

## Beating the Recession: Three Ways Local Businesses Can Compete with Wal-Mart

Written by Jonathan Shadel  
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Before the onset of the 2008 recession, things seemed to be looking up for business owners in Cumberland, Maryland, a city that has, according to the US Census, one of the lowest per-capita incomes in the nation. The Queen City had been looking to tourism and arts-related businesses to revitalize its community, but, as the economy grew increasingly worse, local residents watched many small businesses hang “Closed” signs in their windows.

Once hoped to be the center of Cumberland’s economic revival, the walking mall on Baltimore Street, with its many empty storefronts, is now a vivid example of the current business environment in small cities.

It’s true that the Great Recession has negatively affected small business in cities like Cumberland. Yet the problem that business owners face is much more complex and requires a more proactive solution than simply waiting for economic conditions to improve.

Small communities are facing the results of an increasingly globalized economy in which local businesses are pitted against national and international competitors like Wal-Mart, Target, and ecommerce stores like Amazon. The primary question is whether small, main-street businesses can remain competitive in today’s market. The answer, which may come as a surprise to many, is a certain “Yes!” However, the path to profitability and sustainability requires businesses owners to reexamine their operations and adapt to the changing business environment.

In a city like Cumberland, Maryland, a small business owner needs to develop an effective strategy, a business plan that is focused on understanding the needs of the community and how to best meet those needs. While each small business is unique, there are three universal principles that can help a small business succeed in this highly competitive environment.

First, a small business owner must understand the needs of the community and clearly define the business’s target market. The demands of local residents should dictate the operations of a small business. The business owner needs to consider things like demographics and the size of the target market. Without understanding the customer’s wants and needs, a small business is bound for failure. Many small businesses thrive by finding a specific niche within their community.

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Second, a small business should emphasize personalized, convenient service. If a business owner understands the local demand, the small business is in a far better position to customize its services to meet those unique demands. While the small business may not have the millions of dollars for advertising like a large corporation, a small business is agile and able to quickly adjust to the needs of the local market. The business owner should compete by offering the personalized service that a company like Wal-Mart cannot offer; this should be the primary competitive advantage. This may be the small business's selling point; this is what attracts new customers and keeps loyal ones coming back.

Third, the small business must offer the highest quality product or service. It is going to be difficult for any small business to compete with Wal-Mart on prices. However, quality is more important than low prices. A small business owner must offer the products local customers want, but also make sure that those products are of the highest quality. It's proven that customers will return to business where they receive the best product and the best service. While, in a city like Cumberland, the business owner must be sensitive to the income of the residents and price accordingly, the quality of the product should be what draws customers back. When customers have a good experience, they'll start talking about it. That is the key to success.

Cumberland's Baltimore Street reveals the city's economic woes as well as its potential for success. While the path to profitability is different for each business, and many other factors affect success, these three principles can help any business grow. The economy may not quickly improve, but this is the time for business owners in a city like Cumberland to reexamine their plan and implement a strategy that will make them competitive and sustainable. Understanding the target market while emphasizing service and quality is a good place to start.