

# Shop Santa Maria

A toolkit for supporting local businesses

Benjamin Matlock

City and Regional Planning



CALPOLY

California Polytechnic University  
San Luis Obispo

Senior Project

2011

# TABLE OF CONTENTS:

TITLE:	PAGE NUMBER:
CHAPTER 1: INTRODUCTION	3
CHAPTER 2: CITY'S LONG TERM PLAN	9
CHAPTER 3: CITY'S SHORT TERM PLAN	13
CHAPTER 4: BUSINESS OWNER'S PLAN	15
CHAPTER 5: COMMUNITY'S PLAN	23
CHAPTER 6: CONCLUSION	31
WORKS CITED	33

# Chapter 1

## Introduction

# Chapter 1

The Shop Santa Maria Plan is a “toolkit” that helps provide ideas and techniques that invested parties can use to encourage growth of the local business market in the City of Santa Maria. Its role is to help establish ideas that can lead to a future that is supportive of locally owned businesses. This plan will give ideas that politicians, business owners, and even consumers could use to help make better retail oriented decisions, and how they can utilize available resources to help make the economy grow.

In the past, Santa Maria has heard new economic ideas. For the creation of their Downtown Specific Plan, two different market researchers helped provide studies so that Santa Maria could grow economically. In 2011, students from Cal Poly San Luis Obispo wrote a general plan update for the City, which included an economic development section. Santa Maria has created guides to increase commerce in the city, and even employs a Facebook page to help modernize the way the chamber of commerce advertises. These previous actions, while important, will need to be streamlined and updated to ensure success. This plan will attempt to promote this success.

The Shop Santa Maria Plan is essentially broken down into two segments: a long term plan and a short term plan. The long-term portion will help outline policies that are conducive to a vibrant local economy. This involves targeting growth opportunities, as well as general questions politicians should ask before accepting any new retail development. It will also help promote the “Main Street Approach,” which is a

program designed to foster a small business community. The short term, however, will make up the bulk of this plan. In this tough economy, people need help now. The plan will outline steps that each member of the community can take to create small ripples in the local economy’s growth. Business owners will learn of potential techniques that they can incorporate into their business strategy and new ways to market themselves. Consumers will also be incorporated into the growth strategy. People play a crucial role in the economy, and can ensure a business’s survival. Politicians will also be included for the short term, helping use the City’s resources to promote activities and event that highlight the local businesses. The plan recognizes that supporting the local economy requires a community effort.

The Shop Santa Maria Plan is designed to use the basic guiding principles designed by the Main Street Approach. First, this plan is comprehensive, covering all aspects that relate to the success of the local business. The idea is that no single idea will solve the issue, but instead a combination of ideas and strategies are needed. Second, is that this plan covers incremental steps to help support local businesses. As the main street explains, “baby steps come before walking.” Another principle is that self-help is needed. Supporting local businesses is a grassroots philosophy, and the support comes from the bottom up. This includes combining resources, using available assets, and creating new partnerships with other local businesses. With quality programs, and a strong effort by all the stakeholders, the local market will see results, and create a successful local business environment.

The Plan will be implemented through the Santa Maria Valley Chamber of Commerce. They will help promote the plan and encourage the entire community to participate. The



*Figure 1.1: Local businesses, like Brick's Family restaurant, are cherished by the community. Local businesses compete with other businesses that have more resources and support. With help, however, Santa Maria can ensure a level playing field for local businesses. Protecting local businesses, to ensure their survival, should be important to the City of Santa Maria.*

Chamber of Commerce will also allow the Shop Santa Maria Plan to evolve. In order to promote a successful local economy, additional resources and information should be included.

## THE CURRENT ECONOMIC STATUS OF SANTA MARIA:

For many years, Santa Maria has been the center of economic activity of northern Santa Barbara County. Today, Santa Maria is the largest city in the California Central Coast, with a population of 93,000 residents. This provides a great opportunity for local economy to thrive that other smaller communities, like Nipomo, do not have.

By nature, the City of Santa Maria can attract retail customers from a very large trade area, meaning that, as the stronghold, the city helps provide various retail and merchant services

that the other smaller, local communities do not have. Cities like Nipomo, Orcutt, Lompoc, and Guadalupe rely on Santa Maria's resources, and this is evident in a higher retail capture rate. The retail capture rate is the ability for a city to capture sales tax revenue from residents outside the city's sphere of influence. Sales tax accumulation, per capita, in Santa Maria exceeds the average of all Californian cities. According to the California State Board of Equalization, Santa Maria has a location quotient of 1.2. For instance, a typical Californian city's retail services should capture about \$14,877 in taxable transactions, per capita. The City of Santa Maria, however, is able to capture \$18,435 in taxable transactions, per capita. Industries such as general merchandise, building materials, and automotive related sales provide the largest tax capture rates for the city. Despite this high capture rate, Santa Maria is still faced with problems.



*Figure 1.2: Vacant retail spaces in Santa Maria is a growing problem. Vacant spaces means that land is underutilized, and that businesses are unable to survive.*



A growing concern for Santa Maria's economic health is reflected from its vacancy and unemployment rates. In the City of Santa Maria, retail vacancy rates are over 12%, and over 30% in the downtown center. Market analysts from the Natelson Company regards that the rate in the downtown center high enough that the mall itself is at risk of being completely abandoned by its tenants. The Carousel Mall, in San Bernardino, experienced a similar situation. Businesses left the center leaving an empty mall. Eventually the mall was unable to sustain itself and the area is now an economic burden for the city.

Right now is one of the most trying times for the economy. Like other cities, Santa Maria has been deeply impacted by the recession. Four years ago, for instance, unemployment rates in the city were under 6%. Today, unemployment rates are now above

13%. The state of California is slightly less than that, at 12%. Luckily, market analysts understand that the economy is cyclical. This means that while economic conditions are less than favorable right now, Santa Maria will have a chance to grow again.

