

Breaking Down the Big Boxes

Is it possible to sign the giant retailers up as members?

Big box retailers. Chain stores. Concept restaurants. Hotel brands. Businesses with national name recognition choose locations based on factors created and fostered by local chambers of commerce. According to many chambers across the U.S. and Canada, however, these companies take full advantage of promising economic conditions without supporting the rest of the business community.

Chains see viable markets to grow their sales while failing to participate in the efforts that ensure the health of the local business community. Big box retailers and chain locations are viewed as “taking” and not “giving back.”

In some cases, local BBR managers say they would like to join, but the decision is made higher on the corporate ladder. This is the most common dead-end for membership recruitment. Membership sales professionals know BBR’s top membership objections by heart:

- Chamber can’t do anything for us that we can’t do ourselves
- Decision-maker is at corporate office
- Against corporate policy
- Already give to United Way
- “We’d have to join every chamber”

Add retention challenges like management turnover and late renewals, and you could be facing a big-box headache. The soon-to-be-classic Keith Woods adage, “When you’ve seen one chamber, you’ve seen one chamber,” points to image problem facing chambers of commerce. While chain stores work toward having the same brand in every community, each chamber is very different in their value propositions, relationships, programs and effectiveness.

Store sales grow when the community grows

Fred Boscarino, of the Conyers-Rockdale (GA) Chamber of Commerce, takes this issue very seriously. He is currently trying to re-gain the support of Home Depot, the second-largest BBR in the U.S., with over \$64 billion in annual revenue. At first glance, his motivation appears obvious. After all, Home Depot’s dues investment would be \$1050 per year, as they employ over 200 in Boscarino’s town of Conyers, Georgia. However, in a letter to the Chairman of Home Depot, Boscarino represents chambers of commerce everywhere.

“Regretfully, there are some chains that derive their profitability from our communities, and reap the benefits of chamber efforts, but do not support their best business ally and economic driver – their local chamber of commerce,” wrote Boscarino to Home Depot in July 2004. Located just east of Atlanta, Rockdale County is home to more than 90 manufacturers and three dozen Fortune 500 firms.

“How do chamber’s continue their effectiveness,” asked Boscarino, “if companies of the magnitude of Home Depot accept the benefits for their employees and customer base, yet don’t back the chamber’s efforts financially?”

The chamber’s support of small businesses—the foundation of economic prosperity—is critical to any community’s growth. Boscarino has one simple answer for companies that question the chamber’s influence: “I tell them, ‘You need the chamber because your customers need jobs.’”

Define your value proposition for a big box audience

Once you understand what is important to larger companies, you can begin to relate to them the value of your chamber of commerce in terms they understand. The Tri-Cities (Kenewick, Pasco,

Richland, WA) Area Chamber of Commerce boasts Home Depot and 15 other prominent BBR's among their 1000 members. Chamber CEO Kris Johnson says his chamber's success with chains lies in their relationships and value. Johnson sees it as his job to maintain direct relationships with store managers and their employees.

"I dedicate two full days a month knocking on doors doing what I call peer-to-peer calls," said Johnson at the ACCE Convention in Orlando, Florida. "When I visit Home Depot, for example, I take the Lowe's store manager along."

Testimonials from your current BBR members can be very useful. Consider them in marketing materials specific to larger employers and other chain stores, competitor or not. The highest use of a testimonial letter from a chain store manager, however, is for retaining that store as a member.

BBR's have high turn-over among store managers. When you lose one and gain another, take a letter of recommendation from the manager's predecessor as part of your "Welcome to the Chamber" meeting. Get your foot in the door for retention by focusing on the past relationship with that BBR, and where you would like to go together in the future.

Your value proposition for BBR's should focus on sharing unique intelligence, sales promotion and public policy, according to Johnson. Tri-Cities Chamber has developed a value proposition based on improving the bottom line for their members. They emphasize their influence on the community's future as a key reason to support their efforts.

As their region grows, so will retailers' sales. For this reason, Johnson includes BBR managers in the work of the chamber. JC Penney is a very active member. Store Manager Lee Boman serves as board treasurer and leads the membership development committee. "Belonging to the Chamber of Commerce improves sales and profits at JC Penney," claims Boman. "We find more value in public policy through the Chamber than with our state lobbyist."

Johnson goes so far as to recruit senior corporate executives as featured speakers at awards banquets. Both JC Penney and Costco have been featured in these roles. "As our area diversifies," states Costco's Todd Young, "it is vitally important to support organizations that foster business growth. The Chamber is very aggressive in promoting commerce and a sound business climate in our area."

Best Buy, a national electronics retailer, recently issued a letter to all store managers instituting a corporate policy opposing chamber membership. Circuit City already has a policy on the books, but that doesn't stop every store manager. "There's clear value for me to be a member of the Chamber of Commerce," said one Circuit City manager. "I use my own advertising budget (to pay for membership)."

You're not as different as you are alike

Consider for a moment that your chamber of commerce and big box retailers are *equal*. Both have sales efforts. Both have advocacy efforts. Both represent a significant economic impact to any community. When you get them together with their peers, they discuss numbers and trends.

Chambers: "How many members does your chamber have? What are the challenges in your community? What is working for you?"

Big box retailers and chain stores: "How much sales volume did you have last month/year? What are the challenges in your community? What is working for you?"

Every chamber relates their benefits to small businesses, which can represent 80% or more of a chamber's membership. BBR's are much less responsive to traditional chamber benefits than

small businesses. Store managers could care less about networking in typical chamber environments. Consider starting a roundtable program specific to retailers or CEO's. Either of these may be of interest to chain stores. You may get a luke-warm response to advertising and sponsorship, but public policy efforts will hit a hot button.

The reason for this is simple. For many chains, publicity and paid advertising are handled at the corporate level, with only a small percentage of locally controlled spending. Managers spend time with their superiors talking about store numbers and community trends. Translate your chamber's advocacy efforts into sales impact and intelligent economic development forecasting to get the attention of savvy managers who want to be informed.

Show them you're willing to invest your time with them before they join. Coffee, lunch or golf could be the only excuse a manager needs to get out of their big box. Store managers work 60 to 80 hours especially during peak times of the year. A chamber that establishes itself as a relevant distraction for an hour or two as much more likely to gain and retain a BBR manager as a participant.

Why is recruiting and retaining a BBR so much different than a small business? Perhaps it is because they are more similar to chambers of commerce. Whatever the reason, relationships are paramount to overcoming them.

Small businesses have gatekeepers, budget issues, and demands for return on investment, just like chains. For most small businesses, establishing a relationship is all that is needed to gain their investment in your chamber. For big box retailers, the sales cycle may last longer than the manager. Committed chambers are willing to nurture relationships with non-member BBR's to prove their worth.

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Sidebar:

Top Ten Big Box Retailers by Sales Volume

(Sales Volumes in billions)

Wal-Mart \$258
Home Depot \$64
Kroger \$53
Target \$48
Costco \$42
Sears \$41
Safeway \$35.5
Albertson's \$35.4
Lowe's \$30
Best Buy \$24