

2011 Trends Driving Rural Small Business

Posted By [Becky McCray](#) On January 2, 2011 @ 4:42 pm In [2011 Trends](#) | [24 Comments](#)

Local, government and **economic development** are the three key factors shaping rural small business in the coming year. Within each of these factors are smaller subtrends. Here's a closer look at what to expect for rural businesses in 2011.

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. Here are the subtrends that smart small town businesses can use this year.



[1]

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

Local foods made up five of the 20 top food trends in a [National Restaurant Association survey of chefs](#) [2]. 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](#) [3]. Opportunities are here for producers, value added processors and even simple things like farm visits.

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

A "Shop Local" slogan is not enough anymore. In the 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](#) [4](R). Look into the Economic Restructuring point for more on improving business competitiveness.

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](#) [5]. Visitors pay a premium when they think their purchase is doing good, whether that is a renewal of the environment, of an area's history, or of 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 smartphones, playing location based games, and using 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 happening *now*. Smart small town businesses are taking advantage of this, and 2011 should see more businesses 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 subtrends.

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](#) ^[6]. 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](#) ^[7].

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

Provisions of the new law 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 percent tax credit for small employers providing health insurance will be felt soon, as small businesses file 2010 tax returns in early 2011. 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](#) ^[8].

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 three years](#) ^[9], 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.

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

[The wave of global outsourcing may have crested](#) ^[10], and small town business can benefit by capturing more of these jobs through [ruralsourcing](#) ^[11]. Rural service firms claim a number of advantages over global firms: shorter supply chains, better 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 U.S. trade deficit increased to \$46.3 billion in August, while [the agricultural industry managed a \\$1.8 billion trade surplus](#) ^[12]. Many ag-related small businesses go into that total, and this is an area with big opportunity for small business.

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](#) ^[13]. 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.

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.

rated **4.83** by 12 people [?]

You might like:



10 Small Business Trends and Opportunities



50 Places to Find Images for Every Small Business Need



Top Website and Website Design Trends for 2011



How Companies Win: Transforming How You Look at Supply and Demand

Article printed from Small Business News, Tips, Advice – Small Business Trends:

<http://smallbiztrends.com>

URL to article: <http://smallbiztrends.com/2011/01/2011-trends-driving-rural-small-business.html>

URLs in this post:

[1] Image: <http://smallbiztrends.com/wp-content/uploads/2010/12/main-street.jpg>

[2] National Restaurant Association survey of chefs: <http://www.nrn.com/article/chefs-predict-biggest-trends-2011>

[3] featuring celebrity suppliers and treating farmers like food stars: <http://foodceo.com/news/2010/11/11-for-11-technomic-names-leading-restaurant-trends/>

[4] Main Street Four Point Approach: <http://www.preservationnation.org/main-street/about-main-street/the-approach/>

[5] progression of engagement in tourism: <http://www.smallbizsurvival.com/2010/09/progression-of-engagement.html>

[6] 40 states are projecting another shortfall in FY 2012: <http://www.cbpp.org/cms/?fa=view&id=711>

[7] post office closures and suspensions are way up: <http://irjci.blogspot.com/2010/12/postal-service-closing-offices-branches.html>

[8] Implementation Timeline from the Kaiser Family Foundation: <http://healthreform.kff.org/timeline.aspx>

[9] Rural Mainstreet Index is at its highest level in almost three years: <http://www.farm-equipment.com/pages/Industry-News---Creighton-University-Rural-Mainstreet-Index-at-Highest-Level-in-Almost-3-Years.php>

[10] The wave of global outsourcing may have crested: <http://www.silicon.com/technology/it-services/2010/07/22/outsourcing-new-deals-are-in-decline-39746128/>

[11] ruralsourcing: <http://www.smallbizsurvival.com/2010/07/rural-sourcing-can-replace-outsourcing.html>

[12] the agricultural industry managed a \$1.8 billion trade surplus: http://westernfarmpress.com/government/agriculture-research-wise-investment?cid=nl_wfpd

[13] New numbers out of South Dakota show a boom in sole proprietors: