local area managers would also create a competitive edge as well. One of the reasons Local Label exists is to bridge the gap between small and large businesses, this mission would hopefully be the difference between small businesses choosing to work with us versus another large business. From the beginning Local Label is committed to being an ally to local businesses and will connect businesses to pro bono legal counseling, and accounting.
**Beta Testing**

In the development of the Local Label prototype, A.I. generated software will aid in the creation of the product. The working Customer Acquisition website was created by an AI website. The creation of routes is also calculated by a software called Mapline. The initial skeleton of the app will be created through code generation before going to a professional developer to edit and add to the code. We plan to test this during Fall 2023.

**Marketing Strategy**

Partnerships between businesses and local establishments will be useful in the initial marketing of the app. Groups that support local development and growth will be sought out first. Afterward, local governments and chambers of commerce will be contacted to market the app. All avenues to market without cost will be identified. Our initial marketing costs will go toward hiring part-time brand ambassadors. They will have exclusive discounts on local goods in exchange for marketing and posting about purchasing goods through the app. Social Media influencers aligned with the values of the business will be contacted to see if partnerships would be a viable option. Another avenue of partnered marketing would be through the social media channels already occupied by the businesses working with Local Label.

Once the app is running, the use of exclusive drops will be created for members and will work to market the goods of businesses.

**Customer Acquisition**

Instead of taking a virtual approach to communicating with businesses, I will go out to stores to create and introduction. After an introduction, I will direct them toward the website created to inform businesses of the Local Label’s mission and processes. At the bottom of the page, businesses will be prompted to provide their contact information if they are interested in joining the Local Label platform.

**Organization & Management**

Partnerships for Local Label are currently being sought out and are crucial to the livelihood of the app. Currently, the only employee of the company is founder and CEO, Sydnie Wilson. Mentorship and a co-founder are being considered before the continuation of customer discovery and product development. However, after the completion of a pilot in Northwest Arkansas, our goal will be to hire an Area Director, who will help to focus on scaling our business in other college town demographics.

**Competitive Environment**

Current platforms utilized by local businesses are websites and Instagram. The most used third-party system to help track inventory, purchasing, and secure payments is Shopify. Businesses like Amazon, Walmart, and Depop offer to ship for their retail with shipping cost variables to deals, membership, and location. However, a consistent theme is that one to two days shipping is provided at a premium price.

**Identified Risks**

- Lack of Experience
Being a recent graduate, I will have had no experience in starting or running my own business. This poses a risk in management, implementation, and sustainable growth. However, I plan to surround myself with those with more experience in the market and venture development. Guidance in the growth of my business would also be sought through accelerator programs and consulting.

- **Subscription-based model**
  - Subscription-based models are one of the weakest revenue models due to their higher risk. Businesses may decide to continue with their subscription or may have late payments. However, a subscription model aligns with the Local Label mission to try and create more flexible and accommodating tools for local businesses.

- **Shipping and Returns**
  - Currently, more research is being done to understand the legality behind who is responsible for a package after it leaves the store. Products that are damaged or returned pose a threat to financial forecasting and credibility. This process will need to be clearly defined and communicated to both the shoppers and businesses to mitigate any backlash to the app.

**Summary of Financials Pricing**

In the beginning of the pilot, we would offer free access to the site and establish a baseline for each business to help justify subscription cost. After the pilot we would proceed on the following subscription model.

Free trial and an annual fee for businesses who join

- **Tier 1** month subscription of $50.
  - Designed for small businesses that don’t specialize in apparel but have merchandise to sell, independent designers without physical locations.
  - 25 different SKUs for products on the app.

- **Tier 2** monthly subscription of $150.
  - Designed for beginning businesses, those who may have a shared storefront or are strictly online.
  - 25-75 different SKUs for products on the app.

- **Tier 3** monthly subscription of $200.
  - Designed for larger more established boutiques, those who have one location and looking to grow.
  - 75 plus SKUs for products on the app.

After six months of operations data insights and comparative market data will be made available to each business for a quarterly fee of $200.

The shopper will have the option to pay for their items and pick-up at the store. However, to opt into a 12–24-hour delivery the customer will have to pay a $5.00 delivery fee for 24-hour delivery. For 12-hour delivery, they will pay a base of $5.00 plus $0.25 on the mile. Shoppers will also have the option to become a premium member on the platform for $119.99 per year. Premium members get exclusive access to drop before public release dates and do not have to pay the $5.00 base delivery fee for 12- and 24-hour delivery.
**Exit Strategy**

The acquisition is the sought-out exit strategy. Current companies to purchase Local Label would be Shopify or Etsy. Local Label aligns with its mission of creating more accessible tools for independent/local owners. However, their current businesses do not fully integrate with community trends and needs. Once Local Label has managed to work in fifteen cities, generating an estimated five million in revenue per year, the option to seek acquisition would then be considered.

## Financial Statements

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<th>Year 1 (NWA)</th>
<th>Year 2 (NWA + Add. City)</th>
<th>Year 3 (Add city)</th>
<th>Year 4 (Add city)</th>
<th>Year 5 (Add city)</th>
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<td><strong>Revenue</strong></td>
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<td>Businesses</td>
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<td>Subscriptions</td>
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<td><strong>Shoppers</strong></td>
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**EBIT**

$ (68,525.00) $ (6,912.50) $ 84,776.25 $ 243,440.38 $ 520,570.86

**Cash Flow**

$ (68,525.00) $ (75,437.50) $ 9,338.75 $ 252,779.13 $ 773,349.99
**Academic Justification**

**Technology Gaps**

The use of technology within business is evolving and increasing in necessity. As large businesses and corporations invest in research and development, innovations, and data analytics, the ability to serve customers more effectively and efficiently increases substantially. This ability to serve customers is increasing in difficulty because customer experience now spans many different channels. Creating omni-channels is now a cornerstone of business. However, as technology advances, small businesses, and locally owned establishments are vulnerable to the cost associated with keeping up with these technological advancements.

In an article from Deloitte about technology trends of small businesses, a recent study by Google states that “80 percent of US small businesses are not taking full advantage of digital tools” (Deloitte, 2018). In addition, there is a growing digital engagement gap between small and large businesses. Small businesses with more digital engagement have a higher chance of increased revenue and employee retention (Deloitte, 2018).

The following are some facts stated in the Deloitte article from their analysis of *Connected Small Businesses* in the United States.

Relative to businesses that have low levels of digital engagement, digitally advanced small businesses realized significant benefits such as:

- Earning two times as much revenue per employee
- Experiencing revenue growth over the previous year that was nearly four times as high.
- Three times more likely to have created jobs over the previous year.
- Achieved an average employment growth rate that was more than six times as high.
- Three times as likely to have exported over the previous year.

The article goes on to later state that small businesses may not know that there is a need for digital engagement:

“Amongst the least digitally engaged small business, 40 percent believe that digital tools are ‘not relevant for my business,’” and 38 percent that “they are not effective for my business.” That is an astounding finding and indicates that less digitally engaged businesses may be unaware of the benefits associated with digital tools. This suggests that efforts to improve digital use across the United States should focus on exploring and increasing awareness of the benefits that can be realized through digital technologies. In addition, 34 percent identified ‘privacy and security concerns’ as amongst their top three digital barriers.” (Deloitte, 2018)

Digital engagement is now a necessity for retailers. In 2021, Mintel forecasted that Total US Retail Ecommerce sales would be nearly $1,400 billion by 2026. This forecast is in acknowledgment of the 2020 Covid-19 pandemic (Mintel Group Ltd, 2021). Even as stores reopened over the past two years, the growth of this retail space is still on an upward projection. In their 2021 report, Mintel states that:
“Consumers’ increased use of technology is a permanent shift. Continued innovation drives consumers to seek out immersive virtual experiences. Consumers will come to expect tech solutions as part of the shopping journey and will look to replicate digital experiences in-store as much as they looked to replicate in-store experiences digitally.” (Mintel Group Ltd, 2021)

Consumers expecting tech solutions as part of their shopping journey may skew towards their experiences in larger stores. However, with elevated trends of shopping locally, small businesses need to invest in technology solutions. For these solutions to be obtainable, there needs to be an increase in cost-effective, accessible tools for small businesses. Failure to invest in advancements will lead to a negative impact on the evolving customer experience or further the divide of expectations between shopping at big businesses or locally.

