



SMALL BIZ SURVIVAL

The rural and small town business resource

Rural Small Business Trends 2011

By Becky McCray

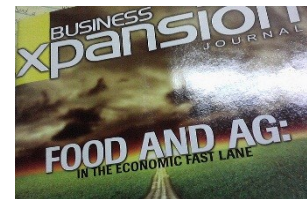
This year, there are three major factors driving rural small business: the local movement, the role of government, and what's developing in the economy. We'll look at those in the top 10 trends. In the second half, we'll look at the top small town business trends in social media, the next wave of opportunity in natural resources, and some people trends to keep an eye on.

LOCAL MOVEMENT

Local foods, shop local, local business. Local, local, local. This collision of trends into an entire movement is reshaping small town economics. It must be big, because big businesses are trying to get in on it. Inside the local movement, there are sub-trends that smart small town businesses can use this year.

1. Local Foods: Farmers are the next food stars.

Local foods made up five out of the 20 top food trends in a [National Restaurant Association survey of chefs](#). Clearly, people are thinking more about where their food comes from than any time in recent history. More farmers and producers are using social networking tools to connect directly with customers. More restaurants will be [featuring celebrity suppliers and treating farmers like food stars](#). Opportunities are here for producers, value added processors, and even simple things like farm visits.



Food and ag clearly dominate small town business trends this year.

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2. Shop Local: A focus on building better businesses.

A "Shop Local" slogan is not enough anymore. In this next evolution, shop local projects will work to improve local businesses to better meet people's needs, because more competitive local businesses are a natural draw for customers. One good model: the [Main Street Four Point Approach \(R\)](#). Look into the Economic Restructuring point for more on improving business competitiveness.



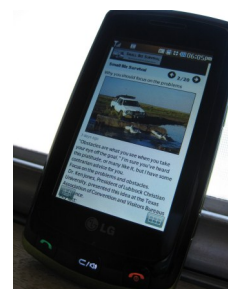
Shop Local campaigns will have to grow up to remain effective.

3. Local Travel: Meaningful tourism is more engaging.

Travel is expected to be up, [reaching record levels in 2011](#). Visitors to small towns want to do more than watch an event. They want to be part of it, and they want their spending to make them a part of something larger. This represents a [progression of engagement in tourism](#). Visitors pay a premium when they think their purchase is doing good, whether that is a renewal of the environment, an area's history, or a particular culture. Smart small town tourism businesses will build more engagement with visitors and move towards renewal.

4. Mobile = Local: Connecting is good for business.

Small town people are carrying smart phones, playing location based games, and are living in Facebook even while out of the house. Visitors and travelers are using Google Local to find businesses in even the smallest of towns. Travelers and locals review small town businesses on sites like Yelp and Urban Spoon. All of this is happen-



Smartphones aren't confined to big cities.

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ing *now*. Smart small town businesses are taking advantage of this. 2011 should see more businesses even in small towns offering coupons and deals through the established players like Google and Facebook. Mobile-friendly information and [QR Codes](#) will pop up, even in remote locations.

GOVERNMENT

Government is always a big driver of small town trends, partly because more small town people work in government jobs as compared to urban areas. This year there are two major topics.



QR Code for
Small Biz Survival.

5. Government Budget Crunches: Small towns take a big hit.

States were hit hard with reduced revenues in fiscal years 2009, 2010, and 2011. Looking ahead, [40 states are projecting another shortfall in FY 2012](#). Local businesses are likely to feel a pinch as their customers are affected. When states consider trimming services, outlying areas are likely to be targeted. School consolidation is likely to come up as well. One key federal indicator: [post office closures and suspensions are way up](#).

6. Health Care Reform: Some support for rural access.

Provisions are kicking in, but what will they mean? With court rulings and discussions of repealing provisions, health care is a real wild card right now. A 35% tax credit for small employers providing health insurance will be felt soon, as small businesses file 2010 tax returns in early 2011.



