ARPA Funding Proposal

Shop Local Rewards Program

03/20/2024

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Project Synopsis

A "Shop Local" rewards program to incentivize consumers to shop at the eligible local businesses.

Businesses Served

250+

ARPA Eligibility

Downtown businesses are within the census tracts and have been and continue to be negatively impacted by the Covid-19 pandemic.

Project Dates

6/1/24 until funds are exhausted

Project Costs

$25,000

Proposal

I.   Statement of Need

Local small businesses have been severely impacted by the recent COVID pandemic and are in need of support to attract customers and recover sales. A program that incentivizes consumers to shop at the small businesses not only directly stimulates the economic recovery by boosting local business sales, but creates long lasting impacts by introducing local consumers to businesses that they may not have visited before, encouraging repeat visits and community loyalty, and in general increasing community engagement and inclusive growth.

II.   Proposed Project

The proposed project is a shop local rewards program that directly incentivizes consumers to shop at the local businesses in our community.

Rewards programs have been widely used in the industry as a method of incentivizing consumer spending and loyalty. Countless brands operate successful rewards programs to boost their revenue. Many studies have shown its effectiveness.

The proposed shop local rewards program aims to bring those proven benefits to the local businesses, thus stimulating local economy, strengthening consumer loyalty, and delivering tangible benefits to the local businesses in the form of increased revenue and growth of customer base.

The program will be run on a mobile app called Open Rewards that lets consumers earn and redeem rewards while shopping at the eligible local businesses. Consumers would download the app on their mobile devices and create a free account. Once their account is created, they will be able to earn rewards when they shop locally.

It is important to emphasize that consumers can earn rewards no matter how they pay, whether it be credit cards, debit cards, or cash. This is to ensure that any member of the community will be able to benefit from the program equally. If a consumer linked their credit or debit card with their Open Rewards account, which is an option, not a requirement, their rewards earning will be automatic. In all other scenarios (i.e. the consumer does not have a card, did not want to link their card, paid by cash), the consumer would open the app and submit a photo of the receipt, which will be processed and the rewards will be issued accordingly. This process is illustrated in Figure 1.

Consumer experience: how to earn rewards

Pay for your purchases like you normally do

Select the business from the app and upload a photo of the receipt

If your card is linked with Open Rewards, you will earn rewards automatically.

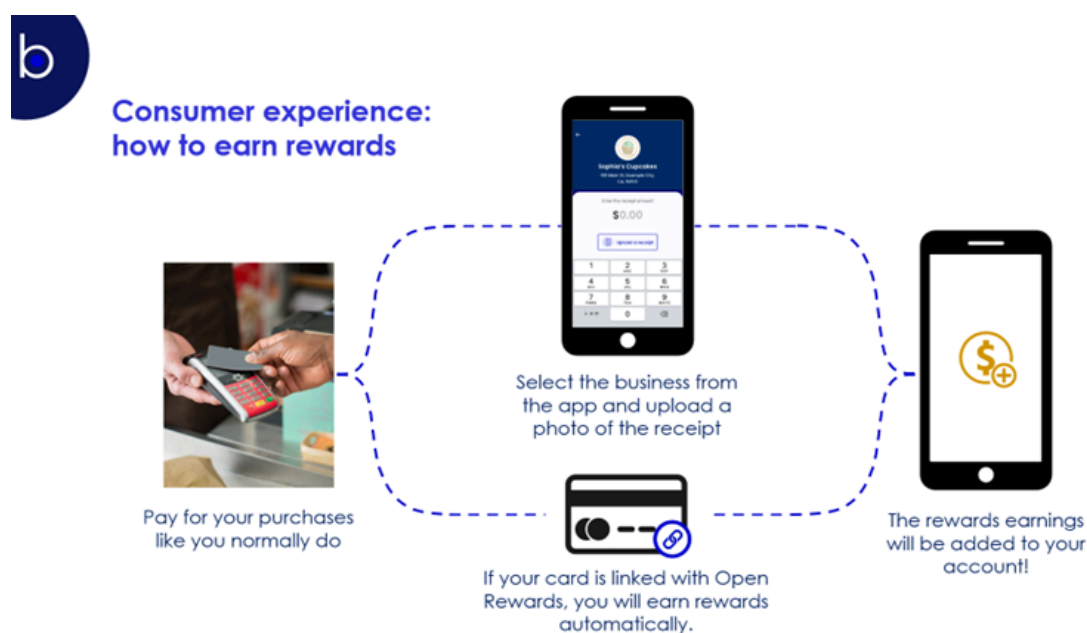The rewards earnings will be added to your account!

Figure 1. Illustration of earning rewards

Rewards earnings are added to each consumer's La Crosse Wallet in their Open Rewards account. The earnings must be redeemed by making another purchase at an eligible business within the same community. For example, a consumer that earns rewards by getting dinner at a restaurant can redeem the rewards by getting coffee, ice cream, etc, within La Crosse. This is to ensure that consumers are incentivized to return for a repeat purchase, but with the flexibility that they can choose from a wide variety of local businesses.

To redeem the rewards towards a purchase at an eligible business, the consumer would first pay for the purchase in full at the business, then return to the app, click "Redeem", and submit a photo of the receipt. Once processed, the consumer will receive their redemption via their selected payout method. This process is illustrated in Figure 2.