Currently, there are solutions for small businesses to increase their digital presence and management. The most commonly used tool is provided by Shopify. Shopify markets itself as “The all-in-one commerce platform to start, run, and grow a business.” Their tools allow businesses to create, maintain and engage with different shopping channels from in-store to online shopping. Regarding shipping, businesses often use local shipping services like FedEx and the Postal Service. However, platforms like Instacart, EasyBins, and DoorDash do utilize independent drivers to manage local shipment orders. Their presence in the local market does give them access to a workforce and established credibility should they decide to pivot and engage with retail and apparel.

**Future Trend, Technology, and Competitive Environment**

In the past 100 years, business has rapidly evolved and impacted the world in both negative and positive ways. This evolution created industry-changing innovations, global supply chain networks, and a demand for specialized work. The world has become more connected and access to resources has increased substantially. Globalization is now a key component of everyday goods and has been leveraged as companies grow. However, as globalization becomes a pillar in many businesses, it creates greater vulnerability to the external environment. In the wake of the 2020 Covid-19 pandemic, we were exposed to the effects of a weakened supply chain. The resulting consequences of delayed goods and materials, sometimes for up to months at a time, caused panic throughout markets across the world. While there are still many valid arguments to support globalization, there is a need to emphasize the importance of investing in local and regionalized businesses to mitigate the environmental vulnerability that globalization can cause.

Shopping locally has always been an option for consumers, but in the last decade or so we have seen an emergence of the ideology of “localism.” In this section of the thesis, I will address the evolution of localism, the current impacts, and the projected trends of shopping locally. Lastly, I will compare the current tools available for big businesses and address the tools needed for small businesses to maintain a competitive edge in the emerging landscape.

Before addressing the current state of localism, it is important to define the term. The Journal of Environmental Sustainability states:

“Localism, a movement to encourage consumers and businesses to purchase from locally owned, independent businesses rather than national corporations, has grown rapidly in
the past decade. With several national, federated organizations and popular “buy local” campaigns, the localism movement has the potential to affect buying patterns, marketing, and distribution in American business” (Kurland, McCaffrey, & Hill, 2012).

Localism’s growth towards relevancy comes as no surprise considering that independently owned business makes up nearly 99.9% of the GDP as of 2020 (Mintel Group Ltd, 2021). Mintel, a widely accredited specialist database in Marketing Research that emphasizes the impact of small businesses on the US economy, states:

“Small businesses comprise a vast majority of businesses within the US ecosystem (99.9%). They are essential to the health of the US economy and to the local communities they support. Small businesses create 1.5 million jobs annually, with businesses with less than 100 employees being the greatest contributors to nationwide employment. Small businesses are vital to the US economy, and consumers should be able to find them easier to support.” (Mintel Group Ltd, 2021)

A few factors affecting the support of this philosophy can be seen in political settings, sustainability trends, and the pursuit of economic stability.

Shopping Local is supported in the pursuit of more sustainable living. There is an opportunity to make a difference when shopping at local retailers, specifically in the fashion market. An overview of the fashion industry provides alarming insights regarding the impacts the industry has on the environment. The fashion industry has proved to have one of the biggest negative impacts on the environment. Most fashion trends begin as a top-down influence but by the time that product reaches a scalable stage, it often comes at the cost of quality. To stay “on trend”, many consumers look for more affordable options. The demand for affordability has created a term that Oxford Languages defines as “Fast Fashion” or “inexpensive clothing produced rapidly by mass-market retailers in response to the latest trends”. Fast Fashion can be seen as the seemingly economical choice for most of the middle to lower class. For many, it’s the easiest way to stay “relevant” in a cost-effective way but the companies that benefit from this rarely take steps to make their collections and production ethical and sustainable. Companies like Zara, Shein, H&M, and Forever 21 have made headlines in recent years due to their almost unfathomable amounts of clothing production.

