



EMBEDDED COMMUNITY RELATIONSHIPS AS A COMPETITIVE STRATEGY FOR RURAL RETAILERS

Barbara Frazier, Western Michigan Univ., Kalamazoo, MI 49008

A social exchange perspective suggests that embedded relationships which rely on socially construed information to make business decisions may influence a retailer's performance. Customer satisfaction levels and purchasing behavior may be influenced by satisfaction with social relationships (Frenzen & Davis, 1990).

This qualitative study explored the role of embedded community relationships between rural retail "superpreneurs" and community residents in the creation of strategy. Embedded ties in a community provide retailers with social capital, which entitles them to respect, trust, and friendship that can be transformed into competitive advantage. Inductive analysis was used to (1) identify dimensions of an embedded strategy and (2), develop testable propositions relating to the influence of embeddedness on the development of competitive advantage in rural markets.

Superpreneurs in this study relied on embedded relationships to create strategies focused on hospitality, ambiance, centrality, coordination, word-of-mouth promotion, and legitimacy. Findings from this study support the notion that embedded network relationships are important tools in building competitive advantage for small retailers.

Frenzen, J., & Davis, H. (1990, June). Purchasing behavior in embedded markets. Journal of Consumer Research, 17, 1-12.