While Santa Maria can expect a better economic future, growth trends also suggest that the city cannot expect that regional retail attraction will grow. As the surrounding communities grow, the services that are needed will be filled locally, reducing the dependency for Santa Maria. While this growth is unlikely to severely reduce the revenue created in Santa Maria, it will surely limit the growth possible at the regional scale. Santa Maria will instead need to focus on its local sector for its growth. The City should focus to ensure people shop local, and that the local flavor can continue to draw regional shopper. As the City edges towards a population of

130,000 by the year 2030, as predicted by the Cal Poly General Plan update, it's local business economy will need to adapt to the demands. And today, the city and businesses can take action to secure its stability in the next few decades.

## WHY SUPPORT LOCAL BUSINESS:

Supporting the local economy of a city is important. It helps drive the community to grow, and allows for more investments to be made in the future. It also allows a city to be unique, helping break away from the modern big box store retail. At the national level, the Small Business Administration recognizes how small businesses impact a community and the economy. For instance, half of the private sector jobs are attributed to small businesses. Santa Maria has the ability to help its local businesses and economy thrive, especially as the economy begins to rebuild.

The Natelson Company provided a list of economic figures that helps explain the significance of businesses in Santa Maria. This list provides an "at a glance" look it is easy to see why business is important to Santa Maria. In the downtown center, for example, each vacant building represents, on average, \$250,000 in lost sales per year. The list, created for the Downtown Center Specific Plan, helps demonstrate the losses per year created by an empty storefront. These losses include:

\$12,500 LOSS IN SALES TAX REVENUE TO  
STATE AND LOCAL GOVERNMENT

\$15,000 LOSS IN RENT TO THE PROPERTY  
OWNER

\$1,500 LOSS IN PROPERTY TAX REVENUE TO  
LOCAL GOVERNMENT

\$24,750 LOSS IN BUSINESS PROFITS AND  
OWNER COMPENSATION

\$16,250 LOSS IN EMPLOYEE PAYROLL

\$55,500 LOSS IN PAYMENTS TO LOCAL UTILITY  
COMPANIES

\$18,900 LOSS IN HOUSEHOLD INCOME  
GENERATED ELSEWHERE IN THE COMMUNITY

It is easy to see that an empty business has a cascading effect on the economic health of a city. Vacant buildings is not the only concern; sales tax revenue is also important to the city. The revenue created supports a large majority of the General Fund. In the 2009-2010 budget, it was expected that the profits off sales taxes alone would be over \$18,000,000. In an economy where the average vacancy rate of Santa Maria businesses are over 12%, and where the Downtown Center is currently over 30% vacant, the city can change it's focus towards supporting businesses.

The local business market is a key demographic that should take priority in growth. Unlike big box stores that have a national headquarters, local businesses work specifically for the growth of the city. More of their revenue remains in the city. This means that if they're successful, they can have a larger impact on a community through increased civic involvement. These businesses also have fewer

*Figure 1.3: Interviews with local businesses, such as John Larson or West Coast Garage, were important to help understand the issues Santa Maria currently faces. Concepts, resources, and ideas in this document were designed to reflect the needs and concerns of the various owners.*



resources for management and growth opportunities. This makes it the role of everyone in the city to ensure that success. In the end, these businesses are a part of the community, and as the Northern Santa Barbara County grows, these businesses will become even more important.

## PERSPECTIVE OF A SANTA MARIA BUSINESS OWNER

John Larson's business, West Coast Garage, has been located in Santa Maria for over 23 years. As a working professional and resident of the City, John recognizes the importance of shopping local, and utilizing local resources. During an interview, he said "I try and keep things local because it's simply better." He explained that other local businesses provide a better product than chain businesses, and in

the long run will save him money. He also explained that Santa Maria was a great city to work in. "Not only are there quality businesses located in Santa Maria, but the City is also easy to work with." He described other local areas such as San Luis Obispo and Santa Barbara County as having a "Culture of Opposition" towards small businesses. He recognizes, however, that locally owned businesses are faced with tough issues in this current economy. The power that larger chains have, and a changing market has made it difficult to run a business. "More resources," he says, "would benefit the entire local community."



Chapter 2  
City's Long  
Term Plan

Chapter 2

There are two important stages relevant for improving the economy of a city. Small changes today can create quick fixes for businesses, but planning is required to ensure a prosperous future. This section is designed to help guide policy makers promote local business interests in the future. With this guidance, the City of Santa Maria can help foster a stronger local community, and ensure that the infrastructure is supportive of the smaller business environment.

## LONG TERM TOOLS:

This section is laid out with easy and simple tools that reflect ideas from the General Plan update, but is instead focused primarily to support the needs of local businesses. While more immediate and feasible implementation measures will be included in later sections, it is important to establish the end result for the City of Santa Maria, and that is creating a small business friendly atmosphere.

### T-1: SUPPORT THE SMALL BUSINESS:

Since this plan is focused on supporting the small, local businesses of the City of Santa Maria, this goal seems relatively obvious. But it is also extremely important and should constantly be reiterated. There are several key features to ensuring a small business minded decisions:

### CONSIDER FISCAL IMPLICATIONS OF TODAY AND THE FUTURE:

While new development seems great in the short term, it can often lead to cannibalization of other economic areas in the city. The demise of the downtown center could be related to the rise of the big box stores along Highway 101. The city should make decisions on where future development should occur that would not impede on the local business's ability to thrive. Future mixed-use development should also ensure that retail square footage is not lost in order to provide live/work units.

## REGIONAL VS. LOCAL ECONOMIES:

The successes of Santa Maria has been due, in large part, to its context within the northern Santa Barbara County. As described in the introduction, Santa Maria helped serve the smaller, adjoining communities. However, as these communities have grown, Santa Maria's role has shifted from the regional use. As the population grows inside of the City limits, the local context will become more important. Decision makers therefore should approve projects that help cater initially to the residents first and foremost.