Shein releases between 700 and 1,000 new items a day (Briones, 2022). Consequently, clothing produced at these amounts is often made with low-quality fabric and utilizes exploited workers. Fast Fashion and the fashion industry have contributed greatly to pollution and carbon emissions. Compared to fast fashion, slow fashion is described as “producing clothes with trendless designs and premium, long-lasting quality” (Alina Gross, 2019). The process of shifting our culture towards a primary shopping perspective of slow fashion and higher-quality shopping will require a challenging paradigm shift. Unfortunately, high-quality clothes are often difficult to determine when purchased online. This point furthers the call for investing in a bridge between local shopping and the fashion market.

The primary gain of supporting locals is that a fraction of the dollar is cycled back into the economy, often in taxes. The figure below from 2018 helps visualize the impact that each dollar spent has on the community. A thematic call out is that “every $1 you spend at a small
business created, on average an additional 50 cents in economic impacts for the local community.” The impact of money circulation is best described in a report by Michigan State University laying out the implications including “wages and benefits paid to residents, profits earned by local owners, the purchases of local goods and services for resale and internal use, and contributions to local nonprofits”. Amongst this, they also highlight the benefit of building a larger tax base, which creates a bigger fund to support infrastructure growth. In comparison, shopping locally impacts the community more than shopping from a corporate store. There is a positive impact that goes beyond the storefront that you may be choosing to shop at. Nearly 67% of a dollar spent at a local business stays within the community after purchase. Within the local economic impact comes the progression of the connectedness of a community.

![2018 Small Business Economic Impact Study](image)

Figure 1: Breakdown of a dollar spent locally. (Business Wire, 2018)

During the 2020 pandemic, the appreciation of connectedness grew which Mintel supports in their analysis of the small business environment in 2021.

“Consumers are placing more emphasis on their local communities, especially as the pandemic helped individuals take a step back and examine their priorities. Mintel’s Trend Driver research shows that 54% of consumers think it’s important to feel part of a community; this sentiment only increases with age (62% of 25-34, 68% of 35-44). Small businesses provide the opportunity for consumers to connect with their local communities and even find other consumers to connect with over similar interests through small business websites, social media events, and so forth. The majority of consumers (63%) do want to buy local where possible, further emphasizing the important role small businesses play within their local communities.” (Mintel Group Ltd, 2021)
The report later mentions the impact local shopping has on social development within a community as well.

“Small businesses should emphasize their ties to the community – not only in supplying community members with the goods and services they need but also how they can support community initiatives, support jobs within the neighborhood, and partner with local vendors to highlight their offerings as well. Small businesses can appeal to consumers’ desire to be part of and take part in their local community and support local initiatives wherever they can.” (Mintel Group Ltd, 2021)

“Which of the following best describes where you have shopped in the past 12 months?”

- All of my shopping has been done at larger retailers
- Most of my shopping has been done at larger retailers, but some at small businesses
- My shopping has been done equally at larger retailers and small businesses
- Most of my shopping has been done at small businesses, but some at larger retailers
- All my shopping has been done at small businesses

Base: 2,000 internet users aged 18+
Source: Kantar Profiles/Mintel, May 2021

The emergence of localism support can be seen in political conversations, sustainable trends, and the pursuit of local economic stability. Within a political standing, the support can be seen as a revolution. The environmental impacts of shopping locally create a positive impact on the fashion industry as far as local retail is concerned. The economic stability of a region is positively affected by the engagement of a community. In the development of a community, there have been emergences of new business and economic models that help develop the factors to create a thriving local economy.