Post offices in small towns are at risk.

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Increased payments to rural health care providers should also provide some benefit during 2011 as rural areas continue to struggle to maintain health care services. For more information about which provisions start when, review the [Implementation Timeline from the Kaiser Family Foundation](#).



Agricultural commodity prices are strong, and that is helping the rural economy.

ECONOMIC DEVELOPMENTS

Each small town's economy is driven by a specific mix of local factors. No one economic forecast can cover all small towns and their unique economies. There are a few economic factors that cross regional boundaries, though.

7. Economic Outlook: Strong ag prices boost rural prospects.

The [Rural Mainstreet Index is at its highest level in almost 3 years](#), carried up by strong agricultural markets. That is also supporting a positive outlook for more rural jobs. One worry is the recent run up in farmland prices in many areas. No one wants to see yet another real estate bubble burst, dragging down the rural economy. For now though, rural entrepreneurs have a better economic climate than many of their urban counterparts.



Rural hi-tech companies are competing for and winning business from big city corporations.

8. Rural Sourcing: Small towns capture jobs from outsourcing.

[The wave of global outsourcing may have crested](#), and small town business can benefit by capturing more of these jobs through [rural sourcing](#). Rural service firms claim a number of advantages over global firms: shorter supply chains, bet-

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ter data security, intellectual property protection, cultural compatibility, and convenient time zones. Costs are lower than traditional urban firms, reflecting the lower rural cost of living. Those small town companies capable of partnering with large corporate clients stand to gain new business throughout 2011.

9. Ag Exports: Global trade is a rural issue.

Far from being disconnected from the wider world, rural areas have a direct link to world trade: agricultural exports. The US trade deficit increased to \$46.3 billion in August, while [the agricultural industry managed a \\$1.8 billion trade surplus](#). Many ag-related small businesses go into that total, and this is an area with big opportunity for small business.



Global trade in ag products brings small town businesses onto the world stage

10. Entrepreneurship: A rural boom in sole proprietors.

More folks are starting small town businesses. [New numbers out of South Dakota show a boom in sole proprietors](#). Sole proprietor numbers increased faster than jobs in most rural counties. Look for opportunities in supporting these new business owners and in partnering among rural business owners.



More sole-proprietors means more businesses downtown, in homes, and everywhere.

SOCIAL MEDIA

Because I do so much around the social media space, I get asked for social media trends for small towns. I do have three trends for you to watch in 2011.

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11. Websites: Your website still matters.

In 2010, we saw big international brands promote their Facebook page in place of their own website. (It was not such a great idea for small businesses without the same powerful name recognition.) That will continue in 2011, but the next trend is already emerging, and it makes more sense for small town business. [The website is once again important, even to big brands.](#) It's the one place to integrate all social presences together. So don't throw away your site in favor of a Facebook page.



The trend is to stick your social content into your existing website, bringing it all together in one place.

12. Check Ins: Shared experiences beyond location.

Location was the big trend in 2010. Location alone, though, is not enough. It also matters what you are doing. So we're seeing new connections formed around shared activities regardless of location. GetGlue is starting it with check-ins for content, like movies or music. (Like watching a movie with a friend, even if you're miles apart.) I expect this trend to bloom with more active experiences, like biking, etc. This has huge potential for small towns to reach out beyond geographic boundaries, as people form tight knit communities around their favorite experiences.

13. Social Q&A: Asking friends made marketable.

Everyone who builds a decent network online starts using it for quick question and answer. Haven't you asked a question of your friends on Facebook or Twitter? We crowdsource answers this way because we trust the people we've connected with. Building on that idea, services like Aardvark and Quora are growing. Even the relatively venerable professional network, LinkedIn, has an Answers section. Social Q&A is the darling of the moment amongst the Twitterati, so the popularity of any particular service could wax or wane. If you're wanting to be a resource on a subject, watch for the Q&A services that are the best fit for you.