### CONTINUE TO PROVIDE AN EASY BUSINESS PERMITTING PROCESS:

Through interviews with local businesses, many of the owners remarked that the reason why they would continue to operate in the City of Santa Maria was due to relatively easy permitting processes and business license regulations. While some businesses mentioned minor complaints with signage and parking regulations, the business owners all seemed to

agree that Santa Maria offered a better environment than neighboring cities like San Luis Obispo, as well as the County of Santa Barbara.

## T-2: FOSTER AND SUPPORT THE "MAIN STREET APPROACH"

The Main Street Approach is another tool that the City can exercise in creating a small business friendly environment. Under this approach, the city can cover aspects of the other long-term goals, and gives the foundation of a grassroots growth. Supporting the local economy, after all, is a grassroots ideology. It also is designed to support the idea of a vibrant downtown area, which is considered important. Essentially, the Main Street Approach is comprised of four different ideas:

### ORGANIZATION:

Partnerships and cooperation between the invested parties is crucial to creating a consensus of ideas and feasible implemental actions over the long term. Through continuous volunteer recruitment between the businesses and the chamber of commerce, the city can promote a grassroots organization that is focused on expanding the local business economy, and improving the retail experience in the city. It also builds consensus and helps delineate responsibilities.

### PROMOTION:

Continued advertisement will help rekindle and build community pride, and will help create confidence among businesses and the buyers. Santa

Maria has already taken steps towards promoting its businesses, and this plan will also create new marketing campaigns, but the work is never done. Marketing must happen today, as well as tomorrow.

### DESIGN:

Design, according to the foundation for the Main Street Approach is "getting the area into top physical shape and creating a safe, inviting environment." Design is extremely important, taking advantage of all the physical elements of an area, from landscaping and architecture, to street furniture, public art, and signage. The moral is that the shopping experience begins before one even enters the store. For instance, the physical design of the Downtown Center was considered as a constraint, according to the market analysis performed for the specific plan. The City has a powerful role in shaping the physical environment.

### ECONOMIC RESTRUCTURING:

The process is designed to help strengthen the community's existing economic assets while diversifying the economic base. A balanced commercial sector, for instance, helps expand the skills of the businesses, and allows the market to support more growth.

The City should work to ensure that this process is continually being used, and adapted to reflect new market pressures.

## OPPORTUNITIES FOR IMPROVEMENT:

The various market analyses, as well as the specific plans performed for the City of Santa Maria have identified areas that the city should improve. This section highlights those findings, and provides an 'at a glance' summary what will support the city's future goals.

### LOCATIONS FOR IMPROVEMENT:

#### DOWNTOWN:

In 2008, the City Council of Santa Maria approved a Specific Plan designated for the downtown corridor. In order to help implement the plan and make the vision a reality, the downtown core should be a priority for future growth. Currently, there is over 860,400 square feet of usable retail space in the downtown area. Under conservative estimate generated from the Natelson Company's market analysis, the retail space could potentially increase by over 300,000 square feet. However, incentives need to be continually made to help make this happen.

#### VILLAGE SQUARES:

In the 2011 General Plan update created by Cal Poly planning students, the idea of smaller commercial hubs was proposed. This would help coordinate and manage growth and allow for diverse growth techniques. Should this idea come to fruition, the City of Santa Maria should then give some priority of future growth to the locations of these village squares.

## MARKET NICHES FOR IMPROVEMENT:

### NIGHTLIFE AND ENTERTAINMENT:

By an overwhelming majority, citizens responded that entertainment venues were needed in the City of Santa Maria. This would provide an outlet for both local and regional users. Furthermore, locations for entertainment are typically located nearby vibrant, downtown areas. By expanding this market, the City will help create a demand in the downtown area, making the area more desirable for other uses.

### MIXED USE:

Live/work spaces have become the buzz in the modern planning profession. Allowing for mixed-use retail/office/residential developments to occur, the city can help foster a cottage based industry, as expressed in city documents. Cottage based industries is where good and services are home based. However, future development should also encourage the use of traditional retail spaces so that businesses can reduce the vacancy rates within the city.

Chapter 3  
City's Short  
Term Plan

Chapter 3



Civic leaders play an important function in fostering a small business friendly environment. Santa Maria, for example, is commended by local businesses for regulations that provide for some support to those businesses. However, interviews with local business owners also provided some criticisms of the local government that can easily be corrected.

## TOOLS:

This section will help provide a final set of goals that city agencies can utilize that will help provide the final push to support local businesses. These goals are based off recommendations from the local business community, as well as reflections of how other local cities support local businesses in a day-to-day operational sense.

### T-1: INCREASED FACEBOOK INVOLVEMENT

The role of Facebook in government agencies is a fairly recent phenomenon, which means that information on how to expand Facebook's role is hard to find. However, Santa Maria needs to encourage greater use and view ship of its "fan page." Similar cities of local population sizes include more promotional events to encourage greater accessibility. For instance, the City of Redlands advertises special events that local businesses are hosting. The city also includes job openings at local businesses, which helps attract those looking for a job. And finally, the City provides for viewer submitted photos of the community. While this does

not necessarily relate to business and economics, the city uses this involvement to draw attention to local community functions hosted by local businesses.

### T-2: INCREASED DIRECT PARTICIPATION:

In a privately conducted poll, local businesses in Santa Maria remarked that the City and Chamber of Commerce needed to be more directly involved with the local businesses. For example, while the Chamber of Commerce works to support local businesses, the owners themselves felt that Chamber lacked direct involvement. Some of the owners remarked that they had not even visited their establishments (other than for legal obligations). The message was clear: come and physically support the businesses. The logic behind their rationale is simple as well. They want to see the support, and allow for other customers to see that civic leaders were apart of the small business movement.