When asked “What prevents you from shopping at small businesses more often” a breakdown of a pool of 2,00 internet users aged 18+ answered as followed. The three leading reasons were because of products being too expensive at 36%, because it was considered easier to find what is needed at traditional retailers at 28%, and because they couldn’t find the right product at 24% of responses. The last two reasons could be addressed if searching for a product was easier. An example of aiding customers in the search for products can be seen at Walmart with the use of their aisle finder. While small businesses may not be big enough to need an aisle
finder, the use of a search engine would prove useful to help mitigate frustration in the shopper journey. Local Label aids consumers in finding products so that they do not have to waste time in the store hoping to find a product. The use of Local labels also helps address the leading cause of a consumer not shopping locally. By providing an app that connects to all local retail options available in the app, a price filter would be able to create options that are within a given price bracket.

"How often do you plan to include small businesses in future shopping trips within the next 12 months?"

A unique feature of the Local Label is that the search for goods can be done by occasion. As seen in the figure below, a percentage of shoppers shopped at small/local businesses because of specific occasions.

Figure 3 (Mintel Group Ltd, 2021)
Mobile Apps in Retail

E-commerce is growing and within that, an increase in mobile retailing. Mobile retailing is the purchase of goods on a mobile device. A 2023 Mintel report on Mobile Retailing in the US states that “Purchases via mobile devices will make up a significant portion of total e-commerce sales shortly”. They further justify this claim with the following statement:
“The overall e-commerce market continues to see healthy growth, with a large portion of sales stemming from mobile purchases. Industry research estimates that between 40%-45% of e-commerce sales will come from mobile retail by 2024. This shows the significance of a well-functioning mobile website and mobile app. Consumers are and will continue to use their mobile devices for a variety of e-commerce activities, particularly younger, multicultural consumers (as these consumers often don’t have access to computers) and will drive e-commerce sales upward over the coming years.” (Mintel Group Ltd, 2023)

One of the most important factors of Local Label is the introduction of the mobile space for local businesses. Currently, businesses can utilize Instagram and Facebook marketplace but as stated before, these platforms do not utilize local delivery. An additional critique of social e-commerce is that the platforms do not consistently provide all alternatives to a product unless online shops are set up. On figure 6, you will find an overview of the mobile shopping space, provided by Mintel’s report on the effects of mobile shopping e-commerce.

![PURCHASING OVERTAKES BROWSING](image)

Figure 6 (Mintel Group Ltd, 2023)
While purchasing items on a mobile device is on the rise the quality of the experience is still in need of improvement. Below in figure 7 is the overview of the use of mobile shopping in highlights the attitudes towards of shopping on mobile devices.

Convenience is another main driver for mobile shoppers. Information can be found on figure 8.
When we look at the type of shoppers that mostly utilize mobile tools for shopping; you will see find that when shopping online, more than 50% of the respondents across all demographics bought more than 50% of online purchases on a mobile device. This finding supports the forecasted growth of online sales shifting from traditional online sites to mobile interfaces.

Below is a continued breakdown by demographic.

![Figure 9 (Mintel Group Ltd, 2023)](image1)

![Figure 10 (Mintel Group Ltd, 2023)](image2)
While small businesses make up a substantial part of the economy, they do not have as much access to tools, data insights, and capital for research and development. The retail space is growing, and a large portion of the growth will be contributed from ecommerce. While ecommerce is expanding the need for mobile purchasing is growing in necessity. The need for a mobile interface may pose as a difficult task to small businesses that may not have the resources to invest in a mobile app. The creation of a mobile portal for small businesses will also help the growing support for localism. Investment in local businesses will allow for local economic growth and impact.
References

Mintel Group Ltd. (2021). *SHOPPING SMALL BUSINESSES, US.*


Mintel Group Ltd. (2022). *ONLINE SHOPPING FOR THE HOME, US.*

Mintel Group Ltd. (2023). *MOBILE RETAILING, US.*
Appendix

Product Mockups

![Product Mockup 1]

![Product Mockup 2]

Hi Sydnie! Welcome to Local Label, before we get started we want to get to know you!

How do you identify?