Asking your friends on Twitter and new Q&A apps works. That's why it's popular

THE BIG ONE: NATURAL RESOURCES

Natural resources play a big role in small towns. I think it represents the next wave of rural opportunity.

14. Natural Resources: The next wave of opportunity.

Natural resources play the central role in our opportunities, our tourism, our entrepreneurship, and of course our agriculture. How do we bring together entrepreneurship, innovation, and the protection of natural resources for our residents, our visitors, and our legacy? Ultimately, how do we retain more of the economic benefit locally while developing these resources? (hint: grow entrepreneurs around these resources.) If you are looking to explore the potential of natural resources in your area, start with your local RC&D council.



All our biggest opportunities for future growth center around natural resources.

Three Examples from Natural Resources:

15. Green Jobs: Ag is a center of opportunity.

Green is huge. Ag is everywhere in small towns. Put those together, and you have a business opportunity. The Agricultural Utilization Research Institute recently issued a "[Green jobs in food production](#)" report. Had you really thought about the number and diversity of entrepreneurial opportunities just around green jobs in agriculture, production and processing? There's lots more opportunity in this trend. Watch for it.



Water issues will continue to grow in importance.

16. Water: Dig your well before you're thirsty.

This is a returning trend from last year. Water rights are a big fight now, and are just going to get bigger. If you have a water-dependent or water-sensitive business, pay careful attention and get involved.

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17. Wildlife: More people are drawn to it.

I brought this trend back from the 2009 report. We don't have new numbers, but the importance is still there. According to the U.S. Fish and Wildlife Service, 87.5 million U.S. residents fished, hunted, or watched wildlife in 2006, up from 82 million in 2001. All together, they spent \$122 million, primarily in rural areas where you find most of the wildlife. Small town businesses have opportunities to provide the individuals with more services, not only lodging and food, but also equipment, and even other activities for families.



Wildlife watching is best in small towns and rural areas, of course!

PEOPLE TRENDS

Small town people. Are we just the same as big city people? Well, in some ways. Here are three trends that apply to rural folk the same as urbanites this year.

18. Adult Learning: Demand for practical training is increasing.

More people are turning to do-it-yourself solutions, especially around the home. That means more adults enrolling in practical courses at CareerTechs, community colleges and similar institutions. [Boston has noticed this trend](#), but I'm betting it's even stronger in rural areas. The online signal to watch: Webinars: suddenly everyone is offering them. It's great for rural folks wanting to learn without driving to the big city. It's also a great time for small businesses to be teaching their customers.



More people are taking classes on all sorts of practical topics.

19. Small Luxuries:

It has been a tough few years. People are tired of cutting back and conserving. With a strong rural economic outlook, watch for people to start treating themselves with a bit of luxury. Besides, we're not the same as our Depression-survivor grandparents. We're more willing to spend

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on ourselves. This one popped up in [a food trends article](#), and it's applicable to many different rural businesses.

20. Baby Boomers: Delaying migration.

Last year, I told you that the [USDA is predicting more Baby Boomers will retire to small towns than previous generations](#). This trend is being delayed by an economy that keeps people in general from moving, but I predict it will be back. Keep an eye out for it.

OVERALL

This is a big year for small town business:

- Local is cool.
- The rural economy is strong.
- More small businesses are springing up.

Certainly, there are tough spots, but the overall rural business outlook is good with many new opportunities out there.

About Becky McCray

Becky McCray is a small town entrepreneur. She writes [Small Biz Survival](#) about small business and rural issues, based on her own successes and failures. She and her husband own a small town retail liquor store and cattle ranch. She also works with city governments in Northwest Oklahoma on project management and grant writing. Her latest project is [Tourism Currents](#), teaching social media skills to tourism professionals. It's a joint project with Sheila Scarborough.

Becky is also in demand as a [small business, social media and small town speaker](#).



Becky McCray writes about rural small business because she lives it. Photo by [Rebekah Workman](#).

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