Chapter 4  
Business  
Owners's Plan

Chapter 4

Business owners are the key to a successful small business environment. As big box stores have become the norm for Modern America, local governments, citizens, and even the federal government are seeing the importance of the entrepreneurial approach of small business owners. It is with their dedication that cities can thrive, and Santa Maria is no exception. There are many businesses that help make the city unique, and through continued support, these businesses can grow and be successful. This section will help outline various resources and new emerging techniques that can help business owners in Santa Maria work towards a prosperous future. It will help provide support for both existing business owners, as well as future entrepreneurs that would like to start a business in the city. While the economy will still need time to completely recover, businesses can start taking an opportunity to grow now.

## GOVERNMENT ASSISTANCE:

The various levels of government, from the local level at Santa Maria, to the Federal Government, understand the importance of small businesses. One of the biggest issues that faced small businesses, other than decreased demand during the start of the recent recession, was a lack of financing. Firms needed to borrow in order to invest, and with tighter financing practices, as well as higher interest rates, the amount of growth seen in the private sector was deeply hindered. But today, there are more programs and opportunities available to help provide financial assistance to the entrepreneur. This

section will highlight some of these more recent attempts to business owners can see what efforts are being made for their benefits. These financial resources include access to credit as well as capital to promote success.

## FEDERAL:

### SMALL BUSINESS LENDING FUND

For small businesses, community banks have been the go to source for small business loans. However, when the lending bubble burst, these community banks lacked the resources to provide future loans, particularly to higher risk investments such as a new company. To support these community banks to promote business lending, the federal government created a Small Business Lending Fund, which provides up to \$30 billion in capital to these community banks. Banks are now able to increase their loans to small businesses with lower interest rates.

### SMALL BUSINESS INVESTMENT COMPANY (SBIC) PROGRAM

SBICs are capital firms that work with the Small Business Administration, or SBA, and small companies to make equity investments. They work by raising capital from private sources, and help raise debt backed by a federal government guarantee. Today, there are over 388 SBICs that manage over \$17 billion. However, during the start of the recession, the decline of credit availability affected SBICs, which in turn affected how small businesses could access credit. Today though, the federal government has made efforts



*Figure 4.1: New businesses in Santa Maria, such as GPR (formerly in San Luis Obispo), may be unaware of the resources available in Santa Maria. In an interview, the owner Johnathan Gunner, expressed that starting a business can be a difficult and confusing ordeal.*

to reverse the precipitous fall of the SBIC, and funding opportunities are now once again more available to small businesses.

## STARTUP AMERICA

Startup America was a program launched on January 31, 2011, to encourage high growth ventures among technology based small companies. This program works to use policy features in four different areas: access to capital, education and mentoring, commercialization of college research, and reductions of the entry to barriers facing new firms. Using this program, future entrepreneur can work to capitalize on the nation's goal of increasing small business ventures, while fulfilling the Santa Maria's goal of an increased technical sector.

## CALIFORNIA:

### CALIFORNIA SMALL BUSINESS LOAN GUARANTEE PROGRAM

The California Small Business Loan Guarantee Programs helps provide funding support for small businesses in California that would not typically qualify for a loan at a bank. This helps making financing easier for small businesses, and helps establish credit for the business, in which the business can use towards future loan applications.

## SANTA MARIA:

### SANTA MARIA REVOLVING LOAN PROGRAM

The Revolving Loan program helps administer financing and capital options to new businesses located in Santa Maria. Unlike other loans, the revolving loan provides a fixed interest

*Figure 4.2: The owner of Gold Coast Frames, Gary Brandes, displays an advertisement for a sale. He expressed, however, that marketing his business is a difficult task. While he can provide a better product than large chains, competing with household names such as Michael's is still a difficult challenge.*



rate, which often times is below the rates from commercial lenders. It also can be tailored to suit the specific business in Santa Maria, and the interest generated from the loan is reinvested into the City of Santa Maria. It is essentially a loan designed to continually support small businesses in Santa Maria.

## MARKETING 101:

Marketing a business falls into the four P's: Product, Price, Place and Promotion. The products themselves will differ depending on the particular type of small business presented. For example, small businesses in Santa Maria may provide labor services, such as those from an automotive repair shop like CustomCraft Autobody. Or the product may be an agricultural product from the newly approved hydroponics farm. Or it could be food based, such as the

famous Shaw's Steak House. Knowing the product will help the business owner understand the intended audience. The next "P" is price. This will also vary between the businesses because different products require a specific price. It is important the business in Santa Maria price their products where it is competitive, while also profitable. The next "P" is place, referring to where customers will buy the products. The final "P" is promotion, the core of marketing and public relations, and a key component to how businesses survive or fail. The last two "P's" of marketing is where businesses typically need support, advice, guidance, and resources, and therefore these two "P's" warrant a more detailed discussion.

## PLACE: LOCAL VS. REGIONAL MARKETING IN SANTA MARIA:



Place, third of the four “P’s,” is an important factor for small businesses in Santa Maria. As described in this toolkit’s introduction, Santa Maria is divided into two different key business areas: local and regional. The local business areas serves specially the residents within the city, and the regional serves residents or other businesses located outside of Santa Maria. Lompoc, and Nipomo, Santa Barbara County, and the Vandenberg Air Force base represent a large demographic of the regional Santa Maria business potential. Depending on the product provided by the small business in Santa Maria, their marketing efforts would need to be either directed towards the local or regional level.

## PROMOTION:

The final “P” in marketing is promotion, and this is usually the most difficult part of starting and running a business. Why? Businesses start as an idea from producing product, instead of an idea to promote. Therefore marketing is a challenging task. But marketing is important since it helps consumers recognize that the business exists.