- [ ] female
- [ ] male
- [ ] Non-binary

![Product Mockup 3]

How old are you?

Input Field

![Product Mockup 4]

Welcome! For a more personalized experience, please sign in below.

- [ ] First Name
- [ ] Last Name
- [ ] Email address *
- [ ] Password *

Sign up
“Where do you search for or hear about small businesses? Please select all that apply.”

- Family/friend recommendation: 52%
- Seeing it in-person: 52%
- Search engine: 35%
- Local communications: 34%
- Advertisements from the business itself: 31%
- Social media from the business: 27%
- Online marketplace: 27%
- Social media from someone I don’t know personally: 22%
- Through a traditional retailer: 12%
- None of the above: 4%

Base: 1,782 internet users aged 18+ who have shopped small/local businesses within the last 12 months
Source: Kantar Profiles/Mintel, May 2021

Figure 11 (Mintel Group Ltd, 2021)
“How did you typically shop at small businesses in the past 12 months?”

![Bar chart showing shopping preferences for small businesses over the past 12 months.](image)

Base: 1,762 internet users aged 18+ who have shopped small/local businesses within the last 12 months
Source: Kantar Profiles/Mintel, May 2021

**Figure 12 (Mintel Group Ltd, 2023)**

“Which of the following products would you feel comfortable purchasing directly from a brand (e.g. Gap.com, Apple.com) while using your mobile devices? Please select all that apply.”

- **Clothing** 67%
- **Footwear** 53%
- **Accessories** 48%
- **Electronics/appliances** 45%
- **Personal care products** 43%
- **Household products** 42%
- **Food and drink** 41%
- **Beauty items** 40%
- **Home décor** 39%
- **Furniture** 27%
- **None of these** 5%

Base: 1,473 internet users aged 18+ who shop online using a mobile device
Source: Kantar Profiles/Mintel, November 2022

**Figure 13 (Mintel Group Ltd, 2023)**
“Why do you choose to shop at a small business instead of a traditional retailer? Please select all that apply.”

- To support local communities/economies: 55%
- To find unique products: 52%
- Helpful customer service: 32%
- Quicker to pick-up an item locally: 28%
- Customizable products: 26%
- Better quality products: 26%
- I feel more ethical when shopping from a small business: 21%
- I am tired of shopping at larger retailers: 15%
- Products are out of stock everywhere else: 11%
- None of the above: 5%

Base: 1,762 internet users aged 18+ who have shopped small/local businesses within the last 12 months
Source: Kantar Profiles/Mintel, May 2021

Figure 14 (Mintel Group Ltd, 2021)
**Lean Canvas**

<table>
<thead>
<tr>
<th>Problem</th>
<th>Solution</th>
<th>Unique Value Proposition</th>
<th>Unfair Advantage</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Existing technology gap between small businesses and large businesses. - Existing data insight gaps between small and large businesses. - Lack of visibility and collaboration between small businesses.</td>
<td>- Create a mobile interface for local businesses. - Through the collection of data on the app, provide insights to businesses of the local shopping patterns. - Create a platform specifically for retail, and make specific filters that span across all available options.</td>
<td>Local Label creates unique partnerships with local businesses led by someone from the community and the cost structure is set up to optimize support engagement with local businesses.</td>
<td>Relationships with locals and years spent in the local economy.</td>
<td>18-34-year-olds.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Existing Alternatives</th>
<th>Key Metrics</th>
<th>High-Level Concept</th>
<th>Channels</th>
<th>Early Adopters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instagram and independent websites for small businesses. Limited collaboration between small businesses. Data insights are limited to the business’s own data and do not compare to their local region.</td>
<td>- Amount sold on the platform - Impact on businesses sales - Number of users on the platform - Cities signed on</td>
<td>Local Label=Amazon for local retailers</td>
<td>Brand ambassadors, partnering businesses promotions</td>
<td>Those who like to support local businesses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Structure</th>
<th>Revenue Structure</th>
</tr>
</thead>
</table>

*Figure 15 Preliminary Lean Canvas*