Consumer experience: how to redeem rewards

Let's say you want to redeem $5 from your rewards balance for a weekend brunch

Pay for your brunch in full at the restaurant

Enter the amount of rewards you want to use (eg. $5) and submit the receipt

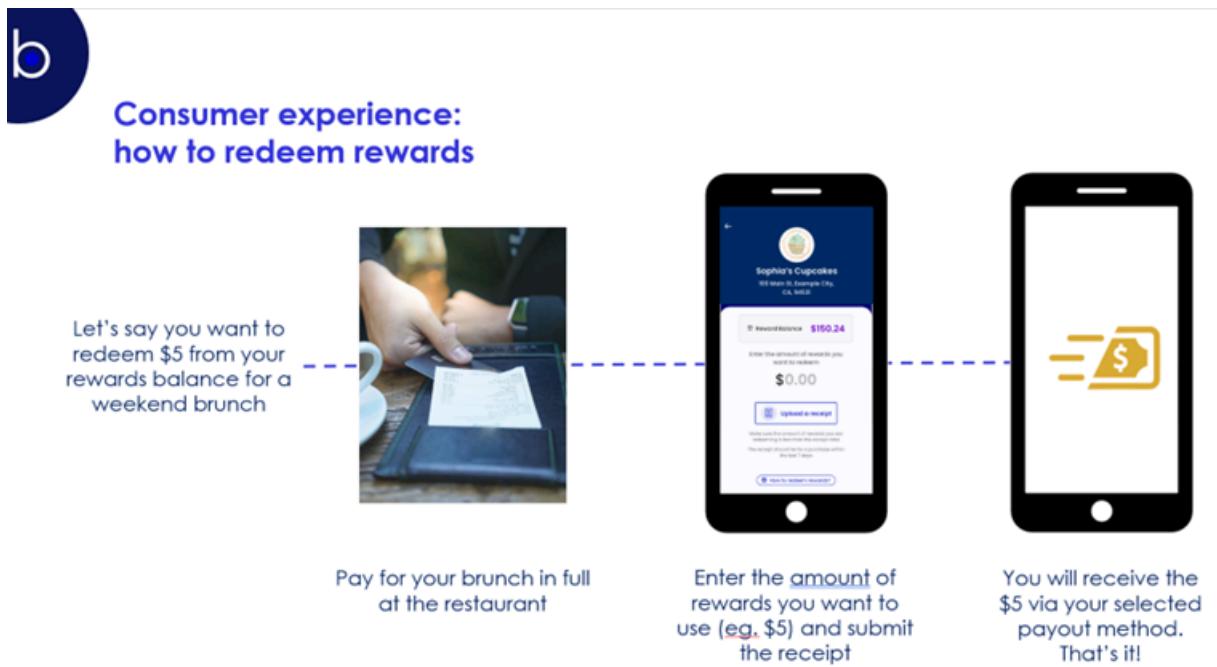You will receive the $5 via your selected payout method. That's it!

Figure 2. Illustration of redeeming rewards

The operations of this program does not require any actions from businesses. That means all eligible businesses can be added to the program from day one. It eliminates the burden for business owners to have to train any of their staff, learn a new system, add anything to their POS, or do anything outside of their usual operation. This method substantially reduces friction for businesses and minimizes the potential for consumers to have a bad experience.

All program statistics are available via a dashboard where the administrators can access analytics around where consumers are shopping, businesses frequently visited, and overall impact of the investment.

III.   Impact

Since launching in 2022, Open Rewards has generated over 20X ROI in local economic impact at a number of communities across the country, such as Arlington County VA and City of Hermiston OR. Every dollar that communities invest into this program stays local. Over 85% of users have indicated that Open Rewards has positively influenced their decision to shop local.

Case studies from other communities:

· Arlington County, VA: https://www.bludot.io/post/how-arlington-county-va-s-bizlaunch-is-building-a-strong-business-community-with-open-rewards

· Lancaster, CA https://www.bludot.io/post/shopping-locally-is-now-easier-than-ever-in-lancaster-ca

Testimonials from business owners:

· Starburst Parlor: https://www.youtube.com/watch?v=jKklU9-hVns

· Caren's Cakes: https://www.youtube.com/shorts/x6QdbF754nM

· B&C Camera: https://www.youtube.com/shorts/-JiJd5Ng3jU

IV.   Partners/Collaborators

In addition to the support of the City of La Crosse through ARPA funding, Downtown Mainstreet will conduct this project in partnership with BluDot Technologies Inc., a woman-owned technology company, developer of the Open Rewards app. **Founded in 2019 through a 16-week partnership with a local city's economic development team,** Bludot has grown to 180+ public agencies across the country. Bludot is featured on Govtech100 and a frequent presenter at national and statewide conferences. Bludot brings the expertise and experience in the Economic Development space to ensure the successful execution of this program.

V.   Organizational Fit

Downtown Mainstreet seeks out innovative ways to adapt to changing economies. DMI has effectively managed campaign programs in the past including Shop Small Sundays and ongoing Gift Certificate Program. We will create an efficient and effective program marketing campaign.

Project Evaluation

Goals and Objectives

The goal of this program is to drive sales to the eligible local businesses, help attract new customers, create customer loyalty, and increase community engagement.

Evaluation

The impact of this program can be measured by the following metrics:

· Number of businesses served

· Number of consumers participating

· Total $ economic impact measured by amount of revenue brought to the businesses

· ROI for the invested funding

Project Budget

I. Detailed Budget & Narrative

Monthly fee through Bludot for 0-250 businesses = $395

Remaining funds = Rewards dollars

II. Sustainability

The approval of the use of ARPA funding for a small business rewards program will encompass the main round of funding. If the program is successful, we will look to other means of funding to keep the program running.