While developing a business and marketing plan, it is important to remember that there are several phases to a business plan. The first is the Ad Hoc plan. Ad Hoc means “for this purpose” and is the temporary plan. Businesses often use this phase to help start the business. The most common association of this plan is a “Grand Opening” event. This helps draw in local buzz to the business,

and sets short-term goals for what will be accomplished. The next plan is the Standing Plan, where the business model focuses on long-term sustainability and stability. This is where the business really sets its own pace, and a positive relationship is made between the customers and product provide. The third plan is the contingency plan. Such plans are made to address the “what if” scenarios that may happen. For instance, if a business gains momentum beyond what was expected locally, the business may expand it’s product to a regional or nation level. All three plans, for a successful company, are profit and value driven. While maintaining a profit is essential to sustain a business, the value and quality of the product is what makes a small business special.

## TECHNOLOGY DRIVEN MARKETING OPPORTUNITIES:

With the advent of the Internet and mobile technology, businesses are provided with an entirely new approach to marketing and advertisement. The term Web 2.0, coined by Silicon Valley consultants, refers to a new generation of technology services spawned by the growing power of the Internet. This era of Web 2.0 has unleashed an entirely new generation of customers who thrive off social media networks, hosted services, and web based applications. Essentially it means that the way consumers react to the world involves a much more technology driven approach, and is market is growing exponentially. Luckily, there are simple and effect software programs that businesses can use to appeal to this web 2.0 generation of consumers.



## FACEBOOK

While Facebook may not entirely replace a standard website for a business, it can provide an opportunity for a business to market itself to the Web 2.0 generation. Encouraging customers to “Like” the business’s fan page will allow customers to review, rate, and support the business with ease. And if the business uses Facebook to showcase deals, customers will be able to easily view promotions and events without specifically searching for the business’s website. Therefore, the purpose of using Facebook is that it provides a sense of direct marketing where the business can reach out to the customer instead of the customer searching for the business. Cities, businesses, as well as non-profit organizations have only begun to understand the role that Facebook will play for the future.



## FOURSQUARE

Foursquare is a mapping base program that allows customers to “check in” at an establishment. If the user checks into the establishment several times, they can earn the position of “Mayor.” While this can seem trivial, the program essentially caters to the web 2.0 generation that documents their daily activities. However, businesses have begun applying Foursquare in conjunction with Facebook advertisements. For instance, businesses will a promotion to the “Mayor” of the establishment, encouraging shoppers to frequently visit the store. Or, they can offer merchandise and discounts to the first shoppers who “Check In” at the establishment. But the benefits can continue beyond just basic promotion. As a person visits the establishment, a notification is posted on Facebook, allowing other users to view this activity, giving a type of referral-based marketing opportunity. And finally, it can help provide for a digital database of the customer base.



## PUNCH'D

Commonplace for fast food restaurants, coffee shops, and similar establishments, businesses would provide a customer loyalty program such as “buy 10 smoothies, get one free.” Punch’d is a recently created application that provides a digitized promotion of the “Buy X, get Y free.” Usable for both Android and Apple OS based phones, this application uses a QR codes, which is essentially a barcode, to digitally transmit information showing that the customer made a purchase. This application will help cater to the technology enthusiast, while encouraging repeat business, and allowing the business to digitally document repeat customers.



## OPEN TABLE

Open Table is a free, award winning phone-based application that allows customers to make reservations and write reviews for restaurants. Users can search by cuisine type as well as price, location, and other relevant criteria. If restaurants in Santa Maria were to use Open Table, prospective customers would be able to easily view local independent restaurants and maybe even discover restaurants they had not previously visited. This application is also useful to visitors, where at a glance they can view the local restaurants, and decide from the application which restaurant they should try. This will become even more beneficial as the central coast tourism industry expands in Santa Maria.

## LOCAL MARKETING OPPORTUNITIES:

Generating buzz around a local business is a key component of making a business successful. While technology is an important aspect to consider, traditional style approaches are still a powerful method in reaching the local community. Developing a strategic marketing plan for a business with maximum exposure will help fellow Santa Maria residents find the small business. There marketing plans also need to be consumer oriented based in order to be successful.

A very simple method is to advertise within the City is through screen-printed T-shirts that advertise the business. T-shirt printing provides a direct link from the business to the local community that differs from other advertising strategies. For example, sending advertisements through the mail is typically associated with “Junk Mail” making the message usually lost and disregarded. Even billboard ads have drawbacks, but T-shirts allow for a type of referral advertisement that works. Known as the Diffusion Theory, T-shirt based advertisement essentially uses the local community to support and endorse the community, while providing a cheap billboard space that is easily accessible.

## BUSINESS-TO-BUSINESS RELATIONS:

In order to create a self-sustaining and strong local business market in Santa Maria, local businesses need to work as a community. Businesses that require outside assistance such as fresh produce, to manual labor,

should contract out to other local businesses and develop relationships with those businesses. For example, West Coast Garage in Santa Maria only does business with local businesses. They contract to a paint shop down the street from their facility, and they use German Parts and Restoration for their parts supplier. The owner, John Larson, explains that have developed an extensive web of resources that are local. In the end, he says, it’s a cheaper and more effective way to do business while providing the opportunity for a better finished product. The more Santa Maria works to keep resources within the local community, the stronger the market will be, and the more available resources will be utilized without resorting to larger chain companies.

# Chapter 5 Community's Plan

## Chapter 5



Supporting small businesses is becoming a nationwide phenomenon. Cities like Redlands and San Luis Obispo, CA, and Portland, OR have begun programs to buy local. Citizens of a community have a large amount of power when it comes to supporting local businesses. They serve as the main customers of businesses, and they also help provide advertising beyond what a business itself could provide. However, with the rise of the chain big box stores, and large corporations, many citizens have forgotten the power that they still hold. Stores like Target, Wal-Mart, and Starbucks have resulted in the loss of the former Santa Maria Main Street businesses. But consumers are now realizing the importance of small businesses, and the power they have to ensure the business's survival.

Articles nationwide are starting to shed light on this phenomenon. For instance, an article by INC. helps showcase a family in Arizona working towards supporting local businesses and the success they have seen:

"IF ONE FAMILY SHOPPED ONLY LOCAL EVERY DAY FOR A YEAR, WOULD IT HELP SMALL BUSINESS? THAT'S WHAT THE LEVITCH FAMILY OF ARIZONA IS ATTEMPTING TO FIND OUT. THE FAMILY OF FOUR—JULIE AND RANDY AND SONS REX, 6, AND JUDD, 4—SAID GOODBYE TO STARBUCKS, TARGET, WALGREENS, AMAZON ET AL IN FAVOR OF BUYING ONLY FROM LOCAL BUSINESSES FOR 365 DAYS. (NOT SURPRISINGLY, THEY'RE BLOGGING ABOUT THE EXPERIENCE HERE.)

WHAT PROMPTED THE CONVERSION? JULIE LEVITCH IS AN ENTREPRENEUR (SHE OWNS A SMALL PR FIRM CALLED SOURDOUGH MARKETING) AND RANDY LEVITCH MANAGES A

CLIENTELE OF SMALL-BUSINESS OWNERS FOR OPEN AMERICAN EXPRESS (AND HELPED PROMOTE THE COMPANY'S SMALL BUSINESS SATURDAY). BOTH GREW UP IN CITIES WITH VIBRANT INDEPENDENT BUSINESS COMMUNITIES — SAN FRANCISCO AND SPOKANE, WASHINGTON — AND SAID THEY OFTEN LOOKED AROUND THEIR CURRENT CITY OF NORTH SCOTTSDALE AND WONDERED WHY THERE WEREN'T MORE LOCAL BUSINESSES. THEN THEIR BELOVED LOCAL RESTAURANT ALADDIN'S — WHICH STRUGGLED TO ATTRACT CUSTOMERS EVEN THOUGH IT WAS AT A BUSY INTERSECTION — WENT OUT OF BUSINESS.

"I THOUGHT, 'OH NO, NOT THAT PLACE!' AND IT GOT ME REALLY ANGRY," LEVITCH TOLD EARTH 911. (ON HER BLOG SHE WROTE OF THE PLACE: "THE FOOD WAS DELICIOUS, AND THE OWNER TRULY CARED ABOUT US AND ALL OF HIS CUSTOMERS. HIS PITA BREAD AND HUMMUS WERE AMONG THE FIRST FOODS THAT OUR BOYS ATE.")

SO THE FAMILY OPENED A CHECKING ACCOUNT AT A LOCALLY OWNED BANK, BEGAN INVESTIGATING HOW THEY COULD BUY GAS AND OFFICE SUPPLIES WITHOUT BREAKING THEIR LOCAL-ONLY PROMISE (THE GAS IS HARDER THAN YOU'D THINK), AND FOUND AN INDEPENDENT TEA SHOP. IT'S NOT STARBUCKS, LEVITCH WROTE, BUT THERE'S "REAL CUSTOMER SERVICE! IT'S LESS EXPENSIVE, AND IN THE LONG RUN, I'LL ALSO BE SAVING GAS AND TIME." HER CURRENT CONUNDRUM: FINDING UNDERWEAR FOR THE BOYS THAT ISN'T FROM THE CONSIGNMENT SHOP OR \$20 PER PAIR.

"WE'RE SHIFTING OUR WHOLE LIFESTYLE," SHE SAID. "WE CAN'T JUST HOP OVER TO HOME DEPOT ANYMORE."

SO FAR THE EXPERIMENT HAS PROVED EYE-OPENING — AND BOTH MONEY AND TIME-SAVING.

"YOU KNOW, YOU GO INTO TARGET FOR ONE THING THAT'S \$5, AND YOU END UP LEAVING WITH A CART-FULL OF STUFF THAT'S \$100," SHE SAID. "AND IT'S JUST BECAUSE IT'S ON SALE OR BUY ONE GET ONE FREE, NOT BECAUSE YOU ACTUALLY NEED IT. THAT'S A LOT OF WASTED TIME AND MONEY."

NOW, SHE SAYS, SHE AND HER HUSBAND HAVE SWAPPED SATURDAY-SHOP-A-THONS FOR MORE TIME WITH THEIR KIDS.

"INSTEAD OF SPENDING SATURDAY SHOPPING AT TARGET, WE GO TO THE PARK," LEVITCH SAID.

ON HER BLOG SHE CITES A CIVIL ECONOMIES STUDY THAT FOR EVERY \$100 SPENT AT A LOCAL BUSINESS, \$73 STAYS WITHIN THE LOCAL ECONOMY, COMPARED TO JUST \$43 WHEN THE SAME AMOUNT IS SPENT AT A NON-LOCAL BUSINESS.

"I HOPE IT STICKS," SHE SAYS. "I HOPE AFTER 12 MONTHS WE DON'T GO ON SOME WAL-MART SPREE, BECAUSE THERE ARE SO MANY LONG-TERM BENEFITS."

The reason for all this effort is because small businesses are one of the driving factors behind a community. While government institutions, houses, and stores help technically define a city, it takes much more to make that city into a community. Main Street places, and its small businesses, help drive the community-gathering place. The store is no longer just another franchise, it is their store. Neighboring communities such as Santa Barbara and San Luis Obispo have seen the value of supporting their local businesses. And the reality is that Santa Maria can do the same. There are businesses throughout the city that remain as gems, waiting for a grassroots campaign to ensure their

growth. This section will demonstrate the power that Santa Maria's citizens have in order to make the local economy successful.

## THE 3/50 PROJECT:

The 3/50 (Three Fifty) Project is a grassroots campaign designed to encourage and remind consumers the buying power they have in order to save small businesses nationally. Using the slogan "saving the bricks and mortars our nation is built on," the 3/50 Project is hoping to save small businesses in every community. It works by encouraging citizens to spend at least 50 dollars at three different locally owned, independent stores per month. And this small action appeals to reason, emotion, and character. It is cost effective, saves the local business, and encourages an community wide policy and effort.

The program works by covering several different economic relationships. One relationship is understood by tracking the money reinvested into a city by a company. A franchise company, for instance, will on average reinvest 43 out of 100 dollars spent back into the local economy. This means that when someone spends 100 dollars, 57 of those dollars are sent elsewhere. However, when one supports locally owned businesses, at least 68 of the 100 dollars spent stays within the city. Another key principle of the 3/50 program is that shopping within the city limits also increases sales tax revenues for that city. For example, in Santa Maria, every dollar spent gives \$.0075 directly to the city government. While

this seems relatively small at first, it adds up quickly. And this means that the city has more resources available in the general fund, helping provide for more school and social programs, as well as maintenance programs. The third driving principle is that spending at local stores helps keep them open. The customer can pick any three stores he or she likes, and that will help ensure that the business survives. The fourth and final principle of the 3/50 Project is that it is easy to do. Aside from extreme circumstances, spending 50 dollars per month can be easily done. If one chooses to spend more than that, or commit to the goal where they only shop at the locally owned business, then that is even better. The point is that it shifts a focus onto these businesses and recognizes the buying power within the local community.

Financially, the 3/50 Project works for Santa Maria. To start conservatively, assume that only half of the city's population that is currently employed attempts the 3/50 Project. This alone would result in over \$636,667 dollars being reinvested per month, assuming a conservative 68 out of 100 dollar reinvestment. That means over \$7,640,000 is reinvested within a year. However, if the same population spent their money only at large franchise stores like target, only \$4,494,000 would be reinvested. However, assume that the half of the entire population that is 16 and over commits to the 3/50 Project. This would net over \$12,260,000 per month being reinvested per year. This means more jobs, more revenue, and a stronger local community with a relatively simple and easily accomplishable goal. Now, assume

that the entire population of Santa Maria that is 16 and over commits to the 3/50 Project. This scenario would net over \$24,000,000 being reinvested into the community. While this is the ideal scenario, it shows just how much power the community has.

Citizens have even more power than just spending money though. They should encourage their relatives, neighbors, friends, and coworkers to take part in the small business plan. If they help advertise, Santa Maria can go 'viral' with the idea of supporting local businesses, making the ideal scenario a reality. And if people transform their spending habits, the reinvestment projections can be further exceeded. The power is in their hands.

The next few pages will help provide sample information relative to the 3/50 Project. First, there will be outline of the calculations performed to create the four different scenarios. Then, sample literature is provided. While the design may change, the literature should be given out by the Chamber of Commerce as a resource that local businesses can utilize. The literature will work to remind consumers the power of their spending habits. Locally owned businesses should display the literature in visible locations in their stores.

## SCENARIO 1: THE CONSERVATIVE APPROACH

HALF OF WORKING POPULATION	18,725
50 DOLLARS INVESTED PER PERSON	\$936,275
SALES TAX GENERATED PER YEAR	\$84,264
DOLLARS REINVESTED PER MONTH	\$636,667

DOLLARS REINVESTED PER YEAR	<b>\$7,640,004</b>
-----------------------------	--------------------

COMPARED TO DOLLARS REINVESTED AT BIG BUSINESSES	\$4,494,120
---	-------------

## SCENARIO 2: THE LESS CONSERVATIVE APPROACH

ENTIRE WORKING POPULATION	30,051
50 DOLLARS INVESTED PER PERSON	\$1,502,550
SALES TAX GENERATED PER YEAR	\$135,229
DOLLARS REINVESTED PER MONTH	\$1,273,334

DOLLARS REINVESTED PER YEAR	<b>\$12,260,808</b>
-----------------------------	---------------------

COMPARED TO DOLLARS REINVESTED AT BIG BUSINESSES	\$7,212,240
---	-------------

### SCENARIO 3: ANOTHER MORE IDEAL APPROACH

HALF OF TOTAL POPULATION OVER 16	37,451
----------------------------------	--------

50 DOLLARS INVESTED PER PERSON	\$1,872,550
--------------------------------	-------------

SALES TAX GENERATED PER YEAR	\$168,529
------------------------------	-----------

DOLLARS REINVESTED PER MONTH	\$1,273,334
------------------------------	-------------

DOLLARS REINVESTED PER YEAR	<b>\$15,280,008</b>
-----------------------------	---------------------

COMPARED TO DOLLARS REINVESTED AT BIG BUSINESSES	\$8,998,240
---	-------------

### SCENARIO 4: THE IDEAL APPROACH

ENTIRE POPULATION OVER 16	60,102
---------------------------	--------

50 DOLLARS INVESTED PER PERSON	\$3,005,100
--------------------------------	-------------

SALES TAX GENERATED PER YEAR	\$270,459
------------------------------	-----------

DOLLARS REINVESTED PER MONTH	\$2,043,478
------------------------------	-------------

DOLLARS REINVESTED PER YEAR	<b>\$24,521,661</b>
-----------------------------	---------------------

COMPARED TO DOLLARS REINVESTED AT BIG BUSINESSES	\$14,424,480
---	--------------



Visit 3 local stores. Spend \$50.  
Reinvest \$25,000,000

Shop Santa Maria  
Support Your Community



Visit [www.facebook.com/SMVCC](http://www.facebook.com/SMVCC) or [www.santamaria.com/chamber](http://www.santamaria.com/chamber) for more details



# Shop Santa Maria



Buy Local. Support Your Community.



Visit [www.facebook.com/SMVCC](http://www.facebook.com/SMVCC) or [www.santamaria.com/chamber](http://www.santamaria.com/chamber) for more details



# Chapter 6

## Conclusion

# Chapter 6

The Shop Santa Maria is a toolkit designed to help support local businesses in the City of Santa Maria. By utilizing the various resources provided in the document, the City could help provide additional support for the local businesses and allow them to be more competitive against larger chains.

The Shop Santa Maria Plan should be implemented through Santa Maria Valley Chamber of Commerce. They will provide the document to different local businesses in Santa Maria. For existing businesses, this document will help provide new techniques and ideas businesses can utilize. For new businesses, this will serve as a “crash course” guide to working in Santa Maria. The Chamber will also continually edit the program as new resources become available. For instance, if a new loan program were introduced, the Chamber would provide basic details that businesses could use.

Events hosted by the City should also eventually be included in the Shop Santa Maria Plan. The City hosts a variety of events throughout the year that involves local businesses showcasing their products. This included festivals, and the Farmers Market. Adding information about these different events, and how to enter will help provide a quick summary of event that businesses could effectively use.

The 3/50 Project will also be implemented through the Chamber of Commerce with the help of local businesses. The Chamber will help provide advertisements businesses can use in their stores to promote the buy local, spend \$50 dollar philosophy. The

businesses will in turn help spread the concept to consumers, and help build momentum for “buying local.”

As the central coast grows, local businesses in Santa Maria should thrive and help provide a unique experience for residents and guests in the City. Buying local benefits the community in a number of ways. This includes increased tax revenue, job creation, and low vacancy rates. The toolkit provides the first step to achieving this prosperous future.

Works Cited

Works Cited

## WORKS CITED:

Applied Development Economics. 2010. Lake Tahoe Basin Prosperity Plan. Retrieved from [http://www.tahoeprosperity.org/images/documents/LTBPPFinalReport\\_11.24.10.pdf](http://www.tahoeprosperity.org/images/documents/LTBPPFinalReport_11.24.10.pdf)

Baxter, Cinda. 2011. The 3 50 Project. Retrieved from <http://www.the350project.net/home.html>.

Big Box Toolkit. 2011. Countering Mega-Retailers: Rebuilding Local Business. Retrieved from [http://www.bigboxtoolkit.com/index.php?option=com\\_content&task=view&id=16&Itemid=52](http://www.bigboxtoolkit.com/index.php?option=com_content&task=view&id=16&Itemid=52).

Brandes, Gary, personal communication, May 12, 2011.

Brown, Barbara. 2007. The PR Style Guide: Formats for Public Relations Practice. Wadsworth Learning. Belmont.

Cal Poly San Luis Obispo. 2011. Santa Maria General Plan Update. City and Regional Planning Department.

California Small Business Loan Program. 2011. California Small Business Programs and Services. Retrieved from [http://www.smallbusinesscalifornia.org/CA\\_smallbiz\\_programs.pdf](http://www.smallbusinesscalifornia.org/CA_smallbiz_programs.pdf).

The City of Ontario. 2011. The Ontario Plan. Retrieved from <http://www.ontarioplan.org/>.

The City of Redlands. 2011. Redlands Chamber of Commerce Programs. Retrieved from <http://www.redlandschamber.org/>.

The City of Santa Maria. Santa Maria General Plan. Retrieved from <http://www.ci.santa-maria.ca.us/40541.html#general-plan>.

The City of Santa Maria. 2008. Santa Maria Downtown Specific Plan. Retrieved from <http://www.ci.santa-maria.ca.us/3063.html>.

The City of Santa Maria. 2011. The Revolving Loan Program. Santa Maria. Retrieved from <http://www.ci.santa-maria.ca.us/40412-RevolvingLoanFundBrochure.pdf>.

The City of Portland. 2011. Buy Local: Keep Portland Independent. Portland Independent Business and Community Alliance.

Eness, Dana. 2009. Thinking Outside the Box: A Report on Independent Merchants. The Urban Conservancy in partnership with Civic Economics. Retrieved from [http://staylocal.org/pdf/info/ThinkingOutsidetheBox\\_1.pdf](http://staylocal.org/pdf/info/ThinkingOutsidetheBox_1.pdf).

Gunner, Johnathan, personal communication, May 12, 2011.



Guth, David. 2009. Public Relations: A Values Driven Approach. Fourth Edition. Pearson Education. Boston.

Houston, Dan. 2008. Local Works: Examining the Impact of Local Businesses in the West Michigan Economy. Civic Economics. Retrieved from [http://www.civiceconomics.com/localworks/GR\\_Local\\_Works\\_Complete.pdf](http://www.civiceconomics.com/localworks/GR_Local_Works_Complete.pdf).

Larson, John, personal communication, May 12, 2011.

Matlock, Benjamin. 2011. A study of local business owner satisfaction in Santa Maria.

National Trust for Historical Preservation. 2011. The Main Street Approach. Retrieved from <http://www.preservationnation.org/main-street/>.

Rubin, Courtney. 2011. Arizona Family Attempts Year of Buying Only Local. Inc.com. Retrieved from <http://www.inc.com/news/articles/2011/01/family-pledges-to-buy-only-from-small-businesses-for-year.html>.

Small Business Administration. 2011. Chapter 7: Supporting America's Small Businesses. Retrieved from [http://www.whitehouse.gov/sites/default/files/microsites/2011\\_erp\\_chapter7.pdf](http://www.whitehouse.gov/sites/default/files/microsites/2011_erp_chapter7.pdf).

Small Business Administration. 2011. Small Business Profile. Retrieved from <http://www.sba.gov/sites/default/files/files/ca10.pdf>